

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

ANNUAL REPORT

YEAR ENDED 30 JUNE 2004

REPORT ON OPERATIONS

FINANCIAL STATEMENTS

PERFORMANCE INDICATORS

BUDGET ESTIMATES 2004/2005

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TABLE OF CONTENTS

INTRODUCTION	4
CHAIRPERSON'S REPORT	4
CORPORATE STRUCTURE	7
Members	7
David McFerran.....	7
Functions of the Authority	7
CORPORATE ACTIVITIES.....	8
Authority meetings	8
Sub Committee participation	8
Other Representative activities	9
Industry Recognition.....	9
Strategic planning	9
National Livestock Identification Scheme (NLIS)	9
Keniry Report into Live Export	9
Meat Processing Task Force	10
Corporate Governance	11
ESTABLISHMENT APPROVALS	12
Establishment Categories.....	12
Approval changes - Export	12
Approval changes - Domestic.....	13
Applications for approvals.....	13
Industry Standards	13
Industry Representation	14
STATE PROCESSING STATISTICS	15
REGULATORY ACTIVITIES	16
Processing Compliance.....	16
Carcase Branding Activity.....	16
Branding Compliance	16
Regulatory Training	16
Statistical Services	17
Industry Issues.	17
MIDLAND SALEYARD - MANAGEMENT	18
Background	18
Current Issues	18
Livestock Yardings	19
Joint Venture Arrangement.....	19
MIDLAND SALEYARD – REPLACEMENT FACILITIES	21
Background	21
Activity during the reporting period	21
INDUSTRY DEVELOPMENT.....	23
Activities	23
Meat Standards Australia (MSA)	23
National Livestock Reporting Service	23
HUMAN RESOURCE ISSUES	24
Staffing levels	24

Staff training & development	24
Industrial relations	24
DIRECTION BY THE MINISTER.....	24
FREEDOM OF INFORMATION STATEMENT.....	25
RISK MANAGEMENT	26
COMPLIANCE WITH THE ELECTORAL ACT 1907	26
EQUAL EMPLOYMENT OPPORTUNITY	26
PUBLIC SECTOR STANDARDS	27
PUBLIC INTEREST DISCLOSURE ACT.....	27
STATE RECORDS ACT.....	27
WASTE PAPER RECYCLING	27

INTRODUCTION

The Western Australian Meat Industry Authority (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, Forestry and Fisheries (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 Chairperson 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 market information 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 appointed under the Public Sector Management Act manages the Authority.

The Authority's Offices are based at Cowie Place, Midland Western Australia 6056 and the Authority's postal address is 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.

CHAIRPERSON'S REPORT

The 2003/04 year was one of generally improved economic conditions for the meat processing industry in Western Australia. Numbers of cattle processed by exporters returned to levels of the early 1990's. This increase was despite a stronger Australian dollar and reflects improved supply chain competitiveness within the live export industry, an increase in the cattle herd, and stable domestic demand despite increased meat prices.

Exporters also processed increased numbers of lambs however some of this increase was at the expense of domestic operators. The year saw a continued trend towards processors upgrading their plants to Export status to lower per unit production costs through increased throughput. Western Australian beef and sheepmeat continues to be regarded both domestically and overseas as a clean green reliable product.

To ensure that the Industry continues to maintain its reputation, the Authority worked vigorously to ensure that all meat processors in the State achieve a suitable level of construction, maintenance and operation. The Authority remained committed to promoting an integrated industry and to this end contributed as a representative on various industry committees. The Authority is finalising its work with the Department

of Health, AQIS and other agencies to develop arrangements and protocols to ensure an efficient and seamless regulatory framework.

In May 2004 the Minister released the Report of the Meat Processing Task Force (MPTF) to consider various issues relating to the meat Industry and called for submissions in response to the MPTF Report. At June 30 the Authority provided a response to this Report. In summary the Authority recommended

- ❑ Development of viability parameters for the Industry
- ❑ Investment in the skills and expertise of operators of meat processing companies
- ❑ The collection and distribution of up to date production and marketing information for livestock supply within WA
- ❑ The implementation of the recommendations of the Keniry Report into live export animal welfare issues, and
- ❑ Undertaking a cost benefit analysis of the regulatory arrangements to develop the optimum model for Western Australia.

It is expected that the MPTF will be reconvened in 2004/05 to prepare a final report.

The management of Midland Saleyard remained a key focus for the Authority. During the period the Authority continued its improvement program at Midland Saleyard utilising funds from Saleyard fees and charges. The Authority also manage a joint venture arrangement to deliver a number of value added fee-for-service activities at the Saleyard.

A highlight of the year occurred in September 2003, with the Authority receiving in-principle approval from Cabinet to establish sheep and cattle saleyards in the Muchea area, as a replacement for the Midland Saleyard. This approval was subject to agreement on funding by the Premier, Treasurer and the Minister.

A further funding submission resulted in the Minister announcing, in December 2003, approval for WAMIA to undertake Stage One of the Project. At June 2004 the Authority was finalising its Stage One report to recommend that the Project proceed through to Stages 2 & 3 ie. Key achievements of Stage One were:

- ❑ *Amendments to the WAMIA Act providing a mechanism for the Authority to manage the replacement facilities*
- ❑ *Agreement in principle with a land owner in the Muchea area for the acquisition of a land holding for the replacement facility*
- ❑ *Agreement for the Authority to sell a parcel of Authority freehold land at Hazelmere to Western Power Corporation*
- ❑ *Confirmation that no fatal flaws existed in the proposal to develop replacement facilities, and*
- ❑ *The appointment of a Project Manager to manage the Project.*

Other highlights of the 2003/04 year were:

- ❑ In August 2003, the Authority was presented with the Jack Mitchell Award by the Livestock Transporters Association WA. The award was in recognition of the Authority's efforts in the development of codes of practice for transport of

Livestock and assistance to transporters through its involvement in the saleyard industry.

- The Authority conducted a Strategic Planning Workshop in May 2004 to consolidate its strategic direction. The Board reaffirmed its support and commitment to its view of the overall purpose of the Authority

“The Western Australian Meat Industry Authority seeks to ensure all Meat and Livestock Industry players act with integrity and recognize each part of the Industry is interdependent”

The Authority strategies were consolidated and realigned at the Workshop to deliver the following outcomes

- *Providing a cost effective regulatory system which allows ethical operators to compete on a “level playing field”*
 - *Effectively contributing to State meat and livestock Industry standards*
 - *Ensuring that the long term viability of the Midland Saleyard and its replacement facilities*
 - *Managing animal welfare and environmental issues at Midland Saleyard in a cost effective manner*
 - *Ensuring industry has access to timely, accurate and relevant data and intelligence*
 - *Maximising the support of key stakeholders through clear effective communication of the Authority’s purpose, goals and activities.*
- During the year the Authority played a key role in the introduction of the National Livestock Identification Scheme (NLIS) which provides for lifetime identification of cattle by electronic means. The Authority funded the installation of NLIS at Midland Saleyard through funds generated as part of the Midland Saleyard Relocation project. Midland Saleyard was the first WA saleyard to establish NLIS as part of its operating procedures.
 - The Authority held a business development workshop during the year which identified opportunities for the Authority to broaden its revenue base whilst remaining focussed on its core functions.

The Authority remained mindful of the need to deal with all issues and people fairly and consistently by ensuring its legislative structure is supported by clear, documented policies. These policies have contributed to creating an even playing field that allows industry to operate in an efficient and competitive way. The Authority also ensured that it conducted itself in a professional manner with proper corporate governance.

The Authority continued to strive to communicate with all sectors of the industry, through industry meetings and an active media presence. I would like to acknowledge the strong commitment shown by the industry organisations to the initiatives that the Authority has undertaken during the year.

I would also like to acknowledge, and thank, the Board members and the staff of the Authority for their commitment and contribution to the Authority, the Industry and the State of Western Australia.

Martine Pop

Chairperson
Western Australian Meat Industry Authority
July 2004

CORPORATE STRUCTURE

Members

The Accountable Authority is the Western Australian Meat Industry Authority, which consists of seven Members appointed by the Minister and one Member nominated by the Department of Agriculture as a representative. The Authority Members at 30 June 2004 were:

Martine Pop (Chairperson)	Representing the Minister
Malcolm Seymour (Deputy Chair)	Representing Producers of Meat
David Hopperton	Representing Employees of the Industry
Garry Minton	Representing Private Meat Processors
Renata Paliskis Bessell	Representing the Department of Agriculture (DAWA)
John Pugh	Representing the Producers of Meat
Warren Robinson	Representing the Wholesale & Retail Meat Industry
Peter Trefort	Representing Private Meat Processors

All Members were appointed in March 2003 for a three year term.

The full time administrative staff of the Authority at 30 June 2004 was:

Michael Donnelly	Chief Executive
David Saunders	Operations Manager
David McFerran	Project Manager, Midland Saleyard Relocation
Jayne McPherson	Administrative Officer
Vanessa Breen	Administrative Assistant

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.
- (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
- (g) 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

Nine Authority meetings were held during 2003/04. Member's attendance at the Authority meetings was as follows (maximum attendance in brackets).

