



AGRICULTURAL PRODUCE COMMISSION

Encouraging Producer Initiative

ANNUAL REPORT
FOR YEAR ENDED 30 JUNE 2012

Agricultural Produce Commission
3 Baron-Hay Court
South Perth WA 6151

Phone: (08) 9368 3127
Fax: (08) 9368 3128
Email: apc@agric.wa.gov.au
Web: www.apcwa.org.au
ABN 33 720 315 990

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AGRICULTURAL PRODUCE COMMISSION

STATEMENT OF COMPLIANCE

For year ended 30th June 2012

Hon Terry Redman MLA

Minister for Agriculture and Food

In accordance with Section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the Annual Report of the Agricultural Produce Commission for the financial year ended 30 June 2012.

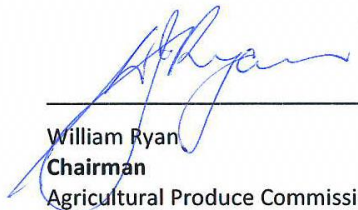
The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006 and;

Enabling Legislation

Agricultural Produce Commission is established under the Agricultural Produce Commission Act 1988; and

Legislation impacting on the Commission's activities

- Anti-Corruption Commission Act 1988
- Disability Services Act 1993
- Equal Opportunity Act 1984
- Freedom of Information Act 1992
- Government Employees Superannuation Act 1987
- Industrial Relations Act 1979
- Library Board of Western Australia Act 1951
- Occupational Safety and Health Act 1984
- Public Sector Management Act 1994
- Salaries and Allowances Act 1975
- State Records Act 2000
- State Supply Commission Act 1996
- Statutory Corporations (Liability of Directors) Act 1996
- Work Place Agreements Act 1993
- Workers Compensation and Rehabilitation Act 1981
- Workers Compensation and Rehabilitation (Acts of Terrorism) Act 2001



William Ryan
Chairman
Agricultural Produce Commission

Date: 7 September 2012



Graeme Robertson
Member
Agricultural Produce Commission

Date: 7 September 2012



Encouraging Producer Initiative

MISSION STATEMENT

The Western Australian Agricultural Produce Commission facilitates the growth and prosperity of agricultural industries through Producer Committee initiated and funded research and development programmes.

APC Producers' Committees are established with the object of enhancing and protecting the producer's investment in their industry through facilitating and managing producer industry based programmes in a wide range of areas that include product and market development; improving production and handling systems and management of bio security risks.

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EXECUTIVE SUMMARY/CHAIRMAN'S REPORT

I am pleased to report that during the past year the Agricultural Produce Commission made progress on a number of fronts while ensuring that the ongoing management of the Commission was carried out in an efficient and effective manner.

A key focus of the Commission this year has been corporate governance. I and the Commissioners attended a number of Producers' Committee industry meetings to reinforce the principles of the "Fee for Service" process and the importance of these principles as the basis for the operation of their respective committees. To further address corporate governance, the Committee Manual and APC Code of Conduct was also updated, with copies being distributed to all Producers' Committee members.

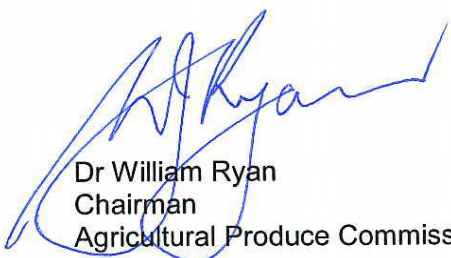
The Commission continued to work with the Banana Producers' Committee through the year, including attending a meeting in Carnarvon to which all members of the scheme were invited, to review the rules of their compensation scheme with the aim of developing agreed objective criteria as the basis for future claims. The outcome of this will be two-fold. Firstly, to avoid any confusion regarding the basis for future claims, and secondly to ensure the longevity of the fund.

The process for the amendment of the Agricultural Produces Commission Act continued through the year with the Commission providing ongoing input to the proposed changes. This process is nearing completion and it is hoped that the Act will pass through the parliament in the 2012/2013 year.

Highlights of the ongoing business include:

- This was the first year for the Commission to be included in the Office of Shared Services. This required the updating and developing of new procedures to ensure the compliance and efficiency of our financial processing including the establishment of a new bank account for the Commission.
- The Commission held a half day meeting with the Chairmen of all of the Producers' Committees where Rob Delane the Director General of the Department of Agriculture and Food outlined the changes to the activities and services being provided by the Department.
- Ongoing discussions have been held with the olive, turf and nursery industries with respect to the possible establishment industry committees for their respective industries. The wine industry indicated that it would not proceed with the formation of a committee at this stage.

In closing I would like to express my thanks my fellow Commissioners for their ongoing contribution to the Commission and to Manager Ingrid Smith and her staff who ensure the Commission operates with great efficiency and professionalism.



Dr William Ryan
Chairman
Agricultural Produce Commission

OPERATIONAL STRUCTURE

The Agricultural Produce Commission provides services to industry and its Producers' Committees via the following Functions, as provided for in Section 6.1 of the Act.

- a. Establish Producers' Committees in relation to agricultural produce.
- b. Appoint members to Producers' Committees.
- c. Advertise for the formation of Producers' Committees.
- d. Conduct polls as prescribed under the Act, for the purposes of the establishment and operation of Producers' Committees.
- e. Dissolve Producers' Committees and appoint liquidators for the winding up of Producers' Committees.
- f. Provide such services in relation to the functioning of Producers' Committees as are necessary from time to time.
- g. Direct, coordinate and supervise the functioning and expenditure of Producers' Committees.
- h. Provide such other service to producers' committees as the Minister may direct.

ENABLING LEGISLATION

The Agricultural Produce Commission (the "Commission") was established by the *Agricultural Produce Commission Act 1988* (the "Act") which was proclaimed on 1 September 1989.

The Commission is a body corporate with perpetual succession and a common seal. The Commission is not an agent of the Crown, nor is it part of the Public Service.

The Agricultural Produce Commission is listed as a statutory authority on Schedule 1 of the *Financial Management Act 2006*.

The Commission is not entitled to obtain advice from the Crown Solicitors Office and therefore seeks legal advice, when and as required, from the private sector.

RESPONSIBLE MINISTER

The Hon Terry Redman, MLA, Minister for Agriculture and Food.

ORGANISATIONAL STRUCTURE

MISSION STATEMENT

The Western Australian Agricultural Produce Commission facilitates the growth and prosperity of agricultural industries through Producer Committee initiated and funded research and development programmes.

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THE COMMISSION

The Agricultural Produce Commission is comprised of four Commissioners appointed by the Minister for Agriculture and Food. The Minister appoints one member of the Commission to be the Chairperson. Appointments are for a period not exceeding three years, but on expiry of tenure the incumbent can apply for a further term. Commissioners during the year under review were:

| Dr William Ryan | Chairman |
|-----------------------|----------|
| Prof Graeme Robertson | Member |
| Mr Steve Tilbrook | Member |
| Mr Ray Moir | Member |

Commissioners are remunerated at rates set by the Public Sector Commission, and approved by the Minister for Agriculture and Food.

The Commission's employs a Manager who is engaged under a secondment agreement with the Department of Agriculture and Food, and two finance officers at 1.6 full time equivalent.

LEGAL PROTECTION OF COMMISSIONERS

The APC Act provides that a person who is or was a member of the Commission or an employee is not personally liable for any act done or omitted to be done in good faith by the Commission.

ACTIVE APC PRODUCERS' COMMITTEES

As at 30 June 2012 the Commission had 10 active Producers' Committees and 4 Producers' Committees in recess.

| Producers' Committee | Functions Adopted | Members |
|--|------------------------------------|---|
| APC Avocado Producers' Committee | (a) to (k) | Alan Blight (Chair) Phil Minchin Dave Duncan Ken Gwynne Neil Delroy |
| APC Beekeepers Producers' Committee (Established 2003) | (b), (c), (d), (h), (l), (la), (m) | Colin Fleay (Chair) Leilani Leyland Kim Fewster Rod Pavy Jerry Berg Michael Summerfield |
| APC Carnarvon Banana Producers' Committee (Established 1999) | (a) to (m) | Bruce Munro (Chair) Michael Andreoli Tom Day Darryl Hardman John Thomas John Kearney Chris Collins |
| APC Egg Producers' Committee (Established 2002) | (a) to (m) | Ian Wilson (Chair) Cameron Bell Joe Sacca Terry Woodard John Simpson |
| APC Pome, Citrus & Stone Fruit Producers' Committee (Fruit West) (Established 1994) | (a) to (m) | Ben Darbyshire (Chair) Bevan Eatts Bruce Wharton Ned Taddei Harvey Giblett Terry Martella Sue Middleton Shane Kay Mario Casotti |
| APC Potato Producers' Committee (Established 2001) | (a) to (m) | Sam Calameri (Chair) Dom Della Vedova Herbert Russell Terry Ackley Glen Ryan |
| APC Pork Producers' Committee (Established 2002) | (a) to (m) | Neil Ferguson (Chair) Dr Rob Wilson Graeme Dent Errol Howard Ronald Penn |
| APC Strawberry Producers' Committee (Established 1995) | (a) to (l) and (m) | Gerry Verheyen (Chair) Neil Handasyde Kerry Langlands Wes Tweedie Anthony Yewers Jamie Michael |
| APC Table Grape Producers' Committee (Established 1991) | (a) to (l) and (m) | Roger Fahl (Chair) Trevor Carter Matt Katich Tony Lovreta Peter Nuich Kim Taylor Allan Price |
| APC Vegetable Producers' Committee (Established 2005) | (a) to (m) | Maureen Dobra (Chair) Joyce Babun Michael Le James Wringe Dane Capogrecco Lisa Tana Anthony Marinovich |

PRODUCERS' COMMITTEE MEMBERSHIP

The Commission appoints the inaugural Committee Chairperson for a three-year term; thereafter the Committee nominates subsequent Chairpersons to the Commission, which appoints the Chairperson. To preserve continuity of service and experience, Committee tenures are usually arranged so only about half of the members have terms which expire in any given year.

Each year the Commission advertises Committee vacancies in appropriate newspapers and industry newsletters. Committee Members whose term of office is expiring can apply for appointment for a further term.

Remuneration and expenses for Committee Members is available at approved rates. Committees use their discretion on whether to claim remuneration or not. A number of Committees do not presently claim remuneration for their members.

PRODUCERS' COMMITTEE ADMINISTRATION

Committees, working within regulations issued by the Commission, have the autonomy to meet as they determine necessary for the efficient running of their Committee. The primary focus of the Commission's oversight of Committee activities is to ensure due diligence is conducted on Committee projects and there is sound financial governance and compliance with the Act. The Commission encourages every Committee to seek input from producers and in turn communicate with all producers on Committee activities.

The Commission maintains separate accounts for each Producers' Committee, providing Committees with comprehensive quarterly management revenue and expenditure reports. A number of Committees receive funding from other sources, such as matching research funds from national bodies, these funds are also administered by the Commission.

PRODUCERS' COMMITTEE DIRECTIONS

The Commission, under section 11.3 of the APC Act, provides Producers' Committees with Directions which govern Committee operations.

PUBLICITY AND COMMUNICATION

The APC web site (www.apcwa.org.au) provides extensive information about the Commission i.e. current Fee for Service rates, how to join the APC, Annual Reports and the Act and Regulations. Each Producers' Committee has its own web page providing information about the Committee and related industry organizations. The Commission encourages Committees to utilize the web site as a tool to communicate with their industry and interested parties.

CONFIDENTIALITY OF INFORMATION HELD BY THE COMMISSION

To give effect to the objects of the Act and Producers' Committee Charters, the Commission applies the information relating to Fee for Service for the benefit of the industry. Commissioners and members of Producers' Committees are bound by the APC Code of Conduct to protect any commercial sensitivity associated with that information. The Commission is cognisant of its obligations under the Privacy Act.

The Commission publishes aggregated information relating to the quantity of produce on which the Fee for Service has been collected.

Requests for information should be addressed to: The Chairman, Agricultural Produce Commission, 3 Baron-Hay Court, South Perth WA 6151.

INSURANCE

Commissioners, Chairpersons and members of Producers' Committees, and Commission staff are covered against accidents that may occur during performance of official business.

