

Chapter 2

Annual reports of agencies

2.1 The committee selected the annual reports of the following bodies for closer examination:

Agriculture and Water Resources portfolio

- Australian Grape and Wine Authority;
- Cotton Research and Development Corporation; and
- Grains Research and Development Corporation.

Infrastructure and Regional Development portfolio

- The only report examined under the Infrastructure and Regional Development portfolio is the National Heavy Vehicle Regulator Annual Report 2015–16. As this body does not report under the PGPA Act, it is not customary to examine it in detail.

Agriculture and Water Resources portfolio

Australian Grape and Wine Authority–Annual Report 2015–16

2.2 The Australian Grape and Wine Authority (AGWA) annual report 2015–16 presents information on the performance and operations of the agency.

2.3 In 2015–16, AGWA invested \$8.5 million in 12 new research and development projects in three priority areas of wine provenance and measures of quality, climate adaptation and economic sustainability.

2.4 The report outlines nine key performance indicators (KPIs) for AGWA for 2015–16, of which eight were achieved. The remaining KPI was almost achieved, with 297 risk-based audits completed, just short of the target of 300.

2.5 In 2015, AGWA entered into an agreement with the Department of Agriculture and Water Resources (the department) to collect the wine export charge directly from exporters (previously collected by the department). According to AGWA, this change has cut red tape for exporters in line with the government's deregulation agenda.

Financial information

2.6 In 2015–16, AGWA achieved an operating surplus of \$0.8 million.

2.7 During the financial year, AGWA received \$18.2 million of revenue from industry levies, \$12.1 million from Commonwealth contributions, \$4.5 million from regulatory fees and \$2.4 million from wine sector contributions to marketing activities.

Committee comments

2.8 The committee requests that AGWA provide a clearer summary of financial information in future reports. All financial information can be found in the Financial

Statements section, however providing a high level overview of this information earlier in the report would assist readers without detailed financial knowledge to understand the financial information of AGWA. While some high level information was provided in the "Financial Overview" section of the report, it did not include a total revenue figure or a total expenditure figure for the financial year.

2.9 The committee encourages AGWA to ensure attention to detail in future reports. In particular, the page numbers referenced throughout the document and in the compliance index are inconsistent with the actual page numbers (for example, the compliance index refers to detail of judicial decisions on page 72, however it is actually on page 62).

2.10 Overall, the committee considers AGWA's annual report for 2015–16 to be compliant with reporting requirements.

Cotton Research and Development Corporation–Annual Report 2015–16

2.11 The Cotton Research and Development Corporation (CRDC) annual report 2015–16 provides an overview of the performance and operations of the agency.

2.12 In 2015–16, CRDC invested \$21 million into 290 research, development and extension projects in collaboration with 92 research partners and growers who conducted on-farm trials across five key program areas: farmers, industry, customers, people and performance.

2.13 The report outlines CRDC's progress against measures in the strategic plan. Three of the measures have been achieved, and the remaining two are on target to be delivered.

2.14 In terms of grower awareness, the Grower Practices Survey found 99.6 per cent of growers are aware of CRDC and 88 per cent are supportive of its research and investments.

Financial information

2.15 CRDC's total revenue for 2015–16 was \$18.935 million. This is 74.4 per cent above the budgeted \$10.856 million. This revenue is made up of:

- \$6.054 million from the industry levy;
- \$6.053 million from the Australian Government contribution;
- \$0.745 million from royalties from the sale of CRDC-funded CSIRO seed varieties;
- \$1.282 million from interest;
- \$4.127 million from external grants; and
- \$0.674 million from other revenue sources.

2.16 The report notes that lower levels of cotton production over the past two seasons contributed to a decline in CRDC revenue. To sustain the current level of expenditure on research, development and extension, CRDC has budgeted to draw on financial reserves.

2.17 CRDC's total expenditure for 2015–16 was \$20.555 million, slightly lower than the budgeted \$20.579 million.

2.18 CRDC received approval from the Minister for Finance for an operating deficit of \$7.228 million in 2016–17 and \$4.118 million in 2017–18.

Committee comments

2.19 The committee suggests that CRDC include the relevant legislative clauses in the compliance index in future reports.

2.20 The committee also encourages CRDC to consider including a general index (in addition to the compliance index) in future reports, for ease of reading.

2.21 The committee considers CRDC's annual report for 2015–16 to be comprehensive and compliant with reporting requirements.

Grains Research and Development Corporation—Annual Report 2015–16

2.22 The Grains Research and Development Corporation (GRDC) annual report 2015–16 details the performance and operations of the agency.

2.23 The report outlines highlights of 2015–16 for GRDC. They include:

- more than \$192.8 million invested in 898 projects to deliver new and improved varieties, practices, technologies and capability to the industry;
- a \$10 million commitment to the International Wheat Yield Partnership, which aims to increase the yield potential of wheat by up to 50 per cent over the next 20 years;
- release of the world's first commercially produced gluten-free beer which uses low-gluten barley developed in collaboration with the CSIRO; and
- a performance rating of 'high quality' by 85 per cent of growers surveyed.

2.24 The report outlines GRDC's progress against its KPIs. In 2015–16, GRDC achieved 11 KPIs, partially achieved three KPIs, and almost achieved one KPI.

2.25 GRDC has implemented a 'hub and spoke' model to increase its regional presence, including the establishment of regional offices in Adelaide, Dubbo and Toowoomba (in addition to the existing regional office in Perth). Regional staff will have a particular focus on short-term and medium-term projects that address priority issues relating to farming systems, agronomy, soils, weeds, pests and diseases.

Financial information

2.26 In 2015–16, GRDC received \$197.5 million in revenue, including \$110 million from the grain grower levy, \$70 million from Commonwealth contributions, and \$18 million from interest, royalties and other sources.

2.27 In 2015–16, GRDC's expenditure was \$215 million. This was composed of \$193 million on research and development, \$10 million on employee benefits, and \$12 million on suppliers and other.

2.28 GRDC recorded a deficit of \$17.5 million in 2015–16.

Committee comments

2.29 The committee commends GRDC for the clear financial table presented on page iv of the annual report.

2.30 The committee commends GRDC for a clear report and considers GRDC's annual report for 2015–16 to be compliant with reporting requirements.

Senator Barry O'Sullivan

Chair