Name of member	Meetings Attended
Martine Pop	9 (9)
David Hopperton	5 (9)
Renata Paliskis Bessell	6 (9)
John Pugh	7 (9)
Warren Robinson	9 (9)
Malcolm Seymour	9 (9)
Peter Trefort	8 (9)
Garry Minton	6 (9)

The Authority invites advisers from Department of Health (DOH), AUS.MEAT, Australian Quarantine Inspection Service (AQIS) and the Australian Meat Industry Council (AMIC) to attend the sections of its meetings relating to industry matters.

Sub Committee participation

The Authority has established a Product Description and Specification Committee and a Midland Saleyard Relocation Steering Committee. Each Committee has its own documented Terms of Reference.

Board members and senior staff participated in the following sub – committees: -

- ❑ Ms Pop chaired the Product Description and Specification Committee. Mr Minton and Mr Donnelly are members of this Committee,

- ❑ Mr Seymour chaired the Midland Saleyard Relocation Steering Committee. Ms Pop, Mr Donnelly and Mr McFerran are members of this Committee, and
- ❑ Mr Robinson chaired the Midland Scales Management Joint Venture Board. Mr Donnelly is a Director of the Joint Venture,
- ❑ Mr Saunders provided executive support for Committees and JV Board meetings.

Other Representative activities

- ❑ Mr Donnelly chaired the Midland Saleyard Relocation Industry Reference Group and was a member of the Inter Departmental Monitoring Committee overseeing the Midland Saleyard Relocation Project,
- ❑ Mr Saunders and Mr Donnelly represented the Authority on the National Meat Standards Committee and the State Meat Safety Strategy Groups,
- ❑ Mr Donnelly represented the Authority on the State Cattle Industry Consultative Committee and Mr Saunders represented the Authority on the State Sheep Industry Consultative Committee, and
- ❑ Mr Saunders represented the Authority on the State Committee to implement the National Livestock Identification System for cattle and sheep.

Strategic planning

Throughout the period the Authority continued to refine its strategic processes. It held a number of risk management and strategic planning workshops particularly related to the Midland Saleyard relocation process. Objectives identified in the Authority's Strategic plan for 2003 – 06 were also evaluated for their relevance to the changing environment.

National Livestock Identification Scheme (NLIS)

During the year the Authority continued to work towards the introduction of the National Livestock Identification Scheme (NLIS) which provides for lifetime identification of cattle by electronic means. Amendments to legislation will require all WA saleyards to provide infrastructure to be able to read and record the NLIS electronic identification devices by July 2005.

The Authority represented saleyards and meat processors on the State Committee responsible for the implementation of NLIS into Western Australia. The Authority lobbied for infrastructure funding for industry, resulting in a \$2.1 million industry package being announced by the Minister in late 2003. This funding from the Cattle Industry Compensation Fund will provide subsidies for producers to purchase tags and fund the purchase of scanning equipment in abattoirs and saleyards.

The Authority funded the installation of NLIS at Midland Saleyard through funds generated as part of the Midland Saleyard Relocation project. Midland Saleyard was the first WA saleyard to establish NLIS as part of its operating procedures.

Keniry Report into Live Export

In September 2003, the Federal Government established the Keniry Committee to look into the Live Export trade following the Corno Express fiasco. In early December 2003 WAMIA submitted a position paper to the review committee, highlighting a number of concerns in respect to the operation of the Live Export Industry.

Meat Processing Task Force

In December 2002 the Minister announced the establishment of a taskforce to examine strategies to ensure the long-term future of the meat processing industry. One of the issues that MPTF was asked to examine was the efficiency of government regulation of the meat processing industry including reducing the overlap or duplication of regulatory functions. Several Members of the Authority were appointed as members of the MPTF.

The Minister released the MPTF report together with the Government's response in April 2004. Among the recommendations made by the task force was a call to remove the Authority and have its functions performed by other agencies. This recommendation was not supported by the Minister. The Authority has supplied the Minister with its comment on the MPTF report recommendations. Submissions from industry on the report closed on the 30th June 2004.

In summary the Authority recommended

- ❑ Development of viability parameters for the Industry
- ❑ Investment in the skills and expertise of owners and managers of meat processing companies
- ❑ The collection and distribution of up to date production and marketing information for livestock supply within WA
- ❑ The implementation of the recommendations of the Keniry Report into Live Export animal welfare issues
- ❑ Undertaking a cost benefit analysis of the regulatory arrangements to develop the optimum model for Western Australia.

It is expected that the MPTF will be reconvened in 2004/05 to prepare a final report.

National Competition Policy Review (NCP)

During the period, a number of amendments to the Act were presented to Parliament as part of an omnibus Bill in order to comply with the NCP. These amendments were as follows:

- ❑ Repeal of sections 19(b)(iv) and 21(2), to remove the capacity control measures in relation to the approval of abattoirs
- ❑ Amendments to sections 16(1)(b) and 27(1)(b) to remove the Authority's ability to regulate saleyards, and
- ❑ Amendments to Section 16(d)(ii) to limit the Authority's capacity to assume responsibility for, or arrange for the management of any other undertaking, establishment or facility in the meat industry.

The Bill was proclaimed in June 2004 and the amendments are now part of the Authority's Act.

Corporate Governance

During the reporting period the Authority also began a review of all aspects of the Authority's activities to ensure proper corporate governance practices were adopted. Achievements in this area include;

- ❑ The endorsement of a Board Charter and Business Principles Statement
- ❑ A endorsement of a Delegated Authority registrar
- ❑ The selection of a service provider to undertake an independent review/assessment of the Authority's governance system and processes and
- ❑ A review of Internal Audit processes.

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 Construction Standard. The following categories currently apply for all processing establishments in the State.

Category	Standard/ Inspection	Market access	Number at 30/06/03	Number at 30/06/04
Export	<input type="checkbox"/> Export standards & importing country requirements <input type="checkbox"/> AQIS Inspection.	No restrictions in Australia	13	10
Domestic (unrestricted)	<input type="checkbox"/> Australian Standard Health Dept/ Local Govt Inspection	No restrictions in Australia.	11	12
Domestic No Govt. Meat Inspection	<input type="checkbox"/> Australian standard <input type="checkbox"/> Special conditions apply	Distribution and capacity restrictions	2	2
Special Prison farm and Ag colleges.	<input type="checkbox"/> Australian standard. <input type="checkbox"/> Health Dept/ Local Govt Inspection	Internal supply and capacity restrictions	6	6
Closed with current approval	<input type="checkbox"/> Required to maintain basic environmental standards	Nil	3	1
Total			35	31

Approval changes - Export

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

- ☐ The Carnarvon abattoir has remained closed and its approval has now lapsed. Its long-term future is uncertain.
- ☐ The Watsons Foods WA Export pig abattoir located at Spearwood ceased slaughtering operations in February 2004 and transferred its slaughtering activities to the Derby Industries Pty Ltd abattoir at Linley Valley. The Spearwood facility will not reopen.
- ☐ The Gold Medal Meats Pty Ltd emu and ostrich processing facility at Casuarina closed has remained closed and its approval has now lapsed.
- ☐ The MGM Pty Ltd multi species export abattoir at Gingin commenced operations in late 2002 but closed in January 2004.

Approval changes - Domestic

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

- ❑ Tammin Abattoirs Pty Ltd reopened the former export sheep abattoir at Tammin in May 2004.
- ❑ Manjimup Abattoirs, a small domestic multi species abattoir at Manjimup, remains closed and its approval has now lapsed.
- ❑ Rancher Pty Ltd, a multi species processor at Capel remains closed and its approval has now lapsed.

Applications for approvals

During the year the Authority considered the following applications

	02/03	03/04
Applications to construct an establishment	0	0
Applications for new ownership	1	1
Applications for variation to approval	1	1
Applications to operate	1	1

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 2004, all establishments in Western Australia complied with relevant Australian Standards.

A key component of the Australian Standards is that establishments have Hazard Analysis Critical Control Point (HACCP) based QA plans in place.

To ensure that adequate personnel were 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 parties are in charge of meat processing establishments

During the period the Authority worked with senior officers of the Department of Health to develop a Memorandum of Understanding (MOU). The purpose of this MOU is to develop arrangements and protocols to ensure an efficient and seamless regulatory framework. The MOU is expected to be signed off in the first quarter of 2004/05.

The Authority is finalising its work with AQIS and other agencies to develop similar arrangements.

Where unresolved construction and operational issues are identified during audits, DOH and AQIS auditors establish timetables agreed with processor's management to address these issues.

Industry Representation

The Authority continued to be represented on the Meat Safety Strategy Group formed to oversee implementation of these standards in Western Australia.

