POTATO MARKETING CORPORATION
OF WESTERN AUSTRALIA

Annual Report

FOR THE YEAR ENDED 30 JUNE 2008

POTATO MARKETING CORPORATION
OF WESTERN AUSTRALIA

STREET ADDRESS

Cockburn Road
Hamilton Hill
Western Australia 6163

TELEPHONE

(61 8) 9335 8999

EMAIL

pmc@pmc.wa.gov.au

POSTAL ADDRESS

PO Box 62
South Fremantle
Western Australia 6162

FACSIMILE

(61 8) 9335 9945

WEBSITE

www.pmc.wa.gov.au

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1. Statement of Compliance

Hon 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*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Potato Marketing Corporation of Western Australia 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*, Treasurer Instructions and all relevant accounting standards.

H Russell	A McAuliffe
Chairman	Board Member

2. Overview

Chairman's Report

The Implementation Advisory Group (IAG) assisted in the review of the *Marketing of Potatoes Act 1946* in 2004. The review recommended a number of reforms to the Western Australian potato industry which were accepted by the Minister for Agriculture and Food, the Hon Kim Chance MLC, and have since underpinned the Government's policy for this industry.

The Potato Marketing Corporation of Western Australia has, to the best of its ability, implemented these reforms and it is now appropriate for me to comment on their impact. I believe that the reforms have improved the effectiveness of the Corporation, helped create a more prosperous industry and delivered benefits to consumers in this State.

The introduction of *Domestic Market Entitlements* (DMEs), which changed the way ware potato production is regulated from an area to a tonnage basis, has been the most significant reform. The advantages, to both growers and consumers, are clear:

- The supply of ware potatoes is more precisely matched to anticipated consumer demand.
- The need to plough-in crops due to overproduction has been virtually eliminated. Water resources and high cost inputs, such as fuel, fertiliser and chemicals, are not wasted and the environment is a clear beneficiary.
- Provided the pricing signals are strong enough (through another reform, *Grid Pricing*), growers will find it profitable to produce the varieties most sought by consumers rather than the highest yielding varieties.

After over 50 years of regulation by area licences, and some initial apprehension, the change to DMEs has been welcomed by growers. Nevertheless, there is scope for improvement in the way the Corporation administers DMEs. The Corporation has a responsibility to merchants and consumers to ensure that all pools are adequately supplied. I expect that additional DME will need to be issued in a number of pools in 2008-09.

The Corporation also endeavours to supply consumers with fresh potatoes all year round. Winter-grown crop yields are relatively lower, and production is less profitable, than during other times of the year. With the cooperation of the Potato Growers Association (PGA), the Corporation has worked hard to find a way to compensate winter crop growers. This work culminated in a change to the Regulations earlier this year, which will see the introduction of the *Winter Growing Incentive* in the 2008-09 season.

I am pleased to report that 2007-2008 has delivered increased grower payments and a further decrease in the cost of Corporation services. Consumers have also benefited throughout the year from retail prices of potatoes which have been, on average, cheaper than those interstate and considerably more stable.

I would like to welcome the Board's most recently elected member, Mr Darryl Smith. My special thanks are extended to Mr Andrew Tempra, who completed his elected term in September 2007. I thank all Board members for their invaluable contributions during the year.

On behalf of the Board I would like to express my sincere thanks to the Corporation's staff for their continued hard work and dedication throughout the past year. I have also enjoyed working with growers and merchants to develop a better industry and I greatly appreciate their loyalty and support.

Finally, after a period of extensive review and change, I believe that this regulated industry can look forward with great confidence.

Herbert Russell

Chairman

Highlights 2007-08

Retail prices

- Perth potato prices have proved to be much more stable over time than in the other capital cities. Retail prices for loose, washed potatoes were well below the average price of the other capital cities for most of 2007-08. (Source: Independent market research commissioned by the Potato Marketing Corporation, 2004-2008)

Grower returns

- Total grower returns increased by $8.2 million to $36.6 million in 2007-08, nearly 29% more than in 2006-07. Grower returns averaged $746.63/tonne in 2007-08, compared with $552.41/tonne in 2006-07 (up 35%). Increased grower returns helped offset surging prices for fertilisers and other inputs during the year.

Corporation services costs

- The cost per tonne for 2007-08 was $37.59/tonne, compared with $44.25 /tonne in 2006-07 (down 15%).

Quality Assurance

- 100% of Western Australian ware potato growers are SQF quality assured.
- All potato wash-packing merchants are also SQF certified.

Operational Structure

Enabling Legislation

The Potato Marketing Corporation of Western Australia is established under the *Marketing of Potatoes Act 1946* and its Amendments. The Act and its Regulations set out the functions of the Corporation and the framework within which it is to operate.

Responsible Minister

The Corporation reports to the Hon Kim Chance, MLC, Minister for Agriculture and Food.

Section 20A of the *Marketing of Potatoes Act 1946* gives the Minister the power to direct the Corporation in writing concerning the performance of its functions, either generally or with respect to a particular matter.

Under section 19A of the Act, a person aggrieved by a decision made by the Corporation in exercising its powers may apply to the State Administrative Tribunal for a review of the decision.

Mission

The mission of the Corporation is to provide leadership to all stakeholders in the supply chain in order to build and maintain an efficient, profitable and sustainable industry that is responsive to market needs.

Functions of the Potato Marketing Corporation of Western Australia

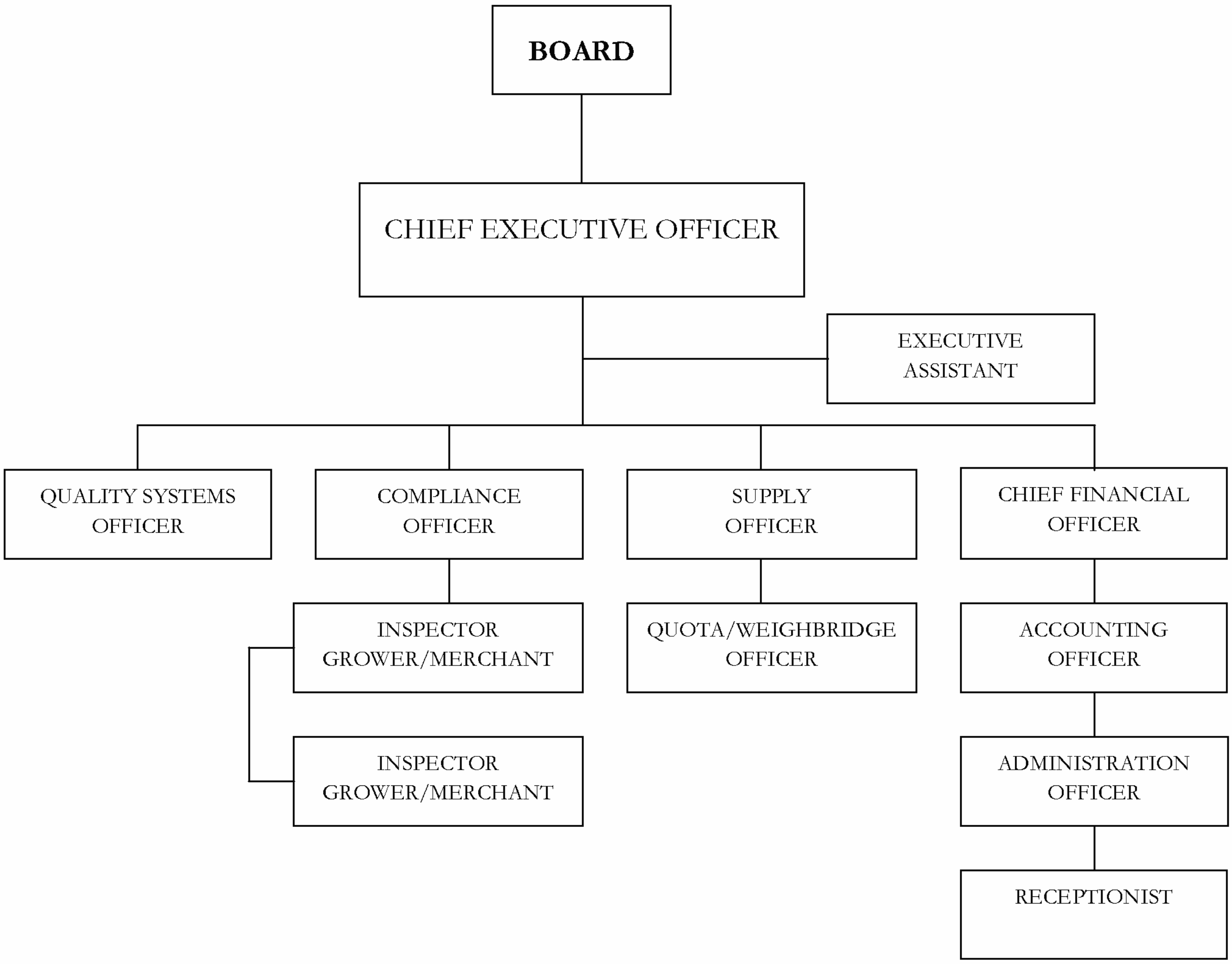
The functions of the Corporation are defined in section 17A of the *Marketing of Potatoes Act 1946* as:

