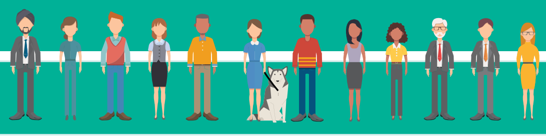
Australian Government
Department of Agriculture

Annual report
2018–19

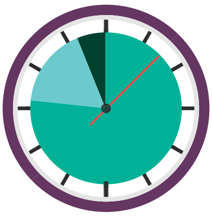
Who we are

FIGURE 1 Department of Agriculture demographics as at 30 June 2019



APPROXIMATELY
5,000 EMPLOYEES

ATTENDANCE TYPES



- **5.9%** Casual
- **17.2%** Part Time
- **76.9%** Full Time

DIVERSITY

51% of the workforce are women

46% of EL2 and SES leaders are women

1% of employees identify as LGBTIQ

2% of employees identify as Aboriginal and/or Torres Strait Islander

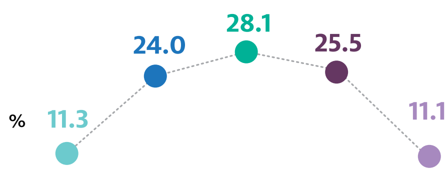
2% of employees have a disability

6% of employees are from non-English speaking backgrounds

LOCATIONS

+16 locations around the world

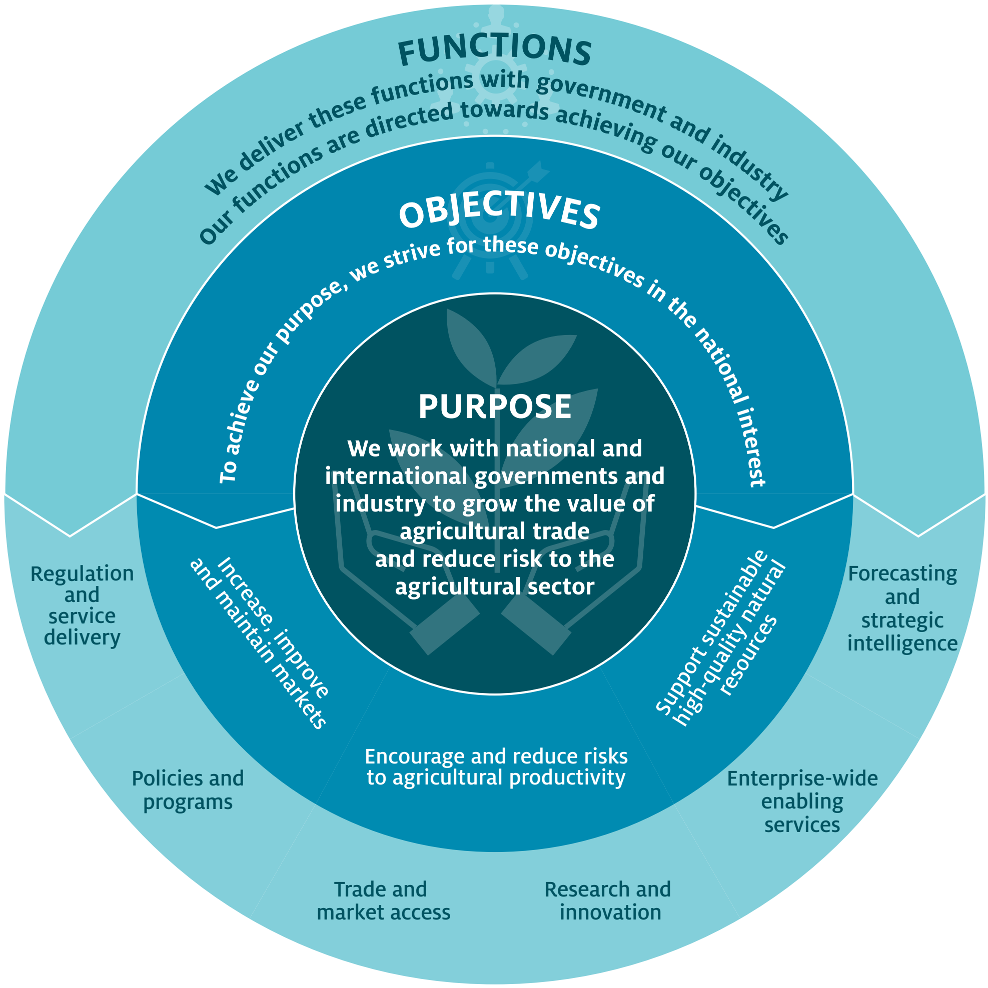
AGE GROUPS



Note: an employee has a non-English speaking background (NESB) if they arrived in Australia after the age of 5 and their first language is a language other than English. Diversity data are self-identified by employees.

What we do

FIGURE 2 Department of Agriculture strategic framework, 2018–19



Our portfolio

FIGURE 3 Agriculture portfolio as at 30 June 2019

Minister for Agriculture
Senator the Hon. Bridget McKenzie

Assistant Minister for Forestry and Fisheries
Senator the Hon. Jonathon Duniam

Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management
The Hon. David Littleproud MP

Australian Fisheries Management Authority
Chief Executive Officer
Wez Norris

Murray–Darling Basin Authority
Chief Executive Officer
Phillip Glyde

Department of Agriculture
Secretary
Daryl Quinlivan

Australian Pesticides and Veterinary Medicines Authority
Chief Executive Officer
Chris Parker

Regional Investment Corporation
Executive Director
Bruce King

Agrifutures Australia
Managing Director
John Harvey

Cotton Research and Development Corporation
A/g Executive Director
Ian Taylor

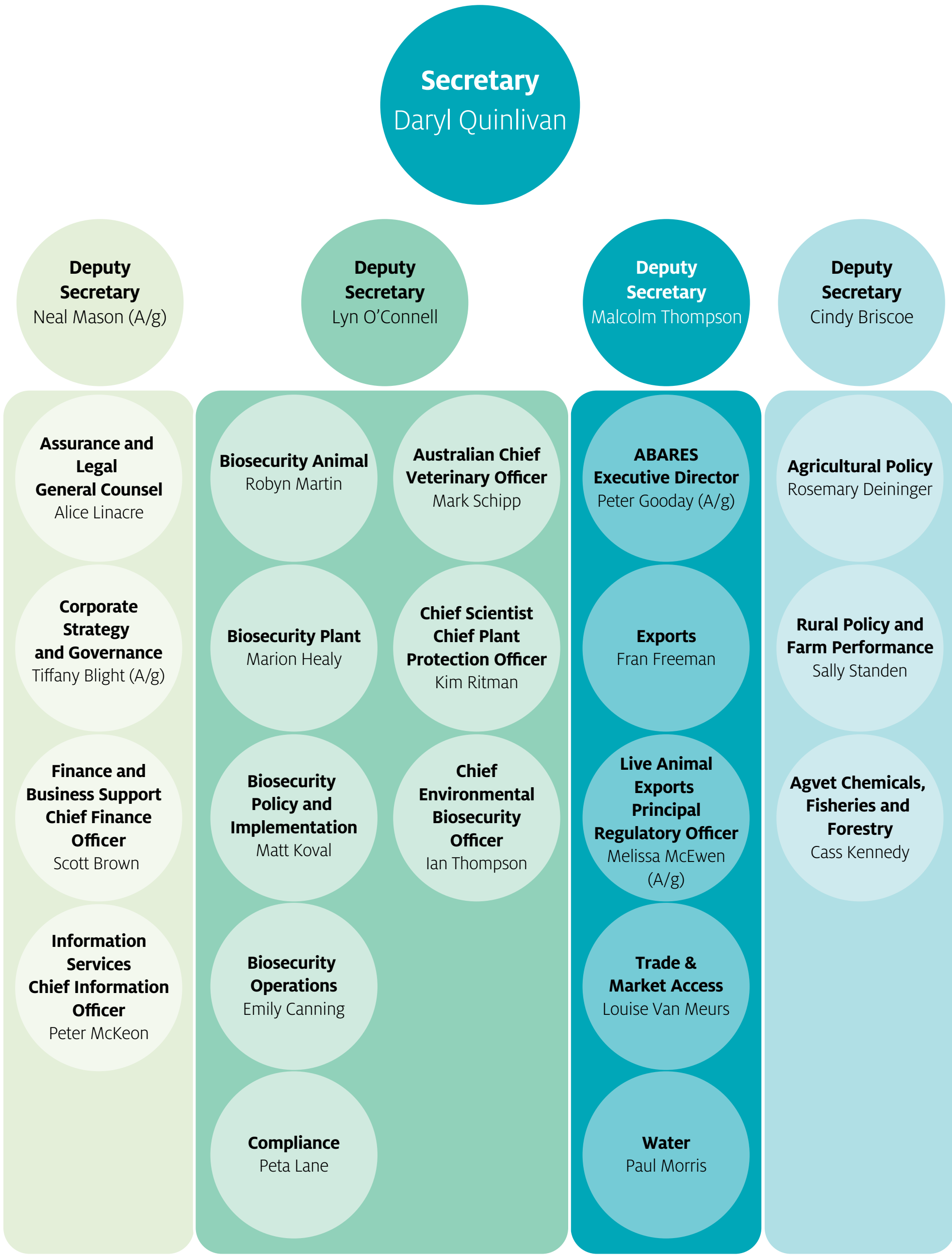
Grains Research and Development Corporation
Managing Director
Steve Jefferies

Fisheries Research and Development Corporation
Executive Director
Patrick Hone

Wine Australia
Chief Executive Officer
Andreas Clark

Our department

FIGURE 4 Department of Agriculture organisational structure as at 30 June 2019



Our performance

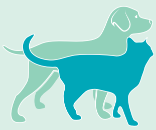
TABLE 1 Summary of performance, 2018–19

Measure	Result	Page
The value of food and fibre exports exceeds the average value of the previous 10 years	Achieved	16
Average annual productivity growth is equal to or exceeds average annual market sector productivity growth of the previous 10 years	Achieved	17
The status and productivity of agricultural land, water resources and Commonwealth fisheries is at least maintained in trend terms	On track	17
Rates of compliance with regulations administered by the department are maintained or improved	Achieved	21
Over time, the department achieves a substantial, cost-effective reduction in biosecurity risk, measured by avoided loss and return on investment	Achieved	25
Qualitative assessment of the development of new and amended regulations in line with whole-of-government practice	Achieved	25
Agreed service standards are met and stakeholders provide positive feedback	Partially achieved	26
Evaluations of programs have positive findings	Achieved	28–29
Positive ministerial feedback on the quality and timeliness of the department's advice	Achieved	29
The number of export markets that are gained, maintained, improved or restored	Achieved	29
New or improved markets show an overall increase in export values in trend terms.	Achieved	30
Qualitative assessment using case studies of benefits from rural research and development	On track	32
Levy collection processes cost no more than 1.2% of levies disbursed	Achieved	32
Inspections of levy agent records cover at least 20% of levy revenue over a three-year rolling average	Achieved	34
The department's employee engagement measures in the APS employee census are maintained or improved	Achieved	36
The notifiable workplace incident rate is maintained or reduced	Achieved	40
The end-of-year financial position is consistent with the budget at the start of the year	Achieved	41
The department's satisfaction with the delivery of ICT services is improved	Achieved	41
Outcomes are consistent with forecasts and predictions, allowing for unforeseeable events	Achieved	41

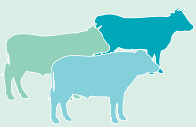
What we did in 2018–19

FIGURE 5 Department of Agriculture key activities, 2018–19

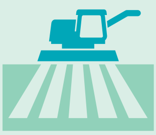
Screened more than 120 million mail items for biosecurity risks



Provided post-entry quarantine for **6,412 cats and dogs**

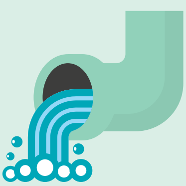


Regulated the **export of 2,279,071 livestock**



Provided assistance to more than **6,100 people** through the Rural Financial Counselling Service

Funded 110 Smart Farms Small Grants to promote sustainable agriculture



Helped **save 122 billion litres of water** through the Water Efficiency Labelling and Standards scheme

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Australian Government
Department of Agriculture

SECRETARY

Ref: EC19-000787

Senator the Hon. Bridget McKenzie
Minister for Agriculture
Parliament House
Canberra ACT 2600

Dear Minister

I present to you the annual report for the Australian Government Department of Agriculture for the year ended 30 June 2019.

This report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013*, which requires that I give you an annual report for presentation to the Parliament.

The report includes the department's annual performance statements in accordance with section 39(1)(a) of the Act and the requirements of the Public Governance, Performance and Accountability Rule 2014.

In presenting the annual report, I am pleased to acknowledge the continuing hard work of our staff to achieve the department's purpose and strategic objectives.

Yours sincerely

Daryl Quinlivan

16 September 2019

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Part 1

Annual performance statements

Accountable authority statement

I, Daryl Quinlivan, as the accountable authority for the Department of Agriculture, present the department's annual performance statements for 2018–19, prepared in accordance with subsection 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013*.

In my opinion, these performance statements accurately present the department's performance in the year ending 30 June 2019 and comply with subsection 39(2) of the Act.

In presenting this annual report, I am satisfied that the department has prepared fraud risk assessments and fraud control plans in accordance with section 10 of the PGPA Rule 2014. The department has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes to meet its needs. We have taken all reasonable measures to minimise the incidence of fraud in our agency and to investigate and recover the proceedings of fraud.

In 2018–19 we did not report to the minister any significant issue that has affected the department under paragraph 19(1)(e) of the Act.

Daryl Quinlivan

Secretary

16 September 2019

Introduction

The corporate plan sets out our purpose, the activities we will undertake to achieve that purpose and how we will measure our performance.

The annual performance statements report the actual results in a given reporting year and analyse the factors that contributed to the results.

Our purpose

We work with national and international governments and industry to grow the value of agricultural trade and reduce risk to the agricultural sector.

Our outcomes

Under the *Portfolio Budget Statements 2018–19* (PBS), we have 3 outcomes:

1. More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.

2. Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.

3. Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.

Our objectives and programs

We have 3 strategic objectives to deliver our purpose. Table 2 shows which PBS programs contribute to these objectives.

TABLE 2 Department of Agriculture objectives, by program

Program	Objectives		
	Increase, improve and maintain markets	Encourage agricultural productivity	Support sustainable, high-quality natural resources
1.1 Agricultural Adaptation	–	✓	✓
1.2 Sustainable Management—Natural Resources	–	✓	✓
1.3 Forest Industry	✓	✓	✓
1.4 Fishing Industry	✓	✓	✓
1.5 Horticulture Industry	✓	✓	✓
1.6 Wool Industry	✓	✓	✓
1.7 Grains Industry	✓	✓	✓
1.8 Dairy Industry	✓	✓	✓
1.9 Meat and Livestock Industry	✓	✓	✓
1.10 Agricultural Resources	✓	✓	✓
1.11 Drought Programs	–	✓	✓
1.12 Rural Programs	–	✓	✓
1.13 International Market Access	✓	–	–
2.1 Biosecurity and Export Services	✓	✓	✓
2.2 Plant and Animal Health	✓	✓	✓
3.1 Water Reform	–	✓	✓

Secretary's review

Welcome to the *Department of Agriculture annual report 2018–19*. I'm pleased to report here on our efforts to achieve our purpose, to work with national and international governments and industry to grow the value of agricultural trade and reduce risk to the agricultural sector.

Our work during 2018–19 has been dominated by the impact of drought and extreme weather events on Australian agriculture and by the continuing scrutiny of the way we work as a government regulator.

In my review last year, I wrote that, at the end of 2017–18, areas of NSW and Queensland were experiencing, or entering into, drought conditions. At the end of 2018–19 the Bureau of Meteorology advised us that the Murray–Darling Basin, which occupies most of south-eastern Australia, had experienced the driest 30 months since records have been collected. The forecast for the coming months is not optimistic for a change to this pattern. Our own climate research by ABARES indicates Australia faces significant changes in future rainfall, including lower rainfall in southern Australia and more severe droughts and floods.

In 2019 we also saw the damage caused by severe flooding in north Queensland, resulting in the reported loss of more than half a million livestock.

These conditions take their toll on individuals and families that depend on the land. They also affect our objectives for Australian agriculture. Drought and floods reduce supply for Australia's agricultural exports, undermine the productivity of primary producers and the businesses and communities that rely on them, and deplete the country's natural resources. Responding to these challenges has been a significant part of our work for the year, and it will continue into the future.

Our work in achieving and maintaining market access is a major part of that response and the foundation for a strong agricultural sector. The significance of this can be seen by comparing our experience during this drought and the worst years of the Millennium Drought, when prices collapsed, producers rushed the saleyards and there was enormous commercial damage. This time, with greater access to markets, that has so far not eventuated. This is a great turnaround in a decade and an indication of the greater commercial strength and resilience of the sector.

This year, the government received the findings of the independent review of our capability and culture as the regulator of live animal exports. Philip Moss AM recommended the department make a range of changes to its regulatory practice. We have made significant progress on implementing those recommendations and many of them have been fully implemented.

In 2019 we suspended sheep exports to the Middle East for the northern summer from June to late September. This was the first ever prohibition of the export of sheep on animal welfare grounds. We also set conditions for sheep exports during May in the lead up to the suspension. We finalised the export conditions after examining all aspects of live export regulation, and considering a range of feedback.

We received the recommendations of the review of the Australian Standards for the Export of Livestock for live animals transported by sea. These recommendations will help ensure animals are fit for export from Australia, and their health and welfare is managed throughout the export voyage.

Our response to these reviews forms part of a broader program of work to enhance our regulatory practice across exports, biosecurity, imported food, illegal logging, water efficiency labelling and standards, and industry levies. We are developing a new Regulatory Practice Framework, encompassing initiatives that will strengthen our culture and capability as professional regulators across our business.

This is the first annual report reflecting the new strategic framework introduced in our Corporate Plan 2018–19. This year, we have streamlined the report's presentation of performance information. The remainder of my review gives an overview of our performance against each of our strategic objectives. This is followed by the results against our published performance measures. I am pleased to note that we have met or are on track for the measures we set for ourselves at the beginning of the planning cycle.

Increase, improve and maintain markets

Free trade agreements

We work with the Department of Foreign Affairs and Trade (DFAT) to achieve the best outcomes for Australian agricultural and food export interests in bilateral and multilateral trade negotiations. During the year, we achieved milestones on 2 important free trade agreements.

Australia and Indonesia signed a Comprehensive Economic Partnership Agreement. Once it comes into force, the agreement will boost Australia's economic cooperation with Indonesia, support strengthened commercial links and stimulate increased 2-way trade and investment.

Under the agreement, 99% of Australian goods will enter Indonesia duty-free or with significantly improved preferential arrangements. In turn, all Indonesian exports will enter Australia duty-free. Both countries will benefit from improved access for Australian agricultural commodities, including live cattle, feed grains, beef and sheep meat and horticulture.

This agreement will help build the infrastructure and industries for a prosperous Indonesia. Australian suppliers will have more opportunities to contribute to Indonesia's fast-growing economy.

In February 2019 the Peruvian Government ratified the Peru–Australia Free Trade Agreement (PAFTA). The process for Australian ratification is underway. The PAFTA negotiations were a great success, delivering an agreement in record time for an Australian free trade agreement (FTA).

Peru is one of the fastest-growing economies in the world. Removing tariffs will open this market for Australian agricultural exports and put Australia on an even footing with competitors that already have a preferential FTA with Peru. The PAFTA will provide significant benefits for Australian exporters that build on the substantial gains achieved with Peru through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Market access

Negotiating market access protocols is a significant part of our work. In 2018–19 we had a number of achievements in key markets. This includes gaining market access for walnuts to India, and establishing new export requirements that increased the number of Australian meat establishments eligible to export to Brunei. We maintained access for processed pork products to Thailand following regulatory changes in that country, and worked with Singapore to simplify the approval process for processors that export Australian products containing imported pork from other countries.

We successfully reinstated northern Tasmania's fruit fly pest-free area status for 7 export markets following an outbreak in 2018. We also maintained access for citrus to the European Union for states and territories unaffected by the citrus canker outbreak.

During the year, the Chinese Government increased the number of fish species Australia can trade with China. This provides improved access to a key market for Australian seafood exports. It is the first outcome reported through the Australian Government's new Trade Barriers Gateway.

We kept building our overseas counsellor network, establishing new posts in Chile, Mexico and the United Kingdom, and expanding our presence in Japan, India and Brussels. After Peru's recognition of the Australian Export Meat Inspection System, our new counsellor in Chile has been working with Austrade to finalise revised certification arrangements for beef exports to Peru. This presents an opportunity for Australian beef exporters to re-enter a high-end niche market and meet the needs of Peru's growing 'foodie' culture.

We also facilitate audits by trading partners to demonstrate that Australian exports meet the requirements of importing countries. In 2018–19 we hosted audits of export meat systems by 3 trading partners, including the United States, which is Australia's second-largest market for meat exports. A successful audit is a requirement to maintain current market access to the United States for meat exports. The audit report was finalised in the first quarter of 2019–20.

Standards and systems

We continue to work through the World Trade Organization (WTO) to promote free trade and to maintain an international approach to biosecurity obligations. This includes contributing to reforms in the WTO that are focused on dispute settlement, monitoring and notification functions, and trade rule negotiations. We now have a Minister-Counsellor (Agriculture) in the United Kingdom to work with DFAT and like-minded countries to progress all issues, particularly agricultural trade reform.

We also coordinate Australia's input to the Codex Alimentarius Commission, which develops global food safety standards. In October 2018 we chaired the 24th session of the Codex Committee on Food Import and Export Inspection and Certification Systems. The committee addressed issues, including food fraud in the context of food safety and fair trade practices, electronic (paperless) certification and third-party assurance of food safety.

We are working with the state and territory governments on how we work with industries to enhance agricultural traceability systems. Good traceability helps inform consumers and trading partners about the safety, pest and disease status and authenticity of Australian export commodities. In 2018–19 we implemented Stage 2 of the National Traceability Project, which involves developing a traceability framework and action plan. The action plan is expected to be released later in 2019.

Encourage agricultural productivity

Supporting agricultural communities

The drought and the floods in northern Queensland highlighted the importance of targeted programs that assist primary producers experiencing hardship. They need support to improve their ability to manage risks to their businesses and livelihood.

In December 2018 the Council of Australian Governments signed a new National Drought Agreement, setting out an ongoing joint approach to drought preparedness, responses and recovery. This agreement builds on drought policy reform, including moving away from drought declarations, exceptional circumstances arrangements and associated lines on maps to qualify for drought support. It provides a framework to enable a consistent approach to drought policy and complements measures by different jurisdictions to promote adaptation to climate change.

During the year, we made substantial changes to the Farm Household Allowance (FHA) program. The length of the program was increased from 3 to 4 years, the farm assets threshold was temporarily increased, and 2 lump sum payments of up to $12,000 were made available. In 2018–19 around 4,100 new recipients gained access to the FHA. The program has now assisted more than 12,000 recipients since 2014, providing support payments of more than $343.4 million.

Demand for the Rural Financial Counselling Service (RFCS) continues to be strong, particularly since the FHA changes. In 2018–19 the RFCS had more than 6,100 clients, an increase on the previous year. The government increased the RFCS budget by $5 million, ensuring more counsellors were on the ground to support farmers.

To further support farmers in need, we funded a 2-year pilot for 2 Farm Liaison Officers to connect farmers, businesses and communities with support from the RFCS and other community assistance measures.

Farm management deposits reached a record high of $6.755 billion on 30 June 2019. Around 45,000 primary producers use the accounts to manage their cash flow. During the year there was evidence that some primary producers in drought-affected or flood-affected areas of NSW, Queensland and South Australia were drawing down their accounts, or depositing less than in the past.

We worked on policy design to improve the drought resilience of our farmers and communities. We evaluated the Pilot of Drought Reform Measures in Western Australia, which was undertaken by the Australian and WA governments in 2010. The evaluation found that the pilot delivered positive outcomes for farmers and communities, including improved long-term drought resilience for farmers who participated in the strategic planning programs.

We commissioned research, using results from the Regional Wellbeing Survey and other sources, to determine a baseline of drought resilience and to design metrics for future monitoring and evaluation at both farmer and community scales.

We also began preparations for the Future Drought Fund, which will provide $100 million annually from 2020–21. The fund will support drought-resilience projects that increase the adoption of the best farming practices and technology, enhance community resilience, address infrastructure needs and support better management of natural resources. This investment will help lift the productivity and profitability of Australian agriculture and enhance the health and sustainability of our farming landscapes.

Supporting agricultural industries

We support rural research and development to help primary producers increase their productivity, profitability and competitiveness. In 2018–19 we worked with an independent consultant to co-design with stakeholders a shared vision for the future of Australia's agricultural innovation system. *Agricultural innovation—a national approach to grow Australia's future* is based on engagement with more than 550 stakeholders and an examination of global innovation systems. It makes recommendations in 5 areas to strengthen the agricultural innovation system, to help Australia reach the goal of a $100 billion agricultural sector by 2030.

We worked with other government agencies on agricultural workforce matters, implementing measures to help farmers access the seasonal labour they need. This includes extending the period of time working holiday visa holders can work for the one agricultural employer and making it easier for farmers to access workers through the Seasonal Worker Programme. The government also added 16 skilled agriculture occupations to the Regional Occupation List, which will help agricultural employers find and retain skilled migrant employees.

At an industry level, we collaborated with the Department of the Treasury to review the Sugar Code of Conduct. The review found that while industry partners are working together on a number of challenges, relationships between some parties remain tense, which affects their ability to reach commercial terms of contracts without regulatory support. The government agreed to amend the code and set another review for 4 years' time. We also worked with the Department of the Treasury on consultation to develop a mandatory code of conduct for the dairy industry.

In 2018 we reviewed the Port Terminal Access (Bulk Wheat) Code of Conduct. The review recommended the code continue with a small number of amendments to improve its operation, based on the Australian Competition and Consumer Commission's experience in monitoring the code's operation. The government is considering the review.

Support sustainable, high-quality natural resources

Water

Further progress was made towards meeting the 'bridging the gap' target under the Murray–Darling Basin Plan. Surface water recovery in the Basin (including some contracted water still to be delivered) reached 2,028 gigalitres (GL) long-term average annual yield (LTAAY) at 30 June 2019.

The 'bridging the gap' target decreased to 2,075GL, following the adoption of 2 amendments by Parliament to the Basin Plan that gave effect to the outcomes of the Northern Basin Review and the operation of the Sustainable Diversion Limit (SDL) Adjustment Mechanism. Approximately 47GL of surface water (around 2.3% of the target) is still required to meet surface water SDLs for some individual catchments. The Australian Government continues to work with states and private sector project proponents to deliver the final volumes of water required using existing contracts and the pursuit of additional proposals.

In July 2018 a Basin-wide program was launched to recover water from efficiency measures. Project agreements to undertake state-led projects were negotiated with South Australia and the ACT. The Basin water ministers agreed to new socio-economic criteria for the program in December 2018 and the program was paused to incorporate these criteria.

During the year, we implemented the On-farm Emergency Water Infrastructure Rebate Scheme to assist drought-affected farmers to build resilience to dry conditions. The scheme offers eligible farmers a 25% rebate up to $25,000 for water infrastructure expenses. By late June 2019 the scheme had approved at least 1,600 projects with a rebate value of $7,877,312.

Our work on the Water Efficiency Labelling and Standards (WELS) scheme continues to deliver benefits to consumers and Australia's water resources. A 2018 evaluation by the Institute for Sustainable Futures at the University of Technology Sydney estimates the scheme has resulted in Australian households saving more than $1.1 billion a year on utility bills and is helping save 122 billion litres of water a year—enough to fill more than 47,000 Olympic-sized swimming pools.

We are now expanding our compliance efforts under the WELS scheme, addressing areas of risk such as online sales, new property developments and modular building construction.

Forests

This year, we released the fifth Australia's State of the Forests Report. The 5-yearly report examines the social, economic and environmental values of Australia's forests. Australia has 134 million hectares of forest (more than 3% of the world's forests) and has the seventh-largest forested area by country. Between 2011 and 2016 Australia's forest area increased by 3.9 million hectares.

The report shows Australia's wood products industry employed 51,983 people in 2016. In 2015–16 the value of logs harvested was $2.3 billion, the wood products industry had a value of production of $23.7 billion, and the value added by the forest and wood products industries was $8.6 billion. This represented a contribution of 0.52% to Australia's gross domestic product. In the same year, Australia's trade in wood products (imports plus exports) was worth $8 billion.

The report found that around 4.2 million tourists visit Australia's major forested tourism regions each year. Our forests contain an estimated 126,000 registered Indigenous heritage sites, and 11 million hectares of forest is on non-Indigenous heritage-listed sites.

In September 2018 the Australian Government launched the National Forest Industries Plan. The plan sets out measures to underpin growth in Australia's renewable forest industry and support the industry to plant a billion new plantation trees for forestry. As part of the plan, the government has announced sites to pilot new Regional Forestry Hubs in northern NSW, the South-West Slopes Bioregion in NSW, north-west Tasmania, Western Australia and the Green Triangle on the Victoria–South Australia border. The hubs are intended to help identify impediments to industry growth and opportunities such as options for new plantations.

Regional Forest Agreements (RFAs) are long-term, bilateral agreements for the sustainable management and conservation of Australia's native forests. In 2018–19 we reached agreement with NSW and WA to renew and extend RFAs in these states. These agreements and the Tasmanian RFA (extended in August 2017) now have a 20-year rolling life. We are progressing the renewal and extension of the 5 Victorian RFAs to ensure their extension before 31 March 2020.

Renewing and extending RFAs is a significant and important achievement, because these agreements provide certainty to the forest industry, support regional forest communities and provide protection for endangered species.

Fisheries

Australia has a world-leading, environmentally responsible fisheries management framework. In 2018–19 we released the new Commonwealth Fisheries Harvest Strategy Policy and Commonwealth Fisheries Bycatch Policy.

The Harvest Strategy Policy implements an evidence-based approach to setting harvest levels in Commonwealth fisheries. It is designed to meet economic and sustainability objectives. The Bycatch Policy provides a framework to manage the risk of fishing-related impacts on bycatch species, by ensuring the exploitation of fisheries resources is consistent with the principles of ecologically sustainable development.

The *Status of Australian Fish Stocks Reports 2018* provide the most scientifically robust, up-to-date information on the sustainability of Australia's wild-catch fish stocks. This edition assessed 120 species or species groups, including finfish, crustaceans, molluscs, sharks and rays. Of 324 classifiable fish stocks, 254 stocks were classified as sustainable, 18 as recovering, 23 as depleting and 29 as depleted. The overall stock numbers classified as sustainable have improved.

The reports cover the majority of Australian-caught fish that Australians eat. In 2018 the commercial catch accounted for 142,328 tonnes, an increase of almost 8,000 tonnes since 2016. The reports provide a roadmap to ensure that sustainable stocks remain that way, and identify where action is needed to address species and stocks of concern. The reports also inform Australia's reporting on achievements against the United Nations Sustainable Development Goals.

Agricultural land

We implemented a $15 million program to help communities manage the impact of pests and weeds during drought. The program complements other Australian Government pest and weed management programs, supports the government's broader biosecurity objectives and will stimulate local economies. We awarded a total of $15 million in grants to 48 projects focusing on pest and weed management activities or wild dog exclusion fencing. The projects will be undertaken in 2019 and 2020.

We continued our collaboration with the Department of the Environment and Energy to deliver Phase Two of the National Landcare Program, implementing the $450 million Regional Land Partnerships program. We have contracted 49 service providers across Australia to deliver 56 regional sustainable agriculture projects to improve the condition of soils, biodiversity and vegetation on-farm and to help farmers adapt to a changing climate and markets.

We implemented the second round of the Smart Farms Small Grants, providing a total of $9.2 million to 110 projects to help organisations and individuals to undertake sustainable agriculture projects and build the capacity of land managers to adopt best practice natural resource management methods.

The National Landcare Program also funds Smart Farming Partnerships, which offer larger grants for partnerships between skilled organisations to work on new and innovative approaches to enhancing both the productivity and sustainability of primary industries. The second round of grants opened in March 2019 and closed in May 2019.

Biosecurity—managing risks to agriculture and the environment

Australia's biosecurity system is recognised as world-class. It is a significant economic asset that also protects Australia's unique environment and way of life, operating offshore, at the border and post-border.

We are committed to the continuous improvement of the biosecurity system. The volume of people, mail and cargo entering Australia is expected to nearly double between 2015 and 2030. This will likely be accompanied by increases in trade and passengers from higher-risk areas. At the same time, the rate of spread of pests and diseases is accelerating.

For example, in just a few years the brown marmorated stink bug (BMSB) has become a major pest of concern, resulting in significant demands on our staff and resources. As part of our seasonal intervention to detect and prevent BMSB incursions we expanded our focus from 2 countries to 9. We have worked with industry to implement control measures as smoothly as possible.

The spread of African swine fever (ASF) to neighbouring countries also poses a threat to Australia's 2,700 pork producers and to the country's reputation as a provider of clean, green and safe food. We have stepped up activities to keep ASF out of Australia, including increased screening at international airports and mail centres. Between November 2018 and August 2019 we intercepted 27 tonnes of pork at our airports.

In 2018–19 we continued to implement the findings of the 2017 review of the national biosecurity system and the Intergovernmental Agreement on Biosecurity (IGAB). In November 2018 agriculture ministers released their final response to the review's recommendations, all of which they agreed to or agreed to in-principle. This included agreement on a revised IGAB, which came into effect in

January 2019. For the first time, the new agreement clearly articulates a set of core commitments for all parties. It specifies Commonwealth and state and territory responsibilities that advance the shared responsibility for the biosecurity system.

As part of the national response, we developed the National Biosecurity Statement. This sets out a vision and goals for biosecurity, clarifies roles and responsibilities, and outlines priorities and principles for managing biosecurity risks. The statement is based on consultation with industry, environmental groups and state and territory governments. It has been an excellent example of collaboration to achieve a common goal.

We worked to deliver the government's Biosecurity Innovation Program to support smarter biosecurity into the future. In its first year, the program has funded 14 projects, including behavioural studies of detector dogs, next-generation DNA sequencing and a trial of sensing technology to detect BMSB in shipping containers. These emerging technologies and approaches have the potential to improve the rates of early detection of biosecurity pests and diseases.

Our Biosecurity 2025 and Beyond initiative is taking a co-design approach with industry to identify ways to better manage the risks associated with the increased volume of passengers and trade. This work is being undertaken across small, targeted projects and builds on existing initiatives across the department. The first area for change is improving approved arrangements with multi-commodity freight forwarders and cargo terminal operators.

In October 2018 the Australian Government appointed Ian Thompson as the first Chief Environmental Biosecurity Officer (CEBO). The new office recognises the importance of biosecurity to Australia's environment. The CEBO is also the national point of notification for environmental pest and disease detections and responses under the National Environmental Biosecurity Response Agreement (NEBRA).

During the year, we achieved a milestone in the fight against red imported fire ants, when an incursion at Brisbane Airport was declared as successfully eradicated. The incursion was first detected in September 2015 and was being managed under the NEBRA. Governments also agreed to a new 5-year cost plan to ensure the eradication of an incursion of browsing ants in Western Australia, and to extend the response to eradicate browsing ants from Darwin until 2022.

An efficient and capable department

Our work relies on having an efficient and effective department with a professional, engaged and committed workforce.

This year we committed to continue building an organisational culture that is accountable and aligned, collaborative and integrated, and future oriented. We have developed our new People Strategy and Workforce Plan for 2019–2023 to embed this culture, build employee capability, meet future workforce requirements and support a diverse and inclusive workplace.

As part of this approach, we have also increased our focus on diversity, developing a new Inclusion Strategy and action plans, and supporting our staff networks to drive diversity initiatives with support from senior executive champions.

We made a significant investment in enhancing our integrity culture. This included training and educational campaigns to increase awareness of integrity and security risks, and ensuring staff have access to support and appropriate mechanisms to report integrity issues. During the year, staff attended more than 100 integrity awareness sessions, and we held our first Security Month to provide specialist training across our regions.

Our continued focus on rehabilitation management resulted in our highest-ever compliance rate in Comcare's annual audit of our Rehabilitation Management System. We received a compliance rate of 100%, and were commended on our early intervention policy.

We sharpened our focus on cyber security in response to the heightened awareness within government about existing and probable future threats. Collaboration between our cyber security staff, the Australian Signals Directorate, service providers and capability vendors is key to improving our security posture and better managing cyber risks.

We are investing in expertise and contemporary technology, and improving our systems. For example, we have made progress in providing strong management of staff and contractor accounts. This will help align our operations with government security standards. In 2019–20 we will continue to dedicate resources to identifying security weaknesses, assessing associated risks and progressing a prioritised cyber security remediation program.

We recognise the vital role that technology will play to meet the challenges of growing Australian agriculture. In December 2018 we released our new 4-year ICT Strategy. As part of the strategy, we have commenced our first ICT enterprise capability development projects. These will give us a single view of our clients and our workforce, and simplify client digital engagement. We are working with industry on initiatives to promote innovation in the way we develop our ICT systems and provide services.

We are working through our Information and Data Management Agenda to make the most of our information and data assets. This work builds on whole-of-government data reforms that are underway. We are implementing information and data governance arrangements, developing strategic data policy and data-sharing practices, and looking at ways we can manage data to provide greater services to our clients and stakeholders.

The year ahead

Our department ended 2018–19 with the appointment of 2 Cabinet ministers responsible for different parts of the portfolio. We have commenced a significant body of work to deliver the government's priorities.

The drought will continue to be a priority for primary producers and the department. We will implement the National Drought Agreement and prepare to implement the Future Drought Fund, which will invest in drought-resilience projects. We will also make changes to the Farm Household Allowance (FHA) as part of the government's response to the 2018 FHA review, and finalise a review of the Rural Financial Counselling Service.

The Prime Minister has committed the government to developing a national plan to enable Australian agriculture, fisheries and forestry to become a $100 billion sector by 2030. This is an exciting opportunity for us to effect real change for Australia, delivering important policy that will benefit producers and the industries that support them, and create jobs for regional Australia.

In 2019–20 we will build on the work that produced *Agricultural innovation—a national approach to grow Australia's future*. We will work with stakeholders to identify and implement the actions needed to transform the agricultural innovation system into one that can deliver the productivity gains needed.

We will continue to strengthen our culture and capability as a regulator, publishing a regulatory practice statement as part of our new framework. Our work will include implementing the recommendations of the ASEL sea transport review, and responding to the findings of the next ASEL review for live animals exported by air.

Implementing the Modernising Agricultural Trade initiative will be a significant focus in 2019–20 and beyond. This is the start of a long-term enhancement of our capacity to facilitate agricultural exports. We will work across the department to understand future business needs, collaborate with stakeholders and drive improvements to key biosecurity and exports systems.

Free trade agreements (FTAs) are an important means of getting Australian agricultural commodities to international markets. In 2019–20 we will continue to implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which came into force at the end of 2018. The Australian Government has finalised FTA negotiations with Indonesia and Hong Kong. We will support negotiations with the European Union and the development of the Regional Comprehensive Economic Partnership between the 10 members of the Association of Southeast Asian Nations (ASEAN) and Australia, China, India, Japan, New Zealand and the Republic of Korea.

We will build on our work to modernise our export systems. We are developing a modern ICT platform to improve export certification and quota systems. Exporters will see an improvement in service delivery, with the ability to easily access relevant certification information and better online administration of these activities.

