



New Industry Funding Schemes for the WA Grains and Grazing Sectors

SUMMARY INFORMATION SHEET

WHAT IS AN 'INDUSTRY FUNDING SCHEME' (IFS)?

- A mechanism established under the *Biosecurity and Agriculture Management Act 2007 (BAMA)* that enables West Australian producers of grain/seed/hay, cattle, sheep and goats, to self-determine pest and disease priorities at a whole-of-industry level, and then to raise funds to implement desired programs to mitigate the risks they pose to the viability and sustainability of their industries.
- The Schemes can be likened to a low cost form of insurance – against problems posed in the event that a particular property might become infested or infected with one or more of the pests and diseases to which the Schemes relate.
- In the event that they do, provided the property owner has been contributing to the Scheme (has NOT “opted out”), their fellow industry producers will assist them with the costs of dealing with the pest or disease concerned.
- However, if the property owner has “opted out” of the relevant Scheme, they still have the legal liability to deal with the pest or disease outbreak, but will not be eligible for any assistance from the Scheme.

WHY DO WE NEED INDUSTRY FUNDED SCHEMES?

- The number of new potentially serious pest and disease threats to WA is likely to grow into the future with increased movement of people, livestock and goods.
- The State's agricultural industries affected must be able to quickly respond when required.
- At the request of the State Government, the Department of Agriculture and Food has helped industry representatives develop the mechanisms to enable industry to fund the response to a pest or disease incursion.
- The Schemes aim to help industry fight biosecurity threats, which primarily impact on their sector but are not covered under national arrangements.
- Initial focus is on broadacre cropping and livestock grazing because these industries are specifically excluded from use of the mechanism provided within the *Agricultural Produce Commission Act 1988*.

BENEFITS OF THE PROPOSED NEW SCHEMES?

- Greater flexibility – An IFS can be used for any Declared Pest which is prescribed within the enabling regulations. This is important in achieving a timely response.
- Broader application - Industry itself, via the relevant Industry Management Committee (IMC), decides if, when, where and to what extent a given Scheme is actually used in practice.
- The three IMCs for grain/seed/hay producers, cattle producers and sheep and goat producers determine priority pests and diseases, and the required funding arrangements, on an annual basis.

WHAT MECHANISMS ALLOW THIS?

- BAMA 2007 provides regulation-making powers to implement suitable IFSs. Each new funding scheme requires additional, specific regulations to implement.
- Simplifying charges per sector - The more flexible and broadly applicable Industry Funding Schemes replace the former specific stand-alone Acts, such as the *Cattle Industry Compensation Act 1965* and the *Plant Pests & Diseases (Eradication Funds) Act 1974* (Skeleton Weed), which were repealed at the same time as the new Scheme charges came into effect.

WHO PAYS FOR THE NEW SCHEMES?

- The Minister has recently endorsed the recommendations of the 3 IMCs as to details of programs and charges to apply in 2011/2012.
- The Sheep and Goats IMC has determined that producers will pay a 12 cent contribution on all sheep and goats/carcasses sold within/from the State's agricultural areas during 2011-12. The monies raised will be used to fund a program to control virulent footrot in these areas.
- The Cattle IMC has determined that producers will pay a 20 cent contribution on cattle/carcasses sold within the State in 2011-12, with the proceeds being used to fund modest surveillance programs for bovine Johne's disease (BJD) and enzootic bovine leucosis (EBL).
- The Grains/Seed/Hay IMC has determined that a 30 cent contribution will apply on the first sale of every tonne of grain and seed within the agricultural areas of WA in 2011-12, to fund continuing programs for the control of skeleton weed and the eradication of three-horned bedstraw.

- The agricultural areas are defined to include all those municipal districts (Shires) within WA, EXCEPT for those comprising the Kimberley (municipal districts of Broome, Halls Creek, Derby-West Kimberley and Wyndham-East Kimberley) and the pastoral area (municipal districts of Ashburton, Carnarvon, Coolgardie, Cue, Dundas, East Pilbara, Exmouth, Laverton, Leonora, Kalgoorlie-Boulder, Meekatharra, Menzies, Mount Magnet, Murchison, Ngaanyatjarraku, Port Hedland, Roebourne, Sandstone, Shark Bay, Upper Gascoyne, Wiluna and Yalgoo).

