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Department of Agriculture and Food Annual Report 2006



Department of
Agriculture and Food



Letter from the Director General



The Honourable Kim Chance, MLC
Minister for Agriculture and Food; 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 and Food for the year ended 30 June 2006.

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 AND FOOD

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Report on Operations



Department Profile



Mission

The Department of Agriculture and Food 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 and Food'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 2005/06 year provided above average growing conditions for most producers in Western Australia. The winter crop was the second highest on record behind 2003/04, the State's beef farmers continued to benefit from the State's disease free status and cattle numbers have trended upwards. Pork exports from Western Australia are still relatively strong in a competitive global market and both the vegetable and fruit industries showed growth on the value of production from 2004/05. However, a strong Australian dollar, and rising oil prices which are forecast to remain high, have led to increasing transport, chemical and other on-farm costs, eating into grower's bottom lines.

Early indications for 2006/07 suggest that the State, after the driest start to winter in more than 100 years, will experience difficult conditions both for crop and animal production. A Dry Season Advisory Committee has already been established to advise the Government on measures to assist farmers and their communities, and an outbreak of Australian Plague Locusts has also been forecast that will require control measures to be put in place. As a result of these difficult production conditions, the value of agricultural exports is also forecast to decrease in 2006/07.

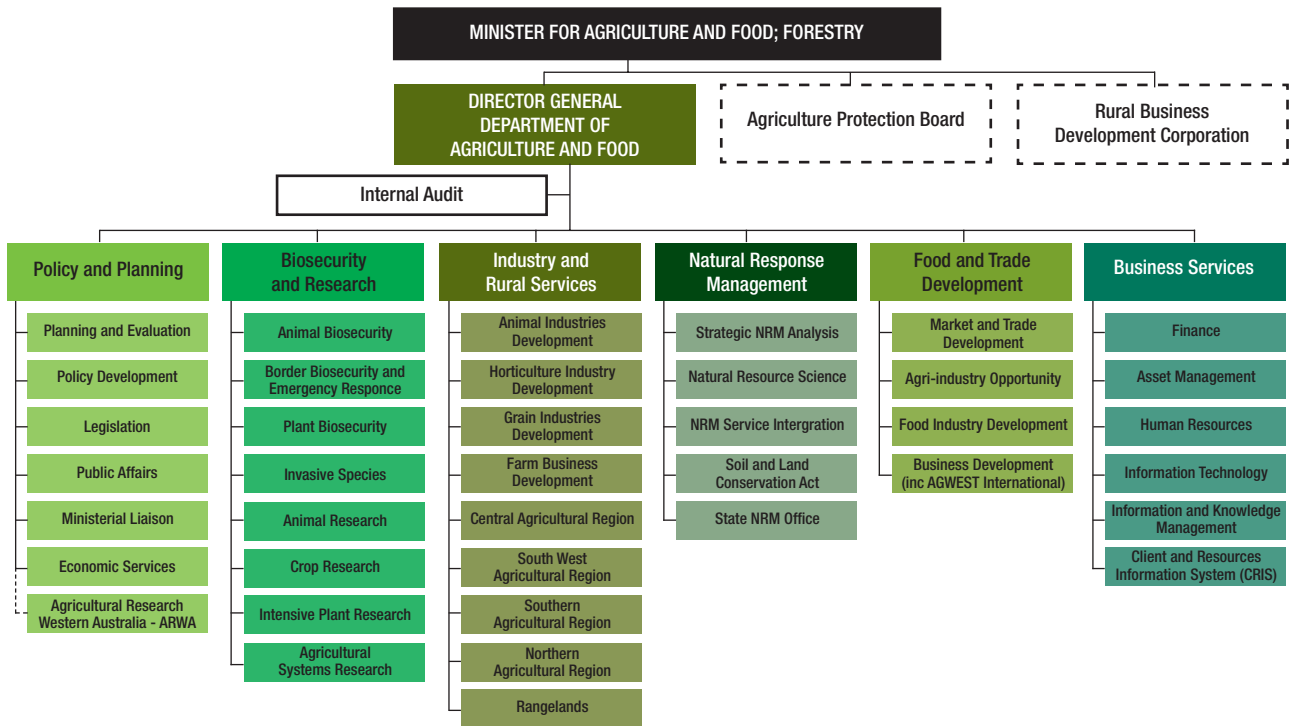
The failure in recent meetings of the World Trade Organisation's (WTO) DOHA round of talks to reduce global trade distorting policies was also a blow for Australian farmers, which stood to gain A\$1 billion to A\$1.5 billion within a few years if they had led to a 50 per cent cut in global farm protection. The failure to reach a deal does not mean that efforts to reduce trade barriers are completely dead, but it does mean a likely delay of months, if not years.

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) - a research alliance between the Department, Curtin University, Murdoch University and the University of Western Australia - was formerly launched by the Minister for Agriculture and Food in August 2005. The alliance's capabilities were significantly increased in June 2006 with the addition of CSIRO as an effective 'fifth partner'. ARWA's focus is on fostering major collaborative research ventures beyond the capability of any one of its partners - it expects to investigate six such opportunities in 2006/07, with the hope of instigating at least two major, collaborative research initiatives over that time.



Department Structure As at 30 June 2006



Corporate Executive



Director General,
Mr Ian Longson



**Executive Director,
Biosecurity and Research**
Mr Rob Delane



**Executive Director,
Industry and Rural Services**
Mr Roger O'Dwyer



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



**Executive Director,
Food and Trade
Development**
Mr Henry Steingiesser



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

People and Finances



The State Government remains the major source of funding for the Department of Agriculture and Food. 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 grants, followed by staff and then service and contracts.

Chart 1: Sources of the Department's Funding

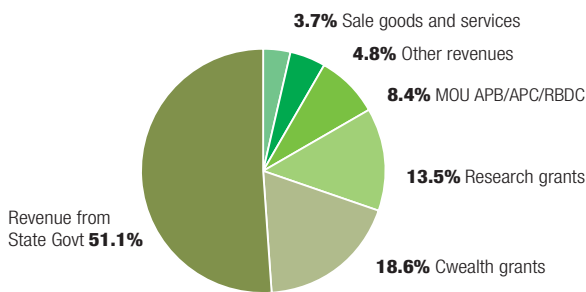
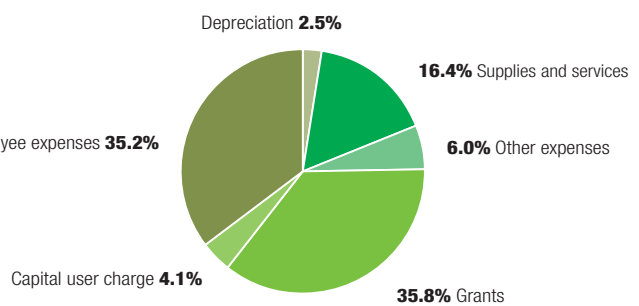


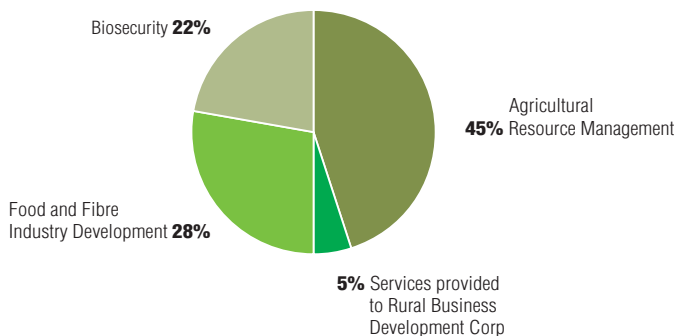
Chart 2: Departmental Budget Allocation by Category



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

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

Chart 3: Department Budget Allocation by Output



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 risen slightly in 2005/06.

Chart 4: Department FTE totals as at 30th June 2006

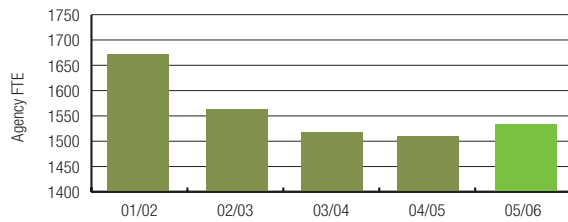
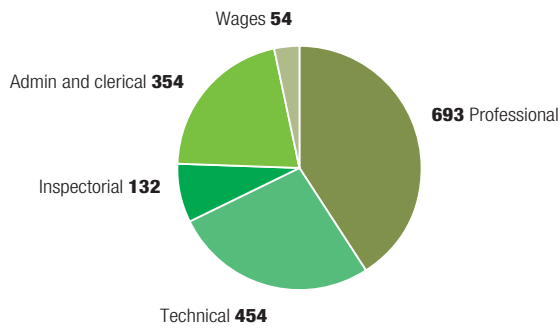


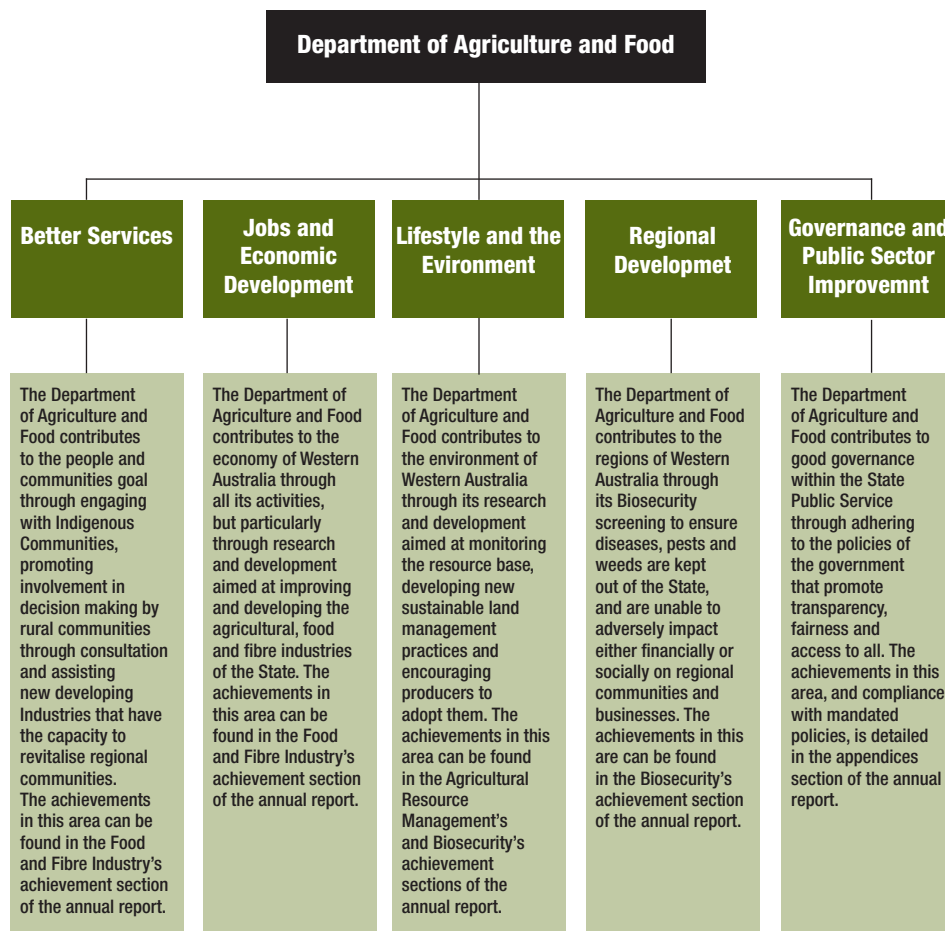
Chart 5: FTE allocations by categories



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 Futures" framework. These are Better Services, Jobs and Economic Development, Lifestyles and the Environment, Regional Development and Governance and Public Sector Improvement. The Department of Agriculture and Food 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. Chart 6 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's growth rate has been above the average rate of growth of Gross State Product across all sectors of 6.9 per cent between 1995/96 and 2004/05. The agriculture sector also contributes to many of the other sectors within the State which 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 6: Output growth comparison of Western Australia and Australia

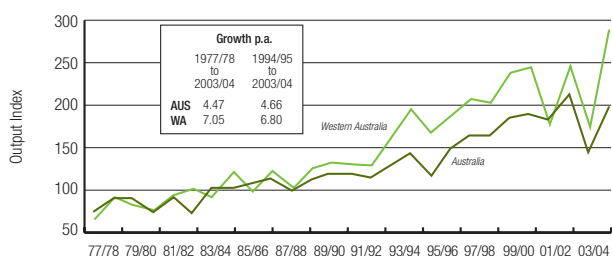
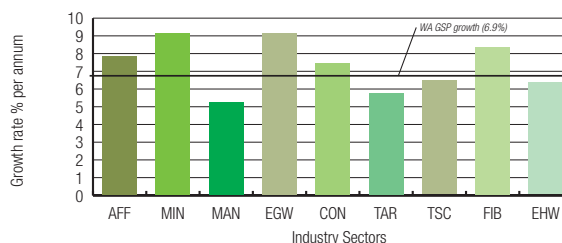


Chart 7: Contribution by sector to Gross State Product (GSP) 1995/96 - 2004/05



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 8: Employment in WA by sector - 2005

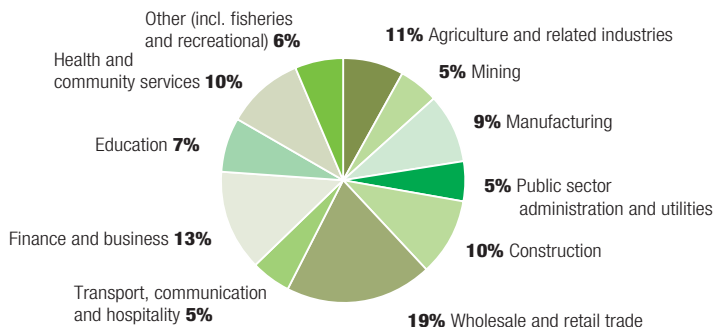


Chart 9: Production of WA Agri Food and Fibre 2005/06 - A\$5.70 Billion

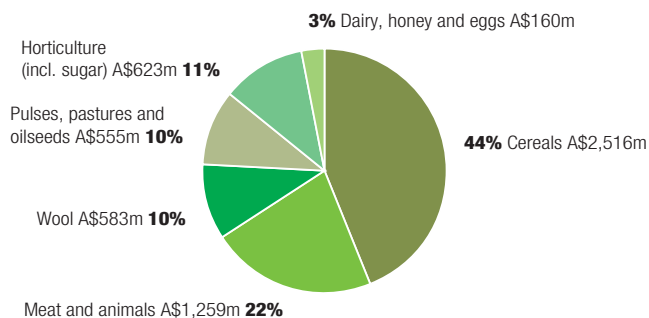
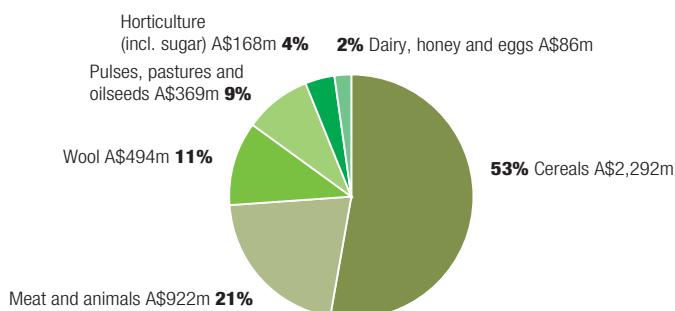


Chart 10: Exports of WA Agri Food and Fibre 2005/06 - A\$4.33 Billion



Department Key Achievements for 2005/06



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

Industry, Food and Fibre Development

New Varieties

- The high quality Australian Soft wheat Bullaring was released in August 2005. It has a higher yield and superior rust resistance than the Tincurrin and Datatine varieties. A new high yielding malting barley Vlamingh was also released.
- Two new kabuli chickpea varieties, Almaz and Nafice, were released in 2005. The varieties have significantly improved ascochyta blight resistance compared to the current standard kabuli varieties such as Kaniva and Bumper.
- Andromeda, a new variety of albus lupin was released in September 2005. Andromeda has considerably better tolerance to anthracnose than all other varieties available in Australia or overseas.
- Two new deep-rooted, dual-purpose pasture and fodder legume cultivars, developed in collaboration with the Centre for Legumes in Mediterranean Agriculture (CLIMA), have been released. One is a purple clover, an annual species, and the other is a sulla, a short-lived perennial. Both offer new opportunities to high rainfall graziers for making high quality fodder, while reducing ground water recharge.

Market Development

- The Department continued the development of agri-food trade opportunities in various markets including the Middle East and Asia generating exports valued at approximately AUD\$30 million for Western Australian companies.
- New seed potato import conditions for Thailand have been established following a visit by Thai Department of Agriculture staff to Western Australia in 2005. The changes to the import conditions ensure that the local seed industry has ready access to this market.

Product Development

- Opportunities continued to be investigated to further commercialise its In-Vitro Soil (IVS) technology which aims to enhance plant propagation techniques. It is also seeking to develop opportunities for the longer term profitability of lupin production in Western Australia and spin-off opportunities for lupins, including the establishment of local lupin processing facilities.
- A bio-diesel demonstration unit was shown at numerous industry events, grower group events, departmental field days, Crop Updates and workshop meetings during 2005/06.
- Sea freight technology for cauliflowers involving Moisture Control Technology (MCT), jointly developed by the Department, CSIRO and the Warren Cauliflower Group (Inc.), is now commercially available. Techniques have also been developed to harvest, pre-cool and ship a range of leafy and heading crops in non returnable wooden bulk bins.



Department Key Achievements for 2005/06



Community/Industry Development

- The contract with the Tropical Savannas Cooperative Research Centre, the Indigenous Land Corporation and Land and Water Australia, in conjunction with the Kimberley Land Council, to develop enterprise plans for Indigenous-held land has led to:
 - an options document to the Violet Valley Community in the East Kimberley that incorporates both Indigenous and non-Indigenous perspectives on this Indigenous-managed grazing lease;
 - a fire management plan for the Bow River Community that incorporates both Indigenous and European perspectives on fire management; and
 - an assessment of the institutional framework in Western Australia within which Indigenous-managed enterprises on pastoral lands are developing.
- The contract for the delivery of the project, "Kimberley Indigenous Management Support Service" with the Indigenous Land Corporation was renewed and expanded. A program has commenced under which Indigenous high school students from Noonkanbah and Millijiddee stations will undertake training and study to gain TAFE-accredited qualifications in agriculture.

Natural Resource Management

- The Department has taken a lead role in coordinating and managing the delivery of the National Action Plan for Salinity and Water Quality (NAP), Natural Heritage Trust (NHT2) and National Landcare Program (NLP) in Western Australia. Together, these programs will involve investment of about \$400 million by 2007/08 (with matching contributions by both State and Commonwealth). The Department has been actively involved with the Regional NRM groups in providing technical leadership and guidance for the development of programs and delivery of outcomes including:
 - supported the six Regional NRM Groups in developing Investment Plans, on-going review and refinement of strategies and delivery of program outcomes;
 - effective management of, and participation in, strategy accreditation and investment decision processes. All regional strategies have been accredited, and first year Investment Plans approved by State and Commonwealth Ministers. All second year Investment Plans are being considered by Governments except for the Rangelands whose plan is expected in July 2006; and
 - efficient delivery of funding to Regional Groups using more robust contracts that strengthen accountability and governance requirements. These include refinement of contracting; helping improve business systems, processes and business capabilities through auditing, evaluation and benchmarking; facilitating training courses and advice in business governance. Particular emphasis was placed on improving reporting performance.
- Waterwise on the Farm delivered 28 training workshops to seven grower groups in irrigation systems, scheduling, soils and farm management. Technical support was provided to irrigators to prepare 50 on-farm irrigation management plans. It established four demonstration sites for best practice in irrigation technology and management including an integrated climate and water use information system for the Gnangara district.

Report on Operations



Department Key Achievements for 2005/06



- DairyCatch, a three year \$350,000 research and development project, leveraged \$750,000 in additional funds for on-ground implementation of environmental best practice on dairy farms. Through a process of ensuring strong industry partnership and endorsement, the project's success is based on good working relationships amongst the Department of Environment and dairy industry groups. This has been beneficial to all parties and has positively influenced environmental policy and its implementation. The project won the 2005 WA Community Natural Resource Management Award and WA-based NRM and Dairy research was recognised at a national level through participation in the Dairying Tomorrow program.

Biosecurity

- The Department has continued to operate effective quarantine checkpoints at entry points into WA, such as Eucla and Kununurra road checkpoints, Perth domestic and regional airports, disembarkation points for interstate rail and shipping, freight surveillance program at road, rail and sea cargo depots, development of freight declaration system, surveillance of import of personal effects and surveillance of freight and cargo depots including post and parcel freight. 104,657 vehicles entered the state via the Eucla and Kununurra Checkpoints with a total of 10,563 kg of quarantine risk material seized from travellers. This year 1,886,118 interstate air passengers arrived in WA with 2,740 kg of fruit and vegetables seized. A total of 205,889 containers were imported from interstate, comprising 146,049 via rail (a decrease of one per cent) and 59,840 via coastal cargo (a decrease of 1.5 per cent). The number of "Order into Quarantine" notices increased by 20.6 per cent to 5,573. 12,107 livestock entered the State via Kalgoorlie and Kununurra checkpoints, including 2,220 horses. 66 livestock entered via Perth Airport, including 40 horses.
- The Pest and Disease Information Service (PaDIS) effectively responded to 16,700 community enquiries on animal and plant pests, diseases and weeds. Of these enquiries 12 were positively identified as pests of biosecurity concern (European wasp, cane toads, house crows, Indian ringneck parrot).
- AGWEST Plant Laboratories (APL) provided world class seed testing, certification and diagnostic services to underpin the State's continued freedom from exotic diseases and were accredited for the next three years by the International Seed Testing Association (ISTA). 5,000 commercial, quarantine and regulatory seed and plant samples for identification of weeds, diseases and/or conduct of physical tests were analysed by APL on a full cost recovery basis. Staff also inspected 8,000 hectares of seed crops on 200 properties for the varietal purity and the presence of weed and seed borne diseases.

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Food and Fibre Industry Development Achievements



GRAINS

- The Department's progressive strategy for the commercial adoption of wheat varieties has combined with the agronomic advances of variety Wyalkatchem wheat to result in the fastest adoption of a wheat variety known in Western Australia. In 2005 Wyalkatchem reached around 25 per cent of area sown to wheat in Western Australia after just 3 seasons. Other highly successful varieties such as Carnamah and Calingiri took 4 and 5 years respectively to reach this benchmark.
- The high quality Australian Soft wheat Bullaring was released in August 2005 at the Dowerin Agricultural Field Day. This wheat is suitable for all traditional soft wheat growing areas and has higher yield and superior rust resistance than Tincurrin and Datatine, approaching EGA 2248. In terms of marketing, it has superior flour yield and colour pigment to older varieties and has performed well in end product testing.
- Two new kabuli chickpea varieties, Almaz and Nafice, were released in 2005. The varieties have significantly improved ascochyta blight resistance compared to the current standard kabuli varieties such as Kaniva and Bumper. Seed yields have been greater than Kaniva in trials across chickpea growing regions of Australia.
- Andromeda, a new variety of albus lupin was released in September 2005. Andromeda has considerably better tolerance to anthracnose than all other varieties available in Australia or overseas. The development and release of Andromeda has been a cooperative venture between the Department of Agriculture and Food, the Grains Research and Development Corporation (GRDC) and the Council of Grain Growers Organisation Ltd.
- The barley breeding program released a new malting barley Vlamingh that is high yielding, medium to late maturing with superior quality malting, and with improved disease resistance for scald and net type of net blotch. The program became a key player in the National Barley Breeding Australia initiative in 2005. Barley Breeding Australia consists of three major nodes. The Western Australian Program will be responsible for producing malting and feed varieties for the Western Region and the 'neutral to acid' soils of southern New South Wales, Victoria and Tasmania.
- The pearl lupin from South America has not previously been domesticated as a modern agricultural crop. Compared to existing lupins grown in Western Australia, the pearl lupin will be particularly sought after by the aquaculture, pig and poultry sectors. A GRDC funded project collaborating with University of Western Australia (UWA) has progressed 10 fully domesticated lines in suitable agronomic backgrounds to yield testing trials in 2006. It is hoped to release the first Australian cultivar within 3 years.
- Two new deep-rooted, dual-purpose pasture and fodder legume cultivars, developed in collaboration with the Centre for Legumes in Mediterranean Agriculture (CLIMA), have been released. One is a purple clover, an annual species, and the other is a sulla, a short-lived perennial. Both offer new opportunities to high rainfall graziers for making high quality fodder, while reducing ground water recharge.
- A new early maturing Persian clover (cv. SARDI Persian) has been released as part of the National Annual Pasture Legume Improvement Program. It is well suited to grazing and fodder production on partially waterlogging sites, offering improved productivity over subterranean clover in these environments.
- The cost-price squeeze will continue to affect the grains industry during the coming season. Tramline farming systems are rapidly developing in parts of the Wheatbelt and have the potential to reduce the costs of production. Modelling of potential efficiencies of tramline farming systems has shown two types of economic benefits, reduced fuel

Report on Operations



Food and Fibre Industry Development Achievements



use and increased production and income through improved moisture conservation and root exploration of the 0-30cm depth of soil. An analysis of these two areas shows that fuel cost reductions can be as large as 30 per cent.

- The new erect field pea variety, Kaspa[®], has substantial harvesting advantages over all current trailing varieties. To facilitate adoption the Department has targeted extension of improved varieties and management packages as part of the process. Departmental officers ran the PulseWA funded media campaign 'Focus on Field Pea'. In addition, a series of agronomist and producer training days provided key players in the industry with training on the best management practices for pea growing.
- Appropriate weed and disease management has been researched to ensure continued crop production is not limited by these constraints. In particular, a new gene for stripe rust resistance, Yr34, was described from WA wheat breeding germplasm and provides new opportunities to enhance stripe rust resistance in WA wheat breeding in the future. In addition, the website for the "Plant Disease Forecast" was established. This site was test-launched in March last year and drew considerable attention especially from the agribusiness community. The site incorporates information estimating the risks associated with particular diseases in key crops in Western Australia. A new generic interface for models using meteorological data, allowing for their automation, has also been developed. This interface was used to forecast state-wide 'green bridge' status for 2006.
- A project utilizing focus paddocks to assess the efficacy of integrated weed management (IWM) techniques has determined that the key IWM strategies, extended over many years, work well in real paddock situations. The monitoring of focus paddocks with grower groups is an effective extension technique to improve communication of the practical application of IWM techniques between growers.
- The severe outbreak of Wheat Streak Mosaic Virus (WSMV) in eastern Australia in 2005 was of concern. The most significant outcome of research on this virus was the identification of seed-borne transmission of the virus in wheat by the Department. A targeted survey of summer volunteer wheat plants to test for presence of the virus in WA had previously failed to detect the virus in WA. However, an autumn survey identified the presence of both the virus in volunteer wheat and the vector at several locations. The major consequence of this has been the lifting of the ban on import of wheat seed from eastern states into WA.
- The Crop Research Program has moved to develop 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 development of this proposal is currently under assessment by industry partners.
- Some recent achievements in climate area research include delivering a range of map products relating to seasonal rainfall and crop yield forecasts, maps of frost risks, a study of trends in frost events, a series of frost alert bulletins for management of frost events, and prototype software called 'STIN-XL' which can be used by growers and consultants to calculate the potential yield of crops.
- A joint project with Land and Water Australia, "Building effective climate risk management in the WA grainbelt", has completed an extensive series of grower and consultant interviews to establish uptake, usage and needs of climate information in farm management. Strong links and cooperation have been established with a range of grower groups.

Report on Operations



Food and Fibre Industry Development Achievements



- For pasture management a major communication activity was conducted in 2005/06 as a number of research areas have been completed or are close to finishing. The research areas include lucerne and other perennials, new annual pasture legumes (biserrula, arrowleaf clover, gland clover, eastern star clover), fodder potential, herbicide tolerance of new annual legumes and using annual pasture legume systems for weed management.
- A bio-diesel demonstration unit was shown at numerous industry events, grower group events, departmental field days, Crop Updates and workshop meetings during 2005/06. The presentation of the chemical process of converting oilseeds (canola or mustard) into bio-diesel, and a background to the likely costs of “processing” attracted the interest of growers. The bio-diesel demonstration unit was undoubtedly a major factor in stimulating the interest of prospective new grower cooperative bio-diesel processing plants.

HORTICULTURE

- A project to demonstrate the successful eradication of potato cyst nematode was commenced. This pest is of major concern to a number of potential markets and its eradication will further underpin the industries competitive advantage. New seed potato import conditions for Thailand have also been established following a visit by Thai Department of Agriculture staff to Western Australia in 2005. The changes to the import conditions ensure that the local seed industry has ready access to this market.
- A number of sites have been developed in the Ord River Irrigation Area to demonstrate best practice farming systems for growers on Kununurra clay soils. Findings from the National Action Plan (NAP), Sugar Research and Development Corporation and Cotton Research and Development Corporation funded projects have been integrated and used to develop best practice management strategies. The recently launched Ord soilPAK, a soil management package developed in collaboration with growers, has also been used to assist in developing best practice guidelines.
- Aided by the Department's production technology, the table grape industry in Carnarvon has continued to expand at a steady rate. 1,753 tonnes of table grapes were harvested from November to January valued at \$8.8 million. Carnarvon now produces at least 25 per cent of total table grape production and 40-45 per cent of the total value of the table grape industry in Western Australia. Carnarvon growers exported overseas, or to other states, 90 per cent of the state's table grape production in 2005/06. Research has started on investigating the best practice management for Millenium muscat which is expected to become a major variety for the area.
- In 2004/05 the Department introduced pot plant lines that were suitable for the USA market. This has been supported by technical input from the Department to ensure protocols are in place to give the highest quality outturn of pot plants. It is expected that this program will generate further demand for more waxflower lines and other wildflowers selected as pot plants by the Department.
- The new potato variety White Star was added to the Potato Marketing Corporation's “Preferred Variety List”. This follows four years of commercial testing which clearly demonstrated that this variety provides benefits to growers and consumers over the winter cropping period. White Star produces good yields of large tubers which have good resistance to powdery scab disease. Cooking quality of White Star is superior to current mainstream winter varieties.

Report on Operations



Food and Fibre Industry Development Achievements



- A joint Grape and Wine Research & Development Corporation funded project was commenced with Curtin University on a key grapevine pest - garden weevil. Initial activities included a review workshop with overseas and interstate visitors and industry, and commencement of research on new initiatives.
- Sea freight technology for cauliflowers involving Moisture Control Technology (MCT), jointly developed by the Department, CSIRO and the Warren Cauliflower Group (Inc.), is now commercially available. The manufacturer is producing small batch runs of the carton liners which growers can purchase direct from the supplier. These liners have also proven to be useful for table grapes and the manufacturer is expected to produce larger batch runs for the table grape industry, which will reduce the overall price of the carton liners.
- Techniques have been developed to harvest, pre-cool and ship a range of leafy and heading crops in non returnable wooden bulk bins. The work was conducted on a range of vegetables stored in 'land based' refrigerated sea containers for periods up to 28 days and in small scale test shipments to Malaysia. The methods developed were low cost and effective, requiring minimal specialized capital investment by growers or exporters. The bulk handling technique eliminates the requirement for packing and packing sheds in Australia, with the inherent cost saving.
- Soil sealing substances were trialled on a roaded catchment at a vineyard at Frankland in the Great Southern to increase runoff and collection of rainfall for irrigation. Results over two years showed that runoff can be markedly increased for at least one season, and at reasonable cost. The success of this new approach to water catchment for the wine industry was demonstrated to viticulturists at a field day and is already being implemented on a few vineyards.

RANGELANDS, SHEEP AND INTENSIVE ANIMAL INDUSTRIES

- A new 5-year project - "Breeding breech strike resistant Merino sheep" - partially funded by Australian Wool Innovations (AWI) was established to investigate the opportunities to breed Merino sheep that are resistant to breech strike and do not require mulesing. This project was urgently required to address major animal welfare issues, a self-imposed industry ban on mulesing operations by 2010, and potential threats to international trade of sheep products.
- Demonstrations of sustainable and integrated sheep worm management programs have concluded and the findings will provide the basis of new recommendations, and a model for sustainable worm management on a national basis.
- The Wool Market Specifications group:
 - used in-shed testing to identify wool with extreme skin comfort and delivered organically processed wool tops into Italy for organic dyeing. The fabric is to be tested for use in the medical industry on patients with dermatological conditions;
 - developed a collection of fabrics using the Department's Shemia Seiki knitting machine for Western Australian fashion designers to produce garments using a "comfort" theme to expand the premium quality wool market; and
 - commenced a 6-month project with AWI to develop the usage of fine ends wool with an Italian spinning company. Fine ends wool is obtained when WA farmers shear their sheep in autumn, and this wool produces garments of superior comfort as the fibre diameter is at a minimum. Trial batches of WA wool have been processed into fabrics in Italy and returned for consumer appraisal. Results to date are positive and it is likely that the fine ends technology will be commercialised during 2006.

