

# GRAINS RESEARCH AND DEVELOPMENT CORPORATION

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# GRAINS RESEARCH AND DEVELOPMENT CORPORATION

## Section 1: Overview

The Grains Research and Development Corporation (the Corporation) is a statutory authority established under the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act).

The Corporation has two key customer groups: the Australian Government and Australian grain growers. Its role is to invest in research, development and related activities to benefit grain growers, within the context of the wider industry and community. The Corporation invests in research with the primary objective being to support effective competition by Australian grain growers in global grain markets through enhanced profitability and sustainability. This objective will be achieved by the following four overarching corporate strategies:

- coordinate a national grains research and development (R&D) agenda and portfolio
- deliver against Australian Government priorities
- grow and leverage total grains R&D investment
- ensure R&D is market-driven.

Underlying these corporate strategies are the operational strategies of the GRDC's four output groups. The output groups for 2007-08 are: (1) Practices; (2) Varieties; (3) New Products; and (4) Communication and Capacity Building.

By implementing the output group strategies, and through them the four corporate strategies, the GRDC will continue to be a key driver in helping Australian grain growers to remain competitive in global grain markets, and in meeting Australian Government priorities.

The Corporation determines its investment priorities jointly with industry and the Australian Government and acts in partnership with public and private research partners, other R&D investors, agribusiness and groups of grain growers.

The National Research Priorities and the Rural R&D priorities have been clearly reflected in the Corporation's 2007-08 outputs. Through the principal pathways to market, the Corporation will maintain a balanced portfolio.

To increase the effectiveness and efficiency of Australia's rural R&D investment the GRDC will continue to eliminate duplication and fragmentation on cross-industry

issues and effectively collaborate through co-investment, coordination and communication with other RDCs and industry participants along the supply chain. Where appropriate the Corporation will utilise/leverage private capital and other government funding sources to commercialise innovation opportunities which will bring value to Australian grain growers.

The Corporation has defined performance measures for each of the four output groups. These indicators roll up to the corporate performance indicators, which provide the aggregate focus for planning and reporting.

## 1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOME

The products and services delivered by the Corporation (outputs, products and services) that contribute to achievement of its outcome are summarised in Table 1.1.

**Table 1.1: Contribution to outcome**

Outcome	Output groups
<b>Outcome</b>	
Through its commitment to innovation, an Australian grains industry that is profitable and environmentally sustainable for the benefit of the industry and wider community.	<ol style="list-style-type: none"><li>1. Practices</li><li>2. Varieties</li><li>3. New Products</li><li>4. Communication and Capacity Building</li></ol>

## Section 2: Resources for 2007–08

The Corporation is funded jointly by a 0.99 per cent levy<sup>1</sup> on grain growers that is matched by the Australian Government. The industry levy is collected on 25 crops, spanning temperate and tropical cereals, oilseeds and pulses. The Australian Government matches the Corporation's research expenditure up to a maximum of 0.5 per cent of the gross value of grains production, not exceeding the grower levies.

### 2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007–08. The Corporation's total estimated revenue in 2007–08 is \$102.9 million

**Table 2.1: Total resources, 2007–08**

Source	Total resources \$'000
Funds from industry sources	
– Levies	55,965
Funds from Australian Government	
– Other (matching Commonwealth contribution)	38,545
Funds from other sources	8,410
<b>Total resources</b>	<b>102,920</b>

Table 2.2 provides details of other resources available to be used by the Corporation.

**Table 2.2: Other resources available to be used**

Source	Estimated resources 2006–07 \$'000	Budget estimate 2007–08 \$'000
Interest	5,820	4,420
Royalties	2,500	2,425
Advertising/ Publications	150	100
Other <sup>a</sup>	3,210	1,465
<b>Total resources</b>	<b>11,680</b>	<b>8,410</b>
	<b>2006–07</b>	<b>2007–08</b>
<b>Average staffing level (number)</b>	<b>48</b>	<b>51</b>

a Includes penalty and project funds.

<sup>1</sup> 0.693 per cent levy on maize

## **2.2 BUDGET MEASURES, 2007–08**

The Corporation is not affected by any 2007–08 Budget measure.

