



Australian Government

**Fisheries Research and
Development Corporation**



Fisheries Research and Development Corporation

Annual Report 2006–07

To the Parliament of Australia,
the Australian fishing industry
and other FRDC stakeholders





PICTURED ABOVE: STAFF AND DIRECTORS OF THE FRDC

Key achievements in 2006–07

FRDC

- Industry continues to contribute in excess (129 per cent) of matchable government funds
- New Seafood CRC funded with FRDC a major stakeholder
- Three new whole of industry sector agreements signed
- Only 33.5 staff sick days — happy staff are healthy staff
- FRDC maintains its quality certification
- New Board commences
- Tropical rocklobsters propagated
- New funding process established
- People development project officer commences
- FRDC celebrates 15-year anniversary
- More than 15,000 seafood industry receive FRDC's *FISH* magazine





JUSTIN



JO-ANNE



MATT



JULIE



PETER



PAUL



RAY



RICHARD A.



RICHARD N.



STUART

If you do not have time to read this report in detail, you may wish to look first in the following sections:

- For an outline of the **FRDC's investments and income**, read pages iii–x and the financial statements starting on page 96.
- For an **overview of operations** during the past year, read 'The directors' review of operations and future prospects' (pages 10–17).

More detailed coverage is in these sections:

- The key **strategic imperatives** that drive the FRDC's activities are shown on pages xii–xiii.
- Details of **outcomes** achieved by recent and current projects are in the R&D programs reporting starting on page 26 (Natural Resources Sustainability Program), page 36 (Industry Development Program) and page 46 (People Development Program).
- The **performance reporting for the Corporate Program** is described on pages 64–89.
- Financial **contributions by industry and governments** are listed on pages vi–vii.
- Coverage of **corporate governance** information is in the section starting on page 78.
- The **financial statements** start on page 96.





FROM LEFT: JOHN HARRISON, CEO, RECFISH AUSTRALIA; **ANDREW LAMING** MP, MEMBER FOR BOWMAN, QUEENSLAND WITH **PATRICK HONE**, EXECUTIVE DIRECTOR, FRDC.

Reporting criteria of the Australian Government and representative organisation

In recent years, the Australian Government has significantly increased the criteria against which its agencies conduct and report their activities — especially the *Primary Industries and Energy Research and Development Act 1989* (the PIERD Act), the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). In addition statutory agencies are assessed against the outcome-output framework; national and rural research priorities. These criteria are shown in the compliance index (page 162).

More comprehensive information on the criteria is available from:

- appendix B: Principal legislative requirements for reporting, on page 145,
- appendix C: The FRDC's legislative foundation and the exercise of ministerial powers, on page 148,
- national research priorities: http://www.dest.gov.au/sectors/research_sector/policies_issues_reviews/key_issues/national_research_priorities, and
- priorities for rural R&D: <http://www.daff.gov.au/agriculture-food/innovation/priorities>.

Global Reporting Initiative

The Global Reporting Initiative (GRI) guidelines form the basis on which the Australasian Reporting Awards have developed their assessment criteria. A summary of these criteria are shown in the compliance index (page 162), in addition FRDC refers to the GRI Sustainability Reporting Guidelines when developing their annual report.

More comprehensive information on the criteria is available from:

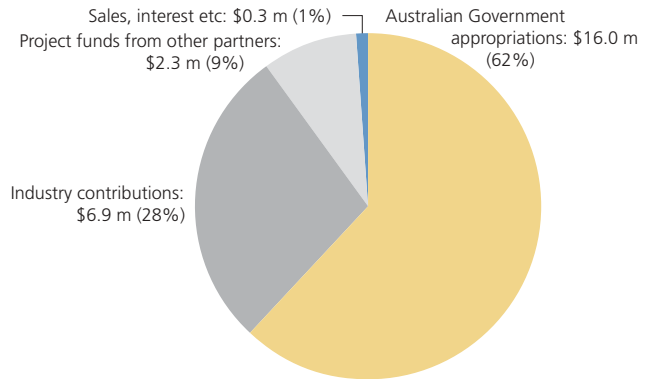
- http://www.arawards.com.au/general_criteria.html
- <http://www.globalreporting.org/>



FIGURE 1: INCOME, EXPENDITURE AND LEVERAGE OF INVESTMENT, 2006–07

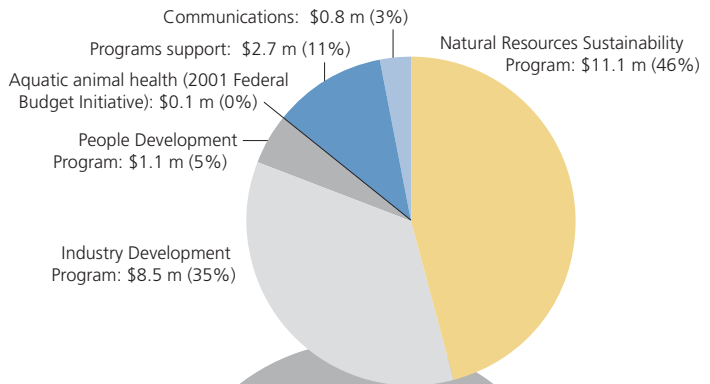
INCOME

Total: \$25.7 million



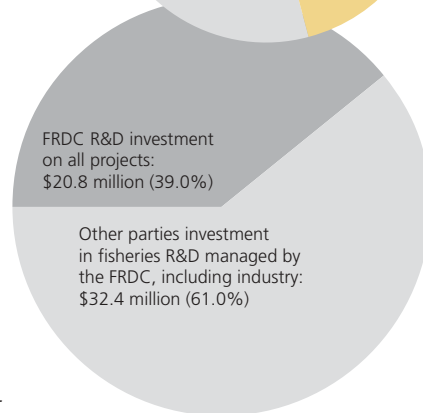
EXPENDITURE

Total: \$24.3 million



CO-INVESTMENT:

Total investment from all sources: \$53.2 million



Investment derived from other sources (leverage) was 1 : 1.56 times the FRDC investment

The industry contribution rose from 128 to 129 per cent of the amount that is matched by the Australian Government, reflecting increased recognition by industry of the benefits flowing from fisheries R&D.



Summary of project expenditure

Expenditure by R&D program

R&D program	2003–04 expenditure	2004–05 expenditure	2005–06 expenditure	2006–07 expenditure
Program 1: Natural Resources Sustainability	\$13.8 m	\$13.9 m	\$12.1 m	\$11.1 m
Program 2: Industry Development	\$9.6 m	\$10.8 m	\$10.7 m	\$8.6 m
Program 3: People Development	\$0.6 m	\$0.5 m	\$1.0 m	\$1.1 m
Aquatic animal health	\$1.1 m	\$0.4 m	\$0.2 m	\$0.1 m
Total	\$25.1 m	\$25.6 m	\$24.0 m	\$20.8 m

Expenditure by Australian Government national research priority

Priority	2003–04 expenditure	2004–05 expenditure	2005–06 expenditure	2006–07 expenditure
An environmentally sustainable Australia	\$19.4 m	\$13.1 m	\$12.4 m	\$10.1 m
Frontier technologies for building and transforming Australian industries	\$1.9 m	\$4.6 m	\$4.2 m	\$8.3 m
Promoting and maintaining good health	\$0.5 m	\$1.4 m	\$6.5 m	\$1.5 m
Safeguarding Australia	\$1.5 m	\$2.2 m	\$0.8 m	\$0.9 m
Total	\$23.3 m	\$21.2 m	\$23.9 m	\$20.8 m

Expenditure by Australian Government priority for rural R&D

Priority	2003–04 expenditure	2004–05 expenditure	2005–06 expenditure	2006–07 expenditure
Sustainable natural resource management	\$19.5 m	\$12.0 m	\$11.4 m	\$9.7 m
Improving competitiveness	\$2.1 m	\$6.8 m	\$7.0 m	\$4.7 m
Maintaining and improving confidence in the integrity of ... fish ... products	\$0.2 m	\$1.9 m	\$1.5 m	\$1.6 m
Improved trade and market access	—	\$0.7 m	\$1.5 m	\$1.3 m
Use of frontier technologies	\$1.5 m	\$0.9 m	\$0.4 m	\$0.6 m
Protecting Australia from invasive diseases and pests	\$1.5 m	\$2.4 m	\$1.0 m	\$1.6 m
Creating an innovative culture	\$0.4 m	\$0.8 m	\$1.1 m	\$1.3 m
Total	\$25.1 m	\$25.6 m	\$23.9 m	\$20.8 m

For more detail on the financial breakdown of FRDC expenditure against government priorities see appendix F: Government priorities on page 156 or visit the FRDC website www.frdc.com.au for a full list of projects.



Summary of industry contributions

TABLE 1: INDUSTRY CONTRIBUTIONS, MAXIMUM MATCHABLE CONTRIBUTIONS BY THE AUSTRALIAN GOVERNMENT AND RETURNS ON INVESTMENT, 2006–07

Fisheries [see note 1]	A	B	C	D	E	F
	Maximum matchable contribution (0.25% of AGVP) (\$)	Actual industry contribution 2006–07 (\$)	B÷A as per cent	Distribution of FRDC R&D investments 2005–06 (\$)	Return on contribution (D : B) [see note 4]	
	[see note 2]			[see note 3]	2006–07	5 years
C'wealth Northern Prawn Fishery	176,521	289,746	164			
C'wealth other	175,709	88,310	50			
Commonwealth total	791,625	948,322	120	3,359,236	3.5:1	1:3.6
NSW oysters	86,727	89,063	103			
NSW other	N/A	314,896	N/A			
New South Wales total	331,775	403,959	122	1,688,569	4.2:1	1:5.9
NT pearls and other non-prawn aquaculture	65,500	173,920	266			
NT other	N/A	112,000	N/A			
Northern Territory total	145,375	285,920	197	586,082	2.0:1	1:4.7
Qld prawn aquaculture [5]	121,442	129,851	107			
Qld other	N/A	555,000	N/A			
Queensland total	686,800	687,351	100	2,139,381	3.1:1	1:4.5
SA southern bluefin tuna [6]	355,461	460,190	129			
SA southern rocklobster	173,813	775,079	446			
SA other	21,791	121,554	558			
South Australia total	952,251	1,744,695	183	4,601,263	2.6:1	1:4.5
Tas salmon aquaculture [6]	401,054	281,515	70			
Tas wild harvest abalone	248,663	223,875	90			
Tas southern rocklobster	120,056	139,952	117			
Tas pacific oysters	42,949	24,015	56			
Tas other	N/A	240,067	N/A			
Tasmania total	837,125	909,424	109	3,067,183	3.4:1	1:5.1

continued overleaf



TABLE 1: CONTINUED

Fisheries [see note 1]	A	B	C	D	E		F
	Maximum matchable contribution (0.25% of AGVP) (\$) [see note 2]	Actual industry contribution 2006–07 (\$)	B÷A as per cent	Distribution of FRDC R&D investments 2005–06 (\$) [see note 3]	Return on contribution (D : B) [see note 4]		
					2006–07	5 years	
Vic wild harvest abalone	130,388	223,884	172				
Vic southern rocklobster	35,408	35,181	99				
Vic other	N/A	54,360	N/A				
Victoria total	255,725	333,759	131	1,196,726	3.6:1		1:5.8
WA rocklobster	681,797	472,414	69				
WA other	N/A	928,882	N/A				
Western Australia total	1,344,175	1,561,955	116	4,133,914	2.6:1		1:3.6
Total	5,344,851	6,875,385	129				

NOTES FOR TABLE 1

1. Individual fisheries included are an example where industry contribution data for the fishery is available.
2. 'Maximum matchable contribution' is the maximum amount to which the Australian Government will match industry contributions in accordance with the criteria detailed on page 144 (including when industry contributions exceed 0.25% of average GVP).
3. Distribution of FRDC R&D investments is based on the estimated flow of R&D benefits to the respective fisheries.
4. Ratios in column F are derived from the distribution of FRDC investments (column D) for 2006–07 and the previous four years. The figures for these five years are relevant to the 1995 Ministerial direction, summarised on page 79, concerning spending of industry contributions.
5. All Australian Prawn Farmers Association contributions are currently attributed to Queensland because a break-down by states is not available from the Levies Revenue Service of the Department of Agriculture, Fisheries and Forestry.
6. Contributes to the FRDC under the terms of a Memorandum of Understanding.



TABLE 2: INDUSTRY CONTRIBUTIONS TO FRDC AS A PERCENTAGE OF MATCHABLE GOVERNMENT CONTRIBUTIONS

	1996/ 97	1997/ 98	1998/ 99	1999/ 00	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05	2005/ 06	2006/ 07
(Actual)	%	%	%	%	%	%	%	%	%	%	%
Commonwealth total	108	86	88	90	90	100	101	153	168	117	120
New South Wales total	78	70	78	63	76	88	81	100	117	106	122
Northern Territory total	20	25	31	29	33	38	43	105	89	105	197
Queensland total	59	51	86	65	81	92	100	106	94	99	100
South Australia total	100	80	88	83	69	76	81	110	111	165	183
Tasmania total	6	11	51	48	70	101	67	82	100	135	109
Victoria total	23	100	95	98	100	87	83	101	94	96	131
Western Australia total	43	49	60	58	55	51	80	81	102	136	116
Total	58	59	72	68	71	77	84	109	114	128	129

This year, the target was 85 per cent and the FRDC achieved 129 per cent (\$6.9 million). The industry contribution this year was the same as the contribution for 2005–06. As a proportion of total FRDC revenue, industry contributions were approximately the same at 26 per cent.

The following graph shows improvement in contributions over time:

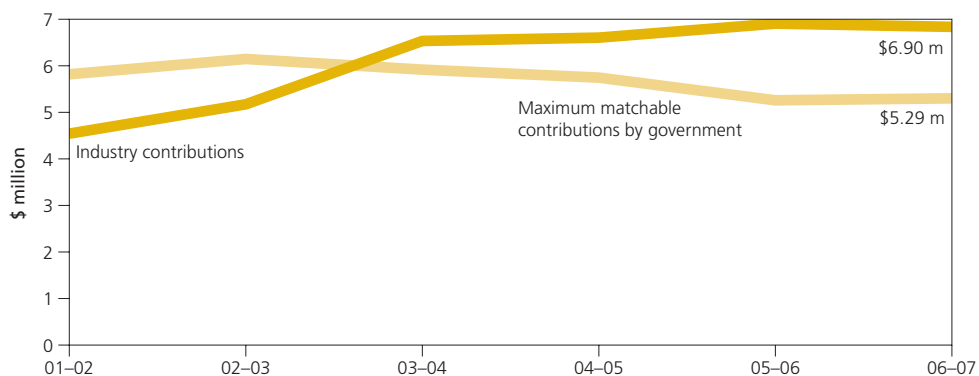
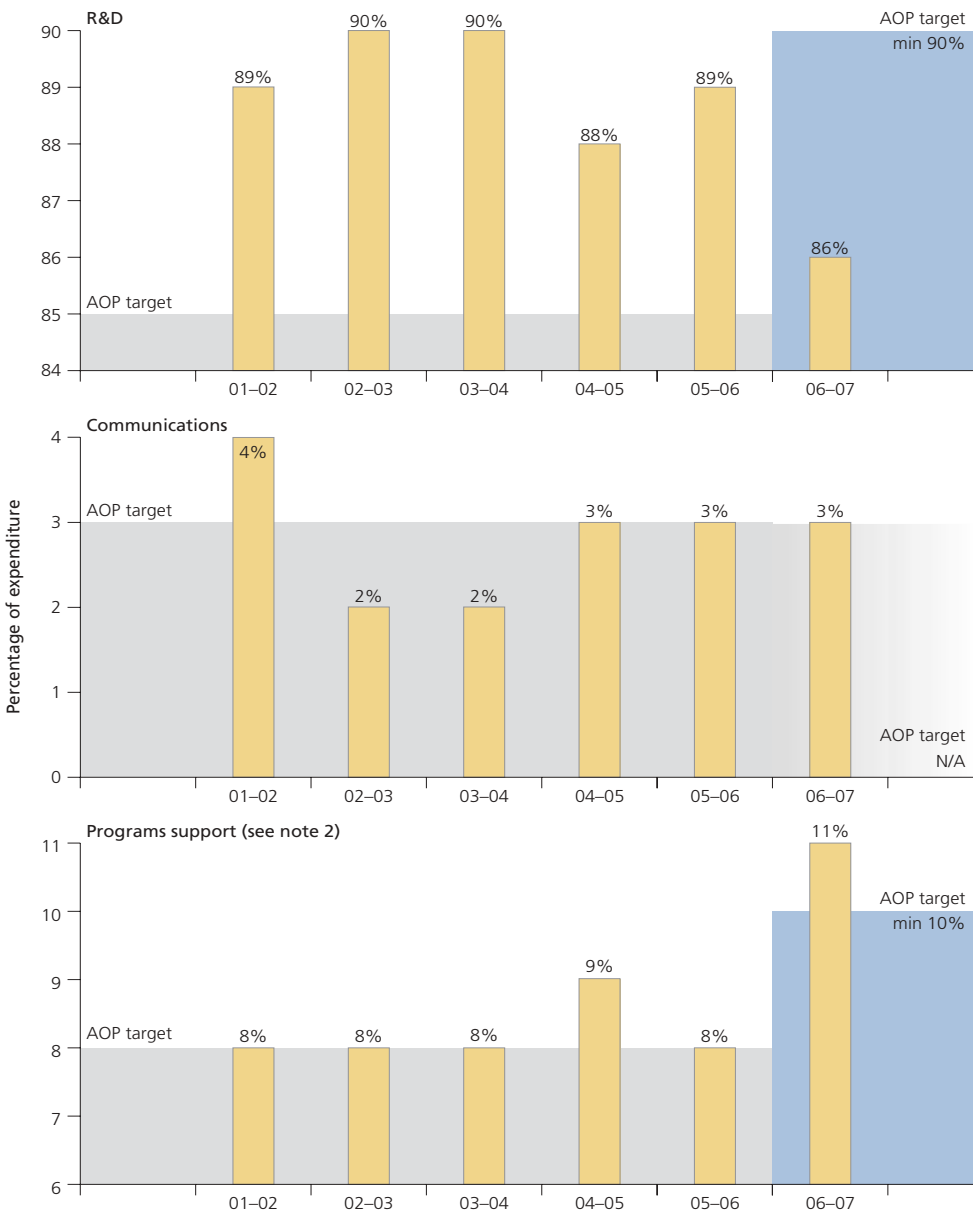
FIGURE 2: INDUSTRY CONTRIBUTIONS, MAXIMUM MATCHABLE CONTRIBUTIONS BY THE AUSTRALIAN GOVERNMENT AND RETURNS ON INVESTMENT OVER TIME

FIGURE 3: MAXIMUM FRDC EXPENDITURE ON R&D PROGRAMS



NOTES

1. Programs support expenditure includes all other activities undertaken by the FRDC, including all salaries and operating expenses of the Secretariat and the Board.
2. In the 2006-07 Annual Operating Plan (AOP) the FRDC forecast a need to increase the cost of program support from 8% to 10%. The increase was due to three factors: redevelopment of necessary IT infrastructure; recruitment of Board members and most significantly the decrease in expenditure to ensure adequate funds will be available for R&D with the implementation of the new funding model — see page 18.



Achievements through this investment

TABLE 3: FINANCIAL INDICATORS OF R&D INVESTMENT

Expenditure	2004–05	2005–06	2006–07	% change	Direction change
– on all R&D projects	\$25.6 m	\$23.9 m	\$20.8 m	–13%	↓
– on R&D Program 1 (Natural Resources Sustainability)	\$13.9 m	\$12.1 m	\$11.1 m	–8%	↓
– on R&D Program 2 (Industry Development)	\$10.8 m	\$10.7 m	\$8.6 m	–19%	↓
– on R&D Program 3 (People Development)	\$0.5 m	\$1.0 m	\$1.1 m	+10%	↑
– on Aquatic Animal Health	\$0.4 m	\$0.2 m	\$0.1 m	–50%	↓
– on R&D of benefit to the commercial sector	\$26.8 m (380 projects)	\$25.0 m (369 projects)	\$18.5 m (328 projects)	–26%	↓
– on R&D of benefit to the recreational sector	\$3.5 m (154 projects)	\$2.9 m (153 projects)	\$2.1 m (121 projects)	–28%	↓
– on R&D of benefit to the indigenous sector	\$0.2 m (46 projects)	\$0.2 m (55 projects)	\$0.15 m (40 projects)	–25%	↓
Benefits	2003–04	2004–05	2005–06	2006–07	
Return on R&D investment to the fishing industry for every dollar contributed to the FRDC	\$3.85	\$3.89	\$3.41	\$3.01	↓
Investment levered from other sources for every dollar invested by the FRDC	1.63	1.43	1.75	1.55	↓
Australian Fisheries Statistics*	2003–04	2004–05	2005–06		
The wild-catch sector earned the same and caught more	\$1.51 bn for 231,000 t	\$1.51 bn for 236,000 t	\$1.42 bn for 192,000 t	\$: –6% t: –19%	↓ ↓
The wild-catch sector earned the same and caught more	\$724 m for 49,146 t	\$634 m for 46,617 t	\$748 m for 54,076 t	\$: 17% t: 16%	↑ ↑
The aquaculture sector earned less and produced more	\$2.05 bn for 293,000 t	\$2.20 bn for 271,000 t	\$2.13 bn for 241,000 t	\$: –3% t: –11%	↓ ↓

The figures quoted from the Australian Fisheries Statistics are for 2005–06 and are from the latest edition which is historically published around March each year. This can be downloaded from the FRDC website www.frdc.com.au



TABLE 4: OTHER INDICATORS OF R&D INVESTMENT

	2002–03	2003–04	2004–05	2005–06	2006–07
Number of applications evaluated	142	171	135	136	99
Number of approved new projects	82	81	64	69	53
Total number of active projects under management	485	494	426	433	399
Number of final reports completed	82	122	106	88	67
Median value of active R&D projects	\$206,557	\$224,406	\$246,261	\$233,684	\$216,042



Forecast budget 2007–08

	\$	\$
REVENUE		
Australian Government 0.5% AGVP	10,689,850	
Australian Government matching of industry contributions	5,344,925	
Total revenues from the Australian Government		16,034,775
Contributions revenue		
Fisheries managed by:		
Australian Government	1,491,267	
Australian Capital Territory	0	
New South Wales	490,599	
Northern Territory	197,000	
Queensland	640,000	
South Australia	1,647,536	
Tasmania	796,000	
Victoria	250,000	
Western Australia	1,651,160	
Sub-total	7,163,562	
Aquafin CRC	2,500,000	
Seafood CRC	4,000,000	
Other project income	750,000	
Total contributions revenue		14,413,562
Interest		250,000
Sales of goods and services		40,000
Other income		5,000
TOTAL REVENUE		30,743,337
EXPENDITURE		
Projects expenditure		
Natural resources sustainability	13,200,000	
Industry development	11,550,000	
People development	2,750,000	
Total programs		27,500,000
Communications		
Other goods and services expense		615,000
Programs support		
Employees		1,440,000
Suppliers		730,000
Depreciation and amortisation		451,000
Net write down of assets		0
Other expenses		0
Total Programs support		2,621,000
TOTAL EXPENDITURE		30,736,000



About the FRDC

The FRDC is one of 15 rural research and development corporations (RDCs). The FRDC is co-funded by its stakeholders, the Australian Government and the fishing industry.

The Corporation invests strategically across all of Australia in research and development (R&D) activities that benefit all three sectors of the fishing industry — commercial (wild catch and aquaculture), recreational and customary. The FRDC's goal is for Australia's fisheries to be both sustainably managed and profitable.

The FRDC aims to work with partners to disseminate R&D results and assist with its adoption and, when appropriate, commercialisation.

Strategic directions are set with key stakeholders and then partner organisations are directly engaged from all over Australia to undertake its R&D activities.

This innovative approach to project management provides the FRDC a great deal of flexibility, while at the same time enabling us to work as a virtual organisation many times its size.

The seafood industry is Australia's sixth most valuable food-based primary industry with a landed value of more than \$2.2 billion a year. In addition more than 3.4 million Australians recreationally fish each year spending an additional \$1.8 billion a year. For indigenous communities the fishing industry not only provides avenues for income but also plays a significant role in their culture and subsistence.

Fish are a valuable, community-owned, renewable resource. They are, however, limited and vulnerable. Therefore, it is important they are managed using the best information available.

The Corporation and its partners are striving to ensure that fisheries ecosystems are used in a sustainable way so that future generations benefit.

Not only does FRDC's R&D aim to ensure the sustainability of Australia's natural resources. It also aims to raise awareness of key fisheries-related issues such as industry development, the social and economic impacts on fishing communities, and the health benefits of seafood.

The business environment in which the FRDC operates is characterised by:

- the need for effective stewardship to ensure best use of Australia's resources,
- a high emphasis on natural resource management,
- specific priorities of the three sectors of the seafood industry,,
- geographic diversity — Australia's waters extend from the tropics to the Antarctic, and include both marine and freshwater,
- a broad range of products, including 800+ commercial species, 1000+ recreational species and 100+ farmed species, with a further 100+ protected species.



The five strategic challenges

The FRDC and its stakeholders have analysed the fishing industry's business environment and the changes likely to occur during the next 20 years. This analysis has resulted in identification of the following five strategic challenges:

1. Natural resources sustainability
2. Resource access and resource allocation
3. Responses to demand; profitability
4. People development
5. Community and consumer support.

The three visions of the Fisheries Research and Development Corporation

For the industry

The commercial sector of the fishing industry is internationally competitive and profitable over the long term.

The commercial, recreational and indigenous sectors use aquatic resources in a sustainable way; are characterised by a learning culture; and are forward-looking, innovative, professional and socially resilient.

For the community and consumer

The community and consumers are supportive of the fishing industry and the natural resources on which the industry depends.

For fisheries and aquaculture research

Fisheries and aquaculture research is innovative and responsive to the needs of the Australian community, the fishing industry, and the aquatic ecosystems on which they depend.

The Corporation's mission

The FRDC's mission is to maximise economic, environmental and social benefits for its stakeholders through effective investment and partnership in research and development.

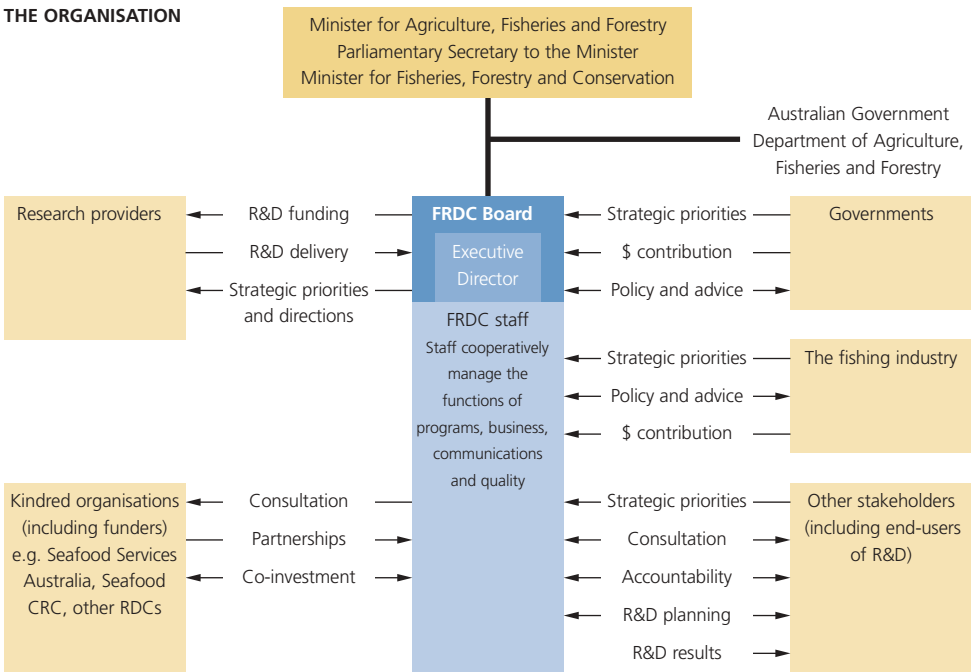
Stakeholders

Stakeholders in the FRDC are the fishing industry; the federal, state and territory governments; and the people of Australia.

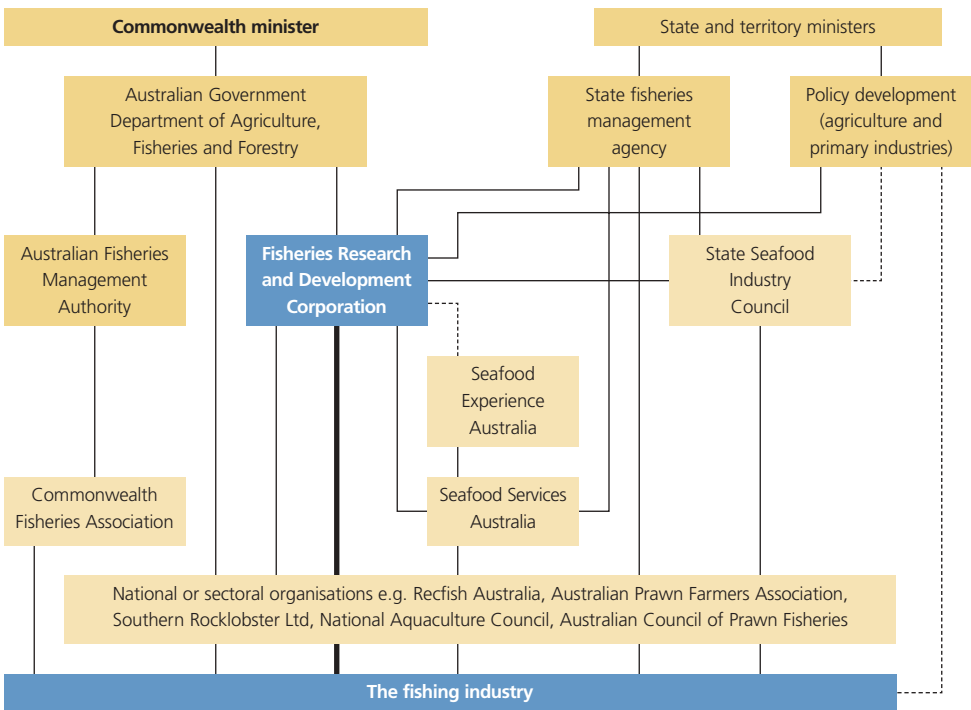


FIGURE 4: THE FRDC'S ORGANISATION AND OPERATING CONTEXT

THE ORGANISATION



THE OPERATING CONTEXT





Australian Government
Fisheries Research and Development Corporation

31 August 2007

The Hon. Sussan Ley MP
Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry
Parliament House
CANBERRA ACT 2600

Dear Ms Ley,

On behalf of the directors of the Fisheries Research and Development Corporation, I have pleasure in presenting the Corporation's annual report for the year ended 30 June 2007. It is forwarded in accordance with section 9 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act). It has been prepared in accordance with the *Primary Industries and Energy Research and Development Act 1989*, the CAC Act, the *Environment Protection and Biodiversity Conservation Act 1999*, the Commonwealth Authorities and Companies (Report of Operations) Orders of 2005, and other Commonwealth legislation and guidelines.

The contents of the report are intended to enable an informed judgement of the Corporation's performance during the year ended 30 June 2007 by you; by the Minister for Agriculture, Fisheries and Forestry; by the Minister for Fisheries, Forestry and Conservation; and by the Parliament.

The report is also intended to inform the FRDC's other stakeholders — especially fishing industry levy payers and other financial contributors; other people in the commercial, recreational and indigenous sectors of the fishing industry; and members of the research and development community.

I take this opportunity to acknowledge the strong support of my fellow directors in guiding the Corporation towards outcomes that will greatly benefit the fishing industry, the natural resources on which it depends, and the Australian community.