The state-led water efficiency projects will continue in the year ahead. We will also raise awareness and encourage participation in the Water Efficiency Program. The Australian Government has agreed to fund a range of state-led water efficiency projects that will proceed in the year ahead. This includes appointing Community Engagement Officers to help eligible participants apply. The program seeks to recover 450 gigalitres of environmental water by 2024.

We will continue to lead the development of an international standard for water efficiency labelling, in partnership with Standards Australia and industry. The new standard is expected to reduce business costs, improve access to overseas markets for Australian manufacturers and provide a tool that can be used by other countries to save water through consumer labelling schemes.

We will continue to implement the National Forest Industries Plan. The Regional Forestry Hubs pilot will involve work with industry, state and local governments, other key stakeholders and the community to help the Commonwealth consider plantation development opportunities, infrastructure needs and employment opportunities for the forest industries.

Two major international agriculture meetings in Australia are scheduled in the second half of 2019. We worked with industry for several months preparing for the 55th Council Session of the International Sugar Organization, held in Cairns in July 2019. We will provide industry support ahead of the 78th International Cotton Advisory Committee Plenary Meeting in Brisbane, in December. Attendees from around 90 countries will attend providing a tremendous opportunity to showcase Australia's agricultural industries.

We anticipate another busy year in biosecurity, continuing to strengthen arrangements to address the risk of pests and diseases entering the country. Our focus is on working smarter, building up our Biosecurity Integrated Information System, upgrading our ICT and investing in new opportunities through the Biosecurity Innovation Program.

Our people remain our greatest asset. In 2019–20 we will deliver against the priorities we have set for ourselves in the new People Strategy and Workforce Plan. We will also be working to address the government's decisions on the findings and recommendations of the APS Review. We will keep looking at the way we work, to meet the Prime Minister's expectations for improved service delivery and a clear focus on the contribution we are making to the agricultural sector and the Australian public.

Our performance

Our objectives

We work to achieve our purpose through 3 strategic objectives. This part of the annual performance statements reports results against the high-level performance criteria for these objectives.

Objective 1: Increase, improve and maintain markets

Performance criterion: The trend in value of agricultural exports increases in real terms over time

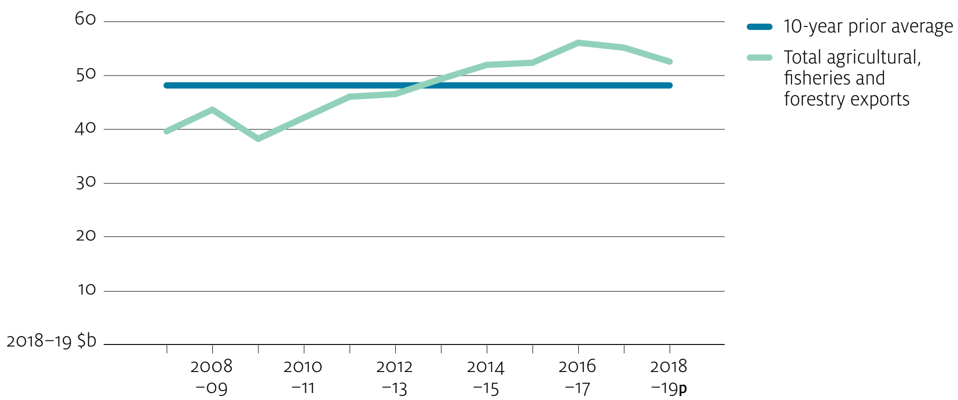
Measure	The value of food and fibre exports exceeds the average value of the previous 10 years
Source	*Portfolio Budget Statements 2018–19*, page 26 *Corporate Plan 2018–19*, page 12
Result	Achieved

In 2018–19 the value of agriculture, fisheries and forestry exports is forecast to be $52.5 billion, still higher than the 10-year average to 2017–18 of $48.1 billion (expressed in 2018–19 dollars). This is slightly lower than agricultural, fisheries and forestry exports of $55.1 billion in 2017–18 (Figure 6).

Exports volumes and values declined in 2018–19 because of dry conditions in the eastern states that limited crop production and export supplies. The decline was partially offset by a depreciation of the Australian dollar. Export values for grains, oilseeds and pulses fell about 18%, making up the majority of the decline.

More detailed information is available from the March 2019 edition of ABARES *Agricultural Commodities*.

FIGURE 6 Value of rural exports in real terms, 2008–09 to 2018–19



Note: The 10-year average is based on ABARES and Australian Bureau of Statistics data for the period 2008–09 to 2017–18. **p** The value of 2018–19 exports is based on preliminary estimates.

Objective 2: Encourage agricultural productivity

Performance criterion: Portfolio industries record an increase in productivity

Measure	Average annual productivity growth is equal to or exceeds average annual market sector productivity growth of the previous 10 years
Source	*Portfolio Budget Statements 2018–19*, page 26 *Corporate Plan 2018–19*, page 12
Result	Achieved

Over the 10 years to 2018–19 average annual productivity growth for the agricultural, forestry, and fisheries sectors was 2.01%. This continued to be higher than annual market sector productivity growth, which averaged 0.32% over the same period.

Total factor productivity (TFP) is used as the measure of productivity and is calculated on a value-added basis. Agricultural productivity is susceptible to significant volatility because of seasonal conditions, so we have used the trend of TFP between 1995–96 and 2018–19 to calculate productivity growth. Data are sourced from the Australian Bureau of Statistics, with a preliminary estimate for 2018–19.

Objective 3: Support sustainable, high-quality natural resources

Performance criterion: The quality of the resource base is maintained or improved

Measure	The status and productivity of agricultural land, water resources and Commonwealth fisheries is at least maintained in trend terms
Source	*Portfolio Budget Statements 2018–19*, page 26 *Corporate Plan 2018–19*, page 12
Result	On track

Water

Progress continued to be made in 2018–19 towards meeting the ‘bridging the gap’ water recovery targets under the Murray–Darling Basin Plan. Further water recovery is required in some individual catchments to meet the Sustainable Diversion Limits (SDLs) in the Basin Plan. Further recovery of efficiency measures is also required to meet the 62GL target to allow the full supply contribution to be utilised.

The Australian Government continues to work with Basin state governments to deliver all water recovery required by the Basin Plan. All factors affecting the achievement of the water recovery targets are being monitored. Basin states are working with the Murray–Darling Basin Authority to update planning assumptions. These could include changes to cap factors that may affect the extent of the remaining gap bridging water recovery volumes. The final outcome will not be known until all state Water Resource Plans (WRPs) are finalised.

As at 30 June 2019 water entitlements of 2,028GL had been secured or agreed in funding contracts towards ‘bridging the gap’ to the surface water SDLs in the Basin Plan. This total included 163.5GL recovered by Basin states. Of this, 1,853GL is registered with the Commonwealth Environmental Water Holder (CEWH). State recoveries are not held by the CEWH. All figures are in long-term average annual yield terms.

In 2018–19 the final surface water recovery target was influenced by factors including settlement of shared reduction amounts for individual catchments and the release of updated NSW cap factors. The target remains uncertain because of delays in accrediting WRPs and other Basin states releasing updated cap factors. Water recovery activities were affected by delays in delivery of water from and variations to contracted infrastructure projects and by the need to implement new socio-economic criteria for efficiency measures projects that were agreed at the December 2018 Murray–Darling Basin Ministerial Council Meeting.

SNAPSHOT 1: Responding to Darling River fish deaths

In December 2018 and January 2019 a combination of natural events resulted in the death of an estimated 1 million fish along a 40 kilometre stretch of the lower Darling River. The events prompted widespread attention and discussion across the Australian community. The Australian Government responded immediately by providing funding for the Native Fish Management and Recovery Strategy, developing an action plan to support recovery of fish populations and supporting work including relocating fish, cleaning up the river and installing aerators.

The government also appointed Professor Rob Vertessy to chair an independent panel to investigate the fish deaths. In February 2019 the panel visited Menindee and met representatives of the Barkandji people, local residents and landholders from the lower Darling.

On 21 February 2019 the panel released its interim report on possible factors behind the events. In response, the government announced works to improve fish movement through the Murray–Darling Basin and committed an extra $3 million to fish and Basin research.

The government released the panel's final report in April 2019. The report indicated that a sudden reduction in air temperature and increased wind resulted in low-oxygen water in weir pools in the lower Darling, leaving no refuge for fish and causing the fish death events.

Based on the findings, the government announced it would work with the NSW and Queensland governments and communities to secure Class A water licences in the Barwon–Darling, fund investment in metering and introduce live video monitoring of rivers. The government made a commitment to fund research and projects including using hatcheries to help restock fish populations and to fence riverbanks. It also provided more funding for the Toorale Water Infrastructure Project.

We advised the government on its responses to the recommendations and are implementing the announced measures.

As at 30 June 2019, 34.8GL had been secured towards bridging the gap to the groundwater SDLs in the Basin Plan. This total is registered with the CEWH. In 2018–19 we ran a series of successful open tenders to recover groundwater in Queensland.

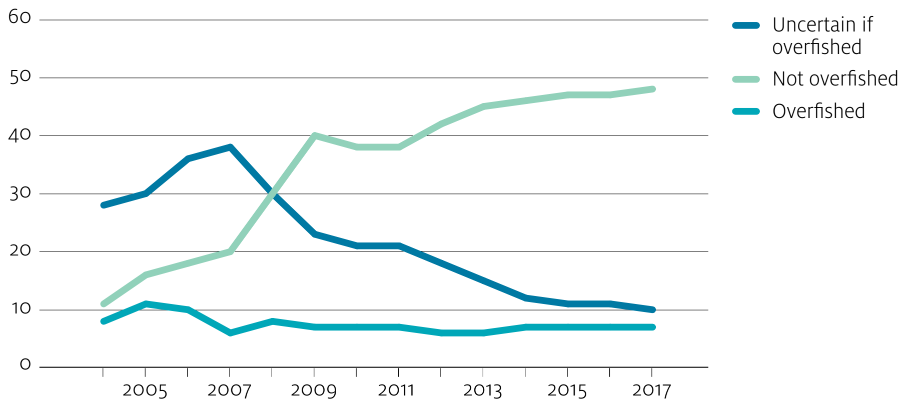
As at 30 June 2019, 1.9GL had been secured or agreed in funding contracts towards the 62GL efficiency measures target. Of this, 1.3GL is registered with and held by the CEWH and is included on the register of efficiency measures in accordance with Basin Plan. For the 2019–20 water year, the adjustment to SDLs will be reduced from 605GL to 544GL per year in accordance with Basin Plan provisions. This figure will be increased in future years as efficiency measures are implemented.

The Australian Government is working with Basin states to recover further water through efficiency measures. This includes state-led proposals to deliver the initial 62GL and investment in water saving projects through the Water Efficiency Program to deliver the remainder of the 450GL by 2024.

Fisheries

The percentage of fish stocks solely managed by the Commonwealth that are not overfished has improved, increasing from 72% in 2016 to 74% in 2017. The number of fish stocks classified as 'uncertain if overfished' fell from 11 to 10. The number of stocks classified as overfished was steady (Figure 7).

FIGURE 7 Australian managed fish stocks, 2004 to 2017



Note: Based on the ABARES *Fishery status reports 2018*. Status is assessed retrospectively for the previous year.

Agricultural land

The Australian Government has contracted natural resource management (NRM) unit service providers to deliver activities and projects against Regional Land Partnerships outcomes in each NRM unit. We have run workshops for NRM regional staff and are making technological enhancements to support the data collection processes for groundcover comparisons.

The workshops have helped NRM regional staff increase their capacity to:

- understand the role of groundcover in landscape protection
- establish baseline groundcover levels
- use the baseline to establish locally relevant targets
- use available groundcover data to monitor and report under the National Landcare Program.

The technological enhancements to the Rangeland and Pasture Productivity (RaPP) Map tool will support timely and cost-efficient information to underpin improved reporting of groundcover at the regional and national scale. This will address the National Landcare Program Phase Two priority areas for investment—wind and water erosion.

The projects relating to data collection and technological enhancements are due for completion in late 2019.

SNAPSHOT 2: A new Chief Environmental Biosecurity Officer

The 2017 review of the Intergovernmental Agreement on Biosecurity and the 2014 Senate Environment and Communications References Committee Inquiry into Environmental Biosecurity highlighted the importance of placing protection of the environment from exotic pests and diseases at the same level as protection of agriculture and other production systems.

In 2018 the Australian Government appointed Ian Thompson as the inaugural Chief Environmental Biosecurity Officer (CEBO) to provide policy leadership on national environmental biosecurity issues. The CEBO's role is to enhance understanding and oversight of environmental biosecurity risks, including better definition and prioritisation of those risks.

The CEBO is a major source of advice to the Commonwealth on environmental biosecurity matters. The officer's work will improve the maturity of Australia's environmental biosecurity preparedness, surveillance and response capacity. This includes strengthening responses to the detection and incursion of environmental pests and diseases.

The CEBO has already established the Environmental Biosecurity Advisory Group, a forum for key stakeholders to provide advice on environmental biosecurity issues.

The CEBO has commissioned work under the Environmental Biosecurity Fund on environmental biosecurity plans for Acacia species and mangroves and a simulation exercise for environmental disease incursion. He is leading a collaboration between our department and the Department of the Environment and Energy to implement the National Invasive Ant Biosecurity Plan, and is working with ABARES to develop a priority list of exotic environmental pests and diseases.

Our functions

We deliver our objectives through 6 broad categories of activities. Through these functions, we strive to provide the most effective support to primary industries, regulated businesses and our other stakeholders.

This part of the annual performance statements shows our performance in delivering these functions.

Function 1: Regulation and service delivery

Performance criterion: Effective intervention on compliance pathways

Measure	Rates of compliance with regulations administered by the department are maintained or improved
Source	*Corporate Plan 2018–19*, page 13
Result	Achieved

Biosecurity import screening

The post-intervention compliance rate is the percentage of international mail articles and air passengers that were compliant after intervention. The rates shown in Table 3 indicate we are highly effective at promoting and enforcing compliance in these pathways.

TABLE 3 Post-intervention compliance rate, 2014–15 to 2018–19

Item	2014–15 (%)	2015–16 (%)	2016–17 (%)	2017–18 (%)	2018–19 (%)
Mail	99.9	100	99.9	99.9	99.9
Air passengers	97.3	97.4	96.9	97.1	97.0

Post-intervention compliance relies on factors including the before-intervention compliance rate of arriving passengers or mail (the inherent risk of the pathway) and our ability to intervene as soon as non-compliant passengers or mail arrive in Australia.

We have a range of strategies in place to maintain and improve the compliance rate in the passengers and mail pathways, including:

- ‘Don’t be sorry, just declare it’ communication and education activities
- air traveller and mail profiling for higher-risk goods.

Imported food safety

The overall compliance rate for imported food inspections in 2018–19 was 98.3%, compared to 98.5% in 2017–18. The compliance rate has remained steady.

We publish our inspection data reports on our website.

SNAPSHOT 3: Protecting Australia from animal diseases

African swine fever (ASF) is a highly contagious viral disease of domestic and wild pigs. An outbreak in Australia would have a significant effect on our pig industry and would be difficult and expensive to eradicate.

In response to the spread of ASF in Europe and Asia, we stepped up our biosecurity activity, including increased screening for high-risk pork products at international airports and mail centres. As a result, between December 2018 and February 2019 we detected ASF viral fragments in banned pork products seized from international passengers. The detections, in a percentage of the seized products, were not unexpected, as the products are a known biosecurity risk.

We have been working to raise public awareness about ASF, reminding incoming passengers that they must declare food products and potentially contaminated clothing and shoes. We have updated our website to emphasise that online shoppers must check that the pork products they are purchasing are allowed into Australia.

We have also been reviewing import conditions, including changing the requirements for some commercial pork products, pet chews and pork jerky.

We continue to advise pig producers, veterinarians, trading partners and importers on changes to import conditions, as well as on measures to strengthen on-farm biosecurity. We will be working closely with industry and other stakeholders to keep raising awareness of the threat of ASF.

Live animal exports

We are committed to ensuring compliance with the Exporter Supply Chain Assurance System (ESCAS). The system aims to ensure the humane treatment and handling of Australian livestock from arrival in an importing country through to the point of slaughter. Since the implementation of ESCAS in July 2011, more than 22 million animals have been exported to 26 countries under the system.

In 2018–19 we completed investigations into 45 reports of alleged regulatory infringements. Of these, 34 were self-reports by exporters, 8 reports were made by third parties, and 3 alleged infringements were identified by the department or an Independent Observer.

Our response to investigations included removing facilities from approved supply chains, undertaking additional independent audits, or requiring exporters to provide further information about proposed exports. In some cases we applied additional conditions to export approvals, set further reconciliation requirements to account for animals in supply chains, or required exporters to provide further training to improve animal handling practices.

In 2018 we cancelled the export licenses of Emanuel Exports Pty Ltd and EMS Rural Exports Pty Ltd in accordance with the *Australian Meat and Live-stock Industry Act 1997*.

See more about livestock export compliance on our website.

Illegal logging

Under the Illegal Logging Prohibition Regulation 2012 importers of timber and wood products are required to comply with requirements for due diligence. We identify non-compliance through self-reporting by importers and assessments by our officers.

In 2018–19 there were 20,746 importers of regulated timber products, with 1,109,144 lines of declared products worth almost $7.9 billion. The self-declared compliance rate was 82%, an increase of 1% from 2017–18.

Our assessments of due diligence indicate compliance rates have risen from around 10% in 2017 to 65% in 2019.

In 2018 we ended a 3-year 'soft start' compliance period under the Regulation. Assessments conducted during the soft start period were often the first contact importers had with the illegal logging legislation. Assessments conducted since then have generally involved importers who had previously received education about the due diligence requirements. Because of the large number of one-off or smaller importers that have not received a request for assessment, the actual level of compliance may be lower than indicated.

In 2018–19 we issued the first infringement notice to an importer for failure to provide their due diligence system and information for a specific import to the department for assessment. This notice attracted a $12,600 penalty.

Water efficiency labelling

The Water Efficiency Labelling and Standards (WELS) scheme aims to reduce demand for potable water by setting standards for a range of regulated water-using appliances, fixtures and fittings. From January 2018 we increased our use of enforcement actions in response to suppliers who do not meet the WELS requirements.

In 2018–19 WELS compliance activities focused on internet-based sales. We used internal decision processes and escalation pathways to address non-compliance identified by WELS inspectors. All inspections and follow-up enforcement actions were in accordance with the WELS Compliance and Enforcement Policy.

We typically address non-compliance through direct contact to educate suppliers about the scheme. If that is unsuccessful, the cases are escalated and we send non-statutory warning letters to suppliers. If non-compliance persists, we are able to use statutory powers under the *Water Efficiency Labelling and Standards Act 2005*, such as issuing Remedial Action Notices.

Following the use of warning letters and statutory notices, the level of compliance between 1 January 2018 and 30 June 2019 was 94%. The remaining cases are ongoing in 2019–20 (Table 4).

TABLE 4 WELS scheme website assessments and store inspections—compliance intervention effectiveness, January to June 2018 and 2018–19

Item	January–June 2018 a	2018–19
Case management		
Cases opened in period	68	154
Cases carried over from previous period	12	34
Cases closed because compliance was achieved	46	161
Cases remaining open at end of period	34	27
Early escalation stages		
Warning letters sent	8	7
Compliance achieved after warning letter sent **b**	7	11
Notice of intent to give coercive notice sent	1	2
Compliance achieved after notice of intent to give coercive notice sent	0	1
Escalation to statutory actions		
Remedial Action Notices given	1	0
Compliance achieved after Remedial Action Notice given	1	0

a The current record keeping method commenced in January 2018 and data collected prior to this is not comparable. Twelve cases from before January 2018 are incorporated in the figures above. **b** Some cases where compliance was achieved or additional steps were taken are cases where warning letters were sent in previous periods.

For products sold online, we achieve compliance through a combination of direct contact with online sellers and marketplaces, or intervention activities by online marketplace providers (Table 5).

TABLE 5 WELS Scheme online marketplaces—compliance intervention effectiveness, 2018–19

Item	2018–19
Cases opened in period	182
Cases closed because compliance was achieved	133
Cases remaining open at end of period	49

As at 30 June 2019 more than 370 entities had registered 30,905 products in WELS. Entities included manufacturers, importers and wholesalers. This compares to 28,815 products registered as at 30 June 2018 (Table 6). The increase in registered products may be attributed to effective compliance activities and sellers having a greater awareness of the WELS scheme and its requirements.

TABLE 6 WELS Scheme product registrations, 2018 and 2019

Registration status	30 June 2018	30 June 2019
Ceasing registrations **a**	3,834	3,045
Registered products	24,981	27,860
Total	**28,815**	**30,905**

a WELS product registrations must be renewed each year to remain valid. WELS products, where the registration was not renewed, changed to 'ceasing' status in our product registration database on 22 January 2018. The registration for those products expired on 22 July 2018 and after that the products cannot legally be offered for sale in Australia.

Performance criterion: Maintained or improved effectiveness and efficiency in managing biosecurity risk

Measure	The department achieves a substantial, cost-effective reduction in biosecurity risk, measured by avoided loss and return on investment
Source	*Corporate Plan 2018–19*, page 13
Result	Achieved

Through various investments in biosecurity, we were able to achieve a substantial reduction in biosecurity risk consistent with that achieved in previous years.

This response is based on departmental and inter-agency data sources and departmental modelling, comparing a scenario of current biosecurity controls as implemented by the Commonwealth to a hypothetical scenario of no Commonwealth biosecurity controls. This response brings together corporate and scientific knowledge. Modelling requires a number of simplifications and assumptions, and uncertainty is inherent in some model parameters.

Performance criterion: Regulatory practices seek to minimise the impact of regulation on clients and stakeholders

Measure	Qualitative assessment of the development of new and amended regulations in line with whole-of-government practice
Source	*Corporate Plan 2018–19*, page 13
Result	Achieved

We consider the regulatory burden for individuals, businesses and community organisations before we amend or make new regulations. Where the regulatory impacts are deemed significant we prepare regulation impact statements (RISs) or seek independent reviews, a RIS-like process. The Office of Best Practice Regulation (OBPR) oversees this work and publishes regulation impact statements on its website.

In 2018–19 we completed RISs on:

- Export tariff rate quota regulatory streamlining
- Dairy Industry (Farmer-Processor transactions) code of conduct.

The OBPR assessed the Tariffs RIS as compliant and consistent with best practice. The OBPR assessed the Dairy Code RIS as compliant with government requirements and reflective of extensive consultation and thorough analysis.

We also commissioned 4 independent reviews:

- Review of the Australian Standards for the Export of Livestock (ASEL): sea transport
- Biosecurity Import Levy
- Murray–Darling Basin—Basin Amendment Instrument
- Water Charge Amendment Rules 2019.

We undertake extensive consultation with stakeholders and regulated entities on the impacts of proposed changes. Even where a RIS or independent review is not required, we still seek feedback from regulated entities, stakeholders and the community on changes to policies and regulations. This informs the design and refinement of our regulations.

We also assess our regulatory performance annually. This helps improve regulatory practice and engagement with our stakeholders. See the 2017–18 regulator performance self-assessment report on our website.

We continue to strive to minimise the impact of regulation on regulated entities. Since 2014 we have reported a reduced net regulatory burden of $127 million for the portfolio.

Performance criterion: Business processes and services are improved through the better use of modern technology and improved work practices

Measure	Agreed service standards are met and stakeholders provide positive feedback
Source	*Corporate Plan 2018–19*, page 13
Result	Partially achieved

Client service standards

In 2018–19 we met or exceeded our targets across 20 of the 32 client service standards published on our website:

- Client contact services—1 of 3 met
- Import services—4 of 7 met
- Export services—7 of 8 met
- Live animal export services—8 of 14 met.

Details of our service standard performance are provided at Appendix E.

The increased biosecurity measures for the 2018–19 brown marmorated stink bug (BMSB) season from September 2018 to May 2019 created a significantly increased workload for the department. The client contact area saw an increase in call volumes and inspections booked from the previous year.

The inspection of goods at an approved premises, treatments, and inspection of non-commercial vessels standards were not met in 2 locations because of the increased BMSB measures, as well as periods of significant short-term increases in inspection activity.

SNAPSHOT 4: Combatting brown marmorated stink bug

Brown marmorated stink bug (BMSB or *Halyomorpha halys*) is an exotic pest of concern. It is a significant threat to Australia's agricultural production and exports and the environment.

BMSB is native to China, Japan, Taiwan and South Korea and has spread to North America and throughout Europe. If it established in Australia, this pest would be extremely difficult and expensive to manage, partly because it is able to feed on more than 300 different plant species, including fruit, vegetables and ornamental plants.

BMSB is of particular concern because of its threat to Australia's horticultural industry—valued at more than $9 billion—as well as the fruit and nut industry, which is valued at more than $4 billion. It also poses a threat to people's health and way of life. The insect enters vehicles, homes and factories in large numbers. It 'stinks' as its name suggests, and can cause an allergic reaction in some people who come into contact with it.

The insects are known as 'hitchhikers' and arrive in Australia on cargo and containers shipped between September and April, which coincides with autumn and winter in the northern hemisphere.

Since 2015 we have applied seasonal measures to prevent BMSB from entering and establishing in Australia. These measures apply to countries where BMSB has established, and include mandatory offshore treatment for a range of high-risk goods that have been identified as the most likely pathway for BMSB. We continue to review the BMSB's pest status and have increased onshore intervention through random inspections to detect the insect and verify the effectiveness of treatments.

These measures strike a reasonable balance, ensuring we appropriately manage the risks to biosecurity and trade.

The majority of import permit applications received through BICON were issued within the target. However, delays associated in processing more complex import permit applications adversely affected the overall result.

Information and communication technology service standards

In 2018–19 service standards relating to core ICT infrastructure and internal network availability met the agreed targets, averaging 99.99% to 100% availability. Average monthly availability metrics between December 2017 and June 2018 ranged from 99.98% to 100%.

There was a total of 109 high-severity incidents that had the potential to affect multiple business services. This included:

- 3 Severity 1 incidents that affected multiple applications:
  - 1 incident in August 2018 affected multiple business applications and was traced back to a SAN migration error
  - 1 incident in December 2018 caused a widespread network outage; this was traced back to a Managed Services for VMWare (MSV) migration network connection
  - 1 incident in April 2019 affected multiple applications; this was traced back to an old Oracle software fault.
- 106 Severity 2 incidents:
  - 25 computer infrastructure incidents
  - 81 other incidents where the unplanned outage had a more localised effect on users, networks and individual services, including events that were outside the department's control such as power outages. The effect of these incidents ranged from reduced performance through to full system outages.

Measure	Evaluations of programs have positive findings
Source	*Corporate Plan 2018–19*, page 13
Result	Achieved

We administer a range of programs to raise awareness and ensure compliance across our regulatory portfolios. Evaluations and other reviews are valuable to monitor program deliverables so that we can continuously improve what we do and understand the impact of our activities.

We commissioned the Institute for Sustainable Futures (ISF) to evaluate the environmental and economic impact of the Water Efficiency Labelling and Standards scheme (WELS). The evaluation included data analysis and stakeholder interviews.

WELS commenced in July 2006, mandating star-rated water efficiency labelling for water fixtures and appliances, as well as imposing a minimum standard for some products.

The ISF found the scheme is having a significant impact on water usage. In 2017–18 WELS and associated measures saved an estimated 112GL of water, projected to rise to 231GL per year in 2036. The scheme has also resulted in a general trend towards more registrations of higher star-rated products. The economic benefit, through reduced water and energy bills, has far exceeded the costs of WELS, with an estimated net benefit of more than $23 billion.

The study has identified areas where WELS could be improved. Stakeholders raised concerns about non-compliance and unapproved products coming into Australia. Since 2017–18 we have increased our use of enforcement actions in response to non-compliance with the scheme. Stakeholders also raised questions about the distribution of compliance costs between large and small suppliers, and the risk that customers from lower socio-demographic groups are not benefiting as much from WELS as other water users.

The ISF findings will inform our 5-yearly evaluation of WELS in 2020.

Function 2: Policy and programs

Performance criterion: Effective programs are developed and delivered to achieve policy objectives

Measure	Evaluations of programs have positive findings
Source	*Corporate Plan 2018–19*, page 14
Result	Achieved

We are responsible for developing and administering programs to implement the government's policy decisions. Evaluations and other reviews monitor program deliverables so that we can understand the effect of our programs.

In 2019 ABARES reviewed the Assistance Grants—Access to Industry Priority Uses of Agvet Chemicals Grants Program. Since 2015–16 the program has provided a total of $7.96 million for 149 grants to improve farmers' access to chemicals for minor uses. These are uses for which chemical manufacturers do not register their products, covering small-scale use in specific industries.

ABARES reviewed 15 of these projects over a 20-year span. The report estimates the average return for industry under the program is $117 per grant dollar, and totals an average of $17 million per project over 20 years. The projects reviewed spanned cereals, horticultural crops and fodder for the dairy industry.

The large commodities generally showed higher returns. For example, canola treatment for weeds returned around $350 per dollar invested, tea tree $300 and rice $230. Bulb vegetables returned around $30 per dollar and tropical fruit $150. Emerging commodities such as jujubes had much smaller returns but improved pest control may allow these industries to grow.

All projects returned a profit on the amount invested by government, indicating strong benefits to Australia's agricultural industry from the grants program. These resemble returns achieved by similar programs in Canada and the United States.

Performance criterion: Policy advice is evidence-based, practical and timely

Measure	Positive ministerial feedback on the quality and timeliness of the department's advice
Source	*Corporate Plan 2018–19*, page 14
Result	Achieved

We provided a range of advice to our ministers and the government including ministerial submissions and meeting briefings. Our submissions cover the range of policy areas for which we are responsible, including agricultural policy, farm performance, drought assistance, biosecurity, exports, trade and water resources.

We worked to provide high-quality advice within agreed time frames, based on evidence including research by ABARES, and informed by stakeholder consultation. Our senior officers met regularly with ministers and their staff to ensure our advice and support continued to meet their requirements.

SNAPSHOT 5: Collaborating with industry on chemicals for minor uses

Ensuring farmers have access to safe and effective agricultural and veterinary (agvet) chemicals protects Australian cropping and livestock industries from pests and diseases. This supports farm productivity and business viability. Farmers in specialist industries, or those managing an uncommon pest or disease, find it harder to access these chemicals because manufacturers do not consider their 'minor use' to be large enough to justify investing in registration.

The Australian Government has committed $14.3 million from 2014–15 to 2019–20 to improve farmer access to agvet chemicals for minor uses. It includes a grants program for research and development corporations to fund solutions for priority minor use needs.

In 2018–19 AgriFutures Australia received a grant of $96,000 to support the generation of data on a chemical product that controls budworms and green mirids in lucerne seeds. Certified lucerne seed production is a specialised industry, producing 9,700 tonnes annually and contributing around $95 million to the Australian economy. Approximately 2,500 tonnes of seeds are sold domestically and the remaining balance is exported. Budworms and green mirids are a significant issue, causing losses of 10% to 15% and up to $12 million of damage each year.

If the research is successful, the new minor use product will help control the pests and address existing resistance issues, benefiting up to 50 species of lucerne.

Function 3: Trade and market access

Performance criterion: Increased access to overseas markets generates more export opportunities for Australian primary producers

Measure	New or improved markets show an increase in export volumes and values in trend terms
Source	*Corporate Plan 2018–19*, page 14
Result	Achieved

We reported 40 market access achievements in 2018–19. We play a lead role in opening access to markets for Australian agriculture, fisheries and forestry exports. We negotiate technical market access with trading partners on arrangements to open, maintain and improve access, and provide expert advice in negotiations to restore markets when trade is disrupted.

Working through our expanded overseas counsellor network, we achieved:

- 12 new market access gains, such as an agreement on import conditions for Australian almonds to Chile and walnuts to India
- 17 improved access arrangements, such as the approval of an irradiation pathway for persimmons to Thailand
- maintained access arrangements for 5 commodities, such as simpler requirements to certify Australian pork for export to New Caledonia is free from African swine fever
- restored access for 6 markets, such as a recommencement of trade for Australian strawberries exports to markets including the United Arab Emirates and Kuwait following suspension of trade.

Measure	New or improved markets show an increase in export volumes and values in trend terms
Source	*Corporate Plan 2018–19*, page 14
Result	Achieved

In 2017–18 Australia exported more than $22.5 million worth of walnuts around the world (Table 7).

TABLE 7 Australian walnut exports, 2014–15 to 2017–18

Commodity	2014–15 ($)	2015–16 ($)	2016–17 ($)	2017–18 ($)
Fresh or dried walnuts in shell	23,908,422	13,128,219	14,240,152	20,464,380
Shelled, fresh or dried walnuts, whether or not peeled	1,826,393	1,043,502	1,627,325	2,217,523
Total	**25,734,815**	**14,171,721**	**15,867,477**	**22,681,903**

Source: Based on Australian Bureau of Statistics Catalogue 9920.0 with partial adjustments made on sugar. Several commodities are subject to confidentiality restrictions, which affects the overall trade estimate. See ABS 5372.0.55.001—International Merchandise Trade: Confidential Commodities List for more information.

Australian walnut exports will be boosted as a result of Australia gaining market access to India. Shipments of Australian walnuts to India commenced in May 2019.

This significant agricultural outcome came after walnuts were identified as a market access priority through the Horticulture Innovation Australia prioritisation process. India is a large export market for Australian almonds, but it holds significant potential for other nut commodities, such as walnuts.

Our overseas counsellor in New Delhi, Dr Nora Galway, was at the forefront of negotiations to open the new market. Working with our technical plant experts, the Department of Foreign Affairs and Trade and the walnut industry, Dr Galway facilitated discussions with the Indian Government and Indian importers.

This gain provides a key additional market for Australian walnut producers, and highlights Australia's growing economic relationship with India, as is recommended in the India Economic Strategy.

During 2019–20 we appointed new counsellors in Belgium, Chile, India, Japan, Mexico, and the United Kingdom. From January 2019 we had 22 staff in overseas posts to help represent Australia's trade interests overseas.

Function 4: Research and innovation

Performance criterion: Investment in rural research and development programs demonstrates positive returns

Measure	Qualitative assessment using case studies of benefits from rural research and development
Source	*Corporate Plan 2018–19*, page 15
Result	On track

As reported in the last annual report, in 2017–18 an independent, mid-program evaluation considered the conduct of rounds 1 to 3 of the Rural Research and Development for Profit program. Snapshots 6 and 7 are drawn from Rounds 1 (2015) and 2 (2016) respectively.

In 2018–19 we drew on outcomes from the mid-program evaluation to improve the implementation of Round 4 of the program, including:

- reviewing the design and assessment criteria of the grant guidelines to focus on sustaining collaborations (projects building on the success of previous funding) as well as establishing new collaborations
- extending the application time frame to 12 weeks
- reviewing reporting templates to build a knowledge base of success factors for collaboration, extension and adoption
- increasing the emphasis on outlining pathways for the adoption of research.

Performance criterion: The efficient collection and distribution of levies to fund rural research and development

Measure	Levy collection processes cost no more than 1.2% of levies disbursed
Source	*Corporate Plan 2018–19*, page 15
Result	Achieved

In 2018–19 the department disbursed $529.025 million at a cost of $4.841 million, which represents 0.92% of levies disbursed. This is a 4.73% increase from 2017–18, when $523.986 million was disbursed at a cost of $4.622 million, or 0.88% of levies disbursed. This increase is mainly attributed to increased effort in agent management (levy payer and intermediary liaison) and targeted compliance activities through our operational and strategic compliance program (Figure 8).

SNAPSHOT 6: Improved use of seasonal forecasting to increase farmer profitability

The success of agricultural industries relies on the weather. Being able to accurately forecast the weather on a seasonal scale will provide valuable input to farm management decisions.

This 3-year research project, led by AgriFutures Australia, aimed to improve farm productivity and profitability by bridging the gap between seasonal climate forecasts (SCFs) and farm business decisions.

The project adopted a collaborative approach to research, engaging 13 partners that contributed knowledge, cash, and in-kind support, to help achieve its objectives:

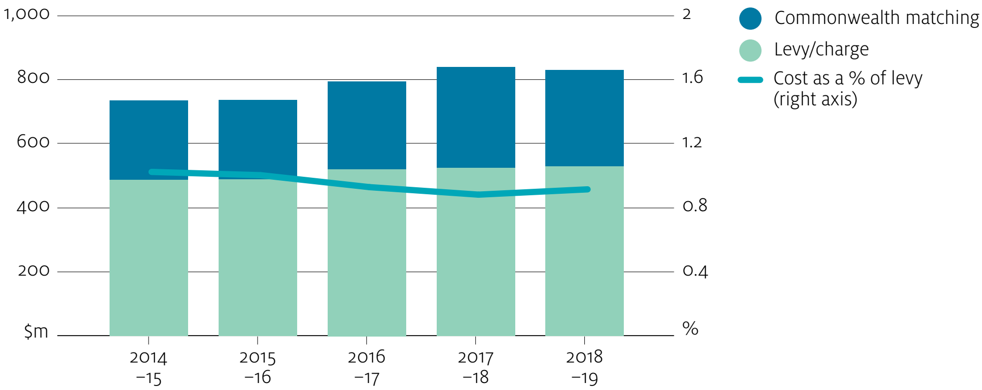
- Valuing the forecast—Identify critical seasonal climate risks by sector, type of decision and region
- Using the forecast—Identify and develop support tools, products, services, information and training to overcome the barriers to adoption of SCFs by farmers and advisors in farm business decisions
- ACCESS-S model enhancement—Improve the SCF abilities of Australia's primary forecasting model, the Australian Community Climate and Earth-System Simulator (ACCESS-S).

The project developed 9 industry-specific and region-specific case studies that defined SCF needs and identified key decision points. Regular Community of Practice meetings were held to enable practitioners to share knowledge, cultivate best practice and foster innovation.

The project found that barriers to the adoption of SCFs by farmers and advisors predominantly relate to perceived and real inaccuracies in SCFs, leading to a lack of trust in the forecasts. The Community of Practice and supporting materials developed through the project have provided a significant opportunity for improving adoption of SCFs in agricultural management.

The project partners also conducted experiments to improve the forecasting ability of models currently used in Australia. These were successful in reducing longstanding issues, and as a result the models have produced more realistic representations.

FIGURE 8 Levy administration revenue and costs, 2014–15 to 2018–19

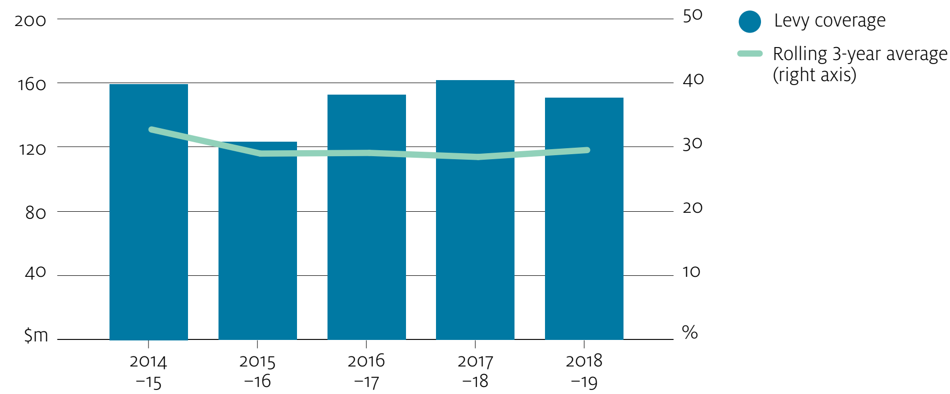


Note: The percentage is calculated by dividing the total cost recovery charge by the total levy/charge disbursed for that financial year. It does not include Commonwealth matching payments.

