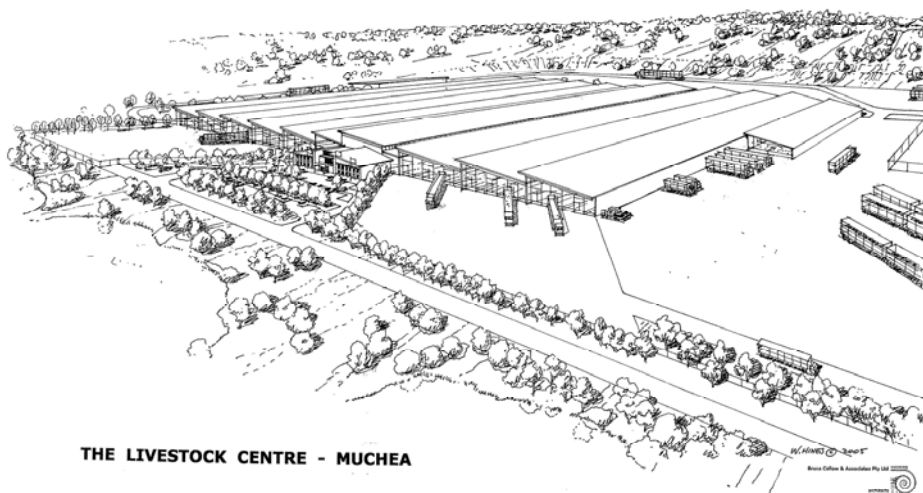




# WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY



THE LIVESTOCK CENTRE - MUCHEA

## ANNUAL REPORT JUNE 2008



WESTERN AUSTRALIAN MEAT  
INDUSTRY AUTHORITY



## **TABLE OF CONTENTS**

<b>INTRODUCTION</b>	<b>4</b>
<b>CHAIRMAN'S REPORT 2007/2008</b>	<b>5</b>
<b>CORPORATE STRUCTURE</b>	<b>7</b>
MEMBERS	7
ORGANISATIONAL CHART	7
MEMBERSHIP CHANGES IN 2007/2008	8
ADMINISTRATION OFFICE	8
FUNCTIONS OF THE AUTHORITY	8
<b>CORPORATE ACTIVITIES</b>	<b>10</b>
AUTHORITY MEETINGS	10
NAME OF MEMBER	10
INDUSTRY PARTICIPATION	10
COMMITTEE PARTICIPATION	10
STRATEGIC PLANNING	11
STATE SALEYARD STRATEGY	11
NATIONAL LIVESTOCK IDENTIFICATION SCHEME (NLIS)	12
CORPORATE GOVERNANCE	12
<b>LEGISLATIVE CHANGES</b>	<b>12</b>
<b>MIDLAND SALEYARD – RELOCATION ANNUAL REPORT 2007/2008</b>	<b>13</b>
BACKGROUND	13
STATUS OF RELOCATION PROJECT AS AT 30 JUNE 2008	13
DEVELOPMENT APPLICATION FOR THE LIVESTOCK CENTRE MUCHEA	14
WORKS APPROVAL APPLICATION FOR THE LIVESTOCK CENTRE MUCHEA	14
PRE SITE WORKS	14
<b>ESTABLISHMENT APPROVALS</b>	<b>16</b>
ESTABLISHMENT CATEGORIES	16
APPROVAL CHANGES – EXPORT	16
APPROVAL CHANGES - DOMESTIC	16
APPLICATIONS FOR APPROVALS	16
APPLICATIONS APPROVED IN THE REPORTING PERIOD:-	17
APPROVED ABATTOIRS AS OF THE 30 <sup>TH</sup> JUNE 2007:-	17
INDUSTRY STANDARDS	18
INDUSTRY LIAISON	18
<b>STATE PROCESSING STATISTICS</b>	<b>19</b>
<b>COMPLIANCE ACTIVITIES</b>	<b>20</b>
COMPLIANCE COMMITTEE	20
COMPLIANCE OFFICER	20
PROCESSING COMPLIANCE	20
CARCASE BRANDING ACTIVITY	20
BRANDING COMPLIANCE	21
REGULATORY TRAINING	21
INDUSTRY ISSUES	21
COMPLIANCE ACTIVITY SUMMARY	23
LEGAL ACTION COMPLETED.	23
ONGOING	23
STATISTICAL SERVICES	23
<b>MIDLAND SALEYARD – MANAGEMENT</b>	<b>24</b>
BACKGROUND	24

CURRENT ISSUES	25
LIVESTOCK YARDINGS	27
JOINT VENTURE ARRANGEMENT	28
<b>INDUSTRY DEVELOPMENT</b>	<b>29</b>
ACTIVITIES	29
ANIMAL WELFARE STANDARDS FOR WESTERN AUSTRALIAN SALEYARDS	29
RED MEAT STOCKTAKE PROGRAM	30
NATIONAL LIVESTOCK REPORTING SERVICE (NLRS)	30
STATE SALEYARD DATABASE	31
WEB SITE	31
EDUCATION	31
OTHER MAJOR SELLING CENTRES	31
<b>HUMAN RESOURCE ISSUES</b>	<b>32</b>
STAFFING LEVELS	32
STAFF TRAINING & DEVELOPMENT	32
INDUSTRIAL RELATIONS	32
<b>DIRECTION BY THE MINISTER</b>	<b>33</b>
<b>FREEDOM OF INFORMATION STATEMENT</b>	<b>33</b>
<b>RISK MANAGEMENT</b>	<b>34</b>
<b>COMPLIANCE WITH THE ELECTORAL ACT 1907</b>	<b>34</b>
<b>EQUAL EMPLOYMENT OPPORTUNITY</b>	<b>35</b>
<b>PUBLIC SECTOR STANDARDS</b>	<b>35</b>
<b>PUBLIC INTEREST DISCLOSURE ACT</b>	<b>35</b>
<b>DISABILITY ACCESS AND INCLUSION PLAN</b>	<b>35</b>
<b>OCCUPATIONAL SAFETY AND HEALTH</b>	<b>36</b>
<b>STATE RECORDS ACT</b>	<b>37</b>
<b>WASTE PAPER RECYCLING</b>	<b>37</b>
<b>ENERGY SMART GOVERNMENT POLICY</b>	<b>38</b>
<b>CORRUPTION PREVENTION</b>	<b>38</b>
 <b>FINANCIAL STATEMENTS</b>	 <b>39</b>
 INDEPENDENT AUDIT OPINION	 39
INCOME STATEMENT	42
BALANCE SHEET	43
STATEMENT OF CHANGES IN EQUITY	44
CASH FLOW STATEMENT	45
 <b>PERFORMANCE INDICATORS</b>	 <b>73</b>
 CERTIFICATION OF PERFORMANCE INDICATORS...ERROR! BOOKMARK NOT DEFINED.	 
OUTCOME ONE (EFFECTIVENESS)	74
RELEVANCE OF OUTCOME	74
EFFECTIVENESS INDICATOR TO BE MEASURED	74
RELEVANCE OF INDICATOR	74
SOURCE OF INFORMATION/MEASUREMENT	74
PERFORMANCE TO STATE THROUGHPUT	74
COMPARATIVE PERFORMANCE	75
PERFORMANCE TO TARGETS	76
OUTCOME ONE (EFFICIENCY MEASURE 1)	76
RELEVANCE OF OUTCOME	76
EFFICIENCY INDICATOR TO BE MEASURED	76

RELEVANCE .....	76
SOURCE OF INFORMATION .....	76
PERFORMANCE .....	77
COMPARATIVE PERFORMANCE .....	77
OUTCOME ONE (EFFICIENCY MEASURE 2) .....	78
RELEVANCE OF OUTCOME.....	78
EFFICIENCY INDICATOR TO BE MEASURED .....	78
RELEVANCE .....	78
SOURCE OF INFORMATION .....	78
PERFORMANCE .....	78
COMPARATIVE PERFORMANCE .....	79
PERFORMANCE TO TARGETS.....	79
OUTCOME TWO (EFFECTIVENESS) .....	80
RELEVANCE OF OUTCOME.....	80
EFFECTIVENESS INDICATOR TO BE MEASURED .....	80
RELEVANCE OF INDICATOR.....	80
SOURCE OF INFORMATION/MEASUREMENT .....	80
PERFORMANCE .....	80
COMPARATIVE PERFORMANCE .....	81
OUTCOME TWO (EFFICIENCY MEASURE 1).....	82
RELEVANCE OF OUTCOME.....	82
EFFICIENCY INDICATOR TO BE MEASURED .....	82
RELEVANCE .....	82
SOURCE OF INFORMATION/MEASUREMENT .....	82
PERFORMANCE .....	82
COMPARATIVE PERFORMANCE .....	83
OUTCOME TWO (EFFICIENCY MEASURE 2).....	84
RELEVANCE OF OUTCOME.....	84
EFFICIENCY INDICATOR TO BE MEASURED .....	84
RELEVANCE OF INDICATOR.....	84
SOURCE OF INFORMATION/MEASUREMENT .....	84
PERFORMANCE .....	84
COMPARATIVE PERFORMANCE .....	85
 APPENDIX A .....	 86

## INTRODUCTION

The Western Australian Meat Industry Authority (The Authority) is established by the *Western Australian Meat Industry Authority Act 1976* (the Act). The Authority is subject to the direction of the Minister for Agriculture and Food (the Minister) in the performance of its functions. Essentially the functions of The Authority under the Act are:

- ❑ to review facilities for, and the operation of, establishments related to the sale, slaughter and processing of animals and meat;
- ❑ manage the Midland Livestock Saleyard; and
- ❑ undertake any other functions as directed by the Minister.

The Authority has an independent Chairman appointed by the Minister and Members representing producers, processors, retailers, industry employees and government. The Authority reports to the Minister.

The activities of the Authority are funded through charges at Midland Saleyard, revenue from livestock services, rentals on property managed by the Authority, and fees charged for the approval of meat processing establishments. The Authority's financial accounting system is subject to the Financial Administration and Audit Act and a Chief Executive Officer appointed under the Public Sector Management Act (1994) manages the Authority.

**The Authority's Offices are based at 15 Spring Park Road, Midland, Western Australia 6056 (postal address P.O. Box 1434 Midland, Western Australia, 6936). The Authority can be contacted by telephone on (08) 92747533 and by facsimile on (08) 92747588 or by e-mail to [wamia@wamia.wa.gov.au](mailto:wamia@wamia.wa.gov.au).**

## **CHAIRMAN'S REPORT 2007/2008**

To all industry stakeholders,

I make this annual report to you after another busy but very frustrating year-especially with regard to progress on the development of The Livestock Centre at Muchea to replace the Midland Saleyards.

As indicated in the last report there continued to be increasing interest in industrial land in the Midland area which led the Authority to successfully sell Lot 402 Bushmead Road, Hazelmere for \$68,500,000 (net) which has put the Authority in a sound financial position to complete the Muchea project using its own funds despite rapidly increasing construction and materials costs. Unfortunately, requirements of the Department of Treasury and Finance repeated several times during the year has prevented the Authority from proceeding to call for tenders for the main construction works although significant site works including road access, dams and the pad for the new Centre have been completed and all approvals obtained. The Authority had hoped to call tenders for the main construction work during May. Furthermore there have been suggestions from government that despite the approval given by Cabinet in December 2006-and referred to in the last report-that a large portion of the funds now held by the Authority should be transferred to Treasury "for road purposes" and as part of "a whole of government approach".

Constant delays in dealing with continuing requirements from various government agencies, at a time of rapidly escalating costs has presented a challenge to the Authority to contain the overall project expenditure while at the same time pursuing the goal of completing a first class livestock trading centre to meet the expectations of all stakeholders. In addition the Authority held a detailed all day workshop recently to examine whether there should be major changes to reduce costs while still maintaining course to produce a leading edge livestock trading facility. The result of the workshop was that only minor changes could be effected without seriously compromising a well thought out project developed after widespread industry consultation and designed for maximum long term efficiency while retaining best practice animal welfare facilities.

It has also been the intention of the Authority to ensure the new facilities provide best practice procedures with respect to occupational health and safety for all who use or visit the site.

As the financial year came to an end the Authority continued with detailed discussions with various parties to overcome perceived areas of concern and with a view to pressing on with the Muchea project as quickly as possible.

A major initiative of the Authority during the year in conjunction with the Western Australian Farmers Federation, Pastoralists and Graziers Association, Livestock



Transporters Association, Stock Agents and the Royal Society for the Prevention of Cruelty to Animals, was the development of Animal Welfare Standards for Western Australian Saleyards which will be launched by the Federal Minister for Agriculture early in July 2008. It is the intention of the Authority to encourage early adoption of the new standards throughout the State. My thanks go to all who participated in agreeing and settling the new standards particularly Renata Paliskis-Bessell the CEO of the Authority.

Once final approval has been obtained to complete the Muchea project attention will be given to seeing what assistance can be provided to major regional saleyards at Katanning, Mount Barker and Boyanup although in the latter case it appears very evident that the yards at Boyanup should be replaced with modern and expanded facilities elsewhere and at a standard-although of smaller size-as Muchea. Success in this area will depend on government support and the Authority will be arguing hard in the coming year to get that support.

Despite the challenges facing the Authority as outlined above the key broad responsibilities of the Authority will continue to ensure standards are maintained and improved throughout the industry. The Authority is cognizant of climatic and market issues now and in the future likely to affect various elements within the industry. To that end members of the Board and Authority staff members travelled recently to the South West to meet and discuss matters with producers and processors and will continue with a programme of periodic visits to various regions in the coming year.

I must pay particular tribute to Malcolm Seymour as Chairman of the Muchea Project Development Committee set up by the Authority and to Renata Paliskis-Bessell and Dave Saunders for the sustained efforts they have put into the planning and implementation of commencement works at Muchea. Many hours of meetings and discussions have taken place over the last year and I have every confidence their dedication to the task will result in a first class outcome which will be welcomed by all stakeholders.