Yours faithfully,



Denis Byrne
Chairman

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Australian Business Number: 76 311 884 813





**Fisheries Research and
Development Corporation**

Annual Report

2006–07



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DENIS BYRNE, FRDC CHAIR



The report of operations explicitly addresses section 9 of the *Commonwealth Authorities and Companies Act 1997* and includes material required by other legislation, particularly the *Primary Industries and Energy Research and Development Act 1989* and the *Environment Protection and Biodiversity Conservation Act 1999*.

Certificate concerning the Report of Operations

The directors of the FRDC are responsible, under section 9 of the CAC Act, for preparation of the following report of operations in accordance with the CAC Orders.

This report of operations is made in accordance with a resolution of the directors at their meeting of 15 August 2007.

The date of the report is 31 August 2007.



Denis Byrne
Chair

Certificate concerning the Global Reporting Initiative

This annual report was prepared in accordance with the 2002 Global Reporting Initiative guidelines and represents a balanced and reasonable presentation of the Corporation's sustainability performance.

[A compliance index for reporting against the Global Reporting Initiative is on page 162.]



Denis Byrne
Chair



Report of



Part 1: The Directors' review of
operations and future prospects

Operations

Part 1



A year of change for FRDC following review

The 2006–07 year saw several important changes to the FRDC.

Uhrig Review

The completion of the review of statutory government agencies undertaken by John Uhrig brought a number of changes. The two key changes for FRDC were the removal of the government director from the FRDC Board and the Commonwealth Government developing a Statement of Expectation (SOE). The SOE outlines the key areas the Government would like the FRDC to focus on in the coming year and requires the FRDC to respond with a formal Statement of Intent (SOI). FRDC prepared a SOI and incorporated this into the 2007–08 Annual Operation Plan and commenced work on integrating this into its reporting framework. In particular, significant work has been undertaken with the other research and development corporations (RDCs) on developing a performance reporting framework to measure outcomes. FRDC has integrated government policy (rural and research priorities) into its systems for assessment of R&D applications and its reporting (see appendix F on page 156), and increased communication with the Minister and department by delivering monthly reports. A full assessment on the FRDC's progress will be completed in the 2007–08 Annual Report.

The RDCs were supportive of the outcome of the Uhrig Review as they retain the governance arrangements that provided confidence to industry and the Australian Government to co-invest.

The Review clearly identified that the FRDC Board's role was to establish strategy, manage risk and opportunity (entrepreneurial) and monitor and respond to performance from its R&D investment.

In addition to these changes brought on by the Uhrig Review, the Parliamentary Secretary Sussan Ley has also suggested that RDCs:

- improve their level of collaboration between RDCs,
- implement a quantitative impact assessment and reporting framework for all RDCs, and
- improve their level of investment in people development.

Productivity Commission

The Productivity Commission published a report called "Public Support for Science and Innovation". While the report made no specific recommendation it merely commented on what it sees as best practice science investment. It reinforced the collective need of the RDCs to measure the benefits of the government's investment. Further, its commentary on spillover benefits shifts the emphasis of public good funding to include measures of community benefit. In recent years public good funding has focused more on direct industry or commercial benefits.

Representative body

For the last 12 months FRDC has operated without a commercial representative body following the demise of the Australian Seafood Industry Council (ASIC) in 2006. Recfish Australia remains FRDC's only representative body. To address the loss of ASIC, FRDC has established informal communication and consultation processes with a broader range of industry sector councils. Over the next 12 months the Board will work with the commercial industry to attempt to address this loss.





FROM LEFT: JOHN WILSON, BUSINESS DEVELOPMENT MANAGER; **FRANK PROKOP**, DIRECTOR; **RICHARD N. STEVENS**, DIRECTOR; **PATRICK HONE**, EXECUTIVE DIRECTOR; **DENIS BYRNE**, CHAIRMAN; **STUART RICHEY**, DIRECTOR; **RICHARD A. STEVENS**, DIRECTOR; **RAY JOHNSON**, DIRECTOR AND **PAUL McSHANE**, DIRECTOR.

New Board

In September 2006, the Minister appointed Ray Johnson, Paul McShane, Frank Prokop, Richard A. Stevens, Richard N. Stevens and Stuart Richey to the new FRDC Board following the departure of Simon Bennison, Ian Cartwright, Tor Hundloe, Glenn Hurry and Nick Rayns. All five retiring members played a significant role in changing the direction of FRDC to focus on outcomes. Special thanks were also passed onto David Bateman who acted as special observer to the Board to provide expertise in recreational fishing.

Seafood Services Australia

In September 2006 FRDC became the sole member of Seafood Services Australia Limited (SSA). As a result FRDC were required to consolidate the financial reports of SSA with FRDC's from that date. The full financial statements are included in this annual report.

A mixed year for the seafood industry

The commercial fishing and aquaculture sectors have been restructuring and continue to make significant macro-economic changes in response to a high Australian dollar. This has implications for global seafood competition, increasing liberalisation in developed countries and increased costs of operations including fuel, equipment, feed and labour and skill shortages. The Commonwealth buy out is drawing to a close and consolidation has been occurring in some sectors, for example the number of boats in the Northern Prawn Fishery (NPF) has decreased from over 200 boats 15 years ago, to 52 in 2006–07.

Industry structures are being established at a national level. For example, the Australian Council of Prawn Fisheries, Abalone Council of Australia and Southern Rocklobster Ltd (SRL) — all lend themselves to a more sector specific-strategic approach to investment.



Domestic and world demand for seafood continues to grow. The Country of Origin Labelling (COOL) has had a significant affect on domestic consumer's seafood purchasing choices since its introduction. This can be closely linked to the bad publicity that has plagued the seafood industry following disputes between sectors on the status of imported prawn products.

The recreational industry continues to grow and diversify its offerings to anglers. Resource allocation has been one of the main issues for this sector over the last 12 months. State governments with recreational support have purchased commercial fishing licences to create recreational fishing havens. This reallocation of resources to the recreational sector will improve fishing quality in these areas. This has included commercial fishing, indigenous (Northern Territory Blue Mud Bay decision) and marine protected areas. The sector is growing in professionalism as it invests in governance and leadership skills. In New South Wales and Victoria, recreational fishing dominates fisheries management.



Collaboration a key focus for FRDC

The FRDC continued to collaborate on activities at both the broad national level as well on individual projects during the year. In particular, FRDC has achieved a high level of collaboration with the RDCs contributing to projects on best practice, climate change and variability, people and capacity building, and water management.

FRDC will continue to focus on building these relationships and develop terms of reference for consultants to explore the areas of trade and energy with a view to developing an R&D prospectus for each of them. Bio-security will also be progressed, but at a slower pace, and after another round of consultation.

Helping our industry develop

In May 2007, FRDC welcomed its first People Development Project Manager Jo-Anne Ruscoe, pictured here. The appointment follows the 2005–06 review of the people development program which highlighted a need for further investment in this area. As a result the FRDC Board increased its investment in this area from 5 to 10 per cent of R&D expenditure and established a steering committee for the program. A draft plan has been developed which will provide new opportunities for the seafood industry to participate in activities aimed at increasing their capacity and knowledge. The new investment process for people development program will commence in the 2007–08 financial year.



Building things that matter to our stakeholders

The FRDC Board and staff make a point of visiting our stakeholders when travelling and have an open door policy for anyone visiting Canberra. A big issue conveyed by industry at present is profitability and market development. The FRDC have responded to these concerns and invested significantly in the last 12 months through a number of projects. These include improving industry access to and adoption of R&D, improving industry profitability and understanding both local and international markets. The main developments have been:

- FRDC partnership with Seafood Experience Australia (SEA) in developing a market access and education platform. This has included investment in R&D to support Restaurant 06, the European Seafood Exposition and the Lexus Young Chef and Waiter of the Year Award;
- working with Seafood Services Australia and the Omega-3 Centre to disseminate information on the health benefits of seafood;
- working with the Board of Southern Rocklobster Ltd (SRL) to develop new markets for large porcelain lobsters in the USA; and
- increased circulation of the FRDC's R&D magazine *FISH*, which had a significant makeover during the year making it more industry focused.

New money for industry research and development

The Minister for the Department of Education, Science and Training, Julie Bishop MP, announced in December that the consortium of seafood participants had been successful in their bid to establish a new \$35.5 million Seafood Cooperative Research Centre (CRC). In total over \$137 million will be invested by industry and the Australian Government over the next seven years. FRDC will be a significant contributor investing \$24.5 million over the period. The Corporation has played a pivotal role in the development, underwriting the operations of the Seafood CRC since the minister's announcement and working with participants to establish the new company.

What we are going to do this year, 2007–08

The next 12 months is shaping up to be one of significant change for FRDC. From July 2007, FRDC's new funding framework commenced. This has been well accepted by all sectors and jurisdictions and provides more flexibility to respond to emerging issues. An overview of the new funding framework can be found on page 18.

The new Seafood CRC will increase the seafood industries' capacity to undertake research and development activities across the entire seafood supply chain. For FRDC, this will mean looking at how it integrates its business to maximise these opportunities. A forecast budget for 2007–08 that incorporates the FRDC's contribution to the Seafood CRC is located on page xi.

FRDC, with SSA and SEA, will continue to address market trade and access development. The Corporation will work with SEA to develop a platform for promoting and marketing seafood collectively. FRDC will commence investing in people through its new people development program. Significantly, the program will aim to maximise its return to industry through working collaboratively to fund activities in this area.

The Board would like to thank all staff, Board members and stakeholders who have contributed to FRDC's successes over the last 12 months. Please let FRDC directors know what your thoughts are after reading this annual report.



Performance indicator matrix

Environmental indicators — Natural resources sustainability

Key performance indicator	Achievement
Self-managed or co-managed fisheries governance structures and processes developed and a minimum of five fisheries brought under self management.	Commenced
Thirty per cent reduction in fisheries that are overfished or of an unknown status.	Commenced
Increased utilisation of fisheries R&D outputs by fisheries management agencies.	Commenced
Development of formal socio-economic assessments for incorporation into fisheries resource allocation processes.	Commenced
Evidence of improved use of spatial management as a tool for fisheries management.	Commenced

Historically Program 1 has received higher levels of investment over the other two programs. The rationale for this investment is twofold — firstly the FRDC receives funds from the government for investment into public good, and second that assessing outcomes in natural resources sustainability while very important to the industry is difficult to measure and occurs over much longer timeframes.

Research to maintain and improve the management of natural resources is seen as fundamental to the success of all sectors of the industry. Conventional approaches to management have focused on a narrow area, such as single species management. Current research activities are looking at alternate methods of management that include co-management, whole-of-ecosystem approaches and spatial management. Other areas of research activity have included assessing impacts of non-fishing activities due to broader natural resource management (NRM) activities, concerns about environmental flows, land-based habitat degradation and climate change. As a result a number of fisheries have progressed to implement new management regimes.

Increasingly through better understanding of individual species and habitats, managers are finding that management at smaller spatial scales is more appropriate. To this end, fine scale spatial mapping, modelling and stock assessments are being undertaken to refine the management of several species, including grey mackerel, Spanish mackerel, blue warehou, snapper, king prawns, dhufish, samsonfish, abalone and rocklobster. There have been, and continue to be, successful examples of the development and adoption of systems that have empowered and assisted industry in managing and promoting their credentials as stewards of the environment. These systems are increasingly being involved in the management of fisheries. The Moreton Bay, salmonid, oyster and abalone aquaculture sectors in Tasmania have all successfully created and adopted environmental management systems (EMS). The Victorian Bays and Inlets Fishery were recognised for their efforts with an Award for Environment Management from the Victorian Government.

Likewise a strong focus on meeting regulatory requirements of natural resource and environmental legislation such as the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act) and improved fisheries environmental management performance has been an integral part in many projects undertaken during the year. A large proportion of the R&D undertaken in program 1 contributes to achieving the outcome of a 30 per cent reduction in overfished fisheries.



Measuring resource use and access remains a prerequisite for better informing allocation between sectors. For the commercial sector this work has been relatively straightforward with the issuing of licenses, quotas etc. However, there remains a need to obtain a greater understanding of the use of resources by all sectors. Once the information and the level of use is defined, the development of fair and equitable processes to allocate resource use between the three main sectors and the environment needs to be established.

During the year considerable work was undertaken by all researchers to ensure that adequate communication and extension strategies were in place to disseminate research findings to stakeholders. Fisheries managers in all jurisdictions received copies of all reports that could impact on the management of fisheries. The reports ranged from fish biology, bycatch reduction, stock structure, climate change and variability, alternate management approaches and supply chain logistics. Ultimately, FRDC is not a management agency and cannot mandate the use of research findings. However, effective dissemination assists in the adoption of research outputs by management agencies to realise associated management outcomes.

Economic indicators — Industry development

Key performance indicator	Achievement
At least two companies accessing new markets for domestically caught seafood.	Achieved
Establishment of a third-party audited food quality standard for vessels and processors.	Commenced
Five per cent increase in finfish production through improved feeds and feeding practices.	Not achieved
Establishment of a commercial operation (ASCo) specialising in the utilisation of fish processing waste.	Achieved
At least two companies utilising improved stock from selective breeding programs.	Not assessed

Activity within this Program grew this year with a focus firmly on increasing industries profitability in the face of declining Gross Value of Production GVP, reduced access through development of marine parks, management changes and other external factors such as the disease outbreak in the Victorian abalone industry. With many fisheries at production capacity, the present focus is on how to make more from available resources. This is not limited to production outputs as increasing profitability can apply to inputs by reducing the cost of production.

Over the course of the year the FRDC invested in a number of aquaculture projects that have looked at improving stock from selective breeding programs such as black tiger prawns, Pacific oysters, and a range of finfish. In addition, work was completed in closing the lifecycle and successfully breeding the tropical rocklobster. The companies working on these projects are now utilising the developed stock as part of their commercial operations. FRDC also invested in projects looking at new feed technologies. These projects are still in the early development stages and will be ongoing, however the early outcome is that the companies involved are becoming more profitable as a result.

FRDC, through SSA, has been collaborating with Food Standards Australia New Zealand (FSANZ) to develop food quality standards for safe seafood. Additionally, SSA has been working to ensure accurate information is disseminated regarding issues such as dioxins, mercury and residues in seafood. Manuals have also been developed for vessels and processors to improve the handling of tuna and broadbill swordfish.



Changing the focus of thinking beyond “water to farm gate”, to “water to plate” is an important step for the FRDC to ensure the key outcome of Program 2 is that the commercial sector is profitable and internationally competitive, and that returns for industry are maximised. It is important that industry understands this concept and uses research and development outputs to think beyond the role of purely being a supplier and create a culture that works through the whole supply chain. Recent reviews of the abalone industry have highlighted this. The need for appropriate and relevant business plans and supply chain processes will increase in importance.

Developing a better understanding of what the end user wants, for example value added products, is seen as an effective means of increasing profit. This area of FRDC investment has seen mixed success with some value added concepts being developed, but not readily accepted by consumers. There were some successes with the creation of sashimi lobsters and lobster medallions which increased the value of previously low valued large southern rocklobsters. New product development does not have to be based solely on consumption and utilising fish processing waste products, such as lobster heads, also offers companies avenues to maximise returns. Innovations such as extraction of chitin from shellfish could provide a new growth sector for the seafood industry.

A number of projects have been undertaken to examine new markets for a variety of seafood products. Southern Rocklobster Ltd (SRL) is conducting a scoping exercise to investigate the fine dining segment of the United States market. This project will examine all aspects of the supply chain, from distribution and communication tools through to the development of electronic weighing and tagging systems to ensure product traceability throughout the chain. Another project involved tours of the London and Paris fish markets. These tours, held in conjunction with the European Seafood Exposition (for more detail see pages 54–55), highlighted to industry participants that in many cases they can be internationally competitive. Further indications from other Australian participants at the Exposition are that more than \$10 million in sales are expected as a result of FRDC’s investment in this project.

Social indicators — People development

Key performance indicator	Achievement
Two seafood industry leaders to complete the Australian Rural Leadership Program annually.	Achieved
Minimum of ten fishing industry participants annually to attend the Advance in Seafood Leadership Development Program.	Achieved
Ten per cent improvement in recreational fisher capacity to release all fish in good condition.	Achieved
Ten per cent increased consumption of seafood.	Commenced
Aquaculture ventures are able to access new sites.	Not assessed

Industry leadership and staff retention are two of the biggest issues facing the seafood industry especially as the average age of members increases, and the average age of new starters decreases. In 2006–07, following a review of FRDC’s investment in its people development program, a new project manager was appointed. A significant outcome of the appointment has been the development of a plan that will see around 10 per cent of the FRDC budget spent on this program. This equates to a 100 per cent increase in investment in this area.



At present, succession planning of leaders is difficult in all primary industries. A real goal for the FRDC is to work with industry to identify people with potential and to provide them with the skills and knowledge necessary to take on roles of responsibility with confidence. The FRDC has invested in two programs to achieve the outcome for Program 3 — the Advance in Seafood Leadership program and the Australian Rural Leadership Program (ARLP). The six-month long Advance in Seafood Leadership program focuses on providing its younger participants with the basic skills needed to become better leaders and managers. Investment in the ARLP has proved more important for developing capacity at the senior level. This program has delivered solid returns with two fishing industry participants graduating each year. Most have gone on to become senior seafood industry representatives.

The ability for the fishing industry to continue their activities is largely based on support from the community and consumers. As the community becomes more environmentally aware, the need to show that natural resources are being utilised in a sustainable manner has increased. Without this support, access to the resource could be reduced and the ability to harvest halted. Educating the community about the sustainable use of resources is a priority and projects such as the interactive edu-tainment program *Ollie's Island* which saw 45,000 copies distributed to all schools around Australia has assisted this process. Likewise, sales of the *Story of Seafood* and its companion teacher's education kit have continued throughout the year. A number of other projects have also made effective use of informative but entertaining media such as video to widely communicate the message.

Investment in the recreational research to examine the survival of released fish continued in 2006–07. Likewise, the recreational sector has continued to communicate the findings from this, as well as previous research from the National Catch and Release Strategy to anglers across Australia. This work has helped educate fishers on how to catch and release line-caught fish and maximise their survival. Most importantly the rate anglers are converting from a 'catch-and-keep' to a 'catch-and-release' approach is very positive. Catch and release data is now available on a range of species and in some cases, for example barramundi, over 60 per cent of all fish caught are being released back into the fishery.

The seafood industry continues to educate consumers on the health benefits of consuming seafood. The Australian community is becoming one of two extremes (one being health conscious individuals and the second having an increased occurrence of obesity). Seafood is perfectly placed to contribute to the overall health of the general public. FRDC-funded activities such as the Omega-3 Centre and publications such as 'Seafood the good food' and 'What's so healthy about seafood' have allowed FRDC, through SSA, to widely promote the message to the general public. Over 500 articles have been published in newspapers, health journals and magazines over the past year and as a result the last two *Seafood Consumption Omnibus* surveys have found that around 10 per cent of the Australian population said they had increased seafood consumption because of the health benefits involved.



Challenges and opportunities for the FRDC

R&D demand factors

Demand for FRDC investment in R&D has been growing steadily over the past three years. This is because of an increasing awareness by industry of key challenges, and the need for the FRDC to assist addressing them.

Translating these demands into R&D projects is challenging because of the need to balance stakeholder expectations. For example:

- fisheries managers and the fishing industry often have conflicting views on R&D priorities — managers need data on stocks and the status of fisheries, whereas fishers are interested in reducing costs, improving product quality and developing new products and markets; whereas
- many fisheries researchers and institutes are driven by the need to publish research or gain access to external funding. Both lead to a focus on undertaking research for researcher's sake.

The FRDC Board and staff continually monitor the external environment for such conflicts and work hard to mitigate them through the development of partnerships and by focusing research that achieves outcomes for stakeholders.

The FRDC's new investment framework

In April 2006, FRDC, in consultation with the Fisheries Research and Advisory Bodies (FRABs) and other stakeholders at the biennial Stakeholder and FRAB Workshop, reviewed its funding process.

The new framework moves the FRDC from the previous annual competitive call for proposals to three new alternative funding methods (outlined in Table 5). These new funding approaches are designed to provide flexibility to meet the needs of our stakeholders in a changing business environment.

TABLE 5: A SUMMARY OF THE NEW FRAMEWORK

Major purpose governance	Funding method(s)	Primary arrangements
Public good	<ul style="list-style-type: none">• Open annual competitive call — 1 November	FRAB
Tactical industry response	<ul style="list-style-type: none">• Quarterly industry/FRAB commissioned applications — not longer than 18 months and limited to no more than \$75,000 investment from FRDC	FRAB
Strategic national issues e.g. fish health	<ul style="list-style-type: none">• Closed/open tender; and/or• Commissioned	FRDC Board and/or Subprograms
Major industry sector plans	<ul style="list-style-type: none">• Closed tender• Commissioned	Industry MoUs Subprograms
People development	<ul style="list-style-type: none">• Closed/open tender (leadership, capacity building)• Open call (scholarships, workshops/conferences)	FRDC and People Development Reference Group



The FRDC Board will continue to utilise the FRABs to provide advice on the relevant priorities for:

- public good investment,
- sectors not covered by a Memorandum of Understanding (MoU),
- jurisdiction and national issues, and
- providing advice on expenditure for the new tactical research fund (TRF).

In addition, the new Seafood CRC will provide a significant new source of funding for the commercial sector further meeting their needs with regard to industry production, profitability and value adding. This will take effect from July 2007. For more information see <http://www.seafoodcrc.com/>.

The major change to the funding model is the TRF that has been created as part of the FRDC's continual improvement program. The TRF is intended to provide funding quickly for high priority tactical fishing industry issues, or by taking immediate advantage of industry opportunities that arise by investing in short-term R&D projects. The fund can also be used to respond to unforeseen events.

The 2006–07 funding round

The FRDC received 99 applications for the 2007 funding round. The approval rate was 53 per cent. The total FRDC investment for 2007–08 was \$6,150,000 some \$650,000 above the target of \$5,500,000 that was given to the FRABs last year. This investment does not include the renewed investment that FRDC has made in Seafood Services Australia (see attached approval conditions). The FRDC was able to increase its investment due to strong industry contributions that countered the declining GVP and improved cash contributions from research partners.

Future funding supply factors

FRDC expects to have \$5.5 million to fund new R&D projects through the 2008–09 funding round. This will include approximately \$1.5 million allocated to the tactical research fund.

R&D priorities for next funding round

During the evaluation of the 2006–07 funding round, the FRDC Board identified gaps in its current R&D investment as they related to the strategic priorities from beneficiary and FRDC R&D plans. These gaps are documented on the following page and are similar to those identified in the 2006 funding round. The five points below reflect the broad areas where the Board believes further R&D may be beneficial, however these are not comprehensive. The FRDC *R&D Plan 2005–10* should also be consulted to provide context for these priorities and for guidance on other areas of potential investment.

1. Resource allocation
2. Spatial management
3. Industry profitability
4. Fisheries management
5. Social and economic.

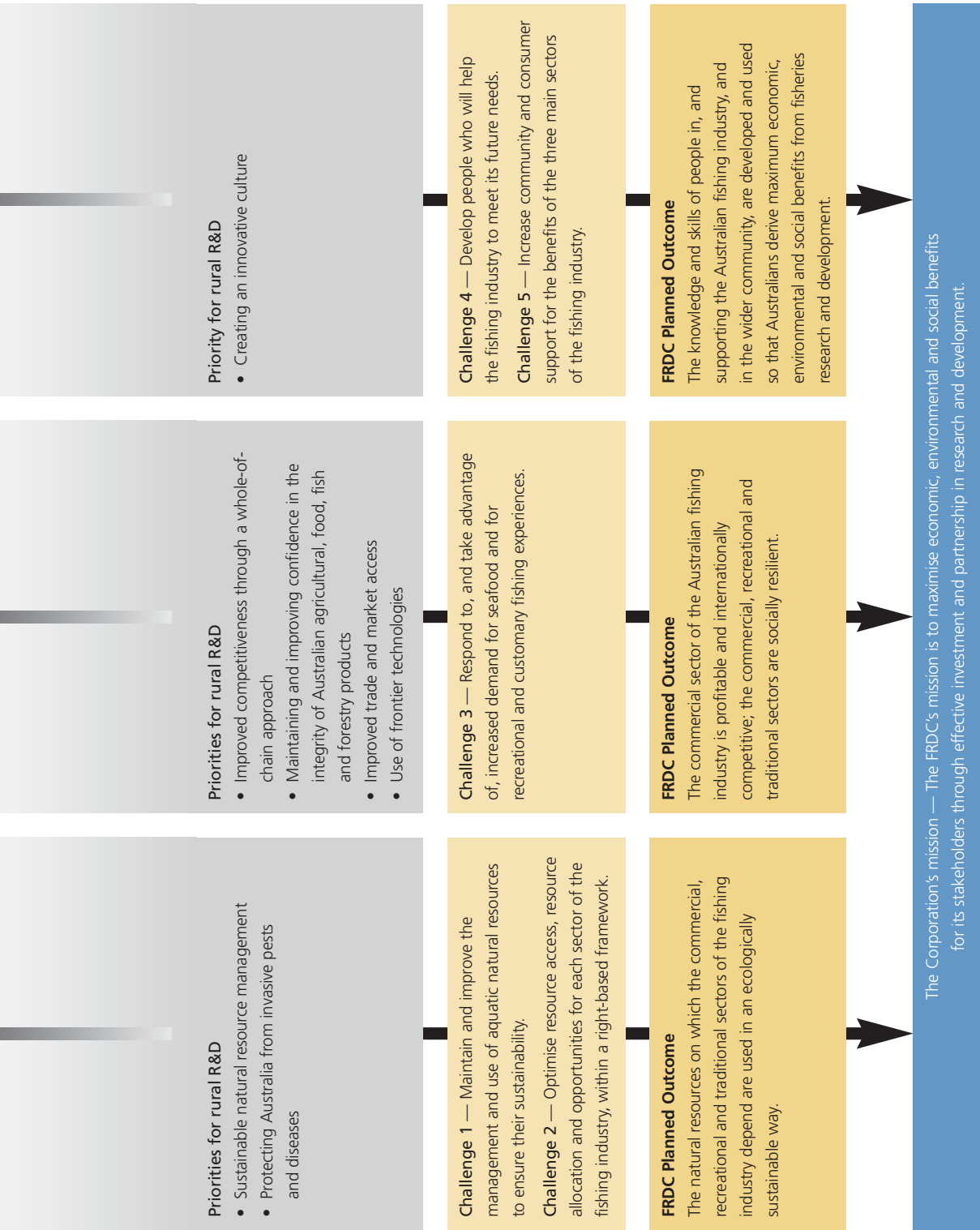


This table shows how the R&D programs incorporate the Australian Government's priorities.

TABLE 6: GOVERNMENT PRIORITIES AND FRDC R&D PROGRAMS

Program 1: Natural Resources Sustainability	Program 2: Industry Development	Program 3: People Development
Planned outcome of representative organisation Recfish Australia outcome: Australian marine and freshwater resources and habitats are managed sustainably to produce abundant, diverse, high-quality fishing experiences for recreational and sport fishers.	Planned outcome of representative organisation Recfish Australia outcome: The recreational sector of the fishing industry develops in ways that maximise economic, environmental and social benefits to recreational and sport fishers, associated businesses and the Australian community.	Planned outcome of representative organisation Recfish Australia outcome: The skills of people in the recreational sector of the fishing industry are developed and used to achieve sustainable fishing practices, to enable fishers and their organisations to participate effectively in sustainable fisheries management, and to derive maximum economic, environmental and social benefits for the Australian community.
National Research Priorities <ul style="list-style-type: none">• An environmentally sustainable Australia• Safeguarding Australia	National Research Priority <ul style="list-style-type: none">• Frontier technologies for building and transforming Australian industries	National Research Priority <ul style="list-style-type: none">• Promoting and maintaining good health





FRDC get on them!

Roger Edwards, Executive Officer, Southern Rocklobster Ltd,
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Report of



Part 2: The FRDC's operational results

Operations

Part 2





PART 2: THE FRDC'S OPERATIONAL RESULTS

Environment indicators



Summary of completed projects in 2006–07 for Program 1

Strategic challenge	No. of projects completed in 2006–07	FRDC investment in these projects
<i>Challenge 1: Natural resources sustainability</i> Improve the sustainability of natural resources supporting wild-catch and aquaculture.	34	\$9,719,248
<i>Key performance indicator</i>		
Self managed or co-managed fisheries governance structures and processes developed and a minimum of five fisheries brought under self management.		
Thirty per cent reduction in fisheries that are overfished or of an unknown status.		
Increased utilisation of fisheries R&D outputs by fisheries management agencies.		
<i>Challenge 2: Resource access and resource allocation</i> Optimise resource access, resource allocation and opportunities for each sector of the fishing industry, within a rights-based framework.	2	\$381,684
<i>Key performance indicator</i>		
Thirty per cent reduction in fisheries that are overfished or of an unknown status.		
Increased utilisation of fisheries R&D outputs by fisheries management agencies.		
Total	36	\$10,100,932

Summary of Program 1 performance

Quantitative measures of natural resources sustainability in wild fisheries are difficult to prescribe and report against. For more detail see the performance matrix on pages 14–17.

Principal inputs

During 2006–07, \$11.1 million (46 per cent of the FRDC's R&D investment) was invested in R&D activities within this program, through 175 projects listed on the FRDC website.

The FRDC also oversaw an additional \$100,000 of R&D funded for aquatic animal health projects.



Program 1: Natural Resources Sustainability

Australia has a broad range of freshwater and marine habitats that support a diverse range of aquatic species. Australia's maritime zone is one of the largest in the world covering about 14 million square kilometres: about twice the area of Australia's land mass. This zone contains about 4500 known species of finfish (and perhaps tens of thousands of invertebrate species) — most in relatively small numbers.

Federal, state and territory government agencies are responsible for managing the fisheries and aquaculture activities within their jurisdictions. Large components of the R&D undertaken by the FRDC focuses on providing information that will assist these agencies improve the sustainable use of Australia's environment. The projects outlined on the following pages highlight the diversity and excellence of the FRDC's current research portfolio. For a full listing visit the FRDC website.

Square mesh delivers

Project title — Effects of Trawling Subprogram: collaborative extension program by the Queensland Department of Primary Industries and Fisheries, Seanet and Ecofish for the development and adoption of square mesh codends in select prawn and scallop trawl fisheries in Queensland (project 2005/054)

Bycatch continues to be a major issue facing the whole seafood industry. Square mesh codends were trialled in Queensland's prawn and scallop trawl fisheries and were shown to have significantly cut bycatch without reducing the catch rates of target species.

In research trials conducted by the Queensland Department of Primary Industries and Fisheries (QDPIF) in the saucer scallop fishery, the codends were used in conjunction with turtle exclusion devices (TEDs) and showed a reduction of bycatch by 77 per cent.

Results in the deepwater eastern king prawn fishery using a similar combination of square mesh codend and TED resulted in a cut to bycatch by 29 per cent.

In further trials conducted in the tiger and endeavour prawn fishery, the use of a square mesh codend reduced bycatch by 34 per cent, with no significant effect on catch rates of marketable-size prawns. For species such as banana prawns, catch rates actually increased.

The researchers showed that square mesh codends effectively reduce bycatch in two ways: they let small finfish that generally lack swimming speed and stamina escape easily. Undersize prawns and scallops, small crabs, sea urchins and shellfish simply fall through the big squares that, unlike diamond mesh, remain open during a trawl.

Preliminary results indicate that square mesh codends may also reduce drag and, therefore fuel costs, possibly because less bycatch is towed and because improved water flow through the net reduces the pressure wave pushed in front of the net.

Based on these results, QDPIF, Seanet and Ecofish collaborated in a FRDC-funded extension project that saw commercial operators trial 36 square mesh codends in the scallop, eastern king prawn and leader prawn fisheries.



Twenty-eight per cent of those in the trials reported bycatch reductions greater than 20 per cent while 46 per cent reported reductions between 10 per cent and 20 per cent. Nine out of ten fishers said catch rates of target species had not been affected and eight out of ten said they would continue to use square mesh.