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Food and Fibre Industry Development Achievements



- Experimental work in the Beef Cooperative Research Centre II project, which investigated the effects of time of calving and strategies for growth of young cattle, demonstrated that for the agricultural region matching time of calving to pasture productivity increases pasture use (20 per cent higher stocking rates) and reduces supplementary feeding. This increases operating profit by at least 10-20 per cent.
- Two successful “More Beef from Pastures” expos were held introducing approximately 200 farmers to the management tools available through the program. In cooperation with the Department, the Manjimup Pastures Group secured Producer Initiated Research and Development (PIRD) funding through the Meat and Livestock Australia (MLA) to assess pasture management techniques for increasing carrying capacity.
- A major dairy project, “Greener Pastures”, was established at Vasse Research Centre to determine the economic and environmental consequences of increasing nitrogen fertiliser use in intensive pasture systems. The project forms part of the national dairy farming systems network and attracted more than \$700,000 in co-investment from industry and resource management funding bodies during 2005/06.
- Analysis of data from the recently completed Vasse Milk Farmlets project identified opportunities for dairy farmers to significantly improve profit by increasing pasture use and milk protein and fat levels without major capital investment. The Farmlets project has contributed to improved pasture use and fodder quality and has delivered an estimated benefit-cost ratio of more than 5:1.
- Development of the successful pilot program to assess the suitability of sea freight, as a cost-effective alternative to airfreight, provides opportunities to increase exports of chilled fresh WA pork to Singapore.
- Research continued into the combined use of Paylean and Improvac for pigs. Paylean is an in-feed product that increases lean meat deposition and improves feed conversion efficiency, whereas Improvac is an immunocastration product. The combined use of these new technologies can increase carcass weight, improve feed conversion, and deliver a product that is preferred by consumers. It is estimated that 30 per cent of pigs produced are now subject to these products.
- The Western Australian Rangeland Monitoring System (WARMS) provided regional information on changes in vegetation and soil resource of the pastoral rangelands through assessment on 1,622 permanent sites. The sites are assessed on a three year cycle in the grasslands (633 sites) and on a five year cycle on shrubland sites (989 sites).
- The contract with the Tropical Savannas Cooperative Research Centre, the Indigenous Land Corporation and Land and Water Australia, in conjunction with the Kimberley Land Council, to develop enterprise plans for Indigenous-held land has led to:
 - an options document to the Violet Valley Community in the East Kimberley that incorporates both Indigenous and non-Indigenous perspectives on this Indigenous-managed grazing lease;
 - a fire management plan for the Bow River Community that incorporates both Indigenous and European perspectives on fire management; and
 - an assessment of the institutional framework in Western Australia within which Indigenous-managed enterprises on pastoral lands are developing.



Food and Fibre Industry Development Achievements



- A new project was initiated in the East Kimberley district to better understand the effect of the condition of the range resource on water quality and sediment movement into the Ord River and its tributaries, as well as define the impact of such changes on the carrying capacity of rangelands. The project is funded by the National Action Plan for Water Quality and Salinity, in conjunction with the Department.
- The contract for the delivery of the project, “Kimberley Indigenous Management Support Service” with the Indigenous Land Corporation was renewed and expanded. A program has commenced under which Indigenous high school students from Noonkanbah and Millijiddee stations will undertake training and study to gain TAFE-accredited qualifications in agriculture.
- The project, “New Opportunities in Tropical and Pastoral Agriculture”, commenced in January 2006. Emphasis is being placed on environmentally sustainable production systems which engage traditional owners, regional communities and commercial interests.
- Under the Carnarvon 2020 project, arrangements were put in place to oversee drilling and de-commissioning of bores under the Artesian Basin Rehabilitation program. Other developments included:
 - drilling was completed to establish the sustainable yield from the water resource for the Meedo and Brickhouse horticultural precincts;
 - the Department established an Memorandum of Understanding with the Shire of Carnarvon to implement the headworks required to enable an Expression of Interest process to establish a tourism node on the Quobba Coast; and
 - the Department formalised a taskforce with the Gascoyne Development Commission to progress an implementation plan for the Mt Augustus Development Precinct.

FOOD AND TRADE DEVELOPMENT

- The Department continued the development of agri-food trade opportunities in various markets including the Middle East and Asia generating exports valued at approximately AUD\$30 million for Western Australian companies.
- The Department’s increasing capacity to assist the State’s food value chain was signified by its change in name to the Department of Agriculture and Food. The Department continues to deliver services to the entire chain through its primary industry research and development capacity and alliances being developed with prominent national and international food industry research and technology service providers. The Department has also continued to work closely with the Department of Health in the areas of food standards, quality assurance and labelling regulations.
- The Department took significant steps to catalyse innovation with the launch of the Western Australian Food Industry Development (WAFID) Fund in October 2005. The Department is working with the 102 Expressions of Interest lodged and the seven selected recipients of the fund. The appointment of a food industry innovator to lead the Department’s food industry development program also heralds a new approach to developing the sector.



Food and Fibre Industry Development Achievements



- Assistance was provided to the development of the biofuels industry in Western Australia by providing executive support to the WA Biofuels Taskforce, which was established by the Minister for Agriculture and Food, and the production of various biofuel market research studies. These included 'Canola Meal Market Analysis', 'World Market Overview of the Biodiesel Industry', 'World Market Overview of the Ethanol Industry', 'Crude Oil and Petroleum Products - Understanding Influences Affecting Pricing' and 'Overview of the Biofuels Industry in Western Australia'.
See www.agric.wa.gov.au/biofuels
- The Department continued to provide advice and information to the Grains Licensing Authority (GLA) on policy, and operational issues including market analysis on applications for special export licences for prescribed grains.
- Collaborative projects were developed with the Western Australian Sea Freight Council to improve the efficiency and quality of Western Australian sea freight cold chain logistics. Projects are targeting the shipment of chilled pork to Singapore and bulk shipments of vegetables.
- Opportunities continued to be investigated to further commercialise its In-Vitro Soil (IVS) technology which aims to enhance plant propagation techniques. It is also seeking to develop opportunities for the longer term profitability of lupin production in Western Australia and spin-off opportunities for lupins, including the establishment of local lupin processing facilities. Prospective partners will be sought for the development and commercialisation of the Department's lupin milk technology, including the extraction of lupin protein isolates as food additives.
- The Department established procedures to foster the uptake of the Department's Cooperative Loans Facility. Cooperatives which formed as a result, have raised working capital from members in excess of AUD\$170,000. In addition the mooted investment from these cooperatives in 2007/08 is in excess of AUD\$5 million, the bulk of which will be raised using the Department's Cooperative Loans Facility.
- The Department won, and successfully managed, a number of international training and consultancy projects in Asia and the Middle East. Significant projects are: AusAID, Rehabilitation Assistance Facility Iraq (RAFI); Agricultural Iraq Human Resource Development, a major soil survey for the Abu Dhabi Emirate in the United Arab Emirates and Biosecurity training for quarantine officers from Thailand and Botswana.

Report on Operations



Planned 2006/07 Food and Fibre Industry Development Initiatives



- Establishment of a Western Australian food policy strategy and a whole-of-government approach to be executed and led by a newly renamed Department of Agriculture and Food.
- Local food companies are a large distance from any substantial markets, yet compete against well resourced companies with economies of scale and strong brand recognition. Differentiated product offers need to be developed by industry, and the capability will be supported through an active Innovation strategy.
- Food businesses have an increasingly difficult task of managing their regulatory responsibilities. Government has a key role to play in reducing this burden on businesses, through the following initiatives:
 - the Food Quality and Sustainability scheme will see accreditation standards implemented for sustainable farming practices;
 - the Labelling and Food Regulation group will work on reducing the burden of the food regulatory environment; and
 - a Foods for Health initiative will consider options to promote a more healthy food value chain.
- Local food businesses often do not access appropriate mechanisms for capital formation and associated investment. These include the aggregation of capital across the sector and the influx of capital from outside the sector. Initiatives will be developed that will enhance the capacity of the local industry.
- Implement the 'Western Node' plans for the National Barley Breeding Program, including developing breeding targets in other states thus ensuring that collaborative arrangements with the interstate partners deliver improved outcomes in research and breeding.
- Initiate new areas of wheat agronomy research in partnership with the Grains Research and Development Cooperation. Variety specific agronomy will focus on characterising phenological and other adaptive traits that result in optimization of yield and risk in relation to wheat production. This is expected to result in more precise information for time of sowing recommendations and subsequently quantification of risk associated with seasonal factors such as frost.
- Long lead forecasting of seasonal conditions will remain a priority for Western Australian agriculture. Further investigation as to how the El Nino/Southern Oscillation (ENSO) forecasting system developed can be improved with regional factors such as the Indian Ocean temperatures will be undertaken. Frost analysis and frost research will be further developed including the role of variety selection, planting time and the use of chemicals to reduce frost incidence at flowering time.
- The Department will continue to work pro-actively with the private sector to increase returns from the Western Australian lupin industry through the value chain. Our breeding program will have a three pronged approach to increase grain quality required by higher valued food and feed markets:
 - lifting the protein content of the widely grown narrow-leafed lupin;
 - developing an agronomically suitable variety of the high protein yellow lupin currently grown in Europe; and
 - developing a low alkaloid, high protein and high oil pearl lupin, a species native to South America.

Report on Operations



Planned 2006/07 Food and Fibre Industry Development Initiatives



- Research will be conducted to further reduce nutrient losses to groundwater associated with growing leafy and heading vegetable crops by refining application techniques and rates beyond the first 14 days after planting. The results of work conducted over the last two years will be extended to industry to ensure adoption. Best practice production manuals for a range of crops will be produced which incorporate these new techniques.
- A project has been implemented to develop post-harvest anti-ethylene treatments for waxflower particularly for the main new waxflower releases. Several anti-ethylene methods have been identified and are being tested. These will be refined and protocols developed and introduced to the industry, enabling them to better postharvest manage their cut flowers and present a quality product to the market.
- Verification trials will be conducted with quarantine scientists from Japan to enable exports of citrus to Japan at higher temperatures for improved quality at outturn. Work will commence for red flesh grapefruit from the Ord River for market access to Japan. New fumigation methods will be developed for export of table grapes to Canada and New Zealand.
- Three new sugarcane varieties are to be released during the 2006 season, resulting from a program in the Ord River Irrigation Area for introduction and assessment of varieties from Queensland and overseas. The varieties will replace or complement existing varieties to improve management of the sugarcane smut disease and to increase genetic diversity as a way of reducing risk associated with potential, future loss of some varieties from further disease incursion.
- The 'New Opportunities in Tropical and Pastoral Agriculture' project will consider and develop proposals to assist in the diversification of pastoral businesses. Options for native plants, trees and specialist crops will be assessed for the West Kimberley and the Pilbara.
- The Department will bring to the Pilbara and Southern Agricultural region learning outcomes, appropriate experience and mentoring support from the successful Indigenous cattle focussed projects currently operating in the Kimberley, known as the Kimberley Indigenous Management Support Service. The new project will improve production and managerial capacity of Indigenous pastoral producers through training in herd management.
- Further loans made by the Western Australian State Government under the *Loans (Cooperative Companies) Act 2004* will be delivered during 2006-07. Additional resources will be allocated to work with cooperatives to encourage expansion of the cooperatives industry in the state.
- Working with the Sustainable Grazing for Saltland Program and Saltland Pastures Association to radically increase adoption of productive saltland pastures. This initiative will develop a pilot program and then a full program after evaluation of pilot success.
- Programs will address issues raised by the export pork market to improve carcass yield, carcass quality and pork eating quality and further development of sea freight transport of chilled fresh pork to Singapore.

Report on Operations



Planned 2006/07 Food and Fibre Industry Development Initiatives



- Training packages will be developed to equip livestock producers with the skills and information necessary to utilise pastures from space technology to make strategic and tactical pasture management decisions on farm.
- A new five year reproduction project to investigate the genetic impacts on maternal productivity in cattle in variable temperate environments will be commenced. Female fertility has been identified as a key profit driver in the beef industry with potential to increase profit margins by around 20 per cent. As the breeding cow is the single largest expense in cattle breeding enterprises (using 70 per cent of feed) understanding performance under variable nutrition and environments is critical.
- A range of markets will be targeted to promote and develop market opportunities for Western Australian Agriculture and Food, including markets in India, Europe, Thailand, China, Malaysia, Taiwan, South Korea, Japan and countries in the Middle East region.
- The planned relocation of the Headquarters and Biosecurity facilities to an appropriate location, at a cost of \$74.0 million. Detailed planning has commenced with completion scheduled for 2009. This will run in parallel with a project that will oversee planning for the distribution of the Department's research staff to the Agricultural Research Western Australia (ARWA) research centres located on various university sites.

Report on Operations



Agricultural Resource Management Achievements



- The Department has taken a lead role in coordinating and managing the delivery of the National Action Plan for Salinity and Water Quality (NAP), Natural Heritage Trust (NHT2) and National Landcare Program (NLP) in Western Australia. Together, these programs will involve investment of about \$400 million by 2007/08 (with matching contributions by both State and Commonwealth). The Department has been actively involved with the Regional NRM groups in providing technical leadership and guidance for the development of programs and delivery of outcomes including:
 - supported the six Regional NRM Groups in developing Investment Plans, on-going review and refinement of strategies and delivery of program outcomes;
 - effective management of, and participation in, strategy accreditation and investment decision processes. All regional strategies have been accredited, and first year Investment Plans approved by State and Commonwealth Ministers. All second year Investment Plans are being considered by Governments except for the Rangelands whose plan is expected in July 2006;
 - efficient delivery of funding to Regional Groups using more robust contracts that strengthen accountability and governance requirements. These include refinement of contracting; helping improve business systems, processes and business capabilities through auditing, evaluation and benchmarking; facilitating training courses and advice in business governance. Particular emphasis was placed on improving reporting performance; and
 - improved arrangements for monitoring and reporting investments. These include restructure of the State NRM Office to align its operations better with key areas of risk and investment.
- Salinity research was extended with integrated solutions that have greatest chance of success. Key progress included:
 - Sustainable Grazing on Saline Lands (SGSL) research focused on design and management criteria for profitable and productive saltbush-based pastures. Monitoring of sites and information sharing was the focus of the 61 trial sites of the SGSL Grower Network. This has provided a wealth of information that has contributed significantly to understanding the role saltland pastures can play in WA agriculture;
 - Rapid Catchment Appraisal to assess land degradation risks and provide management options across agricultural areas will be completed by December 2006. Areas were extended by 8 million hectares to include Greenough in the Northern Agricultural Region; Avon-Hotham and Lockhart in the Central Agricultural Region; and Wagin-Woodanilling and Hillman-Narrogin in the South West Agricultural Region;
 - the Catchment Demonstration Initiative (CDI) is coordinating investment of \$10 million of private and public funds into landscape change to better manage salinity and related water issues. Projects are being implemented within the Fitzgerald River (Jerramungup), Wallatin-O'Brien (Kellerberrin), Upper Coblinine (Gnowangerup) and West Koojan-Gillingarra (Moora) catchments, in partnership with local farmers. CDI is testing an integrated approach to assess impacts of proposed actions, monitoring changes and evaluating effectiveness;

Report on Operations



Agricultural Resource Management Achievements



- Rural Towns - Liquid Assets, led by the Department, delivered water management plans to Lake Grace, Woodanilling and Nyabing with a further 13 to come before completion of the project. More efficient management of surface water is emphasised, combined with other strategies to reduce dependence on scheme water. The project secured a use for 500kL/day of saline water pumped from under Merredin townsite to suppress dust during reconstruction of the Great Eastern Highway. This will be supplied until May 2007;
- an 'on-farm' salinity advice service, in partnership with the Northern Agricultural Catchments Council, provided help in determining what groundwater processes are occurring and suitable management options; and
- land salinity targets for the South West were prepared, working with inland communities and agricultural industries on land affected by salinity in medium and low rainfall zones.
- *Farming for the Future*, a response to the State Sustainability Strategy, has developed a process to demonstrate that producers are becoming more sustainable through identification and use of recommended on-farm practices. An important feature is linking farm level management practices to resource condition and management action targets developed through regional NRM plans. Work with the dairy industry is most advanced, and these experiences will be applied to other industries in 2007. An important outcome will be a system to recognise sustainable producers, providing assurance that WA agriculture is moving to sustainable production.
- The Department is a major contributor to both the Wheatbelt Drainage Evaluation (WDE) and Engineering Evaluation Initiative (EEI) managed by the Department of Water. Achievements include:
 - a new two-year project 'Acid Groundwater 2' was established with CSIRO Land and Water and Department of Water, to investigate the causes of acid groundwater and effect of drainage and mitigation. With the Avon Catchment Council (ACC), options will be tested to control acidity in constructed basins and lakes receiving drainage;
 - EEI, with CSIRO partners, has developed a model called LASCAM, to examine intervention strategies and options for disposal of drainage waters in the Avon and Blackwood catchments. The Department assisted with calibration, and modelling of the effect of drains is underway; and
 - three drainage feasibility projects (Yenyening, Yarra Yarra and Blackwood) were let to consultants to report on design, environmental and economic analyses in order to assess and manage risks and provide community input. WDE has developed a model to examine intervention strategies and options for disposal of drainage waters, however, initial analysis shows that the Yenyening Lakes lack sufficient storage capacity to contain the potential drainage from the upper Avon system.
- The Irrigation Review – Final Report contained significant input from the Department and recommended far reaching reforms to planning, management and allocation of water. It provided a sound basis for WA to meet its commitments under the National Water Initiative. Since its release, assistance has been provided to the Office of Water Strategy to implement the recommendations. These included measures for improving water use efficiency in irrigation and other industries, integration of land and water planning and approaches for increased self-management of water resources by irrigators.



Agricultural Resource Management Achievements



- In parallel, Waterwise on the Farm delivered 28 training workshops to seven grower groups in irrigation systems, scheduling, soils and farm management. Technical support was provided to irrigators to prepare 50 on-farm irrigation management plans. It established four demonstration sites for best practice in irrigation technology and management including an integrated climate and water use information system for the Gnamptara district.
- DairyCatch, a three year \$350,000 research and development project, leveraged \$750,000 in additional funds for on-ground implementation of environmental best practice on dairy farms. Through a process of ensuring strong industry partnership and endorsement, the project's success is based on good working relationships amongst the Department of Environment and dairy industry groups. This has been beneficial to all parties and has positively influenced environmental policy and its implementation. The project won the 2005 WA Community Natural Resource Management Award and WA-based NRM and Dairy research was recognised at a national level through participation in the Dairying Tomorrow program.
- The Peel-Harvey Coastal Catchments Initiative (CCI) Projects were completed under a cost sharing arrangement with the Commonwealth Department of Environment and Heritage funding 90 per cent of the \$2.1million program. The Department managed two of the seven WA-based CCI projects and contributed to the other five. Program outcomes were: (i) comprehensive catchment scenario modelling which markedly increased the knowledge base related point and non-point source pollution of estuaries and led to better informed policies for management; (ii) a process for industry practices and management action assessment in relation to regional natural resource management targets which now forms the basis for the next generation of similar projects in other vulnerable coastal catchments; and (iii) substantial additional funding from the Commonwealth to do similar work in the Swan and Geographe catchments.



Planned 2006/07 Agricultural Resource Management Initiatives



- Achievement of the state's NRM outcomes through community partnerships will continue under the regional strategic delivery model. An independent review of NRM delivery has recommended a state framework which will be considered along with reforms to NRM governance, accountability processes and the implementation of a monitoring and evaluation framework.
- Land Conservation Districts Committees are evolving as part of the regional delivery model. Their role and structure will be reviewed to ensure they will continue to be effective in delivering NRM outcomes.
- The *Farming for the Future* sustainability management system will be tested for functionality and made available.
- In partnership with the Department of Water, develop a state policy and strategic plan for wheatbelt drainage.
- Implement new governance arrangements that will facilitate construction of large scale drainage works and minimize the adverse environmental and social impacts. Under the guidance of these policy and governance arrangements, continue research and monitoring related to the effectiveness of drainage, standards development and safe disposal of effluent.
- Implement planned actions from earlier work in the Peel-Harvey coastal catchment. Development of regulation, promotion and installation of Best Management Practices and water quality improvement plans.
- Development of additional coastal catchment management projects for other sensitive Western Australian estuarine regions - Geographe, Vasse-Wonnerup, Leschenault and Swan-Canning. The work will provide significant and meaningful input to policy makers and catchment managers from the agricultural perspective.
- Acid sulphate soil amelioration trials investigating, defining and developing amelioration strategies for affected agricultural regions.
- Establish the Ecohydrology Research Group in partnership with the School of Environmental Systems Engineering at the University of Western Australia. This is an initiative under Agriculture Research Western Australia (ARWA) and will involve the relocation of some members of the Department's Integrated Nutrient and Water Management project to the University.
- Initiate the development of catchment water management plans across the agricultural areas. This is a follow on from the Rapid Catchment Appraisal project and will provide regional and catchment groups with an assessment of the water balance of catchments and the relative effectiveness of options to manage surface and groundwaters, and an evaluation of the potential for water conservation.
- Develop a surface management project which will develop methodologies to benchmark surface water management structures in the landscape.
- Identify and analyse the barriers and benefits to adoption of surface water management structures in order to improve adoption strategies and tools.

Report on Operations



Planned 2006/07 Agricultural Resource Management Initiatives



- Under the state-wide Resource Condition Monitoring project, fill in the gaps in the groundwater and surface water monitoring network in the agricultural areas. Completion of this project will enable more comprehensive reporting on the status and trends of groundwaters responsible for land and stream salinity.
- Implementation of surface water management earthworks and monitoring equipment at Lake Bryde and Toolibin Lake biodiversity recovery catchments.
- Develop a major integrated study to analyse the vulnerability of agriculture and other sectors to projected climate change and develop strategies for informed adaptation. The study area is the South West Land Division and the program is a whole-of-government response to the Western Australian Greenhouse Strategy. A set of strategies will be developed for recommendation to government and industry.
- Continued support for the implementation of the NAP and the 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.



Biosecurity Achievements



- The Biosecurity and Agriculture Management (BAM) Bill plus BAM (Repeal and Consequential Provisions) Bill and the BAM (Rates and Charges) Bill were completed late in 2005. In December 2005, the Government agreed to print these Bills as Green Bills for public comment. The Department received comments on the Bill from interested producer and community groups and the general public until 31 March 2006 and prepared a Public Consultation Report for the Minister's consideration.
- The Department, in partnership with the Agriculture Protection Board, Department of Environment and Conservation, Department of Fisheries and Forest Products Commission, commenced a holistic review of biosecurity in Western Australia with a view to developing a detailed biosecurity strategy during 2006/07.
- The Department responded to a total of 41 animal and plant pest and disease incidents in metropolitan, peri-urban and regional locations. Incidents ranged from plants diseases such as statewide wheat streak mosaic virus, potato virus Y in Carnarvon and apple scab in the Perth hills. Vertebrate pest incursions such as starlings in the Munglinup area, sparrows (Fremantle), slider turtle (Kewdale), Indian ringneck parakeet (Mandurah), musk lorikeet, and cane toads. Plant pest incursions included rubber vine on the Fitzroy River and three horned bedstraw found in Merredin and Cranbrook. Insect pests included the six spotted mite, beetle larva and tropical fire ant in Port Hedland.
- The Department participated in a national Exercise Eleusis that tested Australia's whole of government preparedness to respond to a case of avian influenza (bird flu) in Australia, and hosted a foot and mouth disease response exercise that tested the national rapid response team and Western Australia's local preparedness.
- The Department has continued to operate effective quarantine checkpoints at entry points into WA, such as Eucla and Kununurra road checkpoints, Perth domestic and regional airports, disembarkation points for interstate rail and shipping, freight surveillance program at road, rail and sea cargo depots, development of freight declaration system, surveillance of import of personal effects and surveillance of freight and cargo depots including post and parcel freight. 104,657 vehicles entered the state via the Eucla and Kununurra Checkpoints with a total of 10,563 kg of quarantine risk material seized from travellers. This year 1,886,118 interstate air passengers arrived in WA with 2,740 kg of fruit and vegetables seized. A total of 205,889 containers were imported from interstate, comprising 146,049 via rail (a decrease of one per cent) and 59,840 via coastal cargo (a decrease of 1.5 per cent). The number of "Order into Quarantine" notices increased by 20.6 per cent to 5,573. 12,107 livestock entered the State via Kalgoorlie and Kununurra checkpoints, including 2,220 horses. 66 livestock entered via Perth Airport, including 40 horses.
- The Pest and Disease Information Service (PaDIS) effectively responded to 16,700 community enquiries on animal and plant pests, diseases and weeds. Of these enquiries 12 were positively identified as pests of biosecurity concern (European wasp, cane toads, house crows, Indian ringneck parrot).
- AGWEST Plant Laboratories (APL) provided world class seed testing, certification and diagnostic services to underpin the State's continued freedom from exotic diseases and were accredited for the next three years by the International Seed Testing Association (ISTA). 5,000 commercial, quarantine and regulatory seed and plant samples for identification of weeds, diseases and/or conduct of physical tests were analysed by APL on a full cost recovery basis. Staff also inspected 8,000 hectares of seed crops on 200 properties for the varietal purity and the presence of weed and seed borne diseases.
- Western Australia's high livestock health status was maintained. Market access for animals and animal products from Western Australia was enhanced through the demonstration of freedom from specific diseases and other threats.
- Effective development and promotion of animal health policies at State and national levels continued, including inputs on the Tuberculosis Freedom Assurance Program,

Report on Operations



Biosecurity Achievements



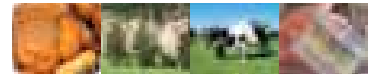
future of the National Johne's Disease Program, the National Newcastle Disease Program, National Animal Health Performance Standards, developing a National Animal Health Information System, inputs to a Animal Health Committee and the Consultative Committee on Exotic Animal Diseases and Animal Health Australia.

- The Department's preparedness for emergency animal diseases (EAD) was enhanced through specific training and competency accreditation for staff, private veterinarians and industry representatives. EAD preparedness plans were developed or updated according to national policy/agreements. Department personnel have also played key roles in the development and implementation of national preparedness and response strategies for emergency animal diseases, including avian influenza (bird flu), foot and mouth disease and Newcastle disease.
- The National Livestock Identification System (NLIS) for cattle was implemented successfully in WA and national funding was secured for the on-going implementation of this program. Implementation of NLIS for sheep commenced, with WA continuing to lead other States in effective traceability for sheep.
- The OrdGuard Biosecurity Plan was launched in May 2006 at Kununurra by the Minister for Agriculture and Food. This plan is the first of its kind on a regional level in Australia to be developed by local industry and community stakeholders.
- Rapid action had been taken to determine the extent, and limit the spread, of the European House Borer (EHB), including door knocking of more than 52,000 homes and surveys of over 100,000 hectares of pine plantations. 81 sites (of 100 infested sites) have been cleaned, susceptible material treated, removed or destroyed around infested sites (more than 5,270 properties have had action taken as part of this process), and over 8,700 m³ timber from both the infested sites and buffer zones has been removed or destroyed.
- To enhance the effectiveness of surveillance and monitoring for exotic plant pests, a new spatial modelling project was initiated and a new project on hazard surveillance was commenced. The development of a new semi-quantitative model to determine pest introduction frequency as a key tool for managing trade and minimising the introduction of pests into the State has been developed. This is a significant step forward in ensuring that the State's regional differences in pest status and risk are identified and assessed in an open and transparent manner utilising the latest developments in risk analysis.
- The Department's scientists have played key roles in the development of the draft National Animal Health Surveillance Strategy, the National Animal Health Laboratory Strategy, the National Animal Health Performance Standards, the draft Australian Pest Animal Strategy, the revised National Weed Strategy, the Western Australian Biosecurity Review and the development of the Australian Biosecurity System (AusBIOSEC). Our personnel have also played key roles in the development and implementation of national management strategies for pest species including camels, deer, rubbervine, siam weed, branched broomrape, prickly acacia, mesquite, aquatic weeds, blackberry, gorse, wild dogs and wild horses.
- The Skeleton Weed Program was reviewed and an industry based Skeleton Weed Committee approved a \$4 million industry-funded operational program for 2005/06. Surveillance and eradication activities were carried out on over 1,300 properties while over 400,000 hectares of paddock area was searched for skeleton weed by landholders and Department staff. There was full compliance by 865 landholders who were required to provide paddock search records. The total area infested with skeleton weed has decreased by 40 per cent since 2004/05.
- Biological modelling and surveillance has been used to predict a severe outbreak of Australian Plague Locusts over a large portion of the wheatbelt in the spring of 2006. An incident response team has been established to prepare for this outbreak.

Report on Operations



Planned 2006/07 Biosecurity Initiatives



- The state's border biosecurity services will be improved via:
 - more effective road checkpoints by strengthening the shift coverage;
 - better use of detector dog services and increased public awareness from better flight coverage at the Perth Domestic Airport; and
 - more efficient processing of commercial vehicles at the Kununurra Checkpoint through the implementation of the freight declaration system that has already been implemented with success at Eucla.
- Interstate trade will be enhanced via further expansion of the Interstate Certification Assurance (ICA) scheme, by development of new ICA arrangements for the export of seed potatoes, and development of a national ICA website to enable better access to audit reports, non-conformance and incident reports by auditors in other states.
- Coordinate and support the drafting of the regulations to be established under the proposed *Biosecurity and Agriculture Management Act*, and oversee the development of the lists of declared pests, prohibited organisms and permitted organisms to be established upon commencement of the Act.
- The holistic Biosecurity Review and Biosecurity Strategy will be completed, plus consultation with rural stakeholders on the future management and funding arrangements for regional biosecurity. The State Biosecurity Review and Strategy will contribute to the development of the AusBIOSEC National Biosecurity System.
- A major biosecurity training project will unify training across operational regulatory areas. This will focus on regulatory and emergency management training and ensure that authorised officers are fully trained under the proposed *Biosecurity and Agriculture Management Act* and its regulations, and ensure that the Department is able to satisfy commitments documented in national emergency response deeds.
- Animal disease surveillance capacity will be enhanced through the appointment of new District Veterinary Officers, improved liaison with private veterinary practices in regions, and training for rural veterinary practitioners and veterinary students.
- Participate in the development and implementation of national animal and plant health information systems, and continue its role in the national Cooperative Research Centre to provide improved disease surveillance technology.
- Continued implementation of livestock industry biosecurity plans through engagement of industry and promotion of individual farm biosecurity measures with a view to incorporating biosecurity protocols in industry Quality Assured programs. Implement a coordinated communications program to raise levels of awareness and adoption of improved farm biosecurity practices.
- EAD preparedness will be enhanced by updating protocols, staff training, industry training, encouraging and assisting industry organisations to enhance their own EAD response plans.
- Subject to national commitments to funding, will implement regulations to prevent the spread of the EHB via movement of infested material. Targeted research will be conducted on ecology and biology of the EHB as a part of the containment and eradication program.
- Continue to partner with the Murdoch University toward development of a world class biosecurity centre of excellence based at the university campus.
- Continue to strengthen its generic emergency management capacity toward more efficient, effective responses to biosecurity pest outbreaks, fires, floods and other rural emergencies.

Report on Operations



Certification of Key Performance Indicators



Certification of Key Performance Indicators

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

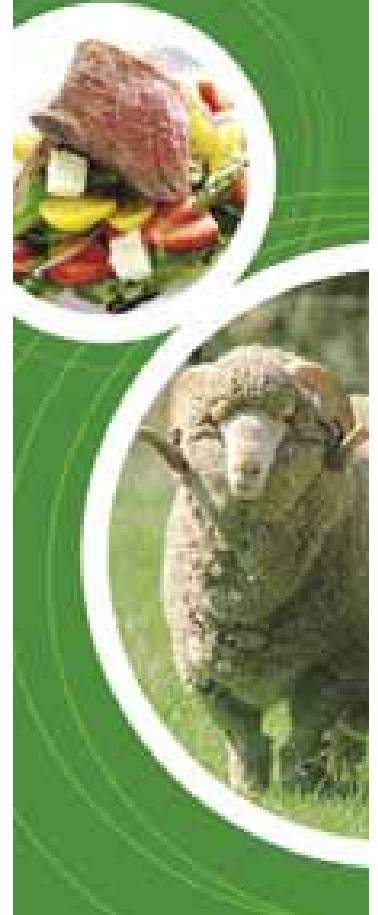
I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Agriculture and Food's performance, and fairly represent the performance of the Department of Agriculture and Food for the financial year ended 30 June 2006.

