

Sheep Industry Fund

Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014

Management Plan 2019-2020 to 2023-2024



Enquiries

Casey Work
Senior Policy Officer
Biosecurity SA Strategy & Policy
Primary Industries and Regions SA (PIRSA)

33 Flemington Street Glenside SA 5065

GPO Box 1671 Adelaide SA 5001

P: 08 8429 0471

E: casey.work@sa.gov.au

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Introduction

The *Primary Industry Funding Schemes Act 1998* provides South Australian primary industries with a legislative based ability to raise funds within their sectors so they can favourably position themselves in the national and international marketplace.

Section 4 of the Act allows the Governor to make regulations establishing a fund for a particular sector of primary industry. All existing funds are administered by the Minister for Primary Industries and Regional Development.

Primary Industries and Regions SA (PIRSA) is the Minister's agent for the administration of these funds.

The Sheep Industry Fund is established by the *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014* (the Regulations).

Contributions are payable at the rate prescribed in the Regulations. Sheep producers contribute to the fund.

Collection agents are the bodies authorised by Regulation to collect levies from contributors and forward them to the Minister to be paid into the fund account. Collection agents for the Sheep Industry Fund include stock agents and abattoir operators.

Contributors may seek a refund of their contributions. If a refund is paid to a contributor, the contributor is deemed to be 'in default' of the fund and not entitled to receive benefits or services from the fund.

Payments are made from the fund for the purposes defined by regulation 7. These purposes ensure that the fund is used for the benefit of contributors to the fund.

Under regulation 5, the South Australian Sheep Advisory Group (SASAG) is the consultative committee representing the sheep industry to advise the Minister in relation to the application of the fund.

In accordance with Section 9 of the Act, this management plan has been developed in consultation with SASAG. It covers a five-year period and must be updated annually, but may be updated at any time.

This management plan guides the operation of the fund and helps contributors understand how their contributions are to be used.

Estimate of Contributions to the Fund

The contribution rate for this fund is outlined in regulation 6, and is 55 cents per sheep 'in respect of each contract sale under which 5 or more sheep are sold for an average price of \$5 or more per sheep'.

Industry production estimates have been derived from the two industry reports noted below. The data from these different sources has been derived using different methodologies. For the purposes of this report, these industry reports have been reviewed and summarised as described below to derive estimates for the purpose of this management plan.

South Australian sheep industry production estimates were derived from the following reports:

- 2018 ABARES Agricultural commodities and trade data
- 2019 MLA Sheep Industry Projections

The historical figures in the ABARES report and industry projections in the MLA report (currently the longest forecast available), were compared to the audited contributions/transaction to the Sheep Industry Fund over the seven year period; 2011-12 to 2017-18.

From this a running long term variance (+10.5% on reported industry statistics/forecasts) was determined and applied to estimate contributions to the Sheep Industry Fund in future years.

Excluding major fluctuations in the market or continued unfavourable seasonal conditions, it is assumed that South Australia will continue to have approximately 11.3 million head or 15-16% of the total national sheep population during the reporting period.

The estimated contribution income for the coming five financial years is provided in Table 1.

Table 1 Estimated Contribution Income to the Sheep Industry Fund (2019-20 to 2023-24)

Financial year	2019-20	2020-21	2021-22	2022-23	2023-24
Contribution rate per head of sheep or lamb	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55
Estimated sheep and lamb sales (head)	6,184,380	6,449,596	6,774,461	6,774,461	6,774,461
Estimated income	\$ 3,759,337	\$ 3,920,555	\$ 4,118,034	\$ 4,118,034	\$ 4,118,034

Investment of the Fund

PIRSA administers the financial operations of the Fund on behalf of the Minister in accordance with the regulations and the *Public Finance and Audit Act 1987*.

Contributions are held in a separate interest bearing account at the Department of Treasury and Finance. Interest is paid quarterly on monies held, and is treated as income to the fund in accordance with the Act section 4 (6)(b).