ADMINISTERED LEGISLATION

SCOPE OF THE ACT

For the purposes of the Act ‘agricultural industry’ means a horticultural industry and such other agricultural industry as may be prescribed but excluding broadacre cropping and grazing industries (section 3.1).

Regulations to the Act define horticulture as:

- a) *Wine, fruit and the juices of fruit, whether fresh or processed.*
- b) *Vegetables and the juices of vegetables, whether fresh or processed.*
- c) *Nuts including processed nuts.*
- d) *Flowers, whether fresh or dried.*
- e) *Plants, including grass and other herbaceous plants, grown for sale as living plants.*

PRESCRIBED AGRICULTURAL INDUSTRIES

- **pork production industry** - prescribed as an agricultural industry under section 3.1 of the Act with all section 12.1 services being services that a Producers’ Committee may provide in relation to the pork production industry (Gazetted 3 July 2001).
- **beekeeping industry** - prescribed as an agricultural industry under section 3.1 of the Act with section 12.1 (b), (c), (d), (h), (l), (la) and (m) services being services that a producers’ committee may provide in relation to the beekeeping industry (Gazetted 23 October 2001).
- **egg production industry** - prescribed as an agricultural industry under section 3.1 of the Act with all section 12.1 services being services that a Producers’ Committee may provide in relation to the egg production industry (Gazetted 17 May 2002).

DECLARED PESTS AND DISEASES

Section 19a of the Act allows for pests and diseases to be declared a pest or disease in relation to the control of certain pests or diseases, and applies to commercial and non-commercial producers.

- *Mediterranean fruit fly (Ceratitis Capitata) is a pest to which Section 19a of the Act is to apply.* Notice gazetted on 19 September 2000.
- *Acarine (Tracheal mite, Acarapis Woodi), Africanised honey bee, Asian honey bee, Tropilaelaps mite (Tropilaelaps clareae), Bruela fly, Small hive beetle and Varroasis (Varroa destructor and Varroa jacobsoni).* Notice gazetted on 9 January 2004.
- *American foul brood and European foul brood.* Notice gazetted on 9 January 2004.

FEE FOR SERVICE REGULATIONS

Agricultural Produce (Horticultural Industry) Regulations 2001.

Regulation 5 notifies of the liability for producers to pay charges. Regulation 8 allows for the submission of returns by dealers and producers. For APC community fruit fly baiting committees Regulations 6 provides for local government authority to collect fees. Penalties apply for non-compliance.

Agricultural Produce (Beekeeping Industry) Regulations 2003. Under the Regulations, the Department of Agriculture and Food collects the Fee for Service on behalf of the APC in conjunction with the beekeeper registration fees collected under the *Beekeepers Act 1963*.

Agricultural Produce (Pork Production Industry) Regulations 2004 require abattoirs to collect and remit Fee for Service to the Commission not later than 14 days after the end of the month.

Agricultural Produce (Egg Production Industry) Regulations 2006 provide for Fee for Service collection direct from egg producers. However, as at 30 June 2012, the industry had not instituted a Fee for Service charge for eggs.

Voluntary Fee for Service – Horticultural groups can institute a voluntary Fee for Service under Section 19 of the Act, however Section 14 of the Act and the *Agricultural Produce (Horticultural Industry) Regulations 2001* do not apply.

SERVICE FUNCTIONS OF SECTION 12.1 OF THE APC ACT

A Producers' Committee can provide, or cause to be provided, any of the following services in relation to the agricultural produce for which it was established —

- promote agricultural produce including sales and marketing promotion;
- develop means of controlling pests and diseases;
- conduct research that advantages producers;
- conduct educational programmes relating to production;
- develop/expand markets for Western Australia agricultural produce;
- establish voluntary insurance schemes for the benefit of producers;
- provision of supply and demand forecasts;
- formulate schemes to accredit producers;
- establish quality control, inspection, grading, packing, transport and storage systems;
- address market failure issues, developing industry based solutions; and
- establish compensation schemes for crops lost or destroyed as part of pest or disease control measures.

Source: Agricultural Produce Commission Act 1988, Section 12.1

AGENCY PERFORMANCE

REPORT ON OPERATIONS AND SIGNIFICANT EVENTS DURING THE YEAR

COMMISSION MEETINGS 2011/12

The Commission meets as necessary during the year. Most meetings are face to face, although telephone or video conference technology is also used. During the year under review Commissioners participated in meetings as below:

| Commissioner | Eligible to Attend | Attended | Leave of Absence |
|------------------|--------------------|----------|------------------|
| William Ryan | 6 | 6 | |
| Steve Tilbrook | 6 | 6 | |
| Graeme Robertson | 6 | 6 | |
| Ray Moir | 6 | 5 | 1 |

During the 2011/12 year the Commission also attended meetings of Producers' Committees in order to maintain a close governance connection with Producers' Committees operations.

ANNUAL MEETING WITH COMMITTEE CHAIRPERSONS' & MEMBERS

Commissioners meet with Producers' Committees annually in order to review the past year and discuss future needs. The 2012 annual meeting was held at Technology Park, Bentley on Friday 30 March 2012.

The meeting was open to all members of APC Committees, with all APC Committees being represented by members at the meeting.

CHANGES TO THE APC ACT

The Commission continued to progress the amendments to the APC Act and is pleased that, at this point, they have progressed to the final drafting stage. The Commission is hopeful that the amendments will be passed in the 2012/13 year.

ESTABLISHING PRODUCERS' COMMITTEES

The Commission continued dialogue and negotiations with industries which might be interested in forming APC Producers' Committees. Industries which the Commission dealt with during the year included: the turf industry, the nursery industry and the olive industry.

HORTICULTURE WA

During the 11/12 year the Commission continued to provide assistance in the establishment of Horticulture WA, which is to be a grower controlled representative horticultural body for Western Australia.

FEE FOR SERVICE INITIATIVES

Details of individual Committee Fee for Service initiatives are provided in the section 'Committee Reports'.

Overall, Committees provide services to their industries in the form of:

- Industry Development and Training Officers who are available to producers to assist them on industry issues.
- Research projects (some jointly funded with other organisations).
- Funding for Industry Associations – West Australian Pork Producers Association (WAPPA), Potato Growers Association (PGA), Vegetable Growers Association (vegWA), Commercial Egg Producers Association (CEPA). These associations carry out functions on behalf of the Producers' Committee, as allowed by the Service Functions of the APC Act.
- Promotion and advertising of produce.
- Quality assurance of produce.
- Communication with Industry.
- Compensation in identified instances.
- Bio-security initiatives.
- Marketing of produce.

FEE FOR SERVICE COMPLIANCE

To ensure producers and their respective industries can maximise service benefits, the Act requires all producers to pay Fee for Service on produce grown in Western Australia. Non-compliance by producers is of concern to all Committees as it limits an industry's capacity to extract maximum return from research and development into improved production techniques, bio security systems, product and market development.

During the year under review the Commission maintained its processes in ensuring Fee for Service compliance.

The Commission continues to promote to Committees the importance of maintaining producer and industry knowledge of Committee activities and funding initiatives.

PRODUCERS' COMMITTEE REPORTS 2011/12

APC AVOCADO PRODUCERS' COMMITTEE

Chairperson: Alan Blight

2011/12 saw a year of limited activity by the Avocado Committee. In response to industry wishes, Fee for Service had been set to \$0.0 and therefore no Fee for Service was collected during the year. Dudley Mitchell resigned as Chairman and was replaced by Alan Blight, with Neil Delroy joining the committee.

West Australian avocado growers continue to have concerns about the promotions run by Avocados Australia (AAL). A letter from then Chairman Dudley Mitchell to AAL CEO Antony Allen went unanswered. Since then issues of corporate governance and poor research & development have surfaced as well. The new CEO of AAL – John Tyas has been to WA and hopefully these issues will be addressed. The APC committee will continue to monitor this.

This year also saw Alec Mc Carthy no longer working with the avocado industry on behalf of the Department of Agriculture and Food, with the Department not having anyone assigned to assist the avocado industry at present. The APC committee will work with the Department of Agriculture and Food to find a replacement that can best serve industry needs.

Production in the 2011/12 year was less than expected but the 2012/13 year looks to be Western Australia's largest ever production year.

APC BEEKEEPERS PRODUCERS' COMMITTEE

Chairperson: Colin Fleay

Secretary: Leilani Leyland

The APC Beekeepers Committee's contribution to the Department of Agriculture Food WA's disease and pest surveillance and monitoring program continues to be one of the largest components of the FFS expenditure. The 2012 program examined sentinel hives for external parasites and beetle pests as well as sampling, by use of the honey culture test, for detection of American and European Foul Brood.

Vegetable growers, through the APC Vegetable Producers' Committee, in 2012 again contributed monies to the beekeeping industry to assist in training beekeepers in various areas of pest and disease management.

Our Committee has also allocated funds to WA Apiarist Society to purchase small hive beetle traps for the monitoring of Small Hive Beetle in beekeepers hives around the ports.

The Committee continues to put aside funds for the purpose of reimbursement to beekeepers for hives destroyed in the event of an eradication attempt of an exotic pest or disease.

Honey week, an industry initiative to promote the WA honey industry to the public, was held in the Swan Valley in June 2012. The Committee supported this important industry event through provision of \$2,000 to assist in the promotion and establishment of Honey week.

The *Bee Informed* industry Newsletter is published three times per year and continues to ensure beekeepers are kept up to date through communication of valuable information to industry of events and bio-security issues.

APC CARNARVON BANANA PRODUCERS' COMMITTEE

Chairperson: Bruce Munro

Secretary: Alexandra Harper

The Industry - The banana industry remained stable at 53 growers and the area under production remained similar at 180ha, an increase of 5 hectares over December 2010. District average production was 25.96 tonnes per hectare in December 2011 which is down from 2010 by 5 tonnes per hectare. This reduction was as a result of the monsoonal low in late 2010 which caused significant widespread damage to banana patches. This event was larger and more extended than any previously recorded. The Gascoyne river continued to flow from these events to 28 August 2011 and restricted pumping was declared until the end of the river flow.

Compensation - There were no cyclones recorded and no claims for compensation in 2011/2012.

Scheme Rules review – On the recommendation of the Commission, the Committee resolved to undertake a review of the Scheme Rules to protect the scheme into the future.

The review process included the appointment of independent consultants, Agknowledge, who conducted telephone surveys which were followed up by the provision of hard copies of surveys to members, as well as two Committee meetings. All members of the Scheme were invited to attend a meeting in November 2011 at which the review findings and recommendations were discussed and voted on. This meeting was well received with 26 growers attending and participating. Industry best advice is still being collated on a final definition for 'heat damage' which is one of the triggers for a compensation payment. It is expected that the amendments to the Scheme Rules will be finalised by the end of September 2012.

Bio-security Fund - The committee met with the Australian Banana Growers Council to discuss the bio-security fund and the annual funding which had been agreed would be provided to the Committee on the introduction of the banana levy. The ABGC have committed to back pay the

2009/2010 and 2010/2011 funding from their membership funds and are submitting a project to HAL on behalf of the committee to secure funds for an additional three years.

APC EGG PRODUCERS' COMMITTEE

Chairperson: Ian Wilson

Secretary: Lucy Radzikowska

The APC Egg Producers Committee met twice during the year to assess projects for funding which would assist the egg industry in WA to be proactive in an ever changing environment.

The Commercial Egg producers Association Inc. (CEPA) was successful in obtaining funds to provide services for the egg industry in the area of promotion, policy formulation and industry development.

The Buy West Eat Best initiative which is coordinated by the Department of Agriculture and Food ran a campaign called "Is your food from WA?" The egg industry participated in this campaign, taking the opportunity to promote the benefits of eating locally produced eggs and educating consumers as to why they should choose to purchase and eat WA laid eggs. Focus was placed on where best to purchase WA eggs as well as educating consumers on how to get the most eating enjoyment out of their eggs via recipes associated with eggs.

The industry, through CEPA, was able to continue gaining benefits of its good work with Government Departments, RSPCA and Australian Egg Corporation Ltd in the area of education and training; stocking densities of eggs in free range systems; marketing; promotion; and R&D.

This year industry again provided funds to continue Newcastle Disease Surveillance through the Department of Agriculture and Food WA.

