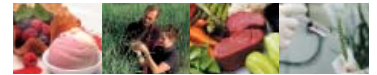


Annual Report 05

Department of Agriculture
Western Australia



Letter from the Director General



The Honourable Kim Chance, MLC
Minister for Agriculture; Forestry
Parliament House
PERTH WA 6000

Sir

In accordance with Section 62 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament the Annual Report of the Department of Agriculture for the year ended 30 June 2005.

The report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.

The Department's report is presented in four sections:

- the report on operations, providing an overview of its achievements;
- the key performance indicators;
- the financial statements; and
- the report on governance and statutory information.

Yours sincerely

Ian Longson
DIRECTOR GENERAL
DEPARTMENT OF AGRICULTURE

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Department Profile



Mission

The Department of Agriculture will accelerate the success of agriculture, food and fibre industries through information, science and innovation, responsible management of the resource base, policy and regulation across all elements of the supply chain.

Vision

Meeting the needs of current and future generations through simultaneous environmental, social and economic improvement of Western Australia's Agriculture, Food and Fibre sector.

Stakeholders

The Department of Agriculture's main customers are in the agricultural sector. As well as primary producers they include rural communities, agriculture, food and fibre businesses, rural and producer organisations, research institutions, service providers, agricultural consultants and other State and Commonwealth Government agencies. The Department also provides the Government with advice on agricultural matters and produces public information ranging from specific agricultural issues to home garden advice.

Operating Environment

The 2004/05 year provided average growing conditions for most producers in Western Australia. However, the strong Australian dollar continued to impact on the competitiveness of some of the State's exports, especially horticultural products into Asia, and oil prices have risen and are forecast to remain high, increasing transport, chemical and other on-farm costs, eating into grower's bottom lines.

Early indications for 2005/06 suggest that the State could have a near record grain crop, and the gross value of agricultural production is forecast to rise by 12% next year. The value of agricultural exports is also forecast to increase after a slight fall in 2004/05.

Free Trade Agreements were entered in 2004/05 with the United States and Thailand, and both came into force on 1st January 2005. Over time these should provide increased market access and new opportunities for Western Australian producers.

China continued to emerge on the world stage as an economic and political power. While this provides many new market opportunities to the Western Australian economy, China has also become a strong competitor, especially in the area of horticulture.

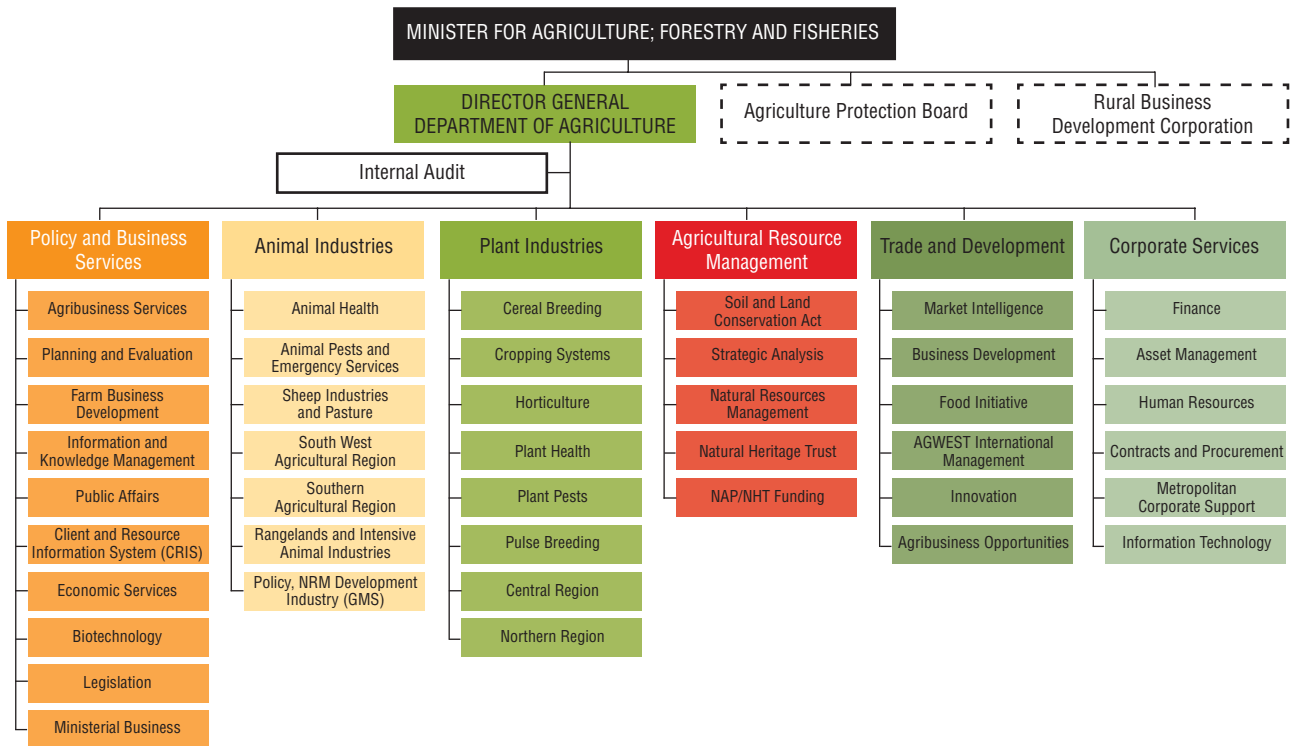
Agriculture Research Western Australia (ARWA) was formally inaugurated in November 2004. The new institute is the result of the Department of Agriculture and three of the State's tertiary institutions, Murdoch, Curtin and the University of Western Australia agreeing to combine their resources to provide the critical mass to more effectively support the State's Agriculture, Food and Fibre industries.

The State's producers continued to benefit from joint State and Commonwealth efforts to maintain a high level of freedom from pest and disease incursions, which is essential to retaining hard won export markets. However, the State government has recognised the potentially serious threat posed by cane toads, which have had a major impact on Queensland and the Northern Territory and are expected to reach the WA border in the next year or two, and committed funds in an effort to stop them from entering the State.



Department Structure

As at 30th June 2005



Corporate Executive



Director General,
Mr Ian Longson



**A/Executive Director,
Policy and Business Services**
Mr Rob Delane



**A/Executive Director,
Animal Industries**
Dr Ashley Mercy



**A/Executive Director,
Plant Industries**
Dr David Bowran



**Executive Director,
Agricultural Resource
Management**
Mr David Hartley



**Executive Director,
Trade and Development**
Mr Henry Steingieser



**Executive Director,
Corporate Services**
Mr Mike Marsh

People and Finances



The State Government remains the major source of funding for the Department of Agriculture. Other major sources of funding are the Commonwealth Government, a range of industry sources (including various industry research and development corporations), MOU agreements and then fees for services rendered. The Department's main areas of expenditure are on staff, followed by grants and then services and contracts.

Chart 1: Sources of the Department's Funding

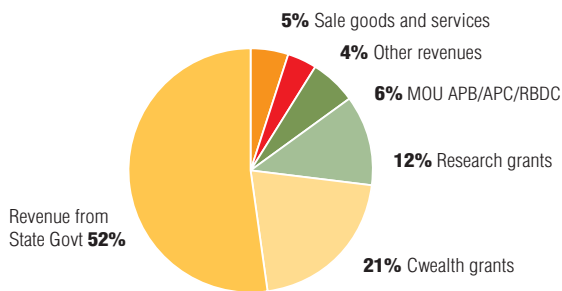
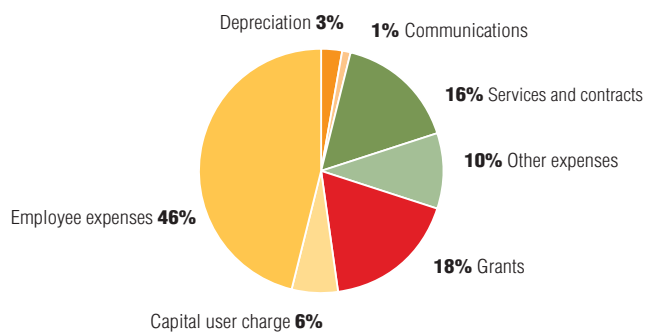


Chart 2: Departmental Budget Allocation by Category



The following graphs detail how the Department allocates its expenditure amongst its primary services that it delivers for Government, plus services it provides to the Rural Business Development Corporation. The three high level services are:

1. Food and Fibre Industry Development;
2. Agricultural Resource Management; and
3. Biosecurity.

Chart 4 illustrates how the Food and Fibre Industry Development service's expenditure is broken down amongst industry areas.

Chart 3: Departmental Budget Allocation by Service

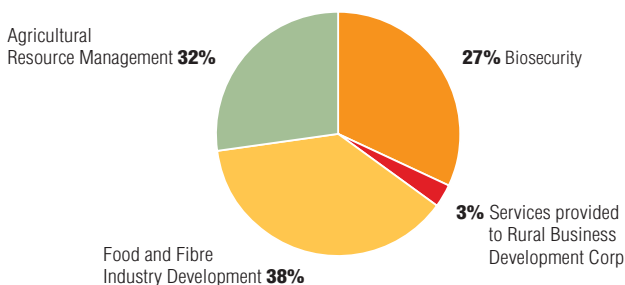
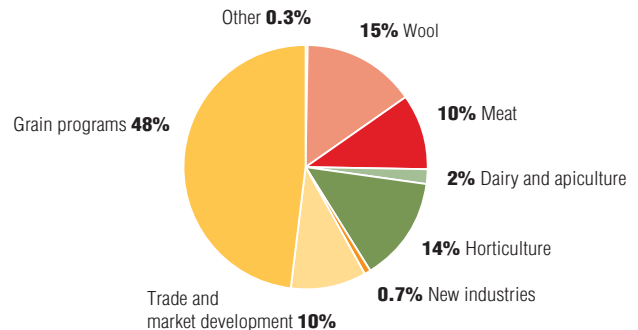


Chart 4: Food and Fibre Industry Development Budget Allocation by Industry Area



People and Finances



Below is a snapshot of the Department's FTE levels taken at the 30th June for the last 5 years. The Department's staff numbers have stabilised after a large reduction in 2003/04 partly due to staff being transferred from the State Quarantine Inspection Service, to the Commonwealth who took over this service.

Chart 5: **Department FTE totals as at 30th June 2004**

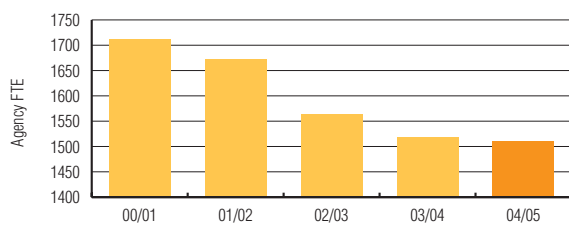
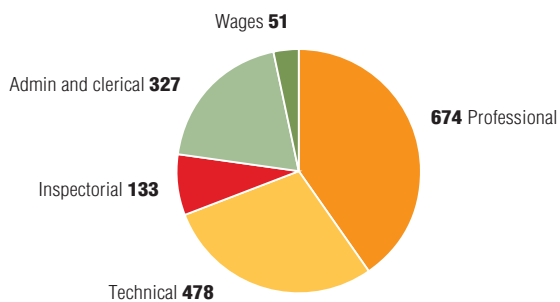


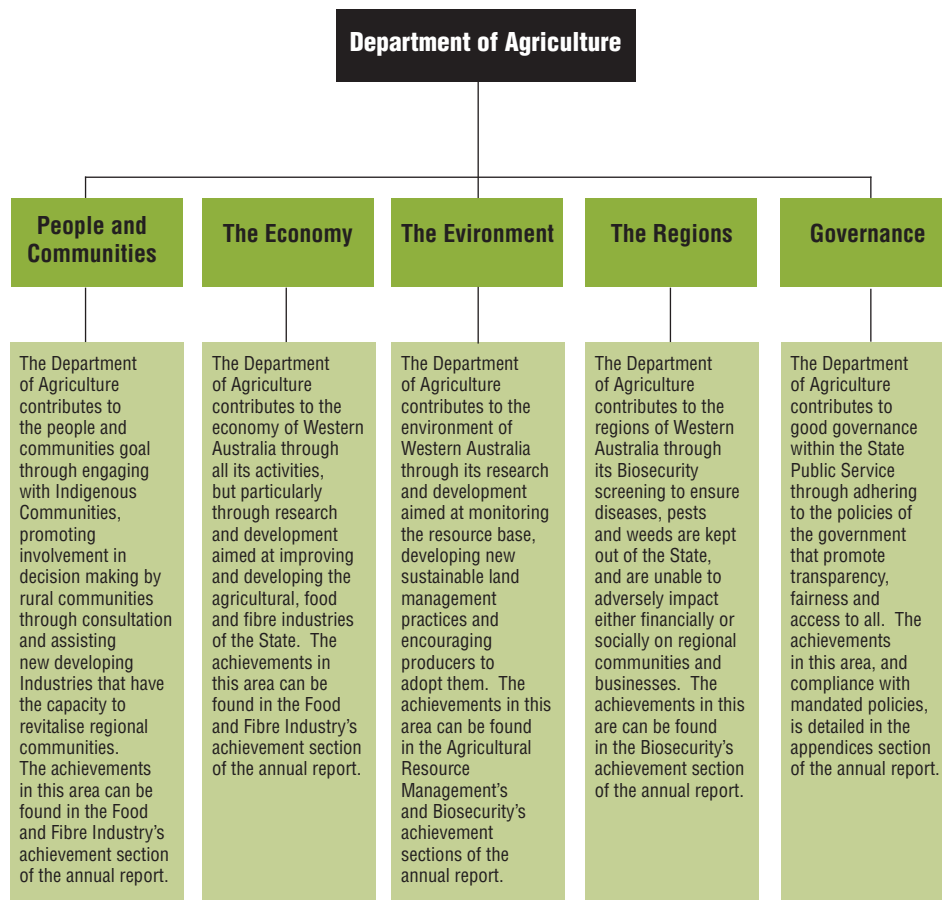
Chart 6: **FTE allocations by categories**



Contribution to Government Objectives



The State Government has outlined five major areas in terms of delivering services to the community in its “Better Planning: Better Services” framework. These are People and Communities, the Economy, the Environment, the Regions and Governance. The Department of Agriculture delivers services in a range of these areas, however, its primary focus is on the economy, the environment and the regions.



Sectoral Snapshot



After a drop in productivity in 2002/03, Western Australia's productivity growth climbed sharply in 2003/04. The chart shows that the output growth for WA agriculture has exceeded Australia's output growth for most of the past 15 years, and it widened significantly in 2003/04 as a number of other parts of Australia continued to experience difficult seasonal conditions.

The WA agricultural sector maintained its contribution to the GSP growth at around four per cent per annum. Compared to 1990s, the GSP growth contribution of agriculture has marginally declined over the period of 1993/94 to 2002/03. Growth in the construction and mining sectors, coupled with increased growth of the manufacturing (e.g. food processing and fertilizer, chemicals and machineries), transport, marketing and services sectors has the effect of reducing Agriculture's contribution. These sectors benefit from the expansion of the agriculture sector through forward and backward linkages. In output terms, the sector has grown strongly over this period.

Chart 7: **Output growth comparison of Western Australia and Australia**

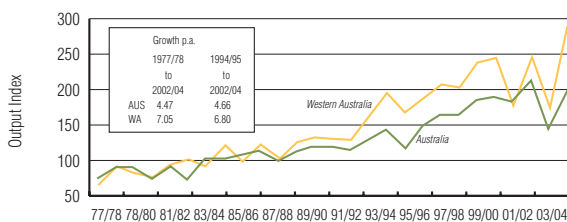
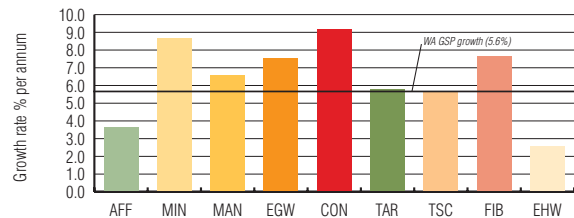


Chart 8: **Contribution by sector to Gross State Product (GSP) 1993/94 - 2002/03**



AFF: Agriculture, forestry and fishing; MIN: Mining; MAN: Manufacturing; EGW: Electricity, gas and water; CON: Construction; TAR: Wholesale and retail trade, accommodation and recreation; TSC: Transport, storage and communication; FIB: Finance, insurance and business services and EHW: Education, health, welfare and other (manufacturing includes food processing)

Chart 9: **Employment in WA by sector - 2003**

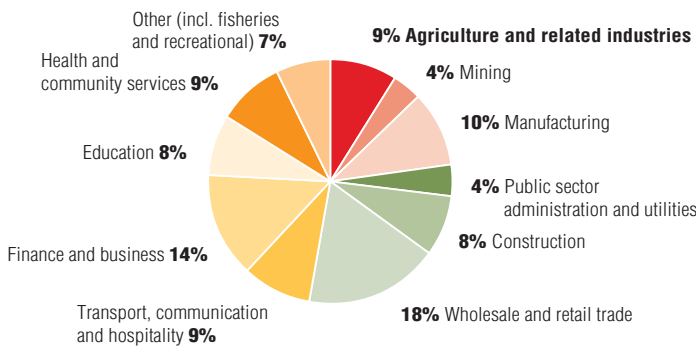


Chart 10: **Production of WA Agri Food and Fibre 2003/04 - A\$5.43 Billion**

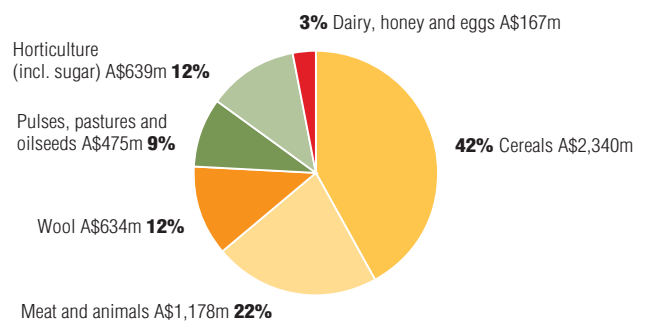
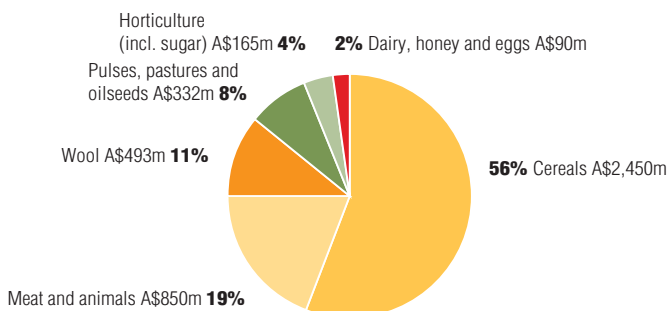


Chart 11: **Exports of WA Agri Food and Fibre 2003/04 - A\$4.9 Billion**



Department Key Achievements for 2004/05



Key achievements, which relate to all services, are presented below. Specific service achievements are presented in the following pages.

New Varieties

- EGA Eagle Rock^(D) was released in August 2004 as a mid-season, awnless Australian Hard wheat variety with very good tolerance to sprouting and metribuzin. Tammarin Rock^(D), a quick maturing Australian Hard wheat with moderate resistance to stripe rust as an alternative to Westonia^(D) or EGA Bonnie Rock^(D), was released in February 2005 and the narrow-leafed lupin variety Mandelup^(D) was also released in September 2004.
- A new red clover with enhanced isoflavone levels for pharmaceutical use was developed in collaboration with Novagen and the Centre for Legumes in Mediterranean Agriculture (CLIMA).
- Helena Bells^(D), the fourth Department variety of the red Boronia, was released in October 2004 for the local cutflower export industry.

Market Development

- The first year of a two year project to assess the potential for summer fruit exports to India and the United Arab Emirates (UAE) was completed. This project is being carried out with support of local and interstate growers and exporters. There are promising export opportunities in both markets.
- Manjimup apple producers successfully exported red delicious apples to India, using a new bulk shipment approach, to increase competitiveness in the marketplace.
- The Department continued the development of agri-food trade opportunities in various markets including the Middle East and Asia generating exports valued at almost \$60 million for Western Australian companies.
- The Department promoted Western Australian agri-food exports through the coordination of more than 60 Western Australian agri-food companies at major international food trade fairs. The expansion of "Western Australia's Finest" brand into Thailand through a partnership with Tops supermarket, resulted in a strong commitment from the retailer to source and promote WA products through their 72 stores.

Product Development

- In collaboration with an Italian processor a fabric was developed using enhanced specification of greasy wool. The fabric was designed and assembled using in-shed testing so as to achieve high consumer acceptance in next to skin comfort.

Community/Industry Development

- A contract was finalised with the Tropical Savannas Cooperative Research Centre, the Indigenous Land Corporation and Land and Water Australia for the development, in conjunction with the Kimberley Land Council, of enterprise development plans that incorporate both indigenous and non-indigenous perspectives on indigenous-managed pastoral leases.
- The carrot industry completed an Industry Strategic Plan in partnership with the Department and the Carrot Association for Research and Development (CARD). This plan will guide the industry priorities for future research and development.



Food and Fibre Industry Development Achievements



GRAINS

- EGA Eagle Rock^(D) was released in August 2004 as a mid-season, awnless Australian Hard wheat variety with very good tolerance to sprouting and metribuzin. It meets minimum disease resistance to all three rusts in WA and has durable stem rust resistance (two gene combination). While yields are lower than leading Western Australian varieties it will have an important role in managing sprouting, weeds and possibly waterlogging. It is widely adapted across the wheatbelt.
- Tammarin Rock^(D) was released in February 2005, a quick maturing Australian Hard wheat with moderate resistance to stripe rust as an alternative to Westonia^(D) or EGA Bonnie Rock^(D). It has good overall yield performance and is most suitable for the eastern wheatbelt (Aqzone 4) where it will not be exposed to pre-harvest sprouting risk. Tammarin Rock^(D) has good grain size and tolerates acid soils.
- The Wheat Agronomy Team developed agronomic information for newly released wheat varieties, EGA Eagle Rock^(D) and Tammarin Rock^(D), and improved recommendations for tactical nitrogen application to crops in the high rainfall zone based on considerations of soil and weather conditions as well as crop growth stage as previously.
- Variety specific information was produced in a number of formats during the year. Each new variety was released with accompanying information pamphlets developed in conjunction with the breeder, pathology, quality and agronomy groups. Other information produced included the trial results book and Crop Variety Sowing Guide, each of which was available on the Department web site.
- The Near-Infrared Reflectance NIR grain quality calibrations developed by the Department were fully implemented, providing a massive boost to timeliness and throughput of the grain Quality Laboratory. Between harvest and seeding, some 15,000 early generation lines are being screened simultaneously for 5 traits – wheat protein, grain hardness, potential flour yield, flour yellowness and flour water absorption.
- The wheat molecular marker discovery program developed further molecular markers linked to grain quality attributes in and disease resistance. The outcomes enable the strategic use of molecular markers for quality and disease resistance characteristics and including milling yield, water absorption, flour colour, novel sources of stripe rust and powdery mildew resistance.
- The new malting barley variety Hamelin^(D) has successfully passed all commercial trials and been reclassified from provisional malting variety to general malting variety. It is now a major malting barley variety for the medium and low rainfall region. Hamelin^(D) has been accepted as a major malting barley variety by international maltsters and brewers.
- Barley agronomy trials were conducted on the advanced line WABAR2175, which is expected to be released in September 2005. Work suggests it has the potential to offer growers significant agronomic advantages over all currently available malting barley varieties and would become the dominant malting barley variety in Western Australia. Information generated from agronomic trials was used to consult with key stakeholders in the barley industry on the potential for its release and will be used in the development of variety specific management advice to enhance successful adoption.
- The Oat Agronomy Project is currently developing information on the potential milling variety WAOAT2131, scheduled for release in September 2005, with the aim to provide growers with a variety specific management package on its commercial



Food and Fibre Industry Development Achievements



release. WAOAT2131 will be the first dwarf milling variety released in Western Australia. WAOAT2131 also has better feed quality than many of the feed oat varieties currently available.

- Some 10,000 barley samples from early generation plant breeding, molecular marker, agronomy and crop variety testing trials were assessed for improved quality traits. The main focus being the selection of improved malting quality.
- A joint venture between Cooperative Bulk Handling (CBH) and George Weston Foods commenced building a lupin processing facility at the Metro Grains Centre in Forrestfield in 2005. This opens up a raft of value-adding opportunities for the lupin grain including products for the food ingredient industry. Work continues to accumulate clinical evidence that lupin flour consumption, at realistic levels of dietary intake, can reduce the risk of obesity, diabetes and cardiovascular disease. Such data will provide the food industry with an 'edge' to market novel lupin ingredients and the potential public health benefits to Western Australia are significant.
- The narrow-leafed lupin variety Mandelup[®] was released in September 2004. The variety is recommended for all lupin growing areas throughout the state, except the extreme anthracnose prone areas in the high rainfall coastal parts of the Northern Agricultural Region. Mandelup[®] provides up to an 8% yield boost over the next highest lupin variety and provides better anthracnose tolerance, higher protein, improved aphid resistance and improved herbicide tolerance than the widely grown variety Belara[®].
- A marker enriched map of the lupin genome was produced and incorporated the major domestication genes for narrow-leafed lupins.
- Two partially ascochyta resistant and chilling tolerant desi chickpea varieties were released. Variety Sonali[®] shows wide adaptation and high yield potential whereas variety Rupali[®] has one of the most attractive seed characteristics in the Australian market.
- Two new lentil varieties (CIPAL402 and CIPAL203) have been commercialised through the Coordinated Improvement Program for Australian Lentils. Both varieties have improved disease resistance. The green lentil variety, CIPAL402 shows improved yield and quality in WA compared to currently grown varieties.
- A unique partnership between the Department, the Centre of Legumes in Mediterranean Agriculture (CLIMA), the International Crop Research Institute for the Semi Arid Tropics (ICRISAT) and the Council of Grain Growers (COGGO) has been developed to breed desi chickpea breeding for Western Australia. The new project commenced on 1st January 2005 and will capitalise on the germplasm development capacity of DAWA-CLIMA and World's leading international program at ICRISAT.
- Two Pulse Grower Manuals were published in 2004/05. The manuals provide comprehensive and practical guides to growing pulses in the Northern and Southern Agricultural Regions. They focus on field pea, faba bean, vetch, narbon bean, chickpea, lentil and lathyrus and cover all issues associated with growing these crops.



Food and Fibre Industry Development Achievements



HORTICULTURE

- The first year of a two year project to assess the potential for summer fruit exports to India and the UAE has been completed. This project is being carried out with support of local and interstate growers and exporters. There are promising export opportunities in both markets. In India, consumer surveys have quantified market requirements for eating quality in plums and nectarines. In the UAE attendance at a major trade fair resulted in commercial interest in developing imports of WA summerfruit.
- Manjimup apple producers successfully exported red delicious apples to India, using a new bulk shipment approach, to increase competitiveness in the marketplace. The Department is working with industry to expand this opportunity in the coming season.
- Carnarvon table grape growers have taken up a new table grape bred by CSIRO and evaluated by the Department of Agriculture in conjunction with grower groups. The variety, code named Hybrid 51-18, will be marketed as Millennium Muscat[®]. It is only being grown commercially in Western Australia. 4,000 vines were field grafted in 2004 and 8,000 vines have been grown in a vine nursery for planting in 2005. The variety will be harvested in November and is expected to have a positive impact on vineyard profitability in Carnarvon.
- The Outback Mango initiative, to develop sea freight technologies for mango export into the lucrative markets in the UK and EU, successfully exported sea containers into these markets this season. Demand for the product was strong, however more marketing will need to be done to fully capture this market as the Australian mango has some different qualities to those currently sold to consumers.
- The carrot industry has completed an Industry Strategic Plan in partnership with the Department and the Carrot Association for Research and Development (CARD). This plan will guide the industry priorities for future research and development. A key strategy is to document the Australian industry cost structure including a detailed analysis of the whole supply chain cost structure. This analysis forms the basis for a strategic review of the viability of accessing new markets and introducing new technologies to decrease production and exporting costs.
- Research using innovative fertiliser placement techniques, plant spacing systems and irrigation management has demonstrated that it is now possible to reduce the number of harvests in export cauliflower crops to two. This will have a positive impact on the economics of growing the crop and hopefully enable the development of machine harvesting.
- Soil sealing products were successfully trialled on a roaded catchment in the Great Southern to increase runoff and collection of rainfall for irrigation. Preliminary results show that runoff can be increased for at least one season, with minimal cost. The success of this new approach to water catchment for the wine industry was demonstrated to viticulturists at field day and is already being implemented on several vineyards.
- In principle agreement has been reached for a local Western Australian company to build an In Vitro Soils (IVS) capable plant tissue culture laboratory, with a licence to produce clonal Indian Sandalwood. It is envisaged that this laboratory will then focus on export of plant propagules for the forestry, horticulture and ornamental plant industries to various world markets.
- The release in October 2004 of Helena Bells[®], the fourth Department variety of the red Boronia, for the local cutflower export industry. This variety helps extend the harvest season of red Boronia.



Food and Fibre Industry Development Achievements



SHEEP AND PASTURES

- A major extension activity was conducted in 2004 to promote new annual pasture legume cultivars developed through the National Annual Pasture Legume Improvement Program (NAPLIP). This included speaking to farmers at 17 field days and presentations to Crop and Sheep Updates in Perth and regional centres. The total estimated audience for all events was 2,200 people.
- A new red clover with enhanced isoflavone levels for pharmaceutical use was developed in collaboration with Novagen and the Centre for Legumes in Mediterranean Agriculture (CLIMA). Provisional Plant Breeders Rights (PBR) status has been granted.
- Satellite technology was used to provide sheep producers with validated pasture growth rates. Web-based pasture grazing decision support tools were developed to allow near real-time and 7-day forecast pasture growth rates available at the paddock level along with maps displaying spatial variability within paddocks.
- Conducted the second annual Agribusiness Sheep Updates and Regional Sheep Updates. This activity with a team of staff from the Technology Transfer Project and many staff from the wider Sheep Industries and Pasture Program ran a very successful, professional event in Perth and at four regional centres with an excellent response from Agribusiness and farmers alike.
- Two very successful decision tools for farmers and agribusiness were produced. The first being the 'Lamb Planner' was the result of collaboration between a farmer group, researchers and information product development staff from the Sheep Industries and Pasture Program. The tool is exceptionally farmer friendly and comprehensive. The second is a 2 part series that is designed to be part of the family of decision tools on pastures. The 'perennials rules of thumb' and the 'Perennials for out of season production' sheets have received high praise from farmers and consultants and is a result of collaboration between pastures research staff and the Product Development team.
- The Department has had a major input into activities to support the phase-out of mulesing, through involvement in the planning for a national workshop, development of a national mulesing accreditation program, and membership of an Australian Wool Innovation (AWI) panel assessing the viability of alternative technologies.
- A portable Radio Frequency Identification Device (RFID) tag tracking system was developed to allow individual carcasses to be tracked from the farm and through to the abattoir. This allows specific feedback on which animals best meet specifications.
- Phase 1 and 2 of the 'Evergraze – More Meat from Perennial\$' project proposal was completed. The project will demonstrate at a farm scale profitable prime lamb production systems based on perennial pastures in the Albany Eastern Hinterland. Phase 2 used simulation models to investigate possible farming systems that could increase livestock profit by 50% while reducing groundwater recharge by 50%. Findings for WA suggest the target is achievable using lucerne, tall fescue and kikuyu pastures with an increased lambing percentage and/or improved winter pasture production.
- In collaboration with an Italian processor a fabric was developed using enhanced specification of greasy wool. The fabric was designed and assembled using in-shed testing so as to achieve high consumer acceptance in next to skin comfort.



