

Department of Agriculture and Food
Annual Report

08

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

STATEMENT OF COMPLIANCE

For the year ended 30 June 2008

The Honourable Kim Chance MLC
Minister for Agriculture and Food;
Forestry; the Mid West and Wheatbelt

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 2008.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and any other relevant written law.



Ian Longson
Director General
Department of Agriculture and Food

Contact Details

Postal

Locked Bag 4
Bentley Delivery Centre
WA 6983

Street

3 Baron-Hay Court
South Perth WA 6151

Electronic

Internet: www.agric.wa.gov.au
Email: enquiries@agric.wa.gov.au
Telephone: 61 8 9368 3333
Facsimile: 61 8 9474 2405

Should you have a hearing or speech impairment you can contact the department through the National Relay Service:

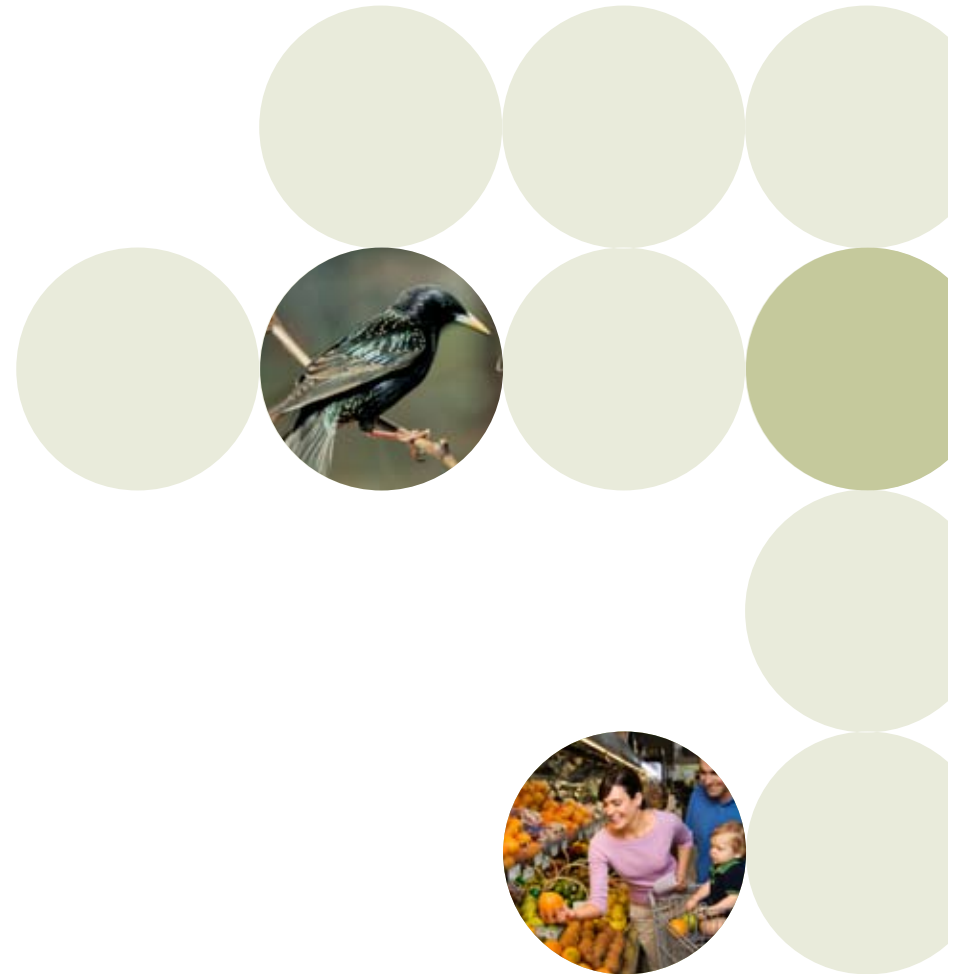
- TTY or computer with modem users phone 133 677
- Speak and listen users phone 1300 555 727

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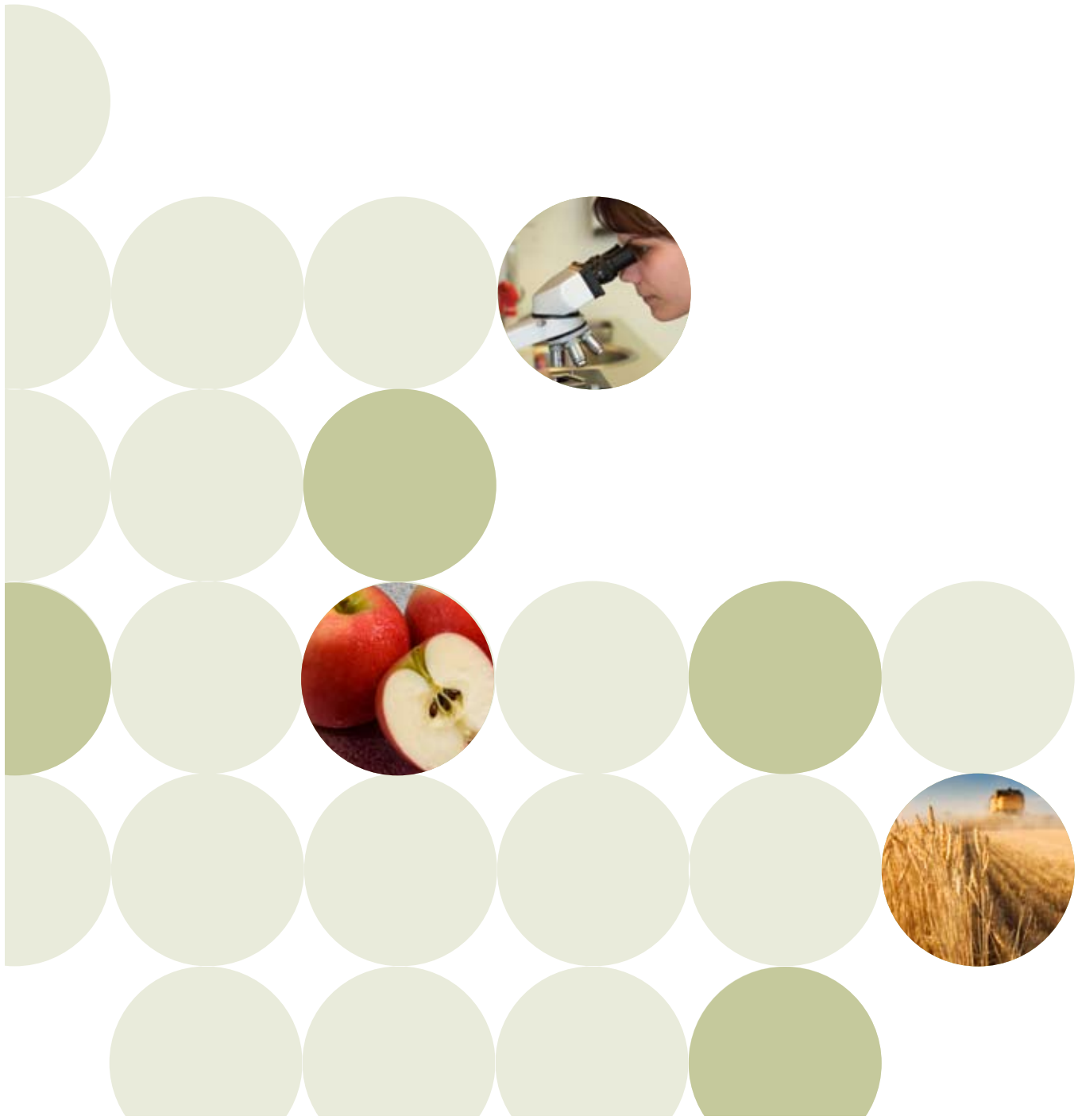


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Our new Corporate Strategy differs significantly from our previous plans, in so much as the focus is now on how we are going to do it rather than what we are going to do.



Ian Longson

Ian Longson
Director General



Throughout history, the main role of agriculture has been to feed and clothe a nation's people, but times are rapidly changing. Consumers are becoming more discerning and concerned about how their food and clothes are produced, and the impact this production has on the environment. In addition, issues of food-related diseases such as obesity and diabetes are fast overtaking concerns of whether or not the world will be able to feed itself in the future.

The Western Australian Government has entrusted the Department of Agriculture and Food with the lead role in food industry development, biosecurity and natural resource management. It is true that we face many challenges, but it is also true that both the Government and industry have high expectations of our ability to succeed. Whether agriculture is for food or fuel production, economic opportunity or achieving environmental objectives, most countries now view sustainability as a critical factor. Western Australia is no different.

The department's primary objective is to provide the best possible service and make a valuable contribution to the sustainable future of Western Australia's agriculture, food and fibre industries. In order to achieve this objective the department has embarked on an ambitious program of reviewing and updating our Strategic Plan and our planning processes, and developing a monitoring, evaluation and performance measurement framework that will allow us to more effectively assess our progress and keep us ahead of the game as we confront the many challenges and issues that will impact on us.

Our new Corporate Direction differs significantly from our previous plans, in so much as the focus is now on how we are going to do our business rather than what we are going to do. Our industry-based and other outcome based planning processes will continue to provide the specific direction as to what we will deliver. Using the new Corporate Strategy as

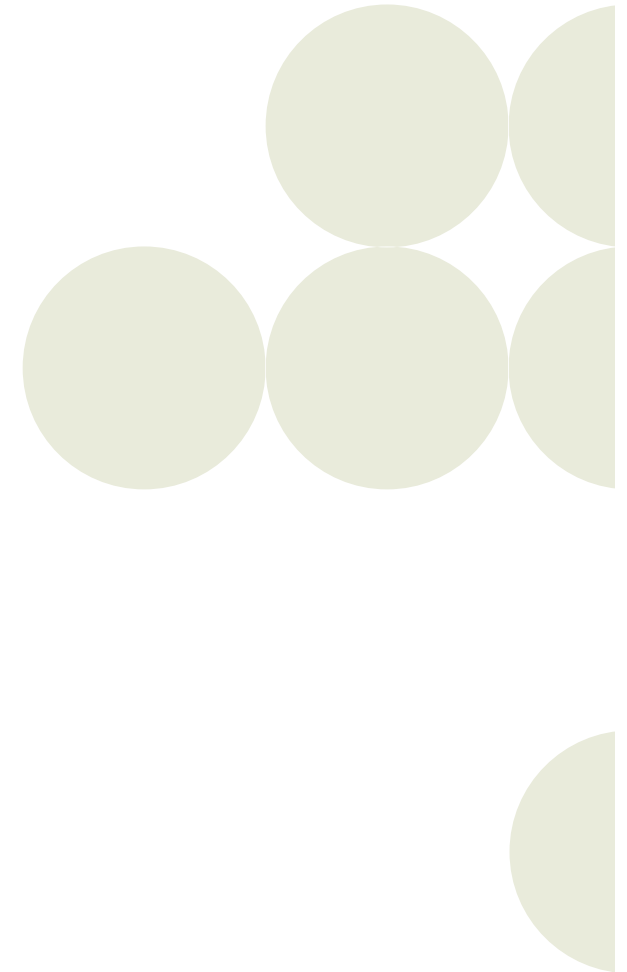
a framework for all our activities, we will be better equipped to direct resources to those areas that will make the greatest contribution to sustainable economic development. It will focus our attention on delivering the optimum agricultural and food results for our great State. The competition for market share combined with the unknown impacts of climate change and the rapid advancement in food and fibre technology will ensure the Department of Agriculture and Food continues to experience some exciting and challenging times.

I would like to take this opportunity to acknowledge and thank the Minister for Agriculture and Food, the Hon Kim Chance MLC, for his leadership and support. I would also like to thank our staff for the effort and initiative they have contributed, demonstrated by the numerous awards and accolades they have received locally, nationally and internationally (more information in [Appendix 3](#)).

This professional recognition, together with the feedback from our stakeholders, is evidence that the Department of Agriculture and Food continues to make an important contribution to the sustainable future of Western Australia's agriculture, food and fibre industries, which support the State's economy and underpins many of its regional and rural communities. I am proud to say that as a team, we will continue to achieve the department's objectives and make a difference.

Ian Longson

Director General



Executive summary

The 2007 season was one of great contrasts, with southern producers and rangelands managers benefitting from a season where good production conditions coincided with good prices for most commodities. However, at the other end of the scale, the northern and eastern wheatbelt producers suffered through another dry season with very low production levels. Exceptional Circumstances assistance was granted in October 2007 to many northern and eastern areas and the State Government's \$9.3 million Dry Season Assistance Scheme was extended to cover 37 regional shires.

In this testing environment, the Department of Agriculture and Food (the department) continued to deliver services professionally and with an outstanding level of commitment to the people and businesses involved in Western Australia's agriculture, food and fibre industries. The new Corporate Strategy developed this year by the department's staff, builds on the commitment and focuses on adding value and showing leadership to the many and varied stakeholders the department has. In terms of highlights and delivering value, the department continued to generate world class research and development; provide significant benefit to Western Australian producers, the food industry sector and consumers; and take a lead role in the sustainable management of Western Australia's natural resources.

The department developed and launched the Government's new food marketing campaign [buy west. eat best](#) which provides consumers with an assurance they are buying products made in Western Australia. This meets rapidly growing consumer demands for State-of-origin labelling on their food products.



Another major development was the establishment of Western Australia's first commercial wheat breeding company, [InterGrain Pty Ltd](#), a partnership between the department and the Grains Research and Development Corporation (GRDC), and the release of two new wheat varieties Magenta and Yandanooka. Department crop researchers involved in pre-breeding activities will also have access to new germplasm via collaborative initiatives such as the Molecular Plant Breeding Cooperative Research Centre and the China-Western Australia agreement for barley.

Of particular significance was the passing of the [Biosecurity and Agriculture Management Act 2007](#). This important piece of legislation will improve the ability of the State to manage, prevent and contain biosecurity risks, including pest plants and animals as well as diseases. With ever increasing numbers of people, goods and vehicles entering Western Australia, the risk of harmful organisms entering is escalating so it is critical our border biosecurity activities keep up with the pace of movement.

The department enhanced the border biosecurity team (inspectors and detector dogs) and launched the new look [Quarantine WA](#) (QWA) during the year. During 2007-08 the QWA team checked around 114,500 vehicles entering Western Australia via the Eucla and Kununurra checkpoints and confiscated nearly 24,000 kilograms of quarantine risk material from travellers; the 1.7 million interstate air travellers that arrived in Perth voluntarily dumped 13,000 kilograms of quarantine risk material, although a further 2,500 kilograms of fruit, vegetables and flowers was detected and had to be confiscated; 40,000 live animals entered via the Kalgoorlie and Kununurra quarantine facilities.

The most obvious pest the department dealt with during the past year was the [Australian Plague Locust](#), with the locust control program covering 32,500 hectares. An introduced pest that harms native flora and fauna as well as crops is the [Rainbow Lorikeet](#). The department has worked with community, volunteers and other organisations to remove more than 6,500 wild birds from the Perth metropolitan area this year. As for diseases, [Equine Influenza](#) did not make it into Western Australia, largely because a dedicated department team worked tirelessly to keep it out.

In what is a world first, detector dogs are being employed to look for [European House Borers \(EHB\)](#) in Perth suburbs. Two detector dogs were assigned to the EHB program late in 2007 and two experienced EHB field staff have been trained as specialist dog handlers to run the dogs and continue their training and development. The national Scientific Advisory Panel has declared this to be an important development in terms of enhancing the program's surveillance and detection capabilities.



Members of the QWA team.



The Department of Agriculture and Food released Australia's first non-browning apple Enchanted™ in May, reaffirming the department's leadership of the national apple breeding program (see www.agric.wa.gov.au for more information). Another first was the breeding and release of the world's first commercial bladder clover AGWEST® [Bartolo](#).

The department also unveiled a new and improved cream skinned fresh market potato variety [White Star](#). Not only does the new variety provide agronomic gains for growers, but retail testing results indicate that 43 per cent of consumers rate the smooth appearance of White Star as excellent, and 49 per cent rated it as good.

This year the department concluded a world-first scientific study that proves [smoke affects the taste of wine grapes](#), and subsequently the wine made from the grapes. The results of this study will allow wine producers and forest managers to mitigate the impact of smoke from prescribed burns and bushfires on wine grapes and wine. This study is also of great interest to Californian and South American wine growing industries, particularly in view of the increasing risk of fires as a result of climate change.

During the year the department refined its service to clients with the establishment of [AgLine](#) – a dedicated phone service for producers and consultants. This service streamlines access to the department's products and services covering the areas of crops, pastures, livestock, animal health, horticulture and general agricultural production. In addition, the department's [Pest and Disease Information Service](#) responded to around 11,000 enquiries during the financial year. These included phone calls, emails, faxes, letters and face-to-face (over the counter) enquiries.



The PADIS team.

During the year the Minister opened the department's new dairy research facility at the Vasse Research Centre in Busselton, and opened Jerramungup's new Cameron Business Centre where the department co-locates with the Telecentre, local newspaper and town library. We were also a proud participant in the inaugural Science@Parliament WA, which was hosted by the State's Chief Scientist to promote the role and importance of science in Western Australia.

Our workforce is the major contributor to the department's success, so it is vital we develop innovative ideas in recruiting, engaging and retaining a talented and committed workforce to ensure our sustainable success. To address this issue, the department has initiated a staff sustainability project to ensure we maintain staff competitiveness in a tight labour market. With world class research and development outcomes, regional leadership in dealing with climate change, outstanding management and protection of the State's community and lifestyle, and demonstrated commitment to our stakeholders and clients, 2007-08 was another year of significant achievement for the Department of Agriculture and Food.

Not one, but two Treasurer's Awards

The department was awarded two prestigious Treasurer's Innovation in Procurement Awards. The first, in the Common Use Contracting Arrangements category, was for optimising the benefits from the use of corporate cards and the second was the High Commendation Award for Outstanding Procurement Team Supporting Procurement Reform. Reports issued by the Department of Treasury and Finance indicate the department is a clear leader in the Government's preferred approach to corporate card usage and is on course to meet the Treasurer's 2010 target two years early. Over the past two years, the department's procurement team have diligently focussed on the whole of government procurement reform agenda and has delivered significant benefits to the department.



The Director General with Hon. Eric Ripper MLA, Treasurer.

Enabling legislation

The Department of Agriculture and Food Western Australia is established as a department under the *Public Sector Management Act 1994*.

Responsible minister

The Honourable Kimberley (Kim) M Chance MLC, Minister for Agriculture and Food; Forestry; the Mid West and Wheatbelt; Great Southern.



Honourable Kim M Chance MLC

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:

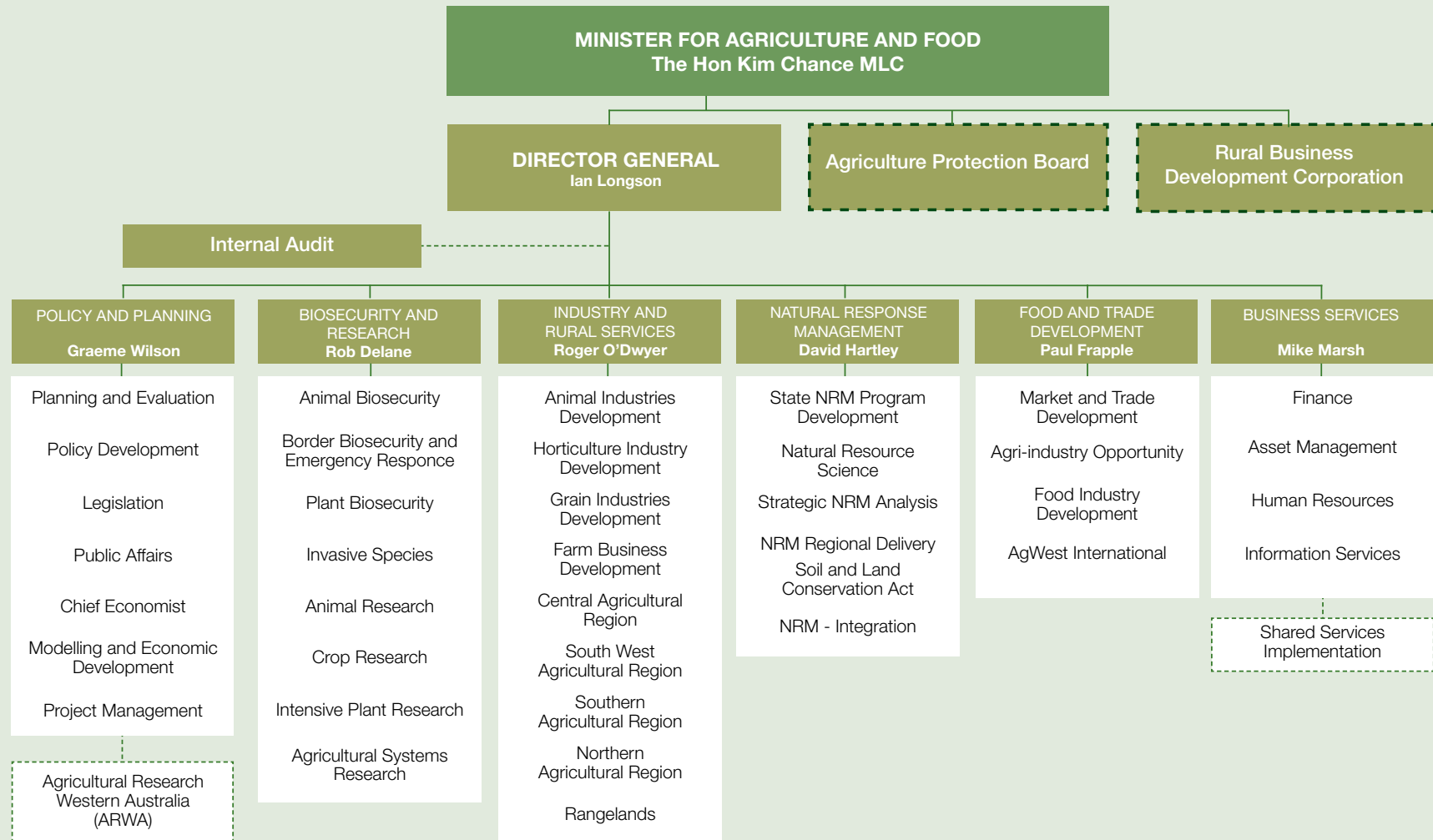
- Increased competitiveness and profitability of agriculture, food and fibre industries;
- Improved ecological sustainable development of agri-industry; and
- Effective management of biosecurity.

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.



Organisational chart



Senior officers

Mr Ian Longson

Director General

Ian was appointed Director General in 2004, having been on the Executive team since 1994. Prior to joining the department, Ian was the manager of the Perth Office of ACIL Consulting (now ACIL Tasman). He is a member of a number of national committees of senior government officials including the Primary Industry, Natural Resource Management, Food Regulation and Gene Technology Standing Committees. Ian is a Fellow of the Australian Institute of Agricultural Science and Technology, and was National President in 2000-2002. Ian is a past President of the Australian Association of Agricultural Consultants (WA Inc). Ian holds a B.Sc (Agriculture) and a Masters in Agricultural Marketing and Policy from the University of Guelph (Canada).

Mr Graeme Wilson

Director Policy and Planning

Graeme commenced his career in the private sector, joining the WA Public Sector in 1979. He worked in various roles in the Health Department before holding senior finance, strategy and business development positions at the Department of Productivity and Labour Relations, Department of Education, Water Authority, TAFE, and the Advanced Manufacturing Technology Centre. Graeme joined the department as Director of Policy and Planning in 1998.

Mr Rob Delane

Deputy Director General Biosecurity and Research

Rob has been in his current position since 2005, and has extensive experience and skills in agricultural policy, strategic planning, research strategy, resource management, regulation and service delivery. He is a Director of Plant Health Australia, member of the national Quarantine and Exports Advisory Council, the Molecular Plant Breeding Cooperative Research Centre Board, Australian Biosecurity Intelligence Network, and the National Biosecurity Committee. He also represents the department on the Boards of Agriculture Protection and Agricultural Research Western Australia. Rob was awarded the Public Service Medal in 2007, and holds a B.Sc (Agriculture), M.Sc (Agriculture), and is a Graduate of the Australian Institute of Company Directors.

Mr Roger O'Dwyer

Executive Director Industry and Rural Services

Roger rejoined the department in 2006. Prior to that Roger worked in a wide range of roles in the Australian primary industry sector, holding senior policy and management positions in the Queensland Department of Primary Industries and Northern Territory Department of Primary Industry. He also worked for the Rural Adjustment and Finance Corporation of Western Australia and the Agricultural Bank of Tasmania. Roger holds a B.Sc (Agriculture) and a Masters of Business.

Mr David Hartley

Executive Director Natural Resource Management

David has had over thirty years experience in agriculture, firstly with the NSW Department of Agriculture and more recently with the WA Department of Agriculture and Food. In addition to sustainable agriculture, David has a strong interest in water management and is a member of the State Water Council.

He is also a member of numerous state and national committees that are focussed on achieving sustainable use of land and water resources. David is also the current Chair of the Australian Weeds Committee, and a former Commissioner of Soil and Land Conservation for WA. David has formal qualifications in agriculture, economics and rural extension.

