Grains, Seeds & Hay Biosecurity Industry Funding Scheme

2010/2011 Annual Report

October 2011
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Chairs Report

It gives me great pleasure to present this Grains, Seeds and Hay Industry Funding Scheme (IFS) Annual Report for 2010/2011 to stakeholders involved in the Grains Industry of Western Australia and to the Minister for Agriculture and Food.

The inaugural Grains, Seeds and Hay IFS Industry Management Committee (IMC) was appointed by the Hon. Terry Redman MLA, Minister for Agriculture and Food, in June 2010. Via special teleconference and its first meeting in July 2010, the IMC proceeded to implement the scheme, with contributions being collected under the IFS regulations from 16 August 2010.

The full implementation of the Biosecurity and Agriculture Management Industry Funding Scheme (Grains) Regulations 2010 required the repeal of the Plant Pests and Diseases (Eradication Funds) Act 1974 and the transition of activities carried out by the Skeleton Weed Committee.

The trust funds that were collected by DAFWA and administered by the Agriculture Protection Board were transferred to the Grains, Seeds and Hay Industry Declared Pest Control and Compensation Account, which was established by regulation under the Financial Management Act 2006. The IMC is keenly aware of its responsibilities to the industry for these funds and has undertaken to manage the Scheme on behalf of all producers in a fair and accountable manner.

After the first year of operation, the Committee is pleased to report that the endorsed programmes were successfully delivered in partnership with DAFWA. The Committee receives regular progress reports on both the seasonal conditions and the operation of the programmes for both skeleton weed and bedstraw.

The Committee attended the annual Skeleton Weed Debrief and were pleased to present the Skeleton Weed 2010-2011 Report to Grain Growers. With the area of skeleton weed infestation at the lowest it has been for over a decade, we were particularly optimistic for a big impact by the programme on the existing areas of infestation this last winter. The IMC would like to thank the former Skeleton Weed Committee members for their work, particularly in enabling the smooth transition to the IFS implementation.

Finally, we are heartened by our positive interactions with grain receivers and by the support we have received from industry, as evidenced by the significant reduction in the number of producers who chose to opt-out of the Scheme in its second year. We will strive to reward your commitment to the Scheme.

I thank you for your participation and, on behalf of the Committee, look forward to a continuing partnership with producers, Industry and Government throughout 2011/2012.

Yours faithfully

Mr Barry Large
Chairperson
Grains, Seeds & Hay Industry Funding Scheme Management Committee

25 October 2011
1. Overview of the Grains, Seeds and Hay IFS

In June 2010, the Grains, Seeds and Hay Biosecurity Industry Funding Scheme (IFS) was introduced through regulation to address biosecurity threats relevant to the grains, seeds and hay industries. The Scheme was established under the *Biosecurity and Agriculture Management Act (2007)* as a mechanism that enables grain, seed and hay producers to identify the pest and disease priorities at a whole-of-industry level, and then to raise funds for programmes that address these priorities.

With the number of new, and potentially serious, pest and disease threats to Western Australia likely to grow in the future, the State’s agricultural industries must be prepared to provide a quick and decisive response. The Grains, Seeds and Hay IFS helps the industry fight biosecurity threats that impact on the sector but are not covered under national arrangements.
During 2010/2011, the Grains, Seeds and Hay IFS was overseen by a seven-member Industry Management Committee (IMC). The Minister for Agriculture and Food appointed the IMC members after inviting industry nominations and receiving advice from an Industry Appointments Committee. As required by regulation, the majority of the IMC are full participants of the Grains, Seeds and Hay IFS.

The IMC was responsible for approving the biosecurity-related programmes funded through the Scheme, and determining the Scheme’s area of operation and the rate of contributions.

The State Government, through the Department of Agriculture and Food WA (DAFWA), provided the necessary support to ensure proper governance and the effective operation of the IMC. This included secretariat, policy and technical support, in addition to financial management. Furthermore, the normal regulatory inspection and compliance activities undertaken by DAFWA closely complemented the priorities of the IMC.
Participants in the 2010/2011 Grains, Seeds and Hay IFS contributed 30 cents per tonne of grain or seed sold within the agricultural areas\(^1\) of the State during the year. The contributions applied only to the first sale of grain or seed.

These proceeds were used to fund programmes to control skeleton weed and eradicate three-horned bedstraw.

The IFS contributions replaced the contribution producers traditionally paid to the Skeleton Weed Trust Fund. The previous Skeleton Weed Levy and the legislation that authorised it were removed from service when the new IFS contribution took effect.

For hay producers, the contributions would be a new charge. However, the Grains, Seeds and Hay IMC determined that no contribution would apply to hay produced in 2010/2011 or 2011/2012. Consultation will take place with the hay industry with regard to contributing to the Grains, Seeds and Hay IFS in 2012/2013.