Application of the fund

The fund is to be applied according to regulation 7 of the *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014*:

The Fund may be applied by the Minister for any of the following purposes;

- (a) payment of contributions to the Dog Fence Board towards the maintenance or improvement of the Dog-Proof Fence to assist in the prevention of wild dogs entering into pastoral areas where sheep are kept,
- (b) payments for financial assistance or *ex gratia* payments authorised under Part 3,
- (c) the undertaking of programs relating to sheep, sheep products or any other aspect of the sheep industry recommended to the Minister by the Sheep Advisory Group,
- (d) repayment of contributions to the Fund under regulation 6,
- (e) payments to a body that, in the opinion of the Minister, represents sheep producers for 1 or more of the following purposes;
 - (i) the reasonable operating and management expenses of the body,
 - (ii) promoting the sheep industry,
 - (iii) participation of the body in regional, State or national sheep industry forums,
 - (iv) undertaking or facilitating research and development, or the collection and dissemination to sheep producers of information, relevant to the sheep industry and, in particular, to the improvement of practices in the industry,
 - (v) fees for affiliation of the body with regional, State or national bodies representing or promoting the interests of the sheep producers,
 - (vi) other purposes of the body.
- (f) payment of the reasonable operation and management expenses of the Sheep Advisory Group (whether sitting as the Sheep Advisory Group under the *Livestock Act 1997* or as the consultative committee under these regulations),
- (g) payment of the expenses of administering the Fund.

Investment priorities

Regarding the undertaking of programs relating to sheep, sheep products or any other aspect of the sheep industry recommended to the Minister by the Sheep Advisory Group (regulation 7(c));

The SA Sheep Industry Fund exists to support programs that contribute to a profitable and sustainable sheep industry in South Australia. To support this goal, South Australia's sheep industry, through the SA Sheep Advisory Group, have identified the following investment priorities that are the basis for SA Sheep Industry Fund investment:

1. Animal Health

Investment in animal health is a priority to enable the following outcomes to be delivered for the South Australian sheep industry:

- access to markets is protected
- domestic and international trade is supported and enabled
- the high quality of South Australian sheep meat and wool products is supported and maintained
- the animal health risks and the economic impact of endemic conditions are minimised for producers and the industry
- best practice animal welfare is prioritised

Programs that align with this priority and may be funded by the SIF include those that deliver on farm and industry biosecurity outcomes, address specific animal health issues and provide disease surveillance.

2. Traceability

Investment in sheep traceability is a priority to enable the following outcomes to be delivered for the South Australian sheep industry:

- access to markets is protected
- domestic and international trade is supported and enabled
- the economic impact of endemic and exotic/emergency animal health conditions is minimised for producers
- the industry is best placed to respond to emergencies so that impact is minimised on producers.

Programs that align with this priority and may be funded by the SIF include those that deliver outcomes related to the National Livestock Identification System.

3. Predator Control

Investment in predator control is a priority to enable the following outcomes to be delivered for the South Australian sheep industry:

- South Australia's sheep flock is protected and maintained
- the industry's contribution to South Australia's economy is not compromised
- welfare of sheep and producers is optimised.

The sheep industry also acknowledge the associated public and community benefit of in limiting the spread and threat of wild dogs.

Programs that align with this priority and may be funded by the SIF include those that maintain the Dog Fence and programs that include baiting and trapping of predators.

4. Advocacy

Investment in advocacy is a priority to enable the following outcomes to be delivered for South Australia's sheep industry:

- producers are represented
- producers are enabled to work with government to influence and develop policy
- the needs of sheep producers are acknowledged and action is taken to address them.

Programs that align with this priority and may be funded by the SIF include those underpinning the operations of peak SA sheep industry advocacy bodies.

5. Industry Development

Investment in industry development is a priority to enable the following outcomes to be delivered for South Australia's sheep industry:

- the industry is best placed to respond to the demands and challenges of the future
- producers are supported to implement best practice sheep management
- the industry is supported by a healthy and developing workforce
- opportunities to grow the industry are capitalised on.