ARE THE NEW CHARGES IN ADDITION TO THOSE I ALREADY PAY?

- For grain/seed producers the new charge fully replaces the contribution producers have traditionally paid to the Skeleton Weed Trust Fund. The existing Skeleton Weed Levy and the legislation that authorised it [*Plant Pests & Diseases (Eradication Funds) Act 1974*] was removed from service when the new charge took effect (16 August 2010).
- For hay producers, the contributions will be a new charge. However, the Grains/Seed/Hay IMC has determined that no contribution will apply to hay produced this financial year. Consultation will take place with the hay industry throughout the coming year.
- For cattle producers, the new charge will take the place of the existing 'transaction charge' authorised under the *Cattle Industry Compensation Act 1965*. That Act was repealed at the same time as the new charge took effect (16 August 2010).
- For sheep and goat producers, the contributions are a totally new charge.

WHO WILL CONTROL THE NEW SCHEMES?

- Industry – via the Industry Management Committees (IMC) comprised of a majority of contributing producers, and others with appropriate industry expertise and knowledge.
- The Minister for Agriculture and Food appointed the IMC members after inviting nominations via an open process, seeking industry nominations and receiving the advice of an industry Appointments Committee.
- Each of the three IMCs has between 5 and 7 members, and the enabling Scheme regulations stipulate that a majority of their number be full participants.

HOW MUCH WILL IT COST?

- The charge per tonne of production/per animal is determined annually by the relevant IMC, according to the amount of funds they estimate are needed to deal with the industry pest and disease issues they want to directly address.
- The charge recommended by each IMC is passed to the Minister for Agriculture and Food each year for formal Declaration and public *Gazetta*.

WHAT WILL THE CONTRIBUTIONS PAY FOR?

- Contributions collected will be used by the relevant IMC to implement their agreed eradication/containment programs on the ground, so the money will go towards the purchase and application of chemical treatments, the costs of searching for declared pests and diseases, measures to encourage early reporting of new pest and disease incursions, agreed compensation to affected producers etc.
- Compensation will be available in qualifying circumstances (direct losses only), at the direction of the relevant IMC.

HOW WILL THE CONTRIBUTIONS BE COLLECTED?

- Grain, seed and hay - every individual/entity purchasing 500 tonnes or more of grain/seed/hay (in combination) in a given year will be required to register with the IFS/Director General of Agriculture and Food.
- These registered purchasers will then be responsible for deducting and forwarding contributions at the rate determined annually by the IMC from the value of every tonne of grain/seed/hay purchased by them.
- Cattle, sheep and goats – stock agents and processors will be required to collect and forward contributions on behalf of producers on a per head / per carcass basis.
- The owner of any animals sold other than to a processor or via a stock agent will be responsible to pay the required contributions direct to the IFS/Director General of Agriculture and Food.

WHAT WILL THE STATE GOVERNMENT CONTRIBUTE?

- The State Government, via DAFWA, has committed to provide the support necessary to ensure the proper governance of the proposed Scheme, and the effective operation of the overarching IMCs.
- DAFWA will also ensure its normal regulatory inspection and compliance activities closely complement the policies and priorities of the IMCs.
- If required, the Government may temporarily underwrite a scheme, but funds must be repaid from contributions with interest.

HOW LONG WOULD THE NEW SCHEMES OPERATE FOR?

- BAMA 2007 requires each Scheme to be formally reviewed after five years of operation, with a report to be tabled before both Houses of Parliament.
- If the relevant industry does not broadly support continuation beyond this five-year period, the Scheme would cease to operate.
- Industries could also wind up their IFS sooner if they so desired.

WILL I AS A PRODUCER OF GRAIN/SEED/HAY, CATTLE, OR SHEEP & GOATS HAVE TO BE INVOLVED WITH THESE NEW SCHEMES?