The Authority has a representative on the National Meat Standards Committee. This Committee is responsible for developing and implementing national standards for all meat products for domestic consumption.

STATE PROCESSING STATISTICS

The Authority maintains processing statistics for the State by type of animal and category of processing establishment. The following tables show performance for the years 2002/03 and 2003/04.

Establishment Category	Year	Cattle	Sheep	Lambs	Goats	Pigs
Export	2002/03	253,928	1,117,393	1,371,103	282,005	353,779
	2003/04	281,715	1,285,639	1,834,679	198,224	610,837
	% Change	11	15	34	(30)	73
Domestic (unrestricted)	2002/03	158,257	355,220	480,854	5,834	298,518
	2003/04	156,378	264,326	409,072	6,295	52,679
	% Change	(1)	(26)	(16)	8	(82)
Domestic without Meat inspection	2002/03	216	549	406	7	196
	2003/04	206	476	492	17	219
Special	2002/03	995	6,422	138	5	161
	2003/04	1,143	6,644	115	6	133
Totals	2002/03	413,396	1,479,621	1,852,522	287,851	652,654
	2003/04	439,442	1,557,085	2,244,358	204,542	663,868
	% Change	6	5	21	(29)	2

Establishment Category	Year	Deer	Emus	Buffalo	Rabbit	Ostrich
Export	2002/03	3,020	247	2	0	7,230
	2003/04	4,146	30	6	0	2,674
Domestic (Unrestricted)	2002/03	28	0	113	11,212	0
	2003/04	72	0	7	13,881	0
Special	2002/03	0	0	0	0	0
	2003/04	0	0	0	0	0
Total	2002/03	3,408	247	115	11,241	7,230
	2003/04	4,218	30	13	13,881	2,674

REGULATORY ACTIVITIES

Processing Compliance

The Authority maintained close liaison with other regulatory authorities to ensure that only approved establishments process meat for human consumption. The Authority investigated a number of complaints regarding illegal slaughter operations in conjunction with the Police Service Stock Investigation Unit (PSSIU) and DOH.

Upon receiving sufficient evidence regarding these complaints, 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, then the Authority will request the SSO to commence legal proceedings. In 2003/2004 Authority investigations resulted in three cases being referred to the CSO by either the DOH or the Authority.

Carcase Branding Activity

The Authority's Act and Regulations specify certain requirements for establishment operators with respect to carcass roller branding of Lamb, Hogget and Gold Beef. Almost all branded product is derived from AUS.MEAT accredited establishments and as such are required to have quality assurance procedures covering these activities.

During the period the Authority followed on from an investigation carried out last year on procedures for the branding of small lambs produced for niche markets. The investigation resulted in amendments being made to the branding regulations. Processors may now use an alternative brand, which allows for a minimal amount of branding ink to be used on the carcass. This improved the marketability of the product but still allowed sufficient controls to ensure that product integrity was maintained. The Authority worked cooperatively with Industry, AUS.MEAT and DOH to reach resolution on this issue.

The Authority also worked with a number of processors to approve brand name carcass brands to promote prime product. These brands were approved subject to the provision of specific criteria for product eligibility.

Branding Compliance

All establishments that carry out carcass roller branding do so under the supervision of full time government meat inspection services. All carcass brands are held under the security of the inspection service and 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 acted on immediately. Authority staff carry out random inspections of processing establishments, boning rooms, meat auctions and supermarkets and retail butchers to ensure compliance with branding provisions.

Regulatory Training

The Authority has continued to provide assistance to the PSSIU in a major Police training program on Stock investigations. A number of courses were conducted at the Midland Saleyards facility with Authority staff contributing with session presentations.

The courses have increased the level of awareness of country based police officers towards stock theft, livestock identification compliance and detection of illegal slaughtering activities.

Statistical Services

During this period the Authority provided a number Government, Industry Organisations and processors with slaughter, saleyard statistics and market analysis.

Industry Issues.

In November 2003 the Authority joint hosted in conjunction with AUS.MEAT an industry forum. The forum allowed a number of industry bodies such as DOH, AQIS, MLA, MSA and AUS.MEAT to provide participants updates on a number of industry projects and issues.

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.

Consultation was carried out in the period under review with animal welfare groups, saleyard users, neighbouring land holders, local government and government regulatory agencies to ensure that the operations of Midland Saleyard remain in harmony with local and broader community expectations.

The Authority ensured that income earned by the yards is used to provide the best facility possible. Capital improvements were prioritised following consultation with producer groups, livestock transporters, livestock agents buyers and animal welfare organisations.

Current Issues

Numerous issues have a direct impact on Midland Saleyard activities. In brief these include: -

- ❑ The Authority has been working to provide water to all cattle selling and holding pens, as of June 30 this project was 95% complete. This work will improve meat quality and animal welfare conditions.
- ❑ The Authority, working with DoA and Industry, became the first Western Australian Saleyard to be compliant with the requirements of the National Live Stock Identification Scheme (Cattle) and has been scanning cattle since early 2004.
- ❑ The Authority working with DoA and Industry is facilitating the introduction of saleyard selling software into Midland and regional saleyards. This software will enhance the selling process, improve bio security and allow the greater dissemination of market information for both sellers and purchasers.
- ❑ Development of Land adjoining the saleyard complex continues to take place, increasing the pressure for the saleyard property to be made available for sale and development. The Authority regularly provided briefings to the MRA, Swan Chamber of Commerce and local government on progress with the relocation process.
- ❑ The Authority has been working with an environmental waste management organisation to develop a composting plant to process both saleyard manures and green waste. The trial has attracted research funding from government and industry and is likely to commence in late 2004.
- ❑ The Authority continues to work with Industry and the RSPCA to improve awareness of Animal Welfare standards and has part sponsored a "Fitness to Transport" booklet to be released in late 2004.
- ❑ The Authority managed greater scrutiny of environmental compliance particularly in relation to ground water.

- ❑ The Authority continues to work with the EPA and brickworks management to monitor emissions from the neighbouring Brickworks following complaints from saleyard users about air quality.
- ❑ To avoid problems encountered with the supply of stock feed to the Midland Saleyard, the Authority concluded a tendering process for the long-term supply of hay in late 2003. The object of the tender was to secure supply, ensure that product quality and integrity was to industry standards and at market price.

Livestock Yardings

Yardings of Cattle in 2003/04 fell with fewer pastoral numbers offered after two years of high turn off due to poor seasonal conditions in some pastoral areas. The market continued to offer favourable prices for all stock categories particularly store types.

The throughput decline in the State's sheep flock saw a significant drop in sheep & lamb numbers. The continued decline saw Midland revert to a one-day sale in April 2004. The market however continues to offer high saleyard prices and it is expected that numbers will lift in line with increases in the State Flock.

The closure of the Narrogin pig saleyards now leaves Midland as the only regular pig market operating. However even with the influx of pigs from this market pig numbers continued to decline with the exit of smaller growers from the industry.

Yardings of cattle, sheep, lambs and pigs through the Midland Saleyards for financial years 1995/96 to 2003/ 2004 are listed in the table below.

Year	Cattle	Sheep & Lambs	Pigs
1995/96	98,705	1,494,103	64,269
1996/97	100,603	1,490,504	61,742
1997/98	123,444	1,474,421	41,986
1998/99	118,559	1,458,323	29,049
1999/00	114,718	1,294,692	20,518
2000/01	119,902	1,275,489	20,749
2001/02	139,352	1,212,402,	19,729
2002/03	137,422	1,006,357	14,700
2003/04	113,610	802,650	12,061
% Change last year	(17)	(20)	(18)

Joint Venture Arrangement

Since July 2001 the Joint Venture arrangement at Midland Saleyards has managed the receival, drafting and weighing operations for cattle and pigs at Midland. These arrangements continue to result in reductions in transport waiting time, reduced animal stress and improvements in overall efficiency.

The continued growth of the Joint Venture operations in 2003/2004 saw the appointment of a full time Manager, Mr Linton Batt, to oversee its operations. This

appointment has allowed the Joint Venture to improve marketing of the facility, the level of service provided and development of staff.

The Joint Venture expanded its activities to providing services at other saleyards; a pick up service for livestock transporters and in February 2004 became responsible for the provision of animal welfare services to the saleyard. This has led to better utilisation of staff and will provide improvements in animal welfare and greater accountability for stock identification and security.

MIDLAND SALEYARD – REPLACEMENT FACILITIES

Background

In 2001, the Authority presented the Minister with a Cabinet submission regarding the relocation of Midland Saleyard.

The Report demonstrated the feasibility of relocating the Midland Saleyard to a location in the Muchea area, 32 Kilometres North of Midland. The recommendations of the Report were supported by all the major industry organisations.

The Minister released the Feasibility study report for a two month period in October and November 2001.

In February 2002, The Minister announced that State Government had agreed to the Muchea location but directed that a Request for Interest (RFI) process be undertaken to determine the interest of private enterprise in building and operating the Muchea facility. At the same time, the Minister established a Steering Committee made up of representatives of the Departments of Agriculture, Planning and Infrastructure and Treasury and Finance to conduct the RFI process.

