



Department of Agriculture and Food
Annual Report 2007

07



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 61 of the Financial Management Act 2006, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Agriculture and Food for the financial year ended 30 June 2007.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

Yours sincerely

A handwritten signature in black ink that reads "Ian Longson".

Ian Longson
DIRECTOR GENERAL
DEPARTMENT OF AGRICULTURE AND FOOD

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Executive Summary



The 2006/07 financial year was a challenging one for both the Department of Agriculture and Food (DAFWA) and for the State's primary producers. Western Australia experienced a difficult growing season and the agriculture sector continued to be confronted with a range of issues.

The farmers of Western Australia faced some of the toughest seasonal conditions in the State's history due to a lack of rainfall. As a response, DAFWA established a Dry Season Incident Management Team to ensure that timely, consistent and appropriate advice was passed to all sectors of the agricultural industry. Feedback from farmers was very positive towards the Department's Dry Season management and support.

On top of the difficult seasonal conditions the State also experienced an outbreak of Australian Plague Locusts in late 2006. As a result the Department put in place a response program to identify priority target zones for action, and to assist farmers to undertake their own spraying outside of these zones. With over 7,000 properties surveyed and over 500,000 hectares on more than 1,000 properties treated, the program was very successful in minimising the impact of these pests on the State's agricultural and metropolitan areas. Farmers and local shire officials in the effected areas acknowledged the Department's efforts and passed on their appreciation.

The State's producers continued to operate in a challenging environment with the high value of the Australian dollar impacting on the competitiveness of WA's exports; the increasing costs of production affecting business profitability; the continuing failure of World Trade Organisation (WTO) talks to deliver liberalised trade in agricultural products; and increasing competition in global markets, especially from China. These challenges will continue to impact on the State's rural businesses into the foreseeable future and DAFWA is committed to working collaboratively with producers and industry to enhance the viability of the State's agriculture, food and fibre sector.

The Department supported the State's agri-food and fibre industries through the delivery of three main high level services. The Food and Fibre Industry Development service continued to generate world class research and development, providing significant benefits for Western Australian producers, the food industry sector and consumers. The \$88 million invested in this area contributed to the development of value-added products through innovation and science, which has the potential to deliver real opportunities for the State's agri-food export capacity. This service also contributed to meeting the increasing demand that efficient market assurance and food integrity processes are in place to guarantee the standard, safety and quality of products of the State's agri-food industries in local and international markets.

The transition in April 2006 to become the Department of Agriculture and Food has consolidated the Department's efforts to assist the agricultural industry move from a commodity focus, to one of a partner in the production of higher value products for its customers - a through chain approach. Key achievements in its first year included the start up of a new technology transfer service FoodNET Solutions; the provision of WA Food Industry Development Grants to enable industry innovation; and seed funding for the Food Industry Association of WA, to create a peak, united body to represent the interests of the WA food industry.

In late 2006/07 consultation work commenced on the development of a Food Strategy for Western Australia. This whole-of-government Strategy will encompass eight key areas which have the potential for positive and significant impact on the State, being health, sustainability, food integrity, careers and skills, regional food development, business and investment, global focus and innovation.



Executive Summary



The three key outcomes of the Strategy include:

- a highly developed food industry capable of responding to the challenges and opportunities of a globalised marketplace;
- a healthy WA population that values its food industry; and
- a sustainable regional community that supports, and is supported by its local food industry

The Agricultural Resource Management service is tasked with generating, integrating and applying knowledge which, together with appropriate policy and regulation, develops the capacity of rural communities and industries to profit from environmentally responsible agriculture. The Department delivered this service through an investment of \$39 million in its research, development and extension activities for developing and supporting sustainable agriculture and managing \$98 million of grants for a range of joint Commonwealth/State programs.

The last service, Biosecurity, aims to develop policy and maintain regulations to ensure agriculture and related resources are protected and that safety and quality standards are upheld. With an investment of \$81 million in this area, the Department continued to provide an effective barrier against biosecurity incursions from overseas and interstate passenger and freight movements into the State. This also contributed to protecting the State's access to export markets because of our freedom from many major agricultural plant and animal pests and diseases.

Whilst working with primary producers to overcome the challenges that confront the State's agri-food and fibre sector, the Department achieved significant progress in ensuring it has the capability to continue to assist them into the future. Agricultural Research Western Australia (ARWA) continues to move forward with the incorporation of CSIRO's Floreat-based Centre for Environmental and Life Sciences group as a fifth member of the alliance. This alliance involves a major research program being developed in regard to climate change; and the growing prospect of a collaborative research precinct based at CSIRO's Floreat site and the adjoining UWA Shenton Park Research Station.

The Climate Initiative focuses on providing farmers and others with the capacity to assess the risks of a changing climate to their individual enterprises and to make effective responses to those risks. The initiative is likely to lead the overall Western Australian response to climate change, with much of the information and methodologies likely to be adapted for use across all of the state's industry sectors, communities and regions.

In addition, the Department has signed a Statement of Intent with Murdoch University to secure land for the Department to move its headquarters from its current South Perth location to the Murdoch campus. Building will commence on the new facilities in 2008 with an expected completion date of 2011. As well as these new, modern facilities Murdoch is also the planned location for the State Biosecurity Centre.

In terms of ensuring the Department has a modern legislative base to manage the services it delivers, the Biosecurity and Agricultural Management (BAM) Bill was also introduced and is currently proceeding through Parliament. The BAM Bill, which will replace 17 existing Acts within the Agriculture portfolio, is aimed at improving WA's capacity to prevent harmful pests and diseases from impacting the State's primary industries, and improving the efficient regulation of the State's agri-food sector. If enacted, this new legislation will provide the Department with the tools it needs to continue to support the State's primary producers.



Executive Summary



In conclusion, I would first like to take this opportunity to express my appreciation for the genuine support the Department continues to receive from our Minister of Agriculture and Food, the Hon Kim Chance MLC, and the leadership he provides. I would like to especially thank our staff for the effort and initiative they have contributed throughout the year demonstrated through the numerous awards and accolades our staff have received, both locally and nationally. This professional recognition, together with positive feedback from farmers and agri-businesses, is evidence that the Department is continuing to make an important contribution to the sustainable future of the State's agriculture, food and fibre industries which support WA's economy and underpin many of its regional and rural communities.

A handwritten signature in black ink that reads "Ian Longson".

Ian Longson

Director General

Department of Agriculture and Food



Department Profile



Government's Vision

"Western Australia will be a creative, sustainable and economically successful State that embraces the diversity of its people and values its rich natural resources. The Western Australian public sector will work towards providing the best opportunities for current and future generations to live better, longer and healthier lives.

It is the responsibility of the public sector to make decisions for tomorrow, not just for today."

Our Vision

Making a difference - through excellence and innovation to grow Western Australia's world class agriculture and food sector.

Outcomes

The Government expects our Department to deliver the following high-level outcomes:

- Improved competitiveness and profitability of agriculture, food and fibre industries;
- Improved sustainable management of agricultural resources; and
- Effective management of biosecurity.

Our Values

- We are committed to making a difference in all areas in which we work.
- We value our customers' requirement for high quality service delivery.
- We work as a team, being supportive of each other, appreciative of others' inputs and respecting their differences.
- We encourage creativity, are receptive to new ideas, strive for continuous learning and improvement and share our knowledge.
- We are honest and open in our communication and accept accountability for our dealings with others.
- We value and respect the health and safety of our people.





Challenges

Facing Industry

- Increasing consumer expectation for safe, quality, ethically and environmentally friendly produced food and fibre products.
- Increasing move towards consolidation of processing and retail businesses.
- Cost-price squeeze.
- Climate variability and climate change.
- Loss of productive agricultural land and availability of suitable water supplies.
- Increasing biosecurity threats.
- Labour and skills shortages.
- Access to suitable public infrastructure.
- Scale of our agriculture and food sector (very small).
- Rapidly changing international competition.

Facing the Department

- Developing and maintaining a resource base (staff, budgets, knowledge and technology).
- Ability to demonstrate value.
- Ability to influence key stakeholders.
- Being able to deliver services to the greatest need and in the most efficient manner.

Opportunities

For Industry

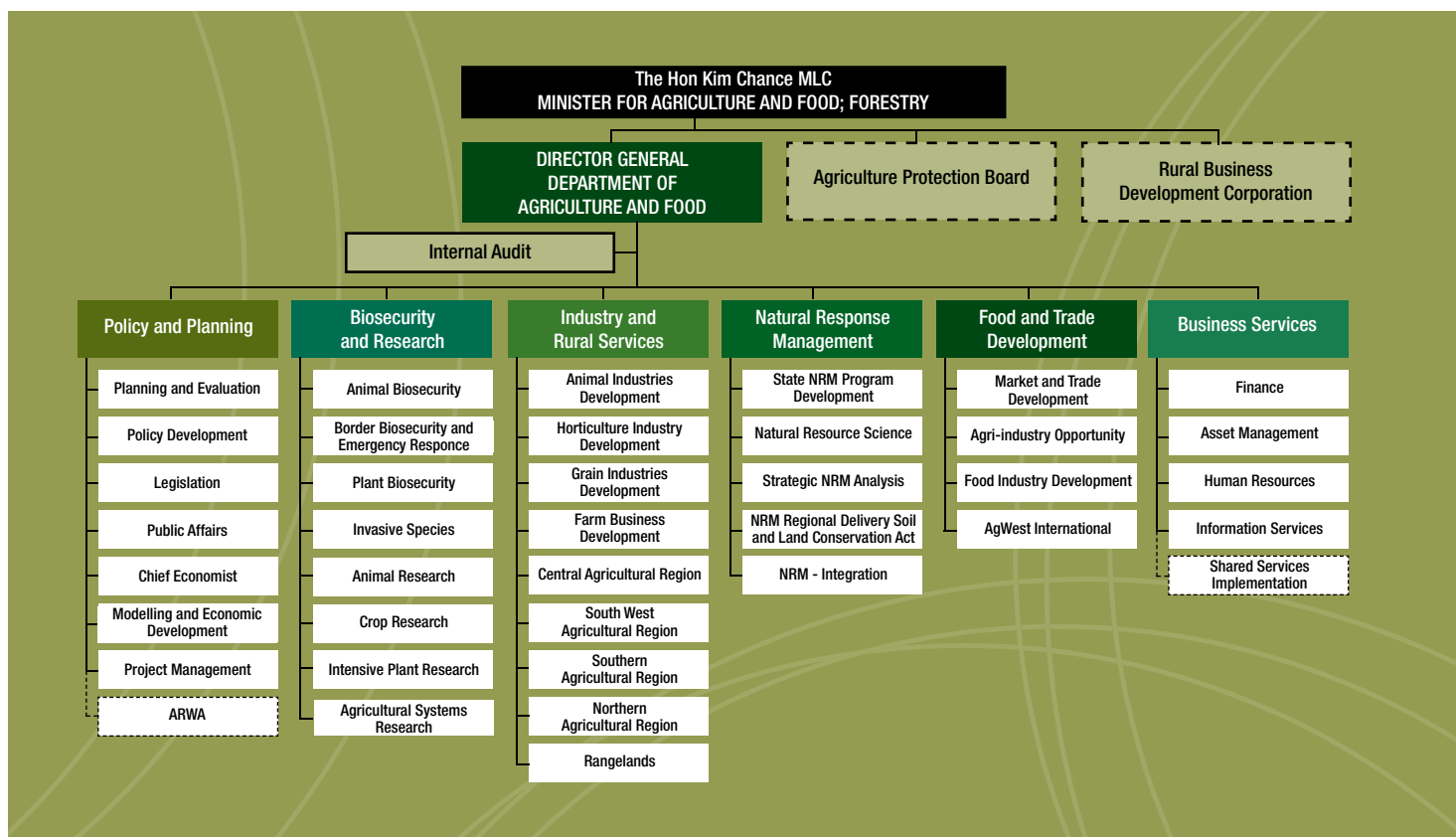
- Developments in food and fibre technologies.
- Increasing global demand for renewable energy and alternative fuel sources.
- Preferred market access through the highest bio-safety status in the world.
- International trade reform.
- Development of functional foods.
- Changing ownership and consolidation of farm businesses – introduction of alternative sources of funding.
- Streamlining regulation.

For the Department

- Agricultural Research Western Australia alliance.
- Building on our leading edge research and development through collaborative partnerships.
- Food industry development.
- Regional Leadership role.
- Delivery of rural services for Government.
- Extending project management to operate across the whole Department.



Department Structure



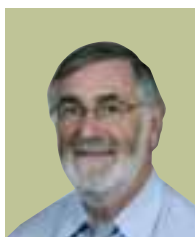
Corporate Executive



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 Steingjesser



**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 industry research and development corporations), fees for services rendered and MOU agreements.

Chart 1: Sources of the Department's Funding

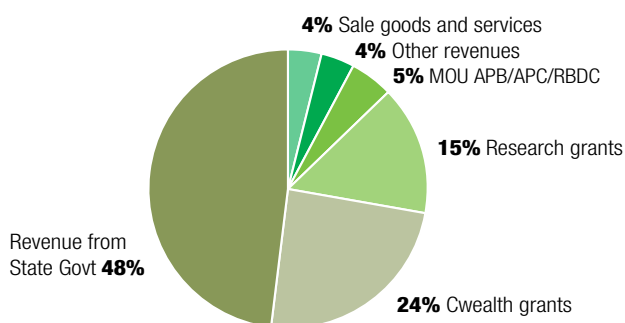
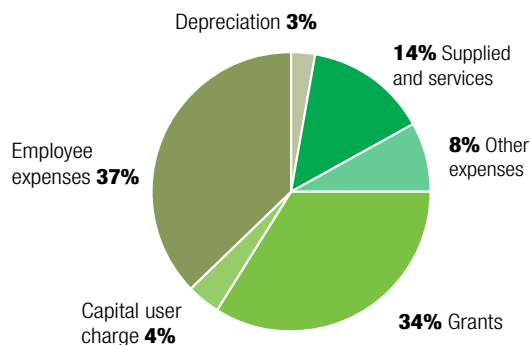


Chart 2: Departmental Budget Allocation by Category



The following charts detail how the Department allocates its expenditure amongst its 3 main high level services that it delivers for Government, plus services it provides to the Rural Business Development Corporation. The three high level services are:

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

The second chart illustrates how the Food and Fibre Industry Development service's expenditure is broken down amongst industry areas.

Chart 3: Departmental Budget Allocation by Service

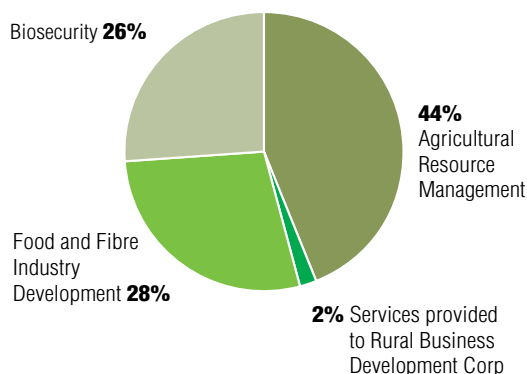
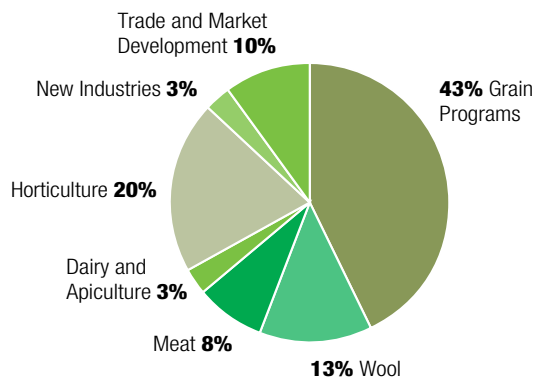


Chart 4: Food and Fibre Industry Development Service Allocation by Industry Area



People and Finances



Below is a snapshot of the Department's FTE levels taken at the 30th June for the last 5 years, and a breakdown of staff by categories. The Department's staff numbers rose in 2006/07 due to a number of programs to address Australian Plague Locusts, European House Borer and European Starlings.

Chart 5: Department FTE totals as at 30 June 2007

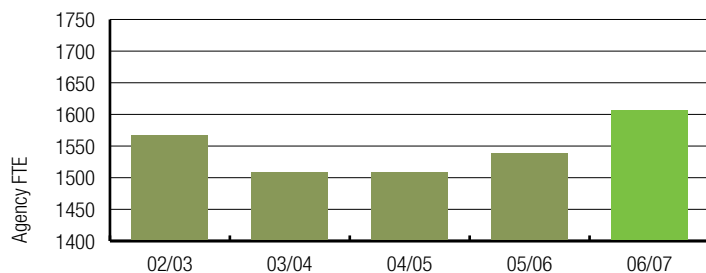
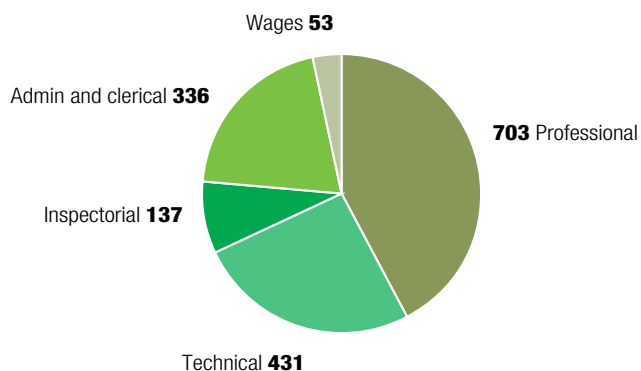


Chart 6: FTE allocations by categories



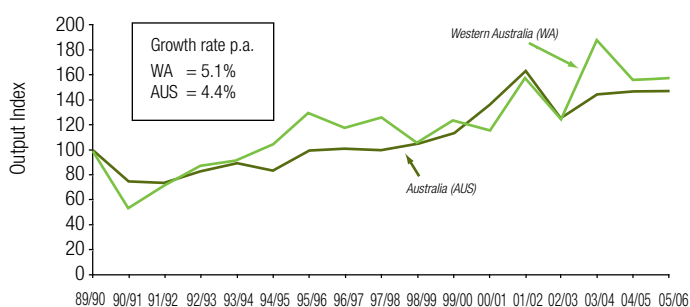
Sectoral Snapshot



Over most of the past 17 years the output growth for the State's agriculture has exceeded the national agricultural output growth. Although the productivity growth for WA agriculture has declined in recent years it has continued to remain above the national average growth per annum.

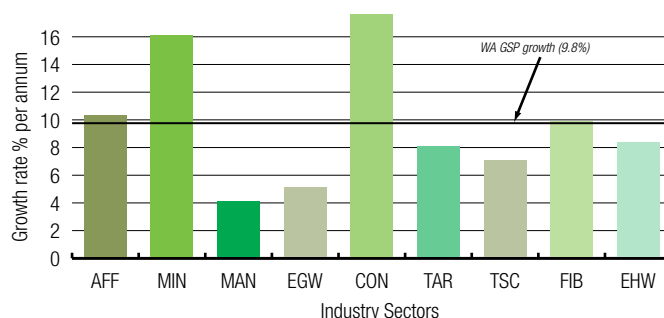
Despite rapid expansion in the mining and construction sectors the State's agricultural sector maintained its Gross State Product growth share above the average for all industries. It has been the third largest growth industry of the WA economy. Growth in the agriculture sector benefits the manufacturing (e.g. food processing and fertilizer, chemicals and machineries), transport, marketing and services sectors through forward and backward linkages.

Chart 7: Agricultural output (total factor income) trends in WA and Australia, 1989/90 to 2005/06 (Index 1989/90 = 100).



Note Australia includes WA.

Chart 8: Five-year average output (GSP) growth in WA by sectors 2001/02 to 2005/06



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

Chart 9: Employment in WA by sector - 2006/07

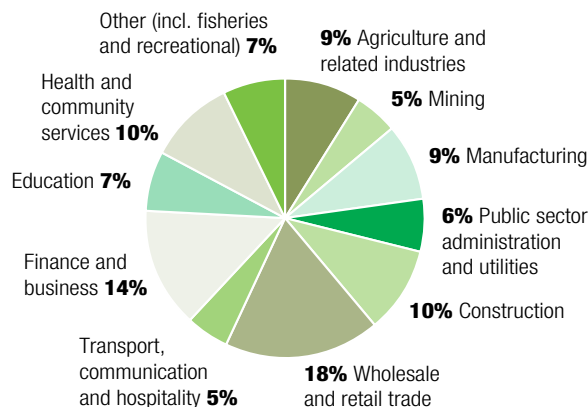


Chart 10: Production of WA Agri-food and fibre 2006/07 - A\$5.5 billion

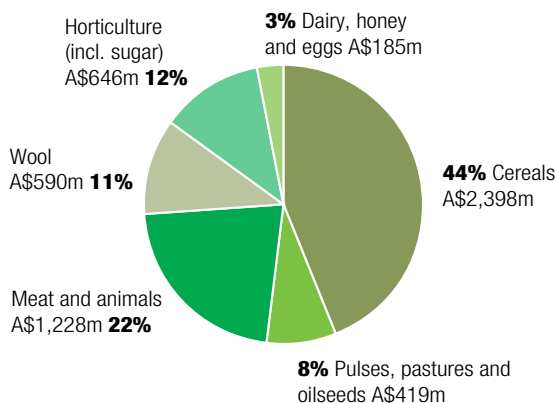
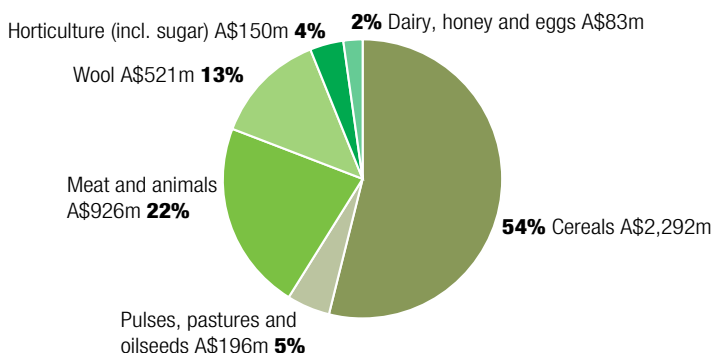


Chart 11: Exports of WA Agri-food and fibre 2006/07 - A\$4.2 billion



Outcome Based Management Framework



The State Government has outlined five high level goals in terms of delivering services to the community in its “Better Planning: Better Futures” framework. These are Better Services, Jobs and Economic Development, Lifestyle and the Environment, Regional Development and Governance and Public Sector Improvement. The Department of Agriculture and Food delivers services to achieve outcomes across the following goals.