Measure	Inspections of levy agent records cover at least 20% of levy revenue over a 3-year rolling average
Source	*Corporate Plan 2018–19*, page 15
Result	Achieved

The agents inspected under our national compliance program collectively contributed $150.510 million, which represents 28.5% of all levies and charges collected in 2018–19. We achieved a rolling 3-year average of 29.5% coverage for levies and charges collected from 2016–17 to 2018–19 (Figure 9).

FIGURE 9 National compliance program levy coverage, 2014–15 to 2018–19



Note: The levy coverage for the national compliance program is made up of the annual levy contributions of agents inspected from the operational compliance program and targeted compliance assessment program.

SNAPSHOT 7: More profit from nitrogen—enhancing the nutrient use efficiency of intensive cropping and pasture systems

Nitrogen is essential for plant growth, but the nitrogen cycle is complex and its availability is affected by many factors.

Improving our understanding of how nitrogen availability is influenced by management practices will give producers the confidence to reduce nitrogen application rates and maintain, or even improve, yields. Avoiding over-application has both on-farm and off-farm benefits. On-farm, it can reduce costs and improve profitability through avoiding excessive vegetative growth and the increased risk of plant disease. Off-farm, it can reduce greenhouse gas emissions and the risk of adverse impacts on air and water quality.

This 5-year project, led by the Cotton Research and Development Corporation, will help growers better understand factors that influence nitrogen availability, and improve confidence to adopt management practices tailored to irrigated cotton, dairy, cherry, mango and sugar production.

The project is a collaboration between 23 organisations that involves 10 industry-supported research projects.

The objectives of the project are to:

- generate a better understanding of interactions between factors such as soil type and condition, field history, irrigation management practices, the form, timing and placement of fertilisers, and prevailing weather on nitrogen use efficiency
- quantify the rate and timing of nitrogen supply through mineralisation
- develop more efficient fertilisers better able to match a crop's specific nitrogen requirements, and develop a better understanding of how various enhanced-efficiency fertilisers perform under different conditions.

Extension activities have focused on communicating outcomes of the research and illustrating practical management of nitrogen use to encourage farmers, service providers and community members to engage with the research.

Communication and awareness raising is being achieved through websites, electronic newsletters, farmer-associated publications and printed and online industry magazines. Researchers are also preparing scientific papers for major national and international publications.

SNAPSHOT 8: 3D X-rays helping the biosecurity effort

As the volume of people, mail and cargo entering Australia continues to increase, we are looking to technologies to help manage biosecurity risks. In 2018–19 we started trialling 3D X-ray technology to screen for biosecurity risk material at the border.

The X-rays produce high-resolution 3D images, or 'slices', in real time as an item passes through the unit. This saves time and is more effective than the existing system, which requires rotating the X-ray emitter and detector around the object.

Our first 3D X-ray unit was installed in the international passenger baggage area of Melbourne Airport. The unit has delivered early success, detecting risk material at more than three times the rate of 2D units.

We are using the 3D slices to build an image library, enabling us to develop the world's first biosecurity auto-detection algorithm. Within hours of being deployed in April 2019, the algorithm detected a banana, an apple and mangosteens in passenger baggage. Further algorithms are being developed and we are trialling a second unit at the nearby international mail gateway facility.

The NZ Ministry for Primary Industries has installed an identical unit at Auckland Airport. We are collaborating on the development of the image library and algorithms under the Trans-Tasman Cooperation on Biosecurity Risk Detection Technology agreement.

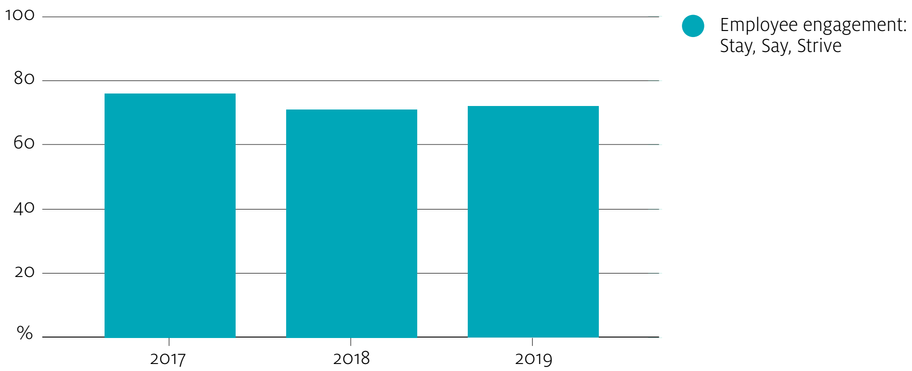
Function 5: Enterprise-wide enabling services

Performance criterion: The department maintains a positive, professional and engaged workforce

Measure	The department's employee engagement measures in the APS employee census are maintained or improved
Source	*Corporate Plan 2018–19*, page 16
Result	Achieved

The department's 2019 *Employee Engagement: Say, Stay, Strive* score was 72%, an increase on the previous year (Figure 10).

FIGURE 10 APS employee census employee engagement scores, 2017 to 2019



People strategy and culture

In 2018–19 we continued work on understanding our culture and improving employee engagement. Our executive shared their vision for the future where success will be characterised by a workforce that is accountable and aligned, collaborative and integrated, and future oriented.

We spoke to employees around Australia and asked how they see these cultural attributes in their everyday work, to understand what is working well and where we could do better.

We used the feedback to develop our *People Strategy 2019–2023* and released it in August 2019. The People Strategy identifies our priorities and provides clear and measurable actions to support continuous improvement of our culture and employee engagement over the next 4 years.

Learning and development

We developed innovative digital learning solutions to support a competent, diverse and agile workforce. This includes peer-to-peer bite-sized videos to support our biosecurity officers, who use digital learning kits to record and share operational biosecurity tasks. We have introduced new flexible learning options to give staff equal access to development opportunities and allow learners to take control of when and where they can access their training.

We implemented improved compliance reporting capability in our learning management system Learnhub. This enables supervisors to more promptly and accurately assess mandatory learning compliance in their work areas. The introduction of automated reminder messaging from Learnhub has made it easier for staff and managers to keep up with mandatory learning requirements.

Diversity and inclusion

We have made significant progress in implementing the *Growing reconciliation: Reconciliation Action Plan 2017–2019* (RAP).

We established the department's first Executive Leadership Group for Indigenous Matters (ELGIM) under the RAP focus area 'Collective decisions'. The RAP requires divisions that work with Indigenous policy matters to meet twice a year to share data and advice. The role of the ELGIM is to ensure that our work practices, policy and program work effectively take into account and promote positive Indigenous outcomes.

SNAPSHOT 9: Integrity culture program

We are building a strong integrity culture in our department by establishing an Integrity Unit and Hotline and delivering a bespoke integrity awareness training program.

Understanding the difference between behaviour that constitutes misconduct, fraud, corruption or a security concern can be complex. Our training program, designed and delivered by in-house subject matter experts, has overcome these differences by focusing on a general concept of 'wrongdoing'. In 2018–19 we delivered more than 150 face-to-face training sessions, travelling as far afield as Christmas Island, Norfolk Island, Thursday Island and Cocos (Keeling) Islands to reach as many of our staff as possible.

The dedicated Integrity Unit and Hotline has facilitated the reporting of all integrity concerns in one place, enabling a holistic and practical approach to matters. It also enables us to identify opportunities to mitigate risks by improving controls.

We are actively communicating the outcomes of activities undertaken in response to reporting of wrongdoing. Each quarter, an Integrity Snapshot is published for all staff, improving the transparency of our actions to manage integrity risk and increasing confidence in staff that reporting leads to action by the department.

Together, these initiatives have fostered professional relationships, strengthened credibility and encouraged staff to report wrongdoing. Results in the APS employee census indicate this approach has been effective. Our staff are now more likely to report corruption and their understanding of the department's policies and procedures to manage corruption has improved. The number of staff who report they have witnessed corrupt behaviour has reduced.

We enrolled 6 indigenous staff to participate in the Milparanga Leadership program, which is part of the Australian Rural Leadership Program. The program aims to allow Aboriginal and Torres Strait Islander people to engage in powerful and different conversations.

We supported an Indigenous officer to undertake the Pat Turner Postgraduate Coursework Scholarship at the Australian National University. The scholarship aims to increase the capability of Indigenous employees in the Australian Public Service, in order to improve public sector leadership and public policy. We continue to offer opportunities for staff to work with Indigenous communities through the Jawun APS Secondment Program.

We commenced activities under our *Aboriginal and Torres Strait Islander Employment Strategy 2018–2020*. The strategy aims to increase recruitment of Aboriginal and Torres Strait Islander employees across all levels and to ensure career progression for employees, with a focus on middle and senior management. We will also strive to provide a culturally safe work environment that acknowledges and celebrates Aboriginal and Torres Strait Islander cultures.

Work is underway to increase Aboriginal and Torres Strait Islander staff representation from 2.5% to 4% by the end of 2020. We have engaged 5 staff through the Indigenous Apprenticeships Program and 2 through the Indigenous Australian Government Development Program. We also employed 2 Indigenous graduates in our 2019 Graduate Development Program.

During the year we introduced Indigenous language training for staff. This has contributed to staff making an acknowledgment of country before meetings. We also commenced cultural training for staff on Torres Strait Islander and Aboriginal culture.

We developed an inclusion strategy to commence in 2019–20. The strategy outlines how the department will foster inclusion in the workplace. It identifies key actions to embed behavioural, cultural and systemic changes, focused on 3 guiding themes:

- Opportunities—Attract and recruit diverse employees and ensure all employees are provided opportunities to build their capability and contribute to the department's objectives
- Culture—Fostering an inclusive culture where employees feel they can bring their authentic selves to work
- Leadership—Our leaders drive business outcomes by being open-minded, flexible, encouraging innovation and modelling inclusive behaviours.

We established the Reach program for people with Autism. The program is a new initiative that places skilled employees with Autism in roles within the department.

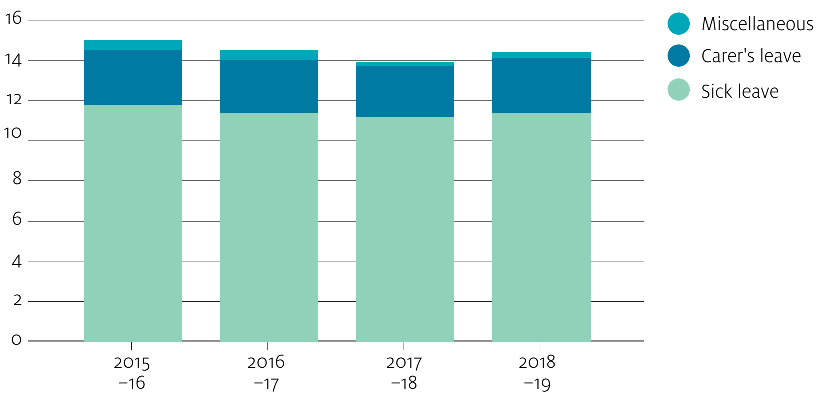
We coordinated several successful events including NAIDOC week, Wear it Purple Day, International Women's Day and a Men's Mental Health seminar. In March 2019 we held an inclusion workshop in Canberra, bringing together the ambassadors from our diversity networks to collaborate on delivering the department's inclusion agenda.

The department is a member of Pride in Diversity, a national not-for-profit employee support program for LGBTIQ work inclusion. Pride in Diversity coordinates the annual Australian Workplace Equality Index, which is a national benchmark to gauge the overall impact of inclusion initiatives on organisational culture. In 2019 we were awarded Bronze status in the index, indicating there has been a significant improvement in the department's LGBTIQ inclusion outcomes.

Attendance and retention

The unscheduled absence rate for 2018–19 was 14.4 FTE days. This is an increase of 0.4 FTE days compared to 2017–18 (Figure 11).

FIGURE 11 Unscheduled absence rates, 2015–16 to 2018–19 **a**



a The unscheduled leave rate is calculated by totalling the full-time equivalent (FTE) days of sick leave, carers' leave and miscellaneous leave (excluding unauthorised and compensation leave) used in the reporting period. This total is divided by the average FTE days for departmental employees (excluding casual employees) during the reporting period.

In 2018–19 the department's ongoing separation rate was 9.1% (Table 8).

TABLE 8 Ongoing separation rates, 2015–16 to 2018–19 **a**

Item	2015–16	2016–17	2017–18	2018–19
% separating	6.5	7.5	8.5	9.1

a The separation rate is calculated by dividing the total number of ongoing separations in the reporting period by the average headcount of ongoing employees during the reporting period, multiplied by 100.

Performance criterion: The department maintains safe and healthy workplaces

Measure	The notifiable workplace incident rate is maintained or reduced
Source	*Corporate Plan 2018–19*, page 16
Result	Achieved

We report notifiable incidents to Comcare as required under the *Work Health and Safety* (WHS) *Act 2011*. A notifiable incident is defined in the Act and includes the death of a worker or serious injury or illness requiring immediate treatment as an inpatient at a hospital or treatment within 48 hours of exposure to a substance or dangerous incident prescribed by the Work Health and Safety Regulations 2011.

In 2018–19 the notifiable workplace incident rate fell significantly, continuing a downward trend (Table 9).

TABLE 9 Notifiable incident rate, 2016–17 to 2018–19

Item	2016–17	2017–18	2018–19
Notifiable incident rate (per 1,000) **a**	3.89	2.53	1.60

a The number of notifiable incidents may include incidents relating to 'workers' under the *Work Health and Safety Act 2011* who are not counted in the average employee headcount—this could result in a higher notifiable incident rate (per 1,000).

In 2018–19 Comcare completed an initial assessment of our WHS management system and awarded the department an outstanding conformance result of 90%.

Our WHS activities during the year included holding an inaugural 'mock trial', facilitated by an external WHS legal specialist, to enhance our understanding of legislated due diligence obligations. We completed a project to identify risk factors and develop tailored risk mitigation strategies for hazardous manual tasks carried out by our veterinary and meat inspector workforce.

We also allocated funding for a configurable off-the-shelf IT system. The system will be implemented in 2019–20 and will deliver an integrated solution to report and manage WHS events, risk and ongoing cases.

TABLE 10 Investigations, directions and notices under work health and safety legislation, 2016–17 to 2018–19

Category	2016–17 (no.)	2017–18 (no.)	2018–19 (no.)
Investigations	3	3	0
Provisional improvement notices	0	0	0
Directions or notices	0	0	1

Performance criterion: The department delivers a balanced and financially sustainable budget

Measure	The end-of-year financial position is consistent with the budget at the start of the year
Source	*Corporate Plan 2018–19*, page 15
Result	Achieved

The department ended the year with an operating surplus of $1.6 million before unfunded depreciation of $17.1 million.

We concluded the year with a healthy balance sheet and cash reserves. This will enable the department to continue to invest in modernising ICT systems to support our business operations.

Our average staffing level was within the cap set by the government.

Further information is provided in Financial performance (page 44)

Performance criterion: Information and communication technology meets business needs

Measure	The department's satisfaction with the delivery of ICT services is improved
Source	*Corporate Plan 2018–19*, page 15
Result	Achieved

A survey of internal clients indicated that 64.5% of respondents were satisfied with ICT services. Of the respondents, 79% were satisfied with the services provided through our ICT service desk and 92% indicated they had worked with the Information Services Division to deliver ICT projects and were satisfied with the division's engagement and delivery on those projects.

Function 6: Forecasting and strategic intelligence

Performance criterion: Fit-for-purpose economic and scientific modelling

Measure	Outcomes are consistent with forecasts and predictions, allowing for unforeseeable events
Source	*Corporate Plan 2018–19*, page 16
Result	Achieved

ABARES forecasting

Our research arm, ABARES, publishes quarterly agricultural forecasts in the *Australian crop report* and *Agricultural commodities* publications. These cover domestic and global production, consumption, exports and prices of agricultural commodities.

In 2019 ABARES analysed the performance of its September agricultural forecasts from 2000–01 through to 2017–18, publishing the results in an ABARES 'Snapshot' *Insights* article, *Summary of ABARES agricultural forecasting*. The analysis (Table 11) showed that the forecasts had an average error of:

- 11% for total winter crop production
- 2% for total meat production
- 10% for global indicator prices averaged across major commodities
- 6% for the total value of agricultural exports
- 15% for export volumes averaged across major commodities.

TABLE 11 ABARES price forecast error, 2000–01 to 2017–18

Commodity	Average forecast error (%)	Forecast bias (%) a	Proportion of forecasts within 10% of actuals (%)	Proportion of forecasts within 15% of actuals (%)	Naïve model forecast accuracy (%) b
Wheat	9	–2	72	83	15
Barley **c**	10	–2	61	78	21
Canola **d**	12	3	50	67	18
Sugar	18	–1	50	67	37
Cotton	11	–1	67	78	23
Beef	5	–2	89	100	11
Lamb	10	–4	67	83	12
Wool	9	–5	67	83	16
Milk	9	–5	56	89	na

a Forecast bias is defined as the average percentage difference between ABARES September forecasts and actual observations. **b** Naïve forecasts use the average of observed prices between July and September as a fiscal year forecast. **c** Before 2010–11, a US no. 2 yellow corn, fob Gulf series was used as the coarse grains indicator price rather than a barley indicator price. As a result, barley forecast accuracy accounts for accuracy of corn prices between 2000–01 and 2010–11 and barley prices between 2011–12 and 2017–18. **d** Before 2010–11 a US no. 2 soybeans, fob Gulf was used as an oilseeds indicator price rather than a canola indicator price. As a result, canola forecast accuracy consists of oilseeds price forecasts between 2000–01 and 2010–11 and canola prices between 2011–12 and 2017–18. **na** Not available

These results show a range of forecast accuracy that are well within global standards for a public sector forecasting agency. This is remarkable given Australia's extreme climate variability relative to agricultural sectors in similarly industrialised countries. For example, winter crop production is highly variable, and our historical forecast error was higher in seasons with significant climatic events.

SNAPSHOT 10: *ABARES Insights* informing agricultural issues

ABARES is our research division, providing independent data, research, analysis and advice that informs government and private decisions about Australian agriculture. The bureau is well-known for its research reports, commodity forecasts and statistical series. In October 2018 we launched *ABARES Insights*, a new publication series to provide evidence-based context for discussion of industry issues.

ABARES Insights are written in a non-technical style, with infographics, maps and images to give readers access to our knowledge and understanding of agriculture, fisheries and forestry industries.

The *Insights* series comprises 3 types of research paper:

- Analysis—analyses issues, such as the importance of changes in policy setting for China's agricultural sector.
- Snapshot—captures key aspects of a field of research, such as a particular industry or the role of Australian agriculture in the national economy.
- Stocktake—reviews publicly released research on an issue of interest in the portfolio and examines what the research says, including possible public policy responses.

During the year, we also joined *The Conversation* website as a partner organisation to publish timely and topical articles written by ABARES researchers. *The Conversation* is an independent, non-commercial organisation that provides news and analysis, sourced from the academic and research community.

In 2018–19 ABARES published 3 articles on *The Conversation*, examining policy responses to drought, how to best help farmers manage climate risk, and the tough choices facing government and industry in reaching the target of $100 billion in agricultural output by 2030.

Risk return modelling

We operate an extensive and complex biosecurity system comprising multiple, complementary measures and actions applied along the biosecurity continuum: pre-border 'at the border' and post-border. The Risk Return Resource Allocation (RRRA) model brings together corporate and scientific knowledge to mathematically represent the structure and function of the biosecurity system.

The RRRA is a unique tool to assess and quantify relationships between biosecurity risk and our investments in biosecurity controls. The primary feature of the model is a series of probabilistic networks to represent an exhaustive range of mutually exclusive pest and disease entry pathways. The use of probabilistic networks is well established in the field of risk estimation. The majority of the modelled pathway structures have been developed in collaboration with departmental experts on biosecurity pathways to ensure they align with our real-world processes.

Financial performance

Our 2018–2021 finance strategy supports the department to build an efficient and sustainable organisation, contributing to an internationally competitive and sustainable agricultural sector towards 2021. In particular, the strategy aims to ensure our cost-recovered services, which represent more than half of departmental expenditure, are efficient and appropriately funded.

In 2018–19, we implemented a number of initiatives to improve financial management. All of the initiatives have supported improved financial capability and strategic decision-making on the allocation of resources to meet changing business needs, ensuring the department is financially sustainable.

The largest single initiative was the implementation of our new financial management information system which went live on 1 July 2018. This has provided more timely and flexible reporting through real time dashboards, higher quality information to facilitate more informed decision making; and productivity improvements through a more integrated and efficient system.

We also continued to deliver on targeted red tape reduction strategies. Initiatives included making improvements in internal processes to promote self-service for staff, automation of expense management reporting previously done manually and changes to processes to ensure better accountability or demonstrated requirement for international travel.

Our 2018–19 internal budget aligned to the Portfolio Budget Statements with an expected balanced budget (consistent with allowable losses). The 2018–19 full-year result is in a surplus of $1.6 million after allowable losses.

Table 12 provides the department's entity resource statement subset summary current report period (2018–19). This is a new requirement for financial performance reporting, and is a mandated template as part of the shift to digital annual reporting through the Australian Government's Transparency Portal.

TABLE 12 Entity Resource Statement subset Summary Current Report Period (2018–19)

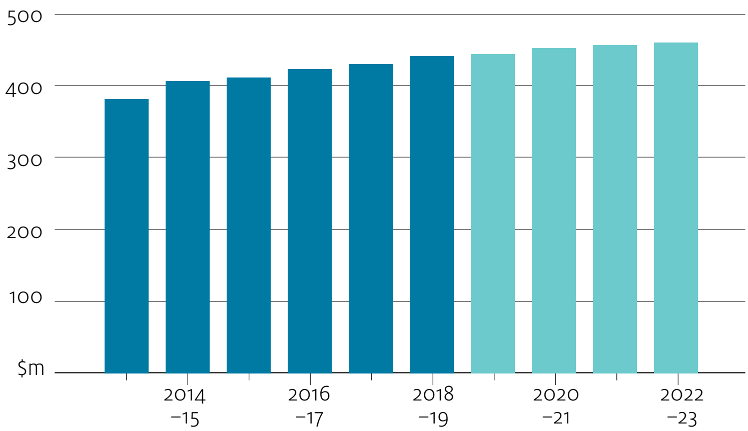
		Actual available appropriation for 2018–19 $'000	Payments made 2018–19 $'000	Balance remaining 2018–19 $'000
Departmental				
Annual appropriations - ordinary annual services		465,853	396,789	69,064
Annual appropriations - other services - non-operating		20,704	20,184	520
Total departmental annual appropriations		**486,557**	**416,973**	**69,584**
Departmental special appropriations		17,500	17,500	–
Total departmental special appropriations		**17,500**	**17,500**	**–**
Special accounts		585,839	550,551	35,288
Total special accounts		**585,839**	**550,551**	**35,288**
Less departmental appropriations drawn from annual/special appropriations and credited to special accounts		(130,286)	(130,286)	–
Total departmental resourcing	**A**	**959,610**	**854,738**	**104,872**
Administered				
Annual appropriations - ordinary annual services		725,441	334,492	
Annual appropriations - other services - non-operating		1,092,414	194,012	898,402
Total administered annual appropriations		**1,817,855**	**528,504**	
Administered special appropriations		972,216	972,216	
Total administered special appropriations		**972,216**	**972,216**	
Special accounts		912,182	11,109	901,073
Total special accounts receipts		**912,182**	**11,109**	**901,073**
Less administered appropriations drawn from annual/special appropriations and credited to special accounts		(320,000)	(320,000)	
Less payments to corporate entities from annual/special appropriations		(463,815)	(463,815)	
Total administered resourcing	**B**	**2,918,438**	**728,014**	
Total resourcing and payments for Department of Agriculture	**A + B**	**3,878,048**	**1,582,752**	

Revenue

In 2018–19, our revenue increased by $21.6 million from 2017–18 to $832.3 million. The increase was primarily due to higher sales of goods and services revenue of $8.1 million and increased appropriation revenue of $11.1 million.

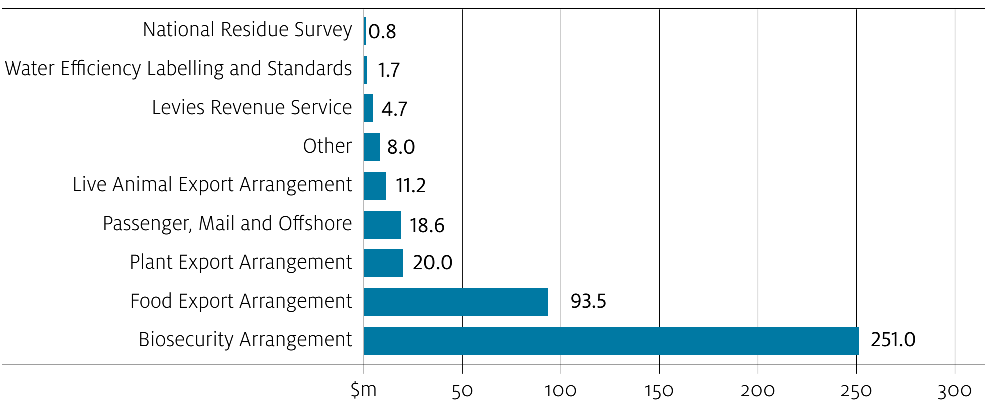
Figure 12 shows the own source revenue received by the department over the past 6 years and budgeted own source revenue from 2019–20 as per the *Portfolio Budget Statements 2019–20*.

FIGURE 12 Own source revenue, 2013–14 to 2022–23



Total sales of goods and rendering of services revenue (including cost recovery) collected in 2018–19 was $409.4 million. Figure 13 shows the breakdown by cost recovery arrangement.

FIGURE 13 Sale of goods and rendering of services revenue by cost recovery activity 2018–19



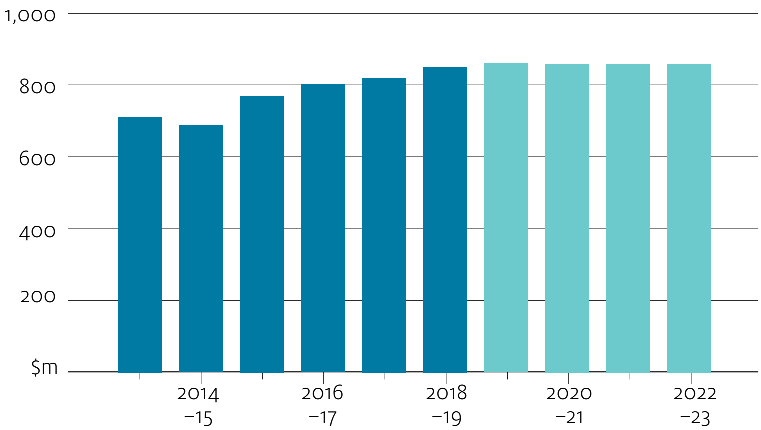
Note: ‘Other’ includes PGPA s. 74 receipts for biosecurity plant and animal health programs.

Departmental expenses

Our expenses totalled $847.7 million in 2018–19 against an original budget of $818.4 million (*Portfolio Budget Statements 2018–19*).

Figure 14 shows the trend of departmental operating expenses over the past 6 years, and budgeted expenditure figures from 2019–20 as per the *Portfolio Budget Statements 2019–20*.

FIGURE 14 Departmental expenses, 2013–14 to 2022–23



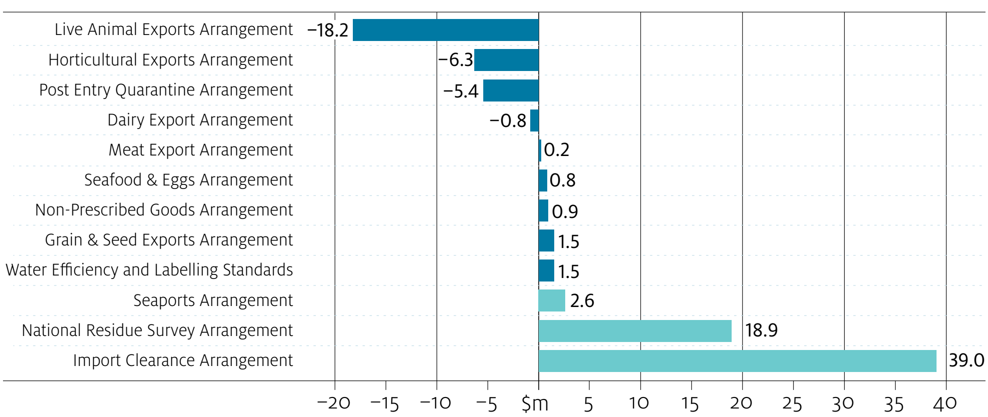
Note: Budget influx in 2015 is mainly due to Water Resources machinery of government changes and *Agricultural Competitiveness White Paper* measures.

Cost recovery reserves

We operate a number of cost recovery arrangements across biosecurity, export certification and other services in accordance with the Australian Government charging framework.

Figure 15 outlines the cost recovery reserve balances at the end of the year.

FIGURE 15 Cost recovery reserve balances at 30 June 2019



Note: Surplus reserves are recorded in the industry reserves balance as reported in the Statement of Changes in Equity in the department's financial statements.

Asset management

As at 30 June 2019 our asset base was valued at $185.6 million. Our major investments are in land, buildings and ICT hardware and software.

We make strategic investments to maintain and improve services to the government and to clients consistent with government priorities and ongoing business needs. We manage capital investment through a comprehensive process that involves multiple governance bodies. The process is designed to help prioritise and evaluate capital proposals and ensure investments are made effectively.

In 2018–19 we developed the 2018–2022 ICT Strategy to help us take the first steps towards digital transformation. One of our ICT strategic priorities is for improving our strategic ICT investment. To ensure our return on investment in ICT is optimised in the future, we will focus on implementing improvements that result in more sustainable services, improved partnering and smarter engagement.

A significant portion of our expenditure is related to property leases and property maintenance costs. We maintain around 110 sites across Australia ranging from office accommodation to post-entry quarantine facilities, laboratories, data facilities and residences in remote locations.

Administered program performance

We have a range of administered programs, the material ones being:

- A Competitive Agriculture Sector—boosting farm profits through rural research and development
- Stronger Farmers, Stronger Economy—improvements to access premium markets—improve biosecurity
- Communities Combating Pests and Weeds Impacts During Drought Program
- Rural Financial Counselling Service
- Farm Household Allowance
- Sustainable Rural Water Use and Infrastructure Program (SRWUIP).

We managed administered assets of $2,956.9 million on behalf of the government. This largely comprised $729.7 million in loans and investments in 8 portfolio entities of $501.5 million.

Administered revenue received for 2018–19 was $600.5 million, a decrease of $11.8 million on the 2017–18 revenue figure of $612.3 million. This result is mainly due to decreased non-taxation revenue of $9.9 million. Additionally, other gains of $256.4 million are recognised in 2018–19, primarily relating to the recognition of water entitlement assets received free-of-charge under the SRWUIP.

Administered expenditure for 2018–19 was $1,755.3 million, an increase of $193.8 million on the 2017–18 expenditure figure of $1,561.5 million.

Part 2

Management and accountability

Our governance

Our executive

Daryl Quinlivan has been Secretary of the department since June 2015. Mr Quinlivan is the department's accountable authority, and is responsible for its efficient and effective operation. His other roles include chairing:

- the National Biosecurity Committee
- National Management Group for nationally coordinated emergency responses to pest and disease incursions
- the Agriculture Senior Officials Committee.

TABLE 13 Details of accountable authority during the reporting period 2018–19

		Period as the accountable authority	
Name	Position title	Date of commencement	Date of cessation
Daryl Quinlivan	Secretary	1 July 2018	30 June 2019

Deputy secretaries assist the Secretary across a range of issues and departmental functions and oversee the work of particular divisions. Our deputy secretaries are:

Cindy Briscoe—responsible for the Agricultural Policy Division, Agvet Chemicals, Fisheries and Forestry Division, and Rural Policy and Farm Performance Division.

Neal Mason (acting)—responsible for the Assurance and Legal Division, Corporate Strategy and Governance Division, Finance and Business Support Division, and Information Services Division.

Lyn O'Connell PSM—responsible for the Biosecurity divisions and the Compliance Division, and oversees the Australian Chief Veterinary, Chief Environmental Biosecurity and Chief Plant Protection Officers.

Malcolm Thompson—responsible for the Exports Division, Live Animal Exports Division, Trade and Market Access Division, Water Division and the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES).

Governance framework

The Executive Management Committee (EMC) oversees the implementation and improvement of our governance structures and business operations, shares responsibility for building capability and promotes collaboration between business areas, other agencies and our stakeholders.

In 2018–19 the EMC was supported by 4 subcommittees (Table 14):

- Business Transformation Committee
- Information and Data Management Committee
- People, Safety and Culture Committee
- Security and Business Continuity Committee.

As part of building the department's performance, capability and efficiency, the EMC and its subcommittees have focused on informed strategic discussion and streamlined decision-making. Each committee's meeting agenda item links to the department's Corporate Plan, enabling targeted strategic and operational discussion. Any risks associated with each proposal or item under discussion are also a standing item.

Governance committee memberships have been revised to ensure best practice arrangements are in place for effective decision-making. We have implemented a Governance module in our online Planning Hub system to produce, track and manage action item reports.

TABLE 14 Executive committees—roles and membership, 30 June 2019

Committee	Role	Membership
Executive Management Committee (EMC)—met 25 times in 2018–19	The primary governance body supporting the Secretary. The committee makes decisions and provides guidance to: • ensure the department is achieving its purpose and objectives • build and maintain organisational capability • monitor performance against departmental objectives and priorities • set an appropriate risk appetite and risk tolerance for the department • monitor and respond to strategic risks, and risks that may materially impact the department achieving its objectives • allocate budgets and ensure financial sustainability • assure compliance with legislative, governance and administrative frameworks • communicate decisions and guidance in a timely manner to enable staff to make informed decisions.	Secretary (Chair) Deputy secretaries (members) First Assistant Secretary, Compliance (rotational member) First Assistant Secretary, Rural Policy and Farm Performance (rotational member) Chief Finance Officer (Advisor) General Counsel (Advisor) The chair of the Audit Committee attends meetings each quarter as an observer and may attend other scheduled EMC meetings as necessary.

TABLE 14 Executive committees—roles and membership, 30 June 2019

Committee	Role	Membership
Business Transformation Committee (BTC)—met 9 times in 2018–19	Oversees business improvements that have significant impact, including ICT projects. BTC responsibilities include: • identifying and articulating the investment priorities for business transformation, in alignment with strategic priorities and risks • requesting proposals from divisions for activities that meet the department's strategic priorities or risk mitigation needs • approving (with Chief Finance Officer endorsement), seed funding for the development of business cases for complex programs and projects to a threshold of $200,000 per project • approving (with Chief Finance Officer endorsement) or declining project change requests • endorsing all program and project business cases prior to their consideration for funding by the EMC • advising the EMC on the prioritisation for funding of proposed program and projects and other initiatives • reviewing the status of the department's current programs, projects and other major change activities on a regular basis • recommending to the EMC to pause, revise or cancel initiatives that are not expected to deliver the expected outcomes and/or benefits • overseeing the management of the impacts of change activities throughout the department including resourcing, consultation, communications and cost implications.	Deputy Secretary (Chair) Deputy Secretary (Deputy Chair) Chief Finance Officer Chief Information Officer First Assistant Secretary, Corporate Strategy and Governance First Assistant Secretary, Compliance First Assistant Secretary, Biosecurity Operations First Assistant Secretary, Biosecurity Policy and Implementation Executive Director, ABARES Assistant Secretary, Productivity, Projects and Innovation Chief Risk Officer and Assistant Secretary, Planning and Governance Assistant Secretary, Modernising Agriculture Trade Taskforce

TABLE 14 Executive committees—roles and membership, 30 June 2019

Committee	Role	Membership
Information and Data Management Committee (IDMC)—met 5 times in 2018–19	Provides strategic guidance and oversight of the department's Information and Data Management Agenda. IDMC responsibilities include: • overseeing activities under the *Digital Continuity 2020 Policy*, and data management activities in line with the department's Information and Data Management Agenda, business intelligence and analytic strategies and whole-of-government information initiatives • ensuring that information and data are managed and valued as strategic assets, maximising their use and reuse by enabling processes to share data internally and externally, and publishing non-sensitive data as 'open by default' • ensuring information and data infrastructure meets business needs, and initiatives are consistent with endorsed information and data management guiding principles • ensuring the department's information and data are managed for their entire life in accordance with risk (security, access, privacy, continuity and cost), including actively managing risk mitigation measures to minimise data leakage • advising and making recommendations to the EMC as necessary on information and data management issues, activities and reporting.	Chief Information Officer (Chair) Executive Director ABARES (Deputy Chair) General Counsel and First Assistant Secretary, Assurance and Legal First Assistant Secretary, Biosecurity Policy and Implementation Assistant Secretary, Market Access Strategy and Bilateral Assistant Secretary, Live Animal Exports Assistant Secretary, Strategy Architecture and Strategic Projects Assistant Secretary, Plant Sciences and Risk Assessment Assistant Secretary, Farm Performance

TABLE 14 Executive committees—roles and membership, 30 June 2019

Committee	Role	Membership
People, Safety and Culture Committee (PSCC)—met 8 times in 2018–19	Addresses issues affecting the department's people (including its external workforce), their safety and the organisation's culture. PSCC responsibilities include: • making recommendations to the EMC on people strategies • monitoring workforce impacts and associated risks and overseeing the effective implementation of appropriate management actions • undertaking regular performance monitoring on work health and safety, rehabilitation, performance management, culture and unscheduled absence • overseeing the management of the department's people systems • responding to strategic issues including work health and safety incidents, hazards and risks.	First Assistant Secretary, Corporate Strategy and Governance (Chair) First Assistant Secretary, Exports (Deputy Chair) Chief Risk Officer and Assistant Secretary, Planning and Governance Assistant Secretary, Compliance Policy Assistant Secretary, Workforce and HR Strategy Assistant Secretary, Veterinary and Export Meat Services Assistant Secretary, Bilateral Engagement Assistant Secretary, Commercial Business Assistant Secretary, HR People Assistant Secretary, Farm Performance

TABLE 14 Executive committees—roles and membership, 30 June 2019

Committee	Role	Membership
Security and Business Continuity Committee (SBCC)—met 9 times in 2018–19	The key advisory body to the Secretary on security and business continuity management matters. SBCC responsibilities include: • specifying policies and standards with reference to government security policies • promoting and driving a positive security culture within the department • providing a cohesive and coordinated approach to risk, security and business continuity • establishing long-term security goals and objectives • monitoring security plans and identifying and managing risks • considering outcomes of security incidents and investigations • facilitating information sharing for security improvements • reviewing the department's security policies, procedures and plans in accordance with the PSPF and the Information Security Manual, with consideration to the department's service delivery and investment priorities	Deputy Secretary (Chief Security Officer, Chair) Assistant Secretary, Assurance (Deputy Chair) Deputy Secretary Chief Finance Officer General Counsel and First Assistant Secretary, Assurance and Legal Chief Information Officer First Assistant Secretary, Corporate Strategy and Governance First Assistant Secretary, Trade and Market Access Assistant Secretary, Operations Integration Assistant Secretary, Commercial Business

Audit Committee

This committee provides independent advice to the Secretary (as the accountable authority) on the department's risk, finance, control and compliance frameworks and its external accountability responsibilities.