- Regulate the production of ware potatoes so as to ensure the supply of quantities, kinds and qualities preferred by consumers in the State.
- Take delivery of, and otherwise deal with, potatoes in accordance with this Act and market potatoes in the State and elsewhere.
- Register persons who are to be authorised to carry on business as a commercial producer of potatoes, and license the areas of land to be used in any such business.
- Encourage and promote the use of potatoes and provide for the monitoring and, if thought fit, regulation of the production of potatoes for propagation or for any other prescribed kind of use.
- Foster methods of production and adopt methods of marketing that will enable potatoes grown in the State to compete in price and quality against potatoes from alternative sources of supply.
- Promote, encourage, fund and arrange for the conduct of research into matters relating to the production and marketing of potatoes, and undertake market development.
- Seek and apply knowledge of new and improved techniques and materials that will assist it to perform its functions.

Consistent with the outcomes of the review of the Act and the recommendations of the IAG in 2004, the Corporation has withdrawn from commercial activities including exporting potatoes and domestic market advertising and promotion. These activities are conducted by the grower-owned entity, Western Potatoes Limited (WPL).

Organisational Chart (as at 30 June 2008)

The Corporation remains committed to ensure that the talents and resources of employees are utilised to the full and that all employees receive fair and equitable treatment.



Board of the Potato Marketing Corporation of Western Australia

The Board consists of a Chairman and five members who have relevant expertise in the areas of strategy and business planning and commercial potato production.

The Board is responsible to the Minister for Agriculture and Food who appoints the Chairman and three of the members to the Board. The remaining two members are commercial potato producers who are elected by the growers under the *Electoral Act 1907*. The Chairman may hold office for up to five years and Board Members may hold office for up to three years, and are eligible to be re-appointed. A member of the Corporation whose term of office expires shall, unless the office becomes vacant under section 13, continue in office until a successor comes into office (*Marketing of Potatoes Act 1946, section 12(2))*. Upon commencement of their term, Board members are given an Induction Manual that outlines the role and responsibilities of the Board. When appointed to the Board, members undertake a solemn obligation to carry out their duties in a fair, open, honest and accountable way to the benefit of the Corporation and the community they serve.

The primary role of the Board is to:

- Set performance goals.
- Ensure corporate compliance and management accountability.
- Endorse strategic plans.
- Approve operating budgets.
- Ensure that the Corporation has the resources necessary to achieve goals, monitor progress and report on outcomes.

In carrying out its role, the Board is subject to the provisions of the *Statutory Corporations* (*Liability of Directors*) *Act 1996* and as such is careful to act honestly, exercise reasonable care and diligence and not make improper use of information or its position.

The Board has established a number of subcommittees to assist in the execution of its duties and facilitate good communication between the Board and management. A representative of each subcommittee provides a monthly summary at each Board meeting.

Board Profiles

Mr Herbert (Bert) Russell (Chairman)

Mr Russell is a commercial producer of potatoes with over fifty years of industry experience and was re-appointed to the Board in September 2004. Mr Russell was appointed to the position of Chairman in February 2006. Mr Russell is a Seed Grower member of the State Seed Advisory Committee, a former President of the Potato Growers Association of WA (PGA) and member of the Agricultural Produce Committee (APC) Potato Producers Committee.

Mr Russell's term expired in September 2007, however, the *Marketing of Potatoes Act 1946, section 12(2)* allows members to continue in office until a successor comes into office. The Minister for Agriculture and Food requested Mr Russell to remain a member until further notice.

Mr Eddie Atchison

Mr Atchison was appointed to the Board in September 2004. Mr Atchison holds a Bachelor of Arts (Economics and Social Studies) from the Queen's University Belfast. Mr Atchison brings over twenty years of local industry experience as a Potato Merchant and vegetable grower/wholesaler to his position as Merchant Representative.

Mr Atchison's term expired in September 2007, however, as with Mr Russell, the Minister for Agriculture and Food requested Mr Atchison to remain a member until further notice.

Mr Andrew Tempra

Mr Tempra was elected to the Board in September 2004. Mr Tempra holds a Diploma in Frontline Management and is a Director of Tempra Bros Pty Ltd. His family has grown potatoes for the domestic market for over fifty years. Mr Tempra has also worked in the timber industry and in irrigation management.

Mr Tempra's term expired in September 2007.

Ms Annemie McAuliffe

Ms McAuliffe was appointed to the Board in March 2006. Ms McAuliffe holds a Bachelor of Arts, Masters Preliminary in Classics and a Post Graduate Diploma of Education from the University of Western Australia. She has also completed her Masters of Library and Information Science at Monash University. Ms McAuliffe has worked locally and abroad. Her most recent position was Acting Director, Public Sector Telecommunications Strategy for the WA Department of Premier and Cabinet. Prior to and subsequent to this role, Ms McAuliffe works as a Management Consultant providing a broad range of consultancy services including strategic planning, business planning and performance assessment to the Government and private sector.

Ms McAuliffe's term expires in March 2009.

Mr Greg Starkie

Mr Starkie was elected to the Board in October 2006. Mr Starkie has been growing potatoes for over forty years. His family has a long history in the industry.

Mr Starkie's term expires in September 2009.

Mr Darryl Smith

Mr Smith was elected to the Board in September 2007 for a term of three years. Mr Smith has been growing potatoes for over twenty five years. Mr Smith is a member of the APC Potato Producers Committee, a member of the committee of management of the PGA and President of the Busselton zone of the PGA.

Mr Smith's term expires in September 2010.

Board Meeting Attendance and Fees

Fees for Board members are determined by the Department of Premier and Cabinet and paid monthly. Board members are reimbursed if travel, accommodation and motor vehicle expenses are incurred while on official business.

A total of 15 Board meetings were held during the past year. Board member attendance to these meetings was as follows:

Name	Meetings held while in Office (2007-2008)	Meetings attended while in Office (2007-2008)	Fees Paid ($)
Mr Bert Russell	15	15	31,828
Mr Eddie Atchison	15	15	15,914
Mr Andrew Tempra	2	1	2,652
Ms Annemie McAuliffe	15	14	15,914
Mr Darryl Smith	13	13	13,262
Mr Greg Starkie	15	15	15,914

Senior Officers

Chief Executive Officer

Mr John Dawson was appointed Chief Executive Officer of the Corporation for a three year term in December 2005. Mr Dawson holds a Bachelor of Science and a Bachelor of Veterinary Medicine and Surgery from Murdoch University. He also has a Postgraduate Diploma of Business (Marketing) from Monash University.

Chief Finance Officer

The Corporation's Chief Finance Officer is Mr Llewellyn Skelton. Mr Skelton has 30 years accounting experience, both nationally and internationally, within the mining and resource sectors. As a Fellow of the National Institute of Accountants (FNIA) and a Professional National Accountant (PNA) his qualifications comply with Treasury Instruction (TI) 824 part 1 and Section 57 of the *Financial Management Act 2006*.

Other Key Legislation Impacting on the Corporation's Activities

In the performance of its functions, the Potato Marketing Corporation of Western Australia complies with the following relevant written laws:

Auditor General Act 2006

A New Tax System (Goods and Services Tax) Act 1999

Debits Tax Act 1990

Disability Services Act 1993

Electoral Act 1907

Equal Opportunity Act 1984

Financial Management Act 2006

Financial Institutions Duty Act 1993

Freedom of Information Act 1992

Fringe Benefits Assessment Act 1986

Government Employees Superannuation Act 1987

Industrial Relations Act 1979

Industrial Relations Reform Act 1993

Library Board of Western Australia Act 1951

Minimum Conditions of Employment Act 1993

Occupational Health and Safety Welfare Act 1984

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

Sales Tax Assessment Act 1992

State Records Act 2000

Statutory Corporations (Liability of Directors) Act 1996

Trade Practices Act 1974

Workers' Compensation and Assistance Act 1981

In the financial administration of the Corporation, we have complied with the requirements of the *Financial Management Act 2006* and every other relevant written law, and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing we were not aware of any circumstances which would render the particulars in this statement misleading or inaccurate.

H. Russell	L.Skelton
Chairman	Chief Finance Officer

Performance Management Framework

Outcome Based Management Framework

The Potato Marketing Corporation of Western Australia's Desired Outcome

The quantity and variety of ware potatoes supplied meets the demand of the State's consumers.

