Sheep & Goats Biosecurity Industry Funding Scheme

2010/2011 Annual Report

October 2011
Cover picture: Sheep (DAFWA).

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Rebecca Heath (IMC Executive Officer)
75 York Rd, Northam WA 6401
Tel: (08) 9690 2171
Email: rebecca.heath@agric.wa.gov.au
www.agric.wa.gov.au
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Chairs Report

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

The inaugural Sheep and Goats 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 Committee felt its responsibilities very keenly as this was the first time a state-based contribution had been collected on the sale of sheep and goats. With no funds in the account to provide a buffer, the Committee closely scrutinised the delivery of its agreed virulent footrot control programme and the contributions being collected.

After the first year of operation, the Committee is pleased to report that the endorsed programme was delivered successfully in partnership with DAFWA, and the contributions from the sale of sheep and goats in the agricultural area of the State are continuing to be collected. The Committee receives regular updates from programme managers on how the operations are being carried out and the impact of the seasonal conditions. The Committee would also like to thank the members of the Footrot Management Committee, who provided support and recommendations on the development of the programme.

The Committee were pleased to attend a joint workshop with the Grains, Seeds and Hay and Cattle Industry Management Committees in February 2011 to not only discuss the principles and policies around compensation, but also to meet our colleagues who were managing schemes that had transitioned from historical Industry programmes.

The Committee is very pleased by how producers within the industry have continued to support the Scheme, including the significant reduction between the first and second years in the number of producers who chose to opt-out.

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 sincerely

Mr Jeff Murray
Chairperson
Sheep & Goats Industry Funding Scheme Management Committee

25 October 2011
1. Overview of the Sheep & Goats IFS

In June 2010, the Sheep and Goats Biosecurity Industry Funding Scheme (IFS) was introduced through regulation to address biosecurity threats relevant to the sheep and goat industries. The Scheme was established under the Biosecurity and Agriculture Management Act (2007) as a mechanism that enables sheep and goat 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 Sheep and Goats IFS helps the industry fight biosecurity threats that impact on the sector but are not covered under national arrangements.
During 2010/2011, the Sheep and Goats 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 Sheep and Goats 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 Sheep and Goats IFS contributed 12 cents for every head/carcass sold within the agricultural areas\(^1\) of the State during the year. These contributions were a totally new state-based charge for sheep and goat producers.

The proceeds were used to fund a programme to control virulent footrot.

Stock agents and processors collected and forwarded contributions to the Scheme on behalf of producers.

These contributions are mandatory in the first instance, but sheep and goat 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, 46 Western Australian producers opted-out of the Sheep and Goats 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 Jeff Murray (Chairperson)** runs a mixed farming operation in Beverley, as part of an extensive family farm. He is a member of the Sheep Industry Liaison Committee, and the Ovine Johne’s Disease (OJD) Committee, in addition to being the Chair of the Sheep NLIS Committee in WA. He is also Chair of the Meat Section of WA Farmers.

**Mr Peter Batten** is part of a mixed farming family operation at Yuna. With some merino sheep along with a dorper stud, Peter has been breeding and selling sheep nationally and internationally since dorper sheep were first introduced. Peter served many years representing northern producers on the Skeleton Weed Committee, and his priority is to have well-managed and cost-efficient biosecurity funding schemes in operation.

**Mr Neil Jackson** is from a mixed farm family operation in Kojonup where he runs 11,000 adult sheep and crops 600 ha annually. Neil was formerly president of the Stud Merino Breeders Association, also serving on the National Stud Merino Breeders Executive. In these roles, Neil has always found biosecurity to be of the utmost importance and, as such, has sat on both the OJD and Footrot Advisory Committees.

**Mr David Jarvie** is the General Manager of Wellard Feed, and Group Veterinarian and Transport Division Manager at Wellard Rural Exports. David joined the Wellard Group in 1990 after positions in veterinary practice in the Riverina and with Metro Meat Ltd as on-board Veterinarian, Live-Export Manager and Manager at Geraldton Abattoir. From 1985-1990, David was an AQIS Veterinary officer based in Melbourne, supervising livestock exports. David has been the Director of Livecorp since 2007.