Food and Fibre Industry Development Achievements



RANGELANDS AND INTENSIVE ANIMAL INDUSTRIES

- A survey by the University of Melbourne provided evidence that the Department's research and development activities, through the Vasse Milk Farmlets and Dairy Farm Performance Program, have assisted industry increase milk production with minimal cost increases through more effective use of pasture. Dairy farmers identified the Vasse Milk Farmlets as a useful information source when changing stocking rates, measuring pasture use, feed budgeting, fertiliser management and fodder conservation. These productivity activities have had an impact in encouraging producers to make changes to management.
- An evaluation by Curtin University of the Department's milk quality improvement activities, such as Protein Plu\$, reported a high level of impact in encouraging changes in farming practices. Peters and Brownes credited the project as an important contribution to the improvement in milk protein levels observed in their milk intake since 2001.
- Implementation of a number of the recommendations of the 2003 Economics and Industry Standing Committee dairy inquiry occurred. This included the development of a short-term financial counselling service for the South West and Peel regions, resulting in the project being funded by the Department of Agriculture, Forestry and Fisheries (DAFF) until 31 December 2005, and now likely to continue.
- The Dairy Catch project established four on-farm sites to monitor the effectiveness of best practices in managing nutrient loss from dairy farms. Farmers received assistance to plan and implement best practice effluent management and a set of guidelines were released in 2004.
- Commenced a major upgrade of research facilities at the Medina Research Centre which now includes a controlled environment room suitable for studies with weaner pigs. This facility has been used for studies investigating alternatives to the use of antibiotics with young pigs, including studying the role of diet composition and research to support the registration of an anti-microbial manufactured by WA company Chemeq.
- It was determined that environmental loads for copper and zinc in the grower – finisher pigs could be reduced by more than 70% through the use of copper and zinc in the form of Bioplex minerals instead of the less expensive inorganic form. This reduction was achieved without any adverse effect on pig performance or carcass quality.
- A contract was finalised with the Tropical Savannas Cooperative Research Centre, the Indigenous Land Corporation and Land and Water Australia for the development, in conjunction with the Kimberley Land Council, of enterprise development plans that incorporate both indigenous and non-indigenous perspectives on indigenous-managed pastoral leases.
- A workbook to assist decision making by station managers on investment and management of water points has been prepared and will be distributed to pastoralists in the Pilbara and Kimberley. The workbook presents recent technology and current best practice in providing water supplies. This information will enable the most economic option in providing water to be identified.
- The Department and the Kalgoorlie Zone Control Authority (ZCA) were successful in applying to the National Landcare Program for a project to develop tools to monitor population dynamics in vertebrate pests over time. The project will support pastoralists' innovative approaches to improving control methods and will develop cost-effective means of monitoring and controlling vertebrate pests.
- Three Prime Time (Meat and Livestock Australia) groups were initiated in the Goldfields-Nullarbor district to promote the opportunity to breed lambs specifically for the high value USA prime lamb market. These pastoral lambs are weaned at 14-16 weeks of age and finished on reliable high quality fodder in the agricultural areas.



Food and Fibre Industry Development Achievements



TRADE AND DEVELOPMENT

- The Department continued to facilitate investment into the Western Australian agri-food and fibre industry. This includes: a joint venture between a Western Australian dairy company and a major Singaporean company valued at \$12million for expansion of dairy manufacturing facilities in order to grow exports to Asian markets; Investments from the United Kingdom into Western Australian agricultural production activities which was valued in excess of \$2 million; and the development of the WA green tea industry in the Manjimup area. This included the attraction of a new Japanese investor and increased commercial and experimental plantings.
- The Department continued the development of agri-food trade opportunities in various markets including the Middle East and Asia generating exports valued at almost \$60 million for Western Australian companies.
- The Department promoted Western Australian agri-food exports through the coordination of more than 60 Western Australian agri-food companies at major international food trade fairs. The expansion of “Western Australia’s Finest” brand into Thailand through a partnership with Tops supermarket, resulted in a strong commitment from the retailer to source and promote WA products through their 72 stores.
- The Department has continued to develop its capacity to assist the State’s food supply chain. A collaborative partnership has been developed between *Agricultural Research Western Australia*, Food Science Australia and the National Centre of Excellence in Functional Foods to increase the food science capacity within WA.
- The Department contributed substantially to the State’s food safety and quality frameworks, through strong collaboration with the Department of Health in the areas of food standards, quality assurance and labelling regulations. The Department continues to assist the WA food industry to leverage funds from various sources, including trade and supply chain projects and grants with the National Food Industry Strategy (NFIS) Ltd and the Australian Department of Agriculture, Fisheries and Forestry.
- The Department led the development of the *Loans (Cooperative Companies) Act 2004* which was enacted by the Government in December 2004 to enable loans to be made by the WA State Government to eligible cooperative companies. The scheme is administered by the Department of Agriculture on behalf of the Minister for Agriculture.
- The Department managed the intellectual property rights and commercialisation of a number of new grain, pulse, pasture, horticulture and floriculture varieties. The Department continues the commercialisation process of In-Vitro Soil (IVS) technology which aims to enhance plant propagation techniques and lupin milk processing technology.
- The Department won and successfully managed a number of international training and consultancy AusAID projects in Asia and the Middle East. Significant projects are: Rehabilitation Assistance Facility Iraq (RAFI); The Iraq Human Resource Development project and Thailand Biosecurity Support under AusAID public sector linkages program.
- The Department continued as an active member of the Sea Freight Council of WA which is an important forum for both government and industry discussing current issues impacting on the movement of sea freight through WA ports. The Council has committed funds to improve export logistics and develop cold chain research for perishable products.



Planned 2005/06 Food and Fibre Industry Development Initiatives



- The pearl lupin has been cultivated by the indigenous peoples of Peru and Ecuador for centuries but has not been domesticated as a modern agricultural crop. Market interest comes from its very high protein and oil content equivalent to soybean and an oil quality similar to canola. Western Australian expertise which domesticated the narrow-leafed lupin from a Mediterranean weed to a multi-million dollar grain crop is being applied to pearl lupin with a view to creating a new high value grain crop for Western Australia. The Department of Agriculture will partner with the Grains Research and Development Cooperation and the University of Western Australia (UWA) to establish a breeding activity to produce the first fully domesticated variety for Australia and a supporting agronomic package.
- Department of Agriculture scientists recently developed prototype lupin milk and dairy substitute products of superior taste and appearance to many commercial soy-based equivalents. In 2004, the Department of Agriculture sought through competitive tender an industry partner to undertake commercial evaluation of these products. Weston Technologies won this tender and their evaluation identified some technical hurdles that are expected to be resolved within the coming six months. In 2005-06 the Department of Agriculture will complete negotiations on the conditions under which it can offer its lupin milk technology and related know-how that will maximise potential benefit to Western Australia and the lupin industry.
- The cost-price squeeze will affect the grains industry during the coming season. The squeeze is most acute for growers in the lower rainfall zones where yield potential is lower yet costs of inputs, particularly herbicides, are still significant. A range of agronomic technologies integrated into a tram-line cropping system will be investigated through modelling for their potential to reduce fuel, fertiliser and pesticide usage, with particular emphasis on the lower rainfall Wheatbelt.
- The sustainability of broadacre cropping in Western Australia requires more robust and profitable pulse crop options to provide rotational benefits and income diversification. The new erect field pea variety, Kaspera, has substantial harvesting advantages over all current trailing varieties. To facilitate adoption the Department of Agriculture will conduct a series of specialist training courses for agribusiness consultants and agronomists as well as a rural press and media campaign to raise broader grower awareness.
- Three new high yielding chickpea varieties with improved ascochyta blight resistance have been released. Collaboration with grower groups in suitable production zones will be undertaken to demonstrate the best production packages and advantages over old varieties. An analysis of key drivers for farm business adoption of pulses and a market analysis to determine the implications of Western Australia potentially producing 250,000 tonnes of field pea within three years will support this initiative.
- The Department of Agriculture has released some exceptionally high quality bread and noodle wheats and malting barley varieties in recent years that are actively sought by premium markets. However, some of these varieties have significant production issues such as susceptibility to some diseases or perceptions of poorer weed competition. Appropriate weed and disease management packages will be researched for such varieties to ensure supply to premium markets.
- The National Barley Breeding program will be established, with the Department of Agriculture program as the 'Western Node' and leader of the acid soil tolerant barley breeding program across Australia.



Planned 2005/06 Food and Fibre Industry Development Initiatives



- The Barley Breeding Program will release a new high quality malting barley variety with broad adaptation across Australia and improved disease resistance and grain size over existing varieties.
- The Cereal Breeding Program will establish a centre of excellence based at UWA as the Australian Centre for Wheat and Barley Improvement for Hostile Climates and Soils. This group will provide leadership across Australia in meeting the challenges of climate change (more frequent droughts) and increasingly hostile soils (salinity, acidity).
- The export seed potato industry has a competitive advantage because of the freedom from major potato diseases in Western Australia. A project to demonstrate the successful eradication of a pest known as potato cyst nematode will be commenced. This pest is of major concern to a number of potential markets and its eradication will further underpin the industry's competitive advantage. The reputation of Western Australia as a supplier of high quality seed potatoes is also being enhanced through building relationships with quarantine officials in Asia. The result will be that this year should see changes to seed potato import conditions into Indonesia and Thailand that will benefit Western Australian seed potato growers and exporters.
- The table grape industry is becoming increasingly important to the Gascoyne economy. A new table grape, Hybrid 51-18, which is a white seeded table grape bred by the Commonwealth Scientific and Industrial Research Organisation (CSIRO), was recently released. Research will be carried out to identify best practice management systems and to develop the market for the variety. By 2008, it is expected this variety will be the main variety grown that ripens in the month of November in Carnarvon.
- A number of sites will be developed in the Ord to demonstrate best practice farming systems for growers on Kununurra clay soils. Findings from the NAP, Sugar Research and Development Corporation and the Cotton Research and Development Corporation funded projects undertaken in the Ord in collaboration with growers will be integrated to develop best practice options for demonstration.
- Continue to assist industry to establish a clear market focus through strategic alliances with agriculture, food and fibre industries. Emphasis will be on investment attraction and helping agriculture, food and fibre industries to better understand and target key markets. Particular focus will be directed towards Japan, China, Malaysia, South Korea, Middle East, Thailand and South America.
- Begin a major drive to increase the transformation of Western Australian products. A key initiative is the development of a Western Australian food policy which will help facilitate increased growth in the Western Australian Food sector.
- Continue the implementation of an Integrated Agricultural Research Institute to increase the State's critical mass in Research and Development (R&D) for Agriculture and to facilitate an increased involvement of industry with the directions and priorities of R&D and teaching.
- A major new project to integrate dairy research findings and other data to confirm the effects of a range of nitrogen management strategies on water, nutrient flows, and productivity between the farm system and surface and ground water.
- Five new pasture varieties will be released. Two varieties of purple clover and three new cultivars – bladder clover, rose clover and eastern star clover.
- Develop training packages aimed to equip livestock producers with the skills and information necessary to utilize pastures from space technology to make strategic and tactical management decisions on farm.



Planned 2005/06 Food and Fibre Industry Development Initiatives



- Work with Western Australian Fashion Designers to expand the premium quality fine wool niche market.
- Investigate new strategies for optimising the growth of fine-ends wool in a commercial practice. Sheep feeding strategies are being developed which maximises the fineness of fibre ends in the staple leading to more comfortable wool when worn next to the skin.
- Provide input into the review of the *Gene Technology Act 2000* (Commonwealth) and the inter Governmental Agreement.
- Progress a number of legislative amendments, including:
 - the Agriculture and Related Resources Protection Amendment Bill;
 - amendments to the *Veterinary Surgeon's Act*;
 - the Agriculture Management Bill;
 - legislation for industry self funding;
 - the Gene Technology Bill and Gene Technology Amendment Bill; and
 - the Agricultural Practices (Disputes) (Expiry) Bill.
- Work with the Western Australian Meat Industry Authority to relocate the Midland saleyards to Muchea.
- Continue the work on climate risk management. A robust framework for developing and delivering climate risk management support to producers will be implemented.
- Work with key stakeholders to determine effective strategies for managing labour shortfalls.
- Continue to work with local communities and the Department of Health to establish the 'Wheatbelt Alive and Well Initiative' focussing on issues of men's health.
- Implement a new project to develop the enormous potential of the West Kimberley. The 'New Opportunities for Tropical Agriculture' project will engage traditional owners, regional communities and commercial interests to achieve social, cultural, environmental and economic outcomes for the Kimberley region.
- Continue to research and develop alternative fuels including bio-diesel and ethanol. Use of the experimental biodiesel plant will be extensively used to progress this research.



Agricultural Resource Management Achievements



- During 2004/05, the Department continued to direct resources to supporting the regional natural resource management (NRM) groups in preparing their strategies and investment plans. Together, the National Action Plan for Salinity and Water Quality (NAP) and Natural Heritage Trust (NHT2) programs will involve investment of about \$400 million by 2007-08 (matching contributions by both State and Commonwealth). Much of it will implement accredited regional strategies through the Avon Catchment Council, South West Catchments Council, South Coast Regional Initiative Planning Team, Northern Agricultural Catchments Council, Swan Catchments Council and the Rangelands NRM Coordinating Group. These groups will administer around 80 per cent of total funding and require considerable support from the Department. Three draft regional strategies for the agricultural areas were completed and submitted for public review prior to accreditation. The Salinity Investment Framework (SIF) was used to assess projects based on different asset classes and prospects for recovery, adaptation and containment.
- In a major response to the State Sustainability Strategy, Farming for the Future was launched to an industry and stakeholder group by the Minister for Agriculture and Fisheries in November, 2004. The project, under the guidance of a Ministerial advisory group, has developed a management system for defining and implementing sustainable practice across the range of production requirements modern farm businesses must address.

One million dollars over four years, beginning in 2005/06, has been allocated to support development of performance standards and best practices to implement the Farming for the Future management system and provide the basis for farm sustainability certification. An important feature will be the linking of farm level management practices to resource condition and management action targets being developed through regional NRM plans.

- Provision of practical and updated natural resources information is fundamental to the natural resource management. Besides traditional hard copy publications, these included interactive CD-ROMs including the AGMAPS land manager series, the latest covering 1.5 million hectares of the Mortlock catchment in the central wheatbelt and 600,000 hectares of the Peel-Harvey catchment. Use of the CD-ROM format with interactive maps offers a more accessible product that contains more information, is more readily updated and significantly cheaper to produce. The *Corrigin Area Land Resources Survey* report won first prize in the Cartographic Excellence Award - Internet section at GeoSpatial World, an Intergraph Corporation GIS conference in San Francisco.
- Salinity research was extended further through a variety of projects, frequently in partnership with other agencies and research organisations. Integrated solutions combining a variety of techniques such as surface and underground water management, use of salt tolerant vegetation and other perennials will have greatest chance of success. Key progress includes:
 - Sustainable Grazing on Saline Lands (SGSL) research focused on design and management criteria for profitable and productive saltbush-based pastures. The SGSL Grower Network was expanded to 61 groups, by far the largest in the country. Salt tolerant plants can also dry out valley floor soils, and reduce or prevent recharge in these areas.
 - A Waterwise=Saltwise campaign was conducted in wheatbelt towns to emphasise the benefits of improved water management in tackling salinity.



Agricultural Resource Management Achievements



- The *Million Hectares for the Future* project has concluded with production of a set of workshop guides for service providers to assist individual farmers evaluate some important salinity management tools for their individual situations.
- Rapid Catchment Appraisal, to assess land degradation risks and provide options for management, was extended by a further 3 million hectares of agricultural areas. This included the Upper and Lower Yilgarn areas of the Central Agricultural Region, and the Salmon Gums-Grass Patch and Frankland-Gordon areas of the South Coast. This work is due to be completed next year.
- The Catchment Demonstration Initiative (CDI), is coordinating the investment of \$20 m of private and public funds into landscape change to better manage salinity and related water issues. The project is being undertaken within the Fitzgerald River (Jerramungup), Wallatin-O'Brien (Kellerberrin), Upper Coblinine (Gnowangerup) and West Koojan-Gillingarra (Moora) catchments, in partnership with local farming families to ensure the incorporation of local knowledge into management. CDI is testing an integrated approach using a rigorous model of assessing the impacts of proposed management actions, monitoring changes and evaluating the effectiveness of actions.
- The *Rural Towns - Liquid Assets* project, led by the Department, involves collaboration with nine other agencies and 16 wheatbelt shires. The project involves very detailed assessment of water status in the towns, both above and below ground, combined with social attitude surveys. More efficient management of surface water is receiving increased emphasis and combined with other strategies is expected to result in reduced dependence on scheme water.
- The Department provided significant input to the State Water Strategy and Irrigation Review, including State and National water policy reform, analysis of future demands for agriculture, and determination of the economic value of water used for agricultural enterprises. Other work includes:
 - Research in Harvey has shown that a switch to more efficient centre pivot sprinklers gives significant improvement in water use efficiency, irrigation run-off reductions, and increases milk production. The project received a Special Commendation in the WA Environment Awards and was selected as one of 12 innovation case studies from around Australia.
 - One important aspect of climate change is maintaining on-farm water supplies. A range of chemicals was evaluated to increase the run-off from roaded catchments feeding farm dams. This work is attracting considerable interest among landholders, particularly viticulturalists in the Great Southern.
- The Nutrient Management Project continued to provide valuable research findings through involvement in national programs including Better Fertiliser Decisions, DairyCatch, DairySAT (Self Assessment Tool) and the Coastal Catchments Initiative. Seven papers were accepted for podium presentation at the International River Symposium. Collaboration with the Intensive Animal Industries Program on DairyCatch has provided a suite of practices for reducing nutrient loss from dairy farms.
- The Department has completed its administration of land clearing, through the Office of the Commissioner of Soil and Land Conservation, following the amendments to the *Environment Protection Act (1986)* and transfer of responsibilities to the Department of Environment. This transition was achieved smoothly and appeals against decisions have also been passed from the Minister's Office to the State Appeals Tribunal.



Planned 2005/06 Agricultural Resource Management Initiatives



- Continue the implementation of the Carnarvon 2020 project, with a major focus on the Artesian Basin Rehabilitation, Horticulture and Tourism developments.
- Continue the 'Farming for the Future Project' to improve the sustainability of farming systems at all levels to enable Western Australian farmers to demonstrate to the community, government and the marketplace that our farm produce is derived from farms, catchments and regions that have a plan for a sustainable farming future.
- The Wheatbelt Regional Drainage Evaluation project will establish governance systems, engineering standards for regional drainage, evaluate impact of drainage in all NAP regions and undertake feasibility studies at four specified sites. A component of this project, Yenyening Catchment Engineering Feasibility, will assess engineering options and their impact.
- A cross regional initiative on soil health and land condition Healthy Hectares is to be developed based on successful proposals within the NRM strategies of the agricultural areas. Central to this initiative are robust diagnostic processes for assessing soil physical, biological and chemical health. Soil health is among the main R&D priorities of most farmer groups requiring objective diagnostics (setting industry standards) based on our strong scientific research base in soils.
- A new two year project called 'Acid Groundwater' was established with partners CSIRO Land and Water, Engineering Evaluation Initiative – Department of Environment, to investigate the causes of acid groundwater and the effect of drainage and mitigation systems.
- Continued support to the implementation of the NAP and NHT programs including:
 - technical support provided to regional NRM groups to accredit regional NRM strategies and prepare Regional Investment plans to guide investment;
 - continue to support community empowerment to make informed decisions on priority actions and evaluate efficiency and effectiveness of investment; and
 - prepare land salinity targets for the South West, working with inland communities and agricultural industries to identify targets for land affected by salinity in medium and low rainfall zones.
- Develop Sustainability Action Plans that reflect the Department of Agriculture's commitment and response to the Sustainability Code of Practice for Government Agencies.
- Support implementation of the Irrigation Review as part of the State Water Strategy including water resource management reforms based on similar principles expressed in the National Water Initiative and establish a five year State-wide program for WaterWise on the Farm. WaterWise on the Farm training programs will deliver training and information on using water efficiently, including technical support for demonstration farms and development of web-based integrated climate and water use information system.
- The Land Potential Initiative (NRM investment plan – Southern Prospects) will provide more soil-based information to a wide and growing number of clients through access to databases and publications (hard copy and CD) integrated through a process with yield mapping. This service provides critical information to help farmers select the optimal farming system for each soil type.



Planned 2005/06 Agricultural Resource Management Initiatives



- Continue the Grain and Graze project providing enhanced understanding of the benefits of perennials to the farming system in the Northern Agricultural Region, both economic and environmental, particularly the additional water usage by perennials in comparison to annual crops and pastures.
- Research into the impact of downhill tramline farming and wide row spacing in cereals on water erosion rates compared with current erosion control methods.
- Support the Department of Environment to finalise the action plans for recovery of the Collie River Catchment and the Denmark River Catchment.
- Implement the FarmBis 3 skills training initiative to provide opportunities for primary producers to undertake training programs to better manage their business risks and improve their skills base (this is being managed through the Rural Business Development Corporation).



Biosecurity Achievements



- Drafting of the Biosecurity and Agriculture Management Bill and the development of Drafting Instruction for regulations to be established under the Bill continued throughout the year. State Cabinet has assigned a high priority for the introduction of the Bill in the Spring 2005 Parliamentary session. The Bill has been the principal focus of agriculture legislation reform plans for several years. These reforms will implement policy advances and address deficiencies in existing legislation, particularly the State's ability to deal with biosecurity risks.
- The Department responded to a total of 34 pest and disease incidents in metropolitan, peri-urban and regional locations. Incidents ranged from: bushfires in Munglinup and Kukerin areas; cane toads being found in the Kimberley to Canning Vale; plant diseases such as wheat streak mosaic virus, leafspot on parsnip, citrus canker, sweet potato feathery mottle virus; potato virus Y; red-rot and brown rust of sugar cane, mango scab, mystery snail; tar spot of sorghum, capsicum chlorosis tospovirusto bean common mosaic virus; other plant, animal and insect pests including cleavers, bedstraw, salvinia and creeping knapweed, drywood termite infestation, rainbow lorikeets, Indian ringneck parakeets, European wasp, European house borer and tropical fire ant.
- The Animal Health Laboratories provided world class disease investigation and diagnostic services to underpin the state's continued freedom from exotic diseases. In depth investigations were conducted to confirm the diagnoses of a number of significant new and emerging diseases. The Animal Health Laboratory (AHL) is the national reference laboratory for Tuberculosis (TB) and was re-accredited by the National Association of Testing Authorities (NATA).
- The Department completed 110 national and state import assessments on agricultural produce were undertaken. A total of 675 weed risk assessments were undertaken - with 512 species being permitted; 42 being prohibited and 123 pending final decision.
- 103,000 Vehicles entered the state via the Eucla and Kununurra Checkpoints with a total of 21000 kg of quarantine risk material seized from travellers. This year 1.8 million interstate air passengers arrived in WA with 2,100 kg of fruit and vegetables seized. A total of 208,000 containers were imported from interstate, comprising 147,000 via rail (an increase of 28 percent) and 61,000 via coastal cargo (an increase of 4 percent). The number of 'Order into Quarantine' notices increased by 8 percent, to 4,452.
- The Department and industry improved collaboration on biosecurity issues by merging six separate GrainGuard groups representing the key grain sectors into one GrainGuard group. Grain industry pest incursions were successfully managed according to the Department's emergency response plan operating in conjunction with the GrainGuard industry group.
- Partnerships continued with the nine HortGuard® industry biosecurity groups, including ongoing support during national and state incidents. The Department partnered with Ord River producers and community representatives in developing the OrdGuard regional Biosecurity plan. A Ute Guide of exotic horticulture threats was developed and well received by industry.



Biosecurity Achievements



- 39,377 pheromone trap inspections were made for 2,000 traps set throughout in ports and towns for early warning of incursions of exotic fruit fly pests such as Queensland fruit fly, Melon fly, Papaya fruit fly and Natal fruit fly. No detections of exotic pest species were made. 109 Asian gypsy moth traps were monitored between October 2004 and March 2005 at major ports south of Carnarvon, with no detections. 810 codling moth traps were monitored by industry consultants on commercial orchards and the Department on hobby farms and town sites in pome fruit growing regions. No codling moths were detected. As part of passive surveillance, 286 suspect disease samples were analyzed. No exotic plant pathogens were isolated.
- The Department maintained its contracted production of sterile Mediterranean fruit fly to area freedom. In the absence of South Australian fruit fly outbreaks, the facility operates in low production mode producing 1.5 million male flies per week that are utilised in local trials or fruit fly suppression activities.
- Following the Department and community response last year when 122 European wasp nests were detected and destroyed in Western Australia, only 41 nests were detected in 2004-05. Few of the nests from 2004-05 occurred in areas where they were previously found indicating the effectiveness of the program.
- The Department undertook a surveillance and containment program on European House Borer *Hylotrupes bajulus* (EHB) to determine the extent of the infestation and assess the possibility of eradication. The WA Government provided \$7.6 million for the Department and the Forest Products Commission to conduct surveys to determine the extent of the infestation, and to remove any infested material found in the survey during August 2004 to July 2005.

The EHB program has involved collaboration between diverse stakeholders in Government, local government and industry. Present indications are that eradication will take 10-15 years if intermediate milestones are achieved; a conservative Cost Benefit Analysis indicates that strong containment or eradication has the potential to save losses of \$2.5 billion over 50 years.

- Over 6,000 properties were inspected for declared plants. A high level of compliance with the weed control regulations was observed with 96% of landholders complying with boundary weed control. A total of 126 enforcement notices were issued to landholders for non-compliance. Inspectors checked 192 pieces of farm machinery to ensure interstate requirements for freedom from soil and plant material were met. Inspectors made 42 orchard assessments and implemented 60 orchard management programs on neglected orchards.
- The Pest and Disease Information Service (PaDIS) responded to 14,000 enquiries, conducted over 1,000 specimen identifications, with 36 being referred to the AgWest Plant Laboratories for further analysis. Thirty new information sheets were produced, with over 60,000 being distributed to industry and community members. Biosecurity key messages were promoted at 45 metropolitan and regional events and 150 media releases were published in mainstream and local media, industry newsletters and magazines.
- The Small Landholder activities (State and Swan Canning) have established 15 regional advocates and delivered 86 awareness raising and capacity building learning events to 2,546 participants through partnerships. The Small Landholders Information Service responded to 659 direct queries and participated in 12 shows and other events.



Planned 2005/06 Biosecurity Initiatives



- Further engage and advance with Biosecurity Australia a process that ensures that regional differences in pest status and risk are satisfactorily addressed in national risk analysis, policy decision making and in developing national policy.
- Initiate work on development of pest prediction tools to enhance placement of surveillance and monitoring trapping arrays for agricultural plant pests not found in Western Australia.
- Implement risk reducing strategies for Western Australia and Eastern States commercial enterprises that have been identified as sources of ongoing risk of introduction of European Wasps into Western Australia.
- Coordinate the development and implementation of pest management training modules for shires and local communities.
- Improve capacity to carry out surveillance for new weed incursions throughout Western Australia through improved networks and community education as well as improving access to expertise in the area of weed surveillance in remote areas. Enhance the capacity to map weed infestations and contribute to National weed mapping strategy.
- Significant enhancement of the State's capacity to effectively manage the risks associated with animal health issues and the threat of Emergency Animal Disease incidents like Foot and Mouth Disease and BSE (Mad Cow). Additional resources will be provided to strengthen the Department of Agriculture's response and surveillance capabilities.
- The Biosecurity and Agriculture Management Bill and legislation to amend or replace both the *Plant Pests and Diseases (Eradication Funds) Act* and *Cattle Industry Compensation Act* will be introduced into Parliament and all Regulations supporting the Agriculture Management Bill will be drafted.
- Cost-effective industry biosecurity measures will be implemented in partnership with all major industries under the GrainGuard, HortGuard, StockGuard and BeeGuard initiatives with costs borne appropriately by Government and industry. Industry consultation on biosecurity matters will be based around the biosecurity plans and biosecurity plans will be integrated into broader industry development plans as they are developed.
- Further harmonisation of international and domestic quarantine policy and regulation will be achieved through improved national consideration of the State's area freedom status and regional differences in biosecurity risk status. Science-based review of domestic quarantine protocols will ensure an appropriate level of protection to the State, without imposing inappropriate restrictions on trade.
- Improved livestock identification and traceback and vendor declaration arrangements will improve the State's ability to both respond to emergency animal diseases and demonstrate to premium export markets the State's outstanding animal health status.
- A key initiative in the integrated pest management area is to address the issue of pesticide use especially in relation to pesticide resistance. The proposed work aims to produce a decision support system that will assess integrated pest management for all major weed, disease and insect pests. The system will allow farmers to balance competing pest control priorities, to make management decisions based on their combined effects on all pests and to examine the economics of pest control options. It is proposed to review a number of areas of pest resistance to pesticides, with insecticide resistance in grain production, handling and storage being a key focus in the initial work.



Planned 2005/06 Biosecurity Initiatives



- Increase focus/effort on the local eradication of starlings in the areas of Munglinup and Condingup.
- Continued upgrade to the State Barrier Fence to a standard that excludes wild dogs, including assessment of extension eastward to protect agriculture in the South East Region.
- Work with the Royal Society for the Prevention of Cruelty to Animals (RSPCA), Commonwealth Government, other States and Territories, the Livestock Transport Association and livestock exporters to develop a uniform national code of conduct to ensure that the road and ocean transport of livestock is conducted in accordance with best practice animal welfare standards.
- Continued assessment of the extent of European House Borer. A detailed analysis will be undertaken on the feasibility of eradication or appropriate options for control.



Certification of Key Performance Indicators



As proscribed by *Treasurer's Instruction 904*, the Key Performance Indicators provide information to assist readers to assess the performance of the Department of Agriculture in meeting its mission and outcomes.

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Agriculture's performance, and fairly represent the performance of the Department of Agriculture for the financial year ended 30 June 2005.

Ian Longson
DIRECTOR GENERAL
DEPARTMENT OF AGRICULTURE



Independent Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF AGRICULTURE
PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Agriculture are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Director General's Role

The Director General is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

D D R PEARSON
AUDITOR GENERAL
9 September 2005



Outcome: Increased market competitiveness and profitability of agri industry

Service description: Generation, integration and application of knowledge which together with appropriate industry policy increases the international competitiveness and market opportunities for State agriculture food and fibre industries.

Effectiveness Indicators

PI 1 The benefit-cost ratio and net present value of the agency’s research and development activity

Programs of the Department of Agriculture Western Australia apply benefit-cost analysis to assist in the allocation of funds to those areas likely to make the largest contribution to the rural economy and thus to achieve the Department outcome of increased market competitiveness and profitability. To learn lessons from the completed projects the Programs also use *ex-post* analyses. Information collected in the course of the *ex-post* analyses can usefully improve the assessment of proposed projects.

Table 1 shows analyses results of 10 recently or partly completed projects. The number of projects selected for this report remains the same as reported in 2003/04. The analyses are therefore representative of both the effectiveness of agency expenditure and the efficiency of funds spent.

Table 1: Project benefit-cost analyses in Department of Agriculture in 2004/05

| Program and project | Benefit-cost ratio | Net present value (\$'000) |
|---|--------------------|----------------------------|
| Cereals | | |
| Lupin agronomic improvement in the Western Region | 4.5 | 9,300 |
| Development of Trampoline Farming Systems for WA Cropping | 17.1 | 13,400 |
| Lupin Product development | 23.9 | 45,600 |
| Wool and sheep | | |
| Wool Desk Survey | 1.5 | 155 |
| National Annual Pasture Improvement Program | 10.6 | 3,860 |
| Meat | | |
| Improvac Trials | 5.4 | 1,910 |
| Intensive Beef Program | 8.2 | 1,593 |
| Horticulture | | |
| Irrigation Practice Improvement Project | 2.8 | 630 |
| The Waxflower Breeding Project | 2.5 | 4,200 |
| Dairy | | |
| Dairy Farm Effluent Management | 0.7 | 15,000 |

As earlier, for initial assistance in the allocation of resources to project, Programs undertake *ex-ante* analyses to determine the likely returns to each project. Projects that return benefit-cost ratios less than 1.0 are not funded. The *ex-post* analyses are used to evaluate the assumptions of *ex-ante* analysis. This provides an excellent indication of the effectiveness of *ex-ante* analysis in increasing the likelihood that projects undertaken will result in positive benefits to agriculture, food and fibre industries.

The primary outcome or objective of the projects that are assessed is to increase the market competitiveness and profitability of agri-industry. The high returns of most projects provide a strong indication of their contribution to this outcome.