**Kerry McAuliffe**  
CHAIRMAN

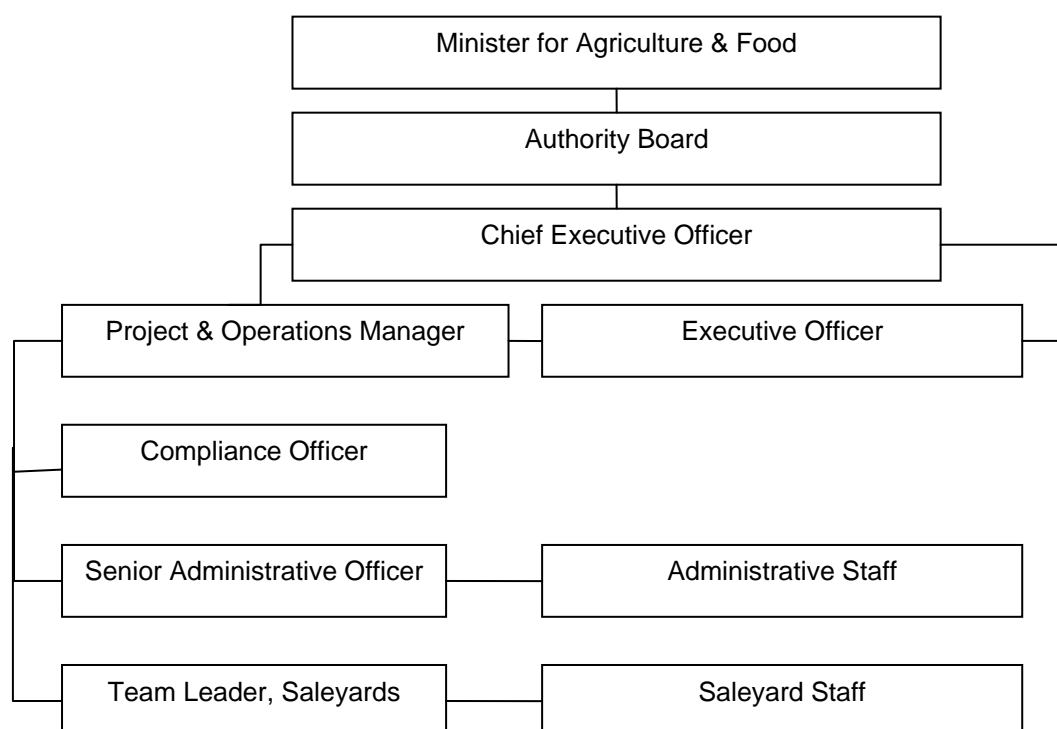
## CORPORATE STRUCTURE

### Members

The accountable Authority is the Western Australian Meat Industry Authority (the Authority), which consists of seven members appointed by the Minister and one member nominated by the Department of Agriculture & Food (DAFWA) as a representative. The Authority Members at 30 June 2008 were:

Kerry McAuliffe (Chairman)	Representing the Minister
Malcolm Seymour (Deputy Chairman)	Representing Producers of Meat
Dr Mark Dolling	Representing the Director General of the Department of Agriculture & Food
Des Griffiths	Representing Private Meat Processors
Graeme Haynes	Representing Employees of the Industry
Mr Mark Panizza	Representing Private Meat Processors
John Pugh	Representing the Producers of Meat
Warren Robinson	Representing the Wholesale & Retail Meat Industry

### Organisational Chart





## Membership Changes in 2007/2008

There were no Membership changes in the 2007/2008 financial year.

In March 2007 all members with the exception of the Chairman were reappointed to the Board. The Chairman's term expires in March 2009, with the term of all Members expiring in either March 2009 or 2010.

The administrative staff of the Authority at 30 June 2008 were:

<b>Renata Paliskis-Bessell</b>	Chief Executive Officer
<b>David Saunders</b>	Project & Operations Manager
<b>John Donaldson</b>	Compliance Officer
<b>Karen Parker</b>	Executive Officer
<b>Brooke Lowden</b>	Senior Administrative Officer
<b>Jeannette Gowland</b>	Part Time Administrative Officer

Mr Tony McAuliffe, Compliance Officer, retired in October 2007 and his replacement, Mr John Donaldson commenced with the Authority in November 2007.

Ms Jayne McPherson also tendered her resignation in October 2007 and her replacement, Ms Brooke Lowden, was appointed in November 2007.

## Administration Office

The Authority offices have been located at 15 Spring Park Road Midland since August 2005; this move followed the sale of a portion of the saleyard reserve to the Midland Redevelopment Authority (MRA). The relocation to these offices has provided a more professional working environment for staff and clients while remaining in Midland. This will be a temporary location with future offices being considered as part of the redevelopment of the old saleyard site.

## Functions of the Authority

The Authority carries out the following functions as required by the Act –

- (a) Surveys, and keeps under review the establishments and facilities available in the State for the sale of livestock and for the slaughter of animals and the processing of carcasses for human consumption.
- (b) Inspects, and where appropriate, approves the premises and facilities, and operations of saleyards, processing establishments and works and records in respect of each establishment its effective capacity and actual performance.
- (c) Implements schemes and practices for the branding of carcasses or meat, to define and identify source, methods of production, processing treatments, quality and other characteristics.
- (d) Manages Midland Saleyard and its replacement.
- (e) Encourages and promotes improved efficiency throughout the meat industry.
- (f) Advises the Minister generally, and in particular as to –

- i. methods of overcoming areas of conflicting interest within the meat and livestock industries;
- ii. future requirements for saleyards, processing establishments and works;
- iii. any matter relating to the meat industry referred to it by the Minister, or any matter that it considers necessary, and
- iv. carries out such other functions as are required to give effect to the Act generally, in relation to saleyards, processing establishments, and other facilities, undertakings or activities in the meat industry.

## CORPORATE ACTIVITIES

### Authority Meetings

Eight Authority meetings were held during 2007/08. Members' attendance at the meetings was as follows (maximum attendance in brackets):

Name of Member	Meetings Attended
Kerry McAuliffe (Chairman)	7 (8)
Malcolm Seymour	8 (8)
Dr Mark Dolling	7 (8)
Des Griffiths	5 (8)
Graeme Haynes	2 (8)
Mark Panizza	8 (8)
John Pugh	8 (8)
Warren Robinson	8 (8)

### Industry Participation

The Authority views the interaction of representatives of industry organisations as essential to its operations and has regular attendance by advisers from Department of Health (DOH), AUS-MEAT, Australian Quarantine Inspection Service (AQIS) and the Australian Meat Industry Council (AMIC) at its Compliance Committee meetings. These representatives may also attend Board meetings if relevant industry issues are being considered.

### Committee Participation

The following Board members and senior staff participated in:

- ❑ *Compliance Committee – Responsible for regulatory compliance activities and industry liaison* - Membership made up of Ms Paliskis-Bessell, Chairman, Mr Panizza, Mr Robinson, Mr Saunders Mr. A. McAuliffe (until October 2007) and Mr. J. Donaldson (November 2007 onwards). Executive support was provided by Ms K Parker. This Committee met on five (5) occasions during 2007/2008.
- ❑ *Project Control Group – Responsible for the Relocation of Midland Saleyards to Muchea Project* – Membership made up of Mr. Seymour Chairman, Mr Kerry McAuliffe, Ms Paliskis-Bessell, Mr. Saunders and representatives of Incoll Project Management & the Department of Housing and Works.. Executive support is provided by Incoll Project Management. This Committee met on twelve (12) occasions during 2007/2008.

Other representations included:

- ❑ *Livestock Logistics WA Management Committee* - Mr. Robinson held the position of independent Chairman of the Board with Ms Paliskis-Bessell sitting as Managing Director representing the Authority. With a restructure of the Committee, Mr Saunders was appointed as an additional Director in April 2008. Executive support was provided by Ms Parker.

- ❑ Mr. Saunders and Ms Paliskis-Bessell were members of the Monitoring Committee overseeing the Midland Saleyard Relocation Project until its disbandment in September 2007.
- ❑ Mr. Saunders represented the Authority on the State Cattle Industry Consultative Committee and the State Sheep Industry Consultative Committee, and
- ❑ Mr. Saunders represented the Authority on the State Committees to implement the National Livestock Identification System for cattle and sheep, with Ms Paliskis-Bessell representing Livestock Logistics WA on the Cattle Committee.
- ❑ Mr. Saunders represented the Western Australian Saleyard Operators on the Livestock Saleyards Association of Australia.
- ❑ Mr. Saunders represented the Authority on the Western Australian Livestock Welfare Reference Group.
- ❑ Mr Saunders was also elected Director of NSQA the National Saleyard Quality Assurance Program.
- ❑ Ms Paliskis-Bessell, Mr Saunders and Mr Donaldson were witnesses on the 2008 Senate Inquiry into the Marketing of Meat.

### **Strategic Planning**

Throughout the period the Authority concentrated on (1) the relocation from Midland Saleyards to the Livestock Centre, Muchea (2) compliance activities (3) operation of the Midland Saleyard. Following the relocation to the Livestock Centre, a new Strategic Plan will be developed and implemented.

### **State Saleyard Strategy**

The State Saleyard Strategy was completed and distributed in 2006. It recognised that the Western Australian Saleyard Industry required significant capital investment and cultural change to maintain yard viability and satisfy industry standards. The saleyard industry needed to present a viable selling alternative. The key recommendations of the Strategy included:

- The establishment of a Western Australian Saleyard Association.
- All saleyards be required to comply with a Western Australian Code of Practice for Saleyard Management/Operation incorporating animal welfare, environmental, OH&S, construction & management requirements.
- All Primary saleyards be required to be National Saleyard Quality Assurance (NSQA) compliant within 2 years.
- The Primary saleyards be reconfirmed as:
  - Midland (Muchea): cattle and sheep;
  - Katanning: sheep;
  - Boyanup: cattle; and
  - Great Southern Regional Cattle Saleyards: cattle.

The Strategy was accepted by the Minister for Agriculture and Food in 2007 and is in the process of being implemented.

The December 2006 Cabinet decision for the Livestock Centre, Muchea committed surplus funding from the sale of Midland Saleyard land to the regional saleyards: Katanning, Boyanup's replacement and the Great Southern Regional Cattle Saleyards.

### **National Livestock Identification Scheme (NLIS)**

The Authority continued to represent saleyards and meat processors on the State Committees responsible for the implementation of NLIS for both sheep and cattle into Western Australia. The Authority was also part of the finance subcommittee established by the State NLIS (Cattle) Committee to progress the NLIS program.

The Authority's involvement in partnership with the Midland Sales Management Joint Venture (MSMJV), now known as Livestock Logistics WA (LLWA), was seen as a key in the successful introduction of mandatory NLIS in to the Western Australian Saleyard beef sector during 2005/2006 and the sheep sector in 2006/2007. The Managing Director of LLWA (also the Chief Executive Officer of the Western Australian Meat Industry Authority) became an official member of the State Committee of the National Livestock Identification Scheme in May 2007.

### **Corporate Governance**

During the reporting period, the Authority continued to review all aspects of its activities to ensure proper corporate governance practices were adopted. Achievements in this area include:

- ❑ Operation under a Delegated Authority Register.
- ❑ Continued review of Internal Audit processes.

### **LEGISLATIVE CHANGES**

No legislative amendments were made in 2007/2008. A review of legislation is currently underway to allow the Authority to operate the replacement Muchea saleyard facility. This review will be completed in 2008/2009.

## **MIDLAND SALEYARD – RELOCATION ANNUAL REPORT 2007/2008**

### **Background**

In 2001, the Authority presented the Minister with a Cabinet Submission on the relocation of Midland Saleyard. This demonstrated the feasibility of relocating the Midland Saleyard to a location in the Muchea area, 32 kilometres north of Midland. The site selected for the new facility was at the junction of the State's two major northern highways and connects well to all other major heavy haulage routes. This location has support of industry, community and key government agencies in its ability to provide safe traffic flows, its compatibility with existing and envisaged future surrounding land uses and its commitment to meeting high standards of environmental and quality management.

In September 2003, Cabinet provided in principle approval, for the Authority to establish sheep and cattle saleyards in the Muchea area as a replacement for the Midland Saleyard.

WAMIA secured an Option with a landholder in the Muchea area to purchase 300ha of land adjacent to the junction of the Great Northern and Brand Highways in August 2004, this option was executed in August 2006.

In October 2006 following a significant increase in project costs, an independent review of the project was commissioned by the Department of Agriculture and Food and undertaken by GHD and Rider Hunt. The review verified that the cost estimates for the project reflected the overheated construction market where steel, labour and construction costs had increased significantly. In December 2006, State Cabinet approved continuation of the project to a cap of \$30 million with remaining funds from Midland saleyard land sales to be used to fund improvements in Regional saleyards.

### **Status of Relocation Project as at 30 June 2008**

The Cost Plan and associated costed Bill of Quantities revealed another increase in project budget. This corresponded with a significant return from land sales over the financial year, including \$70m for lot 402 Bushmead Road.

The Livestock Centre project was due to invite tenders for the main building works on 12 May when WAMIA was advised that as the Cost Plan has exceeded the allowed budget by more than 20%, Expenditure Review Committee (ERC) approval was required, based on the Treasury memo of 20 March 2008 (on the revised process for the release of additional appropriations for the purpose of capital works increases).

Since that time, the ERC submission has been developed in consultation with the Department of Treasury and Finance, the Department of Agriculture and Food and the Department of Housing and Works.

The ERC submission considered on 18 June was rejected and further information sought while an alternative tender process considered. At the time of writing, WAMIA was providing another document to Treasury on benchmarking their facility with privately run facility in New South Wales. Delays are of particular concern with the project subject to project budget escalation of \$400,000 per month.

The delay has resulted in WAMIA seeking alternative means of treating its effluent from Midland Saleyards with the license to occupy of lot 402 due to expire in December 2008.

### **Development Application for the Livestock Centre Muchea**

In September 2004, WAMIA commenced preparation of a Development Application for the Shire of Chittering. This application was submitted in April 2005 and subsequently conditionally approved at the Shire of Chittering Council Meeting on the 13<sup>th</sup> of December 2005. As at 30 June 2008, only 7 conditions remain, six of them pertaining to the operation of the facility.

### **Works Approval Application for the Livestock Centre Muchea**

Following the granting of planning approval in December 2005, WAMIA commenced preparation of a Works Approval Application for submission to the Department of Environment and Conservation (DEC). This application was submitted in December 2006.

In 2007 WAMIA commissioned a number of tenders to support the Works Application including: Water and Nutrient Monitoring, Acid Sulphate Soils and Traffic Analysis, Water Management, Waste Management, Noise Management, Landscaping and Odour Management.

Works Approval for the Livestock Centre was granted in April 2008.

### **Pre Site Works**

The main internal site access road, a water catchment dam and a drainage sump was completed by Mine Site Construction in June 2007. The main pad, hardstand (16 ha "cut and fill", effluent dams and a clean water dam and associated drainage) was completed by Yarnell Contracting in June 2008.

### **Industry Consultation**

In March 2007, WAMIA conducted a number of industry design workshops, attended by over 70 members from a cross section of the meat and livestock industry. These workshops were very successful and provided valuable input to the design. Subsequently, other workshops were held to establish operating procedures for the new facility including yard management, animal welfare, order of sale and sale standards. Some of these procedures will be implemented at Midland Saleyard from August 2007, thereby providing a smooth procedural transition between Midland and Muchea.