**Mr Will Scott** runs Wynyangoo, Narndee and Boodanoo stations in the Mount Magnet area, and has lived on Wynyangoo since 1963. For over 10 years, he has run around 30,000 goats exclusively on the properties. He is currently an Executive Member of the Pastoralists and Graziers Association of Western Australia and a Councillor on the Mount Magnet Shire.

**Mr David Slade**, with his wife, runs a 10,000 ha mixed livestock and grains enterprise in Mount Barker of breeding ewes, breeding cattle and cereals and canola. With the focus of their production on meat production, they run a Border Leicester stud, and his lot feeding operations and staff are *Ausmeat* accredited and meet the Quality Assurance criteria of *Flockcare* and *Cattlecare*. He is a WA Farmers Meat Section Albany Zone representative.

**Mr Max Watts** manages a family-run farm at Wandering, south east of Perth, where he runs 12,000 sheep and 1000 ha of mixed cropping. He is a member of the Wool Producers Australia Executive and a Vice-president in WA Farmers. Amongst holding other roles he is also the Chairman of FarmSafe.
3. IMC Activities

In July 2010, the IMC determined that its programme for 2010/2011 would be the control of virulent footrot (*Dichelobacter nodosus*). This programme, plus the contribution rate of 12 cents per head/carcass, was recommended to the Minister for Agriculture and Food.

The Minister endorsed the programme and rate, which was published in the Government Gazette (no. 160, 13 August 2010). The programmes were publicised to the sheep and goat industries, 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 Grains, Seeds and Hay IMC and the Cattle IMC, the Sheep and Goats 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.

In April 2011, the Sheep and Goats IMC determined the programme and rate for continuing the control of virulent footrot in 2011/2012. It was determined that the contribution of 12 cents for every head/carcass sold within the agricultural areas\(^2\) of the State would continue. This was endorsed and advertised by the Minister by 31 May 2011.

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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 Virulent Footrot Control Programme**

Contributions collected via the Sheep and Goats IFS were used to fund a programme to control the spread of virulent footrot. The programme was delivered by DAFWA at a total cost of $403,696.

4.1 **Virulent footrot in Western Australia**

Virulent footrot (*Dichelobacter nodosus*) is a potentially crippling infection of the feet of sheep and goats. Virulent footrot has been targeted through government-funded programmes since the late 1940s, when more than 15% of flocks were infected. In the past 16 years, the number of sheep flocks known to be infected has reduced dramatically. It is estimated that there is now less than 1% of Western Australian sheep flocks infected with virulent footrot.

Many of the remaining virulent strains of *D. nodosus* are mild in their clinical presentation and effect on production. As such, producers are often not aware that their animals are infected, or mistake the symptoms for benign footrot.

The virulent footrot control programme, funded through the Sheep and Goats IFS, maintains the gains made through previous programmes, and justifies the regulation of interstate border controls to prevent the introduction of infected sheep and goats into WA. The aim of the programme is to detect and control the spread of virulent footrot into and between Western Australian sheep flocks.

4.2 **Control of virulent footrot**

At 30 June 2011, there were 23 properties in quarantine for virulent footrot. This is the same number as at 1 July 2010. During 2010/2011, seven flocks were newly detected to be infected, and infections were successfully eradicated in a further seven flocks.

During 2010/11, 1314 direct lines and 191 saleyard lines were inspected at selected abattoirs between October 2010 and March 2011. From this surveillance, three new cases of virulent footrot were detected. An additional 35 flocks were inspected as part of the field surveillance. This included the inspection of properties neighbouring quarantined flocks. As part of the post-border biosecurity requirements, 954 sheep in 101 consignments of imported sheep were checked at least twice for signs of footrot.

A total of 285 laboratory tests were undertaken. Of these, 45 samples tested positive for virulent footrot. Owners of sheep detected with virulent footrot were contacted within three days of the laboratory results report. This was followed by one or more property visits and, whilst the property remained in quarantine, at least one visit by programme staff during the year.
5. Sheep and Goats 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 Sheep and Goats Industry Declared Pest Control and Compensation 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.