Government Goals	Agency level Government desired outcome	Service
To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.	Increased competitiveness and profitability of agriculture, food and fibre industries.	1. Food and Fibre Industries Development ^a 4. Services provided to Rural Business Development Corporation ^b
To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved.	Improved ecological sustainable development of the agri-industry.	2. Agricultural Resource Management ^c
To ensure that regional Western Australia is strong and vibrant.	Effective management of biosecurity.	3. Biosecurity ^d

- a. The achievements within the Food and Fibre Industry Development service, mostly of an industry research and development nature, are detailed on page 15.
- b. The Department provides services to the Rural Business Development Corporation (RBDC) under a contract for services, services delivered are detailed within the RBDC's Annual Report.
- c. The achievements within the Agricultural Resource Management service, mainly related to the Department's Natural Resource Management (NRM) activities, are detailed on page 22.
- d. The achievements within the Biosecurity service, mainly related to the Department's control of plant and animal pests and diseases and emergency response activities, are detailed on page 24.

Changes to Outcome Based Management Framework

The Department of Agriculture and Food's Outcome Based Management Framework did not change during 2006/07

Shared Responsibilities with Other Agencies

The National Action Plan (NAP) for Salinity and Water Quality is jointly funded by the Australian Government and State Government. It brings governments and communities together, through Regional Natural Resource Management groups, to manage and improve salinity and water quality on a regional scale.

Under NAP, the Department of Agriculture and Food is the lead agency, together with the Department of Environment and Conservation, aiming to ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected. Specifically the target is to address the issue of salinity, which threatens significant areas of the States natural resources as well as built assets and industries.





Five Western Australian regions - the South Coast, South West, Avon, Ord and Northern Agricultural - are earmarked for action under the plan. Regional NRM groups for these regions have developed, and are implementing strategies and investment plans which form the blueprint for achieving improved salinity, water quality and other NRM outcomes. The strategies have been accredited by both State and Australian Governments and projects that address priority management actions are currently being rolled out.

Report on Operations

Agency Performance

Government Desired Outcomes, Key Effectiveness Indicators and Targets

	2006-07 Target ^a	2006/07 Actual ^b	Variation
Desired Outcome: Increased competitiveness and profitability of agriculture, food and fibre industries.			
Uptake of Department Varieties	N/A	81%	N/A
Exports to Select Markets from Trade and Development	\$272,600 m	\$287,739 m	\$15,139
Select Profitability measures:			
■ Carrot Exports	\$34 m	\$40 m	\$6 m
■ Potato Exports	\$1.4 m	\$1.2m	-\$0.2 m
■ Strawberry exports	\$9.5 m	\$6.2	-\$3.3 m
Average diameter of wool sold at auction in Western Australia	21	21	0
Desired Outcome: Improved ecological sustainable development of agri-industry.			
Average adoption of selected sustainable land management practices ^c :			
■ Agronomy Practices (Farmed to soil type)	75%	73%	2%
■ Land Conservation Management (Tree/shrub planting)	65%	74%	9%
■ Resource Monitoring (Regular soil testing for nutrient levels)	75%	74%	1%
■ Surface Water Management (Water on sloping land)	55%	58%	3%
Desired Outcome: Effective management of biosecurity.			
Identification of notifiable animal diseases	23	3	20
Number of animal diseases	6	2	4
Interceptions of significant pests, diseases and weeds	305	180	125
Number of pests, diseases and weeds	72	53	19
Removal of properties from quarantine	103	142	39

a. As specified in the budget statements for the year 2006/07.

b. More details of the effectiveness indicators are in the Key Performance Indicator section.

c. A sample of indicators are displayed. More detail can be found within the Key Performance Indicator section of this report.



Report on Operations



Services, Key Efficiency Indicators and Targets

Service/Key efficiency indicators	2006-07 Target ^a	2006/07 Actual ^b	Variation
Average cost per unit of knowledge for industry development	\$28,508	\$31,635	\$3,127
Average cost per unit of knowledge for resource management	\$24,208	\$16,676	\$7,532
Average cost per hectare assessed for risks, options and impacts	\$1.21	\$2.35	\$1.14
Average cost per regulatory activity processed	\$22,758	\$22,635	\$123
Average administration cost per participant in farm business and rural community development activities	\$289	\$479	\$190
Cost per freight consignment cleared or certified	\$635	\$340	\$295
Passenger quarantine checking cost (per passenger)	\$6.29	\$6.01	\$0.28
Cost per property management plan for animal disease	\$10,426	\$7,633	\$2,793
Cost per diagnostic sample processed	\$503	\$581	\$78

a. As specified in the budget statements for the year 2006/07.

b. More details of the efficiency indicators are in the Key Performance Indicator section.

Financial Targets	2006-07 Target ^a	2006/07 Actual ^b	Variation
Total Cost of Services (i.e. endorsed expense limit)	\$298,476,000	\$312,849,000	14,373,000 ^c
Net Cost of Services (details in the Income Statement)	\$164,864,000	\$143,203,000	(21,661,000) ^c
Total Equity (details in the Balance Sheet)	\$220,544,000	\$282,686,000	62,142,000 ^c
Net Increase/(Decrease) in Cash Held (details in Cash Flow Statement)	(2,920,000)	\$11,222,000	14,142,000 ^c
Full Time Equivalent (FTE) staff level	1,387	1,587	200 ^c

a. As specified in the budget statements for the year 2006/07.

b. More details are in the Financial Statements section.

c. The variations relate to:

- Additional government funding provided to address Australian Plague Locusts, European House Borer and European Starlings;
- Increased funding from industry for Biosecurity and Research activities; and
- Increased Exceptional Circumstances funding related to the Dry Seasons Assistance Scheme.



Significant Issues and Trends



The Department of Agriculture and Food, in supporting the State's agricultural, food and fibre industries, takes account of the following significant issues and trends when undertaking its strategic and project planning.

- World population growth is stabilising, however, changing consumer trends coupled with economic growth and rising incomes will see changes in consumption patterns between and within regions, creating new opportunities.
- Consumer demand is leading to international and national agreements, which increasingly specify standards for the consistent supply of safe, quality, environmentally friendly and ethically produced food and fibre products.
- Global sourcing of food and fibre products and progressive deregulation of international trade will intensify competition for market share and premiums. There is an increasing move towards consolidation of processing and retail businesses.
- The impact of greenhouse policies and dryland salinity will continue to adversely affect agricultural productivity and the area of land available for traditional agriculture. However, opportunities exist for new innovative forms of agriculture.
- Strong pressure on both extensive and intensive agricultural land uses to control environmental impacts, and concerns over the loss of productive agricultural land and availability of suitable water supplies will necessitate innovative management solutions for sustainable development.
- International trading policies, which require trading partners to scientifically justify biosecurity barriers will provide an opportunity for increased market access, while placing Western Australia's biosecurity measures under close scrutiny.
- Adoption of new food and fibre production biotechnology coupled with more intensive production techniques will become a major driver for change. The introduction of functional foods will become progressively important in the market place opening up many opportunities.
- Rapid development in communications technology will radically alter the way that information is stored and retrieved and the way both commercial and government business is conducted.
- Regional communities continue to experience population decline and an associated reduction in core infrastructure.
- Competing community demand for services at the State and Federal level will place pressure on availability of funds. Increased scale will be a driver for effective research and development. Partnerships and alliances between governments, countries, industry and academia will become increasingly important.
- The concept of multifunctionality in agriculture will see countries supporting their agricultural businesses for non-economic objectives. This will continue to distort markets, making it increasingly difficult to gain entry to some major markets.
- The cost-price squeeze will continue to affect farm profitability. Real prices for farm commodities will keep on declining. Price inflation will persist affecting the prices paid by farmers for their inputs. Farm operations have also become larger and more complex, requiring new skills and innovative techniques.
- Management of risks will become increasingly critical to an effective agriculture, food and fibre sector. Risks from climate variations, disease incursions, price fluctuations, transmission of disease from livestock to humans, etc. will all require the development of risk management techniques.
- Climate change has emerged as an issue with long-term implications for the agricultural and pastoral industry. The need to plan so that industries and farming systems can adapt to adverse changes in rainfall and temperature over the longer term has substantially increased.



Food and Fibre Industry Development Achievements



Rangelands

- The Department's New Opportunities for Tropical and Pastoral Agriculture (NOTPA) project identified opportunities for expanded agricultural development in the West Kimberley and Pilbara. Major achievements to date include establishing strong linkages with horticultural growers, indigenous communities, environmental groups and other agencies. A Baseline Study was completed in June 2007, outlining the issues, opportunities and impediments that effect future development in the regions.
- The Kimberley Indigenous Management Support (KIMS) project has expanded and is currently providing management support to 14 Indigenous pastoral leases. KIMS milestones during the 2006/07 financial year include: Establishing a contractual relationship to allow free movement of Community Development Employment Program (CDEP) labour between pastoral properties; a partnership with the Halls Creek District High School to develop school based trainees agreements, in principle, with Argyle Diamonds, Halls Creek Shire and Kidman & CO to establish a pastoral training centre in the Halls Creek and East Kimberley region.
- Pilbra Indigenous Management Support (PIMS) project is engaged with five indigenous pastoral properties in the region. It provides a similar service to Aboriginal land managers to that of the KIMS project engaging in pastoral management activities, business management and planning, marketing, industry training, governance and capacity building. Within the first year of operation, demand for services of this nature to Pilbara Aboriginal land managers has significantly increased and PIMS has successfully leveraged additional external funds to meet this demand. The project intends to increase the level of assistance from five properties to twelve within the next year.
- Funding approval for Phase II of the Carnarvon Artesian Basin Rehabilitation Program was successfully finalised with the Australian Government, with the operational phase to commence in 2007/08. This program will bring the total amount of water saved to over 100 GL each year.
- A significant R&D project that is piloting the use of the saved artesian water in Carnarvon was commissioned late in 2006/07. This project will determine the feasibility of using artesian water for irrigated pastures and agriculture and will if successful see up to 10 GL of the water saved through the rehabilitation program. The expectation is to establish a 1000 hectare irrigated agriculture precinct that underpins the meat industry supply chain in the region. It is anticipated this precinct will be critical in the reopening of the Carnarvon abattoir and provide the necessary infrastructure to support animals for the live export trade.
- The Department also completed the necessary drilling program to prove-up the water resource at both the proposed Meedo and Brickhouse Horticulture Precincts. These two precincts are estimated to create an additional \$40 million of gross value of agriculture product and some 400 jobs to the Northern Agricultural region. Finalisation of the water and land requirements is expected by the end of 2007 when the areas are anticipated to be offered to commercial expression of interest for their development.
- In association with the Kimberley Beef Research Committee and supported by funding from Meat & Livestock Australia (MLA), DAFWA has begun development of the Grazing Land Management package for the Kimberley Region. This package provides a linkage to producer groups across Northern Australia, providing Kimberley producers with greater opportunities to interact with their counterparts across the north.
- With financial support from Land & Water Australia and the Indigenous Land Corporation, the Department completed a landmark study into the integration of Indigenous cultural aspiration with traditional natural resource management in enterprise development on Indigenous managed land. With over 30 of the 96 pastoral leases in the Kimberley region managed by Indigenous groups, the outcomes of this project are particularly relevant and provide significant opportunities for Indigenous development.



Food and Fibre Industry Development Achievements



- MLA has acknowledged the value of the Department's publication 'Pastoral Stock Water Workbook' as a significant contribution to infrastructure development for the northern beef industry. In association with DAFWA, MLA will republish the booklet with the intention of expanding the analysis of remote technologies for the management of stock water for cattle under the extensive grazing situations in the rangelands. The publication has also received widespread acceptance from the pastoral industry and is being used for investment decisions by pastoralists in infrastructure development.
- The final report was submitted to the MLA on Diet quality and performance of grazing cattle in Northern WA. This project reported on changes in body condition of breeder cattle grazed on pasture communities in the Pilbara and Kimberley over a 3 year period. The project has provided a valuable information resource for decision making and more productive grazing management systems for the northern Western Australian cattle industry.
- The Department has introduced new knowledge of landscape and rumen ecology so that pastoralists can clearly identify how to re-design livestock production systems to be both profitable and sustainable. Landscape ecologists have identified land management strategies and infrastructure re-design to ensure that rainfall is retained in the landscape to grow pastures instead of running off into the salt lakes or the ocean. The Department has obtained significant external funding to support the adoption of these improved systems.
- The Department has developed working relationships with the CSIRO to bolster the research effort in the southern rangelands. A collaborative study with CSIRO has commenced to investigate the potential of using GPS tracking to study animal behaviour and distance walked, as an indicator of available stock feed. This technology may prove that GPS tracking can assist land managers in the decision-making process of adjusting stocking rate to carrying capacity.

Grains

- The Department liaised with key elements of the Japanese flour milling industry to maintain the capacity of the WA industry to produce premium soft grained wheats for the one Mt Udon Noodle market in Japan. The collaborative program, conducted jointly with AWB Ltd cereal chemists and Japanese technical experts, has resulted in the release of the variety Binnu in August 2006, with first commercial plantings by growers in 2007. Binnu has wide adaptation to much of the central and northern wheatbelt with high yield, improved stripe and leaf rust resistance and excellent quality for noodle manufacture.
- The Department initiated new areas of wheat agronomy research in partnership with the Grains Research and Development Corporation (GRDC). Variety specific R&D has consolidated research to assist farmers manage production risks (frost, meeting premium grade delivery specifications, drought). The first year of this R&D program has been integrated into other variety related information and published as a new Department Bulletin 4704 "Wheat variety guide 2007 Western Australia". Researchers in systems agronomy are also developing strategies to improve productivity in situations of environmental or soil type constraint, within the overall needs of the farming system.
- The Department's barley breeding program has been successfully engaged as the 'Western Node' of the national barley breeding program, Barley Breeding Australia (BBA). BBA has been established to nationally co-ordinate state-based breeding programs to ensure an internationally competitive breeding capacity exists to meet requirements of growers for agronomically better varieties and malting and feed end-users for quality grain. Following the success of the DAFWA bred malting varieties in recent years, a program to provide improved feed barley varieties is on track with releases planned for 2007 and 2008.
- DAFWA lupin breeding released the first 'Hi-Pro' narrow-leafed lupin variety Coromup in August 2006. The new lupin is a niche variety for processing and



Food and Fibre Industry Development Achievements



for high protein food ingredient and feed markets such as the aquaculture sector. Coromup[®] has a typical protein content of 34 percent compared to Belara[®] (30%) and Mandelup[®] (31%). It also has larger and more uniform seed size making it very suitable for de-hulling. The release of this variety was in response to industry demand for varieties that could meet the protein requirements of niche markets.

- Work on developing an agronomically suitable variety of the high protein yellow lupin type currently grown in Europe, and developing a low alkaloid, high protein and high oil pearl lupin, a species native to South America continues. Key traits important for domestication in both species are being identified prior to incorporation into the breeding program.
- The Western Australian Government has an objective to return to no detectable GM canola present in the WA canola crop as soon as possible. Activities undertaken during 2006/07 to ensure the level of GM canola in the WA commercial canola crop is reduced to below detectable limits included:
 - regulatory testing of canola seed-lots sown WA in 2006 for the presence of the Office of the Gene Technology (OGTR) approved events (InVigor[®] and Roundup Ready[®]). No evidence of the events was detected;
 - regulatory testing of canola seed-lots sown in WA in 2007 for the presence of OGTR approved events. No evidence of events has been detected to date;
 - surveillance testing on samples supplied by CBH from the 2005 CBH canola crop for the presence of OGTR approved events. No evidence of the events was detected; and
 - surveillance testing on samples supplied by CBH of the 2006 canola crop for the presence of OGTR approved events. No evidence of the events has been detected to date.
- DAFWA provided financial and technical supported to a Department of Fisheries led project which has demonstrated the benefit of lupins as a substitute for soybean in aquaculture feeds. The project has identified a range of market opportunities where lupins have a competitive advantage over soybean and significant quantities of lupins have already been shipped to premium paying markets by CBH Ltd.
- The Department's involvement in the new Western Australia Centre for Food and Genomic Medicine has contributed to a significant medical publication in 2006 demonstrating that eating lupin-enriched bread increased satiety and reduced energy intake in humans. The publication has stimulated commercial interest in lupin flour from a major US food company which has requested samples for pilot evaluation.
- An electronic directory "Tools to Assist Decision Making" was produced by DAFWA on its website to provide farmers and advisors with over 40 tools for decision-making on various aspects of farming, to ask 'what-if' questions and to evaluate different production, economic and natural resource management scenarios.
- Considerable progress was made in the epidemiology of blackleg disease in canola, so that regional variability in blackleg stem canker expression in Western Australia can be explained more easily. The prediction (using Blackleg Sporacle and SporacleEzy models) for location and seasonal variability of the onset of seasonal ascospore release as it relates to blackleg in canola is being tested in other states (New South Wales, Victoria and South Australia). National blackleg forecasting will now be done using the Western Australia developed models.
- In anticipation that weeds would develop higher levels of herbicide resistance the "Integrated Weed Management in Australian cropping systems: A training resource for farm advisors", was published in February 2007. The manual, originally initiated by DAFWA officers in 1998, has subsequently been developed further by the



Food and Fibre Industry Development Achievements



Cooperative Research Centre for Australian Weed Management and given a national focus to meet the needs of all farmers. DAFWA officers have been actively involved in presenting and designing a series of training courses for farm advisers, based on the information in the manual.

- In experiments in the Northern Agricultural region (NAR), non-host crops were demonstrated to significantly reduce the numbers of Cereal Cyst Nematode (CCN) in one season, even where the initial numbers were very high. Non-host crops were more effective than resistant cereal crops. However, in paddocks where CCN has been identified, growers will need to monitor the levels in the following one or two seasons of susceptible crops as the numbers can rapidly increase to damaging levels.
- Definition and quantification of the relative influence of sea surface temperature (SST) patterns in the Indian Ocean and indicators of El Nino/Southern Oscillation (ENSO) were undertaken in the past year. Incorporation of Indian Ocean SST pattern information into the Department's ENSO Sequence System (providing the basis for the long-lead climate forecast capacity) has been further developed and allows for greater definition of analogue years in developing the monthly Growing Season Outlook which is published on the Department's website. These further developments have enhanced the reliability of climate forecasting.
- In order to understand the future impacts of low rainfall four global climate models were compared in terms of simulated monthly rainfall, and maximum and minimum temperature, for 8 selected locations in the State's grainbelt. Simulated future yields showed a yield decline in most locations. Some yield increases were observed in some high rainfall locations due to the combined positive effects of increased carbon dioxide levels and waterlogging reduction.
- A new book titled "Perennial Pastures for Western Australia" was released in June 2007 by the Department. This substantial publication details the current state of knowledge and the prospects of perennial pastures in Western Australia. Topics include cultivars and pasture management of temperate and sub-tropical grasses and legumes, herbs and fodder shrubs.
- Three new pasture legume cultivars developed by members of the Pasture Improvement program were released in 2006. ELECTRATM purple clover (*Trifolium purpureum*) and Flamenco sula (*Hedysarum coronarium*) were developed as part of a University of Western Australia CLIMA-managed project and were released at the Department's 2006 Agribusiness Sheep Updates. Both are dual purpose grazing and fodder plants.
- A survey of acidity in the Avon River catchment revealed that 50 percent of the catchment has soils with a pH profile that indicates the application of lime would be profitable. Seventy five percent of topsoils (0-10cm) have pH<5.5; 40 percent of subsoils (10-20cm) have pH<4.8 and 25 percent of deeper subsoil (20-30cm) has a pH<4.5. So far, this survey has tested 3,000 sites. Large scale liming demonstrations installed in 2006 showed little benefit because of the dry to droughted conditions. Experiments at Corrigin are showing that deep placement of nutrients stimulates crop growth and production in soils without physical subsoil constraints in seasons where rainfall is sufficient to wet deeper soil layers.

Horticulture

- The Department now has a substantial project in place to address the requirements for production of horticultural crops on the Gngarara Mound. Reduction in irrigation water use and minimization of nutrient leaching are key targets, being met through implementation of improved farming practices developed through research activities. The future of horticulture on the Mound will also be strongly influenced by competing uses for land and water. A study has been initiated, in partnership with growers and other community and government organizations, to assess the feasibility of using recycled waste water in association with the development of a horticultural precinct close to metropolitan Perth.



Food and Fibre Industry Development Achievements



- A 'Good Practice Guide' focusing on nutrient and water management for the Swan Coastal Plain has been published by vegetablesWA in association with the Department, with support from the National Heritage Trust and the Swan Catchment Council. It incorporates Department research findings and will assist growers in improving profitability while minimizing impact on the environment, through the use of practical farming strategies. Growers can access the Guide through the recently developed vegetables WA website.
- The 'vegetablesWA' website has been developed in partnership with the Department, with support from the Swan Catchment Council and the Premier's Water Foundation Grant, as a medium for providing growers with access to information and interactive on-line support for irrigation management. The first stage of the website has been completed with information available on current recommended practice for irrigation. The second stage is underway and will deliver an easy to use computer/web based system capable of calculating and guiding efficient irrigation and nutrient management for vegetable production on sandy soils. It will allow growers to input factors specific to their farming operations to obtain information tailored to individual crop requirements.
- Innovative practices have been developed for managing the reduction of nutrient losses to groundwater, associated with irrigation of leafy and heading vegetable crops. These are based on non traditional fertiliser application techniques and rates beyond the first 14 days after planting, in conjunction with current best practice irrigation. This research has demonstrated that vegetable yields can be as much as tripled by strategic application of mineral fertilisers on sandy coastal soils, with water application, nutrient leaching and fertiliser costs reduced significantly. It is expected that this technology will be rapidly adopted by growers.
- Research initiated by the Department on smoke taint in wine grapes has created interest at the national level. A better understanding of the impact of smoke generated flavour taints in grapes and wine will be developed along with the mechanisms involved. This will include a study of the stage at which grapes are most likely to be affected and smoke components responsible, allowing development of amelioration techniques and management strategies for use by the wine industry and for prescribed burning situations.
- Trials to verify the efficacy of cold treatments to satisfy Japanese quarantine requirements for imported red fleshed grapefruit have been completed. Results have confirmed that treatment at higher temperatures than previously allowed is effective in meeting disinfestation requirements for Mediterranean fruit fly as specified by Japan. Higher temperatures also improved the quality of the fruit at the point of sale. Approval for access to the Japanese market using protocols based on higher temperatures will open up a significant marketing opportunity for the red fleshed grapefruit industry which is in the early stages of development in the north of Western Australia. Similar work to allow access to the Japanese market for other citrus fruit has also been completed recently.
- A landmark publication 'NORpak – Cotton production and management guidelines for the Ord River Irrigation Area (2007)' was launched by the Cotton Catchment Communities Cooperative Research Centre (CRC). Produced by the Department, it provides guidelines for the commercial production of cotton in the Ord region and is based on extensive research over the last decade, investigating crop husbandry, pest management and environmental issues.
- Community demand for healthier food has driven the development of a new initiative on 'Horticulture and Health' using biotechnology to enhance the level of healthy compounds in horticultural products. Research will develop a better understanding of the nutritional compounds in fruit and vegetables and the potential for enhancing those levels through breeding. Initial work will identify Australian-bred apple and plum varieties with attributes suitable for enhancement. A partnership has been developed with the University of Western Australia to progress these activities.