Key Effectiveness Indicators

1. The extent to which the Corporation aligned domestic production levels with local (ware market) demand.

   The Corporation aims to align domestic production within +/- 5% of local ware market demand. This indicator allows the Corporation to ascertain the effectiveness of its supply management.

2. The extent to which the Corporation provides varieties to the domestic market.

   Through its supply management the Corporation provides a range of varieties to the domestic market. The target is to provide the same or more as the previous year.

Service provided by the Potato Marketing Corporation of Western Australia

Regulation of potato production in Western Australia for the benefit of the public.

Key Efficiency Indicators

1. Corporation services costs [1] per tonne of production.

   The Corporation services costs are reported as actual dollars to accurately reflect the administrative costs to run the Corporation and variations from year to year due to tonnage changes.

2. Maintaining 1st payments to growers within accepted credit terms.

   The Corporation aims to make all first payments to growers within 14 days of delivery.

(1) All administrative and operational overheads incurred in regulating the supply of potatoes in the State and administering the Act.

Changes to Outcome Based Management Framework

The Corporation's Outcome Based Management Framework did not change during 2007-2008.

Shared Responsibilities with Other Agencies

The Corporation did not share any responsibilities with other agencies in 2007-2008.

3. Significant Issues and Trends

Increases in input costs

The costs of farm inputs, especially fuel, labour, finance, agrochemicals and fertilisers, continued to increase during 2007-08. As high levels of inputs are used in potato production in Western Australia, the overall costs of production are escalating rapidly.

Industry profitability, particularly during the most difficult growing period (winter), is seriously challenged by these cost pressures.

Land

The value of the land resources used in potato production has increased sharply over recent years due to urban development, lifestyle farming and other alternative uses including wine grape production. Potato growing will continue to diminish in the metropolitan area, which supplies the market in the August – October period.

Expanding production into new areas, where land prices more accurately reflect agricultural production capabilities, will be important if the State is to remain self-sufficient in ware potatoes into the future.

Focus on consumers

The Corporation must continue to focus on meeting the needs of consumers with respect to consistent supplies of good quality potatoes, an adequate range of varieties and fair prices.

The Corporation's policies and procedures for supply chain management are subject to ongoing review to ensure that the *Marketing of Potatoes Act 1946* continues to deliver a net public benefit.

Changes in Written Law

The Marketing of Potatoes Amendment Regulations 2008 amended the Regulation 70, dealing with the Reserve Fund.

The maximum portion of the proceeds from the sale of potatoes that may be deducted was increased from 2% to 3%. The Reserve Fund may now be used to make payments to growers as an incentive to grow in the winter growing period. The *Winter Growing Incentive* will be introduced in the 200809 season.

Federal Court Action

A Federal Court action was commenced in February 2006, by Mr A Galati and Galati Nominees Pty Ltd, challenging the validity of the *Marketing of Potatoes Act 1946.*

Mr Galati chose to withdraw his action and the matter was formally settled in May 2008.

State Administrative Tribunal

Mr S Bruksich made application to the State Administrative Tribunal, in January 2008, seeking a review of decisions made by the Corporation in October 2007 which affected his business. This matter is proceeding.

4. Agency Performance – Report on Operations

The Corporation is funded by growers (no funding is provided by the Government for recurrent or capital expenditure) and operates on a nil profit basis. All operating surpluses are returned to growers as a final payment at the end of the financial year.

Financial Targets

	Target[1]	Actual[2]	Variance	Variance (%)
Domestic Sales (Tonnes)	50,280	46,002	4,278	8.50
Sales Revenue ($)	30,627,840	38,200,788	7,572,948	24.726
Corporations Services Costs ($)	2,415,191	1,842,873	572,318	23.696
Grower payments ($)	28,154,369	36,603,277	8,448,908	30.009

(1) As specified in Budget Statement for 2007-08

(2) Actual results are extracted from the 2007-08 Financial Statements and Notes to the Financial Statements

Production shortfalls from some growers, caused by poor seed germination, weather conditions and some non-plantings affected the quantities available for sale. The shortfall was offset by excess production from other growers and 1,096 tonnes were imported from the eastern states.

Revenue was significantly above budget after dramatic increases in fertiliser and fuel costs caused the Corporation to increase prices in order to provide a fair return to growers

Services costs were below budget due to a reduction in staff numbers and tighter cost control.

Grower returns were significantly above budget as a consequence of the higher revenues and lower services costs.

Key Performance Indicators

The Corporation's key performance indicators are:

1. **The extent to which the Corporation aligned domestic production levels with local (ware market) demand.**

	Target[(1)]	Actual	Variation
Domestic production (Tonnes)	46,550 – 51,450	46,002	6.11%

(1) The Corporation aims to align domestic production within +/- 5% of local ware market demand. Market demand (including imports) for the year was 48,998T.

This objective was not achieved. Some growers failed to achieve their DME due to poor seed germination, weather conditions and some non-plantings.

2. **The extent to which the Corporation provides varieties to the domestic market.**

	Target[(1)]	Actual	Variation
Number of varieties available	20+	22	2

(1) Through its supply management the Corporation provides a range of varieties to the domestic market. The target is to provide the same or more varieties as the previous year.

This objective was achieved.

3. **Corporation services costs per tonne of production**

	Target[(1)]	Actual	Variation
Services Cost ($/Tonne)	$48.03	$37.59	$9.44

(1) As specified in Budget Statement for 2007-2008. The Corporation aims to maintain costs at a reasonable level.

This objective was achieved.

4. **Maintaining 1st payments to growers within acceptable credit terms.**

	Target Performance	Actual Performance	Variation
Days to 1st payment (days)	14	10.53	3.47

The Corporation aims to pay growers promptly.

This objective was achieved.

5. Disclosures and Legal Compliance

Financial Statements for the year ended 30 June 2008

Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

POTATO MARKETING CORPORATION OF WESTERN AUSTRALIA 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 Potato Marketing Corporation of Western Australia.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement 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.

Board's Responsibility for the Financial Statements and Key Performance Indicators
The Board 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.

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4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

Potato Marketing Corporation of Western Australia
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 Potato Marketing Corporation of Western Australia 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 Corporation 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 Corporation are relevant and appropriate to help users assess the Corporation's performance and fairly represent the indicated performance for the year ended 30 June 2008.

COLIN MURPHY
AUDITOR GENERAL
15 August 2008

Certification of Financial Statements

The accompanying financial statements of the Potato Marketing Corporation of 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.

L Skelton FPNA	H Russell	E Atchison
Chief Finance Officer	Chairman	Board Member
7 August 2008	7 August 2008	7 August 2008

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 $	2007 $
INCOME			
Revenue			
Sales	7	38,200,788	30,307,596
Interest revenue	8	303,549	268,538
Other revenue	9	132,722	206,490
Income from asset revaluation	9	252,615	0
Gain on disposal of non current assets	10	0	9,593
Total Revenue		38,889,674	30,792,217
Total Income		38,889,674	30,792,217
EXPENSE			
Expenses			
Cost of Sales	7	36,603,277	28,388,712
Employee benefits expenses	11	1,028,639	1,039,640
Supplies and services	12	509,852	647,028
Depreciation expense	13	19,353	19,570
Administration expenses	14	139,233	459,893
Accommodation expenses	15	81,635	53,666
Other expenses	16	64,161	54,526
Total Expenses		38,446,150	30,663,035
Surplus / (Deficit) before allocation to Grower Reserve Fund		443,524	129,182
Allocation to/(from) Grower Reserve Fund as per ***Marketing of Potatoes Act 1946***		190,909	129,182
Surplus / (Deficit) for the period		252,615	0

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

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	2008 $	2007 $
ASSETS			
Current Assets			
Cash and cash equivalents	24(a)	5,180,002	4,703,399
Receivables	17	1,807,738	1,700,368
Total Current Assets		6,987,740	6,403,767
Non-Current Assets			
Receivables	17	0	0
Property plant and equipment	18	3,919,486	2,576,838
Investment property	18	267,789	15,174
Total Non-Current Assets		4,187,275	2,592,012
Total Assets		11,175,015	8,995,779
LIABILITIES			
Current Liabilities			
Payables	20	151,851	103,534
Provisions	21	142,633	145,070
Other current liabilities	22	4,676,738	4,326,087
Total Current Liabilities		4,971,222	4,574,691
Non-Current Liabilities			
Provisions	21	57,729	76,983
Total Non-Current Liabilities		57,729	76,983
Total Liabilities		5,028,951	4,651,674
NET ASSETS		6,146,064	4,344,105
Equity	23		
Contributed equity		710,000	710,000
Reserves		3,148,435	1,790,000
Grower Reserve Fund		2,035,014	1,844,105
Accumulated Profits		252,615	
TOTAL EQUITY		6,146,064	4,344,105