Ian Longson

DIRECTOR GENERAL

DEPARTMENT OF AGRICULTURE AND FOOD

Performance Indicators



Independent Audit Opinion



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF AGRICULTURE AND FOOD FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Agriculture and Food at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Department 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
- (iii) the key effectiveness and efficiency performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2006.

Scope

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, Summary of Consolidated Fund Appropriations and Income Estimates, and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer <http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>.

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators 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 and performance indicators.

D D R PEARSON
AUDITOR GENERAL
21 September 2006



Output 1: Food and Fibre Industry Development

Outcome: Increased competitiveness and profitability of Agriculture, Food and Fibre Industries

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

To achieve the outcome of increased market competitiveness and profitability, programs of the Department of Agriculture and Food Western Australia apply benefit-cost analysis as a guide to assist in the allocation of funds to areas likely to make the largest contribution to the State's rural economy. Programs also use *ex post* analyses to learn from completed projects, and information generated in the course of the *ex post* analyses is subsequently used to improve the assessment of future projects.

Table 1 shows the results of 10 recently or partly completed projects. This year projects (except one) were selected for analysis from among the projects not reported before. The Wheat Agronomy project last reported in 2002/03 is reported again this year to understand the long-term *ex post* impact of the project. The number of projects selected for this report remains the same as reported in 2004/05. 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 and Food Western Australia in 2005/06

Program and project	Benefit-cost ratio	Net present value (\$'000)
Cereals		
Investment in Agronomy R&D to Improve Wheat Grain Yield and Quality	2.2	54,100
Rapid Adoption of a Systems Approach to Weeds Management in the NAR Region of Western Australia	7.5	7,600
Durum Industry Development	0.7	-2,200
Wool and sheep		
Breeding for Worm Resistance	15.9	19,600
Lifetime Wool Project	7.6	18,500
Salinity Management - Sustainable Grazing on Saline Land – Producer Network project	0.96	- 83
Meat		
Management of Light Weight Weaners to Meet High Value Target Markets	11.9	1,100
Dairy		
Protein 'Plu\$'	7.7	3,300
Horticulture		
Variety Development for the Fresh Potato Market in Western Australia	12.6	1,900
Bulk Bin Exports of Apples	38.5	2,260





As mentioned in the 2004/05 reporting year, 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. In this way, the *ex post* analyses were 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. In this reporting year, only two projects fell below a benefit-cost ratio of 1.0.

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.

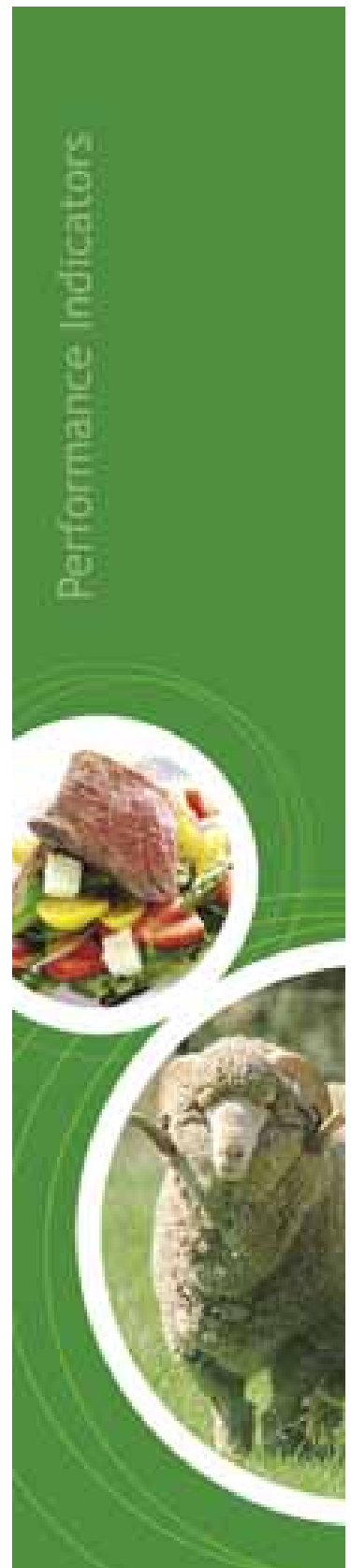
PI 2 Uptake of crop varieties developed by the Department of Agriculture and Food

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 and Food 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 2005. All major crops listed, except for field peas, show 80% or greater inclusion of Department of Agriculture and Food lines, although in total there has been a slight decline between season 2004 and 2005. 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.

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

Variety	% of WA crop area sown to crop varieties developed by the Department	Season hectares planted	
		2004	2005
Wheat	84	4,403,269	3,931,167
Barley	94	1,090,318	874,423
Oats	96	149,821	75,859
Lupins	100	544,026	399,195
Field Peas	7	68,002	58,155
Chickpeas	87	1,931	2,056
Total	87	6,257,367	5,340,855





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

The Department of Agriculture and Food 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. Efforts to develop export markets can be impacted by a range of adverse measures including, the outbreak of diseases in other countries, currency fluctuations and global conflicts and uncertainty.

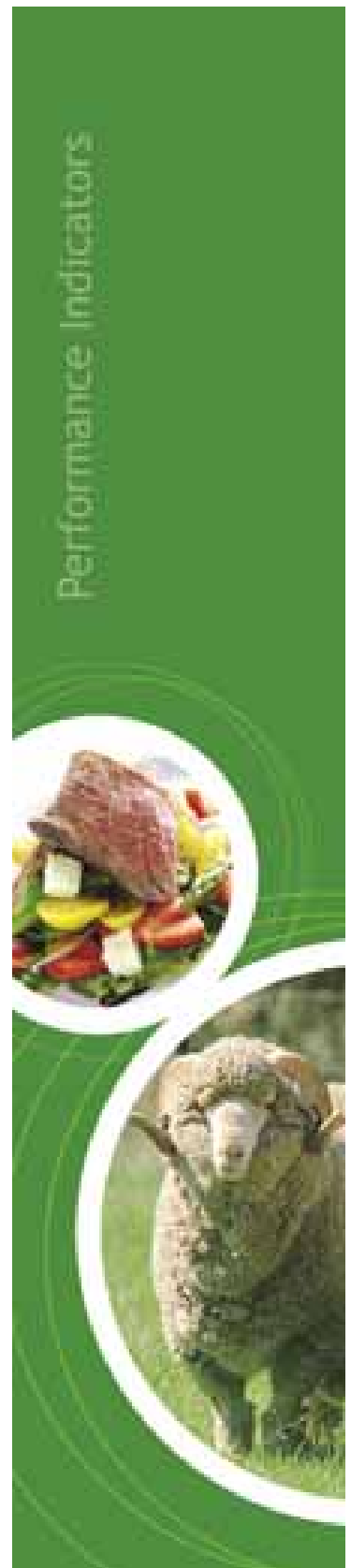
Table 3: Trade opportunities developed in export markets

Commodity	Destination	2001/02 (\$'000)	2002/03 (\$'000)	2003/04 (\$'000)	2004/05 (\$'000)	2005* (\$'000)
Pork	Total exports	22,529	26,985	30,267	34,029	32,287
	Singapore	21,623	23,996	27,966	29,607	28,629
Beef	Japan	6,733	14,017	36,353	51,950	42,260
	Taiwan	4,376	4,768	5,331	4,857	5,868
	South Korea	9,113	12,188	16,351	26,038	29,466
	Kuwait	1,713	2,539	4,407	3,783	3,821
Wheat	Jordan	0	12,713	0	0	0
Lamb	Japan	456	3,099	5,956	6,267	9,788
Apples	India	449	333	110	219	219
Milk	Singapore	11,703	14,638	13,106	12,292	12,345
	Taiwan	261	1,693	2,718	2,827	2,489
	Malaysia	1,307	1,581	2,068	2,199	2,328
	Hong Kong	6,262	6,835	7,779	7,484	8,663
Hay	Japan	59,850	82,945	69,156	69,394	80,603
	South Korea	626	1,948	4,216	7,385	6,861
Cereal Straw	Japan	1,060	1,519	1,277	2,381	3,372

Source: ABS

* Due to a change in the reporting requirements, the export trade data from 2005 on will now be reported on a calendar year basis rather than a financial year basis. This should be taken into account when comparing trends. The target figures in the 2005/06 budget statements were also based on a financial year rather than calendar year basis, and so are no longer applicable.

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 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

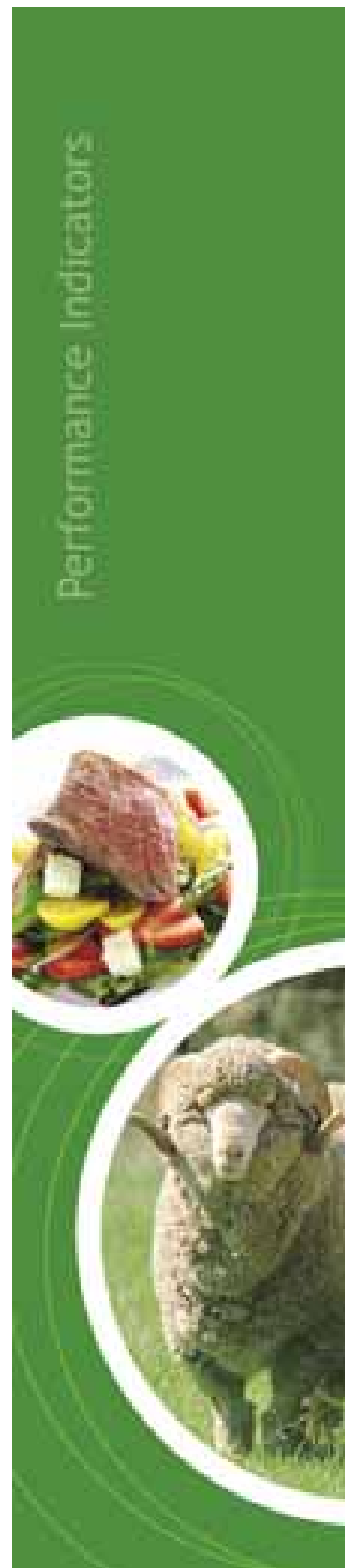
- Organised a Ministerial Mission to Bangladesh, Qatar, Abu Dhabi, Egypt, Algeria and Turkey in January 2006. An AUD\$11 million deal for export of canola from Western Australia was finalised in Bangladesh, the Food Safety System proposal for Qatar was reactivated, the Abu Dhabi soil survey project proposal was finalised and new opportunities in Algeria and Turkey were identified.
- As a result of ongoing promotion of the Western Australian agri-food industry in North African countries (Libya, Algeria), a joint initiative with Austrade led to the establishment of a Consulate General Office and full Austrade office for North Africa situated in Tripoli. This helped Western Australian companies to receive orders, including Floreat Meat Co which after successful exports of 1,500 MT of meat (AUD\$4.5 million) in 2004, received a second order for 800 MT of meat (AUD\$2.3 million).
- AGWEST International and the Western Australian Trade Office (WATO) Dubai in alliance with GRM International from Dubai, secured an A\$3.5 million contract (2006-2010) with the Abu Dhabi Environment Agency to undertake a soil survey.

Malaysia

- Coordinated 100 representatives of Malaysian private and public organisations to attend the Perth Royal Show in September 2005. The event provided opportunities for many trade contacts and arrangements.
- During a Western Australian Ministerial mission to Malaysia, a Memorandum of Understanding was signed in December 2005. The working group for cooperation was established and opportunities identified.
- The Malaysian Minister for Agriculture, accompanied by 8 delegates, visited Western Australia in March 2006 and discussed the development of a beef and live cattle project in Malaysia and potential investment in Western Australia. Government officers from Malaysia visited in June 2006 for detailed discussions re alliances with WA private sector companies.

Taiwan and China

- Facilitated trade and export development by hosting buyer delegations, matching business partners, introducing buyers to Western Australian exporters, and assisting Western Australian exporters to exhibit at food fairs.
- Assisted in developing new trade in worth almost AUD\$4.6 million to China and Hong Kong from Western Australia.





Japan

- In conjunction with Western Australian Trade Office Tokyo, the Department successfully lobbied for a reduction in tariff on lupin kernel for fish feed from six per cent to zero per cent. This outcome will allow exporters to continue to maintain profitable trade, and will open up new opportunities. The value for this initiative is about AUD\$950,000.
- Continued to pursue investment attraction from Japan to facilitate the development of the Western Australian green tea industry. An MOU is being finalised with Satoen, a Japanese green tea company, to proceed to the next step for industry development.
- Facilitated the confidentiality agreement and MOU arrangement between Kingsun Bioscience (Japan) and Agri-Biotech Co (Western Australia). Agri-Biotech Co has a patent on technology used to increase antibodies in cows milk. Kingsun Bioscience is interested in investing to commercialise this technology if international trials are successful. In June 2006, a three month trial with 60 cows will be conducted in Beijing, with Kingsun to provide about AUD\$260,000 in funding.
- Developed and facilitated a number of trade opportunities (ie beef, canola, lake salt concentrated juice and noodles) for Western Australian companies to the value of approximately AUD\$19.5 million.

South Korea

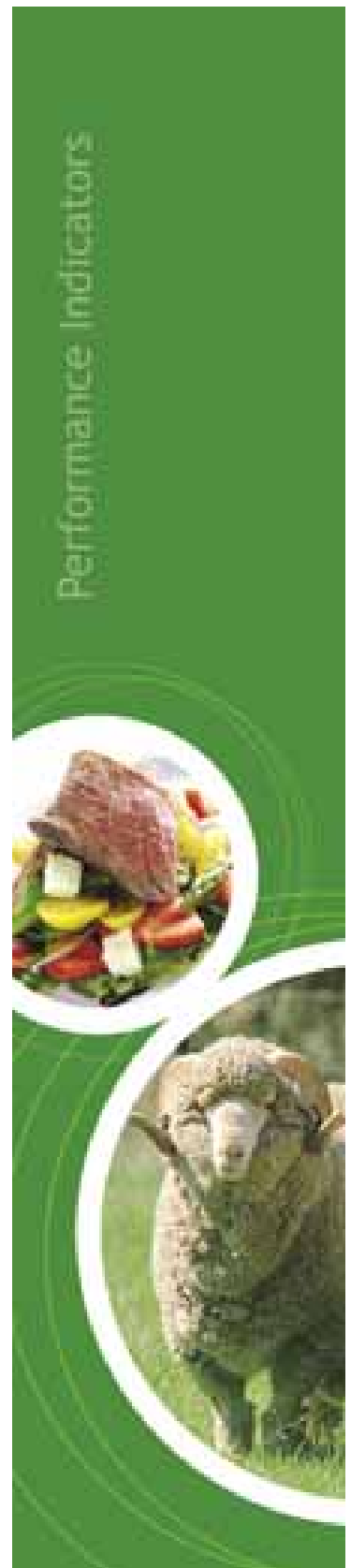
- In conjunction with Western Australia Trade Office Seoul, facilitated trade inquiries and organised market promotion resulting in exports to the value of approximately AUD\$1.4 million.

Thailand

- Facilitated trade inquiries and organised various visits for Thai buyers (major importers and leading supermarkets) to meet with potential Western Australian agri-food exporters/ manufacturers, resulting in exports to the value of approximately AUD\$5.5 million.

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.



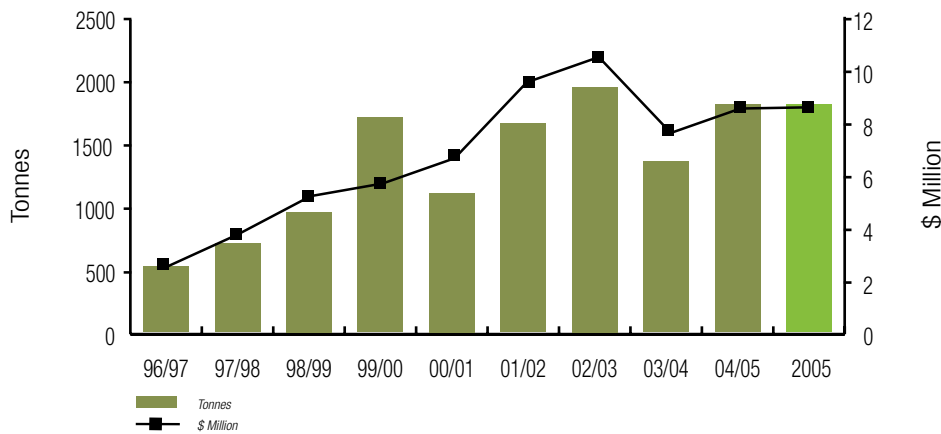


Strawberries

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. Strawberries are a high value product and demand continues to increase, particularly in the UAE, Malaysia and Singapore, despite the high price. These three destinations now account for more than 60% of all strawberry exports from W.A. Our seasonal window in these markets is from August to November when production volumes are high and quality is good.

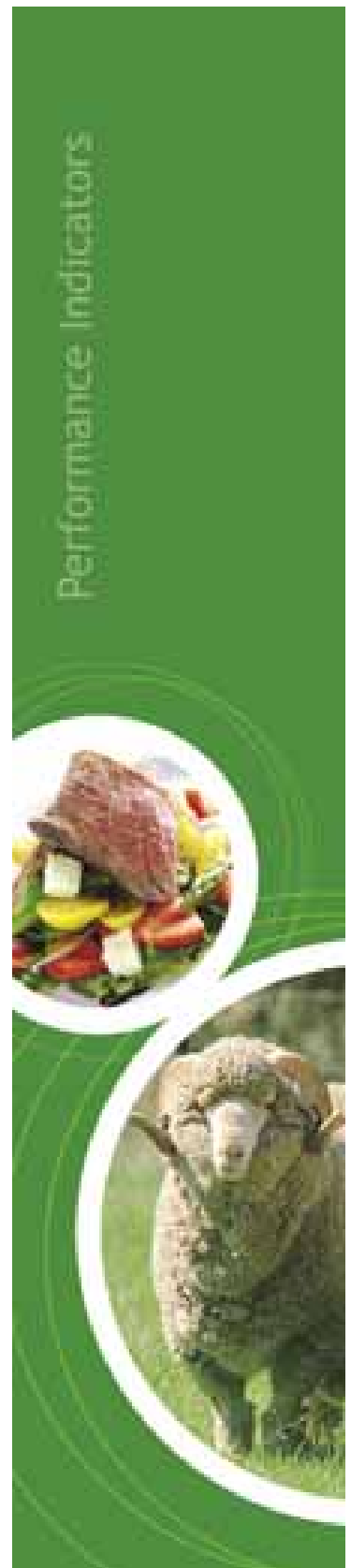
The Department of Agriculture and Food has maintained a close working relationship with the strawberry industry since the late 1980’s including work on integrated pest management, breeding and selection, irrigation and nutrition and quality assurance. The variety favoured for export, Camarosa was first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

Note: Due to a change in the reporting requirements, the export trade data from 2005 on will now be reported on a calendar year basis rather than a financial year basis. This should be taken into account when comparing trends. The target figures in the 2005/06 budget statements were also based on a financial year rather than calendar year basis, and so are no longer applicable.



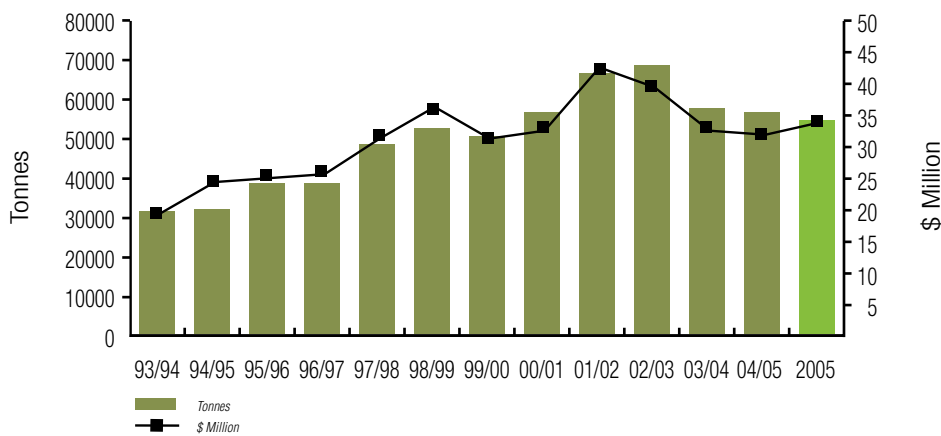


Carrots

In 2005 Western Australian carrot producers and exporters showed some resilience in international markets. WA carrots have an outstanding reputation for quality and reliability. The Department has assisted carrot producers and exporters to focus on costs, quality and product differentiation. Product differentiation has been on the basis of quality and food safety into discerning markets. 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 the Department’s industry funded R&D projects. This work underpins the development of environmental assurance systems.

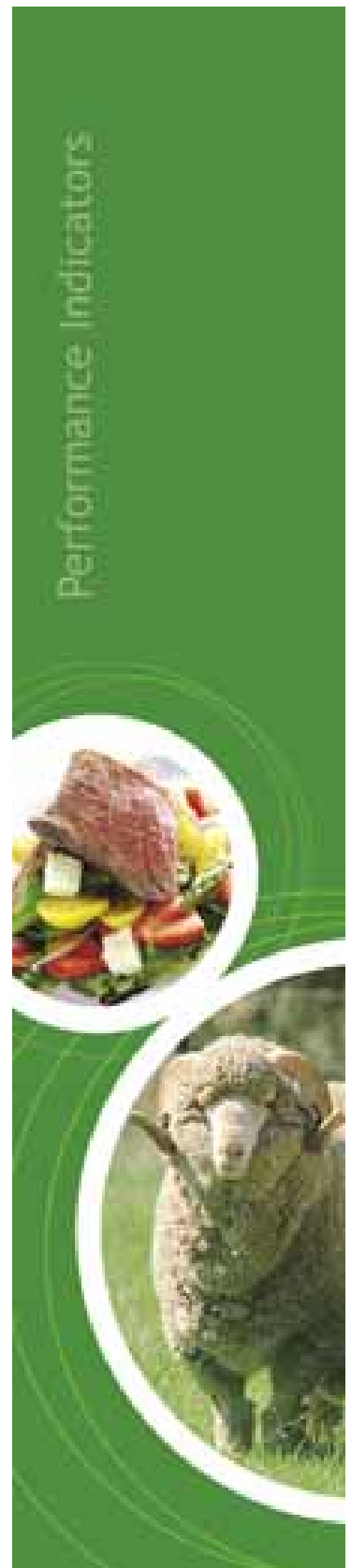
WA carrot growers have begun marketing high quality product into Eastern States markets. With the Department assisting industry to develop and adopt environmental assurance, further product differentiation of Australian product in discerning markets should be possible.

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



Source: ABS

Note: Due to a change in the reporting requirements, the export trade data from 2005 on will now be reported on a calendar year basis rather than a financial year basis. This should be taken into account when comparing trends. The target figures in the 2005/06 budget statements were also based on a financial year rather than calendar year basis, and so are no longer applicable.





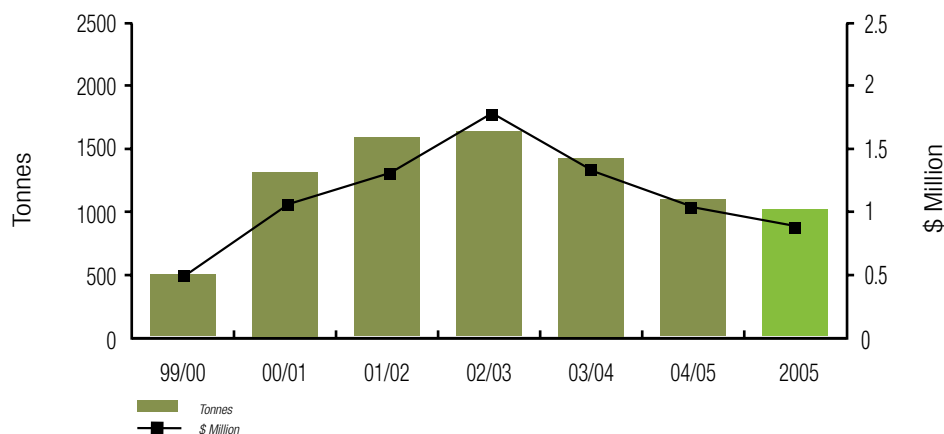
Potatoes

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 three years because of a range of challenges 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 from 1999 to 2002 will resume.

The Department of Agriculture and Food is assisting the development of the export seed potato 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 project demonstrated that the State's seed potatoes had the ability to improve the productivity of the Indonesian potato processing industry. This work has led to the Department becoming the lead agency in the Australian Centre for International Agricultural Research (ACIAR) development project *Optimising the productivity of the potato/Brassica cropping system in Central and West Java*.

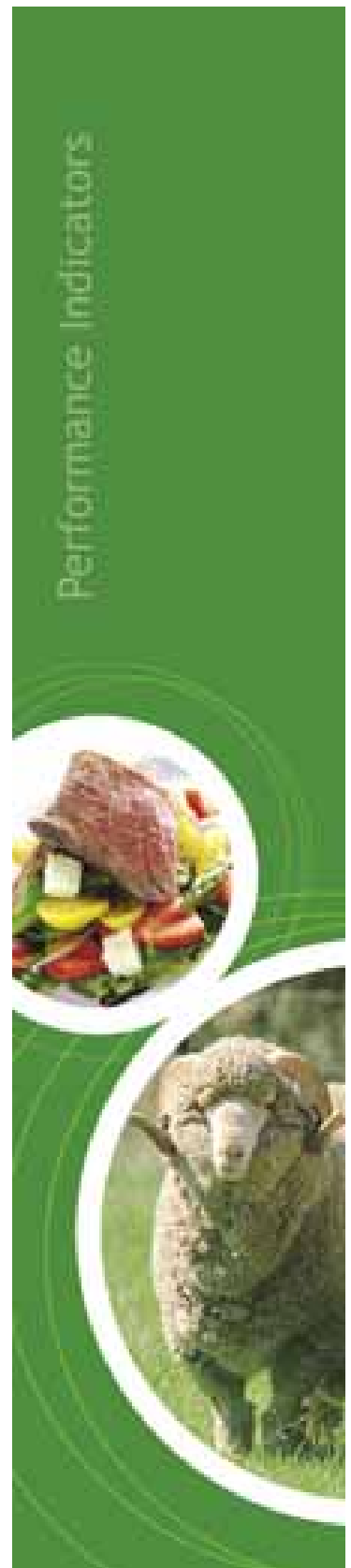
This year also saw an increase in WA seed potato sales to the eastern states with 1,800 tonnes of fresh market and processing varieties sold to Queensland and South Australian farmers.

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



Source: ABS

Note: Due to a change in the reporting requirements, the export trade data from 2005 on will now be reported on a calendar year basis rather than a financial year basis. This should be taken into account when comparing trends. The target figures in the 2005/06 budget statements were also based on a financial year rather than calendar year basis, and so are no longer applicable.



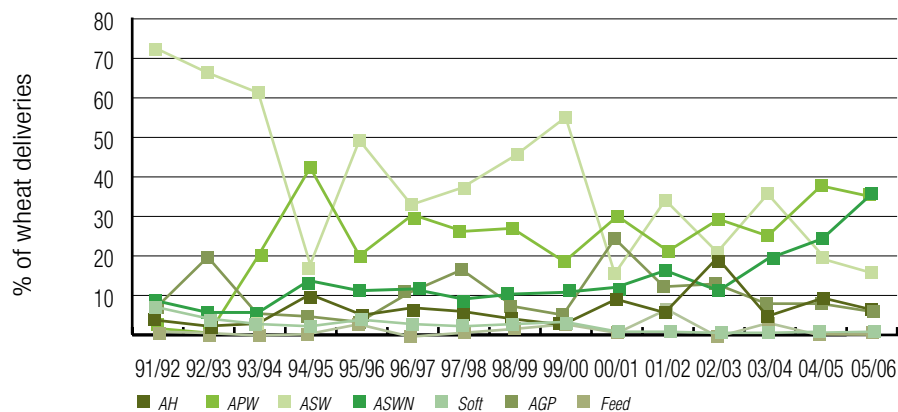


Diversification of Wheat Grades

The Department of Agriculture and Food 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 and Food 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 2005/06 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.

Figure 4: Percentage of wheat grades delivered to AWB



Source: AWB

Western Australian wheat yields

The Department of Agriculture and Food 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 by 7 kg/ha/year, this has increased to 30 kg/ha/year between 1982-2005 which is a 328 per cent increase in productivity. For the eastern states of Australia the equivalent increases have been 15 kg/ha/year (1930-1981) to 21 kg/ha/year (1982-2005), which is just over a 40% increase in productivity. This means that Western Australia has had a 43% larger trend than eastern Australia since 1982, but an 8 fold larger increase in trend from the earlier to the later period.

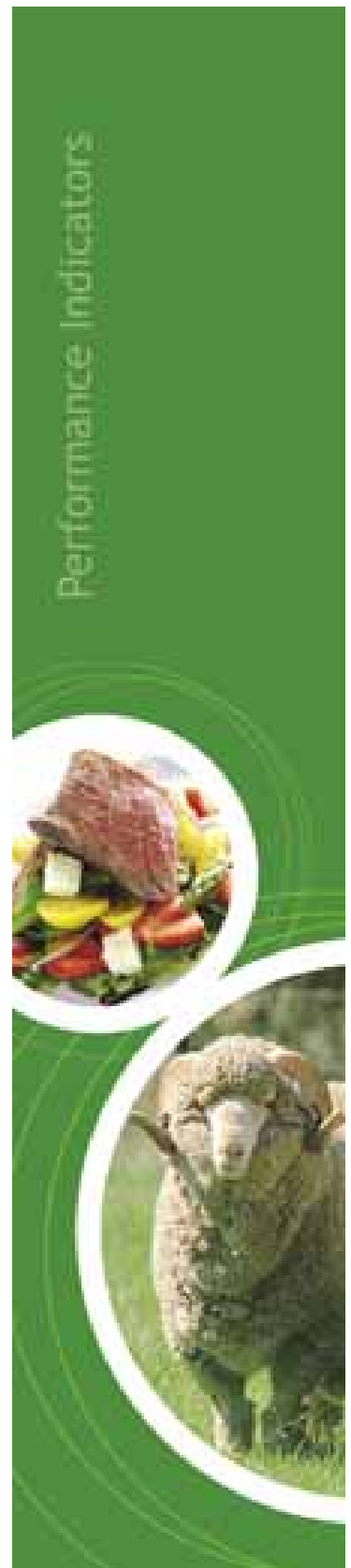
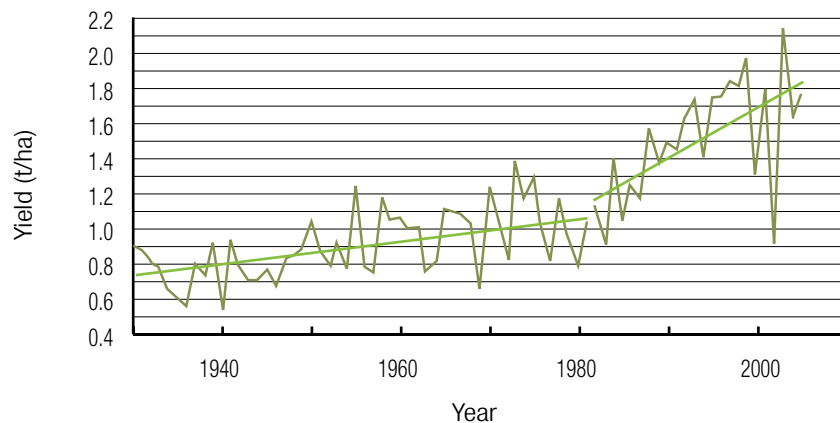




Figure 5: Average wheat yields in Western Australia (T/Ha/Yr)



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 showed in 2001/2 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 was the major driver of increased profit in 2001/02.

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 of the past decade, 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.

However, the 2005 pasture growing season in much of the wool belt was remarkable for the early start in April, follow up rain throughout the season, apart from July, and continued pasture growth for about three weeks after the normal end of season. As a result sheep and wool growing conditions were better than they have been for many years. This resulted in heavier fleece cuts, but also higher than expected fibre diameters. Economically at the farm scale, these responses tend to largely cancel one another-extra wool produced making up for the reduced price due to higher diameter.