## **2.3 OTHER RESOURCE INFORMATION**

The Corporation has no administered funds, special appropriations or special accounts.

## Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome of the Corporation. Key performance measures and performance evaluation activities are specified for each output. More detailed information on output attributes is maintained by agencies for internal management purposes.

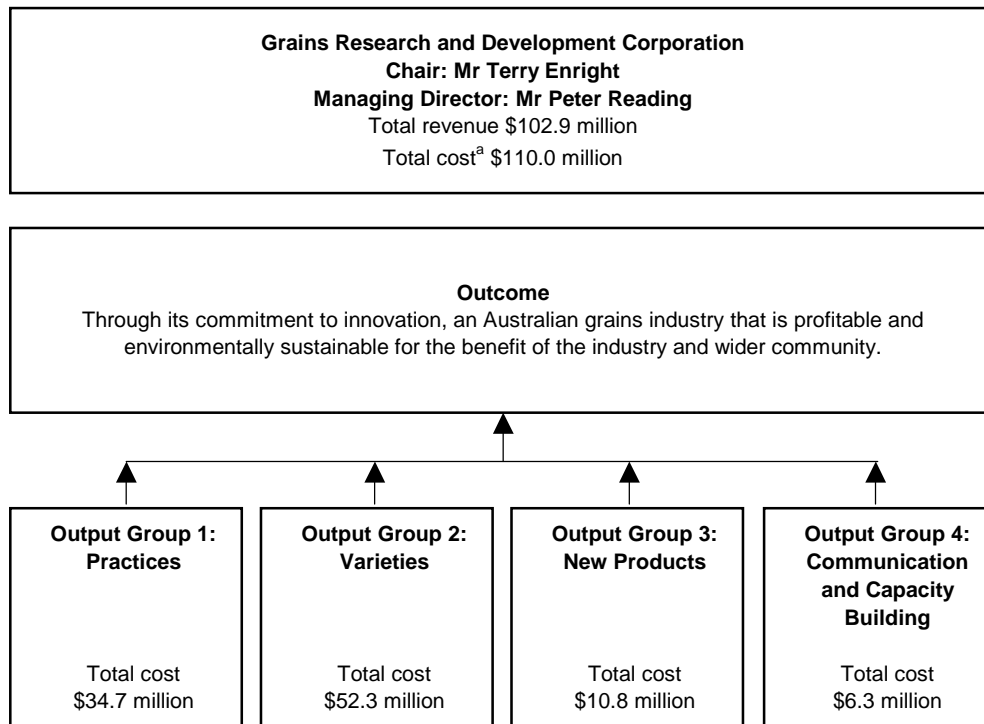
### 3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the Corporation and the outcome is summarised in Figure 1.

As part of developing the Strategic R&D Plan 2007-12, the GRDC completed a comprehensive review of its business environment and formulated the corporate strategies and underlying operational strategies of its four output groups. The corporate and operational strategies provide a framework for investment and delivery of outputs that will address the priorities of Australian grain growers and the Australian Government. The effective and efficient implementation of the corporate and operational strategies will deliver the expected outputs in each of the four output groups (Practices, Varieties, New Products, and Communication and Capacity Building), and contribute to the outcome of the GRDC.

The Corporation has determined the costs of the four output groups in 2007-08 based on a sustainable total expenditure budget, continuing investment in the output groups, and new investment. The costs of both the continuing investment and new investment have been based on the Corporation's internal procurement policy that has adopted the concept of getting value for money. The Corporation has adopted the value-for-money model, as this governs the Commonwealth Procurement Guidelines and the Australian National Audit Office's *Better Practice Guide: Management of Scientific Research and Development Projects in Commonwealth Agencies*. The costing of the projects in the output groups was determined by the appropriate procurement strategies, namely, open request for tender, limited request for tender, expression of interest and direct negotiation. The Corporation's program teams subsequently evaluated the project proposals both in terms of technical criteria and price. Employee and suppliers' expenses were allocated to the output groups based on their relative weights in the total investment budget.

**Figure 1: Contributions to outcomes**



a Total cost is shown rather than total price because the agency is primarily funded through industry levies rather than funded on the basis of the price of their output groups. It should be noted that the Corporation will use its accumulated reserves to fund the difference between total revenue and the total cost of output groups.