For further information: Denis Ballam, Seanet, telephone 07 4032 2234; Tony Courtney, QDPIF, telephone 07 3817 9582, e-mail tony.courtney@dpi.qld.gov.au

Good news from the west

Project title — Effects of Trawling Subprogram: development of biodiversity and habitat monitoring systems for key trawl fisheries in Western Australia (project 2002/038)

Western Australia now has baseline data that suggests the overall species richness and abundance of fish and macro-invertebrates in trawled and untrawled parts of its two major fisheries are not significantly different.

The information was collected from demersal prawn trawls in Shark Bay and Exmouth Gulf through FRDC project 2002/038, as part of an initiative to ensure Western Australia's key trawl fisheries are operating on an ecologically sustainable basis.

In Shark Bay, 26 sites were selected based on historical patterns of trawling extracted from detailed daily log book information. They included closed sectors and areas of low, medium and high fishing effort across the latitudinal range of the fishery.

In Exmouth Gulf and Onslow, 25 survey sites were selected to cover different fishing intensities, but unlike Shark Bay, samples were taken only in February, July and November of a single year.

Although preliminary results showed little difference between trawled and untrawled sites some individual species were found in greater abundance in untrawled areas, indicating that they may be more vulnerable to trawling.

Conversely, some other species were found in greater abundance on trawl grounds, suggesting they may have a preference for these areas. The fish and macro-invertebrate assemblages observed at each site and their annual and seasonal species distributions were highly variable and complex.

Depletion experiments showed that species such as the purple tuskfish *Chaerodon cephalotes*, whiting *Sillago robusta*, starfish *Luidia maculata* and sponges were easy to catch and therefore more vulnerable to trawling than other species.

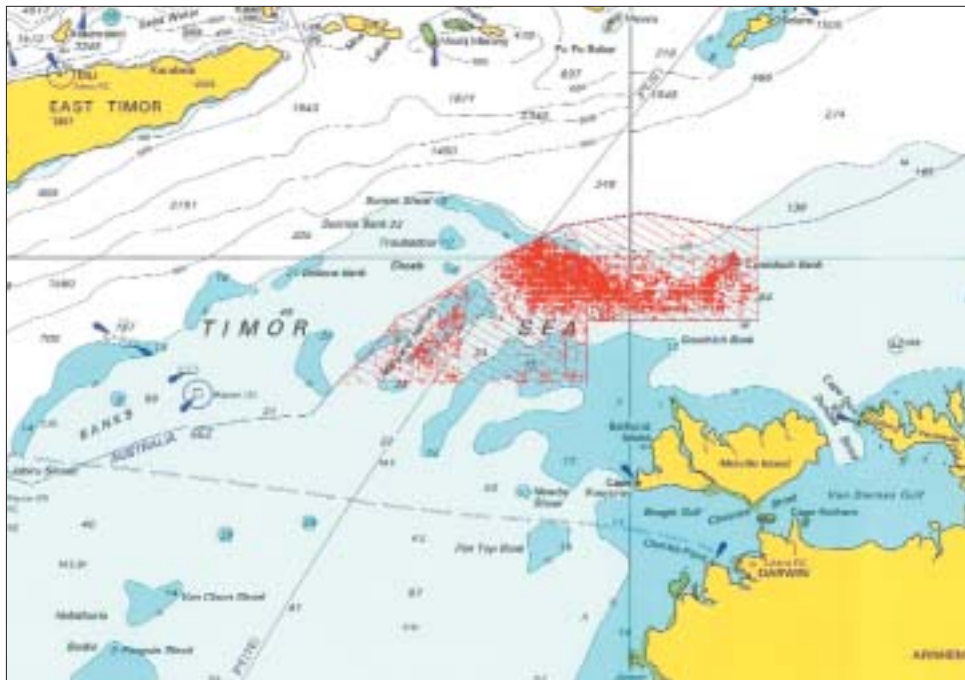
On both trawled and untrawled sites a general seasonal decline in overall abundance of fish and macro-invertebrates between February and November mirrored that of prawns during the season from March to November. This was followed by a subsequent increase in abundance in the early part of the following year and indicates that the bycatch species currently found on Western Australia's major trawl grounds were fished sustainably. The results from this project will directly contribute to the outcome of sustainable fisheries through the provision of data that will help managers make better informed decisions in relation to similar fisheries.

For further information: Mervi Kangas, telephone 08 9203 0164, e-mail mervi.kangas@fish.wa.gov.au



Fuzzy logic's sharp results

Project title — Utilisation of Geographic Information System spatial statistical methods to assist in the development of ecosystem based fishery management strategies using the Northern Territory demersal and Timor Reef fisheries as case studies (project 2005/047)



MAPPED CATCH DATA TO SHOW VISUAL TRENDS OF FISH MOVEMENT.

A Geographic Information System (GIS) is usually used for mapping only. But increasingly, users recognise that to make the best use of spatial data, they should be analysed statistically and mapped in the same environment. The integral spatial nature of fisheries data and the relationship with habitat and the environment suit an analysis using this approach.

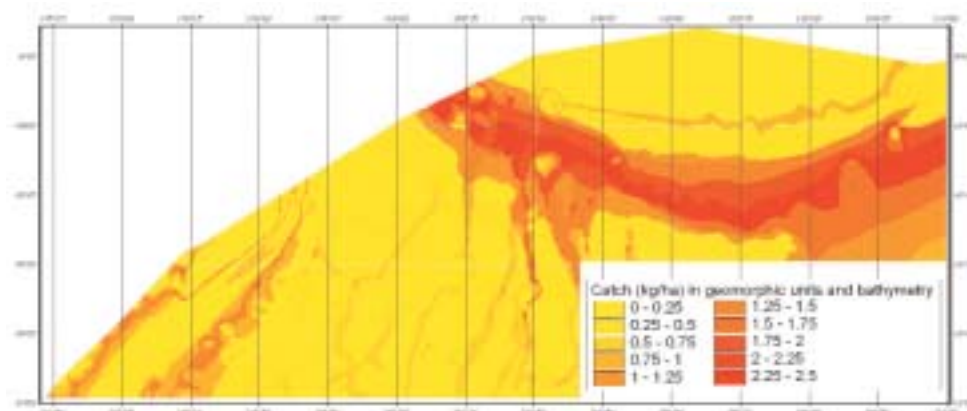
The research has shown that often the data are on different spatial scales, which make analysis difficult using conventional methods. GIS is good for handling data from different sources and on different spatial scales. This is important, given the high cost of fisheries research. Researchers must maximise all available data, including historical data, as opportunities for large scale surveys are rare.

Visual advantages

The visual nature of GIS makes it an ideal tool to engage stakeholders more effectively. Traditional statistical analysis and modelling require mathematical knowledge, usually at a tertiary level, to determine whether the results presented are feasible or not.

GIS spatial statistical methods require a high level of expertise, but their visual nature allows stakeholders to understand the results more intuitively and thus to engage more fully in policy formulation and decision-making.





ABUNDANCE OF GOLD BAND SNAPPER CATCH (KG/HA) IN RELATION TO GEOMORPHIC UNITS AND BATHYMETRY.

Fuzzy modelling

GIS techniques have allowed researchers to visualise and analyse spatial data. Fuzzy logic lets us use these data to generate predictive models. In fuzzy rule-based systems, knowledge is characterised by “if-then” rules. It is similar to the way the human mind constructs predictions. For example, if a person drops an egg, then an outcome is that it is likely to break. The model has the best of both worlds; it uses key GIS data (reef locations) and commercial fishers’ knowledge (I caught x fish on that reef).

In practice

The project used detailed spatial catch and effort log book data collected since 1995 from the Timor Reef trap and line fishery. The target species, gold band snapper, comprises about 70 per cent of the catch.

From each shot, fishers’ record catches on a species level, plus the GPS position. Details of time fished and the gear units used are recorded also. As are the number of vessels which varied between six and 10 over the past 11 years.

Environmental data, both actual data sets and modelled data, were obtained from sources including the National Marine Bioregionalisation database, Geoscience Australia’s MARS database, CSIRO’s CARS2000, and BOM modelled datasets.

Using GIS researchers were able to merge catch records and environmental data which revealed that bathymetry and geomorphology strongly influence catches of gold band snapper.

For further information: Julie Lloyd, e-mail Julie.Lloyd@nt.gov.au;

Philippe Puig, e-mail philippe.puig@ewlsciences.com.au



Great Barrier Reef trawl ground mapped

Project title — Effects of Trawling Subprogram: mapping bycatch and seabed benthos assemblages in the Great Barrier Reef (GBR) region for environmental risk assessment and sustainable management of the Queensland East Coast Trawl Fishery (project 2003/021)

The distribution of animals and plants living on the seabed in the Great Barrier Reef region has been mapped and sampled as part of a major project to help Queensland's East Coast Trawl Fishery minimise bycatch. This is a major step towards achieving environmentally sustainable fishing region in Queensland.

More than 300 days of research vessel sea time in FRDC project 2003/021 resulted in the mapping of plants, animals and habitat at 1340 sites. More than 12,300 samples of plants and animals have been sorted and identified, along with about 1200 samples of bottom sediment.

The research team has analysed about 2200 hours of video, preliminary maps have been distributed and early data and pictures have been posted at www.reef.crc.org.au

The results show the distribution of vulnerable seabed life within and beyond prawn trawl grounds, which the fishery can take into account in distributing its trawl effort. Results are also expected to contribute to outcomes by allowing the fishery to:

- develop bycatch sustainability risk indicators,
- develop seabed animal and plant sustainability indicators,
- quantify trawl impacts on bycatch populations, and
- estimate the proportion of bycatch populations caught annually.

The project brings together the expertise from the Australian Institute of Marine Science, CSIRO, the Queensland Department of Primary Industries and Fisheries and the Queensland Museum.

For further information: Principal Investigator Roland Pitcher,
telephone 07 3826 7200, e-mail roland.pitcher@csiro.au



**The FRDC plays
a vital role in our
industry, providing
national leadership,
planning and
coordination. We
would struggle
without it.**

Professor Colin Buxton, Director, Tasmanian Aquaculture & Fisheries Institute (TAFI),
telephone 03 6227 7256, e-mail colin.buxton@utas.edu.au, www.utas.edu.au/tafi







PART 2: THE FRDC'S OPERATIONAL RESULTS

Economic indicators



Summary of completed projects in 2006–07 for Program 2

Strategic challenge	No. of projects completed in 2006–07	FRDC investment in these projects
<i>Challenge 3: Response to demand; profitability</i> Respond to, and take advantage of, increased demand for seafood and for recreational and customary fishing experiences.	18	\$2,996,545
<i>Key performance indicator</i>		
At least two companies accessing new markets for domestically caught seafood.		
Establishment of a third-party audited food quality standard for vessels and processors		
Five per cent increase in finfish production through improved feeds and feeding practices.		
Establishment of a commercial operation (ASCo) specialising in the utilisation of fish processing waste.		
At least two companies utilising improved stock from selective breeding programs.		
Total	18	\$2,996,545

Summary of Program 2 performance

Quantitative measures of industry development are difficult to prescribe and report against. For more detail see the performance matrix on pages 14–17.

Principal inputs

During 2006–07, \$8.5 million (about 35 per cent of the FRDC's R&D investment) was invested in R&D activities within this program, through 135 projects listed on the FRDC website.



Program 2: Industry Development

Demand for high-quality seafood is predicted to outstrip supply in both domestic and export markets. Similarly in the recreational and customary sectors the demand for high-quality fishing experiences will outstrip supply. There is a need to increase both the production and the value of the catch, and to take advantage of future opportunities. For the commercial sector, business profitability and international competitiveness is an overriding concern. This program aims to assist all sectors improve their overall performance. The following project descriptions provide examples of the R&D currently underway.

Investment in activities under this program depends on evidence of market, institutional, technical, policy or political failure, and/or likely “public good” benefits.

Kailis’ babies make three

Project title — Rocklobster Enhancement and Aquaculture Subprogram: commercially viable production of tropical rocklobster (*Panulirus ornatus*) puerulus from eggs (project 2006/235)

Determination and commitment by the FRDC has helped lay the foundation for future aquaculture production of Australia’s three major rocklobster species.

The latest breakthrough was made by the MG Kailis Group who successfully produced juveniles of the tropical rocklobster *Panulirus ornatus* in its hatchery at Exmouth, Western Australia. This builds on previously funded FRDC research where Southern rocklobster were laboratory-cultured by the Tasmanian Aquaculture and Fisheries Institute in Hobart, and production of the western rocklobster has concentrated successfully on growing puerulus sourced from sustainable wild stocks.

All three achievements were made within the Rocklobster Enhancement and Aquaculture Subprogram that was initiated in 1998 by FRDC.

The tropical rocklobster breakthrough is a significant achievement and will enable the exploration of a commercialisation strategy that could see a whole new industry developed in Australia.

The breakthrough came as a result of dedication, hard work and expert assistance from project partners — the Queensland Department of Primary Industries and Fisheries, and the Australian Institute of Marine Science. Several hundred final stage larvae were metamorphosed during the initial trials which highlighted the breakthrough had potential for commercialisation rather than just at a laboratory scale.



The annual world supply of all lobster species is a little more than 220,000 tonnes of which Australia supplies less than 20,000 tonnes, at an average price of \$25 per kilogram. This project offers a future opportunity for Australia to increase its share of the global market for a number of reasons, including addressing concerns over sustainability.

Darden Restaurants, one of the United States' largest suppliers of lobsters, are particularly interested in this technology as they are concerned with the sustainability of their current lobster supplies. A significant proportion of Australia's lobster products are exported to the United States (1533 tonnes, \$90.8 million, ABARE 2006). This project through its subsequent commercialisation offers an opportunity to produce a sustainable supply of lobsters that would meet the future needs of companies like Darden and lead to achieving an outcome for a commercially competitive sector of Australia's fishing industry.

For further information: Alex Kailis, telephone 08 9239 9239

Global horizon for Australian seafood

Project title — Development of the Australian Seafood Pavilion at the European Seafood Exposition (project 2007/231)

Australia stepped forward as one of the world's premium seafood-producing nations at this year's European Seafood Exposition (ESE) in Brussels. The new Australian Seafood Pavilion was underwritten by the FRDC for 2007 and 2008. It showed to the world the highly professional, diverse and quality-conscious Australian seafood industry that was intent on securing a long-term future for itself. The FRDC commitment to the ESE presence was undertaken as part of its industry development agenda and builds on the foundations put in place by the Western Australian Fishing Industry Council (WAFIC).

The Australian Seafood Pavilion in 2007 carried the strong brand message of 'Australian seafood — diversity quality sustainability'. The theme was reinforced with Seafood Choices Alliance decision to hold its cocktail event at the Australian Pavilion. This event provided the Australian delegates the opportunity

FROM LEFT: JOHN SUSMAN, FISHEADS SEAFOOD STRATEGY; SAM GORDON, BEYOND HARVEST WITH PETER HORVAT, FRDC COMMUNICATIONS MANAGER AT THE EUROPEAN SEAFOOD EXPOSITION.



to speak with market leaders, seafood media and conservation organisations that have the potential to influence consumer choices regarding the purchase of seafood. The Pavilion's design was characterised by an open, generic layout and sweeping curves reminiscent of the Sydney Opera House.

To assist the Australian delegates showcase their product, two talented chefs Don Hancey and Peter Manifis were appointed and ran the seafood café. The team prepared, served and spoke about Australia's seafood with great enthusiasm and passion.

The professional approach demonstrated first-hand the diversity and quality of Australian seafood, and the interaction was a great way to help position Australian product at the premium end of the world seafood market.

To maximise the value for those who attended ESE, two seafood market tours were organised to London and Paris. Both tours were well attended with 18 delegates participating. The tours provided an opportunity for delegates to gain a solid understanding of these European marketplaces — from wholesale market through to the retail and restaurant trade.

In all, 30 private companies with a total of 61 participants attended ESE 2007, compared with 23 companies and 65 participants in 2006. Five of the companies attending ESE had not visited the Expo before. In addition, there was a greater range of participants on the stand than previous years, with a notable lift in representation from Queensland, New South Wales, Victoria and Tasmania. While difficult to quantify an exact figure, reports from companies attending was that as a result of ESE, the Australian industry would expect to generate more than \$10 million in sales.

**For further information: Peter Horvat, telephone 02 6285 0414,
e-mail peter.horvat@frdc.com.au, www.seafoodpromotion.com/ese/**

Medical marvel a head turner

Project title — Rocklobster Post Harvest Subprogram: examination of green sustainable process technology for preparing chitin and associated derivatives from rocklobster waste (project 2006/211)

The Western Australian rocklobster industry is sitting on a pile of discarded heads that incur disposal costs. Yet these are a potentially high-value resource for new 'high-tech' applications. While a pile of lobster heads rotting in the sun is hard to recognise as a valuable resource, it is precisely how chemists think about 'chitin', the starch-like material in the hard outer skeleton of crustaceans.

Whether it be from lobsters, prawns, yabbies or crabs — chitin — once extracted, is showing it can be remarkably versatile, turning up in both high-tech and mundane applications. When formed into membranes, it is used in high definition speakers at one end of the scale, and in water filters at the other. Chitin can be further processed into chitosan, a derivative with antibacterial and blood-clotting properties, which is already being used in new trauma bandages that can cope with extreme bleeding. These are already being credited with saving soldiers' lives in Iraq. The same biocompatible compound is also being worked into dental fillings with nanotech capabilities, or more conventionally as an additive in mouthwash.

If you reduce the polymer to its basic building block, glucosamine, you also have a compound that is being used to relieve arthritic pain. More than 600 patents have been lodged for chitin-based products between 1996 and 2002, and demand for the raw material is on the rise, especially for the high-purity grade that comes from the more sophisticated extraction technologies. Globally, there are about



20 major producers, including four in the United States, one in Canada, two in Scandinavia and about 10 in Asia. However, it is estimated that 90 per cent of the world's 17,000 tonne capacity is based on 'dirty' extraction technology, which uses hydrochloric acid and caustic soda, and this is said to be holding back market potential. Even so, it would still seem surprising that in Western Australia the lobster heads from the state's 11,300 tonne annual catch are either dumped in landfill, which is a cost to the industry, or shipped for a pittance to Japan, where they are boiled, concentrated and turned into dry broth powder.

Researchers working on the project developed a new 'green' chitin, chitosan and glucosamine production method that is unlike existing, overseas technology. It uses a simple process based on a recyclable biomass-derived solvent, and conversions avoid the use of highly concentrated caustic solutions. The research will help open up an Australian supply of chitin which can be used in products such as glucosamine tablets that would be produced under Australian manufacturing standards.

At \$20 for 30 tablets, glucosamine amounts to a potentially lucrative product with a large and expanding market. Retail sales in the United States increased from US\$630 million in 1999 to about US\$1.58 billion in 2001. Glucosamine is also sold as a 'health' product, meaning it does not require Therapeutic Goods Administration approval. Not surprisingly, the University of Western Australia (UWA) chemists are in the final stages of securing patents for their extraction procedure with the Australian Patent Office. The next goal is to team with an industrial partner that can fund a pilot plant.

The fishing industry understands and appreciates the potential for the new market, especially since it is based on recouping value from a previously unwanted waste product. However the next step is for researchers to work with industry to commit to investing in the set-up phase.

For further information: Mohamed Makha, telephone 08 6488 1572

Restaurant 06 trial success

Flying the flag paid off for the 10 seafood companies and producers who took advantage of an FRDC-sponsored stand at the Restaurant 06 trade show in Sydney that allowed them to showcase their wares to decision-makers in the restaurant and catering industry.

Participation at the August trade show was designed to build industry capacity and put food and beverage exhibitors face-to-face with the people who make the buying decisions in Australia's leading independent restaurants, restaurant chains, hotel groups and contract caterers. Over two days about 3500 people attended, with more than 35 per cent being chefs or restaurant owners. Many of those who passed the stand were impressed at the quality of the seafood that was on show.

As part of the Corporation's participation, seafood was showcased at four of the 11 culinary theatre presentations seen by several hundred participants.

The industry who participated was drawn from a cross section of sectors (species) from South Australia, Victoria, Tasmania and New South Wales.

Based on the success of the trial with a number of small fishing companies establishing new markets for their products in Sydney, FRDC will work with Seafood Experience Australia (SEA) to develop a larger scale trial with industry to run in 2007–08.

**For further information: Peter Horvat, telephone 02 6285 0414,
e-mail peter.horvat@frdc.com.au**



MASTER CHEFS **LUKE MANGAN** (NSW) AT LEFT
AND **GUY GROSSIE** (VIC) DEMONSTRATE PREPARING
SEAFOOD AT THE RESTAURANT 06 TRADE SHOW.



"Sometimes seen as overbearing in their directives and instructions to stakeholders, often seen as pedantic in sticking to their procedures, FRDC are seen by most industry clients, including the TSGA, as responsive to our changing needs and solid partners in helping us achieve cost-effective and relevant research outputs. ...

... In terms of return on our investment, FRDC offer the best deal in town."

Pheroze Jungalwalla, Executive Officer, Tasmanian Salmonid Growers Association, telephone 03 6214 0550, www.tsga.com.au







PART 2: THE FRDC'S OPERATIONAL RESULTS

Social indicators



Summary of completed projects in 2006–07 for Program 3

Strategic challenge	No. of projects completed in 2006–07	FRDC investment in these projects
<i>Challenge 4: People development</i> Develop people who will help the fishing industry to meet its future needs.	11	\$344,826
<i>Key performance indicator</i>		
Two seafood industry leaders to complete the Australian Rural Leadership Program annually.		
Minimum of 10 fishing industry participants to attend the Advance in Seafood Leadership Development Program annually.		
<i>Challenge 5: Community and consumer support</i> Increase community and consumer support for the benefits of the three main sectors of the fishing industry.	2	\$45,000
<i>Key performance indicator</i>		
Ten per cent improvement in recreational fisher capacity to release all fish in good condition.		
Ten per cent increased consumption of seafood.		
Aquaculture ventures are able to access new sites.		
Total	13	\$389,826

Summary of Program 3 performance

Quantitative measures of how our investment in people development impacts on the fishing industry is difficult to prescribe and report against. For more detail see the performance matrix on pages 14–17.

Principal inputs

During 2006–07, \$1.1 million (about 5 per cent of the FRDC's R&D investment) was invested in R&D activities within this program, through 31 projects on the FRDC website.



Program 3: People Development

People are the cornerstone of any industry. For the fishing industry, it is vital that it continues to produce people who will take the industry forward towards a sustainable and profitable future. The FRDC has taken a strong role in supporting people development; from employing and developing young researchers, through to providing management training for all levels of industry.

Projects funded under Program 3 primarily address the FRDC's planned outcome for people development. However, this outcome is also addressed, as a secondary but very important element, by projects within Programs 1 and 2.

Taking R&D to parliament

FRDC and its fellow rural R&D corporations (RDCs) held more than 70 information meetings with federal parliamentarians from all sides of politics in September during a day of action designed to highlight the success of the government-industry co-investment model.

It began with breakfast hosted by Sussan Ley MP, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry, at which she launched www.ruralrdc.com.au, a website that delivers information on the 15 RDCs and their work.

In the day's briefings parliamentarians were told that in 2004–05 the RDCs had invested a combined \$511.3 million of industry contributions and government funds in rural R&D and that during the next five years this was expected to deliver a return to the nation of about \$1.65 billion. The briefings were backed by *The Benefits of Rural R&D*, a booklet launched on the day.

The day ended with a cocktail event in the Great Hall of Parliament House that showcased displays from the RDCs to demonstrate the diversity of their R&D and the influence it has on Australia's quality food, wine and fibre.

The seven finalists from the 2006 Lexus Young Chef of the Year award each prepared a dish using Australian produce. Lexus award winner Beau Vincent's (pictured) offering was sashimi tuna, with ginger beer sorbet, chilli, shaved onion and coriander. This was just another way the Corporations showcased the end results of good R&D. Great Australian produce!

For further information: Peter Horvat, telephone 02 6285 0414, e-mail peter.horvat@frdc.com.au, www.ruralrdc.com.au/



Ollie to the rescue, via CD

**Project title — National interactive edu-tainment program
exploring sustainable production and consumption (project 2006/305)**

Seafood and a sustainability message for children have been linked nationwide in a interactive game that encourages middle school students to think about the environmental, economic and social consequences of the things they eat, drink, wear and use. The message comes on the CD *Ollie's Island*, the third in a series that began with *Ollie Recycles* and *Ollie Saves the Planet*.





Young Waiter

JAI LEIGHTON AND MELANIE GOWERS,
WINNERS OF THE 2007 LEXUS YOUNG
WAITER AND YOUNG CHEF OF THE YEAR.
BOTH WERE PARTICIPANTS IN THE FRDC-
ORGANISED PRODUCE TOUR OF WESTERN
AUSTRALIA (SEE PAGE 52).

Young Chef

Young Waiter

Young Chef

LEXUS
young waiter
Jai Leighton - 2007

LEXUS
young chef
Melanie Gowers - 2007



It contains a bank of information on the seafood industry from FRDC, insights on making smoked salmon from Springs Salmon and on making crumbed fish from Austrimi Seafoods.

About 45,000 copies are being distributed, with every primary and secondary school eligible for a free CD. Students are able to discover through video clips and interactive challenges that everything they eat, drink, wear and use comes from a natural resource. They are able to identify the sources of different products, discover their role in the production chain as consumers, and learn how they can make a difference by reducing, reusing, recycling and making wise consumer choices.

It is a reality that many adults, let alone children, find it difficult to come to grips with the concept of sustainability and is unsure how to achieve it. This product aims to redress this situation in a fun and interactive way.

It is almost impossible to achieve sustainable consumption if consumers do not understand or appreciate what is being consumed. The project aims to teach children about the broader issues so that they can become more astute consumers. The project also showcases Australian industries that lead the world in sustainable production, but rarely get the opportunity to tell that story, such as seafood.

FRDC provided a broad range of information on the seafood industry. Included was information on a large number of Australian species, catch methods and environmental issues. This builds on the work FRDC has done previously with the story of seafood.

**For further information: Jane Stewart, telephone 03 9817 7722,
e-mail jane@sustain-ability-int.com**

Aussies eating more seafood, but...

Research commissioned by FRDC has shown that over one in four Australians are eating more seafood than they did a year ago. The survey report, published as the *Seafood Consumption Omnibus*, puts the number eating more at 27 per cent and says that almost half are doing so for health reasons.

This builds on the work the FRDC, Seafood Services Australia and the Omega-3 Centre have been undertaking in disseminating the message on the health benefits of seafood. During the year over 500 articles have been published in newspapers and magazines all highlighting the health benefits of seafood.

The bad news is that more than one in four Australians do not eat enough seafood to reach the recommended intake of long-chain omega-3 polyunsaturated fatty acids. The National Heart Foundation recommends people eat at least two serves a week of seafood high in omega-3.

Thirty per cent of respondents said they ate seafood once a week. Twenty four per cent said they ate it more than once a week. Overall, respondents averaged just 55 seafood meals a year.

The results are based on 692 telephone interviews conducted by the consumer research organisation Ipsos with a nationally representative sample of adults in all states. In each household the main grocery shopper was interviewed. Results have been weighted to reflect the latest ABS population estimates.

This consumer study builds on previous studies and gives the seafood industry a baseline of information that will assist it develop targeted promotions aimed at increasing sales and profit margins.

**For further information: Peter Horvat, telephone 02 6285 0414,
e-mail peter.horvat@frdc.com.au, www.frdc.com.au**



The Omega-3 Centre

A growing interest among consumers in omega-3s, a lack of information and some confusion about what omega-3s are has seen the development of a new Omega-3 Centre.

The Omega-3 Centre was set up originally by a group of food-ingredient producers to deliver scientifically accurate information on omega-3 long chain fatty acids. The Centre has since expanded to 14 members, including Australia's national research agency CSIRO, the FRDC and two New Zealand fishing companies. Other members include Nu-Mega Ingredients, Ocean Nutrition Canada, George Weston Foods, BASF Human Nutrition and Simplot Australia.

The centre has fundamental goals of:

- promoting optimal consumption of long-chain omega-3s,
- championing a clear message explaining the difference between short-chain omega-3s and long-chain omega-3s,
- providing authoritative evidence-based advice to regulatory and health authorities,
- supporting the development of the market for fish and seafood, healthy foods and dietary supplements containing long-chain omega-3s, and
- facilitating and promoting R&D in this area.

The huge upsurge in good science being undertaken worldwide on omega-3s has meant the Centre has a strong role in helping disseminate and decipher some of the complex science for the public and to health professionals.

The foundation for all communications from the Omega-3 Centre is based on sound science. If scientific findings appear that are controversial, these will also be featured on the Centre's website with an accompanying explanation, to present accurate and balanced information to the public and health professionals.

FRDC sees great value in supporting the work of the Centre and in particular the range of workshops and symposiums undertaken to educate professionals. Early in 2007 the Centre ran a scientific workshop to explore the benefits of omega-3s to children, amid signs that Australian youngsters may be getting far too little in their diet. One study highlighted at the event on schoolchildren in New South Wales indicated that about 70 per cent of school boys and girls eat fish less than once a week which is well below the recommendations of the National Health and Medical Research Centre. Given the importance of omega-3s to brain and nerve development, and to bones and muscular development, it would be a concern for all government agencies across Australia if this was the case.

**For further information: Wendy Morgan, telephone 0401 134 334,
e-mail wmorgan@omega-3centre.com, www.omega-3centre.com**

The best young chefs head west

In a bid to encourage Australia's finest young chefs to use Australia's finest produce, the FRDC, along with other research and development corporations, has funded a tour of Western Australia's wine and food regions. The tour forms part of the Lexus Young Chef and Waiter of the Year awards, which help inspire and nurture Australia's hottest young talent. Founded by Luke Mangan and business partner Lucy Allon in 2005, the awards were broadened this year to include the Lexus Young Waiter award.



As part of becoming a state finalist, the young chefs and waiters spend a week touring Australia's food and wine regions. Last year chefs were taken to north-west Tasmania, and this year it was the turn of Western Australia.

The logic behind taking the chefs on the tour is simply to show young chefs where the products they use come from and why Australian produce is so good. The previous trip to Tasmania was a great success, but highlighted areas in which improvements could be made. The 2007 trip extended the experience offered to the chefs. This included the addition of some surprise cooking challenges along the way, and a camera crew from the Lifestyle Channel who filmed the whole adventure.

The chef's group started their tour in Perth before heading up to the Gascoyne region to visit some of Australia's leading seafood, meat and horticultural producers around Monkey Mia, Shark Bay, Carnarvon and Quobba Station. The tour concluded in the Swan Valley, visiting some of Australia's leading wine and viticultural producers.

Over the week-long tour all the finalists met face-to-face with primary producers and representatives from the seafood, meat, horticulture, pork and wine industries, providing a great opportunity to see first-hand where some of Australia's best ingredients and products come from.

This year both founders of the program Lucy Allon and Luke Mangan joined the tour, gaining a valuable insight into how effective the program was for young chefs.

The tour and the Lexus Young Chef of the Year Awards are supported by the following rural RDCs:

- Fisheries Research and Development Corporation,
- Meat and Livestock Australia,
- Horticulture Australia,
- Australian Egg Corporation,
- Australian Pork Limited, and
- Grape and Wine Research and Development Corporation.

**For further information: Peter Horvat, telephone 02 6285 0414,
e-mail peter.horvat@frdc.com.au, www.frdc.com.au**

CHEFS FROM LEFT: STATE FINALISTS **NICK LITTLE** (QLD), **DAMIEN BOLGER** (WA) WITH MASTER CHEF **LUKE MANGAN** AND STATE FINALIST AND 2007 YOUNG CHEF OF THE YEAR WINNER **MELANIE GOWERS** (SA) VISITING CARNARVON HIGH SCHOOL DURING THE FRDC-ORGANISED PRODUCE TOUR.