Food and Fibre Industry Development Achievements



Animal Industries

- The Department, in partnership with their Agricultural Research Western Australia (ARWA) partners, made a successful bid for a new Sheep Cooperative Research Centre (CRC) – Sheep Industry Innovation. The CRC will involve about \$10 million of new investment in sheep research in Western Australia over the next 7 years. From July 2007 the Commonwealth Department of Education, Science and Training, Meat and Livestock Australia and Australian Wool Innovation will invest in WA-based activities relating to:
 - post farm gate R&D into whole-garment comfort produced from wool;
 - new research into increased yield of meat from lambs, while retaining eating quality and value adding to health aspects such as 'omega 3 fatty acids';
 - expansion of R&D activities aimed at providing sheep producers with viable alternatives to the chemical management of stomach worms; and
 - establishment of an 'Information Nucleus Flock' at the Katanning Research Centre as part of a large progeny testing scheme for both wool and meat sires linked to similar flocks in each of the other sheep producing states of Australia.
- The Department completed work on the establishment of objective benchmarks that describe consumer's perception of meat colour during shelf display with a major retailer. In addition, the validation of the effects of medium voltage stimulation, ageing, vitamin supplementation and cut on retail display life and eating quality of lamb meat.
- The first year's research on "Breeding breech strike resistant Merino sheep", which investigated breeding Merino sheep that are resistant to breech strike and do not require mulesing, has been completed. Results showed that unmulesed animals selected on key indicator traits for breech strike resistance had a similar incidence of breech strike to normal mulesed animals. The project was urgently required to address major animal welfare issues, together with the self-imposed industry ban on mulesing operations by 2010 and potential threats to international trade of sheep products.
- Western Australian "fine ends" wool fabric was released in Italy in July 2006. This new product received wide praise at yarns trade fairs in Europe. If the algorithm for sourcing this product, developed by the Department, is taken up by industry it has the potential to lift the demand for WA wool at auction. A similar approach has been used to develop a "non allergenic" wool fabric that was released in Europe in September 2006.
- A major upgrade to the dairy facilities to support research and development for the dairy industry was completed at the Vasse Research Centre in April 2007. The dairy cows involved in the Greener Pastures project which investigates Nitrogen turnover in dairy systems are now being milked in the new state-of-the-art facility with technology using individual electronic identification of cows linked to individual milk measurement and supplementary feeding.
- With financial support from industry, and in response to animal welfare concerns, an alternative system to farrowing crates was established at the WA Pig Skills Centre. Evaluation of the system, in comparison to conventional farrowing crates, will be completed by the end of 2007 and a report made available to industry on the cost-benefit of the system that has some welfare advantages for the sow and its progeny.
- The first calving results from a large Beef CRC project investigating maternal productivity in beef cows, which differ in feed efficiency and body fat characteristics, is nearly completed. Groups are run at two different levels of nutrition at the Vasse Research Centre, which is one of only two locations in Australia for this project. The project has three more years of research to complete.



Food and Fibre Industry Development Achievements



- A significant Beef CRC project recently completed at Vasse Research Centre with 200 beef animals selected on the basis of specific gene markers, investigated the function of genes controlling post-mortem tenderisation of beef. The work tests the effect of the genes for tenderness in terms of shear force and Meat Standards Australia (MSA) consumer taste panel scores, in an attempt to determine the biochemical and physiological mechanisms underpinning the effects of the genes. Most of the cattle were Brahmans because of the variety of gene markers that exist within that breed. A comprehensive range of samples for meat quality and biochemical analyses were collected and are currently being analysed.

Trade and Development

- The Department continued the development of agri-food trade and investment opportunities in various markets including the Middle East and Asia generating exports valued at approximately AUD\$140 million for Western Australian companies.
- Seven businesses were selected as recipients of the \$500,000 WA Food Industry Development (WAFID) Fund grants. Five businesses successfully completed their projects, which is estimated to result in Total Gross Sales of \$32 million over 3 years.
- An active innovation strategy was implemented to assist local food producers to differentiate their products. This strategy provided a combination of grant funds (through the WAFID Fund program) and services to guide technology transfer, through in-house skills and a membership alliance with Leatherhead Food International.
- The Department worked on reducing the burden of the food regulatory environment, providing input to the national debate on topics such as fortification of food and labelling for origin.
- Initiatives were developed to enhance the capacity of the local industry to attract and apply investment capital. These include the aggregation of capital across the sector (through assistance and guidance for the formation of cooperative businesses) and the influx of capital from outside the sector (such as through major food processing investment attraction projects).
- The Department provided executive support to the Grain Licensing Authority (GLA) including advice on policy and operational procedures and conducted market research and analysis to assist the GLA in its assessment of applications for special export licences.
- The Biofuels Taskforce completed its interim report in February 2007 with the final report completed in April 2007. The biofuel industry development activity included research on alternative oilseeds; design of an industrial wheat breeding program, establishment of a biofuel website and preparation of several articles on biofuel.
- The Department assisted a company to establish two ethanol plants in WA, each with a production capacity of 190 million litres (ML) and each plant requiring 500,000 tonnes of grain feedstock.
- There was continued involvement with the Department of Industry and Resources (DOIR) in the process for development of additional land in Ord Stage II. The selection process, which commenced in September 2006, has been extended.
- The Department won and successfully managed a number of international training and consultancy projects in Asia and the Middle East. Significant projects included: 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, contracts to review operations and provide capacity building for the Abu Dhabi Environment Agency, a contract to undertake a review of operations for a major meat importing and processing company in Qatar and biosecurity training for quarantine officers from Indonesia and Botswana.



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), the extension of the Natural Heritage Trust (NHT2) and the National Landcare Program (NLP) in Western Australia. Together, these programs involve an investment by State and Australian Governments totaling approximately \$400 million between 2002/03 and 2007/08. A significant proportion of these funds are delivered through the regional model.

The Department has been actively involved with the six Regional NRM groups in WA providing technical leadership and guidance for the development of programs and delivery of outcomes.

The Department's role has been:

- to provide support to the Regional NRM groups with the development of their Investment Plans and on-going review and refinement of their Strategies;
 - to effectively manage, and participate in, investment decision processes. All second year Investment Plans have been approved by State and Commonwealth Ministers. Third year Investment Plans for all regions are currently being considered by Governments with the exception of the Rangelands whose third Plan is expected in October 2007;
 - to continue to implement arrangements that lead to improved Regional group governance and accountability for funding. These have included: the refinement of contracting arrangements; helping Regional groups improve their business systems, processes and business capabilities through a series of auditing, evaluation and benchmarking exercises; and facilitating training courses and advice in business governance; and
 - to continue to implement improved arrangements for monitoring and reporting the performance of investments.
- During 2006/07, over \$55 million of NAP and NHT2 funds were invested in community partnerships to achieve NRM outcomes under the regional delivery model. These funds were invested in a range of strategic projects identified in plans developed by six regional NRM groups. The Department has implemented various aspects of the Hicks Review of NRM arrangements that have been agreed by government. These have included: facilitating the establishment of a revamped State NRM Council; developing a State NRM strategy and investment framework in collaboration with other agencies; improving accountability and governance arrangements and processes, developing and implementing a state level monitoring and evaluation plan and helping regions develop their regional monitoring and evaluation plans.
- Catchment-scale land salinity and native vegetation targets were set with five groups in the South West. As a direct outcome, all groups received NAP funding for planning and/or on-ground works in the second investment plan. The process has been documented in two technical reports. Regional scale technical targets for land salinity based on an analysis of ground trends and salinity risk and hazards have also been developed for the low and medium rainfall zones for the South West NRM region.
- During the year the role, structure and operation of Land Conservation District Committees (LCDC) operating under the regional delivery model was investigated. LCDCs continue to attract and retain the members required by their Establishment Orders, however, the widening gap between the statutory functions of district committees and the broad scope of activities carried out on behalf of the Regional NRM groups was also identified.



Agricultural Resource Management Achievements



As part of this process the Department:

- reviewed the status of the 29 LCDCs established in the Northern Agricultural Catchment Council region and the feasibility of amalgamating up to nine districts into a single large district with a new district committee was investigated; and
 - wound up the affairs and abolished the committees of 14 LCDCs, 14 LCDCs were reappointed and 16 Establishment Orders were amended by the Governor in Executive Council. LCDCs will be reinvigorated or abolished where ongoing community support is lacking.
- The 'Farming for the Future' sustainability management initiative developed a baseline for broad use across agriculture that identifies current recommended practices for agricultural sustainability. This information was used to develop a self assessment tool that is available to farmers and industry to demonstrate and plan for sustainable agriculture at the farm level.
 - Assessments of the Geographe and Ellenbrook catchments have been partially completed and include the collation of information on the adoption of management practices to reduce nutrient export as well as a detailed assessment of the nutrient balance for a range of enterprises. This information has been combined with revised landuse mapping to produce provisional nutrient export maps and summaries. This provisional information will be updated throughout the remainder of the project, but in the interim will be used to identify major landuse risks in these catchments and as the basis to allocate resources of local catchment groups for remediation works.
 - Water quality monitoring was conducted in coastal agricultural areas that were mapped as having a high risk of acid sulfate soils to assess the impact of agriculture for disturbing acid sulfate soils. The results showed that agriculture is having minimal impacts, with only small localized occurrences of disturbance. Techniques developed in the mining industry to manage and treat acid drainage, such as permeable reactive barriers and vertical flow systems, are being trialled to manage acid drainage from agricultural land.
 - On-ground assessments for the Department's five-year Rapid Catchment Appraisal project have been completed. Department staff have now commenced training in catchment water management planning for a follow on project and the first batch of four priority catchments to be planned have been selected – one in each agricultural NRM Region.
 - A pilot methodology and process for benchmarking surface water structures has been developed and tested in the Lake Grace shire this year, assessing water management structures across soil systems. The pilot has considered a range of spatial information including surface water management history in the area. The project has been useful in evaluating how different datasets can be used for surface water management.
 - The barriers and benefits to surface water management were assessed in the Central region based on the perceived needs of farmers to use these management practices. A survey was conducted in the Lake Grace area to assess impediments to adoption of surface water management structures, and a state-wide assessment completed of the utility of the water management tool kits.
 - A new monitoring project was initiated to evaluate surface-groundwater interaction in wetland systems in co-operation with the Department of Environment and Conservation. The project is monitoring effectiveness of surface water management on groundwater recharge, and instrumentation has been installed for the long term monitoring of impacts in land salinity.
 - A study of the impacts of climate change has been completed collating views of all major sectors across the community in the South West Land Division of WA. The investigation looked at the perceptions of vulnerability to the impacts of past climate change and on the capacity of sectors to adapt to future change.



Biosecurity Achievements



- The *Biosecurity and Agriculture Management (BAM) Bill* was passed by the Legislative Assembly and introduced in the Legislative Council of Parliament.
- A Biosecurity Review undertaken by the Department, in partnership with the Agriculture Protection Board, Department of Environment and Conservation, Department of Fisheries and Forest Products Commission is in its final stages, pending environmental and social economic justification. Once this has been completed, the passage for the State Biosecurity Strategy will be identified. This review assisted in the development of the AusBIOSEC National Biosecurity Systems.
- The state's border biosecurity services continued to effectively operate quarantine entry checkpoints into WA, such as Eucla and Kununurra road checkpoints, Perth domestic and regional airports, disembarkation points, interstate rail and shipping, freight surveillance at road, rail and sea cargo depots. During the year 114,502 vehicles entered the state via Eucla and Kununurra checkpoints with a total of 23,825 kg of quarantine risk material seized from travellers. Over 1.7 million interstate air passengers have been inspected in WA with 2,486 kg of fruit and vegetables seized and 13,111 kg of Quarantine Risk Material placed in amnesty bins. A total of 216,881 containers were imported from interstate, comprising 150,837 via rail and 66,044 via coastal cargo. A total of 39,313 livestock entered the state via Kalgoorlie and Kununurra checkpoints, including 3,049 horses.
- The Department responded to a total of 60 animal and plant pest and disease incidents in regional and metropolitan locations. Incidents ranged from plant pest and diseases such as olive lace bug and cherry aphids in the South West to animal diseases such as Bovine Johne's disease and *Babesia felis* on the south coast and in the metropolitan area. Vertebrate pests included sparrows at Port Hedland and Indian Ringneck Parakeets around the metropolitan area. The number of incursions of invasive pest bird species increased in metropolitan and regional locations during the year. National and statewide incidents included Australian Plague Locust, Chinese auger beetle and khapra beetle where the national PlantPlan (emergency management plan) was activated. The Department also assisted Fire and Emergency Services Authority during the 2006 Dwellingup fires.
- A Biosecurity Compliance and Investigations section has been formed to increase the capacity and capability to deal with non compliance to current and future legislation. The section investigated 296 reported border quarantine breaches, with 81 infringements issued. A post border prosecution under ARRPA has also commenced.
- The Pest and Disease Information Service (PaDIS) effectively responded to approximately 14,500 community enquiries on animal and plant pests, diseases and weeds. Of these enquiries 69 were positively identified as pests of biosecurity concern such as Acacia karoo, exotic wood borers, noogoora burr, olive lace bug, boneseed, European wasp, Chinese auger beetle, salvinia, Indian ringneck parakeets, sulphur crested cockatoos, sparrows and downy mildew of impatiens.
- AGWEST Plant Laboratories (APL) analysed 7,100 commercial, quarantine and regulatory seed and plant samples for identification of weeds and diseases. Staff inspected 554 seed crops totaling 3,975 hectares for the varietal purity and presence of weed and seed borne diseases.
- The Department developed a new world first bulk seed test to detect wheat streak mosaic virus in wheat seed. The test was developed in less than 12 months by the Department in conjunction with the Grains Research and Development Corporation and was made available to industry.
- A national cost-sharing arrangement has contributed to the ongoing surveillance and containment program, with a view to eradication of European House Borer (EHB) from Western Australia. Extensive surveillance of 300,000 ha of pine trees was conducted in the Perth metropolitan area and the South West, with the pest being



Biosecurity Achievements



confined to the Perth metropolitan region. A total of 115 infested sites were identified in two main clusters, six isolated sites and eight pine plantations. A targeted communications campaign to educate key stakeholders has been an integral part of the program.

- The Department investigated approximately 250 cases of suspected post quarantine detections of exotic threats reported by the public, with 80 being determined as exotic pests of significance such as Chinese auger beetle and khapra beetle.
- Production of 1.5 million sterile males Medflies per week was maintained at or above international quality standards as per the Department's contract with South Australia. Research into the use of Ginger Root Oil has effectively improved responses to Medfly outbreaks.
- Freedom from key exotic pests of the grain and horticultural industries was maintained and assisted in market access for plant and plant products from Western Australia. A number of early warning systems are in place to detect incursions of exotic insects through the use of pheromone traps.
- The GrainGuard and HortGuard initiatives coordinated several large scale incident responses in accordance with national and state emergency management guidelines during the year. Both wheat streak mosaic virus and khapra beetle, represented serious exotic incursions of production and trade significance for the grains industry. Significant pest threats managed under HortGuard included Potato Spindle Tuber Viroid (in tomato, but of significant threat also to the WA potato industry), peacock spot disease and olive lace bug in olives, cherry aphid, and currant lettuce aphid.
- Input was provided into state and national chemical policy that included the Department of Health's Review of Pesticide Legislation, Chemicals of Security Concern, the Globally Harmonised System of Classification and Labelling of Chemicals, National Training and Accreditation Scheme for Higher Risk Agvet Chemicals and Reviews of Maximum Residue Limits.
- The Department assisted farmers dealing with animal welfare issues arising from the drought in northern and eastern agricultural areas with advice on animal and feed management. The Department also initiated and contributed to the work of the Western Australian Livestock Welfare Reference Group aimed at addressing livestock welfare issues in partnership with industry and government stakeholders.
- The Department's preparedness for emergency animal diseases (EAD) was enhanced with the appointment of two new district veterinary officers, and through specific training and competency accreditation for staff, private veterinarians and industry representatives. Department personnel played key roles in the development and implementation of national preparedness and response strategies for emergency animal diseases, and assisted industry organisations in developing their own EAD response plans.
- Animal health laboratory testing was conducted on 1,153 investigations of animal diseases during the year. There were 91 exotic disease exclusions in avian, equine, ovine and bovine species. Three notifiable diseases (ovine and bovine Johne's disease, and equine liver fluke) were reported. Foot and mouth disease, avian influenza and Newcastle disease were amongst the exotic diseases excluded. A diagnosis of an endemic disease was made in all cases.
- The National Livestock Identification System (NLIS) for sheep and goats was fully implemented in WA. The system in WA continues to lead the other states in effective traceability for sheep and goat movement.
- A successful statewide Australian Plague Locust control program was undertaken during 2006 with 7,634 properties surveyed and 572,000 hectares of high density locust populations being treated on a total of 1,182 properties.



Biosecurity Achievements



- Industry groups congratulated the Department on the high levels of landholder compliance during the skeleton weed search season. A small increase of three infested properties corresponded with a 20 percent increase in the infested area of 2,256 hectares. Over 1,100 properties were inspected for skeleton weed during the year.
- The State Government committed additional funding towards the starling eradication program. A total of 629 starlings were removed from the eradication area between Condingup and Hopetoun during 2006/07. Six indigenous staff members commenced work in early 2007 to conduct surveillance of the coastal reserves between Stokes Inlet and Hopetoun and the swamp systems within the reserve.





Performance Indicators

Certification of Key Performance Indicators

As proscribed by Treasurer's Instruction 904, the Key Performance Indicators provide information to assist readers to assess the performance of the Department of Agriculture 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 2007.

A handwritten signature in black ink that reads "Ian Longson".

Ian Longson

DIRECTOR GENERAL

DEPARTMENT OF AGRICULTURE AND FOOD





AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF AGRICULTURE AND FOOD FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the Department of Agriculture and Food.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Director General's responsibility for the Financial Statements and Key Performance Indicators

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.



**Department of Agriculture and Food
Financial Statements and Key Performance Indicators for the year ended 30 June 2007**

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 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Department provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key 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 2007.

A handwritten signature in blue ink, appearing to read 'John Doyle'.

JOHN DOYLE
ACTING AUDITOR GENERAL
21 September 2007



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 apply benefit cost analysis as one objective procedure to assist in the allocation of funds to areas likely to make positive contributions to the State's rural economy. Programs also use ex post analyses to learn from completed projects. The information generated in the course of the ex post analyses is used to improve the assessment of future projects.

Table 1 shows the results of nine recently or partly completed projects. This year projects were selected for analysis from among the projects not reported before. The analyses are representative of both the effectiveness of agency expenditure and the efficiency of funds spent.

Table 1. Project benefit cost analyses in 2006/07

Program and project	Benefit cost ratio	Net present value (\$ million)
Grains		
Annual Pasture Legumes Breeding Program	2.7	26
Barley Breeding Project	4.0	43
Barley Improvement	3.9	63
Animals		
Southern Rangeland Livestock Productivity	2.4	4.8
Kimberley Supplement Project	4.2	0.6
Pilbara Heifer Management	2.4	0.4
Horticulture		
Premium Wine Production	2.5	6.6
Variety Development for the Western Australian Strawberry Industry	9.6	5.5
National Action Plan for Salinity and Water Quality: Demonstrating Sustainable Farm Management Systems	2.7	1.9

In the initial allocation of resources to projects, 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 unless they have a strong community service obligation. The ex post analyses were used to evaluate the assumptions of ex ante analyses. This provides an indication of the effectiveness of ex ante analysis in increasing the likelihood that projects undertaken will result in substantial benefits to the agriculture, food and fibre industries. In this reporting year, no evaluated projects fell below a break even benefit cost ratio of 1.0.



Performance Indicators



The primary objective in assessing projects is to determine whether an increase in the market competitiveness and profitability of agri-industry has occurred. The high returns of some projects and medium returns of others provide an indication of the projects contribution to agri-industry.

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 2006. In most of the major categories of crops listed the Department of Agriculture and Food lines maintained an 80% or greater level of usage, although in total there has been a general decline between season 2005 and 2006. In an increasingly competitive market the Department's share of wheat varieties has also fallen, however, the Department continues to have six of the top seven varieties grown. 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 (ha)	% of WA crop area sown to crop varieties developed by the Department	Season hectares planted (ha)
	2005		2006	
Wheat	81	3,931,167	76	3,166,540
Barley	95	874,423	96	869,097
Oats	97	75,859	98	178,897
Lupins	100	399,195	100	360,480
Field Peas	8	58,155	2	64,515
Chickpeas	84	2,056	58	1,077
Total	84	5,340,855	81	4,640,606

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.



Performance Indicators



Table 3: Trade opportunities developed in export markets

Commodity	Destination	2002/03 (\$'000)	2003/04 (\$'000)	2004/05 (\$'000)	2005 * (\$'000)	2006 (\$'000)
Pork	Total exports	26,985	30,267	34,029	32,287	31,653
	Singapore	23,996	27,966	29,607	28,629	30,358
Beef	Japan	14,017	36,353	51,950	42,260	29,468
	Taiwan**	4,768	5,331	4,857	5,868	5,472
	South Korea	12,188	16,351	26,038	29,466	42,365
	Kuwait**	2,539	4,407	3,783	3,821	3,057
Wheat	Jordan**	12,713	0	0	0	0
Lamb	Japan	3,099	5,956	6,267	9,788	10,096
	South Korea***	508	150	686	960	1,779
	UAE***	4,268	3,797	5,098	5,571	7,636
Apples	India**	333	110	219	219	118
Milk	Singapore**	14,638	13,106	12,292	12,345	12,356
	Taiwan**	1,693	2,718	2,827	2,489	2,628
	Malaysia	1,581	2,068	2,199	2,328	2,984
	Hong Kong	6,835	7,779	7,484	8,663	8,173
Hay	Japan	82,945	69,156	69,394	80,603	99,634
	South Korea	1,948	4,216	7,385	6,861	7,479
Cereal Straw	Japan**	1,519	1,277	2,381	3,372	1,898
Strawberries***	Thailand	0	0	113	141	242

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.

** Due to the Department changing the focus of its efforts in some markets and so reallocating resources, these products/markets will not be reported on in 2007/08.

*** These products/markets are being reported for the first time as the Department has been active in these sectors, and will be included in future reports.

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.