Every individual/entity purchasing 500 tonnes or more of grains, seeds and/or hay (in combination) in a given year are required to register with the IFS/Director General of DAFWA. These ‘qualifying receivers’ collected and forwarded contributions to the Scheme on behalf of producers.

The contributions are mandatory in the first instance, but grain and seed producers that did not wish to participate had the option to ‘opt-out’ of the Scheme and have their annual contributions refunded in full. During 2010/2011, 45 Western Australian producers opted-out of the Grains, Seeds and Hay IFS.

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\(^1\) The agricultural areas (roughly a line from Northampton to Esperance) are defined as all local government districts excluding Broome, Halls Creek, West Kimberley, Wyndham-East Kimberley, Ashburton, Carnarvon, Coolgardie, Cue, Dundas, East Pilbara, Exmouth, Laverton, Leonora, Kalgoorlie-Boulder, Meekatharra, Menzies, Mount Magnet, Murchison, Ngaanyatjarra, Port Hedland, Roebourne, Sandstone, Shark Bay, Upper Gascoyne, Wiluna and Yalgoo.
2. Industry Management Committee Members

**Mr Barry Large (Chairperson)** runs a family farm in the Miling area comprising 7000 ha. The main focus of the farm is a 5000 ha cropping program, which is complemented by a Merino flock. Barry is Vice-chair of the Pastoralists and Graziers Association Western Grain Growers Committee, as well as being a grower-representative on the Biosecurity GrainGuard, and has been involved in the development of a new national industry body – Grain Producers Australia.

**Mr David Auld** runs mixed cropping, sheep and cattle enterprises in the Yilgarn and Ravensthorpe Shires. David is a Councillor for the Yilgarn Shire and was also a member of the former Skeleton Weed Committee, which initiated the Skeleton Weed Programme.

**Mr Tim Cattle** currently runs a robust mixed farming enterprise in Lake King. Tim has an active interest in the local community and surrounding areas.

**Mr Chris Gillam** runs a mixed cropping, sheep and cattle enterprise in Dongara, with the focus on a wide range of crops. He has been involved in Better Farm IQ and EMS with the Mingenew-Irwin Group (MIG). He is a board member of the Northern Agricultural Catchments Council, and has sat on various groups including MIG, the CLIMA Grower Advisory Group, the Pulse and Oilseeds Partnership Group, and WA Farmers. He is active in his community with previous roles in Local Government, including time as the Chief Fire Control Officer.

**Mr David Leake** farms a mixed cropping and sheep property at Kellerberrin in the central wheatbelt, and also operates a small winery/café in the Perth Hills. He has represented WA Farmers on a variety of biosecurity committees, and has been very active in local catchment projects demonstrating best practice in saline areas. David has also been very committed to on-farm trials on sundry agronomic issues through the Kellerberrin Demonstration Group.

**Mr Peter Thompson** is a farmer at Tincurrin, with a 4,500 ha property that is currently being leased. Peter is still involved in agriculture through contract spaying, carting and undertaking work on farms in the district.

**Mr Brian Young** runs a wheat/sheep farm at Kondinin. As a former member of the Agriculture Protection Board, Brian has a good understanding of the need for effective biosecurity measures.
3. IMC Activities

In July 2010, the IMC determined that its programmes for 2010/2011 would be the control of skeleton weed and the eradication of three-horned bedstraw. These programmes, plus the contribution rate of 30 cents per tonne of grain or seed, were recommended to the Minister for Agriculture and Food. A contribution of 0 cents per tonne was agreed for the sale of hay.

The Minister endorsed the programmes and rate, which were published in the Government Gazette (no. 160, 13 August 2010). The programmes were also publicised to the grain industry, and DAFWA was contracted to deliver the programme on behalf of the IMC.

The IMC developed policies around committee and meeting procedures, financial reporting and programme reporting, and finalised its communication and consultation plan.

In partnership with the Sheep and Goats IMC and the Cattle IMC, the Grains, Seeds and Hay IMC participated in a workshop on compensation principles, guidelines and policies. All IMCs agreed on processes for reviewing the regulations and operation of the Schemes after the first year of operation, as required by regulation.

The IMC continued funding Skeleton Weed Local Action Groups in the shires of Yilgarn, Narembeen, Kondinin, Kulin, Lake Grace, Bruce Rock, Kellerberrin and Goomalling. The annual Skeleton Weed Debrief was held in March 2011, and was attended by members of the IMC. The IMC published a report to grain growers detailing the skeleton weed programme for 2010/2011, which is available on the IFS website. As a result of the season, the IMC requested that the costs of the programme be reviewed. Changes were made in an effort to save $500,000 in expenditure during the year.