Some of the people the FRDC has helped to develop in 2006–07

Advance in Seafood Leadership Program

International bursaries — widening horizons — reports from the recipients Scott Walter and Daryn Logan

In 2006–07 in conjunction with the running of the European Seafood Exposition (ESE), FRDC and SSA offered two education bursaries that allowed recipients to visit Edinburgh, London, Brussels (and ESE) and Paris over a two-week period from 16 to 27 April. The focus was to learn about the major drivers in local seafood industries and gain a perspective of the global seafood industry. Bursary recipients met with peak industry bodies, service providers, wholesale marketers, retailers and restaurateurs, and attended the ESE, where countries from around the world showcased their products.

The 2007 bursary recipients, Scott Walter and Daryn Logan, were supported by the FRDC, the Western Australian Fishing Industry Council and Seafood Services Australia.

Scott Walter — Executive Officer, Australian Prawn Farmers Association

Marketing has become a priority for the Australian seafood industry in recent times and we are certainly not alone. It seems to be the major driver throughout the global seafood industry as consumers become increasingly quality-conscious and demanding of the products they buy, and producers compete fiercely to differentiate their products.

This was highlighted by the frequent use of catch phrases such as 'Fair trade', 'Food miles', 'Sustainability' and 'Organic', which splashed over the marketing apparel being used to build seafood brands. While the majority of Australian seafood producers can proudly stand behind their efforts to develop sustainable industries, there is definitely scope for us to use independently endorsed standards to prove this, and be more proactive in sharing it with consumers. In addition to sustainability, we will have to move to meet these other growing demands. This is a must if we are to differentiate and receive a premium in the global marketplace. It will involve new and innovative measures and require substantial investment. The global seafood industry is moving rapidly and anyone who stands still will be left behind.

INTERNATIONAL BURSARY RECIPIENTS **DARYN LOGAN** (LEFT) AND **SCOTT WALTER** (RIGHT) WITH BURSARY COORDINATOR **ROY PALMER** IN FRONT OF THE BRUSSELS EXHIBITION CENTRE, HOST TO THE EUROPEAN SEAFOOD EXPOSITION.



My highlight was the ability to network with many other global seafood industry members, share insights into the challenges we face and discuss with them the actions they are taking to remain competitive. The take-home message from this experience was that the global seafood industry is an extremely large and dynamic industry in which participants must remain innovative in order to get noticed.

The bursary offered me an opportunity to gain a much wider perspective of the global seafood industry, and where Australian seafood sectors fit into it. I believe many new opportunities will arise as a result, and I hope that these will contribute to improvements in the Australian seafood sector.

Daryn Logan — Operations Manager, Clarence River Fisherman's Cooperative

The 2007 European Seafood Exposition (ESE) Bursary trip voluntarily started in Edinburgh, Scotland on 15 April and finished in Paris on 27 April 2007. My learning experience was maximised with the extra tours before and after the trip to the ESE.

Much forethought by Bursary coordinator Roy Palmer was put into preparing the well-organised trip. This gave me a great opportunity to see a number of different aspects of the fishing industry.

One of the first places visited was the fisherman's cooperative in Peterhead. I found the Scottish industry grappling with changes similar to those faced by the Australian industry: sustainability, regulation or over-regulation, declining catches, global warming and profitability.

We moved to London on 19 April, toured the Billingsgate fish markets, several processors and restaurants, and then Austrade on 20 April. I found the Billingsgate fish market very large, but generally handling average quality product. The supermarkets have most probably accelerated their decline through direct sourcing. The major trend was towards portion packing and the labelling of chilled product as "frozen thawed for your convenience". There was a major promotion that product that is "frozen quick and thawed quick" is as good as fresh.

The European Seafood Exposition started a few days later on 24 April and it was big, with most of the seafood world participating. There really would be no better way of keeping an eye on trends, be it packaging, equipment, competition, prices or sales. The Australian stand was very well presented, putting forward a clean and friendly image, and a united Australian industry. Prawns or shrimps certainly seemed to be the flavour at the ESE, most importantly their packaging and branding. There are still niche markets available for more expensive products but branding and image are critical, and into this play issues of 'sustainability', 'organic' and 'preservative free'.

Sustainability was also on the political agenda, with Greenpeace confronting participants and visitors to the ESE at the front gates on all three days.

The three days at ESE was invaluable, and representing Australia at its stand was very rewarding, not only because it was abundant with knowledge. By visiting other stands in the Exposition I was able to see specialised seafood-processing equipment in operation and this allowed me to assess future investment opportunities. I believe that in order to build a better seafood industry in Australia, it is critical that we network to help promote our products.

The final part of the trip was a visit to the fish market and supermarkets in Paris and I found this was the 'driver for the trip' as Parisians take pride in their food and this was exemplified by their markets.

I would like to thank WAFIC, FRDC and SSA for this opportunity which would not have been possible without the bursary. For me, it has hopefully set the wheel rolling for a better seafood industry, and allowed me to plan a little more logically for the future.



Science and Innovation Awards — young guns scoop awards

Maritime researchers won four of the coveted 2006 Science and Innovation Awards for Young People in Agriculture, Fisheries and Forestry, each worth \$10,000. The FRDC sponsored two recipients of the Awards due to the large number of applicants in the field of fisheries, with a further two recipients being chosen by state judges. The Awards aim to encourage people between the ages of 18 and 35 to use science, technology and innovation to advance the future of agriculture, fisheries, forestry, food and natural resource management industries by providing \$10,000 to assist in undertaking their respective projects. The winners for 2006 were as follows.

Jo-Anne Fearman — blue mussel hatchery techniques

Tasmanian Jo-Anne Fearman won the FRDC award for her work on blue mussel reproduction. Her work is aimed at ending farmers' dependency on juveniles from the wild, where the timing and consistency of reproduction can vary substantially from year to year. This is because energy storage, reproductive tissue development and spawning, put them at the mercy of changeable environmental conditions. Hatchery techniques that allow year-round production of juveniles are essential, she says and a detailed understanding of environmental influences on energy storage and reproduction will provide a way to control these processes in a hatchery. "Success in this area has the potential to double or triple Tasmanian production", Jo-Anne said.

Ian Duthie — blue mussel feeding systems

A second Tasmanian award winner, Ian Duthie, is working to develop a high-density, high-quality flow of cultured algal feed for juveniles at Spring Bay Seafoods, Tasmania's biggest mussel producer. The system is designed to provide a continuous food supply that increases current output by about 400 per cent, with a corresponding reduction in the footprint of the production equipment. Ian said that "Success would dramatically improve reliability in other hatcheries culturing algal feeds, be they for oysters, mussels, clams, pearl oysters, prawns or finfish".

Michael Phelan — gauging mud crab shell hardness

A simple technique to help harvesters identify prime mud crabs is the goal of Northern Territory winner Michael Phelan. He is using a durometer, which is an instrument that measures the hardness of materials from foams to thermoplastics, to accurately gauge shell hardness. The harder the shell, the meatier the crab and the better the price, he says. Soft-shelled specimens contain less meat because they are recovering from moulting. If the durometer proves to be a practical field tool, the economic benefits to fishers will be significant, he said "and I will gain immense personal satisfaction from having developed a practical system to optimise harvesting".

Michelle Grey — crocodile parasite control

In tropical Queensland, getting the better of a tiny parasite that infests farm crocodiles is the goal of Michelle Gray, winner of the Rural Industries Research and Development Corporation award. The parasite, a nematode, leaves tracks in the reptilian skin that reduce its value. "I aim to better understand the origin and lifecycle of these parasites, to find methods to control or eliminate them from farmed animals", Michelle Gray said. Her study also is expected to throw light on the effects of nematodes in wild crocodiles.

**For further information on the winners: Science Awards Coordinator,
telephone 02 6272 4197, e-mail scienceawards@brs.gov.au, www.brs.gov.au**





Australian Government
THE FISHERIES
RESEARCH
AND DEVELOPMENT
ATION

Bureau of

SCIENCE AND INNOVATION AWARDS WINNERS.
FROM LEFT: IAN DUTHIE, JO-ANNE FEARMAN AND MICHAEL PHELAN.



Developing our industry — conferences and events held in 2006–07

During 2006–07 the FRDC sponsored numerous conferences and workshops around Australia.



Australasian Aquaculture 2006

Australian Aquaculture 2006 was held in Adelaide from 27–31 August. With up to six concurrent sessions, the conference delivered 234 presentations and attracted about 1425 participants. Of that number 30 per cent were from overseas, drawn from 50 countries.

Australian Society for Fish Biologists Conference and workshop 2006

The ASFB Conference was held in Hobart from 28 August to 1 September. The theme of the conference was 'Cutting edge technologies in fish and fisheries science'. The primary objective of this workshop was to showcase and identify new techniques and technologies that enhance research capacity in fish and fisheries science. Secondary objectives were to identify opportunities to further develop research capacity and to consider the challenges and benefits that these opportunities may present.

Restaurant 06 — trade show

The FRDC sponsored a stand at Restaurant 06 in Sydney in August 2006. Participation at the two-day trade show was designed to build industry capacity and put food and beverage exhibitors face-to-face with the people who make the buying decisions in Australia's leading independent restaurants, restaurant chains, hotel groups and contract caterers. Over the two days, about 3500 people attended with more than 23 per cent being chefs and restaurant owners.

Beyond the Sea — Prawn Fisheries Conference 2007

The Second National Prawn Fisheries Conference attracted wild harvest delegates from across Australia including small-scale fishers, vertically integrated companies and seafood buyers. Although there were only a few presentations, most time was allocated to delegates contributing their own ideas through workshop sessions. The main goal was to develop priority projects to be implemented by the recently formed Australian Council of Prawn Fisheries. The Conference was held in Adelaide from 1–3 February.

AquaFin CRC Conference 2007

This conference was held in the Barossa Valley, South Australia from 15–17 May and was attended by over 100 people involved in the AquaFin CRC. Researchers dominated the meeting with only 10 industry members present; six of those from Huon Aquaculture. Good progress has been made on many of the key investments. The current estimate for the salmon industry is that it could be producing 30,000 tonnes in the next 18 months. This would make it Australia's highest value seafood industry by GVP and the highest by volume.



The 5th World Conference of Science Journalists

This conference was held in Melbourne from 16–20 April. There were 460 delegates registered for the full conference representing more than 40 countries, with a further 150 attendees at selected individual sessions. The overall scientific theme of the conference was the state of the environment, particularly climate change. There were sessions devoted to subjects such as the biasing of scientific information; how science, government and business should interact in the free flow of information; new technologies as well as the question of peer review.

The FRDC together with the Grape and Wine Research Development Corporation (GWRDC) staffed a joint research and development corporation (RDC) trade booth that provided information to many international visitors who were interested in the RDC model.

RODNEY TRELOGGEN (LEFT), SHOWING TWO PREMIUM SOUTHERN ROCKLOBSTERS TO **MATTHEW MUGGLETON** AT FRDC'S SPONSORED-STAND AT THE RESTAURANT 06 TRADE SHOW.



**I have found the staff
and Board at the FRDC
very supportive and
responsive to the
needs of the industry
groups I work with.
They have also assisted
me personally in my
continual learning.**

Samara Miller, Executive Chair, Australian Council of Prawn Fisheries,
telephone 08 8682 4600, e-mail samara@prawnassociation.com.au





Report of



Part 3: Management and accountability
and corporate governance

Operations

Part 3



Program 4: Management and accountability

The challenge for this program is to continually improve the activities through which it:

- plans, invests in and manages fisheries R&D throughout Australia, and
- facilitates the dissemination, adoption and commercialisation of R&D results.

The FRDC's ISO-certified quality management system encompasses all these activities.

Most Program 4 outputs do not lead directly to the FRDC outcome but enhance the inputs of Programs 1–3 (the three R&D programs, see pages 26 to 59).

Principal inputs

During 2006–07, \$2.7 million was invested in activities within this program, including \$0.8 million on communications.

Principal outputs

Planned outputs for this program are continually improving management and accountability activities. Each year, information on explicit planned outputs is provided in the AOP. Since these outputs contribute to the planned outcomes of the three R&D programs, they are crucial to the FRDC's effectiveness and efficiency.

Management and accountability output indicators

Since the management and accountability outputs of Program 4 contribute to the planned outcome of the FRDC R&D programs, they are crucial to the FRDC's effectiveness and efficiency. These outputs are outlined on the following under the headings:

- Business strategy and planning
- Information management systems
- Corporate communications
- Risk management
- Quality system
- Human resources management
- Finance and administration
- Corporate governance



TABLE 7: PERFORMANCE INDICATORS FOR MANAGEMENT AND ACCOUNTABILITY

Performance indicators	Achieved	Details
Business strategy and planning		
Approval of the annual operational plan and annual report by the Parliamentary Secretary and the acceptance of these documents by the FRDC's representative organisation	Yes	page 67
Evidence of FRAB influence on research providers — minimum 80% of applications submitted through FRABs	Yes	page 67
The views and priorities of stakeholders influence research providers in the development of R&D applications	Yes	pages 67–68
Information management systems		
The FRDC website is viewed as a source of fishing industry information	Yes	page 68
Stakeholder satisfaction with information management systems; especially Fishbase and its web interface Fishnet (project management system)	Yes	page 68
Corporate communications		
Adoption of the results from research and development	Yes	pages 26–59
Positive feedback from market research on stakeholders	Yes	page 68
Reporting requirements are met on time and within budget	Yes	page 67
Publications are of a high standard and are developed and delivered in a professional manner	Yes	pages 68, 69, 170
Risk management		
Good business performance with a minimum of failures	Yes	pages 67, 72–74
An operational risk management framework	Yes	page 72
Quality system		
Maintenance of FRDC's ISO9001:2000 accreditation	Yes	page 68
Human resources management		
Happy, competent and well-trained staff contributing to the achievement of the Corporation's objectives	Yes	pages 74–76
Retention of staff	Yes	page 75
Finance and administration		
Contributions from fishers and aquaculturists above that which will be matched by the Australian Government [minimum of 85% of the contributions paid by industry to the FRDC that can be matched by the Australian Government]	Yes	pages v–vii
FRDC expenditure on R&D programs maximised [the proportion of expenditure on R&D programs, and programs support — respectively minimum 90% (including communications) and maximum 10%]	No	page viii



TABLE 7: PERFORMANCE INDICATORS FOR MANAGEMENT AND ACCOUNTABILITY (CONTINUED)

Performance indicators	Achieved	Details
Corporate governance		
An ethical business culture	Yes	pages 72, 74–78
Meeting statutory requirements; for example, in relation to annual operational plans, annual reports and investment plans	Yes	page 67

ALLAN BEVAN FROM SHAKIRA CHARTERS WITH **PETER HORVAT**, FRDC COMMUNICATIONS MANAGER, COLLECTING DATA OFF ROTTNEST ISLAND, WESTERN AUSTRALIA AS PART OF A SAMSONFISH SCIENCE PROJECT.



Management and accountability

Business strategy and planning

All FRDC strategic planning and reporting documents were approved by the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry in 2006–07 within their duly legislated timeframes. In addition, the annual report was presented and accepted to the FRDC representative body Recfish Australia at their Annual General Meeting on 6 November 2006.

Over the course of the year the FRDC collaborated and worked with all the government and corporate research and development corporations on major issues. This included providing data to the Productivity Commission's report into science and innovation, climate change, responding to the Government Letter of Expectation and participating in the Cooperative Venture for Capacity Building.

Fisheries Research Advisory Bodies (FRABs)

The FRDC supports a network of FRABs covering Commonwealth fisheries and the fisheries of each state and the Northern Territory. The FRABs have an extremely important role in maximising the efficiency of the FRDC's planning and investment processes. In the 2007–08 funding round, 89 per cent of project applications were submitted through the FRAB process.

The FRABs represent all sectors of the fishing industry, fisheries managers and researchers; most also include environmental and other community interests. Their Chairs at 30 June 2007 were as follows.

Chairs of FRABs 2006–07

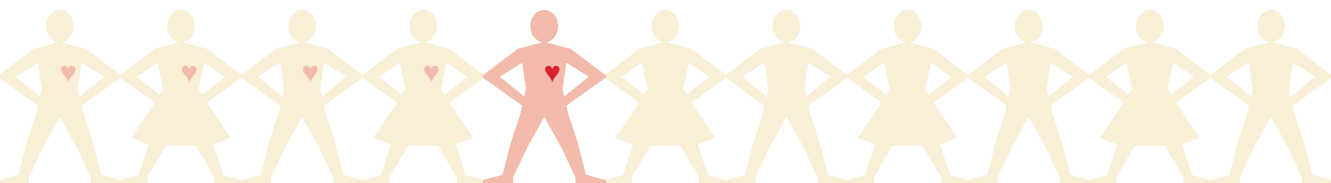
Commonwealth	Mr Ian Cartwright
New South Wales	Professor Derek Anderson
Northern Territory	Ms Heather Brayford
Queensland	Mr Peter Neville
South Australia	Professor Anthony Cheshire
Victoria	Dr David Smith
Western Australia	Mr Angus Callander
Tasmania	Mr Ian Cartwright

For further information on the FRABs visit <http://www.frdc.com.au/research/frab/>

Other structures

In addition to the Corporation's fundamental operating philosophy of openness and accountability to stakeholders a number of other structures reinforce effective and ethical performance by the FRDC. They include steering committees at project and subprogram level, conferences, workshops and meetings.

To increase their effectiveness at the strategic level and to share information, the rural R&D corporations including the FRDC, collaborate through a committee of Chairs, supported by a part-time secretariat. The Chairs Committee also provides continuity and consistency in communication about the role and contribution of RDCs, and in representation, networking and participation in formulation of policy.



Information management systems

In 2006–07 the FRDC commenced a full redevelopment of its project management software system Fishbase. A key function of the software upgrade is to move from the existing software platform, which has reached its capacity for growth, to a platform that will enable the FRDC to successfully manage its portfolio of R&D projects into the future.

In addition, the revised Fishnet application interface was used for the full round of R&D applications for the 2007–08 cycle. The Fishnet interface significantly improved the FRDC's ability to capture all relevant information on projects while minimising time to prepare applications. Upon completion of applications on-line feedback from those using the system showed a very high level of satisfaction. The feedback also provided a mechanism to address areas where users identified deficiencies.

Website

The FRDC website remains another powerful communication tool for the Corporation providing users with access to a comprehensive array of information on fisheries R&D. In 2006–07 our statistics showed that more than 400,000 individual users had visited the site with the section on species fact sheets being the most viewed with over 50,000 visits per month. FRDC has improved access to both research reports, and images from the photo library, through background technical changes to the operation of the online bookstore. At the end of 2006–07, the FRDC had more than 600 short, non-technical summaries available on all completed projects, and photos of over 800 fish species. These can be viewed free of charge and the final project reports purchased and downloaded from the website.

Quality system

The FRDC is an AS/NZS ISO 9001:2000 certified organisation. All FRDC programs management and administrative procedures have been documented. The FRDC underwent an internal audit on 30–31 May 2006 by Total Quality Management. SAI Global conducted an external audit on 20 November 2006 which resulted in the Corporation's certification continuing.

The FRDC aims to meet or exceed the expectations of stakeholders and other people and organisations with which it does business. To do this, it has adopted Total Quality Management as its operating philosophy. The FRDC integrates a "quality approach" into all its work. The FRDC's quality management system also encompasses the features of a Service Charter.

Corporate communications

FRDC works closely with a broad section of the fishing industry, which provides a first hand opportunity to hear what our stakeholders think and what information they need. To ensure the FRDC stays up to date it undertakes independent stakeholder reviews each year, the results of which are available from the FRDC website — www.frdc.com.au

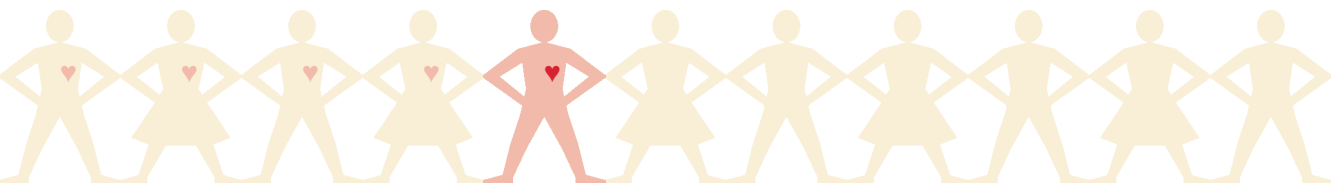
In 2006–07, FRDC's *R&D News* continued to be a major communication tool for the Corporation. In total four editions were published during the year achieving an annual circulation of approximately 50,000 copies. In January 2007 after 13 years, Daphne Bryan and Mal Maloney who were responsible for producing the *R&D News* retired. At its inception in 1993, the newsletter consisted of four 2-colour pages; compared to 2007 where it is a full colour publication, usually comprising more than 40 pages.





The departure of Mal and Daphne (pictured above) required FRDC to undertake necessary succession planning to ensure the ongoing quality of the *R&D News*. FRDC undertook a search for suitable replacements and in December 2006 Coretext was appointed. Coretext is a Melbourne-based publisher which specialises in science and primary industry publications. It prepares and publishes the principle publications for the grains industry (*Ground Cover*) and the wool industry (*Beyond the Bale*) as well as publications for the forestry sector, CSIRO, Meat and Livestock Australia and the Australian Centre for International Agricultural Research (ACIAR).

FRDC used the transition to re-examine the *R&D News* and make some changes to the style content and layout of the publication. This review helped to create a professional magazine that reflects the increasing expertise and sophistication of the Australian fisheries sector. In June 2007 the first edition of *FISH* was launched and sent to over 15,000 readers across the country.



Beneficiary responses

We have explained how we communicate our R&D results but feel it is important to highlight a few areas where our stakeholders have provided us with some feedback...

Shawn Dick, President and Chief Executive Officer, Aquatic Release Conservation, Ormond Beach, Florida comments on...

Project 2003/013 — Sea turtle mitigation for Australian pelagic longline fisheries

The DVD entitled “Crossing the line” is yet another great accomplishment from Australia and will aid longliners globally in safely releasing sea turtles and other bycatch. I want to express my gratitude and admiration for all the fine work our Australian fisheries partners have accomplished. It is quite impressive and significant.

Pheroze Jungalwalla, Executive Officer, Tasmanian Salmonid Growers Association comments on...

Project 2001/206 — Aquafin CRC: improving growth and survival of cultured marine fish larvae: striped trumpeter (*Latris lineata*) a test case for Tasmania

This was a collaborative project between the University of Tasmania and CSIRO Marine Research. The excellent scientific outcomes are a good example of how collaborative projects can benefit industry and the investigators brought to the project a unique and highly complementary skill base in larval rearing, nutrition, lipid biochemistry and biotechnology.

Ian Knuckey, Director, Fishwell Consulting comments on...

Project 2003/003 — Spawning and reproductive characteristics of Bight redfish and deepwater flathead in the Great Australian Bight Trawl Fishery

This project was a high priority for the Great Australian Bight Trawl Fishery to reduce uncertainties in the assessment model and to provide a better understanding of the dynamics of the fishery and the potential impact of fishing. Overall, the project was well planned and executed and provided scientifically defensible data on the maturity of the target species.

Brian Koennecke, Chairman, Northern Territory Seafood Council comments on...

Project 2004/008 — Improving demonstrated environmental accountability in the Northern Territory fishing industry

As Chairman of the Aquarium Committee I am writing to acknowledge the effort of the Seafood Council in achieving successful outcomes with the environmental management system (EMS). The process encapsulated the practices within the industry to form printed documents, improving environmental awareness across the licence holders leading to enhanced product quality. On a personal note, our business has benefited by using the document as an awareness highlight to our clients as they receive our packaged products. The feedback has been most positive as their customers are having an insight into where, and how, the aquarium trade carries out its activities in the Northern Territory.

Shane McLinder, Chairman, Australian Abalone Growers Association comments on...

Project 2002/200 — Abalone Aquaculture Subprogram: preventing summer mortality of abalone in aquaculture systems by understanding interactions between nutrition and water

With the larger farms carrying standing stocks with values in excess of \$3 million, a mere 1 per cent improvement in mortality represents a \$30,000 saving per annum. Many of the suggestions could be incorporated at low costs resulting in very positive benefit to cost outcomes.





IAN KNUKEY, DIRECTOR, FISHWELL CONSULTING.

Peter Millington, Chief Executive Officer, WA Department of Fisheries comments on...

Project 2002/232 — A case study into the development of OHS processes in the *Pinctada maxima* pearling industry to benchmark world's best industry diving practice

The continued support of the FRDC, coupled with a professional and responsible attitude of the pearling industry over many years, has resulted in the excellent results found today in the pearling industry's dive management practices.

Randall Owens, Senior Program Manager, Fisheries Issues Group comments on...

Project 2000/170 — Effects of Trawling Subprogram: bycatch weight, composition and preliminary estimates of the impact of bycatch reduction devices in Queensland's trawl fishery

We are hopeful that there will be a good take-up of many of the results of this project by industry. The results of the square mesh cod end trials and the quantification of the positive environmental and economic benefits of using turtle exclusion devices (TEDs) in combination with square mesh cod ends in the scallop fishery, and to a lesser extent the eastern king prawn fishery, are very promising. They demonstrate both ecological and economic benefits. This project has also substantially informed our understanding of the impact of trawling on high conservation and recreational value species, and is demonstrated that it is practically possible to mitigate some of these impacts.



Risk management

There was no incidence of fraud during 2006–07.

The Board reviewed and approved a revised 2006–07 risk management policy and risk register at its 13–15 February 2007 meeting.

The FRDC participated in Comcover's annual benchmarking survey of risk management. For the 2006–07 benchmarking program the FRDC rated a six out of a possible ten. The average for the 124 participating government agencies was five out of ten and for small agencies such as the FRDC, the average was four out of ten. The FRDC also undertook an internal risk workshop on 7 December 2006 which was used to update the Corporation's risk register.

The FRDC incorporates risk management in all activities in accordance with its risk management policy, which is integrated into the FRDC's quality management system and internal audit program.

The risk management policy also incorporates a fraud control framework in accordance with the Fraud Control Guidelines produced by the Attorney-General's Department, May 2002, which seeks to minimise the likelihood and impact of fraud.

Training of staff in risk management was provided by Neill Buck and Associates Pty Ltd. As part of this training all staff were updated to the latest ISO Standard on risk management.

All new directors and staff undergo comprehensive induction training, which includes a briefing on the requirements of the CAC Act. This Act, which significantly influences the conduct of the FRDC's affairs, is the basis for much of the corporate governance that is addressed in this annual report. All directors also received appropriate updates of a book, published by the Australian Institute of Company Directors, on the duties and responsibilities of directors. Eight people (the Executive Director and four other directors, and three senior staff) have completed the Diploma Course of the Australian Institute of Company Directors.

Indemnities and insurance premiums for officers

The FRDC is required by the Australian Government's self-insurance provisions to use ComCover for its insurance needs. ComCover's confidentiality requirements prohibit the release of information on the nature and limits of liabilities covered and the amount of contribution paid.

When appropriate, the FRDC will also take out insurance policies to mitigate insurable risk.

Finance and administration

The 17 August 2007 audit report by the Australian National Audit Office confirmed that the FRDC's 2006–07 financial statements gave a true and fair view of the financial position of the Corporation.

On 25 September 2006, FRDC became the sole member and gained control of Seafood Services Australia Limited (SSA), a company limited by guarantee. No consideration was paid as a result of this arrangement. The operations of SSA have been consolidated with FRDC (the parent entity) from that date.



FRDC also holds a share in Australian Seafood Co-products (ASCo). A company developed to look at alternate uses for fish processing waste. During the year ASCo has been finalising an agreement with Incitec Pivot to produce the organic fertiliser Biophos. ASCo and Incitec Pivot over the next 12 months are examining:

- establishment and roll-out of further liquid fish nutrient plants at selected ASCo shareholders facilities;
- enactment of ASCo shareholders agreement and nutrient production agreements;
- completion and enactment of a commercialisation and joint-venture manufacturing plan between ASCo and Incitec Pivot;
- facilitation of the ASCo / Incitec Pivot joint development team;
- development of manufacture and marketing of BioPhos products; and
- product launch and agreed marketing program.

The biggest potential area to impact on the FRDC's revenue base is the definition of the Australian Government Value of Production (AGVP). This figure impacts directly on FRDC's bottom line and in late 2005–06 the Corporation commenced preliminary work to examine the current structure and definition of AGVP. During 2006–07 further work was undertaken to analyse options for the AGVP model and options expanding the definition to include indigenous and recreational fishers.

The FRDC has continued to build partnerships with individual industry sectors. It currently invests and partners a number of industry partners, such as Southern Rocklobster Ltd, Tuna Boat Owners Association and prawn and barramundi farmers. These partnerships offer both parties a number of advantages. For industry they provide more involvement in determining and undertaking R&D. For the FRDC they provide a more certain flow of industry funds and ultimately a greater understanding of the fishing industry.

An overview of the sectors that have contributed more than the maximum matchable contribution, is shown in Table 1: Industry contributions, maximum matchable contributions by the Australian Government and returns on investment, 2006–07 (see page v). In addition, during 2006–07 the FRDC continued to manage the Aquatic Animal Health investment, with \$100,000 spent in that financial year.

Liabilities to staff

The FRDC provides for liabilities to its staff by ensuring that its financial assets (cash, receivables and investments) are always greater than its employee provisions. Fulfilment of this policy is evidenced in the Statement of Financial Position in the Corporation's monthly financial statements.

See also Note 1.6 of the financial statements (page 109).

Agreements and contracts

Each year the FRDC engages companies, research institutions, and government agencies to undertake research. The process for applying for funding is clearly outlined on the Corporation's website. Each organisation selected is directly engaged under contract for that project. A list of all projects approved by the FRDC Board is available on the website www.frdc.com.au



Consultancy services and selection of suppliers

During the year, the FRDC engaged three consultancies (as defined in the Department of Prime Minister and Cabinet document, *Requirements for Departmental Annual Reports*) to the value of \$10,000 or more:

Name of consultant	Blake Dawson Waldron Lawyers
Nature and purpose of consultancy	Legal advice — particularly in relation to development of best-practice project agreements and project management agreements, employment contracts and contracts with the Department of Agriculture, Fisheries and Forestry and CSIRO
Cost (exclusive of GST)	\$117,594
Name of consultant	Deacons
Nature and purpose of consultancy	Legal advice in relation to project agreements
Cost (exclusive of GST)	\$53,875
Name of consultant	Clayton Utz
Nature and purpose of consultancy	Legal advice in relation to Seafood CRC
Cost (exclusive of GST)	\$18,384

When selecting suppliers of goods and services, the FRDC seeks to achieve value for money and to deal fairly and impartially. Obtaining value for money does not necessarily require the cheapest supplier to be selected. Other factors considered are urgency, quality, ethical conduct of the supplier, and whole-of-life costs.

The following processes apply to FRDC procurement:

More than \$100,000	Open tender
\$30,000 to \$100,000	Selective tender, with at least three written quotations
Less than \$30,000	Competitive tender is not required

Human resources management

The FRDC sets strategic directions with key stakeholders, then directly engages partner organisations from all over Australia to undertake the (R&D) activities. As a result the Corporation has linkages to many research organisations across Australia. This approach to project management provides the FRDC with a great deal of flexibility, but at the same time gives it the capacity of an organisation many times its size.

To put this into perspective, the FRDC currently has over 60 partner organisations that employ over 200 principal investigators, and many more researchers, communicators and technicians. And that's not to mention the hundreds of industry people who work on the various projects.





FROM LEFT: JOHN WILSON, BUSINESS DEVELOPMENT MANAGER; **JULIE HALDANE**, COMMUNICATIONS OFFICER; **MATT BARWICK**, PROJECTS MANAGER — RESEARCH; **JO-ANNE RUSCOE**, PROJECTS MANAGER — PEOPLE DEVELOPMENT; **PATRICK HONE**, EXECUTIVE DIRECTOR; **CHERYL COLE**, OFFICE MANAGER; **JUSTIN FROMM**, PROJECTS MANAGER — RESEARCH; **ANNETTE LYONS**, PROJECTS MANAGER — FINANCE AND QUALITY; **PETER HORVAT**, COMMUNICATIONS MANAGER; **ALISON GARTH**, OFFICE ADMINISTRATOR; **CRISPIAN ASHBY**, PROGRAMS MANAGER — RESEARCH.