Follow up workshops on the detailed design were held in February 2008, with final design agreed and subsequently implemented.

Industry groups have been updated consistently on the project throughout the reporting period.



## **Land Sales**

Previous land sales made by WAMIA included:- 16.4 ha of its Hazelmere freehold land to Western Power for \$6.5 million, the sale of Crown Reserve Lot 14240 to the Midland Redevelopment Authority (MRA) for \$1.59 million, lot 69 Bushmead Road Hazelmere to Eastcourt Properties Pty Ltd for \$3.2 million and Lot 101 Military Road in Midland to the Western Australian Planning Commission for \$0.4m.

During the reporting period, WAMIA sold its largest lot, 33ha lot 402 Bushmead Road by public tender to the Goodman Group for \$68m net.

Commercial valuations have been undertaken on the remaining WAMIA land holdings.

## **Design Team**

In December 2005 WAMIA appointed Incoll Management Pty Ltd as project managers to lead the design part of the Relocation Project. Following the December 2006 Cabinet Approval, WAMIA (through the Department of Housing and Works) appointed other consultants to the design team including: Ralph Beattie Bosworth Pty Ltd as Quantity Surveyors, Pritchard Francis as Civil and Structural Engineers, GHD as Electrical Engineers and Lincoln Scott as Hydraulic Engineers. Atlex Stockyards continues as the saleyard designer as a direct appointee of WAMIA.

The design team has completed all required documentation and was ready for tender on 12 May 2008.

## ESTABLISHMENT APPROVALS

### Establishment Categories

The Authority has established a policy of approving establishments to operate according to categories based on construction and operating standards. All establishments are required to meet the Australian Standard for the Construction of Processing Establishments. The following categories currently apply for all processing establishments in the State.

Category	Standard/ Inspection	Market access	Number at 30/06/07	Number at 30/06/08
Export	Export standards & importing country requirements AQIS Inspection.	No restrictions in Australia	10	11
Domestic(unrestricted)	Australian Standard Health Dept/ Local Govt Inspection	No restrictions in Australia.	10	10
Domestic No Govt. Meat Inspection	Australian standard Special conditions apply	Distribution and capacity restrictions	2	2
Special Prison farm and Ag colleges.	Australian standard. Health Dept/ Local Govt Inspection	Internal supply and capacity restrictions	6	5
Closed with current approval	Required to maintain basic environmental standards	Nil	1	1
<b>Total</b>			<b>29</b>	<b>29</b>

### Approval changes – Export

The following changes to export abattoir approval status occurred during the period:

- Honeydew Enterprises Pty Ltd, Tammin.

### Approval changes - Domestic

The following changes to domestic abattoir approval status occurred during the period:

- The Delaney Family Trust has leased the Waroona Abattoir and are refurbishing the establishment prior to it operating in July 2008 (Interim Approval).
- A change in ownership at Shark Lake Abattoir, Esperance (Interim Approval).

### Applications for Approvals

During the year, the Authority considered the following applications:

	2005/2006	2006/2007	2007/2008
Applications to construct an establishment	0	0	0
Applications to operate	3	3	2
Applications for variation to approval	0	0	0

**Applications Approved in the Reporting Period:-**

- ☐ Change in ownership and name Shark Lake Meat Works Esperance to Shark Lake Food Group Pty Ltd Esperance (Interim Approval).
- ☐ Delaney Family Trust to operate the Waroona Abattoir (Interim Approval).

**Approved Abattoirs as of the 30<sup>th</sup> June 2007:-**

CATEGORY	ABATTOIR	LOCATION
<b>Export</b>	Beaufort River Meats	Beaufort River via Woodanilling
	Derby Industries Pty Ltd	Wooroloo
	Harvey Industries Pty Ltd	Harvey
	Fletcher International Pty Ltd	Narrikup
	Geraldton Meat Exports Pty Ltd	Moonyoonooka
	Hillside Meats Pty Ltd	Narrogin
	International Exporters Pty Ltd	Gingin
	Western Meat Processors Pty Ltd	Cowaramup
	V & V Walsh Pty Ltd	Bunbury
	WAMMCO International Pty Ltd	Katanning
	Honeydew Enterprises Pty Ltd	Tammin
<b>Domestic Unrestricted</b>	T E Cullen & Sons	Coolgardie
	Dardanup Butchering Company	Picton
	Delaney Family Trust	Corrigin
	Gingin Meatworks	Gingin
	Goodchild Abattoirs	Australind
	Hagan Bros	Greenough
	Ord River Meat Exports	Kununurra
	P R Hepple & Sons Pty Ltd	Northam
	Shark Lake Meatworks	Esperance
<b>Domestic Restricted</b>	B J & J A Haslam	Hyden
	Kellerberrin Butchery	Kellerberrin
<b>Other Species</b>	Konynen Farm (Rabbits)	Baldivis
<b>Special Abattoirs</b>	Cunderdin Agricultural College	Cunderdin
	Denmark Agricultural College	Denmark
	Karnet Prison Farm	Serpentine
	Morawa Agricultural College	Morawa
	Murdoch University	Murdoch
	Narrogin Agricultural College	Narrogin

## **Industry Standards**

The Authority maintains close liaison with the relevant inspection bodies to ensure that standards are maintained. In the case of new applications, changes in management, or where problems have occurred, joint visits to the establishments are made with the relevant regulatory agency. At June 30 2008, all establishments in Western Australia complied with the relevant Australian Standards.

To ensure that adequate personnel are available to implement HACCP, the Authority requires a minimum of two persons in supervisory positions in processing establishments to complete approved training.

The Authority applies a number of tests and enquiries to ensure that only fit and proper persons are in charge of meat processing establishments.

## **Industry Liaison**

During the period, the Authority continued to work closely with officers from industry organisations such as the Department of Agriculture & Food, Department of Health, AUS-MEAT, Australian Meat Industry Council and the Australian Quarantine Inspection Service in areas of regulatory and industry development. Memoranda of Understanding are also being developed between the Authority and key industries bodies, to enhance the working relationship and develop inspection protocols.

## STATE PROCESSING STATISTICS

The Authority maintains processing statistics for the State by type of animal and category of processing establishment. The following table show performance for the years 2006/07 and 2007/08.

Establishment Category	Year	Cattle	Sheep	Lambs	Goats	Pigs
Export	2006/07	259,349	2,056,799	1,944,134	245,742	542,258
	<b>2007/08</b>	<b>308,251</b>	<b>2,294,780</b>	<b>1,854,303</b>	<b>105,985</b>	<b>518,244</b>
	% Change	18.8%	11.6%	(4.5%)	(56.9%)	(4.4%)
Domestic (unrestricted)	2006/07	163,632	399,418	435,064	3,630	21,740
	<b>2007/08</b>	<b>154,458</b>	<b>401,487</b>	<b>425,847</b>	<b>3,956</b>	<b>24,427</b>
	% Change	5.6%	0%	(2.1%)	8.9%	12.3%
Domestic without Meat Inspection	2006/07	179	189	468	6	182
	<b>2007/08</b>	<b>173</b>	<b>178</b>	<b>480</b>	<b>4</b>	<b>149</b>
Special	2006/07	1,355	5,947	8	0	100
	<b>2007/08</b>	<b>1,461</b>	<b>5,999</b>	<b>0</b>	<b>0</b>	<b>63</b>
Totals	2006/07	425,515	2,362,352	2,379,674	249,378	564,280
	<b>2007/08</b>	<b>464,343</b>	<b>2,702,444</b>	<b>2,280,630</b>	<b>109,945</b>	<b>542,883</b>
	% Change	9.1%	14.4%	(4.1)%	(55.9%)	(3.8%)

Establishment Category	Year	Deer	Emus	Buffalo	Rabbit	Ostrich
Export	2006/07	0	0	0	0	0
	<b>2007/08</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Domestic (unrestricted)	2006/07	1,383	0	9	18,436	0
	<b>2007/08</b>	<b>1,473</b>	<b>0</b>	<b>2</b>	<b>18,693</b>	<b>0</b>
Special	2006/07	0	0	0	0	0
	<b>2007/08</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total	2006/07	1,383	0	9	18,436	0
	<b>2007/08</b>	<b>1,473</b>	<b>0</b>	<b>2</b>	<b>18,693</b>	<b>0</b>

## **COMPLIANCE ACTIVITIES**

### **Compliance Committee**

The Committee meet on five occasions during 2007/2006 and the meetings include advisors from the Department of Health (DOH), AUS-MEAT, Australian Meat Industry Council (AMIC) and the Australian Quarantine Inspection Service (AQIS). The Authority considers interaction with its advisors to be an essential part of its regulatory activities and acknowledges the valuable contribution of these officers from the DOH, AUS-MEAT, AMIC & AQIS.

### **Compliance Officer**

Mr Anthony McAuliffe retired in October 2007 and was replaced by Mr John Donaldson as Compliance Officer in November 2007. The appointment of the Compliance Officer has allowed the Authority to increase its presence across the processing industry and has resulted in:-

- Increased awareness of WAMIA's functions; and
- An increase in the number of establishments inspected; and
- A number of prosecutions and investigations relating to product misdescription and illegal abattoirs.
- Participation in joint investigations with other industry bodies.

### **Processing Compliance**

The Authority maintained close liaison with other regulatory authorities to ensure that only approved establishment's processed meat for human consumption. It investigated a number of illegal slaughter complaints in conjunction with the Police Rural Crime Squad (RCS), DOH and local government officers. The Authority also had an arrangement with the RCS to undertake inspections on its behalf as part of their compliance function.

Upon receipt of sufficient evidence, the matter is referred to the State Solicitor's Office (SSO). Should the SSO believe that a prima facie case exists and that the matter is of sufficient importance to warrant further action, the Authority will request the commencement of legal proceedings.

Unfortunately in early 2008, the Rural Crime Squad was wound up. This is of considerable concern to the Western Australian Meat Industry Authority given the significant achievements of the RCS during their time working with WAMIA (under a Memorandum of Understanding). Alternative arrangements are now sought with the WA Police Service targeting individual police stations, such as Midland and Bunbury.

### **Carcase Branding Activity**

The Authority's Act and Regulations specify certain requirements for operators with respect to carcass roller branding of Lamb, Hogget and Gold Beef. While almost all branded product is derived from AUS-MEAT accredited establishments, all abattoirs

are required to have relevant quality assurance procedures. AUS-MEAT officers monitor these procedures as part of normal audit procedures (at accredited meatworks). Authority officers monitor procedures in non-AUS-MEAT accredited works.

The Authority also continues to work with processors who wish to use “brand name” carcase brands to promote specific product. The Authority strongly supports the use of these brands. These are approved subject to the provision of specific criteria for product eligibility and monitored by either AUS-MEAT or Authority officers.

### **Branding Compliance**

All establishments that carry out carcase roller branding do so under the supervision of full time government meat inspection services or an approved arrangement. All carcase brands are held under the security of the inspection service. There is regular communication between the Authority and the inspection service on branding activities.

Close liaison is maintained with AUS-MEAT regarding the status of these programs and any difficulties are addressed immediately. Authority staff carry out random inspections of processing establishments, boning rooms, meat auctions, supermarkets and retail butchers to ensure compliance.

An investigation into the importation of export lamb legs from interstate is the subject of a prosecution brief currently with the State Solicitors Office.

Another investigation was undertaken into unsatisfactory branding of vacuum packed lamb legs and was resolved through changing the brand of branding ink.

The Western Australian Meat Industry Authority provided a submission and witness statement into the 2008 Federal Governments Senate Inquiry into Meat Marketing which sought to investigate the methods of lamb branding regulation, associated penalties and prosecution in each of the States.

### **Regulatory Training**

The Authority has continued to provide assistance to the RCS in a major police training program on stock investigations. A number of courses were conducted at various locations with Authority staff contributing. The courses have increased the awareness of country based police officers in stock theft, livestock identification compliance and the identification of illegal slaughtering activities.

With the winding up of the RCS, planning is underway to ensure local police are trained through a Memorandum of Understanding.

### **Industry Issues**

*Product Misdescription* – The Authority has initiated meetings with the Department of Consumer Employment and Protection (DOCEP) to discuss the probability of cross-vesting of legislation and joint investigation exercises at retail. There appears to be



some likelihood of joint exercises in the short term and a possibility of cross vesting in about twelve months time when DOCEP have amended their legislation.

## Compliance Activity Summary

Inspections undertaken	2006/2007	2007/2008
Abattoirs	36	37
Boning Rooms	32	18
Smallgoods Establishments	5	3
Retailers	194	198
Other premises	18	36

Investigations undertaken	2006/2007			2007/2008		
	New	Completed	Ongoing	New	Completed	Ongoing
Illegal slaughter	15	14	13	2	1	1
Product misdescription	18	1	10	3	4	1
Labelling issues	0	0	0	3	0	0
Over the hooks	2	2	0	0	0	0
Brand issues	3	1	2	0	1	0
Other	1	1	0	0	0	0
Assist other regulators	3	2	1	1	1	0

### Legal Action Completed.

- ☐ None at the time of reporting.

### Ongoing

- ☐ Unbranded lamb – imported from interstate - with SSO.

### Statistical Services

During this period the Authority provided slaughter, saleyard statistics and market analysis to a number government, industry organisations and processors.

## **MIDLAND SALEYARD – MANAGEMENT**

### **Background**

The management of Midland Saleyards have been the responsibility of the Authority since 1994. The Saleyards are the only livestock selling facility in the Perth metropolitan area, the largest by stock volume and area in the state and one of the largest by throughput in Australia. It is also one of the few multi-species (cattle and sheep) facilities in operation.

As part of its management policy, ongoing consultation with animal welfare groups, saleyard users, neighbouring landholders, local government and government regulatory agencies is carried out to ensure that Midland Saleyard operate in harmony with local and broader community expectations.

The Authority has ensured that income earned by the yards is used to provide the best facilities possible. Capital improvements were prioritised following consultation with producer groups, livestock transporters, livestock agents, buyers and animal welfare organisations. An important consideration of these improvements is the potential reuse of associated material or equipment at Muchea.

As well as offering a facility to sell livestock, the saleyard offers private weighing services, transhipment facilities and operates an aggregation point for the Live Export Industry.

In preparation for the relocation from Midland to Muchea, the Western Australian Meat Industry Authority worked closely with industry to model the future of the meat and livestock industry and determine what changes need to be in place at Muchea to best service the future industry. Collectively, the following changes were recommended for Muchea:

- 1) Animal Welfare;
- 2) Strict Nominations Policy;
- 3) Sale by Category;
- 4) Pre-Sale Catalogues;
- 5) Store and Special Sales;
- 6) Non-Curfew Sales (note: Curfew Sales will still occur);
- 7) Interlotting;
- 8) Drafting Criteria;
- 9) Value Adding;
- 10) Yard Manager;
- 11) Full Time Employment.