Japan

- The outbreak of bovine spongiform encephalopathy (BSE) in the United States (US) in December 2003 led Japan to ban imports of all beef products from the US. As an alternative meat, consumption of lamb has grown strongly. To assist Western Australian producers to capture a slice of this new market the Department successfully facilitated the export of lamb from major WA businesses valued at approximately AUD 5.5 Million.
- The Department assisted a Japanese tomato farmer to establish tomato farms in Perth under the "Made by Japanese Project" resulting in an investment of almost AUD 500,000 into the WA agri-food industry.
- The Department was able to assist a Japanese company in promoting WA non-GMO canola (AUD 1.7 Million) and barley (AUD 55.5 Million) by updating Non-GMO status, Minimal Risk Levels (MRL) of chemicals and crop situation in Western Australia. It also assisted a WA company to export canola to Japan valued at around AUD 23 Million.

Performance Indicators



Middle East

- In partnership with GRM International, DAFWA is part way through delivering an AUD 3.5 million contract for a major soil survey in Abu Dhabi.
- The Department assisted in the negotiations between a WA company and the Turkish General Directorate of Agriculture Enterprises (TIGEM) regarding an animal export opportunity resulting in the quotation for a first shipment of 2,000 head of cattle.
- The Department assisted a Western Australian company to finalise a contract to export AUD 8 million worth of livestock to Libya, signifying the first export for the past decade.
- DAFWA facilitated a trade inquiry from a UAE buyer resulting in the first container of honey being exported to UAE. This was valued at around AUD 122,000 with the buyer indicating interest in purchasing 12 containers for the year, with the potential value of AUD 480,000 per annum.

South Korea

- In conjunction with the Western Australian Trade Office (WATO), Meat and Livestock Australia (MLA) supported a beef promotion in July 2006 to a major supermarket. During the promotion period, sales of WA beef were valued at approximately AUD 1.2 Million.
- The Department worked with WA agri-food companies to increase sales of beef and lamb to the Korean market valued at around AUD 2.8 Million.

Singapore/Thailand

- Organised a WA pavilion at Food and Hotel Asia (FHA) Singapore representing 16 WA agri-food companies. The initial sales reported by WA companies were approximately AUD 1.3 million.
- Assisted a WA trading company in securing meat contracts with Thai importers valued at almost AUD 2 million.
- 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 over AUD 1 million.
- Together with industry and a major supermarket in Thailand organised a plum promotion to promote WA plums in the Thai market in February 2007. The successful promotion resulted in an increase of almost 200% of plums sold in Tops stores during the 2 week promotion period compared to the same period in 2006.

China/HongKong/Taiwan

- Within its capacity to promote agriculture and food export opportunities, the Department assisted the Western Australian lobster industry to export approximately AUD 30 million to Taiwan.
- Together with Austrade and the WATO in China, the Department assisted in developing new trade for olive oil (5 containers), wine (13.5 containers), fruit juice (15 containers) and others to the value of AUD 600,000.

Others

- Seven businesses were selected as recipients of the \$500,000 WA Food Industry Development (WAFID) Fund grants. Five businesses successfully completed their projects, which is estimated to result in Total Gross Sales of \$32 million over 3 years.



Performance Indicators



- Assisted 31 WA agri-food companies to participate at Fine Food Australia, the largest trade exhibition for the retail, food service and hospitality industries in Australia. The Department worked closely with Austrade to attract 320 buyers which contributed to the total of 1,765 international buyers that attended the event.
- Organised the WA Food and Beverage pavilion at Fine Food Perth (25-27 March 2007). The WA Food and Beverage display incorporated 22 Western Australian companies. The Department together with Austrade attracted 27 international buyers. Individual meetings were set up between the buyers and WA companies resulting in number of potential commercial negotiations. Initial orders to WA companies were valued at over AUD 200,000.

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 continues to account for over a third of Australia's strawberry exports by value. However, the value and volume of exports from WA in 2006 returned to similar levels as in 2003/04. This result has mainly been due to the sustained high value of the Australian dollar vs the US dollar eroding international competitiveness; to stricter inspection procedures being put in place on consignments to the United Arab Emirates (UAE) leading to a number being rejected; and to a disease which attacks the roots of plants that has reduced the yields of the WA strawberry crop.

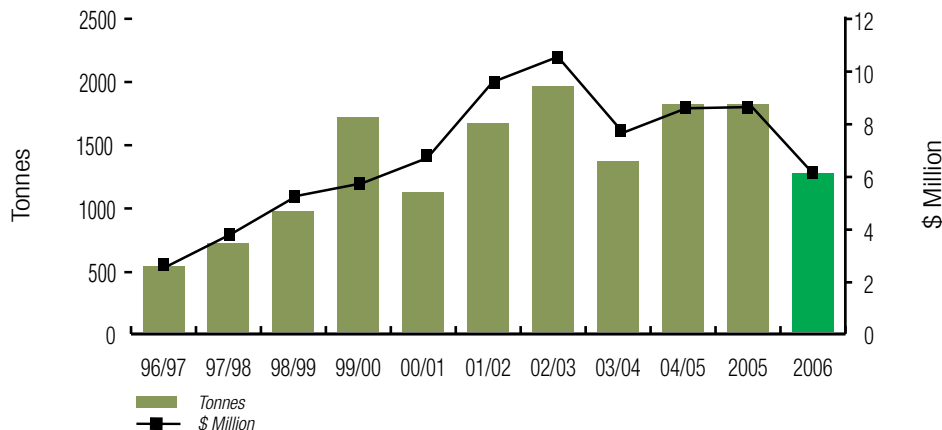
The Department of Agriculture and Food has maintained a close working relationship with the strawberry industry since the late 1980's including work on integrated pest management, breeding and selection, irrigation and nutrition and quality assurance. The variety favoured for export, Camarosa was first identified and promoted to WA 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's collaborative research and extension with the strawberry industry in W.A. Research is continuing to identify the next generation of high yield and quality strawberry varieties and the Department is also working with the strawberry industry and the WA Trade Commission in the UAE to negotiate a solution to quarantine restriction issues and with the industry and the University of WA to overcome the impact of the root disease problem.



Performance Indicators



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



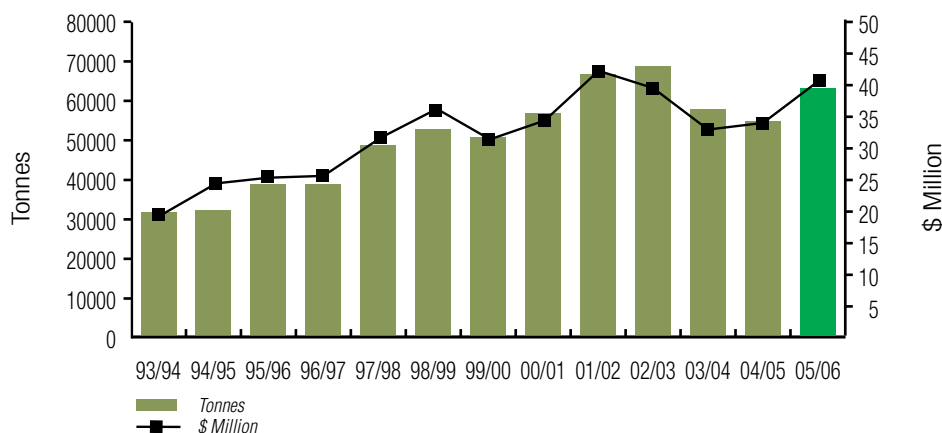
Source: ABS

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.

Carrots

In 2006 the value and volume of carrot exports from Western Australian recovered strongly after a series of challenging years. Qatar, Saudi Arabia, the UAE, Malaysia and Singapore in particular showed significant growth in their 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.

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.



Performance Indicators

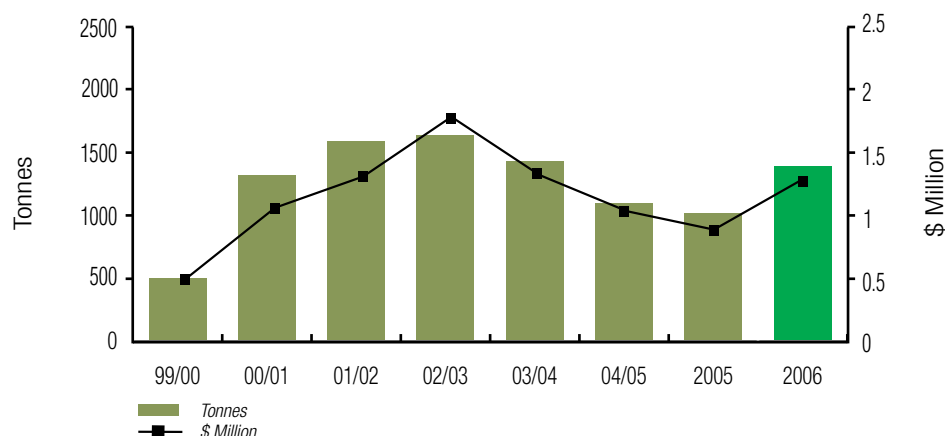


Potatoes

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 had declined in recent years because of a range of challenges including Indonesian quarantine issues, which have now been resolved, the continuing high value of the Australian dollar and reduced supply due to flood damage to WA seed crops in early 2005. In 2006 there was no flooding in Albany resulting in a good crop which assisted the improved export results, and with international demand still outstripping available supply, with further good seasons and continued efforts to develop new markets it is expected that the steady growth trend shown from 1999 to 2002 will resume.

The Department of Agriculture and Food has assisted 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*.

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.

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 (AWB) to develop appropriate grain segregations and quality testing procedures. Below is a



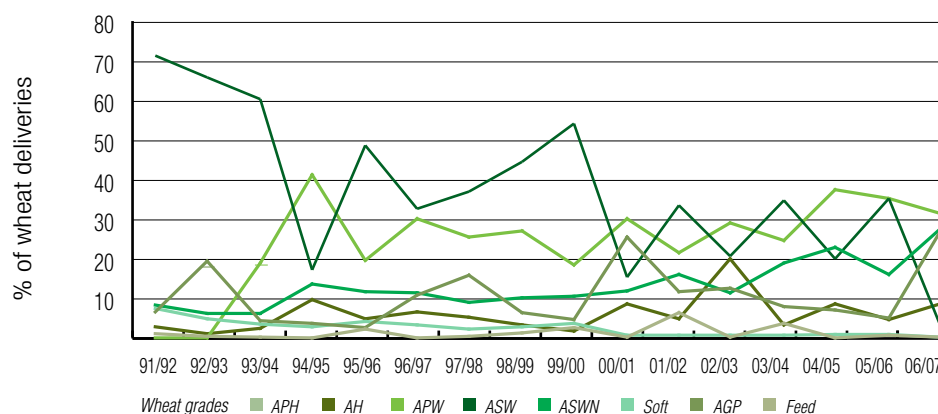
Performance Indicators



summary of the Australian Wheat Board wheat grade data from 1991/92 to 2006/07 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.

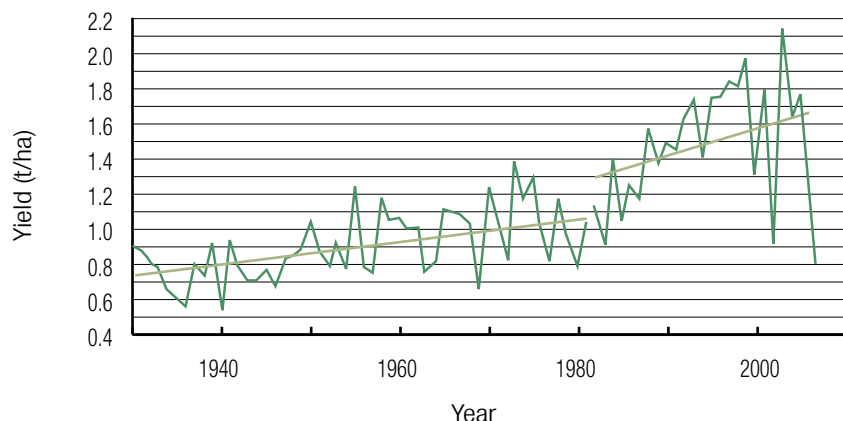
These activities have resulted in a marked increase in the rate of crop yield improvement over the last 25 years. Between 1930-1981 wheat yields increased by 7 kg/ha/year, but this has increased to 20 kg/ha/year between 1982-2006. This is nearly a three fold increase in the rate of technological improvement in yields in recent decades. For the eastern states of Australia an increased yield variability in recent years has caused the trend in yields to decrease from 15 kg/ha/year (1930-1981) to 9 kg/ha/year (1982-2006). This means that Western Australia has had twice the rate of technological improvement in yields to that in eastern Australia since 1982. It should be pointed out that climate variability and subsequently yield variability in Western Australia has increased dramatically since 2000 and this has slowed the rate of increase in yields. The need to invest in better risk management (e.g. seasonal forecasting systems, risk management tools) is now critical if farmers are to take advantage of good seasons and minimize losses in dry years.



Performance Indicators



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. Previous economic analysis has clearly shown that those producers with productive flocks of Merino sheep with finer wool had a 20% improvement in profit for a 10% decrease in diameter.

The increasing levels of finer diameter wool means that more than a third of the WA clip is now in the superfine category of below 19.5 micron. The production has grown at about 11% per annum over the 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.

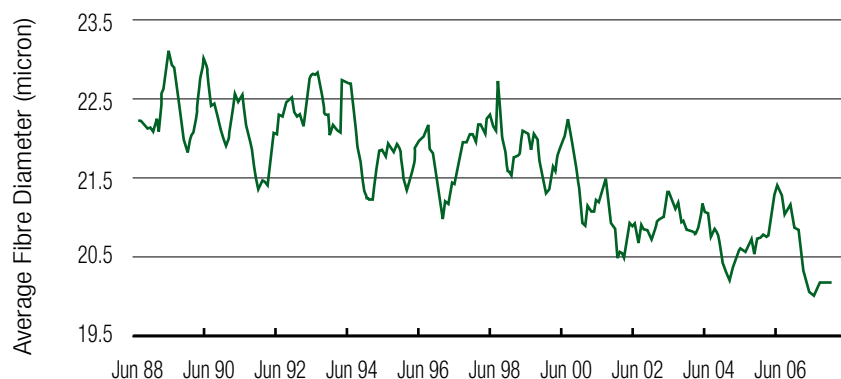
Since mid 2000 fibre diameter has continued to decline. This is being achieved through a combination of improved selection for fine wool, and the adoption of prime lamb production which has driven the merino flock to be ewe dominant. This change in diameter equates to a 7% increase in price at March 2007 prices. However, seasonal conditions, both within and particularly between years, do influence fibre diameter. This is demonstrated by the large spike in diameter in early 2006 (caused by the exceptionally good growing season experienced in 2005) followed by the rapid drop caused by very tough conditions in 2006.



Performance Indicators



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



Source: Dept of Agriculture and Food and Australian Wool Exchange (AWEX) auction data

Efficiency Indicator

PI 5 Average cost per unit of knowledge

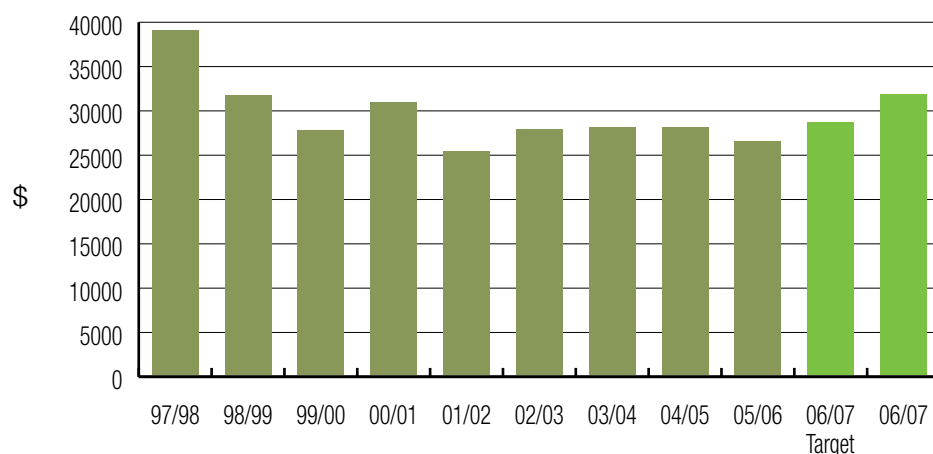
The Food and Fibre Industry Development output is described as the generation, integration and application of knowledge that increases the international competitiveness and market opportunities for the State's agriculture food and fibre industries.

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 focused 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 - 2006/07



Performance Indicators



In 2006/07, the Department's efficiency in generating units of knowledge declined within the Food and Fibre Industry Development output. This was principally due to a reduction in the number of information products produced. Given the nature of the Department's operations, where research projects can have time frames of 5 to 10 years, the outputs of research and development will fluctuate between years depending upon the complexity of the research.

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

The adoption of management practices that address off-site environmental impacts or contribute to the long-term sustainability of the natural resource base is crucial to the development of profitable agricultural industries in Western Australia. A 2004/05 nationwide natural resource management survey by ABS (4620.0) asked farmers to report the extent of NRM issues and activity. The survey found:

- the majority (92%) of agriculture establishments performed some form of NRM activity;
- weed and pest management were the most common natural resource management activities farmers undertook nationally;
- Western Australian agricultural establishments undertaking NRM activities were found to have spent more on an individual basis than other States; and
- a number of farmers preventatively managed their holdings in order to avoid NRM issues affecting their land.

The Department is involved in raising awareness of sustainability issues and assisting in the uptake of sustainable 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.



Performance Indicators



Agricultural extension research proposes that an increase in the levels of farmer knowledge and skills contribute to an increase in the adoption rates of recommended practice. The 2006/07 NRM¹ survey found that, of those who had attended at least one Department extension event in the last 12 months, 75 percent (an increase from 68% in 2005/06) felt that the event had improved their understanding of landcare and natural resource management issues.

In the South West and Agricultural regions, the proportion of farms using any of the five key groups of NRM practices remained steady in the last 12 months except for an increase in the proportion of Agricultural region farms that are using revegetation and biodiversity management practices (a peak result of 74%). In the Pastoral region, the use of most NRM practices has remained fairly steady.

These results suggest that while the Department has continued to have 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, the difficult 2006/07 seasonal conditions have impacted on farmers ability to implement some of these sustainable land management practices.

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 2001/02 to 2006/07. In the surveys, conducted in May/June of each year, producers were asked which practices they used in the last 12 months. Thus the responses in June 2007 relate to practices in the 2006 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.

Performance Indicators



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

	Agricultural (%)						
	2002 (n=201)	2003 (n=200)	2004 (n=200)	2005 (n=216)	2006 (n=232)	2007 Target	2007 (n=280)
Agronomy Practices							
Planted non-irrigated perennial pasture species	34	31	36	36	40	40	39
Planted saltland pasture species	23	15 ↓	21	17	32 ↑	30	29
Planted trees for commercial production (e.g. oil mallees, pines & bluegums)	15	11	10	14	20	N/A	18
Stubble retention or mulching practices	62	48 ↓	71 ↑	60 ↓	64	65	51 ↓
Farmed to soil type	71	68	75	66 ↓	72	75	73
Revegetation and Biodiversity Management							
Tree/shrub planting	63	57	56	63	69	65	74
Preserve or enhanced areas of conservation value	61 ↓	59	66	61	80 ↑	70	73
Livestock Management							
Excluded stock from areas impacted by land degradation	62 ↓	66	72	68	69	75	66
Protected river or creek frontages from grazing animals	42 ↓	50	44	50	49	55	51
Resource Monitoring							
Regular soil testing for nutrient levels	71	58 ↓	74 ↑	69	74	75	74
Regular soil testing for pH	71	59 ↓	74 ↑	69	76	75	74
Regular soil testing for compaction	13	16	13	10	11	N/A	15
Regular monitoring of the water table	38	32	38	37	34	N/A	35
Regular monitoring of pasture/vegetation cover on sandy/light soils	57	53	60	55	58	55	49 ↓
Surface Water Management							
Water on sloping land (e.g. grade banks)	57	48	61 ↑	53	73 ↑	55	58 ↓
Water on the valley floors using surface drains	32	29	41 ↑	31 ↓	49 ↑	30	28 ↓
Water on the valley floor using deep drains	17	12	16	13	27 ↑	15	23

Source: NRM survey

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level

Performance Indicators



The hot, dry climate conditions in 2006/07 experienced in this region reduced the immediate need for activity by wheatbelt farmers in surface water management, and also reduced their capacity to fund such works. The decline in stubble retention and monitoring of pasture and vegetation was also a symptom of the lack of growth due to dry seasonal conditions. Overall the proportion of farmers using sustainable land management practices remained relatively similar, particularly in the agronomy practices of soil testing and farming to soil types. Generally the results show there is a high proportion of farmers who continue to use sustainable practices reflecting ongoing Department activity in this area over a number of years.

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 has performed a lead function in the administration of the National Action Plan for Salinity and Water Quality (NAP) and Natural Heritage Trust (NHT2) funding programmes and will continue this role when NHT3 is implemented in 2008. A major focus of these funding programmes, and the regional NRM strategies, is the revegetation and conservation of areas of natural value and the management of livestock to protect rivers and land areas susceptible to land degradation. The survey results show the continued adoption of these agricultural conservation practices, reflecting the influence of the Department of Agriculture and Food on farming practices.



Performance Indicators



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

	South West (%)					
	2002 (n=95)	2003 (n=90)	2004 (n=90)	2005 (n=91)	2006 (n=92)	2007 (n=90)
Agronomy Practices						
Planted non-irrigated perennial pasture species	39	41	51	47	49	41
Planted trees for commercial production (e.g. oil mallees, pines & bluegums)	10	10	7	9	20 ↑	14
Farmed to soil type	56	49	58	53	55	55
Revegetation and Biodiversity Management						
Tree/shrub planting	50	48	51	46	60 ↑	54
Preserve or enhanced areas of conservation value	50	50	46	48	58	58
Livestock Management						
Excluded stock from areas impacted by land degradation	39	34	40	35	39	35
Protected river or creek frontages from grazing animals	48 ↑	41	41	38	45	41
Resource Monitoring						
Regular soil testing for nutrient levels	52	61	66	58	68	65
Regular soil testing for pH	54	67	66	58	63	59
Regular monitoring of the water table	33	28	28	22	22	28
Regular monitoring of pasture/vegetation cover on sandy/light soils	42	34	52 ↑	32 ↓	41	26 ↓
Surface Water Management						
Water on sloping land (e.g. grade banks)	22	28	27	26	36 ↑	29
Water on the valley floor using deep drains	8	12	13	11	27 ↑	14 ↓

Source: NRM survey

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level

Table 5 shows a slight decrease overall in 2006/07 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. However, the key agronomy practices of soil testing for nutrients and pH and the consequent farming to soil type in both the South West and Agricultural regions has maintained a consistently high trend in these farming management practices over the last six years.