Mr Paul Frapple

A/Executive Director Food and Trade Development

Paul commenced his career in the mining sector where he worked as Environmental Manager for Jennings Mining Ltd. He joined the Department of Agriculture and Food in 1979 and has held various management positions that focussed on industry development and post farm-gate activities. He was appointed as Acting Executive Director Food and Trade Development in 2007. Paul holds a B.Sc (Agriculture).

Mr Mike Marsh

Executive Director Business Services

Mike was appointed to his position in 1997 and is the department's Chief Finance Officer. Prior to joining the department, Mike held a number of senior positions in the WA Public Service. Mike's vast experience also includes an industry placement with the investment banker BT Australia. Mike has a B.App. Science (Geology), a B.Bus (Management) and Masters of Business Administration. Mike is a member of the Australian Society of Certified Practising Accountants.



Administered legislation

The Minister for Agriculture and Food administers the following related Acts:

*Aerial Spraying Control Act 1966**
Agricultural and Veterinary Chemicals (Taxing) Act 1995
Agricultural and Veterinary Chemicals (Western Australia) Act 1995
Agricultural Practices (Disputes) Act 1995
*Agricultural Produce (Chemical Residues) Act 1983**
Agricultural Produce Commission Act 1988
*Agricultural Products Act 1929**
*Agriculture and Related Resources Protection Act 1976**
*Agriculture Protection Board Act 1950**
*Argentine Ant Act 1968**
*Artificial Breeding of Stock Act 1965**
*Beekeepers Act 1963**
Biological Control Act 1986
Biosecurity and Agriculture Management Act 2007
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**
Tree Plantation Agreements Act 2003
*Veterinary Chemical Control and Animal Feeding Stuffs Act 1976**
Veterinary Surgeons Act 1960
Western Australian Meat Industry Authority Act 1976

*Legislation to be repealed once Biosecurity and Agriculture Management Regulations are in place.

Legislative changes

New legislation

The Biosecurity and Agriculture Management Act 2007.

- The provisions of this Act that establish the Western Australian Agriculture Authority and the Biosecurity Council came into operation on 23 October 2007. The rest of the Act will be proclaimed when the necessary regulations have been developed. The Biosecurity Council is an advisory body that will take over from the Agriculture Protection Board as the prime source of advice to the Minister and the department on biosecurity issues.

The Gene Technology Act 2006

- The *Gene Technology Act 2006* came into operation on 27 July 2007. This Act mirrors the Commonwealth *Gene Technology Act 2001* and provides the necessary State legislation to ensure the national scheme for the regulation of gene technology has full coverage of all dealings with genetically modified organisms

Legislation repealed

- The *Agriculture Act 1988* was repealed on 23 October 2007. This Act, which established the Chief Executive Officer of the Department of Agriculture and Food as a body corporate, is no longer required because the Western Australian Agriculture Authority is established as a body corporate and will be party to those activities of the department for which a body corporate is required. The new provisions remedy deficiencies in the *Agriculture Act 1988* that had imposed unintended limitations on the capacity of the Department of Agriculture and Food, and more particularly the body corporate, to participate fully in some important research ventures and to efficiently exploit the intellectual property created within the department.

Legislation before Parliament or to be introduced to Parliament

- A Bill to amend the *Seeds Act 1981* to provide more flexibility in the provisions for declaration of prohibited seeds was introduced to the Legislative Council on 29 August 2007.

Legislation being drafted or which has been approved for drafting

- Amendments to the *Gene Technology Act 2006* to complement amendments made to the Commonwealth *Gene Technology Act 2000*;
- An Act to replace the *Veterinary Surgeons Act 1960*;
- Amendments to the *Agricultural Produce Commission Act 1988*.

Other key legislation impacting on the Department of Agriculture and Food's activities

In the performance of its functions, the Department of Agriculture and Food complies with the following relevant written laws:

Animal Welfare Act 2002
Auditor General Act 2006
Carbon Rights Act 2003
Conservation and Land Management Act 1984
Contaminated Sites Act 2003
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
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

Outcome based management framework

Broad, high level government goals are supported at agency level by more specific desired outcomes. The Department of Agriculture and Food delivers four agency level services to achieve these desired outcomes, which ultimately contribute to meeting the higher level government goals.

Government goal:

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.

Agency level desired outcome:

Increased competitiveness and profitability of agriculture, food and fibre industries.

Service 1:

Food and fibre industries development

The achievements within the [food and fibre industry development](#) service are mostly of an industry research and development nature. The generation, integration and application of knowledge, together with appropriate industry policy, increases the international competitiveness and market opportunities for Western Australia's agriculture, food and fibre industries.

This service contributes to increased profitability and competitiveness of agri-industry by providing it with leading edge science and innovation in the areas of:

- research and development of new plant and animal products, farming techniques and practices;
- facilitation and development of the Western Australian food industry;
- facilitation of strategic alliances to enhance trade, encouragement of investment attraction and provision of market intelligence;
- provision of key information and support for existing industries and the development of new industries; and,
- development of industry, management and marketing policies.

Enchanted™ magic

The department's new unique apple, sold to consumers under the name Enchanted™, has attracted widespread international interest. News of the release of this beautiful pink apple was published in England, Europe, the Middle East and Asia. Much of the interest centres on the fact that Enchanted™ doesn't go brown when cut and exposed to air, a special characteristic of this fruit. This means that the fresh juice stays a pinkish colour and cut fruit can be used more widely by chefs and restaurants as well as in school lunchboxes.

The new naturally non-browning apple was developed by the department under the Australian National Apple Breeding Program. It was bred naturally in Western Australia using conventional breeding techniques. The breeding was part funded by the Australian Government and the Australian apple and pear levy through Horticulture Australia Ltd.



Government goal:

To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably and biological diversity is preserved.

Agency level desired outcome:

Improved ecological sustainable development of agri-industry.

Service 2:

Agricultural resource management

The achievements within the [agricultural resource management](#) service are mainly related to the department's natural resource management (NRM) activities. The generation, integration and application of knowledge, together with appropriate investment, policy and regulation, develop the capacity of rural communities and industries to profit from environmentally responsible agriculture.

This service contributes to the ecological sustainable development of agri-industry in a number of ways. The department aims to manage the production risks by preventing the decline in the productive capacity of our natural resources and minimising offsite impacts of agriculture such as stream sedimentation, nutrient contamination and rising water tables.

Sustainable use of our natural resources is inextricably linked to productivity and profitability and therefore has to be part of business and management decisions that are made at the paddock level by farmers every day. Influence is highly dependent on knowledge of and credible participation in rural networks. The department, through its long established connection with rural people and its fostering of networks such as the Landcare movement, is still the agency best placed to do this.

For sustainable land management, farmers must receive holistic sustainable land management and production advice. Increasingly, advice on sustainable land management is being incorporated into farming systems advice and the department, because of its skills and knowledge, is uniquely placed to lead this through research and development and farming systems.

Being Waterwise

The aim of the Waterwise on the Farm project is to improve water use efficiency (WUE) in irrigated agriculture in Western Australia. This can be achieved by assisting irrigators to gain and implement nationally recognised competencies in irrigation application efficiency and management.

The Waterwise project was established by the department as a pilot in 2002-03 with the aim of developing a suitable irrigation training program to increase WUE by irrigators. The training model selected was customised for Western Australia and the specific industries that we targeted. Twenty nine training courses (116 workshops) have been delivered since the program started, with 270 farmers being trained so far. The training courses have been run in many different locations from Carnarvon, right through to Albany. In addition, the project team has processed around \$260,000 worth of Irrigation Improvement Grants and established four demonstration sites to showcase irrigation and nutrition best management practices. The demonstration sites were developed with support from the South West Catchments Council.





Government goal:

To ensure that regional Western Australia is strong and vibrant.

Agency level desired outcome:

Effective management of biosecurity.

Service 3:

Biosecurity

The achievements within the [biosecurity](#) service are mainly related to the department's control of plant and animal pests and diseases and emergency response activities.

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

This service contributes to the protection of our productive resource base through:

- maintenance of effective barrier quarantine and protection requirements to minimise the risk of introducing new pests and diseases and to maintain market access;
- operation of effective surveillance programs to ensure early detection and diagnosis of incursions, define the status for market access and justify quarantine barriers;
- ongoing capability to undertake emergency responses to incursions and outbreaks of high priority animal and plant pests and diseases;
- delivery of effective management programs that target specified pests and diseases; and
- achievement of a high level of awareness of key threats to agricultural industries and an increased participation by industry members in the management of risk.

Sniffing out the bugs

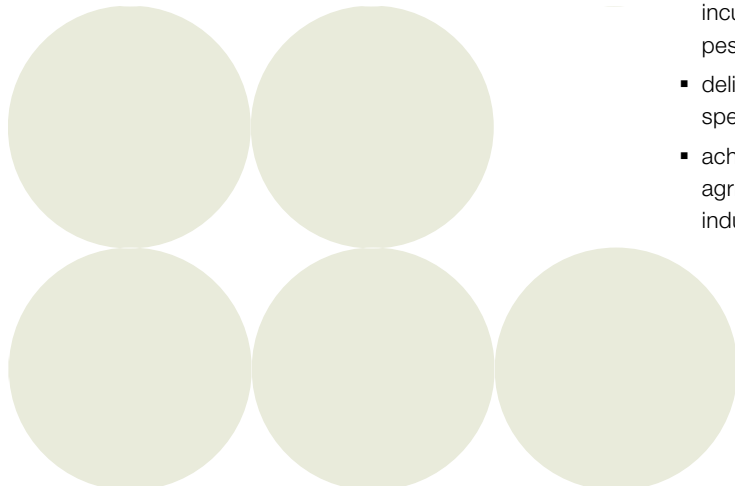
The European House Borer (EHB) is a pest that if allowed to establish will cause major structural damage to many buildings and impact on the quality of life enjoyed by Western Australians. In 2007-08 the containment and eradication program saw the pest confined to the greater Perth metropolitan area and the communication strategy continued to raise awareness within the broader community. The department's EHB team also developed the world's first Deoxyribose Nucleic Acid (DNA) testing technique to identify borer larva. In what is also believed to be a world first, two detector dogs have been recruited and are being trained to detect EHB larvae in pine wood. This novel approach has been made possible by the department's development of the DNA testing technique.



Lara and her handler in training.



Researching the life cycle of EHB.



Government goal:

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.

Agency level desired outcome:

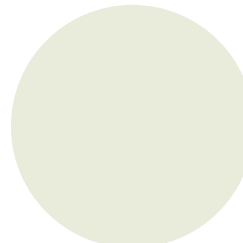
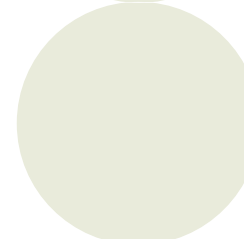
Increased competitiveness and profitability of agriculture, food and fibre industries.

Service 4:

Services provided to the Rural Business Development Corporation

The department provides services to the Rural Business Development Corporation (RBDC) under a contract for services. This service contributes to the ecological sustainable development of agri-industry in a number of ways, but essentially the department aims to manage the risks to production by preventing the decline in the productive capacity of our natural resources and minimising offsite impacts of agriculture such as stream sedimentation, nutrient contamination and rising water tables. This can only be achieved if industry profitability is at least maintained. Therefore, a key focus is to assist farmers who are significantly impacted by exceptional seasonal events (such as drought, flooding etc). Another key focus is to enhance their skills through training. The training program promotes sustainable long-term profitability and enhances the participants capacity to deal with risks.

Significant issues and trends and major achievements are addressed in the Rural Business Development Corporation's Annual Report, which can be found at www.agric.wa.gov.au/content/amt/index_rbdc.htm





Changes to outcome based management framework

There were no changes to the Department of Agriculture and Food's outcome based management framework in 2007-08.

Shared responsibilities with other agencies

The National Action Plan (NAP) for Salinity and Water Quality was jointly funded by the Australian and State Governments. 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 is the lead agency, and together with the Department of Environment and Conservation, aims 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 State's natural resources as well as infrastructure and industries. The NAP concluded on 30 June 2008 and will be replaced by the new national program Caring For Our Country. 2008-09 will be a transition year ahead of the Australian Government announcing new priorities for the full four year program commencing in 2009-10.

The department carries out a number of activities in collaboration with other agencies and organisations under partnership arrangements. For example, legislative responsibility for animal welfare rests with the Department of Local Government and Regional Development, with the RSPCA being the main body responsible for the enforcement of that legislation. However, the Department of Agriculture and Food plays a key role in promoting responsible livestock stewardship and carrying out inspectorial duties in regional areas. The department has also established a partnership with Rio Tinto to review opportunities for new industries that may result from mine dewatering.

SAILS for sustainability

The Southern Agricultural Indigenous Landholder Service (SAILS) is a service being delivered from the department's Albany office. The project works in consultation with Indigenous landholders and assists with implementing sustainable land use, natural resource and best practice management. During the past year SAILS worked with landholders on infrastructure and pasture improvements, development of business and property management plans, lease agreements, soil testing, surface water management assessments, nutrition programs and stock management.

The department's Indigenous Landholder Services projects (Kimberley, Pilbara and Southern agricultural region) are delivered in partnership with the Indigenous Lands Corporation (ILC). The Natural Resource Management (NRM) component of SAILS is funded by South Coast NRM Inc and supports the Noongar properties to plan and implement various NRM strategies and on-ground activities.



Assessing trial plots.



Propagating species for revegetation.

Financial targets

	2007-08 Target (1) \$'000	2007-08 Actual \$'000	Variation (2) \$'000
Total cost of services (expenses limit)	323,629	311,509	(12,120)
Net cost of services	172,711	172,805	94
Total equity	212,684	314,312	101,628
Net increase/decrease in cash held	1,625	14,797	13,172
	No.	No.	No.
Approved full time equivalent (FTE) staff level	1,598	1,565	33

- (1) As specified in the department's budget statements
 (2) Explanations are contained in [Notes to the Financial Statements](#) section of this annual report.

Summary of key performance indicators

The following table shows some our performance indicators across operational areas; or measures where significant difference occurred between the result that was achieved and the previously disclosed target. Explanations for the variations between target and actual results are presented in the detailed [Key Performance Indicator](#) section of this annual report. The audited copy of the department's [Key Performance Indicator Report 2007-08](#) is available on the department's website.

	2007-08 Target (1)	2007-08 Actual	Variation (2)
Service 1: Food and fibre development			
Desired outcome: Increased competitiveness and profitability of agriculture, food and fibre industries			
Key effectiveness indicator(s): Increased competitiveness and profitability of agriculture, food and fibre industries			
Average diameter of wool tested in the State	20.1	20	0.1
Percentage of State clip in superfine category	38%	42%	4%
Service 2: Agricultural resource management			
Desired outcome: Improved ecological sustainable development of agri-industry			
Key efficiency indicator(s): Average administrative cost per participant in farm business and rural community (FB/RC) development activities			
Total number of FB/RC development activities	4,000	5,137	28%
Average cost per participant (\$)	419	546	30%
Service 3: Biosecurity			
Desired outcome: Effective management of biosecurity			
Key effectiveness indicator(s): Animal disease identification			
Identifications of notifiable animal diseases	5	17	14
Number of animal diseases (identified)	3	4	1
Interceptions of significant pests, diseases and weeds (number)	265	188	-77
Number of pests, disease and weeds species (identified)	62	36	-26
Removal of properties from quarantine (number)	109	66	-43

- (1) As specified in the department's budget statements
 (2) Explanations for the variations between target and actual results are presented in the detailed Key Performance Indicator section of this annual report.



Summary of key performance indicators (continued)

Key achievements for 2007-08:

Service 1 – Food and fibre development

- The department has developed new cold treatment protocols for citrus that have been accepted by Japan. This research has opened up international market access for citrus fruit from Australia. Western Australia is now able to export red grapefruit from Kununurra to Japan.
- A commercial wheat breeding company (InterGrain Pty Ltd) was established by the department and the Grains Research and Development Corporation.
- Significant contribution to crop genetic improvement was achieved through the release of two new wheat lines, an advanced narrow leafed lupin line, a *Brassica juncea* variety suited for biodiesel production, and the world's first commercial bladder clover variety that provides a low cost annual pasture legume for Mediterranean mixed farming systems.
- The department conducted a world-first scientific study proving that smoke taints the taste of wine grapes. Maintaining grape and wine quality by quantifying the seasonal susceptibility of grapevines to smoke enhances the decision-making capacity of wine producers and forest managers to reduce the impact of smoke from prescribed burns and bushfires on wine grapes and wine.
- Local food research and development (R&D) capacity has been enhanced by the department's initiation of a food R&D alliance program with Food Science Australia and the establishment of FoodNET Solutions. The creation and implementation of *buy west eat best*, a state-of-origin branding scheme, has encouraged the presence of local product on supermarket shelves.

FoodNET catches on

FoodNET Solutions has successfully helped a Perth based patisserie in exploring ways to improve the quality and shelf life of its donut product, which is supplied to a national customer. The assistance was provided as part of FoodNET's commitment to assist Western Australian food and beverage companies with technical advice, knowledge transfer and networking opportunities. The department's food technologist worked closely with bakery ingredient suppliers and gathered information to provide technical advice for the patisserie. New formulations and factory trial batches were produced and samples were analysed by the department's Grains Research Laboratory, with the results clearly identifying the formulation that gave the best product in terms of keeping the donut softer for longer.

"This has been our first experience of using FoodNET Solutions, but I am sure it will not be our last. We were very impressed with the enthusiasm and level of expertise that the department's Food Technologist brought to the project. She was able to work with a number of our current suppliers who were competing for the business and still maintained good relationships with everyone whilst making constructive suggestions, relaying test results – both good and bad – and maintaining a suitable level of independence. I have no concerns in recommending this service to other food businesses".

Ben Allen
CEO Danish Patisserie.



L to R: Stefan Agelod (Operations Manager, Danish Patisserie), Gloria Oik (DAFWA), Ben Allen (CEO, Danish Patisserie)

Summary of key performance indicators (continued)

Service 2 – Agricultural resource management

- The Centre of Excellence in Ecohydrology was established as a joint initiative between the department and the University of Western Australia as part of the Agricultural Research Western Australia (ARWA) alliance.
- The Farming for the Future initiative completed the identification and documentation of a generic baseline of agricultural management practices for use by the agriculture industry to assess, verify and improve its sustainability. Industry specific practice baselines have been completed and tested with sectors of the dairy, grain and vegetable industries.
- Developed ComBores 08 (an online web-based dataset) in partnership with the Avon Catchment Council to allow community collected groundwater data to be collated into a managed database for easy access by stakeholders.
- In partnership with South Coast NRM, the South Coast Healthy Catchment initiative has produced six catchment plans involving 150 individual farm plans incorporating NRM practices. This has resulted in over 10,000 hectares of perennials being planted, providing significant benefits to farm productivity and localised natural resource management.
- The Waterwise on the Farm irrigation training and information program has been delivered to six priority irrigation groups in the Harvey, Manjimup, Scott River and Carnarvon irrigation areas.
- The department developed a benchmarking method for assessment of existing surface water management works on-farm. The pilot study will be used to guide future work on catchment water planning and will guide extension strategies for surface water management.

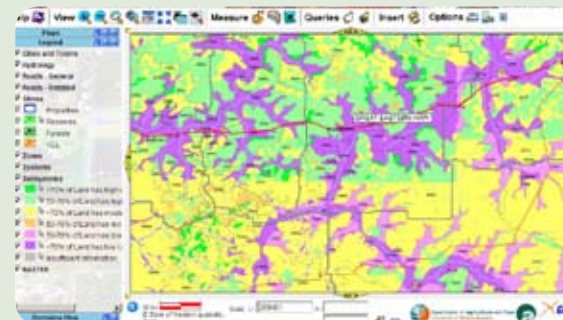
Giving Western Australia the SLIP

Data and its management are critical to the success of natural resource management (NRM). The department is a major contributor to work currently underway in Western Australia to develop a [Shared Land Information Platform](#) (SLIP) for accessing spatial (mapped) data and information products from various sources. The SLIP is being developed in five focus areas, with the department being the lead agency for the development of the NRM focus area and filling a critical role in developing the emergency management focus area (led by Fire and Emergency Services of Western Australia (FESA)).

The coordinated approach to the collection and provision of NRM data will make a difference by generating cost savings, improving efficiencies, minimising duplication of effort and guaranteeing the long-term security of information collected as part of NRM initiatives. SLIP was designed as an interface for bringing together data from around 60 databases, allowing the data to be queried and viewed on line. Data currently available includes soils and land management hazards and capability, native vegetation, rare flora and fauna, wetlands, invasive species, and water resources. Typical searches might include the extent of salinity and other land degradation hazards on individual properties, the types of soils and how much native vegetation remains in a district.



SLIP information on show at Dowerin Field Days.



A web view of SLIP.



Summary of key performance indicators (continued)

Service 3 –Biosecurity

- WESTPLAN – Animal and Plant Biosecurity has been developed in consultation with support agencies and documents the response and recovery arrangements for animal and plant pest or disease emergency in Western Australia.
- Investment in animal welfare activities was increased and a formal agreement signed with the Department of Local Government and Regional Development, with the department taking the lead on livestock welfare arrangements. Livestock welfare training has been delivered to stevedores and feedlot operators.
- The department conducted over 5,000 property inspections and 15,000 landholder contacts for declared pests and improved landholder compliance through increased awareness, audit inspections, provision of advice and management of non-compliance.
- Incursions of European wasp and Khapra beetle (a serious grain pest) were successfully eradicated. Area freedom was successfully maintained for major pests such as exotic fruit flies, apple scab, codling moth, Asian gypsy moth, red imported fire ant, citrus longicorn, giant African snail and sycamore lace bug.
- Industry agreement was reached with sheep producers for them to provide majority funding and jointly manage a Footrot control program.
- Over 1,000 starlings have been removed in targeted south coast areas since July 2006. The use of radiotelemetry in the starling eradication program has led to the immediate detection of previously unknown starling populations allowing them to be controlled. The department also provided support to communities for extensive, coordinated, co-funded programs dealing with wild dogs, rabbits, foxes, feral pigs, feral donkeys, rainbow lorikeets, Baudins cockatoos, skeleton weed, bedstraw, Noogoora burr, mesquite, parkinsonia, weedy cactus, feral camels, feral goats, blackberry and other declared pests.

War at the western front

A small team of indigenous officers are spearheading Western Australia's [starling](#) surveillance work between Condingup and Hopetoun as part of the Starling Eradication Project. Starlings are considered to be in the top 100 of the 'world's worst' invaders as they can damage buildings, vehicles, fences, roads and equipment with droppings or nesting material, and are excessively noisy at their roosting sites. They are also a threat to food crops, compete with native birds for food and roosting sites and spread disease.

A combination of long hours of surveillance on hundreds of potential habitats and the use of a range of control techniques is proving successful in controlling the starling infestation in the south coast region. During the past financial year more than 1,000 birds have been removed from surveillance areas in South Australia and in Western Australia. The team members' knowledge of the bush and their keen eye will continue to be invaluable as there are still around 300 starlings known to be in the area surrounding Esperance. In addition, the use of radiotelemetry has led to the immediate detection of previously unknown starling populations, allowing them to be controlled. The department's starling eradication team is helping to protect the environment and the agricultural industry. This project is a joint department and South Coast Natural Resource Management Inc initiative that will protect Western Australia's unique biodiversity.



Current and emerging issues and trends

The department is committed to making a valuable contribution to the sustainable future of the State's agriculture, food and fibre industries. To achieve this, strategies are under review and have been adopted that take account of opportunities and challenges presented by the current economic environment. Agricultural production represents the largest renewable resource-based industry in Western Australia. The agriculture and food sector creates employment for more than 10 per cent of the State's workforce.

Competition for agricultural land arises from urbanisation and other development pressures. In order to deal with these issues, resource data, spatial data analysis, Codes of Practice and effective relationships with land use planners and regional communities are needed.

Through the review and development of our support systems, legislation, practices and people we aim to meet the evolving needs of our stakeholders and the wider Western Australian community and make a difference to the agriculture sector through excellence and innovation.

Good things for small parcels

The department is aware that running a small rural property has many of the challenges of a big farm, maybe more. With nearly 55,000 rural small landholdings now in Western Australia engaging in a wide range of agricultural activities, both commercial and sub commercial, the support provided by the [Small Landholder Information Service](#) (SLIS) is becoming increasingly important. Small landholders control around 650,000 hectares of land - often in areas of agricultural or environmental significance. This increases risk in the areas of animal welfare, natural resource management and biosecurity.

SLIS provides an enquiry service and organises field days and workshops to help landholders develop the skills and contacts they need. It also acts as a conduit to deliver important land management messages regarding biosecurity, natural resource protection and agricultural production. Over the last four years the SLIS team has

delivered and facilitated more than 150 learning events for small landholders with more than 4,000 people participating in these. At least 80 per cent of participants have implemented new actions or land management practices that they directly attribute to having attended a small landholder workshop. These actions vary from managing stock movement, stock identification and animal husbandry, protecting waterways, revegetation and weed management. Around 2,000 landholders have received advice/information directly through the SLIS enquiry service plus a similar number through contact at community shows and events. In April 2008, the SLIS hosted the inaugural National Small Landholder Extension Practitioners Forum, which resulted in the formation of a national network. The inaugural Chair and Executive Officer are department officers.