In April 2011, the Grains, Seeds and Hay IMC determined the programmes and rate for continuing the control of skeleton weed and the eradication of three-horned bedstraw during 2011/2012. It was determined that the contribution of 30 cents per tonne of grain or seed sold within the agricultural areas\(^2\) of the State would continue. This was endorsed and advertised by the Minister by 31 May 2011. A contribution of 0 cents per tonne was once again applied to the sale of hay for 2011/2012.

The IMC considered the inclusion of a contribution for hay production into the Grains, Seeds and Hay IFS to commence in 2012/2013.

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\(^2\) The agricultural areas (roughly a line from Northampton to Esperance) are defined as all local government districts excluding Broome, Halls Creek, West Kimberley, Wyndham-East Kimberley, Ashburton, Carnarvon, Coolgardie, Cue, Dundas, East Pilbara, Exmouth, Laverton, Leonora, Kalgoorlie-Boulder, Meekatharra, Menzies, Mount Magnet, Murchison, Ngaanyatjarra, Port Hedland, Roebourne, Sandstone, Shark Bay, Upper Gascoyne, Wiluna and Yalgoo.
4. 2010/2011 Skeleton Weed and Bedstraw Programmes

Contributions collected via the Grains, Seeds and Hay IFS were used to fund programmes to control the spread of skeleton weed and eradicate three-horned bedstraw. The programmes were delivered by DAFWA at a total cost of $2,989,206.

4.1 Skeleton weed control programme

Skeleton weed (Chondrilla juncea L) is a pest of pastures, crops and native bush. It can severely reduce yields by successfully competing with crops and pastures for moisture, nutrients and light, and the plants’ tough wiry stems impede harvesting. The Skeleton Weed Control Programme is a coordinated programme aimed at controlling the spread of the weed, and provides benefits to owners/managers of both infested and non-infested properties.

The 2010/2011 Skeleton Weed Control Programme undertook ground searches covering 475,000 ha, with skeleton weed detected on about one-third of this area. The recent dry seasons reduced the total area of known skeleton weed infestations, with 836 ha infested in 2010/2011. This is the lowest level since 1998/1999.

At the end of 2010/2011, 849 properties were known to be infested with skeleton weed in the Western Australian agricultural area. A total of 52 newly infested properties were reported, and 60 properties were removed from the infested list.

The programme allocated most of its budget to provide support to landholders in the form of search assistance; funding for Local Action Groups to implement local strategies to deal with skeleton weed; and the provision of winter herbicide treatments.

The Skeleton Weed Programme 2010-2011: Report to grain growers can be accessed from the Grains, Seeds and Hay IFS webpage (see Appendix A).

4.2 Bedstraw eradication programme

Three-horned bedstraw (Galium tricornutum) is a competitive climbing plant that can cause considerable yield loss in crops, and its seeds are contaminants of fodder and grain. Bedstraw is targeted for eradication in Western Australia—that is, any bedstraw plants found in the State must be destroyed.

Through the Grains, Seeds and Hay Industry Funding Scheme, bedstraw eradication activities were being delivered on the State’s four known bedstraw-infested properties.

Over the past 12 months, the Bedstraw Eradication Programme has undertaken activities specified in the ‘Approved Programs’ that were developed to eradicate bedstraw from two of the four quarantined properties. For the other two properties, where the small infestations were close to eradication in 2010/2011, regular bedstraw surveillance has been undertaken and prophylactic treatments applied where necessary.
5. Grains, Seeds & Hay IFS Financial Details for 2010/2011

The IFS finances are administered by the Director General of DAFWA through an agency special purpose account called the Grains, Seeds and Hay Industry Declared Pest Control and Compensation Account (the IFS Account), which was established by regulation under the Financial Management Act 2006. The department manages these funds on behalf of the IMC and prepares financial reports including the end of financial year statements.

There was a transfer of $3,976,742 from the Skeleton Weed Programme to the Account in August 2010. This represented the monies collected for the Skeleton Weed Trust Eradication Fund that was replaced by the Grains, Seeds and Hay IFS.

In July 2010, the IMC endorsed that the amount of $3,786,400 be provided out of the Grains, Seeds and Hay IFS account towards the costs of a skeleton weed control programme, and $145,920 towards the costs of a bedstraw eradication programme in 2010/11.

Industry contributions to the IFS totalling $1,919,304 have been received by DAFWA since August 2010. Interest on the funds amounted to $131,056. Activities of the Grains, Seeds and Hay IMC resulted in expenditure of $36,118 to 30 June 2011 – travel and committee meeting costs. Expenditure on the skeleton weed programme totalled $2,903,286 to 30 June 2011, and expenditure on the bedstraw programme totalled $85,920.

The seasonal conditions throughout 2010/2011 led to IFS contributions totalling only $1,919,304. Even with expenditure on the skeleton weed programme being reduced by $500,000, this resulted in a drawdown of $983,982 from the Skeleton Weed Eradication Trust Fund carryover funds.