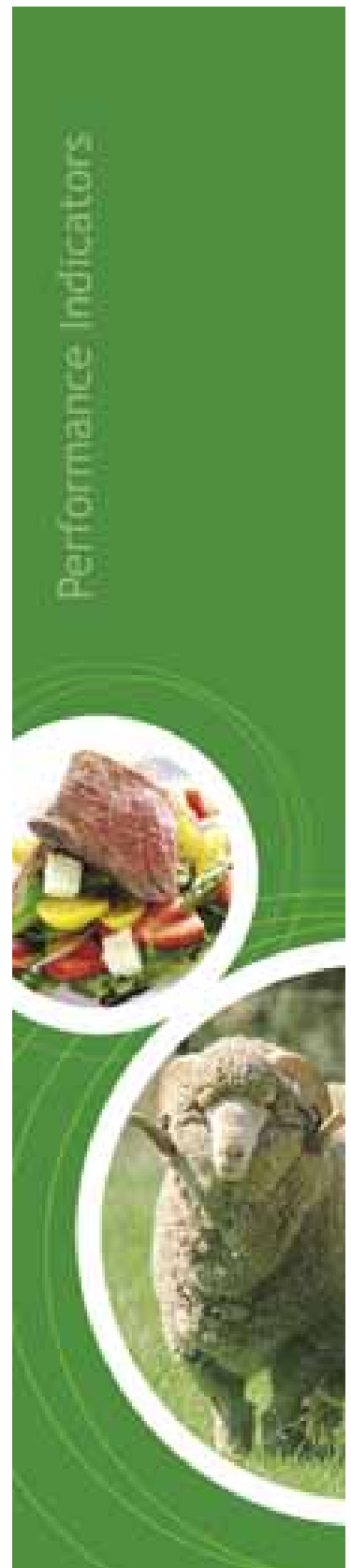
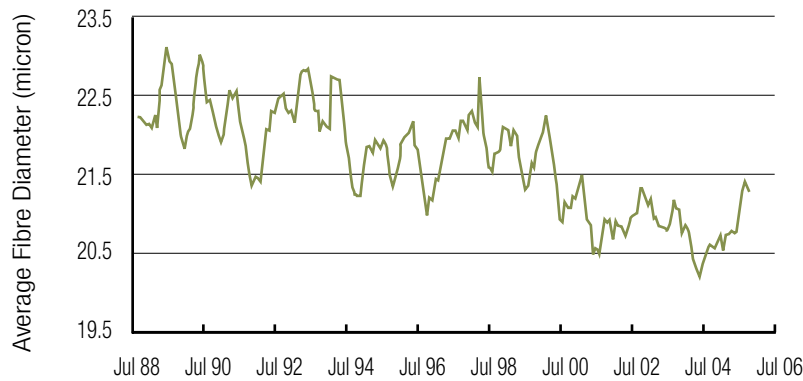




Figure 6: Average diameter of wool sold at auction in WA



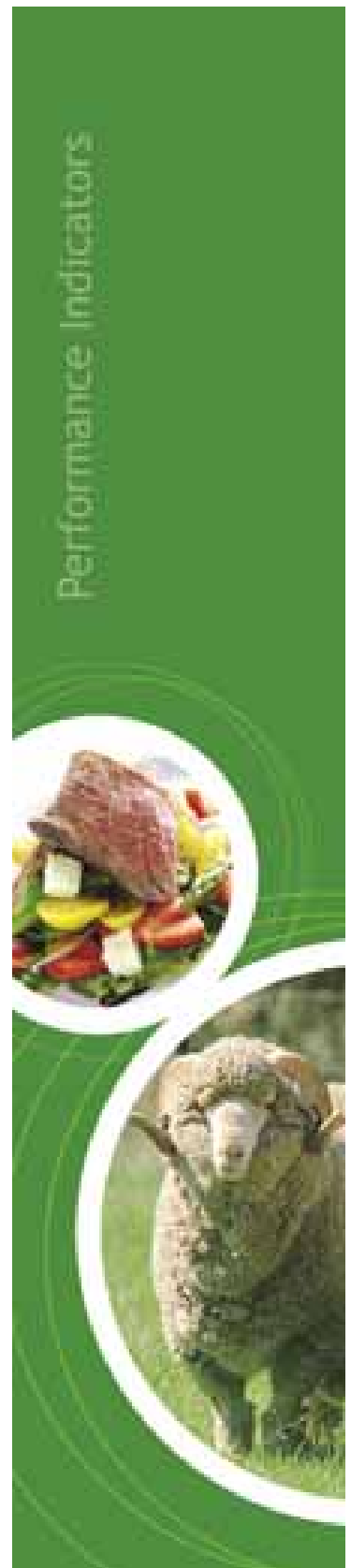
Source: Dept of Agriculture and Food's Wool Desk and Australian Wool Exchange (AWEX) auction data Efficiency Indicator

PI 5 Average cost per unit of knowledge

The Food and Fibre Industry Development output is described as the generation, integration and application of knowledge that increases the international competitiveness and market opportunities for 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 (ie. Inputs to outputs).

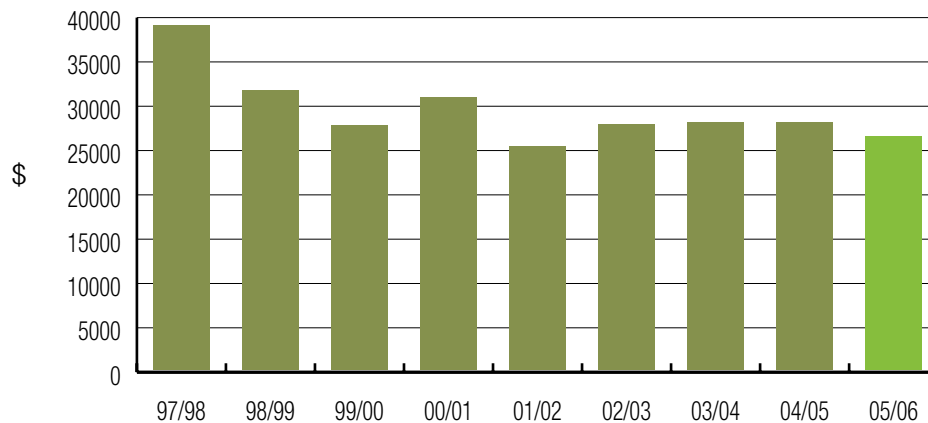
To fulfil our reporting requirements, in 1998/99, the Department of Agriculture and Food instituted a process to enable annual collection of numbers of publications and other outputs produced by Department staff associated with Food and Fibre Industry development. Publications are considered the most 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.





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

Figure 7: Average cost per unit of knowledge 1997/98 - 2005/06



Food and Fibre Industry Development’s efficiency has increased gradually over time. In 2005/06, the Department achieved a similar level to the previous three years for its efficiency in generating knowledge for its stakeholders through the Food and Fibre Industry output, and bettered its target that appeared in the 2005/06 budget statement of \$30,888 per unit of knowledge produced. This was principally due to a similar number of units of knowledge being produced from a reduced amount of funding. Given the nature of the Department’s operations, the outputs 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.

Output 2: Agricultural Resource Management

Outcome: Improved ecological sustainable development of agri-industry

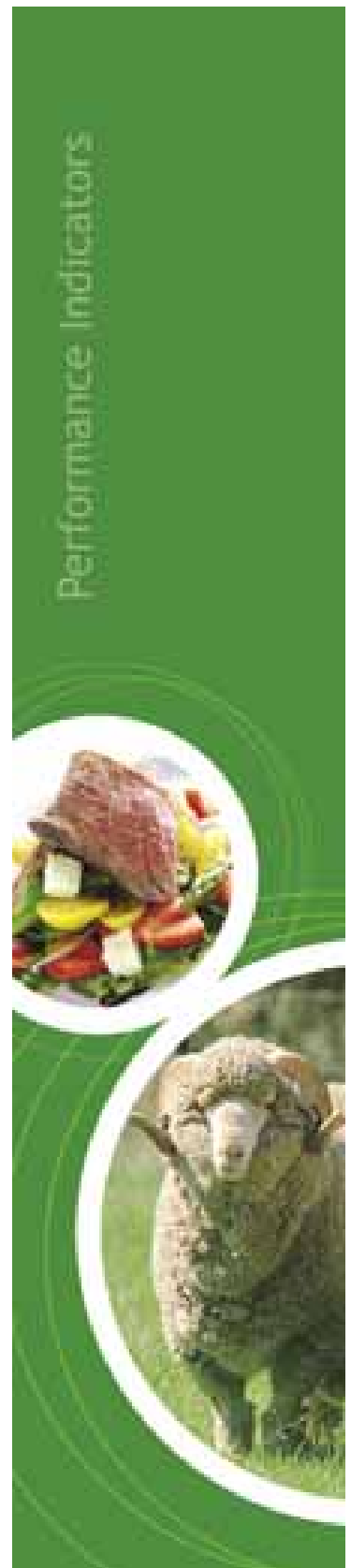
Service description: Generation, integration and application of knowledge which, together with appropriate policy and regulation, develops the capacity of rural communities and industries to profit from environmentally responsible agriculture.

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) output contributes to all these areas.





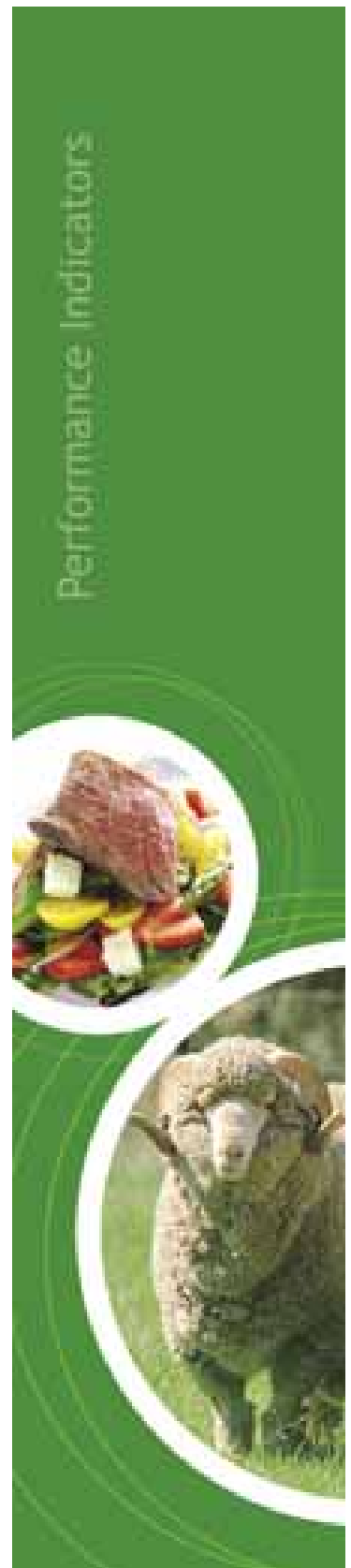
PI 6 The impact of Departmental activity on the adoption of management practices that address off-site environmental impact or contribute to the long-term sustainability of the natural resource base

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 indicates that an increase in the levels of farmer knowledge and skills contribute to an increase in the adoption rates of recommended practice. The 2005/06 NRM¹ survey found that, of those who had attended at least one Department extension event in the last 12 months, 68 percent felt that the event had improved their understanding of landcare and natural resource management issues.

This result suggests that the Department has had an impact on levels of knowledge and skills of a high proportion of farmers and therefore on the adoption rate of management practices that 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 year from 1999/00 to 2005/06. In the surveys conducted in April/May of each year, producers were asked which practices they used in the last 12 months. Thus the responses in April 2006 relate to practices in the 2005 growing season and ensuing summer and autumn.



¹ This is now named NRM Survey to reflect the change in the name of the Department's Program, which in turn reflects role as lead agency in NRM.



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

	2001 (n=205)	2002 (n=201)	2003	2004	2005 (n=216)	2006 Target	2006 (n=232)
Agronomy practices							
Planted non-irrigated perennial pasture species		34	31	36	36	40	40
Planted saltland pasture species		23	15↓	21	17	25	32↑
Planted trees for commercial production (e.g., oil mallees, pines and blue gums)		15	11	10	14	N/A	20
Stubble retention or mulching practices	69	62	48↓	71↑	60↓	74	64
Farmed to soil type	69	71	68	75	66↓	76	72
Land conservation management							
Tree/shrub planting		63	57	56	63	60	69
Preserve or enhanced areas of conservation value	82↑	61↓	59	66	61	66	80↑
Excluded stock from areas impacted by land degradation	75↑	62↓	66	72	68	75	69
Protected river or creek frontages from grazing animals	54	42↓	50	44	50	50	49
Resource monitoring							
Regular soil testing for nutrient levels		71	58↓	74↑	69	76	74
Regular soil testing for pH		71	59↓	74↑	69	75	76
Regular monitoring of pasture/vegetation cover on sandy/light soils		57	53	60	55	N/A	58
Surface water management							
Water on sloping land (eg grade banks)		57	48	61↑	53	63	73↑
Water on the valley floors using surface drains		32	29	41↑	31↓	44	49↑
Water on the valley floors using deep drains		17	12	16	13	18	27↑

Source: NRM survey

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level

In 2005/06 a higher proportion of wheatbelt farmers responded that they currently use sustainable land management practices. Generally the results show there is a high proportion of farmers who continue to use sustainable practices reflecting continuing Departmental activity in this area over a number of years. In particular there was a significant increase in the adoption of planting of saltland pasture species, preserving or enhancing areas of conservation value and all three water management practices.

Since 2001 the Department has invested in the area of salt land pasture management through the management of the Sustainable Grazing on Saline Land project. The project has involved establishing 70 producer sites, collecting credible data in the farming system context, and facilitating the sharing of knowledge. The positive result in the uptake of saltland pastures is a reflection of this project's effort over recent years.

Performance Indicators





As the lead agency for NRM, the Department has played a major facilitation and coordination role in the development of regional NRM strategies and investment plans. In addition, the Department performs a lead function in the administration of National Action Plan for Salinity and Water Quality (NAP) and Natural Heritage Trust (NHT2) funding programmes. A major focus of these funding programmes and of the regional NRM strategies is the protection and enhancement of areas of high conservation value. The survey results found a significant increase in the adoption of this sustainable agricultural practice, reflecting the Department’s influence in this area.

In 2005/06 the survey found there was a significant increase in the proportion of wheatbelt farmers who are currently using water management practices. This reflects both seasonal impacts from a higher than average rainfall and the Department’s significant investment into water management research and extension activities. For example, the Farm Water Information Kits and design evaluation software CDs developed by the Department are a major extension tool aimed at improving farmer and contractor knowledge and confidence in the use of surface water management practices.

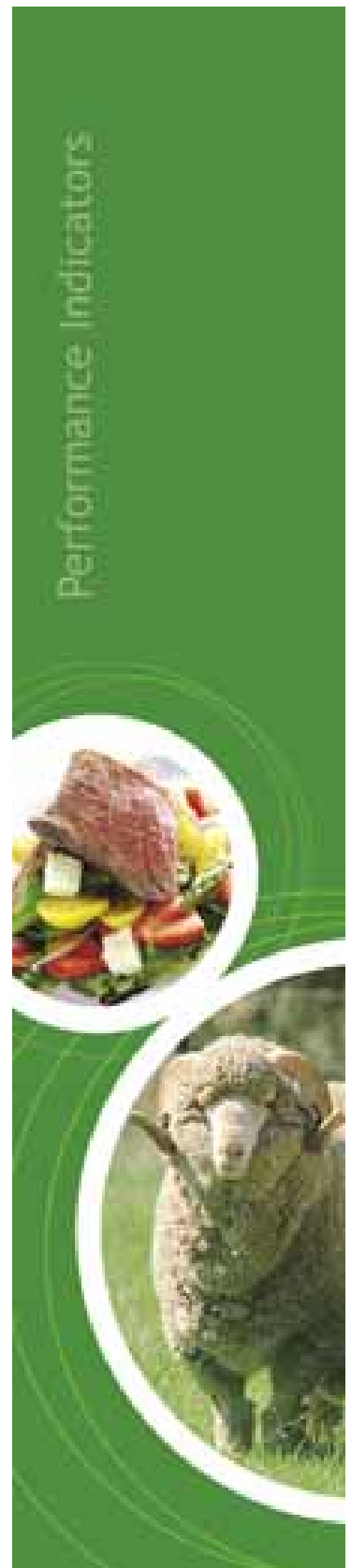
Table 5: Percentage of Western Australian primary producers in High Rainfall agricultural areas who used selected sustainable land management practices

	2001 (n=90)	2002 (n=95)	2003 (n=90)	2004 (n=90)	2005 (n=91)	2006 (n=92)
Agronomy practices						
Planted non-irrigated perennial pasture species		39	41	51	47	49
Planted trees for commercial production (e.g., oil mallees, pines and blue gums)		10	10	7	9	20↑
Land conservation management						
Tree/shrub planting		50	48	51	46	60↑
Preserve or enhanced areas of conservation value	48↓	50	50	46	48	58
Excluded stock from areas impacted by land degradation	37↓	39	34	40	35	39
Protected river or creek frontages from grazing animals	32	48↑	41	41	38	45
Resource monitoring						
Regular soil testing for nutrient levels		52	61	66	58	68
Regular soil testing for pH		54	67	66	58	63
Regular monitoring of pasture/vegetation cover on sandy/light soils		42	34	52↑	32↓	41
Surface water management						
Water on sloping land (eg grade banks)		22	28	27	26	36↑
Water on the valley floors using deep drains		8	12	13	11	27↑

Source: NRM survey

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

Table 5 shows trends in the adoption of sustainable management practices by primary producers in the high rainfall region, which includes the Shires of Murray, Boddington, Collie, Bridgetown, Manjimup and all those to the west of them. In 2005/06 there was a significant increase in the adoption of commercial tree planting, conservation tree planting and surface water management practices.





There has been a significant increase in the percentage of landholders planting trees and shrubs, for both commercial and non-commercial species in 2005/06. This increase can be attributed to both the favourable seasonal and economic conditions as well as to the Department's involvement in this area. For over ten years, the Department has been involved in the publication of relevant technical information and training activities, contributing to increasing farmer skills and knowledge in this area. This increase in tree/shrub planting demonstrates that farmers have both the skills and knowledge to be able to take advantage of favourable seasonal and financial conditions as occurred in 2005. Anecdotal evidence from the plantation industry also supports these survey findings, reporting a renewed surge of investment in hardwood plantations in 2005/06. As yet official statistics from the National Plantation Inventory are not available to confirm this claim.

As found for the Wheat/Sheep agricultural area, there was a significant increase in the use of surface water management practices. The Department's involvement in the Waterwise on the Farm Program in the irrigation districts was an additional contributor to this outcome.

In the resource monitoring area, the survey found no significant change in adoption rates in 2005/06, but shows there is a high percentage (68%) of landholders regularly soil testing for nutrient levels and (63%) for pH. This increase is reflective of the Department's work in recent years with industry, government and community partners to reduce nutrient leakage into the environment. The good rate of soil testing is likely to be due in part to a number of projects like Dairy Catch causing a higher level of awareness of the economic impact of nutrient loss, combined with the impact of higher oil prices pushing up the prices of nitrogen fertilisers.

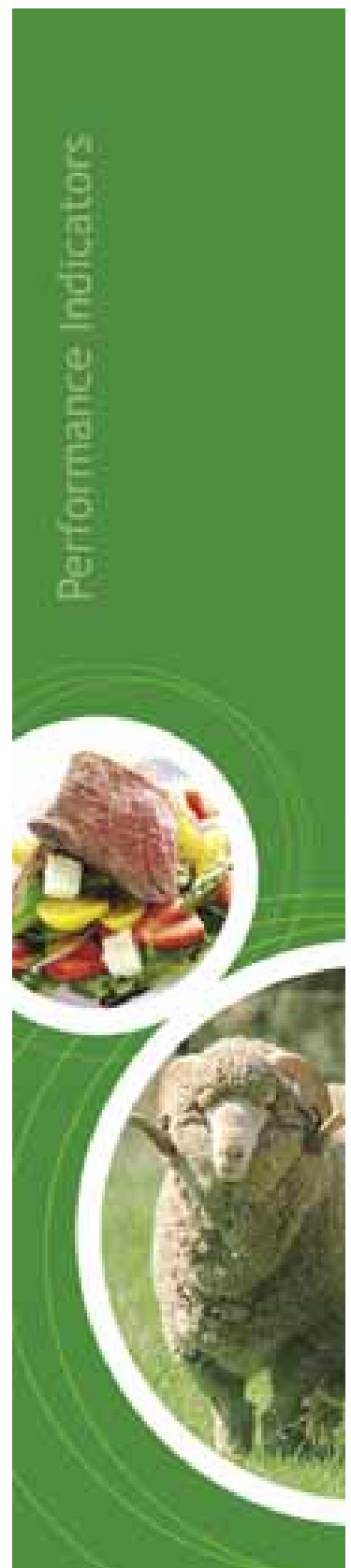
Table 6: Percentage of Western Australian primary producers in the Rangelands who use selected sustainable land management practices

	2001 (n=110)	2002 (n=110)	2003 (n=110)	2004 (n=110)	2005 (n=110)	2006 (n=89)
Permanent control methods on stock water supplies	67	68	69	76	74	62↓
Fencing to land systems	57	53	56	64	56	57
Conduct a prescribed burn for management purposes	36	34	30	33	27	43↑
Preserve or enhance areas of conservation value	66↑	46↓	46	54	40↓	49
Excluded stock from areas impacted by land degradation	66	70	64	73	65	64
Protected river or creek frontages from grazing animals	36	27	29	39	31	33
Formal monitoring of vegetation/pasture conditions	83	80	77	82	74	79

Source: NRM 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'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 and exclusion of stock from areas impacted by land degradation.





The unusually high rainfall through the pastoral regions in 2005 would have had the short term effect of making both water and herbage available to stock over more of the rangelands than usual. With less need to do so, it is not surprising that fewer respondents practiced permanent control methods on stock water supplies in 2005/06.

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

The adoption of a continuous learning culture, innovation and improved business management skills are key drivers in building the self reliance, competitiveness and capacity of Australia's primary producers to meet the challenge of global change.

An economic evaluation of FarmBis² 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.

Table 7 shows the percentage of respondents who undertook training by regions over three years. One quarter of farmers (26%) have undertaken some sort of formal training relating to people management, natural resource management or business management in the last 12 months. There has been a significant decline in the percentage of respondents who undertook training, most notably in the South West and pastoral regions. An additional contributing factor in the pastoral region may have been that pastoralists had limited time due to increased stock management needs as a result of the excellent growing season.

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

	Respondents undertaking formal training				
	2002 (%)	2003 (%)	2004 (%)	2005 (%)	2006 (%)
South West Region	23	34	19↓	38↑	15↓
Agricultural Region	41	29↓	36	33	29
Pastoral Region	26	34	38	40	26↓
Total (average)	37	30	33	35	26↓

Source: NRM survey

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

The decrease in training participation is also reflected in Table 8, which shows the percentage of the primary producers participating in training that undertook FarmBis training in specific areas. The Department is involved in actively promoting and administering the program. The FarmBis program had a notable reduction in the overall number of training participants in 2005/06, as was also found in the NRM survey. A plausible explanation for the fall in participation rates is the slow uptake of the new FarmBis Program in 2005/06. The delayed introduction of the new Program, the new criteria and reduced subsidy all had an impact on the uptake levels.

² FarmBis is a joint State/Commonwealth initiative which supports a wide range of skills training for primary producers.

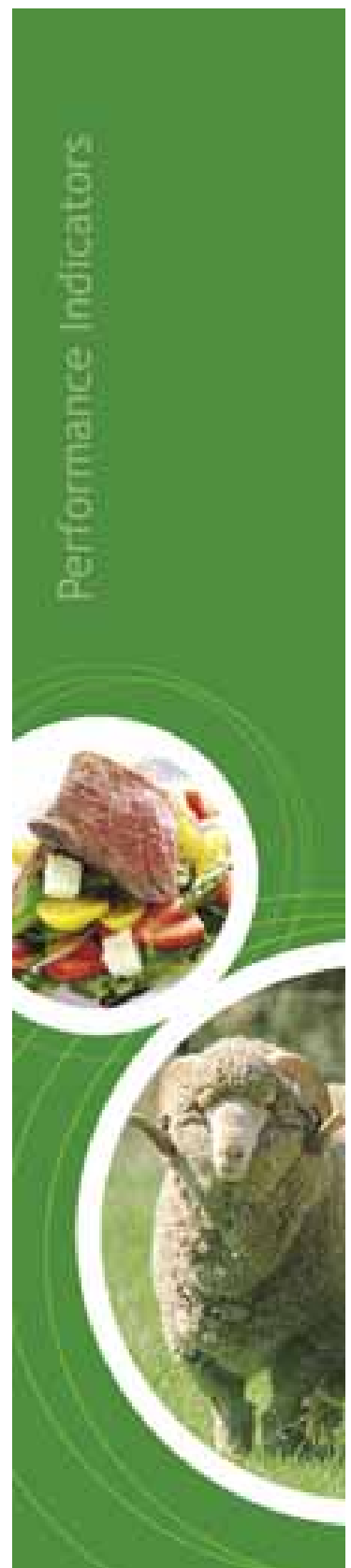




Table 8: Percentage of Western Australian primary producers that undertook formal training in specific areas

Training course category	2002 (%)	2003 (%)	2004 (%)	2005 (%)	2006 (%)
People Management	8	9	18	24	10
Financial Management	7	3	4	7	23
General Business Management (including Quality Assurance)	72	49	28	30	42
Marketing	0	7	5	4	2
Production Management (including Adverse Seasons)	12	27	38	27	20
Natural Resource Management and Biodiversity	1	5	7	9	4
TOTAL	100%	100%	100%	100%	100%
Total participant numbers	4,583	4,512	5,192	4,260	3,091

Source: FarmBis report

Table 9 shows a significant decrease in the uptake of NRM/Landcare training. This may be in part explained by the change of NRM focus from regional NRM strategy development in 2004/05, to regional NRM investment plan development in 2005/06. In 2004/05 there was an increase in the number of training opportunities associated with the development of the regional NRM strategies. With the change in focus to regional NRM investment plans, the Department investment priorities for 2005/06 have been to support the development of these investment plans, reducing training emphasis in the regions.

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

Training course category	2002 (n=406)	2003 (n=400)	2004 (n=400)	2005 (n=417)	2006 (n=412)
People Management (e.g. human resource management, communication, leadership, negotiation)	11%	9%	8%	7%	5%
Natural Resource Management / Landcare	19%	12%↓	16%	19%	10%↓
Business Management (e.g. marketing, quality assurance, benchmarking)	29%	22%↓	23%	22%	19%

Source: NRM survey

↓ Denotes a statistical decrease at 95% confidence level

Performance Indicators





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 2006 NRM 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 (%)	2005/06 (%)
Percentage of respondents	86	88	80↓	87↑	81↓	80

Source: NRM survey

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

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. In aggregate, the percentage of respondents who have adopted one of four risk management strategies in 2005/06 remained similar to the levels observed in 2004/05.

An emerging risk to be managed by agriculture is consumer confidence in the sustainability of the food production system. *Farming for the Future* is a Department initiative focused on demonstrating sustainability of Western Australia's agricultural production systems.

Farming for the Future was endorsed by the Environmental Protection Authority in December 2005 as a high level policy framework that leads to the certification of agri-business practice, delivering better environmental (and economic and social) outcomes.

Table 11 shows the level of adoption of Quality Assurance, Environmental Management System or Code of Practice to guide management decisions by region. Overall the use of certification and management systems has remained steady over the three years of the survey, however, as a result of continued Departmental investment in this area it is anticipated that the adoption rates will increase across all regions.

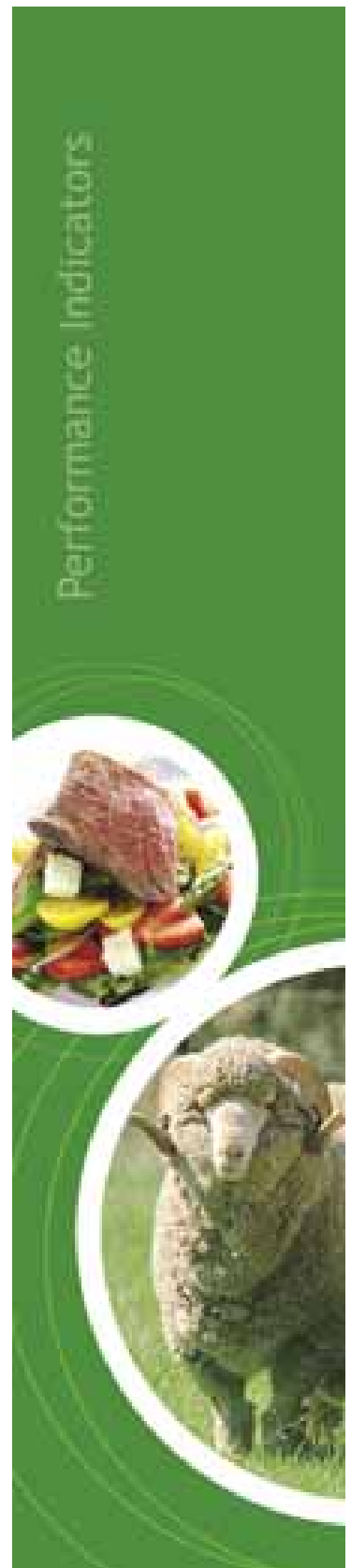




Table 11: Percentage of Western Australian primary producers who have adopted a Quality Assurance, Environmental Management System or Code of Practice to guide their management decisions by region

	Respondents undertaking formal training		
	2003/04 (%)	2004/05 (%)	2005/06 (%)
South West Region	53	48	50
Agricultural Region	28	26	30
Pastoral Region	26	20	12
Total (average)	33	31	34

Source: NRM survey

Efficiency Indicators

The agricultural resource management output accounts for a large number 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; and
- farm business development and rural community development.

The PIs for efficiency of the ARM output 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-output, e.g. an information product or service.

The figures in the following tables were allocated from the total ARM output cost of \$135,253,000. Note that these amounts include the total value of grants approved and advanced to community members of \$95,865,250. While contributing to the total cost of the output, 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 output 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 2006. The average cost per information product is in line with 2005, however, it differs from the 2005/06 budget statement target for 2006 due to the fact that it was expected that funds would be shifted away from the production of information products due to the resource allocation being required to service the Department’s obligation to NRM regional groups, this did not happen.

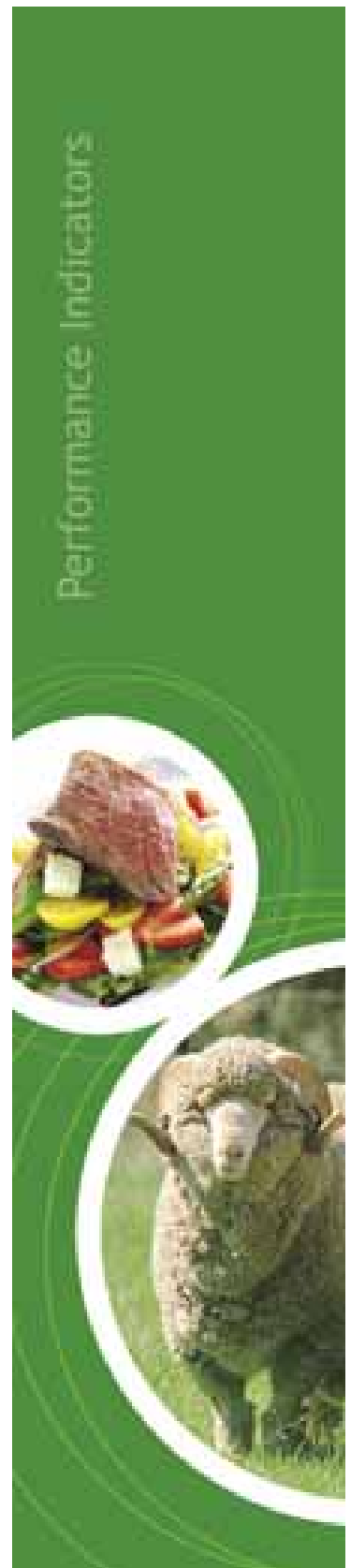




Table 12: Average cost per information product

	2004	2005a	2005b*	2006 Target	2006
Total number of information products	734	786	786	680	696
Total Cost (\$)	15,817,928	16,861,013	21,676,530	15,474,969	19,631,064
Average cost per information product (\$)	21,550	21,452	27,578	22,757	28,206

Source: Project Managers, ARM Program, Department of Agriculture and Food

* 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 and Food 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.