In July 2010, the Sheep and Goats IMC endorsed that the amount of $375,000 be provided from the Sheep and Goats Industry Pest Control and Compensation Account towards the costs of a virulent footrot control programme.

The total cost of the programme in 2010/2011 was $403,696; however, the State government contributed $50,000 toward the programme to assist in the transition to industry funding.

Industry contributions to the Sheep and Goats IFS totalling $522,439 have been received by DAFWA from September 2010. The activities of the Sheep and Goats Committee resulted in expenditure of $24,024 – travel and committee meeting costs – and interest revenue of $2,773 was received.

Expenditure on carrying out the Virulent Footrot Control Programme for 2010/2011 of $353,696 had not been recouped by DAFWA before 30 June 2011, but was made on receipt of Sheep and Goats IMCs endorsement of the payment after this date.

The balance of the Sheep and Goats IFS at 30 June 2011 was $501,188; however, after the intended recoup for the costs of running the 2010/2011 programme, the years balance would have been $147,492.

Tables 1 and 2 contain the financial details for the Sheep and Goats IFS for the 2010/2011 financial year.
Table 1: Sheep and Goats 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>^ 0</td>
</tr>
<tr>
<td>Interest payments</td>
<td>0</td>
</tr>
<tr>
<td>Other expenses:</td>
<td></td>
</tr>
<tr>
<td>- Travel, accommodation</td>
<td>10,546</td>
</tr>
<tr>
<td>- Airfares</td>
<td>925</td>
</tr>
<tr>
<td>- Board fees</td>
<td>11,770</td>
</tr>
<tr>
<td>- Catering</td>
<td>714</td>
</tr>
<tr>
<td>- Other expenses</td>
<td>69</td>
</tr>
<tr>
<td><strong>Total administered expenses</strong></td>
<td><strong>24,024</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCOME</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IFS contributions</td>
<td>522,439</td>
</tr>
<tr>
<td>Interest revenue</td>
<td>2,773</td>
</tr>
<tr>
<td><strong>Total administered income</strong></td>
<td><strong>525,212</strong></td>
</tr>
</tbody>
</table>

**NET COST OF SERVICE (credit)** 501,188

[^]: Expenditure on the virulent footrot programme for 2010/2011 totalling $353,696 was reimbursed after June 2011 and is therefore not reflected in this total.
Table 2: Sheep and Goats 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>499,865</td>
</tr>
<tr>
<td>Receivables</td>
<td>0</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>1,323</td>
</tr>
<tr>
<td>Loan</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total administered current assets</strong></td>
<td><strong>501,188</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NON-CURRENT ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant &amp; equipment</td>
<td>0</td>
</tr>
<tr>
<td>Buildings</td>
<td>0</td>
</tr>
<tr>
<td>Land</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total administered non-current assets</strong></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTERED ASSETS</strong></td>
<td><strong>501,188</strong></td>
</tr>
</tbody>
</table>

<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><strong>0</strong></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><strong>0</strong></td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTERED LIABILITIES</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EQUITY</th>
<th>501,188</th>
</tr>
</thead>
<tbody>
<tr>
<td>After reimbursement of the virulent footrot programme for 2010/2011, the equity would be $147,492.</td>
<td></td>
</tr>
</tbody>
</table>
6. Sheep and Goats IMC Future Directions for 2011/2012

In partnership with DAFWA, the Sheep and Goats IMC will continue to manage and monitor the programme it has in place for virulent footrot (*D. nodosus*).

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 Sheep and Goats IFS and sheep/goat 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. The IMC are keen to hear of the industry’s views on the risks and opportunities within the biosecurity arena.

The IMC is intending to develop a process for responding to proposals that are submitted to the Sheep and Goats IFS requesting funds for sheep/goat industry projects.
Appendix A – Industry Funding Scheme Resource List

Further resources relating to the Sheep and Goats 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 (Sheep and Goats) Regulations 2010. Western Australian Government Gazette no. 88, p 2127. 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).


For more information, please contact:
Rebecca Heath
Executive Officer
Department of Agriculture and Food
PO Box 483
Northam WA 6401
T: 08 9690 2171
F: 08 9622 1902
E: rebecca.heath@agric.wa.gov.au