All egg producers in the state had the opportunity to be eligible to receive some funding to assist them in attending the Poultry Information Exchange Forum held in the Eastern States every two years. This year the forum was held in association with chicken meat and feed processors. The forum provided an opportunity to forge strong working relationships with Australian and international poultry companies.

APC POME, CITRUS AND STONE FRUIT PRODUCERS' COMMITTEE (FRUIT WEST)

Chairperson: Ben Darbyshire

Fruit West's Fee for service collection for 2011/2012 was within 3% of the budgeted expectation.

The three leadership groups (Pome, Citrus and Stone) are the Committees link with producers and have allowed project development and review for the effective application of fee for service.

To advance project development the Committee has made a number of strategic appointments.

- Nadia Shaw is Executive Officer and manages promotions, communications and administrative matters.
- Graham Mcalpine has been appointed Quality Manager to lead, develop and implement the fruit quality and maturity project.
- Stephanie Faggetter has been appointed to manage pome and stone projects.
- Bronwyn Wilson has been jointly appointed by Fruit West and DAFWA as Citrus Industry Development Officer.

The Fruit West Cooperative Limited has been established to act as a service provider for the Committee as well as to enter into commercial arrangements for the benefit of the fruit industry.

Major concerns before the committee at the present time include response to the management of Mediterranean fruit fly in the absence of traditional chemical control methods and the response to the severe damage being caused by the endangered black cockatoo.

The Committee is seeking to appoint an Executive Managers following the resignation of the Executive Manager in July 2012.

As reported last year our vision is that Fruit West will be part of a competitive and sustainable fruit growing industry where growers are unified, properly represented, profitable, passionate and empowered. Our key focus areas are:

1. To build consumer demand for Western Australian fruit
2. To empower growers by providing key business skills and information
3. To enhance grower competitiveness on a national and international level
4. To provide leadership, unity and purpose through the building of strong relationships

The collection of Fee for Service allows us to continue to provide service for those fees through Fruit West and industry partners, within the legal framework of the APC, in line with our agreed goals.

APC PORK PRODUCERS' COMMITTEE

Chairperson: Neil Ferguson

Fee for Service funded activities - The APC Pork Producers' Committee is charged with the responsibility of ensuring funds generated from the industry on a fee for service basis supports activities or programs that directly benefit producers in Western Australian. Last financial year the committee supported activities covering: Technology Transfer; Industry Training and Education, Research and Development as well as Industry Administration.

Research and Development – The core project in this area is the \$75,000 per annum commitment the APC Pork Committee makes to the Pork CRC, thus qualifying the WA Industry as an essential partner of the new Pork CRC. This commitment was made for the life of the new Pork CRC and very much follows on from our support for the original CRC.

Please refer to the Pork CRC web site www.porkcrc.com.au for a full list of the project and activities that the Pork CRC supports.

Industry Administration – The West Australian Pork Producers Association (WAPPA) is the peak industry body representing the interest of all WA pig producers on matters of industry importance. This year WAPPA has led the Industry on a National basis towards successfully negotiating an Industry Based Labour Agreement with the Federal Government. The negotiations, led by WAPPA, will result in a national template that allows pork producers across Australia to follow in order giving them access to skilled qualified stock people. This achievement alone was a great outcome for the industry and WAPPA alike.

APC Pork Committee/WAPPA continues to financially support the extremely popular pig display at the Perth Royal Show. WAPPA and the APC Pork Committee would like to thank Bill Scott and his team for their efforts in organising this popular display. Please refer to the WAPPA Annual report for a full list of their activities.

Technology Transfer – The Department of Agriculture and Food facilitates extension to all WA pork producers. DAFWA plays a key role in providing research within the state. Each year DAFWA conducts a number of producer seminars, on farm assessments and individual site inspections all designed to either improve the skill base of WA producers or provide methods of reducing the industry's cost of production.

Pork Training – The Model Code for pigs requires producers to demonstrate a level of competency for people looking after the animals under their care. Pork Training WA successfully secured funds that allowed producers to have their staff accredited to Certificate Three level through recognition of prior learning program. Last financial year, 25 people graduated under this program. During 2011 the industry had 20 people graduate with a Certificate III in Agriculture (Pork Production) with a further 12 people enrolled for the 2012 course. With Francis Gartrell leaving Pork Training WA the committee has contracted Portec to provide administration support for the organisation. Producers interested in enrolling in the full Certificate III in Agriculture or interested in sending staff to selective units should contact Portec to discuss their needs.

APC – Encouraging Producer Initiative

Industry Training and Education – This year the committee ran two smaller training based projects, the first being directed towards the Transport sector with the view of updating transport contractors or farm personnel on their obligations and responsibilities under the 'Fit to Load' Guide and Animal Welfare Act. The second project, again run by Portec, was consultative project with the Animal Welfare Unit designed to familiarise the group with different production systems.

Financial Position – The fee for service has remained stable since the inception of the APC. The current fee stands at 0.08c/kg dressed weight. In terms of overall collection the current practice is for the buyer to submit the grower's returns to the APC. With the consolidation of abattoir sector towards two abattoirs, the APC is looking to change the point of collection and place the responsibility on the abattoir sector, rather than the buyer. In doing this the level of collection within the industry will be maintained at almost 100%.

Thanks - The APC Pork committee could not support the projects we do without the contribution and support of all WA producers, for that the committee wishes to thank all producers in Western Australia for their valuable contribution.

APC POTATO PRODUCERS' COMMITTEE

Chairperson: Sam Calameri

Executive Officer: Jim Turley

Once again the Committee were pleased with the results of the Marketing and Promotion of Fresh Potatoes in Western Australia, new varieties of potato were certainly appreciated by our consumers who managed to purchase them.

Funding was provided to the potato peak industry body (Potato Growers Association) for undertaking services in representing and developing the Western Australian potato industry.

Projects funded included seed certification and virus testing, WA seed potato producers (WASPP), a supply chain approach to variety development and research and promotion and marketing of fresh potatoes in Western Australia. Some of these projects were funded with matching contributions from Horticulture Australia Limited, and the Department of Agriculture and Food, WA.

The Committee did not make any changes to Fee for Service charges for the year under review.

APC STRAWBERRY PRODUCERS' COMMITTEE

Chairperson: Gerry Verheyen

The WA strawberry improvement project is in its first assessment season. Due to problems with fungus gnats in the seedlings in February, less than the expected 5,000 seedlings were planted out (approximately 3,000) and planting was slightly later than usual, in the first week of May. However all plants are now growing well though some lines have yet to fruit. Alongside the assessment of these first generation seedlings we have 10 advanced lines from Victoria which are being evaluated in all states using the same scoring system.

So far there are no seedlings that appear to be close in flavour or other quality characteristics to any of the current commercial lines. One line does have some interesting flavours but the berries are small. Not all the advanced lines are fruiting but at least two of them have been fruiting for several weeks and berry size and flavour are good – in fact close, if not equal to Albion the comparator.

SGAWA is funding a program to randomly sample fruit for MRL testing, at retail and wholesale level, for the second year in a row. The program is contracted to Total Quality Assurance and fruit samples are sent to a NATA certified laboratory to comprehensively screen for pesticides and fungicides (AT7 screen). All detections are reported and where the chemical is found to be in excess of the MRL, a violation is recorded.

An information sheet has also been prepared and translated into Vietnamese on the subject of pesticide safety for strawberry growers. The sheet also details the pesticides currently registered or with Minor Use Permits, for use on strawberries, their trade names, actives, withholding period and pest or disease controlled.

A two year program to trap for fruit flies and sample fruit has just commenced in the northern and southern strawberry growing regions. The program has been instituted as the consequence of an unexpected, and probably unfounded, declaration that strawberries are a host of Mediterranean fruit fly, which has affected trade with South Australia in the 2011 and 2012 season. While this program is in effect, South Australia have agreed not to institute mandatory methyl bromide fumigation for WA fruit, instead agreeing to destructively sample incoming fruit at a cost of \$5,000 for WA growers this season. Data collected in the program will also support negotiations with exporting countries such as Thailand.

APC TABLE GRAPE PRODUCERS' COMMITTEE

Chairperson: Roger Fahl

The table grape season for 2011/2012 was challenging for growers with poor fruit set and yield in the northern growing region and storm damage and associated disease outbreaks in the Swan Valley region. As a result of this, the production levels for the industry were down on normal seasons.

The APC committee was again focused on delivering the minimum maturity system to growers in Western Australia. This system is unique and is seen as a benefit for both consumers of grapes as well as growers. As in previous years, very few issues were encountered and those that appeared were dealt with promptly to ensure consumers only received the best eating fruit.

Demand for fruit was again high but consumption was subdued at times as supply was short, which in turn pushed price levels beyond the reach of some consumers.

Promotional activity for the table grape industry was funded and managed through the national levy system and this has not, so far, shown any results in W.A. The APC members have asked the national body to explain how this is to be addressed in future seasons.

The industry is again facing a major bio-security threat with import assessment's currently being carried out. The current situation for border control has not changed, yet we have had Canning Vale Market Agents seek to import fruit from overseas. It is extremely disappointing to find Western Australian business's seeking to break down bio-security protection of our industry for the sake of some minor sales of product through the winter period. We only need to look at the devastation in New Zealand kiwifruit to see what happens to an industry when people break down the bio-security protocols.

Overall, the Table Grape committee maintain a steady approach to our work as our systems have been in place now for many years. The committee is looking at working with AG W.A on investing into some research projects.

I would like to thank all growers for their support of the APC and look forward to a prosperous season for all.

APC VEGETABLE PRODUCERS' COMMITTEE

Chairperson: Maureen Dobra

Executive Officer: Jim Turley

During the year the VPC Committee held a number of meetings and the debates were very robust at times. However, solutions were developed for the benefit of the vegetable growers of Western Australia. As Chairperson, I also met with the APC Commissioners regarding a number of issues, and I would like to say thank you for all their help and advice.

The many projects that were approved during the 2011-2012 year proved very beneficial for the growers.

The Field Extension Officer Project has shown to be extremely valuable in liaising with the growers and the vegetable industry. Further to the Field Extension Officer is the approval of a Vietnamese Officer to assist with the vegetable growing Vietnamese community of Western Australia.

The marketing and promotions project, is still of high standard and the information to the consumers of Woolworths regarding the high quality produce grown by our growers of Western Australia is proving very successful.

APC – Encouraging Producer Initiative

There are numerous amounts of chemicals being withdrawn from use and the project regarding the Disinfestations of tomatoes for the Mediterranean fruit fly so that interstate markets can be accessed is very successful. This project enlightened growers to the urgent issue and some solutions are being found to combat this problem.

Another project was a Good Practice Guide for producing tomatoes using drip irrigation systems. The results of the drip systems shown that – it can be done – and the production results would show that growers could increase their viability.

The VPC Committee discussed the Fee for Service and how to make it more equitable between growers. The VPC Committee is aware of the viability of growers and it was finally decided to add another category and to change the amounts of the Fee for Service as of August 2012.

Finally - on behalf of our Committee – we would like to extend our thanks to Ingrid Smith for all the help that she has given us over the past year. Ingrid also accompanied myself and our Executive Officer – Jim Turley – on visits to growers and enlightened them about their compliance issues.

ESTIMATES, DISCLOSURES, STATEMENTS

ACTUAL RESULTS VS BUDGET TARGETS 11/12 AND BUDGET ESTIMATES 2012/13

In accordance with the Financial Management Act 2006, the Agricultural Produce Commission hereby provides its budget estimates for the 2012/13 financial year. Further explanations for variations I 11/12 are available in the financial statements at Note 32 – Explanatory Statements.

| Expenditure | 2011/12 Budget | 2011/12 Actual | 2012/13 Budget |
|--|-----------------------|-----------------------|-----------------------|
| DAFWA Contracted Services – Commission Administration | 36,234 | 134,879 | 36,409 |
| Producers' Committee Operating Costs | 3,894,452 | 3,510,065 | 3,530,594 |
| Employee Benefits | 159,073 | 34,030 | 166,508 |
| Other Expenses | 121,850 | 122,316 | 149,800 |
| TOTAL EXPENDITURE | 4,211,609 | 3,801,289 | 3,883,311 |
| Revenue | | | |
| Fee for Service | 3,150,000 | 3,170,696 | 2,956,000 |
| Grants/Contributions | 12,000 | 102,775 | 179,475 |
| Interest | 429,893 | 408,431 | 402,279 |
| Other Revenue | 75,756 | 52,479 | 36,015 |
| TOTAL REVENUE | 3,667,649 | 3,757,381 | 3,573,768 |
| Net Cost of Services | -543,960 | 43,908 | -309,543 |
| INCOME FROM STATE GOVERNMENT | | | |
| Resources Received Free of Charge/Income from State Government | 9,000 | 46,254 | 50,000 |
| SURPLUS/(DEFICIT) FOR THE PERIOD | -534,960 | 2,346 | -259,543 |

COMMISSION ADMINISTRATION CHARGE

The Commission is principally funded through an administration charge to its Producers' Committees. This charge is reviewed annually and is based on a full cost recovery methodology.