Staff

Without doubt the single most important part of the FRDC is its staff. In 2006–07, the FRDC operated with only 10 full-time-equivalent staff members (on average).

All staff are employed under terms and conditions determined by the FRDC. No staff member is employed under the *Public Service Act 1999*. As part of ensuring staff activities align with the organisation, each staff member has in place a Personal Performance Agreement (PPA). The agreement outlines the key areas each staff member will focus on, and the key activities to be undertaken, to assist the FRDC deliver its outcomes.

In 2006–07 there were a number of staff changes. Tara Ryan left the FRDC to take up a position with Diabetes Australia. Those that joined the Corporation were: Julie Haldane as Communications Officer in October 2006, Justin Fromm as a Research Projects Manager in November 2006, and Jo-Anne Ruscoe who moved from the Northern Territory to take up the position of People Development Projects Manager in May 2007.

Staff development

The FRDC recognises that excellent performance by staff and directors is essential to fulfilment of the Corporation's mission.

During 2006–07, one staff member continued fisheries management studies at Masters level, one continued studying a Masters of Business Administration. One director and two staff members completed the Australian Institute of Company Directors diploma course. One staff member commenced a graduate diploma in marketing communications and another diploma of government financial management. Staff undertook job-related training, attended conferences relevant to FRDC activities and the fishing industry, and worked with researchers and industry people on various aspects of project management.





CRISPIAN ASHBY, PROGRAMS MANAGER — RESEARCH, PRACTICES CATCH AND RELEASE WITH A BROWN TROUT IN THE SNOWY MOUNTAINS OF NEW SOUTH WALES.

Staff members are also encouraged to maintain professional affiliations. They have memberships of the Australian Institute of Company Directors, the Australian Society of Certified Practising Accountants, the Australian Society of Fish Biologists, Public Relations Institute of Australia, the Institute of Public Administration Australia, Australian Institute of Management, the Data Management Association and the World Future Society.

Behaviour

Corporate governance practices are evolving rapidly, both in Australia and overseas. The FRDC is proactive in integrating these practices, including those governing ethical behaviour, into its own processes. The Corporation has a code of conduct that is appropriate to the Corporation's structure and activities and complies with division 4 of the CAC Act, to which all directors and staff are required to adhere. New directors and staff are briefed comprehensively on the code during induction training.

Occupational health and safety

No injuries occurred on FRDC premises during 2006–07.

FRDC staff undertook fire safety training with a specialist provider, covering basic fire safety (emergency evacuation and fire control techniques), emergency control and warden awareness.

The FRDC working environment is reviewed periodically by occupational health and safety consultants. This year, a workplace safety and injury management company made an ergonomic assessment of each staff member's immediate working environment and provided training in workplace health and prevention of injury.

Disabilities

The FRDC implements the Commonwealth Disability Strategy on two levels: as a provider of services resulting from R&D and as an employer. During the year the FRDC implemented the strategy to an extent appropriate to the functions and size of the Corporation.





ANNETTE LYONS, PROJECTS MANAGER — FINANCE AND QUALITY, NOT EAGERLY RELEASING PASPALEY PEARLS IN THE NORTHERN TERRITORY. **MATT BARWICK**, PROJECTS MANAGER — RESEARCH, TAKES A PHOTO OPPORTUNITY WITH A GOOD BARRAMUNDI BEFORE RELEASING IT IN NORTHERN WESTERN AUSTRALIA.

The FRDC website meets the Australian Government accessibility guidelines for presentation of documents via the Internet.

The FRDC's recruitment and staff development practices seek to eliminate disadvantage that may be contributed by disabilities. Consultation with people with a disability and, when required, with appropriate specialist organisations is a component of the FRDC's policies and practice, recognising that the effect of a disability differs widely between individuals and that often a little thought makes a big difference in meeting a person's needs.

Remuneration policy

Remuneration of non-executive directors is determined by the Remuneration Tribunal.

Remuneration of the Executive Director and staff is determined by an FRDC policy set by the Board, and is administered through the Board's Remuneration Committee. The amount of individual remuneration of the Executive Director and staff is based on advice by Mercer Human Resource Consulting Pty Ltd. The amount is also influenced by performance measured against individual performance agreements and by the size of the program support component within the total FRDC budget, from which salaries are paid.

Equal employment opportunity

The FRDC has a policy of equal employment opportunity. Merit-based principles are applied in recruitment and promotion to ensure that discrimination does not occur. Of the FRDC's staff of 11, five are female.

Industrial democracy

The FRDC's staff members work as a team in which all contribute freely. This process is strongly reinforced by the FRDC's Total Quality Management philosophy (page 68) and the attendant emphasis on continual improvement.



Corporate governance

“Governance” refers to processes by which organisations are directed and controlled — including, among others, characteristics such as authority, accountability, stewardship and leadership. Corporate governance is concerned with structures and processes for decision-making, and with controls and behaviour within organisations that support effective accountability for performance outcomes.

The Board and staff are strongly committed to ensuring good corporate governance of the FRDC. In doing so, the focus is on structures, processes, controls, behaviour and transparency. To support FRDC’s high level of commitment to these principles, all FRDC policies are available from www.frdc.com.au.

Representative organisations and other stakeholders

The FRDC reported to Recfish Australia, its representative organisation.

Under section 15(2) of the PIERD Act and the *Guidelines on Funding of Consultation Costs by Primary Industries and Energy Portfolio Statutory Authorities*, the FRDC may meet travel and other expenses incurred in connection with consultation between the Corporation and its representative organisations. During 2006–07 the FRDC incurred \$6447 in such expenses; planned expenditure during 2007–08 is \$10,000.

Enabling legislation

The FRDC was formed as a statutory corporation on 2 July 1991 under the provisions of the PIERD Act. It also operates under the provisions of the CAC Act, which applies high standards of accountability while providing for the independence required by the Corporation’s role as a statutory authority.

The FRDC’s objects, deriving from section 3 of the PIERD Act and shown in appendix C, are incorporated in the FRDC’s visions, mission and planned outcomes. As reflected in table 6 on pages 20–21, the FRDC’s three R&D programs mirror the industry development, natural resources sustainability and people development themes of, respectively, sub-sections 3(a), (b) and (c) of the Act. This alignment has brought simplicity and robustness to the FRDC’s R&D planning, implementation and reporting, and that of many of the organisations with which it does business. Importantly, the alignment ensures that the R&D outputs resulting from the Corporation’s investments fully address the legislative objects.

More information about the FRDC’s legislative foundations can be found in appendix B on page 145 and appendix C on page 148.

Responsible ministers and exercise of ministerial powers

The Ministers responsible for the FRDC are: the Minister for Agriculture, Fisheries and Forestry, the Hon. Peter McGauran MP; the Minister for Fisheries, Forestry and Conservation, Senator the Hon. Eric Abetz and the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry, the Hon. Sussan Ley MP.



Ministerial directions

The Act provides that the Minister may give direction to the Corporation with respect to the performance of its functions and the exercise of its powers. The FRDC has received no such direction during 2006–07.

Under the CAC Act, the Minister may notify the Board of any general Australian Government policies that apply to the Corporation. At the date of this report, the following notifications have been received:

- In May 1995, the Minister issued a directive in accordance with the PIERD Act that spending of industry contributions is to be of direct relevance, within a 5-year period, to the fishery, industry sector, or state/territory in which funds were collected. The FRDC is to have regard to advice from management agencies and industry sectors, including FRABs.
- In July 1998, the Minister issued a directive in accordance with section 16(1)(b) of the CAC Act requiring the Corporation to comply with the reporting requirements of the “Guidelines on Funding of Consultation Costs by Primary Industry and Energy Portfolio Statutory Authorities”.
- The Minister has notified the Corporation under section 28 of the CAC Act that the following policies apply to the Corporation.
 - On 21 August 2002, Commonwealth Fraud Control Guidelines 2002.
 - On 28 August 2002, Finance Circular No. 2002/01 — Foreign Exchange (Forex) Risk Management.
 - On 14 April 2003, Finance Circular No. 2002/02 — Cost Recovery by Government Agencies.
 - On 13 October 2003, National Code of Practice for the Construction Industry and the Commonwealth’s Implementation Guidelines.

In addition the Government provided advice on the requirements as a result of the Uhrig Review of Commonwealth Statutory Authorities that was undertaken last year. The Government:

- confirmed the governance model for RDCs — board model,
- removed the Government Director from RDC boards,
- revised the *Primary Industries and Energy R&D (PIERD) Act 1989* to include the recommendations from the Uhrig Review process,
- implemented a formal Statement of Expectation (SOE) advice process to all PIERD Act RDCs. This requires the RDCs to respond with a formal “Statement of Intent” on how they will address the SOE.

In addition to these changes the Parliamentary Secretary requested that RDCs:

- improve their level of collaboration between RDCs,
- implement a quantitative impact assessment and reporting framework for all RDCs,
- improve their level of investment in people development.

These changes are designed to improve the level of accountability for both the Commonwealth Government’s and the fishing industry’s investment in the FRDC.

Government policy

The FRDC has complied with all requirements outlined as part of Australian Government policy, including:

- Commonwealth Fraud Control Guidelines 2002
- Cost recovery policy
- Australian Government Property Ownership Policy 2005
- Protective Security Manual 2005 as a general policy of government.



Minimisation of administration

To increase its production of outputs in the face of greatly increasing demand for fisheries R&D, the FRDC continually strives to improve the way in which it goes about its business. Productivity has been increased through improved management procedures, aided by the FRDC quality management system, and through the innovation, application and professional development of staff members. As part of this process, the FRDC aims to maximise the proportion of funds expended on R&D programs by minimising the cost of administration. A breakdown of funding is outlined in Figure 3: Maximum FRDC expenditure on R&D Programs (see page viii).

However, the FRDC, like every organisation continues to face ever increasing cost pressures due to the higher levels of compliance reporting required by the Australian Government.

Energy efficiency

The policy for *Improving Energy Efficiency in Commonwealth Government Operations* seeks to improve energy efficiency in relation to vehicles, equipment and building design.

The FRDC follows the policy with respect to factors relevant to the Corporation. The Corporation is a minority tenant occupying part of an office building and does not own motor vehicles or large equipment. Prudent management of power consumption is followed within the FRDC office.

Freedom of information

During 2006–07, the FRDC did not receive any inquiry pursuant to the *Freedom of Information Act 1982*.

A statement in accordance with the *Freedom of Information Act 1982*, giving information about the FRDC and about making a Freedom of Information request, is in appendix D (page 151).

FRDC research online

Our R&D programs benefit the commercial, recreational and traditional sectors of the fishing industry and Australia's economic, environmental and social resources. Through making available the latest research we are working towards a well-informed industry and community supportive of the industry and natural resources from which it depends.

Accessing our final reports and publications has never been easier with our new online facilities. This means that you can now view and purchase electronic copies of final reports or you can place an order for a hard copy. Our new bookshop is also equipped with a secure payment facility so you can shop with confidence.

www.frdc.com.au/bookshop





PATRICK HONE,
FRDC EXECUTIVE DIRECTOR.





FROM LEFT: PATRICK HONE, EXECUTIVE DIRECTOR; **RICHARD N. STEVENS**; **STUART RICHEY**; **GLENN HURRY**, GOVERNMENT DIRECTOR; **DENIS BYRNE**, CHAIRMAN; **PAUL McSHANE**, **RAY JOHNSON**, **RICHARD A. STEVENS** AND **FRANK PROKOP**.

The Board

The Board comprises nine directors who are appointed in accordance with sections 17 and 77 of the *Primary Industries and Energy Research and Development Act 1989* (the PIERD Act).

Directors are selected on the basis of their expertise in a variety of fields derived from the PIERD Act. These include commodity production and processing, conservation, science, economics, and business and finance management.

Directors are appointed for a term not exceeding three years, except for the Government Director and the Executive Director. All directors except the Executive Director are appointed on a part-time basis.

A finance and audit committee and a remuneration committee, and other ad hoc committees of the Board as deemed necessary from time to time, act on the Board's behalf.

The Board ensures that FRDC staff is provided with strong leadership, and that their qualifications, skills and experience are enhanced with formal, and on-the-job, training. This includes a formal induction process on the FRDC and a two day workshop run by the Australian Institute of Company Directors. In addition the FRDC Board meets outside Canberra three times a year in regions key to the fishing industry. This provides directors the opportunity to liaise and discuss issues with relevant industry stakeholders, as well see first hand fishing operations in action.

As with their other roles as directors, members of the Board committees retain their rights to gain access to all information held by the FRDC and to seek independent third-party advice.

Details of the directors who held office during the year are shown on the following pages.





DENIS BYRNE



STUART RICHEY



PATRICK HONE

Directors' biographies

Mr Denis Byrne: Chairman

Appointed as Chairman from 1 January 2002; re-appointed in July 2004 for another three-year term. Chair of the Remuneration Committee; and member of the Finance, Audit and Risk Management Committee.

Denis Byrne is a commercial lawyer with wide corporate, infrastructure and resources experience. He was formerly Managing Partner of Freehill Hollingdale & Page, Brisbane and President of the Queensland Law Society and the Law Council of Australia. Denis is Chairman of the Stanwell Corporation Limited and serves as a director on a number of other boards. Denis is also a member of the Australian and New Zealand Takeovers Panels both of which adjudicate on disputes in takeovers of publicly listed companies.

Mr Stuart Richey AM, Deputy Chairman

Appointed as a director from 1 September 2003, re-appointed from 28 September 2006.

Chair of the Finance, Audit and Risk Management Committee; and member of the Remuneration Committee.

Stuart Richey has been actively involved in the fishing industry for more than 30 years and has considerable experience in most fishing methods. Stuart is also Chairman of the Northern Prawn Management Advisory Committee (NORMAC) and a Director of Marine and Safety Tasmania. He holds Skipper Class 1 (fishing) and Master Class 4 (trading) qualifications.

Dr Patrick Hone: Executive Director

Appointed Executive Director from 21 April 2005.

Chair of the Business Development Committee from December 2004.

Patrick Hone has extensive knowledge of all sectors of the fishing industry. Over the last eight years he has played a key role in the planning, management and funding of fisheries related research and development in Australia. He has a PhD in the development of aquaculture feed for abalone and has been involved in the development of several significant aquaculture industry developments including southern bluefin tuna, Pacific oyster, abalone and mussel aquaculture.





GLENN HURRY



RAY JOHNSON



PAUL McSHANE

**Mr Glenn Hurry: Government Director (non-executive)
from 13 September 2002 to 28 May 2007**

Holds office during the Minister's pleasure.

Glenn is the General Manager, Fisheries and Aquaculture in the Department of Agriculture, Fisheries and Forestry. He holds a master's degree in aquaculture from Deakin University.

Dr Ray Johnson: Director (non-executive)

Appointed as a director from 28 September 2006.

Member of the Business Development Committee.

Ray Johnson has combined a research career with high-level business achievement in the agribusiness and retail sectors. He has travelled extensively and has intimate knowledge of the Australian and international agriculture and agribusiness sectors, and the commercial application of R&D.

Dr Paul McShane: Director (non-executive)

Appointed as a director from 28 September 2006.

Member of the Business Development Committee.

Paul McShane is a research scientist and former Vice President of International and Development at the Australian Maritime College, Tasmania. He is presently the Managing Director of Global Marine Resource Management and has held senior management positions in marine research agencies in Victoria, South Australia and New Zealand. Dr McShane brings to the Board skills and experience in technology transfer, conservation and management of natural resources, environmental and ecological matters and administration of research and development.





FRANK PROKOP



RICHARD A. STEVENS



RICHARD N. STEVENS

Mr Frank Prokop: Director (non-executive)

Appointed as a director from 28 September 2006.

Member of the Business Development Committee.

Frank Prokop is the Executive Director of Recfishwest and former member of Recfish Australia. He has served on numerous state and Commonwealth fisheries advisory bodies. He has strong recreational fishing knowledge as well as expertise in fisheries and aquaculture production, conservation and management of natural resources, science, technology transfer, environmental and ecological matters, administration of research and development, business and financial management, and economics and sociology.

Mr Richard A. Stevens: Director (non-executive)

Appointed as a director from 28 September 2006.

Richard A. Stevens consults to private and public sector clients. He is a member of the Board of the Australian Fisheries Management Authority, Director of the Queensland Rural Adjustment Authority and serves on several Queensland and New South Wales Standing and Advisory Committees. He has a wealth of experience in conservation and management of natural resources, technology transfer, environmental and ecological matters, administration of research and development, business and financial management and economics.

Mr Richard N. Stevens: Director (non-executive)

Appointed as a director from 28 September 2006.

Member of the Business Development Committee.

Richard N. Stevens is R&D Manager with the Western Australian Fishing Industry Council, a Director of Seafood Services Australia and former Chair of The Food Centre of Western Australia. He has experience in marine biology, fisheries management and managing private and public enterprises including owner/operator of seafood businesses. He will contribute broad skills including experience in fish production, processing and marketing, science, technology transfer, administration of research and development, and business and financial management.





SIMON BENNISON



TOR HUNDLOE

Directors who completed their term during 2006–07

Mr Simon Bennison: Director (non-executive)

Appointed from 1 January 1998; re-appointed in 2001 and 2003.

Chairman of the Finance and Audit Committee.

Simon Bennison has extensive experience in the aquaculture industry gained through 20 years industry experience. He is the Executive Director National Aquaculture Council, a director of Seafood Service Australia and Chairs the FRDC Aquatic Animal Health Subprogram. Previously Simon held the position of Executive Director of the Aquaculture Council of Western Australia and was a director of the Western Australian Fishing Industry Council. A science graduate from Curtin University, Simon maintains a strong interest in the development and management of the Australian seafood industry. He also has 10 years experience as an environmental manager for the mining industry. He has a Diploma of Company Directorship and is a fellow of the Australian Institute of Company Directors.

Mr Ian Cartwright: Director (non-executive)

Appointed from 1 January 2001; re-appointed in 2003.

Member of the Finance and Audit Committee.

Ian Cartwright has had a lifetime association with the fishing industry with experience in inshore fishing and, after coming ashore, through a career in fisheries education and management. Underpinning this association is an honours degree in fisheries science and a master's degree in economics.

Professor Tor Hundloe AM: Director (non-executive)

Appointed from 1 September 2003.

Tor Hundloe wrote his PhD on fisheries economics and is one of very few people in Australia with this qualification. He has been involved in researching the economics of commercial and recreational fishing for more than 25 years and has written three books on fisheries economics and fisheries management. Tor has first hand experience in many complex fisheries issues from marine park zoning of the Great Barrier Reef to resource sharing in the Bay and Inlets fisheries.





IAN CARTWRIGHT (LEFT) AND NICK RAYNS

Dr Nick Rayns: Director (non-executive)

Appointed from 1 September 2003.

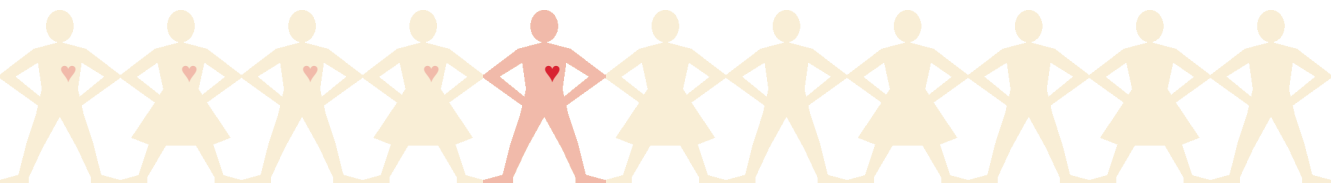
Member of the Remuneration Committee and Business Development Committee from May 2005.

Nick Rayns has accumulated a great deal of knowledge of Australasian fisheries. In addition to his PhD in rocklobster aquaculture, he has worked for fisheries agencies in New Zealand and Australia, managing commercial, recreational and indigenous fisheries from cool temperate to tropical latitudes.

Mr David Bateman: Recfish Australia invited observer

The Board agreed to invite Mr Bateman to be an observer at FRDC Board meetings following the resignation of Mr Harrison in April 2005.

David Bateman has extensive experience in the area of recreational fishing, both as a participant and member of numerous fishing organisations. As the current Executive Officer and past Chairman of Sunfish and member of the Recfish Australia Executive for more than a decade he brings a wide ranging base of knowledge and expertise on recreational fishing to the Board. David has also won numerous state and national fishing tournaments in Australia.



Board committees

Currently the Board has three committees:

- *The Finance, Audit and Risk Management Committee*

The Finance, Audit and Risk Management Committee comprises at least two non-executive Directors and the Business Development Manager. The Committee provides a forum for the effective communication between the Board and the external and internal auditors. It also oversees the FRDC Risk Management Framework.

- *The Remuneration Committee*

The Remuneration Committee comprises the FRDC Chair (Chair of the Committee) and two non-executive Directors elected by the Board.

The Committee reviews the remuneration packages of the Executive Director and senior management on annual basis and will make recommendations to the Board. The packages will be reviewed with due regard to performance and other relevant factors including market relativity.

- *The Business Development Committee*

The Business Development Committee comprises four non-executive Directors and the Executive Director. The Business Development Committee undertakes:

- a. monitoring and review of the existing FRDC income streams, and
- b. explores opportunities to develop new income streams for the FRDC.

For more information on terms of reference for these committees visit the FRDC website http://www.frdc.com.au/about/policies/Board_Governance.doc

Attendance at Board meetings held during 2006–07

KEY TO TABLE 8 (ON OPPOSITE PAGE) SHOWING ATTENDANCE

A	15 August 2006, Melbourne	*	Business Development Committee
B	14 November 2006, Canberra	●	Attended meeting
C	28 November 2006, Geraldton	○	Did not attend meeting
D	13–15 February 2007, Canberra	—	Not eligible to attend meeting
T1	17 January 2007	†	Chair of Business Development Committee
T2	23 January 2007	§	Chair of Remuneration Committee
E	17–18 April 2007, Canberra	f	Chair of Finance, Audit and
F	24 May 2007, Wellington NZ		Risk Management Committee

The Chairman approved all absences from Board meetings in accordance with section 71(2) of the PIERD Act.

Directors' interests

The FRDC's policy on directors' interests, of which the following is a summary, complies with section 21 of the CAC Act. The policy centres on the principle that a director must disclose an interest whenever he/she considers there is a potential conflict of interests.

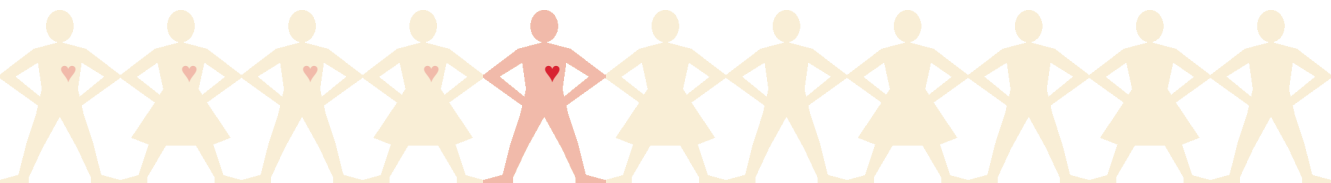
Participation by director with conflict of interests

A standing notice about directors' interests is updated at each Board meeting. All declarations of interests, and their consideration by the Board, are recorded in the minutes.



TABLE 8: ATTENDANCE BY DIRECTORS AND OFFICER

	Board meetings								Finance, Audit and Risk Management Committee meetings				Remuneration Committee meetings				BDC* meet- ings
Number of meetings held during the year	8								14/08/ 2006	23/11/ 2006	29/01/ 2007	12/02/ 2007	12/07/ 2006	17/05/ 2007	23/05/ 2007	13/06/ 2007	14/08/ 2006
	A	B	C	D	T1	T2	E	F									
Mr Denis Byrne §	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Mr Stuart Richey f	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Dr Patrick Hone †	●	●	●	●	●	●	●	●	●	○	●	●					●
Dr Ray Johnson	—	●	●	●	●	●	●	●									
Dr Paul McShane	—	●	●	●	●	●	●	●									
Mr Frank Prokop	—	●	●	●	●	●	●	●									
Mr Richard A. Stevens	—	●	●	●	●	●	●	●		●	●	●		●	●	○	
Mr Richard N. Stevens	—	●	●	●	●	●	●	●									
Mr Glenn Hurry	○	○	○	●	○	○	●	○									
Mr Simon Bennison f	●	—	—	—	—	—	—	—									●
Mr Ian Cartwright	●	—	—	—	—	—	—	—									
Professor Tor Hundloe	●	—	—	—	—	—	—	—									
Dr Nick Rayns	●	—	—	—	—	—	—	—					●				
Mr David Bateman (Observer)	●	—	—	—	—	—	—	—									
Mr John Wilson (Corporate Secretary)	○	●	●	●	○	●	○	●	○	●	●	●					



**The industries' future
is looking bright after
several tough years,
in large because of
the positive outcomes
resulting from our
partnership with
FRDC.**

Scott Walter, Executive Officer, Australian Prawn Farmers Association,
telephone 07 3837 4777, e-mail info@apfa.com.au, www.apfa.com.au/





Auditor- General's



Report





F2006/487

17 August 2007

Mr Patrick Hone
Executive Director
Fisheries Research and Development Corporation
PO Box 222
DEAKIN WEST ACT 2606

Dear Mr Hone

**FISHERIES RESEARCH AND DEVELOPMENT CORPORATION AND
CONSOLIDATED ENTITY FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2007**

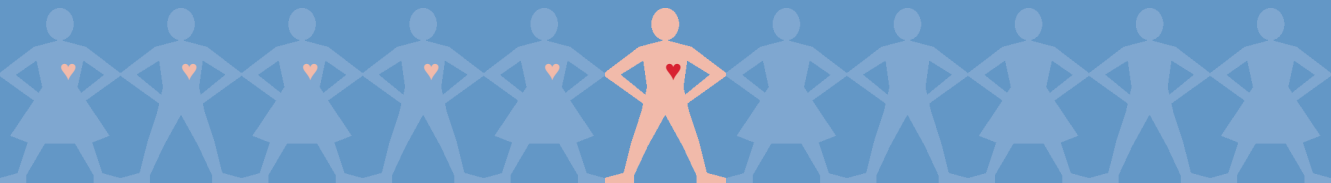
Our audit of the financial statements for the year ended 30 June 2007 of the Fisheries Research and Development Corporation (FRDC) and consolidated entity has now been completed. In accordance with section 26(2) of the *Auditor-General Act 1997*, I have pleasure in attaching for your information:

- a copy of the unqualified audit report for inclusion in the FRDC's annual report;
- a copy of the unqualified audit report designed for inclusion on the FRDC's web site; and
- the associated financial statements.

Yours sincerely

Michael White
Executive Director

CPRO Plus TESTAMBERS ACT 2001
19 Federal Circuit Court ACT
Phone (08) 8333 1000 Fax (08) 8333 1001



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fisheries Research and Development Corporation's preparation and fair presentation of the financial statements 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 Fisheries Research and Development Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Fisheries Research and Development Corporation and the consolidated entity:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Fisheries Research and Development Corporation's and the consolidated entity's financial position as at 30 June 2007 and of their financial performance and their cash flows for the year then ended.

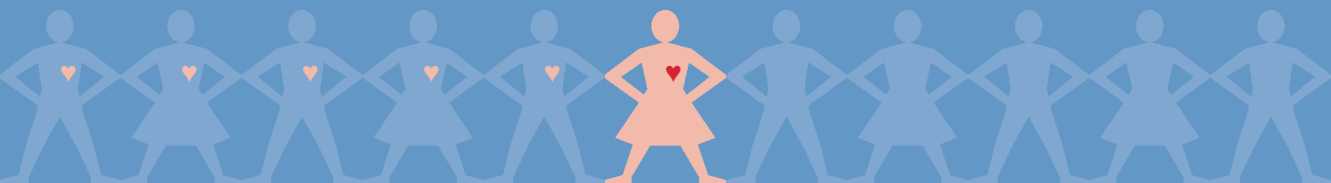
Australian National Audit Office



Michael White
Executive Director

Delegate of the Auditor-General

Canberra
16 August 2007



Financial



**Fisheries Research and
Development Corporation
and Controlled Entity**

statements

for the year ended
30 June 2007



Statement by the Directors and Executive Director

In our opinion, the attached financial statements of the Fisheries Research and Development Corporation (FRDC) and the consolidated entity for the year ended 30 June 2007 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

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

This statement is made in accordance with a resolution of the directors.