Since that time, changes have been made at Midland in preparation for the move to Muchea. The changes are: sale by category and nominations. A Nomination Hotline was launched in August 2007.

## Current Issues

Numerous issues have a direct impact on Midland Saleyard activities, including:

- ❑ Animal Welfare: Animal Welfare Standards for Western Australian Saleyards were developed during the reporting period and launched on 8 July by the Federal Minister for Agriculture and Forestry and the Western Australian Minister for Agriculture and Food.

The Authority has continued to work with the Royal Society for Protection of Cruelty to Animals (RSPCA), the Department of Local Government, Animals Angels, the Department of Agriculture & Food and industry organisations to ensure that acceptable animal welfare standards at Midland are maintained.

- ❑ Since the introduction of mandatory NLIS for cattle in July 2005, the Authority has continued to work with Department of Agriculture & Food and industry to foster operational improvements with NLIS.
- ❑ Midland has met 100% compliance and remains the leader in the introduction of NLIS in WA and Australia being used as both a training centre and NLIS model for other yards.
- ❑ 2006/2007 saw the first full year of mandatory NLIS for sheep. Again the Authority has worked closely with Department of Agriculture & Food and industry to ensure its successful introduction into the saleyard industry. As sheep NLIS does not require any recording of electronic tags (and is less rigorous than cattle NLIS), very few problems have been encountered to date.
- ❑ The Authority, working through the Livestock Logistics WA continues to promote the use of saleyard selling software to improve the operational efficiencies of Midland and regional saleyards. The software is the key to Midland operations and is essential for livestock tracking and information interchange. The provision of electronic sheep sale processing to agents was extended to cover over 90% of the sheep sold with the inclusion of Elders Ltd during the reporting period.
- ❑ Development of land adjoining the saleyard complex continues to take place, with two major retail complexes established adjacent to the facility and a major hospital planned for a nearby site. While the Saleyard has operated harmoniously with these developments, there continues a pressure for the saleyard to be relocated. The Authority is working closely with the Midland Redevelopment Authority, other government organisations, the Swan Chamber of Commerce, local government and surrounding property owners.
- ❑ As a result of a number of WorkSafe Improvement Notices placed on the Midland Saleyard in 2006/2007, the Authority undertook an extensive improvement and maintenance program which included the removal of all asbestos roofed areas and replacement of the sheep auctioneers walkways. By the 31st August 2007, all of the notices had been satisfied. The Authority will continue to work with officers from WorkSafe and other yard users to maintain a safe working place and reduce the risk public liability claims.
- ❑ The Authority continues to work with the Environmental Protection Authority (EPA) and brickworks management to monitor emissions from the neighbouring brickworks following complaints from saleyard users about air quality.

- ❑ The Authority has worked closely with Livestock Logistics WA to promote the use of the yards. 2007/2008 saw the continuation of additional store sales, electronic sale processing and picking up service, retention of the significant non sale activity including live export aggregation and weighing, NLIS scanning, and private sale weighing. The Midland infrastructure is therefore being efficiently used while the Muchea client base is being established.
- ❑ The Authority also completed the demolition of the old pig selling facility during the reporting period. The removal of the roof sheeting left the remaining structure unstable requiring its immediate demolition.
- ❑ Security – Due to increasing instances of unauthorised entry to the site the Authority installed closed circuit television (CCTV) cameras allowing all movement in and out of the site to be monitored and recorded.

## Livestock Yardings

Cattle throughput in the 2007/2008 year was very similar to 2006/2007 (increased by 2,794 head) with a total of 99,883 head yarded. The year started slowly with fewer pastoral numbers in traditionally high activity months, however good consistent yardings in the latter half of the year allowed much of the lost ground to be regained.

The market was impacted by uncertainty due to grain prices, low producer returns and processor issues. This started to improve towards the end of the year, but the impact of the gas crisis on the beef processing sector has had a negative influence.

Sheep & lamb numbers decreased by 134,490 head (on the previous year) to 903,839 head. This decrease was not unexpected due to the high yarding in 2006/2007. The higher yardings can be attributed to poor seasonal conditions in some areas and producers switching to alternative farming practices. Despite the adverse conditions, very few animal welfare problems were encountered. The market saw lamb prices improve towards the end of the year but mutton prices were slightly weaker through most of the year.

Pig sales at Midland ceased in November 2006 due to prohibition notices issued by WorkSafe on the pig selling facility. Midland was the last pig market operating in the State, with the low number of pigs available for sale and no pig facility planned for the new Muchea site or alternative venue identified, it is most unlikely that there will be a replacement facility.

Yardings of cattle, sheep, lambs and pigs through the Midland Saleyards for financial years 1995/96 to 2007/2008 are listed in the table below.

Year	Cattle	Sheep & Lambs	Pigs
1995/1996	98,705	1,494,103	64,269
1996/1997	100,603	1,490,504	61,742
1997/1998	123,444	1,474,421	41,986
1998/1999	118,559	1,458,323	29,049
1999/2000	114,718	1,294,692	20,518
2000/2001	119,902	1,275,489	20,749
2001/2002	139,352	1,212,402,	19,729
2002/2003	137,422	1,006,357	14,700
2003/2004	113,610	802,650	12,061
2004/2005	122,661	865,658	13,441
2005/2006	112,724	948,972	12,242
2006/2007	97,089	1,038,329	2,369
2007/2008	99,883	903,839	0

## **Joint Venture Arrangement**

Since July 2001, the Midland Sales Management Joint Venture (MSMJV) arrangement, at Midland Saleyards between the Authority, Elders Ltd and Landmark Operations Pty Ltd has managed the receival, drafting and weighing operations for cattle and pigs at Midland. In 2007, the joint venture was re-named Livestock Logistics WA (LLWA). These arrangements have continued to result in reductions in transport waiting time, reduced animal stress, improvements in overall operational efficiency and the provision of expertise to other saleyard operators. The LLWA employs two supervisors, each with a team of skilled staff, Midland Supervisor Mr Terry Birkin and South West Supervisor, Ms Sharon Francis. The Managing Director of the joint venture is Ms Renata Paliskis-Bessell, the Chief Executive Officer of the Western Australian Meat Industry Authority.

The growth of the LLWA in 2007/2008 year continued at its Midland operations as well as the provision of services to other Western Australian Saleyards. In May 2007, a Business Review was undertaken and has since been completed, recommendations have been approved and implemented.

Expansion in 2007/2008 included the provision of electronic processing for Elders Midland sheep and pickup service for Mitchells Livestock Transport.

The Livestock Exchange Saleyard Software program for saleyards (introduced in 2004) has provided a number of efficiencies in the sale process and allowed the development of personalised reports for yard clients to allow the direct downloading of specific sales information based on National Vendor Declaration and NLIS tag information. The software is an essential part of the NLIS program and allows interface between the saleyard and the National NLIS Database.



## **INDUSTRY DEVELOPMENT**

### **Activities**

The Authority takes a proactive role to encourage and promote efficiency in the industry. Apart from its involvement in processing establishments and saleyard standards, the Authority supports a number of initiatives which further the overall development of the industry.

During 2007/2008 this involvement included:

- ❑ Development of the Animal Welfare Strategy for Western Australian Livestock Saleyards;
- ❑ Board membership of the National Saleyard Quality Assurance Program;
- ❑ Participation in the development of the Red Meat Stocktake Program;
- ❑ Representing the Western Australian Saleyard Industry as a member of the Livestock Saleyards Association of Australia;
- ❑ Regular briefings to the Executive Committees of the WA Farmers Federation and the Pastoralists and Graziers Association and the Livestock Transporters and Country Bulk Carriers Association;
- ❑ Attendance and presentations at the annual conferences of major industry organisations;
- ❑ Membership of the State Committee to implement the National Livestock Identification System for cattle including its finance subcommittee; and
- ❑ Membership of the State Committee to implement the National Livestock Identification System for sheep.
- ❑ Participating in the Western Australian Livestock Welfare Reference Group.

### **Animal Welfare Standards for Western Australian Saleyards**

In preparation for the relocation of Midland to Muchea, the Western Australian Meat Industry Authority worked closely with industry to develop a future model for the meat and livestock industry and determine how the Livestock Centre at Muchea should best service that industry. Animal Welfare was determined as the priority for the future of the Saleyard Industry.

As such, the Western Australian Meat Industry Authority worked closely with industry leaders in the production, processing, transport sector as well and other primary saleyards to develop the Animal Welfare Standards as associated Working Manual which is based on the following six Standards:-

- Planning and contingencies at the Saleyard premises;
- Maintenance and design of Saleyard holding facilities and equipment;
- Staff competency;
- Management of weak, ill or injured livestock at the Saleyard;

- General management of livestock at the Saleyard;
- Humane destruction.

During the 2008/2009 financial year, the Standards will be implemented in the primary yards of Muchea, Katanning, Boyanup and Great Southern Regional Cattle Saleyards through the development of Standard Operating Procedures and Training Programs.

### **Red Meat Stocktake Program**

In September 2007, the Western Australian Meat Industry Authority, in conjunction with the Western Australian Farmers Federation and the Pastoralists and Graziers Association were successful in securing \$100,000 of Federal funds to undertake an objective assessment of the beef supply chain in the agricultural region of Western Australia. This was in response to low prices, the inability to secure kill space, the labour supply issues in the state and the demand for producers and processors to work together. The objectives of the program were to:

- Undertake a detailed examination of the WA supply chain: description, situation analysis, SWOT for each member of the supply chain plus the supply chain overall;
- Develop a future model for the WA production sector and the WA processing sector;
- Develop strategies to move from the current model to the future model for beef production and processing.

Unfortunately with the change in Federal Government in November 2007, funding was withdrawn.

Since that time, the organisations have secured a commitment of \$50,000 funding from Meat and Livestock Australia and are currently seeking matching funding from alternative sources. All organisations are confident that this program will be undertaken in the 2008/9 financial year.

### **National Livestock Reporting Service (NLRS)**

Since November 2002, Meat and Livestock Australia has been responsible for the operations of the NLRS. The service is funded from producer levies and the sale of information. The NLRS provides the State's meat and livestock industry with an accurate and unbiased market information service. The goal of the service is to increase producers' understanding of consumer requirements through a market information system that is timely, accurate and relevant. This, in turn, allows the industry to maximise overall returns.

The Authority continues to provide market information and support for NLRS staff. It also provides market highlights to the Countryman (which are not covered by the NLRS).

## **State Saleyard Database**

The Authority established a database that can now provide accurate information and timely information on the throughput of the States Saleyards. Reports from the database can be generated for the current year and historically from 2005/2006. The reports are used by a number of Government and Industry organisations.

## **Web Site**

In 2007/2008 the Authority finalised the development of a web site with the objective to:

- ☐ Provide industry information and statistics;
- ☐ Provide electronic application forms;
- ☐ Promote industry developments;
- ☐ Promote the Midland Saleyards and provide an avenue for market information;
- ☐ Provide contact details and links to the processing sector;
- ☐ Provide information on the progress of the Midland Saleyard Relocation Project;
- ☐ The website is [www.wamia.wa.gov.au](http://www.wamia.wa.gov.au).

## **Education**

The Authority recognises that the involvement of the saleyard industry in the agricultural education sector is an important function and has continued to host visits to the Midland facility by students from a number of agricultural colleges. Some of these students have become employees of the LLWA.

## **Other Major Selling Centres**

The Authority continues to work with other major saleyard operators the Shires of Plantagenet and Katanning and the Western Australian Livestock Salesman's Association to promote industry efficiencies and consider operational and strategic issues relevant to the operation of Saleyards. Improvements in the 2007/8 financial year include the development of Animal Welfare Standards for the Western Australian Saleyard Industry.

## HUMAN RESOURCE ISSUES

### Staffing Levels

The number of salary and wages staff employed by the Authority at 30 June 2008 is listed below:

Title	FTE *as at 30/06/2007	FTE *as at 30/06/2008
Chief Executive Officer	1.0	1.0
Project and Operations Manager	1.0	1.0
Compliance Officer	1.0	1.0
Executive Officer	1.0	1.0
Senor Administrative Officer	0.8	0.8
Administrative Assistant	0.0	0.4
Administrative Trainee	0.4	0.0
Saleyard Team Leader	1.0	1.0
Saleyard Cleaning	4.4	3.8
Saleyard Maintenance	1.6	1.2
Total	12.2	11.2

\*FTE = Full Time Equivalent

### Staff Training & Development

During the period, the Authority has continued to invest in its staff through training and development. Management and administrative staff received training in Executive Development, injury management and computer skills and attended a number of seminars relevant to the Authority's operations.

During the period, the Authority continued its participation in the Public Sector School Based Traineeship Program, with Ms Rhonda Barnden from the Bullsbrook Senior High School completing her traineeship in October 2007. The Authority is pleased to be in a position to offer a young person an opportunity to gain essential skills and make a contribution to the local community and is currently in the process of appointing a new Trainee.

### Industrial Relations

All administrative and supervisory staff are covered by the State Government framework agreement which is based on the Public Service and Government Officers Salary Allowances and Conditions Awards. Saleyard staff are covered by an industry specific agreement negotiated by the Authority with the Australian Workers Union known as the Midland Saleyard Agreement 2007. Following arbitration and negotiation, this agreement was extended in 2006/2007 for a further term which will expire on the 31<sup>st</sup> December 2008. All wage increases are in line with the State Government Wages Policy.

## DIRECTION BY THE MINISTER

Section 15A(2) of The Authority's Act requires that the text of any direction by the Minister given under Section 7(3) shall be included in the annual report submitted. No such direction was given by the Minister for the period of this report.

## FREEDOM OF INFORMATION STATEMENT

Section 16(1) of the *Western Australian Meat Industry Authority Act 1976* as amended, specifies the functions of the Authority as:

- (a) to survey and keep under review the establishments and facilities available in the State for the sale of livestock and for the slaughter of animals and the processing of carcasses for human consumption.
- (b) to review the operation of saleyards, establishments and processing works including -
  - (i) inspecting and where appropriate approving, the premises and facilities, and the conduct of operations there, and
  - (ii) recording in respect of each establishment its effective capacity and actual performance.
- (c) to implement schemes and practices for the branding of any carcasses or meat, which may include practices to define or identify its –
  - (i) source
  - (ii) method of production
  - (iii) processing treatment
  - (iv) quality, or
  - (v) other characteristics.
- (d) to assume responsibility for, or arrange for the management of –
  - (i) Midland saleyard; and
  - (ii) If the Minister so directs, any other undertakings, establishment or facility in the meat industry.
- (e) to encourage and promote improved efficiency throughout the meat industry.
- (f) to advise the Minister generally, and in particular as to –
  - (i) methods of overcoming areas of conflicting interest within the meat and livestock industries;
  - (ii) future requirements for saleyards, establishments and processing works, particularly in relation to the overall slaughtering capacity of the State and the location of those establishments;
  - (iii) any matter relating to the meat industry referred to it by the Minister, or any matter that it considers necessary; and

- (g) to carry out such other functions as are required to give effect to this Act generally, in relation to saleyards, establishments, processing works and other facilities, undertakings or activities in the meat industry.