At its 2012 review of the administration charge to Committees the Commission approved revised rates. The new rates provide a decrease to three Committees with no increases to any Committees.

All functions of the Commission and Producers' Committees, including general administration, financial management, accounting for Fee for Service collection, administration of the Act and legislative compliance, are funded on broad 'user pays' principles. Should a Committee suspend Fee for Service collections, an annual fee is charged to cover APC fixed overheads and other costs associated with providing ongoing financial and support services.

| Committee | Admin Charge 12/13 | Change from 11/12 |
|------------------|---------------------------|--------------------------|
| Avocado | \$5,000 | No change |
| Banana | 10% | Decreased 1% |
| Bees | 13% | No Change |
| Eggs | \$5,000 | No Change |
| Fruit | 8% | Decreased 2% |
| Pork | 8% | No Change |
| Potato | 8% | No Change |
| Potato Promo | 3% | No Change |
| Strawberry | 14% | No Change |
| Table Grapes | 14% | No Change |
| Vegetables | 8% | Decreased 1% |

FEE FOR SERVICE RATES FOR 2011/12

Fee for Service charges are determined by the respective Committee, and reviewed annually. The Committee takes into account the ability of producers to pay the Fee for Service, measured against the benefits delivered through the provision of industry based services. The Fee for Service is applied to all produce of a particular commodity, usually at the first point of sale.

Fee for Service returns also capture industry specific data enabling Committees to plot the changing production profile and needs of their industry. As an example, the Pome, Citrus & Stone Fruit Committee (Fruit West) can monitor apple production by variety.

The Commission is responsible for administering collection and expenditure of the Fee for Service.

There were no changes made to Fee for Service rates during the 11/12 year.

| APC Industry Committee | Rate |
|--|--|
| Avocado | \$0.00 per kilogram |
| Beekeepers | \$15.00 per beekeeper per annum (calendar year 2011) plus \$1.10 per hive per annum (calendar year 2011) |
| Carnarvon bananas | \$0.0154 per kilogram |
| Citrus | \$0.02 per kilogram |
| Citrus (processing) | \$0.01 per kilogram |
| Pome Fruit | \$0.015 per kilogram |
| Pome Fruit (processing) | \$0.005 per kilogram |
| Pork | \$0.008 per kilogram carcass weight |
| Potatoes | |
| Processing, seed and ware export | \$5.00 per tonne |
| Domestic ware | \$25.75 per tonne |
| Strawberries | \$0.01 per kilogram |
| Stone Fruit | \$0.015 per kilogram |
| Stone Fruit (processing) | \$0.006 per kilogram |
| Table Grapes | \$0.007 per kilogram |
| Vegetables and Tomatoes | \$0.04 per individual package of 100kg or less \$0.20 per individual package of 101kg to 1,000kg \$2.00 per individual package of over 1,001kg |
| Vegetables applies to all vegetables sold by producers except herb, potato, mushroom, and Kununurra vegetables | |

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

During the 2011/12 year no compliance issues arose in relation to public sector standards, the WA Code of Ethics or the Commission's Code of Conduct.

In order to maintain good governance, a review of policies and procedures was undertaken during 2011/12. The review led to the introduction of new procedures in relation to Committee governance, such as dealing with conflicts of interest and Committee management.

As a result of the new procedures, the Committee Manual and APC Code of Conduct were updated, with the Code of Conduct being integrated into the Committee Manual.

In integrating the two documents the Commission sought to reduce confusion to Committee members by having fewer documents to which Committees need to refer/consult.

The APC Code of Conduct uses the WA Code of Ethics as its basis. The APC Code of Conduct applies to Commissioners and Commission staff, as well as Producers' Committee members and officers.

The Manual aims to assist Producers' Committee members in the effective operation of their Committee, details the responsibilities of Committees and provides guidance and instruction on the most efficient and ethical ways for Committees to conduct their business.

EMPLOYMENT AND INDUSTRIAL RELATIONS

| Staff Profile | 2011/12 FTE | 2010/11 FTE |
|---|-------------|-------------|
| Seconded to APC or an APC Committee from Department of Agriculture and Food | 2.6 | 3.6 |
| Full time contract employed by APC | 1 | 0 |
| Full time contract employed by APC and seconded to an APC Committee | 2.4 | 1 |

STAFF DEVELOPMENT

The Commission is committed to the professional and personal development of its staff. During the year under review employees undertook training in relation to project management, leadership and IT software.

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

Performance against Government Targets

| Indicator | Government Target 2011/12 | APC Actual | Target Achieved |
|--|---|------------|-----------------|
| Number of fatalities | 0 | 0 | Y |
| Lost time injury/disease (LTI/D) incidence rate | 0 or 10% improvement on the previous 3 years | 0 | Y |
| Percentage of injured workers returned to work within (1) 13 Weeks (2) 26 Weeks | Greater than or equal to 80% return to work within 26 weeks | N/A | Y |
| Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities | Greater than or equal to 80% | 100% | Y |

The Commission, under its MOU arrangement with the Department of Agriculture and Food (the Department), utilizes and applies the occupational safety, health and injury management training, policies and procedures of the Department. The Department reviews its occupational safety and health policies at least every three years.

The Department has an injury management system and return to work program which are documented in an injury management policy. The Department's early intervention injury management program exceeds the requirements of the *Workers Compensation and Injury Management Act 1981*.

The Commission is committed to the education of its officers in occupational safety health and injury management and mandatory training is provided through the Department.

The consultation process for Commission staff is through the Commission's manager, who then accesses the Department's system for OSH management and consultation.

WORKERS COMPENSATION

No compensation claims were recorded during the year under review.

DISCLOSURE PURSUANT TO SECTION 175ZE(1) OF THE ELECTORAL ACT 1907

In accordance with the disclosure requirements of Section 175ZE of the Electoral Act 1907, the Agricultural Produce Commission of Western Australia reports that during the 2011/12 financial year, the Commission and its Producers' Committees incurred expenditure in the following areas.

| Commission | Expenditure 2011/12 |
|---------------------------------|----------------------------|
| Advertising agencies | \$ Nil |
| Media advertising organizations | \$Nil |
| Total Expenditure | \$Nil |

APC Producers' Committees are entirely externally funded, receiving no income from the state government. Where advertising is undertaken it is in relation to services provided to industry.

| Producers' Committees | Expenditure 2011/12 |
|---|----------------------------|
| Advertising agencies | \$ Nil |
| Media advertising organizations (Fresh Finesse) | \$62,751 |
| Total Expenditure | \$62,751 |

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year under review.

GOVERNANCE DISCLOSURES

At the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interest in existing or proposed contracts with the Agricultural Produce Commission other than normal contracts of employment of service.

AGRICULTURAL PRODUCE COMMISSION

CERTIFICATION OF FINANCIAL STATEMENTS

For year ended 30 June 2012

The accompanying financial statements of the Agricultural Produce Commission have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2012 and the financial position as at 30 June 2012.

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.

William Ryan

Chairman

Agricultural Produce Commission

Date: 7 September 2012

Graeme Robertson

Member

Agricultural Produce Commission

Date: 7 September 2012

Narmit Singh

Acting Chief Finance Officer

Agricultural Produce Commission

Date: 7 September 2012

AGRICULTURAL PRODUCE COMMISSION


CERTIFICATION OF KEY PERFORMANCE INDICATORS

For year ended 30 June 2012

We hereby certify that the Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Agricultural Produce Commission's performance, and fairly represent the performance of the Agricultural Produce Commission for the financial year ended 30 June 2012.

William Ryan

Chairman
Agricultural Produce Commission



Date: 7 September 2012

Graeme Robertson

Member
Agricultural Produce Commission



Date: 7 September 2012



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

AGRICULTURAL PRODUCE COMMISSION

Report on the Financial Statements

I have audited the accounts and financial statements of the Agricultural Produce Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Commission's Responsibility for the Financial Statements

The Commission is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commission, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Agricultural Produce Commission at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Agricultural Produce Commission during the year ended 30 June 2012.

Controls exercised by the Agricultural Produce Commission are those policies and procedures established by the Commission to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Commission's Responsibility for Controls

The Commission is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Agricultural Produce Commission based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Commission complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by the Agricultural Produce Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Agricultural Produce Commission for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Commission's Responsibility for the Key Performance Indicators

The Commission is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Commission determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Commission's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the key performance indicators of the Agricultural Produce Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2012.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of Agricultural Produce Commission for the year ended 30 June 2012 included on the Commission's website. The Commission's management are responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 September 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

| | Note | 2012 \$ | 2011 \$ |
|---|------|------------------|------------------|
| COST OF SERVICES | | | |
| Expenses – Commission | | | |
| Department of Agriculture and Food contracted services | | | |
| -Administration | 7 | 134,879 | 59,426 |
| Employee benefits expense | 10 | 34,030 | 131,004 |
| Other expenses | 11 | 122,316 | 98,149 |
| Expenses – Producers' Committees (10 in total) | | | |
| Compensation payments | 8 | 30,380 | 577,650 |
| Promotion, publicity and advertising | 8 | 27,917 | 54,203 |
| Professional Services | 8 | 264,127 | 3,465 |
| Research and development | 8 | 851,447 | - |
| Grant funding | 8 | 1,647,998 | 2,105,943 |
| Board Fees | 8 | 34,850 | 43,163 |
| Wages, salaries and mileage | 8 | 221,502 | 130,637 |
| Management Consulting | 8 | 184,740 | 220,817 |
| Depreciation and amortisation expense | 9 | 1,620 | 1,373 |
| Loss on disposal of non-current assets | 13 | 7,974 | - |
| Other | 8 | 237,509 | 157,393 |
| Total cost of services | | <u>3,801,289</u> | <u>3,583,223</u> |
| Income | | | |
| Revenue | | | |
| User charges and fees | 12 | 3,170,696 | 3,301,027 |
| Grants | | 102,775 | - |
| Other revenue | | 52,479 | 8,677 |
| Contributions | | 23,000 | - |
| Interest revenue | | 408,431 | 451,844 |
| Total Revenue | | <u>3,757,381</u> | <u>3,761,548</u> |
| Total income other than income from State Government | | <u>3,757,381</u> | <u>3,761,548</u> |
| NET COST OF SERVICES | | <u>43,908</u> | <u>(178,325)</u> |
| Income from State Government | | | |
| Resources received free of charge | 14 | 46,254 | 8,460 |
| Total income from State Government | | <u>46,254</u> | <u>8,460</u> |
| SURPLUS/(DEFICIT) FOR THE PERIOD | | <u>2,346</u> | <u>186,785</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | <u>2,346</u> | <u>186,785</u> |

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

| | Note | 2012 \$ | 2011 \$ |
|--------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 22 | 8,813,276 | 9,083,451 |
| Receivables | 15 | 413,890 | 358,216 |
| Other current assets | 16 | 94,155 | 117,513 |
| Total Current Assets | | <u>9,321,321</u> | <u>9,559,180</u> |
| Non-Current Assets | | | |
| Plant and equipment | 18 | 0 | 24,141 |
| Loans and Advances | 17 | - | - |
| Total Non-Current Assets | | <u>0</u> | <u>24,141</u> |
| TOTAL ASSETS | | <u>9,321,321</u> | <u>9,583,321</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 19 | 256,876 | 494,200 |
| Provisions | 20(a) | 7,321 | 20,160 |
| Total Current Liabilities | | <u>264,197</u> | <u>514,360</u> |
| Non-Current Liabilities | | | |
| Provisions | 20(b) | 7,613 | 21,796 |
| Total Non-Current Liabilities | | <u>7,613</u> | <u>21,796</u> |
| TOTAL LIABILITIES | | <u>271,810</u> | <u>536,156</u> |
| NET ASSETS | | <u>9,049,511</u> | <u>9,047,165</u> |
| EQUITY | | | |
| Contributed Equity | 21 | 3,682,697 | 3,682,697 |
| Accumulated surplus | | 5,366,814 | 5,364,468 |
| TOTAL EQUITY | | <u>9,049,511</u> | <u>9,047,165</u> |