Signed  15 August 2007

Denis Byrne
Chair

Signed  15 August 2007

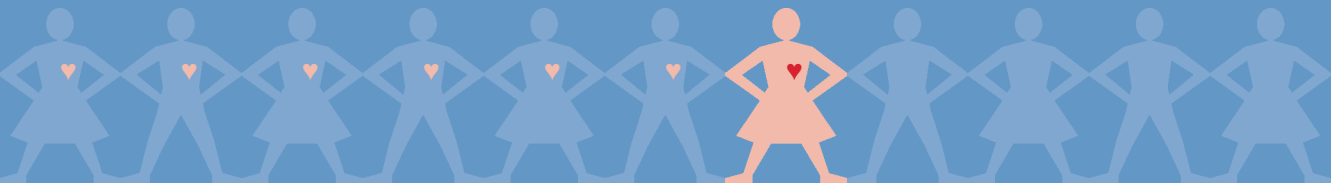
Stuart Richey
Chair Finance, Audit and Risk Management Committee

Signed  15 August 2007

Patrick Hone
Executive Director

Signed  15 August 2007

John Wilson
Chief Financial Officer



Income Statement

for the year ended 30 June 2007

	Notes	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
INCOME				
Revenue				
Revenue from Government	5A	15,984,661	15,984,661	16,019,772
Contributions	5B	9,848,495	9,230,793	10,691,162
Sale of goods and rendering of services	5C	498,954	213,212	43,793
Interest	5D	279,249	268,886	225,393
Other revenues	5E	53,462	3,796	10,682
Total revenue		26,664,821	25,701,348	26,990,802
Gains				
Sale of assets	5F	0	0	(183)
Total gains		0	0	(183)
Total income		26,664,821	25,701,348	26,990,619
EXPENSES				
Employee benefits	6A	1,943,554	1,421,068	1,266,429
Suppliers	6B	1,296,650	943,511	794,149
Depreciation and amortisation	6C	369,389	351,255	234,246
Projects expenditure	6E	20,204,869	20,766,936	23,988,368
Write-down and impairment of assets	6F	1,105	0	0
Cost of sales	5C	157,526	0	0
Other expenses	7	947,557	828,415	670,375
Total expenses		24,920,650	24,311,185	26,953,567
Surplus (Deficit)		1,744,171	1,390,163	37,052

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES



Balance Sheet

as at 30 June 2007

	Notes	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
ASSETS				
Financial assets				
Cash and cash equivalents	8A	916,618	353,162	166,422
Receivables	8B	2,484,016	2,455,186	1,929,002
Other investments	8C	5,001	5,001	5,001
Total financial assets		3,405,635	2,813,349	2,100,425
Non-financial assets				
Infrastructure, plant and equipment	9A,C	359,747	344,880	179,705
Intangibles	9B,C	2,232,247	2,232,247	1,743,848
Other non-financial assets	9D	43,448	0	0
Total non-financial assets		2,635,442	2,577,127	1,923,553
Total assets		6,041,077	5,390,476	4,023,978
LIABILITIES				
Payables				
Suppliers	10A	482,059	284,330	133,996
Projects	10B	1,157,636	1,157,636	1,217,417
Other payables	10C	344,115	305,526	447,430
Total payables		1,983,810	1,747,492	1,798,843
Provisions				
Employee provisions	11A	443,984	383,709	359,673
Total provisions		443,984	383,709	359,673
Total liabilities		2,427,794	2,131,201	2,158,516
Net assets		3,613,283	3,259,275	1,865,462
EQUITY				
Reserves		86,413	86,413	82,763
Retained surpluses		3,526,870	3,172,862	1,782,699
Total equity		3,613,283	3,259,275	1,865,462
Current assets		3,444,082	2,808,348	2,095,424
Non-current assets		2,596,995	2,582,128	1,928,554
Current liabilities		2,358,956	2,087,468	2,127,318
Non-current liabilities		68,838	43,733	31,198

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES



The Fisheries Research and Development Corporation and Controlled Entity Statement of Changes in Equity

as at 30 June 2007

Consolidated

FRDC

	Accumulated results	Asset revaluation reserve	Total equity	Accumulated results	Asset revaluation reserve	Total equity
	2007	2007	2007	2006	2006	2006
	\$	\$	\$	\$	\$	\$
Opening balance at 1 July	1,782,699	82,763	1,865,462	1,745,647	71,423	1,817,070
Adjustment for errors	0	0	0	0	0	0
Adjustment for changes in Accounting policies	0	0	0	0	0	0
Adjusted opening balance	1,782,699	82,763	1,865,462	1,745,647	71,423	1,817,070
Income and expense						
Revaluation adjustment	0	3,650	3,650	0	11,340	11,340
Sub-total income and expenses recognised directly in equity	0	3,650	3,650	0	11,340	11,340
Surplus (Deficit) for the period	1,744,171	0	1,744,171	37,052	0	37,052
Total income and expenses	1,744,171	3,650	1,747,821	37,052	11,340	48,392
Transfers between equity components	0	0	0	0	0	0
Closing balance at 30 June	3,526,870	86,413	3,613,283	1,782,699	82,763	1,865,462

Opening balance at 1 July

Adjustment for errors

Adjustment for changes

in Accounting policies

Adjusted opening balance

Income and expense

Revaluation adjustment

Sub-total income and expenses

recognised directly in equity

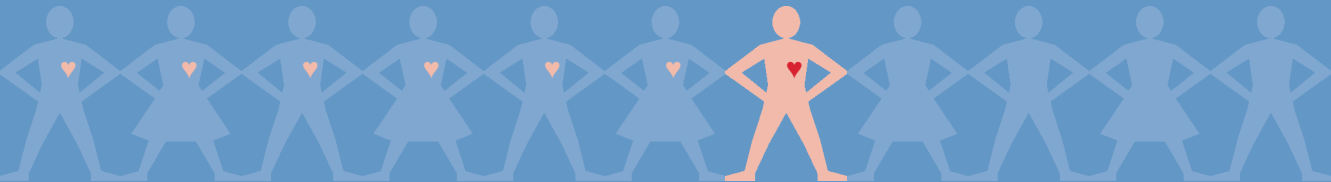
Surplus (Deficit) for the period

Total income and expenses

Transfers between equity components

Closing balance at 30 June

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES



Cash Flow Statement

for the year ended 30 June 2007

	Notes	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
OPERATING ACTIVITIES				
Cash received				
Revenue from Government		15,984,661	15,984,661	16,019,772
Contributions		10,235,820	9,846,892	10,807,563
Goods and services		213,212	213,212	43,793
Interest		279,249	268,886	225,393
Net GST received		1,309,441	1,386,165	1,872,262
Other cash received		3,796	3,796	10,682
Total cash received		28,026,179	27,703,612	28,979,465
Cash used				
Employees		(1,876,981)	(1,397,032)	(1,227,526)
Suppliers		(1,351,623)	(793,177)	(718,204)
Project expenditure		(22,392,069)	(23,497,069)	(25,690,855)
Other cash used		(829,767)	(828,415)	(670,375)
Total cash used		(26,450,440)	(26,515,693)	(28,306,960)
Net cash from or (used by) operating activities	12	1,575,739	1,187,919	672,505
INVESTING ACTIVITIES				
Cash received				
Proceeds from sale of infrastructure, plant and equipment		0	0	225
Proceeds from subsidiary	12A	175,636	0	0
Total cash received		175,636	0	225
Cash used				
Purchase of infrastructure, plant and equipment		(270,474)	(270,474)	(36,110)
Purchase of intangibles		(730,705)	(730,705)	(764,802)
Total cash used		(1,001,179)	(1,001,179)	(800,912)
Net cash from or (used by) investing activities		(825,543)	(1,001,179)	(800,687)
Net increase or (decrease) in cash held		750,196	186,740	(128,182)
Cash at the beginning of the reporting period		166,422	166,422	294,604
Cash at the end of the reporting period	8A	916,618	353,162	166,422

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES



Schedule of Commitments

as at 30 June 2007

	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
BY TYPE			
Commitments receivable			
GST recoverable on premises commitments	37,833	37,833	40,525
GST recoverable on project commitments	5,196,191	5,196,191	5,384,196
Total commitments receivable	5,234,024	5,234,024	5,424,721
Other commitments			
Operating leases (1)	416,166	416,166	445,775
Other commitments (2)	57,158,105	57,158,105	59,226,154
Total other commitments	57,574,271	57,574,271	59,671,930
Net commitments by type	52,340,247	52,340,247	54,247,209
BY MATURITY			
Operating lease commitments			
One year or less	104,294	104,294	107,076
From one to five years	311,872	311,872	338,700
Total operating lease commitments	416,166	416,166	445,776
Other commitments			
One year or less	33,128,620	33,128,620	40,554,447
From one to five years	20,564,839	20,564,839	18,060,326
Over five years	3,464,647	3,464,647	611,381
Total other commitments	57,158,106	57,158,106	59,226,154
Net commitments by maturity	52,340,247	52,340,247	54,247,209
The amount of rental expense recognised in the category 'Supplier expenses' in the reporting period is as follows:	94,812	94,812	69,612

NB: Commitments are GST inclusive where relevant.

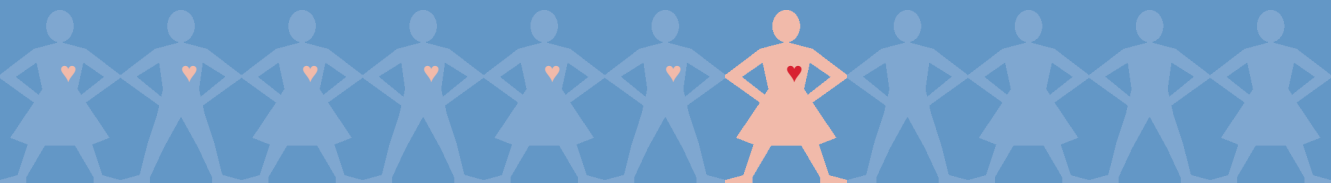
THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES



Schedule of Commitments (continued)

1. Operating leases are effectively non-cancelable and comprise:
 - lease for office accommodation on premises at 25 Geils Court Deakin, which expires 31 July 2010. Lease payments are subject to annual increase in accordance with upwards movements in the Canberra Consumer Price Index. The initial period of office accommodation lease is still current and may be renewed for up to 5 years at FRDC's option, following a once-off adjustment to rentals to current market levels.
2. Other commitments comprise the future funding of approved projects that is contingent on achievement of agreed milestones over the life of the projects (project agreements are exchanged prior to release of the first payment on a project). Projects for which an amount was payable but that were unpaid at the end of the period have been brought to account as project payables. The FRDC contracts to fund projects in future years in advance of receipt of the income needed to fund them. It manages this risk by having the project agreement allow for termination due to insufficient funds or change of Government policy. If the FRDC were to terminate a project agreement, it would only be liable to compensate the research provider for reasonable costs in respect of unavoidable loss incurred by the research provider and directly attributable to the termination.

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

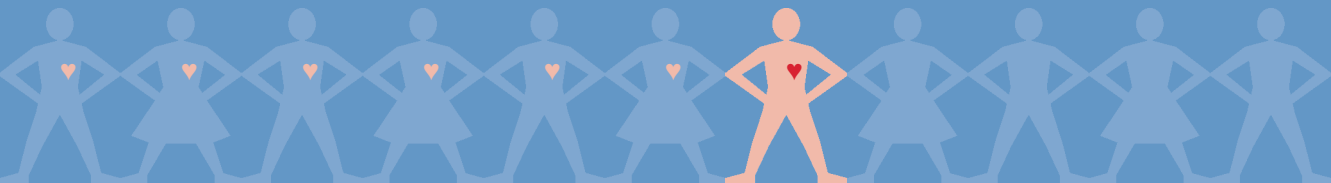


Schedule of Contingencies

as at 30 June 2007

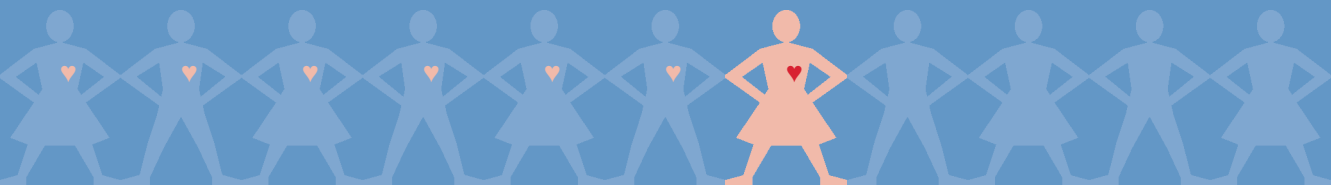
At 30 June 2007, the FRDC and its controlled entity had no contingent assets or liabilities.

THE ABOVE STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES



Notes to and forming part of the financial statements for the year ended 30 June 2007

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Note 1: Summary of significant accounting policies

1.1 — Basis of preparation of financial report

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a General Purpose Financial Report.

The financial statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2006; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets 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 report is presented in Australian dollars.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Entity and the amounts of assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable, which are reported at Note 20).

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.2 — Principles of consolidation

On 25 September 2006, FRDC became the sole member and gained control of Seafood Services Australia Limited (SSA), a company limited by guarantee. No consideration was paid as a result of this arrangement. The operations of SSA have been consolidated with FRDC (the parent entity) from that date.

In the following financial statements where reference is made to the consolidated entity, it refers to both FRDC and SSA. Any specific reference to FRDC or SSA relates to the individual entity.

All inter-entity balances and transactions between FRDC & SSA, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies in subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

1.3 — Significant accounting judgments and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.



1.4 — Statement of compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards.

Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. FRDC is a not-for-profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIRFSs) it cannot make this statement.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period.

Other effective requirement changes

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of FRDC.

Amendments

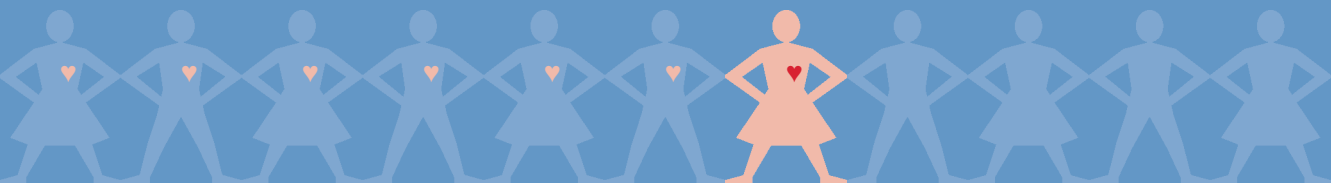
- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

Interpretations

- UIG 4 Determining whether an Arrangement contains a Lease
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.



Financial instrument disclosure

AASB 7 *Financial Instruments: Disclosure* is effective for reporting periods beginning on or after 1 January 2007 (the 2007–08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that presently. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirement through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will effect the disclosure presented in future financial reports.

Other

The following standards and interpretations have been issued but are not applicable to the operations of FRDC.

- AASB 1049 Financial Reporting of General Government Sectors by Governments
- UIG 10 Interim Financial Reporting and Impairment

1.5 — Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2005–06.

1.6 — Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the consolidated entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the consolidated entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.



Revenue from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Refunds from research organisations are taken to account when received.

Revenues from Government

The full amount of the allocated revenue from government for agency outputs for the year is recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

1.7 — Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

The FRDC will act so as to ensure that its 'Financial Assets' (Cash, Receivables and Investments) are greater than its 'Employee provisions'.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the FRDC are estimated to be less than the annual entitlement for sick leave.

Leave liabilities are calculated on the basis of employees' remuneration, including the FRDC's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination. Long service leave is accrued for all staff, from their commencement date, at the rate of 9 days per year of service with the entitlement generally becoming due after completion of 10 years service. The estimate of the present value of the liability takes into account attrition rates and remuneration increases through promotion and inflation.

The liability for long service leave has been determined in accordance with the shorthand method detailed in Division 43 in FMOs. The estimate of the present value of the liability takes into account attrition rates and remuneration increases through promotion and inflation.

All leave provision calculations are based on remuneration packages as at 1 July 2007, see Note 11 Provisions. Directors' remuneration is at Note 13 and Executive remuneration is at Note 15.



Separation and redundancy

Provision is made for separation and redundancy benefit payments in circumstances where a separation or redundancy payment is expected to be paid within the financial year and a reliable estimate of the amount of the payments can be determined.

Superannuation

FRDC staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

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.

FRDC makes employer contributions to the Employee Superannuation Scheme at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the FRDC's employees. FRDC accounts for the contributions as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

No liability for superannuation benefits is recognised at 30 June 2007 as the employer contributions fully extinguish the accruing liability which is assumed by the Australian Government.

1.8 — Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

The consolidated entity is not currently involved in any finance leases.

1.9 — Projects

The FRDC recognises project liabilities as project agreements require the research provider to perform services or provide facilities, or to meet eligibility criteria. In these cases, liabilities are recognised only to the extent that the services required have been performed or the eligibility criteria have been satisfied by the research provider.



1.10 — Borrowing costs

The consolidated entity incurred no borrowing cost during the year.

1.11 — Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

For the purposes of the Statement of Cash Flows, cash is net of any outstanding bank overdrafts.

In accordance with section 42 of the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act), the Treasurer has approved the FRDC overdrawn its bank account to a limit of \$900,000 on the basis that sufficient funds are held in related accounts to offset any overdrawn, with these funds to be transferred as soon as possible to clear any debt.

1.12 — Financial risk management

The consolidated entity's activities expose it to normal commercial financial risk. As a result of the nature of the FRDC's business and internal and Australian Government policies, dealing with the management of financial risk, the FRDC's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.13 — Investments

Investments are initially measured at their fair value.

After initial recognition, financial investments are to be measured at their fair values except for:

- a) loans and receivables which are measured at amortised cost using the effective interest method,
- b) held-to-maturity investments which are measured at amortised cost using the effective interest method, and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity
- c) instruments, which are measured at cost.

1.14 — Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another Entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

1.15 — Inventories (from SSA)

Inventories held for resale are valued at the lower of cost and net realisable value.



1.16 — Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the assets original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Available for sale financial assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

1.17 — Supplier and other payables

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).

1.18 — Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

1.19 — Acquisition of assets

Assets are recorded at the cost of acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues 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 entity's accounts immediately prior to the restructuring.



1.20 — Infrastructure, plant and equipment

Asset recognition threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost of acquisition in the Balance Sheet , except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

All FRDC infrastructure, plant and equipment were revalued as at 30 June 2007 by the Australian Valuation Office.

Infrastructure, plant and equipment are carried at valuation. Revaluations are done on a fair value basis. Fair value is determined to be depreciated replacement cost.

Following initial recognition at cost, infrastructure, plant and equipment are carried at fair value less 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 as at the reporting date. The regularity of independent valuations depends 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 through surplus and deficit. Revaluation decrements for a class of assets are recognised directly through surplus and deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation and amortisation

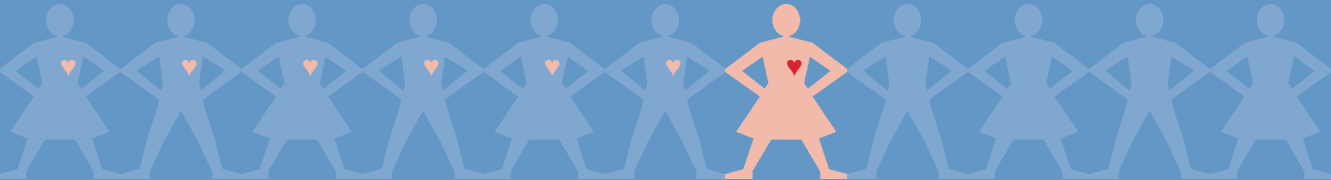
Depreciable infrastructure, plant and equipment assets are written-off to their estimated residual value over their estimated useful lives to consolidated entity using, in all cases, the straight line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current period, or current and future periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2007	2006
Infrastructure, plant and equipment	3–5 years	3–5 years
Computer software developed in-house	10 years	10 years
Leasehold improvements	Term of lease	Term of lease

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed at Note 6C.



Impairment

All assets were assessed for impairment at 30 June 2007. 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 to sell 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 consolidated entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

1.21 — Intangibles

The FRDC's intangibles comprise internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight line basis over its anticipated useful life. The useful lives of FRDC's software is 10 years. This is unchanged from the previous year.

All software assets were assessed for indications of impairment as at 30 June 2007. None were found to be impaired.

1.22 — Taxation

(1) The FRDC is exempt from all forms of taxation except fringe benefits tax (FBT), payroll tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

(2) The Commissioner of Taxation has declared the SSA exempt from income tax under the provision of Section 50-1 of the *Income Tax Assessment Act* (1997).

1.23 — Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required. Comparative figures were not included for SSA Ltd as they were not a subsidiary as at 30 June 2006.

1.24 — Insurance

The FRDC has insured for risks through the Australian Government's Comcover. Workers compensation is insured through the Australian Government's Comcare.



Note 2: Reporting of outcomes

Note 2A: Outcomes of the FRDC

The FRDC operates primarily in a single industry and geographic segment, namely the Australian fishing industry. It is a federal statutory authority jointly funded by the Australian Government and the fishing industry. It is responsible to its stakeholders to:

- plan, invest in and manage fisheries R&D throughout Australia; and
- facilitate the dissemination, adoption and commercialisation of R&D results.

The FRDC is structured to meet the following outcome:

The natural resources on which the fishing industry (commercial, indigenous and recreational sectors) depends are used sustainably and for the benefit of all stakeholders.

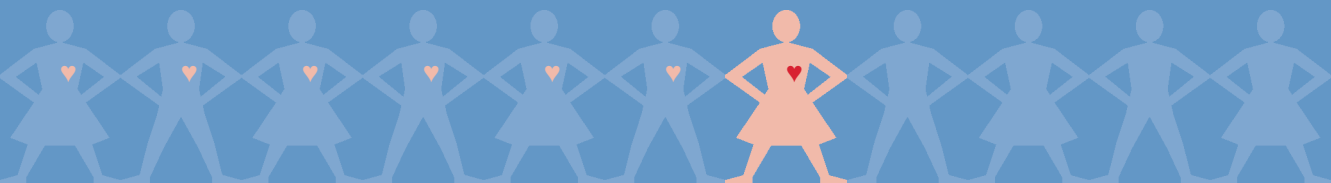
The output identified for this outcome is as follows:

Knowledge, processes and technology that contribute to the sustainable use of the natural resources on which the fishing industry (commercial, indigenous and recreational sectors) depends, for the benefit of all stakeholders.

We have not reported outcomes for the consolidated entity. The principal activity of Seafood Services Australia Limited (SSA), the only entity controlled by FRDC, is to foster the sustainable development of the seafood industry.

Note 2B: Net cost of outcome delivery FRDC

	Outcome	
	2006-07	2005-06
	\$	\$
Expenses	24,311,185	26,953,567
Total expenses	24,311,185	26,953,567
Other external revenues		
Contributions	9,230,793	10,691,162
Sale of goods and services	213,212	43,793
Reversals of previous asset write-downs	0	0
Interest	268,886	225,393
Other revenue	3,796	10,682
Total revenue	9,716,687	10,971,030
Total other external revenues	9,716,687	10,971,030
Net cost/(contribution) of outcome	14,594,498	15,982,537



Note 2C: Revenues and expenses by outcome and output

	Outcome	
	2006–07	2005–06
	\$	\$
Expenses		
Employees	1,421,068	1,266,429
Suppliers	943,511	794,149
Depreciation and amortisation	351,255	234,246
Projects expenditure	20,766,936	23,988,368
Other	828,415	670,375
Total expenses	24,311,185	26,953,567
Funded by:		
Revenues from Government	15,984,661	16,019,772
Contributions	9,230,793	10,691,162
Sale of goods and services	213,212	43,793
Reversals of previous asset write-downs	0	0
Interest	268,886	225,393
Other revenue	3,796	10,682
Total revenues	25,701,348	26,990,802

Note 3: Economic dependency

(1) The FRDC was established on 2 July 1991 under the PIERD Act. The Corporation is responsible to the Minister for Agriculture, Fisheries and Forestry; the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry; and the Minister for Fisheries, Forestry and Conservation.

The FRDC is dependent on appropriations from the Parliament of the Australia for its continued existence and ability to carry out its normal activities.

(2) A significant portion of the contract revenue is derived under project agreements between Seafood Services Australia and Fisheries and Research and Development Corporation, a body incorporated in accordance with the *Primary Industries and Energy Research and Development Act, 1989*.

**Note 4: Events after the balance sheet date
FRDC**

There are no events occurring after reporting date to report.



Note 5: Income FRDC

REVENUE

Note 5A: Revenue from Government

	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
Revenues from Government			
– 0.5% of AGVP *	10,689,850	10,689,850	10,817,700
– matching of industry contributions	5,294,811	5,294,811	5,202,072
Total revenue from Government	15,984,661	15,984,661	16,019,772

* AGVP is the average gross value of fisheries production for the three preceding financial years.

The Australian Government's contribution of 0.5% of AGVP is made on the grounds that it exercises a stewardship role in relation to fisheries resources on behalf of the Australian community. The matching of the industry contribution (up to 0.25% of AGVP) by the Australian Government is in line with policy principles that:

- beneficiaries from research should pay roughly in proportion to the benefits received; and
- the greater the spill-over benefits, the greater the proportion the Australian Government should contribute.†

† As described on page 18 of the FRDC's R&D Plan 2005–10, which is available at the Corporation's website.

Note 5B: Contributions revenue

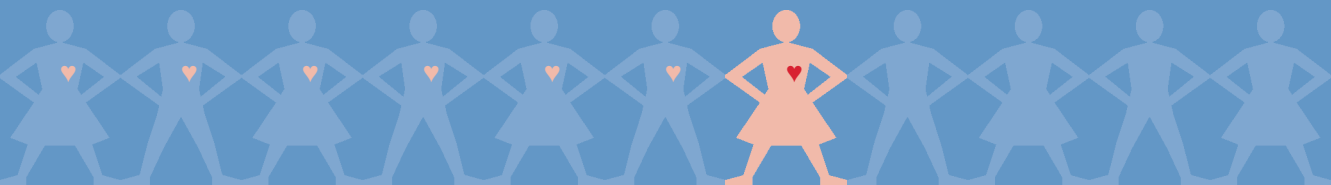
Fisheries managed by:

Australian Fisheries Management Authority	948,322	948,322	1,047,012
Australian Capital Territory	20,000	20,000	26,000
New South Wales	403,959	403,959	381,999
Northern Territory	285,920	285,920	152,000
Queensland	687,351	687,351	689,884
South Australia	1,744,695	1,744,695	1,605,180
Tasmania	909,424	909,424	979,869
Victoria	333,759	333,759	246,185
Western Australia	1,561,955	1,561,955	1,838,878
Sub-total	6,895,385	6,895,385	6,967,007

Projects

Project funds received from other parties	2,859,832	2,242,130	3,455,900
Project refunds of prior years' expenditure	93,278	93,278	268,255
Sub-total	2,953,110	2,335,408	3,724,155
Total contributions revenue	9,848,495	9,230,793	10,691,162

Industry's contribution to the FRDC recognises the need for R&D that will be commercially oriented and that will deliver results that will improve industry performance and profitability.



Note 5C: Sale of goods and rendering of services

	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
Sales of goods to external entities	498,954	213,212	43,793
Total sale of goods and rendering of services	498,954	213,212	43,793
Cost of sales SSA			
Cost of goods sold (publications, CD ROMs)	157,526	0	0
Total cost of goods sold	157,526	0	0

No meaningful cost of sales figure can be determined for FRDC, due to the nature of these sales.

Note 5D: Interest

Deposits	279,249	268,886	225,393
Total interest	279,249	268,886	225,393

Note 5E: Other revenue

Miscellaneous	53,462	3,796	10,682
Total other revenue	53,462	3,796	10,682

GAINS**Note 5F: Sale of assets****Infrastructure, plant and equipment**

Proceeds from sale	0	0	225
Carrying value of assets sold	0	0	(408)
Net gain/(loss) from sale of assets	0	0	(183)

Note 6: Expenses**Note 6A: Employee benefits**

The basis for employee remuneration is detailed at Note 1.6.

Remuneration (for services provided)			
Wages and salaries	1,470,540	1,040,892	1,030,753
Leave and other entitlements	8,299	13,863	53,053
Superannuation	371,003	272,601	177,098
Other employee benefits-recruitment costs	93,712	93,712	5,525
Total employee benefits	1,943,554	1,421,068	1,266,429



FRDC employees contribute to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSSap accumulated plan or other elected schemes as appropriate, which provide retirement, death and disability benefits to employees.

Contributions to the schemes are at rates calculated to cover existing and emerging obligations. Contribution rates from 1 July 2006 to 30 June 2007, 25.2% of salary for CSS members, 12.6% of salary for PSS members and 15.4% of salary for PSSap members and 9% for Choice funds.

The FRDC also pays an employer productivity superannuation contribution for its employees in accordance with the *Superannuation (Productivity Benefit) Act 1988*.

Note 6B: Suppliers

	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
External service providers	407,785	286,465	369,256
Asset purchases less than \$5,000	55,875	55,875	2,605
Insurance	46,219	23,698	30,109
Office supplies	77,631	31,325	25,757
Property	145,146	119,795	85,608
Representation	33,602	33,602	18,932
Telecommunications	69,486	42,908	34,100
Training	58,405	53,502	33,911
Travel	307,307	228,486	149,296
Other	95,194	67,855	44,575
Total supplier expenses	1,296,650	943,511	794,149

All supplier goods and services were supplied by external entities.

Note 6C: Depreciation and amortisation

Amortisation of intangibles	242,306	242,306	167,898
Depreciation of infrastructure, plant and equipment	127,083	108,949	66,348
Total depreciation and amortisation	369,389	351,255	234,246

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Infrastructure, plant and equipment	127,083	108,949	66,348
Computer software	242,306	242,306	167,898
Total depreciation and amortisation	369,389	351,255	234,246



Note 6D: Projects expenditure

	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
Projects			
Natural Resources Sustainability	11,056,892	11,056,892	12,106,239
Industry Development	7,956,326	8,518,393	10,680,194
People Development	1,079,068	1,079,068	974,189
Aquatic animal health activities funded by the Australian Government initiative 'Building a national approach to animal and plant health'	112,583	112,583	227,746
Total project expenditure	20,204,869	20,766,936	23,988,368

Note 6E: Write-down and impairment of assets

Infrastructure, plant and equipment — revaluation decrement	1,105	0	0
Total write-down and impairment of assets	1,105	0	0

Note 7: Operating expenses — other

Communications			
Annual Report	33,976	33,976	29,606
ANRO	22,993	22,993	16,070
Fisheries Research Advisory Bodies	218,268	218,268	154,486
FRDC initiated project extension	13,365	13,365	1,670
Joint RDC activities	44,272	44,272	53,261
Media activities	30,548	30,548	24,570
Other stakeholder consultation	116,980	105,050	53,899
R&D News	207,118	207,118	199,873
R&D Plan	13,045	13,045	68,471
Representative organisations consultation (1)	6,447	6,447	6,737
Website	35,688	35,688	35,815
Sponsorship	60,982	60,982	9,619
Other	143,875	36,663	16,298
Total other expenditure	947,557	828,415	670,375

(1) Representative organisations consultation relates to expenses incurred by the FRDC in accordance with section 15 of the PIERD Act.



Note 8: Financial assets

	Consolidated	FRDC	FRDC
	2007	2007	2006
	\$	\$	\$

Note 8A: Cash and cash equivalents

Cash at bank	916,118	352,862	166,122
Cash on hand	500	300	300
Total cash and cash equivalents	916,618	353,162	166,422

Temporarily surplus funds are placed on deposit at call with FRDC's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.

Note 8B: Receivables

GST receivable from the Australian Taxation Office	282,552	282,552	128,930
Other receivables	2,201,464	2,172,634	1,800,072
Total receivables (net)	2,484,016	2,455,186	1,929,002

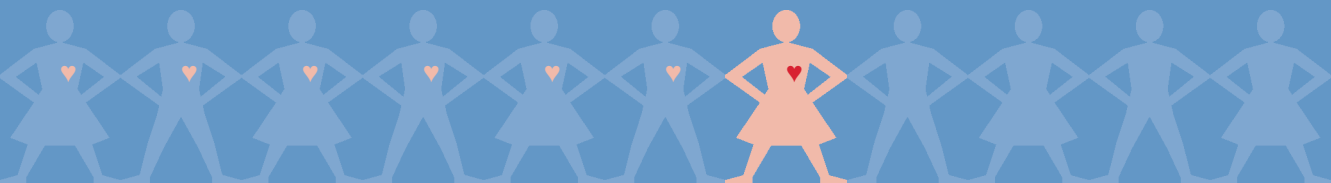
All receivables are current assets.

Receivables are aged as follows:

Not overdue	2,434,435	2,411,186	1,377,742
Overdue by:			
Less than 30 days	44,000	44,000	402,082
30 to 60 days	0	0	6,047
60 to 90 days	0	0	0
More than 90 days	5,581	0	143,132
Total receivables (gross)	2,484,016	2,455,186	1,929,002

All receivables are with entities external to FRDC & SSA.

Included in other receivables are deposits which the FRDC has paid to underwrite conferences. In the event that conference revenues do not exceed conference expenditure, the excess expenditure will be recovered from these deposits. However, the FRDC expects that all conferences will generate sufficient revenues to cover expenditure and that the deposits will be refunded.



Note 8C: Other investments

Shares in other company — unlisted	5,001	5,001	5,001
Total other investments	5,001	5,001	5,001

Shares in unlisted company

Australian Seafood Co-Products Pty Ltd (ASCo) is an unlisted company in which FRDC owns a one fifteenth share. The FRDC is not represented on the ASCo Board. The principal activity of ASCo is to invest in ASCo Fertilisers Pty Ltd which carries on the business of commercialisation of know-how and technical information relating to the conversion of fish waste and fish nutrient into agriculture fertiliser products and the development of production facilities for those products. As the shares do not have a quoted market price in an active market and cannot be reliably measured they have been carried at cost in accordance with AASB 139.

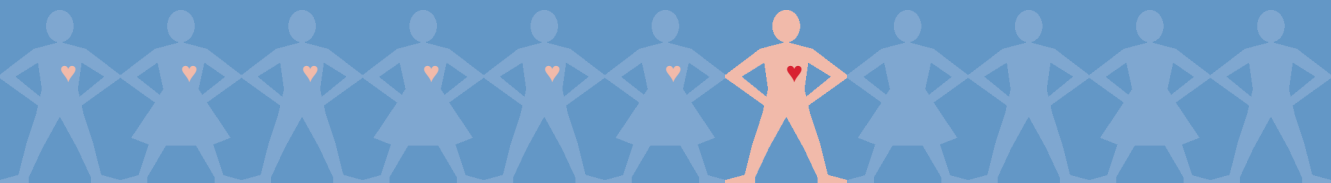
Note 9: Non-financial assets**Note 9A: Infrastructure, plant and equipment**

	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
Infrastructure, plant and equipment			
– at fair value	672,586	603,810	438,271
– accumulated depreciation	(312,839)	(258,930)	(258,566)
Total infrastructure, plant and equipment (non-current)	359,747	344,880	179,705

All revaluations are conducted in accordance with the revaluation policy stated note 1. In 2006-07, an independent valuer conducted the revaluations.