As part of the RFI process the Minister also established an Industry Reference Group to provide advice to the Steering Committee and the Minister on industry impacts and technical issues associated with any recommendations. The Industry Reference Group was chaired by the Authority's Chief Executive and included representatives of producers, livestock agents, livestock transporters, buyers, livestock exporters and the Shire of Chittering.

The Steering Committee advertised the RFI in February 2003 with a closing date of April 2003. In June 2003 the Authority was informed that the RFI process had concluded and consideration was being given by the Steering Committee to recommending conducting a Request for Proposal to further explore options for owning and operating the Muchea facility.

Activity during the reporting period

The IRG met in July 2003 to consider the recommendations of the Steering Committee. The Steering Committee advised that legislative change was required for the private interest to operate a replacement facility and that this change could take some years to complete and that the expressions of interest should be reconsidered at a later date. The IRG considered that any further delays were unacceptable, rejected the findings of the Steering Committee and recommended to the Minister that the original proposal proceed and a new facility be built and managed by the Authority.

The Minister accepted this view and advised the Authority to obtain an option on a suitable property in the Muchea area. The Authority in conjunction with the DTF, DoA and the Authority prepared a Cabinet Submission for the Minister putting forward the case for the Muchea facility.

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. This approval was subject to agreement on funding details for the Project by the Premier, Treasurer and Minister for Agriculture, Forestry and Fisheries.

WAMIA provided a further submission in November 2003 resulting in the Treasurer providing approval for WAMIA to undertake Stage One of the Project. Stage One required WAMIA to carrying out studies to firm up the scope of works to be undertaken, the estimated cost of works and the estimated proceeds from the sale of existing saleyard land and assets.

In December 2003 the Minister announced that the Government had given in principle approval of the Project subject to preparation of a Stage One Report which would verify all costs associated with the Project.

The Minister established a Monitoring Committee made up of representatives from DoA, DTF and the Authority to oversee the Project Process. At the same time the Authority established a Relocation Steering Committee made up of the Authority and Industry representatives responsible for Project planning. Both groups have met a number of times in the period.

At June 30, the Authority had essentially concluded Stage One of the Project and was preparing its report to Cabinet which recommends that the Project is viable and should proceed. This report verifies all costs associated with the Project, which has included constructions costs, both purchase and sale land values and remediation costs for existing land holdings.

The Authority also entered into negotiations with a landholder in the Muchea area to secure an option to purchase. This process is in the final stage of negotiations as of 30th June 2004. The Authority has also entered into a contract to sell 16 ha of its Hazelmere freehold land to Western Power with settlement due in late 2004.

During the period the Authority also appointed a Project Manager, Mr David McFerran.

INDUSTRY DEVELOPMENT

Activities

The Authority takes a pro-active role to encourage and promote efficiency in the industry. Apart from its involvement in processing establishment and Saleyard standards, the Authority supports a number of initiatives which further the overall development of the industry.

During 2003/2004 this involvement included: -

- ❑ Attendance and presentations at the annual conferences of major industry organisations
- ❑ Regular briefings to the Executive Committees of the States producer, processor, livestock transporter and agents organisations
- ❑ Mr Donnelly being a member of the State Cattle Industry Consultative Committee
- ❑ Mr Saunders being a member of the State Sheep Industry Consultative Committee
- ❑ Mr Saunders being a member of the State Committee to implement the National Livestock Identification System for cattle, and
- ❑ Mr Saunders being a member of the State Committee to implement the National Livestock Identification System for sheep.

Meat Standards Australia (MSA)

During the year under review the Authority continued to provide active support for the introduction of the MSA system into the State. This support involved: -

- ❑ Further refinement to the marketing of MSA cattle through the saleyard system, and
- ❑ Referral of any breeches of MSA protocols found during Authority inspection activities to MSA staff.

National Livestock Reporting Service

Since November 2002 Meat and Livestock Australia has been responsible for the operations of the NLRS. The service is funded from producer levies and sale of information. The NLRS provides the State's meat and livestock industry with an accurate and unbiased market information service. The overall 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 coverage of the pig sales & market highlights to the Countryman and ABC.

HUMAN RESOURCE ISSUES

Staffing levels

The number of salary and wages staff employed by the Authority at 30 June 2004 is listed below.

Administration	FTE *as at 30/6/03	FTE *as at 30/6/04
Chief Executive	1	1
Project Manager	0	1
Operations Manager	1	1
Assistant Operations Manager	1	0
Administrative Assistant	1.4	1.4
Saleyard Supervisors	2	1
Saleyard Staff		
Cleaning	3.4	2.8
Maintenance	1.6	0.8
Total	11.4	9

*FTE = Full Time Equivalent

Staff training & development

During the period the Authority continued to invest in its staff through training and development. Other administrative staff received training in management, negotiation, strategic planning, superannuation and records management. Midland Saleyard staff received training in safety and loading equipment operation.

Industrial relations

All administrative and supervisory staff are covered by the State Government framework agreement which is based on the Public Service and GOSAC 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 2002. All agreements expired on the 1st January 2004 and as of the 30th June 2004 agreement to extend them for a further term was subject to arbitration.

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 by the accountable authority of the Authority. No direction was given by the Minister for the period of this report.

FREEDOM OF INFORMATION STATEMENT

The Mission Statement is as per Section 16(1) of the Western Australian Meat Industry Authority Act 1976 as amended, which 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 undertaking, 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 for the Authority. The Authority's management 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 doing and suffering all things required within its Act and associated regulations.

The Authority's Board comprises 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, telephone (08) 9274 7533 located at Clayton Street, Midland, WA. It received no requests during the 2003/2004 period.

RISK MANAGEMENT

Treasurer's Instruction 252 (formerly TI 109) requires the Authority to:

“Ensure that there are procedures in place for the periodic identification, assessment and treatment of risks inherent in the operations of the Authority, together with suitable risk management policies and practices, and that these are documented in the accounting manual or other relevant policy manual.”

The Authority has developed a risk management policy, which is included in its Policy Manual. Strategies have been developed to deal with risks, particularly in relation to the regulatory controls the Authority exercises in the meat industry and the hazardous nature of 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 had only one case of expenditure exceeding \$1,500. This was to the Business Today organisation for \$8,921.25 for promotional advice for the Midland Saleyard Relocation Project.

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.

The talents and resources of employees are utilised to the full, and

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 in accordance with Public Sector Standards.

Compliance with the Code is monitored by the Chief Executive Officer with no breaches having been detected or reported in this financial year.

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 a PID officer. No disclosures have been made in the period.

STATE RECORDS ACT

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

WASTE PAPER RECYCLING

Due to the small size of the office a minimal amount of waste paper is produced. Most of our documents of a confidential nature are shredded or disposed of appropriately.

**WESTERN AUSTRALIAN MEAT INDUSTRY
AUTHORITY**

**ANNUAL REPORT
YEAR ENDED 30 JUNE 2004**

FINANCIAL STATEMENTS



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion,

- (i) the controls exercised by the Western Australian Meat Industry Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

Scope

The Board's Role

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.


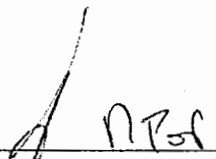
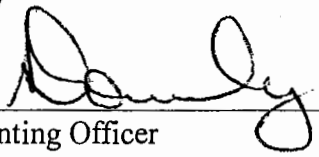
An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
October 25, 2004

**CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

The accompanying financial statements of the Western Australian Meat Industry Authority have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2004 and the financial position as at 30 June 2004.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

 _____ Member	<u>23. 8. 04.</u> _____ Date
 _____ Member	<u>23 8 04</u> _____ Date
 _____ Principal Accounting Officer	<u>27-8-04</u> _____ Date

These Financial Statements were tabled at the Authority meeting of August 23, 2004

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2004

	note	2004 \$	2003 \$
REVENUE			
<i>Revenues from ordinary activities</i>			
<i>Revenue from operating activities</i>			
Goods and services	2	1,227,281	1,427,895
<i>Revenue from non operating activities</i>			
Interest revenue		16,025	16,169
Workers compensation recoup	3	2,513	32,964
Share of net profit of joint venture	13	-	29,241
Total revenues from ordinary activities		<u>1,245,819</u>	<u>1,506,269</u>
EXPENSES			
<i>Expenses from ordinary activities</i>			
Employee Expenses	4	590,246	710,755
Supplies and Services	5	288,399	402,702
Depreciation	6	67,315	65,805
Power, water and gas costs		52,852	53,508
Administration expenses	7	66,847	70,040
Other expenses from ordinary activities	8	170,096	184,394
Midland saleyard relocation expenses	9	<u>93,231</u>	<u>6,218</u>
Total expenses from ordinary activities		<u>1,328,986</u>	<u>1,493,422</u>
NET (LOSS) / PROFIT FROM ORDINARY ACTIVITIES		(83,167)	12,847
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA GOVERNMENT AS OWNERS		(83,167)	12,847
		=====	=====