Small properties on the outskirts of Perth.



SLIS on display at a community event.



Climate change

Through effective planning and stronger cross-government affiliations the department intends to align its efforts and lead the sector in understanding and adapting to climate change. Climate change and changes to water allocation and management will have a significant effect on Western Australia's primary industries. The changes in climate over the next few decades are likely to be substantial but variable across regions – with some regions likely to be up to 1.8°C warmer on average by 2030, while others are likely to experience average rainfall decreases of up to 40 per cent. Understanding medium and long-term climate change outlooks will be critical if we are to help farming families and farm businesses adapt to changes in rainfall and temperature. Adaptation planning is needed to ensure protection and maintenance of the natural resource base that underpins agricultural production. Water reforms in Western Australia are underway and considerable input from industry sectors is required regarding future water demands so that we can ensure equity in water allocations. Agriculture will be required to account for the efficiency of its water use, with growth in agricultural industries highly dependent on access to water resources.

Ecohydrology – brilliant science

The Centre for Ecohydrology, which primarily combines staff from the department and University of Western Australia, is one of five new State Centres of Excellence announced by Premier Carpenter at the opening of 2008 Brilliant Science WA month. Ecohydrology is a crucial field of study for Western Australia.

The combination of our dry climate and dependence on agriculture for our food and economic well-being means that we need to understand and manage the trade-offs between agriculture and environment and solve problems of supply, movement and quality of water in our lands.

One of the initiatives to help manage water efficiently is the [SMS Weather Service](#). This service uses data from the department's 21 live weather stations and the Bureau of Meteorology weather forecasts. The service benefits all irrigators as they can receive daily and localised evaporation, rainfall and other weather information.



Installing a piezometer to monitor ground water.



The SMS Weather Service in the palm of irrigators' hands.

Resource base management

There is a community expectation that all sectors, where possible, will minimise their environmental impacts and promote sustainable development. The department works with farmers and the wider industry to promote improved management practices regarding land degradation, salinity management, drainage of groundwater, nutrient management and the management and impact of declared plants and animals. Since 2000, large areas within the State's agricultural region have experienced dry conditions. Serious soil erosion has occurred over very large areas as a result of a lack of vegetative protection. This is despite farmers efforts to significantly reduce stock numbers. Previous reports have also highlighted the trend of rising saline ground water and the associated risk of increased land surface salinity. Monitoring results indicate there has been an expansion in salinity across most of the State's agricultural regions.

Sustainable Grazing on Saline Lands

As part of the [Sustainable Grazing on Saline Lands](#) (SGSL) initiative the department has been working closely with producer networks of regional farmers and in conjunction with the Cooperative Research Centre (CRC) for Salinity and CSIRO has conducted over 69 trials on individual sustainable grazing projects.

By working with industry members the department is making a difference to how farmers tackle grazing on saline lands. The initiative provides opportunities for interested landowners to interact with host farmers and other interested community representatives and showcase studies that provide a unique insight into the real problems facing farm managers and how they deal with those problems. In 2007, three booklets on saltland scoring and solutions were published by the department in conjunction with the Saltland Pastures Association and SGSL/LandWaterWool.

The booklets assist landholders and extension officers to quickly identify and make considered decisions about a saline site. Feedback received by the department indicates this project will have a long-term positive impact on the State's agricultural pasture.



Planting salt tolerant species on saline land.





Productivity

Higher input and labour cost pressures are escalating farm production costs. For example; fodder, fuel, fertiliser, wages, and interest rates are driving producers to target higher value market options. Historically, high grain prices lead to increased areas of crop and decreased areas of pasture. However, whole-farm modelling strongly suggests that sheep and cattle grazing will remain an important integrated enterprise in sustainable agricultural production systems. There has been a trend towards the intensification of animal industries in Western Australia with increases in lot feeding within the beef and lamb industries, development of intensive feeding systems in the dairy industry and the concentration of sheep on fewer pasture hectares as a result of the expansion of the cropping area. This has heightened the demand for better fodder and feeding systems, improved management of fertilisers and the development of new production systems. In response to these demands, the department will continue to work with industry to develop and promote improved technologies, information systems and management tools to identify and increase industry profitability.

Moving to greener pastures

Greener Pastures is a long term farming systems project that aims to increase profitability through more efficient use of nutrients, particularly nitrogen, while at the same time reducing the environmental footprint associated with grazing animals. This project evolved from the Vasse Milk Farmlets project, which identified ways to increase profitability through better pasture utilisation on dryland dairy farms. As dairy farmers increase productivity through intensification, they need to be increasingly aware of tighter environmental regulations and community and customer expectations.

Both the Vasse Milk Farmlets and Greener Pastures projects demonstrate the dairy industry's commitment to sustainable farm management practices. The projects' successes to date are largely due to the multi-disciplinary team of the department's scientists, dairy farmers, private consultants and service providers that have been working together to ensure the long-term sustainability of the Western Australian dairy industry. Of course this type of long-term research program would not be possible without the work of many four legged employees. After seven years of service to these projects, Daisy the cow was destined to take up a short term placement at a local abattoir until colleagues concerned about the terms of the severance package raised sufficient funds to buy out her contract. Daisy has now retired to the care of a former colleague on a small property in Margaret River.



The new Vasse dairy research facility.



Grazing greener pastures.

Market and supply chain development

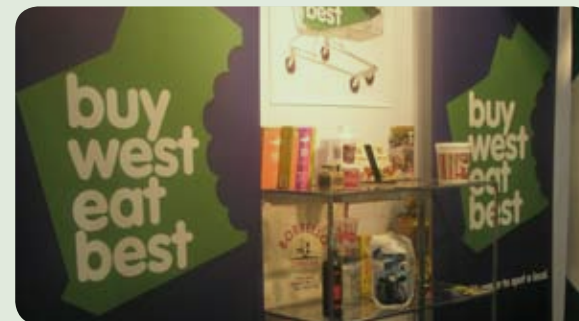
A key challenge for the department is to provide market intelligence that enables the sector to improve investment decisions. Agriculture and food producers are facing increased community and consumer pressure to demonstrate the origin, nutritional value and evidence of plant and animal health status including freedom from specific diseases, pests and chemical residues in respect to food. There is also increased pressure on the livestock industry to adopt best practices in animal welfare. As a result many growers and producers are considering their market positioning.

The need to maintain world-class pest risk assessment and pest surveillance systems is becoming increasingly important to protect Western Australia's high health status and integrity standards and gain and maintain market access.

The department is working with industry to enhance the State's reputation as a preferred supplier of safe quality food. The department is currently developing two major whole of government strategies, one for food and another for biosecurity. In conjunction with other agencies, the department will also play an increasing role in animal welfare related to livestock production and transport.

Consumers get a taste of *buy west eat best*

Western Australian shoppers will now find it easier to buy locally grown and produced food products thanks to the new food labelling program, *buy west eat best*. This program is a great opportunity for the State's food businesses to promote their products and meet consumer demand for clearly labelled Western Australian produce. Since the launch of the program to the food industry in November 2007, more than 50 local food businesses and retailers have signed up, with more expressing interest on a daily basis. Food businesses and producers who use the *buy west eat best* logo have to meet specific local content, safety, quality and registration criteria. All fresh foods must have been grown, farmed or fished in Western Australia; processed foods must have all main ingredients grown, farmed or fished in Western Australia, and the goods must have been processed in this State. The department is managing the *buy west eat best* program and is responsible for its monitoring and compliance.



Hon Kim Chance MLC and Hon Alan Carpenter MLA, Premier, launching the buy west, eat best initiative.



Economic and social trends

Labour supply is a significant issue in agriculture and food related areas, with availability of both seasonal and permanent labour a major constraint in many industries. Farming operations strive to achieve more labour efficiency and flexibility of farm operations, placing further downward pressure on rural communities. The attraction and retention of staff is of concern across the wider agriculture, food and fibre industries, and indications are that this is mainly due to competition from the mining and petroleum resources and related sectors.

The department, as a significant State Government employer of staff in rural areas, is supportive of regional activities and community interests. The department considers itself to be an employer of choice as it supports initiatives surrounding work/life blend and quality of life.

The department is committed to the continuous improvement of indigenous Australians' wellbeing and recognises the role traditional owners play in managing and utilising the State's agricultural and pastoral resources. The Reconciliation Action Plan 2008-10 (launched during the department's NAIDOC celebrations) provides the following four key strategies for our vision of reconciliation:

- Establishing linkages and partnerships with indigenous communities, individuals and other agencies to maximise the department's capacity to work for indigenous land managers;
- Reviewing, all department policies, products and services to be inclusive of indigenous needs.
- Expanding indigenous employment, development and management opportunities within the department and the Western Australian agricultural, pastoral and land management industries; and
- Providing new services with a goal of achieving equity of service and outcomes for indigenous customers.

More than just work

The department's Quality of Life (QoL) initiative is a holistic management and decision making approach that supports staff, their families and the wider community. The initiative recognises the importance of quality staff. It is the practical application of the department's values. The QoL management plan includes strategies and initiatives that have been driven by the needs of staff and acknowledges staff values and beliefs.

The initiative covers the nine areas Family, Health, Economic, Work, Personal Growth, Social, Recreation, Security and Community. Some examples of the initiative in action are the workplace giving program and the facility to create community groups within the department. These informal community groups may then be used by staff to share knowledge, arrange car pooling or promote work and lifestyle events.

During the year all department staff were offered the opportunity to participate in skin cancer screening and during Safe Work Australia Week, staff at South Perth, were offered the opportunity to extinguish a controlled fire. The demonstration included instruction on how to identify the type of extinguisher that should be used for different fires and an explanation of the best way to extinguish a fire.



Changes in written law and significant judicial decisions affecting the department

A recent Magistrate's decision has led to the review of a large number of the department's policies and procedures, particularly as they relate to natural justice principles. Natural justice principles are being incorporated into the Biosecurity and Agriculture Management Regulations, which are currently being drafted to support the *Biosecurity and Agriculture Management Act 2007*.

Financial statements

Certification of financial statements

The accompanying financial statements of the Department of Agriculture and Food Western Australia 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 2008 and the financial position as at 30 June 2008. 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.



Ron Lucas

Chief Financial Officer

Date: 15 August 2008



Ian Longson

Accountable Authority

Date: 15 August 2008



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 2008

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 2008, 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 2008

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 2008 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 2008.

COLIN MURPHY
AUDITOR GENERAL
11 September 2008

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INCOME STATEMENT as at 30 June 2008

	Note	2008 \$'000	2007 \$'000
Expenses			
Employee benefits expense	7	122,378	116,838
Depreciation and amortisation expense	8	8,684	8,449
Supplies and services	9	34,480	32,807
Other expenses	10	21,773	25,370
Grants and subsidies	11	122,809	107,213
Share of loss in joint venture entity using the equity method	24	1,113	-
Cost of goods sold	12	272	-
Capital user charge	13	-	12,426
Total cost of services		311,509	303,103
Income			
Revenue			
User charges and fees	14(a)	16,801	18,846
Commonwealth grants and contributions	14(b)	65,660	78,460
Grants and subsidies from non-Government sources	14(c)	38,120	49,673
Interest revenue	14(d)	4,660	2,845
Sales	12	385	-
Other revenue		13,633	9,894
Total revenue		139,259	159,718
Gains / (Losses)			
Gains (Losses) on disposal of non-current assets	15	(817)	55
Gains (Losses) arising from changes in fair value - Livestock		173	118
Other gains		89	10
Total gains		(555)	183
Total income other than income from State Government		138,704	159,901
NET COST OF SERVICES		172,805	143,202
INCOME FROM STATE GOVERNMENT			
Service appropriation	16	177,359	162,008
Resources received free of charge		487	353
Liabilities assumed by the Treasurer		-	2,913
Total income from State Government		177,846	165,274
SURPLUS/(DEFICIT) FOR THE PERIOD		5,041	22,072

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

BALANCE SHEET as at 30 June 2008

	Note		2008 \$'000	2007 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	17	30(a)	22,720	7,336
Restricted cash and cash equivalents	18	30(a)	74,412	75,379
Biological assets	19		2,348	1,877
Agricultural produce			436	343
Inventories	20		1,933	1,776
Receivables	21		14,552	14,081
Amounts receivable for services	22		4,600	7,300
Other current assets	23		1,397	1,507
Total Current Assets			122,398	109,599
Non-Current Assets				
Restricted cash and cash equivalents	18	30(a)	985	605
Amounts receivable for services	22		31,860	29,409
Investment accounted for using equity method	24		22	-
Property, plant and equipment	25		205,366	178,585
Other non-current assets	23		5,941	5,971
Total Non-Current Assets			244,174	214,570
TOTAL ASSETS			366,572	324,169
LIABILITIES				
Current Liabilities				
Payables	27		19,002	9,439
Provisions	28		26,060	25,902
Total Current Liabilities			45,062	35,341
Non-Current Liabilities				
Provisions	28		7,198	6,142
Total Non-Current Liabilities			7,198	6,142
TOTAL LIABILITIES			52,260	41,483
NET ASSETS			314,312	282,686
EQUITY				
Contributed equity	29		23,009	16,304
Reserves			188,591	168,711
Accumulated surplus / (deficiency)			102,712	97,671
TOTAL EQUITY			314,312	282,686
TOTAL LIABILITIES AND EQUITY			366,572	324,169

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

STATEMENT OF CHANGES IN EQUITY as at 30 June 2008

	Note	2008 \$'000	2007 \$'000
Balance of equity at start of period	29	282,686	226,218
CONTRIBUTED EQUITY			
Balance at start of period		16,304	4,382
Capital contribution		560	4,050
Other contributions by owners		6,145	8,204
Distributions to owners		-	(332)
Balance at end of period		23,009	16,304
RESERVES			
Asset Revaluation Reserve			
Balance at start of period			
Investments		507	301
Non-current assets		168,204	145,935
		168,711	146,236
Gains/(losses) from asset revaluation			
Investments		(243)	206
		(243)	206
Non-current assets			
Barrier fence		(1,389)	1,896
Land		15,356	21,413
Buildings		6,156	(1,040)
		20,123	22,269
Total gains/(losses) from asset revaluation		19,880	22,475
Balance at end of period			
Investments		264	507
Non-current assets		188,327	168,204
		188,591	168,711
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period		97,671	75,599
Surplus for the period		5,041	22,072
Balance at end of period		102,712	97,671
Balance of equity at end of period	29	314,312	282,686
Total income and expenses for the period		5,041	22,072

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

CASH FLOW STATEMENT as at 30 June 2008

	Note	2008 \$'000	2007 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		170,308	149,641
Capital contribution		560	4,050
Holding account drawdowns	22	7,300	1,345
Net cash provided by State Government		178,168	155,036
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(103,801)	(90,743)
Communications		(1,871)	(1,966)
Supplies and services		(35,300)	(39,245)
Capital user charge		-	(12,426)
GST payments on purchases		(22,076)	(17,968)
GST payments to taxation authority		(123)	-
Other payments		(12,859)	(39,583)
Grants and subsidies		(119,498)	(106,576)
Receipts			
Sales of goods and services		120,660	152,726
GST receipts on sales		6,340	7,041
GST receipts from taxation authority		15,538	10,954
Net cash provided by / (used in) operating activities	30 (b)	(152,990)	(137,786)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in joint venture partnerships		(2,050)	-
Purchase of non-current physical assets		(8,470)	(5,470)
Proceeds from sale of non-current physical assets		117	150
Net cash provided by / (used in) investing activities		(10,381)	(5,320)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of period		83,320	71,390
Cash and Cash Equivalents at the end of period	30 (a)	98,117	83,320

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

SCHEDULE OF INCOME AND EXPENSES BY SERVICE as at 30 June 2008

	Food and Fibre Industry Development		Biosecurity		Agriculture Resource Management		Services provided to RBDC*		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
COST OF SERVICES										
Expenses										
Employee benefits expense	50,912	51,121	43,981	40,608	26,513	24,535	972	574	122,378	116,838
Depreciation and amortisation expense	3,908	3,802	2,952	2,788	1,824	1,859	-	-	8,684	8,449
Supplies and services	13,607	12,613	13,691	13,934	7,182	6,260	-	-	34,480	32,807
Other expenses	9,155	10,676	8,160	10,259	4,458	4,214	-	221	21,773	25,370
Grants, subsidies and transfer payments	3,531	3,983	5,066	6,063	114,212	97,167	-	-	122,809	107,213
Cost of goods sold	-	-	272	-	-	-	-	-	272	-
Share of loss in joint venture entity using equity method	1,113	-	-	-	-	-	-	-	1,113	-
Capital user charge	-	5,592	-	4,101	-	2,733	-	-	-	12,426
Total cost of services	82,226	87,787	74,122	77,753	154,189	136,768	972	795	311,509	303,103
Income										
Revenue										
User charges and fees	3,945	5,173	10,740	11,498	1,144	1,380	972	795	16,801	18,846
Commonwealth grants and contributions	763	438	622	627	64,275	77,395	-	-	65,660	78,460
Grants and subsidies from non-Government sources	18,574	25,874	8,672	6,056	10,874	17,743	-	-	38,120	49,673
Interest revenue	237	262	535	440	3,888	2,143	-	-	4,660	2,845
Sales	-	-	385	-	-	-	-	-	385	-
Other revenue	4,506	2,934	4,258	4,892	4,869	2,068	-	-	13,633	9,894
Total revenue	28,025	34,681	25,212	23,513	85,050	100,729	972	795	139,259	159,718
Gains										
Gain on disposal of non-current assets	(368)	25	(278)	18	(171)	12	-	-	(817)	55
Gains arising from changes in fair value - Livestock	78	53	59	39	36	26	-	-	173	118
Other gains	40	5	30	3	19	2	-	-	89	10
Total gains	(250)	83	(189)	60	(116)	40	-	-	(555)	183
Total income other than income from State Government	27,775	34,764	25,023	23,573	84,934	100,769	972	795	138,704	159,901
NET COST OF SERVICES	54,451	53,023	49,099	54,180	69,255	35,999	-	-	172,805	143,202
INCOME FROM STATE GOVERNMENT										
Service Appropriations	48,611	47,171	68,159	61,813	60,589	53,024	-	-	177,359	162,008
Resources received free of charge	219	159	166	116	102	78	-	-	487	353
Liabilities assumed by the Treasurer	-	1,311	-	961	-	641	-	-	-	2,913
Total Income from State Government	48,830	48,641	68,325	62,890	60,691	53,743	-	-	177,846	165,274
Surplus/deficit for the period	(5,621)	(4,382)	19,226	8,710	(8,564)	17,744	-	-	5,041	22,072

* Rural Business Development Corporation

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

SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES as at 30 June 2008

	Note	2008 Estimate \$'000	2008 Actual \$'000	Variation \$'000	Note	2008 Actual \$'000	2007 Actual \$'000	Variation \$'000
DELIVERY OF SERVICES								
Item 44 Net amount appropriated to deliver services		174,638	177,077	2,439		177,077	161,743	(15,334)
Amount authorised by Other Statutes - <i>Salaries and Allowances Act 1975</i>		268	282	14		282	265	(17)
Total appropriations provided to deliver services	35.1	174,906	177,359	2,453	35.10	177,359	162,008	(15,351)
DETAILS OF EXPENSES BY SERVICE								
Food and fibre industry development	35.2	86,490	82,226	(4,264)	35.11	82,226	87,787	5,561
Agricultural resource management	35.3	162,016	154,189	(7,827)	35.12	154,189	136,769	(17,420)
Biosecurity	35.4	62,235	74,122	11,887	35.13	74,122	77,753	3,631
Services provided to Rural Business Development Corporation	35.5	12,888	972	(11,916)	35.14	972	795	(177)
Total cost of services		323,629	311,509	(12,120)		311,509	303,104	(8,405)
Less total income	35.6	(150,918)	(138,704)	12,214	35.15	(138,704)	(159,901)	(21,197)
Net cost of services		172,711	172,805	94		172,805	143,203	(29,602)
Adjustments (i)		-	4,554	(4,554)		4,554	18,805	14,251
Total appropriations provided to deliver services		172,711	177,359	4,648		177,359	162,008	(15,351)
CAPITAL								
Item 143 Capital Contribution								
Capital Expenditure								
Purchase of non-current physical assets	35.7	8,324	11,049	2,725		11,049	9,714	(1,335)
Adjustment for other funding sources (ii)		(7,764)	(10,489)	(2,725)		(10,489)	(9,714)	775
Capital Contribution (appropriation)		560	560	-		560	-	(560)
ADMINISTERED TRANSACTIONS								
Amount provided for Administered Grants, Subsidies and Transfer Payments								
Administered capital appropriations	35.8	-	3,000	3,000	35.16	3,000	4,292	1,292
Total Administered transactions		-	3,000	3,000		3,000	4,292	1,292
GRAND TOTAL OF APPROPRIATIONS		173,271	180,919	7,648		180,919	166,300	(14,619)
DETAIL OF INCOME ESTIMATES								
Income disclosed as Administered Income	35.9	-	468	468		468	243	(225)

(i) Adjustments are related to movements in cash balances and other accrual items such as receivables, payables and superannuation.

(ii) Includes unexpended capital contributions carried forward from last year, contributions from grants and service programs.

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, T1 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 2008 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 2008.

3. Summary of significant accounting policies

(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

The reporting entity comprises the department and the related bodies listed at note 38 'Related bodies'.

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 is 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 16 '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 2007-08 Budget Statements, the department retained \$149.5 million in 2008 (\$170.54m in 2007) from the following:

- proceeds from fees and charges;
- Commonwealth specific purpose grants and contributions;
- Grants and contributions from non-Government sources;
- GST input tax and fuel tax credits;
- 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 based 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 25 'Property, plant and equipment' for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

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. The useful life of each class of depreciable asset is:

Buildings	20-40 years
Vehicles and Transportation Equipment	8 years
IT Equipment	4 years
Furniture and Fittings	10 years
Plant and Equipment	5-10 years
Office Equipment	5-10 years
Farm Equipment	10 years
Laboratory and 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 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 reflect 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 26 "Impairment of Assets". Refer also to note 3(n) "Receivables" and note 21 "Receivables".

(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.

(i) Inventories

Inventories comprising livestock and field crops are valued at net realisable value. See note 19 "Biological assets". Raw material and stores are measured at the lower of cost and net realisable value. See note 20 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 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 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) Sick Leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non vesting, an expense is recognised in the income statement for this leave as it is taken.

(iii) 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 commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. 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 and GESBS Schemes. 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".

(iv) Provisions - Other

Employee 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'. The related liability is included in 'Employment on-costs provision'. See note 10 'Other Expenses' and note 28 'Provisions'.

Deferred Leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a non-current provision until the fifth year.

Purchased Leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional four weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

(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 GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

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 16 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 16 '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. The GSS Scheme is a defined benefit scheme for the purposes of employees and whole of government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.



(l) Financial Instruments

In addition to cash the department has two categories of financial instrument:

- Loans and receivables and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services
- Investments in shares

Financial Liabilities

- Payables

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 against the allowance account. 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 21 'Receivables'.

(o) Accrued Salaries

The accrued salaries suspense account (see note 18 "Restricted cash and cash equivalents") 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.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight 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 "Payables"

(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 27 'Payables'.

(q) Joint Controlled Operations

Jointly controlled operations

Interests in joint venture operations have been reported in the financial report 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".

Joint venture entities

The interest in a joint venture partnership is accounted for in the department's financial statements using the equity method. Under the equity method, the share of the profit or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the partnership are set out in note 24 'Investment accounted for using equity method'.

(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 16 'Income from State Government' and note 22 '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 Cost

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, Buildings and State Barrier Fence

Valuation of Non-Current Assets

The department has a policy of valuing land, buildings and state barrier fence at fair value. The annual revaluations of the department's land and buildings undertaken by the Land Information Authority (Valuation Services) and AVP Valuers for the state barrier fence are recognised in the financial statements. See note 25 '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 2007 that impacted on the department:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the department's exposure to risks, including enhanced disclosure regarding components of the department's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

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
101' Presentation of Financial Statements'

2005-10 'Amendments to Australian Accounting Standards'

2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'

2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'

2007-5 'Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]'

2007-7 'Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 and AASB 128]'

ERR Erratum 'Proportionate Consolidation [AASB 101, AASB 107, AASB 121, AASB 127, Interpretation 113]'

Interpretation 10 'Interim Financial Reporting and Impairment'

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 and Australian Accounting Interpretations that have been issued and which may impact the department but are not yet effective. Where applicable, the department plans to apply these Standards and Interpretations from their application date. The following standards are:

- (a) to be applied to annual reporting periods beginning on or after 1 July 2008:
 - AASB 1004 'Contributions' (December 2007).
 - AASB 1050 'Administered Items' (December 2007).
 - AASB 1052 'Disaggregated Disclosures' (December 2007).
 - AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31' [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 and AASB 137] (December 2007).
 - Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' (December 2007).
- (b) to be applied to annual reporting periods beginning on or after 1 January 2009:
 - AASB 101 'Presentation of Financial Statements' (September 2007).