Performance Indicators



In 2006/07, high rates of grower adoption were revealed in the following areas:

- Regular soil testing for nutrient levels (65%).
- Regular soil testing for pH (59%).
- Preserving/enhancing areas of conservation value (58%).
- Farming to soil type (55%).
- Tree/shrub planting (54%).

The Department's focus on conservation and revegetation of native species over this period can be seen as an important influence in the continued high use of these sustainable practices.

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

	Pastoral (%)					
	2002 (n=110)	2003 (n=110)	2004 (n=110)	2005 (n=110)	2006 (n=89)	2007 (n=61)
Permanent control methods on stock water supplies	68	69	76	74	62 ↓	89 ↑
Rotational pasture spelling during plant growth season	50	51	53	48	53	47
Fencing to land systems	53	56	64	56	57	63
Conduct a prescribed burn for management purposes	34	30	33	27	43 ↑	42
Preserve or enhanced areas of conservation value	46 ↓	46	54	40 ↓	49	61
Excluded stock from areas impacted by land degradation	70	64	73	65	64	65
Protected river or creek frontages from grazing animals	27	29	39	31	33	26
Formal monitoring of vegetation/pasture conditions	80	77	82	74	79	82
Specifically spelled pasture for subsequent use by export cattle	24	17	24	22	28	30

Source: NRM survey

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level



Performance Indicators



The significantly high number of pastoralists and graziers who have increased permanent control methods on stock water supplies is the result of a combination of high rainfall in many Rangeland regions in 2006, national and State funding assistance and the Department's work in developing and extending effective technology and practices.

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 fencing to land systems, formal monitoring of vegetation/pasture condition, conservation of natural vegetation and exclusion of stock from areas impacted by land degradation.

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.

A survey initiated by the Department of Agriculture and Food in 2005 to find influences on decision-making in NRM in the Avon River Basin, found that farmers form stronger opinions of natural resource management strategies when influenced by DAFWA extension officers, particularly for practices where they have had little experience or knowledge. The report also found that many farmers do not belong to Landcare or catchment groups and prefer learning from their own trials. Therefore one-on-one assistance undertaken by DAFWA extension officers focusing on practical, actionable on-ground activities has been particularly important, especially on larger farms.

A slight increase in training participation is reflected in Table 7 that shows the percentage of primary producers that undertook FarmBis training in specific areas. The Department actively promotes and administers FarmBis, which is a Commonwealth/State Government funded training programme. The number of participants in 2006/07 was affected by the difficult season and a shortage of networkers/staff as the new FarmBis 3 programme commenced. However, the Department expects participation numbers to improve in 2007/08. The Department has also undertaken extensive work in developing and implementing farm and catchment planning workshops and farm business planning that incorporates natural resource risk containment strategies and contingency planning.



Performance Indicators



Table 7: Percentage of the primary producers participating in training that undertook formal training in the FarmBis programme

Training course category	2002 (%)	2003 (%)	2004 (%)	2005 (%)	2006 (%)	2007 (%)
People Management	8	9	18	24	10	30
Financial Management	7	3	4	7	23	12
General Business Management (including Quality Assurance)	72	49	28	30	42	23
Marketing	0	7	5	4	2	7
Production Management (including Adverse Seasons)	12	27	38	27	20	26
Natural Resource Management and Biodiversity	1	5	7	9	4	1
TOTAL	100	100	100	100	100	100
Total participant numbers	4,583	4,512	5,192	4,260	3,091	3,228

Source: FarmBis report

Table 8 shows the percentage of respondents to the Department's NRM Survey who undertook training by regions over six years. The survey revealed a significant increase in all three regions in the number of respondents who have undertaken some form of formal training in 2006/07. Around half of farmers (47%) have undertaken formal training in people management, natural resource management or business management compared with only around one quarter (26%) in 2005/06.

Table 8: Percentage of respondents who undertook formal training by region

Source: NRM survey

	2002 (%)	2003 (%)	2004 (%)	2005 (%)	2006 (%)	2007 (%)
South West Region	23	34	19 ↓	38 ↑	15 ↓	37 ↑
Agricultural Region	41	29 ↓	36	33	29	50 ↑
Pastoral Region	26	34	38	40	26 ↓	57 ↑
Total	37	30 ↓	33	35	26 ↓	47 ↑

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level

Table 9 also shows a significant increase in the uptake of a range of NRM/Landcare training options across all regions and farming types. The large increase in the uptake of formal training, reflected in the NRM survey, indicates that as well as accessing a range of training opportunities provided by the Department, farmers are also participating in external NRM training opportunities independent of public funding, which is a desirable long term outcome.



Performance Indicators



Table 9: Percentage of Western Australian primary producers 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)	2007 (n=446)
People Management (e.g. human resource management, communication, leadership, negotiation)	11%	9%	8%	7%	5%	19% ↑
Natural Resource Management / Landcare	19%	12% ↓	16%	19%	10% ↓	29% ↑
Business Management (e.g. marketing, quality assurance, benchmarking)	29%	22% ↓	23%	22%	19%	32% ↑

Source: NRM survey

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level

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 2006/07 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 four risk management strategies

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Percentage of respondents	86	88	80↓	87↑	81↓	80	79

Source: NRM survey

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level

Survey results in Table 10 reveal a high proportion of primary producers continue to adopt risk management strategies. The pattern of fluctuations coincides with changes in farmers' economic conditions due to both seasonal and market factors. Commodity



Performance Indicators



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 have remained similar throughout the seven years.

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. The programme provides methods to link important local, regional, statewide and national natural resource management priorities to existing Quality Assurance/Environmental Management Systems (QA/EMS). 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, economic and social outcomes.

Table 11 shows the level of adoption of QA/EMS or Code of Practice to guide management decisions has been similar for the past four years. In 2006/07 the Pastoral and Agricultural regions have maintained the use of certification and management systems but there has been a significant fall in the number of South West respondents using these systems to guide their management decisions.

However, as a result of continued Department investment in this area, it is anticipated that the adoption will increase across all regions in the future.

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.

	2003/04	2004/05	2005/06	2006/07
South West Region	53	48	50	31 ↓
Agricultural Region	28	26	30	34
Pastoral Region	26	20	12	11
Total	33	31	34	32

Source: NRM survey

↑ Denotes a statistical increase at 95% confidence level

↓ Denotes a statistical decrease at 95% confidence level

NB: Pre-2006 the question asked "In the last 12 months, have you participated in a formal assessment of your management practices, such as Quality Assurance (QA), Environmental Management System (EMS) or Code of Practice?" In May/June 2007 the question was asked "In the past 12 months, have you used a QA, EMS or Code of Practice to guide your management decisions?"

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.



Performance Indicators



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 \$136,769,000. Note that this amount includes the total value of grants approved and advanced to community members of \$97,804,100. While contributing to the total cost of the output, this figure does 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, 13 projects within the Department contributed to this indicator in 2007 and the average cost per information product is better than the 2007 target. As was forecast in last years KPI report, the reduction in funds allocated to this indicator is due to a reallocation towards meeting the Department's obligation to NRM regional groups.

Table 12: Average cost per information product

	2005	2006	2007 Target	2007
Total number of information products	786	696	720	756
Total Cost (\$)	21,676,530	19,631,064	17,429,528	12,606,761
Average cost per information product (\$)	27,578	28,206	24,208	16,676

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

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

Dryland salinity, waterlogging, soil erosion by wind and surface water are examples of land degradation which may be caused by agricultural practices in Western Australia. These problems affect not only farm land, but public assets such as streams and rivers, native vegetation, nature reserves, road and rail infrastructure and rural towns. Under the Western Australian Government's State Salinity Strategy (2000) the Department of Agriculture and Food undertook to provide all landholders in the agricultural areas with:

- an assessment of current status of, and degradation risks to, natural resources in the south-west;
- options for reducing those risks and their likely impacts; and
- help in accessing further information.

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 project. The cost per hectare has risen in 2007 because fewer hectares were assessed than anticipated. This is because a large number of the remaining catchment appraisals being undertaken occurred in the South West where, because of agricultural and public land variability,



Performance Indicators



the reports usually cover smaller areas and yet there is just as much work involved in preparing an appraisal for a small catchment area as for a large one. Because of this the efficiency figure has returned to a similar level to that of 2005.

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

	2005	2006	2007 Target	2007
Total number hectare assessed for risks, options and impacts	3 million	7.6 million	5 million	3.1 million
Total Cost (\$)	6,831,783	7,679,355	6,034,796	7,281,619*
Average cost per hectare assessed for risks, options and impacts (\$)	2.28	1.01	1.21	2.35

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

* The NRM output attracted additional funds via contracting with NRM Regional Groups. These funds were allocated to this KPI and this is reflected in the Total Cost being higher than targeted.

PI 11 Average cost per regulatory activity processed

The Department of Agriculture and Food is responsible for implementing the *Soil and Land Conservation Act 1945*. Key activities include conducting land degradation risk assessment for land clearing and drainage controls, investigation of complaints of poor land management and protection of native vegetation through covenants registered on land title. Land degradation risk assessments for clearing applications are provided to the Department of Environment and Conservation and the Department of Industry and Resources.

In 2007 there was a 4% decline in the number of land clearing proposals assessed and more significantly the number of complaints registered and investigated declined by 30% compared to 2006. This was offset by increased drainage activity.

Table 14: Average cost per regulatory activity processed

	2005	2006	2007 Target	2007
Total number of regulatory actions processed	370	268	300	285
Total Cost (\$)	8,156,242	7,479,234	6,827,419	6,450,895
Average cost per regulatory action processed (\$)	22,044	27,908	22,758	22,635

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

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 and the larger than anticipated number of grants processed in 2007 has resulted in an increase in efficiency over 2006. This increase in the number of Landcare



Performance Indicators



grants processed 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 since 2005 is a result of the increased management and processing role associated with the administration of the Natural Heritage Trust (NHT)/National Action Plan (NAP)/ National Landcare programme (NLP) funding programmes. It is expected that in the future increased monitoring and evaluation efforts will occur in this area. This will result in increase effectiveness of grant administration but may result in reduced efficiency gains.

Table 15: Average cost per Landcare grant administered

	2005	2006	2007
Total number of Landcare grants processed	351	388	459
Total Cost (\$)	1,526,241	2,736,967	2,694,046
Average cost per Landcare grant processed (\$)	4,348	7,054	5,869

Source: Natural Heritage Trust Secretariat

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 lower than expected number of participants in 2007 was due to the dry season experienced across Western Australia and also to a shortage of networkers as the new FarmBis 3 program was commencing. This has resulted in an efficiency improvement over 2006, but falls short of the 2007 target. Increased promotion of FarmBis should see improved involvement within the program in 2007/08.

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

	2005	2006*	2007 Target	2007
Total number of participants in FB/RC development activities	3,999	3,097	4,000	3,355
Total Cost (\$)	4,883,725	1,861,130	1,155,193	1,607,922
Average administrative cost per participants in FB/RC development activities (\$)	1,221	601	289	479

Source: FarmBis Coordinator, Department of Agriculture and Food

* 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 in the 2006/07 budget statements.



Performance Indicators



Note 1

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

NRM Survey

In 2006/07, a survey was commissioned by the Natural Resource Management Program and conducted by market research company – Synovate. A total of 446 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 $\pm 4.55\%$ at the 95% confidence level. That is, if the entire population was sampled, there would be 95% confidence that the results fell within $\pm 4.55\%$ 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	90	1.149
Agricultural	7,942	295	1.080
Pastoral	619	61	0.401
TOTAL	11,138	446	

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 22% was achieved.

The response rate was calculated as follows:

		%
Total contacts	2,368	
Total in scope	2,087	
Not suitable/incorrect numbers/ insufficient English to complete survey	494	23.7
Refusal	1,096	52.5
Terminated	31	0.01
Interviews	466	22.3

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

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



Performance Indicators



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	2003/04	2004/05	2005/06	2006/07 Target	2006/07
1 Identifications of notifiable animal diseases	25	23	3	23	3
2 Number of animal diseases	5	5	3	6	2
3 Interceptions of significant pests, diseases & weeds	364	297	192	305	180
4 Number of pests	60	78	59	72	53
5 Removal of properties from quarantine	119	106	101	103	142

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.



Performance Indicators



The list of Notifiable Stock Diseases of Western Australia was modified considerably between 2002 and 2006 to bring the State list into line with changes to the National list. 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 over time. The final changes occurred after the 2006/07 target was set, and so as this year's numbers are comparable with those of 2005/06 they should be considered the new benchmark for this indicator.

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 53 individual pests, diseases and weeds were intercepted a total of 180 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 target for the 2006/07 year, which is a positive result for the State, and is broadly in line with 2005/06. 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 2006/07 98 properties were removed from chemical residue quarantine and 44 from footrot quarantine. The 44 properties released from footrot are slightly less than last year's number of 54 and there were 10 properties placed in quarantine. The 98 properties released from chemical residue are over double the figure of 47 for last year. The number of properties under management plans has continued to decline steadily over time from 724 in 2001/02 to 507 in 2006/07 which is also an indicator of the effectiveness of the project.

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).



Performance Indicators



Table 18: Agriculture protection service cost measures

Average cost per service (\$)	2004/05	2005/06	2006/07 Target	2006/07
Cost per freight consignment cleared or certified	354	349	635	340
Passenger quarantine checking cost (per passenger)	5.60	5.52	6.29	6.01
Cost per property management plan for animal disease	9,177	12,166	10,426	7,633
Cost per diagnostic sample processed	384	390	503	581

The figures in Table 18 were allocated from the total service cost of \$52.785 million (2006/07), \$48.618 million (2005/06) and \$43.714 million (2004/05). The total amount of funds spent by the Department for agricultural protection was \$81.449 million, but includes approximately \$28.664 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 2006/07 results.

PI 17 Cost per Freight Consignment

The 2006/07 cost per freight consignment figure is lower than the target for 2006/07 and approximately the same as 2005/06. The number of consignments cleared in 2006/07 was 31,470 compared to 29,667 in 2005/06, which is an increase of approximately 6%.

PI 18 Cost per passenger

The number of domestic passenger arrivals (via air, rail, sea and vehicle) subject to quarantine checks in 2006/07 was 2,215,922, an increase of 11% on the previous year. 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 2006/07 budget statements.

PI 19 Cost per property management plan

The average cost per inspection to monitor property management plans decreased by 37% in 2006/07, however, the figures now include management plans for properties with Tuberculosis, Organo Chlorines, Footrot as well as newly counted properties with Liverfluke and Bovine Johnes Disease. The figures for 2005/06 and the target for 2006/07 were based on property management plans for just the initial three conditions.

PI 20 Cost per Diagnostic sample

The average cost per diagnostic sample processed in 2006/07 increased by 49% from the previous year. This was largely as a result of the number of plant samples being down 57% from 2005/06 as there were 17,494 tests conducted for Wheat Streak Mosaic Virus (WSMV) last year, generated by an extensive surveillance campaign conducted throughout WA as part of an emergency response to the detection of WSMV in the State, whilst none were conducted this year.



Financial Statements



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 Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

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

A handwritten signature in black ink that reads "Ian Longson".

Ian Longson

ACCOUNTABLE OFFICER

31 August 2007

A handwritten signature in black ink that reads "Mike Marsh".

Mike Marsh CPA

CHIEF FINANCE OFFICER

31 August 2007





Income Statement

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	116,839	106,922
Depreciation and amortisation expense	8	8,449	7,713
Supplies and services	9	42,552	50,061
Other expenses	10	25,370	18,558
Grants and subsidies	11	107,213	108,902
Capital user charge	12	12,426	12,439
Total cost of services		312,849	304,595
Income			
Revenue			
User charges and fees	13(a)	28,591	37,148
Commonwealth grants and contributions	13(b)	78,460	57,580
Grants and subsidies from non-Government sources	13(c)	49,673	41,631
Interest revenue	13(d)	2,845	1,296
Other revenue		9,894	13,369
Total revenue		169,463	151,024
Gains/(Losses)			
Gain on disposal of non-current assets	14	55	3
Gains (Losses) arising from changes in fair value			
- Livestock		118	49
Other gains		10	74
Total Gains		183	126
Total income other than income from State Government		169,646	151,150
NET COST OF SERVICES		143,203	153,445
INCOME FROM STATE GOVERNMENT	15		
Service Appropriation		162,008	157,677
Resources received free of charge		353	840
Liabilities assumed by the Treasurer		2,913	1,735
Total income from State Government		165,274	160,252
SURPLUS/(DEFICIT) FOR THE PERIOD		22,072	6,807

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

Financial Statements



Balance Sheet

as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	16 30(a)	7,336	12,733
Restricted cash and cash equivalents	17 30(a)	75,379	58,458
Biological assets	18	1,877	2,274
Agricultural produce		343	310
Inventories	19	1,776	2,017
Receivables	20	14,081	10,579
Amounts receivable for services	21	7,300	6,115
Other current assets	22	1,507	1,623
Total Current Assets		109,599	94,109
Non-Current Assets			
Restricted cash and cash equivalents	17 30(a)	605	199
Amounts receivable for services	21	29,409	24,967
Property, plant and equipment	24	178,585	152,114
Other non-current assets	22	5,971	1,503
Total Non-Current assets		214,570	178,783
TOTAL ASSETS		324,169	272,892
LIABILITIES			
Current Liabilities			
Payables	26	9,044	14,549
Provisions	28	25,902	23,488
Other current liabilities	27	395	1,632
Total Current Liabilities		35,341	39,669
Non-Current Liabilities			
Provisions	28	6,142	7,005
Total Non-Current liabilities		6,142	7,005
TOTAL LIABILITIES		41,483	46,674
NET ASSETS		282,686	226,218
EQUITY			
Contributed equity	29	16,304	4,382
Reserves		168,711	146,237
Accumulated surplus/(deficit)		97,671	75,599
TOTAL EQUITY		282,686	226,218
TOTAL LIABILITIES AND EQUITY		324,169	272,892

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



Statement of Changes in Equity

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Balance of equity at start of period	29	226,218	204,483
CONTRIBUTED EQUITY			
Balance at start of period		4,382	851
Capital Contribution		4,050	3,531
Other contributions by owners		8,204	-
Distributions to owners		(332)	-
Balance at end of period		16,304	4,382
RESERVES			
Asset Revaluation Reserve			
Balance at start of period			
Investments		301	361
Non-current assets		145,936	133,771
		146,237	134,132
Gains/(losses) from asset revaluation			
- Investments		206	(60)
		206	(60)
Gains/(losses) from asset revaluation			
- Barrier fence		1,896	(60)
- Land		21,413	6,501
- Buildings		(1,040)	5,663
		22,269	12,164
Total Gains/(losses) from asset revaluation		22,475	12,104
Balance at end of period			
Investments		507	301
Non-current assets		168,204	145,936
		168,711	146,237
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period		75,599	69,500
Prior period errors		-	(708)
Restated balance at start of period		75,999	68,792
Total income for the period		22,072	6,807
Balance at end of period		97,671	75,599
Balance of equity at end of period	29	282,686	226,218
Total income and expenses for the period		22,072	6,807

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



Cash Flow Statement

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		149,641	150,331
Capital Contribution		4,050	3,531
Holding account drawdowns	21	1,345	1,471
Net cash provided by State Government		155,036	155,333
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(90,743)	(94,343)
Communications		(1,966)	(2,180)
Services & contracts		(39,245)	(43,887)
Capital User Charge		(12,426)	(12,439)
GST payments on purchases		(17,968)	(17,036)
Other payments		(39,583)	(19,220)
Grants, subsidies & transfer payments		(106,576)	(105,830)
Receipts			
Sales of goods and services		152,726	162,912
GST receipts on sales		7,041	7,356
GST receipts from taxation authority		10,954	8,886
Net cash provided by/(used in) operating activities	30 (b)	(137,786)	(115,781)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(5,470)	(5,167)
Proceeds from sale of non-current physical assets		150	78
Net cash provided by/(used in) investing activities		(5,320)	(5,089)
Net increase/(decrease) in cash and cash equivalents		11,930	34,463
Cash assets transferred from (to) other sources	29	-	-
Cash and Cash equivalents at the beginning of period		71,390	36,927
Cash and Cash Equivalents at the end of period	30 (a)	83,320	72,098

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

Financial Statements



Schedule of Income and Expenses by Service

For the year ended 30 June 2007

	Food and Fibre Industry Development		Biosecurity		Agricultural Resource Management		Services provided to Rural Business Development Corporation		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
COST OF SERVICES										
Expenses										
Employee benefits expense	51,121	49,571	40,608	34,987	24,536	21,895	574	469	116,839	106,922
Depreciation & amortisation expense	3,802	3,548	2,788	2,468	1,859	1,697	-	-	8,449	7,713
Supplies and services	12,613	12,483	17,630	15,312	6,260	6,174	6,049	16,092	42,552	50,061
Other expenses	10,676	9,226	10,259	5,679	4,213	3,481	221	172	25,370	18,558
Grants, subsidies & transfer payments	3,983	3,551	6,063	6,082	97,167	99,269	-	-	107,213	108,902
Capital User Charge	5,592	5,722	4,101	3,980	2,734	2,737	-	-	12,426	12,439
Total cost of services	87,787	84,101	81,449	68,508	136,769	136,253	6,844	16,733	312,849	304,595
Income										
Revenue										
User charges and fees	5,173	4,773	15,194	14,223	1,380	1,418	6,844	16,733	28,591	37,148
Commonwealth grants and contributions	438	411	627	442	77,395	56,727	-	-	78,460	57,580
Grants and subsidies from non-Government sources	25,874	19,212	6,056	3,661	17,743	18,758	-	-	49,673	41,631
Interest revenue	262	318	440	218	2,143	760	-	-	2,845	1,296
Other revenue	2,934	5,142	4,892	2,132	2,068	6,095	-	-	9,894	13,369
Total revenue	34,681	29,856	27,209	20,676	100,729	83,758	6,844	16,733	169,463	151,024
Gains										
Gain on disposal of non-current assets	25	1	18	1	12	1	-	-	55	3
Gains arising from changes in fair value										
- Livestock	53	23	39	16	26	9	-	-	118	49
Other Gains	5	32	3	27	2	15	-	-	10	74
Total Gains	83	56	60	44	40	25	-	-	183	126
Total income other than income from State Government	34,764	29,912	27,269	20,720	100,769	83,784	6,844	16,733	169,646	151,150
NET COST OF SERVICES	53,023	54,189	54,179	47,788	36,000	51,469	-	-	143,202	153,445



Schedule of Income and Expenses by Service (continued)

For the year ended 30 June 2007

	Food and Fibre Industry Development		Biosecurity		Agricultural Resource Management		Services provided to Rural Business Development Corporation		Total	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
INCOME FROM STATE GOVERNMENT										
Service Appropriations	47,171	49,524	61,813	62,169	53,024	45,984	-	-	162,008	157,677
Resources received free of charge	159	386	116	269	78	185	-	-	353	840
Liabilities assumed by the Treasurer	1,311	798	961	555	641	382	-	-	2,913	1,735
Total Income from State Government	48,641	50,708	62,890	62,993	53,743	46,551	-	-	165,274	160,252
Surplus/(deficit) for the period	(4,382)	(3,481)	8,711	15,205	17,743	(4,918)	-	-	22,072	6,807

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

Financial Statements



Summary of Consolidated Fund Appropriations and Income Estimates

for the year ended 30 June 2007

	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000	Note	2007 Actual \$'000	2006 Actual \$'000	Variation \$'000
Item 48 Net amount appropriated to deliver services	161,653	161,743	90		161,743	157,522	(4,221)
Amount authorised by Other Statutes - Salaries & Allowances Act 1975	159	265	106		265	155	(110)
Total appropriations provided to deliver services	161,812	162,008	196	35.1	162,008	157,677	(4,331)
DETAILS OF EXPENSES BY SERVICE							
Food and Fibre Industry Development	88,353	87,787	(566)	35.2	87,787	84,101	(3,686)
Agricultural Resource Management	146,929	136,769	(10,160)	35.3	136,769	135,253	(1,516)
Biosecurity	60,071	81,449	21,378	35.4	81,449	68,508	(12,941)
Services Provided to Rural Business Development Corporation	3,123	6,844	3,721	35.5	6,844	16,733	9,889
Total Cost of Services	298,476	312,849	14,373		312,849	304,595	(8,254)
Less Total income	(133,612)	(169,463)	(35,851)	35.6	(169,463)	(151,024)	18,439
Net Cost of Services	164,864	143,386	(21,478)		143,386	153,571	10,185
Adjustments (i)	(3,052)	18,622	(21,674)		18,622	4,106	(14,516)
Total appropriations provided to deliver services	161,812	162,008	196		162,008	157,677	(4,331)

Financial Statements



Summary of Consolidated Fund Appropriations and Revenue Estimates (continued)

for the year ended 30 June 2007

	Note	2007 Estimate \$'000	2007 Actual \$'000	Variation \$'000	Note	2007 Actual \$'000	2006 Actual \$'000	Variation \$'000
CAPITAL								
Item 143 Capital Contribution								
Capital Expenditure								
Purchase of non-current physical assets	35.7	11,315	9,714	(1,601)		9,714	5,712	(4,002)
Adjustment for other funding sources		(6,115)	(9,714)	(3,599)		(9,714)	(2,181)	7,533
Capital Contribution (appropriation)		5,200	-	(5,200)		-	3,531	3,531
ADMINISTERED TRANSACTIONS								
Item 39 Amount provided for Administered Grants, Subsidies and Transfer Payments								
Administered capital appropriations	35.8	-	4,292	4,292	35.16	4,292	1,226	(3,066)
Total Administered transactions		-	4,292	4,292		4,292	1,226	(3,066)
GRAND TOTAL OF APPROPRIATIONS		167,012	166,300	(712)		166,300	162,434	(3,866)
DETAIL OF INCOME ESTIMATES								
Income disclosed as Administered Income	35.9	833	243	(590)		243	38	(205)

(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.