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

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2008

	Note	2008 $	2007 $
Balance of equity at start of period		**4,344,105**	**3,871,836**
CONTRIBUTED EQUITY	23(a)		
Balance at start of period		710,000	710,000
Contributions		0	0
Distributions		0	0
Balance at end of period		710,000	710,000
RESERVES	23(b)		
Asset Revaluation Reserve			
Balance at start of period		1,790,000	1,426,350
Gains/(Losses) from asset revaluations		1,358,435	363,650
Balance at end of period		3,148,435	1,790,000
General Reserve			
Balance at start of period		0	20,563
Distribution to growers		0	(20,563)
Balance at end of period		0	0
Grower Reserve Fund	23(c)		
Balance at start of period		1,844,105	1,714,923
Contributions from Pools		190,909	155,000
Distributions to Pools			(25,818)
Balance at end of period		2,035,014	1,844,105
Accumulated Profit / (Loss)	23(d)	0	0
Profits from Asset revaluations		252,615	0
Balance at end of period		252,615	0
Balance of equity at end of period		**6,146,064**	**4,344,105**
Total income and expense for the period (a)		1,801,959	472,269

(a) The aggregate net amount attributable to each category of equity is gains from asset revaluation $1,358,435 plus contributions from pools $190,909 and $252,615 from revaluation of investment assets.

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sales of goods and services		38,098,165	30,527,792
Interest received		298,448	233,632
GST receipts on sales		12,284	17,438
GST receipts from taxation authority		87,411	102,802
Other receipts		132,722	125,927
Payments			
Employee benefits		(1,145,901)	(993,188)
Supplies and services		(610,297)	(931,387)
Admin expenses		(115,637)	(129,790)
Accommodation		(81,635)	(53,666)
Levies		(20,905)	(21,227)
Quality Assurance		(18,256)	(21,299)
Research and development		(25,000)	(12,000)
GST payments on purchases		(92,159)	(99,654)
GST payments to taxation authority		(13,262)	(16,852)
Payments to growers		(36,025,809)	(27,328,346)
Net cash provided by / (used in) operating activities	24(b)	480,169	1,400,182
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(3,566)	(52,196)
Proceeds from sale of non-current physical assets		0	9,593
Purchase of debenture - Western Potatoes Limited		0	(300,000)
Net cash provided by / (used in) investing activities		(3,566)	(342,603)
Net increase/(decrease) in cash and cash equivalents		476,603	1,057,579
Cash and cash equivalents at the beginning of the period		4,703,399	3,645,820
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	24(a)	5,180,002	4,703,399

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

Notes to the Financial Statements for the year ended 30 June 2008

1. Australian equivalents to International Financial Reporting Standards

General

The Corporation'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 Australian Accounting Interpretations).

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

Early adoption of standards

The Corporation cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by T.I. 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 Corporation for the annual reporting period ended 30 June 2008.

2. 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 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 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 on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and investment assets 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 report is presented in Australian dollars and all values are rounded to the nearest dollar.

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are reflected at Note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at Note 5 'Key sources of estimation uncertainty'.

(c) Reporting Entity

The reporting entity comprises the Authority only.

(d) 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.

Interest

Revenue is recognised as the interest accrues.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term, recognised as income in the periods in which it is earned.

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.

(e) Income Tax

The Authority is exempt from Income Tax.

(f) Property, Plant and Equipment

Capitalisation / Expensing of assets

Items of property and plant and equipment of a significant cost with an expected life in excess of 2 years are recognised as assets and the cost of utilising assets is expensed (depreciated) over that expected useful life. Items of property and plant and equipment of a minor cost with an expected life less than 2 years are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

NOTE: TI 1101 requires the Corporation to amend its capitalisation policy to only include assets with a value exceeding $5,000 with effect from 1July 2008. This change will result in many minor valued assets being disposed from the Asset Register, however, their physical presence will be maintained in an equipment register for control purposes.

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Authority is required to use the revaluation model for the measurement of land and buildings and the cost model for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, unless otherwise noted.

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. Revaluation increments are reflected in the Revaluation Reserve.

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, i.e. the written down current 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 proportionally. Revaluation increments are reflected in the Revaluation Reserve.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Landgate) 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. Land is valued using the market-based method and buildings are valued using the existing-use method.

Investment Property

Investment property comprises freehold buildings not occupied by the Authority and used for rental yields. TI 954 requires investment property to be carried at fair value, usually represented by open-market valuations as provided by Landgate. Revaluation increments are reflected in the Income Statement.

Refer to Note 18 for further disclosure on revaluations.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. Land is not depreciated. Depreciation on other assets is reviewed annually and calculated using method and rates indicated. Estimated useful lives for each class of depreciable asset are:

Buildings	5 years	straight line method
Plant and equipment	5 years	straight line method
Office furniture	10 years	straight line method
Office equipment	5 years	straight line method
Field equipment	10 years	straight line method
Computer equipment (incl. Software)	3 years	straight line method
Investment Property		not depreciated

The useful life of PMC buildings has been reduced to 5 years in expectation of future relocation due to site redevelopment.

(g) Intangible Assets

Capitalisation / Expensing of assets

Acquisition of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more are capitalised. The cost of utilising the asset is expensed (amortised) over that expected useful life. Costs incurred of less than $5,000 are expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition. The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Research and Development

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future recoverability can reasonably be regarded as assured and the total project costs are likely to exceed $50,000. Other development costs are expensed as incurred

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Where the software is not an integral part of the related hardware, it is treated as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(h) Impairment of Assets

Property, plant and equipment, investment property and intangible assets are tested for any indication of impairment at each balance sheet 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 written down to the recoverable amount and an impairment loss is recognised. As the Authority 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 of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets 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 impairments at each balance sheet date.

See Note 19 'Impairment of assets' for the outcome of impairment reviews and testing.

See Note 2(m) and Note 17 for impairment of receivables.

(i) Leases

The Authority has entered into a number of operating lease arrangements for the rent of various office equipment where the lessor effectively retains all the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

The Authority has no finances leases.

(j) Financial Instruments

The Authority has two categories of financial instrument:

- Loans and receivables (includes cash and term deposits); and
- Non-trading financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

- Payables

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair 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 2(n) for 'Investments and other financial assets'

(k) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(l) Inventories

Inventories are measured at net realisable value as they are in the hands of the merchant. Inventories are potatoes delivered to the Authority but not yet graded by the merchant. Their cost is measured as the tonnage x current payment rates.

(m) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts *(impairment)*. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 14 days, unless other terms have been agreed.

See Note 2(j) 'Financial Instruments and note 17 'Receivables'.

(n) Investments and Other Financial Assets

The Authority classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each balance sheet date. Investments not at fair value are initially recognised at cost being the fair value of consideration given, including directly attributable transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity.

Loans and receivables and held-to-maturity investments, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

The Authority assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired

(o) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

See Note 2(j) 'Financial Instruments and Note 20 'Payables'.

(p) 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 date.

See Note 21 'Provisions'.

Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet 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 balance sheet 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 to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees contribute to the Gold State Superannuation (GSS) Scheme, a defined benefit lump sum scheme now closed to new members. 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 (WSS) Scheme. 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

Authority 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 GSS Scheme, the WSS Scheme and the GESBS Scheme, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, WSS Scheme and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

See also Note 2(q) 'Superannuation Expense'.

Provisions - Other

Employment On-Costs

Employment on-costs, including workers compensation insurance and payroll tax, are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

See Notes 11 and 14.

(q) Superannuation Expense

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the income statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

See also Note 2(p) 'Provisions – Employee Benefits' under the heading "Superannuation".

(r) Accrued Salaries

Accrued salaries (refer note 22) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(s) Comparative Figures

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

3. Other Policies

The Authority exposure to market risk for changes in interest rates relate primarily to trade receivables. This risk is managed with payment terms of 14 days and a risk assessment of all customers.

4. Judgments made by management in applying accounting policies

There are no judgements that have been made in the process of applying accounting policies that have had any significant effect on the amounts recognised in the financial report.

5. Key sources of estimation uncertainty

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is:

- The Authority will continue to exist at the same location performing the same function, and
- Regulation of the potato industry will continue.

6. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Authority 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 Authority:

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 & 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 Authority's exposure to risks, including enhanced disclosure regarding components of the Authority's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Voluntary changes in Accounting Policy

The Authority has not voluntary changed any of their accounting policies in the financial year reported.