Under its charter, the Audit Committee must include:

- at least 3 people, who have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions
- a majority of members who are not officials of the department (Table 15).

The committee oversees an annual internal audit work program, undertaken by an independent internal audit team and contracted service providers. The work program is developed in consultation with senior management and is reviewed regularly to ensure it is relevant and responsive to changes and business risks. The program is approved by the Secretary.

TABLE 15 Audit Committee—role and membership at 30 June 2019

Committee	Role	Membership
Audit Committee— met 5 times in 2018–19	The Audit Committee provides independent assurance and advice to the Secretary on the department's risk, finance, control and compliance framework.	Geoff Knuckey (Chair, Independent Member) David Bryant (Independent Member) Malcolm Thompson (Deputy chair, Deputy Secretary, Department Member)

Managing our risk

Our Enterprise Risk Management Policy and Framework are administered in line with the requirements of the Commonwealth Risk Management Policy, and are approved by the Secretary. The Audit Committee reviews our systems of risk oversight and management. We take a risk-based approach to policy and program development, integrating risk management with governance, planning and performance management processes.

Our risk management includes identifying areas of strategic risk that, if realised, could affect our ability to achieve our organisational objectives. The EMC monitors these risks, including the effectiveness of identified controls and mitigation strategies. During the year, we reviewed the strategic risks to align them with the objectives and functions in the *Corporate Plan 2018–19*. We identified 8 areas of strategic risk to be monitored in 2019–20 (Figure 16).

FIGURE 16 Strategic risks 2019–20

We do not identify or influence opportunities to open, improve or maintain export markets.

We do not develop and implement policies and programs that effectively support profitable and productive primary industries while ensuring sustainable management of natural resources.

We do not develop and implement policies and programs that account for the effects of climate change.

We do not develop and implement effective regulatory frameworks and practice.

Our biosecurity programs fail to prevent, detect and/or manage pest and disease incursions.

Water programs fail to meet Murray–Darling Basin Plan objectives.

We do not put in place the right capabilities—people, resources, processes, systems and culture—to deliver our objectives and respond to change.

We do not identify and adequately manage work health and safety risks.

We continued to review our risk appetite. This refers to the level of risk that we are willing to accept in carrying out our work. The department faces a range of risks that reflect its responsibilities, and we recognise that it is not possible, or necessarily desirable, to eliminate all of the risks inherent in our work.

Accepting some degree of risk in our business practices promotes efficiency and innovation. However, in other areas, such as the safety of our staff and biosecurity threats to human, animal and plant health and the environment, our risk appetite will always be very low.

We are committed to integrating climate risk management across the portfolio. We are embedding climate risk considerations in policy development and program delivery. This is vital to ensure we achieve our strategic objectives, given climate change is relevant across the breadth of departmental business. It is consistent with the Climate Compass framework, a whole-of-government approach to climate risk management. To support this, we are implementing a strategy for ongoing capacity building in climate risk identification and management.

We participate in the annual Comcover Risk Management Benchmarking Program survey. The survey measures the department's risk management performance against the 9 elements of the Commonwealth Risk Management Policy and contemporary risk management best practice.

In the 2019 survey, we maintained our overall risk maturity rating of 'Optimal', which is the highest level in Comcover's maturity model. In reporting the optimal rating, Comcover noted we had continued to make improvements in our risk management. Our benchmarked rating continues to be higher than the average maturity level of 'Integrated' across all 155 entities taking part in the survey.

Our department is also involved in the whole-of-government Chief Risk Officers Forum and the Commonwealth Risk Managers Forum. The forums provide an opportunity to discuss and share risk management approaches, issues, lessons learnt and best practices to improve risk management across the Commonwealth.

Strengthening integrity

Maintaining a strong integrity culture is essential to meet our legislative and parliamentary requirements, and to maintain the trust of the Australian Government, the public and our business partners.

We have continued to implement our integrity strategy to further strengthen our prevention, detection and response capabilities. This will enable us to maintain and support a strong integrity culture. A key component of this strategy has been the use of our existing employment framework and practices, with enhancements to support integrity checking. These are the foundations of the department's integrity framework.

The integrity framework includes:

- the APS Values, Employment Principles and Code of Conduct
- integrity checking, using risk factors pertinent to different staff roles
- declaration of interests (including conflicts of interest)
- the Engaging in Outside Employment or Voluntary Work Policy
- the Workplace Drug and Alcohol Policy.

The framework builds on the capabilities and approaches developed in 2017–18. It supports employee awareness and compliance through the development of clear and concise policies, training and easily accessible reporting mechanisms that reinforce a pro-integrity culture.

We are committed to actively promoting the standards of behaviour outlined in the:

- APS Values, Employment Principles and Code of Conduct
- *Public Interest Disclosure Act 2013*
- *Public Governance, Performance and Accountability Act 2013*.

Our Fraud and Corruption Control Plan is informed by independent fraud and corruption risk assessments. These assessments evaluate existing and emerging fraud and corruption risk, and detail controls and treatment strategies to address these risks.

We have invested in greater resourcing and capability to prevent and detect fraudulent behaviour. This includes increasing resourcing across our fraud, corruption and integrity functions to enable us to prioritise and direct resources to areas of highest impact. Our fraud, corruption and integrity teams work in conjunction with our enterprise risk management and internal audit teams to strengthen our control environment.

FIGURE 17 Integrity snapshot, 2018–19

Conduct

Cases finalised	**157**
Reports received	**151**
Performance Improvement Plans concluded	**3**

Security

Change of circumstances forms processed	**1,404**
Incident reports	**250**
Travel security risk assessments provided	**363**

Integrity

Reports received	**240**
Matters completed	**196**

The Integrity team received reports relating to corruption; inappropriate behaviour; fraud; security concerns and generalised reporting for information only.

Fraud and corruption

Matters completed	**17**

- The **Integrity Hotline** was established in 2018–19 and received **240 individual reports**
- In October 2018 the Australian Commissioner for Law Enforcement Integrity published an investigation report on Operation Volker. This investigation related to the **corrupt conduct** of a former departmental employee. The investigation resulted in the employee being terminated.
- The Conduct team **finalised 157 matters** including **10 formal investigations**, resulting in 6 people being found in breach of the Code.

Conduct, security, integrity and fraud and corruption statistics are not mutually exclusive and any one report, case, matter or individual may be present in another count.

Our security

The department's commitment to a strong security culture is set out in our Protective Security Policy. The policy outlines our obligations to mitigate security risks to our people, information and assets in accordance with the Australian Government Protective Security Policy Framework.

We evaluate the department's maturity and compliance against the Protective Security Policy Framework through regular reporting to our Security and Business Continuity Committee, the Attorney-General's Department and other key stakeholders.

In 2018–19 we increased the department's capability and understanding of relevant vulnerabilities and delivered a program reflective of our risk profile and resourcing. Initiatives included:

- appointing a Chief Security Officer and Departmental Security Advisor
- consolidating our access systems and assets
- improving the performance of security guarding and after hours monitoring services
- establishing a national 24/7 security helpdesk
- developing guidelines to address security risks, and delivering personal safety awareness training for our officers who travel overseas for work
- developing the Protective Security Policy
- rolling out a Security Month, where security awareness sessions were delivered nationally.

Disclosure of protected information under the Biosecurity Act

Section 590 of the *Biosecurity Act 2015* requires the Director of Biosecurity to prepare a report on the use of protected information for the period from 1 July to 30 June.

During the reporting period, there were 16 written authorisations to disclose protected information under section 580(3) of the Act.

Grants

Information on grants awarded by the Department of Agriculture during 2018–19 is available on the GrantConnect website at grants.gov.au.

External service providers

The department is a non-corporate Commonwealth entity. Our procurement policies and practices are consistent with:

- relevant Commonwealth legislation
- the Commonwealth Resource Management Framework, which includes the Commonwealth Procurement Rules and the *Public Governance, Performance and Accountability Act 2013*
- our Accountable Authority Instructions.

Our procurement practices reflect the Commonwealth's procurement framework, with the focus on:

- value for money
- encouraging competition
- efficient, effective, economical and ethical procurement
- accountability and transparency.

We provide departmental guides, specialist advice and assistance to all our divisions to help ensure we meet our obligations.

Procurement initiatives to support small and medium enterprises

We support small business participation in the Commonwealth procurement market. Small and medium-sized enterprise participation statistics are available on the Department of Finance website.

We recognise the importance of ensuring small businesses are paid on time. The department's payment practice complies with the Commonwealth's Supplier Pay-On-time or Pay Interest policy. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury website.

Our procurement practices support small and medium enterprises by using:

- the Commonwealth Contracting Suite (CCS) for low-risk procurements valued at under $1 million
- small business engagement principles such as communicating in clear, simple language and presenting information in an accessible format
- credit cards where possible for purchases under $10,000.

Indigenous procurement

The government's Indigenous Procurement Policy was launched on 1 July 2015 and aims to use the Commonwealth's annual multi-billion dollar procurement spend to:

- drive demand for Indigenous goods and services
- stimulate Indigenous economic development
- grow the Indigenous business sector.

We support and have implemented the government's policy, which includes considering Indigenous suppliers for all remote contracts and all contracts valued between $80,000 and $200,000.

In 2018–19 the portfolio was set a target of 3%, or 37 contracts. We entered into more than 100 contracts, which also included multi-year contracts from previous years. Goods and services provided included Indigenous ranger services, building construction, maintenance and repair, and temporary personnel.

For more information see the Indigenous Procurement Policy overview on the Department of the Prime Minister and Cabinet website.

Other contract information

During 2018–19 the secretary did not exempt any contracts or standing offers entered into by the department from being published on AusTender.

All contracts entered into by the department during 2018–19 valued at $100,000 or more (GST inclusive) included a clause providing for the Auditor-General to have access to the contractor's premises.

The annual report contains information about actual expenditure on contracts for consultancies. Further information on the value of contracts and consultancies is available on the AusTender website.

Consultancies

In 2018–19 we entered into 107 new consultancy contracts involving total actual expenditure of $7,787,944. In addition, 17 ongoing consultancy contracts were active during the period, involving total actual expenditure of $561,991.

Table 16 shows the number and total expenditure of new and ongoing consultancies in 2018–19.

TABLE 16 Number and expenditure on consultants current report period (2018–19)

	Total
No. of new contracts entered into during the period	107
Total actual expenditure during the period on new contracts (inc. GST)	$7,787,944
No. of ongoing contracts engaging consultants that were entered into during a previous period	17
Total actual expenditure during the period on ongoing contracts (inc. GST)	$561,991

We engage consultants when we require specialist expertise or independent assessment, research or review. Consultants are typically engaged to:

- investigate or diagnose a defined issue or problem
- carry out defined reviews or evaluations
- provide independent advice, information or creative solutions to assist in the department's decision-making.

Before engaging consultants, we take into account the skills and resources required for the task, the skills available internally and the cost-effectiveness of engaging external expertise.

Consultants are sourced in line with the Commonwealth Procurement Rules. The selection process may involve open tender, selective tender, direct sourcing or a panel consisting of recognised experts. We may choose a consultant who has the requisite skills if the value of the project does not justify the expense or delay associated with seeking tenders.

We also enter into purchaser–provider arrangements with a range of government, industry and private sector agencies for services to improve the productivity, competitiveness and sustainability of Australia's agricultural, fisheries and forestry industries.

Advertising and market research

During 2018–19 the Department of Agriculture conducted the following advertising campaigns:

- Rural Financial Counselling Service for Farm Safety Week
- Biosecurity awareness for international students
- Biosecurity awareness for incoming passengers
- African swine fever.

Further information on those advertising campaigns is available in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.

Payments to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations are set out in Table 17.

TABLE 17 Advertising and market research for 2018–19

Organisation	Description	Expenditure
Advertising agencies		
na	–	–
Market research organisations		
The Social Research Centre	National survey of agricultural businesses about on-farm pest and weed management	$219,611.00
CSIRO	Report on the future of the agriculture workforce	$180,000.00
	Global agriculture and food systems	$330,000.00
Iugotech	Feasibility study of sensors for the detection of brown marmorated stink bug	$25,271.40
Andrew Michael Hannon	Assessing automated options for phytosanitary assurance	$65,877.81
University of Melbourne	Biosecurity Risk Insurance scoping study	$90,000.00

Organisation	Description	Expenditure
Essence Communications	Exploratory research and strategic communication advice on water market literacy	$37,620.00
Cutthru	Services to inform the Australian Government's contributions to a jointly-funded project developing forest industry social licence and communications	$60,000.00
Jones Lang LaSalle	Market research for Melbourne consolidation project	$29,980.83
Polling organisations		
na	–	–
Direct mail organisations		
na	–	–
Media advertising organisations		
Universal McCann	Advertising	$374,363.18
	Recruitment	$91,368.96
Total		**$1,504,093.18**

na Not applicable

External scrutiny

Parliamentary committees

Inquiry reports

Parliamentary committees tabled 5 reports relevant to the department's operations (Table 18).

TABLE 18 Parliamentary committee reports tabled, 2018–19

Committee	Inquiry	Tabling date
House of Representatives Standing Committee on Agriculture and Water Resources	Super-charging Australian agriculture: an inquiry based on superannuation fund investment in agriculture	11 December 2018
Senate Standing Rural and Regional Affairs and Transport Committee	Regulatory approaches to ensure the safety of pet food	16 October 2018
	Integrity of the water market in the Murray–Darling Basin	29 November 2018
	The independence of regulatory decisions made by the Australian Pesticides and Veterinary Medicines Authority (APVMA)	1 February 2018
	Agricultural and Veterinary Chemicals Legislation Amendment (Streamlining Regulation) Bill 2018	11 February 2019

Government responses to inquiry reports

The Australian Government responded to 4 parliamentary committee reports relevant to the department (Table 19).

TABLE 19 Government responses tabled, 2018–19

Committee	Inquiry	Response date
House of Representatives Standing Committee on Agriculture and Water Resources	Australian Pesticides and Veterinary Medicines Authority regulatory reforms	26 November 2018
Senate Standing Rural and Regional Affairs and Transport Committee	The effect of market consolidation on the red meat processing sector	17 December 2018
	The independence of regulatory decisions made by the Australian Pesticides and Veterinary Medicines Authority	5 April 2019
	Agricultural and Veterinary Chemicals Legislation Amendment (Streamlining Regulation) Bill 2018	3 April 2019

Auditor-General

In 2018–19 the Auditor-General tabled 5 Australian National Audit Office (ANAO) reports on our activities.

Implementation of the Australian Government's Workplace Bargaining Framework

Auditor-General report no. 16, 2018–19 examined the implementation of the Australian Government's 2014 and 2015 workplace bargaining policies by the department and 6 other entities. The audit found that overall the department's implementation of the bargaining framework was broadly effective and that appropriate governance arrangements were established.

The ANAO recommended that the department and all selected entities establish key governance arrangements such as implementation plans, communication plans and risk management documentation before commencing bargaining activities. They also suggested we actively use these arrangements throughout the process. We agreed with the recommendation.

Northern Australia Quarantine Strategy (NAQS)—Follow-on Audit

Auditor-General report no. 23, 2018–19 assessed the extent to which the department has addressed recommendations from a 2011–12 ANAO audit of the administration of the Northern Australia Quarantine Strategy. The audit found the department is progressing but has not yet fully addressed the recommendations of the previous audit.

The ANAO made 3 recommendations covering the verification of scientific surveillance activities, documenting a risk-based approach to biosecurity inspections in the Torres Strait, and developing measures to assess our performance in managing biosecurity risks in northern Australia. We agreed with the recommendations.

Application of cost recovery principles

Auditor-General report no. 38, 2018–19 assessed whether the department, the Australian Maritime Safety Authority and the Therapeutic Goods Administration effectively apply the cost recovery principles of the Australian Government's cost recovery framework. The audit found that the department and the other entities have been partially effective in implementing these principles, but that we had scope to improve the effectiveness of our cost recovery arrangements.

The ANAO made 3 recommendations relating to the department:

- ensure our Cost Recovery Implementation Statements are fully compliant with the Cost Recovery Guidelines
- align our fees and levies with the guidelines and develop an improved cost recovery model
- implement ongoing stakeholder engagement strategies.

We agreed with the recommendations.

Coordination arrangements of Australian Government entities operating in Torres Strait

Auditor-General report no. 41, 2018–19 assessed the effectiveness of coordination arrangements of key entities operating in Torres Strait, including the department, the Torres Strait Regional Authority, the Department of Foreign Affairs and Trade, the Department of Home Affairs and the Australian Fisheries Management Authority. The audit found the coordination arrangements are largely effective in supporting Australian Government activities.

The ANAO did not make any recommendations relating to the department. We noted other recommendations and committed to maintain awareness of initiatives to address the audit findings and to participate in those initiatives where appropriate.

Farm Management Deposits Scheme

Auditor-General report no. 51, 2018–19 assessed whether the Australian Taxation Office (ATO) and the department have effectively administered the Farm Management Deposits Scheme. The audit found risk identification and compliance arrangements administered by the ATO have not fully captured key elements of the scheme's design, and that the department, as the policy owner, should work with the ATO to be satisfied that these processes are appropriate.

The ANAO made 3 recommendations relating to the department, including elements that should be included in a planned evaluation of the scheme. We agreed with the recommendations.

Inspector-General of Biosecurity

In April 2016 the Australian Government appointed Helen Scott-Orr as the inaugural Inspector-General of Biosecurity. Her role was to independently evaluate and verify the adequacy of the department's pre-border, border and post-border biosecurity risk management programs. We provide administrative support to the Inspector-General, including staff, office space, travel and legal assistance required in relation to reviews.

Dr Scott-Orr completed her 3-year term on 24 July 2019. Rob Delane commenced in the role on 25 July 2019.

During 2018–19 the Inspector-General published reports on:

- hitchhiker pest and contaminant biosecurity risk management in Australia
- military biosecurity risk management in Australia
- horse importation biosecurity risk management
- implementation of Interim Inspector-General of Biosecurity recommendations
- environmental biosecurity risk management in Australia
- effectiveness of biosecurity measures to manage the risk of brown marmorated stink bugs entering Australia
- pest and disease interceptions and incursions in Australia.

For more information see Current and completed reviews on the Inspector-General of Biosecurity website.

Interim Inspector-General of Live Animal Exports

In March 2019 the Australian Government appointed Ross Carter as the Interim Inspector-General of Live Animal Exports (IIGLAE). His role is to independently review the systems and processes that underpin our regulation of livestock exports. This oversight will give farmers, industry and the community more confidence in the regulation of livestock exports. The Interim Inspector-General position was established as part of the government's response to the Review of the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports.

For more information see the work program on the Interim Inspector-General of Live Animal Exports website.

Commonwealth Ombudsman

In 2018–19 the Commonwealth Ombudsman did not release any reports covering the department's operations.

Freedom of information

Any agency subject to the FOI Act is required to publish information on its website as part of the Information Publication Scheme (IPS). This includes a plan showing what information the agency publishes in accordance with the IPS requirements. For more information see the Information Publication Scheme on our website.

We also publish corporate and operational information on our website, and reports on information accessed through FOI applications in a disclosure log.

In 2018–19 we received 117 requests for access under the FOI Act, 8 requests for internal review and 4 requests for external review. We finalised 117 requests and 7 internal reviews.

For more information on requests received and processed by all Commonwealth agencies see the FOI reports on the Office of the Australian Information Commissioner website.

Part 3

Appendices

Appendix A:

Entity resource and outcome statements

TABLE 20 Entity resource statement, 2018–19

	Actual available appropriation for 2018–19 $'000	Payments made 2018–19 $'000	Balance remaining 2018–19 $'000
	(a)	(b)	(a)–(b)
Ordinary annual services 1			
Departmental appropriation			
Prior year departmental appropriation	51,094	51,094	–
Departmental appropriation **2**	401,636	332,572	69,064
Section 74 retained revenue receipts	13,123	13,123	–
Total	**465,853**	**396,789**	**69,064**

TABLE 20 Entity resource statement, 2018–19

	Actual available appropriation for 2018–19 $'000	Payments made 2018–19 $'000	Balance remaining 2018–19 $'000
Administered expenses			
Outcome 1	122,149	118,821	
Section 74 retained revenue receipts	14,187	13,396	
Prior year available	36,251	5,417	
Section 51 determinations	(790)	–	
Outcome 2	41,706	36,532	
Section 74 retained revenue receipts	12	12	
Prior year available	2,064	177	
Outcome 3	290,561	27,903	
Section 74 retained revenue receipts	1,209	–	
Prior year available	98,636	77	
Section 51 determinations	(13,976)	–	
Payments to corporate entities	132,932	131,657	
Prior year available	500	500	
Total	**725,441**	**334,492**	

TABLE 20 Entity resource statement, 2018–19

		Actual available appropriation for 2018–19 $'000	Payments made 2018–19 $'000	Balance remaining 2018–19 $'000
Total ordinary annual services	**A**	**1,191,294**	**731,281**	
Other services 3				
Departmental non-operating				
Prior year available		16,390	13,431	–
Equity injections		7,273	6,753	520
Prior year Appropriation Acts repealed		(2,959)		
Total		**20,704**	**20,184**	**520**
Administered non-operating				
Prior year available		446,039	159,444	286,595
Administered assets and liabilities		715,478	34,568	680,910
Prior year Appropriation Acts repealed		(69,103)		
Total		**1,092,414**	**194,012**	**898,402**
Total other services	**B**	**1,113,118**	**214,196**	**898,922**

TABLE 20 Entity resource statement, 2018–19

		Actual available appropriation for 2018–19 $'000	Payments made 2018–19 $'000	Balance remaining 2018–19 $'000
Total available annual appropriations and payments	**(A+B)**	**2,304,412**	**945,477**	
Special appropriations				
Special appropriations limited by criteria/entitlement				
Agricultural and Veterinary Chemicals (Administration) Act 1992—s. 58 (6) amount payable to the APVMA			28,500	
Australian Animal Health Council (Live-stock Industries) Funding Act 1996, s. 5—appropriation			7,787	
Australian Meat and Live-stock Industry Act 1997, s. 63(2)—payments to marketing body			84,584	
Australian Meat and Live-stock Industry Act 1997, s. 64(2)—payments to research body			28,466	
Australian Meat and Live-stock Industry Act 1997, s. 64A(2)—payments to marketing body			3,853	
Australian Meat and Live-stock Industry Act 1997, s. 64B(2)—payments to research body			771	
Australian Meat and Live-stock Industry Act 1997, s. 64C(2)—payments to marketing body			10,306	
Australian Meat and Live-stock Industry Act 1997, s. 64D(2)—payments to research body			9,880	
Australian Meat and Live-stock Industry Act 1997, s. 66(1)—Commonwealth contribution to research body			79,125	
Dairy Produce Act 1986, s. 6(1)—payments under funding contract			54,884	

TABLE 20 Entity resource statement, 2018–19

	Actual available appropriation for 2018–19 $'000	Payments made 2018–19 $'000	Balance remaining 2018–19 $'000
Egg Industry Service Provision Act 2002, s. 8(1)—payments under funding contract		11,428	
Farm Household Support Act 2014, s. 105—Payments for Farm Household Allowance		112,381	
Forestry Marketing and Research and Development Services Act 2007, s. 9(1) payments and matching payments to an industry services body and Commonwealth administration expenses		11,947	
Horticulture Marketing and Research and Development Services Act 2000, s. 16(9)—payments to industry services body		107,020	
Public Governance, Performance and Accountability Act 2013—s. 58, National Residue Survey, Departmental		17,500	
Pig Industry Act 2001, s. 10(1)—payments under funding contract		23,362	
Plant Health Australia (Plant Industries) Funding Act 2002, s. 10B—payments to PHA from EPPR levies and charges		5,192	
Plant Health Australia (Plant Industries) Funding Act 2002, s. 6—appropriation		4,657	
Primary Industries Research and Development Act 1989, s. 30(3)—Cotton R&D Corporation		19,232	
Primary Industries Research and Development Act 1989, s. 30(3)—Grains R&D Corporation—Other Grains		97,313	
Primary Industries Research and Development Act 1989, s. 30(3)—Grains R&D Corporation—Wheat		77,981	
Primary Industries Research and Development Act 1989, s. 30(3)—Rural Industries R&D Corporation		10,924	
Primary Industries Research and Development Act 1989, s. 30A(3) and s. 30B(9)—Fisheries R&D Corporation		23,342	

TABLE 20 Entity resource statement, 2018–19

		Actual available appropriation for 2018–19 $'000	Payments made 2018–19 $'000	Balance remaining 2018–19 $'000
Public Governance, Performance and Accountability Act 2013, s. 77—Repayments			657	
Sugar Research and Development Services Act 2013, s. 7—payment to the sugar industry services body			29,406	
Wine Australia Authority Act 2013, s. 32—payments to the Authority			32,812	
Wool Services Privatisation Act 2000, s. 31(4)—funding contract with research body			96,406	
Total special appropriations	**C**	**989,716**	**989,716**	
Special Accounts 4				
Opening balance		619,785		
Appropriation receipts5		450,286		
Non-appropriation receipts to Special Accounts		427,950		
Payments made			561,660	
Total Special Accounts	**D**	**1,498,021**	**561,660**	**936,361**
Total resourcing (A+B+C+D)		**4,792,149**	**2,496,853**	
Less appropriations drawn from annual or special appropriations above and credited to Special Accounts and/or payments to corporate entities through annual and special appropriations **5**		(914,101)	(914,101)	
Total net resourcing for Agriculture		**3,878,048**	**1,582,752**	

1 Appropriation Acts (Nos.1 and 3) 2018–19. This also includes prior year departmental appropriation, s. 74 retained revenue receipts and s. 51 determinations. **2** Includes an amount of $9.8 million in 2018–19 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'. **3** Appropriation Acts (Nos.2 and 4) 2018–19. This also includes prior year administered appropriation and s. 51 determinations. **4** Does not include 'Special Public Money' held in Services for Other Entities and Trust Moneys Special accounts (SOETM). **5** Appropriation receipts from the department's annual appropriations for 2018–19 are included above.

TABLE 21 Expenses for Outcome 1, 2018–19

Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2018–19 $'000 (a)	Actual Expenses 2018–19 $'000 (b)	Variation 2018–19 $'000 (a) – (b)
Program 1.2: Sustainable Management—Natural Resources			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
National Carp Control Plan	2,015	1,015	1,000
Pest Animal and Weeds Management	6,305	5,713	592
Special Accounts			
Natural Resources Management Account—s. 80, *PGPA Act [s. 11, Natural Resources Management (Financial Assistance) Act 1992]*	–	2,790	(2,790)
Total for Program 1.2	**8,320**	**9,518**	**(1,198)**
Program 1.3: Forestry Industry			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
National Forestry Industry Plan	1,200	1,000	200
National Institute for Forest Products Innovation	1,000	1,000	–
Special appropriations			
Forestry Marketing and Research and Development Services Act 2007, s. 9(1)—payments and matching payments to an industry services body and Commonwealth administration expenses	12,302	12,304	(2)
Total for Program 1.3	**14,502**	**14,304**	**198**

TABLE 21 Expenses for Outcome 1, 2018–19

Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	**Budget* 2018–19 $'000 (a)**	**Actual Expenses 2018–19 $'000 (b)**	**Variation 2018–19 $'000 (a) – (b)**
Program 1.4: Fishing Industry			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Fisheries Resources Research Fund	529	427	102
Special appropriations			
Primary Industries Research and Development Act 1989, s. 30A(3) and s. 30B(9)—Fisheries R&D Corporation	23,317	24,655	(1,338)
Total for Program 1.4	**23,846**	**25,082**	**(1,236)**
Program 1.5: Horticulture Industry			
Administered expenses			
Special appropriations			
Horticulture Marketing and Research and Development Services Act 2000, s. 16(9)—payments to industry services body	108,988	111,351	(2,363)
Total for Program 1.5	**108,988**	**111,351**	**(2,363)**
Program 1.6: Wool Industry			
Administered expenses			
Special appropriations			
Wool Services Privatisation Act 2000, s. 31(4)—funding contract with research body	89,000	88,878	122
Total for Program 1.6	**89,000**	**88,878**	**122**

TABLE 21 Expenses for Outcome 1, 2018–19

Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2018–19 $'000 (a)	Actual Expenses 2018–19 $'000 (b)	Variation 2018–19 $'000 (a) – (b)
Program 1.7: Grains Industry			
Administered expenses			
Special appropriations			
Primary Industries Research and Development Act 1989, s. 30(3)—Grains R&D Corporation—Other Grains	110,207	84,085	26,122
Primary Industries Research and Development Act 1989, s. 30(3)—Grains R&D Corporation—Wheat	89,063	99,584	(10,521)
Total for Program 1.7	**199,270**	**183,669**	**15,601**
Program 1.8: Dairy Industry			
Administered expenses			
Special appropriations			
Dairy Produce Act 1986, s. 6(1)—payments under funding contract	51,708	50,521	1,187
Total for Program 1.8	**51,708**	**50,521**	**1,187**
Program 1.9: Meat and Livestock Industry			
Administered expenses			
Special appropriations			
Australian Meat and Live-stock Industry Act 1997, s. 63(2)—payments to marketing body	86,681	80,931	5,750
Australian Meat and Live-stock Industry Act 1997, s. 64(2)—payments to research body	30,215	27,195	3,020
Australian Meat and Live-stock Industry Act 1997, s. 64A(2)— payments to marketing body	3,225	3,495	(270)
Australian Meat and Live-stock Industry Act 1997, s. 64B(2)— payments to research body	645	700	(55)
Australian Meat and Live-stock Industry Act 1997, s. 64C(2)— payments to marketing body	6,568	8,767	(2,199)
Australian Meat and Live-stock Industry Act 1997, s. 64D(2)— payments to research body	11,677	10,538	1,139

TABLE 21 Expenses for Outcome 1, 2018–19

Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2018–19 $'000 (a)	Actual Expenses 2018–19 $'000 (b)	Variation 2018–19 $'000 (a) – (b)
Australian Meat and Live-stock Industry Act 1997, s. 66(1)—Commonwealth contribution to research body	78,945	80,865	(1,920)
Pig Industry Act 2001, s. 10(1)—payments under funding contract	23,460	22,563	897
Total for Program 1.9	**241,416**	**235,054**	**6,362**
Program 1.10: Agricultural Resources			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
A Competitive Agriculture Sector—Boosting Farm Profits Through Rural Research and Development	23,501	21,134	2,367
A Competitive Agriculture Sector—Improved Access to Agricultural and Veterinary Chemicals	2,050	2,000	50
Agricultural and Veterinary Chemicals Minor Use Program	130	130	–
AgriFutures Australia	9,479	11,479	(2,000)
Beef Week and Beef Australia	550	550	–
Changes to the Seasonal Worker Program	–	50	(50)
Leadership in Agriculture Industries Fund	1,000	706	294
Northern Australia Rice Industry	1,000	1,000	–
Wine Australia	15,924	15,924	–
Payments to corporate entities (Draw-Down)			
Australian Pesticides and Veterinary Medicines Authority	1,606	2,106	(500)
Relocation of the Australian Pesticides and Veterinary Medicines Authority	23,296	23,296	-
Special appropriations			
Agricultural and Veterinary Chemicals (Administration) Act 1992—s. 58 (6) amount payable to the APVMA	28,233	32,758	(4,525)
Egg Industry Service Provision Act 2002, s. 8(1)—payments under funding contract	10,623	10,629	(6)

TABLE 21 Expenses for Outcome 1, 2018–19

Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	**Budget* 2018–19 $'000 (a)**	**Actual Expenses 2018–19 $'000 (b)**	**Variation 2018–19 $'000 (a) – (b)**
Primary Industries Research and Development Act 1989, s. 30(3)—Cotton R&D Corporation	17,840	17,375	465
Primary Industries Research and Development Act 1989, s. 30(3)—Rural Industries R&D Corporation	9,877	10,449	(572)
Sugar Research and Development Services Act 2013, s. 7—payment to industry services body	30,639	28,999	1,640
Wine Australia Act 2013, s. 32—payments to the Authority	32,600	33,421	(821)
Public Governance, Performance and Accountability Act 2013—s. 77 Repayments	–	31	(31)
Expenses not requiring appropriation in the Budget year			
Write-down and impairment of assets	–	872	(872)
Total for Program 1.10	**208,348**	**212,909**	**(4,561)**
Program 1.11: Drought Programs			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Assistance for Farmers and Farm Communities in Drought— Drought Pests and Weeds	–	15,000	(15,000)
Payments to corporate entities (Draw-Down)			
Regional Investment Corporation	12,555	12,555	–
Expenses not requiring appropriation in the Budget year			
Drought Concessional Loans Scheme—administration	2,106	2,106	–
Drought Recovery Concessional Loans Scheme—state administration	234	234	–
Farm Business Concessional Loans Scheme—discount expenses	27,620	21,945	5,675
Farm Business Concessional Loans Scheme—state administration	1,250	984	266
Write-down and impairment of assets	–	776	(776)
Total for Program 1.11	**43,765**	**53,600**	**(9,835)**

TABLE 21 Expenses for Outcome 1, 2018–19

Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2018–19 $'000 (a)	Actual Expenses 2018–19 $'000 (b)	Variation 2018–19 $'000 (a) – (b)
Program 1.12: Rural Programs			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Assistance for Farmers and Farm Communities in Drought— Farm Hub	–	524	(524)
Rural Financial Counselling Service	16,688	21,689	(5,001)
Stronger Farmers, Stronger Economy—new drought management framework—managing farm risk program	903	197	706
Special appropriations			
Farm Household Support Act 2014, s. 105—payments for Farm Household Allowance	37,945	114,155	(76,210)
Expenses not requiring appropriation in the Budget year			
Write-down and impairment of assets	–	2,461	(2,461)
Farm Finance Concessional Loans Scheme—administration	1,550	1,550	–
Total for Program 1.12	**57,086**	**140,576**	**(83,490)**
Program 1.13: International Market Access			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Agriculture Trade and Market Access Cooperation Program	50	60	(10)
Food and Agriculture Organization of the United Nations	12,733	15,973	(3,240)
Indonesia-Australia Red Meat and Cattle Partnership	500	659	(159)
International Agricultural Cooperation	216	527	(311)
International Organisations Contributions	1,906	2,221	(315)
Total for Program 1.13	**15,405**	**19,440**	**(4,035)**

TABLE 21 Expenses for Outcome 1, 2018–19

Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2018–19 $'000 (a)	Actual Expenses 2018–19 $'000 (b)	Variation 2018–19 $'000 (a) – (b)
Outcome 1: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	97,679	118,978	(21,299)
Special appropriations	893,758	954,249	(60,491)
Special Accounts	–	2,790	(2,790)
Payments to corporate entities (Draw-downs)	37,457	37,957	(500)
Expenses not requiring appropriation in the Budget year	32,760	30,928	1,832
Departmental expenses			
Departmental appropriation **1,2**	120,426	128,105	(7,679)
Expenses not requiring appropriation in the Budget year **3**	3,820	3,217	603
Total expenses for Outcome 1	**1,185,900**	**1,276,224**	**(90,324)**

	2018–19	**2018–19**
Average Staffing Level (number)	**512**	**580**

* Original budget as presented in the 2018–19 Portfolio Budget Statements (PBS). **1** Departmental Appropriation combines Ordinary annual services (Appropriation Acts No. 1) and Retained Revenue Receipts under Section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free-of-charge.

TABLE 22 Expenses for Outcome 2, 2018–19

Outcome 2: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.	Budget* 2018–19 $'000 (a)	Actual Expenses 2018–19 $'000 (b)	Variation 2018–19 $'000 (a) – (b)
Program 2.1: Biosecurity and Export Services			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Centre of Excellence for Biosecurity Risk Analysis and Research	1,781	1,781	–
Enhancing Australia's Biosecurity System—Priority Pest and Disease Planning and Response	2,030	2,002	28
Livestock Exports Global Assurance Program	2,400	3,227	(827)
Package Assisting Small Exporters	155	135	20
Priorities for Australia's Biosecurity System—Environment Protection Officer	–	525	(525)
Stronger Farmers, Stronger Economy—improvements to access premium markets—improve biosecurity	12,500	11,945	555
Expenses not requiring appropriation in the Budget year			
National Residue Survey Account—s. 80, PGPA Act [s. 6, National Residue Survey Administration Act 1992]	11,256	10,471	785
Write-down and impairment of assets	–	65	(65)
Total for Program 2.1	**30,122**	**30,151**	**(29)**

TABLE 22 Expenses for Outcome 2, 2018–19

Outcome 2: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.	Budget* 2018–19 $'000 (a)	Actual Expenses 2018–19 $'000 (b)	Variation 2018–19 $'000 (a) – (b)
Program 2.2: Plant and Animal Health			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Animal Biosecurity and Response Reform	984	895	89
Commonwealth membership of Animal Health Australia and Plant Health Australia	2,055	2,309	(254)
International Organisations Contribution—World Organisation for Animal Health	242	323	(81)
Other Exotic Disease Preparedness Program	651	650	1
Payment to CSIRO – Contribution to the operating costs of the Australian Animal Health Laboratory	11,774	11,774	–
Plant Biosecurity and Response Reform	1,386	1,384	2
Stronger Farmers, Stronger Economy—strengthening research, skills and management of natural resources—immediate assistance fund	2,023	–	2,023
Special appropriations			
Australian Animal Health Council (Live-stock Industries) Funding Act 1996, s. 5—appropriation	8,523	7,409	1,114
Plant Health Australia (Plant Industries) Funding Act 2002, s. 6—appropriation	4,332	4,472	(140)
Plant Health Australia (Plant Industries) Funding Act 2002, s. 10B—payments to PHA from EPPR levies and charges	5,405	4,952	453
Total for Program 2.2	**37,375**	**34,168**	**3,207**

TABLE 22 Expenses for Outcome 2, 2018–19

Outcome 2: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.	**Budget* 2018–19 $'000 (a)**	**Actual Expenses 2018–19 $'000 (b)**	**Variation 2018–19 $'000 (a) – (b)**
Special Accounts			
Australian Quarantine and Inspection Service Special Account—s. 78, PGPA Act 2013	374,788	390,522	(15,734)
National Residue Survey Account—s. 80, PGPA Act 2013 [s. 6(1), National Residue Survey Administration Act 1992]	11,960	11,169	791
Outcome 2: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	37,981	36,950	1,031
Special appropriations	18,260	16,833	1,427
Expenses not requiring appropriation in the Budget year	11,256	10,536	720
Departmental expenses			
Departmental appropriation **1,2**	252,234	260,727	(8,493)
Special Accounts	386,748	401,691	(14,943)
Expenses not requiring appropriation in the Budget year3	28,691	26,779	1,912
Total expenses for Outcome 2	735,170	753,516	(18,346)

	2018–19	**2018–19**
Average Staffing Level (number)	**3,913**	**3,677**

* Original budget as presented in the 2018–19 Portfolio Budget Statements (PBS). **1** Departmental Appropriation combines Ordinary annual services (Appropriation Act No. 1) and Retained Revenue Receipts under Section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free of charge.