PI 2 Uptake of crop varieties developed by the Department of Agriculture

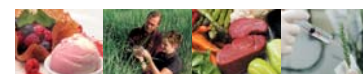
Variety choice with regard to crop production is a major contributor to market competitiveness and profitability. The ability to select varieties specifically suited to our soil and climate as well as offering benefits in terms of disease resistance and end-product quality, results in increased production and lower input costs for growers. The Department of Agriculture is the main provider of new varieties for the dominant export crops grown in Western Australia (eg wheat, lupins and barley) despite growers having the option to select varieties bred by other breeders (predominantly from interstate and overseas).

The following table shows the Department maintained its strong market share of crop varieties sown for season 2004. All major crops listed show a greater than 80% inclusion of Department of Agriculture lines, although in total there has been a marginal decrease from 88.3% in 2003 to 86.7% in 2004. These results continue to provide a strong indication that the Department bred varieties provide the majority of producers with the best opportunity for competitiveness and profitability. Note: for the 2003 season, area planted was supplied by ABS, for 2004 this information was supplied by Consolidated Bulk Handling.

Table 2: Uptake of crop varieties developed by the Department of Agriculture

| Variety | % of WA crop area sown to crop varieties developed by the Department | Season hectares planted | |
|--------------|--|-------------------------|------------------|
| | | 2003 | 2004 |
| Wheat | 86.1 | 4,458,000 | 4,403,269 |
| Barley | 90.6 | 1,140,000 | 1,090,318 |
| Oats | 96.1 | 314,000 | 149,821 |
| Lupins | 99.7 | 795,000 | 544,026 |
| Field Peas | 9.0 | 51,000 | 68,002 |
| Chickpeas | 97.5 | 6,000 | 1,931 |
| Total | 88.3 | 6,764,000 | 6,257,367 |





PI 3 The extent to which new market opportunities are developed or maintained for Western Australian agricultural produce

The Department of Agriculture is committed to developing the trade for agri-food products and increasing investment into the Western Australian agri-food industry. One of the Department's key roles is to assist companies in the identification and development of markets for export. This requires long-term relationship building with overseas buyers and often takes many years to produce tangible results. Table 3 shows a range of products the Department has focused its efforts on in various markets over a number of years.

Table 3: Trade opportunities developed in export markets

| Commodity | Destination | 2000/01 (\$'000) | 2001/02 (\$'000) | 2002/03 (\$'000) | 2003/04 (\$'000) | 2004/05 (\$'000) |
|--------------|---------------|------------------|------------------|------------------|------------------|------------------|
| Pork | Total exports | 15,195 | 22,529 | 26,985 | 30,267 | 34,029 |
| | Singapore | 14,454 | 21,623 | 23,996 | 27,966 | 29,607 |
| Beef | Japan | 10,616 | 6,733 | 14,017 | 36,353 | 51,950 |
| | Taiwan | 4,621 | 4,376 | 4,768 | 5,331 | 4,857 |
| | South Korea | 4,016 | 9,113 | 12,188 | 16,351 | 26,038 |
| | Kuwait | 1,699 | 1,713 | 2,539 | 4,407 | 3,783 |
| Wheat | Jordan | 0 | 0 | 12,713 | 0 | 0 |
| Lamb | Japan | 343 | 456 | 3,099 | 5,956 | 6,267 |
| Apples | India | 149 | 449 | 333 | 110 | 219 |
| Milk | Singapore | 10,713 | 11,703 | 14,638 | 13,106 | 12,292 |
| | Taiwan | 0 | 261 | 1,693 | 2,718 | 2,827 |
| | Malaysia | 626 | 1,307 | 1,581 | 2,068 | 2,199 |
| | Hong Kong | 3,545 | 6,262 | 6,835 | 7,779 | 7,484 |
| Hay | Japan | 50,994 | 59,850 | 82,945 | 69,156 | 69,394 |
| | South Korea | 165 | 626 | 1,948 | 4,216 | 7,385 |
| Cereal Straw | Japan | 667 | 1,060 | 1,519 | 1,277 | 2,381 |

Source: ABS

This year, the Department has engaged in a number of on-going activities that have contributed to Western Australian agri-food producers and companies securing and sustaining new export opportunities. The Department has continued with its efforts to encourage and develop stronger trading relations for Western Australian producers with markets in the Middle East and Asia.

Middle East

- Facilitated the first official visit of a Ministerial delegation from Qatar to Australia. A group of 15 WA company representatives visited Qatar in February 2005. As a result, a new contract for live sheep export valued at \$27 million and a contract for the design of a new abattoir in Qatar was awarded to WA companies.
- Undertook promotion of WA industry in Libya and through a joint initiative with Austrade established a representative office in Tripoli, resulted in the re-opening of the Libyan market for WA meat.
- In February 2005, 60 representatives from WA companies attended Gulf Food 2005, where they were introduced to potential business partners. Companies developed and improved their understanding of the market and attended a special seminar about local import regulations.
- In conjunction to Fine Food Exhibition in Melbourne, a visit was organised for nine major retail buyers from the region. Choitram supermarket, a Dubai chain, placed an order for dry fruit (Sola Fruit Co).





China, South Korea and Taiwan

- Assisted in developing trade to China/Hong Kong valued at \$9 million, including beef and meat products worth almost \$200,000, dairy and fresh produces worth almost \$2 million, animal feed worth \$110,000, and seafood/aquaculture and other foods (salt, nougat, condiments and etc) worth nearly \$6.5 million.
- In conjunction with Austrade and Department of Industry and Resources (DOIR), coordinated the participation of WA companies at the Australian Promotion at Park N Shop's grEAT supermarket in Hong Kong. This resulted in several new sales, over 720 lines were featured, 480 new listings and 75 new brands were introduced to market. Seventeen WA companies directly supported their products in the market.
- Assisted in developing trade to Taiwan worth over \$4.7 million in orders for WA beef.
- A delegation of 13 company representatives from Korea visited Perth in April to source products for an in-store promotion. The delegates met with approximately 40 companies. The resulting relationship generates the new export opportunities for WA food manufacturers.
- Coordinated participation of WA agri-food companies in Food and Hotel Korea in March 2005 and together with a similar participation in the 2004 event, this resulted in more than \$1.25 million of sales of WA agri-food products.

Japan

- Assisted WA companies on trade opportunities generating over \$3.6 million in sales of oaten hay and a \$50,000 annual contract for WA lake salt.
- Facilitated a number of new trade opportunities generating \$240,000 for WA companies. Products include seafood, grain, meat, carrot, noodles and processed food.
- Assisted a Japanese tomato farmer to finalise a MOU with a local vegetable farmer for trial production of a Japanese tomato variety. If the production and marketing trial is successful, production will be expanded.
- Coordinated a program targeted at promoting trade and investment opportunities under the "Discover West" Project in conjunction with DOIR in August 2004. As a result a follow up visit to WA was coordinated in April 2005.

Thailand

- Launched "WA finest promotion" under the "Taste of Australia" promotion with Tops supermarket, the largest supermarket chain in Thailand. A range of new Western Australian products were introduced including dairy products from Margaret River Cheeses, Casa dairy, Peters and Browns Foods, spices, confectionery, salt, fruit juices and fresh fruit and vegetables. Sales figures indicated an increase of almost 33% in sales of Australian products during the promotion. Australian and West Australian products received wide media coverage through the in-store events.
- Organised various visits for Thai buyers (major importers and leading supermarkets) to meet with potential WA agri food exporters/ manufacturers. Several export shipments have been generated from the visits.





Other Markets

- Organised trade visits to WA for over 45 international food buyers en route to the Fine Food Show in Melbourne. This created new markets for some WA food and beverage companies with Chinese buyers interested in purchasing juice and confectionary for an Australian promotion. Shipments of WA seafood, honey and wine worth almost \$164,000 were exported to Singapore. From this opportunity, a North American company has increased its range of seafood products and is looking into future shipments of dairy and game meat.
- Successfully coordinated a market research visit to Singapore and Malaysia with major industry stakeholders which aimed to evaluate opportunities and threats for WA products in these markets, analyse trends in the retail and food service sectors, strengthen and establish relevant business networks with companies and organisations and monitor the performance and competitiveness of WA products.

Investment Attraction

- Facilitated a joint venture between a WA dairy company and a major Singaporean company valued at \$12million for expansion of dairy manufacturing facilities in order to grow exports to Asian markets.
- Facilitated investment from the United Kingdom into the Western Australian grain and livestock sectors which was valued in excess of \$2 million.
- Continued to facilitate the development of the WA green tea industry in the Manjimup area. This included the attraction of a new Japanese investor and plans to increase commercial and experimental plantings to around 3 hectares. The Japanese company will be trialing a fully commercial green tea processing line and other harvesting equipment.

PI 4 The extent to which the outcomes of research, development and extension projects improve the profitability or potential profitability of rural industries

The Department undertakes research, development and extension activities across a range of agri-industries aimed at improving, or maintaining the profitability of rural industries. The following industry sectors provide examples of the outcomes of this work.

Strawberries

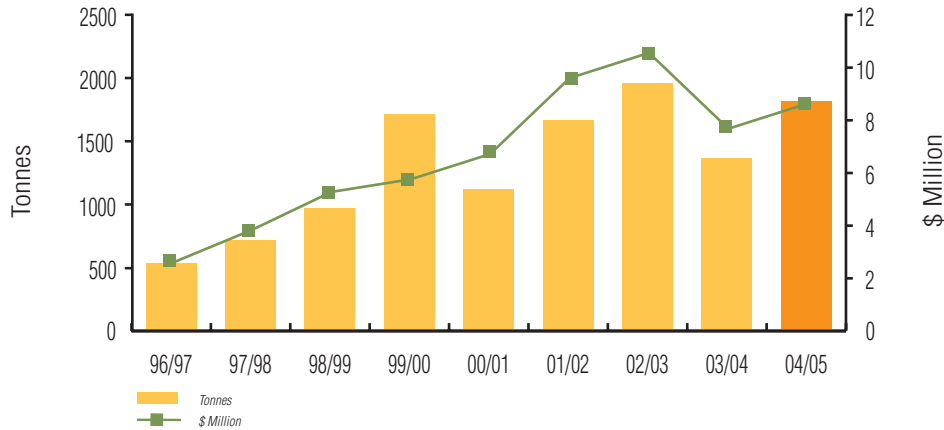
The strawberry industry in WA accounts for the majority of Australia’s strawberry exports by volume and value, and State production has more than tripled in 10 years. Exports recovered after a poor season in 2003/04 and a sharp appreciation in the Australian dollar, despite the lack of respite in our poor terms of trade due to the exchange rate and air freight rates. Strawberries are a high value product and demand continues to increase, particularly in Hong Kong and Singapore, despite the high price.

The Department of Agriculture has maintained a close working relationship with the strawberry industry since the late 1980’s including work on integrated pest management, breeding and selection, irrigation and nutrition and quality assurance. The variety favoured for export, Camarosa was first identified and promoted to W.A. growers in Department of Agriculture trial plots in 1998 on grower properties. Adoption of this highly productive variety is a direct result of Department of Agriculture collaborative research and extension with the strawberry industry in W.A. This work is continuing to identify the next generation of high yield and quality varieties.





Figure 1: Volume and value of Strawberry exports (A\$)

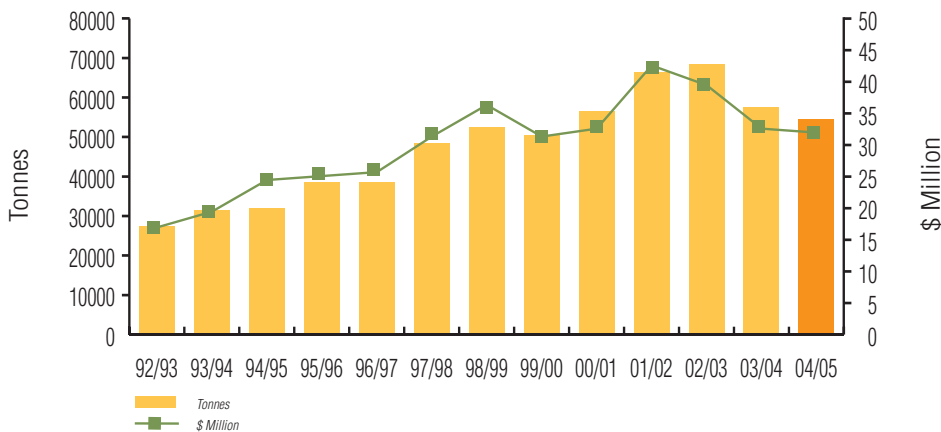


Source: ABS

Carrots

During 2004/05, the strength of the Australian dollar and the continuing expansion of vegetable exports from China saw some further rationalisation in the carrot export production. WA produces 88% of Australia's export carrots and has a reputation for high quality. Some new opportunities have been established by local packers selling carrots into Eastern States markets and this has, at least partially, buffered the impact of reduced export returns. The Department continues to work closely with the carrot industry to develop highly efficient productions systems to improve yield and packouts, thereby reducing unit production costs and increasing international competitiveness. Irrigation and nutrient use efficiency are currently the focus of industry funded R & D projects. Efforts are also focused on differentiating WA carrots to help position WA producers as market leaders for quality, food safety and environmentally sound production systems.

Figure 2: Volume and value of Carrot exports (A\$)



Source: ABS



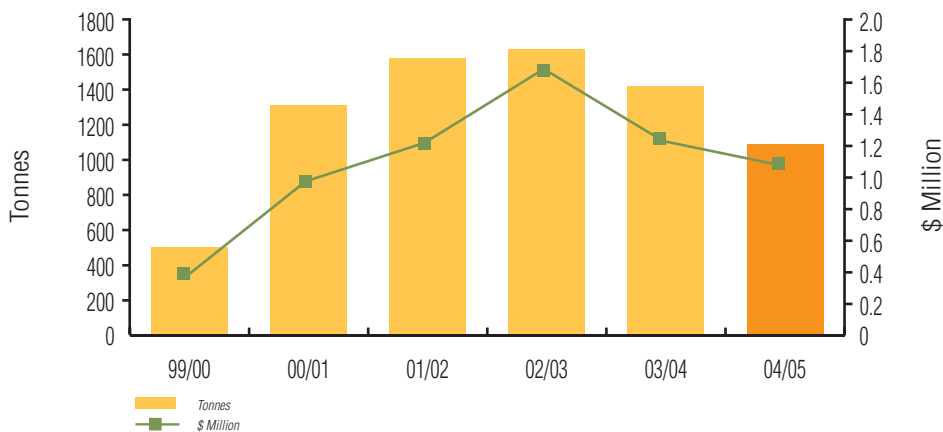


Potatoes

WA has a competitive advantage in this high-value, international market because of our State's freedom from major potato diseases. However, the export of seed potatoes from WA has declined in the last two years because of a range of issues including Indonesian quarantine issues which have now been resolved, the increased value of the Australian dollar which has made the trade to Sri Lanka marginal and reduced supply due to flood damage to WA seed crops in early 2005. New seed potato markets are slow to develop, but the Department is actively working to develop new markets, and now that the Indonesian quarantine issues have been resolved, and with more regular seasons, it is expected that the steady growth trend shown over the last five years will resume.

The Department of Agriculture is assisting the development of the export seed market with projects to demonstrate the performance of WA seed in new markets. One example of this was an export development project with PT Indofood, the major Indonesian food processing company, and Western Potatoes the first stage of which was completed in 2004/05. The project demonstrated that the State's seed potatoes had the ability to improve the productivity of the Indonesian potato processing industry. The Department also plays a critically important role in maintaining the low disease status of Western Australia.

Figure 3: Exports of Seed potatoes from Western Australia (A\$)



Source: ABS

Diversification of Wheat Grades

The Department of Agriculture has been innovative in developing and enhancing the value of the WA wheat industry. During the 1980's and early 1990's concerns were expressed about the decline in wheat quality, particularly as the area sown increased, wheat was established on more marginal soil types and tighter crop rotations. International markets became more discriminating in terms of quality and began to apply discounts for poor quality and offer premiums for some quality characteristics.

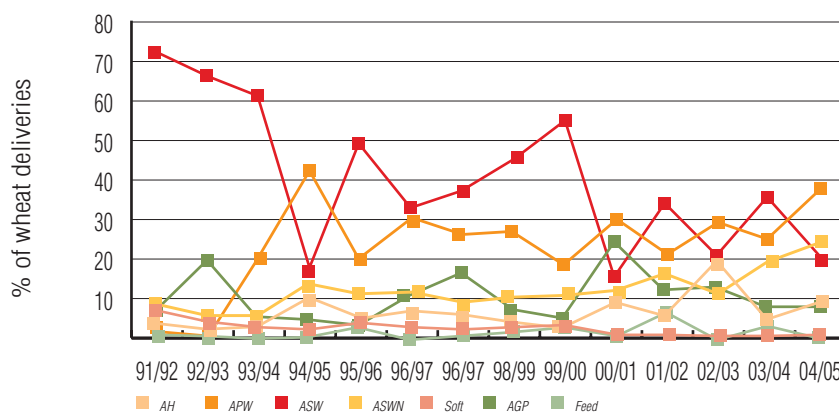
The Department responded to these market signals and jointly invested with the Grains Research Development Corporation to develop agronomic packages and premium quality wheat varieties for specific market requirements and products. The Department





of Agriculture also worked jointly with the Australian Wheat Board to develop appropriate grain segregations and quality testing procedures. Below is a summary of the Australian Wheat Board wheat grade data from 1991/92 to 2004/05 which shows a transition from the position in the early 90's, when ASW wheat grades dominated, to a more balanced, and diversified spread currently. The main grades of wheat are shown as percentages of wheat deliveries each year.

Figure 4: Percentage of wheat grades delivered to AWB



Source: AWB

Western Australian wheat yields

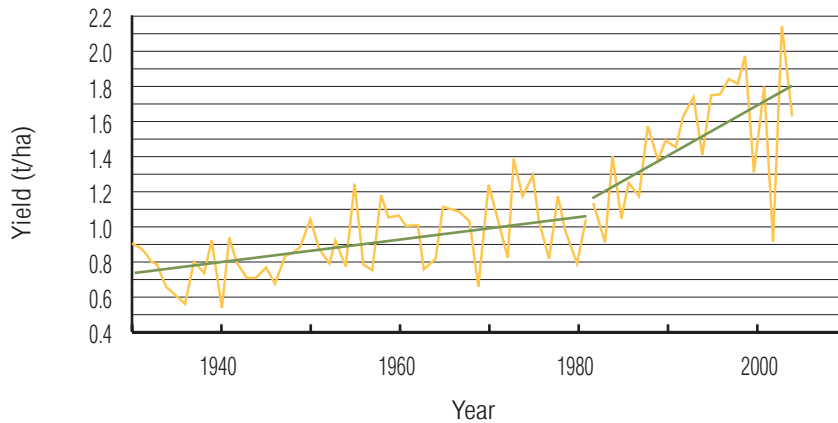
The Department of Agriculture has worked to increase the yields by the State's wheat producers through a range of activities. These include promoting a high input/high yield package and many better climate risk management techniques e.g. early sowing with more nitrogen, better rotations, better disease control. As shown in KPI 2 the Department has also developed higher yielding varieties which have had a high rate of adoption by the state's wheat industry.

These activities have resulted in a marked increase in the rate of crop yield improvement over the last 25 years. Between 1930-1981 wheat yields increased from 7kg/ha/year, this has increased to 28.2 kg/ha/year between 1982-2004. This is an over 4-fold increase in productivity increases. For Australia the equivalent increases have been 12kg/ha/year (1930-1981), to 24.4 kg/ha/year (1982-2004), just over a doubling in productivity increases.





Figure 5: Average wheat yields in Western Australia (Kg/Ha/Yr)



Source: ABS

Wool

The Woolmark Company has highlighted that the fastest growing textile fibre market in the world is for luxury fine wool. The demand and volume of this wool from Australia has more than doubled over the past 12 years and its value has tripled clearly indicating where consumer preference lies. Over time, there has been a substantial shift in the diameter of the WA wool clip, decreasing from being the second highest to now being the equal finest wool clip in Australia. WA has also risen back to being the State with the second largest wool clip overtaking Victoria, but still smaller than NSW. The decreasing trend in diameter of the WA wool clip is the most dramatic change in the wool clip that has ever occurred.

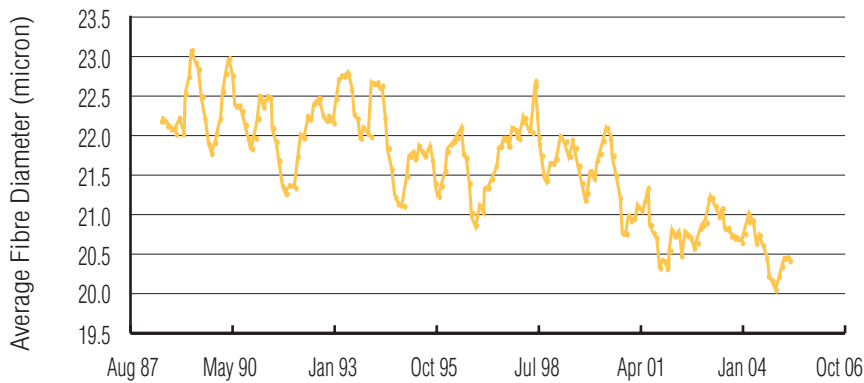
The Department has contributed to this by running a series of workshops on Wool Market Awareness to improve the understanding of the market by wool producers, and conducted sheep selection workshops to show the effectiveness of using measurements in the selection of sheep that have better quality wool and deliver high profitability. Economic analysis clearly shows that those producers with productive flocks of Merino sheep with finer wool had a 20% improvement in profit for a 10% decrease in diameter. Micron is the major driver of increased profit.

The increasing levels of finer diameter wool means that more than a third of the WA clip is now in the superfine category of below 19.5 micron. The production has grown at about 11% per annum over the last 5 years, but volume demand has grown by 8% and the value demand by 7%. This has dampened the price of finer wool, but has allowed the steady increase in the segment of the market.





Figure 6: Average diameter of wool sold at auction in WA by micron



Source: Australian Wool Exchange (AWEX) public auction data

Efficiency Indicator

PI 5 Average cost per unit of knowledge

The Food and Fibre Industry Development service is described as the generation, integration and application of knowledge that increases the international competitiveness and market opportunities for the State' agriculture food and fibre industries.

R & D organisations tend to have particular difficulty determining meaningful and measurable units of output in order to report efficiency. It is not cost effective to measure each individual piece of R&D and the component processes. In this regard, the output produced is knowledge, and this can take many forms each requiring different resources and commitment. Some organisations, such as the Bureau of Rural Sciences, have elected to count variations in person days or hours committed to research. This is input focussed and not a true determinant of efficiency.

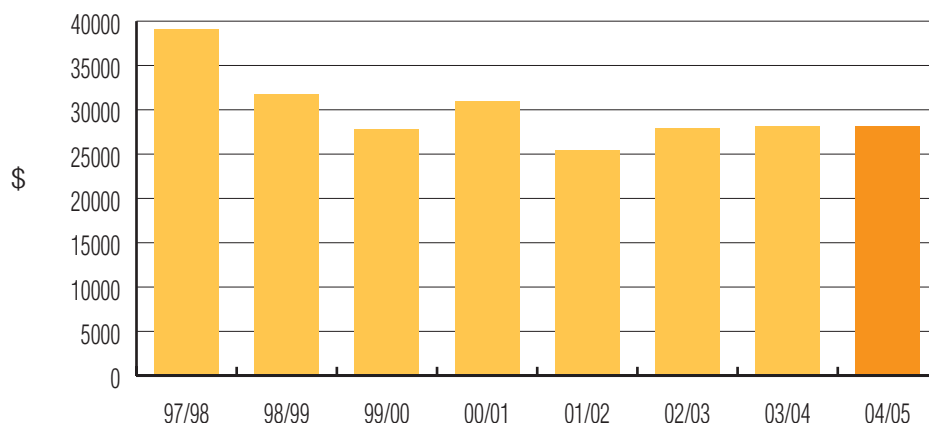
To fulfil our reporting requirements, in 1998/99, the Department of Agriculture instituted a process to enable annual collection of numbers of publications produced by Department staff associated with Food and Fibre Industry development. Publications are considered the most suitable means of capturing - in the form of units of output - the knowledge produced. In addition, another key form of knowledge generation, integration and application are the key strategies directly related to improving the productivity and competitiveness of producers. These strategies include the TopCrop, Prograze and WoolPro initiatives.

The following graph presents the results of this efficiency measure for the past eight years.





Figure 7: Average cost per unit of knowledge 1997/98 - 2004/05



Food and Fibre Industry Development’s efficiency has increased gradually over time. In 2004/05, the 21Department achieved a similar level to the previous two years for its efficiency in generating knowledge for its stakeholders through the Food and Fibre Industry service. Given the nature of the Department’s operations, the services of research and development will fluctuate between years depending upon the complexity of the research and the duration. A great number of research projects have a time frame of between 5 and 10 years. Overall the Department has continued to improve its processes and improve efficiency and effectiveness of its knowledge generation and transfer operations. This trend is expected to continue into the future.

Outcome: Improved ecological sustainable development of agri-industry

Service description: Generation, integration and application of knowledge which, together with appropriate policy and regulation, develops the capacity of rural communities and industries to profit from environmentally responsible agriculture.

Effectiveness Indicators

The ecological sustainability of agri-industry will be improved if primary producers are able to:

- adopt sustainable land management practices;
- sustainably and profitably manage their businesses; and
- be responsive to change and open to opportunities.

The Agricultural Resource Management (ARM) service contributes to all these areas.

PI 6 The impact of Department activity on the adoption of management practices that address off-site environmental impact or contribute to the long-term sustainability of the natural resource base

The adoption of management practices that address off-site environmental impacts or contribute to the long-term sustainability of the natural resource base is crucial to the development of profitable agricultural industries in Western Australia. The Department is involved in raising awareness of sustainability issues and assisting in the uptake of





these management practices through development and extension activities. PI 6 includes information on a number of measures that reflect the Department’s effectiveness in achieving increased adoption of sustainable management practices.

Agricultural extension research proposes that an increase in the levels of farmer knowledge and skills contribute to an increase in the adoption rates of recommended practice. The 2004/05 ARM survey found that, of those who had attended at least one Department extension event in the last 12 months, 71 percent felt that the event had improved their understanding of Landcare and natural resource management issues.

This positive result suggests that the Department has had an impact on levels of knowledge and skills and on the subsequent adoption rate of management practices that address off-site environmental impact or contribute to the long-term sustainability of the natural resource base.

Tables 4, 5 and 6 list a suite of management practices that the Department promotes through its publications and its work with primary producers. The figures presented are findings from Department-commissioned surveys of primary producers each and every year from 1999/00 to 2004/05. In the surveys conducted in May of each year, producers were asked which practices they used in the last 12 months. Thus the responses in May 2005 relate to practices in the 2004 growing season and ensuing summer and autumn.

Table 4: Percentage of Western Australian primary producers in the Sheep/Wheat agricultural areas who used selected sustainable land management practices

| | 2000 | 2001 (n=205) | 2002 (n=201) | 2003 (n=200) | 2004 (n=200) | 2005 (n=216) |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agronomy practices | | | | | | |
| Planted non-irrigated perennial pasture species | | | 34 | 31 | 36 | 36 |
| Planted saltland pasture species | | 21 | 23 | 15↓ | 21 | 17 |
| Stubble retention or mulching practices | 68 | 69 | 62 | 48↓ | 71↑ | 60↓ |
| Farmed to soil type | 68 | 69 | 71 | 68 | 75 | 66↓ |
| Land Conservation Management | | | | | | |
| Tree/shrub planting | 64 | 53 | 63 | 57 | 56 | 63 |
| Preserve or enhanced areas of conservation value | 60 | 82↑ | 61↓ | 59 | 66 | 61 |
| Excluded stock from areas impacted by land degradation | 43 | 75↑ | 62↓ | 66 | 72 | 68 |
| Protected river or creek frontages from grazing animals | 45 | 54 | 42↓ | 50 | 44 | 50 |
| Resource Monitoring | | | | | | |
| Regular soil testing for nutrient levels | | 68 | 71 | 58↓ | 74↑ | 69 |
| Regular soil testing for pH | | | 71 | 59↓ | 74↑ | 69 |
| Regular monitoring of pasture/vegetation cover on sandy/light soils | | | 57 | 53 | 60 | 55 |
| Surface water management | | | | | | |
| Water on sloping land (eg grade banks) | | | 57 | 48 | 61↑ | 53 |
| Water on the valley floors using surface drains | | | 32 | 29 | 41↑ | 31↓ |
| Water on the valley floors using deep drains | | | 17 | 12 | 16 | 13 |

Source: ARM survey

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level





The Department of Agriculture encourages the planting of non-irrigated perennial pasture species in the Agricultural region. Table 4 shows that about one third of farmers planted non-irrigated perennial pasture species in each of the four years ending May 2005. In order to find the cumulative effect of the Department's research, development and extension on these species, a new question was included in the ARM survey from May 2004, asking "Are non-irrigated perennial pasture species part of your farming system? (Yes or No)". In 2004 and 2005 the responses revealed that non-irrigated perennial pasture species were a part of the farming system for 55% and 51% respectively of farmers in this region. As this is much higher than the one third actually planting these species each year, this indicates the cumulative response of landholder behaviour to programmes that encourage the practice.

Another new question used since 2004 is "Are saltland pasture species part of your farming system? (Yes or No)". The survey found that saltland pasture species are a part of the farming system for 31% of farmers in this region, very similar to the 33% found in May 2004. In contrast, 17% of farmers planted saltland pasture species in 2004/05. Taken together, these responses indicate that the proportion of farmers using saltland pasture species as part of the farming system is steady, but the total area established is continuing to expand.

The all time record cereal crop in 2003/04 (6.6 m ha yielding 2.22 t/ha) left a very heavy stubble, making stubble mulching infeasible over a larger area than usual in 2004/05. This explains the lower adoption rates of *stubble retention or mulching* than the high level in 2003/04.

The percentage of respondents farming to soil type in 2004/05 was lower than in 2003/04, but still high and close to the level found in 2002/03. The percentage of respondents using surface drains to manage water on the valley floors returned to the level of the preceding years after increasing in 2003/04.

Generally the results show there is a high proportion of primary producers who continue to use sustainable practices such as livestock management and preservation of high conservation areas, reflecting continuing department activity in this area over a number of years.

The proportion of wheatbelt farmers using the sustainable practices listed in Table 4, in aggregate, in 2004/05 was very close to the arithmetic mean of the three preceding years.





Table 5: Percentage of Western Australian primary producers in High Rainfall agricultural areas who used selected sustainable land management practices

| | 2000 | 2001 (n=90) | 2002 (n=95) | 2003 (n=90) | 2004 (n=90) | 2005 (n=91) |
|---|------|----------------|----------------|----------------|----------------|----------------|
| Agromony practices | | | | | | |
| Planted non-irrigated perennial pasture species | | | 39 | 41 | 51 | 47 |
| Land Conservation Management | | | | | | |
| Tree/shrub planting | 59 | 43 | 50 | 48 | 51 | 46 |
| Preserve or enhanced areas of conservation value | 75 | 48↓ | 50 | 50 | 46 | 48 |
| Excluded stock from areas impacted by land degradation | 69 | 37↓ | 39 | 34 | 40 | 35 |
| Protected river or creek frontages from grazing animals | 40 | 32 | 48↑ | 41 | 41 | 38 |
| Resource Monitoring | | | | | | |
| Regular soil testing for nutrient levels | | | 52 | 61 | 66 | 58 |
| Regular soil testing for pH | | | 54 | 67 | 66 | 58 |
| Regular monitoring of pasture/vegetation cover on sandy/light soils | | | 42 | 34 | 52↑ | 32↓ |
| Surface water management | | | | | | |
| Water on sloping land (eg grade banks) | | | 22 | 28 | 27 | 26 |
| Water on the valley floors using deep drains | | | 8 | 12 | 13 | 11 |

Source: ARM survey

- ↑ Denotes a statistical increase at 95% confidence level
- ↓ Denotes a statistical decrease at 95% confidence level

There was a significant decrease in the percentage of landholders in high rainfall agricultural areas regularly monitoring pasture/vegetation cover on sandy/light soils in 2004/05. The significant increase in 2003/04 was not sustained, suggesting that relatively short term factors influence the frequency of use of this practice e.g. in good seasons pasture/vegetation is plentiful and the risk of exposing sandy/light soils to wind and water erosion is greatly diminished.