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

| | Note | Contributed equity | Reserves | Accumulated surplus | Total equity |
|---|------|--------------------|----------|---------------------|------------------|
| | | \$ | \$ | \$ | \$ |
| Balance at 1 July 2010 | 21 | 3,682,697 | - | 5,177,683 | 8,860,380 |
| Surplus/ (deficit) | | | | 186,785 | 186,785 |
| Total comprehensive income for the year | | - | - | 186,785 | 186,785 |
| Transactions with owners in their capacity as owners: | | | | | |
| Capital appropriations | | - | - | - | - |
| Other contributions by owners | | - | - | - | - |
| Distributions to owners | | - | - | - | - |
| Total | | - | - | - | - |
| Balance at 30 June 2011 | | 3,682,697 | - | 5,364,468 | 9,047,165 |
| Balance at 1 July 2011 | 21 | 3,682,697 | - | 5,364,468 | 9,047,165 |
| Surplus/ (deficit) | | | | 2,346 | 2,346 |
| Total comprehensive income for the year | | - | - | 2,346 | 2,346 |
| Transactions with owners in their capacity as owners: | | | | | |
| Capital appropriations | | - | - | - | - |
| Other contributions by owners | | - | - | - | - |
| Distributions to owners | | - | - | - | - |
| Total | | - | - | - | - |
| Balance at 30 June 2012 | | 3,682,697 | - | 5,366,814 | 9,049,511 |

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

| | Note | 2012 | 2011 |
|--|-------------|------------------|------------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee benefits | | (61,052) | (113,004) |
| Supplies and services | | (3,948,734) | (3,169,856) |
| Receipts | | | |
| Receipts from Producers | | 3,115,022 | 3,250,166 |
| Receipts from others | | 178,254 | 8,677 |
| Interest received | | 431,789 | 434,641 |
| Net cash provided by/(used in) operating activities | 22 | (284,721) | 410,624 |
| CASHFLOWS FROM INVESTING ACTIVITIES | | | |
| Payments | | | |
| Purchase of non-current physical assets | 18 | - | (25,514) |
| Receipts | | | |
| Proceeds from sale of non-current physical assets | 13 | 14,546 | - |
| Net cash provided by (used in) investing activities | | 14,546 | (25,514) |
| Net increase/(decrease) in cash and cash equivalents | | (270,175) | 385,110 |
| Cash and cash equivalents at the beginning of period | | 9,083,451 | 8,698,341 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 22 | 8,813,276 | 9,083,451 |

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

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

| Subject | Policy Note | Disclosure Note | Title of the Policy note |
|------------------|-------------|-----------------|---|
| General | 1 | | <i>Australian Accounting Standards</i> |
| General | 1 | | General |
| General | 1 | | Early adoption of standards |
| General | 2 | | <i>Summary of significant accounting policies</i> |
| General | 2(a) | | General statement |
| General | 2(b) | 4,5 | Basis of preparation |
| General | 2(c) | 28 | Reporting entity |
| General | 2(d) | | Contributed equity |
| Income | 2(e) | | <i>Income</i> |
| Income | 2(e) | | Revenue recognition |
| Income | 2(e) | | Sale of Goods |
| Income | 2(e) | | Provision of services |
| Income | 2(e) | | Interest |
| Income | 2(e) | | Grants, donations, gifts and other non reciprocal contributions |
| Income | 2(e) | | Gains |
| Assets | 2(f) | | <i>Plant and equipment</i> |
| Assets | 2(f) | | Capitalisation/expensing of assets |
| Assets | 2(f) | | Initial recognition and management |
| Assets | 2(f) | | Subsequent measurement |
| Assets | 2(f) | | Depreciation |
| Assets/Liability | 2(g) | | <i>Impairment of assets</i> |
| Assets/Liability | 2(h) | 25 | <i>Financial instruments</i> |
| Assets | 2(i) | | <i>Cash and cash equivalents</i> |
| Assets | 2(i) | | <i>Accrued salaries</i> |
| Assets | 2(k) | 15 | <i>Receivables</i> |
| Liability | 2(l) | 19 | <i>Payables</i> |
| Liability | 2(m) | 20 | <i>Provisions</i> |
| Liability | 2(m) | 20(b) | Provisions – Employee Benefits |
| Liability | 2(m) | 20(a),(b) | Annual Leave and Long Service Leave |
| Liability | 2(m) | 10(b) | Superannuation |
| Liability | 2(m) | | Provisions – Other – Employee On-costs |
| Expense | 2(n) | 10(b) | <i>Superannuation expense</i> |
| Revenue/Asset | 2(o) | 14 | <i>Resources received free of charge or for nominal cost</i> |
| Expense | 2(p) | | <i>Comparative figures</i> |
| Expense | 3 | | <i>Other accounting policies not included in this model</i> |
| Expense | 3(a) | | Administration Expense |
| Expense | 3(b) | | Goods and Services Tax |
| General | 4 | | <i>Judgements made by mgmt in applying accounting policies</i> |
| General | 5 | | <i>Key sources of estimation uncertainty</i> |
| Liability | 5 | 20(b) | Long service leave |
| General | 6 | | <i>Disclosure of changes in accounting policy estimates</i> |
| General | 6 | | Initial Application of an Australian Accounting Standard |
| General | 6 | | Future impact of AASs not yet operative |

This index does not form part of the financial statements.

AGRICULTURAL PRODUCE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS 2012

For the year ending 30 June 2012

Note 1 Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2012 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Commission has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2012.

Note 2 Summary of Significant Accounting Policies

(a) General Statement

The Commission is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

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

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

Note 4 - 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Commission's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 5 - 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting Entity

The reporting entity comprises the Commission and bodies included at Note 28 "Related bodies".

(d) Contributed Equity

AASB Interpretation 1038 '*Contributions by Owners Made to Wholly-Owned Public Sector Entities*' requires transfers, in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognized as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 '*Contributions by Owners made to Wholly-Owned Public Sector Entities*' and have been credited directly to Contributed equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable.

The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Sale of Goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of Services

Revenue is recognised by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Interest is calculated on a daily balance and credited to the Commission quarterly. Committees are then credited with their interest on a quarterly basis.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Commission obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluation of non-current assets.

(f) Plant and equipment

Capitalisation/expensing of assets

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

For items of plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset historical cost is used for all plant and equipment. All other items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

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

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

| | |
|---------------------|----------------|
| Plant and equipment | 10 to 15 years |
| Office equipment | 5 years |
| Motor vehicles | 3 to 7 years |

(g) Impairment of assets

Plant and equipment are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(h) Financial Instruments

In addition to cash, the Commission has one category of financial instrument:

- Loans and receivables

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - Cash and cash equivalents
 - Receivables
- Financial Liabilities
 - Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(i) Cash and cash equivalents

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

(j) Accrued salaries

Accrued salaries (see Note 19 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(k) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to the fair value as it is due for settlement within 30 days.

(l) Payables

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

(m) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions – Employee Benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

The liability for annual leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Commission does not have an unconditional right to the defer settlement of the liability for at least 12 months after the reporting period.

Long Service Leave

The liability for long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of services. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

The GSS is a defined benefit scheme for the purposes of employee and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Commission to GESB extinguishes the agency's obligations to the related superannuation liability.

The Commission has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Commission makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Commission's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions – Other

Employment on-costs

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

(n) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, or other superannuation fund.

(o) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the Commission would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(p) Comparative figures

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

Note 3 Other accounting policies not included in this model

(a) Administration Expense

Each Producer's Committee pays a percentage of the 'Fee for Service' collected to the administration account which is eliminated on consolidation for reporting purposes. The administration account bears all the administration expenses.

(b) Goods and Services Tax

In accordance with the grouping provisions the right to receive GST and the obligation to pay GST rests with the Agricultural Produce Commission with regard to all GST transactions incurred by members of the group.

The Commission is GST exempt, a determination issued by the Federal Treasurer in March 2000 listed the Agricultural Produce Commission GST free under Section 81-5 of the A New Tax System (Goods and Services) Act 1999.

Note 4 Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgments about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Commission evaluates these judgements regularly.

Note 5 Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Commission's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 6 Disclosure of changes in accounting policy and estimates

Initial Application of an Australian Accounting Standard

The Commission has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011 that impacted on the Commission.

AASB 1054 *Australian Additional Disclosures*

This Standard, in conjunction with AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

AASB 2009-12 *Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]*

This standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]*

The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.

The amendments to AASB 101 clarify the presentation of the statement of changes in equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity can be presented in either the Statement of Changes in Equity or the Notes. There is no financial impact.

AASB 2010-5 *Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042]*

This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.

AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]*

This Standard introduces additional disclosure relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.

AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]*

This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.

AASB 2011-5 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]*

This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit non-reporting entities that comply with Australian Accounting Standards. There is no financial impact.

Future Impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Commission has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date.

| | | Operative for reporting periods beginning on/after |
|----------|--|--|
| AASB 9 | <i>Financial Instruments</i> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Commission not yet determined the application or the potential impact of the Standard. | 1 Jan 2013 |
| AASB 10 | <i>Consolidated Financial Statements</i> This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i> , introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard. | 1 Jan 2013 |
| AASB 11 | <i>Joint Arrangements</i> This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard. | 1 Jan 2013 |
| AASB 12 | <i>Disclosure of Interests in Other Entities</i> This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> . The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard. | 1 Jan 2013 |
| AASB 13 | <i>Fair Value Measurement</i> This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact. | 1 Jan 2013 |
| AASB 119 | <i>Employee Benefits</i> This Standard supersedes AASB 119 (October 2010). As the Commission does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact. | 1 Jan 2013 |
| AASB 127 | <i>Separate Financial Statements</i> This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> , introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard. | 1 Jan 2013 |
| AASB 128 | <i>Investments in Associates and Joint Ventures</i> This Standard supersedes AASB 128 <i>Investments in Associates</i> , introducing a number of changes to accounting treatments. The Standard was issued in August 2011. The Commission has not yet determined the application or the potential impact of the Standard. | 1 Jan 2013 |

| | | |
|--------------|---|------------|
| AASB 1053 | <i>Application of Tiers of Australian Accounting Standards</i> This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact. | 1 Jul 2013 |
| AASB 2009-11 | <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12]</i> [Modified by AASB 2010-7] | 1 Jul 2013 |
| AASB 2010-2 | <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</i> This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact. | 1 Jul 2013 |
| AASB 2010-7 | <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i> This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Commission has not yet determined the application or the potential impact of the Standard. | 1 Jan 2013 |
| AASB 2011-2 | <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i> This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact. | 1 Jul 2013 |
| AASB 2011-6 | <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i> This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact. | 1 Jul 2013 |
| AASB 2011-7 | <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i> This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> . The Commission has not yet determined the application or the potential impact of the Standard. | 1 Jan 2013 |
| AASB 2011-8 | <i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i> This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact. | 1 Jan 2013 |
| AASB 2011-9 | <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121,</i> | 1 Jul 2012 |

132, 133, 134, 1039 & 1049]

This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Commission has not yet determined the application or the potential impact of the Standard.

| | | |
|---------------------|--|------------|
| <i>AASB 2011-10</i> | <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i> | 1 Jan 2013 |
| | This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is no financial impact. | |
| <i>AASB 2011-11</i> | <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i> | 1 Jul 2013 |
| | This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact. | |
| <i>AASB 2012-1</i> | <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i> | 1 Jul 2013 |
| | This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact. | |

Note 7 Department of Agriculture and Food Contracted Service Costs

Effective 1 July 2000 the Agricultural Produce Commission (the Commission) entered into a Memorandum of Understanding with the Department of Agriculture and Food (the Department). The objective of this arrangement is to establish the types and standards of services to be provided, the basis for determining the level and the costs of the services and the responsibilities of the Commission and the Department.