*The Statement of Financial Performance should be read in conjunction
with the accompanying notes.*

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

STATEMENT OF FINANCIAL POSITION

as at 30 June 2004

	note	2004 \$	2003 \$
CURRENT ASSETS			
Cash assets	19(a)	360,740	384,252
Receivables	10	64,425	97,452
Other assets	11	<u>5,086</u>	<u>495</u>
Total current assets		<u>430,251</u>	<u>482,199</u>
NON-CURRENT ASSETS			
Investment in joint venture	13	76,336	83,600
Property, plant, equipment and vehicles	14	<u>5,603,983</u>	<u>5,539,278</u>
Total non-current assets		<u>5,680,319</u>	<u>5,622,878</u>
Total Assets		<u>6,110,570</u>	<u>6,105,077</u>
CURRENT LIABILITIES			
Payables	15	146,279	51,813
Provisions	16	139,903	134,759
Other Liabilities	17	<u>30,244</u>	<u>38,900</u>
Total current liabilities		<u>316,426</u>	<u>225,472</u>
NON CURRENT LIABILITIES			
Provisions	16	<u>17,594</u>	<u>19,888</u>
Total non-current liabilities		<u>17,594</u>	<u>19,888</u>
Total Liabilities		<u>334,020</u>	<u>245,360</u>
Net Assets		<u>5,776,550</u>	<u>5,859,717</u>
EQUITY			
Retained Profits	18	<u>5,776,550</u>	<u>5,859,717</u>
Total Equity		<u>5,776,550</u>	<u>5,859,717</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

STATEMENT OF CASH FLOWS

for the year ended 30 June 2004

	note	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		1,262,821	1,498,682
Interest revenue		16,025	16,169
GST receipts on sales		114,777	134,713
Payments			
Employees costs		(568,204)	(691,929)
Supplies and services		(593,142)	(766,790)
GST payments on purchases		(77,209)	(80,284)
GST payments to taxation authority		<u>(53,824)</u>	<u>(54,429)</u>
Net cash provided by/ (used in)			
Operating activities	19(b)	<u>101,244</u>	<u>56,132</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(132,020)	(127,241)
Investment in joint venture		<u>7,264</u>	<u>(29,241)</u>
Net cash used in investing activities		<u>(124,756)</u>	<u>(156,482)</u>
Net increase/ (decrease) in cash held		(23,512)	(100,350)
Cash assets at the beginning of the financial year		384,252	484,602
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	19(a)	<u>360,740</u>	<u>384,252</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

(a) Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

Basis of Accounting

The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the exception of certain non-current assets which, as noted are measured at fair value.

(b) Acquisition of assets

The cost method of accounting is used for all acquisition of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Assets acquired at no cost or for nominal consideration, are initially recognised at fair value at the date of acquisition.

(c) Depreciation of non-current assets

Property, plant and equipment, other than freehold land, are depreciated over their estimated useful lives using the straight-line method.

The current rates for depreciation are

Building and yards	4.5%
Vehicles	12.5%
Plant and equipment	10% - 25%
Cattle scale facility	4.5%

(d) Joint Venture Operation

Interest in joint venture operations have been reported in the financial statements on the equity method of accounting in accordance with AAS 14 Accounting for Investments in Associates. The carrying amount of the investment in joint venture is reflected at cost and adjusted for the share of net profits of the joint venture since acquisition date. Details of the Authority's interests in assets are set out in Note 13

(e) Employee Benefits

(i) Annual Leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave

The liability for 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 nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits 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. All staff who do not contribute to either of these schemes become non - contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB)

The Pension Scheme, and the pre-transfer benefit for employees who transferred to the Gold State Superannuation Scheme, are unfunded and the liability for future payments are provided for at reporting date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

The note disclosure required by paragraph 6.10 of AASB1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(iv) Employment benefit on-costs

Employee benefit on-costs, including payroll tax are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. See notes 4 and 16.

(f) Leased Assets

The Authority has entered into a number of operating lease arrangements for vehicles and office equipment 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 operating statement over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

(g) Accounts Receivable,

Accounts Receivable are recognised at the amounts receivable and are due for settlement no more than 30 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

(h) Accounts Payable

Accounts Payable, including accruals not yet billed, are recognised when the economic authority becomes obliged to make future payments as a result of a purchase of assets or services. Accounts payable are generally settled within 30 days.

(i) Accrued Salaries

Accrued salaries (Refer note 17) 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. The Authority considers the carrying amount approximates net fair value.

(j) Net Fair Values of Financial Assets & Liabilities

Net fair values of financial instruments are determined on the following bases;

Monetary financial assets and liabilities not traded in an organised financial market - cost basis carrying amounts of accounts receivable, accounts payable and accruals (which approximates net market value).

(k) Comparative Figures

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

(l) Rounding of Amounts

Amounts in the financial statements have been rounded to the nearest dollar.

(m) Revenue Recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Authority has passed control of the goods or other assets or delivery of the service to the customer.

(n) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets net of outstanding bank overdrafts. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(o) Employee Benefit oncosts

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses

	2004	2003
	\$	\$
2. GOODS AND SERVICES		
Saleyard fees and services	696,911	807,635
Livestock services	116,946	164,801
Abattoir licensing and services	85,264	91,726
Rental Income	105,778	91,385
Income from truck washes	81,870	76,361
Waste Management Income	53,500	53,500
Joint Venture Management fee	39,572	47,650
Livestock market reporting service	-	28,163
Manure sales	22,076	22,901
Other	<u>25,364</u>	<u>43,773</u>
	<u>1,227,281</u>	<u>1,427,895</u>

2004	2003
\$	\$

3. WORKERS' COMPENSATION RECOUP

Payments made for workers' compensation to employees are reimbursed by the State Government Insurance Commission.

2,513 **32,964**

4. EMPLOYEE EXPENSES

Wages and Salaries	499,045	593,659
Superannuation	61,864	67,342
Board Fees	37,623	37,000
Long Service Leave	(12,038)	6,650
Annual Leave	3,752	3,459
Worker's Compensation Payments	-	2,645
	<u>590,246</u>	<u>710,755</u>

5. SUPPLIES AND SERVICES

Consultants and contractors	179,914	255,333
Livestock marketing reporting service	25,350	56,717
Repairs and maintenance	75,438	83,060
Travel	<u>7,697</u>	<u>7,592</u>
	<u>288,399</u>	<u>402,702</u>

6. DEPRECIATION

Buildings	35,094	34,944
Plant & Equipment	31,261	29,109
Vehicles	<u>960</u>	<u>1,752</u>
Total Depreciation	<u>67,315</u>	<u>65,805</u>

7. ADMINISTRATION EXPENSES

Communications	32,319	30,208
Administrative Vehicle Expenses	32,799	34,655
Other Staff Costs	<u>1,729</u>	<u>5,177</u>
	<u>66,847</u>	<u>70,040</u>

8. OTHER EXPENSES

Waste Management Disposal	17,770	22,748
Insurance	70,745	55,415
Computer Expenses	7,657	4,932
Tag Costs	6,225	17,250
Licences, memberships & subscriptions	7,149	9,912
Share of Loss of Joint Venture	7,264	74,137
Other general expenses	<u>53,286</u>	<u>74,137</u>
	<u>170,096</u>	<u>184,394</u>

2004
\$

2003
\$

9. MIDLAND SALEYARD RELOCATION EXPENSES

General relocation expenses	18,795	6,218
Land disposal costs (1)	<u>74,436</u>	<u>-</u>
	<u>93,231</u>	<u>6,218</u>

These expenses relate to the Project to develop replacement facilities to Midland Saleyard. (1) relates to land disposal costs incurred in respect to valuation and survey fees, due diligence expenses and feasibility studies with respect to the disposal of Authority freehold and crown Reserves land brought. Proceeds of these land sales will fund the Project.

10. RECEIVABLES

Trade Debtors	72,431	105,458
Less: provision for doubtful debts	<u>(8,006)</u>	<u>(8,006)</u>
	<u>62,425</u>	<u>97,452</u>

11. OTHER ASSETS

Income Accrued	<u>5,086</u>	<u>495</u>
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12. INVENTORIES

The Authority held no material inventories during the year. Small items are expensed.

13. JOINT VENTURE OPERATIONS

The Authority holds one-third output interest in the Midland Scales Management Joint Venture.