The following amendments are not applicable to the department as they will have no impact or do not apply to not-for-profit entities:

AASB Amendment	Affected Standards
AASB 3	'Business Combinations'.
AASB 8	'Operating Segments'.
AASB 123	'Borrowing Costs'.
AASB 127	'Consolidated and Separate Financial Statements'.
AASB 1049	'Whole of Government and General Government Sector Financial Reporting'.
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'.
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8'.
AASB 2007-6	'Amendments to Australian Accounting Standards arising from AASB 123'.
AASB 2007-8	'Amendments to Australian Accounting Standards arising from AASB 101'.
AASB 2008-1	'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'.
AASB 2008-2	'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'.
AASB 2008-3	'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'.
Interpretation 4	'Determining whether an Arrangement contains a Lease' (February 2007).
Interpretation 12	'Service Concession Arrangements'.
Interpretation 13	'Customer Loyalty Programmes'.
Interpretation 14	'AASB 119 -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.
Interpretation 129	'Service Concession Arrangements: Disclosures'.

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 State agriculture, food and fibre industries.

Service 2 – Agricultural Resource Management

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

Service 3 – Biosecurity

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

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

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



7. Employee benefits expense

	2008	2007
	\$'000	\$'000
Wages and salaries ^(a)	101,583	94,043
Superannuation - defined contribution plans ^(b)	9,184	8,923
Superannuation - defined benefit plans ^{(c) (d)}	-	2,913
Change in long service leave provision ^(e)	743	375
Change in annual leave provision ^(e)	307	487
Memorandum of understanding service costs		
Agriculture Protection Board	1,278	1,512
Rural Business Development Corporation	972	574
Other related expenses	8,311	8,011
	<u>122,378</u>	<u>116,838</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

(c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).

(d) An equivalent notional income is also recognised (see note 16 'Income from State Government').

(e) Includes a superannuation contribution component.

8. Depreciation and amortisation expense

	2008	2007
	\$'000	\$'000
Barrier fence	311	17
Plant and equipment	2,434	2,629
IT equipment	1,915	1,831
Furniture and fittings	35	75
Vehicles and transportation equipment	729	726
Buildings	3,260	3,171
	<u>8,684</u>	<u>8,449</u>

9. Supplies and services

	2008	2007
	\$'000	\$'000
Consultants and contractors	13,935	13,331
Communications	1,910	1,959
Other	8,937	7,568
Lease or rent payments	4,810	4,868
Resources received free of charge (see note 16)	487	353
Memorandum of understanding service costs		
Agriculture Protection Board	4,307	4,633
Agricultural Produce Commission	94	95
	<u>34,480</u>	<u>32,807</u>

10. Other expenses

	2008	2007
	\$'000	\$'000
Maintenance and repairs	7,287	6,806
Employment on-costs ^(a)	332	506
Supplies Expenses	5,651	9,147
Electricity, gas and fuel, water	2,079	1,981
GROH housing subsidies	1,839	1,569
Recoups to external funds	656	334
Distribution of shared royalties	-	1,716
Stock movement	329	1,521
Change to Provision for Doubtful Debts	25	(72)
Bad Debts expense	15	2
Provision for impairment expense ^(b)	1,505	-
Other	2,055	1,860
	<u>21,773</u>	<u>25,370</u>

(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 note 24 'Investment accounted for using equity method' and note 21 'Receivables'.



11. Grants and subsidies

	2008	2007
	\$'000	\$'000
Recurrent		
Research grant allocations	118,174	101,964
Compensations	37	933
Grants to farmers - other	578	680
Scholarships	82	99
Other	3,938	3,537
	<hr/> 122,809	<hr/> 107,213

12. Trading Profit

	2008	2007
	\$'000	\$'000
Sales	385	-
Cost of sales		
Opening inventory	(359)	-
Add Purchases	(303)	-
	<hr/> (662)	<hr/> -
Less Closing inventory ^(a)	390	-
Cost of goods sold	<hr/> (272)	<hr/> -
	<hr/> 113	<hr/> -

Trading profit

During 2006-07 the Agriculture Protection Board transferred the majority of its assets to the department in preparation for changes under the Biosecurity and Agriculture Management Bill. On 1 July 2007 the department took effective control of the Agriculture Protection Board's bait production unit.

(a) see also note 20 "Inventories"

13. Capital User Charge

	2008	2007
	\$'000	\$'000
	<hr/> -	<hr/> 12,426

The charge was a levy applied by Government for the use of its capital. The final charge was levied in 2006-07.

14. Revenue

	2008 \$'000	2007 \$'000
(a) User charges and fees		
Sale of goods and services	10,150	11,678
Memorandum of understanding service costs		
Agriculture Protection Board	5,585	6,278
Agricultural Produce Commission	94	95
Rural Business Development Corporation	972	795
	16,801	18,846
(b) Commonwealth grants and contributions		
Commonwealth Agriculture Activity Grants	2,714	2,510
National Action Plan for Salinity	39,098	46,359
National Landcare Program	3,349	3,466
Tuberculosis Freedom Assurance Program	-	99
Natural Heritage Trust Fund	20,499	26,026
	65,660	78,460
(c) Grants and subsidies from non-Government sources		
<i>Agriculture Research Grants Account No. 1</i>		
Meat and Livestock Australia	636	328
Dairy Research and Development Corporation	319	434
Grains Research and Development Corporation	8,239	11,656
Grape and Wine Research Corporation	70	96
Land and Water Resources Research and Development Corporation	429	578
Rural Industry Research and Development Corporation	351	349
Sugar Research and Development Corporation	56	126
Australian Wool Innovation Pty Ltd	695	1,210
Australian Centre for International Agricultural Research	814	607
Australian Pork Limited	42	89
Land Conservation District Fund	113	131
Centre for Legumes in Mediterranean Agriculture	87	116
National Landcare Program Third Party Grants	197	315
CRC Research Grants	2,918	4,634
Commercial Grants	9,797	8,544
NRM Third Party Funding Grants	79	475
NRM State Funding Grants	1,941	10,069
	26,783	39,757



14. Revenue (continued)

	2008	2007
	\$'000	\$'000
(c) Grants and subsidies from non-Government sources (continued)		
<i>Agriculture Research Grants Account No. 2</i>		
Horticulture Industry	1,282	835
NRM 3rd Party Funding Grants	8,294	7,124
Commercial Grants	676	345
	<u>10,252</u>	<u>8,304</u>
<i>Governmental Operating and Special Purpose Accounts</i>		
Plant Research and Development	33	1
	<u>33</u>	<u>1</u>
<i>Other grants and subsidies</i>		
	1,052	1,611
	<u>1,052</u>	<u>1,611</u>
Total grants and subsidies from non-Government Sources	<u>38,120</u>	<u>49,673</u>
(d) Interest revenue		
Interest received	4,660	2,845

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

	2008	2007
	\$'000	\$'000
Cost on disposal of Non Current Assets		
Land	490	-
Buildings	369	10
Vehicles and transportation equipment	39	-
IT equipment	16	-
Plant and equipment	20	75
	<u>934</u>	<u>85</u>
Proceeds on the disposal of non current assets		
Vehicles and transportation equipment	67	107
IT equipment	22	2
Plant and equipment	28	31
	<u>117</u>	<u>140</u>
Net profit/(loss) on disposal of non-current assets	<u>(817)</u>	<u>55</u>

16. Income from State Government

	2008 \$'000	2007 \$'000
Appropriation revenue received during the year		
Service appropriations (I)	177,359	162,008
<i>See also note 3(h) Non current assets (or disposal groups) classified as held for sale.</i>	177,359	162,008
Resources received free of charge (II)		
Determined on the basis of the following estimates provided by agencies:		
Forest Products Commission	-	3
Department of Health	20	-
Landgate	247	203
Department of Treasury and Finance	145	142
State Solicitor's Office	75	-
Department of Conservation and Land Management	-	5
	487	353
The following liabilities have been assumed by the Treasurer during the financial year		
Superannuation (III)	-	2,913
Total liabilities assumed by the Treasurer	-	2,913
Total income from State Government	177,846	165,274

- (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 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. The exception occurs where the contribution of assets or services are in the nature of contributions by owners, in which case the department makes the adjustment direct to equity.*
- (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'). Where liabilities at reporting date in respect of current employees decreases from the previous reporting date (i.e. actuarial gains exceeded the current service cost for the reporting period) the net gain should not be included in the superannuation calculation as instructed under TI 1101A. During the current reporting year the department had a decrease in liability of \$4.473m.*
- (IV) *Where the Treasurer or other entity has assumed a liability, the department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability. From 1 July 2002 non-discretionary non-reciprocal transfers of net assets (ie. restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity.*



17. Cash and cash equivalents

	2008	2007
	\$'000	\$'000
Petty Cash/Travel Advance	44	44
Cash at bank	22,676	7,292
	<u>22,720</u>	<u>7,336</u>

18. Restricted cash and cash equivalents

	2008	2007
	\$'000	\$'000
Current		
Restricted cash ^(a)		
Cattle Industry Compensation Fund	6,341	5,907
Departmental Receipts in Suspense	82	55
Land Conservation Districts Fund	54	42
	<u>6,477</u>	<u>6,004</u>
Special purpose accounts ^(b)		
Agriculture Research Grants Account No. 1	11,152	12,689
Agriculture Research Grants Account No. 2	3,697	5,121
Commonwealth Agriculture Activity Grants (Non-interest bearing)	3,317	2,707
Commonwealth Agriculture Activity Grants (Interest bearing)	47,316	47,438
Plant Research and Development	2,453	1,420
	<u>67,935</u>	<u>69,375</u>
Total current	<u>74,412</u>	<u>75,379</u>

(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 1965*.
- 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 *Financial Management Act 2006*.

18. Restricted cash and cash equivalents (continued)

	2008 \$'000	2007 \$'000
Non-current		
Accrued salaries suspense account	985	605
<p>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.</p> <p>Accrued salaries suspense account is represented by a cash balance and is therefore equivalent to the net fair value.</p>		
Total restricted cash and cash equivalents	75,397	75,984

19. Biological assets

	2008 \$'000	2007 \$'000
Livestock	1,522	1,140
Field crops	826	737
	2,348	1,877

20. Inventories

	2008 \$'000	2007 \$'000
Inventories held for resale		
Raw materials and stores	306	-
Finished goods	84	-
	390	-
Other		
Raw materials and stores	1,543	1,776
	1,933	1,776



21. Receivables

	2008	2007
	\$'000	\$'000
Trade Receivables	9,846	9,585
Less: Allowance for impairment of receivables ^(a)	(38)	(28)
Interest receivable	1,277	860
Accrued revenue	619	608
GST receivable	2,729	2,967
Other receivables	709	89
Less: Allowance for impairment of other receivables	(590)	-
Total Receivables	<u>14,552</u>	<u>14,081</u>

(a) Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	28	100
Doubtful debts expense recognised in the income statement	25	(70)
Amounts written off during the year	(15)	(2)
Balance at end of year	<u>38</u>	<u>28</u>

Credit Risk

Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:

Not more than 3 months	9,295	9,159
More than six months but less than one year	513	398

See also note 3(n) 'Receivables' and note 41 'Financial Instruments'.

22. Amounts receivable for services

	2008	2007
	\$'000	\$'000
Current	4,600	7,300
Non-current	31,860	29,409
	<u>36,460</u>	<u>36,709</u>

This asset represents the non-cash component of service appropriations (see note 3 (r) '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	36,709	31,082
Non cash appropriation	7,051	6,972
Departmental drawdown	(7,300)	(1,345)
Closing balance of Holding Account	<u>36,460</u>	<u>36,709</u>

23. Other assets

	2008 \$'000	2007 \$'000
Current		
Prepayments		
Lease rentals	952	1,085
Goods and services	155	323
Registrations	290	99
	1,397	1,507
Non-current		
Investments -		
Investment valued as at 30 June 2008		
Listed shares	415	512
Unlisted shares	155	301
	570	813
<i>Listed shares have been revalued to reflect their current market price as at 30 June 2008. 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.</i>		
Capital works in progress		
South Boulder	1,960	-
Murdoch development	1,566	-
Eucla-Reverse Osmosis Plant	290	295
Kununurra office	-	2,260
Vasse redevelopment	1,336	1,252
Parkston quarantine yards	-	793
Plant and machinery under construction	-	428
Other	219	130
	5,371	5,158
Total Other non-current assets	5,941	5,971



24. Investment accounted for using equity method

	2008	2007
	\$'000	\$'000
Investment in joint venture entity at initial cost of investment	2,050	-
Share of loss using the equity method	(1,113)	-
Provision for impairment	(915)	-
	22	-
<p>The Western Australian Agriculture Authority (WAAA) is a body corporate established under the <i>Biosecurity and Agriculture Management Act 2007</i>, and is a joint investor in InterGrain Pty Ltd. InterGrain Pty Ltd was incorporated on 26 October 2007 and resident in Australia. The joint venture principal activity is to commercialise the research from wheat breeding.</p> <p>As at 30 June 2008, WAAA holds a 75.65 per cent equity interest in InterGrain Pty Ltd. The department regarded the investment in InterGrain Pty Ltd as a joint venture entity due to the contractually agreed sharing of control over an economic activity and the financial and operating decisions relating to the activity require the unanimous consent of the shareholders.</p> <p>The department has no obligations with respect to losses incurred by InterGrain Pty Ltd.</p> <p>Summary financials from the management accounts for equity accounted investees, not adjusted for the percentage ownership by the department:</p>		
Current assets	3,349	-
Non current assets	29	-
Total assets	3,378	-
Current liabilities	3,348	-
Total liabilities	3,348	-
Revenue	2,068	-
Expenses	3,539	-
(Loss)	(1,471)	-

Also refer to note 34 'Events occurring after reporting date'.

25. Property, plant and equipment

	2008 \$'000	2007 \$'000
Barrier Fence		
At fair value (a)	4,500	6,200
	4,500	6,200
Land		
At fair value (a)	99,550	79,189
	99,550	79,189
Buildings		
At fair value (a)	81,535	75,522
	81,535	75,522
Plant and equipment		
At cost	34,778	31,207
Accumulated depreciation	(23,471)	(21,521)
	11,307	9,686
Vehicles and transportation equipment		
At cost	11,733	11,082
Accumulated depreciation	(8,235)	(7,806)
	3,498	3,276
IT equipment		
At cost	14,579	14,502
Accumulated depreciation	(9,697)	(9,914)
	4,882	4,588
Furniture and fittings		
At cost	745	751
Accumulated depreciation	(651)	(627)
	94	124
Total assets		
At cost	61,835	57,542
Accumulated depreciation	(42,054)	(39,868)
Total at cost	19,781	17,674
At Fair Value	185,585	160,911
Total at Fair Value	185,585	160,911
Total non-current assets	205,366	178,585
At cost and fair value	247,420	218,453
Accumulated depreciation	(42,054)	(39,868)
Total non-current assets	205,366	178,585



25. Property, plant and equipment (continued)

(a) Freehold land and buildings were revalued as at 1 July 2007 by the Western Australian Land Information Authority (Valuation Services). The state barrier fence was revalued as at 30 June 2008 by AVP Valuers. The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008.

Valuation Services, the Office of the Auditor General and the Department of Treasury and Finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2007) were compliant with fair value at 30 June 2008.

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.

2008	Barrier fence	Land	Buildings	Plant and equipment	Vehicles and transportation equipment	IT equipment	Furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount 1 July 2007	6,200	79,189	75,522	9,686	3,276	4,588	124	178,585
Additions ^(a)	-	-	3,510	4,094	989	2,238	5	10,836
Asset transfer from APB	-	5,496	-	-	-	-	-	5,496
Disposals ^(b)	-	(492)	(370)	(22)	(39)	(16)	-	(939)
Adjustments	-	-	-	1	-	-	-	1
Revaluation increment (decrement)	(1,390)	15,357	6,156	-	-	-	-	20,123
Depreciation	(310)	-	(3,260)	(2,434)	(728)	(1,915)	(35)	(8,682)
Write-off of assets	-	-	(23)	(18)	-	(13)	-	(54)
Carrying amount 30 June 2008	4,500	99,550	81,535	11,307	3,498	4,882	94	205,366

(a) Additions include adjustments and restated assets.

(b) Disposal includes adjustments and retired assets.

25. Property, plant and equipment (continued)

2007	Barrier fence	Land	Buildings	Plant and equipment	Vehicles and transportation equipment	IT equipment	Furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount 1 July 2006	-	58,008	76,026	10,388	3,020	4,495	178	152,115
Additions ^(a)	138	-	414	1,999	950	1,928	22	5,451
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 adjustments	-	(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	6,200	79,189	75,522	9,686	3,276	4,588	124	178,585

(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).

26. Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2008.

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 2008 have either been classified as assets held for sale or written off.



27. Payables

	2008	2007
	\$'000	\$'000
Trade Payables	12,131	7,927
Accrued salaries (a)	5,500	395
Other payables	1,371	1,117
	<hr/>	<hr/>
See also note 3 (p) " <i>Payables</i> " and note 41 " <i>Financial instruments</i> "	19,002	9,439
(a) The accrued salaries provision is represented by:		
(i) The amount due to staff but unpaid at the end of the financial year as the end of the last pay period does not coincide with the end of the financial year.		
Amounts owing for the two working days to 30 June 2008 (2007 - 30 June, one working day)	793	395
(ii) An accrual to recognise the current year impact on the wage increase with respect to the Specified Callings to be paid from 1st July 2007 under the Public Service Award. Payment to be made 1st pay period in July 2008.	4,707	-
	<hr/>	<hr/>
Total accrued salaries	5,500	395
The carrying amount of accrued salaries approximates the net fair value.		

28. Provisions

	2008 \$'000	2007 \$'000
Current		
<i>Employee Benefit Provisions</i>		
Annual leave	10,160	9,853
Long service leave	11,582	11,762
	21,742	21,615
<i>Other provisions</i>		
Employment on-costs	4,318	4,287
Total current provisions	26,060	25,902
Non-current		
<i>Employee Benefit Provisions</i>		
Long service leave	6,320	5,397
Deferred salary scheme	270	225
	6,590	5,622
<i>Other provisions</i>		
Employment on-costs	608	520
Total non- current provisions	7,198	6,142
Total Employee Benefit Provisions	33,258	32,044
<p>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:</p>		
Within 12 months of balance sheet date	5,407	5,157
More than 12 months after balance sheet date	4,753	4,696
	10,160	9,853
<p>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:</p>		
Within 12 months of balance sheet date	9,039	8,468
More than 12 months after balance sheet date	8,863	8,691
	17,902	17,159

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

	2008 \$'000	2007 \$'000
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	16,304	4,382
<u>Contribution by owners</u>		
Capital contributions ^(a)	560	4,050
Transfer of assets from the Agriculture Protection Board ^(a)	6,145	8,204
	6,705	12,254
<u>Distribution to owners</u>		
Transfer of assets to the Department for Planning and Infrastructure ^(b)	-	(332)
Balance at the end of the year	23,009	16,304

(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 25 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.

29. Equity (continued)

	2008 \$'000	2007 \$'000
Reserves		
Asset revaluation reserve		
The asset revaluation reserve represents the portion of equity resulting from the revaluation of non-current assets.		
Balance at the start of the year		
Investments	507	301
Non-current assets	168,204	145,935
	168,711	146,236
Net revaluation increments / (decrements)		
Investments	(243)	206
Non-current assets		
Land	15,356	21,413
Buildings	6,156	(1,040)
Barrier fence	(1,389)	1,896
	20,123	22,269
Total net revaluation increments / (decrements)	19,880	22,475
Balance at the end of the year		
Investments	264	507
Non-current assets	188,327	168,204
	188,591	168,711
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 3 (f) " <i>Property, Plant and Equipment</i> "		
Accumulated surplus / (deficit) (Retained Earnings)		
Balance at the start of the year	97,671	75,599
Result for the period	5,041	22,072
Balance at end of the year	102,712	97,671
Total Equity balance at the end of the year	314,312	282,686



30. Notes to the Cash Flow Statement

	2008 \$'000	2007 \$'000
(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 17)	22,720	7,336
Restricted cash and cash equivalents: current (refer to note 18)	74,412	75,379
Restricted cash and cash equivalents: non-current (refer to note 18)	985	605
	98,117	83,320
(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(172,805)	(143,203)
Non-cash items:		
Net (loss)/profit from sale of assets	817	(55)
Depreciation and amortisation	8,684	8,449
Superannuation liabilities assumed by the Treasurer (refer note to 16 (III))	-	2,913
Resources received free of charge	487	353
Share of net loss in joint venture entity using equity method	1,113	-
Provision for impairment of receivables	1,530	(72)
	12,631	11,588
(Increase)/decrease in assets:		
Inventories	(157)	241
Biological Assets - Livestock	(382)	672
Biological Assets - Field Crops	(89)	(275)
Agricultural Produce	(93)	(33)
Receivables ^(a)	(1,309)	(2,942)
Prepayments	110	116
Investments	(243)	206
Increase/(decrease) in liabilities:		
Provisions	1,214	1,551
Payables ^(a)	8,692	(7,577)
Net GST receipts/(payments) ^(b)	(321)	27
Change in GST in receivables/payables ^(c)	(238)	1,843
Net cash used in operating activities	(152,990)	(137,786)

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

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

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

31. Resources provided free of charge

	2008 \$'000	2007 \$'000
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	14,479	20,597
Agricultural Produce Commission	8	7
Perth Zoological Gardens	-	27
Department of Conservation and Land Management	-	19
Other	7	17
	14,494	20,667

32. Commitments

	2008 \$'000	2007 \$'000
(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	508	1,303
Later than one year and not later than five years	-	618
	508	1,921
(b) Total lease commitments		
Commitments in relation to leases contracted for at the balance sheet date but not recognised as liabilities are payable as follows:		
Within one year	4,956	4,249
Later than one year and not later than five years	20,891	18,742
Later than five years	226	360
	26,073	23,351
Representing:		
Non-cancellable operating lease commitments	26,073	23,351
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 four per cent per annum. An option exists to renew the leases at the end of their five year terms for an additional term of five years.		
(c) Guarantees and undertakings		
There are no guarantees and undertakings at balance sheet date, not otherwise provided for in these financial statements		



33. Contingent liabilities and Contingent assets

Contingent Liabilities

In addition to the liabilities 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 2008-09, a contingent liability in the range \$0.65 million to \$1.3 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 nil suspected contaminated sites to Department of Environment and Conservation (2007- 35 suspected sites). During the current financial year the Agriculture Protection Board of Western Australia transferred 33 suspected sites to the department. These 33 sites were declared to the Department of Environment and Conservation in May 2007. The reported contaminated sites 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

InterGrain Pty Ltd

The Western Australian Agriculture Authority (WAAA), the body corporate of the Department of Agriculture and Food, is expected to receive additional shares from InterGrain Pty Ltd subsequent to 30 June 2008. The additional shares are as a result of the department receiving partnership consent to incur additional cost (\$0.59m) over the agreed scheduled in-kind contribution. The share issues will be based on the in-kind contribution made by WAAA to InterGrain Pty Ltd reduced by the amount of the End Point Royalties (EPR) still to be received by InterGrain Pty Ltd at 30 June 2008. The number of shares to be received by the department cannot be determined until all 2007-08 season EPR revenue has been brought to account.

General award pay increase

A government offer to the unions for a pay increase back dated to 7 March 2008 is awaiting registration. The value of the back pay and impact on the department's staff entitlement is estimated to be \$4.0m. The impact on the net cost of services is subject to the finalisation of government appropriation for this increase.

35. Explanatory Statements

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

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

	2007-08 Estimate \$'000	2007-08 Actual \$'000	Variation \$'000
Note Significant Reason For Variance between 2007-08 Estimate and 2007-08 Actual			
35.1 Net amount appropriated to deliver services	(174,906)	(177,359)	2,453
The amount appropriated was adjusted for the following reasons:			
<ul style="list-style-type: none"> ▪ Salaries and Allowances tribunal increases; ▪ Deferment of \$5m State contribution to the National Action Plan against Salinity, into the 2008-09 financial year; ▪ Specified Calling positions pay increase; ▪ Shared Services funding increase related to deferred commencement; ▪ Equine Influenza national commitment increase. 			
35.2 Food and Fibre Industry Development	86,490	82,226	(4,264)
Minor variations relating to project delays across a range of programs, generally as a result of poor seasonal conditions and staffing shortfalls. Further impacted by research expenditure moved to InterGrain Pty Ltd.			
35.3 Agricultural Resource Management	162,016	154,189	(7,827)
The variation mainly relates to delays in payment of National Action Plan grants, as directed by the Commonwealth, now deferred into 2008-09.			
35.4 Biosecurity (Inclusive of Services Provided to Agriculture Protection Board)	62,235	74,122	11,887
The variation mainly relates to:			
<ul style="list-style-type: none"> ▪ Additional funding to address Equine influenza and European House Borer; ▪ Impact of increased salary costs associated with Specified Callings; and ▪ Increased funding from industry sources for Biosecurity research activities. 			
35.5 Services Provided to Rural Business Development Corporation	12,888	972	(11,916)
The variation relates to Exceptional Circumstances grant expenditure and payments, related to the Dry Seasons Assistance Scheme, now being directly allocated through RBDC rather than as a service component administered by the department.			