TABLE 23 Expenses for Outcome 3, 2018–19

Outcome 3: Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.	**Budget* 2018–19 $'000 (a)**	**Actual Expenses 2018–19 $'000 (b)**	**Variation 2018–19 $'000 (a) – (b)**
Program 3.1: Water Reform			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Commonwealth Contribution under the Murray–Darling Basin Agreement	12,741	12,006	735
Sustainable Rural Water Use and Infrastructure Program	225,328	16,762	208,566
Payments to corporate entities (Draw-down)			
Murray-Darling Basin Authority	91,700	94,200	(2,500)
Special Accounts			
Water Efficiency Labelling Scheme Account	1,946	1,789	157
Water for the Environment Special Account	120,000	5,816	114,184
Water Resources Special Account	510	166	344
Expenses not requiring appropriation in the Budget year	742,911	414,999	327,912
Write-down and impairment of assets	–	383	(383)
Total for Program 3.1	**1,195,136**	**546,121**	**649,015**
Outcome 3: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	238,069	28,768	209,301
Special accounts	122,456	7,771	114,685
Payments to corporate entities (Draw-downs)	91,700	94,200	(2,500)
Expenses not requiring appropriation in the Budget year	742,911	415,382	327,529

TABLE 23 Expenses for Outcome 3, 2018–19

Outcome 3: Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.	**Budget* 2018–19 $'000 (a)**	**Actual Expenses 2018–19 $'000 (b)**	**Variation 2018–19 $'000 (a) – (b)**
Departmental expenses			
Departmental appropriation **1,2**	25,614	26,299	(685)
Expenses not requiring appropriation in the Budget year **3**	916	923	(7)
Total expenses for Outcome 3	**1,221,666**	**573,343**	**648,323**

	2018–19	**2018–19**	
Average Staffing Level (number)	**133**	**146**	

* Original budget as presented in the 2018–19 Portfolio Budget Statements (PBS). **1** Departmental Appropriation combines Ordinary annual services (Appropriation Acts No. 1) and Retained Revenue Receipts under Section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free-of-charge.

Appendix B: Ecologically sustainable development and environmental performance

The Department of Agriculture has a statutory requirement under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act) to report on:

- our contribution to ecologically sustainable development (ESD) through our outcomes and activities
- the environmental performance of our internal operations.

Ecologically sustainable development principles

The principles of ESD outlined in section 3A of the EPBC Act are that:

- decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equity considerations
- if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation
- the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations
- the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making
- improved valuation, pricing and incentive mechanisms should be promoted.

Our contribution to ecologically sustainable development

Our outcomes embody the ESD principles:

Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.

Outcome 2: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.

Outcome 3: Improve the health of rivers and freshwater ecosystems and water-use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.

We play a leading role or contribute to national and international policies with significant ESD objectives. We deliver programs to fund research, training and projects aimed at mitigating climate change and improving sustainable resource management. Our role in biosecurity is critical to maintaining biodiversity in Australia and overseas. We also deliver funding to community organisations and to the portfolio research and development corporations whose work includes activities supporting ESD.

Our work supports the goal of development that meets Australia's current needs while conserving our ecosystems for the benefit of future generations.

Our key activities in 2018–19 are outlined in Part 1: Annual performance statements.

Legislative responsibilities

The following legislation, administered by the department under the current Administrative Arrangements Order, contributes directly to ESD:

- *Agricultural and Veterinary Chemicals Act 1994*
- *Agricultural and Veterinary Chemicals (Administration) Act 1992*
- *Agricultural and Veterinary Chemicals Code Act 1994*
- *Biosecurity Act 2015*
- *Export Control Act 1982*
- *Fisheries Administration Act 1991*
- *Fisheries Management Act 1991*
- *Illegal Logging Prohibition Act 2012*
- *Natural Resources Management (Financial Assistance) Act 1992*
- *Primary Industries and Energy Research and Development Act 1989*
- *Regional Forest Agreements Act 2002*
- *Torres Strait Fisheries Act 1984*
- *Water Act 2007*
- *Water Efficiency Labelling and Standards Act 2005.*

2030 Agenda and Sustainable Development Goals

The 2030 Agenda, including the 17 Sustainable Development Goals (SDGs), is a non-binding, universal roadmap for sustainable development, applying to developed and developing countries. The SDGs address a diverse range of social, economic and environmental subject matters, underpinned by a broad suite of targets and indicators.

We are engaged in the Australian Government's response to the 2030 Agenda and SDGs, including contributing to Australia's first Voluntary National Review. Our department is designated as the lead Commonwealth agency for 2 goals:

- SDG2—zero hunger
- SDG6—clean water and sanitation.

We also have an interest in other SDGs, including:

- SDG12—responsible consumption and production
- SDG13—climate action
- SDG14—life below water
- SDG15—life on land
- SDG17—partnerships for the goals.

We are active participants in the 2030 Agenda Inter-Departmental Committee and the associated working group, led by the Department of the Prime Minister and Cabinet and the Department of Foreign Affairs and Trade.

Many of our portfolio's domestic and international activities already give effect to aspects of the SDGs. Australia reports relevant SDG data online through the Australian Government's Reporting Platform on the SDG Indicators at sdgdata.gov.au.

SDG 2 is about ending hunger, food security, improved nutrition and sustainable agriculture. In Australia, enough food is produced to feed approximately 60 million people annually (2018). With our current population well below this figure, Australian agriculture contributes to both domestic and global food supply, with more than two-thirds of Australian agricultural produce exported.

To support sustainable agriculture, the government invests in a range of programs and research to build adaptive capacity, preparedness, sustainability and risk management capability. The National Landcare Program is a key part of the government's commitment to natural resource management (NRM), with measures to support NRM and sustainable agriculture, and to protect Australia's biodiversity. The government is investing more than $1 billion to June 2023 through our department and the Department of the Environment and Energy for phase two of the National Landcare Program.

Australia's agricultural, fisheries and forestry industries are highly successful in producing a variety of food and fibre products for our nation and our trading partners. Innovation has always been a significant contributor to the success of Australian agriculture. Participants across the agriculture value chain are constantly improving practices to drive productivity and profitability, and are determined to make Australia a global leader in food and fibre products. Australia is also recognised for excellent agricultural research outcomes supported by multiple streams of industry and government-backed investments.

Australia's current water policy and practices are well in line with the SDGs. Australia has made significant efforts, investments and progress on provision of safe drinking water and sanitation, wastewater treatment and reuse, efficiency use of water in both rural and urban sectors, groundwater management, improving water quality and sustainable environmental protection.

An SDG6 Working Group, with expert representation from the government and non-government sectors, has been established as the primary coordination mechanism to advise on the collection and collation of data and information on the SDG6 indicators. The SDG6 indicators on the Australian Government SDG data website were updated in 2019.

Australia is also well-positioned in its efforts to deliver on the forest-related aspects of SDG15. Sustainable forest management in Australia is achieved through our implementation of policy and legislation including the National Forest Policy Statement and the Regional Forest Agreements, which provide effective governance of Australia's forests.

Australia also supports further expansion of the plantation estate through the National Forest Industry Plan *Growing a better Australia—A billion trees for jobs and growth*, supporting the establishment of a billion new plantation trees over the next decade.

The *Illegal Logging Prohibition Act 2012* supports sustainable forest management and legal timber trade by prohibiting both the importation of timber wood products and the processing of domestically grown raw logs that have come from illegally harvested sources.

Internationally, particularly within the Asia-Pacific region, we have focused on bilateral engagement with key trading partners, and worked within multilateral bodies to promote the trade in sustainable and legal timber products, supporting the objectives of SDG12 and SDG15. Australia continues to support the successful delivery of the United Nations Global Forest Goals. In May 2019 Australia announced its Voluntary National Contribution to the United Nations Forum on Forests.

We have historically used international aid programs for capacity-building in forest governance and managing timber supply chains; these relate to the objectives of SDG15 and SDG12.

Environmental impact of our operations

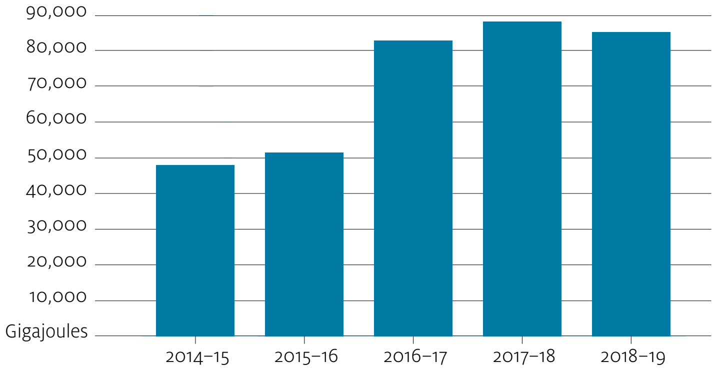
Energy efficiency

Our central office buildings in the Canberra central business district maintain a base building rating of 4.5 stars under the National Australian Built Environment Rating System (NABERS). Both buildings contain T5 energy-efficient lighting and movement sensors, which turn off lighting in office areas after hours. The buildings also contain energy efficient window blinds, which reduce the energy required to heat and cool the buildings during the day, and air conditioning energy is offset by onsite solar electricity.

The department participates in the APS Demand Reduction Initiative—an effort across government agencies to reduce energy consumption. The initiative calls for Australian Public Service agencies to lead by example and reduce their electricity demand when called upon across ACT and NSW during an energy emergency such as a supply shortfall during a heatwave. We have developed an action plan outlining actions we will take to reduce our energy consumption when needed. The demand response action plan complements efforts to reduce our day-to-day energy consumption.

In 2018–19 our energy consumption (excluding diesel and petroleum products) decreased by around 3% to 85,301 gigajoules (GJ) (Figure 18). This decrease is attributable to more efficient gas usage at our post-entry quarantine facility in Mickleham, Victoria. However, electricity consumption at the same site, and nationally, has increased. The total electricity consumption increase is approximately 2% or 876.24 GJ.

FIGURE 18 Energy consumption, 2014–15 to 2018–19

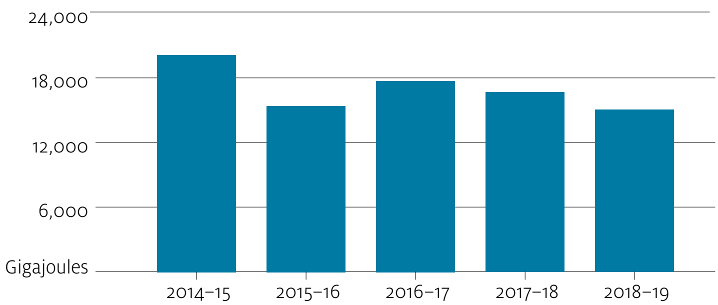


Transport

We monitor the fuel consumption and kilometres travelled for all fleet vehicles and encourage drivers to purchase ethanol blended fuel (E10). Although our overall fleet numbers have increased slightly we are continually replacing our vehicles with efficient hybrid or diesel vehicles where practical. In 2018–19 the proportion of hybrid vehicles increased to 49% and diesel vehicles increased to 22% of our total fleet. As at 30 June 2019 we had 378 fleet vehicles, which included 188 hybrid vehicles and 84 diesel vehicles.

In 2018–19 we consumed 15,033.62GJ in transport fuels for passenger vehicles. There was a fall in consumption due to an increase in hybrid vehicles and fewer kilometres travelled (Figure 19).

FIGURE 19 Transport energy consumption, 2014–15 to 2018–19



Older vehicles in the department's current fleet exceed the target set under the Commonwealth Green Vehicle Guide (GVG), largely obtaining 5-star ratings under that system. Newer vehicles in our fleet are now ranked based on CO2 tailpipe emissions and indicators are that fuel consumption has dropped. Our fleet now consists of more hybrids, which also contributes to lower emissions and more environmentally friendly vehicles.

Water conservation

Our central office buildings recycle and capture stormwater to flush all toilets. In bathrooms and change rooms, we have waterless urinals, water-saving shower heads, infrared motion-active hand basins and 4A-rated dual flush toilets. These initiatives contribute to reducing our reliance on the local water supply.

Waste management

We support and encourage good recycling practices, providing ready access to segregated waste streams in the office environment. Recycling bins are located throughout central office buildings in kitchens and common areas and include general waste, organic waste and co-mingled recycling. Elsewhere, combined paper and cardboard recyclables are aggregated for collection. The department also maintains a staff-led battery recycling initiative at our Canberra central office.

The organic waste stream is a unique feature of our central office buildings and can be used to dispose of compostable materials and foodstuffs. Through this process, all organic waste from all levels of the participating buildings is collected and relocated off-site and then processed into mulch for further use. This reclaims usable materials and reduces the quantity of general waste from these sites.

Based on available information, in 2018–19 our Canberra offices generated 119.38 tonnes of waste. Of this, around 53.5% was recycled, comprising 44.45 tonnes of co-mingled recyclables (Figure 20), 12.02 tonnes of paper and cardboard and 7.38 tonnes of organic waste (Figure 21).

FIGURE 20 Co-mingled recycling collected, 2014–15 to 2018–19

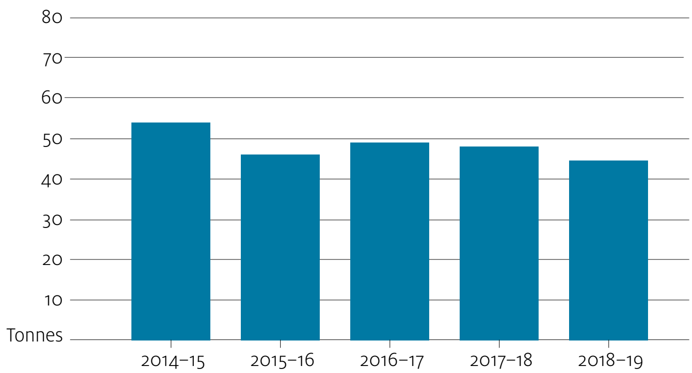
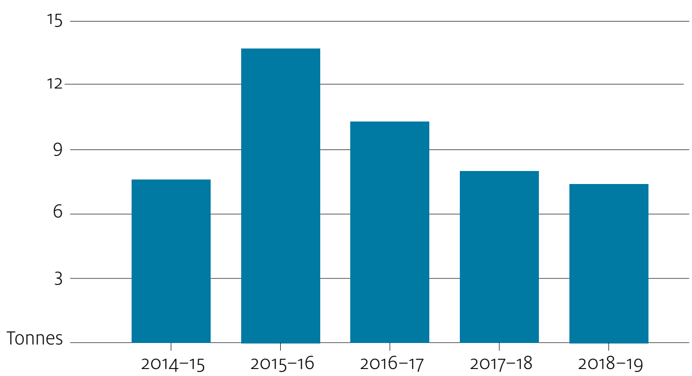


FIGURE 21 Organic waste collected, 2014–15 to 2018–19



Because the battery recycling initiative is staff-led, information on the total weight of batteries recycled is not available.

Appendix C:

Human resources statistics

Management of human resources

TABLE 24 All ongoing employees current report period (2018–19)

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Full -time	Part Time	Total Indeterminate	
NSW	314	38	352	187	104	291	0	0	0	643
Qld	305	32	337	156	79	235	0	0	0	572
SA	89	17	106	45	21	66	0	0	0	172
Tas	7	0	7	2	0	2	0	0	0	9
Vic	292	20	312	185	69	254	0	0	0	566
WA	134	7	141	80	39	119	0	0	0	260
ACT	827	60	887	998	315	1,313	1	1	2	2202
NT	20	5	25	16	7	23	0	0	0	48
Overseas	13	0	13	9	0	9	0	0	0	22
Total	**2,001**	**179**	**2,180**	**1,678**	**634**	**2,312**	**1**	**1**	**2**	**4,494**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

TABLE 25 All non-ongoing employees current report period (2018–19)

	Male				Female				Indeterminate			Total
	Fulltime	Part Time	Casual	Total Male	Fulltime	Part Time	Casual	Total Female	Full -time	Part Time	Total Indeterminate	
NSW	5	0	44	49	3	0	29	32	0	0	0	81
Qld	20	6	36	62	18	7	20	45	0	0	0	107
SA	1	0	13	14	0	0	3	3	0	0	0	17
Tas	0	0	4	4	0	0	2	2	0	0	0	6
Vic	23	7	39	69	25	12	24	61	0	0	0	130
WA	4	0	15	19	4	0	36	40	0	0	0	59
ACT	34	8	9	51	49	13	20	82	0	0	0	133
NT	3	0	1	4	1	0	4	5	0	0	0	9
Overseas	0	0	0	0	0	0	0	0	0	0	0	0
Total	**90**	**21**	**161**	**272**	**100**	**32**	**138**	**270**	**0**	**0**	**0**	**542**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

TABLE 26 All ongoing employees previous report period (2017–18)

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Fulltime	Part Time	Total Indeterminate	
NSW	323	40	363	196	108	304	0	0	0	667
Qld	314	39	353	158	87	245	0	0	0	598
SA	92	18	110	39	25	64	0	0	0	174
Tas	6	0	6	2	0	2	0	0	0	8
Vic	269	21	290	156	69	225	0	0	0	515
WA	136	6	142	81	43	124	0	0	0	266
ACT	848	61	909	1018	302	1320	1	0	1	2,230
NT	24	5	29	16	8	24	0	0	0	53
Overseas	11	0	11	8	0	8	0	0	0	19
Total	**2,023**	**190**	**2,213**	**1,674**	**642**	**2,316**	**0**	**0**	**0**	**4,530**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

TABLE 27 All non-ongoing employees previous report period (2017–18)

	Male				Female				Indeterminate			Total
	Fulltime	Part Time	Casual	Total Male	Fulltime	Part Time	Casual	Total Female	Fulltime	Part Time	Total Indeterminate	
NSW	2	0	40	42	1		17	18	0	0	0	60
Qld	12	7	42	61	7	4	20	31	0	0	0	92
SA	0	0	17	17	0	0	8	8	0	0	0	25
Tas	0	0	3	3	0	0	2	2	0	0	0	5
Vic	8	5	45	58	8	7	29	8	0	0	0	102
WA	1	0	17	18	1	0	31	1	0	0	0	50
ACT	29	8	15	52	38	16	19	38	0	0	0	125
NT	3	0	0	3	0	0	4	4	0	0	0	7
Overseas	0	0	0	0	0	0	0	0	0	0	0	0
Total	**55**	**20**	**179**	**254**	**55**	**27**	**130**	**212**	**0**	**0**	**0**	**466**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

Australian Public Sector classification and gender

TABLE 28 Australian Public Service Act ongoing employees current report period (2018–19) by substantive classification

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Fulltime	Part Time	Total Indeterminate	
SES 3	3	0	3	2	0	2	0	0	0	5
SES 2	11	0	11	10	1	11	0	0	0	22
SES 1	40	0	40	36	2	38	0	0	0	78
EL 2 **a**	203	10	213	136	34	170	0	0	0	383
EL 1	312	20	332	292	110	402	0	0	0	734
APS 6 **b**	396	29	425	378	135	513	1	0	1	939
APS 5 **c**	276	10	286	296	91	387	0	0	0	673
APS 4 **d**	643	59	702	431	174	605	0	1	1	1,308
APS 3 **e**	114	49	163	94	87	181	0	0	0	344
APS 2	3	0	3	3	0	3	0	0	0	6
APS 1	0	2	2	2	0	2	0	0	0	2
Other	0	0	0	0	0	0	0	0	0	0
Total	**2,001**	**179**	**2,180**	**1,678**	**634**	**2,312**	**1**	**1**	**2**	**4,494**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions. **a** Includes Science DAFF Band Three Work Level Six classification and Transitional Veterinarian classification. **b** Includes APS Meat Inspector Four classification and DAFF Band Two Work Level Six B classification. **c** Includes APS Meat Inspector Three classification. **d** Includes APS Meat Inspector Two classification. **e** Includes Graduates

TABLE 29 Australian Public Service Act non-ongoing employees current report period (2018–19) by substantive classification

	Male				Female				Indeterminate			Total
	Fulltime	Part Time	Casual	Total Male	Fulltime	Part Time	Casual	Total Female	Fulltime	Part Time	Total Indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0	0	0
SES 2	0	1	0	1	0	0	0	0	0	0	0	1
SES 1	0	0	0	0	0	0	0	0	0	0	0	0
EL 2	2	1	1	4	1	2	2	5	0	0	0	9
EL 1	5	2	0	7	7	1	0	8	0	0	0	15
APS 6 **a**	14	3	28	45	12	5	26	43	0	0	0	88
APS 5 **b**	12	1	0	13	27	1	2	30	0	0	0	43
APS 4 **c**	46	4	82	132	42	14	34	90	0	0	0	222
APS 3	11	8	47	66	10	5	72	87	0	0	0	153
APS 2	0	0	3	3	1	3	2	6	0	0	0	9
APS 1	0	0	1	1	0	1	0	1	0	0	0	2
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total	**90**	**21**	**161**	**272**	**100**	**32**	**138**	**270**	**0**	**0**	**0**	**542**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions. **a** Includes APS Meat Inspector Four classification. **b** Includes APS Meat Inspector Three classification. **c** Includes APS Meat Inspector Two classification

TABLE 30 Australian Public Service Act ongoing employees previous report period (2017–18) by substantive classification

	Male			Female			Indeterminate			Total
	Fulltime	Part Time	Total Male	Fulltime	Part Time	Total Female	Fulltime	Part Time	Total Indeterminate	
SES 3	3	0	3	2	0	2	0	0	0	5
SES 2	10	0	10	8	0	8	0	0	0	18
SES 1	33	2	35	31	3	34	0	0	0	69
EL 2 **a**	201	10	211	134	36	170	0	0	0	381
EL 1	302	17	319	286	98	384	0	0	0	703
APS 6 **b**	411	27	438	366	123	489	0	0	0	927
APS 5 **c**	276	9	285	311	94	405	0	0	0	690
APS 4 **d**	659	70	729	434	188	622	1	0	1	1,352
APS 3 **e**	125	54	179	98	99	197	0	0	0	376
APS 2	3	0	3	4	1	5	0	0	0	8
APS 1	0	1	1	0	0	0	0	0	0	1
Other	0	0	0	0	0	0	0	0	0	0
Total	**2,023**	**190**	**2,213**	**1,674**	**642**	**2,316**	**1**	**0**	**1**	**4,530**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions. **a** Includes Science DAFF Band Three Work Level Six classification and Transitional Veterinarian classification. **b** Includes APS Meat Inspector Four classification and DAFF Band Two Work Level Six B classification. **c** Includes APS Meat Inspector Three classification. **d** Includes APS Meat Inspector Two classification. **e** Includes Graduates.

TABLE 31 Australian Public Service Act non-ongoing employees previous report period (2017–18) by substantive classification

	Male				Female				Indeterminate			Total
	Fulltime	Part Time	Casual	Total Male	Fulltime	Part Time	Casual	Total Female	Fulltime	Part Time	Total Indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0	0	0
SES 2	0	1	0	1	0	0	0	0	0	0	0	1
SES 1	0	0	0	0	0	0	0	0	0	0	0	0
EL 2	2	0	0	2	1	2	2	5	0	0	0	7
EL 1	8	3	1	12	5	6	1	12	0	0	0	24
APS 6 **a**	9	2	34	45	11	5	21	37	0	0	0	82
APS 5 **b**	9	1	0	10	19	2	1	22	0	0	0	32
APS 4 **c**	24	0	94	118	16	2	18	36	0	0	0	154
APS 3	3	10	44	57	2	9	83	94	0	0	0	151
APS 2	0	1	6	7	1	3	2	6	0	0	0	13
APS 1	0	2	0	1	0	0	0	0	0	0	0	2
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total	**55**	**20**	**179**	**254**	**55**	**27**	**130**	**212**	**0**	**0**	**0**	**466**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions. **a** Includes APS Meat Inspector Four classification. **b** Includes APS Meat Inspector Three classification. **c** Includes APS Meat Inspector Two classification.

Australian Public Sector employment type

TABLE 32 Australian Public Service Act employees by attendance status current report period (2018–19)

	Ongoing			Non–ongoing				Total
	Fulltime	**Part Time**	**Total Ongoing**	**Fulltime**	**Part Time**	**Casual**	**Total Non–ongoing**	
SES 3	5	0	5	0	0	0	0	5
SES 2	21	1	22	0	1	0	1	23
SES 1	76	2	78	0	0	0	0	78
EL 2 **a**	339	44	383	3	3	3	9	392
EL 1	604	130	734	12	3	0	15	749
APS 6 **b**	775	164	939	26	8	54	88	1,027
APS 5 **c**	572	101	673	39	2	2	43	716
APS 4 **d**	1,074	234	1,308	88	18	116	222	1,530
APS 3 **e**	208	136	344	21	13	119	153	497
APS 2	6	0	6	1	3	5	9	15
APS 1	0	2	2	0	2	0	2	4
Other	0	0	0	0	0	0	0	0
Total	**3,680**	**814**	**4,494**	**190**	**53**	**299**	**542**	**5,036**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions. **a** Includes Science DAFF Band Three Work Level Six classification and Transitional Veterinarian classification. **b** Includes APS Meat Inspector Four classification and DAFF Band Two Work Level Six B classification. **c** Includes APS Meat Inspector Three classification. **d** Includes APS Meat Inspector Two classification. **e** Includes APS Meat Inspector One classification and Graduates.

TABLE 33 Australian Public Service Act employees by attendance status previous report period (2017–18)

	Ongoing			Non–ongoing				Total
	Fulltime	Part Time	Total Ongoing	Fulltime	Part Time	Casual	Total Non–ongoing	
SES 3	5	0	5	0	0	0	0	5
SES 2	18	0	18	0	1	0	1	19
SES 1	64	5	69	0	0	0	0	69
EL 2 **a**	335	46	381	3	2	2	7	388
EL 1	588	115	703	13	9	2	24	727
APS 6 **b**	777	150	927	20	7	55	82	1,009
APS 5 **c**	587	103	690	28	3	1	32	722
APS 4 **d**	1,094	258	1,352	40	2	112	154	1,506
APS 3 **e**	223	153	376	5	19	127	151	527
APS 2	7	1	8	1	2	10	13	21
APS 1	0	1	1	0	2	0	2	3
Other	0	0	0	0	0	0	0	0
Total	**3,698**	**832**	**4,530**	**110**	**47**	**309**	**466**	**4,996**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions. **a** Includes Science DAFF Band Three Work Level Six classification and Transitional Veterinarian classification. **b** Includes APS Meat Inspector Four classification and DAFF Band Two Work Level Six B classification. **c** Includes APS Meat Inspector Three classification. **d** Includes APS Meat Inspector Two classification. **e** Includes APS Meat Inspector One classification and Graduates.

TABLE 34 Australian Public Service Act employment type by location current report period (2018–19)

	Ongoing	Non-Ongoing	Total
NSW	643	81	724
Qld	572	107	679
SA	172	17	189
Tas	9	6	15
Vic	566	130	696
WA	260	59	319
ACT	2202	133	2335
NT	48	9	57
Overseas	22	0	22
Total	**4,494**	**542**	**5,036**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

TABLE 35 Australian Public Service Act employment type by location previous report period (2017–18)

	Ongoing	Non-Ongoing	Total
NSW	667	60	727
Qld	598	92	690
SA	174	25	199
Tas	8	5	13
Vic	515	102	617
WA	266	50	316
ACT	2,230	125	2,355
NT	53	7	60
Overseas	19	0	19
Total	**4,530**	**466**	**4,996**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

TABLE 36 Australian Public Service Act Indigenous employment current report period (2018–19)

	Total
Ongoing	83
Non-Ongoing	20
Total	**103**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

TABLE 37 Australian Public Service Act Indigenous employment previous report period (2017–18)

	Total
Ongoing	79
Non-Ongoing	14
Total	**93**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

TABLE 38 Australian Public Service Act Employment arrangements Current Report Period (2018-19)

	SES	Non-SES	Total
Department of Agriculture and Water Resources Enterprise Agreement	0	4,677	4,677
Department of Agriculture and Water Resources Meat Inspector Enterprise Agreement	0	253	253
Section 24 (1) determinations	106	0	106
Total	**106**	**4,930**	**5,036**

Note: Includes staff on leave without pay and excludes Statutory Appointed positions.

Australian Public Sector salary and performance pay

TABLE 39 Australian Public Service Act employment salary ranges by classification level (Minimum/Maximum) current report period (2018–19)

	Minimum salary	Maximum salary
SES 3	335,683	378,905
SES 2	272,413	327,744
SES 1	218,867	245,265
EL 2 **a**	120,619	180,259
EL 1 **b**	99,966	129,108
APS 6 **c**	82,346	116,282
APS 5 **d**	73,471	86,893
APS 4 **e**	66,658	81,129
APS 3 **f**	59,460	75,717
APS 2	54,433	56,591
APS 1	46,273	51,834
Other	0	0

a Only positions requiring mandatory veterinary qualifications can access paypoints between $142,717 and $144,429. Only positions requiring mandatory science qualifications can access paypoints between $142,717 and $155,954. The paypoint of $180,259 is maintained through enterprise agreement transitional arrangements and this has not been available to new employees since 2009. **b** Only positions requiring mandatory veterinary qualifications can access paypoints between $120,619 and $129,108. **c** Only positions requiring mandatory veterinary qualifications can access paypoints between $98,052 and $116,282. Only previous positions being maintained through enterprise agreement transitional arrangements can access the paypoint of $99,965. Only positions with an APS Meat Inspector Four classification can access the paypoint $92,032. **d** Only positions with an APS Meat Inspector Three classification can access the paypoint $86,893. **e** Only positions with an APS Meat Inspector Two classification can access the paypoint $81,129. f Only positions with an APS Meat Inspector One classification can access the paypoints between $62,197 and $75,717. Note: The maintenance of employees' salaries upon commencement from another APS agency or salaries negotiated through Individual Flexibility Arrangements can exceed the salary ranges for non-SES classifications.

TABLE 40 Australian Public Service Act employment performance pay by classification level current report period (2018–19). **Nil payments made for performance pay**

	Number of employees receiving performance pay	Aggregated (sum total) of all payments made	Average of all payments made	Minimum Payment Made	Maximum Payment made
SES 3	0	0	0	0	0
SES 2	0	0	0	0	0
SES 1	0	0	0	0	0
EL 2	0	0	0	0	0
EL 1	0	0	0	0	0
APS 6	0	0	0	0	0
APS 5	0	0	0	0	0
APS 4	0	0	0	0	0
APS 3	0	0	0	0	0
APS 2	0	0	0	0	0
APS 1	0	0	0	0	0
Other	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Non-salary benefits

Non-salary benefits provided to SES Band 3 employees as part of their remuneration package include superannuation and car parking. SES Band 1 and 2 employees receive superannuation as the only non-salary benefit and pay for car parking.

Non-salary benefits provided to non-SES officers as part of their remuneration package are generally limited to superannuation. In exceptional cases, employees may have private use of a Commonwealth vehicle where it is deemed necessary for the performance of their duties.

Appendix D:
Executive remuneration

TABLE 41 Information about remuneration for key management personnel

		Short-term benefits			Post-employment benefits	Other long-term benefits			
Name	Position title	Base salary ($)	Bonuses ($)	Other benefits and allowances ($)	Superannuation contributions ($)	Long service leave ($)	Other long-term benefits ($)	Termination benefits ($)	Total remuneration ($)
Daryl Quinlivan	Secretary	661,625.88	0	8,169.00	92,267.78	17,969.00	0	0	780,031.66
Cindy Briscoe	Deputy Secretary	377,638.72	0	8,169.00	68,087.07	10,113.25	0	0	464,008.04
Lyn O'Connell	Deputy Secretary	328,903.12	0	8,169.00	67,108.88	10,132.60	0	0	414,313.59
Malcolm Thompson	Deputy Secretary	370,979.22	0	8,169.00	68,295.11	10,113.25	0	0	457,556.58
Emily Canning	Deputy Secretary	275,429.16	0	0	46,085.99	6,206.02	0	0	327,721.16
Barry Sterland	Deputy Secretary	181,219.68	0	0	0	0	0	0	181,219.68
Nico Padovan	First Assistant Secretary	149,883.92	0	0	27,520.42	3,951.24	0	0	181,355.57

TABLE 41 Information about remuneration for key management personnel

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits ($)	Total remuneration ($)
Name	Position title	Base salary ($)	Bonuses ($)	Other benefits and allowances ($)	Superannuation contributions ($)	Long service leave ($)	Other long-term benefits ($)		
Peter McKeon	Chief Information Officer	168,363.65	0	0	25,051.06	4,469.41	0	0	197,884.12
Neal Mason	First Assistant Secretary, Deputy Secretary	205,739.10	0	0	35,771.27	5,189.18	0	0	246,699.56
Scott Brown	CFO	136,825.94	0	0	16,658.02	3,683.12	0	0	157,167.08
Lionel Riley	Assistant Secretary	107,576.04	0	0	18,608.60	1,694.82	0	0	127,879.46
Peta Lane	First Assistant Secretary	125,634.24	0	0	24,940.61	3,605.57	0	0	154,180.42
Sally Standen	First Assistant Secretary	135,910.16	0	0	24,489.58	3,605.57	0	0	164,005.31

Notes: Only discloses remuneration paid during officers' time as members of the Executive Management Committee.
Base salary includes movement in recreation leave accruals.
Long Service Leave used is not captured in base salary but is included in other long-term benefits.
As methodology uses changes in accruals, the amounts do not necessarily reflect actual payments or disparities between individuals.
The methodology is in accordance with the Department of Finance *Resource Management Guide no. 138—Commonwealth entities Executive Renumeration Reporting Guide for Annual Reports*.

TABLE 42 Information about remuneration for senior executives

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Total remuneration bands	Number of senior executives	Average base salary ($)	Average bonuses ($)	Average other benefits and allowances ($)	Average superannuation contributions ($)	Average long service leave ($)	Average other long-term benefits ($)	Average termination benefits ($)	Average total remuneration ($)
$0–$220,000	41	99,780.95	0	284.16	16,209.27	164.56	0	0	116,438.93
$220,001–$245,000	4	182,271.67	0	(4.90)	33,808.22	(6,039.97)	0	22,376.18	232,411.19
$245,001–$270,000	26	215,046.43	0	152.34	37,538.17	4,162.50	0	0	256,899.44
$270,001–$295,000	16	229,605.49	0	2,647.18	41,390.57	2,918.12	0	0	276,561.36
$295,001–$320,000	8	246,058.82	0	16,060.61	41,280.25	2,765.37	0	0	306,165.04
$320,001–$345,000	8	261,271.38	0	18,293.36	48,914.13	5,961.53	0	0	334,440.39
$345,001–$370,000	3	288,374.93	0	4,656.26	51,440.99	7,469.21	0	0	351,941.39
$370,001–$395,000	1	223,203.12	0	110,987.42	40,254.86	5,852.89	0	0	380,298.30
$395,001–$420,000	1	218,926.28	0	136,780.38	40,340.04	5,841.72	0	0	401,888.42
$420,001–$445,000	1	208,267.00	0	178,381.70	40,439.37	5,852.86	0	0	432,940.93
$445,001–$470,000	1	209,778.06	0	189,635.08	40,563.53	5,852.86	0	0	445,829.53
$470,001- $495,000	0	0	0	0	0	0	0	0	0
$495,001-	0	0	0	0	0	0	0	0	0

Note: Senior executives who were part of key management personnel (Table 41) for part of the year have the remainder of their remuneration reported in this table.