The following amounts represent the Authority's interest in assets employed in the joint venture operations, which are included in the consolidated financial statements;

Current Assets

Investment of one third of JV at cost	16,715	16,715
Share of undistributed profit at beginning of year	66,885	37,644
Share of current year undistributed net profit	-	29,241
Provision for diminution of value in assets	<u>(7,264)</u>	<u>-</u>
	<u>76,336</u>	<u>83,600</u>

Non current Assets

Nil	0	0
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Total Assets	<u>76,336</u>	<u>83,600</u>
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2004	2003
\$	\$

14. PROPERTY, PLANT, EQUIPMENT AND VEHICLES

Plant, Equipment and Vehicles		
At Cost	355,818	346,816
Accumulated depreciation	<u>(216,607)</u>	<u>(184,387)</u>
	<u>139,211</u>	<u>162,429</u>
Freehold Land (1)		
At Cost	4,890,990	4,890,990
Building and Yards		
At cost	838,982	779,742
Accumulated depreciation	<u>(328,978)</u>	<u>(293,883)</u>
	<u>510,004</u>	<u>485,859</u>
Capital Works in Progress (2)	<u>63,778</u>	<u>0</u>
	<u>5,603,983</u>	<u>5,539,278</u>

(1) The valuations reported are different from the valuations of the Government Property Register (GPR) managed by the Government Property Office. The GPR shows land valued on 1 July 2003 at \$12,277,500 in the name of the Authority. The difference is due to the Authority values being based on historical cost convention whereas the GPR values are based on the Valuer General's assessment of current market value.

(2) 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 land, buildings and yards, motor vehicles, and plant and machinery at the beginning and end of the current and previous financial year are set out below.

Consolidated 2004	Plant Equipment and Vehicles	Land	Capital Works in Progress	Building & Yards	TOTAL
Carrying amount at start of year	162,429	4,890,990	-	485,859	5,539,278
Additions	9,002	-	63,778	59,240	132,020
Disposals	-	-	-	-	-
Depreciation	(32,220)	-	-	(35,095)	67,315
Carrying amount year end	139,211	4,890,990	63,778	510,004	5,603,983
Consolidated 2003					
Carrying amount at start of year	85,753	4,890,990	-	501,099	5,477,842
Additions	107,537	-	-	19,704	127,241
Disposals	-	-	-	-	-
Depreciation	(30,861)	-	-	(34,944)	(65,805)
Carrying amount at end of year	162,429	4,890,990		485,859	5,539,278

	2004	2003
	\$	\$
15. PAYABLES		
<i>Current</i>		
Trade Payables	137,676	23,670
GST Payable	(347)	15,908
PAYG Payable	8,950	10,940
Superannuation Payable	-	1,295
	<u>146,279</u>	<u>51,813</u>

	2004	2003
	\$	\$
16. PROVISIONS		
<i>Current</i>		

Annual Leave	58,269	54,517
Long Service Leave	45,087	54,832
Superannuation (1)	<u>36,547</u>	<u>25,410</u>
	<u>139,903</u>	<u>134,759</u>

Non-Current:

Long Service Leave	<u>17,594</u>	<u>19,888</u>
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Employee Benefit Liabilities

The aggregate employee benefit liability recognised and included in the financial statement is as follows:

Provision for employee benefits:

Current	139,903	134,759
Non-Current	<u>17,594</u>	<u>19,888</u>
	<u>157,497</u>	<u>154,647</u>

(1) The superannuation liability has been established from an actuarial assessment of the present value of the employer's unfunded liability for the superannuation associated with the Authority, and the present value of the amounts of that liability that will be met by the Treasurer without recovery from the Authority. The assessment is effective as at 30 June 2004.

17. OTHER LIABILITIES

Accrued Expenses	-	7,960
Accrued Salaries	21,134	21,770
Accrued Board Fees	7,000	7,000
Accrued Superannuation	<u>2,110</u>	<u>2,170</u>
	<u>30,244</u>	<u>38,900</u>

18. EQUITY

Retained profits		
Opening Balance	5,859,717	5,846,870
Net Profit/ (Loss)	<u>(83,167)</u>	<u>12,847</u>
Closing Balance	<u>5,776,550</u>	<u>5,859,717</u>

2004	2003
\$	\$

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets

Cash on hand	450	450
Cash at Bank	138,703	173,329
Term Deposit	221,586	210,473
	<u>360,740</u>	<u>384,252</u>

(b) Reconciliation of profit from ordinary activities to net cash flows provided by operating activities

Profit/(Loss) from ordinary activities	(83,167)	12,847
Non cash items:		
Depreciation expense	67,315	65,805
(Increase)/decrease in assets:		
Current receivables	33,027	8,582
Other current assets	(4,591)	3,690
Increase/(decrease) in liabilities:		
Current payables	94,466	(48,143)
Other current liabilities	(3,512)	17,891
Non current liabilities	<u>(2,294)</u>	<u>(4,540)</u>
Net cash provided by Operating Activities	<u>101,244</u>	<u>56,132</u>

	2004	2003
	\$	\$
20. REMUNERATION OF ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS.		

Remuneration of members of Accountable

Authority.

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

	2004	2003
Up to \$10,000	5	5
\$10,001 - \$20,000	1	1

The total remuneration of the members of the Accountable Authority is:

37,623 **40,330**

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 whose total of fees, salaries, superannuation and other benefits for the financial year fall into the following bands.

	2004	2003
\$70,000 - \$80,000	1	0
\$80,001 - \$90,000	0	1
\$90,001- \$100,000	0	0
\$100,000-\$110,000	0	1
\$110,001-\$120,000	1	0

The total remuneration of senior officers is:

190,065 **194,493**

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

21. REMUNERATION OF AUDITOR

Remuneration to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators

8,000 **8,000**

22. EXPLANATORY STATEMENT**(a) Comparison of Actual Results with those Preceding Year**

Details and reasons for the significant variations between actual revenue (income) and expenditure and the corresponding item of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$50,000.

INCOME FROM ACTIVITIES	2004 \$	2003 \$	Variance \$
Saleyard Fees and Services <i>Reduced livestock numbers through Midland Saleyard resulted in a decrease in Saleyard revenue this year</i>	696,911	807,635	(110,724)
Livestock Services <i>Reduced livestock throughput at Midland Saleyard resulted in a decrease in Livestock Services revenue</i>	116,946	164,801	(47,855)
Rental Income <i>New sources of casual rental income opportunities were identified during the year</i>	105,778	91,385	14,933
Joint Venture Management Fee <i>Reduced numbers of livestock through Midland Saleyard resulted in decreased JV fees</i>	39,572	47,650	(8,078)
Livestock Market Reporting Service <i>The service was absorbed into a national program in 2003.</i>	-	28,163	(28,163)
Workers Compensation Recoup <i>Several large workers compensation cases in the prior reporting period resulted in abnormally higher income for that year.</i>	2,513	32,694	(30,181)
Share of Net Profit of joint venture <i>Reduced throughput at Midland Saleyard resulted in a decrease in Joint venture profitability</i>	-	29,241	(29,241)
Other Income <i>A decrease in numerous sundry income items resulted in less revenue allocated to this category of income</i>	25,364	43,773	(18,409)
EXPENDITURE	2004 \$	2003 \$	Variance \$
Employee expenses <i>Reductions in employee numbers and overtime resulted in savings in wages, salaries and on-costs</i>	590,246	710,755	(120,509)

EXPENDITURE	2004 \$	2003 \$	Variance \$
Supplies and Services <i>Cutbacks in purchases of livestock services, and feedstuffs resulted in a reduction in the costs of supplies and services</i>	288,399	402,702	(114,303)
Administration Expenses <i>Savings in staff training and fringe benefits tax expenses resulted in less administration expenses</i>	66,847	70,040	(3,193)
Other Expenses <i>Increased expenses associated with the Midland Saleyard Relocation have impacted on this category of expenses</i>	263,327	190,612	72,715

(b) Comparison of Estimates and Actual Results

Section 42 of the Financial Administration and Audit Act requires statutory authorities to prepare annual budget estimates. Treasurer's Instruction 95 requires an explanation of significant variations between these estimates and actual results. Significant variations are considered to be those greater than 10% or \$50,000.

INCOME	Actual \$	Budget \$	Variance \$
Saleyard Fees and Services <i>Reduced livestock numbers through Midland Saleyard resulted in a decrease in Saleyard revenue against budget</i>	696,911	835,000	(138,089)
Manure Sales <i>A projected composting trial was deferred resulting in less income than expected</i>	22,076	79,590	(57,514)
Livestock Services <i>Reduced livestock throughput at Midland Saleyard than budgeted resulted in a decrease in Livestock Services revenue</i>	116,946	188,000	(71,054)
Interest Revenue <i>Increases in cash at bank than budgeted resulted in improved interest revenue</i>	16,025	8,000	8,025

Share of Net Profit of Joint Venture	-	15,000	(15,000)
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Joint Venture operations resulted in a loss in the current year.

EXPENDITURE	Actual \$	Budget \$	Variance \$
Supplies & Services <i>Cutbacks in purchases of livestock services, feedstuffs resulted in savings in the costs of supplies and services</i>	288,399	578,500	(290,101)
Administration Expenses. <i>Savings in staff training and fringe benefits tax expenses resulted in less administration expenses than budgeted</i>	66,847	80,600	(13,753)
Other Expenses <i>Increased expenses associated with the Midland Saleyard Relocation have impacted on this category of expenses</i>	263,327	193,900	69,427

23. SEGMENT (OUTPUT) INFORMATION

Segment information has been disclosed by output.
The two key outputs of the Authority:

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

Output 2: Development & Implementation of Standards; This output 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).