1 Departmental 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 Australian equivalents to International Financial Reporting Standards

General

The Department's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Department has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Department for the annual reporting period ended 30 June 2007.

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 the 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 Management Act 2006 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements 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.

(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).



(c) 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 **44 (i)** 'Administered expenses and income' and note **44 (ii)** 'Administered assets and liabilities'.

(d) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasurer's Instruction (TI) 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to 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.
See note **29** 'Equity'.

(e) Income

Revenue recognition

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 and can be measured reliably.

Rendering of Services

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

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 Treasury. See note **15** 'Income from State Government' for further details.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2006/07 Budget Statements, the Department retained \$170.54 million in 2007 (\$179.15m in 2006) 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 balance sheet 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.

(f) 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.

Capitalisation/expensing of assets

Items of property, plant and equipment and infrastructure costing over \$1,000 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 \$1,000 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).

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 based 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.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date. The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. 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

(g) 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.

The risk to impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or where there is a significant change in useful life. 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. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based 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".

(h) 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 and any attaching buildings to DPI when the land becomes available for sale.

Refer note **23** "Non-Current assets classified as held for sale"

(i) 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".



(j) 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 resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. 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 balance sheet 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.

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 2007 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"



(k) 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'.

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 Account.

(l) 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. See note **41** 'Financial Instruments'

(m) 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.

(n) 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'.

(o) 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 27 "Other Current Liabilities".

(p) 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'.

(q) 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".

(r) 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'.

(s) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, 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.

(t) 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.

(u) 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 income and as assets or expenses as appropriate at fair value.

(v) Comparative Figures

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

(w) 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 Land Information Authority (Valuation Services) are recognised in the financial statements. See note 24 "Property, plant and equipment".

(x) 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.



4 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts).
2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005.
3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'.

The Department at the balance sheet date does not currently undertake these types of transactions and there is no financial impact in applying the Standard.

The following Australian Accounting Standards and Interpretations are not applicable to the Department as they have no impact or do not apply to not for profit entities:

AASB Standards and Interpretations

2005-1	'Amendments to Australian Accounting Standard' (AASB 139 - Cash flow hedge accounting of forecast intragroup transactions)
2005-5	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
2006-1	'Amendments to Australian Accounting Standards [AASB 121]'
2006-3	'Amendments to Australian Accounting Standards [AASB 1045]'
2006-4	'Amendments to Australian Accounting Standards [AASB 134]'
2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9
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'

Future impact of Australian Accounting Standards not yet operative

The Department cannot adopt Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Department has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective.

The following standards are:

- (a) to be applied to annual reporting periods beginning on or after 1 January 2007:
- 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]')
 - 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)'
 - AASB 101 'Presentation of Financial Statements'
- (b) to be applied to annual reporting periods beginning on or after 1 July 2007:
- AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'
 - AASB 2007-5 'Amendment to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'



- (c) to be applied to annual reporting periods beginning on or after 1 January 2008.
- AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'.
 - AASB Interpretation 12 'Service Concession Arrangements'.
 - AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'.

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

<u>AASB Amendment</u>	<u>Affected Standards</u>
AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Interim Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

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 these arrangements 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 44.

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 the State's 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.



	2007 (\$'000)	2006 (\$'000)
7 Employee benefits expense		
Wages & salaries (l)	94,044	87,446
Superannuation - defined contribution plans (Westate)	5,179	4,620
Superannuation - defined benefit plans (Gold State)	6,657	5,404
Change in long service leave provision	375	282
Change in annual leave provision	487	377
Memorandum of understanding service costs		
- Agriculture Protection Board	1,512	1,428
- Rural Business Development Corporation	574	469
Other related expenses	8,011	6,896
	116,839	106,922
<p>(l) 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'.</p>		
8 Depreciation and amortisation expense		
Depreciation		
Barrier fence	17	-
Plant & equipment	2,629	2,551
IT equipment	1,831	1,395
Furniture & fittings	75	73
Vehicles & transportation equipment	726	791
Buildings	3,171	2,903
Total depreciation	8,449	7,713
9 Supplies and services		
Consultants and contractors	13,331	10,433
Communications	1,959	2,277
Other	7,568	8,391
Lease or rent payments	4,868	4,477
Resources received free of charge (see note 15)	353	840
Memorandum of understanding service costs		
- Agriculture Protection Board	4,633	4,763
- Agricultural Produce Commission	3,791	2,788
- Rural Business Development Corporation	6,049	16,092
	42,552	50,061



	2007 (\$'000)	2006 (\$'000)
10 Other expenses		
Maintenance & repairs	6,806	6,000
Employment on-costs (a)	506	203
Supplies Expenses (b)	9,147	5,312
Electricity, gas & fuel, water	1,981	1,957
GROH housing subsidies	1,569	1,530
Recoups to external funds	334	107
Distribution of shared royalties	1,716	1,009
Stock movement	1,521	240
Change to Provision for Doubtful Debts	(72)	(40)
Bad Debts expense	2	16
Other	1,860	2,224
	25,370	18,558

(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.

(b) Refer to note **35.13** for details

11 Grants and subsidies

Recurrent

Research grant allocations	101,964	102,481
Compensations	933	89
Grants to farmers - other	680	3,293
Scholarships	99	103
Other	3,537	2,936
	107,213	108,902

12 Capital User Charge	12,426	12,439
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The charge was a levy applied by Government for the use of its capital. In 2006-07, the final year in which the charge was levied, a single payment was made equal to the appropriation for 2006-07 less any adjustment relating to 2005-06.

13 Revenue

(a) User charges and fees

Sale of goods & services	11,678	11,287
Memorandum of understanding service costs		
- Agriculture Protection Board	6,278	6,340
- Agricultural Produce Commission	3,791	2,788
- Rural Business Development Corporation	6,844	16,733
Total User charges and fees	28,591	37,148

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	2007 (\$'000)	2006 (\$'000)
(b) Commonwealth grants and contributions		
Commonwealth Agriculture Activity Grants	2,510	1,446
National Action Plan for Salinity	46,359	30,709
National Landcare Program	3,466	3,502
Tuberculosis Freedom Assurance Program	99	153
Natural Heritage Trust Fund	26,026	21,726
Environment Australia	-	44
Total Commonwealth grants and contributions	78,460	57,580
(c) Grants and subsidies from non-Government sources		
<i>Agriculture Research Grants Account No. 1</i>		
Rural Industry Research Funds		
Meat Livestock Australia	328	881
Dairy Research & Development Corporation	434	466
Grains Research & Development Corporation	11,656	8,307
Grape and Wine Research Corporation	96	86
Land & Water Resources Research & Development Corporation	578	635
Rural Industry Research & Development Corporation	349	335
Sugar Research & Development Corporation	126	66
Australian Wool Innovation Pty Ltd	1,210	1,056
Australian Centre for International Agricultural Research	607	445
Australian Pork Limited	89	86
Land Conservation District Fund	131	38
Centre for Legumes in Mediterranean Agriculture	116	169
National Landcare Program Third Party Grants	315	796
CRC Research Grants	4,634	2,738
Commercial Grants	8,544	5,180
NRM 3rd Party Funding Grants	475	1,534
NRM State Funding Grants	10,069	12,068
Enterprise Grains Australia	-	250
	39,757	35,136
<i>Agriculture Research Grants Account No. 2</i>		
Horticulture Industry	835	974
NRM 3rd Party Funding Grants	7,124	3,247
Commercial Grants	345	791
	8,304	5,012
<i>Governmental Operating & Special Purpose Accounts</i>		
Plant Research & Development	1	25
	1	25
<i>Other grants & subsidies</i>	1,611	1,458
Total grants and subsidies from non-Government Sources	49,673	41,631
(d) Interest revenue		
Interest received	2,845	1,296



2007
(\$'000)

2006
(\$'000)

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

	2007 (\$'000)	2006 (\$'000)
<u>Cost on disposal of Non Current Assets</u>		
Buildings	10	21
Furniture & fittings	-	1
Plant & equipment	75	47
	<u>85</u>	<u>69</u>
<u>Proceeds on the disposal of non current assets</u>		
Buildings	-	6
Vehicles & transportation equipment	107	38
IT equipment	2	2
Plant & equipment	32	26
	<u>141</u>	<u>72</u>
<u>Net Profit/(Loss) on disposal of non-current assets</u>	<u>55</u>	<u>3</u>

15 Income from State Government

<u>Appropriation revenue received during the year</u>		
Service appropriations (I)	162,008	157,677
	<u>162,008</u>	<u>157,677</u>

See also note **3(h)** Non current assets (or disposal groups) classified as held for sale and note **23** Non current assets classified as held for sale.

Resources received free of charge (II)

Determined on the basis of the following estimates

provided by agencies:

Forest Products Commission	3	-
Department for Planning and Infrastructure - mapping, land details	203	696
Department of Treasury & Finance	142	139
Department of Conservation and Land Management	5	5
	<u>353</u>	<u>840</u>

The following liabilities have been assumed by the Treasurer

- Superannuation (III)	2,913	1,735
<u>Total liabilities assumed by the Treasurer</u>	<u>2,913</u>	<u>1,735</u>

<u>Total income from State Government</u>	<u>165,274</u>	<u>160,252</u>
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(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.



	2007 (\$'000)	2006 (\$'000)
<p>(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').</p>		
16 Cash and cash equivalents		
Petty Cash/Travel Advance	44	44
Cash at bank	7,292	13,397
Prior period error	-	(708)
	7,292	12,689
	7,336	12,733

17 Restricted cash and cash equivalents

Current

Restricted cash ^(a)

Cattle Industry Compensation Fund	5,907	5,951
Departmental Receipts in Suspense	55	55
Land Conservation Districts Fund	42	122
	6,004	6,128

Special purpose accounts ^(b)

Agriculture Research Grants Account No. 1	12,687	8,681
Agriculture Research Grants Account No. 2	5,121	4,810
Commonwealth Agriculture Activity Grants (Non-interest bearing)	2,707	3,213
Commonwealth Agriculture Activity Grants (Interest bearing)	47,438	31,522
Plant Research & Development	1,420	4,104
	69,373	52,330

Total current	75,379	58,458
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(a) Funds held in the following accounts are for the following purposes.

Cattle Industry Compensation fund: To make compensation payments in accordance with the Cattle Industry Compensation Act.

Department Receipts in Suspense: To hold and distribute funds pending identification for allocation.

Land Conservation Districts Fund: To promote soil conservation through research and implementation of soil and conservation measures and practices.

(b) Receipts and disbursement are disclosed in note 43 in accordance with section 16(1) (c) of the FMA

Non-current

Accrued salaries suspense account	605	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.



	2007 (\$'000)	2006 (\$'000)
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	75,984	58,657

18 Biological assets

Current		
Livestock	1,140	1,812
Field crops	737	462
	1,877	2,274

19 Inventories

Current		
Raw materials and stores	1,776	2,017
	1,776	2,017

20 Receivables

Current		
Trade Receivables	10,193	9,116
Less: Allowance for doubtful debts	(28)	(100)
Interest receivable	860	357
GST receivable	2,967	1,124
Other receivables	89	82
Total Receivables	14,081	10,579

See also note **3(n)** "Receivables" and note **3(l)** "Financial Instruments".

21 Amounts receivable for services

Current	7,300	6,115
Non-current	29,409	24,967
Total amounts receivable for services	36,709	31,082

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	31,082	25,207
Non cash appropriation	6,972	7,346
Departmental drawdown	(1,345)	(1,471)
Closing balance of Holding Account	36,709	31,082



	2007 (\$'000)	2006 (\$'000)
22 Other assets		
Current		
Prepayments		
Registrations	1,085	279
Goods & Services	323	125
Lease Rental	99	1,219
Total Other current assets	1,507	1,623
Non-current		
Investments		
Investment valued as at 30 June 2007		
Listed shares	512	423
Unlisted shares	301	184
	813	607
Listed shares have been revalued to reflect their current market price as at 30 June 2007. 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.		
Capital works in progress		
Stock yards	-	19
Broome Office	-	50
Eucla-Reverse Osmosis Plant	295	-
Chemical Sheds	6	234
Newdegate	84	-
Kununurra Office	2,260	126
Vasse Redevelopment	1,252	147
Parkeston Quarantine Yards	793	191
Plant & Machinery under construction	428	72
Other	40	57
	5,158	896
Total Other non-current assets	5,971	1,503
23 Non-current assets classified as held for sale		
<u>Opening Balance</u>		
Land	-	851
Buildings	-	165
	-	1,016
<u>Add: assets reclassified as held for sale</u>		
Building	-	4
<u>Less: assets sold</u>		
Building	-	(3)
<u>Less: assets withdrawn from being held for sale</u>		
Land	-	(851)
Buildings	-	(166)
<u>Closing balance</u>		
Land	-	-
Building	-	-
	-	-



	2007 (\$'000)	2006 (\$'000)
24 Property, plant and equipment		
Barrier Fence		
At fair value ^(a)	6,200	-
<i>Total land</i>	6,200	-
Land		
At fair value ^(a)	79,189	58,007
<i>Total land</i>	79,189	58,007
Buildings		
At fair value ^(a)	75,522	76,026
	75,522	76,026
Plant & equipment		
At cost	31,207	29,937
Accumulated depreciation	(21,521)	(19,549)
<i>Total plant & equipment</i>	9,686	10,388
Vehicles & transportation equipment		
At cost	11,082	10,293
Accumulated depreciation	(7,806)	(7,273)
<i>Total vehicles & transportation equipment</i>	3,276	3,020
IT equipment		
At cost	14,502	13,717
Accumulated depreciation	(9,914)	(9,222)
<i>Total IT equipment</i>	4,588	4,495
Furniture & fittings		
At cost	751	736
Accumulated depreciation	(627)	(558)
<i>Total furniture & fittings</i>	124	178
Total assets		
At cost	57,542	54,683
Accumulated depreciation	(39,868)	(36,602)
<i>Total at cost</i>	17,674	18,081
At Fair Value	160,911	134,033
<i>Total at Fair Value</i>	160,911	134,033
Total non-current assets	178,585	152,114
At cost and fair value	218,453	188,716
Accumulated depreciation	(39,868)	(36,602)
Total non-current assets	178,585	152,114

(a) Freehold land, barrier fence and buildings were revalued as at 1 July 2006 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2007 and recognised at 30 June 2007.

To ensure the valuations provided by Valuation Services were compliant at 30 June 2007 with the fair value requirements under AASB 116, Valuation Services provided the Department of Treasury and Finance (DTF) with information that tracked the general movement in the market value of land and in building construction costs from the 1 July 2006 (the date of valuation) to 31 March 2007. DTF reviewed the information and determined that the valuations provided by Valuation Services (as at 1 July 2006) were compliant with fair value requirements for 30 June 2007 reporting without further adjustment.

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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.

2007	Barrier Fence \$'000	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Vehicles & transportation equipment \$'000	I.T. equipment \$'000	Furniture & fittings \$'000	Total \$'000
Carrying amount 1 July 2006	-	58,007	76,026	10,388	3,020	4,495	178	152,114
Additions ^(a)	139	-	415	2,000	950	1,927	21	5,452
Asset Transfer from APB Financial	4,183	-	3,317	21	40	5	-	7,566
Asset Transfer from APB – Expensed	-	-	-	(10)	-	(2)	-	(12)
Disposals ^(b)	-	-	(22)	(75)	(8)	-	-	(105)
Land Disposal net equity adjustment	-	(332)	-	-	-	-	-	(332)
Acquisition Land net equity adjustment	-	100	-	-	-	-	-	100
Revaluation: increment/ (decrement)	1,896	21,413	(1,040)	-	-	-	-	22,269
Depreciation	(17)	-	(3,173)	(2,628)	(726)	(1,830)	(75)	(8,449)
Write-off of assets	-	-	-	(9)	-	(8)	(1)	(18)
Carrying amount 30 June 2007	6,201	79,188	75,523	9,687	3,276	4,587	123	178,585

2006	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Vehicles & transportation equipment \$'000	I.T. equipment \$'000	Furniture & 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	5,673	-	-	-	-	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	152,114



2007
(\$'000)

2006
(\$'000)

(a) Additions include adjustments and restated assets

(b) Disposal includes adjustments and retired assets

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 2007.

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

All surplus assets at 30 June 2007 have either been classified as assets held for sale or written off.

26 Payables

Current

Trade Payables	7,927	8,326
Other payables	1,117	6,223
Total current	9,044	14,549

See also note **3 (p)** "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 2007 (2006 - 30 June, 1 working day)	395	332
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(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	395	1,632

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



	2007 (\$'000)	2006 (\$'000)
28 Provisions		
Current		
<i>Employee Benefit Provisions</i>		
Annual leave	9,853	7,528
Long service leave	11,762	12,147
	21,615	19,675
<i>Other provisions</i>		
Employment on-costs	4,287	3,813
	25,902	23,488
Non-current		
<i>Employee Benefit Provisions</i>		
Long service leave	5,397	6,117
Deferred salary scheme	225	290
	5,622	6,407
<i>Other provisions</i>		
Employment on-costs	520	598
	6,142	7,005
Total Employee Benefit Provisions	32,044	30,493

Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	5,157	4,126
More than 12 months after balance sheet date	4,696	3,402
	9,853	7,528

Long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	8,468	8,354
More than 12 months after balance sheet date	8,691	9,910
	17,159	18,264

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	4,382	851
<i>Contribution by owners</i>		
Capital contributions ^(a)	4,050	3,531
Transfer of assets from the Agriculture Protection Board ^(a)	8,204	-
	12,254	3,531

Financial Statements



	2007 (\$'000)	2006 (\$'000)
<u>Distribution to owners</u>		
Transfer of assets to the department of Planning and Infrastructure ^(b)	(332)	-
Balance at the end of the year	16,304	4,382

(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. During 2006/07 the Agriculture Protection Board transferred a majority of its assets to the Department in order to meet the requirements under the Biosecurity and Agriculture Management Bill. Refer to the reconciliation schedule in note **24** for the category of assets transferred.

(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.

Reserves

Asset revaluation reserve

The asset revaluation reserve represents the portion of equity resulting from the revaluation of non-current assets.

<u>Balance at the start of the year</u>		
Investments	301	361
Non-current assets	145,936	133,771
	146,237	134,132
<u>Net revaluation increments/(decrements)</u>		
Investments	206	(60)
Non-current assets		
Land	21,413	6,501
Buildings	(1,040)	5,663
Barrier fence	1,896	-
	22,269	12,164
Total net revaluation increments/(decrements)	22,475	12,164
<u>Balance at the end of the year</u>		
Investments	507	301
Non-current assets	168,204	145,936
	168,711	146,237

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	76,307	69,500
Result for the period	22,072	6,807
Prior period error (a)	-	(708)
Balance at end of the year	97,671	75,599
Total Equity balance at the end of the year	282,686	226,218



2007
(\$'000)

2006
(\$'000)

(a) The Department had an unreconciled bank variance that was carried forward since 1997. The variance was a result of a salary related expense item that was not posted to the profit and loss statement for that reporting period. This error had the effect of overstating the reported cash and cash equivalent and retained earnings for the preceding financial years. The variance has been corrected by restating each of the financial statement line items in the comparative year as described above.