Future impact of Australian Accounting Standards not yet operative

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

Title	**Operative for reporting periods beginning on/after**
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009
Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:	
AASB 1004 'Contributions' (December 2007).	1 July 2008
AASB 1050 'Administered Items' (December 2007).	1 July 2008
AASB 1051 'Land Under Roads' (December 2007).	1 July 2008
AASB 1052 'Disaggregated Disclosures' (December 2007).	1 July 2008
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 & AASB 137]' (December 2007).	1 July 2008
Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' (December 2007).	1 July 2008

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 only apply to government departments. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance (*for example, Australian Guidance to AASB 116 'Property, Plant and Equipment' in relation to heritage and cultural assets has been introduced)*, otherwise, there will be no financial impact.

Changes in Accounting Estimates

There has been no change in accounting estimates (budget) during the financial year.

Notes to the Financial Statements for the year ended 30 June 2008 (continued)

	2008 $	2007 $
7. Trading Profit		
Sales		
- Local	38,200,788	30,307,596
	38,200,788	30,307,596
Costs of Sales		
- Purchase from growers	(36,603,277)	(28,384,028)
- Export cost		(4,684)
Cost of Goods Sold	(36,603,277)	(28,388,712)
Trading Profit	1,597,511	1,918,884
8. Interest revenues		
Term Deposits	33,317	17,091
Money Market Acct	179,235	156,045
Main cheque account	85,896	60,496
WPL Debenture	5,101	34,906
	303,549	268,538
9. Other revenues		
Store Rentals	52,670	70,503
SQF Income	46,850	68,895
Other items	33,202	67,092
Income from Investment asset revaluation	252,615	
	385,337	206,490
10. Net gain/(loss) on disposal of non-current assets		
Costs of Disposal of Non-Current Assets		
Computer equipment	0	0
Plant and equipment	0	0
Proceeds from Disposal of Non-Current Assets		
Computer equipment	0	93
Plant and equipment	0	9,500
Net gain/(loss)	0	9,593
11. Employee benefits expense		
Wages and salaries	671,428	583,748
Superannuation - defined contribution plan	163,105	217,310
Annual leave	76,207	86,329
Long service leave	(4,254)	31,393
Other related expenses	122,153	120,860
	1,028,639	1,039,640
12. Supplies and Services		
Consultants and contractors	386,320	527,442
Materials	6,211	7,262
Market research	39,979	26,749
Travel	45,362	52,611
Other	31,980	32,964
	509,852	647,028

	2008 $	2007 $
13. Depreciation expense		
Depreciation		
Plant and equipment	4,069	1,017
Buildings	4,925	4,925
Office furniture and fittings	848	1,164
Office and field equipment	1,427	1,911
Computer equipment	8,084	10,553
	19,353	19,570
14. Administration expense		
Communication	28,735	24,621
Consumables	13,753	16,031
Doubtful Debts	5,101	334,906
Bad Debts	0	13,875
Audit Fees	34,730	34,460
Insurances	24,213	19,934
Other	32,701	16,066
	139,233	459,893
15. Accommodation expense		
Repairs and maintenance	47,628	21,227
Cleaning and security	18,149	16,123
Gardening	6,982	6,059
Rates and electricity	8,876	10,257
	81,635	53,666
16. Other expenses		
Levies	20,905	21,227
Quality assurance program	18,256	21,299
Research and development	25,000	12,000
	64,161	54,526
17. Receivables		
Current		
Trade debtors	1,798,990	1,696,368
GST receivable	8,748	4,000
	1,807,738	1,700,368
Non-Current		
Loan - WPL debenture	640,007	634,906
Allowance for impairment of receivable *(i)*	(640,007)	(634,906)
(i) Allowance for non repayment of debenture.	0	0

	2008	2007
	$	$
18. Property, plant and equipment		
Plant and equipment		
At cost	83,485	70,425
Accumulated depreciation	(42,547)	(30,757)
	40,938	39,668
Office furniture and fittings at cost	41,075	40,514
Accumulated depreciation	(38,834)	(37,985)
	2,241	2,529
Office and field equipment at cost	73,017	73,017
Accumulated depreciation	(70,522)	(69,095)
	2,495	3,922
Computer equipment		
At cost	168,948	165,942
Accumulated depreciation	(158,588)	(150,504)
	10,360	15,438
Buildings		
At fair value	243,452	24,625
Accumulated depreciation	0	(9,344)
Accumulated impairment losses	0	0
	243,452	15,281
Land		
At fair value	3,620,000	2,500,000
Accumulated impairment losses	0	0
At Independent valuation 2007	3,620,000	2,500,000

This land is owned by the Crown and vested in the corporation until 2028. While the Corporation has management control, it can not dispose of or encumber the land. The valuation of the land is also reflected in the revaluation reserve.

TOTAL PROPERTY, PLANT and EQUIPMENT	3,919,486	2,576,838
Investment property		
Buildings at fair value	267,789	15,174
Accumulated impairment losses	0	0
	267,789	15,174

Amounts recognised in the profit and loss for investment property:

Rental Income	52,670	70,503
Property Expenses		975

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

2008 YEAR	Carry value at start of year	Revaluation	Additions	Accumulated Depreciation on Revaluation	Depreciation	Transfer	Carry value at end of year
Plant and equipment	39,668				(4,069)	5,339	40,938
Office furniture and fittings	2,529		560		(848)		2,241
Office and field equipment	3,922				(1,427)		2,495
Computer equipment	15,438		3,006		(8,084)		10,360
Assets at Cost	61,557	0	3,566	0	(14,428)	5,339	56,034
Buildings	15,281	231,887		6,548	(4,925)	(5,339)	243,452
Land	2,500,000	1,120,000					3,620,000
Assets at Valuation	2,515,281	1,351,887	0	6,548	(4,925)	(5,339)	3,863,452
TOTAL	2,576,838	1,351,887	3,566	6,548	(19,353)	0	3,919,486
Buildings	15,174	252,615					267,789
Investment property at Valuation	15,174	252,615	0	0	0	0	267,789

2007 YEAR	Carry value at start of year	Revaluation	Additions	Accumulated Depreciation on Revaluation	Depreciation	Transfer	Carry value at end of year
Plant and equipment	0		40,685	0	(1,017)		39,668
Office furniture and fittings	3,693				(1,164)		2,529
Office and field equipment	5,833				(1,911)		3,922
Computer equipment	14,479		11,511	0	(10,552)		15,438
Assets at Cost	24,005	0	52,196	0	(14,644)	0	61,557
Buildings	20,207				(4,926)		15,281
Land	2,136,350	363,650					2,500,000
Assets at Valuation	2,156,557	363,650	0	0	(4,926)	0	2,515,281
TOTAL	2,180,562	363,650	52,196	0	(19,570)	0	2,576,838
Buildings	15,174						15,174
Investment property at Valuation	15,174	0	0	0	0	0	15,174

Freehold land and buildings were revalued as at 1 July 2007 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008. The fair value of all land and buildings has been determined by reference to recent market transactions. *Refer also Note 2 (f) Property, Plant and Equipment.*

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.

19. Impairment of assets

There are no indications of impairment of property, plant and equipment at 30 June 2008

The Corporation held no goodwill or intangible asset with an indefinite useful life during the reporting period and at reporting date

There were no intangible assets not yet available for use.

There are no surplus assets at balance sheet date being held for sale or write off.

		2008	2007
20. Payables		**$**	**$**
Current			
Trade payables		19,025	11,982
GST payable		537	1,515
Other creditors		132,289	90,037
		151,851	103,534
21. Provisions			
Current			
Annual leave	*(a)*	75,923	108,624
Long service leave	*(b)*	66,710	36,446
		142,633	145,070
Non-current			
Long service leave	*(c)*	57,729	76,983
		57,729	76,983

(a) 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. The Corporation actively promotes taking of leave as it falls due, therefore expects all leave to be extinguished within 12 months.

Long service leave liabilities are earned following the completion of seven years of continuous service. A provision for this liability is accrued each year towards the expected full liability.

(b) Long service leave liabilities for leave earned (or earned within the next 12 months) is classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicated that actual settlement of the liabilities will occurred within that next 12 months.

(c) Long service leave liabilities due to be earned beyond the next 12 months are classified as non-current. Provision for this future liability is measured at the present value of the expected future payments. The present value is calculated with reference to Government Bond future interest rates, expected future labour rates and an allowance of a historical factor (likelihood) of employees reaching the required years of service.