This legislation provides for the Authority, management, powers, functions, liabilities and reporting procedures. The Authority's governance structure is comprised of a Chairman and Members appointed by the Minister. The Authority is a body corporate and capable, through its Board and Minister, of all things required within its Act and associated regulations.

The Authority's Board comprises of Members representing a broad range of viewpoints in the meat processing supply chain. Additionally, it makes available relevant information on request and regularly consults with industry bodies. The Authority produces reports on industry matters. It has no library and no materials for sale other than livestock market reports, but does receive and hold information on the Western Australian meat industry derived from its own and other sources. The operation of Freedom of Information in the Authority is a function of the Chief Executive Officer, telephone (08) 9274 7533 located at 15 Spring Park, Midland, WA.

WAMIA received no FOI requests during the 2007/2008 period.

## **RISK MANAGEMENT**

The Authority is developing a risk management policy, which is included in its Policy Manual. Strategies will be developed to deal with risks, particularly in relation to the regulatory controls the Authority exercises in the meat industry and the operations at Midland Saleyard. The Authority recognises that risk management policies and procedures need to be subjected to continual review and refinement. Risk Management has been integrated into the audit system to develop the Authority's Strategic Audit Plan.

## **COMPLIANCE WITH THE ELECTORAL ACT 1907**

Section 175ZE of the Electoral Act of 1907 requires public agencies to include in their annual report a statement detailing expenditure in excess of \$1500 incurred by or on behalf of the agency during the reporting period in relation to any of the following classes of organisations:

- a) advertising agencies;
- b) market research organisations;
- c) polling organisations;
- d) direct mail organisations; and
- e) media advertising organisations.

During the period, the Authority incurred no item of expenditure exceeding \$1,500.

## EQUAL EMPLOYMENT OPPORTUNITY

The Authority is committed to ensure that no job applicant or employee will receive less favourable treatment on the grounds of sex, marital status, pregnancy, race, religion, political conviction or impairment or is disadvantaged by conditions or requirements which cannot be shown to be relevant to performance and that the talents and resources of employees are utilised to the full.

The Authority is also committed to ensure the promotion of equal employment opportunities for all of its employees and recognises its legal obligations under the Equal Opportunity Act, 1984.

## PUBLIC SECTOR STANDARDS

The Authority is required to comply with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and an established Code of Ethics.

The Authority has formally adopted a Code of Conduct that has been prepared in consultation with the Office of the Commissioner of Public Sector Standards.

Recruitment and Selection procedures have been undertaken in accordance with Public Sector Standards. Compliance with the Code is monitored by the Chief Executive Officer.

## PUBLIC INTEREST DISCLOSURE ACT

The Authority is required to comply with the requirements of the Public Interest Disclosure Act 2003 (PID). The Authority has formally adopted Guidelines and Procedures for dealing with disclosures and appointed Mr Saunders as the PID officer. No disclosures have been made in the period.

## DISABILITY ACCESS AND INCLUSION PLAN

The Authority's Disability Access and Inclusion Plan will be lodged with the Disability Services Commission in December 2008. The Authority's initiatives to address each of the six desired outcomes are:

1. *People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.*
  - All policies, guidelines and practices that govern the operation of Authority facilities and services are consistent with the policy on disabled access.
2. *People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.*



- The Authority's administration building has disabled toilets and full access throughout the building. The current Midland saleyard site has disabled access to limited areas. However, it must be recognised that the saleyard complex is an aged complex that is to be replaced and decommissioned within the next 12 months. The current nature of its construction and operations preclude modifying the facility to provide disabled access.
  - The proposed replacement saleyard facility located at Muchea has been designed to allow for disabled access as well as provide disabled facilities.
3. *People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.*
- Authority information is available in person, via telephone, website and in hard copy and can be provided in a variety of formats upon request. All information is available in a clear, concise and easy to understand language and can be modified to suit individual requirements.
4. *People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.*
- Authority staff members with key client and public roles are aware of the key access needs of people with disabilities as well as their families and carers who use Authority facilities and services.
5. *People with disabilities have the same opportunities as other people to make complaints to a public authority.*
- Complaints can be made to the Authority by various means. These include in person, in writing, by telephone or electronically.
6. *People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.*
- When required, issues for public comment are advertised via local newspaper articles, media releases on the Authority website and letters to homeowners surrounding the relevant land area. Responses can be made by telephone, letter, e-mail or in person. Should there be a requirement for public meetings, these meetings are conducted in venues with disabled access.

## OCCUPATIONAL SAFETY AND HEALTH

The Authority is committed to ensuring that it offers a safe working environment to all users of its Midland Saleyard facility and its administration office. It has set policies in place to ensure that staff are adequately advised of safety issues and will work closely with staff through its Occupational Health & Safety Committee. Any injuries that may

occur are managed in close liaison with RiskCover and in accordance with the requirements of the Workers Compensation and Injury Management Act 1981.

The table below lists the target reporting for 2007/2008.

Indicator	Target 2007/2008	2007/2008 actual
Number of Fatalities	0	0
Lost time injury / diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0

## STATE RECORDS ACT

The Authority is required to comply with the requirements of the State Records Act 2000. The Authority has an approved record keeping plan and appointed a Record Keeping Officer.

## WASTE PAPER RECYCLING

Due to the small size of the office, a minimal amount of waste paper is produced. Most documents of a confidential nature are shredded or disposed of appropriately. In 2007/2008, 2 x 240 litre bins were sent for recycling.

## **ENERGY SMART GOVERNMENT POLICY**

As the Authority has less than 25 FTEs,' no report is required on the performance of energy saving initiatives against the Energy Smart Government Policy objectives. However the Authority is aware of the objective and makes every effort to save energy by ensuring efficient use of electrical equipment

## **CORRUPTION PREVENTION**

The Authority is developing corruption prevention policies for risks associated with corruption and misconduct. These policies will be incorporated into the Authority's risk management program and staff induction practices will be revised to make sure that staff are aware of their responsibilities.

## FINANCIAL STATEMENTS

### INDEPENDENT AUDIT OPINION



Auditor General

#### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY 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 Western Australian Meat Industry Authority.

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 of the Authority 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.

**Western Australian Meat Industry Authority**  
**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 Western Australian Meat Industry Authority 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 Authority 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 Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2008.



COLIN MURPHY  
AUDITOR GENERAL  
19 September 2008



## WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

## INCOME STATEMENT

For the year ended 30 June 2008

	Note	2008 \$	2007 \$
<b>INCOME</b>			
<b>Revenue</b>			
Sales	7	15,395	21,996
Provision of services	8	1,261,043	1,247,111
Interest revenue	9	3,672,320	274,922
Other revenue	10	<u>125,573</u>	<u>152,046</u>
		5,074,331	1,696,075
<b>Gains</b>			
Gains on disposal of non-current assets	11	<u>49,545,550</u>	<u>2,895,444</u>
<b>Total Income</b>		<b><u>54,619,881</u></b>	<b><u>4,591,519</u></b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Cost of sales	7	7,529	7,051
Employee benefits expense	12	833,081	712,920
Supplies and services	13	721,246	589,075
Depreciation expense	14	57,386	46,181
Other expenses	15	<u>494,360</u>	<u>188,514</u>
<b>Total expenses</b>		<u>2,113,602</u>	<u>1,543,741</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>52,506,279</u></b>	<b><u>3,047,778</u></b>

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



## WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

## BALANCE SHEET

*For the year ended 30 June 2008*

	Note	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26(a)	71,479,812	6,269,536
Receivables	16	728,227	213,697
Other current assets	17	14,484	53,298
Non-current assets classified as held for sale	18	-	20,505,000
<b>Total current assets</b>		<b>72,222,523</b>	<b>27,041,531</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	20	61,171,223	10,228,264
Other non-current assets	19	179,433	126,398
<b>Total non-current assets</b>		<b>61,350,656</b>	<b>10,354,662</b>
<b>TOTAL ASSETS</b>		<b>133,573,179</b>	<b>37,396,193</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	22	28,127	180,063
Provisions	23	198,951	179,909
Other current liabilities	24	622,828	58,042
<b>Total current liabilities</b>		<b>849,906</b>	<b>418,014</b>
<b>Non Current Liabilities</b>			
Provisions	23	47,955	27,290
<b>Total non-current liabilities</b>		<b>47,955</b>	<b>27,290</b>
<b>Total Liabilities</b>		<b>897,861</b>	<b>445,304</b>
<b>Net Assets</b>		<b>132,675,318</b>	<b>36,950,889</b>
<b>EQUITY</b>			
Reserves	25	48,146,537	23,952,568
Accumulated Surplus	25	84,528,781	12,998,321
<b>TOTAL EQUITY</b>		<b>132,675,318</b>	<b>36,950,889</b>

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

## WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

## STATEMENT OF CHANGES IN EQUITY

*for the year ended 30 June 2008*

	Note	2008 \$	2007 \$
<b>Balance of Equity at start of period</b>		36,950,889	20,284,611
<b>RESERVES</b>	25		
<b>Asset Revaluation Reserve</b>			
Balance at start of period		23,952,568	10,824,068
Realised on land sale		( 19,024,181 )	( 599,500 )
Gains from asset revaluation		<u>43,218,150</u>	<u>13,728,000</u>
<b>Balance at end of period</b>		<b><u>48,146,537</u></b>	<b><u>23,952,568</u></b>
<b>ACCUMULATED SURPLUS</b>	25		
Balance at start of period		12,998,321	9,460,543
Distribution of Equity		-	(109,500 )
Realised portion of revaluation reserve on land sale		19,024,181	599,500
Profit for the period		<u>52,506,279</u>	<u>3,047,778</u>
<b>Balance at end of period</b>		<b><u>84,528,781</u></b>	<b><u>12,998,321</u></b>
<b>Balance of equity at end of period</b>		<b><u>132,675,318</u></b>	<b><u>36,950,889</u></b>

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

## WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

## CASH FLOW STATEMENT

*for the year ended 30 June 2008*

	Note	2008 \$	2007 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employees benefits		( 783,264 )	(676,855 )
Supplies and services		( 833,559 )	(922,921 )
GST payments on purchases		( 263,889 )	(411,778 )
<b>Receipts</b>			
Sale of goods and services		15,395	21,996
Provision of services		760,635	1,152,359
Interest received		3,672,320	274,922
GST receipts on sales		93,787	169,016
Other receipts		84,514	319,222
GST Receipts from Taxation Authority		<u>195,983</u>	<u>206,208</u>
Net cash provided by operating activities	26(b)	<u>2,941,922</u>	<u>132,169</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets		70,050,549	3,546,660
Purchase of non-current physical assets		<u>( 7,782,195 )</u>	<u>( 3,438,055 )</u>
Net cash provided by investing activities		<u>62,268,354</u>	<u>108,605</u>
<b>Net increase in cash and cash equivalents</b>		65,210,276	240,774
<b>Cash and cash equivalents at the beginning of period</b>		<u>6,269,536</u>	<u>6,028,762</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	26(a)	<u><b>71,479,812</b></u>	<u><b>6,269,536</b></u>

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

## 1. AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

### General

The Authority's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority 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).

The Australian Accounting Interpretations are adopted through AASB 1048 'Interpretation and Application of Standards' and are classified into those corresponding to IASB Interpretations and those only applicable in Australia.

The AASB has decided to maintain the statements of accounting concepts (SAC 1 and SAC 2) and has continued to revise and maintain accounting standards and the interpretations that are of particular relevance to the Australian environment, especially those that deal more specifically with not-for-profit entity issues and/or do not have an equivalent IASB standard or Interpretation.

### Early Adoption of standards

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'. No standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority 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 Accountancy 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. For example, AASB 116 requires land and buildings to be measured at cost or fair value; TI 954 mandates the fair value option.

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.

Modifications or clarifications to accounting standards through the TIs are to provide certainty and ensure consistency and appropriate reporting across the public sector.

### **(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 and buildings and infrastructure which have been measured at fair value. This is further disclosed in the accounting policies below.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian Dollars and all values are rounded to the nearest dollar.

The judgements that have been made in the process of applying The Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting 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 in Note 4 'Key source of estimation uncertainty'.

### **(c) Reporting Entity**

The reporting entity comprises the Authority.

### **(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.

*Provision of Services*

Revenue is recognised on delivery of the service or by reference to the stage of completion of the transaction.

*Interest*

Revenue is recognised as the interest accrues.

*Rental Income*

Revenue is accounted for on a straight-line basis over the lease term.

**Gains**

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains on the disposal of non-current assets and some revaluations of non-current assets.

**(e) Property, Plant and Equipment***Capitalisation/Expensing of Assets*

Items of property, plant and equipment costing \$1,000 or more are recognised as assets and the cost of utilising assets is expenses (depreciated) over their useful lives. Items of property, plant & equipment costing less than \$1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

*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 uses 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 historical cost less accumulated depreciation and accumulated impairment losses.

The fair value of land and buildings has been determined using the independent valuation provided by the Western Australian Land Information Authority and independent external valuers.

The fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions.

Where buildings are re-valued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount.

Fair value of the buildings has been determined by reference to the value in use of the assets and the written down salvage value as the assets are specialised, no market evidence is available and it is the intention of the Authority to demolish the buildings and yards in the near future once the Authority has relocated.

#### *Derecognition*

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation reserve included in equity is transferred directly to retained earnings.

#### *Depreciation*

All non-current assets having a limited useful life are systematically depreciated over the estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually estimated useful lives for each class of depreciable asset are:

Building and yards	22 years
Vehicles	8 years
Plant and equipment	4 to 10 years

#### **(f) Impairment of Assets**

Property, plant and equipment are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the 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.

#### **(g) Non current Assets Classified as Held for Sale**

Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately from other assets in the Balance Sheet. Assets classified as held for sale are not depreciated or amortised.

#### **(h) Jointly Controlled Operations**

Interest in joint venture operations have been reported in the financial statements including the Authority's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of expenses incurred in relation to the joint ventures in their respective classification categories. The Authority's interest in assets is disclosed in Note 19.



**(i) Financial Instruments**

In addition to cash, the Authority has two categories of financial instruments:

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

These have been disaggregated into the following classes:

**Financial Assets**

- Cash and cash equivalents
- Receivables
- Other current assets

**Financial Liabilities**

- Payables
- Other current liabilities

Initial recognition and measurement of financial instruments 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 with no stated interest rate is the transaction cost or the face value as the effect of discounting is immaterial.