All other results show that there is a continued use of sustainable production practices by primary producers.



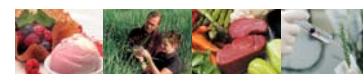


Table 6: Percentage of Western Australian primary producers in the Rangelands who use selected sustainable land management practices

| | 2000 | 2001 (n=110) | 2002 (n=110) | 2003 (n=110) | 2004 (n=110) | 2005 (n=110) |
|--|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Permanent control methods on stock water supplies | 67 | 67 | 68 | 69 | 76 | 74 |
| Rotational pasture spelling during plant growth season | 50 | 57 | 50 | 51 | 53 | 48 |
| Fencing to land systems | 64 | 57 | 53 | 56 | 64 | 56 |
| Conduct a prescribed burn for management purposes | 24 | 36 | 34 | 30 | 33 | 27 |
| Preserve or enhance areas of conservation value | 50 | 66 [↑] | 46 [↓] | 46 | 54 | 40 [↓] |
| Excluded stock from areas impacted by land degradation | 56 | 66 | 70 | 64 | 73 | 65 |
| Protected river or creek frontages from grazing animals | 36 | 36 | 27 | 29 | 39 | 31 |
| Formal monitoring of vegetation/pasture conditions | 82 | 83 | 80 | 77 | 82 | 74 |
| Specifically spelled pasture for subsequent use by export cattle | 23 | 32 | 24 | 17 | 24 | 22 |

Source: ARM survey

- ↑ Denotes a statistical increase at 95% confidence level
- ↓ Denotes a statistical decrease at 95% confidence level

Overall the results in Table 6 show there is a high proportion of primary producers who continue to use sustainable management practices in the rangelands. This reflects the Department of Agriculture’s efforts to promote the adoption of sustainable management practices in the pastoral areas, especially in the areas of formal monitoring of vegetation/pasture condition, exclusion of stock from areas impacted by land degradation and permanent control methods on stock water supplies. The high level of formal vegetation monitoring would include the work actually performed by Department and contract staff, because the survey question asks whether the practice of formal monitoring of vegetation/pasture conditions was used on this pastoral lease in the last 12 months i.e. without specifying by whom.

The proportion of pastoralists preserving and enhancing areas of conservation value has fluctuated markedly since the survey commenced in 2000, suggesting the influence of short term factors beyond the control of the Department. Possible explanations include season (e.g. drought) availability of government financial assistance for such activities, and changes in purpose and tenure of pastoral lands, such as acquisition by the Department of Conservation and Land Management (CALM). Between June 1998 and June 2004 the area of land and water managed by CALM increased from 2.2 to 5.2 m ha (a 133% increase).

In 2004/05, 74% of landholders in the rangelands used permanent control methods on stock water supplies, which has also been a particular focus of the Department’s extension program in rangeland areas. These results are supported by the results for the pastoral zone farms of Australia in ABARE Report 04.7, Natural Resource Management on Australian Farms, published in May 2004¹. The ABARE NRM survey was for the year 2001/02. Results from ABARE survey questions which relate to practices which have the same effect were:

¹Australian Bureau of Agricultural and Resource Economics, 2004. Natural Resource Management on Australian Farms. viii 49p. ISBN 1920925090





- headworks to control water flow from artesian bores - 55%
- piped bore water supplies for stock - 72%

PI 7 The impact of Department activity on improving the capacity of primary producers to sustainably and profitably manage the agricultural resource base

An economic evaluation of FarmBis 1 (Alexander and Goesch, 2002) reported that the participation of farmers in education and training programs can provide broader social and environmental benefits, both on and off farm. The FarmBis 1 evaluation reported that around 70 percent of farmers who undertook training in a natural resource component believed they would incorporate what they had learnt into their farm management practices. Furthermore it found that in Western Australia 65 percent of farmers believe attending the course will benefit the farm’s sustainability.

The Department recognises the importance of enhancing the business and natural resource management skills of primary producers as an important step to achieving profitable and sustainable agri-business. Therefore the Department has a number of initiatives in place to contribute to the development of primary producers’ management skills. Farm Business Improvement Program (FarmBis) is one such initiative that the Department actively promotes and administers, aimed at enhancing the business management skills of primary producers.

Evidence is available from two sources, the first being the ARM Survey which surveys a random sample of farmers and the second being records from the FarmBis program.

Table 7 shows the percentage of respondents who undertook training by regions over three years. One-third of farmers (35%) have undertaken some sort of formal training relating to people management, natural resource management or business management in the last 12 months. The incidence of farmers who undertook training in the South West area returned to 2003 levels, following a decline last year.

Table 7: Percentage of respondents who undertook formal training by region

| | Respondents undertaking formal training | | | |
|---------------------|---|-----------|-----------|-----------|
| | 2002 (%) | 2003 (%) | 2004 (%) | 2005 (%) |
| South West Region | 23 | 34 | 19↓ | 38↑ |
| Agricultural Region | 41 | 29↓ | 36 | 33 |
| Pastoral Region | 26 | 34 | 38 | 40 |
| Total | 37 | 30 | 33 | 35 |

Source: ARM survey

- ↑ Denotes a statistical increase at 95% confidence level
- ↓ Denotes a statistical decrease at 95% confidence level

Table 8: Percentage of Western Australian primary producers that undertook formal training in the areas specified in 2004/05

| Training course category | 2002 (n=406) | 2003 (n=400) | 2004 (n=400) | 2005 (n=417) |
|--|--------------|--------------|--------------|--------------|
| People Management (e.g. human resource management, communication, leadership, negotiation) | 11% | 9% | 8% | 7% |
| Natural Resource Management /Landcare | 19% | ↓12% | 16% | 19% |
| Business Management (e.g. marketing, quality assurance, benchmarking) | 29% | ↓22% | 23% | 22% |

Source: ARM survey

- ↓ Denotes a statistical decrease at 95% confidence level





Table 8 indicates that the incidence of training in each of the three subject categories in 2004/05 was maintained at a similar to that found in 2003/04. It also indicates that some farmers undertook training in more than one subject category, because the total of the three categories (48%) is larger than the 35% total in Table 7. In 2004/05 an increased number of workshops and forums were held to support development of the Regional NRM Strategies. This is most likely the reason for an increase from 22% to 34% in the proportion of pastoralists saying they had undertaken training in NRM/landcare. Responses to a supplementary question in the survey showed that the proportion of these training events supported by FarmBis declined from 70% in 2004 to 54% in 2005.

The other source of evidence comes from records of the FarmBis programme. Table 9 shows the number of farmers participating in between 2002 and 2005. The decline in 2005 is most likely due to the gap between termination of one FarmBis programme in December 2004 and the commencement of the new programme on 1 February 2005.

The proportion of farmers undertaking training in natural resource management remains at a relatively low level but has increased every year which is an encouraging trend, as is the increase for people management. The proportion doing General Business Management has declined markedly over a four year period. The survey results do not reveal whether the proportion of these undertaking training in Quality Assurance has changed.

Table 9: Percentage of the primary producers participating in training that undertook formal training in the areas specified

| Training course category | 2002 (%) | 2003 (%) | 2004 (%) | 2005 (%) |
|---|----------|----------|----------|----------|
| People Management | 8 | 9 | 18 | 24 |
| Financial Management | 7 | 3 | 4 | 7 |
| General Business Management (including Quality Assurance) | 72 | 49 | 28 | 30 |
| Marketing | 0 | 7 | 4 | 4 |
| Production Management (including Adverse Seasons) | 12 | 27 | 38 | 27 |
| Natural Resource Management and Biodiversity | 1 | 5 | 8 | 9 |
| TOTAL | 100% | 100% | 100% | 100% |
| Total participant numbers | 4,583 | 4,512 | 5,409 | 4,260 |

Source: FarmBis report

PI 8 The impact of Department activity on the capacity of agri-industry to manage change and respond to opportunities

To profitably and sustainably manage the agricultural resource base in the long term, in the face of declining terms of trade in agriculture and increasing community and market demands for environmentally responsible agriculture, it is important that agri-industry have the capacity to adapt to change and respond to opportunities. In response, the Department actively promotes risk management strategies as a means of building capacity in this area through its publications and its work with primary producers. Table 10 presents results from the 2005 ARM Survey in which respondents were asked if they had used at least one of four risk management strategies. These are –

- Drought proofing through management of farm water supplies,
- Succession planning,
- Price risk management (eg, futures control), and
- Off farm investment.





Table 10: Percentage of Western Australian primary producers who have adopted one of 4 risk management strategies

| | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 |
|---------------------------|---------|---------|---------|---------|---------|
| Percentage of respondents | 86 | 88 | 80↓ | 87↑ | 81↓ |

The results in Table 10 show there is a high proportion of primary producers who have adopted risk management strategies, especially in the areas of strategic planning and drought proofing. The pattern of fluctuations coincides with changes in farmers' economic conditions due to both seasonal and market factors. Commodity price trends and farm business liquidity affect both the value of hedging on wool and grain futures markets and the cash available for off-farm investment. The percentage of respondents who have adopted one of four risk management strategies has returned to the levels observed in 2002/03.

The proportion of farmers who undertook succession planning, price risk management or off farm investment, returned to 2003 levels, following an increase in 2004.

At a regional level the only statistical difference was a decline in the proportion of Agricultural region (wheatbelt) farmers who undertook price risk management, also returning to 2003 levels.

Efficiency Indicators

The agricultural resource management service accounts for a myriad of activities that can be summarised as:

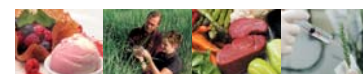
- information products and services;
- hectares assessed for risks, options and impacts;
- regulatory actions under the Soil and Land Conservation Act;
- Landcare grant administration;
- farm business development and rural community development;

The PIs for efficiency of the ARM service relate directly to the above activities. In most cases, the efficiency indicators consist of aggregate data from a number of different activities contributing to the same sub-service, e.g. an information product or service.

The figures in the following tables were allocated from the total ARM service cost. For 2004/05 a new method for apportioning the 'Share of Agency Core Costs' across Department programs has been adopted which, in the long run will provide a fairer distribution of these core costs across the services. As a result, the total costs of the ARM Program in 2004/05 are significantly higher than in previous years and the efficiency indicators do not provide a valid comparison with previous years. To represent this transitional period, the 2005 data has been presented in two columns as per the tables below. Costs in column **2005a** are calculated using the previous core costs apportioning method in order to provide a fair comparison between years. Column **2005b** gives the costs derived using the new method which will be used from 2006 to demonstrate trends in efficiency.

Column 2005a uses the old method of calculating agency core costs where the total cost of the program is \$65,880,000 and the share of agency core costs totals \$14,641,226. Column 2005b gives the costs derived using the new method where the total cost of the ARM Program is \$74,975,000 and consists of \$23,512,233 from agency core costs. Note that these amounts include the total value of grants approved and advanced to community members. While contributing to the total cost of the service, these figures do not form part of efficiency determinations.





PI 9 Average cost per information product

This was calculated by recognising that information products produced by the service are manifold and can be divided into the following categories:

- publications which include serials, monographs and refereed papers;
- cartographic products;
- contributions to corporate publications; and
- audio visual products such as CD ROMs and videos.

In all, 14 projects within the Department contributed to this indicator in 2004/05.

Table 11: Average cost per information product

| | 2003 | 2004 | 2005a | 2005b* |
|---|------------|------------|------------|------------|
| Total number of information products | 624 | 734 | 786 | 786 |
| Total Cost (\$) | 14,177,015 | 15,817,928 | 16,861,013 | 21,676,530 |
| Average cost per information product (\$) | 22,720 | 21,550 | 21,452 | 27,578 |

Source: Project Managers, ARM Program, Department of Agriculture

* In 2005, the Department moved to a new system of allocating costs, which made the figures incomparable with previous years for the purpose of comparing efficiency. The 2005a column shows figures calculated using the previous method, 2005b are the figures using the new method.

PI 10 Average cost per hectare assessed for risks, options and impacts

Dryland salinity is one of the most urgent environmental problems facing community in Australia. Under the Western Australian Government's State Salinity Strategy (2000) the Department of Agriculture has obligations to provide all landholders in the agricultural areas with:

- An assessment of current salinity;
- Options for managing those risks and their likely impacts; and
- Help in accessing further assistance.

This is a major initiative for the Department with a 5-year target of 19 million hectares and is being facilitated through the Rapid Catchment Appraisal activity. There has been an increase in efficiency in 2004/05. In 2004 the area reported as assessed was low due to delays in editing and publishing the reports. However, the field work of the assessment and the analysis were done and the costs associated with these incurred. The area "assessed" in 2005 includes the area subject to reports drafted in 2004 plus the new areas.

Table 12: Average cost per hectare assessed for risks, options and impacts

| | 2003 | 2004 | 2005a | 2005b* |
|---|-------------|--------------|-----------|-----------|
| Total number hectare assessed for risks, options and impacts | 2.2 million | 1.83 million | 3 million | 3 million |
| Total Cost (\$) | 4,265,083 | 4,266,087 | 5,293,566 | 6,831,783 |
| Average cost per hectare assessed for risks, options and impacts (\$) | 1.94 | 2.33 | 1.76 | 2.28 |

Source: Project Managers, ARM Program, Department of Agriculture

* In 2005, the Department moved to a new system of allocating costs, which made the figures incomparable with previous years for the purpose of comparing efficiency. The 2005a column shows figures calculated using the previous method, 2005b are the figures using the new method.





PI 11 Average cost per regulatory activity processed

The Department manages the regulatory process under the Soil and Land Conservation Act. This involves processing a number of regulatory instruments including Notices of Intent to clear land, Notices of Intent to drain, woodchip permits, and compliance. The Commissioner of Soil and Land Conservation oversees this process and is responsible for keeping records on each regulatory action initiated under the Soil and Land Conservation Act.

In early 2004 Regulation 4 of the Soil and Land Conservation (SLC) Act which required landholders to submit Notices of Intention to Clear Land (NOICs) was repealed and amendments to the Environmental Protection (EP) Act regarding land clearing became law. Consequently, the number of regulatory actions processed by the Department increased in 2004/05 resulting in an overall gain in efficiency, as shown in Table 13.

Table 13: Average cost per regulatory activity processed

| | 2003 | 2004 | 2005a | 2005b* |
|---|-----------|-----------|-----------|-----------|
| Total number of regulatory actions processed | 256 | 288 | 370 | 370 |
| Total Cost (\$) | 5,092,955 | 5,322,948 | 6,339,749 | 8,156,242 |
| Average cost per regulatory action processed (\$) | 19,894 | 18,482 | 17,134 | 22,044 |

Source: Register maintained by the Commissioner of Soil and Land Conservation

* In 2005, the Department moved to a new system of allocating costs, which made the figures incomparable with previous years for the purpose of comparing efficiency. The 2005a column shows figures calculated using the previous method, 2005b are the figures using the new method.

PI 12 Average cost per Landcare grant administered

The Department provides an important service to the community and agency through the administration of Landcare grants on behalf of the Commonwealth and State Governments. The increase in the number of Landcare grants processed in 2004/05 is a reflection of a near four fold increase in the value of the funds being provided for natural resource management over the next three years.

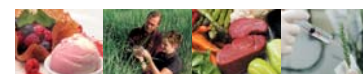
Table 14: Average cost per Landcare grant administered

| | 2003 | 2004 | 2005a | 2005b* |
|--|-----------|-----------|-----------|-----------|
| Total number of Landcare grants processed | 154 | 171 | 351 | 351 |
| Total Cost (\$) | 1,102,942 | 1,276,586 | 1,249,306 | 1,526,241 |
| Average cost per Landcare grant processed (\$) | 7,162 | 7,465 | 3,559 | 4,348 |

Source: Natural Heritage Trust Secretariat

* In 2005, the Department moved to a new system of allocating costs, which made the figures incomparable with previous years for the purpose of comparing efficiency. The 2005a column shows figures calculated using the previous method, 2005b are the figures using the new method.





PI 13 Average cost per participant in farm business and rural community development activities

This indicator demonstrates the efficiency in delivering farm business development and rural community development activities. The decrease in number of participants and costs in 04/05 can be explained by the change over to a new FarmBis scheme early in 2005. The current scheme was not available immediately following the outgoing scheme; therefore participants could not access Farm Business training grants for a period of two months.

Table 15: Average cost per participant in farm business and rural community (FB/RC) development activities

| | 2003 | 2004 | 2005a | 2005b* |
|--|-----------|-----------|-----------|-----------|
| Total number of participants in FB/RC development activities | 4,552 | 5,413 | 3,999 | 3,999 |
| Total Cost (\$) | 7,485,078 | 7,437,203 | 4,343,441 | 4,883,725 |
| Average cost per participants in FB/RC development activities (\$) | 1,644 | 1,374 | 1,086 | 1,221 |

Source: FarmBis Coordinator, Department of Agriculture

* In 2005, the Department moved to a new system of allocating costs, which made the figures incomparable with previous years for the purpose of comparing efficiency. The 2005a column shows figures calculated using the previous method, 2005b are the figures using the new method.

Note 1

Comments on surveys used to obtain performance indicator information: population and sample sizes, response rates and levels of sampling error.

ARM Survey

In 2004/05, a survey was commissioned by the Agricultural Resource Management Program and conducted by market research company – Market Equity. A total of 417 telephone interviews were conducted with Western Australian primary producers. The sample was drawn from Department of Agriculture’s Client Resource Information System database of primary producers as a random stratified sample.

The population of commercial primary producers in Western Australia is estimated at some 10,000 (ABARE 1997/98). The total sample of the general farming community had an associated maximum sampling error of ± 4.7% at the 95% confidence level. That is, if the entire population was sampled, there would be 95% confidence that the results fell within ± 4.7% of those quoted for the whole sample.

A stratified sample was constructed and a sample was drawn from each region. The final “overall” WA results were weighted to ensure that total survey results were representative of the population.

| Area | Number of farms | Survey sample | Weights for population |
|--------------|-----------------|---------------|------------------------|
| South West | 2,577 | 91 | 1.06 |
| Agricultural | 7,942 | 216 | 1.38 |
| Pastoral | 619 | 110 | 0.21 |
| TOTAL | 11,138 | 417 | |





Respondents were telephoned and asked if they agreed to participate in the survey, and if they met the specified criteria. An interview response rate of 27% was achieved, which is slightly lower than previous years given that during the interviewing period, seeding commenced in parts of the Agricultural region.

The response rate was calculated as follows:

| | | |
|---|-------|--------|
| Total contacts | 1,617 | |
| Total in scope | 1,530 | |
| Not suitable/incorrect numbers | 282 | 18.4% |
| Insufficient English to complete survey | 6 | 0.004% |
| Refusal | 816 | 53.3% |
| Terminated | 9 | 0.006% |
| Interviews | 417 | 27.3% |

Prior to the commencement of the data analysis, the data was weighted to reflect the actual distribution of farming properties both regionally and by main activity. As such, any of the aggregate results quoted are representative of Western Australia as a whole.

In more detail, the sample was quota'd to ensure that the sample was representative and of sufficient size to comment on individual program areas and individual regions (minimum sub-samples were 50). The data was weighted based on information provided in a producer-by-program table entitled 'WA Farms by Industry by Agriculture WA Region 1998/99' supplied by the Department's Marketing Economics and Rural Adjustment Unit.

Outcome: Protection of the productive resource base

Service description: Generation, integration and application of knowledge, policy and regulation to ensure agriculture and related resources are protected and that safety and quality standards are upheld.

Effectiveness Indicators

Key service areas of the protection program include those activities which prevent, or ensure early detection of, incursions by exotic pests, diseases and other biological and chemical threats. These threats have the potential to cause serious damage through loss of market access, productivity losses or cost increases.

A certain frequency of incursions is inevitable, to which the response is to remove or minimise the risk of spread or damage. Removal of properties from quarantine signifies the effective local eradication or management of a pest or chemical threat.

Three streams of recorded activities are used to demonstrate effectiveness. These reflect the diversity of activities but also focus on matters of greater significance to the industry.

PI 14 Animal disease identification

PI 15 Pest interceptions by interstate and international barrier quarantine activities.





PI 16 Quarantine releases

The aggregated statistics are shown in Table 16. The table includes numbers of pests and diseases as well as numbers of identifications and interceptions. This to some extent corrects for the exaggerated influence of multiple occurrences associated with a single incident.

Table 16: Indicators

| Service measure | 2002/03 | 2003/04 | 2004/05 |
|--|-----------|-----------|-----------|
| 1 Identifications of notifiable animal diseases | 23 | 25 | 23 |
| 2 Number of animal diseases | 9 | 5 | 5 |
| 3 Interceptions of significant pests, diseases & weeds | 278 | 364 | 297 |
| 4 Number of pests | 81 | 60 | 78 |
| 5 Removal of properties from quarantine | 122 | 123 | 106 |

PI 14 Animal Diseases

For animal disease identification, early identification is critical to successful control of a disease. A primary focus is the identification of potentially serious diseases. A disease is designated as being notifiable if it matches a set of criteria that relate to the likely scale of impact on agriculture and human health.

The list of Notifiable Stock Diseases of Western Australia was modified considerably in March 2002, 2003, 2004 and has been modified again in 2005, to bring the State list into line with the National list.

PI 15 Interception of significant pests, diseases and weeds

The total excludes interceptions of insects from international sources, which are reported to the Commonwealth Government. Indicator 4 - number of pests, diseases and weeds - is meant to minimise undue influence of individual pest species on the total, this indicates that 78 individual pests, diseases and weeds were intercepted a total of 297 times.

For pest interceptions by interstate and international barrier quarantine activities, effectiveness is the exclusion of quarantine risk material. Sampling indicates successful exclusion of insect pests, plant diseases and weeds. A given pest is deemed significant when it is capable of inflicting a high damage cost.

PI 16 Quarantine

For quarantine releases, two activities - footrot eradication and chemical residues - were included to demonstrate effectiveness. When a property, flock or herd is released from quarantine, which may be by the issue of a permit, this signifies either freedom from a pest threat or control of the problem by virtue of management arrangements in place. Progressive releases indicate wider freedom from the threat, and thereby reduce the number of properties or flocks subject to future release.

There was a further reduction in the total number of properties quarantined because of footrot or chemical contamination in 2004/05. 46 properties were removed from chemical residue quarantine and 60 from footrot quarantine. The 60 properties released from footrot is a decrease from the number of 90 for 2003/04, however, the 46 properties released from chemical residue is higher than last year (33). In fact the number of properties under management plans for chemical contamination has declined steadily over time from 724 (01/02) to 676 (02/03) to 651 (03/04) to 616 in 2004/05 which is also an indicator of the effectiveness of the project.





Efficiency Indicators

PI 17 Cost per freight consignment cleared or certified

PI 18 Passenger quarantine checking cost (per passenger)

PI 19 Cost per property management plan for animal disease

PI 20 Cost per diagnostic samples processed (animal and plant disease and plant pest)

The activities relating to the Agriculture Protection service have generally been classified according to the key areas of:

- Providing barrier quarantine and export standards;
- Managing animal and plant pests and diseases; and
- Surveillance and preparedness activities (systems to detect incursions and outbreaks and take appropriate action).

Table 17: Agriculture protection service cost measures

| Average cost per service (\$) | 2001/02 | 2002/03 | 2003/04 | 2004/05 |
|--|---------|---------|---------|---------|
| Cost per freight consignment cleared or certified | 215 | 283 | 294 | 354 |
| Passenger quarantine checking cost (per passenger) | 3.26 | 6.10 | 5.39 | 5.60 |
| Cost per property management plan for animal disease | 10,649 | 6,594 | 6,991 | 9,177 |
| Cost per diagnostic sample processed | 355 | 184 | 370 | 384 |

The figures in Table 17 were allocated from the total service cost of \$43.714 million (2004/05), \$43.429 million (2003/04), \$50.479 million (2002/03) and \$41.166 million for 2001/02. Effective from January 1, 2004 the Australian Quarantine and Inspection Service (AQIS) assumed full responsibility for international quarantine matters. This change impacted on the indicators for freight consignments cleared and passenger quarantine numbers checked as numbers and funding was only available until December 2003. The 2004/05 year is the first full year to show only domestic passenger arrivals and freight consignments cleared. The total amount of funds spent by the Department for agricultural protection was \$61.546 million, but includes approximately \$17.83 million from the Agricultural Protection Board (APB) under a Memorandum of Understanding and Contract for Service with the Department. This expenditure is accounted for in the Board's Annual Report.





The following observations and conclusions were drawn from the 2004/05 results.

PI 17 Cost per Freight Consignment

This indicator for 2004/05 includes domestic freight consignments for the full year. The 2003/04 totals included all domestic freight consignments, but only international freight consignments up to 31 December 2003, as no international freight numbers have been made available to WA since AQIS assumed full responsibility for international quarantine matters. The average cost per freight consignment cleared or certified has increased to the current level because of the change in numbers and dollars. The 2004/05 figures should now be considered as the new benchmark. The number of domestic freight consignments cleared in 2003/04 was 28,220 and the number for the current year was 33,275 which is an increase of 18%. This increase in the number of freight consignments cleared was due to increased resources being applied to this area to enable a more thorough check of freight consignments to be undertaken to ensure that the risk of quarantine material entering WA was minimized.

PI 18 Cost per passenger

This indicator for 2004/05 includes domestic passenger arrivals for the full year. The 2003/04 totals included all domestic passengers, but only international passenger arrivals up to 31 December 2003, as no international passenger numbers have been made available to WA since AQIS assumed full responsibility for international quarantine matters. The 2004/05 figures should now be considered as the new benchmark. The number of domestic passengers subject to quarantine checks in 2003/04 was 1,647,231 and the number for the current year was 1,876,539 which is an increase of 14%.

PI 19 Cost per property management plan

The average cost per inspection to monitor property management plans increased by 31% in 2004/05. A higher level of time input per property than in the past has increased the cost per unit. The number of properties under a management plan decreased from 729 to 670.

PI 20 Cost per Diagnostic sample

The average cost per diagnostic sample processed in 2004/05 increased by 4%. The total number of animal and plant samples tested during 2004/05 was 39,298 compared to 31,276 the previous year. The number of animal samples tested in 2004/05 was 27,094 compared to 28,070 in 2003/04 whilst the number of plant samples tested increased from 3,206 to 12,204. The Pest and Disease Information Service (PaDIS) group commenced operation on 1 July 2004 and distributed 5,000 information kits relating to European House Borer, and received over 10,000 calls for the year, a significant proportion of which related to European House Borer.



Certification of Financial Statements



The accompanying financial statements of the Department of Agriculture have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2005 and the financial position as at 30 June 2005.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Ian Longson
ACCOUNTABLE OFFICER
31 August 2005

Mike Marsh CPA
PRINCIPAL ACCOUNTING OFFICER
31 August 2005



Independent Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF AGRICULTURE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Agriculture provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Director General's Role

The Director General is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Schedule of Expenses and Revenues by Service, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
9 September 2005

Statement of Financial Performance

For the year ended 30 June 2005



| | Note | 2005 (\$'000) | 2004 (\$'000) |
|--|------|------------------|------------------|
| COST OF SERVICES | | | |
| Expenses from ordinary activities | | | |
| Employee expenses | 5 | 105,131 | 94,750 |
| Depreciation & amortisation | 6 | 7,867 | 7,204 |
| Communications | | 2,515 | 2,422 |
| Services & contracts | 7 | 36,226 | 38,065 |
| Carrying amount of non-current assets disposed of | | 4,034 | 469 |
| Other expenses from ordinary activities | 8 | 17,776 | 21,471 |
| Grants, subsidies & transfer payments | 9 | 42,740 | 38,013 |
| Capital user charge | 10 | 14,723 | 12,371 |
| Total cost of services | | 231,012 | 214,765 |
| Revenues from ordinary activities | | | |
| Revenue from operating activities | 11 | | |
| User charges and fees | | 26,593 | 25,965 |
| Commonwealth grants and contributions | | 52,140 | 21,524 |
| Grants and subsidies from non-Government sources | | 29,701 | 31,620 |
| Interest revenue | | 972 | 1,028 |
| Revenue from non-operating activities | | | |
| Other revenue from ordinary activities | | 9,762 | 7,838 |
| Proceeds from disposal of non-current assets | 12 | 285 | 552 |
| Total revenues from ordinary activities | | 119,453 | 88,527 |
| NET COST OF SERVICES | | 111,559 | 126,238 |
| REVENUES FROM STATE GOVERNMENT | | | |
| Service Appropriation | 13 | 126,845 | 118,449 |
| Resources received free of charge | | 492 | 993 |
| Initial recognition of assets not previously recognised | | 30 | 34 |
| Liabilities assumed by the Treasurer | | 1,089 | 2 |
| Total revenues from State Government | | 128,456 | 119,478 |
| CHANGE IN NET ASSETS | | | |
| Net increase/(decrease) in asset revaluation reserve | 26 | 6,759 | 12,271 |
| Total revenues, expenses and valuation adjustments recognised directly in equity | | 6,759 | 12,271 |
| TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS | | | |
| | | 23,656 | 5,511 |

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2005



| | Note | 2005 (\$'000) | 2004 (\$'000) |
|---|----------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash assets | 14 27(a) | 2,956 | 4,147 |
| Restricted cash assets | 15 27(a) | 34,679 | 31,472 |
| Inventories | 16 | 3,525 | 3,638 |
| Receivables | 17 | 27,135 | 8,210 |
| Amounts receivable for services | 18 | 1,471 | 17,646 |
| Prepayments | 19 | 1,652 | 2,675 |
| Total current assets | | 71,418 | 67,788 |
| NON-CURRENT ASSETS | | | |
| Restricted cash assets | 15 27(a) | - | 2,494 |
| Amounts receivable for services | 18 | 23,736 | 3,939 |
| Property, plant, equipment and vehicles | 20 | 141,815 | 140,161 |
| Capital works in progress | 21 | 1,208 | 1,362 |
| Investments | 22 | 667 | 540 |
| Total non-current assets | | 167,426 | 148,496 |
| Total assets | | 238,844 | 216,284 |
| CURRENT LIABILITIES | | | |
| Payables | 23 | 5,589 | 9,189 |
| Accrued salaries | 24 | - | 3,816 |
| Provisions | 25 | 19,289 | 15,628 |
| Total current liabilities | | 24,878 | 28,633 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 25 | 10,548 | 8,265 |
| Total non-current liabilities | | 10,548 | 8,265 |
| Total liabilities | | 35,426 | 36,898 |
| EQUITY | | | |
| Contributed equity | 26 | 851 | 475 |
| Asset revaluation reserve | | 134,237 | 127,478 |
| Accumulated surplus | | 68,330 | 51,433 |
| Total equity | | 203,418 | 179,386 |
| TOTAL LIABILITIES AND EQUITY | | 238,844 | 216,284 |

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2005



| | Note | 2005 (\$'000) | 2004 (\$'000) |
|---|--------------|------------------|------------------|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Service appropriations | | 122,610 | 111,207 |
| Holding account drawdowns | 18 | 2,771 | 4,887 |
| Net cash provided by State Government | | 125,381 | 116,094 |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee costs | | (94,348) | (88,712) |
| Communications | | (2,388) | (2,434) |
| Services & contracts | | (35,232) | (37,495) |
| Capital User charge | | (14,723) | (12,371) |
| GST payments on purchases | | (9,978) | (10,250) |
| Other payments | | (22,425) | (21,924) |
| Grants, subsidies & transfer payments | | (42,753) | (40,809) |
| Receipts | | | |
| Revenues from services | | 94,786 | 78,372 |
| GST receipts on sales | | 5,132 | 4,916 |
| GST receipts from taxation authority | | 5,941 | 4,994 |
| Net cash provided by / (used in) operating activities | 27(c) | (115,988) | (125,713) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of non-current physical assets | | (8,442) | (7,220) |
| Proceeds from the sale of non-current physical assets | | 532 | 461 |
| Net cash provided by / (used in) investing activities | | (7,910) | (6,759) |
| Net increase/(decrease) in cash held | | 1,483 | (16,378) |
| Cash transferred from other sources | 26 | (1,961) | (355) |
| Cash assets at the beginning of the financial year | | 38,113 | 54,846 |
| Cash assets at the end of the financial year | 27(a) | 37,635 | 38,113 |

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Schedule of Expenses and Revenues by Service

For the year ended 30 June 2005



| | Food and Fibre Industry Development | | Biosecurity | | Agriculture Resource Management | | Services provided to Rural Business Development Corporation | | Total | |
|---|-------------------------------------|-------------|-------------|-------------|---------------------------------|-------------|---|-------------|-------------|-------------|
| | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 | 2005 \$'000 | 2004 \$'000 |
| COST OF SERVICES | | | | | | | | | | |
| Expenses from ordinary activities | | | | | | | | | | |
| Employee expenses | 50,512 | 45,766 | 30,974 | 32,225 | 23,321 | 16,323 | 324 | 436 | 105,131 | 94,750 |
| Depreciation & amortisation | 3,619 | 3,602 | 2,124 | 2,305 | 2,124 | 1,297 | - | - | 7,867 | 7,204 |
| Communications | 1,114 | 1,163 | 728 | 812 | 673 | 447 | - | - | 2,515 | 2,422 |
| Services & contracts | 10,982 | 12,220 | 12,321 | 12,319 | 5,835 | 4,632 | 7,088 | 8,894 | 36,226 | 38,065 |
| Carrying amount of non-current assets disposed | 1,856 | 235 | 1,089 | 150 | 1,089 | 84 | - | - | 4,034 | 469 |
| Other expenses | 8,704 | 11,826 | 4,995 | 6,209 | 3,971 | 3,234 | 106 | 202 | 17,776 | 21,471 |
| Grants, subsidies & transfer payments | 3,413 | 7,365 | 5,340 | 5,291 | 33,987 | 25,357 | - | - | 42,740 | 38,013 |
| Capital User charge | 6,773 | 6,186 | 3,975 | 3,959 | 3,975 | 2,226 | - | - | 14,723 | 12,371 |
| Total cost of services | 86,973 | 88,363 | 61,546 | 63,270 | 74,975 | 53,600 | 7,518 | 9,532 | 231,012 | 214,765 |
| Revenues from ordinary activities | | | | | | | | | | |
| Revenues from operating activities | | | | | | | | | | |
| User charges and fees | 5,161 | 4,118 | 11,591 | 10,804 | 2,323 | 1,511 | 7,518 | 9,532 | 26,593 | 25,965 |
| Commonwealth grants and contributions | 31 | - | 579 | 5,424 | 51,530 | 16,100 | - | - | 52,140 | 21,524 |
| Grants and subsidies from non-Government sources | 20,570 | 22,469 | 2,905 | 2,965 | 6,226 | 6,186 | - | - | 29,701 | 31,620 |
| Interest revenue | 567 | 541 | 34 | 140 | 371 | 347 | - | - | 972 | 1,028 |
| Revenue from non-operating activities | | | | | | | | | | |
| Proceeds from disposal of non-current assets | 131 | 276 | 77 | 177 | 77 | 99 | - | - | 285 | 552 |
| Other revenues from ordinary activities | 3,996 | 1,551 | 794 | 3,768 | 4,972 | 2,519 | - | - | 9,762 | 7,838 |
| Total revenues from ordinary activities | 30,456 | 28,955 | 15,980 | 23,278 | 65,499 | 26,762 | 7,518 | 9,532 | 119,453 | 88,527 |
| NET COST OF SERVICES | 56,517 | 59,408 | 45,566 | 39,992 | 9,476 | 26,838 | - | - | 111,559 | 126,238 |
| REVENUES FROM STATE GOVERNMENT | | | | | | | | | | |
| Service Appropriations | 63,816 | 59,003 | 44,049 | 49,603 | 18,980 | 9,843 | - | - | 126,845 | 118,449 |
| Resources received free of charge | 226 | 496 | 133 | 318 | 133 | 179 | - | - | 492 | 993 |
| Initial recognition of assets not previously recognised | 13 | 21 | 9 | 9 | 8 | 4 | - | - | 30 | 34 |
| Liabilities assumed by the Treasurer | 501 | 1 | 294 | 1 | 294 | - | - | - | 1,089 | 2 |
| Total revenues from State Government | 64,556 | 59,521 | 44,485 | 49,931 | 19,415 | 10,026 | - | - | 128,456 | 119,478 |
| CHANGE IN NET ASSETS | 8,039 | 113 | (1,081) | 9,939 | 9,939 | (16,812) | - | - | 16,897 | (6,760) |

The Schedule of Expenses and Revenues by service should be read in conjunction with the accompanying notes.