35. Explanatory Statements (continued)

	2007-08 Estimate \$'000	2007-08 Actual \$'000	Variation \$'000
35.6 Total revenues from ordinary activities	(150,918)	(138,704)	12,214
Revenue retained by the department was less than budget estimates primarily due to a decrease to:			
<ul style="list-style-type: none"> ▪ National Action Plan for Salinity grants from the Commonwealth; ▪ NRM 3rd party grants and funding from industry sources for research activities. 			
35.7 Capital Expenditure	8,324	11,049	2,725
The variation mainly relates to minor delays in a number of projects offset by externally funded asset purchases.			
35.8 Administered Transactions	-	3,000	3,000
Two additional loans were made in 2007-08 under the Western Australian Cooperatives Loan Scheme.			
35.9 Administered Revenues	-	468	468
Interest revenues were higher than budgeted due to an additional loan being paid in 2007-08 from the Western Australian Cooperatives Loan Scheme.			
	2007-08 Actual \$'000	2006-07 Actual \$'000	Variation \$'000
Significant reason for variance between 2007-08 Actual and 2006-07 Actual			
35.10 Net amount appropriated to deliver services	177,359	162,008	(15,351)
The amount appropriated was adjusted for the following reasons (net):			
<ul style="list-style-type: none"> ▪ Increase Salaries and Allowances tribunal, cost escalation and salary provision; ▪ Increase in Specified Calling positions pay; ▪ Increase in Equine Influenza national commitment; ▪ Increase in relation to National Action Plan commitments for salinity activities due to finalisation of the program in 2007-08; and ▪ Decreased due to a reduced funding requirement for the Locust campaign in 2007-08. 			
35.11 Food and Fibre Industry Development	82,226	87,787	5,561
The variation mainly relates to the net impact of Consumer Price Index based cost increases, salary increases and the transfer of some research activities to InterGrain Pty Ltd.			

35. Explanatory Statements (continued)

	2007-08 Estimate \$'000	2007-08 Actual \$'000	Variation \$'000
35.12 Agricultural Resource Management	154,189	136,769	(17,420)
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)	74,122	77,753	3,631
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	972	795	(177)
The variation relates to minor movements resulting from cost escalations and variations in activity levels.			
35.15 Retained Revenue	(139,259)	(159,901)	(21,197)
Revenue retained by the department was less than the prior year primarily due to a decrease to:			
<ul style="list-style-type: none"> ▪ National Action Plan for Salinity grants from the Commonwealth and Natural Resource Management grants; ▪ NRM 3rd party grants and funding from industry sources for research activities. 			
35.16 Administered Transactions	3,000	4,292	1,292
Variation relates to the difference in the two payments under the Western Australian Cooperative Loans Scheme in 2006-07 and 2007-08. Also refer note 35.8.			



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, falling within the following bands are:

'\$	2008 Number	2007 Number
80,001 – 90,000	1	-
130,001 – 140,000	-	2
140,001 – 150,000	3	2
160,001 – 170,000	-	1
170,001 – 180,000	1	-
210,001 – 220,000	1	-
290,001 – 300,000	-	1
320,001 – 330,000	1	-
	2008 \$'000	2007 \$'000

The total remuneration of senior officers is:

1,226 943

The total remuneration includes the superannuation expense incurred by the department in respect of senior officers.

There are no senior officers who are presently members of the Government Pension Scheme.

37. Remuneration of auditor

	2008 \$'000	2007 \$'000
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Remuneration to the Auditor General for the financial year is as follows:

▪ Auditing the accounts, financial statements and performance indicators.	244	210
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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.

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 2007

Joint Venture name and principal activities	Interest (%)	Termination Date
	2007	
Cooperative Research Centre for Australian Weed Management	14.37	30/12/08
Cooperative Research Centre for Value Added Wheat	9.15	30/09/08
Cooperative Research Centre for Tropical Savannas	5.57	30/06/08
Cooperative Research Centre for Emerging Infectious Diseases	6.62	30/10/10
Cooperative Research Centre for Australian Sheep Industry	18.00	30/06/07
Cooperative Research Centre for Spatial Information	5.85	14/06/10
Cooperative Research Centre for Plant Based Management of Dryland Salinity	14.94	30/06/08
Cooperative Research Centre for Desert Knowledge	0.83	30/06/10
Cooperative Research Centre for Cotton Catchment Communities	3.00	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. 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, restricted cash and cash equivalents, finance leases, Treasurer's advances and receivables and payables. All of the department's cash is held in the public bank account (non-interest bearing) apart from restricted cash held in a special purpose account. The department has limited exposure to financial risks. The department's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the department's receivables defaulting on their contractual obligations resulting in financial loss to the department. The department measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 41(b).

Credit risk associated with the department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the department trades only with recognised, creditworthy third parties. The department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the department's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The department is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the department is unable to meet its financial obligations as they fall due.

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.

Market risk

The department does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). Other than as detailed in the Interest rate sensitivity analysis table at Note 41(b), the department is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing, and have no borrowings other than the Treasurer's advance (non-interest bearing) and finance leases (fixed interest rate).

41. Financial instruments (continued)

(b) Financial instrument disclosures

Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the categories of financial assets and financial liabilities at balance sheet date are detailed in the table below.

Credit Risk, Liquidity Risk and Internal Rate Risk Exposures:

The exposure to liquidity risk and interest rate risk as at the balance sheet date are detailed in the table below. The department's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the department. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

The department does not hold any collateral as security or other credit enhancements relating to the financial assets it holds. The department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

The department's investment in share holdings are held for strategic purposes only and are not held for trading. These investments have arisen as a result of the need to trade in various commodities such as grain and wool.

**Contract Maturity Dates
2008**

	Weighted average effective interest rate	Variable interest rate	Non-interest bearing	Within 1 year	1 to 5 years	Over 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>							
Cash and cash equivalents		-	22,720	-	-	-	22,720
Restricted cash and cash equivalents	7.03	59,861	15,536	-	-	-	75,397
Investments		-	570	-	-	-	570
Amounts receivable for services		-	36,460	-	-	-	36,460
Receivables		-	14,552	-	-	-	14,552
Total financial assets		59,861	89,838	-	-	-	149,699
<i>Financial Liabilities</i>							
Payables		-	13,502	-	-	-	13,502
Total financial liabilities		-	13,502	-	-	-	13,502



41. Financial instruments (continued)

Contract Maturity Dates 2007	Weighted average effective interest rate	Variable interest rate	Non-interest bearing	Within 1 year	1 to 5 years	Over 5 years	Total
				%	\$'000	\$'000	\$'000
<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
Amounts receivable for services		-	36,709	-	-	-	36,709
Receivables		-	14,081	-	-	-	14,081
Total financial assets		59,930	74,993	-	-	-	134,923
<i>Financial Liabilities</i>							
Payables		-	9,439	-	-	-	9,439
Total financial liabilities		-	9,439	-	-	-	9,439

Interest rate sensitivity analysis.

The following table represents a summary of the interest rate sensitivity of the department's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

2008	Carrying amount \$'000	-1% change		+1% change	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<i>Financial Assets</i>					
Cash equivalents	59,861	(599)	(599)	599	599
2007	Carrying amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<i>Financial Assets</i>					
Cash equivalents	59,930	(599)	(599)	599	599

(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.

42. Supplementary information

	2008 \$'000	2007 \$'000
Write-offs: Non Current Assets		
During the financial year \$54,392 (2007: \$17,914) was written off the department's asset register under the authority of		
▪ The Accountable Authority	54	18
Write-offs: Irrecoverable amounts		
During the financial year \$16,087 (2007: \$1,722) was written off in bad debts under the authority of:		
▪ The Accountable Officer	16	2
Losses Through Theft, Defaults and Other Causes		
Losses of public moneys and, public and other property through theft or default		
Amounts recovered-insurance	50	265

43. Special Purpose Accounts – Section 16(1)(c) Financial Management Act 2006

	2008 \$'000	2007 \$'000
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	12,689	8,683
Receipts	35,748	49,483
Payments	(37,285)	(45,477)
Balance at the end of the year	11,152	12,689
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	5,121	4,810
Receipts	12,776	9,445
Payments	(14,200)	(9,134)
Balance at the end of the year	3,697	5,121
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	2,707	3,213
Receipts	2,424	2,055
Payments	(1,814)	(2,561)
Balance at the end of the year	3,317	2,707



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

	2008 \$'000	2007 \$'000
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	47,438	31,522
Receipts	69,257	77,600
Payments	(69,379)	(61,684)
Balance at the end of the year	47,316	47,438
Plant Research and 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	1,420	4,104
Receipts	4,669	3,923
Payments	(3,636)	(6,607)
Balance at the end of the year	2,453	1,420

44. Administered Transactions

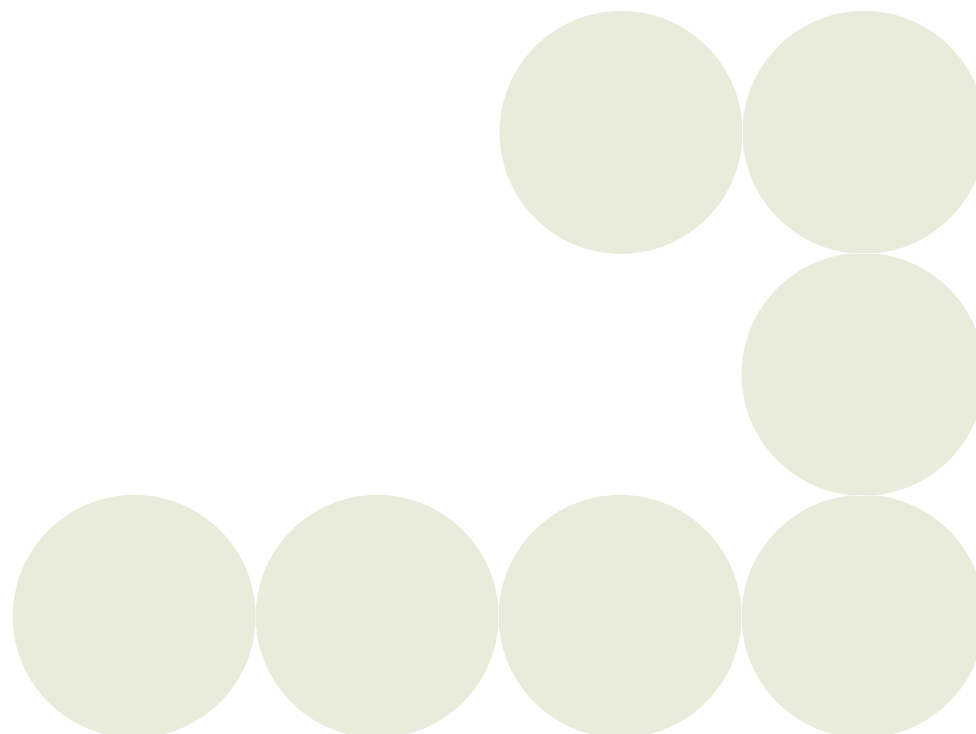
	2008 \$'000	2007 \$'000
(i) ADMINISTERED EXPENSES AND INCOME		
EXPENSES		
Interest payments	396	204
Total administered expenses	396	204
INCOME		
User charges and fees	10	5
Interest revenue	458	238
Total Administered income	468	243
(ii) ADMINISTERED ASSETS AND LIABILITIES		
CURRENT ASSETS		
Cash assets	121	49
Loan	4,082	3,991
Total Administered Current Assets	4,203	4,040
Total Administered Assets	4,203	4,040
NON-CURRENT LIABILITIES		
Borrowings	4,082	3,991
Total Administered Non Current Liabilities	4,082	3,991
Total Administered Liabilities	4,082	3,991
Administered transactions are not considered to form part of the department's operational services		

Certification of key performance indicators

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 Western Australia's performance, and fairly represent the performance of the Department of Agriculture and Food Western Australia for the financial year ended 30 June 2008.



Ian Longson
Accountable Authority
Date: 15 August 2008



Detailed information in support of key performance indicators

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 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 eleven recently or partly completed projects. This year, projects were selected for analysis from among the projects not previously reported. The analyses are an indication of both the effectiveness of agency expenditure and the efficiency of funds which were spent.

Table 1: Project benefit cost analyses in 2007-08

Program and project	Benefit cost ratio	Net present value (\$ million)
Grains		
Integrated pest management	1.8	11.6
Wheat breeding project	1.5	6.0
Animals		
Consumer modelling of wool apparel	4.2	3.6
Feedlogic feeding system	7.1	1.5
Enhanced agribusiness knowledge for Indigenous enterprises	2.4	0.4
Kimberley information provision	3.7	0.5
Diversification of pastoral leases	1.9	0.6
Horticulture		
Citrus industry development	3.9	4.7
Carnarvon table grape investment	7.4	12.9
Web-based information for vegetable irrigation	10.0	3.6
Horticultural development in the Kimberley and Pilbara	9.7	6.3

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.



PI 2 Uptake of crop varieties developed by the department

The choice of variety is a major factor when considering production costs and marketing strategies. Before production even begins, farmers need to know a variety is likely to perform, having consideration to its suitability to soil and climate, the benefits in terms of disease resistance and end-product quality and demand. Historically the department has been the main provider of new varieties of dominant export crops grown in Western Australia, such as wheat, lupins and barley. The market share of varieties developed by the department highlights the effectiveness of the breeding programs for Western Australian conditions.

In October 2007, InterGrain Pty Ltd was established as an incorporated joint venture between the State Government of Western Australia and the Grains Research and Development Corporation. The department delivered wheat-breeding services to the company for 2007-08. It is negotiating ongoing arrangements for 2008-09 under a transition program aimed at achieving a fully commercial operation.

Figure 1 and **Table 2** demonstrate that the average market utilisation of crop varieties developed by the department, or in a partnership arrangement, remains above 80 per cent. Due to the low level of activity in crop variety development in field pea and chick pea production in Western Australia, these products have not been reported on in 2007-08. This change in reporting content has been taken into account when preparing the following trend data in **Figure 1**.

Figure 1: Trend indicating uptake of crop varieties developed by the department (or in a partnership arrangement)

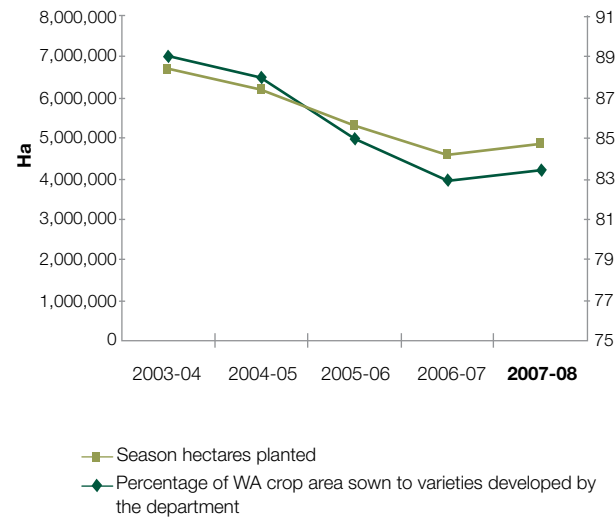


Table 2: Uptake of crop varieties developed by the department (or in a partnership arrangement)

Variety	2006-07		2007-08	
	Percentage of Western Australian crop area sown to crop varieties developed by the department	Season Hectares	Percentage of Western Australian crop area sown to crop varieties developed by the department (or in a partnership arrangement)	Season Hectares
Wheat	76	3,166,540	78	3,459,901
Barley	96	869,097	96	1,088,712
Oats	98	178,897	98	119,908
Lupins	100	360,480	100	178,802
Total	82.6	4,575,014	83.3	4,847,323

KEY PERFORMANCE INDICATORS

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

The department is committed to developing the trade for agri-food products and increasing investment in the Western Australian agri-food industry. One of the department's key roles is to assist the industry 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.

Table 3: Trade opportunities developed in export markets

Commodity	Destination	2003-04 (\$'000)	2004-05 (\$'000)	2005 * (\$'000)	2006 (\$'000)	2007 (\$'000)
Pork	Total exports	30,267	34,029	32,287	31,653	27,956
	Singapore	27,966	29,607	28,629	30,358	26,762
Beef	Japan	36,353	51,950	42,260	29,468	32,028
	Taiwan**	5,331	4,857	5,868	5,472	-
	South Korea	16,351	26,038	29,466	42,365	33,084
	Kuwait**	4,407	3,783	3,821	3,057	-
Lamb	Japan	5,956	6,267	9,788	10,096	6,045
	South Korea***	150	686	960	1,779	2,511
	UAE***	3,797	5,098	5,571	7,636	12,736
Apples	India**	110	219	219	118	-
Milk	Singapore**	13,106	12,292	12,345	12,356	-
	Taiwan**	2,718	2,827	2,489	2,628	-
	Malaysia	2,068	2,199	2,328	2,984	4,550
	Hong Kong	7,779	7,484	8,663	8,173	8,920
Hay	Japan	69,156	69,394	80,603	99,634	82,656
	South Korea	4,216	7,385	6,861	7,479	10,565
Cereal straw	Japan**	1,277	2,381	3,372	1,898	-
Strawberries***	Thailand	-	113	141	242	382

Source: Australian Bureau of Statistics (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. ABS also moved to an Australian Business Register (ABR) -based framework to conduct the 2005-06 Agricultural Census. These changes 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 beyond 2006.

*** These products/markets were reported for the first time in 2006-07 as the department has been active in these sectors. They will be included in future reports.



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.

Carrots

In comparison to 2006 statistics, the value and volume of carrot exports from Western Australia to overseas markets declined. This was as a result of the strength of the Australian dollar and high prices offered by eastern states markets. Unofficial industry estimates indicate 20,000 to 25,000 tonnes of Western Australian carrots were sold in eastern state markets in 2007.

Western Australia produces over 90 per cent of Australia's carrot exports with carrots being shipped to more than 20 countries. The United Arab Emirates, United Kingdom and Kuwait showed significant growth in their markets. Export markets to Singapore, Malaysia, Saudi Arabia and Bahrain remained strong.

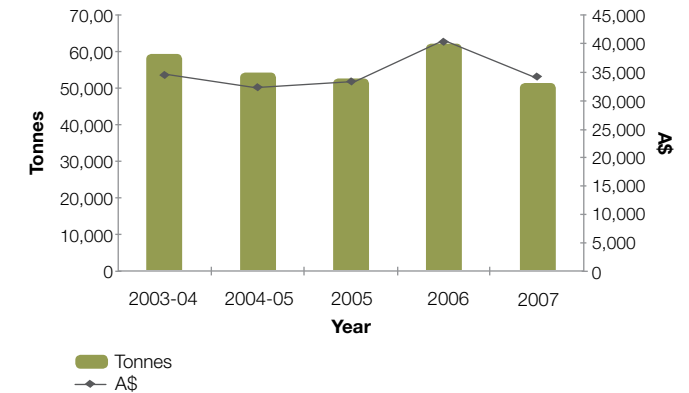
Western Australian carrots have an outstanding reputation for quality and reliability. The department has assisted carrot producers and exporters to focus on costs, quality and product differentiation. Product differentiation has been on the basis of quality and food safety into discerning markets. The department continues to work closely with the carrot industry to develop highly efficient production systems to improve yield and packouts, effectively reducing unit production costs and increasing international competitiveness.

Irrigation and nutrient use efficiency are currently the focus of the department's industry funded research and development (R&D) projects. This work underpins the development of environmental assurance systems which aim to contribute to increased scope for differentiating Western Australian produce in international markets.

Seed Potatoes

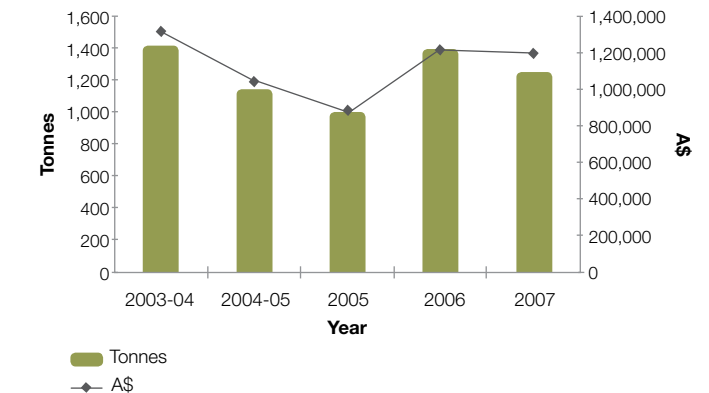
Western Australia has a competitive advantage in this high-value, international market because of our freedom from major potato pests and diseases. The export of seed potatoes from Western Australia has improved following a recent decline that was caused by a range of challenges including Indonesian import permit issues, the continuing high value of the Australian dollar and difficulty in obtaining written advanced contracts. 2007 saw no significant changes in the demand from export markets and the value of seed exports to 2006 (Figure 4). Exports increased to Indonesia but falls were seen in exports to Mauritius and Thailand.

Figure 3: Volume and value of carrot exports (A\$)



Source: ABS

Figure 4: 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. ABS also moved to an ABR-based framework to conduct the 2005-06 Agricultural Census. These changes should be taken into account when comparing trends.

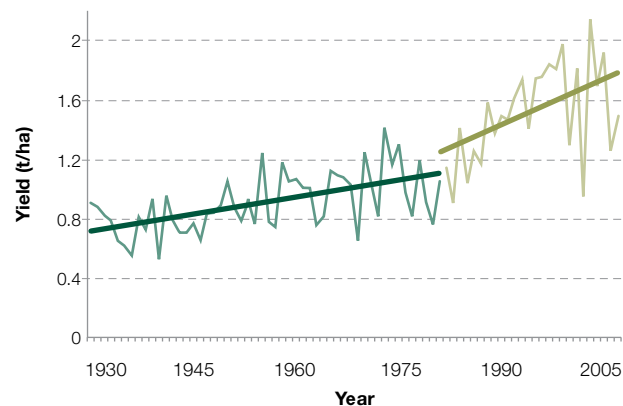
Western Australian wheat yields

The department has worked to increase the yields for 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, such as early sowing with more nitrogen, better rotations, and better disease control. As shown in performance indicator (PI) 2 the department has also developed higher yielding varieties which have had a high rate of adoption by the State's wheat industry.

Figure 6 shows that 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 21 kg/ha/year between 1982-2007. This is a three-fold increase in the rate of technological improvement in yields in recent decades. In eastern Australia yields have levelled out over the last 25 years. However, climate change is the single biggest issue facing farmers today and recent severe droughts have reduced yield trends, especially in eastern Australia. In Western Australia very poor seasons in 2000, 2002, 2006 and 2007 have contributed to much greater yield variability over the last decade.

The need to apply risk management strategies such as seasonal forecasting systems and risk management tools is now critical if farmers are to take advantage of good seasons and minimise losses in dry years. The department will continue to work with agri-food producers to increase their profitability by providing market and growing season outlooks and findings of research and economic development activities.

Figure 6: Average wheat yields in Western Australia (T/Ha/Yr)





Wool

The Woolmark Company has highlighted that the fastest growing textile fibre market in the world is for luxury fine wool. The demand for 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. The State's wool clip has responded to market demand for more fine wool. It is now considered to be the finest wool clip in Australia. The decreasing trend in diameter of the Western Australian wool clip is the most dramatic change in the wool clip that has ever occurred. In addition to producing fine wool, the state produces the second largest wool clip in Australia.

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. Support is also provided through tools that assist producers identify sheep most suited to producing fine wool and those better suited to prime lamb production.

In 2007-08, over 42 per cent of the State's clip was classed as super fine (under 19.5 micron) compared to just 37.5 per cent in 2006-07 (Australian Wool Testing Authority, June 2008). This is the premium segment of the market for Merino wool. It is mainly used in the production of fine apparel. Since July 2007, the fibre diameter has averaged 20.0 micron as a result of improved selection for fine wool and the adoption of prime lamb production that has increased the ewe proportion of the flock (see **Table 4**).

Seasonal variation, both within and between years, exerts considerable short term influence on fibre diameter. Poorer conditions in 2006 and 2007 across some sheep producing areas have also contributed to the falling fibre diameter of the State's wool clip.

Economically at the farm scale, the lower average diameter and better prices have been offset by lower wool cut per sheep. Despite a decrease in overall production volume during the past 10 years, the value of the State's wool clip has remained remarkably constant at around \$600 million.