The costs of the above mentioned services are disclosed below:

| | <u>2012</u> | <u>2011</u> |
|--|-------------|-------------|
| | \$ | \$ |
| Administration | | |
| Department of Agriculture and Food contracted services | 134,879 | 59,426 |

Note 8 Producers' Committees are made up of the following committees:

Avocado Producers' Committee
 Beekeepers Producers' Committee
 Carnarvon Banana Producers' Committee
 Egg Producers' Committee
 Pome, Citrus and Stone fruit Producers' Committee (Fruit West)
 Pork Producers' Committee
 Potato Producers' Committee
 Strawberry Producers' Committee
 Table Grape Producers' Committee
 Vegetable Producers' Committee

Note 9 Depreciation Expense

Depreciation

| | | |
|---------------------------|--------------|--------------|
| Vehicles | 1,620 | 1,373 |
| Total Depreciation | 1,620 | 1,373 |

| Note 10 | Employee benefits expense Commission | 2012 | 2011 |
|----------------|---|----------------|-------------|
| | | \$ | \$ |
| | Wages and salaries ^(a) | 51,768 | 107,770 |
| | Change in employee entitlement provision | (27,021) | 18,002 |
| | Superannuation ^(b) | 9,283 | 4,311 |
| | Annual Leave & Long Service Leave Expense included in wages and salaries | - | 921 |
| | Total employee expenses | 34,030 | 131,004 |
| | (a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component. | | |
| | (b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid). | | |
| | Employment on-costs expenses such as worker's compensation insurance, are included in Note 11 'Other expenses – Commission'. | | |
| | Employment on-costs liability is included in Note 20 'Provisions'. | | |
| Note 11 | Other expenses Commission | | |
| | Audit fees | 12,800 | 12,000 |
| | Employment on-costs ^(a) | 2,132 | 2,561 |
| | Commissioner fees and related costs | 47,373 | 47,900 |
| | Professional Services | - | 4,642 |
| | Management Consultancy Fees | - | 9,000 |
| | Travel Expenses | 2,392 | 700 |
| | Resources received free of charge | 46,255 | 8,460 |
| | Public Notice Fees | 5,106 | 1,845 |
| | Other Expenses | 6,258 | 11,041 |
| | | 122,316 | 98,149 |
| | ^(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at Note 20 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs. | | |
| Note 12 | User Charges and fees | | |
| | Fee for Service | 3,170,696 | 3,301,027 |
| Note 13 | Net gain/(loss) on disposal of non current assets | | |
| | <u>Proceeds from disposal of non-current assets</u> | | |
| | Vehicle | 14,546 | - |
| | <u>Cost of disposal of non-current assets</u> | | |
| | Vehicle | (22,520) | - |
| | Net gain(loss) | (7,974) | - |
| Note 14 | Income from State Government | | |
| | Resources received free of charge ^(a) | | |
| | Determined on the basis of the following estimates provided by agencies: | | |
| | Department of Agriculture and Food | 46,254 | 8,460 |
| | ^(a) Assets or services received free of charge or for nominal cost are recognized as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity. | | |
| Note 15 | Receivables | | |
| | Current | | |
| | Receivables | 876 | 52 |
| | Accrued revenue | 403,619 | 334,061 |
| | GST receivable | 9,395 | 24,103 |
| | | 413,890 | 358,216 |

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

| | | | |
|----------------|---|---------------|----------------|
| Note 16 | Other Current Assets | 2012 | 2011 |
| | Current | \$ | \$ |
| | Accrued Interest | 94,155 | 117,513 |
| | | <u>94,155</u> | <u>117,513</u> |
| Note 17 | Non Current Assets | | |
| | Loans and advances | - | - |
| | Less allowances for impairment of loans and advances ^(a) | - | - |
| | | <u>-</u> | <u>-</u> |

In 1999/00 the Minister approved a loan of \$190,000 from Pig Industry Compensation Fund to WA Pig Skills Centre Pty Ltd. In 2004/5 the Pig Industry Compensation Act was repealed and transferred to APC. However the loan was not transferred. The balance of \$86,000 has now been recognised by APC as an outstanding loan. In October 2005 repayments from WA Pig Skills Centre Pty Ltd were suspended.

^(a) **Reconciliation of changes in the allowance for impairment of loans and advances**

| | | |
|---|----------|----------|
| Balance at start of year | - | 86,000 |
| Doubtful debts expense recognised in the income statement | - | - |
| Amounts written off during the year | | (86,000) |
| Balance at end of year | <u>-</u> | <u>-</u> |

| | | | |
|----------------|-------------------------------|----------|---------------|
| Note 18 | Plant and equipment | | |
| | Vehicles | | |
| | At cost | - | 25,514 |
| | Accumulated depreciation | - | (1,373) |
| | Accumulated impairment losses | - | - |
| | | <u>-</u> | <u>24,141</u> |

Reconciliation of the carrying amount of plant and equipment and vehicles at the beginning and end of the reporting period are set out in the table below.

| | |
|---|-----------------|
| 2012 | Vehicles |
| Carrying amount at the start of the year | 24,141 |
| Additions | |
| Disposals | (22,520) |
| Depreciation | (1,621) |
| Total Carrying amount at the end of the year | <u>-</u> |
| 2011 | |
| Carrying amount at the start of the year | - |
| Additions | 25,514 |
| Depreciations | (1,373) |
| Total Carrying amount at the end of the year | <u>24,141</u> |

| | | | |
|----------------|--------------------|----------------|----------------|
| Note 19 | Payables | | |
| | <u>Current</u> | | |
| | Trade Payable | 25,144 | 39,634 |
| | Other Payables | 5,064 | - |
| | Accrued Expenses | 214,467 | 447,891 |
| | Accrued Salaries | 12,201 | 6,675 |
| | | <u>256,876</u> | <u>494,200</u> |
| | <u>Non Current</u> | | |
| | Trade Payable | - | - |
| | | - | - |

| Note 20 | Provisions | 2012 | 2011 |
|----------------|------------------------------------|---------------|---------------|
| | <u>Current</u> | \$ | \$ |
| | <i>Employee benefits provision</i> | | |
| | Annual Leave ^(a) | 7,321 | 20,160 |
| | | <u>7,321</u> | <u>20,160</u> |
| | <u>Non-current</u> | | |
| | <i>Employee benefits provision</i> | | |
| | Long Service Leave ^(b) | 7,613 | 21,796 |
| | | <u>7,613</u> | <u>21,796</u> |
| | Total employee provision | <u>14,934</u> | <u>41,956</u> |

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

| | | |
|--|--------------|---------------|
| Within 12 months of the end of the reporting period | 7,321 | 11,978 |
| More than 12 months of the end of the reporting period | - | 8,182 |
| | <u>7,321</u> | <u>20,160</u> |

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

| | | |
|--|--------------|---------------|
| Within 12 months of balance sheet date | - | - |
| More than 12 months of the end of the reporting period | 7,613 | 21,796 |
| | <u>7,613</u> | <u>21,796</u> |

Note 21 **Equity**
The Government holds the equity interest in the Commission on behalf of the community. Equity represents the residual interest in the net assets of the Commission.

Contributed equity

| | | |
|------------------------------------|------------------|------------------|
| Balance at start of period | 3,682,697 | 3,682,697 |
| Correction of prior period errors | - | - |
| Total contributed by owners | <u>3,682,697</u> | <u>3,682,697</u> |

Accumulated surplus/(deficit)

| | | |
|--|-------------------------|-------------------------|
| Balance at start of year | 5,364,468 | 5,177,683 |
| Result for the period | 2,346 | 186,785 |
| Income and expense recognised directly in equity | - | - |
| Balance at end of year | <u>5,366,814</u> | <u>5,364,468</u> |
| Total Equity at end of period | <u>9,049,511</u> | <u>9,047,165</u> |

| Note 22 Notes to the Cash Flow Statement | | 2012 | 2011 |
|---|--|------------------|----------------|
| Reconciliation of cash | | \$ | \$ |
| Cash at the end of 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 and cash equivalents | | 8,813,276 | 9,083,451 |
| Reconciliation of net cost of services to net cash flows provided by operating activities | | | |
| Net cost of services | | (43,908) | 178,325 |
| <u>Non-cash items:</u> | | | |
| Resources received free of charge (Note 14 'Income from state government') | | 46,254 | 8,460 |
| Depreciation and amortization expense (Note 9 'Depreciation expense') | | 1,620 | 1,373 |
| Net (gain)/loss on disposal of non-current asset (Note 13 'Net (gain)/loss on disposal of non-current asset') | | 7,974 | - |
| Bad debt written off | | - | 86,000 |
| Provision for doubtful debts | | - | (86,000) |
| <u>(Increase)/decrease in assets:</u> | | | |
| Current receivables ^(a) | | (55,673) | (50,861) |
| Other current assets | | 23,358 | (17,203) |
| <u>Increase/(decrease) in liabilities:</u> | | | |
| Current payables | | (237,324) | 272,529 |
| Current Provisions | | (12,839) | 10,323 |
| Non current provisions | | (14,183) | 7,678 |
| Net cash provided by/(used in) operating activities | | (284,721) | 410,624 |

^(a)Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

At the end of the reporting period, the Commission had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

Note 23 Remuneration of Members of the Commission

The number of members of the Commission, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

| | 2012 | 2011 |
|--|---------------|---------------|
| \$0 - \$10,000 | 2 | 3 |
| \$10,001 - \$20,000 | 1 | 1 |
| \$20,001 - \$30,000 | 1 | 0 |
| Total remuneration of the members of the Commission | 51,196 | 52,211 |

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the Commission.

No members of the Commission are members of the Pension Scheme.

Note 24 Commitments

Capital expenditure commitments

There are no known capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements.

Other expenditure commitments

There are no known other expenditure commitments contracted for at the reporting date, not otherwise provided for in these financial statements.

Note 25 Financial Instruments**(a) Financial Risk Management Objectives and Policies**

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

Credit risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as in the table at Note 25(c) 'Financial Instrument Disclosures' and Note 15 'Receivables'.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Commission only trades with recognized, creditworthy third parties. The Commission has policies in place to ensure sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due.

The Commission is exposed to liquidity risk through its trading in the normal course of business.

The Commission has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or the value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes).

The Commission's exposure to market risk for changes in interest rates relates primarily to the cash and the cash equivalent.

(b) Categories of Financial Instruments

The carrying amounts of each of the categories of financial assets and financial liabilities at balance sheet date are as follows:

| | <u>2012</u> | <u>2011</u> |
|--|-------------|-------------|
| <u>Financial Assets</u> | \$ | \$ |
| Cash and cash equivalents | 8,813,276 | 9,083,451 |
| Receivables | 508,045 | 475,729 |
| <u>Financial Liabilities</u> | | |
| Financial liabilities measured at amortised cost | 256,876 | 494,200 |

(c) Financial Instrument DisclosuresCredit risk

The following table discloses the Commission's maximum exposure to credit risk and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Commission.

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

Aging analysis of financial assets

| | | Aging analysis of financial assets | | | | | | |
|----------------------------|-----------------|------------------------------------|---------------------------|--------------|--------------------|-----------|-------------------|---------------------------|
| | | | Past due but not impaired | | | | | |
| | Carrying amount | Not due and past and not impaired | Up to 1 months | 1 - 3 months | 3 months to 1 year | 1-5 years | More than 5 years | Impaired financial assets |
| | \$ | | \$ | \$ | \$ | \$ | \$ | \$ |
| <u>2012</u> | | | | | | | | |
| Cash and cash equivalents | 8,813,276 | 8,813,276 | - | - | - | - | - | - |
| Receivables ^(a) | 508,045 | - | 508,045 | - | - | - | - | - |
| | 9,321,321 | 8,813,276 | 508,045 | - | - | - | - | - |
| <u>2011</u> | | | | | | | | |
| Cash and cash equivalents | 9,083,451 | 9,083,451 | - | - | - | - | - | - |
| Receivables | 475,729 | - | 475,729 | - | - | - | - | - |
| | 9,559,180 | 9,083,451 | 475,729 | - | - | - | - | - |

(a) The amount of receivables excludes the GST recoverable from the ATO.