- Contributions are mandatory in the first instance, but a producer not wishing to participate in the new Scheme(s) can “opt-out” and have their annual contributions refunded in full.
- Producers who wish to “opt-out” must do so each and every year – written notifications must be lodged with the Director General of the Department of Agriculture and Food by 30 June every year.
- Producers who choose to “opt-out” will lose their entitlement to benefits (assistance/compensation) and be subject to penalty clauses (2 years exclusion for each 1 year opted-out) which extends the period in which they will have to contribute before again becoming eligible to receive Scheme benefits.
- There is no option to selectively opt-out of parts of a Scheme (e.g. to support bedstraw eradication but not the control of skeleton weed). If you opt out, then you are out of the relevant Scheme altogether – but you do not obviate your legal obligation to control the pest or disease concerned, if it should happen to be present on your property, and must undertake the required control fully at your own expense.

WHAT SAFEGUARDS ARE IN PLACE TO ENSURE ACCOUNTABILITY?

- Industry itself is ‘in charge’ with the IMC effectively controlling each Scheme.
- There is a requirement for Ministerial approval of annual charges.
- There are opportunities for broader industry input.
- Regulations impose a requirement on each IMC to consult with affected producers, and to provide them with access to an appropriate report on operations, at least annually (the report is also to go to the Minister).
- Regulations underpinning the Schemes must be formally reviewed after five years.
- If no industry support exists for their extension beyond that time, the regulations and therefore the Schemes themselves would lapse.

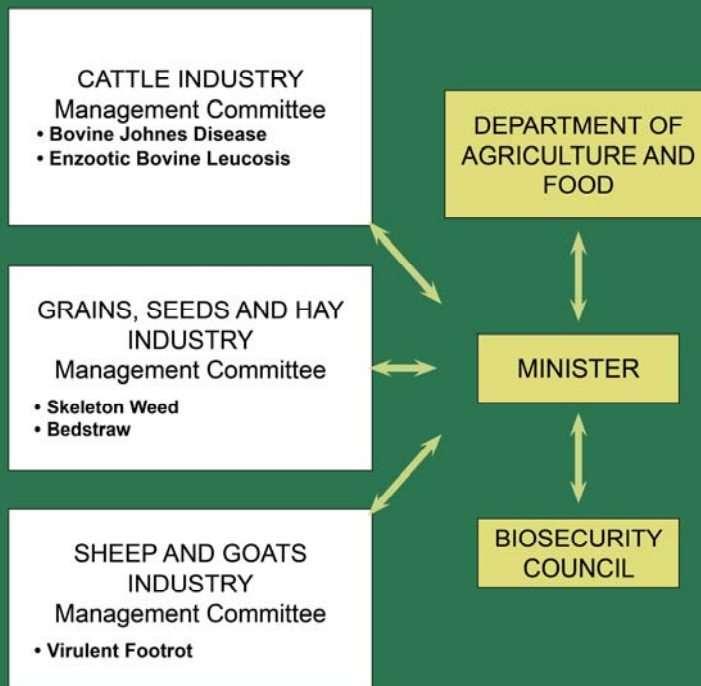
WHAT ARE MY LEGAL OBLIGATIONS TO DEAL WITH PESTS AND DISEASES IF I OPT-OUT?

- Producers need to be aware that opting out of the Schemes does not absolve them of their responsibilities for addressing biosecurity issues on their property.
- Producers have a legal obligation to deal with the pests and diseases that relate to the Schemes, and if they are unfortunate enough to have them occur on their property, and have opted-out, then they are disqualified for assistance from the Scheme (i.e. no assistance and all costs for eradication/control must be incurred by the producer).

WHERE CAN I FIND OUT MORE ABOUT THE NEW SCHEMES?

- For more information:
 - Phone Cathy Lyons on (08) 9368 3942
or email catherine.lyons@agric.wa.gov.au
 - OR
 - Phone Rebecca Heath on (08) 9690 2171
or email rebecca.heath@agric.wa.gov.au
 - OR
 - See also www.biosecurity.wa.gov.au for more information.

Industry Fund Scheme Interactions



- Only one funding scheme per industry sector
- Each scheme has its own management committee
- Pest-specific advisory/operational committees formed as needed
- One charge (on production) to cover all pests and diseases for the sector
- Management committee annually determines quantum of required contribution and recommends for Minister's final approval