Table 4: Average fibre diameter of wool tested in WA and percentage of State clip in superfine category

Service Measures	2006 - 07 Actual	2007 - 08 Target	2007 - 08 Actual	2008 - 09 Target
1 Average diameter of wool tested in State	20.3	20.1	20	19.9
2 Percentage of State clip in superfine category	37.5	38	42	39

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



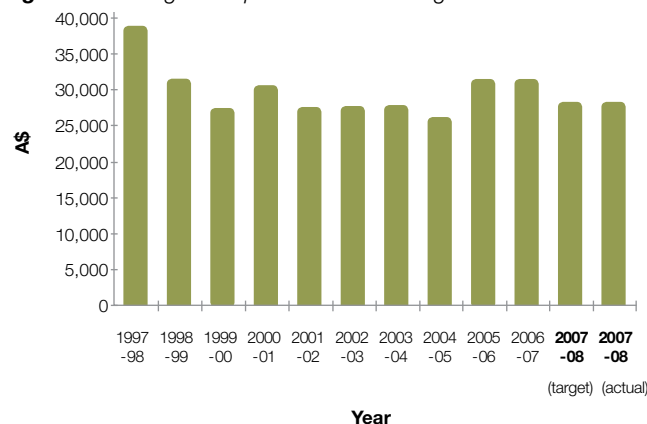
Efficiency indicator

PI 5 Average cost per unit of knowledge

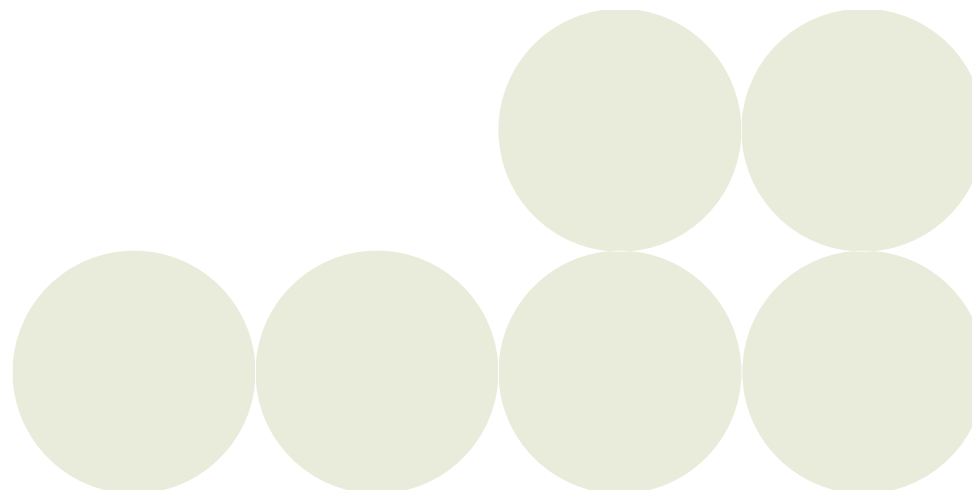
The food and fibre industry development output is described as the generation, integration and application of knowledge that increases the international competitiveness and market opportunities for the State's agriculture food and fibre industries. R&D organisations tend to have particular difficulty 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 as the output produced is knowledge and this can take many forms, with each requiring different resources and commitment. Some organisations have elected to count variations in person days or hours committed to research. This is input focused and is not considered to be a true determinant of efficiency, such as inputs to outputs.

To fulfil our reporting requirements, in 1998-99 the department 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. This year, the average cost per unit is slightly lower than the target figure, and is similar to results from 2001 to 2004. In 2007-08, the department's efficiency in generating units of knowledge improved within the Food and Fibre Industry Development output. **Figure 7** presents the results of this efficiency measure for the past eleven years.

Figure 7: Average cost per unit of knowledge 1997-98 to 2007-08



Source: Department of Agriculture and Food





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;
- manage their businesses sustainably and profitably; and
- be responsive to change and open to opportunities.

The agricultural resource management (ARM) output contributes to all these areas. However, its effect is often difficult to measure due to concurrent changes in seasonal conditions and market forces and the long timeframes for response and improvement in natural systems.

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 reduce off-site environmental impact or contribute to the long-term sustainability of the natural resource base is crucial to the development and maintenance of profitable agricultural industries in Western Australia. A 2006-07 nationwide natural resource management survey by the Australian Bureau of Statistics¹ ABS (4620.0) asked primary producers to report the extent of natural resource management (NRM) issues and activity. In Western Australia the survey found that:

- the majority (94 per cent) of agriculture establishments performed some form of NRM (namely weed, pest and land and soil management) activity;
- agricultural businesses invested an estimated \$526 million in NRM. Of this 65 per cent was spent on weed management, 20 per cent on pest management, and 15 per cent on land and soil management;
- on an individual basis, agricultural businesses spent an average of \$41,000 on NRM – the highest rate of investment of all states/territories;
- like all other states and territories, increasing productivity and farm sustainability were the most commonly reported reasons for improving NRM practices; and
- a higher proportion of farmers reported undertaking activities other than those reported as problems, indicating NRM problems continue to be managed preventatively as well as remedially.

Agricultural extension research identifies that increasing the levels of primary producers' knowledge and skills contributes to an increase in the adoption rates of recommended practice.

The department's 2007-08 NRM² survey found that the incidence of farm and pastoral lease management practices remained similar to 2006-07 survey findings. The survey indicated that across the South West and Agricultural operational regions regular soil testing for nutrient and pH levels and preserving or enhancing areas of conservation value are the most common practices. In the pastoral region formal monitoring of vegetation/pasture conditions remained the most common management practice. The adoption of specific management practices varied by region, with the proportion of primary producers in any given operational region remaining reasonably constant since 2005-06. The adoption and application of at least one risk management strategy remained high; over one third (38 per cent) of all primary producers having used a management practice such as Quality Assurance, Environmental Management Systems or Code of Practice in the past 12 months with pastoralists experiencing the greatest (measured) increase in the use of these practices (38 per cent compared to 11 per cent in 2006-07).

Following last year's increases in the proportion of primary producers undertaking training, this year saw a return to previous numbers undertaking formal training and/or attending events organised by the department.

These results suggest that while market forces and seasonal conditions have influenced the management of farms and pastoral leases, the department has continued to have an impact on the adoption rate of management practices that contribute to the long-term sustainability of the natural resource base. Continuing difficult seasonal conditions has reduced primary producers' ability to implement some of the sustainable land management practices and reduced their attendance at formal training or information sessions.

¹ ABS 2008. Natural Resource Management on Australian Farms 2006-07. Australian Bureau of Statistics, Canberra. www.abs.gov.au

² 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.

As the lead agency for NRM, the department has played a major facilitation and coordination role in the development and implementation of regional NRM strategies and investment plans. In addition, the department has continued to lead the administration of the National Action Plan for Salinity and Water Quality (NAP) and Natural Heritage Trust (NHT2) funding programs on behalf of the Western Australian Government. The department will continue this role in the negotiation and rollout of the Caring for Our Country program. Detailed arrangements are still under development, however the program is expected to continue to focus effort on revegetation and conservation of areas of natural value and the management of livestock to protect rivers and land areas susceptible to land degradation. The department also facilitates adoption by working with bodies and groups that have a role in promoting natural resource management. The department provides support to Boards of Regional NRM Councils, Land Conservation District Committees and local governments and works collaboratively with the Department of Water, Department of Environment and Conservation (DEC), Research and Development Committees and the Future Farm Industries Co-operative Research Centre.

Tables 5, 6 and 7 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 2003-04 to 2007-08. In the surveys, conducted between April and June of each year, producers were asked which practices they used in the last 12 months. Thus the responses reported in 2008 relate to practices in the 2007 growing season and ensuing summer and autumn.

Table 5: Percentage of Western Australian primary producers in the sheep/wheat agricultural areas who used selected sustainable land management practices

	Agricultural (%)				
	2005 (n=216)	2006 (n=232)	2007 (n=280)	2008 Target	2008 (n=249)
Agronomy practices					
Planted non-irrigated perennial pasture species	36	40	39	40	37
Planted saltland pasture species	17	32↑	29	28	37
Planted trees for commercial production (eg oil mallee, pine and bluegum)	14	20	18	16	19
Stubble retention or mulching practices	60↓	64	51↓	65	64↑
Farmed to soil type	66↓	72	73	70	68
Revegetation and biodiversity management					
Tree/shrub planting	63	69	74	65	70
Preserved or enhanced areas of conservation value	61	80↑	73	70	71
Livestock management					
Excluded stock from areas impacted by land degradation	68	69	66	75	66
Protected river or creek frontages from grazing animals	50	49	51	52	49
Resource monitoring					
Regular soil testing for nutrient levels	69	74	74	76	72
Regular soil testing for pH					
Regular soil testing for compaction	10	11	15	15	12
Regular monitoring of the water table					
Regular monitoring of pasture/vegetation cover on sandy/light soils	55	58	49↓	58	54
Surface water management					
Water on sloping land (e.g. grade banks)	53	73↑	58↓	60	61
Water on the valley floors using surface drains	31↓	49↑	28↓	45	40↑
Water on the valley floor using deep drains	13	27↑	23	20	23

Source: NRM survey

↑ Denotes a statistical increase at 95 per cent confidence level

↓ Denotes a statistical decrease at 95 per cent confidence level

n = number of respondents



The return to high levels of stubble retention is likely to represent an improvement of seasonal conditions in some areas, meaning cropping has provided enough stubble to enable retention. It also reflects the department's increased effort in providing information on the risks of burning stubble.

The return to higher levels of surface water management on valley floors using surface drains results from the increased recognition of the importance of this practice as a first step in re-establishing or establishing forestry, and the targeted funding made available in localised areas for drain construction.

Overall the proportion of farmers using sustainable land management practices remained relatively constant with the most common agronomy practices in use being soil testing, farming to soil types, preserving or enhancing areas of conservation value and tree/shrub planning. Generally, the results show there is a high proportion of farmers who continue to use sustainable practices reflecting sustained department activity in this area over a number of years.

Table 6 shows continued application of sustainable management practices by primary producers in the high rainfall region, which includes the Shires of Murray, Boddington, Collie, Bridgetown, Manjimup and all shires to the west of them. 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 eight years. The proportion of farms undertaking regular monitoring of pasture/vegetation cover on sandy/light soils returned to 2006 levels, following a decline in 2007. This is likely to be explained by a return to more average seasonal conditions in these areas. Lower rainfall in previous years resulted in higher production levels (less nutrient leaching and waterlogging) which did not require monitoring.

Table 6: Percentage of Western Australian primary producers in high rainfall agricultural areas who used selected sustainable land management practices.

	South West (%)				
	2004 (n=200)	2005 (n=216)	2006 (n=232)	2007 (n=280)	2008 (n=87)
Agronomy practices					
Planted non-irrigated perennial pasture species	51	47	49	41	34
Planted trees for commercial production (e.g. oil mallees, pines and bluegums)	7	9	20↑	14	21
Farmed to soil type	58	53	55	55	52
Revegetation and biodiversity management					
Tree/shrub planting	51	46	60↑	54	57
Preserved or enhanced areas of conservation value	46	48	58	58	62
Livestock management					
Excluded stock from areas impacted by land degradation	40	35	39	35	37
Protected river or creek frontages from grazing animals	41	38	45	41	41
Resource monitoring					
Regular soil testing for nutrient levels	66	58	68	65	68
Regular soil testing for pH	66	58	63	59	62
Regular monitoring of the water table	28	22	22	28	26
Regular monitoring of pasture/vegetation cover on sandy/light soils	52↑	32↓	41	26↓	43↑
Surface water management					
Water on sloping land (e.g. grade banks)	27	26	36↑	29	32
Water on the valley floors using surface drains	13	11	27↑	14↓	18

Source: NRM survey

↑ Denotes a statistical increase at 95 per cent confidence level

↓ Denotes a statistical decrease at 95 per cent confidence level

n = number of respondents

The department's focus on conservation and revegetation of native species over this period can be seen as a key influence in the continued high use of these practices important for maintaining sustainable agricultural landscapes.

There was a decrease in the number of pastoralists undertaking permanent control methods on stock water supplies following several years of significant action in this area. This is likely a result of the poor seasonal conditions and lower stocking rates in some rangelands areas highlighted by the decline in the difficulty in managing stock to land condition (practice of excluding stock from areas impacted by land degradation decreased to 48 per cent). Formal monitoring of vegetation/pasture conditions (63 per cent) whilst declining when compared to 2007 figures is still the most common sustainable management practice adopted in the region. Protecting rivers and creek frontages (34 per cent) was reported at its second highest level in seven years.

Overall the results in **Table 7** show there is a high proportion of primary producers who continue to use sustainable management practices in the rangelands. This again reflects the department's continued efforts in this area.

Table 7: Percentage of Western Australian primary producers in the rangelands who use selected sustainable land management practices

	Pastoral (%)				
	2004 (n=110)	2005 (n=110)	2006 (n=89)	2007 (n=61)	2008 (n=104)
Permanent control methods on stock water supplies	76	74	62↓	89↑	52↓
Rotational pasture spelling during plant growth season	53	48	53	47	44
Fencing to land systems	64	56	57	63	55
Conducted a prescribed burn for management purposes	33	27	43↑	42	35
Preserved or enhanced areas of conservation value	54	40↓	49	61	58
Excluded stock from areas impacted by land degradation	73	65	64	65	48↓
Protected river or creek frontages from grazing animals	39	31	33	26	34
Formal monitoring of vegetation/pasture conditions	82	74	79	82	63↓
Specifically spelled pasture for subsequent use by export cattle	24	22	28	30	28

Source: NRM survey

↑ Denotes a statistical increase at 95 per cent confidence level

↓ Denotes a statistical decrease at 95 per cent confidence level

n = number of respondents



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 in 2005 to identify 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 the department's 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. The department's extension officers therefore provide one-on-one assistance and promote initiatives focusing on practical, actionable on-ground activities. This has proven to be important, especially on larger farms.

Table 8 reflects some of the changes in training and development activities sought by primary producers. In 2008, there was a marked increase in the percentage of participation by primary producers in general management and production management training courses and a decline in attendance in financial and people management courses. Trend data shows that the number of requests for funding and type of training course category fluctuates particularly in difficult or dry seasons. The department actively promoted and administered FarmBis 3, a Commonwealth/State Government funded training program. The Commonwealth ceased the FarmBis 3 Program on 30 June 2008. Future activities will be supported in 2008-09, via the State funded program called Farm Training WA.

Table 8: Percentage of the primary producers participating in training that undertook formal training under the FarmBis program

Training course category	2004 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)
People management	18	24	10	30	26
Financial management	4	7	23	12	6
General business management (including quality assurance)	28	30	42	23	27
Marketing	5	4	2	7	7
Production management (including adverse seasons)	38	27	20	26	33
Natural resource management and biodiversity	7	9	4	1	1
Total participant numbers	5,192	4,260	3,091	3,228	4,981

Source: FarmBis report

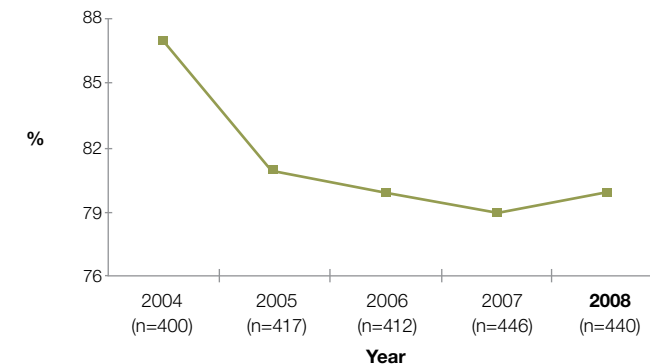
PI 8 The impact of department activity on the capacity of agri-industry to manage change and respond to opportunities

To profitably and sustainably manage the agricultural resource base in the long term in the face of declining terms of trade in agriculture, increasing community expectation and market demands for environmentally responsible agriculture, it is important that agri-industry has the capacity to adapt to change and respond to opportunities. 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 and their support organisations.

Figure 10 presents results from the NRM Survey in which respondents were asked if they had used at least one of the following four risk management strategies:

- drought proofing through management of farm water supplies;
- succession planning;
- price risk management (e.g. futures control); and
- off farm investment.

Figure 10: Percentage of Western Australian primary producers who have adopted one of four risk management strategies



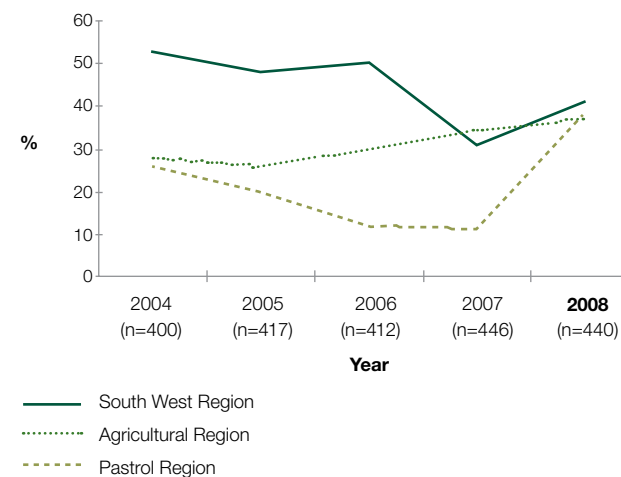
Source: NRM survey

Survey results reveal that a high proportion of primary producers (80 per cent) continue to use risk management strategies and that fluctuations coincide with changes in farmers' economic conditions (due to both seasonal and market factors). Commodity price trends and farm business liquidity affect both the value of hedging on wool and grain futures markets and the cash available for off-farm investment. In aggregate, the percentage of respondents who have adopted (or maintained) one of four risk management strategies has remained similar throughout the eight years of surveying. An emerging issue to be managed is consumer confidence in the sustainability of the food production system. Farming for the Future is a department initiative focused on enabling food and fibre industries to demonstrate the sustainability of production systems.

The program provides methods to link important local, regional, state-wide 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. In consultation with external stakeholders, Farming for the Future has developed a suite of Current Recommended Practices (CRPs) that address sustainability issues for primary producers. The program works with grower groups and external support organisations to provide access to information and capacity to enable the adoption and diffusion of the CRPs. The ability of primary producers to demonstrate sustainability credentials is an outcome of the program.

Figure 11 shows that the level of adoption of QA/EMS or Code of Practice to guide management decisions by the State's farmers and pastoralists has increased, with all three regions having a response rate of over 35 per cent. In 2006-07 there was a significant fall in the number of South West respondents using these systems to guide their management decisions, however in the Agricultural region modest increases maintained the longer term trend of increased usage. The continued trend would in part reflect the activities of the department and the impact of co-investment with the 'Australian Government EMS Pathways to Sustainable Agriculture' pilot and pathway programs. Another factor would be the more vigorous support for these assurance approaches by other participants in the value chain. For example, the Cooperative Bulk Handling Group of Companies' BetterFarmIQ on farm food safety and quality assurance program in the agricultural operational area. There has been a significant increase in the use of programs to guide their management decisions in the pastoral region. This is attributable to the continued roll-out of the Ecological Sustainable Rangeland Management (ESRM) project and its predecessor the Ecological Management Unit (EMU) project. However, as a result of continued department investment in this area, it is anticipated that adoption will increase slowly across all regions in the future as market demand for use of these systems increases.

Figure 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.



Source: NRM survey

Note: 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 1945*;
- landcare grant administration; and
- farm business development and rural community development.

PI 9 Average cost per information product

The average cost per information product was calculated by recognising that information products produced by the output are manifold and can be divided into the following categories:

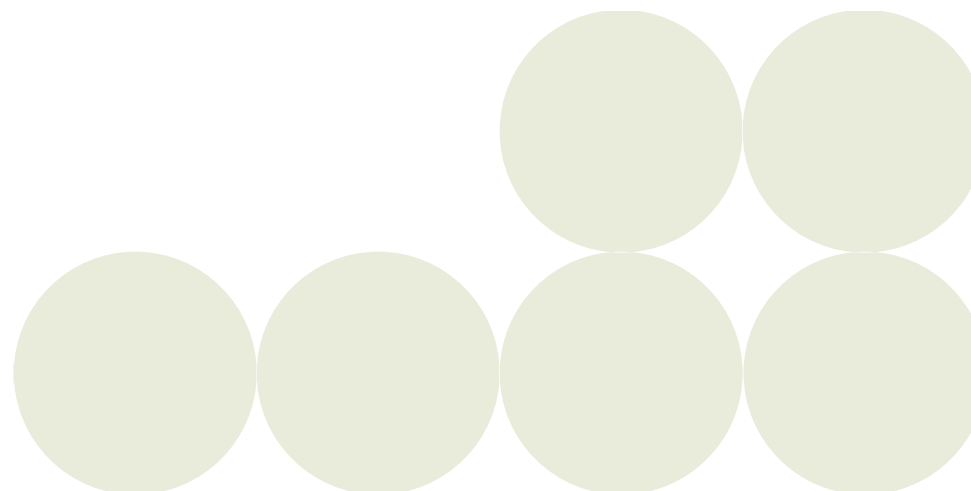
- publications which include serials, monographs and refereed papers;
- cartographic products;
- contributions to corporate publications; and
- audio visual products such as CD ROMs and videos.

Thirteen projects within the department contributed to this indicator in 2008 and the average cost per information product is better than the target figure. As was forecast in last year's report, the reduction in funds allocated to this indicator is due to a reallocation to meeting the department's obligation to NRM regional groups.

Table 9: Average cost per information product

	2005-06	2006-07	2007-08 (Target)	2007-08 (Actual)
Total number of information products	696	756	715	853
Total cost (\$)	19,631,064	12,606,761	13,412,677	13,376,765
Average cost per information product (\$)	28,206	16,676	18,758	15,682

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, and 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 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 the seven-year project targeting 24 million hectares. The initiative is facilitated through the Rapid Catchment Appraisal project which is expected to cease in 2009. In 2008 most of the catchment appraisals occurred in the South West where, because of agricultural and public land variability, the reports usually cover smaller areas. The work involved in preparing the appraisal is similar to that required for a large one however the cost per hectare was less than the target amount.

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

	2005-06	2006-07	2007-08 (Target)	2007-08 (Actual)
Total number of hectares assessed for risks, options and impacts	7.6 million	3.4 million ¹	2.6 million	2.9 million
Total cost (\$)	7,679,355	7,281,619 ²	8,000,235	8,534,384
Average cost per hectare assessed for risks, options and impacts (\$)	1.01	2.11 ³	3.09	2.93

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

¹ Figures reported in the 2006-07 Annual Report were incorrect. The number of hectares was incorrectly reported as 3.1 million.

² The NRM output attracted additional funds via contracting with NRM Regional Groups. These funds were allocated to this KPI and are reflected in the Total Cost being higher than targeted. This arrangement with the NRM Regional Groups continued throughout 2007-08 and has impacted on the average cost per hectare assessed.

³ Figures reported in the 2006-07 Annual Report were incorrect. The average cost per hectare assessed was incorrectly reported as \$2.35.





PI 11 Average cost per regulatory activity processed

The department 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 titles. In addition, under the *Environmental Protection Act 1986*, land degradation advice is provided to DEC and the Department of Industry and Resources (DOIR) on clearing permit applications. In 2008, there was a decline in the number of regulatory actions processed. This was due to the initiative to train DOIR and DEC staff to carry out land degradation risk assessments for mining related clearing in the rangelands and extractive industry applications in the South West land division, on behalf of the department being implemented ahead of schedule (see **Table 11**). For more information see the statement from the Commissioner at [Appendix 2](#).

PI 12 Average cost per Landcare grant administered

The department provides an important service to the community through the administration of Landcare grants on behalf of the Commonwealth and State Governments. The reduction in Landcare grants processed reflects the move to funding smaller numbers of higher value projects and the winding up of projects that have come to the end of their funding (see **Table 12**).

Table 11: Average cost regulatory activity processed

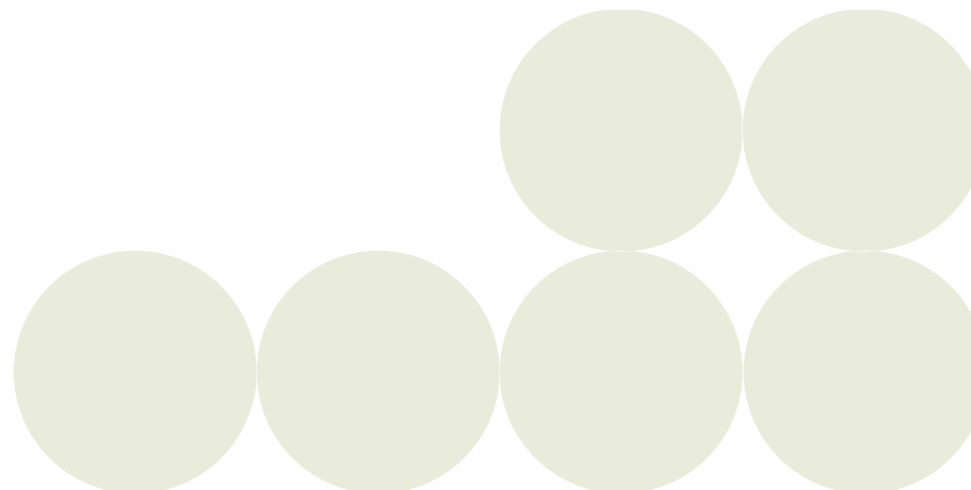
	2005-06	2006-07	2007-08 (Target)	2007-08 (Actual)
Total number of regulatory actions processed	268	285	295	187
Total cost (\$)	7,479,234	6,450,895	6,707,435	3,894,432
Average cost per regulatory action processed (\$)	27,908	22,635	22,737	20,826

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

Table 12: Average cost per Landcare grant administered

	2005-06	2006-07	2007-08 (Actual)
Total number of Landcare grants processed	388	459	320
Total cost (\$)	2,736,967	2,694,046	1,814,813
Average cost per Landcare grants processed (\$)	7,054	5,869	5,671

Source: State NRM Office



KEY PERFORMANCE INDICATORS

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 FarmBis 3 program provides grants to meet development and support activities with many activities focusing on management tools.