Summary of Consolidated Fund Appropriations and Revenue Estimates
for the year ended 30 June 2005



| | Note | 2005 Estimate \$'000 | 2005 Actual \$'000 | Variation \$'000 | Note | 2005 Actual \$'000 | 2004 Actual \$'000 | Variation \$'000 |
|---|------|----------------------------|--------------------------|---------------------|-------|--------------------------|--------------------------|---------------------|
| DELIVERY OF SERVICES | | | | | | | | |
| Item 38 Net amount appropriated to deliver Services | 32.1 | 116,619 | 126,695 | 10,076 | 32.8 | 126,695 | 118,299 | (8,396) |
| Amount authorised by Other Statutes | | | | | | | | |
| - Salaries and Allowances Act 1975 | | 150 | 150 | - | | 150 | 150 | - |
| Total appropriations provided to deliver Services | | 116,769 | 126,845 | 10,076 | | 126,845 | 118,449 | (8,396) |
| DETAILS OF EXPENSES BY SERVICE | | | | | | | | |
| Food and Fibre Industry Development | 32.2 | 87,141 | 86,973 | (168) | 32.9 | 86,973 | 88,363 | 1,390 |
| Agricultural Resource Management | 32.3 | 52,386 | 74,975 | 22,589 | 32.10 | 74,975 | 53,600 | (21,375) |
| Biosecurity | 32.4 | 52,125 | 61,546 | 9,421 | 32.11 | 61,546 | 63,270 | 1,723 |
| Services Provided to Rural Business Development Corporation | 32.5 | 3,801 | 7,518 | 3,717 | 32.12 | 7,518 | 9,532 | 2,014 |
| Total Cost of Services | | 195,453 | 231,012 | 35,559 | | 231,012 | 214,765 | (16,247) |
| Less Total revenues from ordinary activities | 32.6 | (76,893) | (119,453) | (42,560) | 32.13 | (119,453) | (88,527) | 30,926 |
| Net Cost of Services | | 118,560 | 111,559 | (7,001) | | 111,559 | 126,238 | 14,679 |
| Adjustments (I) | | (1,791) | 15,286 | 17,077 | | 15,286 | (7,789) | (23,075) |
| Total appropriations provided to deliver Services | | 116,769 | 126,845 | 10,076 | | 126,845 | 118,449 | (8,396) |

Summary of Consolidated Fund Appropriations and Revenue Estimates for the year ended 30 June 2005



| | Note | 2005 Estimate \$'000 | 2005 Actual \$'000 | Variation \$'000 | Note | 2005 Actual \$'000 | 2004 Actual \$'000 | Variation \$'000 |
|---|------|----------------------------|--------------------------|---------------------|-------|--------------------------|--------------------------|---------------------|
| CAPITAL | | | | | | | | |
| Item 126 Capital Contribution | | | | | | | | |
| Capital Expenditure | | | | | | | | |
| Purchase of non-current physical assets | 32.7 | 19,942 | 6,781 | (13,161) | 32.14 | 6,781 | 8,797 | 2,016 |
| Adjustment for other funding sources | | (17,646) | (4,485) | 13,161 | | (4,485) | (8,797) | (4,312) |
| Capital Contribution (appropriation) | | 2,296 | 2,296 | - | | 2,296 | - | (2,296) |
| ADMINISTERED TRANSACTIONS | | | | | | | | |
| Item 39 Amount provided for Administered Grants, Subsidies and Transfer Payments | | | | | | | | |
| Administered capital appropriations | | 1,178 | 7,129 | 5,951 | | 7,129 | 1,178 | (5,951) |
| Total Administered appropriations | | 1,178 | 7,129 | 5,951 | | 7,129 | 1,178 | (5,951) |
| GRAND TOTAL OF APPROPRIATIONS | | 120,243 | 136,270 | 16,027 | | 136,270 | 119,627 | 16,643 |
| DETAIL OF REVENUE ESTIMATES | | | | | | | | |
| Revenues disclosed as Administered Revenues | | 1,178 | 7,129 | 5,951 | | 7,129 | 1,178 | (5,951) |

(I) Adjustments are related to movements in cash balances and other accrual items such as receivables, payables and superannuation. The Summary of Consolidated Fund Appropriations, Variances to Budget and Actual should be read in conjunction with the accompanying notes. This Summary provides the basis for the Explanatory Statement Information requirements of Treasurer's Instruction, TI 945, set out in note 32.

Notes to the Financial Statements

As at 30 June 2005



1 Department mission and funding

The Department of Agriculture will accelerate the success of agriculture, food and fibre industries through information, science and innovation, responsible management of the resource base, policy and regulation across all elements of the supply chain.

The Department is predominantly funded by Parliamentary appropriation. The fees charged are determined by prevailing market forces. The financial statements encompass all Funds through which the Department controls resources to carry on its functions.

2 Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect are disclosed in individual notes to these financial statements.

Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29 "Financial Reporting by Government Departments".

The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the exception of certain non-current assets which as noted are measured at fair value as provided by the Valuer General's Office (see note 20). Additions to non-current physical assets since are stated at cost.

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in the notes to the financial statements, forming part of the general purpose financial report of the Department. The administered items are disclosed on the same basis as is described above for the financial statements of the Department. The administered assets, liabilities, expenses and revenues are those which the Government requires the Department to administer on its behalf. The assets do not render any service potential or future economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department, and the expenses and revenues are not attributable to the Department.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Australian Accounting Standard AAS33, "Presentation and Disclosure of Financial Instruments", are not applied to administered transactions.

Notes to the Financial Statements

As at 30 June 2005

**2 Significant accounting policies (Continued)****(a) Service Appropriations**

Service Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance. Appropriations which are repayable to the Treasurer are recognised as liabilities.

(b) Contributed Equity

Under UIG 38 "Contributions Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. All other transfers have been recognised in the Statement of Financial Performance. Prior to the current reporting period, capital appropriations were recognised as revenue in the Statement of Financial Performance. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

(c) Net Appropriation Determination

Pursuant to section 23A of the Financial Administration and Audit Act, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Department:

| | 2005 (\$'000) | 2004 (\$'000) |
|---|--------------------------|--------------------------|
| Proceeds from: | | |
| Direct Mail Services | 24 | 4 |
| Animal Health Services | 2,568 | 1,731 |
| Seed Quality Services | 771 | 707 |
| Research Support Units Operations | 3,824 | 4,024 |
| Services to Industry & Commonwealth: | | |
| - Industry Research & Development | 30,502 | 31,795 |
| - National Action Plan for Salinity | 10,549 | 2,652 |
| - Natural Heritage Trust Fund | 17,895 | 7,312 |
| - National Landcare Program | 4,004 | 3,602 |
| - Tuberculosis Freedom Assurance Program | 120 | 325 |
| - Australian Quarantine Inspection Services | 15 | 5,047 |
| Consultancy Services | 95 | 190 |
| 27th Pay | 2,494 | - |
| Sale of Intellectual or Genetic Property | 3,978 | 2,506 |
| Program Revenue | 784 | 1,131 |
| GST Input Tax Credits | 11,073 | 9,910 |
| Services Contracted by: | | |
| - Rural Business Development Corporation | 7,412 | 9,329 |
| - Agricultural Produce Commission | 2,250 | 1,187 |
| - Agriculture Protection Board | 5,325 | 5,682 |
| Miscellaneous | 882 | 564 |
| Farmbis | 1,294 | 572 |
| | 105,859 | 88,270 |

Notes to the Financial Statements

As at 30 June 2005



Retained revenues may only be applied to the services specified in the 2004/05 Budget Statements.

Details of retained revenues are disclosed in the Summary of Consolidated Fund Appropriations and Revenue Estimates on an accrual basis.

(d) Grants and Other Contributions Revenue

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(e) Revenue Recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.

(f) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total.)

(g) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight line basis, using rates which are reviewed annually. Useful life of each class of depreciating asset are:

| | |
|-------------------------------------|---------------|
| Buildings | 20 – 40 years |
| Vehicles & Transportation Equipment | 8 years |
| IT Equipment | 4 years |
| Furniture & Fittings | 10 years |
| Plant & Equipment | 5 – 10 years |
| Office Equipment | 5 – 10 years |
| Farm Equipment | 10 years |
| Laboratory & Scientific Equipment | 5 years |

(h) Inventories

Inventories comprising livestock and grains are valued at net realisable value.

Stores comprising chemicals and poisons are valued at the lower of cost and net realisable value.

(i) Employee entitlements

Annual leave

This benefit is recognised at the reporting date in respect to employees services up to that date and measured at the nominal amounts expected to be paid when liabilities are settled.

Notes to the Financial Statements

As at 30 June 2005



2 Significant accounting policies (Continued)

Long service leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed 4 years of service. An actuarial assessment of long service leave undertaken by Pricewaterhouse Coopers Actuaries in 2004 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirement of Accounting Standard AASB 1028 "Employee Benefits".

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Department in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under Revenues from Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Department is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses (See notes 5 and 25).

(j) Leases

The Department has entered into a number of operating lease arrangements for motor vehicles, buildings and office equipment where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the operating statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(k) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exist.

Notes to the Financial Statements

As at 30 June 2005



(l) Accrued Salaries

The accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account (refer note 15).

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value (refer note 24).

(m) Payables

Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(n) Joint Venture Operations

Interests in joint venture operations have been reported in the financial statements including the Department's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories. Details of the Department's interest in assets are set out in note 37.

(o) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(p) Research and Development Costs

Research and development costs are charged against income in the Statement of Financial Performance as incurred, except to the extent that such costs, together with unamortised deferred costs in relation to that project, are expected, beyond reasonable doubt, to be recoverable.

Deferred costs are amortised over the period in which the corresponding benefits are expected to arise, commencing with the commercial production of the product.

The unamortised balance of research and development costs deferred are reviewed regularly and at each reporting date, to ensure the criterion for deferral continues to be met. Where such deferred costs are no longer considered recoverable, they are charged to the profit and loss account for the financial year.

(q) Resources received free of charge or for nominal value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(r) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(s) Revaluations of Land & Buildings

(i) Valuation of Non-Current Assets

The Department has a policy of valuing Land and buildings at fair value. The annual revaluations of the Department's land and buildings undertaken by the Department of Land Information (Valuation Services) are recognised in the financial statements (see note 20).

(t) Goods and Services Tax

In accordance with the grouping provisions the right to receive GST and the obligation to pay GST rests with the Department of Agriculture in regard to all GST transactions incurred by members of the group. As a result separate GST transactions are not recognised within the individual members' financial statements as they are all brought to account in the Department of Agriculture's financial statements.

Notes to the Financial Statements

As at 30 June 2005



3 Memorandum of understanding service costs

The Department of Agriculture has a memorandum of understanding with the Agriculture Protection Board, the Agricultural Produce Commission and the Rural Business Development Corporation. The objective of this arrangement is to establish the types and standards of services to be provided, the basis for determining the level and the costs of services and responsibilities of the parties to the memorandum.

4 Services of the Department

Information about the Department's services is set out in the Schedule Of Expenses and Revenues by service.

Information about the Department's administered expenses, revenues, assets and liabilities is set out in note 41.

The four key Services of the Department:

Service 1 – Food and fibre Industry Development

Generation, integration and application of knowledge which together with appropriate industry policy increases the international competitiveness and market opportunities for State agriculture, food and fibre industries.

Service 2 - Agricultural Resource Management

Generation, integration and application of knowledge which together with appropriate investment, policy and regulation develops the capacity of rural communities and industries to profit from environmentally responsible agriculture.

Service 3 - Biosecurity

Generation, integration and application of knowledge, policy and regulation to ensure the agriculture and related resources are protected and that safety and quality standards are upheld.

Service 4 - Services provided to Rural Business Development Corporation of Western Australia

Provision of contractual services to Rural Business Development Corporation to assist farmers to enhance their skills, leading to improved sustainable long-term profitability and better capacity to deal with risks inherent in farming.

5 Employee expenses

| | 2005 (\$'000) | 2004 (\$'000) |
|---|------------------|------------------|
| Salaries, wages & allowances (I) | 82,473 | 81,907 |
| Superannuation | 8,853 | 7,634 |
| Change long service leave provision (II) | 4,004 | (2,988) |
| Change in annual leave provision | 1,877 | 31 |
| Memorandum of understanding service costs | | |
| - Agriculture Protection Board | 1,469 | 1,526 |
| - Rural Business Development Corporation | 324 | 435 |
| Other related expenses | 6,131 | 6,205 |
| | 105,131 | 94,750 |

(I) These employee expenses include workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 25.

(II) 2003/04 actuarial correction of \$1.8m recognised in the current year as an additional expense.

Notes to the Financial Statements

As at 30 June 2005

**6 Depreciation and amortisation**

| | 2005 (\$'000) | 2004 (\$'000) |
|-------------------------------------|--------------------------|--------------------------|
| Plant & equipment | 2,624 | 2,212 |
| IT equipment | 1,345 | 1,340 |
| Furniture & fittings | 72 | 71 |
| Vehicles & transportation equipment | 1,203 | 1,109 |
| Buildings | 2,623 | 2,472 |
| | 7,867 | 7,204 |

7 Services & contracts

| | | |
|---|---------------|---------------|
| Consultants and contractors | 10,462 | 10,190 |
| Other services | 7,646 | 7,922 |
| Lease or rent payments | 4,432 | 4,723 |
| Resources received free of charge (see note 13) | 492 | 993 |
| Memorandum of understanding service costs | | |
| - Agriculture Protection Board | 3,856 | 4,156 |
| - Agricultural Produce Commission | 2,250 | 1,187 |
| - Rural Business Development Corporation | 7,088 | 8,894 |
| | 36,226 | 38,065 |

8 Other expenses from ordinary activities

| | | |
|--|---------------|---------------|
| Maintenance & repairs | 5,806 | 9,544 |
| Supplies expenses | 5,060 | 5,272 |
| Electricity, Gas & Fuel, Water | 2,009 | 2,148 |
| GEHA Housing Subsidies | 1,479 | 1,494 |
| Recoups to External Funds | 144 | 363 |
| Distribution of shared royalties | 663 | 610 |
| Stock movement | 715 | 557 |
| Change to Provision for Doubtful Debts | (50) | (100) |
| Bad Debts expense | 3 | 13 |
| Other | 1,947 | 1,570 |
| | 17,776 | 21,471 |

9 Grant, subsidies & transfer payments

| | | |
|---|---------------|---------------|
| Research grant allocations | 36,515 | 27,822 |
| Compensations | 124 | 1,943 |
| Grants to farmers - adverse seasonal conditions support | 185 | 637 |
| Grants to farmers - Farmbis | 122 | 147 |
| Grants to farmers - other | 2,882 | 4,168 |
| Scholarships | 93 | 81 |
| Other | 2,819 | 3,215 |
| | 42,740 | 38,013 |

Notes to the Financial Statements

As at 30 June 2005

**10 Capital User Charge**

| | 2005 (\$'000) | 2004 (\$'000) |
|--|--------------------------|--------------------------|
| | 14,723 | 12,371 |

A capital user charge rate of 8% has been set by the Government for 2004/05 and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of Services. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.

11 Revenues from ordinary activities

| | | |
|---|---------|--------|
| Grants & subsidies | 81,841 | 53,144 |
| Sale of goods & services | 11,352 | 9,432 |
| Interest received | 972 | 1,028 |
| Other revenue | 9,762 | 7,838 |
| Memorandum of understanding service costs | | |
| - Agriculture Protection Board | 5,474 | 5,813 |
| - Agricultural Produce Commission | 2,250 | 1,188 |
| - Rural Business Development Corporation | 7,517 | 9,532 |
| | 119,168 | 87,975 |

Grants & subsidies consists of:

Agriculture Research Grants Account No. 1

| | | |
|---|--------|--------|
| Rural Industry Research Funds | | |
| Meat Research Corporation | 525 | 185 |
| Cotton Research & Development Corporation | 134 | 171 |
| Dairy Research & Development Corporation | 232 | 500 |
| Grains Research & Development Corporation | 10,264 | 11,915 |
| Land & Water Resources Research & Development Corporation | 924 | 464 |
| Rural Industry Research & Development Corporation | 189 | 345 |
| Sugar Research & Development Corporation | 27 | 27 |
| Grain Research Committee | 34 | 22 |
| Grain Licensing Authority | - | 150 |
| Australian Wool Innovation Pty Ltd | 1,325 | 2,012 |
| Australian Centre for International Agricultural Research | 218 | 333 |
| Australian Pork Limited | 45 | 127 |
| Land Conservation District Fund | 48 | - |
| Plant Health Australia | 25 | - |
| Centre for Legumes in Mediterranean Agriculture | 293 | 260 |
| National Landcare Program Third Party Grants | 710 | 377 |
| CRC Research Grants | 2,868 | 1,784 |
| Commercial Grants | 6,710 | 4,716 |
| NRM State Funding Grants | 1,451 | 1,484 |
| Enterprise Grains Australia | 325 | 3,600 |
| | 26,347 | 28,472 |

Notes to the Financial Statements

As at 30 June 2005

**11 Revenues from ordinary activities (Continued)**

| | 2005 (\$'000) | 2004 (\$'000) |
|--|------------------|------------------|
| <i>Agriculture Research Grants Account No. 2</i> | | |
| Horticulture Industry | 1,006 | 1,102 |
| Commercial Grants | 381 | 384 |
| | 1,387 | 1,486 |
| <i>Governmental Operating & Trust Accounts</i> | | |
| Plant Research & Development | 33 | 43 |
| | 33 | 43 |
| <i>Commonwealth Grants & Advances</i> | | |
| Commonwealth Agriculture Activity Grants | 1,467 | 749 |
| - National Action Plan for Salinity | 21,392 | 2,782 |
| - National Landcare Program | 3,878 | 3,602 |
| Farmbis | 1,293 | 118 |
| Tuberculosis Freedom Assurance Program | 166 | 258 |
| Quarantine & Inspection Service | - | 4,943 |
| Natural Resource Management | - | 90 |
| Natural Heritage Trust Fund | 23,862 | 8,775 |
| Environment Australia | 82 | 207 |
| | 52,140 | 21,524 |
| <i>Other grants & subsidies</i> | | |
| | 1,934 | 1,619 |
| Grants & subsidies | 81,841 | 53,144 |

12 Net gain/(losses) on disposal of non-current assets

| | | |
|---|---------|-----|
| <i>Gain on the disposal of Non-Current Assets</i> | | |
| Vehicles & transport equipment | 202 | 323 |
| IT equipment | 2 | 9 |
| Plant & equipment | 9 | 41 |
| | 213 | 373 |
| Gross proceeds on disposal of non-current assets | 266 | 518 |
| <i>Loss on the disposal of non-current assets</i> | | |
| Land | 2,674 | - |
| Buildings | 1,177 | 160 |
| Vehicles & transportation equipment | 2 | 11 |
| IT equipment | 12 | 16 |
| Furniture & fittings | 1 | 1 |
| Plant & equipment | 96 | 102 |
| | 3,962 | 290 |
| Gross proceeds on the disposal of non-current assets | 19 | 34 |
| Total proceeds on the disposal of non-current assets | 285 | 552 |
| Net profit/(losses) on disposal of non-current assets | (3,749) | 83 |

Notes to the Financial Statements

As at 30 June 2005



13 Revenues (to)/from State Government

| | 2005 (\$'000) | 2004 (\$'000) |
|--|------------------|------------------|
| <i>Appropriation revenue received during the year (a)</i> | | |
| Service appropriations (I) | 126,845 | 118,449 |
| | 126,845 | 118,449 |
| Resources received free of charge (II) | | |
| Determined on the basis of the following estimates provided by agencies: | | |
| Health Department - laboratory services | - | 1 |
| Department of Land Administration - mapping, land details | 391 | 992 |
| Office of the Auditor General (III) | - | - |
| Department of Treasury & Finance | 101 | - |
| | 492 | 993 |
| <i>Initial recognition of assets not previously recognised in the financial statements (IV)</i> | | |
| - Buildings | 30 | - |
| - Plant and equipment | - | 28 |
| - IT equipment | - | 6 |
| Total assets not previously recognised | 30 | 34 |
| (a) Proceeds from the sale of land and buildings are not reflected in the financial accounts as these proceeds are held by the Department of Treasury & Finance. The following liabilities have been assumed by the Treasurer during the financial year | | |
| - superannuation (V) | 1089 | 2 |
| Total liabilities assumed by the Treasurer | 1089 | 2 |
| Total revenues (to)/from State Government | 128,456 | 119,478 |

(I) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(II) Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

(III) Commencing with the 2003/04 audit the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for the 2003/04 audit of \$160,000 (excluding GST) will be due & payable in the 2004/05 financial year. An additional \$165,000 (excluding GST) for the 2004/05 audit has been accrued in the current year. (see note 34)

(IV) Where assets have been discovered or have not been previously recognised in the financials, the Department recognises the corresponding credit as revenue.

(V) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State scheme.

Notes to the Financial Statements

As at 30 June 2005

**14 Cash assets**

| | 2005 (\$'000) | 2004 (\$'000) |
|---------------------------|--------------------------|--------------------------|
| Petty Cash/Travel Advance | 44 | 44 |
| Cash at bank | 2,912 | 4,103 |
| | 2,956 | 4,147 |

15 Restricted cash assets and amounts in suspense**Current****Controlled trust accounts**

| | | |
|---|---------------|---------------|
| Agriculture Income Tax Deductions | 803 | 1 |
| Agriculture Research Grants Account No. 1 | 6,709 | 6,760 |
| Agriculture Research Grants Account No. 2 | 2,957 | 3,483 |
| Cattle Industry Compensation Fund | 6,627 | 7,472 |
| Commonwealth Agriculture Activity Grants | 1,965 | 2,016 |
| Commonwealth Agriculture Activity Grants - Interest | 12,886 | 7,967 |
| Departmental Receipts in Suspense | 32 | 145 |
| Land Conservation Districts Fund | 125 | 56 |
| Pig Industry Compensation Fund | - | 1,627 |
| Plant Research & Development | 2,575 | 1,945 |
| | 34,679 | 31,472 |

Controlled trust accounts - receipts & disbursements are in accordance with the Trust Statement (see note 41).

Non-current

| | | |
|-----------------------------------|---|-------|
| Accrued salaries suspense account | - | 2,494 |
|-----------------------------------|---|-------|

Accrued salaries suspense account consists of amounts paid annually to a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account. Amounts transferred for 2003/04 totals to \$316,000. (\$185,000 - 2002/03)

Accrued salaries suspense account is represented by a cash balance and is therefore equivalent to the net fair value.

| | | |
|-------------------------------------|---------------|---------------|
| Total restricted cash assets | 34,679 | 33,966 |
|-------------------------------------|---------------|---------------|

16 Inventories

| | | |
|-----------|--------------|--------------|
| Stores | 1,572 | 1,589 |
| Livestock | 1,953 | 2,049 |
| | 3,525 | 3,638 |

Notes to the Financial Statements

As at 30 June 2005

**17 Receivables**

| | 2005 (\$'000) | 2004 (\$'000) |
|------------------------------------|--------------------------------|--------------------------------|
| Trade Debtors (I) | 26,648 | 6,186 |
| Less: Provision for doubtful debts | (140) | (190) |
| Interest receivable | 88 | 78 |
| GST receivable | 449 | 1,200 |
| Other receivables | 90 | 936 |
| | 27,135 | 8,210 |

(I) Includes current invoices for Commonwealth grants in relation to the National Action Plan for Salinity - \$20m. This amount is fully committed for distribution in accordance with the Commonwealth agreement.

18 Amounts receivable for services

| | | |
|---------------------------------------|---------------|---------------|
| Current | 1,471 | 17,646 |
| Non-current | 23,736 | 3,939 |
| Total amounts receivable for services | 25,207 | 21,585 |

This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

The reconciliation at the beginning and the end of the current and previous year is set out below:

| | | |
|------------------------------------|---------------|---------------|
| Opening balance of Holding Account | 21,585 | 19,230 |
| Non-cash appropriation | 6,393 | 7,242 |
| Departmental drawdown | (2,771) | (4,887) |
| Closing balance of Holding Account | 25,207 | 21,585 |

19 Prepayments

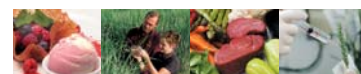
| | | |
|------------------|--------------|--------------|
| Registrations | 96 | 106 |
| Goods & Services | 388 | 1,084 |
| Lease Rental | 1,168 | 1,485 |
| | 1,652 | 2,675 |

20 Property, plant, equipment and vehicles

| | | |
|------------------------------------|---------------|---------------|
| Land | | |
| At fair value (a) | 51,590 | 52,284 |
| Total land | 51,590 | 52,284 |
| Buildings | | |
| At fair value (a) | 72,643 | 69,730 |
| Total buildings | 72,643 | 69,730 |
| Plant & equipment | | |
| At cost | 28,249 | 25,401 |
| Accumulated depreciation | (17,392) | (15,108) |
| Total plant & equipment | 10,857 | 10,293 |

Notes to the Financial Statements

As at 30 June 2005



| | 2005 (\$'000) | 2004 (\$'000) |
|---|--------------------------|--------------------------|
| Vehicles & transportation equipment | | |
| At cost | 10,009 | 9,635 |
| Accumulated depreciation | (6,510) | (5,614) |
| <i>Total vehicles & transportation equipment</i> | 3,499 | 4,021 |
| IT equipment | | |
| At cost | 12,419 | 12,688 |
| Accumulated depreciation | (9,420) | (9,157) |
| <i>Total IT equipment</i> | 2,999 | 3,531 |
| Furniture & fittings | | |
| At cost | 715 | 726 |
| Accumulated depreciation | (488) | (424) |
| <i>Total furniture & fittings</i> | 227 | 302 |
| <i>Total assets</i> | | |
| At cost | 51,392 | 48,450 |
| Accumulated depreciation | (33,810) | (30,303) |
| Total at cost | 17,582 | 18,147 |
| At Fair Value | 124,233 | 122,014 |
| Accumulated depreciation | - | - |
| Total at Fair Value | 124,233 | 122,014 |
| Total non-current assets | 141,815 | 140,161 |
| At cost and fair value | 175,625 | 170,464 |
| Accumulated depreciation | (33,810) | (30,303) |
| Total non-current assets | 141,815 | 140,161 |

(a) The Fair Value reported above for Land and Buildings are as at 30th June 2005 based on valuations provided by the Valuer General's Office. Fair Value of Land has been determined on the basis of current market buying values or current use values. The Fair value of buildings has been determined by reference to the current replacement cost as the buildings are specialised and no market evidence of value is available. The Valuations were made in accordance with regular policy of annual revaluation. Buildings (see also note 26).

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below.

Notes to the Financial Statements

As at 30 June 2005

**20 Property, plant, equipment and vehicles (Continued)**

| | Land | Buildings | Plant & equipment | Vehicles & transportation equipment | IT equipment | Furniture & fittings | Total |
|----------------------------------|---------------|--------------------|----------------------------|--|-----------------------|-------------------------------|---------|
| 2005 | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | |
| Carrying amount | | | | | | | |
| 1 July 2004 | 52,284 | 69,730 | 10,293 | 4,021 | 3,531 | 302 | 140,161 |
| Additions (a) | 15 | 2,043 | 3,274 | 777 | 826 | - | 6,935 |
| Disposals (b) | (2,674) | (955) | (81) | (56) | (1) | (2) | (3,769) |
| Adjustments for category changes | - | - | 28 | (40) | (2) | - | (14) |
| Revaluation | | | | | | | |
| Increments/(decrements) | 1,965 | 4,670 | - | - | - | - | 6,635 |
| Depreciation | - | (2,623) | (2,624) | (1,203) | (1,345) | (72) | (7,867) |
| Write-off of assets | - | (222) | (33) | - | (10) | (1) | (266) |
| Carrying amount | | | | | | | |
| 30 June 2005 | 51,590 | 72,643 | 10,857 | 3,499 | 2,999 | 227 | 141,815 |
| 2004 | Land (\$'000) | Buildings (\$'000) | Plant & equipment (\$'000) | Vehicles & transportation equipment (\$'000) | IT equipment (\$'000) | Furniture & fittings (\$'000) | Total |
| Carrying amount | | | | | | | |
| 1 July 2003 | 43,887 | 68,488 | 9,453 | 3,654 | 2,355 | 344 | 128,182 |
| Additions (a) | - | 59 | 3,200 | 1,613 | 2,534 | 29 | 7,435 |
| Disposals (b) | - | (41) | (108) | (136) | (13) | - | (298) |
| Adjustments for category changes | (199) | 199 | - | - | - | - | - |
| Revaluation | | | | | | | |
| Increments/(decrements) | 8,596 | 3,621 | - | - | - | - | 12,217 |
| Depreciation | - | (2,472) | (2,212) | (1,110) | (1,340) | (70) | (7,204) |
| Write-off of assets | - | (125) | (40) | - | (5) | (1) | (171) |
| Carrying amount | | | | | | | |
| 30 June 2004 | 52,284 | 69,730 | 10,293 | 4,021 | 3,531 | 302 | 140,161 |

(a) Additions include adjustments and restated assets.