Liquidity risk and interest rate exposure

The following table details the Commission's interest rate exposure and the contractual maturity of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposures and maturity analysis of financial assets and financial liabilities

| Interest rate exposures and maturity analysis of financial assets and financial liabilities | | | | | | | | | | |
|---|--|---------------------------|------------------------------|-----------------------------|-------------------|------------------|-----------------|-----------------------------|----------------|----------------------------|
| | Weighted Average Effective Interest Rate | Interest rate exposure | | | Nominal Amount | Maturity dates | | | | |
| | | Carrying amount | Variable interest rate | Non- interest bearing | | Up to 1 month | 1 - 3 months | 3 months to 1 year | 1 - 5 years | More than 5 years |
| 2012 | | | | | | | | | | |
| <u>Financial Assets</u> | | | | | | | | | | |
| Cash and cash equivalents | 4.74% | 8,813,276 | 8,813,276 | - | 8,813,276 | 8,813,276 | - | - | - | - |
| Receivables ^(a) | | 508,045 | - | 508,045 | 508,045 | 508,045 | - | - | - | - |
| | | 9,321,321 | 8,813,276 | 508,045 | 9,321,321 | 9,321,321 | - | - | - | - |
| 2012 | | | | | | | | | | |
| <u>Financial Liabilities</u> | | | | | | | | | | |
| Payables | | 256,876 | - | 256,876 | 256,876 | 256,876 | - | - | - | - |
| Current Liabilities | | - | - | - | - | - | - | - | - | - |
| | | 256,876 | - | 256,876 | 256,876 | 256,876 | - | - | - | - |

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Interest rate exposures and maturity analysis of financial assets and financial liabilities

| | Weighted Average Effective Interest Rate | Carrying amount | Interest rate exposure | | Nominal amount | Maturity dates | | | | |
|------------------------------|--|--------------------|------------------------------|-----------------------------|-------------------|------------------|---------------|-----------------------------|--------------|----------------------------|
| | | | Variable interest rate | Non- interest bearing | | Up to 1 month | 1-3 months | 3 months to 1 year | 1-5 years | More than 5 years |
| 2011 | | | | | | | | | | |
| <u>Financial Assets</u> | | | | | | | | | | |
| Cash and cash equivalents | 5.03% | 9,083,451 | 9,083,451 | - | 9,083,451 | 9,083,451 | - | - | - | - |
| Receivables ^(a) | | 475,729 | - | 475,729 | 475,729 | 475,729 | - | - | - | - |
| | | 9,559,180 | 9,083,451 | 475,729 | 9,559,180 | 9,559,180 | - | - | - | - |
| 2011 | | | | | | | | | | |
| <u>Financial Liabilities</u> | | | | | | | | | | |
| Payables | | 414,787 | - | 414,787 | 414,787 | 414,787 | - | - | - | - |
| Non Current Liabilities | | 79,413 | - | 79,413 | 79,413 | - | - | - | 79,413 | - |
| | | 494,200 | - | 494,200 | 494,200 | 414,787 | - | - | 79,413 | - |

^(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Interest rate sensitivity analysis

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

| | Carrying amount | -100 basis point | | +100 basis point | |
|---------------------------|--------------------|------------------|----------|------------------|--------|
| | | Surplus | Equity | Surplus | Equity |
| 2012 | \$ | \$ | \$ | \$ | \$ |
| <u>Financial Assets</u> | | | | | |
| Cash and cash equivalents | 8,813,276 | (88,133) | (88,133) | 88,133 | 88,133 |
| | 8,813,276 | (88,133) | (88,133) | 88,133 | 88,133 |
| | Carrying amount | Surplus | Equity | Surplus | Equity |
| 2011 | \$ | \$ | \$ | \$ | \$ |
| <u>Financial Assets</u> | | | | | |
| Cash and cash equivalents | 9,083,451 | (90,835) | (90,835) | 90,835 | 90,835 |
| | 9,083,451 | (90,835) | (90,835) | 90,835 | 90,835 |

Fair value

All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 26 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets which would affect the Commission.

Note 27 Events occurring after reporting date

There have been no events after reporting date which would cause the financial statements to be misleading.

Note 28 Related bodies

There are no related bodies with the Commission.

Note 29 Affiliated bodies

There are no affiliated bodies with the Commission.

Note 30 Supplementary financial information

2012 **2011**

\$ \$

Loan written-off by the accountable authority during
the financial year

- 86,000

Note 31 Remuneration of auditor

Remuneration payable to the Auditor General in respect to
the audit for the current financial year is as follows:

Auditing the accounts, financial statements and
performance indicators

12,800 12,000

Note 32 Explanatory statement

Significant variations between estimates and actual results for 2012 and between actual results for 2011 and 2012 are shown below. Significant variations are considered to be those greater than 10% and greater than \$20,000.

Significant variances between estimated and actual results for 2012

| | 2012 Estimate \$ | 2012 Actual \$ | Variation \$ |
|---------------------------------------|---------------------------------|-------------------------------|-------------------------|
| Producers committees' operating costs | 3,894,452 | 3,500,470 | (393,982) |
| Administration expense | 36,234 | 134,879 | 98,645 |
| Employee benefits expense | 140,832 | 34,030 | (106,802) |
| Grants | 12,000 | 102,775 | 90,775 |
| Other revenue | 75,756 | 52,479 | (23,277) |
| Contributions | - | 23,000 | 23,000 |

Producers' Committee Operating Costs

The under budget result for the producers' committee operating costs is due to Producers' Committees having budgeted funds for possible bio-security incursions and these funds not having to be expended in the 2012 year.

Administration Expense

The over budget result for administration expense is due to a reclassification of employee benefits expense (below) with a corresponding under budget result occurring in employee benefits expense.

Employee Benefits Expense

The under budget result for employee benefits expense is due to a reclassification of employee benefits expense, with a corresponding over budget result occurring in administration expense (above).

Grants

The over budget result for Grants is as a result of the Fruit West Committee receiving funding for a new citrus project via Horticulture Australia Limited.

Other Revenue

The under budget result for other revenue is due to inclusion of the contribution from DAFWA which has now been individually re-categorized (below).

Contributions

Contributions consists of funding provided to the Commission by the Department of Agriculture and Food to provide services in developing new APC Committees.

Significant variances between actual results for 2011 and 2012

| | 2012 \$ | 2011 \$ | Variation \$ |
|-----------------------------------|------------|------------|-----------------|
| <u>Income</u> | | | |
| Other revenue | 52,479 | 8,677 | 43,802 |
| Grants | 102,775 | - | 102,775 |
| Contributions | 23,000 | - | 23,000 |
| Resources received free of charge | 46,255 | 8,460 | 37,795 |
| <u>Expenses</u> | | | |
| Administration expense | 134,879 | 59,426 | 75,453 |
| Employee benefits | 34,030 | 131,004 | (96,974) |
| Other expenses | 122,316 | 98,149 | 24,167 |

Other Revenue

Other revenue increased due to funds being received by Fruit West to assist in the provision of promotional initiatives for pome growers, as well as increased revenue being generated by the Fruit West and Beekeepers Producers' Committee industry magazines.

Grants

Grants increased as a result of the Fruit West Committee receiving funding for a new citrus project via Horticulture Australia Limited.

Contributions

Contributions consists of funding provided to the Commission by the Department of Agriculture and Food to provide services in developing new APC Committees.

Resources Received Free of Charge

Resources received free of charge increased due to the capture for the first time of costs associated with provision of services by the Department of Agriculture and Food in relation to financial and information technology services.

Administration Expense

Administration expense increased due to a re-classification of employee benefits expense (below), with a corresponding decrease occurring in employee benefits expense.

Employee Benefits

Employee benefits decreased due to a re-classification of employee benefits expense, with a corresponding increase occurring in administration expense (above).

Other Expenses

Other expenses increased as a result of an increase in resources received free of charge. Resources received free of charge increased due to the capture for the first time of costs associated with provision of services by the Department of Agriculture and Food in relation to financial and information technology services.

AGRICULTURAL PRODUCE COMMISSION

KEY PERFORMANCE INDICATORS 2012

GOVERNMENT GOAL

Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

DESIRED OUTCOME

Facilitation of growth and prosperity of agricultural industries covered by the Agricultural Produce Commission Act.

SERVICES

Establishment of, and support for, Producers' Committees.

EFFECTIVENESS INDICATORS

Key Performance Indicator 1 - Commission Effectiveness

The APC's coverage of the Western Australian horticultural industry demonstrates the 'market share' held by the APC in the overall horticultural industry in Western Australia.

APC Producers' Committees coverage of the horticultural industry

By maintaining, and aiming to increase, its coverage of the horticultural industry the APC affirms its value to the greater industry through enabling growth and prosperity of the industry via the investment of producer funds.

Prescribed industries for the purposes of the APC are not included in the data set. Prescribed industries are eggs, pork and beekeeping.

Horticultural industries that have APC Committees include apple, avocado, Carnarvon banana, pear, citrus, stone fruit, strawberry, table grapes and most vegetable commodities.

| Industry Sector | Gross value of production (\$m) | Percentage of Total Industry |
|--|---------------------------------|------------------------------|
| APC Committee Industry Coverage | | |
| Avocado | 29.90 | 4.25 |
| Carnarvon Banana | 10.10 | 1.43 |
| Fruit (pome, citrus, stone) | 95.10 | 13.50 |
| Potatoes | 61.10 | 8.68 |
| Strawberries | 24.30 | 3.45 |
| Table Grapes | 16.80 | 2.39 |
| Vegetables (excluding potato, mushrooms, herbs) | 231.10 | 32.81 |
| TOTAL | 468.40 | 66.51 |
| Potential Industry Coverage | | |
| Olives | 8.40 | 1.19 |
| Wine Grapes | 87.80 | 12.47 |
| Nurseries (inc Floriculture)/Turf | 123.50 | 17.54 |
| Fruit/Nuts - Other (including Kiwi and other tropical fruits other than that grown in Kununurra and Carnarvon Bananas) | 15.50 | 2.20 |
| Vegetables - Other (herbs, mushrooms) | 0.70 | 0.10 |
| TOTAL | 235.90 | 33.49 |
| GRAND TOTAL | 704.3 | 100 |

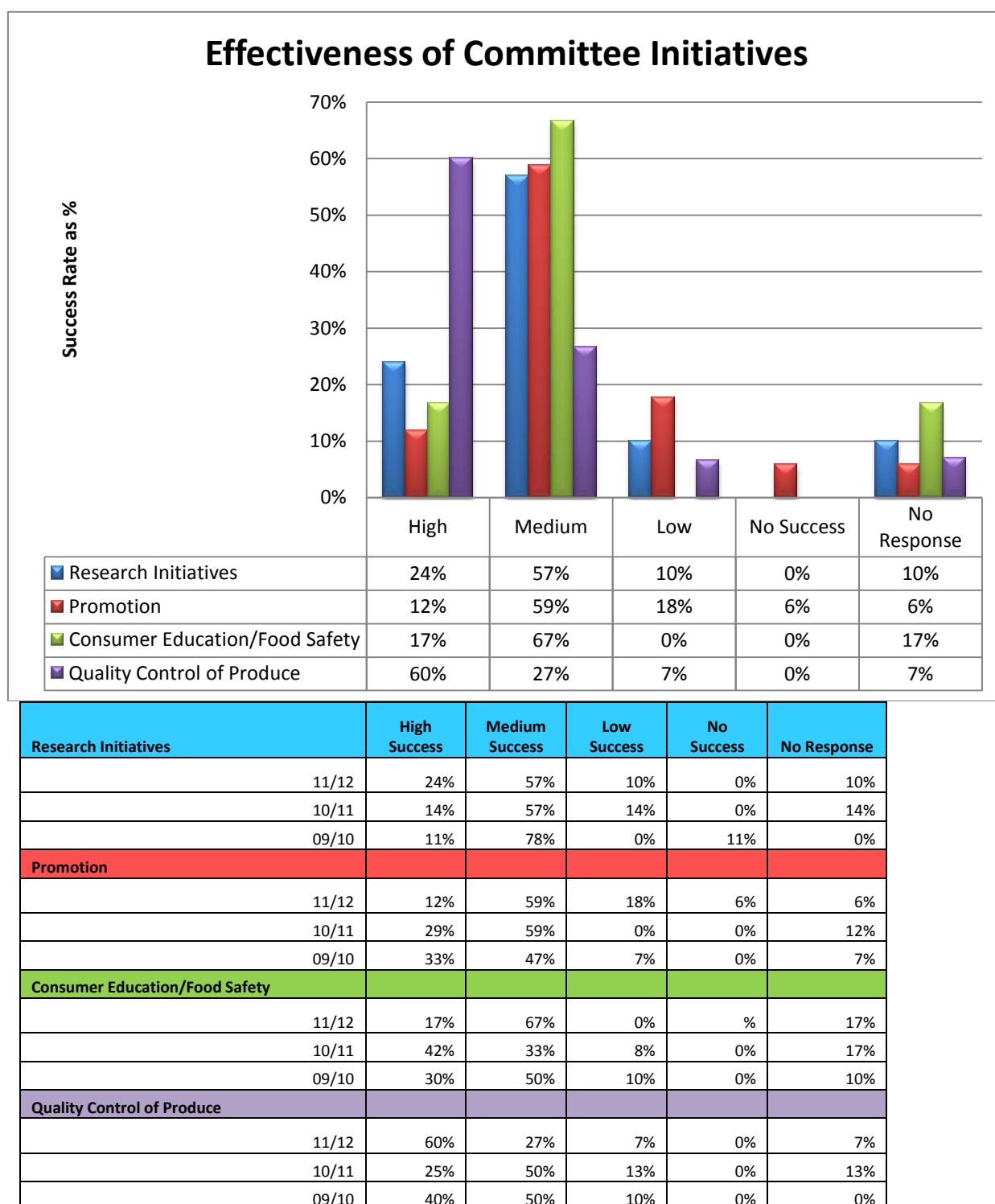
| The % of horticultural industry serviced by the APC based on production value. | 03/04 | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 46.5 | 64.0 | 63.1 | 61.6 | 66 | 64.6 | 65.34 | 67.72 | 66.51 |