TABLE 43 Information about remuneration for other highly paid staff

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Total remuneration bands	Number of other highly paid staff	Average base salary ($)	Average bonuses ($)	Average other benefits and allowances ($)	Average superannuation contributions ($)	Average long service leave ($)	Average other long-term benefits ($)	Average termination benefits ($)	Average total remuneration ($)
$0- $220,000	0	0	0	0	0	0	0	0	0
$220,001–$245,000	4	136,141.10	0	72,140.44	23,022.99	2,946.67	0	0	234,251.19
$245,001–$270,000	3	164,986.49	0	59,498.46	28,009.54	3,433.42	0	0	255,927.91
$270,001–$295,000	6	137,971.70	0	116,508.82	26,905.51	3,773.95	0	0	285,159.98
$295,001–$320,000	0	0	0	0	0	0	0	0	0
$320,001–$345,000	3	134,145.96	0	166,857.50	24,180.42	3,179.46	0	0	328,363.35
$345,001–$370,000	1	126,838.85	0	189,205.66	25,945.42	3,708.32	0	0	345,698.25
$370,001- $395,000	0	0	0	0	0	0	0	0	0
$395,001- $420,000	0	0	0	0	0	0	0	0	0
$420,001- $445,000	0	0	0	0	0	0	0	0	0
$445,001- $470,000	0	0	0	0	0	0	0	0	0
$470,001- $495,000	0	0	0	0	0	0	0	0	0
$495,001- ….	0	0	0	0	0	0	0	0	0

Appendix E:

Client service standards

TABLE 44 Department of Agriculture service standards results, 2018–19

Service Standard Description	Target	Result
Client contact services		
Correspondence by phone For calls received through the national contact number we will answer your call within 5 minutes. This standard applies to clients contacting the department through the national contact number: 1800 900 090.	80% of calls to be answered within our service standard	66.4% **a**
Correspondence by online forms For general enquiries received through the department's online contact form we will provide immediate confirmation of receipt and respond to your request within 10 business days of receipt. If we cannot fully answer your query in that time we will advise you of when a complete response can be expected. Wherever possible, we will respond earlier. For some services, such as permit and grant applications, specific service standards may exist.	80% of requests to be responded to within our service standard	90.3%
Bookings by phone/email We will confirm your booking request, cancellation or amendment within 1 business day of receipt.	95% of bookings to be confirmed within our service standard	83.6% **a**
Import services		
Inspection of goods at an approved premises We will provide this service within 3 business days of confirmation of your scheduled appointment. During periods of significant short-term increases in trade activity, there may be delays. If this is the case, we will consult you to agree on a mutually suitable time for your appointment.	95% of inspections to be provided within our service standard	74.5% **a**
Treatments We will provide your or your representative with treatment direction within 2 business days following an inspection. The time taken for processing your goods is dependent on the nature of treatment or the mandatory duration of quarantine periods.	95% of treatments to be processed within our service standard	78.7% **b**

TABLE 44 Department of Agriculture service standards results, 2018–19 (continued)

Service Standard Description	Target	Result
Inspection of non-commercial vessels On arrival at a port at which the department has a permanent staff presence, we will aim to provide an initial inspection within 1 business day from you advising the department of your arrival. In periods of increased arrivals, such as regattas, the time to attend an inspection may be slightly longer.	95% of inspections to be provided within our service standard	100%
Assess/issue import documentation lodged via COLS We will process your lodgement within 1 business day of receipt for urgent items. Non-urgent items will be processed within 2 business days of receipt. Lodgement processing may take longer if: • they require policy advice • incomplete or incorrect information is provided • additional information is required to continue the assessment (applicants will be notified of this by the assessing officers).	80% of assessments to be processed within our service standard	89.2%
Assess/issue import documentation lodged via email We will process your lodgement within 3 business day of receipt. Lodgement processing may take longer if: • they require policy advice • incomplete or incorrect information is provided • additional information is required to continue the assessment (applicants will be notified of this by the assessing officers). Email lodgement is to be used only for items listed as per industry notice 20–2016.	80% of assessments to be processed within our service standard	98.9%
Attendance in-office for clearing of imported or exported goods We aim to attend to you within 30 minutes of you arriving at the office. During peak periods throughout a business day and when there are significant short-term increases in trade activity, there may be delays in our larger offices. You can expect to spend about 15 minutes with a departmental officer for each standard transaction that is accompanied by valid documentation. Urgent and non-commercial client personal effects will be considered higher priority.	80% of clearances to be processed within our service standard	100%

TABLE 44 Department of Agriculture service standards results, 2018–19 (continued)

Service Standard Description		Target	Result
Import permits—applications using BICON	We will issue import permits within 20 business days of completed applications being received and paid for in full. Applications may take longer if: • they require technical assessment • incomplete or incorrect information is provided by the applicant • additional information is required to continue the assessment (applicants will be notified of this by the assessing officers) • it is a novel product or has been prepared in a novel manner.	90% of import permits to be issued within our service standard	84.6% **a**
Export services			
Inspection of goods at an export-registered establishment	We will aim to provide an officer to inspect goods at an export-registered establishment within 3 business days of your request for an appointment. Inspection times are based on availability so we may be able to provide the service within a shorter timeframe.	95% of inspections to be provided within our service standard	99.2%
Inspection of goods for air freight exports	We will aim to provide an inspection for goods exported by air freight within 24 hours of your request for an appointment. During periods of increased trade activity, there may be delays in meeting your requested inspection time.	95% of inspections to be provided within our service standard	99.0%
Inspection of goods for sea freight exports	We will aim to provide an inspection for goods exported by sea freight within 3 business days of your request for an appointment. During periods of increased trade activity, there may be delays in meeting your requested inspection time.	95% of inspections to be provided within our service standard	99.3%
Inspection of bulk vessels for export	We will aim to provide a physical inspection within 3 business days of a confirmed appointment.	95% of inspections to be provided within our service standard	100%

TABLE 44 Department of Agriculture service standards results, 2018–19 (continued)

Service Standard Description		Target	Result
Assess/issue export documentation	We will process your lodgement within 1 business day for air freight. We will process your lodgement within 3 business days for sea freight.	95% of assessments to be processed within our service standard	99.3%
Plant export authorised officer application—application assessment	When an application is received and the application fee has been paid, we will aim to assess your application within 15 business days.	90% of application assessments to be processed within our service standard	100% of application assessments were processed within our service standard
Plant export authorised officer application—Deed of Obligations	When an assessment tool that has a competent result is received, we will require a further 10 business days to process an invoice for the appointment fee.	90% of requests to be processed within our service standard	80% of requests were processed within our service standard. The lower-than-expected result can generally be related to delays in the receipt of hard copy assessment tools through the mail system.
Plant export authorised officer application—Instrument of Appointment	When all training, assessment and further documentation have been completed and all fees have been paid, we will require a further 10 business days to provide the Instrument of Appointment.	90% of Instruments of Appointment to be processed within our service standard	100% of Instruments of Appointment were processed within our service standard
Live Animal Export services			
Inspection of livestock at an export registered premise, approved premise, airside or vessel	We will service an appointment made 3 business days prior to the required inspection.	95% inspections provided within standard.	100%

TABLE 44 Department of Agriculture service standards results, 2018–19 (continued)

Service Standard Description		Target	Result
Assess/ issue export documentation	We will: • assess documents during standard hours of service (6.30am-6.30pm). • advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents.	95% processed within standard.	100%
Application for (or renewal of) an export licence or variation of an export licence	Assess and make a decision on the application within 40 business days of receipt. Advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents. Wherever possible, we will respond earlier, however the complexity of the application and the volume of applications being processed will have an effect on processing time.	90% of applications processed within standard	96% (in 2019)
Registration or renewal of registered premises	Assess and make a decision on the application within 40 business days of receipt. **c** Advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents. Wherever possible, we will respond earlier, however the complexity of the application and the volume of applications being processed will have an effect on processing time.	90% of applications processed within standard	100% (sample size:10)
Registration of an Australian Government Accredited Veterinarians for livestock export	Assess and make a decision on the application within 10 business days of receipt. **c** Advise you as soon as practicable if there are missing, incomplete, incorrect or ineligible documents.	90% of applications processed within standard	90% (in 2019)

TABLE 44 Department of Agriculture service standards results, 2018–19 (continued)

Service Standard Description		Target	Result
Application for an approved arrangement	Assess the application, audit the business and make a decision within 40 business days of receipt. **c** If we do not make a decision within 60 days you have the right to appeal to the Administrative Appeals Tribunal to get a decision. Advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents. Give you least 5 business days' notice of an audit.	90% of applications processed within standard	Within the last year, we have completed 3 applications for new approved arrangements. Two were completed within 40 business days and 1 was completed in 47 business days
Application for a variation to an approved arrangement	We will assess and make a decision on the application within 20 business days of receipt. **c** We will advise you as soon as practicable if there are missing, incomplete, incorrect or ineligible documents. Applications for variations which include more than 5 Standard Export Plans will wherever possible be assessed and a decision made within 20 business days of receipt. **c** However, due to the many possible variables and complexities involved, the department reserves the right to vary the time frame according to the quantity and complexity of SEPs. If we do not make a decision within 60 days you have the right to appeal to the Administrative Appeals Tribunal to get a decision.	90% of applications processed within standard	60% of applications that have been finalised (sample size:25)
Submission of Notice of Intention (without an approved arrangement)	Make a decision on the application within 10 business days of receipt of a complete application. **c** Variations that require reassessment will be assessed and decided on within 7 business days of receipt.	95% of applications processed within standard	Insufficient recording of data.
Submission of Notice of Intention (with an approved arrangement)	Assess and approve or reject Notices of Intention for consignments under approved arrangements within 3 business days of receipt. **c**	95% of applications processed within our service standard	Insufficient recording of data.

TABLE 44 Department of Agriculture service standards results, 2018–19 (continued)

Service Standard Description		Target	Result
Exporter Supply Chain Assurance System(ESCAS) applications and variations	New ESCAS applications	10 days	18 days
	ESCAS Variations	10 days	6 days
Assess 3rd Party Reported Non-Conformances **d**	Single compliance issue for 1 exporter **e**	3 months	5 months
	Multiple issues or exporters **e**	6 months	
Assess Self-Reported Non-Conformances	ESCAS Non-compliance **e**	3 months	2 months
Reportable Mortality Events		6 months	4 months

a The increased biosecurity measures for the 2018–19 brown marmorated stink bug (BMSB) season from September 2018 to May 2019 created a significantly increased workload for the department. The areas most affected by the increase in demand were client contact, which saw an increase in call volumes, and inspections booked from the previous year. **b** The inspection of goods at an approved premise, treatments, and inspection of non-commercial vessels standards were not met in 2 locations because of increased biosecurity measures for the 2018–19 BMSB season, as well as periods of significant short-term increases in inspection activity. **c** Timeframe does not include time taken for applicant to provide more information. **d** Third party reports will likely involve multiple exporters, therefore all third party reports have been combined in the table. **e** Timeframes are calculated between date of receipt and date of publication. ESCAS reports are published quarterly. The report may have been finalised, or a decision made, prior to its publication.

Appendix F:

Report on the operation of the *Natural Resources Management (Financial Assistance) Act 1992*

The *Natural Resources Management (Financial Assistance) Act 1992* assists the development and implementation of an integrated approach to natural resource management. In particular, this approach supports the Sustainable Agriculture component of the National Landcare Program. Under subsection 26(1) of the Act, a report must be prepared each year on the operation of the Act and agreements made under it. This report covers the period from 1 July 2018 to 30 June 2019.

Payments were made from the account in 2018–19 as follows:

- $0.681 million to Regional Development Australia—Far North Queensland and Torres Strait Incorporated—Compost for a farming future
- $0.698 million to South Australia No-Till Farmers Association—transforming land management practices through supporting early stage adoption of Ultra High Pressure water jet technology
- $0.090 million to Soil Science Australia—strategic initiatives to build soils capability and capacity
- $0.558 million to Australian National University—Sustainable Farms project, shelter belts and improving farm dams
- $0.136 million to National Farmers' Federation—Environment Protection and Biodiversity Conservation Act 1999 resource for farmers
- $0.424 million to Cooperative Research Centre for High Performance Soils—extension activities for grower groups to develop soil knowledge.

Appendix G:

National Residue Survey Annual Report 2018–19

The National Residue Survey (NRS) monitors residues of pesticides and veterinary medicines and environmental contaminants in Australian food commodities. This monitoring is fully industry funded, principally through levies on the commodities that are tested.

The NRS tests animal commodities including cattle, sheep and pigs, camels, deer, goats, horses, kangaroos, poultry (chicken, duck turkey etc.) ratites (emus and ostriches) wild boars, honey, eggs and aquatic species (both aquaculture and wild-caught seafood).

In horticulture, the almond, apple, citrus, macadamia and pear industries all participate in NRS testing.

The NRS grains program covers:

- cereals (wheat, barley, oat, maize, sorghum and triticale)
- pulses (chickpea, cow pea, pigeon pea, field pea, faba bean, lentil, vetch, navy bean, mung bean and lupin)
- oilseeds (canola, sunflower, soybean, safflower and linseed).

Under Section 10 of the *National Residue Survey Administration Act 1992* (the NRS Act), the Minister for Agriculture is required to provide an annual report to Parliament, setting out details of the operation of the NRS Special Account. In accordance with the NRS Act we provide the annual report for the NRS for the period 1 July 2018 to 30 June 2019, including key financial information.

TABLE 45 National Residue Survey—summary of results for all random monitoring programs, 2018–19

Commodity	Total number of samples	Compliance with relevant Australian standards (%) a
Animal products (42 different products sampled)		
Meat, eggs, honey and aquatic species	9,952	99.79
Plant products (35 different products sampled)		
Grains and horticulture	5,046	97.00

a Compliance rate based on numbers of samples in compliance. In a very small number of samples, 1 sample may contain more than 1 violative residue.

TABLE 46 National Residue Survey—revenue and expenses, 2017–18 and 2018–19

Item	2018–19 $'000	2017–18 $'000
Revenue		
Sale of goods and rendering of services	770	827
Interest on investments	433	422
Levies	10,471	10,427
Revenue from government	5	4
Total revenue	**11,679**	**11,680**
Expenses		
Employee benefits	1,839	1,926
Analytical testing	6,879	6,758
Other	2,285	2,484
Total expenses	**11,003**	**11,168**
Surplus/(deficit)	**676**	**512**

Note: Certain comparative amounts have been reclassified to conform to the current year's reporting presentation. There has been no impact on the net operating result or net assets as a result of these adjustments.

TABLE 47 National Residue Survey—assets, liabilities and equity, 2017–18 and 2018–19

Item	2018–19 $'000	2017–18 $'000
Assets		
Cash and cash equivalents	1,079	1,113
Trade and other receivables	15	47
Investments	17,500	16,500
Intangibles	622	728
Accrued revenue	678	902
Other assets	31	39
Total assets	**19,925**	**19,328**
Liabilities		
Employee provisions	768	715
Other provisions	6	9

TABLE 47 National Residue Survey—assets, liabilities and equity, 2017–18 and 2018–19

Item	2018–19 $'000	2017–18 $'000
Suppliers and other payables	399	531
Operating lease payables	238	238
Total liabilities	**1,411**	**1,492**
Equity		
Reserves	17,988	17,322
Other	526	514
Total equity	**18,514**	**17,836**

TABLE 48 Transactions in and out of the National Residue Survey Account, 2017–18 and 2018–19

Item	2018–19 $'000	2017–18 $'000
Balance brought forward from previous period	1,113	1,237
Receipts		
Appropriation for reporting period	5	3
Other receipts	28,470	27,570
Total receipts	**28,475**	**27,573**
Payments		
Payments made to employees	(1,771)	(1,862)
Payments made to other	(26,738)	(25,835)
Total payments	**(28,509)**	**(27,697)**
Total balance carried to the next period	**1,079**	**1,113**

Appendix H:

Water Efficiency Labelling and Standards scheme annual report 2018–19

Section 75 of the *Water Efficiency Labelling and Standards Act 2005* (WELS Act) requires the WELS Regulator to, as soon as practicable after the end of each financial year, prepare a report on the operation of the WELS scheme during the year.

The Water Efficiency Labelling and Standards Scheme Annual Report 2018–19 covers the operation of the WELS scheme from 1 July 2018 to 30 June 2019.

Background

The objectives of the WELS Act are to:

- conserve water supplies by reducing water consumption
- provide information for purchasers of water-use and water-saving products
- promote the adoption of efficient and effective water-use and water-saving technologies.

The WELS Act and corresponding state and territory legislation provide for the operation of the WELS scheme. The Australian Government administers the scheme on behalf of the other governments. Costs of administering WELS are largely covered through registration fees, with a target of 80% cost recovery from industry. A further 10% is recovered from state and territory governments, with 10% from the Commonwealth.

Through the scheme, information is provided to consumers on the water efficiency and general performance of water-using and water-saving products, allowing an informed choice to be made regarding water use. As a result, domestic water savings in the order of 122 gigalitres per annum are now being realised nationally. These savings are projected to increase to 231 gigalitres per annum by 2036 as products are replaced with more efficient models.

It is estimated that water efficiency improvements are resulting in consumer savings of $1.1 billion per annum in household utility bills (water, electricity and gas). These savings are projected to increase to $2.6 billion per annum by 2036.

Dishwashers, clothes washing machines, taps, showers, lavatories, urinals and flow controllers are all covered by the WELS scheme. To be legally supplied, these products must meet the performance and testing requirements of the WELS standard, and must be registered and labelled correctly.

Operation of the WELS scheme

General

In early 2018 Australia secured international support for the establishment of a new International Organization for Standardization (ISO) project committee on water efficiency, with Standards Australia as secretariat. The project committee for ISO PC (Project Committee) 316 has since held 2 meetings, in Australia and Switzerland, to facilitate the development of a new international standard on water efficiency labelling. The standard is expected to be completed in 2021.

An internationally consistent standard is expected to decrease costs for Australian businesses, improve access to overseas markets for Australian manufacturers, increase compliance with the WELS scheme in Australia, and provide a tool that can be used by other countries to reduce water use by implementing similar consumer labelling schemes.

We published 3 issues of the WELS scheme newsletter *InkWELS*, with information about the latest developments with WELS and highlights of our achievements.

The Institute for Sustainable Futures at the University of Technology Sydney completed an evaluation of the environmental and economic impacts of the WELS scheme. The evaluation estimated water and utility bill savings were slightly greater than expected based on earlier analyses.

Assistance was provided to product manufacturers and suppliers, particularly giving guidance on product registrations through telephone and online enquiries.

As at 30 June 2019 there were 30,905 products registered by more than 370 organisations, including manufacturers, importers and wholesalers. This consisted of 27,860 registrations (22,338 products and 5,522 variants) and 3,045 ceasing registrations (2,874 products and 171 variants) under the WELS scheme.

This compares to 28,815 products registered as at 30 June 2018, consisting of 24,981 registrations and 3,834 ceasing registrations. Details of all registered WELS products are searchable on the WELS website.

Compliance and enforcement

The WELS Act requires that all products be registered and labelled at all points in the supply chain. The approach to our compliance strategy with the WELS legislation is outlined in the WELS Compliance and Enforcement Policy.

In 2018–19 WELS compliance activities continued to focus on internet-based sales and on the building and property development industry. Internal decision processes and escalation pathways were used to address non-compliance identified by WELS inspectors.

The joint compliance program with eBay continued to work effectively, with more than 100 non-compliant sellers reported to eBay. As a result, 17 seller accounts were restricted from selling WELS products to Australia, and more than 100 sellers were educated in how to comply with WELS registration and labelling requirements.

We have initiated a similar program with Amazon Australia to improve the level of compliance on amazon.com.au. Amazon Australia is working to design and implement tools that will identify and remove non-compliant WELS products on this platform. In the interim, compliance officers identified and reported 34 non-compliant sellers to Amazon Australia and these sellers' products were removed from sale.

WELS inspectors had 188 open cases, which included 34 cases carried over from 2017–18 and 154 new cases that were identified directly through online searches, store inspections and from a number of allegations from industry and the public. Since January 2018, 94% of these entities' businesses became compliant after education and warnings from WELS staff or escalation to statutory actions. The remaining 6% were still being addressed at the end of June 2019.

We completed the first phase of the new property building program with inspections held in Sydney, Melbourne, Brisbane, the Gold Coast, Perth, Adelaide and Canberra. Follow-up inspections will commence in late 2019. Communication materials were provided to building and property industry groups, and WELS inspectors shared information and discussed linkages with state and territory building and plumbing regulators.

All inspections and follow-up enforcement actions were undertaken in accordance with the WELS Compliance and Enforcement Policy.

Financial

The WELS Strategic Plan 2016–19 set out agreed budgets and projected industry fee revenue. Industry fee revenue in 2018–19 was 6% above the projections (Table 49).

TABLE 49 WELS industry fee revenue, 2016–17 to 2018–19

Item	2016–17	2017–18	2018–19
Industry fee revenue	$1,526,295	$1,570,400	$1,606,300
Projected fee revenue	$1,390,000	$1,450,000	$1,510,000

Appendix I:
Water for the Environment Special Account annual report 2018–19

Section 86AI of the *Water Act 2007* requires the secretary of the department to, as soon as practicable after 30 June each year, prepare and provide to the minister a report on the operation of the Water for the Environment Special Account (WESA).

The Water Act provides funding through the WESA to recover an additional 450 gigalitres of water for the environment and to ease or remove delivery constraints. The WESA allocates $1.775 billion in total—nominally split into $1.575 billion for additional water recovery and $200 million to ease or remove constraints.

Payments totalling $5.816 million were made from the WESA during 2018–19.

Constraints measures are rules and structures that influence the volume and timing of regulated water delivery through the Basin, including the delivery of environmental water. Constraints measures through the regulated system are a key element of the Sustainable Diversion Limit (SDL) Adjustment Mechanism set out in the *Basin Plan 2012*. Measures to address system constraints in 5 key reaches of the southern-connected Murray–Darling Basin contribute to the SDL adjustment of 605 gigalitres, which came into law in January 2018.

During 2018–19 Stage 1 funding agreements for constraints measure projects were signed with NSW ($64.49 million) and South Australia ($2.5 million). A payment of $815,138 was made to NSW under a Project Agreement for Stage 1 of constraints activities.

Efficiency measure projects are activities that change water use practices and recover additional water for the environment. Efficiency measure projects are required under the Basin Plan to have neutral or improved social and economic outcomes. Water saved through efficiency projects will form part of the Commonwealth environmental water holdings.

In September 2016 we launched the Commonwealth On-Farm Further Irrigation Efficiency (COFFIE) program pilot, an efficiency measures pilot program in the South Australian Murray–Darling Basin. Under this program, the department approved 66 on-farm projects for a total value of $12.3 million and water recovery of 1,939.68 megalitres long-term average annual yield (LTAAY) (contracted). To date payments of around $12 million have been made and 1,284.21 megalitres LTAAY of South Australia 3a High Reliability irrigation entitlement has been transferred to the Commonwealth. All water contracted under the SA COFFIE pilot program has involved works within the South Australian River Murray water resource plan area (SS11). The COFFIE pilot program closed to new applications on 5 October 2018.

In June 2018 Basin Water Ministers noted that the Commonwealth would shortly launch a new Basin-wide water infrastructure program. Ministers asked that Basin states and the Commonwealth government work to develop agreed additional program criteria to ensure neutral or beneficial socio-economic outcomes. The work was to be completed and presented to the next Murray–Darling Basin Ministerial Council (Ministerial Council) meeting in December 2018.

On 13 July 2018 we launched the Basin-wide Murray–Darling Basin Water Infrastructure Program. The program included urban, industrial, off-farm, and water metering infrastructure across the Basin. For South Australia, Queensland and the ACT the program also included applications for on-farm infrastructure. Under the program, we tendered for delivery partners to help eligible water rights holders design and deliver projects. We contracted 2 delivery partners and approved 3 additional delivery partners, subject to further information on their ability to contract with the Commonwealth. No funds were spent on program delivery; however, costs incurred for program promotional activities are reported below.

In October 2018 we commissioned Sefton and Associates to assist the department in consulting community members, farmers, irrigators, peak bodies and businesses across the Basin on the development of additional criteria to ensure the socio-economic neutrality of projects. At the conclusion of the community consultation, Sefton's delivered a consultation report that was noted by Basin Water Ministers in December 2018. Funds expended for this activity totalled $255,294.

On 14 December 2018 Basin Water Ministers agreed that additional socio economic criteria and associated assessment process be adopted as the basis of the neutrality test for assessing efficiency measure projects. Following this decision, we suspended the Murray–Darling Basin Water Infrastructure Program to incorporate the new requirements in consultation with the Basin States. As at 30 June 2019 the program had not re-opened for new applications. The revised program design includes the Ministerial Council's additional socio-economic criteria and allows for Basin States to each establish a process to assess projects against the criteria. Provision has also been made for public comments on all proposals.

Other expenses from the account were $163,741 on promotional activities and $41,791 on legal advice (Table 50).

TABLE 50 Water for the Environment Special Account, 2015–16 to 2018–19

Item	2015–16 $000	2016–17 $000	2017–18 $000	2018–19 $000
Opening Balance	$0	$50,595	$158,805	$581,846
Balance Transfer	$53,175	$0	$0	$0
Appropriated amount	$0	$110,000	$430,000	$320,000
Actuals	–$2,580	–$1,790	–$6,959	–$6,324
Closing Balance	$50,595	$158,805	$581,846	$895,522

Appendix J:
Disability reporting

Since 1994 non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08 reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service* reports and the *APS Statistical Bulletin*. These reports are available on the Commission's website. Since 2010–11 entities have not been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, 2-yearly report will track progress against each of the 6 outcome areas of the strategy and present a picture of how people with a disability are faring. The first of these progress reports was published in 2014, and reports can be found at the Department of Social Services website.

Part 4

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture

Opinion

In my opinion, the financial statements of the Department of Agriculture ('the Entity') for the year ended 30 June 2019:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Secretary and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Key audit matter	How the audit addressed the matter
Accuracy and completeness of Own Source Revenue *Refer to Note 2A 'Sale of Goods and Rendering of Services' and Note 15 'Regulatory Charging Summary'* The Entity collects a range of fees and charges for import and export regulatory functions. Information is captured through multiple business systems via manual data entry and online applications. In 2018–19, total own source revenue from import and export regulatory functions was $409.4 million. The fees and charges revenue is dependent on information provided by importers or exporters via a self-assessment declaration. The Entity undertakes a compliance program to obtain assurance that declarations accurately report the value and nature of goods declared. I focused on this area due to the value of revenue from import and export regulatory functions, the risk that the self-assessment process results in under-collection of import and export revenue, and the complex administrative and IT system arrangements that support the collection of fees and charges.	To audit the accuracy and completeness of own source revenue, I performed the following procedures: • assessed the governance and reporting arrangements implemented by the Entity to obtain assurance over the completeness of own source revenue; • assessed the design and effectiveness of compliance programs that provide the Entity with assurance over the completeness and accuracy of own source revenue; • tested the Entity's assurance processes over the interface and transfer of data between revenue business systems and the finance system, including the IT general and application controls for the significant systems that record receipts; • agreed the fees and charges recorded in business systems, which are used to calculate own source revenue, to legislation; • tested a sample of revenue transactions and checked the manual calculations were accurate based on the information declared by the importer or exporter; and • tested the year end amount of revenue accrued by agreeing inputs used in calculations to information in the revenue business systems and Australian Bureau of Agricultural and Resource Economics and Sciences estimates.

Key audit matter	How the audit addressed the matter
Accuracy and completeness of primary industry levies and charges *Refer to Note 17A 'Levies, Fees and Charges'* Levies are collected from primary industry producers and agents using a self-assessment regime. For the 2018–19 reporting period the total levies reported were $564.1 million. I considered this area a key audit matter as there is a risk of under-collection arising from the submission of inaccurate levy returns and declarations, whether accidental or deliberate. The Entity undertakes a compliance program to obtain assurance that levy returns and declarations accurately report the value and quantity of agricultural commodities declared.	To audit the accuracy and completeness of primary industry levies and charges revenue, I performed the following procedures: • assessed the design and operating effectiveness of the IT general and application controls to confirm the integrity of data within the levies IT system. This included an assessment of the completeness and accuracy of data transferred between the levies IT system and the finance system; • evaluated the design and effectiveness of, and tested on a sample basis, the Entity's National Compliance Program which applies a risk based approach to assessing the accuracy and completeness of submitted returns and levies collected; • tested a sample of revenue transactions by agreeing calculations to supporting documentation, and sighted approvals; and • agreed changes of levy rates recorded in the levies IT system to approvals signed by the Minister.

Key audit matter	How the audit addressed the matter
Valuation of Loans to State and Territory Governments and Farm Businesses *Refer to Note 18B 'Trade, Taxation and Other Receivables'* The Entity is responsible for administering a range of Farm Finance and Drought Assistance loan packages which provide eligible recipients with low interest loans to assist in managing their farm businesses. Loans are made to the State and Territory Governments and to farm businesses through the Regional Investment Corporation, who are responsible for the ongoing maintenance and management of the loans. I focused on this area given the significance of this balance to the Entity's receivable balances and the significant judgement applied to assessing eligibility criteria, lending limits, lending terms and the complexity of calculations in determining the valuation and impairment of the loan balances, some of which are classified as concessional loans. Impairment of the loan balances is calculated using a 12 month expected credit losses valuation model. This model is dependent on assumptions that require significant judgement about the value of security held against each loan, the impact of worsening drought conditions, and macroeconomic factors including interest rates and commodity pricing. The Entity engaged an expert to assist in calculating the impairment of loans. For the year ended 30 June 2019 the receivables balance was $801.8 million.	To audit the valuation of the loans to State and Territory Governments and farm business, I performed the following procedures: • evaluated the application of the Entity's accounting policy for the recognition and measurement of the fair value of new loans in accordance with Australian Accounting Standards, including any concessional component; • assessed the reasonableness of the methodology and key assumptions applied to the impairment assessment supporting the valuation of the loans against accepted industry benchmarks; • assessed the Entity's monitoring of loans and service payments collected to assess the accuracy and completeness of information provided by the State and Territory Governments and the Regional Investment Corporation; • agreed a sample of approvals of new loans, or variations to existing loans, to supporting documentation; and • for a sample of loans, recalculated the interest revenue received using the approved interest rates and agreed principal repayments to the loan agreement.

Key audit matter	How the audit addressed the matter
Valuation of the Jointly Controlled Arrangements: River Murray Operations and Living Murray Initiative *Refer to Note 19 'Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles'* The Entity recognises a 20 percent interest in the assets of the joint ventures in River Murray Operations and the Living Murray Initiative. I considered this a key audit matter as the balance is significant to the Entity's asset balances and the joint venture arrangements are managed by another entity on behalf of the joint owners.	To audit the valuation of the jointly controlled arrangements I performed the following procedures: • evaluated the governance arrangements supporting the Entity's oversight and information-gathering processes over the balances reported in the joint ventures' financial statements; • obtained the audited joint venture financial statements for the year ended 30 June 2019 and agreed material balances to the associated balances and disclosures in the Entity's financial statements; and • performed an assessment of the audited financial statements of the joint venture which included considering the regulatory framework under which

For the year ended 30 June 2019 the balances that relate to these jointly controlled operations are $531.1 million infrastructure and other assets and $133.8 million water entitlements.	the financial statements were prepared, the accounting policies adopted and evaluating the competence and objectivity of the audit firm performing the audit and the opinion provided.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

Serena Buchanan
Senior Executive Director

Delegate of the Auditor-General

Canberra
9 September 2019

DEPARTMENT OF AGRICULTURE

Financial Statements

for the period ended 30 June 2019

DEPARTMENT OF AGRICULTURE
STATEMENT BY THE SECRETARY AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Agriculture will be able to pay its debts as and when they fall due.

Signed..........................

Daryl Quinlivan
Secretary

6 September 2019

Signed..........................

Scott Brown
Chief Finance Officer

6 September 2019

DEPARTMENT OF AGRICULTURE

Overview

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA).

The financial statements have been prepared in accordance with the:

- *PGPA (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

New Accounting Standards

No accounting standard has been adopted in the current reporting period earlier than the application date as required by the standard.

The only new, revised or amended standards and interpretations first applied to the current reporting period and have been reflected in the department's financial statements was AASB 9 *Financial instruments* (AASB 9). The impacts of adopting this standard have been incorporated into the statement of changes in equity and the administered reconciliation schedule as opening balance adjustments – refer Note 12 Financial Instruments and Note 24 Administered - Financial Instruments.

All other new, revised or amended standards and interpretations that were issued prior to the sign-off date and are applicable in the current reporting period did not have a material effect, and are not expected to have a future material effect on the department's financial statements.

Comparative Figures

Certain comparative amounts have been reclassified to conform with the current year's reporting presentation. There has been no impact on the net operating result or net assets as a result of these adjustments.

Taxation

The department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, assets and liabilities are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office and for receivables and payables.

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Breach of Section 83 of the Constitution

Section 83 of the Commonwealth of Australia Constitution Act 1900 ("the Constitution") provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation by law. In 2018-19, the department identified payments that did not meet the statutory conditions for payment under Section 83, which resulted in one confirmed breach of the *Plant Health Australia Funding Act 2002* (PHA Act) and potential breaches of the *Farm Household Support Act 2014* (FHA Act).

The confirmed Section 83 breach of the PHA Act related to an overpayment of $222,036. Upon identification of this breach corrective action was taken on 6th August 2018 for the department to recover the amount incorrectly paid.

DEPARTMENT OF AGRICULTURE

Total payments of $112,381,000 under the FHA Act was made during 2018-19. As at 30 June 2019, $7,538,000 worth of overpayments have been recorded as debts, and within this there may be amounts that relate to potential breaches. It should be noted that it is impossible to completely eliminate the potential for Section 83 breaches for FHA Act payments made by Department of Human Services on behalf of the department. In the majority of cases, information provided by customers is relied upon to estimate the entitlements paid. This information provided by customers is not always accurate or is subject to circumstances which can result in a breach of Section 83 of the Constitution.

Events After the Reporting Period

Departmental

There have been no events after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the department.

Administered

On 1 July 2019 *Appropriation Act (No.2) 2016-17* ($25 000 000) and *Supply Act (No.2) 2016*-17 ($15 000 000) self-repealed. There have been no other events after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the department.

DEPARTMENT OF AGRICULTURE
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DEPARTMENT OF AGRICULTURE
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	**2019 $'000**	2018 $'000	Original Budget 2019 $'000	Variance 2019 $'000
NET COST OF SERVICES					
Expenses					
Employee benefits	1A	**542 506**	527 794	502 482	40 024
Suppliers	1B	**264 680**	237 921	278 535	(13 855)
Grants	1C	**3 341**	12 654	4 060	(719)
Depreciation and amortisation	4	**31 782**	31 485	28 240	3 542
Finance costs	6B	**58**	34	250	(192)
Impairment loss allowance on financial instruments	1D	**1 692**	4 320	-	1 692
Write-down and impairment of other assets	1E	**1 646**	1 060	4 882	(3 236)
Other expenses	1F	**2 036**	3 509	-	2 036
Total expenses		**847 741**	818 777	818 449	29 292
Own-source income					
Own-source revenue					
Sale of goods and rendering of services	2A	**409 371**	401 306	382 707	26 664
Interest	2B	**419**	767	423	(4)
Other revenue	2C	**30 400**	26 976	36 407	(6 007)
Total own-source revenue		**440 190**	429 049	419 537	20 653
Gains					
Other gains	2D	**310**	945	-	310
Total gains		**310**	945	-	310
Total own-source income		**440 500**	429 994	419 537	20 963
Net cost of services		**407 241**	388 783	398 912	8 329
Revenue from Government		**391 812**	380 677	382 674	9 138
Deficit		**(15 429)**	(8 106)	(16 238)	809
Total comprehensive loss		**(15 429)**	(8 106)	(16 238)	809

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Notes	2019 $'000	2018 $'000	Original Budget 2019 $'000	Variance 2019 $'000
ASSETS					
Financial assets					
Cash and cash equivalents	3A	**38 547**	32 069	27 270	11 277
Trade and other receivables	3B	**105 131**	98 095	77 602	27 529
Other investments		**17 500**	16 500	15 500	2 000
Total financial assets		**161 178**	146 664	120 372	40 806
Non-financial assets					
Land, buildings and leasehold improvements	4	**40 706**	46 174	39 860	846
Property, plant and equipment	4	**31 449**	32 744	29 570	1 879
Computer software	4	**113 492**	98 764	126 660	(13 168)
Inventories		**2 110**	2 275	2 297	(187)
Prepayments		**6 799**	8 822	8 086	(1 287)
Total non-financial assets		**194 556**	188 779	206 473	(11 917)
Total assets		**355 734**	335 443	326 845	28 889
LIABILITIES					
Payables					
Suppliers	5A	**45 634**	42 448	21 587	24 047
Other payables	5B	**12 532**	10 329	44 440	(31 908)
Total payables		**58 166**	52 777	66 027	(7 861)
Provisions					
Employee provisions	6A	**169 916**	150 962	138 714	31 202
Other provisions	6B	**11 846**	13 459	5 161	6 685
Total provisions		**181 762**	164 421	143 875	37 887
Total liabilities		**239 928**	217 198	209 902	30 026
Net assets		**115 806**	118 245	116 943	(1 137)
EQUITY					
Contributed equity		**163 496**	149 357	172 426	(8 930)
Asset revaluation reserves		**25 665**	25 665	25 665	-
Industry reserves		**63 112**	54 322	43 931	19 181
Accumulated deficit		**(136 467)**	(111 099)	(125 079)	(11 388)
Total equity		**115 806**	118 245	116 943	(1 137)

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	Accumulated deficit		Asset revaluation reserves		Industry reserves		Contributed equity		Total equity	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance										
Balance carried forward from previous period	**(111 099)**	(92 602)	**25 665**	25 665	**54 322**	43 931	**149 357**	120 844	**118 245**	97 838
Application of new accounting standard	**(1 149)**	-	-	-	**-**	-	**-**	-	**(1 149)**	-
Adjusted opening balance	**(112 248)**	(92 602)	**25 665**	25 665	**54 322**	43 931	**149 357**	120 844	**117 096**	97 838
Comprehensive income										
Surplus / (deficit) for the period	**(15 429)**	(8 106)	-	-	-	-	-	-	**(15 429)**	(8 106)
Total comprehensive income/ (loss)	**(15 429)**	(8 106)	**-**	-	**-**	-	**-**	-	**(15 429)**	(8 106)
Transactions with owners										
Contributions by owners										
Equity injection - Appropriations	**-**	-	-	-	**-**	-	**4 315**	16 777	**4 315**	16 777
Departmental capital budget	**-**	-	-	-	**-**	-	**9 824**	11 736	**9 824**	11 736
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**14 139**	**28 513**	**14 139**	28 513
Transfers between equity components	**(8 790)**	(10 391)	**-**	-	**8 790**	10 391	**-**	-	**-**	-
Closing balance as at 30 June	**(136 467)**	(111 099)	**25 665**	25 665	**63 112**	54 322	**163 496**	149 357	**115 806**	118 245

Accounting policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Industry Reserves

Each cost recovered program holds a separate industry reserve. Programs in surplus are held within the industry reserve balance. Programs in deficit are held against the accumulated deficit of the department.

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
CASH FLOW STATEMENT
for the period ended 30 June 2019

	Notes	2019 $'000	2018 $'000	Original Budget 2019 $'000	Variance 2019 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations		**375 119**	384 001	390 316	(15 197)
Sale of goods and rendering of services		**400 764**	395 182	378 044	22 720
Interest		**-**	351	423	(423)
GST received		**25 469**	22 477	26 096	(627)
Other		**58 724**	24 506	19 218	39 506
Total cash received		**860 076**	826 517	814 097	45 979
Cash used					
Employees		**527 915**	520 507	505 621	22 294
Suppliers		**272 696**	265 729	291 379	(18 683)
Grants		**41 088**	13 822	4 060	37 028
Other		**93**	1 161	1 206	(1 113)
Total cash used		**841 792**	801 219	802 266	39 526
Net cash from operating activities		**18 284**	25 298	11 831	6 453
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment		**33**	37	-	33
Proceeds from sales of investments		**16 500**	16 000	16 000	500
Interest		**416**	422	-	416
Total cash received		**16 949**	16 459	16 000	949
Cash used					
Purchase of land and buildings		**3 249**	11 517	8 950	(5 701)
Purchase of property, plant and equipment		**6 134**	6 287	4 887	1 247
Purchase of software		**31 881**	26 862	20 876	11 005
Purchase of investments		**17 500**	16 500	15 500	2 000
Total cash used		**58 764**	61 166	50 213	8 551
Net cash used by investing activities		**(41 815)**	(44 707)	(34 213)	(7 602)
FINANCING ACTIVITIES					
Cash received					
Contributed equity		**20 184**	11 631	12 176	8 008
Departmental capital budget		**9 824**	12 195	9 824	-
Total cash received		**30 008**	23 826	22 000	8 008
Net cash from financing activities		**30 008**	23 826	22 000	8 008
Net increase / (decrease) in cash held		**6 477**	4 417	(382)	6 859
Cash and cash equivalents at the beginning of the reporting period		**32 069**	27 652	27 652	4 417
Cash and cash equivalents at the end of the reporting period	3A	**38 547**	32 069	27 270	11 276

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Budget Variance Commentary

The following tables provide a comparison of the original budget as presented in the 2018-19 Portfolio Budget Statements (PBS) to the 2018-19 final outcome as presented in accordance with Australian Accounting Standards for the department. The Budget is not audited. Explanations of major variances are provided below.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than +/- 10% of the original budget and $10 million for a line item; or
- the variance between budget and actual is greater than 2% of the relevant sub-total (i.e. total expenses, total income, total assets or total liabilities) and $10 million; or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the department.

Major variances and explanations	**Affected line items**
Statement of Comprehensive Income	
Total expenses were $29.3 million higher than the original budget estimate as a result of:	
• Higher than budgeted employee benefits expenses of $40.0 million due to increases in employee provisions as a result of a decrease in the 10 year government bond rate and pay increases per the Enterprise Agreement.	• Total expenses • Employee benefits expense
• Offset by lower than budgeted worker compensation expenses as a result of a reduction in claims.	• Suppliers expense
Total own-source income was $20.7 million higher than the original budget primarily due to higher rendering of services revenue of $26.7 million. Revenue was higher as a result of higher than budgeted fees from imported goods, vessel arrival charges and the implementation of the independent observer function.	• Total own-source income • Sale of goods and rendering of services

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Financial Position

Cash and cash equivalents balance was $11.3 million higher compared with the original budget. The variance predominantly relates to higher revenue from cost recovery arrangements. This also contributed to the higher than budgeted industry reserve equity balance.	• Cash and cash equivalents • Industry reserves
Trade and other receivables balance was $27.5 million higher than the original budget due to appropriation receivable and higher revenue from cost recovery arrangements.	• Trade and other receivables
Intangibles balance was $13.2 million lower than the original budget due to a lower opening balance in actuals compared to budget.	• Intangibles
Employee provisions balance was $31.2 million higher than the original budget due to significant increases in employee provisions as a result of a decrease in the 10 year government bond rate and the pay rises per the Enterprise Agreement.	• Employee provisions

Cash Flow Statement

The net change in cash held during 2018-19 was $6.9 million higher than budget. The change was driven by increased cash from cost recovery revenue collections, offset by increased expenditure on employee expenses and capital items to account for delays in the prior year.	• Net increase/(decrease) in cash held

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Expenses

	2019	2018
	$'000	$'000
Note 1A: Employee Benefits		
Wages and salaries	**387 976**	387 716
Superannuation:		
Defined contribution plans	**41 405**	39 587
Defined benefit plans	**34 891**	35 693
Leave and other entitlements	**61 310**	48 348
Separation and redundancies	**3 000**	4 070
Other employee expenses	**13 924**	12 380
Total employee benefits	**542 506**	527 794

Accounting policy

Accounting policies for employee related expenses are contained in Note 6A.