Total cost also includes \$5.9 million for strategic investments, which includes investments in Global Crop Diversity Trust, emerging issues, contingency and project variation.

### 3.2 OUTCOME PERFORMANCE INFORMATION

This section explains how the resources identified in Section 2 will be used to deliver outputs that contribute to the Corporation’s outcomes.

#### 3.2.1 Contributions to achievement of Outcome

The Practices output group develops and promotes innovative and integrated practices and technologies to build the grains industry’s capacity for on-farm change, particularly in the areas of soil constraints, water and nutrient use, crop threats, environmental variability, agronomic improvements and biosecurity. The output group packages tailored information that is regionally specific, and delivers it to growers and advisers through appropriate networks. The integration of natural resource management practices into cropping systems is essential for the long-term viability of the grains industry. The GRDC has significant partnerships with a range of bodies established by the Australian Government and state governments to deal with

environmental issues. Through the Practices output group, the GRDC aligns sustainable production systems research at a farm level with broader, community-based land use initiatives.

The Varieties output group reaches across the Corporation's 25 leviable crops and includes investments in gene discovery, breeding technologies, genetic resources, functional genomics, germplasm enhancement, genetic transformation, plant breeding, crop variety testing, grain quality research and plant pathology (where directly related to breeding). The output group supports crop improvement for growing domestic markets, as well as for exports, with the aim of raising the overall value of the Australian grains industry. The continuing prosperity of the industry depends on the development of new varieties with enhanced yields as well as quality attributes that add value and meet market demands. The latter is being achieved by collaborating with the grains industry to clarify end-user requirements.

The New Products output group targets opportunities both pre-farm gate and post-farm gate, by investing in research, development and commercialisation in new grain products and new farm products and services, providing growers with additional options in farm management and marketing. The New Products output group actively identifies national and international technology relevant to the Australian grains industry; develops partnerships to develop products and services and deliver them to growers; undertakes product development to meet market requirements; and develops robust business cases that demonstrate the market demand and value of any product or service that the GRDC and its partners propose to invest in.

The Communication and Capacity Building output group focuses on streamlining the collection and distribution of information from R&D outputs and positioning the Corporation as a credible source of technical and industry-specific information. Success in this area will help to achieve the Corporation's priority of Australian grain growers benefiting through faster adoption of R&D outputs. The output group offers a range of mechanisms to help build industry capacity. This includes a visiting fellowship program, PhD and post-doctoral research scholarships, grains industry training and development awards, short-term courses and conference sponsorship. Grains industry stakeholders are supported to attend national and international conferences, while secondary school students are encouraged through agricultural training awards to undertake tertiary studies in agricultural science.

### 3.2.2 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the Corporation is summarised in Table 3.1.

**Table 3.1: Performance information for Outcome**

Effectiveness—overall achievement of Outcome	
Corporate strategies	Performance indicators
Coordinate a national grains R&D agenda and portfolio	<ul style="list-style-type: none"> <li>• Significant evidence of the GRDC taking a lead role in coordinating and facilitating a national grains R&amp;D agenda, which has major impact on grower profitability and sustainability</li> <li>• Key GRDC investments demonstrate national coordination with research partners</li> </ul>
Deliver against Australian Government priorities	<ul style="list-style-type: none"> <li>• Ongoing endorsement by the Minister for Agriculture, Fisheries and Forestry and the Parliamentary Secretary to the Minister on meeting the Australian Government priorities</li> </ul>
Grow and leverage total grains R&D investment	<ul style="list-style-type: none"> <li>• Significant evidence of leveraging total grains R&amp;D investment</li> </ul>
Ensure R&D is market-driven	<ul style="list-style-type: none"> <li>• Significant evidence of market signals being taken into account in R&amp;D investments</li> </ul>