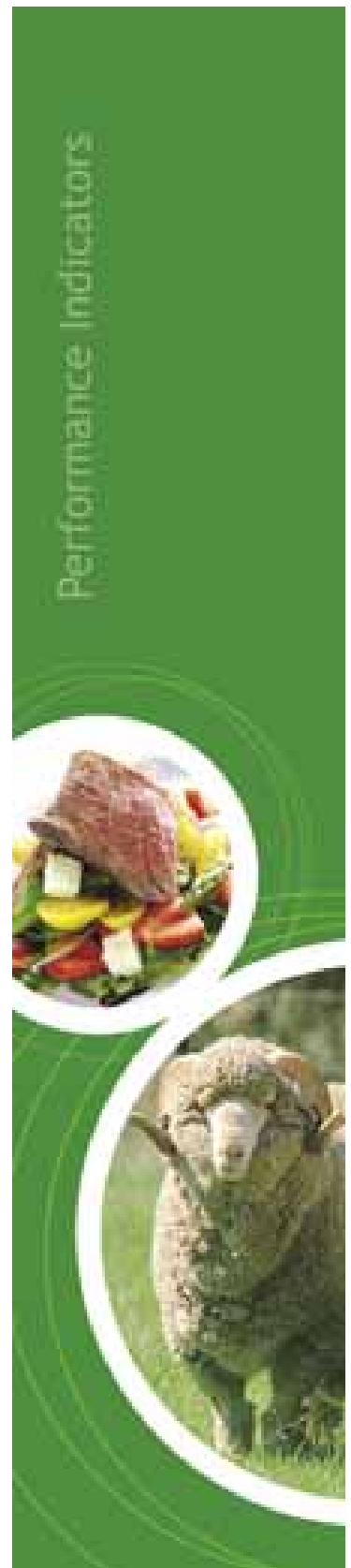
This is a major initiative for the Department with a 5-year target of 19 million hectares and is being facilitated through the Rapid Catchment Appraisal activity. There has been a significant increase in the efficiency of hectares assessed for risks, options and impacts in 2005/06 and this is primarily due to an increase in the area covered in the catchment assessments compared to previous years. Assessments in 2005/06 included a number of large catchments in the eastern wheatbelt.

Table 13: Average cost per hectare assessed for risks, options and impacts

	2004	2005a	2005b*	2006 Target	2006
Total number hectare assessed for risks, options and impacts	1.83 million	3 million	3 million	4 million	7.6 million
Total Cost (\$)	4,266,087	5,293,566	6,831,783	4,311,269	7,679,355
Average cost per hectare assessed for risks, options and impacts (\$)	2.33	1.76	2.28	1.08	1.01

Source: Project Managers, ARM Program, Department of Agriculture and Food

* 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 of Agriculture and Food is responsible for implementing the *Soil and Land Conservation Act 1995*. This includes processing a number of regulatory instruments including Notice of Intent to drain and requests for land degradation advice and compliance. Following abolition of clearing controls under the Act, land degradation advice is provided to the Department of Environment and the Department of Industry and Resources for their assessment of Clearing Permit Applications under the *Environmental Protection Act 1986*.

In 2006 there was a decrease in the efficiency of this output, due to fewer land clearing complaints being investigated following the transfer of responsibility for clearing controls to the Department of Environment, and a decline in notified drainage assessments reflecting seasonal conditions. Although the process has changed, the level of involvement in the NOIs has remained the same with the Department providing advice as required. The Department has to date retained the expertise required to service this activity although if the level of complaints keep diminishing there will need to be reallocation of resources away from this activity in the future. The actual figure for 2006 is higher than the 2005/06 budget statement target principally due to the fact that this reallocation was factored in, but due to uncertainty of what the Department’s involvement was likely to be, the savings have not materialised in the 2006 year.

Table 14: Average cost per regulatory activity processed

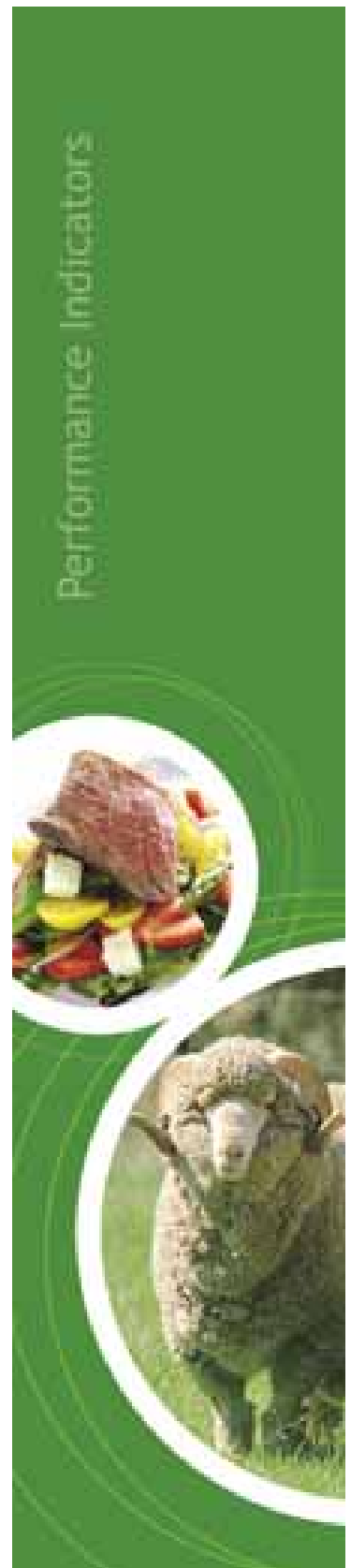
	2004	2005a	2005b*	2006 Target	2006
Total number of regulatory actions processed	288	370	370	300	268
Total Cost (\$)	5,322,948	6,339,749	8,156,242	5,185,699	7,479,234
Average cost per regulatory action processed (\$)	18,482	17,134	22,044	17,286	27,908

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 and 2005/06 is a reflection of a near four fold increase in the value of the funds being provided for natural resource management. The increased cost of this output reflects the increased management and processing role associated with the administration of the Natural Heritage Trust (NHT)/National Action Plan (NAP) funding programs, the value of which has significantly increased.



**Table 15: Average cost per Landcare grant administered**

	2004	2005a	2005b*	2006
Total number of Landcare grants processed	171	351	351	388
Total Cost (\$)	1,276,586	1,249,306	1,526,241	2,736,967
Average cost per Landcare grant processed (\$)	7,465	3,559	4,348	7,054

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 administrative 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 the number of participants in 2006 is due to a slow uptake of the new FarmBis Program. The delayed introduction of the new program, the new criteria and reduced subsidy all had an impact on the uptake levels.

Table 16: Average administrative cost per participant in farm business and rural community (FB/RC) development activities

	2004	2005a	2005b*	2006 Target	2006**
Total number of participants in FB/RC development activities	5,413	3,999	3,999	4,100	3,097
Total Cost (\$)	7,437,203	4,343,441	4,883,725	6,223,155	1,861,130
Average administrative cost per participants in FB/RC development activities (\$)	1,374	1,086	1,221	1,518	601

Source: FarmBis Coordinator, Department of Agriculture and Food

* 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.

** Whereas in previous years the Department of Agriculture and Food managed the entire FarmBis Program, with the commencement of the new program in 2006 the Rural Business Development Corporation has taken over management responsibilities, whilst the Department now only provides an administrative function under a Service for Contract. Hence the total cost for this indicator has been reduced as from now on it will only measure the administrative cost per participant of the program. This should be taken into account when comparing previous trends and also the targets set in the 2005/06 budget statements.

Note

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





NRM Survey

In 2005/06, a survey was commissioned by the Natural Resource Management Program and conducted by market research company – Market Equity. A total of 413 telephone interviews were conducted with Western Australian primary producers. The sample was drawn from Department of Agriculture and Food’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 ± 4.8% at the 95% confidence level. That is, if the entire population was sampled, there would be 95% confidence that the results fell within ± 4.8% 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	92	1.04
Agricultural	7,942	232	1.27
Pastoral	619	89	0.26
TOTAL	11,138	413	

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 39% was achieved.

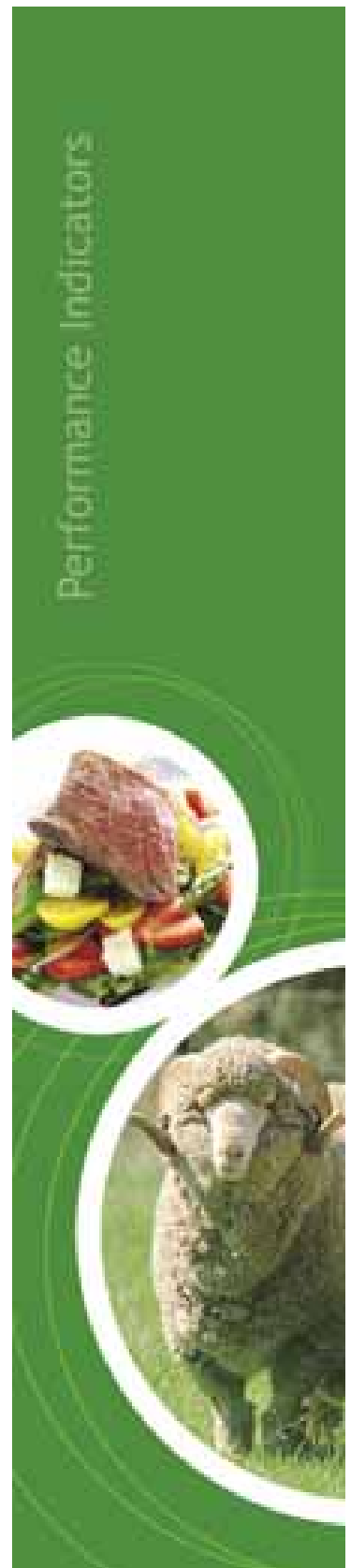
The response rate was calculated as follows:

Total contacts	1,548	
Total in scope	1,341	
Not suitable/incorrect numbers	271	20.2%
Insufficient English to complete survey	105	0.08%
Refusal	446	33.3%
Terminated	17	0.01%
Interviews	518 *	38.6%

* In 2005/06 the NRM tracking project was combined with another project for the Department of Agriculture and Food which involved contacting a random sample of farmers as well as contacting a booster sample of horticulture and viticulture farmers. To ensure comparisons could be made with previous years the data from the booster sample was not used in the Key Performance Indicator Report, however Synovate were not able to separate the response rate statistics for the two samples. The figures above reflect the response rate for all interviews conducted including those in the booster sample.

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.





Output 3: Biosecurity

Outcome: Effective management of biosecurity

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 output 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 program effectiveness. These reflect the diversity of activities but also focus on matters of greater significance to the industry.

PI 14 Animal disease identification

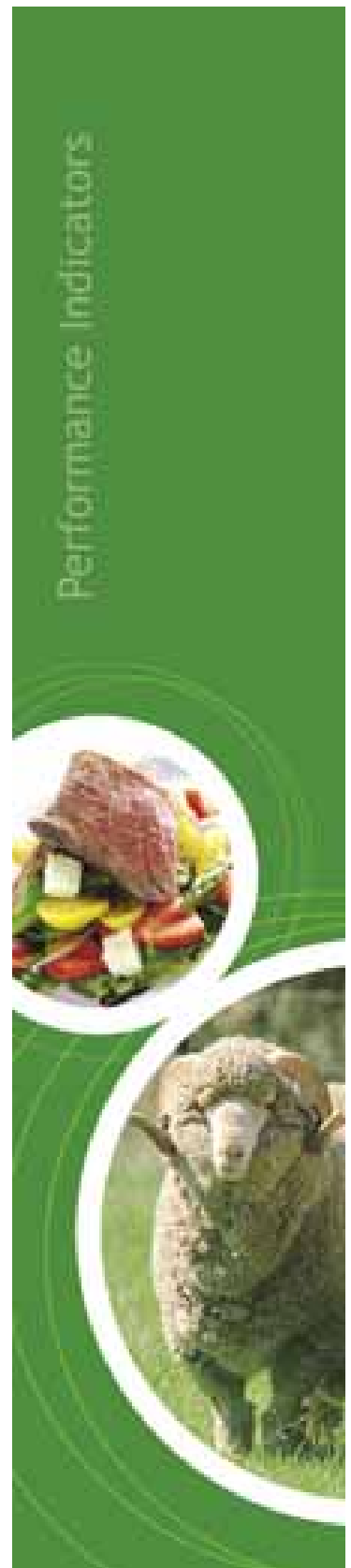
PI 15 Pest interceptions by interstate and international barrier quarantine activities.

PI 16 Quarantine releases

The aggregated statistics are shown in Table 17. 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 17: Indicators

Output measure	2002/03	2003/04	2004/05	2005/06 Target	2005/06
1 Identifications of notifiable animal diseases	23	25	23	23	3
2 Number of animal diseases	9	5	5	5	3
3 Interceptions of significant pests, diseases & weeds	278	364	297	310	192
4 Number of pests	81	60	78	71	59
5 Removal of properties from quarantine	122	119	106	105	101





Output 3: Biosecurity (continued)

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 2005, to bring the State list into line with the National list. Changes have continued to occur for 2005/06 with a number of diseases being removed from the list that were reported in last years figures. This reduction in the list of notifiable diseases has also resulted in a reduction in the number of animal diseases and the identifications of these diseases from the 2005/06 budget statements target. This measure does fluctuate from year to year even in the normal course of business.

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 59 individual pests, diseases and weeds were intercepted a total of 192 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. The number of pests as well as the interceptions of those pests was fewer than the budget statements target for the 2005/06 year which is a positive result for the State. This measure does fluctuate from year to year in the normal course of business.

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.

Overall, there was a further reduction in the total number of properties quarantined because of footrot or chemical contamination. In 2005/06 47 properties were removed from chemical residue quarantine and 54 from footrot quarantine. The 54 properties released from footrot is similar to last years number of 59, however there were 63 new properties quarantined due to a higher surveillance effort in 2005/06 including record levels of abattoir surveillance. The 47 properties released from chemical residue are the same as last year. However, as only 6 were added, the number of properties under management plans has continued to decline steadily over time from 724 (01/02) to 676 (02/03) to 651 (03/04) to 615 (04/05) to 575 in 2005/06 which is also an indicator of the effectiveness of the project.

Performance 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 18: Agriculture protection service cost measures

Average cost per service (\$)	2003/04	2004/05	2005/06 Target	2005/06
Cost per freight consignment cleared or certified	294	354	650	349
Passenger quarantine checking cost (per passenger)	5.39	5.60	7.00	5.52
Cost per property management plan for animal disease	6,991	9,177	8,500	12,166
Cost per diagnostic sample processed	370	384	425	390

The figures in Table 18 were allocated from the total service cost of \$48.618 million (2005/06), \$43.714 million (2004/05), \$43.429 million (2003/04) and \$50.479 million for 2002/03. 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 was 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 \$68.508 million, but includes approximately \$19.890 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 2005/06 results.

PI 17 Cost per Freight Consignment

The 2004/05 figure is now the new benchmark. The number of domestic freight consignments cleared in 2004/05 was 33,275 and the number for the current year was 29,667 which is a decrease of 11%. This decrease in the number of freight consignments cleared was due to increased resources being applied to passenger numbers rather than through the checking of freight consignments as it is considered that freight consignments entering WA pose a lower risk of quarantine material entering the State. This reduction in the expected resources allocated to freight checking is responsible for the 2005/06 actual cost per freight consignment being significantly lower than the 2005/06 budget statements target.





PI 18 Cost per passenger

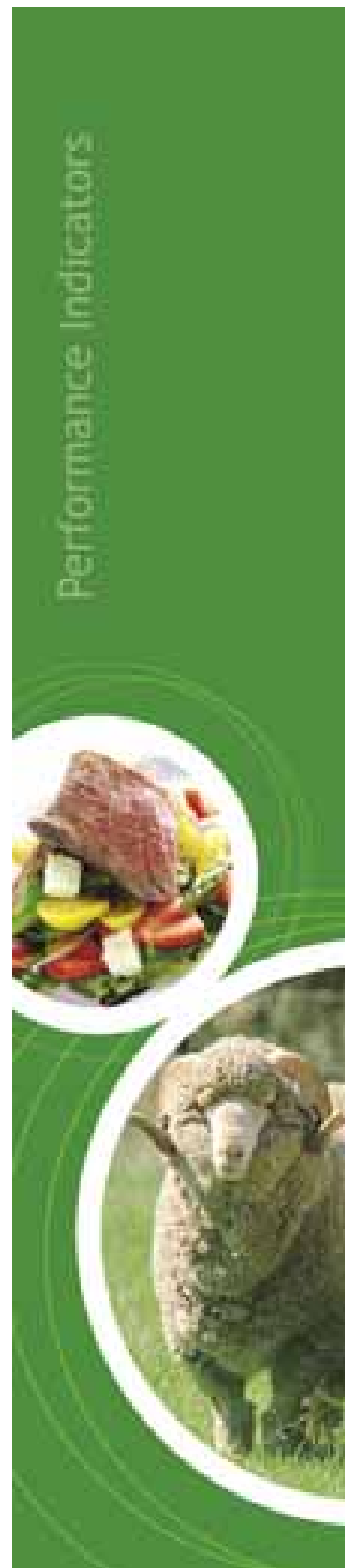
The 2004/05 figure should now be considered as the new benchmark. This indicator for 2005/06 includes all domestic passenger arrivals by air, rail, sea and vehicle for the full year. The number of domestic passengers subject to quarantine checks in 2004/05 was 1,876,539 and the number for the current year was 1,991,640 which is an increase of 6%. The numbers of passengers entering the State fluctuates from year to year and this variation contributed to the actual cost per passenger being slightly below the target set in the 2005/06 budget statements.

PI 19 Cost per property management plan

The average cost per inspection to monitor property management plans increased by 33% in 2005/06 as more effort was put in to clear properties subject to management notices, which is responsible for the actual cost per management plan being higher than the budget statements target for 2005/06. The Tuberculosis Freedom Assurance Program (TFAP) finishes at the end of the 2006 calendar year. Figures for properties subject to this type of management plan have decreased to two and those subject to management notices for Anthrax have decreased from three to nil. The number of properties under a management plan for tuberculosis, footrot and chemical residues combined decreased from 670 to 640 in 2005/06.

PI 20 Cost per Diagnostic sample

The average cost per diagnostic sample processed in 2005/06 increased by 1%. The total number of animal and plant samples tested during 2005/06 was 49,440 compared to 39,298 the previous year. The number of animal samples tested in 2005/06 was 28,327 compared to 27,094 in 2004/05 whilst the number of plant samples tested increased from 12,204 to 21,113. The Plant samples included 122 for Lettuce Blight, 107 for Apple Scab and 17,494 for Wheat Streak Mosaic Virus.



Certification of Financial Statements



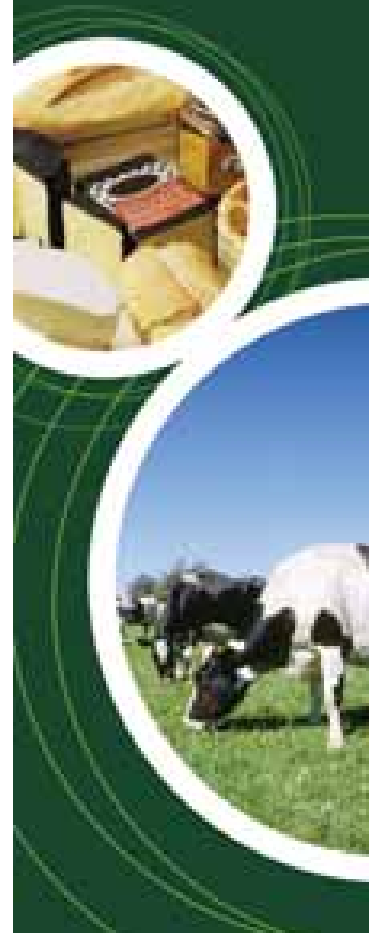
The accompanying financial statements of the Department of Agriculture and Food have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2006 and the financial position as at 30 June 2006.

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 2006

Mike Marsh CPA
CHIEF FINANCE OFFICER
31 August 2006

Financial Statements



Income Statement

For the year ended 30 June 2006



	Note	2006 (\$'000)	2005 (\$'000)
COST OF SERVICES			
Expenses			
Employee benefits expense	7	106,922	104,781
Depreciation & amortisation expense	8	7,713	7,850
Supplies and services	9	50,061	38,741
Other expenses	10	18,558	17,964
Grants, subsidies & transfer payments	11	108,902	42,740
Capital user charge	12	12,439	14,723
Loss on disposal of non-current assets	14	-	3,749
Total cost of services		304,595	230,548
Income			
Revenue			
Revenue from operating activities			
User charges and fees	13(a)	37,148	26,245
Commonwealth grants and contributions	13(b)	57,580	52,140
Grants and subsidies from non-Government sources	13(c)	41,631	29,701
Interest revenue	13(d)	1,296	972
Other revenue		13,369	9,762
Total revenue		151,024	118,820
Gains / (Losses)			
Gain on disposal of non-current assets	14	3	-
Gains (Losses) arising from changes in fair value -			
Livestock		49	348
Field Crops		-	127
Other gains		74	30
Total Gains		126	505
Total income other than income from State Government		151,150	119,325
NET COST OF SERVICES		153,445	111,223
INCOME FROM STATE GOVERNMENT	15		
Service Appropriation		157,677	126,845
Resources received free of charge		840	492
Assets transferred		-	-
Liabilities assumed by the Treasurer		1,735	1,089
Total income from State Government		160,252	128,426
SURPLUS/(DEFICIT) FOR THE PERIOD		6,807	17,203

The Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2006



	Note	2006 (\$'000)	2005 (\$'000)	
ASSETS				
Current Assets				
Cash and cash equivalents	16	30(a)	13,441	2,956
Restricted cash and cash equivalents	17	30(a)	58,458	34,679
Biological Assets	18		2,274	2,841
Agricultural Produce			310	136
Inventories	19		2,017	1,436
Receivables	20		10,579	27,135
Amounts receivable for services	21		6,115	1,471
Other current assets	22		1,623	1,652
Non-current assets classified as held for sale	23		-	1,016
Total Current Assets			94,817	73,322
Non-Current Assets				
Restricted cash and cash equivalents	17	30(a)	199	-
Amounts receivable for services	21		24,967	23,736
Property, plant and equipment	24		152,114	140,711
Other non-current assets	22		1,503	1,875
Total Non-Current assets			178,783	166,322
TOTAL ASSETS			273,600	239,644
LIABILITIES				
Current Liabilities				
Payables	26		14,549	5,589
Provisions	28		23,488	22,542
Other current liabilities	27		1,632	-
Total Current Liabilities			39,669	28,131
Non-Current Liabilities				
Provisions	28		7,005	7,030
Total Non-Current liabilities			7,005	7,030
TOTAL LIABILITIES			46,674	35,161
NET ASSETS			226,926	204,483
EQUITY				
Contributed equity	29		4,382	851
Reserves			146,237	134,132
Accumulated surplus / (deficiency)			76,307	69,500
TOTAL EQUITY			226,926	204,483
TOTAL LIABILITIES AND EQUITY			273,600	239,644

The Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2006



	Note	2006 (\$'000)	2005 (\$'000)
Balance of equity at start of period	29	204,483	180,250
CONTRIBUTED EQUITY			
Balance at start of period		851	475
Capital Contribution		3,531	2,296
Other contributions by owners		-	41
Distributions to owners		-	(1,961)
Balance at end of period		4,382	851
RESERVES			
Asset Revaluation Reserve			
Balance at start of period			
Investments		361	233
Non-current assets		133,771	127,245
		134,132	127,478
Gains/(losses) from asset revaluation			
- Investments		(60)	128
		(60)	128
Gains/(losses) from asset revaluation			
- Land		6,501	1,875
- Buildings		5,663	4,651
		12,164	6,526
Total Gains/(losses) from asset revaluation		12,104	6,654
Balance at end of period			
Investments		301	361
Non-current assets		145,936	133,771
		146,237	134,132
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period		69,500	52,297
Surplus/(deficit) or profit/(loss) for the period		6,807	17,203
Total income for the period		6,807	17,203
Balance at end of period		76,307	69,500
Balance of equity at end of period	29	226,926	204,483
Total income and expenses for the period		6,807	17,203

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2006



	Note	2006 (\$'000)	2005 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		150,331	120,452
Capital Contribution		3,531	2,158
Holding account drawdowns	21	1,471	2,771
Net cash provided by State Government		155,333	125,381
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(94,343)	(94,348)
Communications		(2,180)	(2,388)
Services & contracts		(43,887)	(35,232)
Capital User Charge		(12,439)	(14,723)
GST payments on purchases		(17,036)	(9,978)
Other payments		(19,220)	(22,425)
Grants, subsidies & transfer payments		(105,830)	(42,753)
Receipts			
Sales of goods and services		162,912	94,786
GST receipts on sales		7,356	5,132
GST receipts from taxation authority		8,886	5,941
Net cash provided by / (used in) operating activities	30 (b)	(115,781)	(115,988)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(5,167)	(8,442)
Proceeds from sale of non-current physical assets		78	532
Net cash provided by / (used in) investing activities		(5,089)	(7,910)
Net increase/(decrease) in cash and cash equivalents		34,463	1,483
Cash assets transferred from (to) other sources	29	-	(1,961)
Cash and Cash equivalents at the beginning of period		37,635	38,113
Cash and Cash Equivalents at the end of period	30 (a)	72,098	37,635

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

Schedule of Income and Expenses by Service

For the year ended 30 June 2006



	Food and Fibre Industry Development		Biosecurity		Agriculture Resource Management		Services provided to Rural Business Development Corporation		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
SCHEDULE OF INCOME AND EXPENSES BY SERVICE										
For the year ended 30 June 2006										
COST OF SERVICES										
Expenses										
Employee benefits expense	49,571	50,434	34,987	30,926	21,895	23,285	469	324	106,922	104,969
Depreciation & amortisation expense	3,548	3,611	2,468	2,119	1,697	2,119	-	-	7,713	7,850
Supplies and services	12,483	12,096	15,312	13,049	6,174	6,508	16,092	7,088	50,061	38,741
Other expenses	9,226	8,704	5,679	4,995	3,481	3,971	172	106	18,558	17,776
Grants, subsidies & transfer payments	3,551	3,413	6,082	5,340	99,269	33,987	-	-	108,902	42,740
Capital User Charge	5,722	6,773	3,980	3,975	2,737	3,975	-	-	12,439	14,723
Loss on disposal of non-current assets	-	1,725	-	1,012	-	1,012	-	-	-	3,749
Total cost of services	84,101	86,756	68,508	61,416	135,253	74,857	16,733	7,518	304,595	230,548
Income										
Revenue from operating activities										
User charges and fees	4,773	5,067	14,223	11,380	1,418	2,281	16,733	7,518	37,148	26,245
Commonwealth grants and contributions	411	31	442	579	56,727	51,530	-	-	57,580	52,140
Grants and subsidies from non-Government Sources	19,212	20,570	3,661	2,905	18,758	6,226	-	-	41,631	29,701
Interest revenue	318	567	218	34	760	371	-	-	1,296	972
Other revenue	5,142	3,996	2,132	794	6,095	4,972	-	-	13,369	9,762
Total revenue	29,856	30,231	20,676	15,692	83,758	65,380	16,733	7,518	151,024	118,820
Gains										
Gain on disposal of non-current assets	1	-	1	-	1	-	-	-	3	-
Gains arising from changes in fair value -										
- Livestock	23	95	16	211	9	42	-	-	49	348
- Field Crops	-	34	-	77	-	16	-	-	-	127
Other Gains	32	13	27	9	15	8	-	-	74	30
Total Gains	56	142	44	298	25	66	-	-	126	505
Total income other than income from State Government	29,912	30,373	20,720	15,990	83,784	65,446	16,733	7,518	151,150	119,325

Schedule of Income and Expenses by Service

For the year ended 30 June 2006



Schedule of Income and Expenses by Service (continued)

For the year ended 30 June 2006

	Food and Fibre Industry Development		Biosecurity		Agriculture Resource Management		Services provided to Rural Business Development Corporation		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
NET COST OF SERVICES	54,189	56,383	47,788	45,426	51,469	9,412	-	-	153,445	111,223
INCOME FROM STATE GOVERNMENT										
Service Appropriations	49,524	63,816	62,169	44,049	45,984	18,980	-	-	157,677	126,845
Resources received free of charge	386	226	269	133	185	133	-	-	840	492
Liabilities assumed by the Treasurer	798	501	555	294	382	294	-	-	1,735	1,089
Total income from State Government	50,708	64,543	62,993	44,476	46,551	19,407	-	-	160,252	128,426
Surplus/deficit for the period	(3,481)	8,159	15,205	(952)	(4,918)	9,995	-	-	6,807	17,203

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

Summary of Consolidated Fund Appropriations and Income Estimates

For the year ended 30 June 2006



Summary of Consolidated Fund Appropriations and Income Estimates

For the year ended 30 June 2006

	Note	2006 Estimate \$'000	2006 Actual \$'000	Variation \$'000	Note	2006 Actual \$'000	2005 Actual \$'000	Variation \$'000
DELIVERY OF SERVICES								
Item 38 Net amount appropriated to deliver services		139,890	157,522	17,632		157,522	126,695	(30,827)
Amount authorised by Other Statutes - Salaries & Allowances Act 1975		155	155	-		155	150	(5)
Total appropriations provided to deliver services	35.1	140,045	157,677	17,632	35.1	157,677	126,845	(30,832)
DETAILS OF EXPENSES BY SERVICE								
Food and Fibre Industry Development	35.2	95,752	84,101	(11,651)	35.11	84,101	86,756	2,655
Agricultural Resource Management	35.3	107,277	135,253	27,976	35.12	135,253	74,858	(60,395)
Biosecurity	35.4	53,953	68,508	14,555	35.13	68,508	61,416	(7,092)
Services Provided to Rural Business Development Corporation	35.5	3,837	16,733	12,896	35.14	16,733	7,518	(9,215)
Total Cost of Services		260,819	304,595	43,776		304,595	230,548	(74,047)
Less Total income	35.6	(131,610)	(151,024)	(19,414)	35.15	(151,024)	(118,820)	32,204
Net Cost of Services		129,209	153,571	24,362		153,571	111,729	(41,843)
Adjustments ⁽ⁱ⁾		10,836	4,106	(6,730)		4,106	15,116	11,011
Total appropriations provided to deliver services		140,045	157,677	17,632		157,677	126,845	(30,832)

Summary of Consolidated Fund Appropriations and Income Estimates

For the year ended 30 June 2006



Summary of Consolidated Fund Appropriations and Revenue Estimates (continued)

For the year ended 30 June 2006

	Note	2006 Estimate \$'000	2006 Actual \$'000	Variation \$'000	Note	2006 Actual \$'000	2005 Actual \$'000	Variation \$'000
CAPITAL								
Item 126 Capital Contribution								
Capital Expenditure								
Purchase of non-current physical assets	35.7	8,454	5,712	(2,742)		5,712	6,781	1,069
Adjustment for other funding sources		(4,923)	(2,181)	2,742		(2,181)	(4,485)	(2,304)
Capital Contribution (appropriation)		3,531	3,531	-		3,531	2,296	(1,235)
ADMINISTERED TRANSACTIONS								
Item 39 Amount provided for Administered Grants, Subsidies and Transfer Payments								
Administered capital appropriations	35.8	5,000	1,226	(3,774)	35.16	1,226	7,129	5,903
Total Administered transactions		5,000	1,226	(3,774)		1,226	7,129	5,903
GRAND TOTAL OF APPROPRIATIONS		148,576	162,434	13,858		162,434	136,270	26,164
DETAIL OF INCOME ESTIMATES								
Income disclosed as Administered Income	35.9	1,309	38	(1,271)		38	7,129	7,091

(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 35.

Notes to the Financial Statements

For the year ended 30 June 2006



1 Department mission and funding

The Department of Agriculture and Food 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 appropriations. 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 First time adoption of Australian equivalents to International Financial Reporting Standards

These are the Department's first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of the Department had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information is prepared under the AIFRS basis.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 44.

3 Summary of 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.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2006



(b) Basis of preparation

The financial statements have been prepared in accordance with Accounting Standard AAS 29 'Financial Reporting by Government Departments' on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure which have been measured at fair value. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. The financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000).

Reporting entity

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.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 43 'Administered expenses and income' and note 43 'Administered assets and liabilities'.

(c) Contributed Equity

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non discretionary and non reciprocal and is in accordance with (a) TI 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and (b) the accounting standards required under UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'. See note 29 'Equity'.

(d) Income

Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

Rendering of Services

Revenue is recognised on delivery of the service or by reference to the stage of completion.

Interest

Revenue is recognised as the interest accrues.

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. See note 15 'Income from State Government' for further detail.

Notes to the Financial Statements

For the year ended 30 June 2006



3 Summary of significant accounting policies (continued)

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed revenues to be retained for services under the control of the Department. In accordance with the determination specified in the 2005 - 2006 Budget Statements, the Department retained \$179.15 million in 2006 (\$105.86m in 2005) from the following:

- proceeds from fees and charges;
- Commonwealth specific purpose grants and contributions; one-off revenues with a sale of less than \$10,000 derived from the sale of property other than real property;
- revenues from services provided through the establishment of Memorandum of Understandings; and
- other Departmental revenue.