Note 9B: Intangibles

Computer software (internally developed in use)	2,900,148	2,900,148	2,169,447
Total computer software	2,900,148	2,900,148	2,169,447
Accumulated amortisation	(667,901)	(667,901)	(425,599)
Total intangibles (non-current)	2,232,247	2,232,247	1,743,848



Note 9C: Analysis of infrastructure, plant and equipment and intangibles (consolidated)

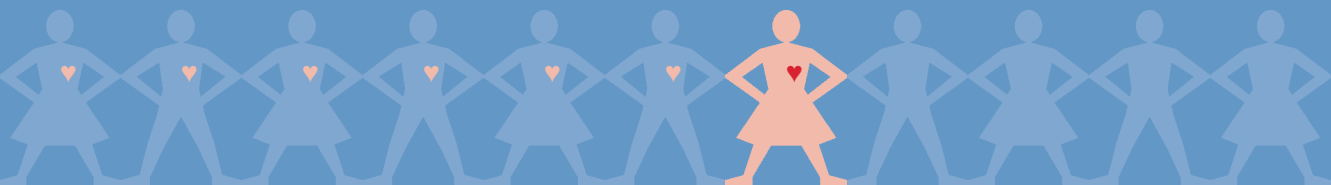
TABLE A — Reconciliation of the opening and closing balances of property, plant, equipment and intangibles (consolidated only)

	Infrastructure, plant and equipment	Intangibles	Total
	\$	\$	\$
Gross book value at 1 July 2006	438,271	2,169,445	2,607,716
Accumulated depreciation /amortisation	(258,566)	(425,597)	(684,163)
Net book value 1 July 2006	179,705	1,743,848	1,923,553
Additions by purchase	270,474	730,705	1,001,179
Additions through acquisition	34,106	0	34,106
Net revaluation increment/(decrement)	2,545	0	2,545
Depreciation/amortisation expense	(127,083)	(242,306)	(369,389)
Disposals	0	0	0
Net book value 30 June 2007	359,747	2,232,247	2,591,994
Net book value as of 30 June 2007 represented by:			
Gross book value	672,586	2,900,148	3,572,734
Accumulated depreciation/amortisation	(312,839)	(667,901)	(980,740)
Closing net book value	359,747	2,232,247	2,591,994

TABLE A — Reconciliation of the opening and closing balances of infrastructure, plant and equipment and intangibles (2005–06)

	Infrastructure, plant and equipment	Intangibles	Total
	\$	\$	\$
Gross book value at 1 July 2005	464,495	1,404,640	1,869,135
Accumulated depreciation /amortisation	(265,485)	(257,696)	(523,181)
Net book value 1 July 2005	199,010	1,146,944	1,345,954
Additions by purchase	36,110	764,802	800,912
Net revaluation increment/(decrement)	11,341	0	11,341
Depreciation/amortisation expense	(66,348)	(167,898)	(234,246)
Disposals	(408)	0	(408)
Net book value 30 June 2006	179,705	1,743,848	1,923,553
Net book value as of 30 June 2006 represented by:			
Gross book value	438,271	2,169,447	2,607,718
Accumulated depreciation/amortisation	(258,566)	(425,599)	(684,165)
Closing net book value	179,705	1,743,848	1,923,553

In accordance with the FRDC's accounting policy (refer Note 1.18), items under the infrastructure, plant and equipment heading were revalued at their fair value, effective 30 June 2007, by the Australian Valuations Office.



Note 9D: Other non-financial assets

	Consolidated 2007	FRDC 2007	FRDC 2006
	\$	\$	\$
Inventories	32,345	0	0
Prepayments	11,103	0	0
Total other non-financial assets	43,448	0	0

All 'Other non-financial assets' are current assets.

Note 10: Payables**Note 10A: Suppliers**

Trade creditors	451,178	253,449	104,103
FBT payable	1,327	1,327	1,230
PAYG payable	29,554	29,554	28,663
Total supplier payables	482,059	284,330	133,996

All supplier payables are current liabilities.

Settlement is usually made net 30 days.

Note 10B: Project payables

Project creditors	1,157,636	1,157,636	1,217,417
Total project creditors	1,157,636	1,157,636	1,217,417

All project payables are current liabilities.

Project creditors are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. They relate to payments approved on achievement of agreed milestones but were unpaid at the end of the period. Settlement is usually made within 60 days.

Note 10C: Other payables

Unearned revenue:

– National Food Industry Strategy (NFIS)	50,000	50,000	80,000
– DAFF — Aquatic Animal Health	146,664	146,664	212,580
– DAFF — Securing the Future	14,560	14,560	35,210
– South Australian Government	94,302	94,302	119,640
– Other	38,589	0	0
Total unearned revenue	344,115	305,526	447,430

All unearned revenue is recognised as a current liability.



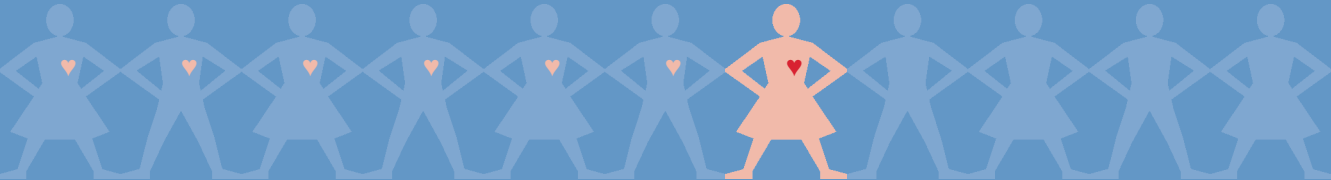
Moneys paid by:

- NFIS contribution to facilitate a collaborative project with NFIS and FRDC “To map and develop a demand chain that will facilitate a new market entry program to target the North American market.”
- DAFF (against the Aquatic Animal Health and Securing the Future contracts), and
- the South Australian Government (against “The Initiative to develop outputs relating to the ecological sustainable development of aquaculture”) are initially shown as unearned revenue in the Balance Sheet. When project payments are made for milestones achieved, unearned revenue is recognised as project income received from other parties.

Note 11: Provisions

Note 11A: Employee provisions

	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
Leave	443,984	383,709	359,673
<i>Total employee provisions</i>	443,984	383,709	359,673
Employee provisions are represented by:			
Current	375,146	339,976	328,475
Non-current	68,838	43,733	31,198
<i>Total employee provisions</i>	443,984	383,709	359,673



Note 12: Cash flow reconciliation

	Consolidated 2007 \$	FRDC 2007 \$	FRDC 2006 \$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement			
Report cash and cash equivalents as per:			
Cash Flow Statement	916,618	353,162	166,422
Balance Sheet	916,618	353,162	166,422
Difference	0	0	0
Reconciliation of operating result to net cash from operating			
Operating result	1,744,171	1,390,163	37,052
Depreciation and amortisation	369,389	351,255	234,246
Net write down of non-current assets	1,105	0	0
(Gain)/loss on disposal of assets	0	0	183
Expense recognised on acquisition	56,144	0	0
Changes in assets and liabilities, net of the effect of purchase and disposal of subsidiaries			
(Increase)/decrease in receivables	(518,712)	(526,184)	(426,483)
Increase/(decrease) in supplier payables	303,330	150,334	67,181
Increase/(decrease) in other payables	(103,315)	(141,904)	(316,452)
Increase/(decrease) in employee provisions	(9,859)	24,036	47,667
Increase/(decrease) in project payables	(266,514)	(59,781)	1,029,111
Net cash from/(used by) operating activities	1,575,739	1,187,919	672,505



Note 12A

During the financial year, FRDC gained controlling interest in SSA Limited.

No consideration was provided for this interest.

Fair value of net assets from SSA**Current assets:**

Cash and cash equivalents	175,636
Receivables	41,671
Inventories	32,326
Prepaid expenses	10,005

Non-current assets:

Property, plant and equipment	29,854
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Current liabilities:

Payables	(44,733)
Unearned revenue	(206,733)
Leave provisions	(73,271)

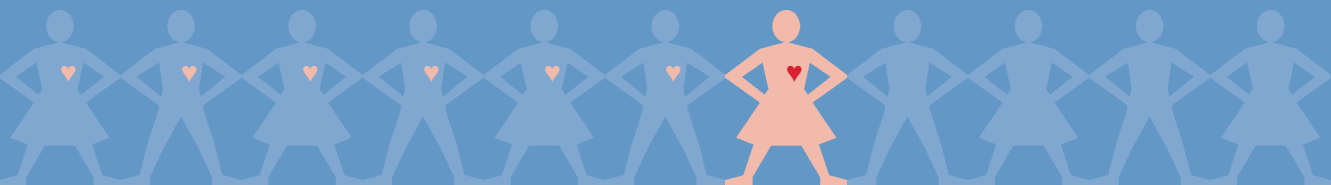
Non-current liabilities:

Leave provisions	(20,899)
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Net assets	(56,144)
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Net cash outflow:

Cash and cash equivalents consideration	0
Less cash and cash equivalent	(175,636)
Balances from SSA	(175,636)



Note 13: Directors remuneration FRDC and controlled entity

	Consolidated 2007	FRDC 2007	FRDC 2006
The number of directors of the FRDC and controlled entity included in these figures are shown below in the expected annual remuneration bands:			
\$Nil – \$14,999	13	6	1
\$15,000 – \$29,999	7	6	5
\$30,000 – \$44,999	0	0	1
\$45,000 – \$59,999	1	1	0
\$160,000 – \$174,999	1	0	0
\$210,000 – \$224,999	0	0	1
\$225,000 – \$239,999	1	1	0
Total number of directors of the FRDC and controlled entity	23	14	8
Total remuneration received, or due and receivable, by directors of FRDC and controlled entity.			
	\$638,612	\$424,254	\$390,026

The basis for directors' remuneration is detailed at Note 1.6.

The Government Director, Mr G. Hurry, received no remuneration.

To give effect to recommendations contained in the Uhrig Report, the Australian Government amended the PIERD Act such that the position of Government Director on the FRDC Board was removed, effective 29 May 2007.

There were no superannuation payments in connection with the retirement of directors.



Note 14: Related party disclosures

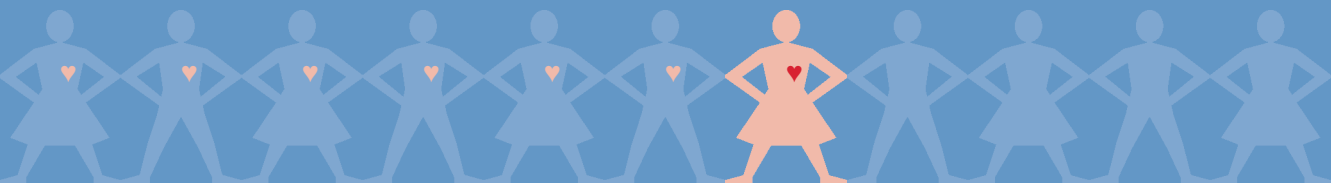
The Directors of the FRDC during the year were:

Mr D. Byrne	Chair (Chair of Remuneration Committee)
Dr P. Hone	Executive Director
Mr G. Hurry	Government Director (Term finished 28/05/07)
Dr R. Johnson	Director (Commenced 21/09/06)
Prof. P. McShane	Director (Commenced 21/09/06)
Mr F. Prokop	Director (Commenced 21/09/06)
Mr S. Richey	Director — (Chair of Finance Audit, Risk and Management Committee) (Commenced 21/09/06)
Mr R.A. Stevens	Director (Commenced 21/09/06)
Mr R.N. Stevens	Director (Commenced 21/09/06)
Mr S. Bennison	Director — (Chair of Finance Audit, Risk and Management Committee) (Term finished 31/08/06)
Mr I. Cartwright	Director (Term finished 31/08/06)
Prof. T. Hundloe	Director (Term finished 31/08/06)
Dr N. Rayns	Director (Term finished 31/08/06)

The aggregate amount of remuneration of directors is disclosed in Note 13.

Transactions with director-related parties

Director	Organisation and position held	Nature of interest	Income received from entity \$	Expenditure paid to entity \$
Dr P. Hone	CRC for Sustainable Aquaculture of Finfish <i>Director</i>	Research projects or work undertaken by the organisation	2,217,235	188,105
	Seafood CRC <i>Director</i>	Research projects or work undertaken by the organisation	0	0
Mr G. Hurry	Department of Agriculture, Fisheries and Forestry <i>Executive Manager Fisheries and Forestry</i>	Research projects or work undertaken by the organisation	15,728,926	270,645
	Bureau of Rural Sciences <i>Executive Manager Fisheries and Forestry</i>	Research projects or work undertaken by the organisation	0	211,608
	Australian Bureau of Agricultural Resource Economics (ABARE) <i>Executive Manager Fisheries and Forestry</i>	Research projects or work undertaken by the organisation	0	12,650



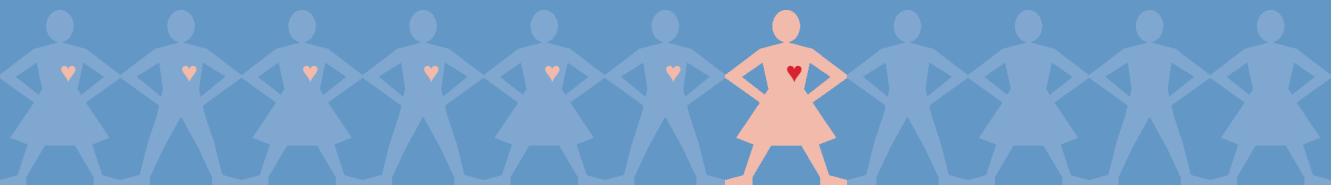
Note 14: Transactions with director-related parties (continued)

Director	Organisation and position held	Nature of interest	Income received from entity \$	Expenditure paid to entity \$
Dr R. Johnson	Genetics Australia Cooperative Ltd. <i>Chief Executive Officer</i>	Research projects or work undertaken by the organisation	0	0
	Research Advisory Committee, Australian Farm Institute <i>Member</i>	Research projects or work undertaken by the organisation	0	0
Professor P. McShane	Seafood Council (SA) <i>Director</i>	Research projects or work undertaken by the organisation	0	13,596
	Australian Maritime College <i>Honorary Research Associate</i>	Research projects or work undertaken by the organisation	0	73,286
	Southern Rocklobster Limited <i>Consultant</i>	Research projects or work undertaken by the organisation	11,000	667,421
Mr F. Prokop	Recfishwest <i>Executive Director</i>	Research projects or work undertaken by the organisation	0	0
	Recfish Australia <i>Executive Director of a member organisation</i>	Research projects or work undertaken by the organisation	5,168	123,341
Mr S. Richey	Australian Fisheries Management Authority <i>Chairman of Northern Prawn Management Advisory Committee</i>	Research projects or work undertaken by the organisation	3,639,861	224,376
	Tasmanian Aquaculture and Fisheries Institute (TAFI) University of Tasmania <i>Spouse of Director</i>	Research projects or work undertaken by the organisation	27,500	3,090,032
	Seafish Tasmania <i>Chairman (no financial interest)</i>	Research projects or work undertaken by the organisation	0	0



Note 14: Transactions with director-related parties (continued)

Director	Organisation and position held	Nature of interest	Income received from entity \$	Expenditure paid to entity \$
Mr S. Richey (continued)	Trawline Pty Ltd <i>Director</i>	Research projects or work undertaken by the organisation	0	0
	Richey Fishing Co Pty Ltd <i>Managing Director</i>	Research projects or work undertaken by the organisation	0	0
Mr R.A. Stevens	Australian Fisheries Management Authority <i>Director</i>	Research projects or work undertaken by the organisation	3,639,861	224,376
	Department of Primary Industry, Fisheries and Mines (NT) <i>Acting Executive Director, Fisheries</i>	Research projects or work undertaken by the organisation	314,512	105,672
Mr R.N. Stevens	WA FRAB <i>Executive Officer</i>	Research projects or work undertaken by the organisation	0	0
	Curtin University of Technology <i>External Examiner</i>	Research projects or work undertaken by the organisation	27,500	168,813
	Seafood Services Australia Ltd <i>Director</i>	Research projects or work undertaken by the organisation	3,919	1,087,543
	Western Australian Fishing Industry Council <i>R&D Manager</i>	Research projects or work undertaken by the organisation	11,699	573,632
	Southern Rocklobster Limited <i>Consultant for Project</i>	Research projects or work undertaken by the organisation	0	242,589
Mr S. Bennison	National Aquaculture Council <i>Chief Executive Officer</i>	Research projects or work undertaken by the organisation	0	0
	Seafood Services Australia Ltd <i>Director</i>	Research projects or work undertaken by the organisation	1,755	7,864



Note 14: Transactions with director-related parties (continued)

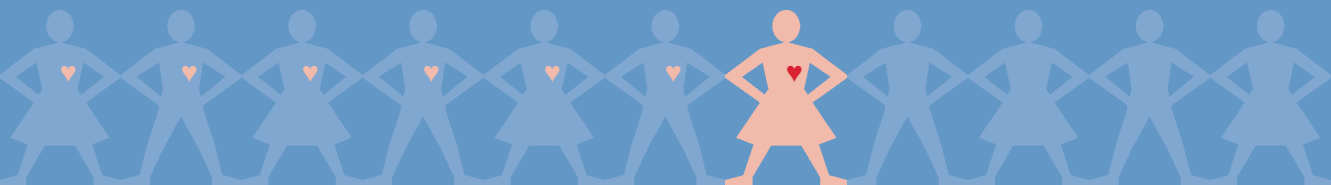
Director	Organisation and position held	Nature of interest	Income received from entity \$	Expenditure paid to entity \$
Mr I. Cartwright	Australian Fisheries Management Authority <i>Director</i>	Research projects or work undertaken by the organisation	195,785	38,500
	Marine Stewardship Council <i>Member</i>	Research projects or work undertaken by the organisation	0	0
	Tasmanian Fisheries Research Advisory Board <i>Chairman</i>	Research projects or work undertaken by the organisation	0	0
	University of Melbourne <i>Consultant</i>	Research projects or work undertaken by the organisation	0	0
Dr N. Rayns	Australian Fisheries Management Authority <i>General Manager</i>	Research projects or work undertaken by the organisation	195,785	38,500



Transactions with SSA director-related parties

Director	Organisation and position held	Nature of interest	Income received from entity \$	Expenditure paid to entity \$
Terence David Loveday	Judith Ham Consulting Spouse	Event management, publication development and communication consultancy services	0	1,450
Roy Palmer	Tigrey Pty Ltd Director	Conference management services	0	0
	Tigrey Pty Ltd Director	Specialist training development consultancy	0	5,400
	Tigrey Pty Ltd Director	Commission for sale of SSA publications	0	1,005
Richard N. Stevens	Western Australian Fishing Industry Council Inc. R&D Manager	Consulting fees, commissions	5,490	57
	WA FRAB Executive Officer	Research projects or work undertaken by the organisation	0	0
	Curtin University of Technology External Examiner	Research projects or work undertaken by the organisation	0	0
	Southern Rocklobster Limited Consultant for Project	Research projects or work undertaken by the organisation	0	0

All transactions were conducted under normal terms and conditions.



Note 15: Executive remuneration FRDC

	2007	2006
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130,000 to \$144,999	1	1
\$190,000 to \$204,999	1	1
\$225,000 to \$239,999	–	1
Total	2	3

The aggregate amount of total remuneration of executives shown above. **\$340,467** \$342,506

The aggregate amount of separation and redundancy/termination benefit payments during the year to executive shown above. **Nil** Nil

No senior executives of the controlled entity received or were due to receive a total remuneration of \$130,000 or more.

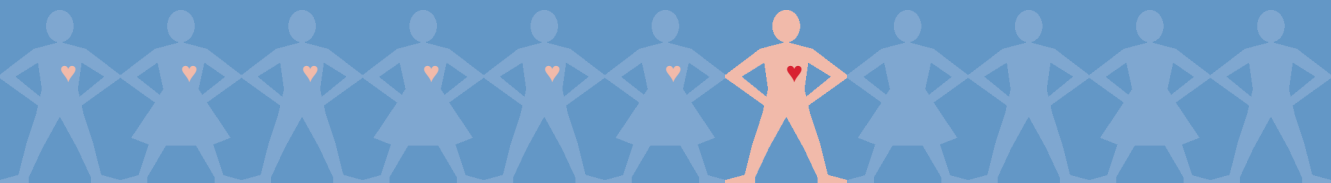
Note 16: Remuneration of auditors

	Consolidated 2007	FRDC 2007	FRDC 2006
Financial statement audit services are provided to the consolidated entity by the Auditor General			
Auditing the financial reports	45,900	33,500	13,000
<i>Remuneration of the other auditor of subsidiary:</i>			
Other services	5,155	–	–
The fair value of the services provided was:			
FRDC and controlled entity	51,055	33,500	13,000

RSM Bird Cameron and Hopley Bone Accountants Pty Ltd are contracted by the Australian National Audit Office to provide audit services on the ANAO's behalf. Fees for these services are included above. No other services were provided by the Auditor-General or RSM Bird Cameron during the reporting period.

Note 17: Average staffing levels

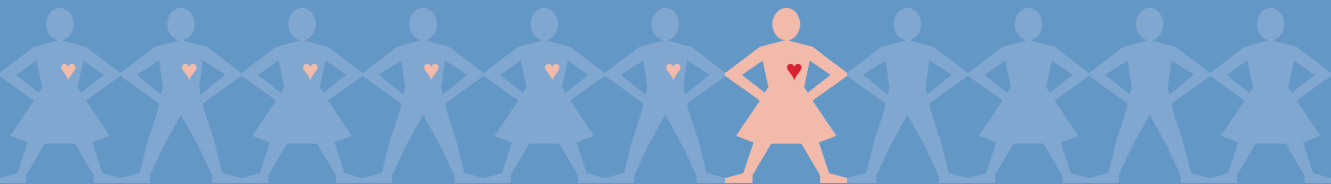
	2007	2007	2006
The average staffing levels for the FRDC and controlled entity during the year were:	18	10	9.6



Note 18: Financial instruments

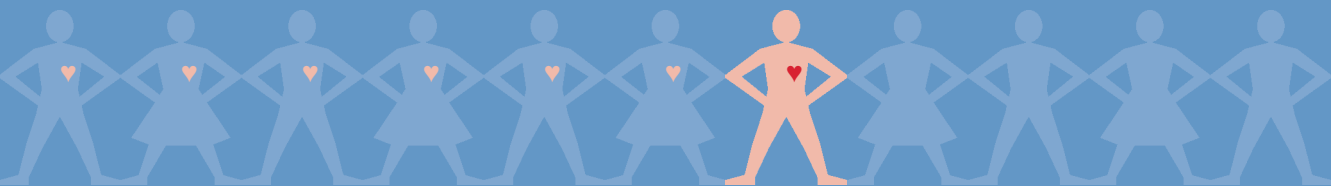
Note 18A: Interest rate risk consolidated

Financial instrument	Note	Floating interest rate	Fixed interest rate maturing in			Non-interest bearing	Total	Weighted average effective interest rate
			1 year or less	1 to 5 years	> 5 years			
			2007 \$	2007 \$	2007 \$			
Financial assets								
Cash at bank	8A	916,118					916,118	2.50%
Cash on hand	8A					500	500	n/a
Other receivables	8B					2,201,464	2,201,464	n/a
Shares (not associate)	8C					5,001	5,001	n/a
Total		916,118	0	0	0	2,206,965	3,123,083	
Total assets							6,041,077	
Financial liabilities								
Trade creditors	10A					451,178	451,178	n/a
Project creditors	10B					1,157,636	1,157,636	n/a
Unearned revenue	10C					344,115	344,115	n/a
Total		0	0	0	0	1,952,929	1,952,929	
Total liabilities							2,427,794	



Note 18A: Interest rate risk FRDC

Financial instrument	Note	Floating interest rate		Fixed interest rate maturing in						Non-interest bearing		Total			Weighted average effective interest rate				
				1 year or less			1 to 5 years		> 5 years										
		2007		2006		2007		2006		2007		2006		2007			2006		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			\$	\$	\$
Financial assets																			
Cash at bank	8A	352,862	166,122											352,862	166,122		2.50%		
Cash on hand	8A										300	300	300	300	300		n/a		
Other receivables	8B										2,172,634	1,800,072	2,172,634	1,800,072		n/a	n/a		
Shares (not associate)	8C										5,001	5,001	5,001	5,001	5,001		n/a		
Total		352,862	166,122	0	0	0	0	0	0	0	2,177,935	1,805,373	2,530,797	1,971,495					
Total assets													5,390,476	4,023,978					
Financial liabilities																			
Trade creditors	10A										253,449	104,103	253,449	104,103		n/a	n/a		
Project creditors	10B										1,157,636	1,217,417	1,157,636	1,217,417		n/a	n/a		
Unearned revenue	10C										305,526	447,430	305,526	447,430		n/a	n/a		
Total		0	0	0	0	0	0	0	0	0	1,716,611	1,768,950	1,716,611	1,768,950					
Total liabilities													2,131,201	2,158,516					



Note 18B: Fair values of financial assets and liabilities consolidated

	Notes	2007 Total carrying amount	2007 Aggregate fair value
Financial assets			
Cash at bank	8A	916,118	916,118
Cash on hand	8A	500	500
Other receivables	8B	2,201,464	2,201,464
Shares (not associates)	8C	5,001	5,001
		3,123,083	3,123,083
Financial liabilities			
Trade creditors	10A	451,178	451,178
Project creditors	10B	1,157,636	1,157,636
Unearned revenue	10C	344,115	344,115
		1,952,929	1,952,929

Financial assets

The net fair values of cash, deposits at call and non-interest-bearing monetary financial assets approximate their carrying amounts.

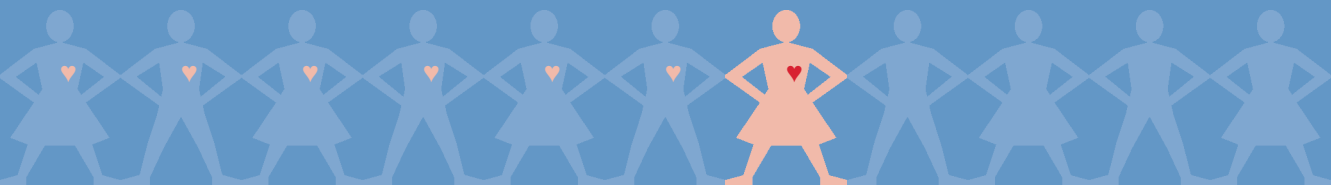
The fair value of the shares cannot be readily determined as there is no active market.

Financial liabilities

The net fair values for trade, project and other payables, all of which are short term in nature, are approximated by their carrying amounts.

Note 18B: Fair values of financial assets and liabilities FRDC

	Notes	2007		2006	
		Total carrying amount	Aggregate fair value	Total carrying amount	Aggregate fair value
Financial assets					
Cash at bank	8A	352,862	352,862	166,122	166,122
Cash on hand	8A	300	300	300	300
Other receivables	8B	2,172,634	2,172,634	1,800,072	1,800,072
Shares (not associates)	8C	5,001	5,001	5,001	5,001
		2,530,797	2,530,797	1,971,495	1,971,495
Financial liabilities					
Trade creditors	10A	253,449	253,449	104,103	104,103
Project creditors	10B	1,157,636	1,157,636	1,217,417	1,217,417
Unearned revenue	10C	305,526	305,526	447,430	447,430
		1,716,611	1,716,611	1,768,950	1,768,950



Financial assets

The net fair values of cash, deposits at call and non-interest-bearing monetary financial assets approximate their carrying amounts. The fair value of the shares cannot be readily determined as there is no active market.

Financial liabilities

The net fair values for trade, project and other payables, all of which are short term in nature, are approximated by their carrying amounts.

Note 18C: Credit risk exposure FRDC

The FRDC's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The FRDC has no significant exposure to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Note 19: Other related parties FRDC

On 23 June 2006, FRDC entered into an agreement with the Australian Fisheries Management Authority (AFMA) As part of this agreement, FRDC acts as AFMA's agent to make payments to research providers. FRDC invoices AFMA monthly for payments made to research providers against research projects administered on behalf of AFMA. These activities have not been reflected in FRDC's accounts but are disclosed below for information purposes.

Totals payments to research providers from 1 July to 30 June 2007	\$2,160,683
-------------------------------------------------------------------	--------------------

Additionally, the FRDC is a member of the Seafood CRC Company Ltd and underwrote it during the period 22 December 2006 to 30 June 2007, incurring expenses of \$620,230. These expenses were netted out of the FRDC's accounts when invoicing the Seafood CRC after it signed the agreement between it and the Commonwealth of Australia.

Note 20: Contingent liabilities and assets

The consolidated entity has no contingent liabilities and assets.

Unquantifiable contingencies

Nil

Remote contingencies

Nil

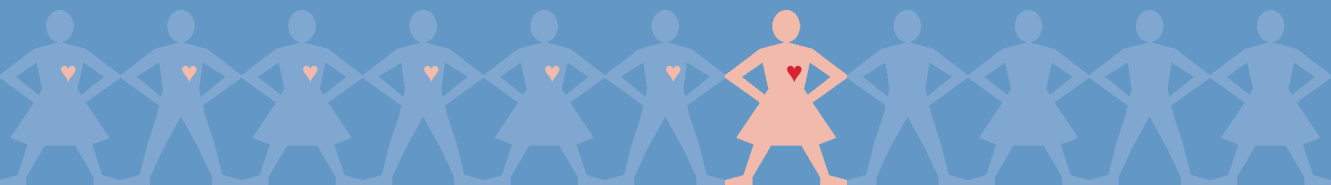


Note 21: Controlled entities

Controlled entities consolidated	Country of incorporation	Percentage owned (%)* 2007	Percentage owned (%)* 2006
Parent entity:			
Fisheries Research Development Corporation (FRDC)	Australia	—	—
Subsidiaries of FRDC:			
Seafood Services Australia Limited (SSA)	Australia	100	50

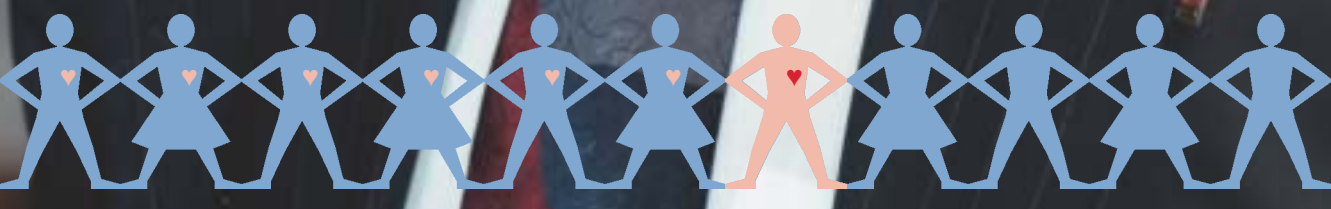
* Percentage of voting power in proportion to membership.

The constitution of SSA prohibits the distribution of any assets and income to its members, except as bona fide compensation for services rendered or expenses incurred on behalf of SSA. On the winding up of SSA, any amounts remaining after the satisfaction of all debts and liabilities must be transferred to any corporation with similar objectives to SSA that is not carried on for the profit or gain of its individual members.





JOHN WILSON, BUSINESS
DEVELOPMENT MANAGER
— HAPPY AFTER ANOTHER
GOOD YEAR FOR THE FRDC.