Performance information by output	
Output	Performance indicators
<b>Output group 1: Practices</b>	
<ul style="list-style-type: none"> <li>• A completed audit of current grain-growing practices and available technologies, identifying gaps and overlaps</li> <li>• A range of newly developed farming practices successfully tested and integrated into existing farming systems</li> <li>• Successful conduct of a number of forums that engage industry organisations and farming systems groups in planning on an agroecological zone basis</li> <li>• Effectively packaged information on integrated farm practices and technologies, delivered to growers</li> <li>• Implementation of the first elements of an R&amp;D extension plan</li> <li>• Promotion of the GRDC's redeveloped, accessible website</li> <li>• Production of a comprehensive environmental plan</li> <li>• A free air carbon dioxide experiment (FACE) established</li> <li>• An economic model of irrigation farming in the southern Murray–Darling Basin for use by individual farmers to optimise the rotations on any given farm for any given seasonal water allocation</li> <li>• Development of two autonomous agricultural machinery systems</li> <li>• Training packages in precision agriculture developed for growers, advisers and tertiary students</li> </ul>	<ul style="list-style-type: none"> <li>• Improved effectiveness of partnerships developed between growers, advisers and researchers</li> <li>• Improved co-ordination of grains industry NRM and environmental R&amp;D driven by the delivery of a comprehensive environmental plan</li> <li>• Identification of the economic benefits of ameliorating subsoil constraints</li> <li>• The launch of a grower-friendly operational web-based benchmarking interface to benchmark Best Management Practice (BMP) and their impacts on farm profitability.</li> <li>• Increase in the number of grower advisory committees and industry groups engaged within each AEZ</li> <li>• Completion of a national biosecurity surveillance plan for the Australian grains industry, including five specific emergency plant pest contingency plans</li> <li>• Improved information flow to and from growers, through enhanced relationships with consultants</li> <li>• Improved links with the Australian Government's Agriculture Advancing Australia Program including the National Landcare Programme, the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality</li> </ul> <p style="text-align: right;"><i>Price: \$34.7 million</i></p>

GRDC Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
<b>Output group 2: Varieties</b>	
<ul style="list-style-type: none"> <li>• Release of improved varieties of wheat, barley, canola, pulse crops and summer coarse grain crops that benefit the Australian grains industry</li> <li>• New advanced germplasm, with associated molecular markers, developed and used by relevant Australian breeding programs</li> <li>• New genes with potential importance to the Australian grains industry discovered and made available for proof-of-concept testing and further development</li> <li>• New breeding technologies developed and made available to researchers and crop breeders</li> <li>• An analysis of the delivery pathways for GM crops in Australia</li> <li>• Crop variety yield and performance data made available to Australian grain growers through the National Variety Trials (NVT) program</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence of excellent scientific pre-breeding research and effective collaboration both nationally and internationally</li> <li>• Evidence that genes, germplasm and enabling technologies developed in GRDC-supported pre-breeding research are being utilised in breeding programs</li> <li>• Progress towards market entry for GM canola in 2008</li> <li>• Availability of responsible stewardship protocols for GM crops (canola)</li> <li>• Average annual increase in yield (as measured in National Variety Trials - NVT) of               <ul style="list-style-type: none"> <li>- 1.0 per cent for wheat</li> <li>- 1.0 per cent for barley</li> <li>- 1.5 per cent for sorghum</li> <li>- 2.0 per cent for pulses</li> <li>- 1.5 per cent for canola</li> </ul> </li> <li>• Increased rate of adoption of new varieties (measured by consolidating breeding program data)</li> <li>• Research organisations that are responsible for at least 80 per cent of the pre-breeding research having agreed to focus 50 per cent or more of their resources on an agreed set of key national and regional traits</li> <li>• NVT results being used by 50 percent of paid advisers to assist growers to make informed variety selections</li> <li>• Participation in NVT by 90 per cent of relevant breeding programs</li> </ul> <p><i>Price: \$52.3 million</i></p>