	2008	2007
	$	**$**
22. Other Liabilities		
Current		
Payments due to growers.	4,608,440	4,057,342
Accrued expenses *(i)*	68,298	268,745
(i) Includes accrued salaries of $ 20,764 for period 22/06/2008 - 30/06/2008	4,676,738	4,326,087

	2008 $	2007 $
23. Equity		
Equity represents the residual interest in the net assets of the Corporation.		
(a) Contributed Equity	710,000	710,000
(b) Reserves		
Asset Revaluation Reserve		
Opening balance	1,790,000	1,426,350
Net revaluation increments	1,358,435	363,650
Closing balance	3,148,435	1,790,000
General Reserve		
Opening balance	0	20,563
Expense to income statement		(20,563)
Closing balance	0	0
Total Reserves	3,148,435	1,790,000
(c) Grower Reserve Fund		
Opening balance	1,844,105	1,714,923
Contributions from Pools	190,909	155,000
Contributions to Pools		(25,818)
Closing balance	2,035,014	1,844,105
(d) Accumulated Profit / Loss		
Opening balance	0	0
Profits from Asset revaluations	252,615	
Closing balance	252,615	0

24. Reconciliation of Net Cash Provided by Operating Activities to Profit

(a) Reconciliation of Cash

Cash at the end of the financial year in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Position as follows:

	2008	2007
Cash at bank	3,151,519	1,167,957
Cash on deposit	2,028,083	3,535,042
Cash on hand	400	400
	5,180,002	4,703,399

	2008 $	2007 $
(b) Reconciliation of profit to net cash flows provided by/(used in) operating activities		
Profit after income tax equivalents	(252,615)	0
Non-cash Items:		
Depreciation + amortisation	19,353	19,570
Doubtful debt expense		13,875
Bad debt expense	5,101	
Revaluation increments on investment assets	252,615	
Net (gain)/loss on sale of property, plant and equipment		(9,593)
(Increase)/decrease in assets:		
Current receivables	(107,723)	220,196
Increase/(decrease) in liabilities:		
Current account payables	49,296	1,347,537
Current provisions	(2,437)	(28,728)
Other liabilities	350,651	(293,446)
Non-current provisions	(19,254)	18,418
Net GST receipts/(payments)	(5,727)	3,734
Net Reserve movements	190,909	108,619
Net cash provided by operating activities	480,169	1,400,182

25. Explanatory Statement

Comparison of Actual Results with those of the Preceding Year

Details and reasons for significant variations between actual income and expenditure estimates for the corresponding item of the preceding year are detailed below. Significant variations are considered to be those greater than 5% and exceeding $100,000

	2008 $	2007 $	Variance $	
Sales revenue	38,200,787	30,307,596	7,893,191	26.04%
Prices increased to reflect dramatic rises in fuel and fertiliser costs.				
Grower payments	36,603,277	28,388,712	8,214,565	28.94%
Increased revenues allows more to be returned to the grower.				
Supply and services	509,851	647,028	(137,177)	-21.20%
Decreased legal costs following settlement of Federal Court action.				

Comparison of Estimates and Actual Results

Details and reasons for significant variations between estimates and actual results are detailed below.
Significant variations are considered to be those greater than 5% and exceeding $100,000.

	Actual $	Estimates $	Variance $	
Sales Revenue	38,200,787	30,627,840	7,572,947	24.73%
Estimates based on prior year rates.				
Grower Payments	36,603,277	28,154,369	8,448,908	30.01%
Increased revenues allowed more return to growers.				
Employee costs	1,028,640	1,283,612	(254,972)	-19.86%
Additional employees expected to be required.				
Supply and Services	509,851	859,204	(349,353)	-40.66%
Decreased legal costs following settlement of Federal Court action.				
Interest Income	303,550	65,000	238,550	367.00%
Increased revenues and improved investments allowed a better return on funds.				

26. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by PMC are cash and cash equivalents, commercial bills, term deposits and receivables and payables. PMC has limited exposure to financial risks and the overall risk management program focuses on managing the risks identified below.

Credit Risk

Credit risk arises when there is the possibility of PMC's receivables defaulting on their contractual obligations resulting in a loss. PMC 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 at note 26 (c).
PMC only trades with recognised, creditworthy third parties and 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 PMC's exposure to bad debts is minimal. There are no significant concentrations of credit risk.
Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client ratings.

Liquidity Risk

PMC is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when PMC is unable to meet its financial obligations as they fall due. PMC has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market Risk

PMC does not trade in foreign currency and is not materially exposed to other price risks. PMC has no long term debt therefore is not exposed to risk from changes to interest rates.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows

	2008 ($000's)	2007 ($000's)
Financial Assets		
Cash and cash equivalents	5,180	4,703
Loans and receivables	1,808	1,700
Financial Liabilities		
Financial liabilities measured at amortised cost	4,828	4,429

(c) Financial Instruments Disclosures

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. PMC's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the table. The table is based on information provided to senior management of PMC. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date.

The PMC holds various bonds and bank guarantees as security relating to the financial assets it holds. PMC 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.

	Weighted Average Effective Int. Rate	Variable Interest Rate	Fixed Interest Within 1 Yr	Non-Interest Bearing	Adjust for Discounting	Total
	%	$000	$000	$000	$000	$000
2008						
Financial Assets						
Cash and cash equivalents	7.17%	3,152	2,028			5,180
Receivable - Current				1,808		1,808
		3,152	2,028	1,808	0	6,988
Financial Liabilities						
Payables				220		220
Outstanding payments to growers				4,608		4,608
		0	0	4,828	0	4,828
2007						
Financial Assets						
Cash and cash equivalents	6.05%	1,168	3,535			4,703
Receivable				1,700		1,700
		1,168	3,535	1,700	0	6,403
Financial Liabilities						
Payables				372		372
Outstanding payments to growers				4,057		4,057
		0	0	4,429	0	4,429

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

	Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity
	($000's)	($000's)	($000's)	($000's)	($000's)
2008					
Financial Assets					
Cash and cash equivalents	5,180	(52)	-	52	-
Receivable - Current	1,808	-	-	-	-
Financial Liabilities					
Payables	374	-	-	-	-
Outstanding payments to growers	4,455	-	-	-	-
2007					
Financial Assets					
Cash and cash equivalents	4,703	(39)	-	39	-
Receivable - Current	1,700	-	-	-	-
Financial Liabilities					
Payables	372	-	-	-	-
Outstanding payments to growers	4,057	-	-	-	-

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.

27. Remuneration of Members of the Accountable Authority and Senior Officers

The band levels shown below reflect the earnings of the employees during the current year for the period of their employment. It does not reflect their salary level.

The comparative figures (2007 year) have been amended to reflect on those senior staff as disclosed in the main body of the annual report.

	2008	2007
Total fees, salaries and other benefits received in the financial year by:	$	$
Board Members	95,484	94,030
Senior Officers	361,488	347,797
Number of Board Members whose total fees, salaries, superannuation and other benefits fall within the following bands:		
$0 to $10,000	1	1
$10,001 to $20,000	4	5
$20,001 to $30,000		1
$30,001 to $40,001	1	
Number of Senior Officers other than Members of the Board, whose total fees, salaries, superannuation and other benefits fall within the following bands:		
$90,001 to $100,000		1
$100,001 to $110,000	1	
$240,001 to $250,000		1
$250,001 to $260,000	1	

The superannuation included here represents the superannuation expenses incurred by the Corporation in respect of members of the Board and Senior Officers.

	2008 $	2007 $
28. Remuneration of the Auditor		
The total fees paid or due for Audit services for the financial year are as follows:		
Office of the Auditor General (or his agent)	27,000	27,600
Internal Auditor (consultant)	7,730	6,860
	34,730	34,460
29. Supplementary Financial Information		
Revenue and Public and Other Property Written Off		
During the Financial Year		
Staunton Seed Potatoes	0	13,875
	0	13,875

30. Segment (Output) Information

The Corporation consists of a single financial output as reflected in these financial statements.
No further segment reporting is required.

	2008 $	2007 $
31. Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
- not later than 1 year	59,895	43,512
- later than 1 year but not later than 5 years	32,263	46,345
	92,158	89,857

32. Contingent Liabilities and Contingent Assets

Contingent Liabilities:

Federal Court Action:

The Federal Court Action has been settled. No further liability is expected.

Contaminated Sites:

Under the Contaminated Site Act 2003 the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of risk to health, the environment and environmental values. Sites classified as contaminated (or suspected) may impose a liability on the Authority for remediation costs.

During the year the Corporation reviewed the site for potential, suspected or actual contamination in accordance with the requirements. Nothing was found and no reporting was required.

The Authority is not aware of any other contingent liability as at the financial reporting date.

Contingent Assets:

The Authority is not aware of any contingent assets as at the financial reporting date.

33. Events Occurring after Reporting Date

There have been no other significant events subsequent to the reporting date that would have any material effect upon the Authority and all operations contained therein.

34. Related Party Disclosure

In addition to remuneration (see Note 27), the corporation also makes the following disclosures:-

Annemarie McAuliffe (Board Member) is a Commissioner with the Insurance Commission of Western Australia. During the year ending June 2008 the corporation paid $24,213 for insurance premiums to this company. The transactions were for insurance premiums based upon the company's usual commercial terms and conditions.
Annemarie McAuliffe holds the position of Chairman of the Potato Industry Strategic Planning Committee a sub committee of the APC. During the year the corporation deducted from growers $1,048,908 and paid to the APC $1,023,036.