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)	7,336	12,733
Restricted cash and cash equivalents: current (refer to note 17)	75,379	58,458
Restricted cash and cash equivalents: non-current (refer to note 17)	605	199
	<u>83,320</u>	<u>71,390</u>

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

Net cost of services	(143,203)	(153,445)
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Non-cash items:

Net (loss)/profit from sale of assets	(55)	(3)
Depreciation and amortisation	8,449	7,713
Superannuation liabilities assumed by the Treasurer	2,913	1,735
Resources received free of charge	353	840
Provision for impairment of receivables	(72)	(40)
	<u>11,588</u>	<u>10,245</u>

(Increase)/decrease in assets

Inventories	241	(581)
Biological Assets - Livestock	672	141
Biological Assets - Field Crops	(275)	426
Agricultural Produce	(33)	(174)
Receivables ^(a)	(2,942)	17,271
Prepayments	116	29
Investments	206	(60)

Increase/(decrease) in liabilities

Accrued salaries	(1,237)	1,632
Provisions	1,551	921
Payables ^(a)	(6,340)	7,932
Net GST receipts/(payments) ^(b)	27	(795)
Change in GST in receivables/payables ^(c)	1,843	675
Net cash used in operating activities	<u>(137,786)</u>	<u>(115,781)</u>

(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.



2007
(\$'000)

2006
(\$'000)

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	20,597	11,047
Agricultural Produce Commission	7	7
Perth Zoological Gardens	27	19
Department of Conservation & Land Management	19	2
Other	17	15
	<u>20,667</u>	<u>11,090</u>

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	1,303	723
Later than one year and not later than five years	618	-
	<u>1,921</u>	<u>723</u>

(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	3,156	2,940
Later than one year and not later than 5 years	2,910	2,878
Later than 5 years	363	408
	<u>6,429</u>	<u>6,226</u>

Representing:

Non-cancellable operating lease commitments	6,429	6,226
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The property leases 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

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Employment Contract claim

A claim against the Department for entitlements arising from employment conditions has been lodged in Western Australian Industrial Relations Commission (WAIRC) by two employees representing a larger group. Subject to the ruling from the WAIRC which is expected to be published in the first quarter of 2007/08, a contingent liability in the range \$0.45 million to \$0.60 million is acknowledged by the Department.

Contaminated sites

Under the Contaminated Sites Act 2003, the Department is required to report known and suspected contaminated sites to the Department of Environment and Conservation. In accordance with the Act, Department of Environment and Conservation classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Department may have a liability in respect of investigation or remediation expenses.

During the year the Department reported 35 suspected contaminated sites to Department of Environment and Conservation. These have yet to be classified. The Department is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

34 Events occurring after reporting date

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

2006/07 Estimate \$'000	2006/07 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 2006/07 Estimate and 2006/07 Actual

	2006/07 Estimate \$'000	2006/07 Actual \$'000	Variation \$'000
35.1 Net amount appropriated to deliver services	(161,812)	(162,008)	196

The amount appropriated was adjusted for the following reasons:

- Salaries and Allowances tribunal increases; and
- State contribution to National Invasive Species agreements (European House Borer and Red Imported Fire Ants).



35 Explanatory Statements (continued)

	2006/07 Estimate \$'000	2006/07 Actual \$'000	Variation \$'000
35.2 Food and Fibre Industry Development	88,353	87,787	(566)
<p>Minor variations relating to project delays across a range of programs, generally as a result of poor seasonal conditions.</p>			
35.3 Agricultural Resource Management	146,929	136,769	(10,160)
<p>The variation mainly relates to delays in payment of National Action Plan grants as directed by the Commonwealth, now deferred into 2007/08.</p>			
35.4 Biosecurity (Inclusive of Services Provided to Agriculture Protection Board)	60,071	81,449	21,378
<p>The variation mainly relates to:</p> <ul style="list-style-type: none"> - Additional funding to address European House Borer and Starling control; - Additional funding to address Australian Plague Locust outbreaks; and - increased funding from industry sources for Biosecurity and research activities. 			
35.5 Services Provided to Rural Business Development Corporation	3,123	6,844	3,721
<p>The variation relates to increased Exceptional Circumstances grant expenditure and payments related to the Dry Seasons Assistance Scheme.</p>			
35.6 Total revenues from ordinary activities	(133,612)	(169,463)	(35,851)
<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	11,315	9,714	(1,601)
<p>The variation mainly relates to a delay in the Kimberley Regional Office project and the revisitation of timetables for the New Headquarters and Biosecurity relocation project impacting on project planning expenditure.</p>			
35.8 Administered Transactions	-	4,292	4,292
<p>Payment of one loan was made in 2006/07 from the Western Australian Cooperatives Loan Scheme.</p>			
35.9 Administered Revenues	833	243	(590)
<p>Interest revenues were higher than budgeted due to an additional loan being paid in 2006/07 from the Western Australian Cooperatives Loan Scheme.</p>			

Financial Statements



	2006/07 Actual \$'000	2005/06 Actual \$'000	Variation \$'000
Note Significant Reason For Variance between 2006/07 Actual and 2005/06 Actual			
35.10 Net amount appropriated to deliver services	162,008	157,677	(4,331)
The amount appropriated was adjusted for the following reasons (net):			
- Decreased in relation to National Action Plan commitments for salinity activities due to re-forecasted payment schedules; and			
- Increased due to additional funding for Locust and Starling programs.			
35.11 Food and Fibre Industry Development	87,787	84,101	(3,686)
The variation mainly relates to increased salary costs associated with the Civil Service Association pay increase, Consumer Price Index based cost increases and the payout of royalty liabilities associated with the Grains Research and Development Trust.			
35.12 Agricultural Resource Management	136,769	135,253	(1,516)
The variation mainly relates to increased salaries and operational costs, and the net impact of Commonwealth and State contributions for the National Action Plan funding.			
35.13 Biosecurity (Inclusive of Services Provided to Agriculture Protection Board)	81,449	68,508	(12,941)
The variation mainly relates to increased funding to address Australian Plague Locusts, Starlings, European House Borer control and the impact of salaries and operational cost increases.			
35.14 Services Provided to Rural Business Development Corporation	6,844	16,733	9,889
The variation relates to movements in Exceptional Circumstances grant expenditure and payments related to the Marketing of Eggs Adjustment Assistance Scheme in 2005/06.			
35.15 Retained Revenue	(169,463)	(151,024)	18,439
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 Natural Resource Management grants for the strategic tree farming initiative.			
- NRM 3rd party grants and increased funding from industry sources for Biosecurity activities.			



	2006/07 Actual \$'000	2005/06 Actual \$'000	Variation \$'000
35.16 Administered Transactions	4,292	1,226	(3,066)

Variation relates to the difference in the two payments under the WA Cooperatives Loan Scheme in 2005/06 and 2006/07.

36 Remuneration of Senior Officers

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	
	2007	2006
20,001 - 40,000	-	2
40,001 - 90,000	-	1
90,001 - 130,000	2	3
130,001 - 140,000	2	1
140,001 - 160,000	1	-
160,001 - 210,000	-	1
210,001 - 290,000	1	-

	2007 (\$'000)	2006 (\$'000)
The total remuneration of senior officers is:	1,014	943

The total remuneration of senior officers is:

1,014

943

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 officers 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:

210

186

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 Western Australia.



2007
(\$'000)

2006
(\$'000)

39 Affiliated bodies

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

40 Jointly controlled operations

(i) Major Cooperative Research Agreements – Audited 2006

Joint Venture name and principal activities	Interest (%)	Termination Date
Cooperative Research Centre for Australian Weed Management	13.00	30/06/08
Cooperative Research Centre for Value Added Wheat	9.11	30/06/08
Cooperative Research Centre for Tropical Savannas	6.67	30/06/08
Cooperative Research Centre for Emerging Infectious Diseases	6.63	30/10/10
Cooperative Research Centre for Australian Sheep Industry	18.00	30/07/07
Cooperative Research Centre for Spatial Information	5.63	14/06/11
Cooperative Research Centre for Plant Based Mgt of Dryland Salinity	14.90	30/06/08
Cooperative Research Centre for Desert Knowledge	1.05	30/06/10
Cooperative Research Centre for Cotton Catchment Communities	2.43	30/06/12

(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 numbers 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.

(iii) Alliances

The Department of Agriculture and Food Western Australia has joined with Curtin University of Technology, Murdoch University and the University of Western Australia to form a research alliance, known as Agricultural Research Western Australia (ARWA). The alliance fosters collaborative high priority research, facilitates the sharing of knowledge and resources, and the creation of the science capacity required to deliver enhanced benefits to the Western Australian agricultural sector. The cost of managing ARWA activities is funded by way of subscription from the above mentioned agencies.

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.



41 Financial instruments (continued)

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

Interest rate risk exposure:

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

Fixed interest rate maturities

	Weighted average effective interest rate %	Variable interest rate \$'000	1 year or less \$'000	1 to 5 years or less \$'000	Over 5 years \$'000	Non interest bearing \$'000	Total \$'000
2007							
<i>Financial Assets</i>							
Cash and cash equivalents		-	-	-	-	7,336	7,336
Restricted cash and cash equivalents	5.98%	59,930	-	-	-	16,054	75,984
Investments		-	-	-	-	813	813
Receivables		-	-	-	-	50,790	50,790
Total financial assets		59,930	-	-	-	74,993	134,923
<i>Financial Liabilities</i>							
Payables		-	-	-	-	9,044	9,044
Total financial liabilities		-	-	-	-	9,044	9,044
2006							
<i>Financial Assets</i>							
Cash and cash equivalents		-	-	-	-	12,733	12,733
Restricted cash and cash equivalents	5.55%	46,509	-	-	-	12,148	58,657
Investments		-	-	-	-	607	607
Receivables		-	-	-	-	41,661	41,661
Total financial assets		46,509	-	-	-	67,149	113,658
<i>Financial Liabilities</i>							
Payables		-	-	-	-	14,549	14,549
Total financial liabilities		-	-	-	-	14,549	14,549



(c) Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**2007
(\$'000)**

**2006
(\$'000)**

42 Supplementary Information

Write-offs: Non Current Assets

During the financial year \$17,914 (2006: \$46,491) was written off the Department's asset register under the authority of:

- The Accountable Authority	18	42
- The Minister	-	6
	<hr/> 18	<hr/> 48

Write-offs: Irrecoverable amounts

During the financial year \$1,722 (2006: \$15,975) was written off in bad debts under the authority of:

- The Accountable Officer	2	16
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Losses Through Theft, Defaults and Other Causes

Losses of public moneys and, public and other property through theft or default

Amounts recovered-insurance	265	80
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43 Special Purpose Accounts - Section 16 (1) (c) Financial Management Act 2006

Agriculture Research Grants Account No. 1 (Non-Interest bearing)

The purpose of the fund is to receive and disperse funds from industry and other organisations in support of Agricultural research projects.

Balance at the start of the year	8,681	6,709
Receipts	49,483	40,222
Payments	(45,477)	(38,250)
Balance at the end of the year	<hr/> 12,687	<hr/> 8,681

Agriculture Research Grants Account No. 2 (Interest bearing)

The purpose of the fund is to receive and disperse funds from industry and other organisations in support of Agricultural research projects.

Balance at the start of the year	4,810	2,957
Receipts	9,445	5,452
Payments	(9,134)	(3,599)
Balance at the end of the year	<hr/> 5,121	<hr/> 4,810



43 Special Purpose Accounts - Section 16 (1) (c) Financial Management Act 2006 (continued)

2007
(\$'000)

2006
(\$'000)

Commonwealth Agriculture Activity Grants (Non-interest bearing)

The purpose of the fund is to receive and disperse to conduct Commonwealth funded activities.

Balance at the start of the year	3,213	1,965
Receipts	2,055	2,395
Payments	(2,561)	(1,147)
Balance at the end of the year	2,707	3,213

Commonwealth Agriculture Activity Grants (Interest bearing)

The purpose of the fund is to receive and disperse to conduct Commonwealth funded activities.

Balance at the start of the year	31,522	12,886
Receipts	77,600	77,815
Payments	(61,684)	(59,179)
Balance at the end of the year	47,438	31,522

Plant Research & Development

The purpose of the fund is to receive and disperse funds to conduct plant research and development in Western Australia.

Balance at the start of the year	4,104	2,575
Receipts	3,923	3,773
Payments	(6,607)	(2,244)
Balance at the end of the year	1,420	4,104

44 Administered Transactions

(i) ADMINISTERED EXPENSES AND INCOME

EXPENSES

Interest Payments	204	28
Total administered expenses	204	28

INCOME

User charges and fees	5	5
Interest revenue	238	33
Total Administered income	243	38

(ii) ADMINISTERED ASSETS AND LIABILITIES

CURRENT ASSETS

Cash Assets	49	10
Loan	3,991	1,226
Total Administered Current Assets	4,040	1,236
Total Administered Assets	4,040	1,236

NON-CURRENT LIABILITIES

Borrowings	3,991	1,226
Total Administered Non Current Liabilities	3,991	1,226
Total Administered Liabilities	3,991	1,226



	2007 (\$'000)	2006 (\$'000)
(iii) CASH FLOWS FROM ADMINISTERED TRANSACTIONS		
CASH INFLOWS FROM ADMINISTERED TRANSACTIONS		
Capital contributions ⁽¹⁾	4,292	1,226
Revenues from services	243	38
<u>Total administered cash inflows</u>	<u>4,535</u>	<u>1,264</u>
CASH OUTFLOWS FROM ADMINISTERED TRANSACTIONS		
Loans advanced	2,765	1,226
Loans repaid to WA Treasury Corporation	1,527	
Other payments	204	28
<u>Total administered cash outflows</u>	<u>4,496</u>	<u>1,254</u>
<u>Net cash inflows/(outflows) from administered transactions</u>	<u>39</u>	<u>10</u>

⁽¹⁾ Administered items are represented by:

Appropriations received to facilitate the Western Australian Cooperatives Loan Scheme.

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

Ministerial Directives

No Ministerial directives were received during the financial year.

Other Financial Disclosures

Capital Works

Capital projects in progress

- New Kimberley Regional Office Redevelopment (Frank Wise Institute) scheduled to be completed in August 2007. Total project cost contained to budget allocation of \$3.350m, with balance of \$1.079m to be expended in 2007/08;
- New Vasse Dairy research facility completed, additional land purchase to be finalised in 2007/08. Total project cost contained to budget allocation of \$1.015m, with balance of \$71k to be expended in 2007/08;
- South Boulder quarantine inspection yards under construction scheduled for completion February 2008. Total project cost contained to budget allocation of \$1.650m (includes 2007/08 budget increase), with balance of \$643k to be expended in 2007/08;
- Key project consultants being appointed for the Headquarters/ Biosecurity and Agricultural Research Western Australia projects. The agency has completed the detailed project scoping and has set up a Steering Committee with representatives from both Treasury and the Department of Housing and Works. To date \$582k has been expended and \$4.558m is planned to be expended in 2007/08 in line with approved budget cash flows; and

Other Financial Disclosures



- The annual Capital Equipment Replacement Program completed, with equipment purchased to meet R&D, core and support business needs. Total project cost contained to budget allocation of \$3.497m with balance of \$677k to be expended in 2007/08.

Capital projects completed

- Jerramungup District Office refurbishment completed and transferred to the Shire of Jerramungup, completed within the approved budget under the Regional Accommodation Phase 2 program; and
- New Karratha office fitout completed and in operation through a long term lease, completed within the approved budget under the Regional Accommodation Phase 2 program.

Employment and Industrial Relations

The Department's budgeted Average Staffing Level for 2006/07 was 1,449 Full-Time Equivalent (FTE) employees. The average usage for the financial year being 1,585 FTE. During this period FTEs reached a high of 1,638 in February 2007 and a low of 1,534 for August 2006.

The distribution of staff (headcount) across the work classifications within the Department between 2005/06 and 2006/07 is shown below:

Category	2005/06	2006/07
Professional	693	703
Technical	454	431
Inspectorial	132	137
Administrative and Clerical	354	336
Wages	54	53
TOTAL STAFF	1,687	1,660

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:

- commenced Health and Wellness program;
- completion of OSH risk assessment process in development of technical work instructions;
- participated in Safe Work Australia Week (October 2006) for the first time;
- medical Oxygen sets were purchased and are being distributed to regional offices and research stations;
- continued delivery of a driver development programme and a revised four wheel drive training programme; and
- 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.



	2004/05	2005/06	2006/07
Premium/contribution rate <i>(Total premium paid/wages declared)</i>	0.49	0.54	0.59
Cost of claims incurred per \$100 wage roll	0.51	0.44	0.52
Frequency rate <i>(Lost-time injuries per million hours worked)</i>	5.5	7.0	8.8
Rehabilitation success rate <i>(Index of successful rehabilitation cases)</i>	1.0	1.0	1.0

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Department and Senior Officers.

Other Legal Requirements

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, the following details are submitted:

Advertising agencies	\$31,130	4L Design Group A Class Displays Adcorp Albany Camera House All Flags Dot Imaging ASB Marketing Country wide Signs Eyerite Signs Finline Imagesource Printing and Imaging Solutions Imatec(WA) Pty Ltd ATFT Imatec Trust Link Letters Perth Expo Hire Poster Passion Pre-Emptive Strike Production Function Ray Ford Signs Square Peg Design Star Promotional Stella Promotional Products Total Digital Solutions Wiseman Signs
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Other Legal Requirements



Market research organisations	Nil	Nil
Polling organisations	Nil	Nil
Direct advertising organisations	Nil	Nil
Media advertising organisations	\$2,000	Rural Press Agricultural Division
Total expenditure for 2006/07	\$33,130	

Disability Access and Inclusion Plan

The DAFWA Disability Access and Inclusion Plan 2007-2010 provides strategies for the inclusion of its customers and staff with disabilities through improved access to information, services and facilities. The Plan was developed through community and staff consultation and complements the DAFWA Equal Employment Opportunity (EEO) Management Plan 2007 – 2009.

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, the Department.

- 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 who are provided with an opportunity to comment on access to services.
- Venues that are selected to accommodate events support access and utilisation by those with physical disabilities. Where this is not an option, wherever possible, modifications or alternatives are arranged, 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 the Department.

- The needs of people with disabilities continue to be addressed as the Department's 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 the Department 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. The website is presently being reviewed and the access needs of people with disabilities are being addressed as part of the review.
- External reading material continues to contain advice that the material is available in alternate formats upon request; and relevant staff are made aware of how to utilise the National Relay Service.

Other Legal Requirements



Outcome 4

People with disabilities receive the same level and quality of service from the staff of the Department as other people.

- 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.

Outcome 5

People with disabilities have the same opportunities as other people to make complaints to the Department.

- The Department has a clear customer complaints mechanism and staff grievance process which provides opportunities for people with disabilities to make complaints or grievances.

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 Department commissioned a Job Audit report to assist in the identification of opportunities and potential barriers for employment of staff with disabilities and where to focus activities for the greatest outcome. The main functions of positions across metropolitan locations in varying working environments were analysed to determine the suitability for people with different types of disabilities. A similar job audit at country locations will be progressed in the near future.

Equal Employment Opportunity Outcomes

The Department is committed to EEO outcomes and regularly monitors the representation and distribution of staff diversity groups.

The Department is tracking very well against representation targets for the diversity groups of women, people from culturally diverse backgrounds, Indigenous Australians and people with disabilities. The target for youth has not been met for a number of reasons including a low seasonal temporary workforce as at 30 June due to seasonal conditions and a reduction in external funding.

30 June 2007	Equity Index	Representation	2007 Objective	Above or below objective
Women Management Tiers 2 and 3	46*	21.1%	18%	+3.1%
People from Culturally Diverse Backgrounds	120	7.7%	5%	+2.7%
Indigenous Australians	17	2.0%	2.2%	-0.2%
People with Disabilities	86	2.3%	2%	+0.3%
Youth	n/a	7.3%	9%	-1.7%

* Equity index is for all women

Other Legal Requirements



Initiatives for 2006/07 to enhance the agency's Equal Employment Opportunity (EEO) performance have included:

DAFWA EEO Management Plan 2007-2009

The DAFWA EEO Management Plan 2007-2009 provides strategies for the attraction, retention and development of women, Indigenous Australians, people from culturally diverse backgrounds, people with disabilities and youth.

The outcomes of the Plan are:

Outcome 1

Work and Culture Accountability

- The Department values equity and diversity and the work environment is free from sexual and racial harassment.

Outcome 2

Work Practices Support Equity and diversity

- Workplaces are free from employment practices that are biased or discriminate unlawfully against employees or potential employees.

Outcome 3

An Equitable and Diverse Workforce

- Employment programs and practices recognise and include strategies for EEO groups to achieve workforce diversity.

Continued focus on the employment of Indigenous staff including:

- Enhanced focus on services to Indigenous Australian clients;
- Continuation of cadetship, traineeships and school based trainees in regional areas; and
- Barrier identification and elimination and development of strategies to enhance Indigenous recruitment in regional areas is under development.

Continued focus on women including:

- The secondment of two senior women to the Department as part of the Women in Senior Management Secondment program;
- 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 the management development program;
- 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.

Other Legal Requirements



Continued focus on youth including:

- Primary Industry Science Program;
- Undergraduate Honours and Studentship Programs;
- Graduate Development Program;
- Indigenous youth programs previously referred to;
- The employment of apprentices;
- Identification and promotion of external networking opportunities for professional youth; and
- A strong focus on youth in universities through presentations to students and career days.

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

1. In the administration of the Department of Agriculture and Food, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made above is correct.

Compliance issues that arose during the financial year 2006/07 regarding public sector standards included:

- 3 breach claims lodged (1 Recruitment, Selection and Appointment, 1 Transfer and 1 Grievance)
- The Recruitment, Selection and Appointment claim was dismissed as it was withdrawn by the applicant on receipt of feedback. The Transfer and Grievance claims have been forwarded to the OPSSC. The claims have not been resolved as at 30 June 2007 and remain outstanding.

Compliance issues concerning the Department's Code of Conduct and the WA Code of Ethics that arose during the financial year 2006/07 included:

(a) Three matters dealt with in accordance with the Department's Grievance Policy.

- Allegation of intimidating behaviour and mishandling of initial grievance. Allegation substantiated in part (and referred to Discipline process).
- Allegation of breach of the Department's electronic information transmission policy and breach of departmental vehicle policy i.e. unsafe use. Allegations substantiated and action taken.
- Allegation of intimidating and/or bullying behaviour. Allegation substantiated in part. (and referred to Discipline process).

(b) Four matters dealt with in accordance with the Breach of Discipline process pursuant to the Public Sector Management Act 1994.

- Two matters pursuant to the Department's grievance policy were escalated to the Discipline process in accordance with the Public Service Management Act (1994). Both matters were substantiated and action taken.
- Allegation of inappropriate behaviour to external service provider/consultant. Allegation was substantiated and action taken.
- Allegation of undertaking external activity and inappropriate use of departmental resources. Allegations substantiated in part, with on-going investigation.