Performance information by output	
Output	Performance indicators
<b>Output group 3: New Products</b>	
<ul style="list-style-type: none"> <li>• A feasibility project to determine whether the production of metal nanoparticles from grain crops is both economically and practically viable</li> <li>• A scoping study to review and assess existing research in the area of nitrogen fixation for cereals and canola, with a view to a major future investment in further research</li> <li>• Identification of opportunities for further investment in research on industrial feed stocks in Australia, with an emphasis on ethanol produced from either grain or grain residue</li> <li>• Establishment of the proof of concept for the use of <i>Pseudomonas</i> species as a biological control agent for snails</li> <li>• Establishment of a screening program for contact and short-residue herbicides</li> <li>• Development of a cross-grains industry research effort on grain hygiene, through the CRC for National Plant Biosecurity</li> <li>• Identification and engagement of a commercial party to deliver the outcomes (including tests for weather damage and grain staining) required from the Objective Grain Quality Testing project</li> <li>• Recruitment of a commercial partner to further develop a prototype mechanical grain disinfestation technology developed with CSIRO Entomology</li> <li>• Identification, with CSIRO, of potential commercial partners for the technology emerging from the Crop Biofactories Initiative</li> <li>• Development of protocols to allow registration of microbes for use in biocontrol and bio-inoculation</li> <li>• Work undertaken through Philom Bios (Australia) Pty Ltd to continue the product development of phosphorus solubilisation and disease control inoculants</li> <li>• Development and commercialisation of a new ethyl formate-based grain pest fumigant</li> <li>• Development of a business case to attract commercial investment in the development of a microbial biological control agent for snails</li> <li>• A new soil inoculant technology delivered to the Australian market</li> </ul>	<ul style="list-style-type: none"> <li>• A pathway to market for the technology emerging from the Crop Biofactories Initiative identified</li> <li>• A robust business case presented for any new investment greater than \$250,000</li> <li>• A national stored grain research partnership established through the CRC for National Plant Biosecurity</li> <li>• Six new technologies or products identified and market assessments undertaken</li> <li>• At least one new international supplier of research/intellectual property engaged</li> <li>• Five unsolicited offers of new technology made to the GRDC</li> <li>• At least one new commercial partnership established to deliver an output of the New Products research projects</li> </ul> <p>Price: \$10.8 million</p>

GRDC Budget Statement: Outcomes

Performance information by output	
Output	Performance indicators
<b>Output group 4: Communications and capacity building</b>	
<ul style="list-style-type: none"> <li>• A national communication framework to facilitate the delivery of research outputs to a wide audience, building on existing regional delivery channels by broadening the content to include articles with a national emphasis</li> <li>• Targeted communication strategies to assist growers to manage season-specific issues, such as rust outbreaks, as they arise</li> <li>• A national audit and analysis of current grains research capacity, to determine its strengths and weaknesses, and set the framework for a nationally coordinated research capacity strategy</li> <li>• An integrated program of education, training and technology transfer that will develop industry capacity, including a detailed study of the range, level, suitability, accreditation status and delivery mode of current programs</li> <li>• Identification of opportunities for the GRDC to work collaboratively with research partners, industry partners and governments to deliver information in ways that reduce duplication, better target stakeholders and are more cost effective</li> <li>• Publications and products that increase awareness of the GRDC's research outputs in the grains industry and wider community and reflect the needs of different target audiences</li> <li>• A standardised reporting structure for research projects, developed and adopted by the rural R&amp;D corporations to enhance their ability to deliver relevant information to identified customer segments</li> </ul>	<ul style="list-style-type: none"> <li>• Increase (over established benchmarks) in national media coverage of research activities and outputs from the GRDC and its research partners</li> <li>• Demonstrated effective/innovative partnerships to deliver GRDC-related research outputs</li> <li>• Grower and industry satisfaction that publications and products are timely, targeted and specific to customer needs</li> </ul> <p style="text-align: right;"><i>Price: \$6.3 million</i></p>

### 3.2.3 Evaluations for Outcome

Evaluating the impacts of R&D investments and reporting to stakeholders on performance are part of the GRDC's core business. The GRDC will also continue to work with other RDCs for developing and using common performance measures to quantify performance and public spill-over benefits. Productivity trends in the grains industry are used as a measure of the benefits of R&D activities. The GRDC will monitor total factor productivity across the agroecological zones to assess the industry-wide impact of the GRDC's corporate strategies and the corresponding R&D investments.

The GRDC has developed specific and relevant performance indicators that will measure both efficiency and effectiveness for each of its lines of business and its whole portfolio in 2007-08. The GRDC will assess the performance of programs and projects against its strategies and stakeholders' priorities, and continue to report to stakeholders regularly.