	Midland Saleyards		Development & Implementation of Standards	
	2003/04 \$	2002/03 \$	2003/04 \$	2002/03 \$
Revenue				
Income from activities	1,142,017	1,308,006	85,264	119,889

Other revenues from ordinary activities	18,538	78,374		
Total Revenue from ordinary activities	1,160,555	1,386,380	85,264	119,889
Expenses				
Expenses from ordinary activities				
Employee expenses	429,361	584,892	160,885	125,863
Supplies & Services	261,046	347,718	27,353	54,984
Depreciation	50,726	33,778	16,589	32,027
Administration	30,905	28,766	35,942	41,274
Midland Saleyard relocation expenses	93,231	6,218		
Other expenses from ordinary activities	166,582	130,344	56,367	107,558
Total expenses from ordinary activities	1,031,850	1,131,716	297,137	361,706
Net profit/(loss)	128,705	(254,664)	(211,873)	(241,817)
 Segment Assets	 6,110,570	 6,105,077		
 Segment Liabilities	 334,020	 233,611		
 Acquisition of property, plant and equipment	 132,020	 127,241		

24. COMMITMENTS FOR EXPENDITURE

Operating lease commitments on vehicle fleet funding and office equipment contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	\$
Within 1 year	13,050
Later than 1 year and not later than 5 years	8,739

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

National Livestock Identification System equipment with a value of \$75,075 was supplied to the Authority in June 2004, the equipment was fully commissioned on 1 July 2004. Payment for the equipment was made from the Cattle Industry Compensation Fund. Repayment to the Cattle Industry Compensation Fund is required to be made when the settlement proceeds from the sale of the western portion of Lot 301 Bushmead Road, Hazelmere to Western Power is available.

26. RELATED AND AFFILIATED BODIES

There were no related or affiliated bodies associated with the Western Australian Meat Industry Authority during 2003/2004.

27. FINANCIAL INSTRUMENTS

(a) Net fair value of financial assets and liabilities

The carrying value of all the Authority's financial instruments approximates their net fair values

(b) Interest rate exposures

The following table summarises interest rate risk to the Authority as at June 30 2004

	Floating Interest rate %	Interest Bearing \$	Non Interest bearing \$	Total \$
<u>ASSETS</u>				
Cash resources				
Term deposit	5.3	221,586		221,586
Operating account	3.25	138,704		138,704
Accounts receivable	-		69,511	69,511
<u>LIABILITIES</u>				
Accounts payable	-		146,279	146,279
Accrued expenses	-		30,243	30,243

(c) Cash Resources

Cash resources are maintained in a commercial banking account interest bearing between 3.25% - 3.55% interest dependent upon the current account balance.

Interest bearing term deposits earned a fixed interest rate per cent of 4.55 – 5.35% during the year.

(d) Accounts receivable

Debtors are carried at nominal amounts due less any provision for doubtful debts.

(e) Accounts payable

Trade liabilities are normally settled within 30 days or when required by suppliers on shorter terms.

28. GUARANTEES AND UNDERTAKINGS

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

29. EVENTS OCCURRING AFTER REPORTING DATE

The following event occurred at reporting date and has not been reflected in the 2004 financial statements:

On 30 June 2004, Western Power Corporation (WPC) and the Authority entered into an in-principle agreement for WPC to purchase approximately 16.4ha of the western portion of Lot 301 Bushmead Road, Hazelmere. The Sale price was \$5,500,000 plus the supply by WPC to an electricity connection to the Livestock Centre at Muchea, valued at approximately \$100,000.

An Offer and acceptance is expected to be signed in July 2004 at which point a deposit of \$275,000 will be paid into a Crown Solicitor Trust Fund. Settlement of the remainder will occur following subdivision and is expected by December 2004.

30. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Authority is adopting international accounting standards in compliance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* (IFRS).

AASB1 requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 on the IFRS basis for the period ending 30 June 2006.

AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires financial reports for the periods ending on or after 30 June 2004 to disclose:

1. *How the transition to Australian equivalents to IFRS is being managed.*

The Authority has established a project team consisting of an external contract accountant and the Board of Directors. The team has :

- ❑ Identified the key differences in accounting policies, disclosures and presentation and the consequential impacts & risks to the agency;
- ❑ Assessed the changes required to financial management information systems and processes;

2. *Key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS.*

The Authority has identified the following differences:

- ❑ In order to comply with AASB 1 and TI 954 a change in accounting policy is required at transition date (1 July 2004) to revalue land and buildings at fair value. AASB 1 requires consistent accounting policies to be applied through all periods presented in the first IFRS financial report at 30 June 2006. TI 954 requires land and buildings to be measured at fair value by 30 June 2005. The change from cost to fair value represents a change in accounting policy. Consequently to comply with AASB1 and TI 954 land and buildings will be required to be revalued at 30 June 2004.
- ❑ AASB136 Impairment of Assets requires an annual impairment test to

be performed. As the Authority is designated as a not-for profit entity – the recoverable amount test whereby assets will be measured at the higher of fair value less selling costs and depreciated replacement cost will apply. No material impact is expected from the application of this standard

Quantitative information relating to the above changes was not known or reliably estimable at the time these financial statements were prepared.

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

**ANNUAL REPORT
YEAR ENDED 30 JUNE 2004**

PERFORMANCE INDICATORS



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Western Australian Meat Industry Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2004.

Scope

The Board's Role

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it 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 performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
October 25, 2004

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

ANNUAL REPORT YEAR ENDED 30 JUNE 2004

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 June 30, 2004.

..... *a. NBS* MEMBER

23/8/04

..... *M. H. Skyring* 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

Throughput figures from managers of all saleyards in WA operating at least once per month and accounting for at least one per cent of State saleyard throughput for one species.

PERFORMANCE

Ten (10) saleyards operated on a regular basis (more than once per month) during the 2003/2004 financial year and 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 and maintained its overall dominant market share in cattle and pigs, sheep market share has been significantly impacted on by changes in the distribution and size of the State sheep flock.

COMPARATIVE PERFORMANCE

The following tables compare throughput at Midland Saleyard with those saleyards included in the survey.

Cattle & calves

	98/99	99/2000	2000/01	2001/02	2002/03	2003/04
Midland	118,559	114,178	119,202	139,352	137,442	113,610
Total saleyards	293,235	279,183	289,651	290,977	293,457	268,033
% through Midland	40.4	41.0	41.4	47.9	46.8	42.4
Next highest saleyard	51,861	80,200	73,917	58,148	62,029	61,521

Sheep & lambs

	98/99	99/2000	2000/01	2001/02	2002/03	2003/04
Midland	1,458,323	1,294,692	1,275,489	1,212,412	1,006,357	802,828
Total saleyards	2,689,100	2,434,692	2,497,627	2,191,362	2,094,134	1,904,752
% through Midland	54.2	53.1	51.0	55.3	48.1	42.2
Next highest saleyard	1,161,132	1,050,300	1,144,331	886,678	1,003,034	1,004,644

Pigs

	98/99	99/2000	2000/01	2001/02	2002/03	
Midland	29,049	20,518	20,749	19,729	14,700	12,061
Total saleyards	40,646	31,917	28,710	25,105	18,485	14,495
% through Midland	71.5	64.2	72.3	78.6	79.5	83.2
Next highest saleyard	7,495	6,475	5,612	4,662	3,785	2,434

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 2003/04 was \$666,756. Midland Saleyard's throughput for the year was 1,556,188 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 2003/2004 to maintain the Midland Saleyard was 43 cents. [An amount of \$93,231 which related to the Project to develop replacement facilities for Midland Saleyard has been excluded from the Authority 2003/04 expenses.]

COMPARATIVE PERFORMANCE

	2002/03	2003/04
Total cost of maintaining Midland Saleyard	\$775,452	\$666,756
No of livestock units handled in the Year	1,887,801	1,556,188
Cost per unit	\$0.41	\$0.43

A comparison with 2002/03 shows that the cost per unit of managing the Midland saleyard facility increased due to reduced throughput and increases in fixed costs particularly insurance 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 a effective cost recovery basis.

SOURCE OF INFORMATION

Fee for service income was determined from Authority accounts. Fee for service activities for 2003/04 were;– Livestock transport truck wash, livestock transshipment 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 2003/2004 the cost of providing fee for service activities at the Midland Saleyard was \$271,864. The income generated by these activities was \$333,541. . [An amount of \$93,231 which related to the Project to develop replacement facilities for Midland Saleyard has been excluded from the Authority 2003/04 expenses]

In 2003/2004 the return of fee for service activities at the Midland Saleyard was \$1.23 for every \$1.00 incurred in providing the service. This represents a return of 23% 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.