The balance of the Grains, Seeds and Hay IFS at 30 June 2011 was $3,001,778. Tables 1 and 2 contain the financial details for the Grains, Seeds and Hay IFS for the 2010/2011 financial year.
Table 1: Grains, Seeds and Hay IFS finances for the period ending 30 June 2011.

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programmes, grants and subsidies:</td>
<td></td>
</tr>
<tr>
<td>- Skeleton weed</td>
<td>2,903,286</td>
</tr>
<tr>
<td>- Bedstraw</td>
<td>85,920</td>
</tr>
<tr>
<td>Interest payments</td>
<td>0</td>
</tr>
<tr>
<td>Other expenses:</td>
<td></td>
</tr>
<tr>
<td>- Board member fees</td>
<td>15,590</td>
</tr>
<tr>
<td>- Catering</td>
<td>1,271</td>
</tr>
<tr>
<td>- Lease rent fees</td>
<td>290</td>
</tr>
<tr>
<td>- Accommodation and travel</td>
<td>18,967</td>
</tr>
<tr>
<td>Total administered expenses</td>
<td>3,025,324</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCOME</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer from Skeleton Weed Programme</td>
<td>3,976,742</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,919,304</td>
</tr>
<tr>
<td>Interest revenue</td>
<td>131,056</td>
</tr>
<tr>
<td>Total administered income</td>
<td>6,027,102</td>
</tr>
</tbody>
</table>

| NET COST OF SERVICE (credit)                  | 3,001,778 |
Table 2: Grains, Seeds and Hay IFS balance sheet at 30 June 2011.

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>0</td>
</tr>
<tr>
<td>Cash assets</td>
<td>2,969,906</td>
</tr>
<tr>
<td>Receivables</td>
<td>0</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>31,872</td>
</tr>
<tr>
<td>Loan</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total administered current assets</strong></td>
<td>3,001,778</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Current Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant &amp; equipment</td>
<td>35,440</td>
</tr>
<tr>
<td>Buildings</td>
<td>59,231</td>
</tr>
<tr>
<td>Land</td>
<td>4,800</td>
</tr>
<tr>
<td><strong>Total administered non-current assets</strong></td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTAL ADMINISTERED ASSETS** 3,001,778

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total administered current liabilities</strong></td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Current Liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>0</td>
</tr>
<tr>
<td>Provision accumulated depreciation</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total administered non-current liabilities</strong></td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTAL ADMINISTERED LIABILITIES** 0

<table>
<thead>
<tr>
<th>Equity</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY</strong></td>
<td>3,001,778</td>
</tr>
</tbody>
</table>

In partnership with DAFWA, the Grains, Seeds and Hay IMC will continue to manage and monitor the programmes it has in place for skeleton weed and three-horned bedstraw.

After the first-year review of the regulations governing the Industry Funding Schemes, and the finalisation of the review of the operation of the Scheme, the IMC will use those reviews and this annual report to engage and consult with the Industry on the Grains, Seeds and Hay IFS and grain issues in general.

Consultation will happen on an annual basis, but stakeholders can make contact with the IMC through the secretariat at any time.

Committee members have endorsed a communication and consultation plan whereby they present on the IFS at forums, and attend relevant meetings and field days. They have published information flyers and are working with DAFWA to update relevant Farmnotes and produce materials to raise awareness on biosecurity issues and specific pest management options. They are keen to hear of the industry’s views on the risks and opportunities within the biosecurity arena.

The IMC will continue its discussion and consultation with industry on the inclusion of a contribution for hay production into the Grains, Seeds and Hay IFS for 2012/2013.
Appendix A – Industry Funding Scheme Resource List

Further resources relating to the Grains, Seeds and Hay Industry Funding Scheme (and other Industry Funding Schemes) can be found at www.biosecurity.wa.gov.au including:

- Access to an Online Feedback Form (for general and specific industry / community feedback on the Industry Funding Schemes).

- Information flyers for each of the Industry Funding Schemes, and a summary brochure about the Schemes as a whole.

- The sets of Regulations enabling the Industry Funding Scheme (Biosecurity and Agriculture Management Industry Funding Scheme (Grains) Regulations 2010. Western Australian Government Gazette no. 86, p 2059. 21 May 2010).

- Terms of Reference for the Industry Management Committees.

- 2011/2012 Industry Funding Scheme media release (publicising the 2011/2012 funding arrangements for the Industry Funding Schemes), and other archived media releases.

- Links to the Western Australian Government Gazette publishing the notice of the IFS programmes.

- Notice of Opt-Out form.

- Refund Request Form (for those that opted out of the Scheme).

- Summary of Contributions Deducted Form (for use by agents and processors when forwarding the contributions collected to the Industry Funding Scheme).

- List of Qualifying Receivers.


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