Grants and Other Contributions Revenue

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions which is usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners 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.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(e) Property, Plant and Equipment

Initial recognition and measurement

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).

Capitalisation / expensing of assets

Items of property, plant and equipment and infrastructure costing over \$5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Notes to the Financial Statements

For the year ended 30 June 2006



Subsequent measurement

After recognition as an asset, the Department uses the revaluation model for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

The revaluation of land and buildings is an independent valuation provided on an annual basis by the Department of Land Information (Valuation Services).

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Refer to note 24 'Property, plant and equipment' for further information on revaluations.

Depreciation

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 is:

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

(f) Impairment of Assets

Property, plant and equipment are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

Notes to the Financial Statements

For the year ended 30 June 2006



3 Summary of significant accounting policies (continued)

The risk to impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation / amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

For assets identified as surplus assets, the recoverable amount is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset.

For surplus assets carried at fair value, there is no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each reporting date. See note 25 "Impairment of Assets".

(g) Non-current Assets (or Disposal Groups) Classified as Held for Sale

Non current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately in the Balance Sheet. Assets classified as held for sale are not depreciated or amortised.

All land holdings are Crown land vested in the Department by the Government. The Department for Planning and Infrastructure (DPI) is the only agency with the power to sell Crown land. The Department transfers Crown land to DPI when the land becomes available for sale.

Refer note 23 "Non current assets classified as held for sale".

(h) Inventories

Inventories comprising livestock and field crops are valued at net realisable value. See note 18 "Biological assets". Raw material and stores are measured at the lower of cost and net realisable value. See note 19 "Inventories".

(i) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date. See note 28 'Provisions'.

Provisions - Employee benefits

(i) Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

Notes to the Financial Statements

For the year ended 30 June 2006



The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers Actuaries in 2006 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.

(ii) Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Department has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by the Treasurer.

Employees who are not members of either the Pension or the GSS Schemes become non contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS Scheme.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share. See note 7 "Employee benefit expense".

(iii) Provisions - Other

Employee benefit on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Department's 'Employee benefits expense'. See note 7 "Employee benefit expense".

(j) Superannuation expense

The following elements are included in calculating the superannuation expense in the Income Statement:

(a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer 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 (GSS); and

(b) Defined contribution plans - Employer contributions paid to the West State Superannuation Scheme (WSS), and the equivalent of employer contributions to the GSS.

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement. As these liabilities are assumed by the Treasurer (refer note 15 III) , a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. See note 15 'Income from State Government'.

Notes to the Financial Statements

For the year ended 30 June 2006



3 Summary of significant accounting policies (continued)

Defined contribution plans - in order to reflect the Department's true cost of services, the Department is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Fund.

(k) Financial instruments

The Department has two categories of financial instrument:

- Loans and receivables (cash and cash equivalents, receivables); and
- Non trading financial liabilities (finance leases, payables, Treasurer's advance).

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(l) 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 incidental to ownership of the items held under the operating leases.

Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(m) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 41 'Financial Instruments' and note 20 'Receivables'.

(n) 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. See note 17 "Restricted cash and cash equivalents".

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. See note 20 "Receivables".

(o) Payables

Payables are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 41 'Financial Instruments' and note 26 'Payables'.

Notes to the Financial Statements

For the year ended 30 June 2006



(p) Joint Controlled 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 40 "Jointly controlled operations".

(q) Amounts Receivable for Services (Holding Account)

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 15 'Income from State Government' and note 21 'Amounts receivable for services'.

(r) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash assets and restricted cash assets. These include cash on hand, short-term deposits with original maturities of 3 months or less that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(s) 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 a project, are expected, beyond reasonable doubt, to be recoverable.

(t) 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.

(u) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments information, which has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments is 1 July 2005 in accordance with the exemption allowed under AASB 1, paragraph 36A and Treasurer's Instruction 1101.

(v) Revaluation of Land and Buildings

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 24 "Property, plant and equipment".

(w) 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 and Food 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 and Food's financial statements.

Notes to the Financial Statements

For the year ended 30 June 2006



4 Disclosure of changes in accounting policy and estimates

Future impact of Australian Accounting Standards not yet operative

The Department cannot adopt Australian Accounting Standard and official interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. The following Australian Accounting Standards and interpretations have been published and are not mandatory for 30 June 2006 reporting periods.

The Department's assessment of the impact of these new standards and interpretations is set out below.

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]').

The Standard is applicable to annual reporting periods beginning on or after 1 January 2007. The Department has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements.

2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'.

The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006. At reporting date, the Department has not entered into any arrangements as specified in the Interpretation. The implementation of UIG 4 is not expected to change the accounting for any of the Department's current arrangement.

The following amendments are not applicable to the Department as they will have no impact:

AASB

Amendment Affected Standards

2005-1	AASB 139 (Cash flow hedge accounting of forecast intragroup transactions)
2005-5	Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
2005-9	Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts)
2006-1	AASB 121 (Net investment in foreign operations)
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'

Notes to the Financial Statements

For the year ended 30 June 2006



5 Memorandum of understanding service costs

The Department of Agriculture and Food 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.

6 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 43.

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 the 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.

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
7 Employee benefits expense		
Wages & salaries ⁽¹⁾	87,446	82,285
Superannuation - defined contribution plans (Westate)	4,620	4,437
Superannuation - defined benefit plans (Gold State)	5,404	4,416
Change in long service leave provision	282	4,004
Change in annual leave provision	377	1,715
Memorandum of understanding service costs		
- Agriculture Protection Board	1,428	1,469
- Rural Business Development Corporation	469	324
Other related expenses	6,896	6,131
	106,922	104,781

(1) Employment on-costs such as workers' compensation insurance are included at note 10 'Other Expenses'. The employment on costs liability is included at note 28 'Provisions'.

8 Depreciation and amortisation expense

Depreciation		
Plant & equipment	2,551	2,624
IT equipment	1,395	1,345
Furniture & fittings	73	72
Vehicles & transportation equipment	791	1,203
Buildings	2,903	2,606
	7,713	7,850

9 Supplies and services

Consultants and contractors	10,433	10,462
Communications	2,277	2,515
Other	8,391	7,646
Lease or rent payments	4,477	4,432
Resources received free of charge (see note 15)	840	492
Memorandum of understanding service costs		
- Agriculture Protection Board	4,763	3,856
- Agricultural Produce Commission	2,788	2,250
- Rural Business Development Corporation	16,092	7,088
	50,061	38,741

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
10 Other expenses		
Maintenance & repairs	6,000	5,806
Employment on-costs (a)	203	188
Supplies expenses	5,312	5,060
Electricity, gas & fuel, water	1,957	2,009
GEHA housing subsidies	1,530	1,479
Recoups to external funds	107	144
Distribution of shared royalties	1,009	663
Stock movement	240	715
Change to Provision for Doubtful Debts	(40)	(50)
Bad Debts expense	16	3
Other	2,224	1,947
	18,558	17,964

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 28 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

11 Grants, subsidies

Recurrent		
Research grant allocations	102,481	36,515
Compensations	89	124
Grants to farmers - adverse seasonal conditions support	-	185
Grants to farmers - Farmbis	-	122
Grants to farmers - other	3,293	2,882
Scholarships	103	93
Other	2,936	2,819
	108,902	42,740

12 Capital User Charge	12,439	14,723
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The Government applies a levy for the use of its capital for the delivery of services. It is applied at 8% per annum on the net assets of the Department, excluding exempt assets, and is paid to the Department of Treasury and Finance quarterly.

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
13 Revenue		
(a) User charges and fees		
Sale of goods & services	11,287	11,004
Memorandum of understanding service costs		
- Agriculture Protection Board	6,340	5,474
- Agricultural Produce Commission	2,788	2,250
- Rural Business Development Corporation	16,733	7,517
Total User charges and fees	37,148	26,245
(b) Commonwealth grants and contributions		
Commonwealth Agriculture Activity Grants	1,446	1,467
National Action Plan for Salinity	30,709	21,392
National Landcare Program	3,502	3,878
Farmbis	-	1,293
Tuberculosis Freedom Assurance Program	153	166
Natural Heritage Trust Fund	21,726	23,862
Environment Australia	44	82
Total Commonwealth grants and contributions	57,580	52,140
(c) Grants and subsidies from non-Government Sources		
<i>Agriculture Research Grants Account No. 1</i>		
Rural Industry Research Funds		
Meat Livestock Australia	881	525
Cotton Research & Development Corporation	-	134
Dairy Research & Development Corporation	466	232
Grains Research & Development Corporation	8,307	10,264
Grape and Wine Research Corporation	86	-
Land & Water Resources Research & Development Corporation	635	924
Rural Industry Research & Development Corporation	335	189
Sugar Research & Development Corporation	66	27
Grain Research Committee	-	34
Australian Wool Innovation Pty Ltd	1,056	1,325
Australian Centre for International Agricultural Research	445	218
Australian Pork Limited	86	45
Land Conservation District Fund	38	48
Plant Health Australia	-	25
Centre for Legumes in Mediterranean Agriculture	169	293
National Landcare Program Third Party Grants	796	710
CRC Research Grants	2,738	2,868
Commercial Grants	5,180	6,710

Notes to the Financial Statements

For the year ended 30 June 2006



<i>Agriculture Research Grants Account No. 1 (continued)</i>	2006 (\$'000)	2005 (\$'000)
NRM 3rd Party Funding Grants	1,534	-
NRM State Funding Grants	12,068	1,451
Enterprise Grains Australia	250	325
	35,136	26,347
<i>Agriculture Research Grants Account No. 2</i>		
Horticulture Industry	974	1,006
NRM 3rd Party Funding Grants	3,247	-
Commercial Grants	791	381
	5,012	1,387
Governmental Operating & Trust Accounts		
Plant Research & Development	25	33
	25	33
<i>Other grants & subsidies</i>	1,458	1,934
Total grants and subsidies from non-Government Sources	41,631	29,701
(d) Interest revenue		
Interest received	1,296	972

14 Net profit / (loss) on disposal of non-current assets

Cost on disposal of Non Current Assets		
Land	-	2,674
Buildings	21	1,177
Vehicles & transportation equipment	-	55
IT equipment	-	12
Furniture & fittings	1	1
Plant & equipment	47	114
	69	4,033
Proceeds on the disposal of non current assets		
Buildings	6	-
Vehicles & transportation equipment	38	254
IT equipment	2	2
Plant & equipment	26	28
	72	284
Net Profit/(Loss) on disposal of non-current assets	3	(3,749)

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
15 Income from State Government		
<i>Appropriation revenue received during the year</i>		
Service appropriations ⁽ⁱ⁾	157,677	126,845
	157,677	126,845
See also note 3(g) Non current assets (or disposal groups) classified as held for sale and note 23 Non current assets classified as held for sale.		
<i>Resources received free of charge ⁽ⁱⁱ⁾</i>		
Determined on the basis of the following estimates provided by agencies:		
Department for Planning and Infrastructure - mapping, land details	696	391
Department of Treasury & Finance	139	101
Department of Conservation and Land Management	5	-
	840	492
The following liabilities have been assumed by the Treasurer		
- Superannuation ⁽ⁱⁱⁱ⁾	1,735	1,089
Total liabilities assumed by the Treasurer	1,735	1,089
Total income from State Government	160,252	128,426

(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) The assumption of the superannuation liability by the Treasurer is a notional income to match 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 Superannuation Scheme. (The notional superannuation expense is disclosed at note 7 'Employee Benefits Expense').

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
16 Cash and cash equivalents		
Petty Cash/Travel Advance	44	44
Cash at bank	13,397	2,912
	13,441	2,956

17 Restricted cash and cash equivalents

Current

Controlled trust accounts

Agriculture Income Tax Deductions	-	803
Agriculture Research Grants Account No. 1	8,681	6,709
Agriculture Research Grants Account No. 2	4,810	2,957
Cattle Industry Compensation Fund	5,951	6,627
Commonwealth Agriculture Activity Grants (Non-interest bearing)	3,213	1,965
Commonwealth Agriculture Activity Grants (Interest bearing)	31,522	12,886
Departmental Receipts in Suspense	55	32
Land Conservation Districts Fund	122	125
Plant Research & Development	4,104	2,575
	58,458	34,679

Controlled trust accounts - receipts & disbursements are in accordance with the Trust Statement (see note 45).

Non-current

Accrued salaries suspense account	199	-
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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.

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

Total restricted cash and cash equivalents	58,657	34,679
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18 Biological Assets

Current	1,812	1,953
Livestock	462	888
Field crops	2,274	2,841

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
19 Inventories		
Current		
Raw materials and stores	2,017	1,436
	2,017	1,436

20 Receivables

Current		
Trade Receivables ^(l)	9,116	26,648
Less: Allowance for doubtful debts	(100)	(140)
Interest receivable	357	88
GST receivable	1,124	449
Other receivables	82	90
Total Receivables	10,579	27,135

(l) 2005: 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.

See also note 3(m) "Receivables" and note 3(k) "Financial Instruments".

21 Amounts receivable for services

Current	6,115	1,471
Non-current	24,967	23,736
Total amounts receivable for services	31,082	25,207

This asset represents the non-cash component of service appropriations (see note 3 (q) "Amounts receivable for services (Holding Account)"). It is restricted in that it can only be used for asset replacement or payment of leave liability.

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

Opening balance of Holding Account	25,207	21,585
Non cash appropriation	7,346	6,393
Departmental drawdown	(1,471)	(2,771)
Closing balance of Holding Account	31,082	25,207

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
22 Other assets		
Current		
Prepayments		
Registrations	279	96
Goods & Services	125	388
Lease Rental	1,219	1,168
Total Other current assets	1,623	1,652
Non-current		
Investments		
Investment valued as at 30 June 2006		
Listed shares	423	467
Unlisted shares	184	200
	607	667
<p>Listed shares have been revalued to reflect their current market price as at 30 June 2006. 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.</p>		
Capital works in progress		
Stock yards	19	-
Broome Office	50	-
District Offices	-	49
Chemical Sheds	234	333
Kununurra Checkpoint	-	411
Kununurra Office	126	-
Vasse Redevelopment	147	126
Parkeston Quarantine Yards	191	76
Plant & Machinery under construction	72	129
Other	57	84
	896	1,208
Total Other non-current assets	1,503	1,875

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
23 Non-current assets classified as held for sale		
Opening Balance		
Land	851	3,843
Buildings	165	915
	1,016	4,758
Add: assets reclassified as held for sale		
Building	4	13
Less: assets sold		
Land	-	(2,652)
Building	(3)	(763)
Less: assets withdrawn from being held for sale		
Land	(851)	(340)
Buildings	(166)	-
Closing balance		
Land	-	851
Building	-	165
	-	1,016

24 Property, plant and equipment

Land		
At fair value ^(a)	58,007	50,653
Total land	58,007	50,653
Buildings		
At fair value ^(a)	76,026	72,476
	76,026	72,476
Plant & equipment		
At cost	29,937	28,249
Accumulated depreciation	(19,549)	(17,392)
Total plant & equipment	10,388	10,857
Vehicles & transportation equipment		
At cost	10,293	10,009
Accumulated depreciation	(7,273)	(6,510)
Total vehicles & transportation equipment	3,020	3,499

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
IT equipment		
At cost	13,717	12,419
Accumulated depreciation	(9,222)	(9,420)
<i>Total IT equipment</i>	4,495	2,999
Furniture & fittings		
At cost	736	715
Accumulated depreciation	(558)	(488)
<i>Total furniture & fittings</i>	178	227
Total assets		
At cost	54,683	51,392
Accumulated depreciation	(36,602)	(33,810)
Total at cost	18,081	17,582
At Fair Value	134,033	123,129
Accumulated depreciation	-	-
Accumulated impairment losses	-	-
Total at Fair Value	134,033	123,129
Total non-current assets	152,114	140,711

(a) The Fair Value reported above for Land and Buildings are as at 30th June 2006 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 (see also Note 29 "Equity").

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

For the year ended 30 June 2006



24 Property, plant and equipment (continued)

2006	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Vehicle and transportation equipment \$'000	IT equipment \$'000	Furniture and fittings \$'000	Total \$'000
Carrying amount							
1 July 2005	50,653	72,476	10,857	3,499	2,999	227	140,711
Additions ^(a)	2	620	2,159	312	2,907	24	6,024
Disposals ^(b)	-	(6)	(46)	-	-	-	(52)
Withdrawn classified as held for sale	851	166	-	-	-	-	1,017
Revaluation (Increment/ decrement)	6,501	5,63	-	-	-	-	12,174
Depreciation	-	(2,902)	(2,551)	(791)	(1,395)	(73)	(7,712)
Write-off of assets	-	(1)	(31)	-	(16)	-	(48)
Carrying amount							
30 June 2006	58,007	76,026	10,388	3,020	4,495	178	152,144

2005	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Vehicle and transportation equipment \$'000	IT equipment \$'000	Furniture and fittings \$'000	Total \$'000
Carrying amount							
1 July 2004	48,441	68,815	10,293	4,021	3,531	302	135,403
Additions ^(a)	15	2,043	3,302	737	84	-	6,921
Disposals ^(b)	(18)	(205)	(81)	(56)	(1)	(2)	(363)
Withdrawn classified as held for sale	340	-	-	-	-	-	340
Revaluation (Increment/ decrement)	1,875	4,651	-	-	-	-	6,526
Depreciation	-	(2,606)	(2,624)	(1,203)	(1,345)	(72)	(7,850)
Write-off of assets	-	(222)	(33)	-	(10)	(1)	(266)
Carrying amount							
30 June 2005 ^(c)	50,653	72,476	10,857	3,499	2,999	227	140,711

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
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- (a) Additions include adjustments and restated assets.
 (b) Disposal includes adjustments and retired assets.
 (c) Refer to Note 44 reconciliation.

The Department for Planning and Infrastructure (DPI) is the only agency with the power to sell Crown land. The land is transferred to DPI for sale and the Department accounts for the transfer as a distribution to owner (DTO).

25 Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2006.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2006 have either been classified as assets held for sale or written off.

26 Payables

Current

Trade Payables	8,326	4,782
Other payables	6,223	807
Total current	14,549	5,589

See also note 3 (o) "Payables" and note 41 "Financial instruments".

27 Other current liabilities

Current

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 1 working day to 30 June 2006

(2005 - 30 June, 0 working days) 332 -

- (b) An accrual to recognise the current year impact on the wage increase to be effective 2005-2006 under the Public Service General Award for their pay periods 23 March 2006 to 29 June 2006. 1,300 -

Total accrued salaries **1,632** **-**

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

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
28 Provisions		
Current		
<i>Employee Benefit Provisions</i>		
Annual leave	7,528	7,246
Long service leave	12,147	11,688
	19,675	18,934
<i>Other provisions</i>		
Employment on-costs	3,813	3,608
Non-current		
<i>Employee Benefit Provisions</i>		
Long service leave	6,117	6,199
Deferred salary scheme	290	231
	6,407	6,430
<i>Other provisions</i>		
Employment on-costs	598	600
Total Employee Benefit Provisions	30,493	29,572
Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of reporting date	4,126	3,972
More than 12 months after reporting date	3,402	3,274
	7,528	7,246

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

29 Equity

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

Balance at the start of the year	851	475
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Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
Contribution by owners		
Capital contributions ^(a)	3,531	2,296
Transfer of assets from the Agriculture Protection Board ^(a)	-	41
	3,531	2,337
Distribution to owners		
Transfer of assets to the Agricultural Produce Commission ^(b)	-	(1,961)
	4,382	851
<p>(a) Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and are credited directly to equity.</p> <p>(b) UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities': where the transferee accounts for a transfer as a contribution by owner, the transferor must account for the transfer as a distribution to owners. Consequently, non-discretionary (non-reciprocal) transfers of net assets to other State government agencies are "Distribution to owners" and are debited directly to equity.</p>		
Reserves		
Asset revaluation reserve		
The asset revaluation reserve represents the portion of equity resulting from the revaluation of non-current assets.		
Balance at the start of the year		
Investments	361	233
Non-current assets	133,771	127,245
	134,132	127,478
Net revaluation increments / (decrements)		
Investments	(60)	128
Non-current assets		
Land	6,501	1,875
Buildings	5,663	4,651
	12,164	6,526
Total net revaluation increments / (decrements)	12,104	6,654
Balance at the end of the year		
Investments	301	361
Non-current assets	145,936	133,771
	146,237	134,132

Notes to the Financial Statements

For the year ended 30 June 2006



29 Equity (continued)

	2006 (\$'000)	2005 (\$'000)
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note.		
Accumulated surplus / (deficit) (Retained Earnings)		
Balance at the start of the year	69,500	52,297
Result for the period	6,807	17,203
Balance at end of the year	76,307	69,500
Total Equity balance at the end of the year	226,926	204,483

30 Notes to the Cash Flow Statement

(a) Reconciliation of cash

For the purposes of the Cash Flow Statement, cash includes cash at bank, cash on hand, restricted cash and amounts in suspense. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents (refer to note 16)	13,441	2,956
Restricted cash and cash equivalents: current (refer to note 17)	58,458	34,679
Restricted cash and cash equivalents: non-current (refer to note 17)	199	-
	72,098	37,635

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

Net cost of services	(153,445)	(111,253)
Non-cash items:		
Net (loss)/profit from sale of assets	(3)	3,749
Depreciation and amortisation	7,713	7,850
Superannuation liabilities assumed by the Treasurer	1,735	1,089
Resources received free of charge	840	492
Provision for impairment of receivables	(40)	(50)
	10,245	13,130
(Increase)/decrease in assets		
Inventories	(581)	17
Biological Assets - Livestock	141	96
Biological Assets - Field Crops	426	(127)
Agricultural Produce	(174)	-
Receivables ^(a)	17,271	(19,626)
Prepayments	29	1,023
Investments	(60)	(128)

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
Increase/(decrease) in liabilities		
Accrued salaries	1,632	(3,815)
Provisions	921	5,782
Payables ^(a)	7,932	(2,933)
Net GST receipts/(payments) ^(b)	(795)	1,095
Change in GST in receivables/payables ^(c)	675	751
Net cash used in operating activities	(115,782)	(115,988)

(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 is the net GST paid/received, i.e. cash transactions

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

31 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 and Food.

Agriculture Protection Board	11,047	11,557
The University of Western Australia	12	161
Curtin University of Technology	-	3
Mid West Development Commission	2	-
Department of Environment	1	-
Forest Products Commission	-	6
Agricultural Produce Commission	7	5
Perth Zoological Gardens	19	5
Department of Conservation & Land Management	2	2
Land Conservation District Committees	-	9
	11,090	11,748

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
32 Commitments		
(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	723	4,364
Later than one year and not later than five years	-	151
	723	4,515
(b) Total lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:		
Within one year	2,940	2,636
Later than one year and not later than 5 years	2,878	2,195
Later than 5 years	408	97
	6,226	4,928
Representing:		
Non-cancellable operating lease commitments	6,226	4,928

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

(c) Guarantees and undertakings

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

33 Contingent liabilities and Contingent assets

Contingent liabilities

In addition to the liabilities incorporated in the financial statements, the Department has a possible liability arising from a claim for negligence from a work place injury.

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

34 Events occurring after reporting date

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

Notes to the Financial Statements

For the year ended 30 June 2006



2005/06 Estimate \$'000	2005/06 Actual \$'000	Variation \$'000
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35 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 Significant Reason For Variance between 2005/06 Estimate and 2005/06 Actual

	2005/06 Estimate \$'000	2005/06 Actual \$'000	Variation \$'000
35.1 Net amount appropriated to deliver services	(140,045)	(157,677)	17,632

The amount appropriated was adjusted for the following reasons:

- Increased to meet National Action Plan Commonwealth Funding as part of the State's commitment to match the commonwealth contribution for salinity activities;
- Increased due to the deferral of Catchment Demonstration and Carnarvon 2020 initiatives from 2004/05; and
- Increased funding to address European House Borer.
- Reduced to reflect revised Capital User Charge payments.

35.2 Food and Fibre Industry Development	95,752	84,101	11,651
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The variation mainly relates to project delays as a result of poor seasonal conditions for the following programs:

- Grains Research and Development Corporation funded activities relating to crop breeding, farming and agronomy system trials and weed management across all regions as well as Grain Licensing Authority activities.
- Australian Wool Innovation and Cooperative Research Centre funded activities in relation to pasture, legume project work, sheep evaluations and lifetime wool initiatives.
- Various Horticulture Australian Limited and other industry sources funded activities relating to the industry research and development.

Notes to the Financial Statements

For the year ended 30 June 2006



35 Explanatory Statements (continued)

	2005/06 Estimate \$'000	2005/06 Actual \$'000	Variation \$'000
35.3 Agriculture Resource Management	107,277	135,253	(27,976)
<p>The variation mainly relates to increased Commonwealth and State contributions to National Action Plan funding, increased third party funding of Natural Resource Management and the deferment of the Catchment Demonstration and Carnarvon 2020 initiatives from 2004/05.</p>			
35.4 Biosecurity (Inclusive of Services Provided to Agriculture Protection Board)	53,953	68,508	(14,555)
<p>The variation mainly relates to:</p> <ul style="list-style-type: none"> - Funding to address European House Borer. - Increased expenditure relating to Cattle Industry Compensation Trust commitment to National Livestock Identification Scheme. - Additional animal health and surveillance work and development of animal and plant biosecurity policy. - Increased expenditure on invasive species control and eradication across the regions. - Increased expenditure relating to starling management and state barrier fence replacement. - Increased industry funding from various industry sources for biosecurity projects. 			
35.5 Services Provided to Rural Business Development Corporation	3,837	16,733	(12,896)
<p>The variation relates to increased Exceptional Circumstances grant expenditure and payments related to the Marketing of Eggs Adjustment Assistance Scheme.</p>			
35.6 Total revenue from ordinary activities.	(131,610)	(151,024)	19,414
<p>Revenue retained by the Department exceeded budget estimates primarily due to a substantial increase to:</p> <ul style="list-style-type: none"> - National Action Plan for Salinity grants from the Commonwealth. - NRM 3rd party grants and increased funding from industry sources for Biosecurity activities. 			
35.7 Capital Expenditure	8,454	5,712	(2,742)
<p>The variation mainly relates to a delay in the Kununurra Office project and the Shared Land Information Platform (SLIP) project unable to be commenced due to delays in the receipt of Commonwealth funding.</p>			

Notes to the Financial Statements

For the year ended 30 June 2006



	2005/06 Estimate \$'000	2005/06 Actual \$'000	Variation \$'000
35.8 Administered Transactions	5,000	1,226	(3,774)
Only one loan was paid in 2005/06 from the Western Australian Cooperatives Loan Scheme.			
35.9 Administered Revenues	1,309	38	(1,271)

Interest revenues were less than budgeted due to only one loan being paid in 2005/06 from the Western Australian Cooperatives Loan Scheme.

	2005/06 Actual \$'000	2004/05 Actual \$'000	Variation \$'000
Note Significant Reason For Variance between 2005/06 Actual and 2004/05 Actual			
35.10 Net amount appropriated to deliver services	157,677	126,845	30,832

The amount appropriated was adjusted for the following reasons:

- Increased to meet National Action Plan Commonwealth Funding as part of the State's commitment to match the Commonwealth contribution for salinity activities;
- Increased due to the deferral of Catchment Demonstration and Carnarvon 2020 initiatives from 2004/05; and
- Increased funding to address European House Borer.

35.11 Food and Fibre Industry Development	84,101	86,756	2,655
The variation mainly relates to a decrease in Grain Research and Development Corporation funding and a lower than anticipated revenue from other industry sources.			
35.12 Agricultural Resource Management	135,253	74,858	(60,395)
The variation mainly relates to increased Commonwealth and State contributions for the National Action Plan funding, increased third party funding of Natural Resource Management and the deferment of the Catchment Demonstration and Carnarvon 2020 initiatives from 2004/05.			
35.13 Biosecurity (Inclusive of Services Provided to Agriculture Protection Board)	68,508	61,416	(7,092)

The variation mainly relates to increased funding to address European House Borer, increased expenditure relating to industry funded biosecurity activities and increased expenditure from the Cattle Industry Compensation Trust for the National Livestock Identification Scheme.

Notes to the Financial Statements

For the year ended 30 June 2006



35 Explanatory Statements (continued)

	2005/06 Actual \$'000	2004/05 Actual \$'000	Variation \$'000
35.14 Services Provided to Rural Business Development Corporation	16,733	7,518	(9,215)
The variation relates to increased Exceptional Circumstances grant expenditure and payments related to the Marketing of Eggs Adjustment Assistance Scheme.			
35.15 Retained Revenue	(151,024)	(118,820)	32,204
Revenue retained by the Department exceeded prior year primarily due to a substantial increase to:			
- National Action Plan for Salinity grants from the Commonwealth and NRM grants for the strategic tree farming initiative.			
- NRM 3rd party grants and increased funding from industry sources for Biosecurity activities.			
35.16 Administered Transactions	1,226	7,129	5,903
Variation relates to the payout of the WA Meat Commission loans in 2004/05 as compared to the new WA Coops Loan Scheme that commenced in 2005/06.			

36 Remuneration of senior officers

Remuneration

The number of senior officers whose total of fees, salaries, superannuation, non monetary benefits and other benefits received or due and receivable for the financial year, fall within the following bands is:

\$	No. of Officers	
	2006	2005
20,001 - 30,000	2	-
40,001 - 50,000	-	1
90,000 - 100,000	-	1
100,001 - 110,000	1	-
120,001 - 130,000	-	1
130,001 - 140,000	3	1
140,001 - 150,000	1	1
150,001 - 160,000	-	2
210,001 - 220,000	-	1
250,001 - 260,000	1	-

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
The total remuneration of senior officers is:	943	1,063

The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers. Senior officers are presently members of the Gold State and West State Schemes. There are no senior officer who are presently members of the Government Pension Scheme.

37 Remuneration of Auditor

Remuneration to the Auditor General for the financial year is as follows:
Auditing the accounts, financial statements and performance indicators.
This expense is included in note 10 "Other expenses"

38 Related bodies

There are no related bodies with the Department of Agriculture and Food.

39 Affiliated bodies

There are no affiliated bodies with the Department of Agriculture and Food.

40 Jointly controlled operations

(i) Major Cooperative Research Agreements

	Interest (%) 2006	Termination Date
Joint Venture name and principal activities		
Cooperative Research Centre for Australian Weed Management	13.0%	30/06/08
Cooperative Research Centre for Value Added Wheat	9.2%	30/06/08
Cooperative Research Centre for Tropical Savannas	6.0%	30/06/08
Cooperative Research Centre for Emerging Infectious Diseases	5.8%	30/10/10
Cooperative Research Centre for Australian Sheep Industry	15.6%	30/06/08
Cooperative Research Centre for Spatial Information	5.7%	14/06/11
Cooperative Research Centre for Plant Based Mgt of Dryland Salinity	15.3%	30/06/08

Notes to the Financial Statements

For the year ended 30 June 2006



40 Jointly controlled operations (continued)

(ii) Other Joint Ventures

The Department has collaborative arrangements with other parties to perform research and share in the outputs (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 sharing in the output (ie intellectual property). The number of this type of arrangement make it impractical to list separately. The Department's contributions to these joint ventures are included in the Department's operating statements.

41 Financial instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Department are cash and cash equivalents, finance leases, Treasurer's advances and receivables and payables. The Department has limited exposure to financial risks. The Department's overall financial risk management program focuses on managing the risks identified below.

Credit risk

The Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The Department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Interest rate risk

The Department is not exposed to interest rate risk where cash and cash equivalents and restricted cash are non-interest bearing and has no borrowings other than the Treasurer's advance (non-interest bearing) and finance leases (fixed interest rate). Restricted cash that are interest bearing are managed by the Department of Treasury and Finance and the exposure to interest rate risk is limited through their diversified funding portfolio.

(b) Financial Instrument disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 3(u) 'Comparative figures'.

Notes to the Financial Statements

For the year ended 30 June 2006



(c) Interest rate risk exposure

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

2006	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		-	-	-	-	13,441	13,441
Restricted cash assets & amounts in suspense	5.55%	46,509	-	-	-	12,148	58,657
Investments		-	-	-	-	607	607
Receivables		-	-	-	-	41,661	41,661
Total financial assets		46,509	-	-	-	67,857	114,366
<i>Financial liabilities</i>							
Payables		-	-	-	-	16,181	16,181
Employee entitlements		-	-	-	-	30,493	30,493
Total financial liabilities		-	-	-	-	46,674	46,674
2005							
Financial Assets	5.44%	25,973	-	-	-	64,671	90,644
Financial Liabilities		-	-	-	-	35,161	35,161

(d) 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.