The ABS carried out an agricultural census in the 10/11 year. Statistics for the above are based on the results of that census and are therefore aged by approx 18 months. The results of the 10/11 census differed substantially from previous years' ABS data.

Target: Maintain current and further increase percentage of industry serviced by APC Producers' Committees to 66 - 70%.

Key Performance Indicator 2 - Committee Effectiveness

APC Producers' Committees focus and impact on key areas that contribute to their industry's growth and prosperity



Target: To have Committees undertake initiatives in all targeted areas where their industry would benefit from the APC Producers' Committee activities, and to have the impact for each initiative undertaken deliver an average success rate of at least medium to high success.

Results based on responses to survey of Committee activities for the 11/12 financial year, conducted with APC Committee members. As not all Committees utilize the full functions of the Act, some

Committees do not undertake activities in all areas surveyed – for example the Carnarvon Banana Producers’ Committee only undertakes compensation and bio-security initiatives.

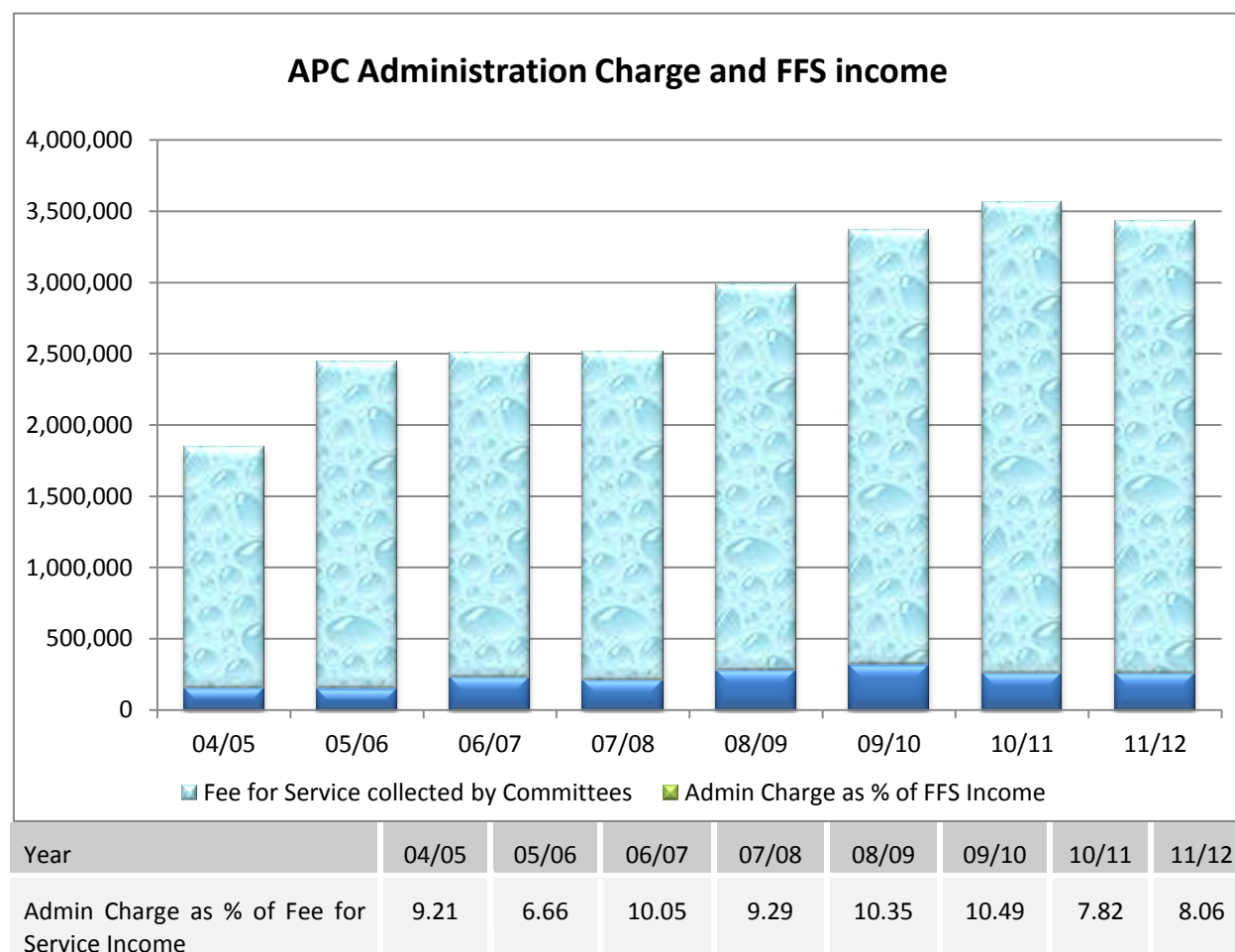
Results are based on a ‘yes’ response to surveys, where Committees have responded that they are undertaking the process being measured. The following table provides a breakdown of total responses:

| | |
|---------------------------------|------------|
| Total Members Surveyed | 58 |
| Total Responses Received | 29 |
| Percentage Response Rate | 50% |

EFFICIENCY INDICATORS

Key Performance Indicator 3 – Commission Efficiency

APC Administration Charge as % of Fee for Service (FFS) Income



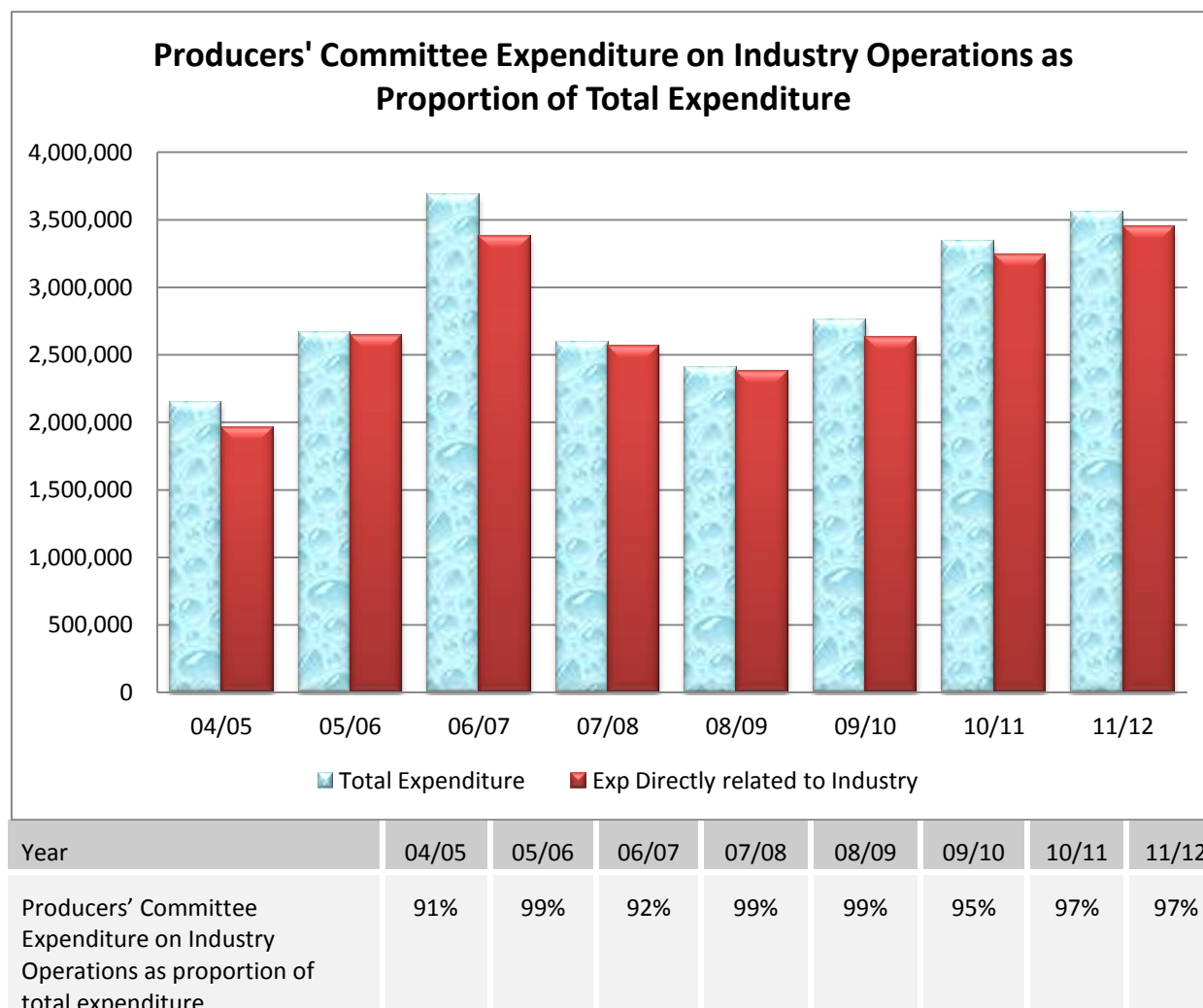
Target – Commission operating costs kept within the 10 - 15% expenditure range in relation to overall FFS income. The Commission exceeded this target by keeping costs at 8.06% in the year under review. This Commission achieved this by applying sound administrative practices which are reviewed throughout the year to ensure efficiency and effectiveness in Commission operations.

This indicator measures the administration charge paid to the Commission by Committees as a proportion of their total income. To ensure that funds received by the Commission from Committees do not exceed Commission requirements, the Commission reviews its administration charge to Committees on a yearly basis.

The 11/12 year has seen a slight increase in the overall percentage rate for administration charge from Committees - this is due to a fall in the Fee for Service collected by Committees in the 11/12 year from the 10/11 year, whilst Commission costs overall remained the same.

Key Performance Indicator 4 - Committee Efficiency

Producer Committee expenditure on industry operations as proportion of total Committee expenditure.



Target – Committees are able to return 85 to 90% of collected FFS to industry. This target was exceeded in the year under review with Committees focusing on provision of services to industries and some Committees electing not to claim sitting or travel fees, thereby reducing Committee costs.

Cash outflow directly related to industry operations includes research, compensation, support for industry associations, promotion activities, bio-security operations.

Expenditure not considered directly related to industry operations are funds expended on Committee meetings, sitting fees, travel to/from meetings or expenditure directly related to the administrative operations of the Committee.

The APC Administration charge is excluded from these data.