**(j) Cash and Cash Equivalents**

- For the purpose of the Cash Flow Statement, cash and cash equivalents comprise 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.

**(k) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. 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 to collect the debts. The carrying amount is equivalent to the fair value as it is due for settlement within 30 days.

**(l) Leased Assets**

The Authority has entered into a number of operating lease arrangements for vehicles, office equipment and buildings where the lessors effectively retain all of the risks and benefits incident 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.

### **(m) 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(i) Financial Instruments and note 22 "Payables"

### **(n) Provisions**

Provisions are liabilities of uncertain timing and amount. The Authority only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. See note 23 "Provisions"

### **Provisions - Employee Benefits**

#### *Annual and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is 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 reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 reporting date.

#### *Superannuation*

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

Employees may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme

now also closed to new members. Employees who are not members of either of these schemes become non – contributory members of the West State Superannuation Scheme (WSS), an accumulation fund.

The Authority contributes to this accumulation fund in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The Pension Scheme, and the pre-transfer benefit for employees who transferred to the GSS Scheme, are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at reporting date. The liabilities under these schemes have been calculated separately for each scheme annually by Mercers Human Resource Consulting Actuaries using the projected unit credit method.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

The Gold State Superannuation scheme is a defined benefit scheme for the purpose of employees and whole of Government reporting. However from an agency perspective, apart from transfer of benefits, it is a defined contribution plan under AASB 119.

#### **(o) Superannuation Expense**

The superannuation expenses of the defined benefit plan are made up as follows:

- Current cost service;
- 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 defined contribution plans is recognised as and when the contributions fall due.

See also note 2(n) 'Provisions - Employee Benefits' under the heading "Superannuation".

#### **(p) Accrued Salaries**

Accrued salaries 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 net fair value.

#### **(q) Comparative Figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year. Certain comparative figures have been restated as a result of correcting prior period errors (Refer to Note 5).

### **3. JUDGEMENTS MADE BY MANAGEMENT IN APPLYING ACCOUNTING POLICIES**

The judgements that have been made in the process of applying accounting policies that have had the most significant effect on the amounts recognised in the financial reports include:

- Capitalisation of certain expenses as capital works

Management applies judgement in ascertaining the indirect costs to allocate to the Muchea project and to capitalise as capital works. Management bases its judgements of the proportion of indirect costs to capitalise based on the time spent by staff and contractors in undertaking tasks associated with the Muchea project compared to the total time spent.

### **4. KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

- Estimating fair values of freehold land

Management manage the risk of material misstatement by engaging the Valuer Generals Office (Landgate) to undertake a valuation of the freehold land held by the Authority at balance date. It is the policy of the Authority to carry freehold land based on the valuations provided by the Valuer Generals Office.

### **5. CORRECTION OF PRIOR PERIOD ERRORS**

During the financial year ended 30 June 2006, certain plots of land amounting to \$13,454,880 were transferred from Property, plant and equipment to Non-current assets classified as held for sale. As at 30 June 2006 and 2007, Non-current assets classified as held for sale were revalued at each respective year end to its fair value. The carrying values of Non-current assets classified as held for sale were \$12,534,000 and \$25,342,500 as at 30 June 2006 and 2007 respectively. These assets did not meet the recognition criteria to be treated as non-current assets classified as held for sale as at 30 June 2006. However an amount of \$20,505,000 meets the recognition criteria as at 30 June 2007.

As this error was made in a financial year prior to the comparative year, the Balance Sheet opening balances as at 1 July 2006 were restated as follows:

- (a) Property, plant and equipment – Land, was increased by \$12,534,000 to reverse the transfer to Non-current assets classified as held for sale.
- (b) Non-current assets classified as held for sale was reduced by \$12,534,000.

In addition, this error resulted in restatement of the following line items for the year ended 30 June 2007:

- Non-current assets classified as held for sale was reduced by \$4,837,500
- Property, plant and equipment was increased by \$4,837,500

Financial Balance Affected	Note	Actual 2007	Correction	Corrected Actual 2007
		\$	\$	\$
<b>Balance Sheet Extract</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment	(20)	5,390,764	4,837,500	10,228,264
Total Non-Current Assets		5,517,162	4,837,500	10,354,662
<b>Current Assets</b>				
Non-current assets classified as held for sale	(18)	25,342,500	(4,837,500)	20,505,000
Total Current Assets		31,879,031	(4,837,500)	27,041,531
Net Assets		36,950,889	-	36,950,889
<b>Note 18 Non-current assets classified as held for sale</b>				
Assets reclassified as held for sale				
-Freehold land		25,342,500	(4,837,500)	20,505,000
<b>Note 20 Property, plant and equipment</b>				
Freehold land at fair value		3,179,350	4,837,500	8,016,850

## 6. DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

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 and AASB 1038)). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the 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.

## 7. TRADING PROFIT

	2008	2007
	\$	\$
Tag Sales	4,083	8,078
Manure Sales	<u>11,312</u>	<u>13,918</u>
<b>Total sales</b>	<b><u>15,395</u></b>	<b><u>21,996</u></b>
Cost of goods sold	<u>(7,529)</u>	<u>(7,051)</u>
Trading Profit	<u>7,866</u>	<u>14,945</u>

## 8. PROVISION OF SERVICES

Saleyard fees and services	787,094	821,415
Livestock services	195,758	151,139
Abattoir licensing and services	86,585	81,658
Truck wash	98,831	86,154
Waste management	40,992	54,239
Joint venture management	<u>51,783</u>	<u>52,506</u>
	<b><u>1,261,043</u></b>	<b><u>1,247,111</u></b>

## 9. INTEREST REVENUE

Interest revenue	<u>3,672,320</u>	<u>274,922</u>
	<b><u>3,672,320</u></b>	<b><u>274,922</u></b>

Interest revenue is derived on funds held on deposits with Bank of Western Australia.

## 10. OTHER REVENUE

Rental income	66,653	91,996
Share of joint venture income (net)	53,035	23,376
Other	<u>5,885</u>	<u>36,674</u>
	<b><u>125,573</u></b>	<b><u>152,046</u></b>

	2008 \$	2007 \$
<b>11. NET GAIN ON DISPOSAL OF NON-CURRENT ASSETS</b>		
<u>Carrying value of disposal of non-current assets</u>		
Land	20,505,000	650,000
Plant, equipment and vehicles	-	1,216
	<b><u>20,505,000</u></b>	<b><u>651,216</u></b>
<u>Proceeds from disposal of non-current assets</u>		
Land	70,049,868	3,546,134
Plant, equipment and vehicles	682	526
	<b><u>70,050,550</u></b>	<b><u>3,546,660</u></b>
<b>Net Gain</b>	<b><u>49,545,550</u></b>	<b><u>2,895,444</u></b>
<b>12. EMPLOYEE BENEFITS EXPENSE</b>		
Wages and Salaries	650,385	588,121
Superannuation	81,394	62,802
Board Fees	69,096	55,600
Long Service Leave	18,509	(3,479)
Annual Leave	13,697	9,876
	<b><u>833,081</u></b>	<b><u>712,920</u></b>
<b>13. SUPPLIES AND SERVICES</b>		
Communications	49,186	45,907
Computing	33,117	20,192
Consultants and contractors	346,795	244,928
Livestock marketing reporting service	19,182	21,691
Repairs and maintenance	108,418	109,464
Travel	25,237	18,430
Waste Management	25,127	23,712
Water, power and gas	52,588	49,673
Other	61,596	55,078
	<b><u>721,246</u></b>	<b><u>589,075</u></b>
<b>14. DEPRECIATION EXPENSE</b>		
Buildings	23,835	14,268
Plant & Equipment	24,843	23,203
Vehicles	8,708	8,710
<b>Total Depreciation</b>	<b><u>57,386</u></b>	<b><u>46,181</u></b>
<b>15. OTHER EXPENSES</b>		
Audit cost	36,065	12,400
Bad debts expense	479	-
Relocation	356,210	40,937
Other	101,606	135,177
	<b><u>494,360</u></b>	<b><u>188,514</u></b>



	2008 \$	2007 \$
<b>16. RECEIVABLES</b>		
Current receivables	185,402	159,008
Provision for impairment of receivables	<u>( 8,006 )</u>	<u>( 8,006 )</u>
	<u>177,396</u>	<u>151,002</u>
Prepayments	<u>1,189</u>	<u>1,287</u>
GST/PAYG Refundable	<u>549,642</u>	<u>61,408</u>
	<b><u>728,227</u></b>	<b><u>213,697</u></b>

Reconciliation of changes in the allowances  
for impairment of receivables:

Balance at start and end of year	<u>8,006</u>	<u>8,006</u>
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**Credit risk**

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

Not more than 3 months	54,547	14,345
More than 3 months but less than 6 months	20,691	15,998
More than 6 months but less than 1 year	-	-
More than 1 year	-	-
	<b><u>75,238</u></b>	<b><u>30,343</u></b>

No receivables have been individually identified as impaired at 30 June 2008 (2007 : Nil).

The Authority does not hold any collateral as security or other credit enhancements relating to receivables.

**17. OTHER CURRENT ASSETS**

Accrued Income	<u>14,484</u>	<u>53,298</u>
	<b><u>14,484</u></b>	<b><u>53,298</u></b>

**18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

Assets reclassified as held for sale

Freehold land	<u>-</u>	<u>20,505,000</u>
	<b><u>-</u></b>	<b><u>20,505,000</u></b>

As at 30 June 2007, freehold land comprises Lot 402 Bushmead Road, Hazelmere Western Australia. This was transferred from Property, plant and equipment and classified as held for sale. Plans were in place to sell this land as at year end and it was subsequently sold in October 2007. All proceeds will go towards funding the relocation of the Midland salesyard.

**19. OTHER NON-CURRENT ASSETS**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Investment accounted for using the equity method	<u>179,433</u>	<u>126,398</u>
	<u>179,433</u>	<u>126,398</u>

The Authority holds one-third output interest in the Livestock Logistics Joint Venture.

Summarised financial information in respect of the Authority's jointly controlled entities is set out below:

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position:</b>		
Current assets	560,221	391,768
Non-current assets	<u>54,377</u>	<u>64,296</u>
Current liabilities	(76,300)	(76,869)
Non-current liabilities	<u>-</u>	<u>-</u>
Net assets	538,298	379,195
Authority's share of jointly controlled entities' net assets	179,433	126,398
<b>Financial performance:</b>		
Income	1,160,491	1,133,485
Expenses	1,001,386	1,056,286
Authority share of jointly controlled entities' profit	53,035	25,733

**Distributions received from joint ventures**

During the year, the Authority received distributions of \$nil (2007: \$Nil) from its jointly controlled entity.

**20. PROPERTY, PLANT AND EQUIPMENT****Plant, equipment and vehicles**

At cost	438,311	416,134
Accumulated depreciation	<u>(336,764)</u>	<u>(303,213)</u>
	<u>101,547</u>	<u>112,921</u>

**Freehold Land (1)**

At fair value	<u>51,235,000</u>	<u>8,016,850</u>
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**Building and Yards (2)**

At fair value	529,638	529,638
Accumulated depreciation	<u>(91,594)</u>	<u>(67,759)</u>
	<u>438,044</u>	<u>461,879</u>

**Capital Works in Progress (3)**

	<u>9,396,632</u>	<u>1,636,614</u>
	<u>61,171,223</u>	<u>10,228,264</u>

- (1) Freehold land was revalued as at 21 May 2008 by the Western Australian Land Information Authority (Valuation Services). This valuation has been used as the basis to revalue Freehold Land as at 30 June 2008. The fair value of all land has been determined by reference to recent market transactions.
- (2) The fair value of buildings is considered by assessing the expected value in use of the buildings to the Authority from their continued use in the Authority's activities, together with the expected proceeds from the sale of the buildings at the end of their useful life.
- (3) Costs directly attributable to the acquisition of land, due diligence and procurement of approvals for the Muchea Livestock Centre development including professional fees have been capitalised.

### Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

2008	Plant Equipment and Vehicles	Land	Capital Works in Progress	Building & Yards	TOTAL
<b>Carrying amount at start of year</b>	<b>112,921</b>	<b>8,016,850</b>	<b>1,636,614</b>	<b>461,879</b>	<b>10,228,264</b>
Additions	22,177		7,760,018		7,782,195
Revaluation Increments		43,218,150			43,218,150
Depreciation	(33,551)			(23,835)	(57,386)
<b>Carrying amount at year end</b>	<b>101,547</b>	<b>51,235,000</b>	<b>9,396,632</b>	<b>438,044</b>	<b>61,171,223</b>

2007	Plant Equipment and Vehicles	Land	Capital Works in Progress	Building & Yards	TOTAL
<b>Carrying amount at start of year</b>	<b>136,592</b>	<b>13,487,418</b>	<b>486,500</b>	<b>263,596</b>	<b>14,374,106</b>
Additions	9,458	2,065,932	1,150,114	212,551	3,438,055
Revaluation Increments	-	12,968,500	-	-	12,968,500
Transfers	-				
Classified as held for sale	-	(20,505,000)	-	-	(20,505,000)
Disposals	(1,216)	-	-	-	(1,216)
Depreciation	(31,913)		-	(14,268)	(46,181)
<b>Carrying amount at year end</b>	<b>112,921</b>	<b>8,016,850</b>	<b>1,636,614</b>	<b>461,879</b>	<b>10,228,264</b>

## 21. IMPAIRMENT OF ASSETS

There were no indications of impairment of property, plant and equipment as at 30 June 2008.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2008 have been classified as non-current assets held for sale or written off.

## 22. PAYABLES

	2008 \$	2007 \$
<i>Current</i>		
Trade Payables	4,015	165,376
PAYG Payable	14,108	12,478
Other payable	<u>10,004</u>	<u>2,209</u>
	<b><u>28,127</u></b>	<b><u>180,063</u></b>

	2008 \$	2007 \$
<b>23. PROVISIONS</b>		
<u>Current</u>		
Employee benefits provision		
Annual leave (a)	92,619	78,922
Long service leave (b)	39,307	41,462
Superannuation (d)	<u>67,025</u>	<u>59,525</u>
	<b><u>198,951</u></b>	<b><u>179,909</u></b>
<u>Non-Current:</u>		
Employee benefits provision		
Long service leave (b)	<b><u>47,955</u></b>	<b><u>27,290</u></b>
<u>Employee Benefit Liabilities</u>		
The aggregate employee benefit liability recognised and included in the financial statement is as follows:		
Provision for employee benefits:		
Current	198,951	179,909
Non-Current	<u>47,955</u>	<u>27,290</u>
	<b><u>246,906</u></b>	<b><u>207,199</u></b>

- (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. Assessments indicate that actual settlement of liabilities will occur as follows:

Within 12 months of reporting date	<u>92,619</u>	<u>78,922</u>
	<b><u>92,619</u></b>	<b><u>78,922</u></b>

- (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities occur as follows:

Within 12 months of reporting date	39,307	41,462
More than 12 months after reporting date	<u>47,955</u>	<u>27,290</u>
	<b><u>87,262</u></b>	<b><u>68,752</u></b>

- (c) The settlement of annual and long service leave liabilities give rise to the payment of employment on-costs including workers' compensation premiums. The provision is measured at the present value of expected future payments.