	2002/03	2003/04
Total cost of providing fee for service activities at Midland Saleyard	\$353,496	\$271,864
Income generated by fee for service activities	\$441,474	\$333,541
Income generated for every \$1.00 incurred to provide service	\$1.25	\$1.23
Percentage return on costs	25%	23%

A comparison with 2002/03 shows that the percentage return on fee for service activities decreased due to reduced throughput and increases in fixed costs

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 survey was conducted, by the Authority, of all abattoirs to determine their current status in relation to these standards. The information provided by the abattoirs was correlated with Authority records and information obtained from other regulatory bodies.

PERFORMANCE

The State's abattoirs continue to maintain or increase standards with the average rating for the thirty (30) abattoirs operating at 30 June 2004 calculated at 70.1%. 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

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Construction Standard	73.5%	74.3%	79.5%	74.7%	78.1%	77.8%
Product Description System	59.6%	60.0%	64.7%	68.9%	69.5%	70.8%
Health & Hygiene Standard	77.6%	80.7%	78.4%	78.0%	82.8%	80.8%
Training System	62.2%	68.6%	68.1%	75.0%	75.8%	73.3%
Quality Assurance System	42.7%	44.8%	42.5%	42.45	46.9%	47.8%
Average Rating	63.1%	65.7%	65.9%	67.8%	70.6%	70.1%

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

Authority accounts: costs include surveillance, reviews, inspections, net cost of supplying carcase 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 \$208,235. The cost of attaining the standard per abattoir (\$208,235 divided by 33 approved abattoirs) is \$6310. The average rating for 2003/2004 has decreased to 70.1%. The efficiency performance (the cost per percentage point of processing establishments rating) is 90. **This means that it cost the Authority \$90 to achieve each percentage point of achievement for abattoir which indicates a continued efficient use of resources.**

COMPARATIVE PERFORMANCE;

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

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Cost of achieving standards	\$188,500	\$186,152	\$174,274	\$194,607	\$229,227	\$208,235
Number of establishments	42	39	38	36	35	33
Cost per abattoir	\$4,488	\$4,773	\$4,586	\$5,405	\$6,549	\$6,310
Average abattoir rating	63.1%	65.7%	65.9%	67.8%	70.6%	70.1%
Cost per rating unit	\$71	\$73	\$70	\$80	\$93	\$90

The results indicate a decrease in the cost per rating unit for Authority to manage these standards. This decrease was caused by a decrease in allocated cost for maintaining standards in abattoirs due mainly to a re allocation of tasks within the Authority.

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 and saleyard establishment 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 database of abattoir and saleyard statistics, the net costs of the Livestock Market 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 in operation at least once per month and accounting for at least 1% of State saleyard throughput for one species. (Source: Saleyard managers)

Number of processing works is the number of boning rooms and small goods operations meeting the definition in the Authority Act. (Source: Department of Health)

PERFORMANCE;

The total cost of maintenance and distribution of information is calculated as a proportion of licensing and development overheads (includes the net cost of maintaining the Livestock Market Reporting Service). The total cost to the Authority for 2003/2004 was \$88,901.

Thirty-three (33) abattoirs, seventy-four (74) processing works and ten (10) saleyards were operating during the 2003/04-year. **The cost per establishment for delivering the service was \$760.** (\$88,901 divided by 117 establishments)

COMPARATIVE PERFORMANCE

	2002/03	2003/04
Total cost of maintenance and distribution of information	\$85,529	\$88,901
Number of establishments	108	117
Cost per establishment for delivering service	\$792	\$760

The total cost of this activity increased in 2003/04 however the increase was offset by an increase in the number of establishments. The results indicate a decrease in the cost per establishment for Authority to provide this information.

APPENDIX A**Western Australian Meat Industry Authority rating system for abattoir standards****Construction standard**

Country Slaughterhouse Regulations Compliance	1 point
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 Country Slaughterhouse Regulations, no meat inspection	1 point
Complies with Country Slaughterhouse Regulations, with 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 (eg 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**

WESTERN AUSTRALIAN MEAT INDUSTRY AUTHORITY

ANNUAL REPORT

YEAR ENDED 30 JUNE 2004

BUDGET ESTIMATES 2004/2005

Income	2004/2005 (\$000's)	2003/2004 (\$000's)
Midland Saleyard Income	1,181	1297
Licensing & Development Income	216	214
Total WAMIA Income	<u>1,397</u>	<u>1511</u>
Expenditure		
Midland Saleyard Expenditure	998	1161
Licensing & Development Expend	356	360
Total WAMIA Expenditure	<u>1,354</u>	<u>1521</u>
Profit / (Loss) Position	<u>43</u>	<u>-10</u>

Midland Saleyard Income

	2004/2005	2003/2004
	(\$000's)	(\$000's)
Saleyard Fees	745	835
Joint Venture Management	62	74
Waste Management/Truckwash	167	195
Livestock Management Services	176	188
Promotional Income	25	0
Sundry Income	6	5
Total Saleyard Income	1,181	1,297

Licensing & Development Income

	2004/2005	2003/2004
	(\$000's)	(\$000's)
Licensing	73	81
Rentals & Services	103	98
Information Services	7	7
Miscellaneous items	33	28
Total Licensing & Development Income	216	214
Total WAMIA Income	1,397	1,511

Midland Saleyard Expenditure

	2004/2005	2003/2004
	(\$000's)	(\$000's)
Livestock Management Services	125	163
Environmental Management	45	58
Joint Venture Management	13	28
Share of Overhead Costs	148	146
Share of Operating costs	89	97
Share of Labor costs	312	380
Repairs & Maintenance	101	144
Share Board costs	32	25
Contracting	30	30
Vehicles	27	30
Professional services	49	30
Market Reporting Fees	27	30
Total Saleyard Expenses	998	1,161

Licensing & Development Expenditure

		2004/2005	2003/2004
		(\$000's)	(\$000's)
Share of Overhead Costs		38	34
Share of operating costs		89	115
Share of Labor costs	Wages & overtime	132	135
Repairs & Maintenance	Rentals	4	4
Share Board costs	Sitting fees & allowances	32	25
Vehicles	Lease costs & repairs	13	20
Professional services	Auditing, accounting, payroll, legal & other	36	15
Miscellaneous items		12	12
Total Licensing & Development Expenses		356	360
Total WAMIA Expenditure		1,354	1,521

Allocation of costs

	Saleyard	L & D	Total
Share of Overhead Costs			
Insurance	34	14	48
Depreciation	65	5	70
Electricity	38	5	43
Water rates	6	2	8
Security services	3	3	6
Computer software & maintenance	1	7	8
Licenses/Memberships	1	2	3
Sub total	148	38	186
Share of operating costs			
Bad debits written off	2	1	3
Cleaning/rubbish disposal	9	10	19
FBT	2	3	5
Protective Clothing	5	3	8
Photocopier, post, printing & stationary	6	14	20
Provision holiday pay	25	10	35
Provision long service leave	5	4	9
Communications	10	10	20
Training staff & industry	4	4	8
Accommodation, Air fares, & meals	5	16	21
Sundry equipment	11	5	16
General Expenses	5	9	14
Sub total	89	89	178
Share of Labor costs			
Wages & overtime	302	127	429
Workers compensation	10	5	15
Sub total	312	132	444
Repairs & Maintenance			
Major projects	30	0	30
Consumables	21	0	21
Electrical	15	0	15
Hire	3	0	3
Materials	25	2	27
Contract maintenance	7	2	9
Sub total	101	4	105
Professional services			
Auditing & accounting	18	8	26
Compliance	0	24	24
Media , payroll, legal & other	31	4	35
Sub total	49	36	85
Board costs			
Sitting fees & allowances	32	32	64
Contracting			
Plumbing, concreting, road works etc	30	2	32
Vehicles			
Lease costs & repairs	27	13	40
Environmental Management			
	45	0	45
Miscellaneous costs			
	0	10	10
Livestock Market Reporting Service			
	27	0	27
Livestock Management Service			
	125	0	125
Joint Venture			
	13	0	13
Total Expenses	998	356	1,354

Allocation of Wages Costs

	2004/2005	2003/2004
Saleyards		
Wage	\$274,000	\$329,000
Super	\$30,000	\$35,000
Workers Compensation	\$10,000	\$20,000
Long Service Leave	\$5,000	\$10,000
Annual Leave	\$25,000	\$25,000
Board fees	\$25,000	\$21,000
	\$369,000	\$440,000
Licensing & Development		
Wage	\$109,000	\$115,000
Super	\$20,000	\$19,000
Workers Compensation	\$5,000	\$5,000
Long Service Leave	\$4,000	\$4,000
Annual Leave	\$10,000	\$20,000
Board fees	\$25,000	\$21,000
	\$173,000	\$184,000
Joint Venture		
Salary recoupable	\$5,000	\$20,000
Livestock Management	\$6,000	\$6,000
Total	\$553,000	\$650,000