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
42 Supplementary information		
<u>Write-offs: Non Current Assets</u>		
During the financial year \$46,491 (2005: \$265,630) was written off the Department's asset register under the authority of:		
- The Accountable Officer	42	39
- The Minister	6	153
- The Executive Council	-	74
	48	266
<u>Write-offs: Irrecoverable amounts</u>		
During the financial year \$15,975 (2005: \$2,665) was written off in bad debts under the authority of:		
- The Accountable Officer	16	3
<u>Losses Through Theft, Defaults and Other Causes</u>		
Losses of public moneys and, public and other property through theft or default		
Amounts recovered-insurance	80	4

43 Administered Transactions

(i) ADMINISTERED EXPENSES AND INCOME

EXPENSES		
Grants, subsidies & transfer payments	-	233
Interest Payments	28	115
Loan Fees	-	148
Total administered expenses	28	496
INCOME		
Appropriation	-	7,129
User charges and fees	5	-
Interest revenue	33	-
Total administered income	38	7,129

Notes to the Financial Statements

For the year ended 30 June 2006



	2006 (\$'000)	2005 (\$'000)
(ii) ADMINISTERED ASSETS AND LIABILITIES		
CURRENT ASSETS		
Cash Assets	10	-
Loan	1,226	-
Total Administered Current Assets	1,236	-
Total Administered Assets	1,236	-
CURRENT LIABILITIES		
Total Administered Current Liabilities	-	-
NON-CURRENT LIABILITIES		
Borrowings	1,226	-
Total Administered Non Current Liabilities	1,226	-
Total Administered Liabilities	1,226	-
(iii) CASH FLOWS FROM ADMINISTERED TRANSACTIONS		
CASH INFLOWS FROM ADMINISTERED TRANSACTIONS		
Receipts from appropriations ⁽¹⁾	-	7,129
Capital contributions ⁽¹⁾	1,226	-
Revenues from services	38	-
Total administered cash inflows	1,264	7,129
CASH OUTFLOWS FROM ADMINISTERED TRANSACTIONS		
Loans advanced	1,226	7,603
Other payments	28	-
Total administered cash outflows	1,254	7,603
(1) Administered items are represented by:	10	(474)

2005: An appropriation of \$7.129m was received to fully repay the debt owed to the WA Treasury Corporation by the Meat Industry Commission.

2006: An appropriation of \$1.226m was received to facilitate the Western Australian Cooperatives Loan Scheme.

Administered transactions are not considered to form part of the Department's operational services.

Notes to the Financial Statements

For the year ended 30 June 2006



44 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004

ASSETS	Previous AGAAP 1 July 2004 \$000	Reclassification Depreciation AASB 5 42.1a \$000	Employee Benefits AASB 119 42.2a \$000	Agricultural Biological Assets AASB 141 42.3a \$000	Total Adjustments \$000	AIFRS 1 July 2004 \$000
Current Assets						
Cash and cash equivalents	4,147	-	-	-	-	4,147
Restricted cash and cash equivalents	31,472	-	-	-	-	31,472
Biological assets - Livestock	-	-	-	2,049	2,049	2,049
Biological assets - Field crops	-	-	-	761	761	761
Agricultural Produce	-	-	-	296	296	296
Inventories	3,638	-	-	(2,345)	(2,345)	1,293
Receivables	8,210	-	-	-	-	8,210
Amounts receivable for services	17,646	-	-	-	-	17,646
Other current assets	2,675	-	-	-	-	2,675
Non-current assets classified as held for sale	-	4,758	-	-	4,758	4,758
Total Current Assets	67,788	4,758	-	761	5,519	73,307
Non-Current Assets						
Restricted cash and cash equivalents	2,494	-	-	-	-	2,494
Amounts receivable for services	3,939	-	-	-	-	3,939
Property, Plant, Equipment & Vehicles	140,161	(4,758)	-	-	(4,758)	135,403
Capital works in progress	1,362	-	-	-	-	1,362
Investments	540	-	-	-	-	540
Total Non-Current Assets	148,496	(4,758)	-	-	(4,758)	143,738
TOTAL ASSETS	216,284	-	-	761	761	217,045
LIABILITIES						
Current Liabilities						
Payables	9,189	-	-	-	-	9,189
Provisions	15,628	-	2,461	-	2,461	18,089
Other current liabilities	3,816	-	-	-	-	3,816
Total Current Liabilities	28,633	-	2,461	-	2,461	31,094
Non-Current Liabilities						
Provisions	8,265	-	(2,564)	-	(2,564)	5,701
Total Non-Current Liabilities	8,265	-	(2,564)	-	(2,564)	5,701
Total Liabilities	36,898	-	(103)	-	(103)	36,795
Net Assets	179,386	-	103	761	864	180,250
EQUITY						
Contributed equity	475	-	-	-	-	475
Reserves	127,478	-	-	-	-	127,478
Accumulated surplus/(deficiency)	51,433	-	103	761	864	52,297
Total Equity	179,386	-	103	761	864	180,250
TOTAL LIABILITIES AND EQUITY	216,284	-	-	761	761	217,045

Notes to the Financial Statements

For the year ended 30 June 2006



RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP:

ASSETS	Previous AGAAP 30 June 2005 \$000	Reclassification Depreciation AASB 5 42.1b \$000	Employee Benefits AASB 119 42.2b \$000	Agricultural Biological Assets AASB 141 42.3b \$000	Total Adjustments \$000	AIFRS 30 June 2005 \$000
Current Assets						
Cash and cash equivalents	2,956	-	-	-	-	2,956
Restricted cash and cash equivalents	34,679	-	-	-	-	34,679
Biological assets - Livestock	-	-	-	1,953	1,953	1,953
Biological assets - Field crops	-	-	-	888	888	888
Agricultural Produce	-	-	-	136	136	136
Inventories	3,525	-	-	(2,089)	(2,089)	1,436
Receivables	27,135	-	-	-	-	27,135
Amounts receivable for services	1,471	-	-	-	-	1,471
Other current assets	1,652	-	-	-	-	1,652
Non-current assets classified as held for sale	-	1,016	-	-	1,016	1,016
Total Current Assets	71,418	1,016	-	888	1,904	73,322
Non-Current Assets						
Restricted cash assets	-	-	-	-	-	-
Amounts receivable for services	23,736	-	-	-	-	23,736
Property, Plant, Equipment & Vehicles	141,815	(1,104)	-	-	(1,104)	140,711
Capital works in progress	1,208	-	-	-	-	1,208
Investments	667	-	-	-	-	667
Total Non-Current Assets	167,426	(1,104)	-	-	(1,104)	166,322
TOTAL ASSETS	238,844	(88)	-	888	800	239,644
LIABILITIES						
Current Liabilities						
Payables	5,589	-	-	-	-	5,589
Provisions	19,289	-	3,484	-	3,484	22,773
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	24,878	-	3,484	-	3,484	28,362
Non-Current Liabilities						
Provisions	10,548	-	(3,749)	-	(3,749)	6,799
Total Non-Current Liabilities	10,548	-	(3,749)	-	(3,749)	6,799
Total Liabilities	35,426	-	(265)	-	(265)	35,161
Net Assets	203,418	-	265	-	1,065	204,483
EQUITY						
Contributed equity	851	-	-	-	-	851
Reserves	134,237	(105)	-	-	(105)	134,132
Accumulated surplus/(deficiency)	68,330	17	265	888	1,170	69,500
Total Equity	203,418	(88)	265	888	1,065	204,483
TOTAL LIABILITIES AND EQUITY	238,844	(88)	-	888	800	239,644

Notes to the Financial Statements

For the year ended 30 June 2006



44 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR YEAR ENDED 30 JUNE 2005

COST OF SERVICES	Previous AGAAP 30 June 2005 \$000	Reclassification Depreciation AASB 5 42.1c \$000	Employee Benefits AASB 119 42.2c \$000	Agricultural Biological Assets AASB 141 42.3c \$000	Total Adjustments \$000	AIFRS 30 June 2005 \$000
Expenses						
Employee benefits expense	105,131	-	(162)	-	(162)	104,969
Depreciation & amortisation	7,867	(17)	-	-	(17)	7,850
Communications	2,515	-	-	-	-	2,515
Services & contracts	36,226	-	-	-	-	36,226
Other expenses	17,776	-	-	-	-	17,776
Grants, subsidies & transfer payments	42,740	-	-	-	-	42,740
Capital User Charge	14,723	-	-	-	-	14,723
Loss on disposal of non-current assets	3,749	-	-	-	-	3,749
Total cost of services	230,727	(17)	(162)	-	(179)	230,548
Income						
Revenue						
Revenues from operating activities						
User charges and fees	26,593	-	-	(348)	(348)	26,245
Commonwealth grants and contributions	52,140	-	-	-	-	52,140
Grants and subsidies from non-Government Sources	29,701	-	-	-	-	29,701
Interest revenue	972	-	-	-	-	972
Revenue from non-operating activities						
Other revenues from ordinary activities	9,762	-	-	-	-	9,762
Total revenue	119,168	-	-	(348)	(348)	118,820
Gains						
Gain on disposal of non-current assets	-	-	-	-	-	-
Gains arising from changes in fair value -						
Livestock	-	-	-	348	348	348
Field Crops	-	-	-	127	127	127
Total Gains	-	-	-	475	475	475
NET COST OF SERVICES	111,559	(17)	(162)	(127)	(306)	111,253
INCOME FROM STATE GOVERNMENT						
Service Appropriations	126,845	-	-	-	-	126,845
Resources received free of charge	492	-	-	-	-	492
Initial recognition of assets not previously recognised	30	-	-	-	-	30
Liabilities assumed by the Treasurer	1,089	-	-	-	-	1,089
Total income from State Government	128,456	-	-	-	-	128,456
SURPLUS/(DEFICIT) FOR THE PERIOD	16,897	17	162	127	306	17,203

Notes to the Financial Statements

For the year ended 30 June 2006



RECONCILIATION OF CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2005

CASH FLOWS FROM STATE GOVERNMENT

Service appropriations	122,610	-	-	-	-	122,610
Holding account drawdowns	2,771	-	-	-	-	2,771
Net cash provided by State Government	125,381	-	-	-	-	125,381

	Previous AGAAP 30 June 2005 \$000	Reclassification Depreciation AASB 5 \$000	Employee Benefits AASB 119 \$000	Agricultural Biological Assets AASB 141 \$000	Total Adjustments \$000	AIFRS 30 June 2005 \$000
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	(94,348)	-	-	-	-	(94,348)
Communications	(2,388)	-	-	-	-	(2,388)
Services & contracts	(35,232)	-	-	-	-	(35,232)
Capital User Charge	(14,723)	-	-	-	-	(14,723)
GST payments on purchases	(9,978)	-	-	-	-	(9,978)
Other payments	(22,425)	-	-	-	-	(22,425)
Grants, subsidies & transfer payments	(42,753)	-	-	-	-	(42,753)
Receipts						
Revenues from services	94,786	-	-	-	-	94,786
GST receipts on sales	5,132	-	-	-	-	5,132
GST receipts from taxation authority	5,941	-	-	-	-	5,941
Net cash (used in)/provided by operating activities	(115,988)	-	-	-	-	(115,988)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of non-current physical assets	(8,442)	-	-	-	-	(8,442)
Proceeds from sale of non-current physical assets	532	-	-	-	-	532
Net cash (used in)/provided by investing activities	(7,910)	-	-	-	-	(7,910)
Net increase/(decrease) in cash and cash equivalents	1,483	-	-	-	-	1,483
Cash assets transferred from other sources	(1,961)	-	-	-	-	(1,961)
Cash and Cash equivalents at the beginning of period	38,113	-	-	-	-	38,113
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	37,635	-	-	-	-	37,635

Notes to the Financial Statements

For the year ended 30 June 2006



44 Notes to the reconciliations

Note 44.1 Non-current Assets held for Sale (AASB 5)

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 classified as held for sale are not depreciated and are measured at the lower of carrying amount (prior to reclassification and fair value less selling costs).

The Department has identified land and buildings that are required to be classified as non-current assets classified as held for sale and has made the following adjustments:

44.1a Adjustments to opening Balance Sheet (1 July 2004)

The Department has transferred \$4,757,735 from land and buildings to non-current assets as held for sale.

44.1b Adjustments to 30 June 2005 Balance Sheet

The Department has transferred \$1,104,039 from land and buildings to non-current assets as held for sale.

Accumulated depreciation (buildings) has been reduced by \$16,817 with a corresponding increase in accumulated surplus.

Non-current assets available for sale were written-down from current fair value \$1,104,039 to the carrying amount (prior to re-classification) which was \$998,066. This reduced the Asset Revaluation Reserve by \$105,973.

44.1c Adjustments to the Income Statement for the period ended 30 June 2005

Depreciation expense was reduced by \$16,817 with a corresponding increase in the surplus for the year.

Note 44.2 Employee benefits (AASB 119 and AASB 101)

AASB 101 requires that a liability must be classified as current where the entity does not have an unconditional right to defer settlement of the liability for at least twelve months beyond the reporting date. Consequently, all annual leave and long service leave entitlements (unconditional long service leave must now be classified as current. Non-vested long service leave liability will be non-current to the extent that it does not become unconditional within 12 months from reporting date.

Employee on-costs are not included in employee benefits under AGAAP or AIFRS. However, under AGAAP employee benefits and on-costs are disclosed together on the face of the Income Statement as Employee costs. Under AIFRS employee benefits will be the equivalent item disclosed on the face. On-costs are transferred to other expenses.

44.2a Adjustments to opening Balance Sheet (1 July 2004)

Under AASB 1028 the Department's Provision for Annual Leave was valued at \$9,287,515 where under the new AASB119 the valuation was reduced to \$9,184,434 a reduction of \$103,081. Also under the new AASB119 in comparison to the previous AASB 1028 there was a re-distribution of \$2,563,536 for the Non-current Provision for Long Service Leave Liability into the Current provision for Long Service Leave liability.

44.2b Adjustments to 30 June 2005 Balance Sheet

Under AASB 1028 the Department's Provision for Annual Leave was valued at \$11,169,865 where under the new AASB119 the valuation was reduced to \$10,904,626 a reduction of \$265,239. Also under the new AASB119 in comparison to the previous AASB 1028 there was a re-distribution of \$3,748,444 for the Non-current Provision for Long Service Leave Liability into the Current provision for Long Service Leave liability.

44.2c Adjustments to the Income Statement for the period ended 30 June 2005

Employee benefits expense was reduced by \$162,158 with a corresponding increase in the surplus for the year due to the revaluation of the provision for annual leave under the new AASB119 in comparison to the old AASB 1028.

Notes to the Financial Statements

For the year ended 30 June 2006



Note 44.3 Agriculture Biological Assets (AASB 141)

AASB 141 requires different categories of assets for the disclosure of biological assets which are living animals and plants related to agricultural activity for sale. They are classified as being either agricultural produce or additional biological assets such as field crops and livestock. Livestock and agricultural produce are measured at fair value less estimated point-of-sale costs. Field crops unharvested are measured at cost and are revalued at net fair value when fair value can be reliably determined.

44.3a Adjustments to opening Balance Sheet (1 July 2004)

AASB141 requires the closing value of Livestock on hand of \$2,049,215 to be shown under an asset category titled Biological assets - Livestock rather than just under assets as it is under the current AGAAP standard. Also under AASB 141 the closing balance of Agricultural Produce of \$296,076 needs to be shown under a separate category of asset rather than all under Inventories as it is under the current AGAAP standard. Under AASB141 a new category has also been brought to account for Biological assets - Field crops to the value of \$761,539 which was not previously being recognised under the existing AGAAP standard with the corresponding credit entry to equity as a net adjustment on the transition to AIFRS.

44.3b Adjustments to 30 June 2005 Balance Sheet

AASB141 requires the closing value of Livestock on hand of \$1,952,750 to be shown under an asset category titled Biological assets - Livestock rather than just under assets as it is under the current AGAAP standard. Also under AASB 141 the closing balance of Agricultural Produce of \$ 136,017 needs to be shown under a separate category of asset rather than all under Inventories as it is under the current AGAAP standard. Under AASB141 a new category has also been brought to account for Biological assets - Field crops to the value of \$888,833 which was not previously being recognised under the existing AGAAP standard with the corresponding credit entry to equity as a net adjustment on the transition to AIFRS.

44.3c Adjustments to the Income Statement for the period ended 30 June 2005

A Net gain on the sale of Biological Assets - Field Crops was recognised to the value of \$127,296 as a result of the recognition of Biological assets - Field crops for the first time in the Balance Sheet in accordance with AASB141. Also in regard to Biological Assets - Livestock an amount of \$347,660 was identified as being the gain arising from changes in the fair value of Biological assets - Livestock. This portion of net gain on the sale of the Biological assets - livestock has been separated out from the overall sale revenue.

Notes to the Financial Statements

For the year ended 30 June 2006



45 Trust Statements

Contents

TITLE	CASH AT BANK	
	2006 \$'000	2005 \$'000
Agriculture Income Tax Deduction Account	-	803
Agriculture Research Grants - Account No.1	8,681	6,709
Agriculture Research Grants - Account No.2	4,810	2,957
Cattle Industry Compensation Fund	5,951	6,627
Commonwealth Agriculture Activity Grants	3,213	1,965
Commonwealth Agriculture Activity Grants - Interest	31,522	12,886
Departmental Receipts in Suspense	55	32
Land Conservation Districts Trust Fund	122	125
Pig Industry Compensation Fund	-	-
Plant Research and Development Trust Fund	4,104	2,575
	58,458	34,679

Notes to the Financial Statements

For the year ended 30 June 2006



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 AGRICULTURE WESTERN AUSTRALIA PAYROLL

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	803	1
ADD RECEIPTS:		
Deductions received	20,792	22,784
	20,792	22,784
SUB TOTAL	21,595	22,785
LESS PAYMENTS:		
Transfer out	21,595	21,982
BALANCE C/F	-	803
THIS IS REPRESENTED BY		
Cash at bank	-	803

Notes to the Financial Statements

For the year ended 30 June 2006



45 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 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	6,709	6,760
ADD RECEIPTS:		
Direct Grants & Subsidies	35,915	24,773
Other Revenue	1,124	1,992
Provision of Goods & Services	2,280	2,225
Taxes, Fees & Fines	903	513
	<hr/> 40,222	<hr/> 29,503
SUB TOTAL	46,931	36,263
LESS PAYMENTS:		
Salaries	19,473	17,769
Operating	18,777	11,053
Capital	-	732
	<hr/> 38,250	<hr/> 29,554
BALANCE C/F	<hr/> 8,681	<hr/> 6,709
THIS IS REPRESENTED BY		
Cash at bank	<hr/> 8,681	<hr/> 6,709

Notes to the Financial Statements

For the year ended 30 June 2006



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 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	2,957	3,483
ADD RECEIPTS:		
Direct Grants & Subsidies	4,259	1,386
Interest	123	148
Other Revenue	862	882
Provision of Goods & Services	208	35
	5,452	2,451
SUB TOTAL	8,409	5,934
LESS PAYMENTS:		
Salaries	1,821	1,239
Operating	1,778	1,699
Capital	-	39
	3,599	2,977
BALANCE C/F	4,810	2,957
THIS IS REPRESENTED BY		
Cash at bank	4,810	2,957

Notes to the Financial Statements

For the year ended 30 June 2006



45 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 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	6,627	7,472
ADD RECEIPTS:		
Direct Grants & Subsidies	45	83
Fees, Charges & Levies	252	300
Interest	249	355
Other revenue	766	2
	1,312	740
SUB TOTAL	7,939	8,212
LESS PAYMENTS:		
Salaries	179	147
Operating	1,809	1,436
Capital	-	2
	1,988	1,585
BALANCE C/F	5,951	6,627
THIS IS REPRESENTED BY		
Cash at bank	5,951	6,627

Notes to the Financial Statements

For the year ended 30 June 2006



TITLE	COMMONWEALTH AGRICULTURE ACTIVITY GRANTS
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 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	1,965	2,016
ADD RECEIPTS:		
Grants & Advances	2,395	864
Interest	-	25
	2,395	889
SUB TOTAL	4,360	2,905
LESS PAYMENTS:		
Salaries	636	495
Operating	511	437
Capital	-	8
	1,147	940
BALANCE C/F	3,213	1,965
THIS IS REPRESENTED BY		
Cash at bank	3,213	1,965

Notes to the Financial Statements

For the year ended 30 June 2006



45 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 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	12,886	7,967
ADD RECEIPTS:		
Grants & Advances	75,470	33,519
Interest	510	283
Other Revenue	1,835	-
	77,815	33,802
SUB TOTAL	90,701	41,769
LESS PAYMENTS:		
Salaries	260	379
Operating	58,919	28,499
Capital	-	5
	59,179	28,883
BALANCE C/F	31,522	12,886
THIS IS REPRESENTED BY		
Cash at bank	31,522	12,886

Notes to the Financial Statements

For the year ended 30 June 2006



TITLE	DEPARTMENTAL RECEIPTS IN SUSPENSE
PURPOSE AND OPERATIONS	TO 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 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	32	145
ADD RECEIPTS:		
Receipts to suspense	809	1,139
	809	1,139
SUB TOTAL	841	1,284
LESS PAYMENTS:		
Transfer from suspense	786	1,252
	786	1,252
BALANCE C/F	55	32
THIS IS REPRESENTED BY		
Cash at bank	55	32

Notes to the Financial Statements

For the year ended 30 June 2006



45 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 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	125	56
ADD RECEIPTS:		
Fees, Charges, Levies	-	-
Direct Grants & Subsidies	109	98
Interest	7	4
Other Revenue	2	46
	118	148
SUB TOTAL	243	204
LESS PAYMENTS:		
Salaries	36	42
Operating	85	37
	121	79
BALANCE C/F	122	125
THIS IS REPRESENTED BY		
Cash at bank	122	125

Notes to the Financial Statements

For the year ended 30 June 2006



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 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	-	1,627
ADD RECEIPTS:		
Fees, Charges & Levies	-	152
Interest	-	44
	-	196
SUB TOTAL	-	1,823
LESS TRANSFERS:		
Transfers to other Agencies	-	1,823
BALANCE C/F	-	-
THIS IS REPRESENTED BY		
Cash at bank	-	-

Notes to the Financial Statements

For the year ended 30 June 2006



45 Trust Statements (continued)

TITLE	PLANT RESEARCH AND DEVELOPMENT TRUST FUND
PURPOSE AND OPERATIONS	TO HOLD FUNDS FOR THE PURPOSE OF PLANT RESEARCH AND DEVELOPMENT IN WESTERN AUSTRALIA

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$'000	2005 \$'000
BALANCE B/F	2,575	1,945
ADD RECEIPTS:		
Direct Grants & Subsidies	56	59
Interest	63	68
Other	3,566	3,079
Provision of Goods & Services	88	85
	3,773	3,291
SUB TOTAL	6,348	5,236
LESS PAYMENTS:		
Salaries	742	1,033
Operating	1,502	1,418
Capital	-	210
	2,244	2,661
BALANCE C/F	4,104	2,575
THIS IS REPRESENTED BY		
Cash at bank	4,104	2,575

Appendix 1 – Compliance Reports



Disability Services Plan Outcomes

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

Outcome 1 People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.

- The Department recognises through, its policies and practices, the importance of providing customers with disabilities, their carers and families every practicable opportunity to access the Department's information resources, services and facilities.
- In the development of services or arranging of events, planning activities include consideration of the needs of the customer, including those with disabilities.
- Venues that are selected to accommodate events support access and utilisation by those with physical disabilities. Where this is not an option, because of the nature of the event, modifications or alternatives are arranged, wherever possible, to provide equal access for those with physical disabilities.
- Information services are also developed to ensure the same opportunities and are described in item 3, below.

Outcome 2 People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.

- The needs of people with disabilities continue to be addressed as the Department buildings and facilities are upgraded and developed.
- Planning for new buildings has included an assessment and provision of the needs for both staff and clients with disabilities.

Outcome 3 People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

- In the delivery of information services, increased information is accessible through the Department's website. Government standards for the website are utilised to ensure availability to all clients including those with disabilities. This includes imagery translation for sight impaired when using text readers.
- External reading material continues to contain advice that the material is available in alternate formats on request; and relevant staff are made aware of how to utilise the National Relay Service.

Outcome 4 People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.

- The Department provides training in equal opportunity which includes a focus on the needs of people with disabilities. Resources continue to be made available to support staff in delivering appropriate levels and quality of service to people with disabilities.

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Appendix 1 – Compliance Reports



Outcome 5 People with disabilities have the same opportunities as other people to make complaints to a public authority.

- The Department has a clear customer complaints mechanism which provides opportunities for people with disabilities to make complaints.
- 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.

Outcome 6 People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

- Public consultation activities include recognition in the planning and implementation of the special needs for people with disabilities and accommodate these accordingly through both access to information and input mechanisms.
- The development of the Department's Disability Access and Inclusion Plan will provide a participative approach for input into strategies and activities to meet the needs of people with disabilities.

Equal Employment Opportunity Outcomes

Initiatives for 2005/06 to enhance the agency's Equal Employment Opportunity (EEO) performance have included:

- Development of a draft Equity and Diversity Plan, which includes objectives consistent with the Government's Equity and Diversity Plan for the Public Sector Workforce.

Continued focus on the employment of Indigenous staff including:

- Enhanced focus on services to Indigenous Australian clients;
- Continuation of cadetship, traineeships and the introduction of school based trainees in regional areas; and
- A review of barriers and strategies to enhance Indigenous recruitment in regional areas.

Continued focus on women including:

- Regular monitoring by Executive of the employment statistics of the Department's female staff;
- Positive approach to the development of women through the three levels of management development programs;
- Increasing the proportion of women being recruited into professional positions;
- Ongoing promotion and enhancement of the family friendly employment policies and practices;
- Greater awareness of equity issues through EEO training and promotion of EEO policy;
- Identification and promotion of external networking opportunities for senior women; and
- All new job description forms include statements relating to the application and accountability of managers in relation to equal opportunity principles.

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Appendix 1 – Compliance Reports



Continued focus on youth including:

- Primary Industry Science Program;
- Undergraduate Studentship Program developed in 2006;
- Graduate Development Program;
- Indigenous youth programs previously referred to;
- The employment of apprentices;
- A strong focus on youth in universities through in presentations to students and career days; and
- A matching service for Honors students to work with the Department's researchers on their Honors projects.

Substantive Equality

The Department is committed to the implementation of the Substantive Equality Policy Framework and has met the requirements of Level 1 implementation. An Executive endorsed policy has been developed, communication strategy for disseminating information completed and clear roles and responsibilities assigned. The Department has established a Substantive Equality Taskforce to oversee the pilot implementation involving the Carnarvon District Office and vegetable industry stakeholders from the District.

Cultural Diversity and Language Service Outcomes

The Department has publications in Japanese, Korean, Chinese and Arabic for use within its Food and Trade Development Directorate to market the State's produce in foreign markets. It also takes account of cultural differences through the use of tailored products such as video information (including halal versions) to assist in presentations to overseas delegates.

Translation and interpretation services are made available where required to assist staff in working with local primary producers from cultural and language diversity backgrounds or hearing impaired customers.

Where appropriate local support is sourced to assist in working with Indigenous landowners in relation to both interpretation services and cultural protocols.

Quality of Life

Following initiation by the Director General, the Department has a strong support for recognising the holistic requirements of staff in enhancing their quality of life. An initiative has been developed, and continues to gain momentum, to support staff, their families and the Department's community contribution through the promotion of a supportive working environment which acknowledges individual needs, beliefs and values. The Quality of Life initiative is aimed at developing strategies and activities at all levels of the Department that contribute to increasing staff levels of satisfaction in areas that impact their quality of life. A wide range of activities were developed in 2005/06 that included financial planning, health and recreation activities, social activities, personal growth and the contribution to public sector strategies to support regional staff in their quality of life.

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Appendix 1 – Compliance Reports



Youth Outcomes

Agencies are required to report against outcomes of programs and policies specifically targeting young people aged 12 to 25 years.

The Department has a strong focus on providing an education continuum which connects youth, from a high school age, to primary industry opportunities.

In addition to presentations at primary schools on issues such as bio-security, the Department sponsors a number of programs including the Primary Industry Science Program, the Undergraduate Studentship Program developed in 2006, Graduate Development Program, Indigenous Cadetship, Traineeships and School based Traineeships and the employment of Apprentices. The Department retains a strong focus for youth in universities through a presence in presentations to students, career days and at the Royal Show with a display which includes a design emphasis on education and interactivity for youth. The Department also provides a matching service for Honors students to work with the Department's researchers on their Honors projects, developing both their skills and providing an opportunity to contribute their knowledge and skills in an agribusiness project.

ENERGY SMART GOVERNMENT PROGRAM and SUSTAINABILITY WORKS

Key initiatives in 2005/06 included:

Energy Smart

- Solar energy system installed and commissioned at the Kununurra checkpoint;
- Smart meters installed at 12 regional offices;
- Feasibility study implemented to ascertain the practicality of introducing "real time" monitoring to facilities with smart meters;
- Prototype heat pump drying oven constructed and under evaluation;
- Feasibility study completed for solar/wind alternative energy systems at Merredin and Katanning;
- An energy audit review of 14 offices has commenced to identify opportunities to reduce energy in these facilities;
- Feasibility study initiated to assess the viability of increasing the solar and wind energy generation capacity at the Eucla Checkpoint to accommodate the extra power demands from a proposed bore, desalination plant and cold water drinking supply unit;
- Feasibility study initiated to assess the viability of increasing the solar and wind energy generation capacity at the Eucla Town site to reduce the reliance on diesel power; and
- From the 2001/02 baseline the department's Energy Smart Program is committed to achieving a cumulative reduction of 12% in non-transport related energy use by 2006/07. The cumulative target for 2005/06 was set at 10%. The agency has achieved a cumulative energy reduction of 8.4%, continuing the reduction trend; however

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Appendix 1 – Compliance Reports



this figure is 1.6% short of the target figure. Reductions were achieved in 65% of the agency's facilities, off set by substantial baseline increases to reflect additional facilities and R&D generated activities. The 2005/06 results are scheduled as follows:

	Baseline 2001/02	2005/06	Variation
Energy Consumption (GJ)	49,492	45,359	-8.3%
Energy Cost (\$)	1,751,280	1,544,428	-11.8%
MJ/sqm/annum	559	516	-7.6%
MJ/occupant/annum	27,163	27,058	-0.4%

Sustainability

The Greening the Department Program has continued to improve the sustainability performance of the Department by implementing a number of key actions during 2005/06. 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 key initiatives in 2005/06 included:

- Feasibility studies initiated to assess water supply options, desalination and treatment options, for both the Eucla town and border checkpoint sites;
- Waste audits completed for metropolitan sites and two key regional facilities;
- Regional and metropolitan water audits completed and water saving initiatives implemented;
- Solar powered water supply systems installed at Kununurra to provide water for the checkpoint and local indigenous community;
- A number of solar powered pumps installed on research stations to reduce reliance on diesel pumps;
- Asbestos assessment completed for metropolitan facilities, with key remedial works implemented; and
- Site assessment methodology agreed with Department of Education for the review of all sites to identify contaminated and/or suspected contaminated sites. Site audit program planned to commence in 2006/07.

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Appendix 1 – Compliance Reports



Sustainability Action Plans

The Department continues to progress towards achieving its actions within the Department's Sustainability Action Plan. Achievements in terms of Action 3.2: Regional groups, 3.5: Saline lands, 3.6: Farming for the future and 3.10: Waterwise are detailed in the Natural Resource Management achievements section of this annual report. Achievements for action 3.11 Biosecurity are detailed in the biosecurity achievements section, and the achievements in terms of action 3.13: Biofuels is presented in the Industry Food and Fibre achievements section. Other actions continue to be progressed. Action 3.8 relating to assisting farmers to increase their knowledge of risk management options is demonstrated in performance indicator 8 of the key performance indicator section. In relation to Action 3.12, the Department allocated resources to a joint research program that has provided regionally relevant data on N₂O emissions from wheat cropping to the national greenhouse gas inventory. This has resulted in reduced estimates of annual greenhouse gas emissions from agriculture. The Department also chaired and resourced a group to report for the State of the Environment 2005 report on the sustainability of the WA agriculture sector. Finally, to enhance internal decision making in terms of achieving sustainability goals, the Department has put in place requirements for all of its industry programs to integrate NRM and biosecurity requirements into industry plans (sustainability assessments).

Waste Paper Recycling Program

The Department's "Greening" strategy to reduce 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, use of laptops at meetings to review minutes and agenda items; and
- The Department has now replaced all its analogue copiers with digital copiers throughout the state, complemented with a further reduction in the number of desktop printers, facsimile machines and analogue copiers. All copiers have been programmed to default to double sided print.

The Department during 2005/06 continued to promote and educate staff on the benefits of recycling paper. An average of 1,156 kg of waste paper per month was collected for recycling for the financial year ended 30 June 2006.

Regional Development Policy

The Department of Agriculture and Food 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 2006.

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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 enhanced and reinforced.