Other Legal Requirements



(c) Significant action taken to monitor and ensure compliance included:

- Information about the Standards and Codes is included in the Department's policies and procedures, on the intranet, newsletters, workshops and information sessions and in induction packages.
- Contact Officers and Grievance Officer network updated and trained (March 2007).
- To assist in the identification of systemic discrimination or harassment, a confidential feedback mechanism for Contact Officers and Grievance Officers was developed and implemented (March 2007).
- Action plans under development addressing the results of the Climate Survey 2006 in relation to equal employment opportunity, human resource management, ethics and the Public Interest Disclosure Act.
- Code of Conduct under review with particular attention to the areas of bullying and personal conduct.
- The newly developed DAFWA EEO Management Plan 2007/09 includes strategies for the:
 - consideration of the development of equity groups in recruitment and development opportunities, including acting;
 - inclusion of EEO grievance processes within the EEO learning and development program and intranet, and
 - development of training for line managers in equity and diversity management, including grievances and audit checklist.

Ian Longson

DIRECTOR GENERAL

31 August 2007

Record keeping 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 record keeping system was formally evaluated in 2003 and will be conducted again by 2008. To assess the risks and extent of corporate information not managed in the corporate record keeping system, an information and storage audit was also conducted during the year. 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. Training online will be continued and supported to enable all staff to be made aware of their record keeping responsibilities.
- 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.



Government Policy Requirements

Corruption Prevention

The Department used a number of strategies during the year to promote awareness of corruption prevention.

Bi-annual articles in the Department's fortnightly newsletter, AgBrief, emphasised the Code of Conduct's mandatory requirement for employees to report any matter of corruption in the workplace. The need for staff to behave ethically at all times was highlighted. Employees were requested to be extremely mindful when accepting gifts or benefits in the workplace. Explanations were provided on the *Perception of Conflicts of Interest* and the *Principals of Natural Justice*. Regular features included the *Public Interest Disclosure Act 2003*.

The Department participated in an awareness campaign for *Global Consumer Fraud Prevention* by creating a link on its website to the *Australian Competition and Consumer Commission's SCAMwatch* site. The campaign urged consumers to be vigilant against internet, email and phone scams and against becoming victims of identity theft.

In July 2006, a member of the Department's management team attended the 2006 *Public Sector Fraud and Corruption Conference* in Canberra. The staff member subsequently prepared a report on the conference and issued copies of the report to the Department Executive and members of the Audit Committee.

The following risk management strategies to prevent corruption and misconduct in the organisation were maintained throughout the year:

1. The Audit Committee included a standing item on Corruption and Misconduct Prevention on the agenda for its quarterly meetings. The Audit Committee has a role to review and advise on the Department's fraud, corruption and misconduct prevention strategies;
2. Staff throughout the State were encouraged to attend regular *Corruption and Crime Commission* presentations on *Corruption Prevention Strategies*;
3. All new employees recruited to the organisation were properly screened to reduce the risk of engaging dishonest people. Referee reports are a mandatory requirement as part of the selection process; and
4. Greater emphasis was placed on adherence to the Code of Conduct in the induction program for new employees. The Code includes references to ethical behaviour and corruption prevention.

Substantive Equality

The Department continues to implement the Substantive Equality Policy Framework, has met the requirements of Level 1 implementation, is nearing completion of Level 2 and has commenced planning for the Level 3 requirements. The Substantive Equality Taskforce continues to oversee the implementation of the substantive equality framework, including the finalisation of the pilot horticultural needs and impact assessment with the Carnarvon District Office and vegetable industry stakeholders from the District. Implementation for 2007/2008 is currently under development.

Current achievements in substantive equality have included the development of alternative contact information on Departmental publications and editorial style guide, and accessibility and translating assistance for the Department's internet site.

Sustainability

The Sustainability 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. In addition to establishing a Sustainability Steering Committee, the Department has also continued to progress action within its Sustainability Action Plan 2005-2007, which is currently being reviewed. Some of the key achievements under the action plan include:



Planning, reporting and decision-making are conducted in accordance with sustainability principles

- Improved sustainable management continues to be a high level outcome for the Department and is included in our corporate strategy and reported on in the Department's annual report.
- Work has been completed on identifying which planning and decision-making processes will be informed by sustainability assessments.
- Senior managers and project staff attend workshops as required to increase awareness of sustainability principles.
- The Department continues to actively engage stakeholders and the public in transparent policy development and decision-making processes. This includes:
 - engaging with the rural sector in setting industry R&D directions and building the services required by industry;
 - ensuring both farmers and the agri-business sector is provided with the latest technical information through a wide range of activities including: Agribusiness Crop Updates, Sheep Updates, Regional Newsletters, Internet information, and R&D programs such as Vasse Milk Farmlets that have been recognised as leading the nation in participative research where farmers and industry are directly involved;
 - maintaining a strong and extensive network of offices across the State to support industry development. Effort is concentrated on providing information and support in tackling industry wide issues;
 - tailored consultations where major policy issues are being addressed (eg legislative change assessments); and
 - conducting an independent client survey on a biannual basis to assess the views and needs of our customers.

Agency operations support sustainability

Procurement

The Department follows State Supply Commission policies in terms of sustainable procurement.

Sustainable Capital Works

- Planned capital works associated with the proposed Headquarters, Biosecurity and Agricultural Research Western Australia projects are being planned to meet Department of Housing and Work's (DHW) sustainability policy with the office components aiming to achieve a 4.5 star AGRB rating and other Energy Sustainable Design (ESD) features;
- Smart meters were installed at 13 offices;
- A feasibility study was implemented to ascertain the practicality of introducing "real time" monitoring to offices with smart meters, to allow real time site energy consumption data updates for staff;
- A prototype heat pump drying oven for plant and seed material was constructed and is under evaluation;
- Energy audit reviews of 14 offices were completed;
- A feasibility study was completed to harness excess renewable energy at the Eucla Checkpoint to operate a new bore, desalination plant and chilled drinking water supply unit; and
- A feasibility study was completed to increase the solar and wind energy generation capacity of the Eucla Town Site, to reduce the town's reliance on diesel power and to meet increased site power demands associated with a new desalination plant and storage tank farm.



Water

- A number of solar powered pumps installed on research stations to reduce reliance on diesel pumps and windmills. A State wide replacement program is planned for 2007/08 to replace all windmills with solar pumps; and
- Two new small scale desalination plants are in the design phase to condition bore water supplies at Eucla.

Waste

- A compilation of asbestos audits across the State was completed. These audits are in the process of verification;
- Contaminated Site Reporting was completed and submitted to the Department of Environment and Conservation for all suspected contamination sites;
- The Department continued to replace analogue copiers with digital copiers and a further reduction in the number of desktop printers, facsimile machines and analogue copiers was achieved. New equipment is default set to double sided printing and include document scanning to allow electronic transfer of documents; and
- There was continued education of staff on the benefits of recycling paper.

Public sector employees are empowered and encouraged to support sustainability

- Through the setting of diversity employment targets, the Department aims to create a diversity of staff that supports the broader objectives of government and the department. Significant progress is being made, targets established and reported on through the equity index and annual report for outyears to 2009. Supporting activities to increase diversity have been established in the Equal Employment opportunity (EEO) Management Plan 2007-2009; and
- All new staff are expected to participate in EEO and Indigenous Australian Cultural Awareness (IACA) training and commencement/induction processes to ensure staff members obtain an understanding and awareness of equal opportunity and relevant cross cultural issues.

Corporate Governance



Audit Committee

The Audit Committee is established under the authority of the Director General as an advisory committee to the Director General and the Executive. The Committee's objective is to assist the Director General and the Executive in their promotion of good governance throughout the organisation.

During the year, the Audit Committee was the subject of an external review by an accredited member of the Institute of Internal Auditors. The review found the Committee to be generally effective in its role and proactive in the consideration of risks facing the Department. The reviewer made a number of recommendations that have since been adopted by the Department.

The recommendations included a re-structuring of the Committee membership to achieve a different skill-set mix. Also, the creation of a new Charter to provide a clearer focus on governance processes that affect core business and supporting services of the Department.

Responsibilities of the Committee include:

- reviewing draft copies of the annual financial statements and key performance indicators to provide advice to the Director General;
- monitoring and evaluating processes promoting sound internal controls and good business management practices;
- providing advice on the appropriate and timely action to be taken by management to address issues requiring attention as identified through internal auditing, external auditing, quality assurance management and risk management processes;
- monitoring and evaluating compliance with legislation and ethical standards including the Department's Code of Conduct; and
- monitoring and evaluating the activities of the Department's Audit and Review Branch.

Members:

- an independent Chair with audit, governance, risk management or financial management skills and experience;
- one independent member with audit, governance, risk management or financial management skills and experience;
- one independent member with internal audit responsibilities in another government department or agency; and
- the Director General of the Department of Agriculture and Food.

Attendees:

- a senior officer (ex-officio) from the Office of the Auditor General;
- the Director, Policy & Planning; and
- the Manager, Audit & Review.

The Chair shall invite to Audit Committee meetings, key staff and members of the Department's management team where items on the agenda are relevant to invitees' responsibilities.

The Executive Officer of the Audit Committee is the Manager, Audit & Review, and the Department's external auditor is the Auditor General.



Corporate Governance



Internal Audit

The Audit & Review Branch continued to focus its activities on identifying business improvement opportunities by examining the Department's systems and processes. Specific activities included compliance reviews (for example, *Plant Research and Development Trust Fund*), operational reviews (for example, *AGWEST International*), data mining and consulting. The Branch also engaged in certifying a large number of financial statements for Departmental projects undertaken for the State's Natural Resource Management catchment councils.

During the year, the Branch underwent an external quality assurance review as required by the Institute of Internal Auditors *Standards for the Professional Practice of Internal Auditing*. The reviewer found the internal audit function to be in 'general conformance' with the Standards and identified a number of minor improvements.

The Department's Executive and the Audit Committee continued to provide strong support for the internal audit function. Branch staff attended seminars, workshops and conferences on internal audit, risk management and corruption-prevention. One of the Senior Auditors obtained a new internal audit qualification. The knowledge and skills attained as a result of this professional development assisted the audit staff in carrying out their roles more effectively.

As in previous years, the Manager of the Branch visited a similar agency in another State. The sharing of information and comparison of internal audit practices again proved beneficial in identifying new ways to assess the Department in terms of its performance and conformance.



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 two Department of Environment and Conservation Regional Managers to negotiate and administer covenants under Part IVA remains in effect.

Land Clearing Assessments

During 2006/07, 138 mainly agricultural clearing area and purpose permit applications were assessed by the Commissioner with advice provided to the A/Director General of the Department of Environment and Conservation for determination of those applications. Advice is pending on 19 applications.

Most clearing applications for mining purposes are now being determined by the Department of Industry and Resources under delegation from the Department of Environment and Conservation. During 2006/07, 40 clearing permit applications were assessed by the Commissioner with advice provided to the Department of Industry and Resources. Advice is pending on 11 applications.

Compliance

All complaints registered 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 investigated 16 clearing, 3 drainage and 8 land degradation complaints and will take appropriate action under the *Soil and Land Conservation Act 1945* or refer matters to the A/Director General of the Department of Environment and Conservation for possible action under the *Environmental Protection Act 1986*.

Woodchip Permits

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

Agreements to Reserve and Conservation Covenants

Under Part IVA of the Act, the Commissioner registered ten Agreements to Reserve (ATRs), including two variations of existing covenants on Certificates of Title to protect 6,648 hectares of native vegetation. No Conservation Covenants were registered during the financial year.

Soil Conservation Notices

During the year, seven notices discharging Soil Conservation Notices were issued under Part V of the *Soil and Land Conservation Act*. Of these, four notices directing land owners to block drains discharging saline water onto lower land were re-issued in an amended form following determination of appeals by the State Administrative Tribunal (SAT).



Statement from the Commissioner of Soil and Land Conservation



Table 19: Area of vegetation protected under the Soil and Land Conservation Act 1945 in 2004/05, 2005/06 and 2006/07 (hectares)

Component	2004/05	2005/06	2006/07
Soil Conservation Notices issued	478	615	0
Agreements to Reserve lodged	450	456	6,648
Conservation Covenants lodged	282	181	0
Total area protected	1,210	1,252	6,648

Instruments under the *Soil and Land Conservation Act 1945* now protect about 200,000 ha of vegetation throughout the State.

Soil Conservation Notice Appeals

In 2006/07, one appeal application was lodged with the State Administrative Tribunal for a review of the Commissioner's refusal to discharge a Soil Conservation Notice (illegal land clearing). During the year, four appeals were determined in the Commissioner's favour (drainage), four cases (land clearing) were withdrawn by the applicants and three remain pending.

Land Drainage

Drainage of groundwater to manage salinity is regulated under the *Soil and Land Conservation Regulations*. During the year 58 landholders submitted Notices of Intention to Drain (NOIDs) in accordance with regulation 5. Following assessment 46 land owners were issued letters of no objection, 1 received an objection, two were referred to the Environmental Protection Authority, and seven were withdrawn by the proponents.

Most drainage activity during the year occurred in the northern agricultural region where State and Commonwealth Government funds (NAP/NHT2) are being invested in a pilot regional arterial drainage scheme. Regulations under the *Soil and Land Conservation Act 1945* are inadequate for the orderly development and operation of such large scaled schemes. The Commissioner is a member of the Technical Advisory Group that supports the newly created Wheatbelt Drainage Council that advises the Minister for Water Resources on drainage matters.

Compliance with the regulations remains a contentious issue. Three complaints alleging breaches of the regulations were registered during the year and one remains pending.

Land Conservation District Committees (LCDC)

At 30 June 2007, 125 Land Conservation Districts remained proclaimed under the *Soil and Land Conservation Act*. Of these, 48 have no committee currently appointed and are effectively in recess. The number of members now totals 1,018 (25% reduction since 2004/05) following the re-appointment of 14 District Committees and 29 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, 14 LCDCs were abolished and for a further 9 district committees abolition is pending. The Commissioner assisted the Corruption and Crime Commission (CCC) to investigate a complaint against a LCDC employee. The matter remains pending.



Statement from the Commissioner of Soil and Land Conservation



Condition of the Resource Base

The Western Australian Rangeland Monitoring System (WARMS) provides an indication of change in pastoral rangelands at broadscale. 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 it 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.

The fifth assessment of the Kimberley grassland sites is about 40% complete. One full cycle (i.e. two assessments) has been completed for shrubland sites, with about 35% of sites now assessed three times.

A total of 440 WARMS sites were reassessed in 2006/07 (Table 20). This was comprised of 130 Kimberley grassland sites, 271 shrub sites and 39 grass sites south of the Kimberley.

Table 20: The number of shrubland and grassland WARMS sites sampled in 2006/07 (south of Kimberley) and the 2006 field season (Kimberley).

District	Shrubland	Grassland (south of Kimberley)	Grassland (Kimberley)	Total
Carnarvon	115	2	-	117
Kalgoorlie	90	-	-	90
Meekatharra	56	-	-	56
<i>Southern region</i>	261	2	-	263
Derby	-	-	86	86
Karratha	10	37	-	47
Kununurra	-	-	44	44
<i>Northern region</i>	10	37	130	177
State	271	39	130	440

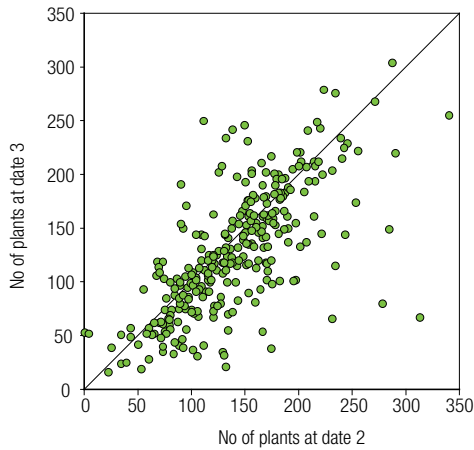
Shrubland Sites

A total of 309 sites have now been assessed three times. For these sites; the density of shrubs increased on 33% of sites (Fig 8). Overall, there was an average decrease in density of 3%. The density declined substantially (i.e. to less than 50% of density) on 6.5% of sites.





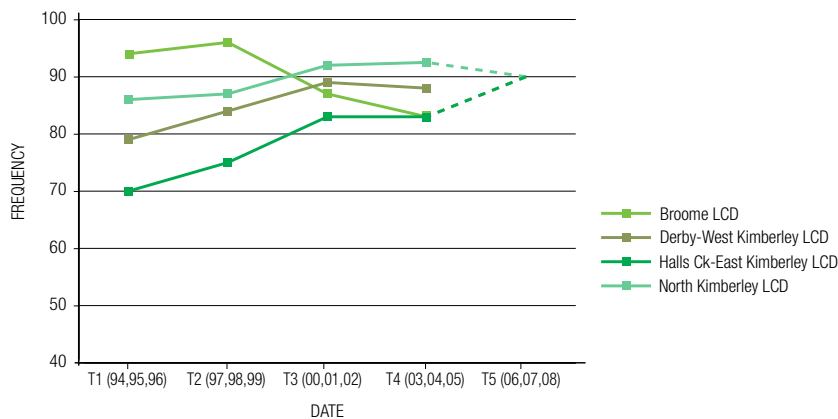
Figure 8: The number of plants at Date 2 and Date 3 on each WARMS shrubland site for the 309 sites which have been assessed three times. Grassland Sites



For the Derby-West Kimberley, Halls Creek-East Kimberley and North Kimberley Land Conservation Districts (LCD), the average frequency of perennial grasses increased over the first three assessments and then flattened out by the fourth assessment (Fig 9). Based on 2006 results, it appears that perennial grass frequency has not decreased. In the Broome LCD, flood inundation in 2000 caused deaths of perennial grasses but the 2006 data suggest that there has been good recovery in many areas.

Figure 9: The average frequency of Kimberley grassland sites assessed over all cycles. For Time 5 (T5 06,07,08) only sites assessed in 2006 are shown.

Kimberley grassland sites - sampled in T1, T2, T3, T4



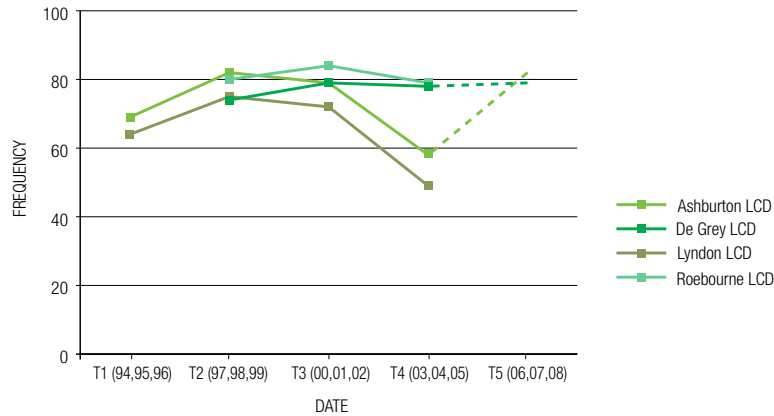
Perennial grass frequency south of the Kimberley generally decreased from the 2nd and 3rd assessment to the fourth (Fig 10). The 2006 data suggest that there has been at least partial recovery but this will not be confirmed until after the 2007 and 2008 field sampling seasons are completed.





Figure10: The average frequency of “south of Kimberley” grassland sites assessed over all cycles. For Time 5 (T5 06,07,08) only sites assessed in 2006 are shown.

South of Kimberley grassland sites - sampled in each of T1, T2, T3, T4





Legislation Administered by the Department of Agriculture and Food for the Minister for Agriculture and Food at 30 June 2007

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 Act 1988*
 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*
 Gene Technology Act 2006 (to be proclaimed)
 Genetically Modified Crops Free Areas Act 2003
 Grain Marketing Act 2002
 Industrial Hemp Act 2004
 Marketing of Potatoes Act 1946
 Ord River Dam Catchment Area (Straying Cattle) Act 1967
 Perth Market Act 1926
 Plant Diseases Act 1914*
 Plant Pests and Diseases (Eradication Funds) Act 1974*
 Royal Agricultural Society Act 1926
 Rural Business Development Corporation Act 2000
 Seeds Act 1981*
 Soil and Land Conservation Act 1945
 Stock (Identification and Movement) Act 1970*
 Stock Diseases (Regulations) Act 1968*
 Veterinary Chemical Control and Animal Feeding Stuffs Act 1976*
 Veterinary Surgeons Act 1960
 Western Australian Meat Industry Authority Act 1976

Legislative Changes

The Policy and Business Services Legislation Unit coordinates the department's legislation program in consultation with Executive Directors and Program Managers. Legislative changes during 2006/07 include:





Legislation before Parliament or to be introduced to Parliament

- The *Biosecurity and Agriculture Management Bill 2006*; the *Biosecurity and Agriculture Management (Repeal and consequential Provisions) Bill 2006*; and the *Biosecurity and Agriculture Management Rates and Charges Bill 2006*. This package of Bills will repeal the Acts marked * in the forgoing list and amalgamate into one Act and regulations made under it provisions for:
 - the control of animal and plant pests and diseases;
 - the control of use of agricultural and veterinary chemicals;
 - the establishment of standards of quality and safety for agricultural products; and
 - the establishment of agricultural industry funding schemes.
- Amendments to the *Seeds Act 1981* to provide more flexibility in the provisions for declaration of prohibited Seeds.

Legislation approved for drafting

Amendments to the *Gene Technology Act 2006* to complement amendments made to the *Commonwealth Gene Technology Act 2000* and ensure the maintenance of a nationally consistent scheme for the regulation of dealings with genetically modified organisms.

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

Animal Welfare Act 2002
 Auditor General Act 2006
 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
 Emergency Management Act 2005
 Environmental Protection Act 1986
 Equal Opportunity Act 1984
 Explosives and Dangerous Goods Act 1961
 Financial Management Act 2006
 Firearms Act 1973
 Forest Products Act 2000
 Freedom of Information Act 1992
 Government Employees' Housing Act 1964
 Government Employees Superannuation Act 1987
 Health Act 1911
 Industrial Relations Act 1979
 Land Administration Act 1997
 Library Board of Western Australia Act 1951
 Minimum Conditions of Employment Act 1993
 Occupational Safety and Health Act 1984
 Occupiers Liability Act 1985
 Parliamentary Commissioner Act 1971
 Poisons Act 1964
 Public and Bank Holidays Act 1972
 Public Interest Disclosure Act 2003
 Public Sector Management Act 1994



Legislation



Salaries and Allowances Act 1975
State Administrative Tribunal Act 2004
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 Injury Management Act 1981

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.

A handwritten signature in black ink that reads "Ian Longson".

Ian Longson
DIRECTOR GENERAL



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

Community Agriculture Centres (CACs)

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

Research Stations

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

District Agriculture Protection Offices

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

Border Checkpoints

Eucla	Kununurra
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Quarantine Stockyards

Halls Creek	Kununurra
Parkston	



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