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Appendix **C**

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Appendices



Appendix A

The FRDC's principal revenue base

As stipulated in the PIERD Act, and as shown in figure 5, the FRDC's primary revenue source is based on:

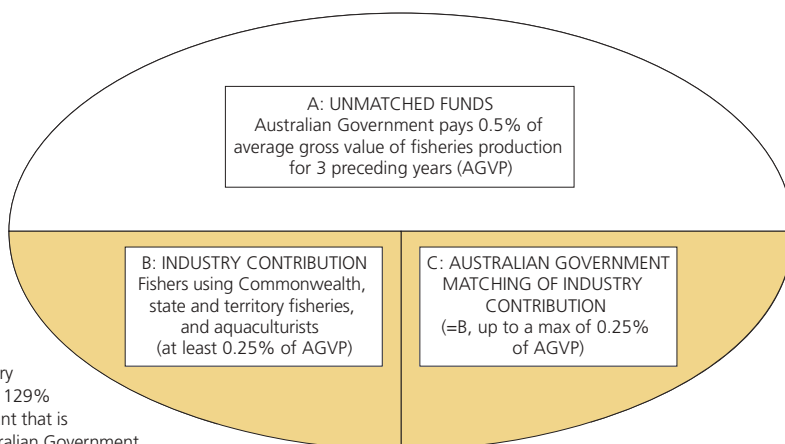
- the Australian Government providing unmatched funds equivalent to 0.5 per cent of the average gross value of Australian fisheries production for the three preceding years (AGVP),
- fishers and aquaculturists providing contributions of at least 0.25 per cent of AGVP, and
- the Australian Government matches this amount up to a maximum of 0.25 per cent of AGVP.

There is no legislative impediment to fishers and aquaculturists contributing to the FRDC above the maximum level at which the Australian Government will provide a matching contribution.

Industry contributions for the past financial year and trends for the past five years are shown on page vii.

Details of all FRDC revenue (including investments, royalties, and sales of products, information and services) are in the financial statements starting on page 96.

FIGURE 5: PROPORTIONS OF THE FRDC'S PRINCIPAL REVENUE BASE



In 2006–07, the industry contributed more than 129% of the maximum amount that is matchable by the Australian Government.

Rationale for the FRDC's revenue base

The high component of public good in the operating environment of wild-catch fishing, has significance for the FRDC's revenue base. The Australian Government's contribution of 0.5 per cent of AGVP is made on the grounds that the Australian Government exercises a stewardship role in relation to fisheries resources on behalf of the Australian community.

Industry makes its contributions to the FRDC recognising that fisheries R&D will be oriented to its needs and will deliver economic and social benefits. In turn, the Australian Government's matching of the industry contributions is in line with policy principles that:

- beneficiaries from research should pay roughly in proportion to the benefits received, and
- the greater the spill-over benefits, the greater the proportion the Australian Government should contribute.



Appendix B

Principal legislative requirements for reporting

This annual report complies with many requirements of Commonwealth legislation. The principal reporting requirements of the foremost legislation, and some of their consequences for the FRDC, are outlined in this appendix. The Acts are:

- the *Commonwealth Authorities and Companies Act 1997* (CAC Act),
- the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act), and
- the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

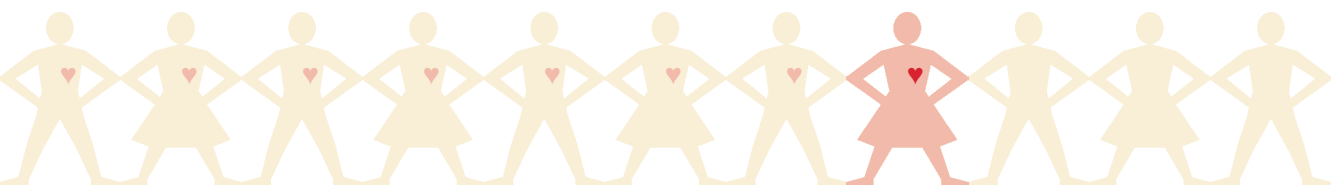
CAC Act requirements

The CAC Act is the principal legislation that specifies the content and standards of presentation of statutory authorities' annual reports for parliamentary scrutiny.

Section 9 of the CAC Act requires the FRDC's directors to prepare an annual report in accordance with Schedule 1 each financial year, and to give it to the responsible minister by 15 October. Clause 10 of the CAC Orders specifies that the report of operations and future prospects (one of the three main elements of the annual report, the others being financial statements and a report by the Auditor-General) to include, among other things: ¹

- a review of how the FRDC has performed during the financial year in relation to its statutory objects and functions, its R&D plan and its principal outputs and contribution to outcomes,
- factors influencing its performance over the financial year and in the future,
- significant events,
- operational and financial results, including principal outputs, major investing and financing activities, and key financial and non-financial performance indicators,
- significant changes in the FRDC's state of affairs or principal activities;
- developments since the end of the financial year, and
- matters required to be included by the PIERD Act and any other legislation.

1. The sub-paragraphs are an edited version of clauses 8 to 18 of the CAC (Report of Operations) Orders 2002.



PIERD Act requirements

The PIERD Act also specifies matters that must be reported. In particular, section 28 states:

(1) The directors must include in each report on an R&D Corporation prepared under section 9 of the *Commonwealth Authorities and Companies Act 1997*:

(a) particulars of:

- (i) the R&D activities that it coordinated or funded, wholly or partly, during the period; and
- (ii) the amount that it spent during the period in relation to each of those activities; and
- (iia) which (if any) of those activities related to ecologically sustainable development; and
- (iii) revisions of its R&D plan or annual operational plan approved by the Minister during the period; and
- (iv) the entering into of agreements under sections 13 and 14 during the period and its activities during the period in relation to agreements entered into under that section during or prior to the period; and
- (v) its activities during the period in relation to applying for patents for inventions, commercially exploiting patented inventions and granting licences under patented inventions; and
- (vi) the activities of any companies in which the Corporation has an interest; and
- (vii) any activities relating to the formation of a company; and
- (viii) significant acquisitions and dispositions of real property by it during the period; and

(b) an assessment of the extent to which its operations during the period have:

- (i) achieved its objectives as stated in its R&D plan; and
- (ii) implemented the annual operational plan applicable to the period; and

(c) an assessment of the extent to which the Corporation has, during the period, contributed to the attainment of the objects of this Act as set out in section 3; and

(d) in respect of the grain industry or such other primary industry or class of primary industries as is prescribed in the regulations, particulars of sources and expenditure of funds, including:

- (i) commodity, cross commodity and regional classifications; and
- (ii) funds derived from transfer of:
 - (A) assets, debts, liabilities and obligations under section 144; and
 - (B) levies attached to Research Funds under the *Rural Industries Research Act 1985* under section 151 of this Act.

Further information on the PIERD Act in relation to the FRDC is in appendix C.



EPBC Act requirements

Section 516A of the EPBC Act requires the FRDC to report on ecologically sustainable development (ESD) and environmental matters. The specific reporting required by section 516A, and the FRDC's responses, are as follows:

- *The extent to which the principles of ESD have been internalised in decision-making systems and processes.* The objects of the FRDC, specified in the enabling legislation and detailed overleaf, focus its activities on economic, environmental and social matters (that is, the principal elements of ESD), including "sustainable use and sustainable management of Australia's fisheries natural resources". The first three of the legislated objects underlie the FRDC's visions and mission, and are the basis for the planned outcomes of the three R&D programs. In pursuing these outcomes, the FRDC has fully internalised the principles of ESD in its decision-making systems and processes.
- *The contribution to ESD of the social, economic and environmental outcomes that the Australian Government is seeking.* Reporting of the three R&D programs (pages 24–58) addresses this requirement.
- *The environmental impacts of the FRDC's operations and actions, the measures being taken to minimise the impact on the environment, and the mechanisms for reviewing and improving performance.* The FRDC implements section 516A through two functions, as follows:
 - *R&D project management.* The FRDC identifies R&D needs, and the means of addressing them, through a planning process and by entering project agreements with research providers: it does not undertake research itself. Management of fisheries R&D involves reporting against economic, environmental and/or social outcomes — at a strategic level via this annual report and in more detail in final reports for projects. Before R&D projects start, the FRDC assesses their environmental impacts and ensures that appropriate approvals are obtained. The FRDC also has an entire R&D subprogram dedicated to developing an ESD reporting and assessment framework so that the industry can meet its obligations under the Act.
 - *FRDC internal operations.* Mechanisms for reviewing and improving performance are incorporated in the Corporation's ISO-certified quality management system, which provides a structure for continual improvement that permeates all management processes. The FRDC manages the process through Program 4 — the Management and Accountability Program.

A compliance index (on page 162) shows the page numbers on which the FRDC has reported on matters specified in Australian Government legislation and policies.



Appendix C

The FRDC's legislative foundation and the exercise of ministerial powers

Enabling legislation

The FRDC's enabling legislation is the *Primary Industries and Energy Research and Development Act 1989* (Commonwealth) (the PIERD Act).

The FRDC Board is responsible to the Minister for Agriculture, Fisheries and Forestry; to the Parliamentary Secretary to the Minister; and to the Minister for Fisheries, Forestry and Conservation — and, through them, to the Parliament of Australia.

The objects, functions and statutory powers of R&D corporations are specified in the PIERD Act, the text of which is available via the FRDC website.

In the interests of clarity, the following statements of the FRDC's objects, functions and statutory powers mirror the wording of the PIERD Act but are specific to the FRDC and its business environment. Similarly, the statements of the FRDC's functions and statutory powers have been made shorter and simpler than the wording of the Act.

Objects

The objects of the FRDC, deriving from section 3 of the PIERD Act, are to make provision for the funding and administration of fisheries R&D with a view to:

- increasing the economic, environmental and social benefits to members of the Australian fishing industry and to the community in general by improving the production, processing, storage, transport or marketing of fish and fish products;
- achieving the sustainable use and sustainable management of Australia's fisheries natural resources;
- making more effective use of the resources and skills of the community in general and the scientific community in particular; and
- improving accountability for expenditure on fisheries R&D.

Functions

The functions of the FRDC, deriving from section 11 of the PIERD Act, are to:

- investigate and evaluate the requirements for fisheries research and development and, on that basis, prepare a five-year R&D plan, review it annually and revise it if required;
- prepare an annual operational plan for each financial year;
- coordinate or fund the carrying out of R&D activities that are consistent with the annual operational plan;



- monitor and evaluate fisheries R&D activities that are funded and report on them to the Parliament; the Minister for Agriculture, Fisheries and Forestry; the Parliamentary Secretary to the Minister; the Minister for Fisheries, Forestry and Conservation; the Australian Seafood Industry Council; and the Australian Recreational and Sport Fishing Industry Confederation (trading as Recfish Australia); and
- facilitate the dissemination, adoption and commercialisation of the results of fisheries R&D.

Statutory powers

Subject to the PIERD Act, the FRDC is empowered under section 12 of the Act to do all things necessary or convenient to be done for, or in connection with, the performance of its functions, which may include:

- entering into agreements for the carrying out of R&D activities by other persons;
- entering into agreements for the carrying out of R&D activities by the FRDC and other persons;
- making applications, including joint applications for patents;
- dealing with patents vested in the FRDC and other persons;
- making charges for work done, services rendered, and goods and information supplied by it;
- accepting gifts, grants, bequests and devises made to it, and acting as trustee of money and other property vested in it on trust;
- acquiring, holding and disposing of real and personal property;
- joining in the formation of a company; and
- doing anything incidental to any of its powers.

The following description of ministerial powers has been drawn from several sections of the PIERD Act and has been condensed from the original in the interests of clarity.

Ministerial powers

Ministerial powers under the enabling legislation may be exercised by the Minister for Agriculture, Fisheries and Forestry; the Parliamentary Secretary to the Minister; and the Minister for Fisheries, Forestry and Conservation. They relate to:

- directing the FRDC in writing as to the performance of its functions and the exercise of its powers;
- approving the R&D plan and the annual operational plan;
- requesting and approving variation to the R&D plan and the annual operational plan;
- requesting the establishment of a selection committee and determining certain conditions relating to the selection committee;
- appointing the presiding member and members of a committee for the selection of directors;
- determining the number of directors;
- determining terms and conditions of appointment of directors (other than the Executive Director) in relation to matters not provided for by the PIERD Act;
- appointing the Chairperson and Government Director;
- appointing directors, other than the Chairperson, Government Director and Executive Director, from persons nominated by a selection committee;



- appointing a nominated director to be the Deputy Chairperson;
- declaring one or more specified organisations to be representative organisations in relation to the FRDC;
- determining the gross value of production of the fishing industry for the purposes of establishing the maximum payments by the Australian Government to the FRDC;
- establishing written guidelines covering the payment by the FRDC to an eligible industry body, or member of an eligible industry body, for expenses reasonably incurred in connection with consultation with the FRDC;
- causing, at least once in each financial year, a coordination meeting to be held of all R&D corporations;
- granting leave of absence to the Chairperson; and
- terminating the appointment of the Chairperson or a director other than the Executive Director.

Additional powers under the *Commonwealth Authorities and Companies Act 1997* relating to corporate governance and reporting are available to the Minister for Agriculture, Fisheries and Forestry; the Parliamentary Secretary to the Minister; the Minister for Fisheries, Forestry and Conservation; and the Finance Minister.

Exercise of ministerial powers during 2006–07 is described on page 79.



Appendix D

Freedom of information statement

The *Freedom of Information Act 1982* (FOI Act) requires each Australian Government agency to publish a statement setting out its role, structure and functions, the documents available for public inspection, and access to such documents. Section 8 of the FOI Act requires each agency to publish information on the way it is organised, its powers, decisions made and arrangements for public involvement in its work.

The following statement, in conjunction with information contained this annual report, is intended to meet the requirements of section 8 of the FOI Act.

Information about the FOI Act is available from the Attorney-General's Department (Robert Garran Offices, National Circuit, Barton ACT 2600; telephone 02 6250 6666; http://www.ag.gov.au/www/agd/agd.nsf/Page/Freedom_of_Information).

Role, structure and functions

The FRDC's role is described on page xiii of this annual report; its structure and functions are described respectively on pages xii and xiii. Further information is on pages 9–10 and 18–20 of the FRDC's R&D plan. Both these publications are freely available to the public from the FRDC.

The legislation under which the FRDC is established is the *Primary Industries and Energy Research and Development Act 1989*; further information is in appendix B (page 145) and appendix C (page 148).

Documents available for inspection

The following documents are available for inspection at the FRDC office (see notes overleaf):

R&D plan (the FRDC's strategic plan)	File, publication and Internet website *
FRDC policy manual	Unpublished document
Operational procedures	Files, unpublished document
Annual operational plan	File, unpublished document
Project details	Database, files
Project agreements	Files
Final project reports	Publications; hyperlinks on FRDC website **
Non-technical summaries of final project reports	Publications and FRDC website *
R&D funding applications	Files
Annual report	File, publications and FRDC website *
R&D News	File, publications and FRDC website *
Administration	Files, unpublished document
Mailing lists	Database



Documents available for inspection — notes for table on previous page

* The FRDC's website address is www.frdc.com.au

** Non-technical summaries of all final reports of FRDC projects are available on the FRDC website. Hyperlinks leading to other websites containing full final reports are also on the FRDC website.

Copies of publications and reports are available on request, generally free of charge except for final project reports and related products. Some other information may be subject to assessment of access for such matters as commercial confidentiality or personal privacy in accordance with the FOI Act.

Sources of information currently available from the FRDC in paper publications and in electronic form are described on page 170.

Access to documents

To seek access to FRDC documents, please contact the FRDC's Business Development Manager: address, telephone, fax and e-mail details are shown inside the back cover of this report. It may not be necessary to request the information under the FOI Act — the FRDC may simply provide it to you when you ask for it. At all times, however, you have the option of applying under the FOI Act.

Unless you are seeking access to personal information about yourself, you will need to pay the standard FOI application fee of \$30.00 when making your application. Additional processing charges may also apply.

Documents are usually made available for direct access at the FRDC's office in Canberra. They may also be provided, depending on your preference:

- by post (photocopies) to an address specified in your request, or
- at the Information Access Office (established by the Attorney-General) nearest where you live.

Organisation, powers, and decisions made

The FRDC's organisation is shown in Figure 4: The FRDC's organisation and operating context on page xiv. The FRDC's powers are summarised in appendix C (page 148). The principal decisions made by the FRDC Board during 2005–06 are summarised in the directors' review of operations and future prospects starting on page 10. A ministerial direction is summarised on page 79, followed by ministerial notifications of policies from the Australian Government.

Arrangements for public involvement

The FRDC's relationship with its stakeholders is described on page xiv under the heading 'Representative organisations and other stakeholders'. Other aspects of public involvement are discussed in the directors' review of operations and future prospects (pages 10–13) and in R&D Program achievements (pages 14–17 and 26–63).

You are welcome to give your views on current policies, procedures and/or activities of the FRDC to the Executive Director; the Chairman of the FRDC Board; the Minister for Agriculture, Fisheries and Forestry; the Parliamentary Secretary; the Minister for Fisheries, Forestry and Conservation; and to any parliamentary committee that may concern itself with matters relating to the FRDC.



Appendix E

Board Selection Committee

Board Selection Committee

Senator the Honourable Eric Abetz
Minister for Fisheries, Forestry and Conservation
Parliament House
CANBERRA ACT 2600

Dear Minister

Report of the Selection Committee — FRDC

This Report summarises the activities of the Selection Committee to nominate persons for appointment as Directors of the Fisheries Research and Development Corporation (FRDC), pursuant to Section 141(1) of the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act).

Background

The term of appointment for Directors of the FRDC expired on 31 August 2006. Upon my three year appointment as Presiding Member of the FRDC Selection Committee (PIERD Act s122) I responded to your request (PIERD Act s123) to nominate to you a Selection Committee drawn from the FRDC representative organisations; the Australian Seafood Industry Council (under administration at the time) and RecFish Australia.

Selection Committee Membership

You advised of approval and appointment of the Selection Committee members on 3 August 2006. Members appointed were:

Presiding Member:

Mr John Pollock

ASIC nominees:

Mr Max Ball, Chairman, Western Australian Fishing Industry Council
Mr John Cole AM, Director, Western Australian Fishing Industry Council
Mr Rodney Treloggen, CEO, Tasmanian Rocklobster Fisherman's Association
Mr Peter Franklin, CEO, Commonwealth Fisheries Association

RecFish nominees:

Mr Bruce Schumacher, Chairman, RecFish Australia
Mr John Harrison, CEO, RecFish Australia



Selection process

The Selection Committee members together agreed on the core criteria required of Board members, which included (as prescribed in the PIERD Act) demonstrated experience in one or more of the following fields:

- conservation and management of natural resources
- fisheries and aquaculture technology and production
- seafood processing and marketing
- natural resources science
- economics
- sociology
- technology transfer and commercialisation

The Selection Committee also agreed that candidates should demonstrate a capability to bring sound strategic judgement, wide-ranging experience and an understanding of the role of a Director. The Presiding Member also conferred with the FRDC Chair for his views on the future strategic direction of the FRDC and relevant comments required pertaining to the skill requirement of the future Board. Discussions were also held with key stakeholders relevant to the FRDC and fishing industries.

Advertisements were placed in the national newspapers — *The Financial Review* on 30 June 2006 and *The Australian* on 1 July 2006. The existing Directors were invited to apply. The advertisements attracted strong interest and some 55 applications were received. Of these candidates, nine were women.

The Committee as a whole, then conferred and agreed 14 preferred candidates for interview, including one woman. The candidates were deemed to bring as a whole a relevant balance of skills and expertise. Following the interviews the Committee made its final decisions taking into account the balance of expertise, the need for diversity and importantly the professional, scientific and strategic business acumen was evident.

The Presiding Member undertook appropriate reference checking of the potential candidates and prepared full reports for recommendation.

The nominations were forwarded to your office on 30 August 2006. You formally appointed these candidates as follows for the period commencing 21 September 2006 and ending 31 August 2009:

- Mr Stuart Richey (re-appointment)
- Mr Richard N. Stevens (new appointment)
- Mr Richard A. Stevens (new appointment)
- Dr Ray Johnson (new appointment)
- Mr Frank Prokop (new appointment)
- Dr Paul McShane (new appointment)



I formally abolished the Selection Committee pursuant to s1 29 of the PIERD Act on 3 October 2006.

Expenses incurred were as follows:

Item	\$
Selection Committee's travel and applicants' travel and expenses	\$14999.85
Advertising	\$8,805.60
Venue hire for interviews	\$2,363.64
Consultant	\$5,374.49
Administration	\$2,320.00
Total (including GST)	\$33,864.00

John Pollock
Presiding Member



Appendix F

Government priorities

The National Research Priorities can be viewed at http://www.dest.gov.au/sectors/research_sector/policies_issues_reviews/key_issues/national_research_priorities

The Rural Research Priorities can be viewed at <http://www.daff.gov.au/agriculture-food/innovation/priorities>

TABLE 9: 2006–07 TOTAL INVESTMENT — COMPOSITION OF GOVERNMENT RESEARCH PRIORITIES ATTRIBUTED TO EACH R&D PROGRAM (\$ AND %)

	Program expenditure						Total expenditure	
Rural research and development priorities (RRDP)	Program 1: Natural Resource Sustainability		Program 2: Industry Development		Program 3: People Development			
	\$000	%	\$000	%	\$000	%	\$000	%
Sustainable natural resource management	9,516	46.00	179	1.00	7	0.03	9,702	47.00
Improving competitiveness through a whole of industry approach	550	3.00	4,084	20.00	15	0.07	4,650	23.00
Maintaining and improving confidence in the integrity of Australian agricultural, food, fish and forestry products	64	0.31	1,546	7.00	27	0.13	1,637	7.00
Improved trade and market access	35	0.17	1,231	6.00	—	—	1,265	6.00
Use of frontier technologies	333	2.00	287	1.00	—	—	620	3.00
Creating an innovative culture	442	2.00	687	3.00	476	2.00	—	7.00
Protecting Australia from invasive diseases and pests	524	3.00	796	4.00	—	—	1,320	7.00
Other research	—	—	—	—	—	—	—	—



TABLE 10: 2006–07 TOTAL INVESTMENT — COMPOSITION OF GOVERNMENT RESEARCH PRIORITIES ATTRIBUTED TO EACH R&D PROGRAM

National Research Priorities (NRP)	Associated goals	Program 1 Natural Resource Sustainability \$000	Program 2 Industry Development \$000	Program 3 People Development \$000	Total \$000
An environmentally sustainable Australia	A1	176	—	—	176
	A2	600	348	—	948
	A3	—	—	—	—
	A4	—	—	—	—
	A5	8,362	419	2	8,784
	A6	—	—	—	—
	A7	176	—	—	176
Promoting and maintaining good health	B1	—	—	—	—
	B2	—	—	—	—
	B3	2	160	—	162
	B4	80	1,229	65	1,373
Frontier technologies for building and transforming Australian industries	C1	—	—	—	—
	C2	902	2,410	—	3,312
	C3	—	—	—	—
	C4	296	1,194	50	1,540
	C5	343	2,668	409	3,419
Safeguarding Australia	D1	—	—	—	—
	D2	—	—	—	—
	D3	525	328	—	854
	D4	—	—	—	—
	D5	—	—	—	—
Total		11,462	8,812	858	20,800

National research priorities and their associated goals

Priority 1 — An environmentally sustainable Australia

- A1 Water — a critical resource
- A2 Transforming existing industries
- A3 Overcoming soil loss, salinity and acidity
- A4 Reducing and capturing emissions in transport and energy generation
- A5 Sustainable use of Australia's biodiversity
- A6 Developing deep earth resources
- A7 Responding to climate change and variability

continued overleaf



National research priorities and their associated goals (continued)

Priority 2 — Promoting and maintaining good health

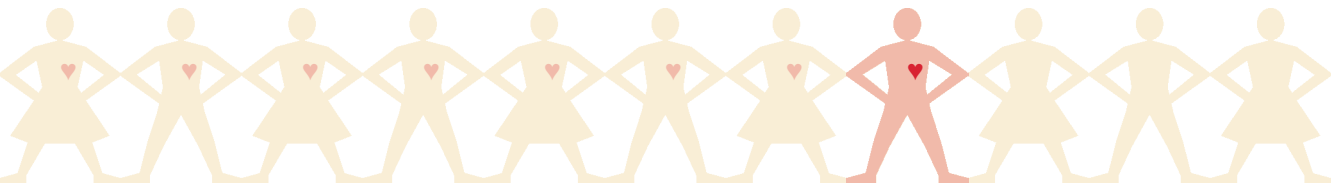
- B1 A healthy start to life
 - B2 Ageing well, ageing productively
 - B3 Preventive healthcare
 - B4 Strengthening Australia's social and economic fabric
-

Priority 3 — Frontier technologies for building and transforming Australian industries

- C1 Breakthrough science
 - C2 Frontier technologies
 - C3 Advanced materials
 - C4 Smart information use
 - C5 Promoting an innovation culture and economy
-

Priority 4 — Safeguarding Australia

- D1 Critical infrastructure
 - D2 Understanding our region and the world
 - D3 Protecting Australia from invasive diseases and pests
 - D4 Protecting Australia from terrorism and crime
 - D5 Transformational defence technologies
-



List of abbreviations

AFMA	Australian Fisheries Management Authority
AGVP	Australian Government Value of Production
ANAO	Australian National Audit Office
ANRO	Australian Agriculture and Natural Resources Online
AOP	annual operational plan
ASIC	Australian Seafood Industry Council
ASCo	Australian Seafood Co-products
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
COOL	Country of Origin Labelling
CRC	cooperative research centre
CSIRO	Commonwealth Scientific and Industrial Research Organisation
EMS	environmental management system
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ESD	ecologically sustainable development
ESE	European Seafood Exposition
FRAB	Fisheries Research Advisory Body
FRDC	Fisheries Research and Development Corporation
FSANZ	Food Standards Australia New Zealand
GBR	Great Barrier Reef
GIS	Geographic information system
ISO	International Organization for Standardization
NORMAC	Northern Prawn Management Advisory Committee
NPF	Northern Prawn Fishery
NRM	natural resource management
OHS	occupational health and safety
PIERD Act	<i>Primary Industries and Energy Research and Development Act 1989</i>
QDPIF	Queensland's Department of Primary Industries and Fisheries
R&D	research and development
RDC	research and development corporation
RRDP	rural research and development priorities
SBT	southern bluefin tuna
SEA	Seafood Experience Australia
SRL	Southern Rocklobster Ltd
SSA	Seafood Services Australia Ltd
TED	turtle exclusion device
TRF	tactical research fund
TSGA	Tasmanian Salmonid Growers Association
WAFIC	Western Australian Fishing Industry Council



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Indexes



Compliance index

This index shows the page numbers on which the FRDC has reported on matters specified in Australian Government legislation and policies, and in the Global Reporting Initiative.

When this annual report has not addressed a compliance subject (usually because no activity occurred under that heading during the year), the subject entry is followed by “—” rather than by a page number.

Australian Government legislation and policies

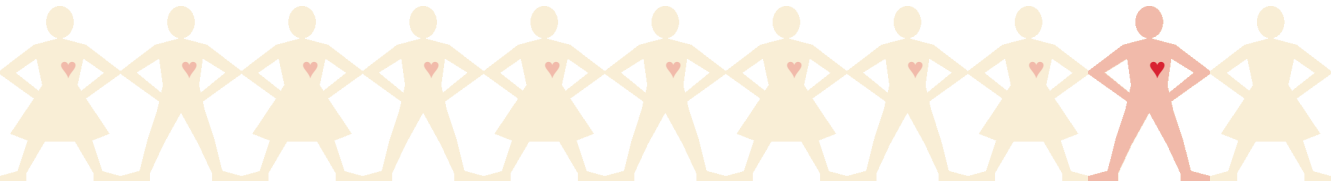
The Australian Government legislation and policies with which the FRDC complies include the following:

- the FRDC’s enabling legislation (the *Primary Industries and Energy Research and Development Act 1989*);
- the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and its supporting Commonwealth Authorities and Companies (Report of Operations) Orders 2002 made under section 48 of the Act (CAC Orders);
- the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act);
- other legislation, such as the *Freedom of Information Act 1982*, the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, the *Disability Discrimination Act 1992* and the *Commonwealth Electoral Act 1918*;
- ministerial notifications of Australian Government policy, including national priorities for research and priorities for rural R&D;
- *Requirements for annual reports*, Department of the Prime Minister and Cabinet (PM&C), June 2001, approved by the Joint Committee of Public Accounts and Audit under sub-sections 63(2) and 70(2) of the *Public Service Act 1999*;
- other Australian Government guidelines; and
- recommendations by the Australian National Audit Office.

The document *Requirements for annual reports* acknowledges that agencies vary in role and size and there is discretion as to the extent of information to include in annual reports and the sequence in which it is presented. The Joint Committee on Publications has also observed that a departmental report will necessarily be different from that of a statutory authority; a statutory authority, while accountable for its activities, has a degree of independence not shared by departments and its annual reports will thus have a greater freedom of expression and comment. The FRDC’s reporting is, accordingly, appropriate to its legislative basis, functions and size.

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Global Reporting Initiative

The Global Reporting Initiative (GRI) guidelines recommend that five sections appear in a sustainability report: vision and strategy; profile; governance structure and management systems; GRI content index; and performance indicators. The structure of this annual report is mandated by Australian Government legislation and regulations, and it is not therefore practicable to set out the report explicitly under these GRI headings. However, the report was prepared in accordance with the GRI guidelines (in addition to Australian Government requirements, which share many similarities) and it is particularly strongly focused on triple bottom line and governance reporting. Coverage of content recommended by the GRI is as follows:

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Publications and other information

The following information is available from the FRDC:	Printed	Website
The R&D plan (<i>Investing in tomorrow's fish: the FRDC's research and development plan, 2005 to 2010</i>), which provides comprehensive information on the Corporation; its business environment; the outlook for the fishing industry and the natural resources on which it depends; and the way in which the FRDC plans, invests in and manages fisheries R&D.	•	•
This and the previous annual report.	•	•
R&D plans for Commonwealth, states, NT, regions and industry sectors.	•	•
<i>FISH</i> (published in January, April, July and October, and on other occasions for special themes), which provides information on FRDC activities, summarises final reports on completed R&D projects released during the previous quarter, and lists projects that have been newly funded.	•	•
Information on completed projects (final reports and other related products).	• (see note 1)	•
Non-technical summaries of all final reports of FRDC projects.		•
Hyperlinks to other websites containing full final reports and fisheries R&D strategies, and to other important websites.		•
R&D funding application details.		•
Coming events of significance for the industry.		•
Research databases.		•

Note 1: Information on completed projects (final reports and other related products) is also available from:

- the National Library of Australia, Parkes ACT 2600;
- the Librarian, CSIRO Marine Research, GPO Box 1538, Hobart, Tasmania 7001;
- state libraries and research institutions that the researcher considers appropriate; and
- for post-harvest projects, Seafood Services Australia, PO Box 2188, Ascot, Queensland 4007 (telephone 1300 130 321, e-mail ssa@seafoodservices.com.au, website www.seafoodservices.com.au).

Details of types of documents and information available on request and under the provisions of the *Freedom of Information Act 1982* are in appendix D, page 135.

www.frdc.com.au

The FRDC's website (www.frdc.com.au) provides easy access to a vast array of information and publications, including the items on this page.



About this report

This report describes the extent to which the Corporation implemented its approved annual operational plan during the previous financial year. It meets the requirements for reporting legislated by the Australian Government and informs the FRDC's other stakeholders — especially those in the commercial, recreational and indigenous sectors of the fishing industry and in the research and development community.

Fisheries Research and Development Corporation Annual Report, 2006–07

An electronic version is at www.frdc.com.au/pub/anrep/index.htm

Published by: Fisheries Research and Development Corporation
Postal address: PO Box 222, Deakin West ACT 2600
Office: Fisheries Research House, 25 Geils Court, Deakin,
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ISSN 1039–3773 (soft cover). ISSN 1448–7810 (online).

Designed by Angel Ink Pty Ltd
Printed National Capital Printing





www.frdc.com.au

FRDC is co-funded by our stakeholders, the Australian Government, and the fishing industry.

The FRDC invests strategically across all of Australia in research and development (R&D) activities that benefit all sectors of the fishing industry. Our goal is for Australia's fisheries to be sustainably managed.