	2008 \$	2007 \$
(d) Defined Benefit Superannuation Plans		
The amounts recognised in the income statement are as follows:		
<b>Current cost service</b>		
Interest cost	7,500	3,000
Net actuarial losses/(gains) recognised	-	525
Past cost service	-	-
Total included in 'Employee Benefits Expense (see Note 12)	<u>7,500</u>	<u>3,525</u>

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	67,025	59,525
Liability in balance sheet	67,025	59,525

The Authority has no legal liability to make up the liability other than by continuing to comply with the employer funding arrangements as detailed below:

Movements in the liability recognised in the balance sheet are as follows:

Liability at start of year	59,525	56,000
Total expense recognised in the income statement	7,500	3,525
Contributions paid	-	-
Liability at end of year	<u>67,025</u>	<u>59,525</u>

## 24. OTHER CURRENT LIABILITIES

Accrued Expenses	600,946	38,255
Accrued Salaries	10,110	7,312
Accrued Board Fees	11,772	11,772
Accrued Superannuation	-	703
	<u>622,828</u>	<u>58,042</u>

	2008 \$	2007 \$
<b>25. EQUITY</b>		
<b><u>Reserves</u></b>		
<b>Asset Revaluation Reserve</b>		
Opening Balance	23,952,568	10,824,068
Net Revaluation increments -		
Land	43,218,150	13,728,000
Realised on land sale	<u>(19,024,181 )</u>	<u>(599,500 )</u>
<b>Closing Balance</b>	<b><u>48,146,537</u></b>	<b><u>23,952,568</u></b>
<b>Accumulated surplus</b>		
Opening Balance	12,998,321	9,460,543
Distribution of Equity *	-	(109,500)
Transfer from asset revaluation reserve	19,024,181	599,500
Profit for the period	<u>52,506,279</u>	<u>3,047,778</u>
<b>Closing Balance</b>	<b><u>84,528,781</u></b>	<b><u>12,998,321</u></b>

\* Represents land transferred to the Department of Planning and Infrastructure.

## 26. NOTES TO THE CASH FLOW STATEMENT

### a) Reconciliation of Cash

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

Cash at bank and on hand	2,644,276	164,526
Term Deposit	<u>68,835,536</u>	<u>6,105,010</u>
	<b><u>71,479,812</u></b>	<b><u>6,269,536</u></b>

### (b) Reconciliation of profit to net cash flows provided by operating activities.

<b>Profit</b>	52,506,279	3,047,778
<b>Non cash items:</b>		
Depreciation expense	57,386	46,181
Share of joint venture income	(53,034)	(23,378)
Net gain on sale of property, plant & equipment	(49,545,550 )	(2,895,444 )
<b>(Increase)/decrease in assets:</b>		
Current receivables	(514,530 )	(108,048 )
Other current assets	38,814	(23,066 )



	2008 \$	2007 \$
<b><i>Increase/(decrease) in liabilities:</i></b>		
Current payables	(151,936 )	132,876
Current provisions	19,041	29,254
Other current liabilities	564,786	(77,267 )
Non-current provisions	<u>20,665</u>	<u>3,283</u>
<b>Net cash provided by Operating Activities</b>	<b><u>2,941,922</u></b>	<b><u>132,169</u></b>

## 27. REMUNERATION OF MEMBERS OF ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS.

### Remuneration of Members of Accountable Authority

The number of members who's total of fees, salaries, superannuation and other benefits for the financial year fall into the following bands.

	2008	2007
Up to \$10,000	6	6
\$10,001 - \$20,000	1	1
Total remuneration of the members of the Accountable authority is:	<b>\$75,650</b>	<b>\$60,604</b>

The Superannuation included here represents the superannuation expense incurred by The Authority in respect to members of the Accountable Authority. No members of the Accountable Authority are members of the Pension Scheme.

### **Remuneration of Senior Officers**

The number of Senior Officers who's total of fees, salaries, superannuation and other benefits for the financial year fall into the following bands.

	2008	2007
\$50,001 - \$60,000	-	1
\$90,001- \$100,000	-	1
\$100,001 -\$110,000	1	1
\$130,001 -\$140,000	1	-
Total remuneration of senior officers is:	<b>\$238,206</b>	<b>\$159,096</b>

The Superannuation included here represents the superannuation expense incurred by the Authority in respect to Senior Officers other than Senior Officers reported as members of the Accountable Authority. No Senior Officers of the Accountable Authority are members of the Pension Scheme.

2008  
\$2007  
\$**28. REMUNERATION OF AUDITOR**

Remuneration for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	<b><u>\$17,122</u></b>	<b><u>\$ 12,400</u></b>
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**29. EXPLANATORY STATEMENT**

This statement provides details of any significant variations between estimates and actual results for 2008 and between the actual results for 2007 and 2008.

Significant variations are considered to be those greater than 10% or \$50,000.

Significant variances between estimate and actual results for the financial:

<b>INCOME FROM ACTIVITIES</b>	<b>2008 Actual \$</b>	<b>2008 Estimate \$</b>	<b>Variance \$</b>
<b>Interest Received</b> <i>Favourable land sales and delays in relocation project expenditure allowed additional funds to be invested.</i>	3,672,320	10,000	3,662,320
<b>Gains on disposal of non-current assets</b> <i>Favourable land sales saw final sale price significantly exceed existing land valuations.</i>	49,545,550	-	49,545,550

<b>EXPENDITURE</b>	<b>2008 Actual \$</b>	<b>2008 Estimate \$</b>	<b>Variance \$</b>
<b>Consultants &amp; Contractors</b> <i>Expenditure increased in this area due to work undertaken on development of Industry Standards and assistance packages, improvement in accounting functions and OH&amp;S activities.</i>	346,795	253,000	93,795

### Significant Variances between Actual and Prior Year Actual Results For The Financial Year.

INCOME	2008 \$	2007 \$	Variance \$
<b>Gains on disposal of non-current assets</b> <i>A significant land holding was sold as part of the asset disposal program to fund the relocation program. This land holding held significantly higher value than previous land sales.</i>	49,545,550	2,895,444	46,650,106

EXPENDITURE	2008 \$	2007 \$	Variance \$
<b>Consultant &amp; Contractors</b> <i>Expenditure increased in this area due to work undertaken on development of Industry Standards &amp; assistance packages, improvement in accounting functions and OH&amp;S activities not carried out in previous years.</i>	346,795	244,928	101,867
<b>Relocation</b> <i>Relocation expenditure increased as the work on the project increased in scope from planning to the finalization of the major civil works package and design completion.</i>	356,210	40,937	315,273

### 30. Segment (Service) Information

The two key services of the Authority:

Service 1: Midland Saleyards: This service is to provide livestock selling and management facilities to the livestock industry.

Service 2: Development & Implementation of Standards. This service is to provide regulatory development and information services to the government and meat and livestock industry.

The Authority operates within one geographical segment (Western Australia).

## Schedule of Income and Expenses by Service

	Midland Saleyards		Development & Implementation of Standards		Total	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
<b>INCOME</b>						
<b>Revenue</b>						
Sales	11,312	13,918	4,083	8,078	15,395	21,996
Provision of Services	1,174,458	1,165,453	86,585	81,658	1,261,043	1,247,111
Interest revenue	3,598,041	236,887	74,279	38,035	3,672,320	274,922
Other Revenue	722	36,674	124,851	115,372	125,573	152,046
Gain on disposal of non-current assets	49,545,550	2,895,444	-	-	49,545,550	2,895,444
<b>Total Income</b>	<b>54,330,083</b>	<b>4,348,376</b>	<b>289,798</b>	<b>243,143</b>	<b>54,619,881</b>	<b>4,591,519</b>

	Midland Saleyards		Development & Implementation of Standards		Total	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
<b>Expenses</b>						
Cost of sales	-	-	7,529	7,051	7,529	7,051
Employee benefits expense	468,035	512,386	365,046	200,534	833,081	712,920
Supplies & Services	516,595	479,026	204,651	110,049	721,246	589,075
Depreciation	48,998	34,636	8,388	11,545	57,386	46,181
Other expenses	85,320	143,859	409,040	44,655	494,360	188,514
<b>Total expenses from ordinary activities</b>	<b>1,118,948</b>	<b>1,169,907</b>	<b>994,654</b>	<b>373,834</b>	<b>2,113,602</b>	<b>1,543,741</b>
<b>Profit/(loss) for the period</b>	<b>53,211,135</b>	<b>3,178,469</b>	<b>(704,856)</b>	<b>(130,691)</b>	<b>52,506,279</b>	<b>3,047,778</b>

### 31. COMMITMENTS FOR EXPENDITURE

#### Lease Commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:

	2008	2007
	\$	\$
Within 1 year	778	29,712
Later than 1 year and not later than 5 years	<u>46,589</u>	<u>30,634</u>
	<u>47,367</u>	<u>60,346</u>
Representing:		
Cancellable Leases	-	-
Non-cancellable leases	<u>47,367</u>	<u>60,346</u>

### 32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets which would affect the Authority at balance date.

### 33. RELATED AND AFFILIATED BODIES

There were no related or affiliated bodies associated with the Authority during 2007/2008.

### 34. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Objectives and Policies

Financial instruments held by the Authority are cash and cash equivalents, receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

##### *Credit risk*

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on the 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 asset is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at Note 34(c).

The Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk. The Authority's standard trading terms are 30 days. Trading receivables that pass this date are monitored and followed up internally with both verbal and written reminders. Further collection action is taken where receivables exceed 90 days including engagement of collection agencies in appropriate circumstances depending on the amount outstanding and relationship with the debtor.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

##### *Liquidity risk*

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

The Authority's objective is to maintain a balance between continuity and flexibility through the use of term deposits. The Authority has appropriate

procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet commitments.

#### *Market risk*

The Authority does not trade in foreign currency and is not materially exposed to other price risks. The Authority's limited exposure to interest rate risk because it has no borrowings. Interest rate is associated with funds on deposit and is detailed in the table at note 34(c).

#### (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 follow

	2008 \$	2007 \$
<b>Financial Assets</b>		
Cash and cash equivalents	71,479,812	6,269,536
Receivables	177,396	151,002
Other current assets	14,484	53,298
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	28,127	180,063
Other current liabilities	622,828	58,042

#### (c) Financial Instrument Disclosure

##### *Credit Risk, Liquidity Risk and Interest Rate Risk Exposure*

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

The Authority does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Authority 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.



### 30 June 2008

Assets	Weighted Average Effective Interest Rate	Variable Interest Rate Within 1 year	Non-Interest Bearing Within 1 year	Carrying Amount
	%	\$	\$	\$
Term Deposit	6.96	68,835,536	-	68,835,536
Cash at bank and on hand	4.47	2,643,826	450	2,644,276
Accounts Receivable	-	-	177,396	177,396
Other current assets	-	-	14,484	14,484
		71,479,362	192,330	71,671,692
Liabilities				
Accounts Payable	-	-	28,127	28,127
Other current liabilities	-	-	622,828	622,828
		-	650,955	650,955

### 30 June 2007

Assets	Weighted Average Effective Interest Rate	Variable Interest Rate Within 1 year	Non-Interest Bearing Within 1 year	Carrying Amount
	%	\$	\$	\$
Term Deposit	6.37	6,105,010	-	6,105,010
Cash at bank and on hand	3.80	164,076	450	164,526
Accounts Receivable	-	-	151,002	151,002
Other current assets	-	-	53,298	53,298
		6,269,086	204,750	6,473,836
Liabilities				
Accounts Payable	-	-	180,063	180,063
Other current liabilities	-	-	58,042	58,042
		-	238,105	238,105

*Interest rate sensitivity analysis*

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 10 basis point 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
<b>2008</b>					
<u>Financial Assets</u>					
Cash and cash equivalents	71,479,812	(714,798)	(714,798)	714,798	714,798
Total Increase/(Decrease)		(714,798)	(714,798)	714,798	714,798

	Carrying Amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity
<b>2007</b>					
<u>Financial Assets</u>					
Cash and cash equivalents	6,269,536	(62,695)	(62,695)	62,695	62,695
Total Increase/(Decrease)		(62,695)	(62,695)	62,695	62,695

*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.

**35. GUARANTEES AND UNDERTAKINGS**


The Authority has provided a guarantee of \$35,000 to its bankers to cover wages payments.

## PERFORMANCE INDICATORS

### CERTIFICATION OF PERFORMANCE INDICATORS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Western Australian Meat Industry Authority's performance, and fairly represent the performance of the Western Australian Meat Industry Authority for the financial year ended 30 June 2008.

.....MEMBER

.....MEMBER

## **OUTCOME ONE (EFFECTIVENESS)**

To ensure Midland Saleyard is the premium livestock selling facility in Western Australia.

### **RELEVANCE OF OUTCOME**

The Authority is required by legislation to assume responsibility for the management of Midland Saleyard.

### **EFFECTIVENESS INDICATOR TO BE MEASURED**

Midland Saleyard's share of livestock marketed through saleyards in Western Australia.

### **RELEVANCE OF INDICATOR**

A stable or increased market share will indicate that the facility is attractive to sellers, agents and buyers of livestock and is therefore well managed and serving its intended purpose.

### **SOURCE OF INFORMATION/MEASUREMENT**

In July 2006 the Western Australian Meat Industry Authority (WAMIA) established a State data base for Western Australian saleyard throughput figures sourced from all commercial saleyards operating in WA. This data has been entered onto a data base to provide throughput figures for 2007/2008. In previous years reporting was restricted only to saleyards that held at least one sale per month or accounted for at least one per cent of State saleyard throughput for one species. This year all saleyards are represented regardless of total throughput or frequency of operation.

### **PERFORMANCE TO STATE THROUGHPUT**

There are thirty one (31) operating saleyards in Western Australia of these twelve (10) saleyards operated on a regular basis (at least six sales per year) during the 2007/2008 financial year or accounted for at least 1% of State saleyard throughput of one species.

The results below indicate that the Midland Saleyard has maintained its position as the largest saleyard in the state by overall throughput and maintained its overall dominant market share in cattle and share.

## COMPARATIVE PERFORMANCE

The following tables compare throughput at Midland Saleyard with all Western Australian saleyards.