Herbert Russell (Board Chairman) is a licensed potato grower and has delivered during the 2008 year. Payments for his potatoes have been based upon commercial packout gradings and grower payment rates as they apply to all licensed growers in the same pools, in the same year. Specific grower payments have always been deemed confidential, therefore the value of grower payments made to Herbert Russell is not disclosed.
By law, the Corporation is required to deduct from growers an APC fee for service and remit to the APC.
Herbert Russell is a Committee Member of the APC-PPC a sub committee of the APC. During the year the Corporation deducted from growers $1,048,908 and paid to the APC $1,023,036.
Western Potatoes Limited (WPL) is a company owned by potato growers that undertakes marketing and promotion activities on behalf of the APC. Herbert Russell holds a shareholding (directly or beneficially) in WPL.

Darryl Smith (Board Member) is a licensed potato grower and has delivered during the 2008 year. Payments for his potatoes have been based upon commercial packout gradings and grower payment rates as they apply to all licensed growers in the same pools, in the same year. Specific grower payments have always been deemed confidential, therefore the value of grower payments made to Darryl Smith is not disclosed.
Western Potatoes Limited (WPL) is a company owned by potato growers that undertakes marketing and promotion activities on behalf of the APC. Darryl Smith holds a shareholding (directly or beneficially) in WPL.

Andrew Tempra (Board Member) is a licensed potato grower and has delivered during the 2008 year. Payments for his potatoes have been based upon commercial packout gradings and grower payment rates as they apply to all licensed growers in the same pools, in the same year. Specific grower payments have always been deemed confidential, therefore the value of grower payments made to Andrew Tempra is not disclosed.
Western Potatoes Limited (WPL) is a company owned by potato growers that undertakes marketing and promotion activities on behalf of the APC. Andrew Tempra holds a shareholding (directly or beneficially) in WPL.

Gregory Starkie (Board Member) is a licensed potato grower and has delivered during the 2008 year. Payments for his potatoes have been based upon commercial packout gradings and grower payment rates as they apply to all licensed growers in the same pools, in the same year. Specific grower payments have always been deemed confidential, therefore the value of grower payments made to Gregory Starkie is not disclosed.

Key Performance Indicators for the year ended 30 June 2008

Certification of Key Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Potato Marketing Corporation of Western Australia, and fairly represent the performance of the Potato Marketing Corporation of Western Australia for the financial year ended 30 June 2007.

L Skelton FPNA	H Russell	E Atchison
Chief Finance Officer	Chairman	Board Member
7 August 2008	7 August 2008	7 August 2008

Detailed Information in Support of Key Performance Indicators

The Potato Marketing Corporation of Western Australia's Desired Outcome

The Potato Marketing Corporation of Western Australia's primary outcome is outlined in the *Marketing of Potatoes Act 1946* and further defined by the Minister's objectives as ***"the quantity and variety of (ware) potatoes supplied meets the demand of the State's consumers"*.**

Key Performance Indicators have been selected to demonstrate the extent to which the Corporation's outputs achieve the desired outcome. The Corporation has set targets for the indicators, based on industry standards, market trends and requirements of the Minister's objectives.

1. Key Effectiveness Indicators:

1.1 The extent to which the Corporation aligned domestic production levels with local (ware market) demand.

The Corporation aims to align domestic production within ± 5% of the local ware market demand. This indicator allows the Corporation to ascertain the effectiveness of its supply management.

YEAR	2005 / 06	2006 / 07	2007 / 08
	%	%	%
Market demand	100.00	100.00	100.00
DME production	102.22	102.06	93.89

The shortfall in production was caused by poor seed germination, weather conditions and non plantings. This shortfall was offset by excess production from other growers.

1.2 The extent to which the Corporation provides varieties to the domestic market.

Through its supply management the Corporation provides a range of varieties to the domestic market. The target is to provide the same or more as the previous year.

Number of varieties made available to wholesale merchants:

		2005 / 06	2006 / 07	2007 / 08
Jul - Sep	**Winter**	10	11	11
Oct - Dec	**Spring**	12	13	12
Jan - Mar	**Summer**	14	10	13
Apr - Jun	**Autumn**	15	14	14
YEAR		21	19	22

As potato varieties are seasonal, the data provided shows the number of different varieties available each season and the total different varieties commercially available within the year.

Service provided by the Potato Marketing Corporation of Western Australia

The main service provided by the Corporation is ***"regulation of potato production in Western Australia for the benefit of the public"*.**

2. Key Efficiency Indicators:

2.1 Corporation services costs [1] per tonne of production.

The Corporation services costs are also reported as actual dollars to more accurately reflect the administrative costs to run the Corporation and variations from year to year due to tonnage changes.

	2005/06	2006/07	2007/08	*2007 / 08 TARGET*
ACTUAL $	$ 2,743,676	$ 2,264,729	$ 1,842,873	*$ 2,415,191*
COST $ / T	$ 52.98	$ 44.25	$ 37.59	*$ 48.03*

The reduction in costs is reflective of the Corporation re-structure and reduction in activities.

[1] All administrative and operational overheads incurred in regulating the supply of potatoes in the State and administering the Act.

2.2 Maintaining 1st payments to growers within accepted credit terms.

The Corporation aims to make all 1st payments to growers within 14 days of delivery.

	2005 / 06	2006 / 07	2007 / 08
Days lag between delivery and paid	11.92	11.04	10.53

This indicator is a measure of the Corporation's responsiveness to the business needs of growers.

Ministerial Directions

Pursuant to section 20A of the *Marketing of Potatoes Act 1946*, the Corporation received the following Ministerial directions:

- On 3 October 2007, to amend the investment in Western Potatoes Limited (WPL) such that the debenture would be interest free and be repaid at a sum of $1 per year as from 1 July 2010.
- On 6 May 2008, to make an offer to Mr A Galati and Galati Nominees to settle the Federal Court proceedings on the terms contained in a Deed of Release agreed to by Mr Galati.

Other Financial Disclosures

Capital Works

During the year the Corporation continued its policy of replacing one third of its computers each year.

Employment and Industrial Relations

Staff Profile

The Corporation remains committed to ensure that the talents and resources of employees are utilised to the full and that all employees receive fair and equitable treatment.

Staff Profile	2006/07	2007/08
Full time Permanent	9	8
Part time (FTE basis)	1	4
Total:	10	12
Board Members (FTE basis)	1	1
TOTAL	11	13

Staff Development

The Corporation has a commitment to the development of its employees. Our strategies are to build a highly skilled, professional and fair workplace with the ability to adapt to changing business technology and the environment.

Training requirements are identified through an employee professional development plan that is based on the outcomes of staff performance evaluation.

During the year the Corporation spent $5,985 on training and development, with courses being undertaken in the areas of professional development, Fringe Benefits tax and communications.

Workers Compensation

Two compensation claims were recorded during the financial year. One was settled without time lost. The other was settled in August 2008 with 86.5 hours time lost.

Governance Disclosures

Contracts with Senior Officers

The Potato Marketing Corporation of Western Australia requires all Board members, senior officers and employees to declare any interests in existing or proposed contracts between the Corporation and firms of which members, senior officers and employees may have a holding, share or related interest whether directly or indirectly.

At the date of reporting, four Board members have expressed an interest in contracts other than normal contracts of employment of service with the Corporation. Further disclosure is made in Note 34. of the Notes to the Financial Statements.

Insurance Premiums Paid To Indemnify Members of the Board

An insurance policy has been taken out to indemnify members of the Board and senior staff against any liability incurred under Sections 13 or 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. The amount of the insurance premium paid for 2007-2008 was $10,944 (excl. GST)

Other Legal Requirements

Advertising

(Electoral Act 1907, S175ZE)

In compliance with section 175ZE of the *Electoral Act 1907*, the Corporation is required to report on expenditure incurred during the financial year ended 30 June 2008 in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations. The expenditure totalled $42,483 (ex GST) and comprises the following:

(a) Market Research Organisation	Synovate	$34,397
(b) Advertising Agency		$4,699
(c) Media Advertising Organisation		nil
(d) Polling Organisation	WA Electoral Commission	$3,389
(e) Direct Mail Organisation		nil
Total		**$42,483**

Disability Access and Inclusion Plan

(Disability Services Act 1993, S29)

The Corporation is aware of its obligations under the *Disability Services Act 1993* and is committed to providing employment opportunities, building access and document availability to all persons including those with disabilities.

As a regulatory body the Corporation does not provide services or organise events for the general public. Where special facilities may be required, public meeting rooms, work stations, communications and bathroom facilities, however, are available on the ground floor of the Corporation's premises.