(b) Disposals include adjustments and retired assets.

21 Capital works in progress

| | 2005 (\$'000) | 2004 (\$'000) |
|--------------------------------------|---------------|---------------|
| Sheep Yards | - | 162 |
| District Offices | 49 | 78 |
| Eucla Remote Power Facility | - | 346 |
| Chemical Sheds | 333 | - |
| Kununurra Checkpoint | 411 | - |
| Vasse RSU Redevelopment | 126 | 189 |
| Parkeston Quarantine Yards | 76 | - |
| Plant & Machinery under construction | 129 | 509 |
| Irrigation system | - | 72 |
| Other | 84 | 6 |
| | 1,208 | 1,362 |

Notes to the Financial Statements

As at 30 June 2005



22 Investments

| | 2005 (\$'000) | 2004 (\$'000) |
|--------------------------------------|------------------|------------------|
| Investment valued as at 30 June 2004 | | |
| Listed shares | 467 | 383 |
| Unlisted shares | 200 | 157 |
| | 667 | 540 |

Listed shares have been revalued to reflect their current market price as at 30 June 2005. Unlisted shares and unit certificates are stated at their par value. The Department has no investment powers. The shares held were received at no cost under a trading agreement.

23 Payables

| | | |
|----------------|-------|-------|
| Trade Payables | 4,782 | 8,229 |
| Other payables | 807 | 960 |
| | 5,589 | 9,189 |

The carrying amount of accounts payable approximates their net fair values.

24 Accrued salaries

The accrued salaries provision is represented by:

- (a) The amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year.

Amounts owing for the 0 working days to 30 June 2005

(2004 – 18 June to 30 June, 9 working days)

- 2,769

- (b) An accrual to recognise the current year impact on the wage increase to be effective 2004/05 under the Public Service General Award for the pay periods 28 February 2004 to 30 June 2004.

- 1,047

Total accrued salaries

- 3,816

The carrying amount of accrued salaries approximates the net fair value.

25 Provisions

Current

| | | |
|--------------------|--------|--------|
| Annual leave | 11,350 | 9,436 |
| Long service leave | 7,939 | 6,192 |
| | 19,289 | 15,628 |

Non-current

| | | |
|--------------------|--------|--------|
| Long service leave | 10,548 | 8,265 |
| | 29,837 | 23,893 |

Employee entitlements are estimated by an actuarial assessment using the new accounting standard.

The amount of superannuation included in the above employee entitlements is:

1,168 1,166

Notes to the Financial Statements

As at 30 June 2005

**25 Provisions (Continued)**

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under Employee expenses at Note 5.

Where employee benefit liabilities have been measured at their present value, the Accounting Standard encourages disclosure of:

- (a) changes in the estimated timing and amount of future cash outflows to settle employee benefit liabilities; and
- (b) the weighted average discount rate used, and its source (ie, the bonds used)

26 Equity

| | 2005 (\$'000) | 2004 (\$'000) |
|---|--------------------------|--------------------------|
| Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets. | | |
| Contributed equity | | |
| Opening Balance | 475 | 830 |
| Capital contributions (I) | 2,296 | - |
| Contribution to owners (II) | 41 | - |
| Distribution to owners (III) | (1,961) | (355) |
| Closing Balance | 851 | 475 |
| (I) From 1 July 2001, capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited to equity in the Statement of Financial Position. | | |
| (II) Contribution to Owners is the non-reciprocal transfer of assets from the Agriculture Protection Board. | | |
| (III) Distribution to Owners is the non-reciprocal transfer of assets to the Agricultural Produce Commission. | | |
| Asset revaluation reserve | | |
| The asset revaluation reserve represents the portion of equity resulting from the revaluation of non-current assets. | | |
| Opening Balance | | |
| Investments | 233 | 180 |
| Non-current assets | 127,245 | 115,027 |
| | 127,478 | 115,207 |
| Net Revaluation increment/(decrement) | | |
| Investments | 128 | 53 |
| Non-current assets | | |
| Land | 1,961 | 8,597 |
| Buildings | 4,670 | 3,621 |
| | 6,631 | 12,218 |
| Total revaluation | 6,759 | 12,271 |

Notes to the Financial Statements

As at 30 June 2005



| | 2005 (\$'000) | 2004 (\$'000) |
|--|------------------|------------------|
| Closing Balance | | |
| Investments | 361 | 233 |
| Non-current assets | 133,876 | 127,245 |
| | 134,237 | 127,478 |
| <p>The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note.</p> | | |
| Accumulated surplus | | |
| Opening Balance | 51,433 | 58,193 |
| Change in net assets resulting from operations | 16,897 | (6,760) |
| Closing Balance | 68,330 | 51,433 |
| Total Equity | 203,418 | 179,386 |

27 Notes to the Statement of Cash Flows**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

| | | |
|---|--------|--------|
| Cash assets (refer to note 14) | 2,956 | 4,147 |
| Restricted cash assets – current (refer to note 15) | 34,679 | 31,472 |
| Restricted cash assets – non-current (refer to note 15) | - | 2,494 |
| | 37,635 | 38,113 |

(b) Reconciliation of net cost of services to net cash flows provided by/ (used in) operating activities

| | | |
|---|-----------|-----------|
| Net cost of services | (111,559) | (126,238) |
| Non-cash items: | | |
| Net (gain)/loss from sale of assets | 3,750 | 83 |
| Depreciation and amortisation | 7,867 | 7,204 |
| Superannuation liabilities assumed by the Treasurer | 1,089 | 2 |
| Resources received free of charge | 492 | 993 |
| Provision for doubtful debts | (50) | (100) |
| (Increase)/decrease in assets | | |
| Inventories | 113 | (530) |
| Receivables (a) | (19,627) | (2,583) |
| Prepayments | 1,023 | (1,211) |
| Investments | (128) | (54) |
| Increase/(decrease) in liabilities | | |
| Accrued salaries | (3,815) | 1,545 |
| Provisions | 5,944 | (2,996) |
| Payables (a) | (2,933) | (1,428) |
| Net GST receipts/(payments) | 1,095 | (340) |
| Change in GST in receivables/payables (b) | 751 | (60) |
| Net cash used in operating activities | (115,988) | (125,713) |

(a) Note that the ATO receivable/payable in respect of GST and receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they are not reconciling items.

(b) This reverses out the GST in receivables and payables.

Notes to the Financial Statements

As at 30 June 2005



| | 2005 (\$'000) | 2004 (\$'000) |
|--|------------------|------------------|
| 28 Resources provided free of charge | | |
| During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Department of Agriculture. | | |
| Agricultural Protection Board | 11,557 | 10,884 |
| The University of Western Australia | 161 | 188 |
| Curtin University of Technology | 3 | - |
| Mid West Development Commission | - | 10 |
| Pastoral Lands Board | - | 345 |
| Department of Environment | - | 1 |
| Forest Products Commission | 6 | - |
| Agricultural Produce Commission | 5 | 5 |
| Perth Zoological Gardens | 5 | 33 |
| Department of Conservation & Land Management | 2 | - |
| Land Conservation District Committees | 9 | 10 |
| | 11,748 | 11,476 |

29 Commitments for expenditure**(a) Capital expenditure commitments**

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

| | | |
|--|-------|-------|
| Within one year | 4,364 | 1,131 |
| Later than one year and not later than 5 years | 151 | - |
| | 4,515 | 1,131 |

(b) Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

| | | |
|--|-------|-------|
| Within one year | 2,636 | 1,932 |
| Later than one year and not later than 5 years | 2,195 | 1,055 |
| Later than 5 years | 97 | 167 |
| Non-cancellable operating lease commitments | 4,928 | 3,154 |
| Representing: | | |
| Non-cancellable operating lease commitments | 4,928 | 3,154 |

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by the lower of CPI or 4% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

Notes to the Financial Statements

As at 30 June 2005



| | 2005 (\$'000) | 2004 (\$'000) |
|---|------------------|------------------|
| (c) Direct grants and subsidy commitments | | |
| Within one year | - | 1,151 |
| | - | 1,151 |

(d) Guarantees and undertakings

There are no guarantees and undertakings at balance sheet date, not otherwise provided for in these financial statements.

30 Contingent liabilities

In addition to the liabilities incorporated in the financial statements, the Department has the following possible liabilities that, when grouped, have a potential maximum financial effect of \$627,000.

(a) Litigation in progress

The Department has litigation pending that may affect the financial position.

- An action for damages has arisen from the Department's provision of advice or services
- Two actions for negligence arising from a work place injury.

(b) Other

- In a claim for damages against the Grain Pool of WA the State of Western Australia (through the Department of Agriculture). The court has made a determination which is favourable to the Department. However the decision is subject to an appeal.

The Department has insurance with Risk Cover that is considered to be adequate to meet the cost of all the contingent liabilities mentioned above.

31 Events occurring after reporting date

There were no events that occurred after balance date which would materially affect the financial statements or disclosures.

32 Explanatory Statements

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund. Appropriations are now on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945.

| Note | 2004/05 Estimate (\$'000) | 2004/05 Actual (\$'000) | Variation (\$'000) |
|---|---------------------------------|-------------------------------|-----------------------|
| Note Significant Reason For Variance between 2004/05 Estimate and 2004/05 Actual | | | |
| 32.1 Net amount appropriated to purchase Services | (116,769) | (126,845) | 10,076 |
| The amount appropriated was increased for the following reasons-: | | | |
| European House Borer funding | | | 2,726 |
| Government addressing biosecurity activities | | | 2,714 |
| Procurement savings | | | (686) |
| 2004 Wages outcome funding | | | 1,023 |
| Accrual Appropriations were adjusted to reflect the revised position for Superannuation, Leave Entitlements, Capital User Charge and Depreciation | | | 4,299 |
| Total | | | 10,076 |

Notes to the Financial Statements

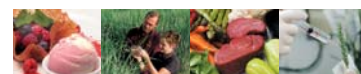
As at 30 June 2005

**32 Explanatory Statements (Continued)**

| | 2004/05 Estimate (\$'000) | 2004/05 Actual (\$'000) | Variation (\$'000) |
|---|--|--|-------------------------------|
| 32.2 Food and Fibre Industry Development | 87,141 | 86,973 | 168 |
| 32.3 Agriculture Resource Management | 52,386 | 74,975 | (22,589) |
| The variation mainly relates to initiatives including the National Action Plan for Salinity, Natural Heritage Trust, National Landcare Package and Natural Resource Management program funding. | | | |
| 32.4 Biosecurity (Inclusive of Services Provided to Agriculture Protection Board) | 52,125 | 61,546 | (9,421) |
| The variation mainly relates to one-off election initiatives including European House Borer, Locust Outbreak, Cane Toad Eradication, Footrot Surveillance, Weed Control, Wild Dog activities and the Windidda Station Rescue package. | | | |
| 32.5 Services Provided to Rural Business Development Corporation | 3,801 | 7,518 | (3,717) |
| The Variance mainly relates to additional Exceptional Circumstances applications. | | | |
| 32.6 Total revenue from ordinary activities | (76,893) | (119,453) | 42,560 |
| Revenue retained by the Department was \$42.78m more than budgeted as a result of retention of funds in accordance with external funding agreements. | | | |
| National Action Plan for Salinity | | | 14,657 |
| National Landcare Package | | | 4,279 |
| Natural Heritage Trust | | | 3,315 |
| Natural Resource Management | | | 2,596 |
| Plant Research and Development Trust Fund | | | 2,406 |
| Ausaid Projects | | | 2,273 |
| CRC Research Grants | | | 1,398 |
| Farmbis training | | | 1,262 |
| Additional industry funding for Horticulture activities, Land and Water evaluation activities, Australian wool projects and various once-off industry funds | | | 10,200 |
| Total | | | 42,386 |

Notes to the Financial Statements

As at 30 June 2005



| | 2004/05 Estimate (\$'000) | 2004/05 Actual (\$'000) | Variation (\$'000) |
|---|---------------------------------|-------------------------------|-----------------------|
| 32.7 Capital Expenditure | 19,942 | 6,781 | (13,161) |
| Expenditure on capital investment included: | | | |
| New Headquarters & Biosecurity Facilities (awaiting Decision on location) | 12,000 | 218 | (11,782) |
| Regional Accommodation | 2,604 | 2,037 | (567) |
| Capital Equipment Replacement Program | 2,898 | 2,206 | (692) |
| Externally Funded Equipment Program (Non-Treasury Funds) | - | 1,973 | 1,973 |
| Kimberley Regional Office Development | 1,500 | 72 | (1,428) |
| South Boulder Quarantine Yards | 940 | 97 | (843) |
| Capital Works Planning | - | 126 | 126 |
| Information technology upgrade | - | 44 | 44 |
| Shared Land Information Platform | - | 5 | 5 |
| Total | 19,942 | 6,778 | (13,164) |

| | 2004/05 Actual (\$'000) | 2003/04 Actual (\$'000) | Variation (\$'000) |
|--|-------------------------------|-------------------------------|-----------------------|
|--|-------------------------------|-------------------------------|-----------------------|

Significant Reason For Variance between 2004/05 Actual and 2003/04 Actual

| | | | |
|--|----------------|----------------|--------------|
| 32.8 Net amount appropriated to deliver Services | 126,845 | 118,449 | 8,396 |
| The variance is a result of the following state funding adjustments: | | | |
| European House Borer | | | 2,726 |
| Government addressing biosecurity activities | | | 3,014 |
| Red Imported Fire Ant funding requirements reduced New funding commencing in 2005/06 | | | (1,302) |
| Once-off repayment of Dairy Adjustment Assistance Package funding in 2003/04 | | | 1,066 |
| Cost escalation adjustments and the removal of minor funding initiatives | | | 2,686 |
| Accrual Appropriations were adjusted to reflect the revised position for Superannuation, Leave entitlements, Capital User Charge and Depreciation. | | | 1,892 |
| Functional Review Taskforce and Procurement Savings | | | (1,686) |
| Total | | | 8,396 |

| | | | |
|---|---------------|---------------|--------------|
| 32.9 Food and Fibre Industry Development | 86,973 | 88,363 | 1,390 |
|---|---------------|---------------|--------------|

The variation mainly relates to completion of the Department's commitments within the Enterprise Grains Program

| | | | |
|---|---------------|---------------|-----------------|
| 32.10 Agricultural Resource Management | 74,975 | 53,600 | (21,375) |
|---|---------------|---------------|-----------------|

The variation mainly relates to initiatives including the National Action Plan for Salinity, Natural Heritage Trust, National Landcare Package and Natural Resource Management program funding

| | | | |
|---|---------------|---------------|--------------|
| 32.11 Biosecurity (Inclusive of Services Provided to Agriculture Protection Board) | 61,546 | 63,270 | 1,724 |
|---|---------------|---------------|--------------|

The variation mainly relates to Red Imported Fire Ant funding commitments reducing in 2004/05. New funding commences in 2005/06

Notes to the Financial Statements

As at 30 June 2005

**32 Explanatory Statements (Continued)**

| | 2004/05 Actual (\$'000) | 2003/04 Actual (\$'000) | Variation (\$'000) |
|--|--|--|-------------------------------|
| 32.12 Services Provided to Rural Business Development Corporation | 7,518 | 9,532 | 2,014 |

The reduction in expenditure mainly relates to decreases in Exceptional Circumstances, Dry Season Assistance Scheme and the Farmer Training Assistance Scheme.

| | | | |
|---|------------------|-----------------|---------------|
| 32.13 Total revenue from ordinary activities | (119,453) | (88,527) | 30,926 |
|---|------------------|-----------------|---------------|

Operating revenue retained by the Department was more than the previous year mainly as a result of the additional:

| | | | |
|---|--|--|---------|
| Natural Heritage Trust funding | | | 15,000 |
| National Action Plan for Salinity | | | 18,000 |
| Shared Land Information Platform initiative | | | 400 |
| Ausaid Projects | | | 1,800 |
| Farmbis training programs | | | 800 |
| Quarantine activities transferred to the Commonwealth | | | (4,900) |

| | | | |
|--------------|--|--|---------------|
| Total | | | 31,100 |
|--------------|--|--|---------------|

| | 2004/05 Actual \$'000 | 2003/04 Actual \$'000 | Variation \$'000 |
|--|--------------------------------------|--------------------------------------|-----------------------------|
|--|--------------------------------------|--------------------------------------|-----------------------------|

Significant Reason For Variance between 2004/05 Actual and 2003/04 Actual

| | | | |
|----------------------------------|--------------|--------------|----------------|
| 32.14 Capital Expenditure | 6,781 | 8,797 | (2,016) |
|----------------------------------|--------------|--------------|----------------|

Expenditure on capital investment included:

| | | | |
|--|-------|-------|---------|
| New Headquarters & Biosecurity Facilities | 218 | - | 218 |
| Regional Accommodation | 2,037 | 1,469 | 568 |
| Capital Equipment Replacement Program | 2,206 | 6,652 | (4,446) |
| Externally Funded Replacement Program (Non-Treasury Funds) | 1,973 | 676 | 1,297 |
| Kimberley Regional Office Development | 72 | - | 72 |
| South Boulder Quarantine Yards | 97 | - | 97 |
| Capital Works Planning | 126 | - | 126 |
| Information technology upgrade | 44 | - | 44 |
| Shared Land Information Platform | 5 | - | 5 |

| | | | |
|--------------|--------------|--------------|----------------|
| Total | 6,778 | 8,797 | (2,019) |
|--------------|--------------|--------------|----------------|

Notes to the Financial Statements

As at 30 June 2005

**33 Remuneration and retirement benefits of senior officers**

| | | 2005 (\$'000) | 2004 (\$'000) |
|---|-----------|------------------------|------------------|
| Remuneration | | | |
| The number of senior officers whose total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year, fall within the following bands is: | | | |
| | \$ | No. of Officers | |
| | | 2005 | 2004 |
| 30,001 | - 40,000 | - | 1 |
| 40,001 | - 50,000 | 1 | - |
| 90,001 | - 100,000 | 1 | - |
| 110,001 | - 120,000 | - | 2 |
| 120,001 | - 130,000 | 1 | 3 |
| 130,001 | - 140,000 | 1 | - |
| 140,001 | - 150,000 | 1 | - |
| 150,001 | - 160,000 | 2 | 1 |
| 210,001 | - 220,000 | 1 | - |
| 320,001 | - 330,000 | - | 1 |
| The total remuneration of senior officers is | | 1,063 | 1,124 |

The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers.

No senior officers are presently employed who are members of the Superannuation and Family Benefits Act Scheme.

34 Remuneration of Auditor

Remuneration of the Auditor General for the financial year is as follows:

| | | |
|--|-----|-----|
| Auditing the accounts, financial statements and performance indicators | 165 | 160 |
|--|-----|-----|

35 Related bodies

There are no related bodies with the Department of Agriculture.

36 Affiliated bodies

There are no affiliated bodies with the Department of Agriculture.

Notes to the Financial Statements

As at 30 June 2005



37 Joint Venture Operations

| | Interest (%) 2005 | Termination Date |
|---|-------------------------|---------------------|
| (i) Major Cooperative Research Agreements | | |
| Joint Venture name and principal activities | | |
| Cooperative Research Centre for Australian Weed Management | 14.1% | 30/06/08 |
| Cooperative Research Centre for Value Added Wheat | 9.2% | 30/06/08 |
| Cooperative Research Centre for Tropical Savannas | 4.9% | 30/06/08 |
| Cooperative Research Centre for Emerging Infectious Diseases | 5.8% | 30/10/10 |
| Cooperative Research Centre for Australian Sheep Industry | 18.6% | 30/06/08 |
| Cooperative Research Centre for Spatial Information | 6.3% | 14/06/11 |
| Cooperative Research Centre for Plant Based Mgt of Dryland Salinity | 15.5% | 30/06/08 |

(ii) Other Joint Ventures

The Department has collaborative arrangements with other parties to perform research and share in the Services (ie intellectual property) in proportion to each participant's research input, initial intellectual property or cash contributions. These collaborative arrangements also share the characteristics of joint venture operations. The principal activities of these joint venture operations are scientific research and development, extension and technology transfer with the ultimate aim of scientific research and development, extension and technology transfer with the ultimate aim impractical to list separately. The Department's contributions to these joint ventures are included in the Department's operating statements.

38 Financial instruments

(a) Interest rate risk exposure:

The following table summarises the Department's financial instruments which have an exposure to interest rate risks.

| 2005 | Weighted average effective interest rate % | Variable interest rate (\$'000) | 1 year or less (\$'000) | 1 to 5 years (\$'000) | Over 5 years (\$'000) | Non interest bearing (\$'000) | Total (\$'000) |
|---|--|--|-------------------------------|-----------------------------|-----------------------------|--|-------------------|
| <i>Financial Assets</i> | | | | | | | |
| Cash assets | | - | - | - | - | 2,956 | 2,956 |
| Restricted Cash assets & amounts in suspense | 5.44% | 25,973 | - | - | - | 8,706 | 34,679 |
| Investments | | - | - | - | - | 667 | 667 |
| Receivables | | - | - | - | - | 52,343 | 52,343 |
| Total financial assets | | 25,973 | - | - | - | 64,672 | 90,645 |
| <i>Financial Liabilities</i> | | | | | | | |
| Payables | | - | - | - | - | 5,589 | 5,589 |
| Employee entitlements | | - | - | - | - | 29,837 | 29,837 |
| Total financial liabilities | | - | - | - | - | 35,426 | 35,426 |
| 2004 | | | | | | | |
| Financial Assets | 5.11% | 22,551 | - | - | - | 45,897 | 68,448 |
| Financial Liabilities | | - | - | - | - | 36,898 | 36,898 |

Notes to the Financial Statements

As at 30 June 2005

**38 Financial instruments (Continued)**

(b) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

| | 2005 (\$'000) | 2004 (\$'000) |
|-------------------------------------|--------------------------|--------------------------|
| 39 Supplementary Information | | |
| <i>Write-offs</i> | | |
| Non-current assets written off (a) | 266 | 171 |
| Irrecoverable amounts (b) | 3 | 11 |
| | 269 | 182 |

(a) \$38,530.19 was written off under the authority of The Accountable Officer, \$152,606.38 was written off under the authority of The Minister, and \$74,493.15 was written off under the authority of Executive Council.

(b) \$2,665.78 in Bad Debts were written off under the authority of the Accountable Officer during the year ending 30 June 2005.

Insurance recoveries (replacement value) on losses amounted to \$3,709 on assets with a carrying value of \$3,998.

40 The Impact of Adopting Australian Equivalents International Financial Reporting Standards

The Department is adopting international accounting standards in compliance with AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS).

AASB 1 requires an opening balance sheet as at 1 July 2004 and the restatement of financial statements for the reporting period to June 2005 on the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006.

AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards requires financial reports to disclose:

Transition Management

The Department established a project team chaired by the Director Finance which reports quarterly to the Audit and Governance Committee. The Department also engaged the consulting services of Pricewaterhouse Coopers to provide technical advice.

The Project Team:

- identified the key differences in accounting policies, disclosures and presentation and the consequential impacts and risks to the Department;
- assessed the changes required to financial management information systems and processes;
- identified the necessary staff skills and training requirements;
- prepared a plan to convert accounting policies, financial management information systems and processes so that the Department can account and report on the IFRS basis.

The project team has analysed the Australian equivalent standards to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Pending Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

Notes to the Financial Statements

As at 30 June 2005



40 The Impact of Adopting Australian Equivalents International Financial Reporting Standards (Continued)

The impact of adopting AIFRS including the key differences in accounting policies are:

Inventories: Under Accounting Standards AASB 102 Inventories introduces a new class of inventory for not-for-profit entities called "inventories held for distribution" that are measured at the lower of cost and current replacement cost. The Department does not hold any inventories under the new class. The Department will continue to value its inventories at the lower of cost and net realisable value as allowed under the AASB 102.

Agriculture: AASB 141 Agriculture requires the recognition and valuation of biological assets (e.g. livestock, orchards, crops) and agricultural produce (e.g. grain, wool) by entities that are involved agricultural activities. The current equivalent standard AASB 1037 Self Generating and Regenerating Assets was not adopted and the Department continues to account for those assets under AAS 2/ ASSB 1019 Inventories. The current valuation of the Department's biological assets and agricultural produce are at net realisable value which is representative to AASB 141 fair value less estimated point of sale.

A significant financial impact on adoption of AASB 141 is the recognition of crops planted but not harvested before the reporting date. The initial recognition of the crops value will be at the estimated cost of planting.

The Department is required to provide comprehensive disclosure in its annual financial statements to account for the financial and physical movements of assets reported under AASB 141.

Property, Plant & Equipment: Accounting Standard AASB 116 Property Plant and Equipment:

- Requires the financial disclosure on the disposal of assets to be reported on a net basis. The Department currently reports the financial details on the disposal of assets on a gross basis.
- The Department's current revaluation policy and accounting treatment of its significant assets (land and building) measured at fair value (current replacement depreciated) is consistent with AASB 116.

Impairment of Assets: Accounting Standard AASB 136 Impairment of Assets requires an annual impairment test to be performed. The Department is designated as a not-for-profit entity and its significant assets in land and buildings are reported at fair value which is representative of written down replacement cost and is equivalent to AASB 136 recoverable amount. A survey of the Department's depreciation methodology and assigned useful life of its assets held at cost (Plant and Machinery, Information Technology, Motor Vehicles, Farm Equipment) indicates no impairment issues for those classes of assets.

Staff Entitlements: Accounting Standards AASB 119 Employee Benefits calculation for long service leave liabilities continues to be measured on a present value basis. The discount rate will be based on the use of a government bond rate.

AASB 119 is consistent with the existing standard AASB 1038 where annual leave liabilities expected to be undertaken within 12 months are measured at the nominal value. For calculation of annual leave liabilities greater than 12 months the present value basis must be used as opposed to the nominal value allowed under the existing standard AASB 1038. It is unlikely that there will be a significant financial impact as accrued annual leave is usually expected to be taken within 12 months.

Assets held for sale: Accounting Standard AASB 5 Non-Current Assets Held for Sale and Discontinued Operations introduces a new class of assets "held for sale" and are measured at the lower of carrying amount and fair value less costs to sell, and the depreciation on the assets is to cease. The Department at the reporting date has identified assets that fall within the new class of assets under IFRS. The Department in accounting for these will be required to make the necessary financial adjustments to its comparatives under AASB 1.

Reconciliation of total equity as presented under previous AGAAP to that under AIFRS:

| | 30 June 2005 (\$'000) | 1 July 2004 (\$'000) |
|---|--------------------------------------|-------------------------------------|
| Adjustments to accumulated surplus/(deficiency): | 203,419 | 179,386 |
| Reduce accumulated depreciation for non-current assets available for sale (I) | - | - |
| Write-down to non-current assets available for sale (II) | - | - |
| Reduction in the provision for annual leave (III) | (265) | (103) |
| De-recognition of deferred research and development costs (IV) | - | - |
| Recognition of Biological Assets - Field Crops (V) | 888 | 761 |
| Total equity under AIFRS | 204,042 | 180,044 |

Notes to the Financial Statements

As at 30 June 2005



- (I) AASB 5 requires non-current assets available for sale to be disclosed as a separate class of asset on the balance sheet. Assets classified as non-current assets available for sale are not depreciated and are measured at the lower of carrying amount (prior) to reclassification and fair value less selling costs;
- (II) Write-down of non-current assets available for sale at reporting date from cost to fair value less costs to sell;
- (III) For calculation of annual leave liabilities greater than 12 months the present value basis must be used under the AIFRS standard AASB 119 as opposed to the nominal value allowed under the existing AASB 1028;
- (IV) AASB 138 requires that all research costs must be expensed and imposes stricter recognition for the capitalisation of development costs. As a consequence, deferred research and development costs previously capitalised must be derecognised;
- (V) AASB 141 Agriculture requires all Biological Assets to be recognised at fair value on the Statement of Financial Position. The previous standard AASB 1037 Self-Generating and Regenerating Assets was reviewed by the Department and was deemed not applicable to the Department as the organisation was considered to be a not-for-profit organisation undertaking R&D activities.

Reconciliation of surplus/(deficit) for the period as presented under previous AGAAP to that under AIFRS:

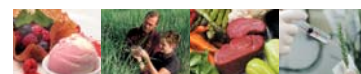
| | 30 June 2005 (\$'000) |
|--|--------------------------------------|
| Surplus/(deficit) for the period under previous AGAAP | 16,897 |
| De-recognition of depreciation expense for non-current assets available for sale (V) | - |
| Write-down to non-current assets available for sale (VI) | - |
| Net gain on disposal of non-current assets (VII) | - |
| Adjustment to the movement in provision for annual leave (VIII) | (162) |
| Net gain on sale of Biological Assets – Field Crops (IX) | 127 |
| Adjustment to net gain on sale of Biological Assets – Livestock (X) (adjusting for that portion of the net gain that relates to gains arising from changes in fair value – see XII below) | (348) |
| Gains arising from changes in fair value of Biological Assets – Field Crops (XI) | - |
| Gains arising from changes in fair value of Biological Assets – Livestock (XII) | 348 |
| Surplus/(deficit) for the period under AIFRS | 16,862 |

- (V) De-recognition of depreciation expense for assets classified as non-current available for sale at any time during 2004/05;
- (VI) Write-down of assets classified as non-current available for sale from cost to fair value less costs to sell;
- (VII) The gain is greater from the sale of non-current assets as these assets are written down from cost to fair value less costs to sell prior to sale;
- (VIII) The Adjustment reflects the difference in valuation method (normal value under present standard AASB 1028 and present value under the AIFRS standard AASB 119);
- (IX) The adjustment reflects depreciation expense on restoration costs capitalized in the initial cost of the building;
- (X) The gain from the sale of Biological Assets – Field Crops;
- (XI) The gain from the sale of Biological Assets – Livestock less gains arising from changes in fair value less estimated point-of-sale costs of Biological Assets – Livestock – refer (XIII);
- (XII) Gains arising from changes in fair value less estimated point-of-sale costs of Biological Assets – Field Crops;
- (XIII) Gains arising from changes in fair value less estimated point-of-sale costs of Biological Assets – Livestock due to biological change in the animals.

Note: The numbers presented above are based on the best 'estimates' at time of preparation of the annual statements. The proposed interpretation of the amendments/impacts under AIFRS may change where the accounting standards are subsequently amended or revised.