### Cattle & Calves

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Midland	139,352	137,442	113,610	122,661	112,724	97,089	99,883
Total saleyards	290,977	293,457	268,033	285,058	263,676	229,865	251,239
% through Midland	47.9	46.8	42.4	43.0	42.6	42.23	39.8%
Next highest saleyard	58,148	62,029	61,521	70,635	56,233	57,578	77,612

### Sheep, Lambs & Goats

	2002/03	2003/04	2004/05	2005/06	2006/2007	2007/2008
Midland	1,006,357	802,828	866,138	948,972	1,038,329	903,839
Total saleyards	2,094,134	1,904,752	2,080,087	2,214,521	2,133,714	2,010,372
% through Midland	48.1	42.2	41.6	42.8	48.7	45.0%
Next highest saleyard	1,003,034	1,004,644	1,115,949	990,386	1,000,915	998,828

### Pigs

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/2007
Midland	19,729	14,700	12,061	13,441	12,242	2,369
Total saleyards	25,105	18,485	14,495	13,441	12,242	2,369
% through Midland	78.6	79.5	83.2	100	100	100
Next highest saleyard	4,662	3,785	2,434	0	0	0

Pig sales temporally ceased at Midland in 2006/2007 and in 2007/2008 the decision was made to close and demolish the pig facility meaning that WA no longer has any pig saleyards.

## PERFORMANCE TO TARGETS

WAMIA set target throughputs as part of its 2007/2008 budget process these estimates were based on forecasting marketing and seasonal conditions for the coming year. Based on the 2007/2008 actual throughput WAMIA met its expected targets with above estimated stock numbers for sheep and cattle numbers slightly below estimates.

	TARGET	ACTUALS	VARIANCE
Cattle	110,000	99,883	10,117 (-9.2%)
Sheep, lambs & goats	800,000	903,839	103,839 (13.0%)

## OUTCOME ONE (EFFICIENCY MEASURE 1)

To ensure Midland Saleyard is the premium livestock selling facility in Western Australia.

## RELEVANCE OF OUTCOME

The Authority is required by legislation to assume responsibility for the management of Midland Saleyard.

## EFFICIENCY INDICATOR TO BE MEASURED

The cost per livestock unit of the management of Midland Saleyard.

## RELEVANCE

As the cost to industry for using Midland Saleyard is determined on a per head basis the indicator reflects the saleyard management efficiency of the Authority. A stable or decreasing cost per unit indicates that the Authority is containing costs with cleaning and that the repairs and maintenance program is efficient.

## SOURCE OF INFORMATION

Throughput figures from saleyard returns, costs determined from Authority accounts - share of total costs attributable to the administration, maintenance and cleaning of the yards. (Excluding costs associated with capital improvements program and other specific costs associated with fee for service activities).

## PERFORMANCE

The total cost of maintaining Midland Saleyard in 2007/2008 was \$734,643. Midland Saleyard's throughput for the year was 1,532,276 livestock units based on the Authority equivalency formula (sheep or lambs equal 1 unit, calves 2 units, pigs 3 units, cattle 7 units)

The cost per unit for 2007/2008 to maintain the Midland Saleyard was 48 cents.

(An amount of \$654,968 which related to the Project to develop replacement facilities for Midland Saleyard has been excluded from the Authority operating costs for 2007/2008 for the purpose of calculating this indicator, as these costs did not contribute to the operating of the saleyard in the current year).

## COMPARATIVE PERFORMANCE

	2003/04	2004/05	2005/06	2006/07	2007/08
Total cost of maintaining Midland Saleyard	\$666,756	\$713,940	\$725,891	\$710,085	\$734,643
No of livestock units handled in the Year	1,556,188	1,664,108	1,688,991	1,645,839	1,532,276
Cost per unit	\$0.43	\$0.43	\$0.43	\$0.43	\$0.48

A comparison with 2003/2004, 2004/2005, 2005/2006 & 2006/2007 shows that the cost per unit of managing the Midland saleyard facility has increased slightly due to slightly lower throughput and increased costs, particularly OH&S and environmental compliance.



## **OUTCOME ONE (EFFICIENCY MEASURE 2)**

To ensure Midland Saleyard is providing fee for service activities on a financially viable basis.

### **RELEVANCE OF OUTCOME**

The Authority is required by legislation to assume responsibility for the management of Midland Saleyard.

### **EFFICIENCY INDICATOR TO BE MEASURED**

The comparison of cost for fee for service activities in relation to income generated.

### **RELEVANCE**

It is essential that the cost of any fee for service activities is not subsidised from income generated by ordinary saleyard fees. A stable positive percentage return indicates the management of the Authority is providing its fee for service activities at an effective cost recovery basis.

### **SOURCE OF INFORMATION**

Fee for service income was determined from Authority accounts. Fee for service activities for 2007/08 were: livestock transport truck wash, livestock transhipment service, removal and disposal service for injured and dead stock, agistment charges, sale of manure, waste management service fees, livestock feeding charges, management charges for the Joint Venture. A share of total costs attributable to fee for service activities is calculated. These included a share of administration, management, wages, depreciation, power, vehicle and other operating costs.

### **PERFORMANCE**

In 2007/2008 the cost of providing fee for service activities at the Midland Saleyard was \$360,475. The income generated by these activities was \$399,398.

(An amount of \$654,968 which related to the Project to develop replacement facilities for Midland Saleyard has been excluded from the Authority operating costs for 2007/2008 for the purpose of calculating this indicator, as these costs did not contribute to the operating of the sale yard in the current year).

In 2007/2008 the return of fee for service activities at the Midland Saleyard was \$1.11 for every \$1.00 incurred in providing the service. This represents a return of 11% on the cost of those activities.

## COMPARATIVE PERFORMANCE

The results indicate that the Authority is maintaining an adequate margin on costs over income on its fee for service activities.

	2004/05	2005/06	2006/07	2007/08
Total cost of providing fee for service activities at Midland Saleyard	\$308,556	\$300,229	\$307,568	\$360,475
Income generated by fee for service activities	\$413,118	\$408,454	\$365,733.	\$399,398
Income generated for every \$1.00 incurred to provide service	\$1.33	\$1.36	\$1.19	\$1.11
Percentage return on costs	33%	36%	19%	11%

A comparison with 2004/2005 & 2005/2006 shows that the percentage return on fee for service activities has decreased in 2006/2007 & 2007/2008. This is attributable to high feed costs experienced in the period due to seasonal conditions, increased operating costs and the lower cattle throughput.

## PERFORMANCE TO TARGETS

In the WAMIA set income target as part of its 2007/2008 budget process budget process these estimates were based on forecasting marketing and seasonal conditions for the coming year. Based on the 2007/2008 actual income, WAMIA met its expected targets.

	TARGET	ACTUALS	VARIANCE
Income	\$395,000	\$399,398	\$4,398 1.1%

## **OUTCOME TWO (EFFECTIVENESS)**

To ensure that Western Australian Meat and Livestock Industry maintains appropriate standards, and to encourage and promote improved efficiency through processing establishments meeting best practice standards.

### **RELEVANCE OF OUTCOME**

The Authority is required by legislation to survey, review, inspect and approve premises, facilities and operations in processing establishments in Western Australia. The Authority is also required to encourage and promote improved efficiency throughout the meat industry.

### **EFFECTIVENESS INDICATOR TO BE MEASURED**

Percentage of WA abattoirs meeting standards.

### **RELEVANCE OF INDICATOR**

A stable or increasing percentage of abattoirs meeting standards will indicate effectiveness of the Authority's activities.

### **SOURCE OF INFORMATION/MEASUREMENT**

A formula has been developed by the Authority to calculate an overall rating for each abattoir using the national and international standards for construction, product description, health and hygiene, training and quality assurance as measurement criteria (Appendix A). A three yearly survey is conducted, by the Authority, of all abattoirs to determine their current status in relation to these standards. The information provided by the abattoirs is correlated with Authority records and information obtained from other regulatory bodies.

### **PERFORMANCE**

The State's abattoirs continue to maintain standards with the average rating for the twenty eight (28) abattoirs operating at 30 June 2008 calculated at 68.5%. This situation demonstrates that the activities of the Authority continue to be effective in this area.

## COMPARATIVE PERFORMANCE

The following table compares ratings for abattoirs

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Construction Standard	78.1%	77.8%	78.5%	81.5%	78.6%	79.8%
Product Description System	69.5%	70.8%	65.3%	67.6%	64.3%	63.4%
Health & Hygiene Standard	82.8%	80.8%	82.3%	85.2%	82.1%	83%
Training System	75.8%	73.3%	69.4%	72.2%	68.8%	69.6%
Quality Assurance System	46.9%	47.8%	46.2%	45.7%	46.6%	46.4%
Average Rating	70.6%	70.1%	68.3%	70.4%	68.0%	68.5%

## OUTCOME TWO (EFFICIENCY MEASURE 1)

To ensure that Western Australian abattoirs maintain minimum standards, and to encourage and promote improved efficiency through abattoirs meeting best practice standards.

### RELEVANCE OF OUTCOME

The Authority is required by legislation to survey, review, inspect and approve premises, facilities and operations in processing establishments in Western Australia. The Authority is also required to encourage and promote improved efficiency throughout the meat industry.

### EFFICIENCY INDICATOR TO BE MEASURED

The cost per abattoir for development and implementation of standards.

### RELEVANCE

The cost of the Authority carrying out these functions is borne by industry through fees and charges and by government through income from government supplied resources. The cost per abattoir meeting a certain standard reflects the industry regulatory efficiency of the Authority.

### SOURCE OF INFORMATION/MEASUREMENT

The source of the Authority accounts. Costs include surveillance, reviews, inspections, net cost of supplying carcass tickets, approval procedures, associated board costs, prosecution costs, standards development and implementation costs, costs of liaison and networking with other regulatory authorities.

### PERFORMANCE

Total cost of the development and implementation of these standards (a proportion of licensing and development expenditure) is \$250,825. The cost of attaining the standard per abattoir (\$250,825 divided by 28 approved abattoirs) is \$8,958.05. The average rating for 2007/2008 has increased marginally to 68.5%. The efficiency performance (the cost per percentage point of processing establishments rating) is \$132. **This means that it cost the Authority \$132 to achieve each percentage point of achievement for abattoirs.**

## COMPARATIVE PERFORMANCE

The following table details comparative costs in relation to the ratings for abattoirs

	2002/03	2003/04	2004/05	2004/06	2006/07	2007/08
Cost of achieving standards	\$229,227	\$208,235	\$277,988	\$296,038	\$257,610	\$250,825
Number of establishments	35	33	31	29	28	28
Cost per abattoir	\$6,549	\$6,310	\$8,967	\$10,208	\$9,200.37	\$8,958.05
Average abattoir rating	70.6%	70.1%	68.3%	70.4%	68.0%	68.5
Cost per rating unit	\$93	\$90	\$131	\$145	\$135	\$132

The results that the Authority has been able to maintain the cost per rating unit to manage these standards and maintain a higher level of service to ensure that industry standards are maintained and continued action taken against non complying facilities.

## **OUTCOME TWO (EFFICIENCY MEASURE 2)**

To ensure that strategic, market and statistical information provided to the Minister and Industry on methods of overcoming conflicting interest, future industry requirements, market conditions and matters relating to the industry is provided in an efficient manner

### **RELEVANCE OF OUTCOME**

The Authority is required by legislation to provide advice to the Minister on the areas listed in the outcome. The Authority is also required to encourage and promote efficiency.

### **EFFICIENCY INDICATOR TO BE MEASURED**

The cost per abattoir, processing works, saleyard, media outlets and government departments of maintaining the information system

### **RELEVANCE OF INDICATOR**

A steady cost reflects on the information management efficiency of the Authority.

### **SOURCE OF INFORMATION/MEASUREMENT**

Cost of system from Authority's accounts. Includes cost of maintaining the database of abattoir and saleyard statistics, the net costs of the National Livestock Reporting Service, share of cost of Board in developing information and advice, cost of networking and liaison to gather industry information, cost of producing reports, briefing notes, responses.

Number of abattoirs is the number of approved abattoirs (Source: Authority database) Number of Saleyards is the number of operational facilities. (Source: Authority database.) Number of processing works is the number of boning rooms, small goods and other processing operations meeting the definition in the Act. (Source: Department of Health & Australian Quarantine Inspection Service). Media outlets and Government Departments are those provided with information on a regular basis.

### **PERFORMANCE**

The total cost of maintenance and distribution of information is calculated as a proportion of licensing and development overheads (includes the cost of providing the National Livestock Reporting Service). The total cost to the Authority for 2007/2008 was \$88,861.



Twenty eight (28) abattoirs, one hundred & fifteen (124) processing works thirty one (31) saleyards and twenty three (23) other outlets were operating during the 2007/08 year. The cost per establishment for delivering the service was \$431. (\$88,861 divided by 206 establishments)

## COMPARATIVE PERFORMANCE

	2004/05	2005/06	2006/07	2007/08
Total cost of maintenance and distribution of information	\$115,991	\$80,784	\$77,907	\$88,861
Number of establishments	122	170	187	206
Cost per establishment for delivering service	\$951	\$475	\$416	\$431

The total cost of this activity decreased significantly in 2005/06 as the appointment of the Compliance Officer has allowed more efficient management of the service. This coupled with an increase in the number of establishments covered has seen the cost of the service per establishment maintained at a consistent level.

## APPENDIX A

### Western Australian Meat Industry Authority rating system for abattoir standards:

#### Construction standard

Australian Standard for Construction of processing establishments or National Building Code	2 points
Export Standard for construction of processing establishments	3 points

#### Product description system

Meets Minimum Regulatory Standards for fair trading	1 point
Meets Minimum Regulatory Standards (carries out carcase branding & ticketing)	2 points
Monitored Product Description System (AUS-MEAT A rating or equivalent)	3 points
Quality Assured Product Description System (AUS-MEAT A+ rating or equivalent)	4 points

#### Health & hygiene standards

Complies with Australian Standard for Hygiene Production, with no meat inspection	2 points
Complies with Australian Standard for Hygiene Production, with meat inspection	3 points
Complies with all export standards	4 points

#### Training standards

Minimum HACCP training (one person trained where approved)	1 point
Minimum HACCP training (two or more persons trained)	2 points
Minimum HACCP training & quality assurance training (AUS-MEAT or equivalent)	3 points
Integrated training program overseen by qualified personnel ( e.g. MINTRAC)	4 points

#### Quality assurance

Minimum HACCP Program implemented (externally audited)	1 point
Extended Quality Assurance Arrangement (based on ISO, externally audited)	2 points
Certified ISO Quality System, third party audited	3 points

**Total possible points for each abattoir** **18 points**