	2019	2018
Note 1B: Suppliers		
Goods and services supplied or rendered		
Analytical testing	**11 161**	11 337
Contractors and consultants	**51 152**	36 296
IT services	**50 079**	47 305
Legal expenditure	**5 606**	4 096
Office equipment, stores and consumables	**7 462**	7 159
Travel	**25 942**	24 478
Property operating expense	**21 131**	18 623
Quarantine services	**4 739**	3 359
Staff development and recruitment	**8 157**	7 918
Other	**17 879**	13 131
Total goods and services supplied or rendered	**203 308**	173 702
Goods supplied	**46 299**	16 412
Services rendered	**157 009**	157 290
Total goods and services supplied or rendered	**203 308**	173 702
Other suppliers		
Operating lease rentals	**55 419**	52 581
Workers compensation expenses	**5 953**	11 638
Total other suppliers	**61 372**	64 219
Total suppliers	**264 680**	237 921

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Leasing commitments

The department in its capacity as lessee holds the following significant leasing arrangements:

- Leases of motor vehicles for operations - the department has a Fleet Services Contract with SG Fleet Pty Ltd. An individual fixed rate is defined for each sub-agreement (vehicle). Retention of the vehicle past expiry date may result in a new lease sub-agreement; and
- Leases for office, laboratory or other accommodation – lease contracts for accommodation are subject to adjustment on an annual fixed basis, to market values and for consumer price index (CPI) increases. Renewal options vary from 1 to 5 years.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2019	2018
	$'000	$'000
Within 1 year	**33 873**	38 308
Between 1 to 5 years	**78 139**	95 035
More than 5 years	**12 983**	6 520
Total leasing commitments	**124 995**	139 863

Accounting policy

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Note 1C: Grants		
Public sector:		
Australian Government entities (related parties)	**522**	7 900
State and Territory Governments	**445**	1 419
Private sector:		
Non-profit organisations	**2 078**	2 733
For profit organisations	**119**	99
Overseas	**177**	503
Total grants	**3 341**	12 654
Note 1D: Impairment Loss Allowance on Financial Instruments		
Impairment on financial instruments	**1 692**	4 320
Total impairment loss allowance on financial instruments	**1 692**	4 320
Note 1E: Write-Down and Impairment of Other Assets		
Impairment of intangibles	**1 414**	654
Impairment on inventories	**165**	-
Impairment of leasehold improvements	**50**	-
Write-off of property, plant and equipment	**17**	406
Total write-down and impairment of other assets	**1 646**	1 060
Note 1F: Other Expenses		
Remission of fees	**1 941**	3 297
Official Development Assistance	**93**	212
Loss from asset sales:		
Carrying value of assets sold	**35**	-
Proceeds from sale	**(33)**	-
Total other expenses	**2 036**	3 509

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Income

	2019 $'000	2018 $'000
Own-Source Revenue		
Note 2A: Sale of Goods and Rendering of Services		
Rendering of services	**409 364**	401 297
Sale of goods	**7**	9
Total sale of goods and rendering of services	**409 371**	401 306

Accounting policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer; and
- the department retains no managerial involvement or effective control over the goods.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred as at 30 June bear to the estimated total costs of the transaction.

Rendering of services revenue includes the collection of fees for regulatory charging under the *Export Control Act 1982* and the *Biosecurity Act 2015.* Regulatory charging disclosure is included at Note 15.

	2019 $'000	2018 $'000
Note 2B: Interest		
Deposits	**419**	422
Penalties	**-**	345
Total interest	**419**	767

Accounting policy

Interest revenue is recognised using the effective interest method.

	2019 $'000	2018 $'000
Note 2C: Other Revenue		
Resources received free of charge - Mickleham Post Entry Quarantine Facility	**13 827**	9 691
Levies	**10 471**	10 427
State contributions	**1 751**	1 765
Sub-lease rental	**856**	1 041
Resources received free of charge - airport accommodation	**1 154**	1 155
Resources received free of charge - ANAO fees	**570**	570
Other	**1 771**	2 327
Total other revenue	**30 400**	26 976

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements or as contributions by owners.

Gains

	2019 $'000	2018 $'000
Note 2D: Other Gains		
Gain from asset sales:		
Proceeds from sale	-	37
Carrying value of assets sold	-	(23)
Gain on derecognition of makegood:		
Carrying value of liability derecognised	40	274
Carrying value of asset derecognised	-	(15)
Other	270	672
Total other gains	**310**	945

Accounting policy

Sale of Assets

Gains from the disposal of assets are recognised when control of the asset has passed to the buyer.

Other Gains

Gains may be realised or unrealised and are recognised on a net basis.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the department gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Financial Assets

	2019 $'000	2018 $'000
Note 3A: Cash and Cash Equivalents		
Cash in special accounts	**35 288**	30 087
Cash on hand or on deposit	**3 259**	1 982
Total cash and cash equivalents	**38 547**	32 069
Note 3B: Trade and Other Receivables		
Goods and services receivables in connection with		
Goods and services	**35 897**	27 157
Total goods and services receivables	**35 897**	27 157
Appropriations receivables		
Operating	**65 805**	49 112
Equity injection	**520**	16 390
Total appropriations receivables	**66 325**	65 502
Other receivables		
Statutory receivables	**3 298**	4 607
Interest	**197**	194
Other	**3 383**	1 753
Total other receivables	**6 878**	6 554
Total trade and other receivables (gross)	**109 100**	99 213
Less impairment loss allowance	**(3 969)**	(1 118)
Total impairment loss allowance	**(3 969)**	(1 118)
Total trade and other receivables (net)	**105 131**	98 095

During the 2019 financial year, credit terms for goods and services were within 30 days (2018: 30 days).

Accounting policy

Financial Assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest and are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Non–Financial Assets

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Land[1] $'000	Buildings[1] $'000	Leasehold Improvements[1] $'000	Other property, plant & equipment[1] $'000	Computer Software[2] $'000	Total $'000
As at 1 July 2018						
Gross book value	2 205	1 629	50 008	38 814	124 070	216 726
Work in progress	-	-	3 353	3 854	44 428	51 635
Accumulated depreciation, amortisation and impairment	-	(69)	(10 952)	(9 924)	(69 734)	(90 679)
Total as at 1 July 2018	2 205	1 560	42 409	32 744	98 764	177 682
Additions						
By purchase	-	3 039	209	6 134	6 850	16 232
Internally developed	-	-	-	-	25 031	25 031
Impairments recognised in the net cost of services	-	-	(50)	-	(1 414)	(1 464)
Reclassification	-	-	223	2 351	(2 574)	-
Depreciation and amortisation expense	-	(99)	(8 790)	(9 728)	(13 165)	(31 782)
Disposals						
By write-off	-	-	-	(17)	-	(17)
By sale	-	-	-	(35)	-	(35)
Total as at 30 June 2019	2 205	4 500	34 001	31 449	113 492	185 647
Total as at 30 June 2019 represented by:						
Gross book value	2 205	4 668	52 154	48 313	149 361	256 701
Work in progress	-	-	1 392	2 768	46 399	50 559
Accumulated depreciation, amortisation and impairment	-	(168)	(19 545)	(19 632)	(82 268)	(121 613)
Total as at 30 June 2019	2 205	4 500	34 001	31 449	113 492	185 647

[1] These classes of assets are held at fair value.

[2] The carrying amount of computer software included $22 618 968 purchased software and $90 873 289 internally developed software.

No significant items of property, plant and equipment are expected to be sold or disposed of within the next 12 months.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy

Assets are recorded at cost on acquisition except as stated. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position. The department applied the following asset recognition thresholds:

	2019	2018
Land and buildings	$0	$0
Leasehold improvements	$150 000	$150 000
Property, plant and equipment	$5 000 individual purchases/ $50 000 group purchases	$5 000 individual purchases/ $50 000 group purchases
Internally developed software	$200 000	$200 000
Purchased software	$150 000	$150 000

Purchases under the asset recognition thresholds are expensed in the year of acquisition.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to restoration provisions in property leases taken up by the department where an obligation exists to restore the property to its original condition. These costs are included in the value of the department's leasehold improvements with a corresponding provision for the restoration recognised.

The department's intangible assets comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Revaluations and fair value measurement

All property, plant and equipment assets are measured at fair value.

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at the reporting date. Independent revaluations for property, plant and equipment are conducted every three years, however further valuations are undertaken dependent upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus or deficit. Revaluation decrements for a class of assets are recognised in the surplus or deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Recurring and non-recurring fair value measurements – valuation processes

The department engaged the service of Australian Valuation Solutions (AVS) to conduct a detailed external valuation of non-financial assets (excluding intangibles) at 30 June 2017 and has relied upon those outcomes to establish carrying amounts.

No valuation has been conducted for financial year 2018-19.

Depreciation and amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the department using, in all cases, the straight-line method of depreciation.

Intangible assets are amortised on a straight-line basis over their anticipated useful life.

Depreciation rates (useful lives) and residual values are reviewed at each reporting date and necessary adjustments are recognised as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following useful lives.

	2019	2018
Buildings	40-50 years	40-50 years
Leasehold improvements	Lesser of useful life or lease term	Lesser of useful life or lease term
Property, plant and equipment	3 to 15 years	3 to 15 years
Internally developed software	5 to 10 years	5 to 10 years
Purchased software	3 years	3 years

The department's depreciation charges for 2018-19 were comprised of:

- Amounts funded by cost recovery arrangements totalling $14 704 271 (2018: $13 916 730); and
- Unfunded totalling $17 077 435 (2018: $17 568 333).

Impairment

All non-financial assets were assessed for impairment at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

An impairment loss of $1 464 326 (2018: $654 375) was recognised in the net cost of services.

Inventories

All Inventory is held for distribution and valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are recorded at purchase cost and managed on a first-in-first-out basis.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Payables

	2019 $'000	2018 $'000
Note 5A: Suppliers		
Trade creditors and accruals	**31 201**	25 963
Operating lease payable	**14 433**	16 485
Total suppliers	**45 634**	42 448

Settlement is usually made within 30 days.

	2019 $'000	2018 $'000
Note 5B: Other Payables		
Salaries and wages	**3 404**	3 042
Unearned income	**2 315**	1 248
Statutory payables associated with employees	**2 050**	1 844
Separations and redundancies	**931**	1 227
Superannuation	**580**	569
Other	**3 252**	2 399
Total other payables	**12 532**	10 329

Accounting policy

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The department recognises a provision for termination when it has developed a detailed formal plan for the terminations, identified the positions affected, assessed expressions of interest from employees and made formal offers. Separation and redundancy is reported as a payable when an agreement has been reached with the relevant employee.

Superannuation

The majority of the department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). However, some staff have elected to be members of other private superannuation funds.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The department makes employer contributions to the defined benefits superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The department accounts for the contributions as if they were contributions to defined contribution schemes.

The liability for superannuation recognised at 30 June 2019 represents outstanding contributions.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Provisions

	2019 $'000	2018 $'000
Note 6A: Employee Provisions		
Leave	**169 916**	150 962
Total employee provisions	**169 916**	150 962

Accounting policy

Liabilities for 'short-term employee benefits' and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the department's employer superannuation contribution rates to the extent that leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2019. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Note 6B: Reconciliation Other Provisions

	Provision for lease incentives $'000	Provision for restoration $'000	Total $'000
As at 1 July 2018	**9 567**	**3 892**	**13 459**
Amounts used	**(1 631)**	**(40)**	**(1 671)**
Unwinding of discount or change in discount rate	**-**	**58**	**58**
Total as at 30 June 2019	**7 936**	**3 910**	**11 846**

Accounting policy

Provision for Restoration

The department currently recognises 45 (2018: 46) provisions for premises requiring restoration to their original condition at the conclusion of the lease. The provisions reflect the present value of this obligation.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7: Aggregate Assets and Liabilities

	2019	2018
	$'000	$'000
Assets expected to be recovered in:		
No more than 12 months	**167 798**	155 383
More than 12 months	**187 936**	180 060
Total assets	**355 734**	335 443
Liabilities expected to be settled in:		
No more than 12 months	**98 154**	85 762
More than 12 months	**141 774**	131 436
Total liabilities	**239 928**	217 198

Note 8: Restructuring

	2019	2018 National Water Infrastructure Development Fund The Department of Infrastructure, Transport, Cities and Regional Development2
	$'000	$'000
FUNCTIONS RELINQUISHED		
Assets relinquished		
Trade and other receivables	-	305
Total assets relinquished	-	305
Liabilities relinquished		
Employee provisions	-	305
Total liabilities relinquished	-	305
Net liabilities relinquished	-	-

1. The National Water Infrastructure Development Fund function was relinquished to the Department of Infrastructure, Transport, Cities and Regional Development (formerly known as the Department of Infrastructure and Regional Development) during 2017-18 as a result of the Prime Minister's announcement on 19 December 2017.

2. No administered assets and liabilities were transferred.

3. There were no Administrative Arrangement Order changes related to the department during 2018-19.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 9: Contingent Assets and Liabilities

Quantifiable Contingencies

There were no quantifiable contingent assets or contingent liabilities at 30 June 2019 (2018: Nil).

Unquantifiable Contingencies

As at 30 June 2019, the department had a number of legal claims lodged against it for damages and costs. The department is responding to these claims in accordance with its obligations under the Legal Services Directions 2017. It is not possible to estimate the amount of any eventual payments in relation to these matters.

As at 30 June 2019, the department was investigating issues with billing of certain cost recovery charges. The department is in the process of assessing any potential liability and determining what, if any, additional action may be required.

Proceedings were commenced in the Federal Court of Australia seeking compensation for alleged losses due to the temporary suspension of exports of live animals to Indonesia that was put in place on 7 June 2011. The matter has been fully heard and judgment is expected in 2019. The quantum of any damages sought has not been quantified. The Department of Finance, which has responsibility for Comcover (the Australian Government's general insurance fund), has assumed insurance responsibility for the potential claims under its insurance arrangements with the department.

Accounting policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Note 10: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the department, directly or indirectly. This includes those personnel who have temporarily performed the relevant roles for a period of eight weeks or more. The department has determined the key management personnel to be all Ministers and Assistant Ministers of the department, the Secretary and members of the Executive Management Committee. Key management personnel remuneration is reported in the table below:

	2019	2018
	$'000	$'000
Short-term employee benefits	**3 258**	3 618
Post-employment benefits	**515**	583
Other long-term benefits	**81**	40
Total key management personnel remuneration expenses[1]	**3 854**	4 241

The total number of key management personnel that are included in the above table is 13, being four substantive officers for the full year, six substantive officers for part of the year, one officer that acted for part of the year and was later substantive for part of the year, and two acting officers for part of the year (2018: 11, being eight substantive officers for the full year, one substantive officer for part of the year and two acting officers).

[1] The above key management personnel remuneration excludes the remuneration and other benefits of the Ministers and Assistant Ministers of the department. The Minister's and Assistant Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the department.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11: Related Party Disclosures

Related party relationships

The department is an Australian Government controlled entity. Related parties to the department are Key Management Personnel, including the Ministers and Assistant Ministers of the department, the River Murray Operation (RMO) and Living Murray Initiative (LMI) joint operations as well as other Australian Government entities.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period, the department has determined there are no related party transactions that require separate disclosure (2018: Nil).

Note 12: Financial Instruments

	2019	2018
	$'000	$'000
Note 12A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Held-to-maturity investments		
Negotiable securities - certificates of deposit		16 500
Total held-to-maturity investments		16 500
Loans and Receivables		
Cash and cash equivalents		32 069
Trade and other receivables (net)		27 986
Total loans and receivables		60 055
Financial Assets under AASB 9		
Financial assets at amortised cost [1,2]		
Negotiable securities - certificates of deposit	**17 500**	
Cash and cash equivalents	**38 547**	
Trade and other receivables (net)	**35 508**	
Total financial assets at amortised cost	**91 555**	
Total financial assets	**91 555**	76 555
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	**31 201**	25 963
Total financial liabilities measured at amortised cost	**31 201**	25 963
Total financial liabilities	**31 201**	25 963

At 30 June 2019, there are 11 (2018: 11) certificates of deposit maturing at different dates within the next 12 months. Interest rates range from 2.20% to 2.77% (2018: 2.51% to 2.72%), payable upon maturity.

1. The net income from interest revenue for financial assets at amortised cost in 2019 is $419 000 (2018: $767 000).

2. The impairment recognised in the comprehensive income statement for financial assets at amortised cost in 2019 is $1 692 000 (2018: $4 320 000).

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 $'000	AASB 9 carrying amount at 1 July 2018 $'000
Negotiable securities - certificates of deposit		Held-to-maturity	Amortised Cost	16 500	16 500
Cash and cash equivalents	3A	Loans and receivable	Amortised Cost	32 069	32 069
Trade receivables	3B	Loans and receivable	Amortised Cost	27 986	26 837
Total financial assets				**76 555**	**75 406**

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 1 July 2018 $'000	Re-classification $'000	Re-measurement $'000	AASB 9 carrying amount at 1 July 2018 $'000
Financial assets at amortised cost				
Held to maturity				
Negotiable securities - certificates of deposit	16 500	-	-	16 500
Loans and receivable				
Cash and cash equivalents	32 069	-	-	32 069
Trade receivables	27 986	-	(1 149)	26 837
Total amortised cost	**76 555**	**-**	**(1 149)**	**75 406**

These tables reflect the transition from AASB 139 to AASB 9 whereby classifications of financial assets and the impairment methodology have changed from the 'incurred loss' model to the 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

Accounting policy

Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, the department now classifies its financial assets in the following categories:

a) financial assets at fair value through profit or loss;

b) financial assets at fair value through other comprehensive income; and

c) financial assets measured at amortised cost.

The classification depends on both the department's business model for managing the financial assets and contractual cash flow characteristics of the item on initial recognition. Financial assets are recognised when the department becomes a party to the contract and, as a consequence, has legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon a trade date.

Comparatives have not been restated on initial application.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the simplified approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if the risk has not increased.

The department has used the simplified approach for trade, contract and lease receivables. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'. All of the department's financial liabilities are categorised as other financial liabilities.

Other Financial Liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

All payables are expected to be settled within 12 months except where indicated.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Appropriations

Note 13A: Annual and Unspent Appropriations ('Recoverable GST exclusive')

	2019 $'000	2018 $'000
Ordinary annual services		
Opening unspent appropriation balance	**51 094**	55 214
Annual Appropriation - Operating[1]	**391 812**	381 223
Annual Appropriation - Capital budget[1,2]	**9 824**	11 736
PGPA Act Section 74 receipts[1]	**13 123**	24 383
PGPA Act Section 75 transfers	**-**	(546)
Prior year PGPA Act section 75 transfers	**-**	(305)
Total appropriation available	**465 853**	471 705
Appropriation applied (current and prior years)[1]	**(396 789)**	(420 611)
Closing unspent appropriation balance	**69 064**	51 094
Balance comprises appropriations as follows:		
Appropriation Act (No. 1) 2017-18	**-**	39 684
Appropriation Act (No. 3) 2017-18	**-**	5 126
Appropriation Act (No. 5) 2017-18	**-**	4 302
Appropriation Act (No. 1) 2018-19	**56 667**	-
Appropriation Act (No. 3) 2018-19	**9 138**	-
Cash on hand - *Appropriation Act (No.1) 2017-18*	**-**	1 982
Cash on hand - *Appropriation Act (No.1) 2018-19*	**3 259**	-
Total unspent appropriation - ordinary annual services	**69 064**	51 094

[1]The variance between amounts appropriated in 2019 and appropriation applied is $17 970 000.
[2] Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Other Services		
Opening unspent appropriation balance	**16 390**	11 244
Annual Appropriation - Equity injection[3]	**7 273**	17 017
Prior years Appropriation Acts repealed	**(2 959)**	(240)
Total appropriation available	**20 704**	28 021
Appropriation applied (current and prior years)[3]	**(20 184)**	(11 631)
Closing unspent appropriation balance	**520**	16 390
Balance comprises appropriations as follows:		
Appropriation Act (No. 2) 2015-16	**-**	203
Appropriation Act (No. 4) 2015-16	**-**	2 756
Appropriation Act (No. 4) 2016-17	**-**	1 711
Appropriation Act (No. 2) 2017-18	**-**	9 637
Appropriation Act (No. 4) 2017-18	**-**	2 083
Appropriation Act (No. 2) 2018-19	**520**	-
Total unspent appropriation - other services	**520**	16 390

[3]The variance between amounts appropriated in 2019 and appropriation applied is ($12 911 000).

Total unspent appropriation	**69 584**	67 484

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13B: Special Appropriations ('Recoverable GST exclusive')

	Appropriation applied	
	2019	2018
Authority	**$'000**	$'000
Public Governance, Performance and Accountability Act 2013, s. 58 (National Residue Survey)		
Prior year investments redeemed in current year ($16 500 000), Redemptions of current year investments (gross) (nil).	**(17 500)**	(16 500)
Total special appropriations applied	**(17 500)**	(16 500)

Note 14: Special Accounts

	Australian Quarantine and Inspection Service Special Account (AQIS)[1]		National Residue Survey Account (NRS)[2]	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Balance brought forward from previous period	**28 974**	24 401	**1 113**	1 237
Increases:				
Appropriations credited to special account	**130 281**	139 094	**5**	3
Other increases	**396 996**	381 127	**28 470**	27 570
Total increases	**527 277**	520 221	**28 475**	27 573
Available for payments	**556 251**	544 622	**29 588**	28 810
Departmental decreases				
Payments made to employees	**(302 073)**	(302 921)	**(1 771)**	(1 862)
Payments made to other	**(219 969)**	(212 727)	**(26 738)**	(25 835)
Total departmental decreases	**(522 042)**	(515 648)	**(28 509)**	(27 697)
Total decreases	**(522 042)**	(515 648)	**(28 509)**	(27 697)
Total balance carried to the next period	**34 209**	28 974	**1 079**	1 113
Balance made up of:				
Cash held in the Official Public Account	**30 521**	26 369	**1 079**	1 113
Cash held in entity bank accounts	**3 688**	2 605	**-**	-
Total balance carried to the next period	**34 209**	28 974	**1 079**	1 113

[1] Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78.

Establishing Instrument: Financial Management and Accountability Determination 2010/11 – Australian Quarantine and Inspection Service Special Account Establishment 2010.

Purpose: For expenditure relating to the provision of quarantine and inspection services and payment of moneys to the Consolidated Revenue Fund as agreed to by the relevant Minister and Minister for Finance.

[2] Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *National Residue Survey Administration Act 1992* section 6 (1).

Purpose: For the purposes of conducting national residue surveys and to provide for collection of the NRS levy imposed by various acts.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Regulatory Charging Summary

	2019 $'000	2018 $'000
Amounts applied		
Departmental		
Annual appropriations	**80 507**	80 284
Own source revenue	**410 653**	392 027
Total amounts applied	**491 160**	472 311
Expenses		
Departmental	**494 430**	470 894
Total expenses	**494 430**	470 894
Revenue		
Departmental	**411 219**	392 416
Total revenue	**411 219**	392 416
Amounts written off		
Departmental	**2 061**	3 980
Total amounts written off	**2 061**	3 980

Competitive Neutrality

The department operates a number of cost recovery arrangements across the Biosecurity, Export Certification and other business services areas in accordance with the Australian Government Charging Framework and are not for profit activities. The department is not subject to competitive neutrality arrangements for this reason.

The following are the department's Regulatory Charging Activities:

- Dairy Exports Program Services
- Fish and Egg Export Program Services
- Grain and Seed Export Program Services
- Horticulture Exports Program Services
- Import Clearance Program Services
- Levies Revenue Service
- Live Animal Export Program Services
- Meat Export Program Services
- National Residue Survey Services
- Non-Prescribed Goods Export Program Services
- Passenger Program Services
- Post Entry Plant Quarantine Program Services
- Seaports Program Services
- Water Efficiency Labelling and Standards Scheme

Documentation (Cost Recovery Implementation Statements) for the above activities is available at:

- Water Efficiency Labelling and Standards Scheme www.waterrating.gov.au/about/review-evaluation/cost-recovery-impact-statement
- Other regulatory charging activities www.agriculture.gov.au/fees/cost-recovery/

Industry Rebates and Program Results

Biosecurity, export certification and quota management, and National Residue Survey (NRS) cost recovered activities are maintained on a program basis with many of the programs aligning to an industry sector. The management of each program, including the establishment of the level and structure of fees and charges, is conducted in consultation with an Industry Consultative Committee (ICC), as applicable, and the Department of Finance.

Where fees and charges collected for a cost recovered program exceed its costs during a financial year, the excess revenue is reported in the total comprehensive income (loss) for the period. The amount of excess revenue is transferred from retained earnings into an industry reserve

DEPARTMENT OF AGRICULTURE
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	2019 $'000	2018 $'000	Original Budget 2019 $'000	Variance 2019 $'000
NET COST OF SERVICES					
Expenses					
Levy disbursements and Commonwealth contributions	16A	**867 369**	875 716	874 073	(6 704)
Grants	16B	**125 922**	267 596	425 118	(299 196)
Payments to corporate Commonwealth entities	16C	**173 711**	127 062	180 384	(6 673)
Suppliers	16D	**32 692**	30 499	36 236	(3 544)
Direct personal benefits - Income support for farmers		**114 155**	33 735	37 945	76 210
Assets transferred to related entities	19	**407 243**	210 334	735 152	(327 909)
Depreciation and amortisation	19	**7 747**	7 753	7 759	(12)
Concessional loan discount		**21 945**	1 006	27 620	(5 675)
Impairment loss allowance on financial instruments	16E	**1 403**	690	-	1 403
Write-down and impairment of assets	16F	**3 155**	6 895	-	3 155
Other expenses		**-**	234	-	-
Total expenses		**1 755 342**	1 561 520	2 324 287	(568 945)
Income					
Revenue					
Taxation revenue					
Levies, fees and charges	17A	**564 064**	565 931	575 466	(11 402)
Total taxation revenue		**564 064**	565 931	575 466	(11 402)
Non-taxation revenue					
Interest	17B	**23 976**	23 919	28 566	(4 590)
Other revenue	17C	**12 452**	22 454	10 180	2 272
Total non-taxation revenue		**36 428**	46 373	38 746	(2 318)
Total revenue		**600 492**	612 304	614 212	(13 720)
Gains					
Other gains	17D	**256 416**	96 386	209 929	46 487
Total gains		**256 416**	96 386	209 929	46 487
Total income		**856 908**	708 690	824 141	32 767
Net cost of services		**898 434**	852 830	1 500 146	(601 712)
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Administered revaluations taken to reserves					
Non-financial assets		**9 229**	2 448	-	9 229
Investments in corporate Commonwealth entities		**101 323**	30 709	-	101 323
Total other comprehensive income		**110 552**	33 157	-	110 552
Total comprehensive loss		**(787 882)**	(819 673)	(1 500 146)	712 264

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2019

	Notes	2019 $'000	2018 $'000	Original Budget 2019 $'000	Variance 2019 $'000
ASSETS					
Financial assets					
Cash and cash equivalents	18A	**902 105**	589 698	713,658	188 447
Trade, taxation and other receivables	18B	**801 821**	852 463	898 986	(97 165)
Investments in corporate Commonwealth entities	18C	**501 545**	400 222	342 518	159 027
Other financial assets	18D	**75 184**	69 313	66 428	8 756
Total financial assets		**2 280 655**	1 911 696	2 021 590	259 065
Non-financial assets					
Land	19	**1 467**	1 467	1 467	-
Infrastructure	19	**527 029**	524 541	515 599	11 430
Plant and equipment	19	**1 836**	1 715	-	1 836
Flooding easements	19	**814**	814	-	814
Water entitlements	19	**133 842**	126 520	125 048	8 794
Prepayments		**11 226**	15 665	14 052	(2 826)
Total non-financial assets		**676 214**	670 722	656 166	20 048
Total assets administered on behalf of Government		**2 956 869**	2 582 418	2 677 756	279 113
LIABILITIES					
Payables					
Levy disbursements and Commonwealth contributions	20A	**153 348**	101 196	95 738	57 610
Grants	20B	**3 550**	3 368	8 153	(4 603)
Suppliers		**718**	298	2 312	(1 594)
Personal benefits - Income support to farmers		**2 470**	654	1 270	1 200
Corporate Commonwealth entities		**-**	1 953	-	-
Other payables		**54**	72	-	54
Total payables		**160 140**	107 541	107 473	52 667
Provisions					
Loan commitments to Farm Businesses	21A	**17 881**	-	-	17 881
Total provisions		**17 881**	-	-	17 881
Total liabilities administered on behalf of Government		**178 021**	107 541	107 473	70 548
Net assets		**2 778 848**	2 474 877	2 570 283	208 565

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
BUDGET VARIANCE COMMENTARY – ADMINISTERED
as at 30 June 2019

Budget Variance Commentary

The following tables provide a comparison of the original budget as presented in the 2018-19 Portfolio Budget Statements (PBS) to the 2018-19 final outcome as presented in accordance with Australian Accounting Standards for the department. The Budget is not audited. Explanations of major variances are provided below.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than +/- 10% of the original budget and $10 million for a line item; or
- the variance between budget and actual is greater than 2% of the relevant sub-total (i.e. total expenses, total income, total assets or total liabilities) and $10 million; or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the department.

Major variances and explanations	Affected line items
Administered Schedule of Comprehensive Income Total expenses were $568.9 million lower than the original budget predominantly as a result of: • Lower than budgeted assets transferred to related entities expenses of $327.9 million and grant expenses of $299.2 million, arising from delays to the implementation of the Murray-Darling Basin Plan. • Offset by an increase of $76.2 million in personal benefits expense as a result of the Special Drought Supplement combined with higher than budgeted recipients.	• Total expenses • Grant expenses • Assets transferred to related entities expenses • Personal benefits expense
Total income was $32.8 million higher than the original budget predominantly as a result of: • Higher than budgeted other gains of $46.5 million due to higher than anticipated water received through infrastructure programs.	• Other gains
Total other comprehensive income was $110.6 million higher than the original budget. This was mainly due to increases to the net assets of portfolio corporate Commonwealth entities.	• Total other comprehensive income

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
BUDGET VARIANCE COMMENTARY – ADMINISTERED
as at 30 June 2019

Administered Schedule of Assets and Liabilities
 	
Total assets balance was $279.1 million higher than the original budget. This variance was predominantly due to:
• Higher than budgeted cash and cash equivalents balance by $188.4 million was mainly due to the lower than expected use of the Water for the Environment special account from delays by Basin states to bring forward efficiency measures projects.
• Higher than budgeted investments in corporate Commonwealth entities balance by $159.0 million due to increases to portfolio corporate Commonwealth entities' net assets.
• Lower than budgeted trade, taxation and other receivables balance by $97.2 million due to:
  ○ Lower than anticipated loan advances by $214.5 million due to delays in processing applications as a result of higher than anticipated demand following the establishment of the Regional Investment Corporation;
  ○ Offset by lower than anticipated loan repayments from the state and territory governments by $54.1 million, higher than expected statutory receivables of $38.8 million and a higher opening position of $17.5 million when compared to budget.
	• Cash and cash equivalents
	• Other investments
	• Trade, taxation and other receivables

Total liabilities was $70.5 million higher than the original budget due to: • Higher than budgeted levy disbursements and Commonwealth contributions payables of $57.6 million as a result of delays in payments being made; and • Higher than budgeted provisions for loan commitments to farm businesses of $17.9 million for loans that are yet to be settled. The department expects the settlements to occur in 2019-20.	• Levy disbursements and Commonwealth contributions • Loan commitments to Farm Businesses

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2019

	2019 $'000	2018 $'000
Opening assets less liabilities as at 1 July	**2 474 877**	1 906 548
Adjustment for new accounting standard	**(7 542)**	-
Adjusted opening assets less liabilities	**2 467 335**	1 906 548
Net cost of services		
Income	**856 908**	708 690
Expenses		
Payments to entities other than corporate Commonwealth entities	**(1 581 631)**	(1 434 458)
Payments to corporate Commonwealth entities	**(173 711)**	(127 062)
Other comprehensive income		
Revaluations transferred to reserves		
Non-financial assets	**9 229**	2 448
Investments in corporate Commonwealth entities	**101 323**	30 709
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations	**202 945**	307 022
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	**169 982**	377 744
Payments to corporate Commonwealth entities	**175 664**	125 109
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	**702 722**	572 493
Payments to corporate Commonwealth entities	**292 139**	325 981
Special account statutory credits	**320 000**	430 000
Appropriation transfers to Official Public Account		
Transfers to Official Public Account	**(763 465)**	(749 886)
Personal Benefits - Withholding	**(592)**	(461)
Closing assets less liabilities as at 30 June	**2 778 848**	2 474 877

Accounting Policy

Administered Cash Transfers to and from the Official Public Account (OPA)

Revenue collected by the department for use by the Government rather than the department is administered revenue. Collections are transferred to the OPA which is maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the department on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2019

	2019 $'000	2018 $'000
OPERATING ACTIVITIES		
Cash received		
Taxes	**557 795**	560 841
GST received	**27 807**	85 303
Other	**13 486**	12 961
Total cash received	**599 088**	659 105
Cash used		
Levy disbursements and Commonwealth contributions	**815 217**	870 220
Grants	**189 121**	358 789
Suppliers	**27 878**	31 268
Personal benefits	**112 338**	34 752
Payments to corporate Commonwealth entities	**175 664**	125 109
Other	**18**	234
Total cash used	**1 320 236**	1 420 372
Net cash used by operating activities	**(721 148)**	(761 267)
INVESTING ACTIVITIES		
Cash received		
Repayments of loans	**106 182**	82 181
Interest received from loans	**21 900**	20 908
Total cash received	**128 082**	103 089
Cash used		
Loan advances	**34 569**	190 000
Purchase of water entitlements	**159 945**	117 022
Total cash used	**194 514**	307 022
Net cash used by investing activities	**(66 432)**	(203 933)
Net decrease in cash held	**(787 580)**	(965 200)
Cash and cash equivalents at the beginning of the reporting period	**589 698**	166 435
Cash from Official Public Account for		
- Appropriations	**1 543 452**	1 708 349
- Special accounts	**320 000**	430 000
Total cash from Official Public Account	**1 863 452**	2 138 349
Cash to Official Public Account for:		
- Appropriations	**763 465**	749 886
Total cash to Official Public Account	**763 465**	749 886
Cash and cash equivalents at the end of the reporting period	**902 105**	589 698

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Administered – Expenses

	2019	2018
	$'000	$'000
Note 16A: Levy Disbursements and Commonwealth Contributions		
Levy disbursements		
Corporate Commonwealth entities	**181 918**	188 129
Other	**367 271**	374 224
Commonwealth Contributions		
Corporate Commonwealth entities	**120 410**	121 832
Other	**197 770**	191 531
Total levy disbursements and Commonwealth contributions	**867 369**	875 716

Note 16B: Grants		
Non-profit organisations	**65 462**	71 312
Australian Government entities (related parties)	**24 220**	17 989
Local Governments	**15 038**	90
For profit organisations	**10 844**	163 025
State and Territory Governments	**9 588**	15 032
Other	**770**	148
Total grants	**125 922**	267 596

Accounting policy
The department administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grants and subsidies but services have not been performed or criteria satisfied, this is considered a commitment.

Note 16C: Payments to Corporate Commonwealth Entities		
Murray-Darling Basin Authority	**106 206**	90 611
Australian Pesticides and Veterinary Medicines Authority	**25 532**	6 190
Wine Australia	**15 924**	16 014
Regional Investment Corporation	**12 555**	-
AgriFutures Australia	**12 479**	10 342
Fisheries Research and Development Corporation	**1 015**	3 905
Total payments to corporate Commonwealth entities	**173 711**	127 062

Accounting policy
Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the department. The appropriation to the department is disclosed in Note 25.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

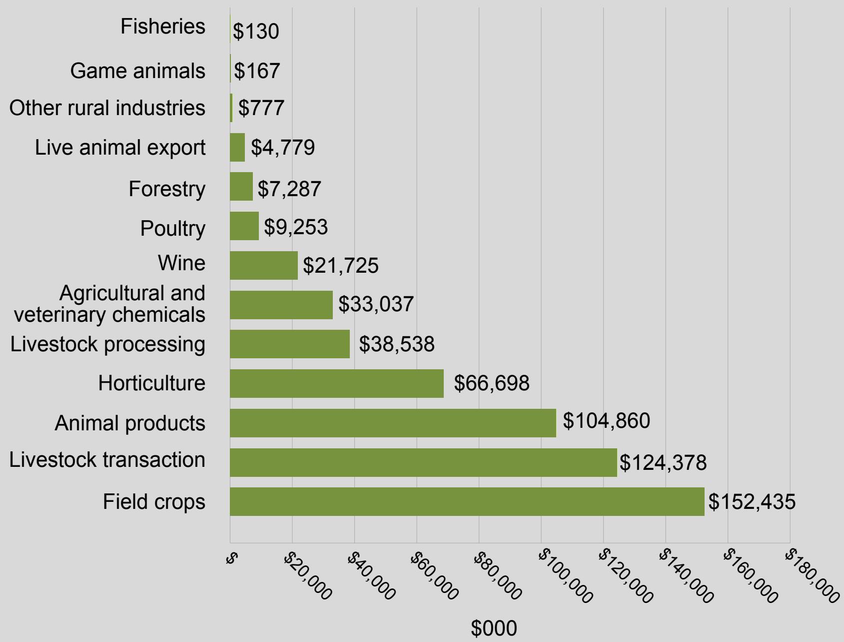
	2019 $'000	2018 $'000
Note 16D: Suppliers		
Goods and services supplied or rendered		
Membership fees	**18 517**	16 548
Administration charge - loans	**4 871**	4 853
Contractors	**4 866**	4 258
Consultants	**906**	2 072
Other	**3 532**	2 768
Total goods and services supplied or rendered	**32 692**	30 499
Goods supplied	**750**	723
Services rendered	**31 942**	29 776
Total goods and services supplied or rendered	**32 692**	30 499
Total supplier expenses	**32 692**	30 499
Note 16E: Impairment Loss Allowance on Financial Instruments		
Impairment on loans	**1 139**	410
Impairment on trade and other receivables	**264**	280
Total impairment loss allowance on financial instruments	**1 403**	690
Note 16F: Write-Down and Impairment of Assets		
Impairment on financial assets	**1 668**	2 110
Debt waiver of personal benefits receivable	**792**	4 109
Debt waiver - under Primary Industries Levies and Charges Collection Act 1991	**575**	463
Write-off of non-financial assets	**120**	213
Total write-down and impairment of other assets	**3 155**	6 895

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: Administered – Income

	2019 $'000	2018 $'000
Revenue		
Taxation Revenue		
Note 17A: Levies, Fees and Charges		
Primary industry levies	**549 871**	553 062
Primary industry charges	**14 193**	12 869
Total levies, fees and charges	**564 064**	565 931

Figure 1 Levy revenue by industry for 2018–19



	2019 $'000	2018 $'000
Non-Taxation Revenue		
Note 17B: Interest		
Loans	**23 483**	21 993
Unwinding of concessional loan discount	**475**	1 632
Other	**18**	294
Total interest	**23 976**	23 919

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 $'000	2018 $'000
Note 17C: Other Revenue		
Refunds of prior year payments	**7 931**	17 667
Registration Fees	**1 620**	1 570
Funds from the Natural Heritage Trust	**-**	889
Other	**2 901**	2 328
Total other revenue	**12 452**	22 454
Note 17D: Other Gains		
Resources received free of charge - water entitlements	**247 665**	92 915
Joint operation gains	**8 200**	3 343
Change in fair value through profit or loss	**432**	-
Other	**119**	128
Total other gains	**256 416**	96 386

Accounting policy

All administered revenues relate to ordinary activities performed by the department on behalf of the Australian Government. As such, administered appropriations are not revenues of the department, who oversees distribution, or expenditure of the funds as directed.