The Commonwealth ceased the FarmBis 3 Program on 30 June 2008. Future activities will be supported via the State funded program called Farm Training WA. Farm Training WA will commence on 1 July 2008 and will be administered by the Rural Business Development Corporation. It is considered that the increase in interest and participation is as a result of an announcement of the cessation of the national program. In 2008, the number of participant and industry groups significantly increased as the decreasing opportunity to participate and take advantage of the program was realised.

Table 13: Average administrative cost per participant in farm business and rural community (FB/RC) development activities

	2005-06	2006-07	2007-08 (Target)	2007-08 (Actual)
Total number of FB/RC development activities	3,097	3,355	4,000	5,137
Total cost (\$)	1,861,130	1,607,922	1,677,235	2,802,556
Average cost per participants in FB/RC development activities (\$)	601	479	419	546

Source: FarmBis Coordinator, Department of Agriculture and Food



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, therefore 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 streams reflect the diversity of activities but also focus on matters of greater significance to the industry. The aggregated statistics of **PI 14 Animal disease identification, PI 15 Pest interceptions by interstate and international barrier quarantine activities and PI 16 Quarantine releases** are shown in **Table 14**. The table includes numbers of pests and diseases as well as numbers of identifications and interceptions. This, to some extent, corrects the exaggerated influence of multiple occurrences associated with a single incident.

Table 14: Indicators

Output measure	2005-06	2006-07	2007-08 (Target)	2007-08 (Actual)
1 Identifications of notifiable animal diseases	3	3	5	17
2 Number of animal diseases	3	2	3	4
3 Interceptions of significant pests, diseases and weeds	192	180	265	188
4 Number of pests, disease and weeds species	59	53	62	36
5 Removal of properties from quarantine	101	142	109	66

Source: Department of Agriculture and Food



PI 14 Animal disease identification

For animal disease identification, early identification is critical to successful control. A primary focus is the identification of potentially serious diseases. A disease is designated as being notifiable if it matches a set of criteria that relate to the likely scale of impact on agriculture and human health. The list of Notifiable Stock Diseases of Western Australia was reduced 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 targets were set, and as that year's numbers are comparable with 2005-06 figures they are considered to be the new benchmark for this indicator. While there has been an increase in the number of identifications of notifiable animal diseases, the actual number of animal diseases identified totalled four. The increase in the number of identifications is mainly due to identification of porcine cirovirus and equine herpes virus 1. The increase in both measures is considered to be isolated to 2007-08 and not indicative of an increasing trend. The department will continue to liaise and work with the respective industries to identify, manage and successfully control notifiable animal diseases. See **Figure 13**

PI 15 Interceptions of significant pests, diseases and weeds by interstate and international barrier quarantine activities

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. **Figure 14** shows that 36 individual pests, diseases and weeds were intercepted a total of 188 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 2007-08 year. This decline is considered to reflect the results of targeted education practices by the department and improved risk management strategies, due to drought conditions, being applied by producers in the eastern states. This measure fluctuates from year to year in the normal course of business.

Figure 13: Animal disease identifications

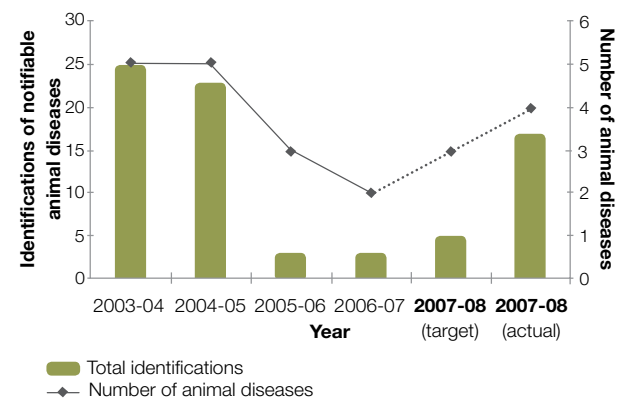
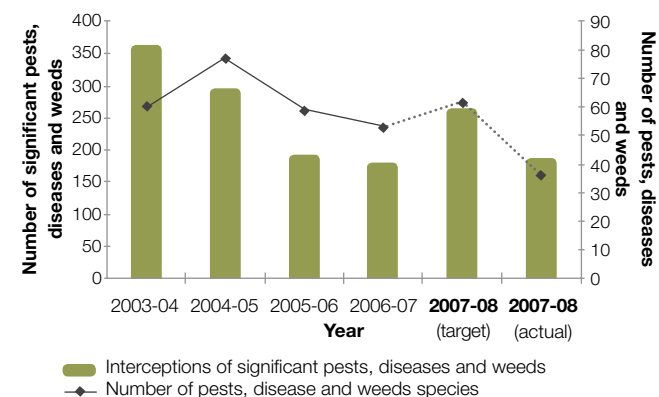


Figure 14: Interception of significant pests, diseases and weeds

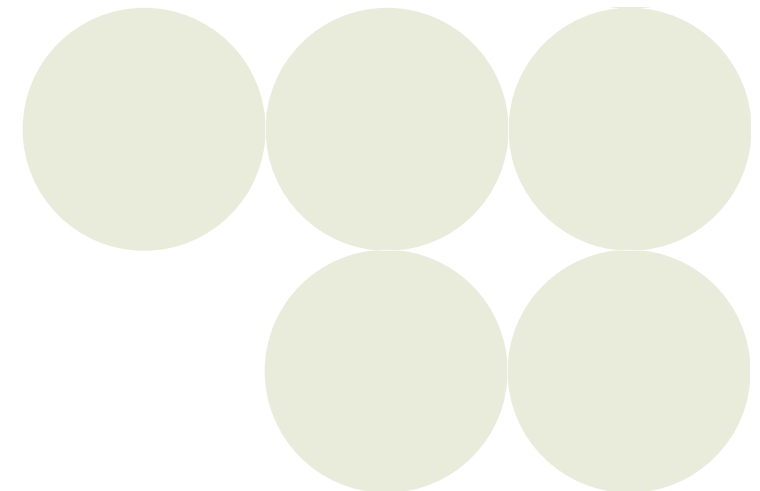
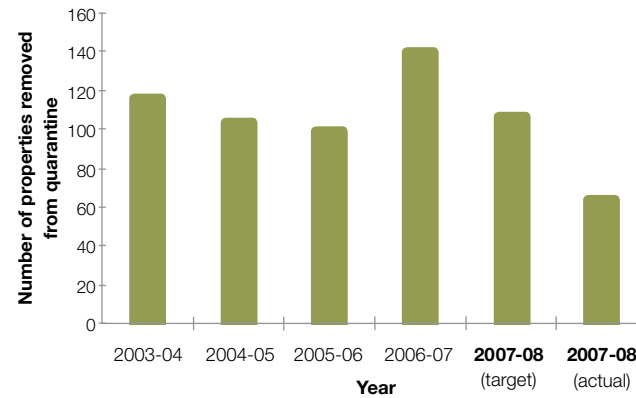




PI 16 Quarantine interventions

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. In 2007, animal disease campaigns moved into a control phase and the number of quarantined properties decreased. 42 properties were removed from chemical residue quarantine and 24 from Footrot quarantine in 2007-08. The number of properties under management plans has continued to decline steadily over time from 651 in 2003-04 to 489 in 2007-08, which is also an indicator of the effectiveness of the project. See **Figure 15**.

Figure 15: Removal of properties from quarantine



Efficiency indicators

The aggregated statistics of **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 and** **PI 20 Cost per diagnostic samples processed (animal and plant disease and plant pest)** are shown in **Table 15**. These activities relating to the Agriculture Protection Service have generally been classified according to the key areas of

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

The following observations and conclusions were drawn from the 2007-08 results.

PI 17 Cost per freight consignment

The 2006-07 cost per freight consignment figure is consistent with both the 2006-07 and 2005-06 actual. The number of consignments cleared in 2007-08 was 36,835 compared to 31,470 in 2006-07, an increase of 17 per cent. The target was based on a lesser number hence the large variance to target.

PI 18 Cost per passenger

The number of domestic passenger arrivals (via air, rail, sea and vehicle) subject to quarantine checks in 2007-08 was 2,348,084 compared to 2,215,922 in 2006-07. This represents an increase of six per cent on the previous year. The numbers of passengers entering the State fluctuates from year to year and this variation contributed to the 2007-08 target cost per passenger.

PI 19 Cost per property management plan

The average cost per inspection to monitor property management plans is commensurate with prior years. The total number of management plans for properties inspected with Organochlorines, Footrot, Liver fluke and Bovine Johnes disease has increased from an average of 994 in 2006-07 to an average of 1,069 in 2007-08. This is an eight per cent increase in the number of properties inspected. The target figures for 2007-08 on property inspections were underestimated by 66 per cent.

PI 20 Cost per diagnostic sample

The average cost per diagnostic sample processed in 2007-08 decreased by six per cent from the previous year. This was largely as a result of the number of plant samples being up seven per cent from 2006-07 as there were an 1,008 tests conducted for apple scab virus last year, generated by an extensive surveillance campaign.

Table 15: Agriculture protection service cost measures

Output measure	2005-06	2006-07	2007-08 (Target)	2007-08 (Actual)
Cost per freight consignment cleared or certified (\$)	349	340	650	328
Passenger quarantine checking cost (per passenger) (\$)	5.52	6.01	6.30	5.29
Cost per property management plan for animal disease (\$)	12,166	7,633	10,500	7,556
Cost per diagnostic sample processed (\$)	390	581	520	546

Source: Department of Agriculture and Food

Note: The figures in Table 15 were allocated from the total service cost of \$53.776 million (2007-08), \$52.785 million (2006-07) and \$48.618 million (2005-06). The total amount of funds spent by the department towards agricultural protection was \$74,122 million, but includes approximately \$20,345 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

Ministerial Directives

No Ministerial directives were received during the financial year.

Pricing policies of services provided

The department charges for some goods and services rendered on a full or partial cost recovery basis.

The [department's fees and charges](#) were determined in accordance with Costing and Pricing Government Services published by the Department of Treasury and Finance.

The current list of fees and charges were implemented on 1 July 2008 as published in the Gazette on 20 May 2008.

Capital works

Capital works projects incomplete

Project	Year of completion	Approved project budget cost \$'000	Estimated total completion cost \$'000	Cost variation \$'000	Explanation of variation
South Boulder Quarantine yards	2008	1,657	2,257	600	Steel and labour costs escalated. Variation covered by \$530,000 from sale of Bunbury lot 3001 (funds with DTF) and \$70,000 from Regional Accommodation budget
DAFWA HQ/ARWA	2013	186,611 (part funding)	TBA	TBA	ERC submission pending

- A Steering Committee has been established to oversee the project delivery and governance for the Headquarters/ Biosecurity and Agricultural Research Western Australia projects. The Steering Committee includes representatives from the Department of Treasury and Finance and the Department of Housing and Works.
- Key project consultants were appointed for the Headquarters/ Biosecurity and Agricultural Research Western Australia projects. The department has completed the detailed project scoping and conceptual planning for the projects.

Capital projects completed

Project	Year of completion	Approved project budget cost \$'000	Estimated total completion cost \$'000	Cost variation \$'000	Explanation of variation
Kimberley Regional Office (Frank Wise Institute)	2008	3,350	3,850	500	Scope variation to address OSH, Heritage and fire services. Variation covered by reallocation of \$380,000 from Regional Accommodation budget and \$120,000 from asset sales.
Capital Equipment Replacement Program	2008	3,975	3,975	0	\$226,000 is committed and will be expended in 2008-09

Property rationalisation program

- All land held by the Agriculture Protection Board and Department of Agriculture and Food is in the process of being transferred to the [Western Australian Agriculture Authority](#)
- Land surplus to the department's needs has been identified and is being sold to assist funding of the capital works program.

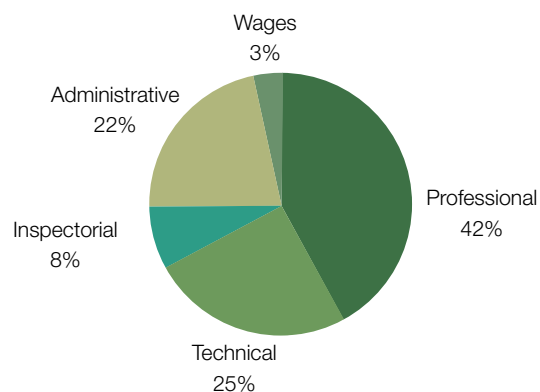
Employment and industrial relations

Staff Profile

	2006-07	2007-08
Full-time permanent	1,124	1,133
Full-time contract	285	262
Part-time measured on a FTE basis	112	121
On secondment	1	2
	1,581	1,565

The department's targeted FTE staff level for 2007-08 was 1,598 and the average FTE staff level for the financial year was 1,499. The decrease FTEs relates to a reduction in the number of externally funded projects.

Work Classification Distribution



Staff Development

The department is committed to the development of its employees. Our strategies focus on building a highly skilled, professional and fair workforce that has the ability to adapt to changing technology, knowledge and environment. Key activities that enhanced the professional capability of the department during 2007-08 included:

- Primary Industry Science Program - a partnership with other organisations to develop the talent and interest in primary industry science at secondary school level – Years 10, 11 and 12;
- Indigenous Cadetships and Traineeships were offered with the department;
- Undergraduate Studentship Program - Talented graduate and post graduate students work on their final year research project with departmental researchers, developing their skills and providing an opportunity to contribute their knowledge and skills in an agribusiness project. A total of 18 students are participating in the 2008 program; and
- The Visiting Specialist Program - encourages skilled professionals to visit Western Australia and provide learning and development opportunities for department staff. This also develops the department's international networks and enhances our reputation as a centre of excellence in research, development and extension. This year's program resulted in eight visiting specialists from a wide range of disciplines and countries, and included working with regionally located projects and staff.

Corporate Support Reform

The Government initiated the reform of corporate services in 2005-06. Readiness activities have continued in the department throughout 2007-08 to prepare us for a smooth transition to the Office of Shared Services.

Sharing hot research

The science was hot and so was the weather when the department hosted 20 students from Murdoch University's Summer School in January 2008. The Summer School is a residential week for Year 10 and 11 students with a keen interest in science and engineering. The students' visit to the department was an opportunity to experience the agri-food industry at work. After an introduction to the department, the students were divided into groups to spend time in our waxflower research and double haploid laboratories. After a regroup and quick refresh at the nearest water cooler, the department's wool research team demonstrated their work and testing equipment. With the temperatures over 40 degrees, one of the visit's highlights was a group of students getting caught in the plant nursery when the overhead sprinkler system came on.

A little earlier in the year the department hosted a Teachers' Professional Development day. A number of school principals and teachers from both secondary and primary education attended the full day pilot program. It is hoped the program will provide teachers with practical information and tools to take back to their schools and students, enhancing science education.





Leave liability management

The department's liability for long service leave and annual leave at the end of this financial year was an average of 9.19 weeks per employee. This represents a decrease of eight per cent on the previous year. Management initiatives for leave reduction include:

- Providing for the cashing-in or compaction of leave within the department's Agency Specific Agreement; and
- Christmas closure of non-essential services throughout the State.

Workplace reform

The department, consistent with Government policy on Labour Relations, has negotiated and registered an Agency Specific Agreement. The Agreement incorporates entitlements, which continues to provide the department and employees with mutually beneficial conditions of employment and cost effective and efficient work practices. A process of continuous assessment and review of current conditions of employment and work practices occurs in consultation with employees, managers and relevant unions.

Training

The department continues to provide compulsory training activities for all staff in:

- Indigenous Australian Cultural Awareness
- Equal Employment Opportunity Awareness
- Occupational Safety and Health Awareness
- Driver Safety training for all new officers, as well as continuation of the Driver Development training for officers employed for at least five years, and enhanced 4 Wheel Drive Safety with a regional focus
- Basic First Aid Awareness

Other training highlights in 2007-08 include:

- Development of a training program to update managers in managing workplace conduct, particularly in regard to Equal Employment Opportunity;

- Completion of the department's seventh Professional Effectiveness Program (nationally accredited Certificate 3 in Business – Frontline Management). This program is designed to enhance the professional skills and career opportunities of junior staff and new supervisors, particularly in the areas of team development and leadership; and
- Completion of the department's tenth Management Development Program (nationally accredited Diploma of Business-Frontline Management) for first and second line managers. Review of the Program and the department's business focus will enable new initiatives to be incorporated to enhance staff management and leadership skills.

Social club

The department works with the Department of Agriculture and Food Social Club Inc to ensure staff members have access to a modern canteen and other amenities. These include a gymnasium, discount tickets to various events and venues, a range of social activities such as the Annual Ball and Kids Christmas Party. Social club membership is voluntary and open to all staff, including their family and friends. The Social Club also encourages and supports activities such as table tennis, yoga, pilates, tai chi and hosts teams in the Annual Corporate Challenge and Dragon Boat Races.

Staff reward and recognition program

Length of Service Awards continue to acknowledge the loyalty and commitment of employees who have achieved length of service milestones in excess of 20 years. 96 staff members received these awards in 2007-08.

Length of Service (Years)	Number of Recipients in 2007-08
20	47
30	40
40	9
50	0

2007's excellent staff

As in previous years the department's Excellence Awards recognised staff who had made an outstanding contribution towards the goals of the department. These Awards continue to support a culture of excellence in the organisation and foster an environment of innovation and creativity. The 2007 Excellence Awards were presented to: the Khapra beetle incident management team for their work in eradicating one of the world's worst pests of stored grain; Simon Eyres and Peter Maloney from the photography team for their work in providing aerial, studio, location and specialised scientific photography work; and Dennis Phillips for his management of applied research and development projects in collaboration with the Western Australian and national vegetable and strawberry industries.



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.

Audit committee

The Audit Committee is established under the authority of the Director General as an advisory committee. The Committee's objective is to assist the Director General and the Corporate Executive team in their promotion of good governance throughout the department. The Audit Committee is chaired by an independent person with audit, governance and risk management skills and experience.

Compliance with Public Sector Standards and Ethical Codes

OPSSC reporting under Section 31 of the *Public Sector Management Act 1994*

Compliance issues regarding public sector standards:

- Three breach claims lodged (two recruitment, selection and appointment and one grievance)
- The recruitment, selection and appointment claims were dismissed as they were both withdrawn by the applicant on receipt of feedback.
- The OPSSC has been notified of the grievance claim. This claim remains outstanding as at 30 June 2008.

Compliance issues regarding the department's Code of Conduct and the WA Code of Ethics:

- a) four matters dealt within the department's grievance policy:
 - Allegation of bullying and mismanagement. Allegation not substantiated.
 - Allegation of bullying and mishandling of grievance. Allegation substantiated in part and action taken.
 - Allegation of bullying. Currently being investigated.

- Allegation of breach of Code of Conduct under respect for persons. Currently being investigated.
- b) Four matters were dealt with in accordance with the breach of discipline process pursuant to the PSMA:
 - Two matters were escalated to the discipline process. Both matters were substantiated and action taken.
 - An allegation of inappropriate behaviour to an external service provider/consultant was substantiated and action taken.
 - An allegation of undertaking an external activity and inappropriate use of departmental resources was substantiated in part, with investigation ongoing at 30 June 2008.
 - c) Significant action taken to monitor and ensure compliance:
 - Updated information about the standards and codes has been included in the department's policies and procedures, intranet, newsletters, workshops, information sessions and induction packages.
 - The department's Contact Officer and Grievance Officer network has been reviewed, updated and re-trained (October 2007 and May 2008).
 - The department's Code of Conduct is under review with particular attention being given to the areas of integrity, accountability, bullying and personal conduct.
 - A training program for managers in managing workplace conduct, conflict and grievance resolution has been developed.

Code of Conduct

The department's Code of Conduct is available to all staff in hard copy and electronic formats. Pursuant to the Code of Conduct, matters are brought to the attention of the Corporate Executive through normal management processes and general audit processes of specific areas under the Code. The Code of Conduct is presented to all new staff members and further reinforced at their orientation

and induction sessions. In addition, specific sections of the Code of Conduct are referred to in various department-wide training courses and management development courses.

Freedom of Information – information statement

A description of the types of information and documents the department holds and how to access this information under the *Freedom of Information Act 1992* is contained in the department's [Freedom of Information - information statement](#). The Information Statement is reviewed annually and made available on the department's website. A total of 16 new applications were received this year. 14 were requests for non-personal information and three were requests for personal information. Of these requests, four were granted access in full, six were given access to edited information, one transferred to another department, one refused access to information, one withdrew the request and in one instance the information was not held. The remaining three are open. The average time taken to answer an FOI request was 31 days. Three internal reviews and one external review were conducted.

Complaints handling

The department recognises that appropriate attention to the concerns of its customers is an essential component of successful customer focused service delivery. As such, the department has a [complaints handling policy](#) that ensures complaints are handled fairly and efficiently. Clients are encouraged to complete the complaints and feedback form on the department's website. Four formal complaints were lodged during 2007-08. Two complaints were regulatory in nature, and two regarding information accuracy and timeliness. The department took the appropriate actions to ensure the complaints were dealt with in a timely manner and complainant's notified of the outcome.



Advertising (*Electoral Act 1907* section 175ZE)

In compliance with section 175ZE of the *Electoral Act 1907*, the Department of Agriculture and Food Western Australia incurred the following expenditure on advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2007-08 was \$340,363
2. Expenditure was incurred in the following areas:

Advertising - total expenditure \$189,547		\$		\$	
Advans Display Pty Ltd	510	Moora Chamber of Commerce	110		
All Flags Dot Imagery	60	Natalie Lee	10		
Apple and Pear Australia Ltd	320	New Zealand Veterinary Association	542		
Ascot Sign Co	600	Nursery and Garden Industry WA (Inc)	291		
Aztec Signs and Murals	1,650	PDE Promotions Design Events Pty Ltd	2,878		
Ballard Seeds	100	Perth Expohire	43,074		
Bicubic Printing and Corporate Graphics	772	Poster Passion	978		
Bowtell Clarke and Yole	3,350	Proton Promotional Advertising	14,250		
Brando Marketing Pty Ltd	8,927	Quality Press	9,116		
Castlereagh Estate	360	Rodney Lewis Graphics	88		
Catalano Seafoods T/A Seafood Secrets	1,727	Rural Media Association of WA	260		
Central Food Retail Company Ltd (TOPS)	2,000	Salmark Innovative Promotional Solutions	15,400		
Centre for Cropping Systems	47	SEPWA	75		
Department of Industry and Resources	1,725	Shire of Trayning	15		
Department of Premier and Cabinet	1,142	State Law Publisher	4,679		
Department of Treasury and Finance	553	The Marketing Worx	3,700		
Dingo Promotions	10,926	Total Digital Solutions Pty Ltd	3,725		
Exhibit Exhibitions	2,785	Toucan Display Systems	780		
Fusion Herbs	60	WA Fruit Growers Association	150		
Indonesian Consulate	1,762	Wescobee Ltd	500		
Kookaburra Veterinary Employment	140	West Oz Media	900		
Lions Club of Boyup Brook	236	Wongan Business Association	115		
Marketforce Express	44,359	York Visitors Centre	300		
Max Food Products International Co Ltd	3,500				
Direct mail - total expenditure \$1,674		\$		\$	
Quickmail	1,674				
Media advertising - total expenditure \$149,142		\$		\$	

OTHER LEGAL REQUIREMENTS

Agbizcareers	15,500	Nungarin Newslink	50
Beacon Bulletin	80	Ongerup District Telecentre	36
Big Red Sky	1,000	Pingup District Resource and Telecentre	198
Bruce Rock Telecentre	60	Plantagenet News	420
Community Spirit Newspaper Inc	218	Radio Great Southern	214
Countrywide Publications	909	Radio West Network	1,750
Dalwallinu Telecentre Inc	91	Radio West Broadcasters Pty Ltd	2,491
Design Design	180	Rare Pty Ltd	2,908
Email Media	750	Rural Press Agricultural Publishing Division	466
Flying Edits	334	Rural Press Regional Media (WA)	842
Global Food and Wine	18,160	Tambellup Telecentre Inc	30
Hallmark Editions	960	Telecentre Network Cunderdin	55
Hits Radio Pty Ltd	424	The Albany Advertiser	5,110
Hyden Resource and Telecentre	68	The Bleat Newspaper	14
Job Media Pty Ltd	120	The Boyup Gazette	170
Jurien Bay Telecentre	45	The Fence Post Inc	90
Lake Grace Telecentre	37	The Gimlet Newspaper Inc	87
Magpie Squawk	60	The Pipeline Kellerberrin Newspaper	63
Media Decisions WA	92,718	The York and Districts Community Matters	240
Media Monitors Australia Pty Ltd	134	Travellers Information Radio 88FM	710
Mingenew Telecentre	103	Valley Vibes	46
Morawa Community Telecentre Inc	95	Walpole Community Resource Telecentre	120
Muka Matters Inc	72	Waroon Telecentre	40
Mullewa Telecentre	40	Welcome2Australia Pty Ltd	600
Narkal Notes Inc	35	Wellstead Resource and Telecentre Inc	32
Newdegate Telecentre Inc	44	Wongan Hills Telecentre	60
Northampton Community News	45	Wyalkatchem Weekly Inc	18



Disability access and inclusion plan outcomes

The department's [Disability Access and Inclusion Plan 2007-10](#) (DAIP) complements the department's Equal Employment Opportunity (EEO) Management Plan 2007-09 and provides strategies for the inclusion of its customers and staff with disabilities through improved access to information, services and facilities.