Performance evaluation at both the corporate and program levels is a key component of the GRDC's operational plan. The Corporation will continue to undertake evaluation of its R&D investment portfolio by way of reviewing progress reports in order to realise the objectives of its Strategic R&D Plan 2007-12, *Prosperity through Innovation*.

Independent market research is undertaken biannually to measure the performance of its four output groups as well as the satisfaction of its stakeholders. Comprehensive grower and Australian Government surveys, for example, will form the basis of the performance evaluation in 2007-08. Information generated through this process will be fed into the Corporation's strategy review process to ensure that outcome and outputs are realised within the anticipated timeframe. In addition, the Corporation plans to review approximately five existing R&D investments within the 2007-08 financial year so as to assess the efficiency and effectiveness of the output groups. The Corporation plans to assess the progress of its investments against agreed milestones and timeframe to ensure value for money and on-time delivery.

The Corporation has developed a comprehensive risk register, comprising strategic and operational risks, and as a result provides quarterly 'traffic light' risk reports (identifying levels of risk as red, amber or green) to the Board. Together with its research and commercial partners, the Corporation expects to increase the value of intellectual property (IP) in R&D projects in 2007-08 by adopting commercial business approaches. The Corporation will participate in the evaluation and due diligence activities with respect to such R&D projects.

The Corporation continues to assess its management performance through regular monthly quality internal and external surveillance audits. In September 2004 a tri-annual external surveillance was successfully conducted, and recertification of ISO 9001:2000 was recommended for another three years.

## Section 4: Other reporting requirements

### 4.1 PURCHASER–PROVIDER ARRANGEMENTS

The Grains Research and Development Corporation has no purchaser–provider arrangements.

### 4.2 COST RECOVERY ARRANGEMENTS

The Corporation has the following revenue sources that have cost recovery implications.

In the Varieties output group, the Corporation earns royalties from intellectual property rights (IP). The royalty-generating activities are market-driven and competitive. The price of IP is determined primarily by the potential cash flow from the commercialisation of that IP and not necessarily by any cost recovery formula. Future royalty flows will, however, go to the wheat-breeding entities rather than to the Corporation per se. The royalty revenue as indicated in Table 2.2 is estimated to be \$2.425 million in 2007–08.

In the Communication and Capacity Building output group the Corporation earns advertisement and sales income from the publication of *Ground Cover*. The advertisement and sales income is on a cost recovery basis for publishing costs and not content costs. The contents of the publication are generated from the R&D investments. The Corporation's advertisement and publication revenue as indicated in Table 2.2 is estimated to be \$100,000 in 2007–08.

### 4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The Grains Research and Development Corporation has no Australian Government indigenous expenditure.

## Section 5: Budgeted financial statements

### 5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

#### Budgeted income statement

The Corporation is estimating total revenue of \$102.9 million in 2007–08, an increase of \$2.6 million from the 2006–07 estimated actual. The increase is primarily driven by an estimated increase in levy revenue due to higher expected crop production in 2007–08 relative to 2006–07.

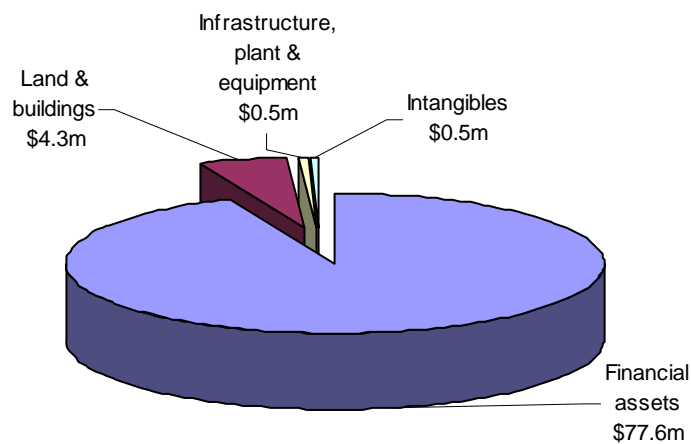
Total expenses are estimated to be \$110.0 million in 2007–08, a decrease of \$10.7 million from the 2006–07 estimated actual. The decrease in total expense has been made to maintain accumulated reserves within the prudential limits.