Applications for a review to assess processes to determine if a breach of Standards had occurred and the corresponding outcomes for the period to 30 June 2006 are detailed below:

Number lodged	4
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 17 FOI applications were received for the year, one of which was transferred to another Department. Of the remainder, 13 were non personal and 3 were personal. 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.

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



Recordkeeping Plan

As prescribed by the State Records Act 2000, State Records Commission Standards, Standard 2, Principle 6:

- The efficiency and effectiveness of the Department's Recordkeeping system was formally evaluated in 2003 and will be conducted again by 2008. Key performance indicators and associated self assessments are used to evaluate the effectiveness of the program;
- An online recordkeeping awareness training and induction course was commenced in 2004 with a requirement for all staff to complete it. 54% of the staff has completed the training in two years, with the remainder expected to complete it by 2007;
- The efficiency and effectiveness of the training program undergoes ongoing monitoring and review. Workshops for individuals and groups are also conducted throughout the year for a number of sites state-wide; and
- A Corporate Induction program for new staff is conducted frequently to cater for and addresses employees' roles and responsibilities in regard to their compliance with the Recordkeeping Plan.

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 to ensure complaints are handled fairly and efficiently. The complaint management process and system is coordinated by the Records Management Branch.

For 2005/06 there were 4 formal complaints. The nature of those complaints was:

- 1 (Business) - Aerial baiting;
- 1 (Staff courtesy) - Inappropriate behaviour; and
- 2 (Negligence)

The Department has taken the appropriate measures to ensure all complaints are dealt with in a timely manner, and the complainant's notified of the outcome.

Corruption Prevention

The Department embarked on a new course over the last twelve months to emphasise the organisation's culture of strong ethical principles. The Department believes by embracing core values in day-to-day activities, staff will strengthen the organisation's ethical culture and reduce the chances of engaging in misconduct and corrupt business practices.

Two of the Department's core values are to:

- *Behave ethically and with integrity in all aspects of our work; and*
- *Deal honestly, fairly and equitably with all people and issues.*

The message for staff to behave ethically at all times is maintained through a continuous awareness campaign. There are bi-annual articles in the Department's fortnightly newsletter, AgBrief, on the *Public Interest Disclosure Act 2003* and the need for staff to maintain vigilance against misconduct in the workplace. There have also been recent articles on *Conflicts of Interest*, *Procurement Matters* and *Workplace Bullying*.

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



The Department has taken the following additional risk management actions to prevent corruption and misconduct in the organisation:

- Including as a standing agenda item for each quarterly Audit & Governance Committee meeting, the topic of *Corruption and Misconduct Prevention*. The Audit & Governance Committee has a role and responsibility in providing advice and strategic direction on fraud, corruption and misconduct prevention;
- Encouraging staff throughout the State to attend regular *Corruption and Crime Commission* presentations on *Corruption Prevention Strategies*;
- Ensuring all new employees recruited to the organisation are properly screened to reduce the risk of engaging dishonest staff. Referee reports are a mandatory requirement as part of the selection process;
- Placing a greater emphasis on the induction program for new employees to adhere to the *Code of Conduct*. This Code includes references to ethical behaviour and corruption prevention; and
- The Business Services Directorate is currently developing an *Integrity Program*.

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.

During the year:

- The Department's two Public Interest Disclosure Officers maintained their authority as persons responsible for receiving disclosures of public interest information. The two officers are the Manager, Audit & Review, and the Manager, Legislation;
- The Department's PID Policy and PID Procedures were available 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;
- In accordance with the annual reporting requirement pursuant to s.23(1)(f) of the *Public Interest Disclosure Act 2003*, information was provided when due, to the Commissioner of Public Sector Standards; and
- No Public Interest Disclosures were received by the Department to 30 June 2006.

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



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	\$44,948	Artek Signs Perth Expo Hire Allmark and Associates Mercer Mooney Countrywide Publications Image 7 Group A.Giumelli and Sons GS Retail Poster Passion Toucan Display Systems Production Function Square Peg Design
Market research organisations	Nil	Nil
Polling organisations	Nil	Nil
Direct advertising organisations	Nil	Nil
Media advertising organisations	\$240	Radio West Network
Total expenditure for 2005/06	\$45,188	

Ian Longson
DIRECTOR GENERAL

31 August 2006

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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 and Food 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. Appointed in December 2004.

Executive Director, Industry and Rural Services

Roger O'Dwyer. Appointed in May 2006.

Executive Director, Corporate Services Directorate

Mike Marsh. Appointed in August 1997.

Executive Director, Biosecurity and Research

Rob Delane. Appointed July 2005. (Appointed to Executive Director position in September 1997)

Executive Director, Natural Resource Management Directorate

David Hartley. Appointed in September 1998.

Executive Director, Food and Trade 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 & 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

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Appendix 3 – Corporate Governance



- Monitoring the promotion of sound internal controls and good business processes and practices
- 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
- Monitoring the activities of the Department's Audit and Review Branch.

The Audit & 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 & Planning.

Invitees

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

Internal Audit

The Audit & Review Branch was engaged in compliance reviews (for example, the *Stock Diseases (Regulations) Act 1968*; *Equal Opportunities Act 1984*), operational reviews (for example, the *Strategic Contribution of Projects*), investigations, data mining and consulting activities. In addition, the Branch conducted a series of corporate governance reviews on six Natural Resource Management catchment councils. The objectives of those reviews were to determine the extent to which the councils were establishing formal policies and procedures for the handling and management of large amounts of State and Federal Government funds.

Also during the year, Audit & Review staff embarked on new initiatives which included the facilitation of risk management workshops at the commencement of each audit where appropriate. The workshops were held with divisional managers and senior staff to help determine the focus of the audit. An outcome of the process was to provide management with an updated risk management profile of their area.

As in the previous year, the Branch conducted a useful benchmarking exercise with a similar agency in another State. The outcome of the exercise demonstrated Audit & Review is applying best practice and is managing its responsibility to appropriately balance its focus on the Department's performance and conformance.

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Appendix 4 – Corporate Information



Staffing

The Department’s budgeted Average Staffing Level for 2005/06 was 1,430 Full-Time Equivalent (FTE) employees. The average usage for the financial year being 1,527 FTE. During this period FTEs reached a high of 1,575 in December 2005 and a low of 1,484 for August 2005.

The distribution of staff (headcount) across the work classifications within the Department between 2004/05 and 2005/06 is shown below:

Category	2004/05	2005/06
Professional	674	693
Technical	478	454
Inspectorial	133	132
Administrative and Clerical	327	354
Wages	51	54
TOTAL STAFF	1,663	1,687

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 2005/06 with the inception of project teams in the Business Services Division to prepare the agency for a smooth transition to the new operations of the Office of Shared Services.

Additionally, the support services are extensively involved in the planning associated with the establishment of Agriculture Research Western Australia that sees 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 incorporates entitlements which continues 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.

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Appendix 4 – Corporate Information



Leave Liability Management

Weeks	2003/04	2004/05	Increase
Actual leave liability	9.68	9.97	3%

The Department's liability for long service leave and annual leave was an average of 9.97 weeks (374 hours) per employee as at 30 June 2006. This represents an increase of 3% on the previous year.

The management of the Department's leave liability will continue in 2006/07. 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; and
- It is discouraged for new appointees on promotion or transfer from other Public Sector agencies to carry over leave entitlements to the Department.

Training

During 2005/06 the Department continued its commitment to existing programs which support and enhance Departmental business activities and a number of new training initiatives were implemented. Outcomes achieved included:

- Continuation of the Executive Development Program for Senior Managers. Currently 16 Senior Managers are completing the program which focuses on developing their Strategic Leadership, Change Management, Diversity Management and Innovation Management skills;
- Continuation of training for all staff in Equal Employment Opportunity as well as developing support officers to provide information and assistance for staff grievance matters;
- Continuing to raise the safety of the work environment through a number of specific Occupational, Health and Safety training initiatives, including the implementation of manual handling programs for technical officers and correct workstation practices. Additional training was provided for staff safety representatives to support their enhanced role of managing work incident investigations;
- Continued commitment to staff safety with ongoing driver safety programs for all staff, as well as evaluation of existing programs and the implementation of initiatives in driver development and enhanced 4 Wheel Drive Safety with a regional focus;
- Continuation of basic first aid awareness training for all staff to complement the Department's Quality of Life initiative and the existing training in the workplace;

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Appendix 4 – Corporate Information



- Completion of the Department's sixth Certificate 3 in Business Professional Effectiveness Program. 130 staff have now received a nationally accredited qualification, and an evaluation of the Program was completed to implement relevant staff focussed initiatives in future programs. The Program is designed to enhance the professional skills and career opportunities of junior staff and new supervisors, particularly in the areas of team development and leadership, while continuing to improve the proportion of women suitable for promotion;
- Completion of the Department's ninth accredited Management Development Program for first and second line managers with 180 completing part or all components of a Diploma in Business (Frontline Management). Subsequent review of the Program and Department's business focus is enabling new initiatives to be implemented in future Programs to enhance staff management and leadership skills;
- Continuation of development programs to assist staff in the transition to the whole of Government Shared Services arrangement;
- Continuation of skills development programs to enhance skills and knowledge of Technical Officers and Departmental services to clients, as well as providing staff with opportunities to achieve recognised qualifications and an improved career path;
- Continuation of Indigenous Australian Cultural Awareness programs for all staff to ensure appropriate support and understanding for Aboriginal staff and the provision of effective services to Aboriginal clients;
- Continuation of Retirement Planning workshops for various demographic groups intended to both improve long-term retirement planning strategies, and to assist staff approaching retirement make a positive transition from work to retirement;
- Continuation of a scholarship for Business Services staff to gain relevant tertiary qualifications, thus enhancing their career opportunities in the public sector and their contribution to the Department; and
- Review of Departmental training requirements and the development of eight training contracts to ensure continuation of customised, competency-based training services by qualified training providers and contribution to the development of a public sector common use arrangement for a number of training contracts.

Staff Development Activities

Activities intended to enhance the professional capability of the Department included:

- Primary Industry Science Program - a partnership with other organisations to develop the talent and interest in primary industry science at secondary school level. It includes a talent identification program and teacher and teaching aid initiatives to support the teaching of primary industry related activities in the school curriculum;
- The Under Graduate Studentship Program - developed in 2005/06 identifies highly talented graduate and post graduate students and assists them in their final year of studies by providing both financial support and project opportunities with the Department. Four students were selected for the 2005/06 program. Students from this program have the option to enter the Graduate Development Program at the completion of their studies;

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Appendix 4 – Corporate Information



- Opportunities for Indigenous Cadetships, Traineeships continue with a greater focus on opportunities in regional technical school based traineeships being facilitated;
- The employment of apprentices is a new initiative with a greater opportunity for the Department to employ and develop staff with the relevant trade skills required by the Department;
- Opportunities of secondment to work with the development of the Iraqi agricultural industry provided development opportunities for a number of staff and a reciprocal learning and development program for Iraqis to work with the Department was also successful; and
- The Visiting Specialist Program encourages skilled professionals to visit Western Australia and provide learning and development opportunities for Department staff. This also develops the Department's international networks and enhances the Department's reputation as a centre of excellence in research, development and extension. This year's program resulted in 7 visiting specialists from a wide range of disciplines and countries, and included working with regionally located projects and staff.

Staff Reward and Recognition Program

As in previous years the Excellence Awards recognised excellent work in all parts of the organisation.

The Department's Excellence Award:

- (a) Supports a culture of excellence in the organisation;
- (b) Fosters an environment of innovation and creativity;
- (c) Recognises publications that result in significant change in Agriculture; and
- (d) Scientific and/or industry sectors and staff who attract levels of external funding resulting in significant advances in Agriculture.

This year seven Excellence Awards were awarded to staff groups or individuals who demonstrated significant achievements in a wide variety of services.

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; 38 recipients for 20 years, 13 recipients for 30 years, and 5 recipients for 40 years service.

External Awards

Department staff continued to receive awards and external accolades reinforcing the significant contribution of the Department to the State's economy, environment and people.

Awards included:

- Prime Minister's Award for Excellence in Public Sector Management for the Kimberley Indigenous Management Support Project;
- StateWest Achievement Award for the development of Pestfax by Peter Managano;

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Appendix 4 – Corporate Information



- Environment Award - Water Conservation and Management category, won by Harvey Irrigation Systems Project in which the Department is a partner;
- State Government Innovation Award in the 2005 Sustainable Transport Awards for the Green Transport Program;
- Excellence in Plantation Establishment and Management at the WA Timber Industry Awards for the European House Borer Program;
- Worksafe Silver Certificate awarded to the Department's Occupational Safety and Health Unit for providing Departmental leadership in establishing safe systems of work and continuing to enhance the Department's reputation within the public sector;
- Waxflower Industry Innovation Award won by the Department and Digby Growns for the Pearflower Series;
- Best Rural Campaign Award at the Rural Media Association won by Katrina Bonser for the Cane Toad Campaign;
- International Cartographic Award won by the Department for the CRIS System;
- National Medal of Excellence from the Council of Australasian Weed Societies awarded to John Pierce;
- Western Australia's NRM Award for the Department's DairyCatch Project;
- The Department's Human Resource Management Information Systems (HRMIS) project team was recognised for superior service in Australasia as a finalist for the Talent2 User Group Greg Phillips Award;
- The Australian Institute of Agricultural Science and Technology Award for Young Professionals in Agriculture won by Andrew Williams; and
- Royal Show First Prize for the best display from a non-commercial organisation awarded to the Department.

Occupational Safety and Health (OSH)

The Department continued to retain its Worksafe Plan Silver Certificate status by maintaining injury rates less than the rate for the government administration sector.

During the year the following OSH initiatives were implemented:

- Developed and commenced delivery of a driver development programme;
- Commenced OSH risk assessment process in development of technical work instructions;
- Revised policy and processes to integrate 2005 legislative changes to Occupational Safety and Health and Workers Compensation;
- Completed Worksafe's transitional training of existing OSH representatives;
- Made improvements to shearing sheds relative to industry guidelines;
- Commenced revised four wheel drive training programme linked to new OSH guidelines;
- Assessed and determined control strategies for manual handling activities in crop breeding;
- Completed further improvements to chemical storage and waste control facilities; and
- Developed and delivered a tractor training programme.

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Appendix 4 – Corporate Information



The Department has continued its representation on the restructured Worksafe Agricultural Industry Safety Group. This group provides a consultative forum for OSH in the agricultural industry. This is additional to the support that Department 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.

	2003/04	2004/05	2005/06
Premium/contribution rate <i>(Total premium paid/wages declared)</i>	0.63	0.49	0.54
Cost of claims incurred per \$100 wage roll	0.41	0.51	0.44
Frequency rate <i>(Lost-time injuries per million hours worked)</i>	9.0	5.5	6.3
Rehabilitation success rate <i>(Index of successful rehabilitation cases)</i>	1.0	1.0	1.0

Capital Works and Capital Equipment Replacement Program

Key initiatives in 2005/06 included:

- Solar energy generating system at Kununurra checkpoint completed and commissioned;
- Completion of a state wide Chemical Storage Facility upgrade program at 15 regional sites;
- Site acquired for the proposed quarantine inspection yards at South Boulder, documentation of the tender works packages has commenced;
- Tender awarded for the new dairy at the Vasse research station. Works scheduled for completion in 2006/07;
- Detailed scoping and costing reports are substantially progressed for the proposed Headquarters/ Biosecurity and Agricultural Research Western Australia projects;
- Tenders called for the Kimberley Regional Office Redevelopment;
- The Jerramungup District Office upgrade was completed. Property transfer to the Shire will be completed in 2006/07; and
- The annual Capital Equipment Replacement Program completed, with equipment purchased to meet R&D, core and support business activities.

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Appendix 4 – Corporate Information



Property Rationalisation Program

Key initiatives in 2005/06 included:

- Disposal programs implemented for both the Department and the Agriculture Protection Board; and
- Additional land acquired for the new quarantine yards at South Boulder and at the Vasse research station.

Maintenance Program

Regional and metropolitan maintenance programs have been completed to budget limitations.

Procurement

The Department issued a total of 4,665 Purchase Orders during 2005/06. This is a decrease of 31 orders on the previous year.

Purchase Orders had a total value of \$42 million and 45 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 1,225 cards issued to staff. Corporate Card expenditure for the year was \$10.1 million. This was an increase of \$1 million over 2004/05.

Fleet Management

Key initiatives in 2005/06 included:

- Passenger and light commercial fleet reviewed and rationalised with a mix of fuel types, engine types and engine capacity to a total of 461 vehicles, a reduction of 210 vehicles since 2000;
- A 100% bio-diesel 4WD vehicle is on trial, together with selected vehicles on research stations;
- Three Toyota Prius petrol/electric hybrid vehicles are maintained in the fleet;
- Vehicle Safety standards implemented across the fleet include:
 - Anti-lock Braking System (ABS);
 - Passenger and driver airbags;
 - Side airbags;
 - Cargo Barrier in station wagons;
 - First Aid Kit;
 - Cruise Control;
 - Fire Extinguisher;
 - Day/night safety breakdown vests;
 - Easy reference Emergency Information Cards;
 - Wheel brace upgrade and replacement to selected vehicles; and
 - Feasibility and testing completed on engineered recovery points for vehicles used in remote locations.

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Appendix 4 – Corporate Information



- Fringe Benefit Tax Minimisation Strategy achieved by vehicle rotation; and
- Tree planting feasibility study completed to ascertain the practicality of establishing a carbon emission offset program on agency owned land.

Experimental Workshop

In 2005/06 the Experimental Workshop continued to operate on a full cost recovery basis with 107 engineering projects completed for experimental machinery and farm equipment. An apprentice fitter and turner was employed to assist with the fabrication of the equipment.

Shared Services

Early in the financial year the Agency established project teams to effect the migration of its financial, human resource and relevant core systems to the shared services environment on July 2006. The target date for the Agency has now been rescheduled from July 2006 to 2007. A revised project plan has been completed and the project will commence around October 2006 in order to achieve a 2007 migration to shared services. The Project Teams during the financial year completed the following tasks:

- Developed key acceptance criteria for each business activity stream;
- Developed a migration strategy for the chart of accounts;
- Identified core systems that require interface and modification effort; and
- Implemented readiness activities in the human resource business flows that will prepare the Agency's staff for the shared services workflow environment.

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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 1945*.

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

During 2005/06, 174 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. Advice is pending on 44 applications.

Clearing applications for mining purposes are now being determined by the Department of Industry and Resources under delegation from the Department of Environment. During 2005/06, 41 clearing permit applications were assessed by the Commissioner with advice provided to the Department of Industry and Resources. Advice is pending on 17 applications.

Compliance

A number of alleged breaches of Regulation 4 of the *Soil and Land Conservation Regulations 1992* relating to land clearing 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 16 clearing 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 2005/06, one case of failure to notify clearing under Regulation 4 of the Soil and Land Conservation Regulations 1992 was before the court. Following further consultation with State Solicitor's Office, no evidence was offered in relation to the charge and the case was dismissed with no order as to costs.

Woodchip Permits

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

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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 nine Agreements to Reserve (ATRs) on Certificates of Title to protect 456 hectares of native vegetation. One of these replaced an ATR registered in previous years and resulted in additional hectares being placed under protection.

The Commissioner registered three Conservation Covenants on Certificates of Title protecting 181 hectares of native vegetation.

Soil Conservation Notices

The Commissioner issued eight Soil Conservation Notices under Part V of the *Soil and Land Conservation Act*. Six were issued to prevent drainage and two were issued as varied Notices to prevent land clearing on direction from the Minister for Agriculture following appeal.

During the year, eight Soil Conservation Notices were discharged with two being replaced by the varied Notices following appeal.

Table 19: Area of vegetation protected under the Soil and Land Conservation Act 1945 in 2003/04, 2004/05 and 2005/06 (hectares)

Component	2003/04	2004/05	2005/06
Soil Conservation Notices issued	372	478	615
Agreements to Reserve lodged	226	450	456
Conservation Covenants lodged	1,387	282	181
Total area protected	1,985	1,210	1,252

Instruments under the *Soil and Land Conservation Act 1945* now protect about 192,000 ha of vegetation throughout the State.

Soil Conservation Notice Appeals

During the year, a further ten applications were lodged with the State Administrative Tribunal for a review of the Commissioner's refusal to discharge Soil Conservation Notices. A total of eleven cases under the *Soil and Land Conservation Act 1945* have been listed for determination by the Tribunal and all remain pending.

Land Drainage

The drainage of groundwater to manage salinity is regulated under the *Soil and Land Conservation Regulations*. During the year, 48 landholders submitted Notices of Intention to Drain (NOIDs) in accordance with regulation 5. Following assessment, 25 land owners were issued letters of no objection, 14 received objections, two were referred to the Environmental Protection Authority, two were cancelled and five remain pending a decision by the Commissioner.

Both the State and Commonwealth Governments are being pressured to invest public funds (NAP/NHT2) in regional arterial drainage schemes. Regulations under the *Soil and Land Conservation Act 1945* are inadequate for the orderly development of such large scaled schemes.

Compliance with the regulations remains a contentious issue. Eight complaints alleging breaches of the regulations were registered during the year and remain under investigation.

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



Land Conservation District Committees

At 30 June 2006, 139 Land Conservation Districts remained proclaimed under the *Soil and Land Conservation Act*. Of these, 58 have no committee currently appointed and are effectively in recess. The number of members now totals 1,137 (compared with 1,355 a year earlier) following the re-appointment of 15 District Committees and 17 individual members. The reduction in numbers of appointed members reflects the increasing number of committees in recess in response to the declining relevance of LCDCs in the delivery of NRM outcomes.

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

Condition of the Resource Base

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 site installation began in 1993 and ended in 1999 and has 1,622 sites, comprising 989 shrubland and 633 grassland sites. Grassland sites are typically reassessed on a three-year cycle and shrubland sites every five years, although this can vary due to logistical considerations.

WARMS is designed to report at the regional scale, with sites stratified for vegetation type. The number of sites allocated to each vegetation type is based on the areal extent, fragility and its productivity for pastoral purposes. Sites are typically located within grazing distance of water and are designed to reflect both the range of vegetation states and the most common state in that area.

The fourth assessment of the Kimberley grassland sites was completed during the 2005 winter field season, while grassland sites south of the Kimberley have been assessed three times. Almost all the shrubland sites (98%) have been assessed twice.

In 2005/06 a total of 392 sites were assessed (Table 20). Note that for the Kimberley, these figures represent the 2005 field season. Figures for south of the Kimberley are based on financial year.

Table 20: The number of shrubland and grassland WARMS sites sampled in 2005/06 (south of Kimberley) and the 2005 field season (Kimberley).

District	Shrubland	Grassland (south of Kimberley)	Grassland (Kimberley)	Total
Carnarvon	13			13
Kalgoorlie	90			90
Meekatharra	98			98
<i>Southern region</i>	<i>201</i>			<i>201</i>
Derby	13		90	90
Karratha		56		69
Kununurra			32	32
<i>Northern region</i>	<i>13</i>	<i>56</i>	<i>122</i>	<i>191</i>
State	214	56	122	392

Governance and Statutory Information

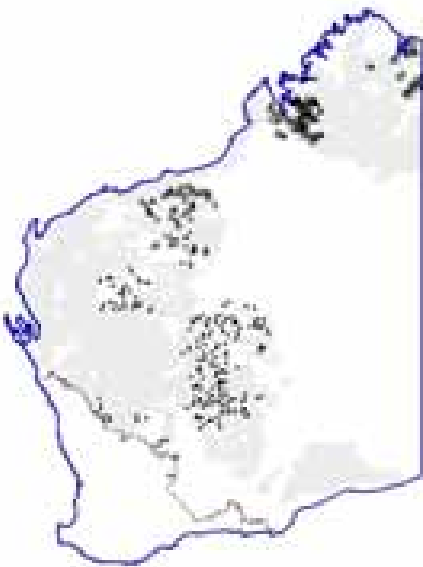


Appendix 5 - Statement from the Commissioner of Soil and Land Conservation



In the Kimberley, most of last year's sampling was in the east Kimberley and the Derby area (Figure 8). South of the Kimberley, most sites assessed last year were in the east and north Pilbara, the east Gascoyne, Yalgoo and the Wiluna – Sandstone areas.

Figure 8: Shrubland (circle) and grassland (triangle) sites assessed in 2005/06



Shrubland Sites

Recruitment, mortality and canopy size change of shrubs and trees was assessed on 964 sites on 320 leases. It is the first time an assessment of change right across the southern shrublands has been possible. Almost all sites were first assessed between December 1993 and November 1999 and re-assessed between July 1999 and November 2005. The average interval between assessments was 5 years and 2 months. Analysis was based on comparing a particular attribute at first assessment (date 1) with the same attribute at reassessment (date 2).

Causal factors were inferred after categorising the seasonal conditions experienced between assessments. Grazing is likely to be a causal factor where a decline is observed despite good seasons, sites decline while other sites in the region do not, or where decreaser species decline but other less palatable species (increasers) do not. For much of the region, seasonal conditions were very good from the mid 1990s to early 2000, followed by a sequence of dry years.

Results by site

The density of shrubs increased on almost 70% of sites by an average of 26%. On only 2.5% of sites did the density decline to less than half. Canopy size (a surrogate of cover) increased on 78% of sites by an average of 38%. On only 1.6% of sites did the shrub cover decline to less than half. Species richness (of shrubs and trees) remained the same or increased on 80% of sites. Recruitment of new individuals, regardless of species, was found on 99% of sites.

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



Results by species

The total number of individuals increased for 133 of 154 species monitored. There were two species in which the population declined by more than half, neither of which were species known to decrease due to grazing. The average canopy area per plant increased for 70% of species. For some species, such as *Acacia papyrocarpa* and *A. sclerosperma*, the decline in average canopy size was due to the large number of (small) recruits entering the population. Most species (81%) were found on the same number of sites or more sites at date 2 compared with date 1. There was at least one recruit recorded for 98% of species.

Season vs grazing

Seasonal conditions had an impact on shrub and tree dynamics (Table 21) and there is evidence that grazing had an adverse impact on some sites, over and above the effect of seasonal conditions. Under above average seasonal conditions 76% of sites showed increased density of 5% or more. Under average and below average seasonal conditions only 45% and 34% respectively showed the same increase. During the period of above average seasonal conditions the density improvement was similar for decreaser, intermediate and increaser species, suggesting no grazing impact. However, for those sites which experienced average or below average seasonal conditions decreaser species declined more than intermediate or increaser species. This suggests that grazing had an adverse impact on these sites, over and above the impact of seasonal conditions.

Table 21: Change in shrub and tree density from one assessment to the next. Percentage of sites in each seasonal quality category showing decline, no change or increase. Grazing is likely to be a causal factor where a decline is observed despite good seasons or where decreaser species decline but other less palatable species (increasers) do not.

Seasonal Quality	Species group	Decline. Density <95%	No change. Density between 95% and 105%	Increase. Density >=105%	Number of sites
Above average	All	11	13	76	453
	Decreaser	13	12	75	402
	Intermediate	17	16	68	393
	Increaser	10	17	73	256
Average	All	31	24	45	395
	Decreaser	34	23	43	316
	Intermediate	27	30	43	311
	Increaser	14	35	51	191
Below average	All	47	18	34	116
	Decreaser	54	12	34	82
	Intermediate	47	22	31	81
	Increaser	25	33	42	57

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



The species composition and abundance of shrubs and trees is used in the arid shrublands of Western Australia to reflect range health or condition. In general, an increase in this woody vegetation is regarded as favourable, although some species are regarded as woody weeds. Shrub and tree density, canopy area, richness and occurrence increased on the majority of sites and for the majority of species. Recruitment was commonplace.

These generally favourable results from WARMS across the southern shrublands need to be understood within the context of site location. WARMS sites are located on the largest grazed areas of the required vegetation type within each paddock. These tend to be relatively intact areas away from drainage lines. Acute degradation may still be occurring elsewhere in the landscape, especially in the form of catchment canalisation and dessication.

Grassland Sites

In the Kimberley, perennial grass frequency decreased on most of the vegetation types (frequency is an estimate of presence or absence within a quadrat, expressed as a percentage of quadrats containing perennial grass). However, the decreases were relatively minor and probably reflect an easing back from high values at the second last sampling (2000, 2001 or 2002). Reasonably large declines in perennial grass frequency were observed in the northern and southern ribbongrass vegetation types. A watching brief will be kept on these sites at future assessments to determine whether the change reflects an ongoing trend.

Table 22: Perennial grass frequency on Kimberley WARMS grassland sites. The data set reported is limited to those sites that have been assessed in 2000 or 2001 or 2002 and again in 2003 or 2004 or 2005, and to vegetation types with at least 10 such sites.

Vegetation type	Land Conervation District	Number of sites	Frequency 2000 or 2001 or 2002	Frequency 2003 or 2004 or 2005
Black soil	Derby – West Kimberly	58	87.4	82.5
	Halls Creek – East Kimberly	48	83.4	82.7
Curly spinifex	Broome	11	83.6	89.5
	Derby – West Kimberly	29	94.6	89.8
	Halls Creek – East Kimberly	11	86.8	83.6
	North Kimberly	22	91.3	91.6
Limestone grass	Halls Creek – East Kimberly	18	71.1	79.7
Northern ribbongrass	North Kimberly	14	94.6	74.0
Southern ribbongrass	Derby – West Kimberly	53	88.4	79.5
Soft spinifex	Halls Creek – East Kimberly	13	94.5	93.1

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



Woody cover of shrubs and trees has remained relatively constant on Kimberley WARMS sites (Table 23). The general pattern is one of small increases and small decreases, probably due to such factors as time since fire and recent seasonal conditions. The possible exception to this is the limestone grass vegetation type in the central Kimberley. The increase in woody cover for this vegetation type appears to be a consistent trend over time and was also found to be consistent spatially, being found on the majority of sites sampled.

Table 23: Woody cover (expressed as a percentage) on WARMS sites in the Kimberley. The data set reported is limited to those sites that have been assessed four times, and to vegetation types with at least 10 such sites.

Vegetation type	Region	Number of sites	1994 or 1995 or 1996	1997 or 1998 or 1999	2000 or 2001 or 2002	2003 or 2004 or 2005
Black soil	Dampierland	46	1.9	1.7	1.9	2.4
Black soil	Ord Victoria Plain	41	0.5	0.5	0.6	0.8
Curly spinifex	Central Kimberley	13	7.4	7.4	6.5	6.4
Curly spinifex	Dampierland	34	10.9	12.4	9.5	11.0
Coastal vegetation	Dampierland	11	1.1	0.6	0.0	0.3
Limestone grass	Central Kimberley	16	4.6	5.7	6.4	8.1
Southern ribbongrass	Dampierland	37	7.0	6.2	6.2	7.4
Southern ribbongrass	Ord Victoria Plain	13	2.8	2.2	3.3	3.4
Soft spinifex	Ord Victoria Plain	11	2.3	6.4	3.9	4.5

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Appendix 6 - Legislation



Enabling Legislation

Agriculture Act 1988

Legislation administered by the Department of Agriculture and Food for the Minister of Agriculture and Food at 30 June 2006

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

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Appendix 6 - Legislation



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 2005/06 include:

New legislation enacted and amendments made

- Amendments to the *Agriculture and Related Resources Protection Act 1976* in relation to raising rates for control of declared plants and animals.
- The enactment of the *Gene Technology Act 2006* to complement the Commonwealth *Gene Technology Act 2000* and provide a national system for the regulation of dealings with genetically modified organisms.

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 forgoing list and the incorporation of the relevant provisions of those Acts into one Act and regulations made under it.
- Amendments to the *Seeds Act 1981* to provide more flexibility in the provisions for declaration of prohibited Seeds.

Other Legislation that impacts on the Department of Agriculture and Food'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

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Appendix 6 - Legislation



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

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Appendix 7 - Department Offices



Department of Agriculture and food offices – Metropolitan

South Perth
 Forrestfield
 Murdoch University
 WAQIS, Canning Vale
 Domestic and International Airport

Department of Agriculture and Food Offices – Regional

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

Community Agriculture Centres (CACs)

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

Research Stations

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

District Agriculture Protection Offices

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

Border Checkpoints

Eucla
 Kununurra

Quarantine Stockyards

Halls Creek
 Kununurra
 Parkston

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Appendix 8 – Publications



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

- Farmnotes
- Agricultural and Pastoral Memo Newsletters
- Bulletins
- Miscellaneous Publications
- OTHER Publications Not in a Series
- Technical Bulletins
- Technotes
- WAAFFI - Western Australian Agriculture, Food and Fisheries Industries
- Infonotes & IRP (APB) Publications
- Garden Notes (Only from DEPARTMENT OF AGRICULTURE AND FOOD's Pest and Disease Information Service)
- Posters
- Displays
- Weednotes
- Treenotes
- Pestnotes
- Natural Resources Information publications
- Industry Newsletters

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

Department of Agriculture and Food
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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Department of
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