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

Outcome 1

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

- The Equity and Diversity Committee was established to plan and monitor outcomes and to champion EEO strategies, including those for people with disabilities.
- The corporate policy in relation to services to people with disabilities was reviewed.
- A communications plan has been developed and implemented to raise staff awareness of the DAIP, policy and requirements of the *Equal Opportunity Act 1984*.
- A 'Diversity Speaks' program was established to raise awareness of EEO issues and promote Plan strategies with staff and contractors, including those pertaining to people with disabilities.
- Relevant information pertaining to the DAIP and strategies for people with disabilities was incorporated into the learning and development programs on required EEO behaviour for new staff.
- A process to ensure that the department's contractors are aware of the DAIP, policy and requirements of the *Equal Opportunity Act 1984* was established when engaging new contractors that provide services to the

public on behalf of the department. Current department contracts were reviewed to ensure compliance with DAIP and reporting requirements.

Outcome 2

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

- Existing buildings were reviewed in relation to their physical access by people with disabilities, ensuring as a minimum that ramped access is provided.
- Processes were established for raising awareness of accessibility requirements for people with disabilities to departmental facilities and for communication to staff with disabilities where there may be temporary access issues.
- An audit of ACROD bays was undertaken to ensure that parking provisions meet the needs of people with disabilities.
- A review has commenced to ensure that there is appropriate signage to meet the needs of people with disabilities.
- A wheelchair has been made available at the South Perth office to assist the mobility of people with disabilities.

Outcome 3

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

- All publications available from the internet site are available in an electronic format for ease of access by people with disabilities.

Outcome 4

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

- A communications plan has been established to raise staff awareness of EEO issues, especially disability and access issues.
- Information pertaining to disability and access issues has been incorporated into the learning and development programs on required EEO behaviour to improve staff customer service skills to people with disabilities.

Outcome 5

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

- Staff grievance and customer complaint processes and information will be reviewed in 2008-09 to ensure that they are accessible to people with disabilities

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 needs for people with disabilities and accommodate these accordingly through access to information and input mechanisms. The corporate policy and procedures will be reviewed during 2008-09.

Recordkeeping plans

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

- The department has commenced an information and storage audit across the agency. Support for the development of a comprehensive information management strategy has been received from the Office of E-Government.
- 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. Improvements in monitoring of follow-ups resulted in higher levels of staff completion of the program. A series of published information leaflets were released for general information of all staff.
- 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;
- A corporate induction program for new staff caters for and addresses employees' roles and responsibilities concerning their compliance with the recordkeeping requirements.

Department's annual estimates

All special purpose accounts held by the Department of Agriculture and Food are detailed in the department's budget statements and financial statements. The level of grants and contributions from both Australian Government and non-government sources for the next financial year (2008-09) is currently estimated at \$94,983,000. For details regarding the range of special purpose funding sources see [Note 14](#) of the financial statements.

Corruption prevention

The department continued to use a number of strategies during the year to promote awareness of corruption prevention. An article in the department's newsletter, AgBrief, emphasised the need for staff to act with integrity and to behave ethically at all times. The article highlighted the responsibility of the Integrity Coordinating Group who are charged with promoting and strengthening integrity in the WA public sector. Department staff are encouraged to promote ethical behaviour by telling clients and stakeholders about the department's honest and ethical approach to business and reporting.

Promotion of the *Public Interest Disclosure Act 2003* (PID) was made to department staff in a number of ways during the year. The department's PID Officer organised presentations for specific management groups and issued a broadcast email to all District Managers advising of a PID transmission by the new Public Sector Standards Commissioner. The PID corporate policy and associated forms, brochures, information and external links were easily made accessible through the department's intranet. Information on [how to make a public interest disclosure](#) is also provided for stakeholders on the department's website.

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

- The Audit Committee has put Corruption and Misconduct Prevention as a standing agenda item on its quarterly meeting agenda.
- All new employees recruited to the organisation were screened to reduce the risk of the department engaging dishonest staff. Referee reports are a mandatory requirement within the department's selection process.

- The induction program for new employees placed a strong emphasis on the department's Code of Conduct, ethical behaviour and the *Public Interest Disclosure Act 2003*.

Substantive equality

- The department has undertaken a pilot horticultural needs and impact assessment in Carnarvon with the assistance of the Carnarvon District Office. Broader actions on systemic issues have been addressed in the past year rather than focus on a new divisional area. The overall responsibility for the implementation of the Substantive Equality Policy Framework will be transferred to the Industry and Rural Services Directorate from 2008-09. This is to reflect the closer link to service delivery and further integrate the framework into business planning for client services.
- The finalisation of the Carnarvon pilot was achieved. From this study a number of systemic matters across the department were identified as a priority for action rather than an identified service area. The 2008-09 priorities will be determined by the Industry and Rural Services Directorate.
- A number of systemic issues were identified through the pilot and other awareness raising activities in Substantive Equality and action taken to address these. In particular these related to our ability to provide information to our customers, include improved accessibility to services and information, awareness raising of Substantive Equality philosophy for staff through integration in an existing learning and development program and identification of client data including indigenous, ethnic minority and disabilities that may impact on service delivery requirements.

Sustainability

The department's sustainability program addresses the requirements of the Sustainability Code of Practice for Government Agencies 2004. The values of our staff and their commitment to achieving sustainable outcomes has firmly entrenched sustainability into our day-to-day operations. A triple bottom line approach is embedded into our culture and is inherent in all our activities. The department also plays a key role in the delivery of programs focussed on natural resource management. Caring For Our Country (the national program that replaces the National Action Plan and National Heritage Trust) recognises that a modern and prosperous Australia is inextricably linked to the health and sustainability of our ecosystems. The department will work closely with Western Australia's regional catchment groups to ensure the best results for the environment are delivered.

Better planning better futures goals	DAFWA sustainability achievements
Goal 1:	
Better services	<p>A reliable and sustainable supply of essential services.</p> <ul style="list-style-type: none"> ▪ Improved sustainable management continues to be a high level outcome for the department and is integral to our corporate strategy. ▪ The department maintains an extensive network of offices across the State to ensure a reliable and sustainable provision of service. See Appendix 1 ▪ The department conducts an independent client survey on a biannual basis to assess the views and needs of our customers. ▪ The agency fleet mix is being increased to accommodate a higher percentage of 4WD and all wheel drive diesel vehicles to give the agency greater capacity to respond to emergencies, such as locust or starling outbreaks, or more serious issues such as foot and mouth disease, equine influenza or avian influenza.
Goal 2:	
Jobs and economic development	<p>A strong research and development capacity</p> <ul style="list-style-type: none"> ▪ The department actively engages stakeholders in setting industry research and development directions and building the services required by industry. For example, the department regularly calls on stakeholders to pursue their research and development ideas and access funds to initiate their projects.
Goal 3:	
Lifestyle and the environment	<p>Impacts on the environment are responsibly and sustainably managed.</p> <ul style="list-style-type: none"> ▪ Capital works associated with the 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 AGBR rating and other Energy Sustainable Design (ESD) features. ▪ Smart meters are operational in 13 of the department's larger offices. Energy audits are carried out on a regular basis. ▪ The department has completed an asbestos audit across the State and uses a risk management approach to manage issues regarding asbestos in departmental buildings. ▪ Recycle bins are used extensively in all departmental workplaces. ▪ The department is the lead agency for the delivery of the national program Caring For Our Country (the program that replaces the National Action Plan and National Heritage Trust programs).



**Better planning
better futures
goals**

DAFWA sustainability achievements

Goal 4:

**Regional
development**

The regional environment is valued and protected.

- A number of solar powered pumps have been installed on departmental research stations to reduce reliance on diesel pumps and windmills. A State wide replacement program is underway to replace all windmills with solar pumps.
- Two new small scale desalination plants are in the design phase to condition bore water supplies at the Eucla checkpoint.
- The department's [Farming for the Future](#) sustainability management initiative continues to assist farmers in planning for sustainable agriculture at the farm level.
- The department has worked extensively with Harvey Water to ensure their support under the National Water Initiative.

Government decision making that takes account of regional issues.

- The department actively engages stakeholders in setting agricultural development directions and building the services required by the agricultural sector. For example, the department has used [public consultation](#) processes to ensure regional issues are incorporated into the State NRM planning.

Goal 5:

**Governance and
public sector
improvement**

- It is compulsory for all department employees to participate in EEO and Indigenous Australian Cultural Awareness (IACA) training and the commencement/induction program ensures new staff members obtain an understanding and awareness of equal opportunity and relevant cross cultural issues.
- The department sets diversity employment targets with the aim of creating a diversity of staff that supports the broader objectives of government and the department. Significant progress has been made, with targets set and reported on through the equity index and various reporting mechanisms.
- The department actively engages stakeholders and the public in transparent policy development and decision-making processes. For example, the department recently hosted a forum to consider the [future of the State's wheat industry](#) following the deregulation of the single desk marketing arrangements.
- The department follows State Supply Commission policies in terms of sustainable procurement.
- 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 has been achieved. New equipment is default set to double sided printing and include document scanning to allow electronic transfer of documents.
- The department has continued to replace six cylinder passenger and light commercial vehicles with more fuel efficient four cylinder LPG/dual fuel and hybrid vehicles. These "green" vehicles now make up 75 per cent of the department's fleet. The department has two demonstration 100 per cent biodiesel four wheel drive vehicles under trial.

Occupational Safety and Health

Commitment to Occupational Safety and Health and injury management

The department has a general Occupational Safety and Health (OSH) policy, 26 other policies covering OSH systems and hazards and one policy on injury management and workers' compensation. Most of these policies have been in place for over 10 years and are reviewed bi-annually. Any initiatives required for new or reviewed policies are determined by the OSH Policy Committee and are included in the department's annual OSH strategy. Local line managers retain responsibility for implementing policy at a local level. Changes to policy are communicated to all OSH committee chairpersons, OSH representatives and relevant managers immediately after each Policy committee meeting. All policies are available on the department's intranet site. All new staff are made aware of the location of policies and other OSH information at their corporate induction. 93 per cent of the department's workforce has completed Occupational Safety and Health Awareness training. OSH and injury management targets are included in each annual OSH strategy. These are highlighted in the section on performance.

OSH consultation

The department has a two tier system of consultation. A departmental OSH Policy Committee is responsible for policy, strategy and monitoring performance. This committee is comprised of managers and regional OSH representatives. Local committees in larger districts and staff meetings in smaller offices, form the second tier of consultation. Committee and staff meetings are held quarterly, where the incident, hazard and inspection reports and actions raised by the OSH Policy Committee are considered. There are elected OSH representatives in every district. Staff are made aware of their local and regional OSH representatives through local OSH induction and the compulsory one day OSH awareness course.

Injury management compliance

The department's injury management system and return to work program process are documented in its injury management policy and supporting guidelines. The department has in place an early intervention injury management program which exceeds the requirements of the *Workers' Compensation and Injury Management Act 1981*.

OSH initiatives

The following OSH initiatives were completed during 2007-08:

- Worksafe Plan assessment. The department achieved a score of 82.5 per cent, a score equivalent to gold certificate standard;
- Converted windmills at departmental sites to solar powered pumps;
- Provided skin cancer screening to all staff on a voluntary basis;
- Set up OSH arrangements for staff transferred to a site of a different organisation; and
- Completed reviews of application of contractors and communication safety policies.



Skin cancer check

OSH performance statistics

Performance measure	Government Target	DAFWA Target	2006-07	2007-08	Target achieved
Fatalities	0	0	0	0	Yes
Lost Time Injury Incidence Rate	0 or 10% reduction	20% reduction		0.9	Yes
Lost Time Injury Severity Rate	0 or 10% improvement	0	0	6.7	No*

*DAFWA had one severe LTI, the first since the 2004-05 financial year.

Appendix 1 - Department of Agriculture and Food offices

Metropolitan

South Perth

Forrestfield

Murdoch University (Biotechnology Laboratory)

Floreat (co-location of climate science staff at CSIRO facilities)

Regional

Albany

Bunbury

Geraldton

Kununurra

Northam

Offices

Broome

Lake Grace

Carnarvon

Manjimup

Derby

Meekatharra

Esperance

Merredin

Jerramungup

Moora

Kalgoorlie

Narrogin

Karratha

Three Springs

Katanning

Warooka

Locations

Boyup Brook

Mount Magnet

Bridgetown

Mukinbudin

Corrigin

Mullewa

Cunderdin

Narembeen

Denmark

Nungarin

Donnybrook

Onslow

Dumbleyung

Pingrup

Eucla

Port Hedland

Fitzroy Crossing

Quairading

Gingin

Pingelly

Gillamii Agriculture Centre (Cranbrook)

Plantagenet (Mt Barker)

Goomalling

Ravensthorpe

Greenough

Southern Cross

Gnowangerup

Wagin

Halls Creek

Wickepin

Hyden

Williams

Kellerberrin

Wongan-Ballidu

Kojonup

Yalgoo

Leonora

York

Margaret River

Research Support Units

Avondale (Beverley)

Manjimup

Badgingarra

Medina

Esperance Downs

Merredin

Gascoyne (Carnarvon)

Mount Barker

Geraldton

Newdegate

Katanning

Vasse

Kununurra

Wongan Hills

Quarantine Inspection Facilities

Airport – Domestic

Halls Creek stockyards

Airport – International

Kununurra Checkpoint and stockyards

Canningvale Markets

Parkston (Kalgoorlie) stockyards

Eucla Checkpoint

South Boulder stockyards

Appendix 2 - 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 (DEC) Regional Managers to negotiate and administer covenants under Part IVA remains in effect.

Land clearing assessments

During 2007-08, 105 mainly agricultural clearing area and purpose permit applications were assessed by the Commissioner with advice provided to the Director General of the DEC for determination of those applications. Advice is pending on 26 applications. Most clearing applications for mining purposes are now being determined by the Department of Industry and Resources (DOIR) under delegation from the DEC. During the year the Commissioner continued to provide support to the Department of Industry and Resources with particular 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 34 clearing, one drainage and eight land degradation complaints and will take appropriate action under the *Soil and Land Conservation Act 1945* or refer matters to DEC 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 seven Agreements to Reserve (ATR) on Certificates of Title to protect 728 hectares of native vegetation. Five irrevocable Conservation Covenants (CC) protecting 551 hectares were also registered during the financial year. Four ATR’s and one CC were discharged. The CC was discharged after freehold land was purchased by DEC for inclusion in the conservation estate. Instruments under the *Soil and Land Conservation Act 1945* now protect about 200,000 hectares of vegetation throughout the State.

Table 1. Area of native vegetation protected by instruments under the Act.

Component	2005-06	2006-07	2007-08
Soil Conservation Notices	615	0	0
Agreements to Reserve	456	6,648	728
Conservation Covenants	181	0	551
Total area of vegetation protected	1,252	6,648	1,279

Soil conservation notices

During the year, no Soil Conservation Notices (SCN) were issued. Two SCN appeals were lodged with the State Administrative Tribunal, and these are pending.

Land drainage

Drainage of groundwater to manage salinity is regulated under the Soil and Land Conservation Regulations. During the year 25 landholders submitted Notices of Intention to Drain (NOIDs) in accordance with regulation five. Following assessment, 18 land

owners were issued letters of no objection, with two receiving an objection. Most drainage activity during the year continued to occur in the Yarra Yarra catchment of the northern agricultural region where State and Australian Government funds are being invested in a pilot arterial drainage scheme.

The adequacy of the regulations and processes under the *Soil and Land Conservation Act 1945* for the orderly development and operation of such large scaled schemes was considered by the Wheatbelt Drainage Council. The Council reported to the Minister for Water Resources on principles for drainage assessment in September 2007 and is scheduled to provide a draft policy framework in August 2008. The Commissioner is a member of the Technical Advisory Group that supports the Council.

Compliance with the regulations remains a contentious issue. One complaint alleging illegal drainage was registered and investigated. The Commissioner is currently working with the landowner and the Land Conservation District Committee and Northern Agricultural Catchment Council to resolve the land degradation issues arising from this project. Several proponents implemented works after submitting notices of intent to drain but before the required 90 day assessment period had lapsed. The Commissioner subsequently issued two letters of intent to issue Soil Conservation Notices to mitigate consequent land degradation. These remain pending.

Land Conservation District Committees (LCDC)

At 30 June 2008, 115 Land Conservation Districts were proclaimed under the *Soil and Land Conservation Act 1945*. Of these, 48 have no committee currently appointed and are effectively in recess. The number of members now totals 925 (10 per cent reduction since 2006-07) following the re-appointment of 22 District Committees and 11 individual members. The reduction in numbers of appointed members reflects the declining relevance of LCDCs in the delivery of natural resource management outcomes under the current funding arrangements.



During the year, 10 LCDCs were abolished and abolition is pending for a further 15 district committees. The Corruption and Crime Commission (CCC) requested the Commissioner to investigate a complaint against a LCDC employee. This matter was concluded with no adverse finding against the employee concerned. The Commissioner, through the Director General, referred another complaint involving misuse of LCDC finances to the CCC. The matter remains pending.

Condition of the resource base

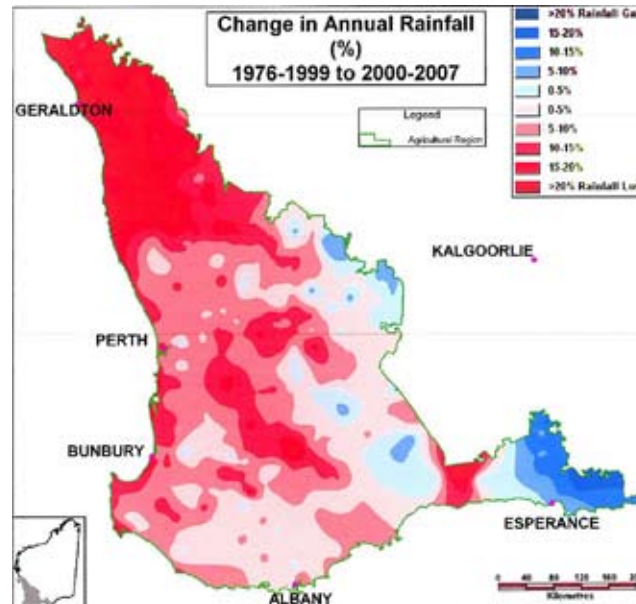
Agricultural region

Much of the agricultural region has experienced dry conditions since 2000. The severity and extent of the decline in rainfall is shown in the figure below and highlights that the Northern Agricultural Region and much of the eastern wheatbelt have experienced significant and persistent reductions in annual rainfall. Serious soil erosion has occurred over very large areas through lack of vegetative protection, despite farmers efforts to significantly reduce stock numbers.

Previous reports have highlighted rising saline ground water trends across the agricultural regions and the associated risk of increased salinity at the land surface. By 2003, the Australian Bureau of Statistics reported that 932,695 hectares was salt affected. Since 2000, a significant change has been observed in ground water trends as a response to the lower rainfall received.

(Table 2)

The responses observed vary across the agricultural regions with most reductions observed in the northern and central regions. However, in parts of the central, South West and Western South Coast Regions, the lower rainfall has not caused a significant lowering of ground water tables. On the Eastern South Coast, rising trends are observed in response to the increased rainfall experienced. Despite these trends, there has been expansion in salinity in most regions, particularly following floods of 1999-2000, 2003, 2005 and 2006.



Rainfall in south-western Australia comparing 1976-99 with 2000-07

Table 2. Bores analysed for groundwater trends 1990-2000

Region	Bores #	Pre-2000 (%)			Post-2000 (%)		
		Rising	Falling	Stable	Rising	Falling	Stable
Northern	109-170	66	6	27	18	69	13
Central	299-479	47	5	47	23	37	40
South-west	331-370	53	3	44	37	12	52
South coast (western)	76-80	74	17	9	50	31	17
South coast (eastern)	175-219	72	5	23	71	7	22

Appendix 3 - Awards, accolades and recognition of department staff

- Awarded Best Exhibit on Ground for the 2008 Wagin Woolorama.
- 2007 State Water Awards – project in collaboration with Vegetables WA was a finalist
- The department's Seed Certification unit is the first in Australia to be granted National Australian Testing Authority (NATA) accreditation for the department's Seed Certification Unit – the first accreditation of this type in Australia. Seed certification ensures quality planting seed is available to underpin healthy domestic plant industries.
- Glen Riethmuller, Abul Hashem and Sahab Pathan were awarded the best presentation and paper for the first day of the Society for Engineering in Agriculture National Conference.
- Dennis Phillips, senior development officer, was awarded Researcher of the Year at the National Vegetable Conference. Dennis has a track record of research and extension work which has contributed to long-term industry benefit.
- Anita Thompson, analyst programmer, won the 14th Western Australian Annual Tall Stories competition. Anita is a member of the Baron-Hay Rostrum Club.
- Dusty Severtson, development officer, was awarded the Royal Society of Western Australia Student Medal for 2006 for his honours studies completed at Curtin University in 2006. The medal is awarded for the most outstanding science students in each of Western Australia's universities.
- Tim Wiley, development officer, was awarded the AIAST Award of Excellence for his role in developing farming systems based on perennial pastures in the West Midlands.
- Peter Maloney was awarded the 2007 Sports Official of the Year for Masters Swimming for achieving National and State Masters Swimming official of the year. Peter has also been selected as a FINA World Masters Swimming Official.
- Stuart Clarke has been awarded an Australia New Zealand School of Government scholarship as part of the Executive Masters of Public Administration program.

- Chris Chilcott, rangelands regional manager, has been selected to participate in the Leadership Western Australia 2008 program. This leadership program balances participants' individual development with community involvement for the benefit of the State of Western Australia.
- Peter Mangano, weed specialist, won the GRDC Western Region Seed of Light Award. Peter was recognised for his strong contribution to research, development and extension on weed management and herbicide resistance over the past 10 years.
- Abul Hashem, senior weed research officer, has been awarded the 2008 Fulbright Professional Business/Industry Scholarship to conduct research at Oregon State University on weed management.
- John Paul Collins, salinity research officer, won the Rural Youth 2008 WA Young Farmer of the Year Competition. John won the overall competition plus the Farm Safety, Weeds and Seeds, Domestic and Public Speaking modules.
- Doug Sawkins, senior development officer, was named on the Conservation Council of Western Australia's Honours List for his work in the preservation of the Foxes Lair Reserve near Narrogin over the past 10 years.

Some of the community events/initiatives and fundraising the department participated in during the year:

- NAIDOC week
- Harmony week
- 80th International Women's Day
- University industry placements and undergraduate studentship program
- Frank Broomhall Scholarship - students receive monetary assistance for research projects during Honours year
- High school students visit the department as part of the Primary Industry Science Program
- WoolPro in Schools Scholarships
- Sponsorship of the National Council of Women WA's Healthy Easting Project. .

- Growing knowledge at School - newsletter for primary schools on garden insects
- Workplace Giving is available for staff to donate to a community group through automated payroll deductions.
- Bank your Blood program
- Movember, \$7,600 raised
- Leukaemia Foundation World's Greatest Shave
- 2008 Cancer Council Albany Relay for Life.
- Australia's Biggest Morning Tea

Some of the Quality of Life activities:

- Voluntary health checks
- Free skin cancer screening
- Fresh start feedback (quit smoking)
- Free personal financial management program
- Superannuation Information sessions
- Home PC Internet Security session
- Safe Work Australia Week - Fire extinguisher demonstration, bushfire awareness, manual handling, emergency evacuations, vehicle audits
- Fire and Emergency Services Authority's 2008 smoke alarm campaign
- A lunch time Commuter Bus to local businesses encourages staff to car pool rather than drive individual vehicles
- Free use of bicycles to encourage staff to use alternative 'green' means of transport
- Cycle Instead and Bike to Work Challenge
- Staff participation in the City to Surf 2007
- Active April - Free Yoga, pilates classes and swimming training
- October on the Go - promoting a healthy and fit lifestyle
- Personal Fitness Training
- Healthy food cooking classes





2008 Annual Report

Department of Agriculture and Food, Western Australia

3 Baron-Hay Court, South Perth, Western Australia 6151

Postal Address: Locked Bag 4 Bentley Delivery Centre WA 6983

Tel: +618 9368 3333 Fax: +618 9368 1205

www.agric.wa.gov.au