Notes to the Financial Statements

As at 30 June 2005



41 Administered Transactions

| | Note | 2005 (\$'000) | 2004 (\$'000) |
|--|------|------------------|------------------|
| (i) ADMINISTERED EXPENSES AND REVENUES | | | |
| EXPENSES | | | |
| Interest Payments | | 115 | 507 |
| Loan Fees | | 4 | 15 |
| Total administered expenses | | 119 | 522 |
| REVENUES | | | |
| Appropriation | | 7,129 | 1,178 |
| Total administered revenues | | 7,129 | 1,178 |
| (ii) ADMINISTERED ASSETS AND LIABILITIES | | | |
| CURRENT ASSETS | | | |
| Cash Assets | | - | 474 |
| Total Administered Current Assets | | - | 474 |
| Total Administered Assets | | - | 474 |
| CURRENT LIABILITIES | | | |
| Accrued Interest | | - | 106 |
| Total Administered Current Liabilities | | - | 106 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | | - | 7,002 |
| Total Administered Non-Current Liabilities | | - | 7,002 |
| Total Administered Liabilities | | - | 7,108 |
| (iii) CASH FLOWS FROM ADMINISTERED TRANSACTIONS | | | |
| CASH INFLOWS FROM ADMINISTERED TRANSACTIONS | | | |
| Receipts from appropriations (1) | | 7,129 | 1,178 |
| Total administered cash inflows | | 7,129 | 1,178 |
| CASH OUTFLOWS FROM ADMINISTERED TRANSACTIONS | | | |
| Repayment of Borrowings to WA Treasury Corporation | | 7,603 | 979 |
| Total administered cash outflows | | 7,603 | 979 |
| Net cash inflows/(outflows) from administered transactions | | (474) | 199 |

(1) Administered items are represented by:

(a) An appropriation of \$7.129m to cover loan repayments owed to the WA Treasury Corporation by the Meat Industry Authority

These are not considered to form part of the Department's operational Services.

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements

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Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

| | |
|------------------------|--|
| TITLE | AGRICULTURE INCOME TAX DEDUCTION ACCOUNT |
| PURPOSE AND OPERATIONS | TO HOLD P.A.Y.G. INCOME TAX INSTALMENTS, DEDUCTED FROM SALARIES AND WAGES OF EMPLOYEES ON THE DEPARTMENT OF AGRICULTURE, WESTERN AUSTRALIA PAYROLL |

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 \$ | | 2005 \$ |
|------------|------------------------|----------------|
| 22,094 | BALANCE B/F | 790 |
| | ADD RECEIPTS: | |
| 22,409,471 | Deductions received | 22,784,106 |
| 22,409,471 | | 22,784,106 |
| 22,431,565 | SUB TOTAL | 22,784,896 |
| | LESS PAYMENTS: | |
| 22,430,775 | Transfer out | 21,982,330 |
| | | 21,982,330 |
| 790 | BALANCE C/F | 802,566 |
| | THIS IS REPRESENTED BY | |
| 790 | Cash at bank | 802,566 |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

| | |
|------------------------|---|
| TITLE | AGRICULTURE RESEARCH GRANTS - ACCOUNT NO.1 |
| | Non-interest bearing trust account |
| PURPOSE AND OPERATIONS | TO HOLD FUNDS RECEIVED FROM INDUSTRY AND OTHER ORGANISATIONS OR PERSONS FOR THE PURPOSE OF FUNDING AGRICULTURAL RESEARCH PROJECTS |

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 | | 2005 |
|------------------|-------------------------------|------------------|
| \$ | | \$ |
| 6,230,956 | BALANCE B/F | 6,760,034 |
| | ADD RECEIPTS: | |
| 27,566,535 | Direct Grants & Subsidies | 24,772,590 |
| 2,195,711 | Other Revenue | 1,992,038 |
| 1,511,256 | Provision of Goods & Services | 2,225,525 |
| 288,815 | Taxes, Fees & Fines | 512,823 |
| 31,562,317 | | 29,502,976 |
| 37,793,273 | SUB TOTAL | 36,263,010 |
| | LESS PAYMENTS: | |
| 16,275,069 | Salaries | 17,769,051 |
| 14,325,113 | Operating | 11,052,958 |
| 433,057 | Capital | 731,642 |
| 31,033,239 | | 29,553,651 |
| 6,760,034 | BALANCE C/F | 6,709,359 |
| | THIS IS REPRESENTED BY | |
| 6,760,034 | Cash at bank | 6,709,359 |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

| | |
|------------------------|---|
| TITLE | AGRICULTURE RESEARCH GRANTS - ACCOUNT NO.2 |
| | Interest bearing trust account |
| PURPOSE AND OPERATIONS | TO HOLD FUNDS RECEIVED FROM INDUSTRY AND OTHER ORGANISATIONS OR PERSONS FOR THE PURPOSE OF FUNDING AGRICULTURAL RESEARCH PROJECTS |

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 \$ | | 2005 \$ |
|--------------------------|-------------------------------|--------------------------|
| 3,475,459 | BALANCE B/F | 3,482,898 |
| | ADD RECEIPTS: | |
| 1,555,622 | Direct Grants & Subsidies | 1,385,890 |
| 84,287 | Interest | 147,893 |
| 303,465 | Other Revenue | 882,446 |
| 15,795 | Provision of Goods & Services | 34,604 |
| 1,959,169 | | 2,450,834 |
| 5,434,628 | SUB TOTAL | 5,933,732 |
| | LESS PAYMENTS: | |
| 1,202,428 | Salaries | 1,238,451 |
| 740,974 | Operating | 1,699,361 |
| 8,328 | Capital | 39,191 |
| 1,951,730 | | 2,977,003 |
| 3,482,898 | BALANCE C/F | 2,956,729 |
| | THIS IS REPRESENTED BY | |
| 3,482,898 | Cash at bank | 2,956,729 |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

| | |
|------------------------|---|
| TITLE | CATTLE INDUSTRY COMPENSATION FUND |
| PURPOSE AND OPERATIONS | TO HOLD FUNDS, IN ACCORDANCE WITH SECTION 21(1) OF THE CATTLE INDUSTRY COMPENSATION ACT (THE ACT), FOR THE PURPOSES OF ADMINISTERING THE ACT AND PAYING COMPENSATION IN ACCORDANCE WITH THE ACT |

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 \$ | | 2005 \$ |
|--------------------------|---------------------------|--------------------------|
| 7,449,200 | BALANCE B/F | 7,472,220 |
| | ADD RECEIPTS: | |
| - | Direct Grants & Subsidies | 82,585 |
| 328,349 | Fees, Charges & Levies | 299,651 |
| 378,503 | Interest | 355,443 |
| 14,778 | Other revenue | 2,238 |
| 721,630 | | 739,917 |
| 8,170,830 | SUB TOTAL | 8,212,137 |
| | LESS PAYMENTS: | |
| 110,167 | Salaries | 146,729 |
| 556,913 | Operating | 1,435,588 |
| 31,530 | Capital | 2,400 |
| 698,610 | | 1,584,717 |
| 7,472,220 | BALANCE C/F | 6,627,420 |
| | THIS IS REPRESENTED BY | |
| 7,472,220 | Cash at bank | 6,627,420 |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

TITLE

COMMONWEALTH AGRICULTURE ACTIVITY GRANTS

PURPOSE AND
OPERATIONSTO HOLD FUNDS FOR THE PURPOSE OF CONDUCTING COMMONWEALTH-FUNDED
AGRICULTURAL RESEARCH

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 \$ | | 2005 \$ |
|------------------|------------------------|------------------|
| 1,060,626 | BALANCE B/F | 2,015,787 |
| | ADD RECEIPTS: | |
| 6,099,956 | Grants & Advances | 863,710 |
| - | Interest | 25,648 |
| 748,620 | Other Revenue | - |
| 6,848,576 | | 889,358 |
| 7,909,202 | SUB TOTAL | 2,905,145 |
| | LESS PAYMENTS: | |
| 5,146,544 | Salaries | 494,619 |
| 721,902 | Operating | 436,808 |
| 24,969 | Capital | 9,062 |
| 5,893,415 | | 940,489 |
| 2,015,787 | BALANCE C/F | 1,964,656 |
| | THIS IS REPRESENTED BY | |
| 2,015,787 | Cash at bank | 1,964,656 |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

| | |
|------------------------|---|
| TITLE | COMMONWEALTH AGRICULTURE ACTIVITY GRANTS – INTEREST |
| PURPOSE AND OPERATIONS | TO HOLD FUNDS FOR THE PURPOSE OF CONDUCTING COMMONWEALTH - FUNDED AGRICULTURAL RESEARCH |

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 | | 2005 |
|------------------|------------------------|-------------------|
| \$ | | \$ |
| 13,233,734 | BALANCE B/F | 7,967,542 |
| | ADD RECEIPTS: | |
| 12,985,866 | Grants & Advances | 33,519,381 |
| 311,112 | Interest | 282,878 |
| 13,296,978 | | 33,802,259 |
| 26,530,712 | SUB TOTAL | 41,769,801 |
| | LESS PAYMENTS: | |
| 98,329 | Salaries | 378,924 |
| 18,464,841 | Operating | 28,499,443 |
| - | Capital | 5,120 |
| 18,563,170 | | 28,883,487 |
| 7,967,542 | BALANCE C/F | 12,886,314 |
| | THIS IS REPRESENTED BY | |
| 7,967,542 | Cash at bank | 12,886,314 |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

TITLE

DEPARTMENTAL RECEIPTS IN SUSPENSE

PURPOSE AND
OPERATIONSTO HOLD FUNDS PENDING IDENTIFICATION OF THE PURPOSE IN ACCORDANCE WITH
SECTION 9(2)(c)(iv) OF THE FINANCIAL ADMINISTRATION AND AUDIT ACT 1985

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 \$ | | 2005 \$ |
|----------------|------------------------|----------------|
| 188,367 | BALANCE B/F | 145,313 |
| | ADD RECEIPTS: | |
| 31,554 | Receipts to suspense | 1,139,070 |
| 31,554 | | 1,139,070 |
| 219,921 | SUB TOTAL | 1,284,383 |
| | LESS PAYMENTS: | |
| 74,608 | Transfer from suspense | 1,252,757 |
| 74,608 | | 1,252,757 |
| 145,313 | BALANCE C/F | 31,626 |
| | THIS IS REPRESENTED BY | |
| 145,313 | Cash at bank | 31,626 |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

| TITLE | LAND CONSERVATION DISTRICTS TRUST FUND |
|------------------------|---|
| PURPOSE AND OPERATIONS | TO HOLD FUNDS FOR THE PURPOSE OF PROMOTING SOIL CONSERVATION IN DISTRICTS THROUGH RESEARCH AND IMPLEMENTATION OF SOIL CONSERVATION MEASURES AND PRACTICES |

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 \$ | | 2005 \$ |
|---------------|---------------------------|----------------|
| 70,430 | BALANCE B/F | 56,194 |
| | ADD RECEIPTS: | |
| 107,314 | Direct Grants & Subsidies | 98,473 |
| 3,454 | Interest | 4,305 |
| 12,829 | Other Revenue | 45,743 |
| 123,597 | | 148,521 |
| 194,027 | SUB TOTAL | 204,715 |
| | LESS PAYMENTS: | |
| 39,915 | Salaries | 41,795 |
| 97,918 | Operating | 37,532 |
| 137,833 | | 79,327 |
| 56,194 | BALANCE C/F | 125,388 |
| | THIS IS REPRESENTED BY | |
| 56,194 | Cash at bank | 125,388 |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

TITLE

PIG INDUSTRY COMPENSATION FUND

PURPOSE AND OPERATIONS

TO HOLD FUNDS IN ACCORDANCE WITH SECTION 13 (1) OF THE PIG INDUSTRY COMPENSATION ACT, FOR THE PURPOSES OF ADMINISTERING THE ACT AND PAYING COMPENSATION IN ACCORDANCE WITH THE ACT

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 \$ | | 2005 \$ |
|--------------------|-----------------------------|--------------------|
| 1,664,209 | BALANCE B/F | 1,626,844 |
| | ADD RECEIPTS: | |
| 239,872 | Fees, Charges & Levies | 151,925 |
| 77,806 | Interest | 44,335 |
| 317,678 | | 196,260 |
| 1,981,887 | SUB TOTAL | 1,823,104 |
| | LESS PAYMENTS: | |
| 43 | Salaries | - |
| 355,000 | Operating | - |
| 355,043 | | - |
| | LESS TRANSFERS: | |
| | Transfers to Other Agencies | 1,823,104 |
| 1,626,844 | BALANCE C/F | - |
| | THIS IS REPRESENTED BY | |
| 1,626,844 | Cash at bank | - |

Notes to the Financial Statements

As at 30 June 2005



42 Trust Statements (Continued)

TITLE

PLANT RESEARCH AND DEVELOPMENT TRUST FUND

PURPOSE AND
OPERATIONSTO HOLD FUNDS FOR THE PURPOSE OF PLANT RESEARCH AND DEVELOPMENT IN
WESTERN AUSTRALIA

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2005

| 2004 \$ | | 2005 \$ |
|------------------|-------------------------------|------------------|
| 1,567,899 | BALANCE B/F | 1,944,920 |
| | ADD RECEIPTS: | |
| 42,842 | Direct Grants & Subsidies | 58,987 |
| 75,670 | Interest | 68,339 |
| 1,802,304 | Other | 3,078,734 |
| 86,718 | Provision of Goods & Services | 84,852 |
| 2,007,534 | | 3,290,912 |
| 3,575,433 | SUB TOTAL | 5,235,832 |
| 587,918 | Salaries | 1,033,381 |
| 872,343 | Operating | 1,418,419 |
| 170,252 | Capital | 209,039 |
| 1,630,513 | LESS PAYMENTS: | 2,660,839 |
| 1,944,920 | BALANCE C/F | 2,574,993 |
| | THIS IS REPRESENTED BY | |
| 1,944,920 | Cash at bank | 2,574,993 |

Appendix 1 – Compliance Reports



Disability Services Plan Outcomes

The following are the achievements made in the area of disability services.

Outcome 1 Existing Services are adapted to ensure they meet the needs of people with disabilities.

- Increased information provided to clients is available via the Internet;
- External reading material continues to contain advice that the material is available in alternate formats on request; and
- Relevant staff continue to be aware on how to utilise the National Relay Service.

Outcome 2 Access to buildings and facilities is improved.

- The needs of people with disabilities continue to be addressed as the Department buildings and facilities are upgraded.

Outcome 3 Information about services is provided in formats which meet the communication requirements of people with disabilities.

- Increased information about the agency is available through the Internet.

Outcome 4 Advice and services are delivered by staff who are aware of and understand the needs of people with disabilities.

- Training of relevant staff in the needs of people with disabilities has been conducted.

Outcome 5 Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes.

- Future customer service surveys will provide opportunities for people with disabilities, and all other customer groups, to provide feedback on how the agency could better meet their needs.

Equal Employment Opportunity Outcomes

Initiatives for 2004/05 to enhance the agency's Equal Employment Opportunity (EEO) performance have included:

- Implementation of the Department Indigenous Australian Employment Strategy:
 - Continuing to focus on services to Indigenous Australian clients.
 - Additional trainees being recruited into core business and administrative traineeships.
 - Indigenous Australians being recruited into technical officer positions by utilising section 51 of the EEO Act.
 - Former trainees who have graduated being employed by the Department.
- Continued identification and encouragement of women to participate in the agency's Professional, Management and Executive Development Programs;
- Continuation of regular refresher training for the Department's Grievance and Contact Officers;
- Ongoing training in recruitment and selection skills;



Appendix 1 – Compliance Reports



- Ongoing training in Equal Opportunity Awareness;
- The inclusion of family friendly practices in the Department's industrial agreements;
- Ongoing monitoring of the employment status of the Department's female staff; and
- All new job description forms include statements relating to the application and accountability of managers in relation to equal opportunity principles.

Cultural Diversity and Language Service Outcomes

The Department has publications in Japanese, Korean, Chinese and Arabic which it uses within its Trade and Market Development Directorate to market the State's produce in foreign markets. It also takes account of cultural differences through the use of tailored products, one example being a halal version of its "Banquet to the World" video which is often shown to visiting delegations from overseas.

Youth Outcomes

The Graduate Recruitment Program is a proactive approach to the recruitment and development of high quality graduates. In 2004/05, four (4) graduates with qualifications in the areas of agricultural science and agribusiness joined the Department under the Program.

The Department of Agriculture has a strong education program in place. The aims of the program are to raise awareness of agriculture (including biosecurity) in schools, and to increase the uptake of agriculture-related topics for classroom learning by teachers. Another aim is to link with the Department's careers in agriculture program to increase enrolments in agriculture-related courses at tertiary level, and so increase the pool of potential graduates available for employment by the Department.

For hands-on involvement, the Department's Royal Show display has a three-year focus on careers in agriculture, with a design emphasis on education and interactivity for young visitors. This program will continue in 2005.

ENERGY SMART GOVERNMENT PROGRAM and SUSTAINABILITY WORKS

Key achievements in 2004/05 include:

Energy Smart

- Metropolitan and regional Energy Smart initiatives completed. Included upgrading and replacing lighting, plant and aged inefficient mechanical equipment;
- Reporting methodology established to report annual energy consumption through the Sustainable Energy Development Office (SEDO);
- Feasibility study completed on the use of heat pump technology for drying ovens;
- Feasibility study completed for the use of a gas turbine on the South Perth site as an alternative to grid supplied power;
- Solar pump water supply systems installed at Badgingarra research station and the Kununurra check point;
- Pilot pre-drying solar grain facility completed and under evaluation at Esperance;
- Submissions made to the Productivity Commission and SEDO, based on the efficiencies of using a heat pump hot water system in lieu of standard electric, gas, or solar installations. A trial was conducted at the Medina Research station;



Appendix 1 – Compliance Reports



Energy Smart (Continued)

- Part funding secured through SEDO for the installation of solar and wind alternative energy systems at the Eucla and Kununurra check points; and
- In accordance with the Energy Smart Government policy, the Department of Agriculture has committed to achieving a 12% reduction in non-transport related energy use by 1006/07;
- The energy saving target for 2004/05 was an accumulated 8% reduction on the 2001/2002 baseline figure. Energy usage for the agency is submitted to the Commonwealth Energy Data Gathering Reporting body EDGAR, which is reported through SEDO. The agency achieved an accumulated energy saving of 6.9%, being 1.1% below the target saving, indicating that the engineering and human behaviour initiatives implemented are having an effect. The agency's energy usage is trending downward and is anticipated to continue as delayed engineering works are completed, together with on going staff awareness programs. Reduction in energy usage was achieved in 65% of the agency's facilities located across the State, noting that some sites had substantial increase in energy usage due to expanding research and development work, currently excluded from the 2001/2002 baseline.

| Energy Smart Government Program | Baseline | 2004/05 | Variation |
|---------------------------------|-----------|-----------|-----------|
| Energy Consumption (GJ) | 49,492 | 46,083 | -6.9% |
| Energy Cost (\$) | 1,751,280 | 1,537,344 | -12% |
| MJ/sqm/annum | 559 | 519 | -7% |
| MJ/occupant/annum | 27,163 | 27,997 | +3% |

Sustainability

The Greening the Department Program has continued to improve the sustainability performance of the Department by implementing a number of key actions during 2005. The program addresses the requirements of the Sustainability Code of Practice for Government Agencies 2004 and aims to embed sustainability into day-to-day operations of the Department. Some of the achievements include:

- Reporting methodology established to report annual water consumption figures through SEDO;
- Water and waste audits completed to selected metropolitan and regional sites;
- Australian Building Greenhouse Ratings completed to selected metropolitan and regional sites, having a floor area of over 1000 m²;
- Continued to improve the efficiency of the fleet leading to a reduction in greenhouse gas emissions of 231 tonnes CO₂-equivalent.
- Completed an Evaluation Survey of the TravelSmart program. The survey found that the number of people driving to work on their own has decreased by 5%; walking to work has increased by 2% and car pooling for business trips has increased by 10%; and
- Donated 100 computers to 5 schools for reuse.



Appendix 1 – Compliance Reports



Waste Paper Recycling Program

The Department's "greening" strategy to reduce energy and paper consumption produced the following achievements:

- Continued implementation and acceptance by staff of electronic forms to replace previous paper based forms e.g. travel claims, e-corporate card statements, e-requisitioning;
- Purchase of a further 27 networked digital copiers throughout the state complimented with a further reduction in the number of desktop printers, facsimile machines and analogue copiers. In addition all copiers have been programmed to default to double sided print; and
- Waste Audit for two regional offices - Bunbury and Albany were completed.

The Department during 2004/05 continued to promote and educate staff on the benefits of recycling paper. An average of 1108 kg of waste paper per month was collected for recycling for the financial year ended 30 June 2005, as advised by the Department of Environment.

Regional Development Policy

The Department of Agriculture has made, and continues to make, a major contribution to the growth and development of regional Western Australia. It is implementing the State Regional Development Policy through the industry and biosecurity research and development it funds which contributes to growing the regional economy, and to the many industry and market development activities it undertakes and regional investment attraction opportunities that it promotes. The Department also continues to promote sustainable land management in the regions and this is reflected in the uptake of sustainable land management practices by the State's producers. The Department's activities are detailed in the achievements and the performance indicator sections of this annual report. The Department also provided an update of its activities to the Department of Local Government and Regional development through a reporting process in 2004.



Appendix 2 – Compliance with Public Sector Standards (Section 31(1) of the Public Sector Management Act 1994)



In the administration of the Department, I have complied with Public Sector Standards in Human Resource Management, the Public Sector Code of Ethics and the Code of Conduct. Standards in human resource management continue to be applied and policies and procedures designed to facilitate and ensure compliance are actively being developed and promoted.

Controls for the monitoring of compliance against the standards continue to be developed and reinforced.

Applications for a review to assess processes do determine if a breach of Standards had occurred and the corresponding outcomes for the period to 30 June 2005 are detailed below:

| | |
|-----------------------------|-----|
| Number lodged | 2 |
| Non-material breaches found | Nil |
| Multiple breaches | Nil |
| Applications under review | Nil |
| Material breaches | Nil |

Code of Conduct

The Department's Code of Conduct is available to all staff in hard-copy and on-line formats. Matters under the Code of Conduct are brought to the attention of Executive through both normal management processes and through internal audits of specific areas under the Code of Conduct. The Code of Conduct is provided to new staff members and amplified at the orientation and induction sessions. In addition, specific sections of the Code of Conduct are referred to in various Department-wide training courses and management development courses.

Freedom of Information - Applications

A total of 10 FOI applications were received for the year dealing with a range of matters mostly of a non personal nature. Of the 10 applications, 8 were non personal, 2 were personal and 1 was subsequently withdrawn. Two applicants requested internal reviews of the initial decision and were resolved without the need for an external review.

Freedom of Information – Information Statement

Information pertaining to the documents the Department holds and how they can be accessed under the FOI Act is contained in the Department's Information Statement. The Information Statement is reviewed annually and made available on the Department's website.

Recordkeeping Plan

- The corporate record management system, InfoRMS, was upgraded and implemented at the South Perth site, offering enhanced features and functionality for managing electronic records.
- As prescribed by the State Records Act 2000, a Recordkeeping Plan for the Department was prepared and approved by the State Records Commission.
- The efficiency and effectiveness of the Department's Recordkeeping system was evaluated in 2002/03, with follow-up assessments being carried out in 2004/05.
- An online recordkeeping awareness training course commenced in 2004 with a requirement for all staff to complete it by 2006. 30% of the staff have completed the training in the first year.
- The Corporate Induction program for new staff caters for and addresses employees' roles and responsibilities in regard to their compliance with the Recordkeeping Plan.



Appendix 2 – Compliance with Public Sector Standards (Section 31(1) of the Public Sector Management Act 1994)



Complaints Handling

The Department recognises that appropriate attention to the concerns of its customers is an essential component of successful customer focussed service delivery. As such, the Department has a complaints handling policy in place to ensure complaints are handled fairly and efficiently. In 2004/05 a complaint management process and system was implemented and is now coordinated by the Records Management Branch.

For 2004/05 there were 10 formal complaints. The nature of those complaints were:

- 4 (Financial) - eg leave overpayment, stamp duty etc
- 2 (Discrimination) - undue influence on boards, committees etc
- 1 (Misconduct) - allegation of conflict of interest
- 1 (Business) - Dept competing with Private Sector
- 1 (Misinformation) - Disparaging comments regarding a nursery
- 1 (Breach of Legislation) - APC poll of producers

In all of the above there was no evidence to support the complaints/allegations etc and as a consequence were not supported by the Department.

Corruption Prevention

In accordance with the Premier's circular titled '*Corruption Prevention*' issued on 31 March 2005, the following includes an outline of risk management actions taken by the Department in the last twelve months to prevent corruption and misconduct in the organisation:

- The Audit & Governance Committee has been tasked with the role and responsibility of providing advice and strategic direction on fraud, corruption and misconduct prevention;
- The Department is benchmarking its activities in fraud prevention against best practice strategies undertaken by other agencies;
- Strict Human Resource recruiting processes ensure all new employees are properly screened to reduce the risk of engaging dishonest staff. Referee reports must be obtained as part of the selection process. A reminder was emailed to all staff and an article appeared in the agency's internal newsletter, AgBrief;
- A second Public Interest Disclosure Officer was appointed in April 2005;
- Articles on what constitutes fraud and the action staff are required to take in the event they suspect fraud appear in the AgBrief newsletter every six months; and
- The induction process refers to the Code of Conduct that includes references to ethical behaviour and corruption.

Public Interest Disclosure (PID)

Under S23 (1) of the Public Interest Disclosure Act 2003, agencies are required to report on the extent to which the principal executive officer of the agency has complied with the obligations under the Act.

In the above regard, I confirm the following:

- There are now two Public Interest Disclosure Officers who have the authority as persons responsible for receiving disclosures of public interest information. The two officers are the Manager, Internal Audit & Review, and the Manager, Legislation;



Appendix 2 – Compliance with Public Sector Standards (Section 31(1) of the Public Sector Management Act 1994)



Public Interest Disclosure (PID) (Continued)

- The Department's PID Policy and PID Procedures are on the agency's intranet. Articles reminding staff of the proper process for reporting disclosures in accordance with the Public Interest Disclosure Act 2003 are published every six months in the AgBrief newsletter; and
- During the year to 30 June 2005, one Public Interest Disclosure was received by the Department. Investigations were conducted by PID Officers in accordance with PID procedures.

Compliance with Electoral Act 1907 section 175ZE (1)

Any public sector agency required to publish an annual report under the FAAA or any other law is required under section 175ZE (1) to include a statement in the annual report setting out details of all expenditure in relation to engaging advertising, media, polling and market research organisations.

In compliance with the above, I submit the following details:

| | | |
|----------------------------------|----------|--|
| Advertising agencies | \$11,766 | ASB Marketing Pty Ltd Australialink Pty Ltd Australian Meat Industry Council Definitive Events-Biofestival Discus Digital Print Media Decisions WA Ord Mango Growers Salmark Promotions P/L Thermal Mate 4I Design Group Rodney Lewis Graphics |
| Market research organisations | Nil | Nil |
| Polling organisations | Nil | Nil |
| Direct advertising organisations | Nil | Nil |
| Media advertising organisations | \$14,312 | The Ten Group Pty Ltd |
| Total expenditure for 2004/05 | \$26,078 | |

Ian Longson
DIRECTOR GENERAL

31 August 2005



Appendix 3 – Corporate Governance



This statement outlines the main Corporate Governance practices that were in place throughout the financial year.

Authority to Act

The Agriculture Act 1988 established the Director General of Agriculture as a corporate body and sets out the powers and duties of the office. The Act was last amended in 1998.

Executive Management (Corporate Executive)

Director General

Ian Longson. Formally appointed to the position of Director General in December 2004 after he was appointed the acting Director General in February 2004.

A/Executive Director, Plant Industries Directorate

David Bowran. Appointed in February 2004 – 30 June 2005.

Executive Director, Corporate Services Directorate

Mike Marsh. Appointed in August 1997.

A/Executive Director, Policy and Business Services Directorate

Rob Delane. Commenced acting in 2004. (Appointed to Executive Director position in September 1997)

A/Executive Director, Animal Industries Directorate

Ashley Mercy. Appointed in March 2004 – 30 June 2005.

Executive Director, Agricultural Resource Management Directorate

David Hartley. Appointed in September 1998.

Executive Director, Trade and Development Directorate

Henry Steingieser. Appointed in September 1996.

The Corporate Executive meets every week to report and review key performance measures relating to program delivery, financial, human resource, contracts, key business improvements and risk management.

In accordance with Public Sector guidelines, all senior management of the Department have performance agreements in place, which are reviewed annually. Members of the Corporate Executive have a particular focus on Corporate Governance.

Audit and Governance Committee

- The Audit and Governance Committee is established under the authority of the Director General as an advisory committee to Executive, to review and report on audit, risk management, and governance activities within the Department.
- The responsibilities of the Committee include:
 - monitoring and reviewing the operational efficiency, effectiveness and comprehensiveness of the internal audit and risk management functions, together with the coverage, processes and relevant governance mechanisms. The monitoring and reviewing includes ensuring high inherent risk activities are addressed, and high residual risks are adequately monitored;
 - providing advice and strategic direction on internal audit, risk management, fraud, corruption and misconduct prevention strategies, and corporate governance issues;
 - monitoring the promotion of sound internal controls and good business processes and practices;



Appendix 3 – Corporate Governance



Audit and Governance Committee (Continued)

- ensuring appropriate and timely action is taken by management to address issues requiring attention as identified by the internal and external auditing process, risk management and general governance processes;
- monitoring compliance with legal and ethical standards including the Department's Code of Conduct; and
- monitoring the activities of the Department's Internal Audit and Review Branch.

The Audit and Governance Committee consists of the following personnel:

Members:

- One external independent member with expertise in internal audit, risk management and corporate governance nominated by the Director General for a period of three years renewable, who shall be the Chair.
- The Director General or a Deputy (permanent member).
- One Executive Director of the Department (rotated annually).
- One Board Member representative from the Agriculture Protection Board.

Attendees:

- The Manager, Audit and Review
- A representative from the Office of the Auditor General
- The Director, Policy and Planning
- The Director of Finance.

Invitees

- The Executive Director, Corporate Services.
- Other officers from within the Department who may be called upon to address the Committee as required.
- The Executive Officer of the Audit and Governance Committee is the Manager, Audit and Review. The Department's external auditor is the Auditor General.

Internal Audit

The Audit and Review Branch completed twenty audits during the financial year. The range of activities covered a broad area including compliance reviews (for example, the *Plant Diseases Act 1914*), examining processes for funding assistance schemes (for example, the *State Dairy Assistance Package*), and testing in-house software development systems (for example, *e-Corporate Card*).

Audit staff worked closely with management during the year on a number of joint initiatives. The initiatives included collaborating with the Manager, Information and Knowledge Management on the Department's *Information Access for Improved Service Delivery* project. Also, working with the Regional Manager, Northern Agricultural Region to assist administration support staff in adopting a risk management philosophy for improving the efficiency and effectiveness of administrative business processes.

The Director General and Audit and Governance Committee continued to provide strong support for the internal audit function. Branch staff pursued professional and personal development opportunities and a consequence of the learning has led to the introduction of new strategies to improve the implementation rate of audit *Business Improvement Opportunities*.



Appendix 3 – Corporate Governance



The Branch conducted a useful benchmarking exercise with a sister agency, and an outcome was the re-introduction by the Branch of sophisticated computer techniques to be used in interrogating databases.

Specific Corporate Governance Issues

Risk Management

Procedures are in place to safeguard the assets and interests of the Department of Agriculture and to ensure the integrity of reporting. The system of internal controls ensures an appropriate division of responsibilities and provides a reasonable assurance that control procedures are monitored and reviewed. Written confirmation is obtained from senior management on internal controls, including risk management and the contents of the published accounts.

Ethics, Standards and Performance

The Corporate Executive acknowledges the need for all staff to adhere to the highest standards of corporate governance practice and ethical behaviour. Procedures are in place to meet the requirements of the Government of Western Australia Code of Conduct Supplementary Provisions – Conflict of Interest, and the Anti-Corruption Commission document Anti-Corruption Commission Act 1988 – Reporting Under Section 14 – Guidelines and Annual Summary.



Appendix 4 – Corporate Information



Staffing

The Department's budgeted Average Staffing Level for 2004/05 was 1,383 Full-Time Equivalent (FTE) employees. The actual usage as at 30/6/05 was 1,506 FTE, with the average usage for the financial year being 1,492 FTE. During this period FTEs reached a high of 1,506 in June 2005 and a low of 1,481 for April 2005.

The distribution of staff (headcount) across the work classifications within the Department between 2003/04 and 2004/05 is shown below:

| Category | 2003/04 | 2004/05 |
|-----------------------------|--------------|--------------|
| Professional | 601 | 674 |
| Technical | 491 | 478 |
| Inspectorial | 122 | 133 |
| Administrative and Clerical | 352 | 327 |
| Wages | 61 | 51 |
| TOTAL STAFF | 1,627 | 1,663 |

Corporate Support Reform

The corporate support activities are undergoing major changes to ensure that effective service is delivered at greatest efficiency.