The Corporation is budgeting for a deficit of \$7.1 million for 2007–08, which will be funded from its own accumulated reserves.

#### Budgeted balance sheet

The Corporation's asset position of \$82.9 million in 2007–08 represents a decrease of \$10.5 million from the 2006–07 estimated actual. The decline is primarily attributable to the decrease in financial assets due to the funding of the budget deficit in 2007–08.

**Figure 2 Budgeted assets, 2007–08**



## 5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement (for the period ended 30 June)**

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from government	88,640	94,510	111,080	122,880	130,520
Interest	5,820	4,420	4,250	5,435	5,895
Royalties	2,500	2,425	2,425	2,425	2,425
Other	3,360	1,565	1,420	1,420	1,580
<b>Total revenue</b>	<b>100,320</b>	<b>102,920</b>	<b>119,175</b>	<b>132,160</b>	<b>140,420</b>
<b>Gains</b>					
Other	-	-	-	-	-
<b>Total gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>100,320</b>	<b>102,920</b>	<b>119,175</b>	<b>132,160</b>	<b>140,420</b>
<b>EXPENSE</b>					
Employees	5,547	5,770	6,000	6,240	6,490
Suppliers	114,571	103,539	103,760	115,978	131,182
Depreciation and amortisation	607	691	630	602	588
<b>Total expenses</b>	<b>120,725</b>	<b>110,000</b>	<b>110,390</b>	<b>122,820</b>	<b>138,260</b>
<b>Surplus (Deficit) before income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>(20,405)</b>	<b>(7,080)</b>	<b>8,785</b>	<b>9,340</b>	<b>2,160</b>
Minority interest in surplus (deficit)	-	-	-	-	-
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(20,405)</b>	<b>(7,080)</b>	<b>8,785</b>	<b>9,340</b>	<b>2,160</b>

**Table 5.2: Budgeted departmental balance sheet (as at 30 June)**

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	1,498	5,131	3,714	1,556	3,029
Trade and other receivables	4,228	4,228	4,228	4,228	4,228
Investments	75,872	60,872	70,872	85,872	90,872
Other investments	6,507	7,413	7,837	7,837	7,837
<b>Total financial assets</b>	<b>88,105</b>	<b>77,644</b>	<b>86,651</b>	<b>99,493</b>	<b>105,966</b>
<b>Non-financial assets</b>					
Land and buildings	4,430	4,270	4,110	3,950	3,790
Infrastructure, plant and equipment	443	485	519	539	548
Intangibles	432	559	455	393	356
Other	30	30	30	30	30
<b>Total non-financial assets</b>	<b>5,335</b>	<b>5,344</b>	<b>5,114</b>	<b>4,912</b>	<b>4,724</b>
<b>Total assets</b>	<b>93,440</b>	<b>82,988</b>	<b>91,765</b>	<b>104,405</b>	<b>110,690</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	600	600	600	600	600
<b>Total provisions</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>
<b>Payables</b>					
Suppliers	30,530	27,458	27,450	30,750	34,875
Other	300	-	-	-	-
<b>Total payables</b>	<b>30,830</b>	<b>27,458</b>	<b>27,450</b>	<b>30,750</b>	<b>34,875</b>
<b>Total liabilities</b>	<b>31,430</b>	<b>28,058</b>	<b>28,050</b>	<b>31,350</b>	<b>35,475</b>
<b>Net assets</b>	<b>62,010</b>	<b>54,930</b>	<b>63,715</b>	<b>73,055</b>	<b>75,215</b>
<b>EQUITY<sup>a</sup></b>					
<b>Parent entity interest</b>					
Reserves	56,760	55,836	62,012	70,262	73,012
Retained surpluses or accumulated deficits	5,250	(906)	1,703	2,793	2,203
<b>Total parent entity interest</b>	<b>62,010</b>	<b>54,930</b>	<b>63,715</b>	<b>73,055</b>	<b>75,215</b>
<b>Total equity</b>	<b>62,010</b>	<b>54,930</b>	<b>63,715</b>	<b>73,055</b>	<b>75,215</b>
<b>Current assets</b>	<b>81,628</b>	<b>70,261</b>	<b>78,844</b>	<b>91,686</b>	<b>98,159</b>
<b>Non-current assets</b>	<b>11,812</b>	<b>12,727</b>	<b>12,921</b>	<b>12,719</b>	<b>12,531</b>
<b>Current liabilities</b>	<b>28,287</b>	<b>25,252</b>	<b>25,245</b>	<b>28,215</b>	<b>31,928</b>
<b>Non-current liabilities</b>	<b>3,143</b>	<b>2,806</b>	<b>2,805</b>	<b>3,135</b>	<b>3,547</b>