Revenue also includes contributions from State and Territory governments in connection with the performance of the Water Efficiency Labelling and Standards (WELS) Regulator, Lake Eyre Basin Community Advisory Committee and the Great Artesian Basin Coordinating Committee.

Levies, Fees and Other Charges

Levies are collected by the department on behalf of industry and are disbursed, in conjunction with any relevant Commonwealth contribution, to special accounts, statutory marketing authorities, Commonwealth research and development corporations, and other industry boards and authorities.

The levels of levy revenue and disbursement during the year are monitored by the department with reference to production forecasts prepared by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), the Australian Bureau of Statistics (ABS) and field based data supplied by the department’s regional office compliance officers.

Levies are recognised on an accrual basis when the following conditions apply:

- the levy payer/commodity group can be reliably identified;
- the amount of levy payable can be reliably measured; and
- it is probable that the levy payable will be collected.

The value of the accrual recognised (2019: $75 184 000, 2018: $69 313 000) relies on the estimation of the volume and value of probable future levy return lodgements, which relate to leviable commodity transactions that have occurred in the current financial year.

Also forming part of the department’s other charges are Biosecurity penalties, fines and forestry import charges collected by the Department of Home Affairs. As reporting is the responsibility of the principal department, these collections are recognised in the department's financial statements as administered items.

Resources Received Free of Charge

Contributions of assets at no cost or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements. Water entitlement assets valued at $247 665 000 were acquired in 2019 (2018: $92 915 000) for no cost under the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) grant program and are included in asset additions in Note 19.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Administered – Financial Assets

	2019 $'000	2018 $'000
Note 18A: Cash and Cash Equivalents		
Cash in special accounts	**901 073**	589 698
Cash on hand or on deposit	**1 032**	-
Total cash and cash equivalents	**902 105**	589 698
Note 18B: Trade, Taxation and Other receivables		
Goods and services receivables		
Goods and services	**1 975**	736
Total goods and services receivables	**1 975**	736
Taxation receivables		
Levies, fees and charges	**11 670**	12 283
Total taxation receivables	**11 670**	12 283
Loans		
State and Territory Governments	**706 177**	804 949
Farm businesses	**23 570**	-
Total loans	**729 747**	804 949
Other receivables		
Statutory receivables	**51 407**	16 486
Personal benefits	**7 538**	7 394
Emergency response receivables	**6 469**	10 801
Interest receivable from loans	**5 565**	3 982
Total other receivables	**70 979**	38 663
Total trade, taxation and other receivables (gross)	**814 371**	856 631
Less impairment loss allowance		
Goods and services receivables	**(811)**	(277)
Taxation receivables	**(1 739)**	(1 858)
Loans	**(8 256)**	(410)
Other receivables	**(1 744)**	(1 623)
Total impairment loss allowance	**(12 550)**	(4 168)
Total trade, taxation and other receivables (net)	**801 821**	852 463

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Loans to State and Territory Governments

At 30 June 2019, five loan schemes were in place for loans to State and Territory Governments. Loans to State and Territory Governments were made under the Farm Finance and Drought loan schemes for periods up to 5 years and the Dairy Recovery, Drought Recovery and Farm Business loan schemes for up to 10 years.

Loans are subject to biannual impairment assessments. No security is required on these loans to government agencies, but a charge over assets is registered by jurisdictions issuing the loans to farmers. If a State or Territory Government is unable to recover loans provided to program recipients, the respective liability to the Commonwealth will be reviewed in accordance with the applicable loan agreements.

Principal is repaid in full at maturity for the 5 year loans, and is partially amortised during years 6 – 10 of the 10 year loans (with balance paid at maturity). Interest rates were fixed with a 6 monthly review period. Effective interest rates averaged 3.71% (2018: 3.53%) for Farm Finance loans, 3.20% (2018: 3.01%) for Drought loans, 2.73% (2018: 2.67%) for Dairy Recovery and Drought Recovery loans, and 3.14% (2018: 3.08%) for Farm Business loans. Interest payments to the Commonwealth are due on the 10th day of the month following collection.

Loans to Farm Businesses

At 30 June 2019, two loan schemes were in place for loans provided to farm businesses managed through the Regional Investment Corporation (RIC). Loans were made under the Farm Investment and the Drought loan schemes for periods up to 10 years.

Loans are subject to biannual impairment assessments. Farm businesses must provide security on these loans. If the RIC are unable to recover loans provided to program recipients, the respective liability to the Commonwealth will be reviewed in accordance with section 11 of the *Regional Investment Corporation Operating Mandate Direction 2018*.

Principal is partially amortised during years 6 – 10 (with balance paid at maturity). Interest rates were fixed with a 6 monthly review period. Effective interest rates averaged 3.64% (2018:N/A) for Farm Investment and Drought loans. Interest payments are due on the 10th day of the month following collection.

Accounting Judgements and Estimates

Loans to State and Territory Governments and Farm Businesses

The impairment provision for the loans provided to State and Territory Governments and farm businesses has been calculated using a 12-month Expected Credit Loss (ECL) methodology and represents a best estimate of the potential loss that may arise in the event of loan default. The ECL calculation is a result of three key parameters:

- Probability of default (PD) - the likelihood of a loan recipient defaulting on repayment commitments,
- Loss given default (LGD) - the financial loss to the Commonwealth if a loan defaults; and
- Risk overlay - the uncertainty inherent in the loan portfolio.

The value of the provision varies from year to year due to changes in loan recipient's ability to repay which, in turn, may be impacted by macroeconomic factors, commodity prices, interest rates, and input prices. The department engaged an independent expert to ensure the provision is consistent with commercial practices and appropriate loan provisioning parameters.

Emergency response receivables

Emergency response receivables relate to arrangements where the Commonwealth initially funds an affected industry's share of the response to emergency plant pest or animal disease incursions. The industry must ensure that the Commonwealth is repaid within a reasonable period (usually defined as within 10 years). These receivables are usually repaid through statutory biosecurity levies. As there are no fixed repayment amounts, and only a maximum period of time in which to repay, these receivables are held at fair value through profit or loss. To estimate the fair value of the receivable balance, the department uses a discounted cash flow approach to adjust the receivable to the net present value of the anticipated cash flows.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	$'000	$'000
Note 18C: Investments in Corporate Commonwealth Entities		
AgriFutures Australia	**26 643**	22 555
Australian Pesticides and Veterinary Medicines Authority	**16 826**	7 203
Cotton Research and Development Corporation	**38 784**	37 704
Fisheries Research and Development Corporation	**28 671**	24 335
Grains Research and Development Corporation	**258 844**	199 363
Murray-Darling Basin Authority	**102 848**	79 394
Regional Investment Corporation	**8 016**	6 793
Wine Australia	**20 913**	22 875
Total investments in corporate Commonwealth entities	**501 545**	400 222

Accounting policy

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments are not held for sale and are measured at fair value as at 30 June 2019. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the investment as at the end of reporting period.

	2019	2018
	$'000	$'000
Note 18D: Other Financial Assets		
Accrued primary industry levies	**72 618**	67 322
Accrued primary industry charges	**2 566**	1 991
Total other financial assets	**75 184**	69 313

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Administered – Non-Financial Assets

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Land $'000	Infrastructure $'000	Plant & equipment $'000	Flooding easements $'000	Water entitlements $'000	Total $'000
As at 1 July 2018						
Gross book value	1 467	860 027	4 345	814	139 227	1 005 880
Accumulated depreciation and impairment	-	(335 486)	(2 630)	-	(12 707)	(350 823)
Total as at 1 July 2018	1 467	524 541	1 715	814	126 520	655 057
Additions	-	713	534	-	407 610	408 857
Revaluations recognised in other comprehensive income	-	9 229	-	-	-	9 229
Reversal of impairments recognised in the operating result	-	-	-	-	6 955	6 955
Depreciation expense	-	(7 454)	(293)	-	-	(7 747)
Disposals:						
Transferred to related entities	-	-	-	-	(407 243)	(407 243)
Write-off	-	-	(120)	-	-	(120)
Total as at 30 June 2019	1 467	527 029	1 836	814	133 842	664 988
Total as at 30 June 2019 represented by:						
Gross book value	1 467	876 133	4 607	814	139 594	1 022 615
Accumulated depreciation and impairment	-	(349 104)	(2 771)	-	(5 752)	(357 627)
Total as at 30 June 2019	1 467	527 029	1 836	814	133 842	664 988

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Disposal of non-financial assets

No property, plant and equipment is expected to be sold or disposed of within the next 12 months. Water entitlements acquired as part of the department's responsibilities under *Water Act 2007* will be transferred to the Department of the Environment and Energy upon finalisation.

Revaluations of non-financial assets

Revaluations are conducted in accordance with the revaluation policy.

Infrastructure assets held by the River Murray Operation (RMO) joint operation are revalued by an independent, external valuer on a three year cycle. For the year ended 30 June 2019 an internal management valuation, using the relevant Rawlinson's Building Price Index, was performed by the Murray-Darling Basin Authority (MDBA). Refer to the Joint Operations section below for more information on joint operation arrangements. A revaluation increment of $9 229 000 was recognised by the department.

All increments and decrements were credited to the asset revaluation surplus by asset class and included in the other comprehensive income section of the Administered Schedule of Comprehensive Income. No decrements were expensed.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

There were no contractual commitments for the acquisition of water entitlements as at 30 June 2019 (2018: $90 680 000).

There were no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2019.

Joint operations

The Australian Government is a joint operator in the following jointly controlled operations and assets:

		Share of Output	
	Principal activity	**2019 %**	2018 %
River Murray Operations joint operation	Asset Management	**20**	20
Living Murray Initiative joint operation	Asset Management	**20**	20

The Australian Government's interest, as a joint operator, in assets employed in the above joint operations is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2019 $'000	2018 $'000
Joint Operations		
Non-current assets		
Land		
River Murray Operations	**1 467**	1 467
Infrastructure		
River Murray Operations	**527 029**	524 541
Plant & equipment		
River Murray Operations	**1 836**	1 715
Flooding easements		
River Murray Operations	**814**	814
Water entitlements		
Living Murray Initiative	**133 435**	126 481
Total non-current assets	**664 581**	655 018
Total assets	**664 581**	655 018

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy

Joint Operations

The Australian Government is an operator of jointly controlled assets held in the RMO and Living Murray Initiative (LMI) joint operations. The Australian Government has control over its share of future economic benefits through its 20% share of the jointly controlled assets. The Australian Government recognises its share of the jointly controlled assets in its financial statements, classified according to the nature of the assets, its share of any liabilities incurred in respect of the joint operation and any income from the sale or use of its share of the output of the joint operation, together with its share of any expenses incurred by the joint operation.

Land, plant and equipment and flooding easements

Land, plant and equipment, and flooding easements assets recognised by the department represent the Commonwealth Government's share in the RMO.

RMO land, plant and equipment, and flooding easements are carried at cost, consistent with the FRR.

Infrastructure

Infrastructure assets recognised by the department represent the Commonwealth Government's share in the RMO.

RMO infrastructure assets are recorded at fair value in accordance with AASB 116 *Property, Plant and Equipment*, and AASB 13 *Fair Value Measurement*. Infrastructure assets are valued by an independent external valuer on behalf of the RMO every three years. In the intervening two years of the revaluation cycle, values are assessed by means of an internal management valuation. The latter is an indexation based valuation using the relevant Building Price Index.

Impairment

Administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Depreciation

Depreciable infrastructure and plant and equipment assets are written-down over their estimated useful lives using the straight-line method of depreciation.

	2019	2018
Infrastructure	7 to 400 years	7 to 400 years
Plant and equipment	3 to 80 years	3 to 80 years

Water Entitlements

The department acquires water entitlements in the Murray Darling Basin to achieve the Government's environmental policy objectives under the *Water Act 2007*. Water entitlements are acquired in two ways, by direct purchase or ‘free of charge’.

Under the Federal Financial Relations Framework, National Partnership Payments are processed centrally by the Department of the Treasury and paid directly to each state treasury for delivery of services, including water efficiency projects that generate water savings.

State Treasuries are responsible for distributing the funding within their jurisdiction. In the Commonwealth, the Treasurer is accountable for the appropriations, estimates and payments under the framework. For National Partnership agreements, the primary responsibility for policy is with the relevant portfolio Minister. The department receives water entitlements 'free of charge' in accordance with the terms and conditions of payments made by the Treasury under the National Partnership on Water for the Future (refer to Note 17D).

Under the various water-related programs, there are a number of projects which improve the efficiency of irrigation infrastructure and generate savings in the use of water. As part of these arrangements, the Australian Government will receive a share of that water saving in the form of water entitlements for use in delivering the Government's environmental watering objectives.

Water entitlements received ‘free of charge’ are recognised as gains at their fair value using a valuation hierarchy. The valuation hierarchy prioritises recent comparable Commonwealth water purchases, followed by recent comparable prices on State registers, and may then require a cost-benefit analysis before an external or in-house valuation is undertaken. Comparable prices may include water

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

entitlements for the equivalent category of entitlement (trading zone and security type) and excludes non-market or low value trades.

Once the department has finalised water entitlements as an asset in use, the *Water Act 2007* requires the department to transfer the entitlements to the Commonwealth Environmental Water Holder. The department recognises the transfer of the asset as an expense in accordance with the FRR.

The department's remaining water entitlement holdings are as a result of the LMI joint operation and entitlements that are not yet classified as in use.

The department values water entitlements at cost, in the absence of an active market, in accordance with AASB 138 *Intangible Assets*. Water entitlements are classified as indefinite life intangible assets as there is no foreseeable limit to the period over which the assets are expected to generate future economic benefits. Consistent with AASB 136 *Impairment of Assets* and the FRR, they are subject to annual impairment testing.

Under AASB 136, the impairment test is carried out by comparing the carrying amount (per the department's asset register) to the recoverable amount of the water entitlements. The recoverable amount of the water entitlements is the higher of fair value less costs to sell and value in use. The recoverable amount calculation is performed at the lowest practical level, taking into account the quality and availability of data.

The department's valuation methodology calculates the recoverable amount of the water entitlements based on the best information available to reflect the amount that the department could obtain from the disposal of the water entitlements in an arm's length transaction between knowledgeable, willing parties. This approach is consistent with AASB 136.

The determination of impairment and impairment reversals is conducted annually by an independent expert, using the volume-weighted average price on publicly reported market information on State registers reported from 1 July 2018 to 31 May 2019.

An impairment loss recognised in prior periods will be reversed if there is any indication that the impairment may no longer exist or may have decreased. The increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Data from State registers has been relied upon to determine the impairment and the fair value of the water entitlements received 'free of charge' as required by the valuation hierarchy. As noted in a recent audit of trade prices published by MDBA this data contains uncertainties over its accuracy. The department has addressed this by excluding non-market or low value trades. To ensure the validity of the impairment and fair value of the water entitlements received 'free of charge' the department undertook additional reviews using broker data from an independent consultant. The broker data was sourced from surveys of water brokers and trading exchanges and supports the department's calculations.

Note 20: Administered – Payables

	2019	2018
	$'000	$'000
Note 20A: Levy Disbursements and Commonwealth Contributions		
Levy disbursements	**52 113**	34 891
Commonwealth contributions	**101 235**	66 305
Total levy disbursements and Commonwealth contributions	**153 348**	101 196
Note 20B: Grants		
Non-profit organisations	**3 244**	2 385
State and Territory Governments	**92**	754
Australian Government entities (related parties)	**50**	150
For profit organisations	**164**	79
Total grants	**3 550**	3 368

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: Administered – Provisions

Note 21A: Loan Commitments to Farm Businesses

	Loans to Farm Businesses
As at 1 July 2018	**-**
Additional commitments made	**17 881**
Total as at 30 June 2019	**17 881**

Accounting policy

Concessional loan commitments represent the concessional cost of commitments to provide loan advances at a below-market interest rate. Commitments to Farm Businesses reflect the concessional cost of loan advances that were committed, but not paid, by the Regional Investment Corporation on behalf of the Department of Agriculture as at 30 June 2019. All advances are expected to be paid in the 2019-20 financial year.

Accounting Judgements and Estimates

Concessional loan commitments are initially measured at their fair value, calculated as the present value of cash flows associated with loan advances committed, but not paid, at the time the commitment is made, discounted at the commercial market interest rate. The provision is subsequently measured at amortised cost and reduced for the concessional component as each loan is advanced.

Note 22: Administered - Aggregate Assets and Liabilities

	2019 $'000	2018 $'000
Note 22A: Administered Aggregate Assets and Liabilities		
Assets to be recovered in:		
No more than 12 months	**1 218 523**	840 573
More than 12 months	**1 738 346**	1 741 845
Total assets	**2 956 869**	2 582 418
Liabilities to be settled in:		
No more than 12 months	**178 021**	107 541
More than 12 months	**-**	-
Total liabilities	**178 021**	107 541

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 23: Administered – Contingent Assets and Liabilities

Quantifiable Contingencies

There were no quantifiable contingent assets or contingent liabilities as at 30 June 2019 (2018: Nil).

Unquantifiable Contingencies

The Australian Government encourages expenditure on research and development to increase the competitiveness and sustainability of industries within Australia. Under several Acts, the Commonwealth provides contributions to a number of nominated entities responsible for undertaking research and development activities in respect of portfolio industries. These contributions are typically made on a matching basis. Under legislation, entities are eligible for matching contributions which are subject to annual “caps” based on the total cumulative amount of levies collected, amounts spent on qualifying research and development and the annual level of the determined gross value of production. The operation of these annual caps can result in annual entitlements being limited to less than full cumulative levy collections and/or cumulative qualifying research and development expenditure. However, unpaid balances may still be claimable, depending on the level of the caps determined in future years and are therefore carried forward from year to year.

At 30 June 2019, the Commonwealth had a maximum potential liability in respect of matching payments of approximately $659 million (30 June 2018: $599 million). The Commonwealth's actual future liability is contingent on a combination of several currently indeterminable independent factors which are beyond the control of both the department and the recipient entities, in particular the future annual levels of levy collections and determined gross values of production. The likelihood of meeting the eligibility requirements and the amount of future payments is uncertain. Hence, the total liability is considered unquantifiable.

Accounting policy

Indemnities

At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no liability has been recognised.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Administered – Financial Instruments

	2019 $'000	2018 $'000
Note 24A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		589 698
Goods and services		459
Loans		804 539
Interest receivable from loans		3 982
Emergency response receivables		10 801
Total loans and receivables		1 409 479
Available-for-sale financial assets		
Investments in corporate Commonwealth entities		400 222
Total available-for-sale financial assets		400 222
Financial Assets under AASB 9		
Financial assets at amortised cost[1, 2]		
Cash and cash equivalents	**902 105**	
Goods and services	**1 164**	
Loans	**721 491**	
Interest receivable from loans	**5 565**	
Total financial assets at amortised cost	**1 630 325**	
Financial assets at fair value through profit or loss[3]		
Emergency response receivables	**6 469**	
Total financial assets at fair value through profit or loss	**6 469**	
Financial assets at fair value through other comprehensive income[4]		
Investments in corporate Commonwealth entities	**501 545**	
Total financial assets at fair value through other comprehensive income	**501 545**	
Total financial assets	**2 138 339**	1 809 701
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	**718**	298
Grants payable	**3 550**	3 368
Total financial liabilities at amortised cost	**4 268**	3 666
Total financial liabilities	**4 268**	3 666

1. The net income from interest revenue for loans and receivables in 2019 is $23 976 000 (2018: $23 919 000).
2. The impairment recognised in the comprehensive income statement for financial assets at amortised cost in 2019 is $1 403 000 (2018: $690 000).
3. The net fair value gain in the administered comprehensive income statement for financial assets at fair value through profit or loss in 2019 is $432 000 (2018: nil).
4. The net fair value gain recognised in the administered comprehensive income statement for financial assets at fair value through other comprehensive in 2019 is $101 323 000 (2018: $30 709 000).

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 $'000	AASB 9 carrying amount at 1 July 2018 $'000
Cash and cash equivalents	18A	Loans and receivable	Amortised Cost	589 698	589 698
Goods and services	18B	Loans and receivable	Amortised Cost	459	189
Loans	18B	Loans and receivable	Amortised Cost	804 539	797 832
Interest receivable from loans	18B	Loans and receivable	Amortised Cost	3 982	3 982
Emergency response receivables	18B	Loans and receivable	FVTPL	10 801	10 236
Investments in corporate Commonwealth entities	18C	Available-for-sale financial assets	FVOCI	400 222	400 222
Total financial assets				**1 809 701**	**1 802 159**

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 1 July 2018 $'000	Re-classification $'000	Re-measurement $'000	AASB 9 carrying amount at 1 July 2018 $'000
Financial assets at amortised cost				
Loans and receivable				
Cash and cash equivalents	589 698	-	-	589 698
Goods and services	459	-	(270)	189
Loans	804 539	-	(6 707)	797 832
Interest receivable from loans	3 982	-	-	3 982
Emergency response receivables	10 801	(10 801)	-	-
Total amortised cost	**1 409 479**	**(10 801)**	**(6 977)**	**1 391 701**
Financial assets at fair value through profit or loss				
Loans and receivable				
Emergency response receivables	-	10 801	(565)	10 236
Financial assets at fair value through profit or loss	**-**	**10 801**	**(565)**	**10 236**
Financial assets at fair value through other comprehensive income				
Available-for-sale financial assets				
Investments in corporate Commonwealth entities	400 222	-	-	400 222
Total fair value through other comprehensive income	**400 222**	**-**	**-**	**400 222**
Total financial assets	**1 809 701**	**-**	**(7 542)**	**1 802 159**

These tables reflect the transition from AASB 139 to AASB 9 whereby classifications of financial assets and the impairment methodology have changed from the ‘incurred loss’ model to the ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The emergency response receivables were reclassified from loans and receivable to fair value through profit or loss as it does not meet the requirements of basic lending arrangements and therefore cannot be recognised at amortised cost.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Administered – Appropriations

Note 25A: Annual and Unspent Appropriations ('Recoverable GST exclusive')

	2019 $'000	2018 $'000
Ordinary annual services		
Opening unspent appropriation balance	**136 951**	71 254
Annual Appropriation - Operating[1]	**587 848**	548 867
PGPA Act section 74 receipts[1]	**15 408**	1 181
PGPA Act section 75 transfers	**-**	(3 000)
PGPA Act section 51 determinations	**(14 766)**	(56 394)
Prior years Appropriation Acts repealed	**-**	(5 755)
Total available appropriation	**725 441**	556 153
Appropriation applied (current and prior years)[1]	**(334 493)**	(419 202)
Closing unspent appropriation balance	**390 948**	136 951
Balance comprises appropriations as follows:		
Appropriation Act (No.1) 2016-17[2]	**23 250**	23 250
Supply Act (No.1) 2016-17[2]	**1 750**	1 750
Appropriation Act (No.1) 2017-18	**65 531**	70 257
Appropriation Act (No.3) 2017-18	**40 698**	41 644
Appropriation Act (No.5) 2017-18	**50**	50
Appropriation Act (No.1) 2018-19	**202 816**	-
Appropriation Act (No.3) 2018-19	**56 797**	-
Cash on hand - *Appropriation Act (No.1) 2018-19*	**56**	-
Total unspent appropriation - ordinary annual services	**390 948**	136 951

[1] The variance between amounts appropriated in 2019 and appropriation applied is $268 763 000. This is due to unspent current year appropriations ($259 669 000) which is predominantly due to delays to the implementation of the Murray-Darling Basin Plan, PGPA Act section 51 determinations made in the current year ($14 766 000) offset by prior years appropriation applied in 2019 ($5 672 000).
[2] *Appropriation Act (No.1) 2016-17* and *Supply Act (No.1) 2016-17* were administratively quarantined and self-repealed on 1 July 2019.

	2019 $'000	2018 $'000
Other services		
Opening unspent appropriation balance	**446 039**	504 968
Annual appropriation - Administered assets and liabilities[3]	**715 478**	671 000
PGPA Act section 75 transfers	**-**	(50 000)
Prior year PGPA Act section 75 transfers	**-**	(50 000)
PGPA Act section 51 determinations	**-**	(140 127)
Prior years Appropriation Acts repealed[4]	**(69 103)**	(182 780)
Total available appropriation	**1 092 414**	753 061
Appropriation applied (current and prior years)[3]	**(194 012)**	(307 022)
Closing unspent appropriation balance	**898 402**	446 039
Balance comprises appropriations as follows:		
Appropriation Act (No.2) 2015-16[4]	**-**	69 103
Appropriation Act (No.2) 2016-17[5]	**25 000**	134 104
Supply Act (No.2) 2016-17[5]	**15 000**	68 851
Appropriation Act (No.2) 2017-18	**177 492**	173 981
Appropriation Act (No.2) 2018-19	**659 977**	-
Appropriation Act (No.4) 2018-19	**20 000**	-
Cash on hand - *Appropriation Act (No.2) 2018-19*	**933**	-
Total unspent appropriation - other services	**898 402**	446 039

[3] The variance between amounts appropriated in 2019 and appropriation applied is $521 466 000. This is comprised of unspent current year appropriations ($680 910 000) offset by prior years appropriation applied in 2019 ($159 444 000). The variance is due to lower than anticipated loan advances ($465 431 000) and lower than anticipated water entitlement purchases ($56 035 000).
[4] *Appropriation Act (No.2) 2015-16* self-repealed on 1 July 2018.
[5] *Appropriation Act (No.2) 2016-17* and *Supply Act (No.2) 2016-17* self-repealed on 1 July 2019.

	2019 $'000	2018 $'000
Total unspent appropriation	**1 289 350**	582 990

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25B: Special Appropriations ('Recoverable GST exclusive')

	Appropriation applied	
	2019	2018
Authority	**$'000**	$'000
Agricultural and Veterinary Chemicals (Administration) Act 1992	**(28 500)**	(32 400)
Australian Animal Health Council (Live-stock Industries) Funding Act 1996	**(7 787)**	(7 568)
Australian Meat and Live-stock Industry Act 1997	**(216 985)**	(198 911)
Dairy Produce Act 1986	**(54 884)**	(49 149)
Egg Industry Service Provision Act 2002	**(11 428)**	(10 357)
Farm Household Support Act 2014[1]	**(112 381)**	(34 752)
Forestry Marketing and Research and Development Services Act 2007	**(11 947)**	(12 456)
Horticulture Marketing and Research and Development Services Act 2000	**(107 020)**	(107 675)
Pig Industry Act 2001	**(23 362)**	(22 906)
Plant Health Australia (Plant Industries) Funding Act 2002	**(9 849)**	(9 135)
Primary Industries Research and Development Act 1989	**(228 792)**	(257 778)
Public Governance, Performance and Accountability Act 2013	**(657)**	(1 899)
Sugar Research and Development Services Act 2013	**(29 406)**	(31 709)
Wine Australia Act 2013	**(32 812)**	(35 802)
Wool Services Privatisation Act 2000	**(96 406)**	(85 977)
Total special appropriations applied	**(972 216)**	(898 474)

[1] The amount of $112 381 000 (2018: $34 752 000) was transferred to the Department of Human Services.

The following special appropriations had no transactions and budgets during the reporting and comparative years:

- *Australian Meat and Live-stock Industry (Repeals and Consequential Provisions) Act 1997*
- *Dairy Industry Service Reform Act 2003*
- *Egg Industry Service Provision (Transitional and Consequential Provisions) Act 2002*
- *Horticulture Marketing and Research and Development Services (Repeals and Consequential Provisions) Act 2000*
- *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*
- *Sewerage Agreements Act 1973*
- *Sewerage Agreements Act 1974*
- *Water Act 2007*

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26: Administered – Special accounts

	Natural Resources Management[1]		Water for the Environment Special Account[2]	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Balance brought forward from previous period	**2 590**	2 777	**581 846**	158 805
Increases	**400**	889	**320 000**	430 000
Total increases	**400**	889	**320 000**	430 000
Available for payments	**2 990**	3 666	**901 846**	588 805
Decreases	**(2 990)**	(1 076)	**(6 324)**	(6 959)
Total decreases	**(2 990)**	(1 076)	**(6 324)**	(6 959)
Total balance carried to the next period	**-**	2 590	**895 522**	581 846
Balance made up of:				
Cash held in the Official Public Account	**-**	2 590	**895 522**	581 846
Total balance carried to the next period	**-**	2 590	**895 522**	581 846

[1] Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Natural Resources Management (Financial Assistance) Act 1992* section 11.

Purpose: For the purposes of granting financial assistance in connection with projects relating to natural resources management.

[2] Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Water Act 2007* section 86AB.

Purpose: For the purpose of improving the water efficiency of irrigation infrastructure and improving delivery and storage of environmental water supply within the Murray Darling Basin.

The Water for the Environment Special Account increases related to statutory credits in *Water Act 2007* section 86AG.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Water Efficiency Labelling Scheme Account[1]		Water Resources Special Account 2016[2]	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Balance brought forward from previous period	**4 272**	3 844	**975**	994
Increases	**1 901**	1 922	**183**	394
Total increases	**1 901**	1 922	**183**	394
Available for payments	**6 173**	5 766	**1 158**	1 388
Decreases	**(1 584)**	(1 494)	**(211)**	(413)
Total decreases	**(1 584)**	(1 494)	**(211)**	(413)
Total balance carried to the next period	**4 589**	4 272	**947**	975
Balance made up of:				
Cash held in the Official Public Account	**4 589**	4 272	**947**	975
Total balance carried to the next period	**4 589**	4 272	**947**	975

[1]Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Water Efficiency Labelling and Standards Act 2005* section 64.

Purpose: For the purpose of conserving water by reducing demand through the provision of water efficiency information about water-using products and promoting the adoption of efficient water-saving techniques.

[2] Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78.

Establishing Instrument: PGPA Act (Water Resources Special Account 2016 - Establishment) Determination 2016/01.

Purpose: For the purpose of supporting inter-governmental activities relating to water.

The department has responsibility for the National Cattle Disease Eradication Account. For the year ended 30 June 2019, the total balance carried to the next period was $15 161 (2018: $15 161). There were no transactions debited or credited to the account during the current or prior reporting period.

Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *National Cattle Disease Eradication Act 1991* section 4.

Purpose: For the purpose of the eradication of any disease of cattle that is endemic in Australia.

The department has responsibility for the Building Australia Fund Water Portfolio Special Account. For the year ended 30 June 2019, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.

Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Nation-building Funds Act 2008* section 82.

Purpose: For the purpose of creating and developing water infrastructure.

DEPARTMENT OF AGRICULTURE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Interest in Cooperative Research Centre

The Cooperative Research Centres Program, launched in 1990 by the Commonwealth Government, was established to assist two or more collaborators to carry out research contributing to the development of internationally competitive industry sectors. The program supported long term high quality research, improved links between research and application, and stimulation of education and training. The original agreement, that expired on 1 July 2012, for the Cooperative Research Centre for National Plant Biosecurity, was for seven years.

The subsequent five year agreement amended the name to the Plant Biosecurity Cooperative Research Centres (PBCRC) ended on 30 June 2018. The department's interest in the PBCRC for the year ending 30 June 2019 was nil (2018: 1.6%).

During the financial year the department made no cash and in kind contributions to the PBCRC from its own resources (2018 actual: $309 425).

The department's made no contributions and recognised no expenses during 2019 in the Statement of Comprehensive Income. The department's total contribution for the life of the Cooperative Research Centres listed above was $2 552 621 (2018 actual: $2 552 621).

The department now facilitates plant biosecurity research, development and extension through the Plant Biosecurity Research Initiative (PBRI).

Part 5

References

Acronyms

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ANAO	Australian National Audit Office
APS	Australian Public Service
APVMA	Australian Pesticides and Veterinary Medicines Authority
BTC	Business Transformation Committee
CEWH	Commonwealth Environmental Water Holder
DFAT	Department of Foreign Affairs and Trade
EMC	Executive Management Committee
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999*
ESD	Ecologically Sustainable Development
FHA	Farm Household Allowance
FOI	Freedom of Information
FTE	Full-time equivalent
GST	Goods and services tax
ICT	Information, Communication and Technology
IDMC	Information and Data Management Committee
IGAB	Intergovernmental Agreement on Biosecurity
IPS	Information Publication Scheme
LTAAY	Long-term average annual yield
MDBA	Murray–Darling Basin Authority
NAQS	Northern Australia Quarantine Strategy
OBPR	Office of Best Practice Regulation
PBS	Portfolio Budget Statements
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PSCC	People, Safety and Culture Committee
RFA	Regional Forestry Agreement
RFCS	Rural Financial Counselling Service
SBCC	Security and Business Continuity Committee
SDL	Sustainable Diversion Limit
SES	Senior Executive Service
WELS	Water Efficiency Labelling and Standards scheme
WESA	Water for the Environment Special Account

Glossary

APS employee: a person engaged under section 22, or a person who is engaged as an Australian public service employee under section 72 of the *Public Service Act 1999*

biosecurity: managing risks to Australia's economy, environment and community of pests and diseases entering, emerging, establishing or spreading in Australia

certification of exports: the provision of official documentation confirming that goods exported from Australia conform to the importing countries conditions

Codex: Codex Alimentarius Commission develops international food standards, guidelines and codes of practice for an international food code that contributes to the safety, quality and fairness of food trade.

cost recovery: the charging of fees to cover the costs of provision of government goods and services.

drivers: Forces of change, either positive or negative, that affect supply and demand, for example, population growth or limits on natural resources

enterprise agreement: an agreement between an employer and a group of employees, or between an employer and a union or unions representing employees, made under the *Fair Work Act 2009*

G20: the Group of Twenty forum for international economic cooperation, comprising members from 19 countries and the European Union

headcount: the number of actual individuals—including staff on temporary transfer from other agencies and staff on any type of leave—employed at the time the data is collected. The total headcount figure only excludes office holders

levies: money collected and administered by the department on behalf of industry for use in research and development, marketing and promotion, plant and animal health programs and residue testing activities that benefit industry

market access: the openness of a country's trading market to foreign goods and services

outcomes: the government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community, as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end results or impacts achieved

program: the name given to the variety of activities a government agency may undertake to achieve stated outcomes

Portfolio budget statements: statements prepared by portfolios to explain the Budget appropriations in terms of outcomes and outputs (that is, where the appropriated funds are going to be spent)

quota: a limit to the amount of a particular commodity that can be exported or imported

regulation: A rule or order, as for conduct, prescribed by authority; a governing direction or law.

Regional Forest Agreement: agreement between the Australian and some state governments to set requirements for sustainable forest management

Sustainable development limits: mechanism under the Murray–Darling Basin Plan that limits the amount of water that can be taken out of the system for consumptive use.

sanitary and phytosanitary: relating to issues of human, animal and plant health, most often in regard to biosecurity measures

sustainability: The capacity for development that can be sustained into the future, within the capacity of the natural resource base. This includes encouraging sustainable agricultural and fishing practices which maintain and improve the natural resource base.

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Aids to access

TABLE 51 Aids to access details current report period (2018–19)

Annual report Contact Officer	Assistant Director Performance and Risk
Contact Phone Number	1800 900 090
Contact Email	Annual-report.contact@agriculture.gov.au
Entity website (URL)	www.agriculture.gov.au

Compliance index

PGPA Rule Reference	Part of Report	Description	Requirement	Page
17AD(g)	Letter of transmittal			
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	x
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	viii
17AJ(b)		Alphabetical index.	Mandatory	203
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	190-191
17AJ(d)		List of requirements.	Mandatory	194
17AJ(e)		Details of contact officer.	Mandatory	193
17AJ(f)		Entity's website address.	Mandatory	193
17AJ(g)		Electronic address of report.	Mandatory	216
17AD(a)	Review by Accountable Authority			
17AD(a)		A review by the Accountable Authority of the entity.	Mandatory	5
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	iii
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	v
17AE(1)(a)(iii)		A description of the outcomes and programs administered by the entity.	Mandatory	3-4
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	iii

PGPA Rule Reference	Part of Report	Description	Requirement	Page
17AE(1)(aa)(i)		Name of the accountable authority or each member of the accountable authority	Mandatory	50
17AE(1)(aa)(ii)		Position title of the accountable authority or each member of the accountable authority	Mandatory	50
17AE(1)(aa)(iii)		Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	50
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory	iv
17AE(2)		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	Not applicable
17AD(c)	Report on the performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F		Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	1-43
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	44–48
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	45

PGPA Rule Reference	Part of Report	Description	Requirement	Page
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	Not applicable
17AD(d)	Management and accountability			
	Corporate governance			
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory	2
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	2
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	2
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	2
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	50–60
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	2

PGPA Rule Reference	Part of Report	Description	Requirement	Page
	External scrutiny			
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	65–68
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	Not applicable
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	65–67
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	Not applicable
	Management of human resources			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	36–40
17AG(4)(aa)		Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender (d) statistics on staff location	Mandatory	94–96
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: statistics on staffing classification level; statistics on full-time employees; statistics on part-time employees; statistics on gender; statistics on staff location; statistics on employees who identify as Indigenous.	Mandatory	97–103

PGPA Rule Reference	Part of Report	Description	Requirement	Page
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999*.	Mandatory	104
17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory	104
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	104
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	105
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	105
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	105
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	105
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, Mandatory	105
	Assets management			
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	48
	Purchasing			
17AG(6)		An assessment of entity performance against the *Commonwealth Procurement Rules*.	Mandatory	61–62

PGPA Rule Reference	Part of Report	Description	Requirement	Page
	Consultants			
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	62
17AG(7)(b)		A statement that "*During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of $[specified million]*".	Mandatory	62
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	62–63
17AG(7)(d)		A statement that "*Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.*"	Mandatory	62
	Australian National Audit Office access clauses			
17AG(8)		If an entity entered into a contract with a value of more than $100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	62

PGPA Rule Reference	Part of Report	Description	Requirement	Page
	Exempt contracts			
17AG(9)		If an entity entered into a contract or there is a standing offer with a value greater than $10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	62
	Small business			
17AG(10)(a)		A statement that *“[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”*	Mandatory	61
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	61
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that *“[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”*	If applicable, Mandatory	61
	Financial statements			
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	127–188

PGPA Rule Reference	Part of Report	Description	Requirement	Page
	Executive remuneration			
17AD(da)		Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory	106–109
17AD(f)	Other mandatory information			
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that *"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."*	If applicable, Mandatory	63
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	Not applicable
17AH(1)(b)		A statement that *"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."*	If applicable, Mandatory	60
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	126
17AH(1)(d)		Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	68
17AH(1)(e)		Correction of material errors in previous annual report	If applicable, mandatory	Not applicable
17AH(2)		Information required by other legislation	Mandatory	63 Appendix B Appendix F Appendix G Appendix H Appendix I

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