Compliance with Public Sector Standards and Ethical Codes

(Public Sector Management Act 1994, S31(1))

1. The Potato Marketing Corporation of Western Australia has complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Corporation's own Code of Ethics for staff and Code of Conduct for Board members.
2. Procedures designed to ensure such compliance have been put in place and appropriate internal assessments conducted to verify that the statement made above is correct.
3. OPSSC reporting under S31 of the *Public Sector Management Act 1994*, in 2007-2008 was:

Compliance Issues	Significant Action taken to monitor and ensure compliance
Public Sector Standards - Human Resource Management • None	• A specialist HR consultant (from the common use contract) was engaged to provide advice to the Corporation on several matters, including recruitment, payment of overtime, flexi-time/time off in lieu, payment of increments and performance management.
Public Sector Standards - WA Public Sector Code of Ethics • None	• Information on the WA Public Sector Code of Ethics is included in the Induction Manuals for staff and Board members. A matter reported in 2006-07 was resolved during 2007-08.
Corporation's Code of Ethics for staff and Code of Conduct for Board members • None	• Information on the Corporation's Codes are included the Induction Manuals for staff and Board members. A matter reported in 2006-07 was resolved during 2007-08.
Public Sector Standards – Grievance Standard • Three (3) formal internal grievances were lodged during the 2007-08 financial year.	• The Corporation resolved the grievances in accordance with its internal Grievance Procedures and the Public Sector Grievance Standard. • Information on the Corporation's Grievance Procedures is included in the Staff Induction Manual.

Record-keeping Plan

(State Records Act 2000, S61)

The Corporation maintains a structured records system for the management of all hard copy and electronic records as required under section 19 of the *State Records Act 2000*.

The Plan is monitored on a yearly basis to ensure it accurately reflects the Corporation's records system. The Corporation's record-keeping system was evaluated during the year and a number of small adjustments were made to improve the efficiency and effectiveness of the system.

Adherence to the process is the responsibility of all personnel. All employees have an adequate understanding of the system and an appropriate outline which addresses employees' roles and responsibilities in regard to their compliance with the Record-keeping Plan is incorporated in the Staff Induction Manual. The Corporation plans to review the efficiency and effectiveness of the record-keeping training program within the next twelve months.

Work continued on developing an electronic document management database consistent with the Corporation's Record-keeping Plan for all compliance records. The database will be developed as an extension of the electronic database currently used by the Corporation.

Government Policy Requirements

Corruption Prevention

Details relating to corruption prevention are included in the Corporation's Staff Induction Manual.

The induction program for staff outlines the risks of corruption and misconduct and the processes used to report suspected cases of corruption.

The Code of Conduct for Board members specifies that any information about actual or potentially corrupt or illegal activities must be disclosed to the Chairperson or, if necessary, to the Corruption and Crime Commission.

Substantive Equality

The Corporation is aware of the intent and substance of the *Policy Framework for Substantive Equality*. It is committed to providing its services free from any form of discrimination.

Sustainability

The Corporation is aware of the *Sustainability* Code *of Practice for Government Agencies* (the 'Code') and endeavours to conduct its activities in accordance with sustainability principles.

The mission of the Corporation is to provide leadership to all stakeholders in the supply chain in order to build and maintain an efficient, profitable and sustainable industry that is responsive to market needs.

The prime function of the Corporation is to regulate the production of ware potatoes so as to ensure the supply of quantities, kinds and qualities preferred by consumers in the State. The regulation of production is implemented via Domestic Market Entitlements, based on the Corporation's estimates of domestic market requirements. This system regulation is consistent with the Sustainability Code, because it acts to prevent over-production of potatoes for the domestic fresh market and the consequent waste of inputs to production such as fertilisers, chemicals, fuel, energy and water for irrigation.

Occupational Health and Safety

The Corporation is committed to providing a safe and healthy working environment for all employees. It has complied with the requirements of the:

- *Occupational Safety and Health Act 1984; and the*
- *Code of Practice: Occupational Safety and Health in the Western Australian Public Sector 2007*

This commitment is delivered through the Corporation's Occupational Safety and Health Management System, comprising policies, plans and procedures relating to:

- Injury management
- Risk management
- Asbestos management
- Inspector safety
- Forklift safety

Employees are encouraged to inform the Corporation's Safety and Health Representative about workplace safety and health concerns, who reports and makes recommendations to the Chief Executive Officer. The Chief Executive Officer takes full responsibility for ensuring that action is taken to resolve employees' safety and health concerns.

As the Corporation has a small workforce with management and employees interacting closely on the Corporation's business on a daily basis, an Occupational Safety and Health Committee is considered unnecessary.

The Corporation is committed to assisting injured employees to return to work as soon as medically appropriate. It has complied with the requirements of the:

- *Workers' Compensation and Injury Management Act 1981 and the*
- *Workers' Compensation Code of Practice (Injury Management) 2005.*

Occupational Safety, Health and Injury management performance for 2007/08

Indicator	Target 2007/08	Actual 2007/08
Number of fatalities	0	0
Lost time injury/diseases incidence rate	0	8.3*
Lost time injury severity rate	0	0

- Only one lost time injury was recorded during 2007/08 among the 12 employees of the Corporation.

Annual Estimates

5 YEAR PLAN		2008/09 BUDGET	2009/10 Plan Yr-2	2010/11 Plan Yr-3	2011/12 Plan Yr-4	2012/13 Plan Yr-5
DME GROSS TONNAGE	T	50,400	50,904	51,413	51,927	52,446
REVENUE						
Local Wares	$	(36,844,500)	(37,581,390)	(38,333,018)	(39,099,678)	(39,881,672)
GROWER PAYMENTS						
1st Payment	$	21,562,500	21,993,750	22,433,625	22,882,298	23,339,943
Interim Payment	$	9,433,594	9,622,266	9,814,711	10,011,005	10,211,226
Winter Incentive	$	736,900	751,638	766,671	782,004	797,644
Final Payment	$	2,064,793	2,110,785	2,157,325	2,204,410	2,252,042
TRADING PROFIT	$	**(3,046,713)**	**(3,102,951)**	**(3,160,686)**	**(3,219,961)**	**(3,280,816)**
CORPORATION SERVICES						
Salaries + Wages	$	870,229	896,336	923,226	950,923	979,450
Overtime	$	81,191	83,627	86,136	88,720	91,381
Superannuation	$	86,205	88,791	91,455	94,199	97,024
Leave + Loading	$	98,533	101,489	104,534	107,670	110,900
Other Employee Costs	$	198,434	198,434	198,434	198,434	198,434
EMPLOYEE COSTS	$	1,334,592	1,368,677	1,403,784	1,439,945	1,477,190
Consultant / Contractor	$	528,600	528,600	528,600	528,600	528,600
Materials	$	14,000	14,000	14,000	14,000	14,000
Market Research	$	48,100	48,100	48,100	48,100	48,100
Travel	$	73,448	75,285	77,178	79,127	81,135
Other Services	$	37,160	37,160	37,160	37,160	37,160
SUPPLY + SERVICES	$	701,308	703,145	705,038	706,987	708,995
DEPRECIATION	$	10,093	10,093	10,093	10,093	10,093
Communications	$	37,200	37,200	37,200	37,200	37,200
Consumables	$	22,800	22,800	22,800	22,800	22,800
Other Admin	$	93,607	94,438	95,294	96,176	97,084
ADMINISTRATION	$	153,607	154,438	155,294	156,176	157,084
Repairs + Maintenance	$	34,100	34,100	34,100	34,100	34,100
Security / Cleaning	$	21,000	21,540	22,096	22,669	23,259
Other Accommodation	$	23,700	23,970	24,248	24,535	24,830
ACCOMMODATION	$	78,800	79,610	80,444	81,304	82,189
QUALITY ASSURANCE	$	12,000	12,000	12,000	12,000	12,000
TOTAL SERVICES COSTS	**$**	**2,290,400**	**2,327,963**	**2,366,654**	**2,406,505**	**2,447,551**
		$45.44	$45.73	$46.03	$46.34	$46.67
NON OPERATING ACTIVITIES						
Interest Inc - Gen Deposit	$	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)
QA Funds Recovered	$	(44,000)	(44,000)	(44,000)	(44,000)	(44,000)
Store Rental	$	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)
R+D - DNA Project	$	30,000	30,000	30,000	30,000	30,000
HAL Levy (50c/t)	$	25,200	25,452	25,707	25,964	26,223
Transfer to Reserves (2.5%)	$	921,113	939,535	958,326	977,492	997,042
SURPLUS FOR FINAL PAYMENTS	**$**	**0**	**(0)**	**0**	**(0)**	**0**