a 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Grants revenue from related entities	88,624	94,510	111,080	122,880	130,520
Interest	5,820	4,420	4,250	5,435	5,895
GST received	11,121	10,197	10,234	11,456	12,960
Other	7,003	3,990	3,845	3,845	4,005
<b>Total cash received</b>	<b>112,568</b>	<b>113,117</b>	<b>129,409</b>	<b>143,616</b>	<b>153,380</b>
<b>Cash used</b>					
Employees	(5,607)	(5,770)	(6,000)	(6,240)	(6,490)
Suppliers	(139,856)	(117,108)	(114,002)	(124,134)	(140,017)
<b>Total cash used</b>	<b>(145,463)</b>	<b>(122,878)</b>	<b>(120,002)</b>	<b>(130,374)</b>	<b>(146,507)</b>
<b>Net cash from or (used by) operating activities</b>	<b>(32,895)</b>	<b>(9,761)</b>	<b>9,407</b>	<b>13,242</b>	<b>6,873</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Investments	25,000	15,000	-	-	-
<b>Total cash received</b>	<b>25,000</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	(400)	(700)	(400)	(400)	(400)
Investments	-	-	(10,000)	(15,000)	(5,000)
Other	(2,278)	(906)	(424)	-	-
<b>Total cash used</b>	<b>(2,678)</b>	<b>(1,606)</b>	<b>(10,824)</b>	<b>(15,400)</b>	<b>(5,400)</b>
<b>Net cash from or (used by) investing activities</b>	<b>22,322</b>	<b>13,394</b>	<b>(10,824)</b>	<b>(15,400)</b>	<b>(5,400)</b>
<b>Net increase or (decrease) in cash held</b>					
	<b>(10,573)</b>	<b>3,633</b>	<b>(1,417)</b>	<b>(2,158)</b>	<b>1,473</b>
Cash at the beginning of the reporting period	12,071	1,498	5,131	3,714	1,556
<b>Cash at the end of the reporting period</b>	<b>1,498</b>	<b>5,131</b>	<b>3,714</b>	<b>1,556</b>	<b>3,029</b>

**Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	5,250	1,512	55,248	-	62,010
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	5,250	1,512	55,248	-	62,010
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
<b>Sub-total income and expense</b>	-	-	-	-	-
Surplus (deficit) for the period	(7,080)	-	-	-	(7,080)
<b>Total income and expenses recognised directly in equity</b>	(7,080)	-	-	-	(7,080)
Transfers between equity components	924	-	(924)	-	-
<b>Estimated closing balance as at 30 June 2008</b>	(906)	1,512	54,324	-	54,930

**Table 5.5: Departmental capital budget statement**

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	-	-	-	-
<b>Total capital appropriations</b>	-	-	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	400	700	400	400	400
<b>Total represented by</b>	400	700	400	400	400
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally by departmental resources	400	700	400	400	400
<b>Total</b>	400	700	400	400	400

**Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)**

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2007</b>					
Gross book value	750	4,000	779	1,587	7,116
Accumulated depreciation	-	(320)	(336)	(1,155)	(1,811)
<b>Opening net book value</b>	750	3,680	443	432	5,305
Additions:					
by purchase	-	-	200	500	700
Depreciation/amortisation expense	-	(160)	(158)	(373)	(691)
<b>As at 30 June 2008</b>					
Gross book value	750	4,000	979	2,087	7,816
Accumulated depreciation	-	(480)	(494)	(1,528)	(2,502)
<b>Estimated closing net book value</b>	750	3,520	485	559	5,314