The Government commenced a major initiative to effect a reform of whole-of-government corporate services. This initiative continued throughout 2004/05 with some of the required resources being provided by the Department.

Additionally, the support services are extensively involved in the planning associated with the establishment of an integrated research institute. The Institute will see the research and development (R&D) functions of the Department integrate with R&D and teaching functions at Curtin University of Technology, Murdoch University and the University of Western Australia.

Workplace Reform

A process of continuous assessment and review of current conditions of employment and work practices occurs in consultation with employees, managers and relevant unions.

The Department, consistent with Government policy on Labour Relations, has negotiated and registered an Agency Specific Agreement. The Agreement retains and incorporates specific clauses and entitlements which continue to provide the Department and employees with mutually beneficial conditions of employment and cost effective and efficient work practices.

In negotiations for the replacement of other public sector General Agreements, where the Department is a named respondent, there has been active and on-going participation in the consultation process with the Department of Consumer and Employment Protection, to ensure the retention and enhancement of "non-core" conditions of employment and entitlements that will continue to enhance the Department's core business outcomes.



Appendix 4 – Corporate Information



Leave Liability Management

| Weeks | 2003/04 | 2004/05 | Increase |
|------------------------|---------|---------|----------|
| Actual leave liability | 8.64 | 9.68 | 11% |

The Department's liability for long service leave and annual leave as at 30 June 2005 was an average of 9.68 weeks (363 hours) per employee as at 30 June 2005. This represents an increase of 11% on the previous year.

The management of the Department's leave liability will continue in 2005/06. The initiatives for leave reduction include:

- Managers accountable for establishing and reaching targets for reduction of liability within their Division/Region.
- Inclusion of provisions for cashing-in or compaction of leave within the Department's Agency Specific Agreement.
- Christmas closure of non-essential services.
- Inclusion of leave liability management at performance reviews with staff.
- It is discouraged for new appointees on promotion or transfer from other Public Sector agencies to carry over leave entitlements to the Department.
- The use of an on-line leave rostering system.

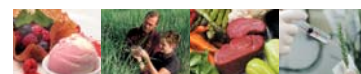
Training

During 2004/05 existing programs were enhanced and new initiatives were implemented. Outcomes achieved included:

- Continuation of a basic first aid awareness course for all staff to complement the existing training in workplace first aid.
- Continuation of the Professional Effectiveness Program (a Certificate 3 in Business), designed to increase the team and supervisory skills of junior staff while continuing to improve the proportion of women suitable for promotion with 120 people now participating in or completed the program.
- Continuation of the accredited Management Development Program for first and second line managers with 180 people now participating in or completed the program.
- Continuation of the Executive Development Program for Senior Managers focusing on developing the Strategic Leadership, Change Management, Diversity Management and Innovation Management skills.
- The ongoing training of Department staff in Equal Employment Opportunity.
- Continuing to raise the safety of the work environment through a number of specific occupational, health and safety training initiatives.
- The continuation of a scholarship for Corporate Services staff to complete courses of study relevant to their current and future careers.
- Implementation of programs to assist staff in the transition to the whole of Government shared services arrangement.
- Implementation of a number of skills development programs for technical staff.



Appendix 4 – Corporate Information



Staff Development Activities

Other activities intended to enhance the professional capability of the Department include:

The Graduate Recruitment Program is a proactive approach to the recruitment and development of high quality graduates. In 2004/2005, four (4) graduates with qualifications in the areas of agricultural science and agribusiness joined the Department under the Program.

The Visiting Specialist Program encourages staff from other institutions to work with the Department of Agriculture to develop the Department's international networks and to enhance the Department's reputation as a centre of excellence in research, development and extension. The Year's Program resulted in 7 people visiting the department. The visitors came from South Africa, Netherlands, China, Argentina and Scotland.

Staff Reward and Recognition Program

The Staff Reward and Recognition Program is designed to acknowledge staff who provide an outstanding level of contribution towards goals of the Department.

All Department staff, regardless of their classification or field of endeavour, are eligible for nomination under the Program. Both individual and team efforts are recognised.

The Department's Excellence award:

- (a) recognises excellent work in all parts of the organisation;
- (b) supports a culture of excellence in the organisation;
- (c) fosters an environment of innovation and creativity;
- (d) recognises staff whose publications result in significant change in the agricultural, scientific and/or industry sectors; and
- (e) recognises staff who attract levels of external funding that result in significant change in the agricultural sector, scientific and/or industry sectors.

The Department's Length of Service Awards continue to acknowledge the loyalty and commitment of employees who have achieved length of service milestones in excess of 20 years. This program provides recognition for employees who have achieved the service milestones of 20, 30, 40 and 50 years. The award presentations for the milestones were; 62 recipients for 20 years, 36 recipients for 30 years, 16 recipients for 40 years and 1 recipient achieving 50 years service.

External Awards

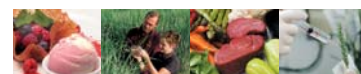
The Department was co winner of the 2004 Premiers Award for its Indigenous Management Support Project, for work with Indigenous communities in the Kimberly's. This same work was recognised in March this year by the United Nations as a model strategy to enhance the sustainability of indigenous people.

The Department won the two divisions of the Statewest awards.

Department molecular geneticist Dr Hua'an Yang was recognised for his revolutionary work to identify and implement molecular markers for resistance to two lupin diseases. The Department's Pig Research and Development Group also won the group category for its efforts to re-invigorate the WA pig industry. The group has worked closely with the State's 360 growers and the processing sector to help rebuild the industry by concentrating on consumer and quality requirements.



Appendix 4 – Corporate Information



Occupational Safety and Health

The Department's safety systems were recognised by Worksafe WA, through the award of a Worksafe Plan Silver Certificate. This was for achieving a satisfactory score (60-74%) from the Worksafe Plan assessment tool and a maintaining an injury rate less than the rate for the government administration sector.

During the year the following OSH initiatives were implemented:

- Review of driver training programme.
- Continuation of first aid training initiative for all staff.
- Assessed and determined control strategies for footrot animal inspection activities.
- Commenced action to integrate and promote 2005 legislative changes to Occupational Safety and Health, and Workers Compensation legislation.
- Assessed shearing sheds relative to new industry guidelines.
- Revised four wheel drive training programme.
- Continuation of manual handling risk assessment program across crop breeding activities.
- Fifteen chemical storage facilities upgraded.
- Integrated new national Chemclear chemical disposal system into departmental waste management processes.

The Department of Agriculture has continued its representation on the Worksafe Commission's Agricultural Industry Safety Advisory Group. This group is to assist in formulating policy and strategy to improve occupational safety and health in agriculture in WA. This is additional to the support that it provides to the Farmsafe Alliance WA, which is an industry based group seeking to improve farmer safety.

Workers' Compensation

Departmental performance in workers' compensation and injury management are measured by the following statistical information.

| | 2002/03 | 2003/04 | 2004/05 |
|--|---------|---------|---------|
| Premium/contribution rate <i>(Total premium paid/wages declared)</i> | 0.85 | 0.63 | 0.49 |
| Cost of claims incurred per \$100 wage roll | 0.45 | 0.41 | 0.51 |
| Frequency rate <i>(Lost-time injuries per million hours worked)</i> | 6.3 | 7.6 | 5.0 |
| Rehabilitation success rate <i>(Index of successful rehabilitation cases)</i> | 1.0 | 1.0 | 1.0 |

Capital Works and Capital Equipment Replacement Program

Key achievements in 2004/05 include:

- The completion and commissioning of "clean" solar and wind energy generating systems at Eucla and Kununurra checkpoints, reducing the reliance on diesel generators.
- A major plant breeding research storage facility was completed and commissioned at Wongan Hills research station.



Appendix 4 – Corporate Information



Capital Works and Capital Equipment Replacement Program (Continued)

- A state wide Chemical Storage Facility upgrade program has been implemented, 15 regional facilities are being upgraded.
- New quarantine inspection yards have been designed for construction at South Boulder.
- A feasibility study has been completed for a new Dairy at the Vasse research station.
- A feasibility study has been completed for a new Bait Production Unit.
- A joint co-location regional depot project has been completed with CALM at Ravensthorpe.
- Feasibility studies have commenced for the new Department Headquarters/ Biosecurity complex and the Agricultural Research Western Australia research facilities.
- The Kimberley Regional Office Redevelopment (Frank Wise Research Institute) has commenced, with preliminary design work and costings completed.
- The Jerramungup district office was upgraded and substantially expanded through a joint project with the Shire of Jerramungup. Construction on the project is nearing completion.
- The Regional Housing upgrade program has been completed.
- A new equipment and grain storage shed has been completed at the Narrogin district office.
- Permanent exhibition facilities were upgraded at Wagin, Dowerin and Newdegate.
- The Information Technology Network Upgrade, stage 2 project was completed.
- A state wide feasibility study has commenced to upgrade shearing shed facilities, to recently revised standards, at regional research stations.
- Laboratory facilities upgraded at the Albany regional office, as part of a joint co-location University project.
- The annual Capital Equipment Replacement Program completed, with equipment purchased to meet R&D and supporting core business activities. Equipment purchased included farm, laboratory, IT equipment and corporate services support business equipment.

Property Rationalisation Program

Land acquisitions and disposals are aligned to the Department's strategic goals, key milestones achieved in 2004/05 include:

- Offices at Manjimup, Busselton and Bridgetown were vacated and sold.
- Surplus land at Katanning, Derby and Cockburn identified and sold.
- Jerramungup office is pending transfer to the Shire of Jerramungup on completion of the redevelopment works.
- Acquisitions are in the process of being settled for the South Boulder quarantine yards and land expansions to the Vasse and Katanning research stations.
- The land disposal program has commenced for selected APB properties.
- The chemical contamination site assessment program commenced for Department and APB sites.



Appendix 4 – Corporate Information



Maintenance Program

Key achievements in 2004/05 include:

- The annual regional and metropolitan maintenance programs were completed.
- Feasibility study completed on the collection of scrap metal across the State.

Asset Management

Key achievements in 2004/05 include:

- The annual stocktake and associated asset movement reconciliation was completed.
- APB surplus asset disposal program was commenced.

Procurement

The Department issued a total of 4,704 Purchase Orders during 2004/05. This is a decrease of 2,616 orders on the previous year which resulted from an increase in the petty cash limit and continued usage of Corporate Card.

Purchase Orders had a total value of \$49 million and 58 exceeded \$100,000 in value and either required formal tender procedures, or resulted from a whole of Government Arrangement.

The Department has maintained a focus on Corporate Card controls and currently has a total of 1,272 cards issued to staff. Corporate Card expenditure for the FY 2004/05 was \$9.13 million. This was a decrease of \$0.37million over 2003/04.

Fleet Management

The Departmental passenger and light commercial fleet had a total of 449 vehicles as at 30 June 2005. This is a reduction of 9 units since June 2004 and 222 units since 30 June 2000.

Experimental Workshop

In 2004/05, the Experimental Workshop continued to operate on a full cost recovery basis and completed a total of 98 major engineering tasks in support of Departmental operations.



Appendix 5 - Statement from the Commissioner of Soil and Land Conservation



A report on the Commissioner's operations during the year was submitted to the accountable officer in accordance with Section 25 F of the *Soil and Land Conservation Act*.

Delegations

The delegation of powers under Part II of the Act by the Commissioner to the Deputy Commissioner, and to two Department of Environment Regional Managers to administer conservation covenants remains in effect.

Land Clearing Assessments

On 8 July 2004, land clearing regulations under the *Soil and Land Conservation Act 1945* were abolished when new laws under the *Environmental Protection Act 1986* came into effect. Under the transitional provisions, 36 notices of intention to clear land (NOICs) were transferred to the Department of Environment for assessment.

During 2004/05, 154 clearing area and purpose permit applications were assessed by the Commissioner with advice provided to the A/ Director General of the Department of Environment for determination of those applications.

Clearing for mining purposes was formerly assessed by Department of Industry and Resources under a delegation of the Commissioner's powers to the State Mining Engineer. Those applications have been assessed by the Office of the Commissioner during the year, pending a delegation to Department of Industry and Resource to determine those applications under the *Environmental Protection Act 1986*.

Statistics on land clearing are now compiled by the Department of Environment.

Compliance

A significant number of alleged breaches of the land clearing regulations were registered prior to the new land clearing laws coming into effect. All complaints are investigated and where breaches of the regulations are confirmed the Commissioner will either issue warning letters where the breach is minor, Soil Conservation Notices where land degradation is likely to occur and or prosecute where a prima facie case exists and it is in the public interest to do so.

The Commissioner is investigating 31 complaints and will take appropriate action under the *Soil and Land Conservation Act 1945* as well as informing the Director General of the Department of Environment for possible action under the *Environmental Protection Act 1986*.

During 2004/05, one summons was issued for breach of a Soil Conservation Notice, one summons was issued for failure to notify clearing under Regulation 4 of the Act, and one Supreme Court injunction was obtained to restrain clearing while a Soil Conservation Notice was in place. Three prosecutions for breaches of Soil Conservation Notices resulted in fines of \$4,000 with costs of \$4,207.70 imposed. One prosecution for failure to notify clearing was dismissed on acquittal, and one was dismissed as evidence was not submitted (outcome of plea bargaining). One case of failure to notify clearing is still before the courts.

Woodchip Permits

No woodchip permits were issued under the authority delegated to the Commissioner by the Minister for the Environment.



Appendix 5 - Statement from the Commissioner of Soil and Land Conservation



Agreements to Reserve and Conservation Covenants

Under Part IVA of the Act, the Commissioner registered eight Agreements to Reserve (ATRs) on Certificate of Title to protect 450 hectares of native vegetation. Five of these eight ATRs replaced ATRs registered in previous years protecting 377 hectares.

The Commissioner registered two Conservation Covenants on Certificate of Title protecting 282 hectares of native vegetation.

Soil Conservation Notices

The Commissioner issued two Soil Conservation Notices under Part V of the *Soil and Land Conservation Act*. Both were issued to prevent notified land clearing.

The Commissioner also discharged three Soil Conservation Notices.

Table A: Area of vegetation protected under the Soil and Land Conservation Act in 2002/03, 2003/04 and 2004/05 (hectares)

| Component | 2002/03 | 2003/04 | 2004/05 |
|--|--------------|--------------|--------------|
| Soil Conservation Notices issued | 2,082 | 372 | 478 |
| Agreements to Reserve lodged | 399 | 226 | 450 |
| Conservation Covenants (non-Remnant Vegetation Protection Scheme) lodged | 4,267 | 1,387 | 282 |
| Total area protected | 6,748 | 1,985 | 1,210 |

Soil Conservation Notice Appeals

One landowner lodged an objection to a Soil Conservation Notice with the Minister in accordance with Section 39 of the Act. Five appeals from the previous year were finalised. One landowner applied to the State Administrative Tribunal for a review of the Commissioner's refusal to discharge a Soil Conservation Notice.

Land Drainage

The drainage of groundwater to manage salinity is regulated under the *Soil and Land Conservation Regulations*. During the year, 71 landowners submitted Notices of Intention to Drain (NOIDs) in accordance with regulation 5. This resulted in 61 landowners being issued letters of no objection.

Large scale drainage proposals promoted by groups of farmers to manage salinity on a catchment or regional scales emerged as a significant issue that required significant high level technical and policy input.

During the year, most of the notified drainage works are proposed to be constructed in the Morawa district and discharge into the saline river system flowing into the Yarra Yarra Lakes. More than 200 km of drains are likely to be constructed over the next few years. The proposed works and several specific NOIDs were referred to the Environmental Protection Authority for further consideration of environmental impacts beyond the scope of the *Soil and Land Conservation Act 1945*.



Appendix 5 - Statement from the Commissioner of Soil and Land Conservation



Land Drainage (Continued)

The Department of Environment submitted a number of NOIDs on behalf of a farmers participating in the Engineering Evaluation Initiative at Morawa, Beacon and Date Creek. The Commissioner did not object to the Morawa and Beacon projects that are designed to evaluate the effectiveness of disposal basins, provided their operations were closely monitored and drainage water was contained on site. Closure of the drains at Morawa became necessary at the start of winter as the capacity of the basins proved to be inadequate for the discharge volumes encountered. The Date Creek proposal remains under assessment.

Compliance with the regulations remains a contentious issue. Three complaints alleging breaches of the regulations were registered during the year as well as two cases where notified drainage is apparently causing adverse off site impacts on vegetation land and farm water supplies.

Land Conservation District Committees

At 30 June 2005, 145 Land Conservation Districts were established under the Soil and Land Conservation Act. Of these, 70 have no committee currently appointed and are effectively in recess. The number of members now totals 1355 (compared with 1384 a year earlier) following the re-appointment of 37 District Committees and 17 individual members. The reduction in numbers of appointed members reflects the increasing number of committees in recess.

During the year, two Land Conservation District Committees were abolished and for a further nine district committees abolition is pending.

Condition of the Resource Base

Rangelands

The Western Australian Rangeland Monitoring System (WARMS) provides an indication of change in pastoral rangelands at broadscales. It does this through a set of representative, point-based sites on which attributes of soil surface condition and perennial vegetation are recorded. WARMS has 1,632 sites, comprising 998 shrubland and 634 grassland sites (Figure 1). Grassland sites are typically reassessed on a three-year cycle and shrubland sites every five years, although this can vary due to logistical considerations.

All leases larger than about 50,000 ha contain at least one WARMS site. However, WARMS is designed to report at regional or district scale rather than on individual leases. WARMS data and photographs are stored in the WARMS database. This database also contains information for about 4,000 old WARMS and Pastoralist Monitoring Sites.

WARMS site installation began in 1993 and ended in 1999. The fourth assessment of the Kimberley sites (these are all grassland sites) will be completed during the 2005 winter field season. Almost all the shrubland sites have been assessed twice.

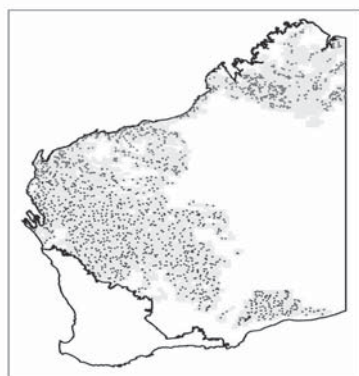
The following summaries are taken from WARMS reports submitted to the Pastoral Lands Board in October 2004, March 2005 and June 2005.



Appendix 5 - Statement from the Commissioner of Soil and Land Conservation



Figure 1: Location of 1,632 WARMS sites in rangeland areas



Grassland areas of the Pilbara, Kimberley and northern Gascoyne

In the Pilbara, Kimberley and northern Gascoyne, 193 WARMS grassland sites were assessed during the 2004 field season. They included sites in the West Kimberley (79), Halls Creek – East Kimberley (35), Roebourne (48), East Pilbara (2), Lyndon (27) and Upper Gascoyne (2) Land Conservation Districts.

In the Kimberley, results from the 95 sites assessed in both 2001 and 2004 suggest that the majority (83%) of sites for which a judgement can be made were stable over that period. Around 9% showed declines and the remainder improved. These results are very similar to those of the previous year. A total of 77 Kimberley sites have been assessed four times, at regular three-year intervals. Perennial grass frequency has generally increased over that time (Table below) for each vegetation group. However, as perennial grass frequency on many sites is approaching the maximum of 100, this suggests that further improvements may be marginal.

About one-third of the 77 sites showed an increase in frequency over every sampling interval and none of the sites showed a consistent decline in frequency over the nine years.

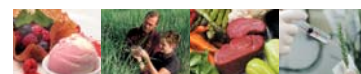
Table B: Average frequency of perennial grasses for all Kimberley sites assessed in all four years (1995, 1998, 2001, 2004), grouped by vegetation type

| Vegetation type | Number of sites | 1994 | 1997 | 2000 | 2003 |
|----------------------|-----------------|------|------|------|------|
| Black Soil | 30 | 76 | 87 | 89 | 86 |
| Curly Spinifex | 8 | 83 | 90 | 94 | 95 |
| Frontage Grass | 8 | 70 | 88 | 84 | 86 |
| Limestone Grass | 14 | 41 | 51 | 59 | 68 |
| Southern Ribbongrass | 16 | 75 | 78 | 88 | 88 |
| Soft Spinifex | 1 | n/a | n/a | n/a | n/a |
| Total | 77 | | | | |

South of the Kimberley, WARMS sites showed a decrease in average frequency for three of the four vegetation types (Table below). This decrease was most evident for sites in the Roebourne LCD where a drier than average period, and resultant increase in grazing pressure, almost certainly contributed to the reduction in frequency.



Appendix 5 - Statement from the Commissioner of Soil and Land Conservation



Condition of the Resource Base (Continued)

Table C: Average frequency of perennial grasses for all south of Kimberley sites assessed in 1999 or 2000 or 2001 and again in 2004, grouped by vegetation type

| Vegetation type | Number of sites | 1999 or 2000 or 2001 | 2004 |
|------------------------|-----------------|----------------------|------|
| Buffel and Birdwood | 11 | 97 | 86 |
| Hard Spinifex | 8 | 92 | 88 |
| Soft Spinifex | 40 | 78 | 84 |
| Roebourne Plains Grass | 20 | 87 | 63 |
| Total | 79 | | |

There is an emerging view that the tropical savannas of northern Australia are undergoing widespread woody thickening. In the Kimberley, the WARMS data suggest that there has not been a consistent increase in woody cover over the last nine years, at least on those areas represented by the WARMS sites. A watching brief will be kept to determine whether the changes observed on some vegetation types are part of a trend or simply part of normal fluctuation.

Southern Shrublands

Last year's report suggested that should dry conditions continue, the scale of negative impact previously reported from WARMS sites in the Southern Shrublands would increase. An analysis of all 835 sites assessed on 272 leases showed this to be the case. The results are summarised as follows:

- The extended dry period over much of the Southern Shrublands had an adverse impact on the shrubs, as would be expected given its severity. (Note that the density and species composition of shrub populations are used here to indicate rangeland health);
- Although the period of low rainfall did not result in widespread degradation, there are a number of sites where serious decline occurred;
- Grazing increased the severity of the impact. For some sites and species the decline in density and cover was more than would be expected due to the dry seasons alone;
- While the adverse results mostly came from sites in the Murchison, Yalgoo and Sandstone Land Conservation Districts, this does not suggest that these were the only areas in which serious decline occurred or that these three Districts were any worse than others. Rather, it is a reflection of the sampling schedule in that most of the sites assessed since August 2003 were in these three Land Conservation Districts;
- There are many favourable aspects to the results, suggesting that the widespread and extensive decline documented in previous droughts has not occurred to the same extent in this one, although comparisons of drought severity are very difficult to make; and
- Grazing management during the recovery phase will be particularly important, especially resisting the temptation to build up livestock numbers quickly in response to rain.

The WARMS shrubland sites were broken into four groups dependent on the length of time they experienced dry conditions. As the dry period progressed, a greater percentage of sites showed reduced shrub density and/or reduced canopy cover (Table opposite).



Appendix 5 - Statement from the Commissioner of Soil and Land Conservation

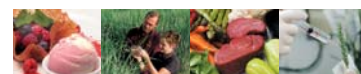


Table D: Summary of shrub density and cover changes found on 835 WARMS sites

| | Group 1 experienced little or no dry period | Group 2 experienced low rainfall for one or two years | Group 3 experienced low rainfall for two to three years | Group 4 experienced low rainfall for three to four years |
|--|---|--|--|---|
| Percent of sites with decreased shrub density | 14% | 34% | 49% | 57% |
| Percent of sites with decreased cover (i.e. total canopy area) | 5% | 10% | 19% | 61% |

Comparisons between changes observed for those species vulnerable to grazing pressure (decreasers) and those species that increase under grazing pressure (increasers) suggest that the declines seen on some sites were not simply the result of low rainfall, and that grazing almost certainly increased the impact of the dry conditions.

However, given the severity of the extended dry period the overall results do not suggest the widespread degradation that has occurred in previous droughts and there is much good news to come out of the data. For example, shrub density increased on over 40% of sites that experienced low rainfall for three to four years. Recruitment of new shrubs was commonplace with at least some new plants being recorded on 99% of sites. Recruitment was even found for almost all decreaser species, even on sites which had experienced prolonged periods of low rainfall.



Appendix 6 – Legislation



Enabling Legislation

Agriculture Act 1988

Legislation Administered by the Department Of Agriculture for the Minister for Agriculture at 30 June 2005

Aerial Spraying Control Act 1966*
Agricultural and Veterinary Chemicals (Taxing) Act 1995
Agricultural and Veterinary Chemicals (Western Australia) Act 1995
Agricultural Practices (Disputes) Act 1995
Agricultural Produce (Chemical Residues) Act 1983*
Agricultural Produce Commission Act 1988
Agricultural Products Act 1929*
Agriculture and Related Resources Protection Act 1976*
Agriculture Protection Board Act 1950*
Argentine Ant Act 1968*
Artificial Breeding of Stock Act 1965*
Beekeepers Act 1963*
Biological Control Act 1986
Bulk Handling Act 1967
Cattle Industry Compensation Act 1965*
Chicken Meat Industry Act 1977
Dairy Industry and Herd Improvement Legislation Repeal Act 2000
Exotic Diseases of Animals Act 1993
Fertilizers Act 1977*
Genetically Modified Crops Free Areas Act 2003
Grain Marketing Act 2002
Industrial Hemp Act 2004
Marketing of Eggs Act 1945
Marketing of Potatoes Act 1946
Ord River Dam Catchment Area (Straying Cattle) Act 1967
Perth Market Act 1926
Plant Diseases Act 1914*
Plant Pests and Diseases (Eradication Funds) Act 1974*
Royal Agricultural Society Act 1926
Rural Business Development Corporation Act 2000
Seeds Act 1981*
Soil and Land Conservation Act 1945
Stock (Identification and Movement) Act 1970*
Stock Diseases (Regulations) Act 1968*
Veterinary Chemical Control and Animal Feeding Stuffs Act 1976*
Veterinary Surgeons Act 1960
Western Australian Meat Industry Authority Act 1976

Legislative Changes

The Policy and Business Services Legislation Unit coordinates the department's legislation program in consultation with Executive Directors and Program Managers. Legislative changes during 2004/05 include:



Appendix 6 – Legislation



New legislation enacted and amendments made

- The *Marketing of Eggs Amendment Act 2004*. This provides for the expiry of the *Marketing of Eggs Act 1945* on or before 31 December 2005 and fulfills the State's National Competition Policy obligations in relation to egg marketing.
- Amendments to the *Veterinary Preparations and Animal Feeding Stuffs Act 1976* (renamed the *Veterinary Chemical Control and Animal Feeding Stuffs Act 1976*). These amendments enable regulations to be made for the control of use of veterinary chemicals.
- The *Pig, Potato and Poultry Industries (Compensation Legislation) Repeal Act 2004*. This repealed the *Pig Industry compensation Act 1942*, the *Poultry Industry (Trust Fund) Act 1948* and the *Potato Growing Industry Trust Fund Act 1947* and transferred funds to committees established under the *Agricultural Produce Commission Act 1988*.
- *Loans (Co-operative Companies) Act 2004*. This establishes a scheme to enable loans to be made by Government to co-operative companies processing or marketing primary produce. Eligible co-operatives that meet the requirements of section 120(1)(c) of the *Income Tax Assessment Act 1936* (Commonwealth) will be able to claim deductibility of principal repayments of loans under the proposed scheme.
- The *State Administrative Tribunal (Conferral of Jurisdiction) Amendment and Repeal Act 2004*. This amended various Acts within the Agriculture portfolio (and across all portfolios) to provide for appeals from certain administrative decisions to be made to the State Administrative Tribunal rather than the Minister, courts or statutory Boards.

Legislation currently before Parliament

- The *Gene Technology Bill 2005*. This legislation will complement the Commonwealth *Gene Technology Act 2000* to provide a national system for the regulation of dealings with genetically modified organisms.
- Amendments to the *Agriculture and Related Resources Protection Act 1976* in relation to raising rates for control of declared plants and animals.

Legislation being drafted or approved for drafting

- The *Biosecurity and Agriculture Management Bill 2005*. This will involve the repeal of the Acts marked * in the foregoing list and the incorporation of the relevant provisions of those Acts into one Act and regulations made under it.



Appendix 6 – Legislation



Other Legislation that impacts on the Department of Agriculture's Activities

Animal Welfare Act 2002
Carbon Rights Act 2003
Conservation and Land Management Act 1984
Corruption and Crime Commission Act 2003
Disability Services Act 1993
Electoral Act 1907
Electronic Transactions Act 2003
Environmental Protection Act 1986
Equal Opportunity Act 1984
Explosives and Dangerous Goods Act 1961
Financial Administration and Audit Act 1985
Firearms Act 1973
Forest Products Act 2000
Freedom of Information Act 1992
Government Employees' Housing Act 1964
Government Employees Superannuation Act 1987
Health Act 1911
Industrial Relations Act 1979
Land Administration Act 1997
Library Board of Western Australia Act 1951
Minimum Conditions of Employment Act 1993
Occupational Safety and Health Act 1984
Occupiers Liability Act 1985
Parliamentary Commissioner Act 1971
Poisons Act 1964
Public and Bank Holidays Act 1972
Public Interest Disclosure Act 2003
Public Sector Management Act 1994
Salaries and Allowances Act 1975
State Records Act 2000
State Superannuation Act 2000
State Supply Commission Act 1991
Transfer of land Act 1893
Waterways Conservation Act 1976
Wildlife Conservation Act 1950
Workers' Compensation and Rehabilitation Act 1981
Workplace Agreement Act 1993

Statement of Compliance with Relevant Written Laws

I have attempted to comply with all written laws and have exercised controls which provided reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring liabilities have been in accordance with legislative provisions.

Ian Longson
DIRECTOR GENERAL



Appendix 7 – Department Offices



Department of Agriculture offices – Metropolitan

South Perth
Forrestfield

Department of Agriculture Offices – Regional

| | |
|-------------|---------------|
| Albany | Katanning |
| Broome | Kununurra |
| Bunbury | Lake Grace |
| Carnarvon | Meekatharra |
| Derby | Merredin |
| Esperance | Moora |
| Eucla | Narrogin |
| Geraldton | Northam |
| Jerramungup | Three Springs |
| Kalgoorlie | Warooka |
| Karratha | |

Community Agriculture Centres (CACs)

| | |
|--|--------------|
| Boyup Brook | Pingelly |
| Corrigin | Ravensthorpe |
| Gillamii Agriculture Centre (Cranbrook) | Wagin |
| Kojonup | Wickepin |
| Plantagenet (Mt Barker) | |

Research Stations

| | |
|-----------------|--------------|
| Badgingarra | Manjimup |
| Beverley | Medina |
| Esperance Downs | Merredin |
| Gascoyne | Mount Barker |
| Geraldton | Newdegate |
| Katanning | Vasse |
| Kununurra | Wongan Hills |

District Agriculture Protection Offices

| | |
|-------------|----------------|
| Boddington | Margaret River |
| Denmark | Mukinbudin |
| Donnybrook | Port Hedland |
| Dowerin | Southern Cross |
| Goomalling | Williams |
| Halls Creek | Yalgoo |
| Hyden | |



Appendix 8 – Publications



The Department of Agriculture produces a vast range of published material including:

- Farmnotes
- Bulletins
- Miscellaneous Publications
- OTHER Publications Not in a Series
- Technical Bulletins
- Technotes
- WAAFFI - Western Australian Agriculture, Food and Fisheries Industries
- Primary Focus
- Infonotes & IRP (APB) Publications
- Garden Notes (Only from *DEPARTMENT OF AGRICULTURE* Garden Advisory Centre)
- Posters
- Displays
- Weednotes
- Treenotes
- Natural Resources Information publications

Copies of publications are available from the Department of Agriculture's main office at:

Department of Agriculture
3 Baron-Hay Court
SOUTH PERTH WA 6151

Tel: (61) 9368 3333

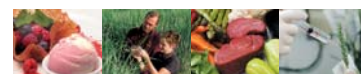
Fax: (61) 9368 1205

Internet: www.agric.wa.gov.au

A copy of this annual report can be provided on CD if requested.



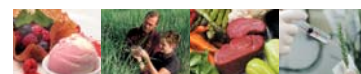
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