Programs that align with this priority and may be funded by the SIF include communication and extension activities, skills development programs, research and development.

Eligible Activities

To be eligible for funding, activities must fit within the prescribed purposes and investment priorities of the Fund as outlined in this management plan and in regulation 7 of the *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014*.

Ineligible Activities

Activities that will not normally be funded include:

1. infrastructure items, with the exception of the Dog Fence and Box Flat Dingo Fence
2. retrospective activities or expenditure
3. duplication of research, programs or projects
4. purchasing of major equipment or activities that could be considered part of normal business operations
5. any other activities that are deemed inappropriate under the *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014*.

Funding Guidelines

Eligible Organisations

Organisations eligible to apply for SIF funding include:

- non-profit organisations – including registered charities or incorporated associations
- private enterprise businesses
- co-operatives
- local and State government bodies
- non-departmental government agencies – including tertiary education institutions, land councils
- Regional Development Boards and Natural Resource Management (NRM) Boards
- research organisations.

All organisations must have an ABN or an ACN to apply for funding.

Organisations that are not incorporated under state or Commonwealth legislation may submit an application sponsored by an eligible organisation. In this situation, the sponsoring organisation becomes the applicant.

Applying for funding

The Sheep Industry Fund (SIF) is open to receive applications, subject to the availability of funds each financial year. The availability of funds will be determined by the Minister based on the available balance of the Fund, less an amount sufficient to cover audit and administrative costs (of the Fund and the Advisory Group), plus a contingency, in particular, an allowance for any refunds in accordance with regulation 7.

For programs recommended for funding to the Minister by SASAG (regulation 7(c)), SASAG will invite service providers to submit funding proposals in February to March each year, according to SIF investment priorities and the financial position of the Fund.

Other applications for funding of activities that meet the purposes governed by regulation 7 of the *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014* may be made directly to the Minister by 31 March each year. Where appropriate, these applications may be referred to SASAG for consideration with other investment priorities.

Refund requests may be submitted via the form available on the PIRSA website at www.pir.sa.gov.au/sheep-industry-fund

Application assessment and approval

The Minister makes all final decisions regarding how the Sheep Industry Fund is applied. The Minister will assess applications to the Fund in line with the framework detailed in this Management Plan in May to June each year. Once approved, the Minister will advise the applicants of the outcome of their funding application.

For programs recommended for funding to the Minister by SASAG (regulation 7(c)), SASAG will assess funding proposals against the following criteria prior to its recommendation to the Minister:

- benefit to the SA sheep industry
- direct benefit to fund contributors (sheep producers)
- alignment with Sheep Industry Fund investment priorities outlined in this plan
- alignment and collaboration with other state and national sheep industry priorities and programs ensuring no duplication of investment
- support from industry stakeholders
- value for money (cost of the program compared to the outcomes it will deliver)
- leverage of South Australian funds
- innovation in program delivery
- for ongoing programs, previous program performance and achievement of outcomes
- the organisation's capability and capacity to undertake the program, including:
 - demonstrated project management experience
 - evidence of a project plan, including a communication plan and risk management plan
 - identification of measures of success and a plan to report on them.

Where relevant, these criteria also apply to decisions made by the Minister for other activities that meet the purposes governed by regulation 7 of the *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014*.

Payments to fund recipients

Payment and milestone schedules will be negotiated directly with fund recipients.

Reporting requirements

Fund recipients are expected to provide an annual report at the end of the financial year. Other reporting requirements will be negotiated directly with fund recipients.

Fund administration

Process for changing the contribution rate

The fund contribution rate is prescribed in Regulation 6. A variation to the rate may only be made following a request to the Minister and subsequent consultation with the industry. Evidence of support for a variation to the contribution rate includes the result of any surveys conducted regarding the rate increase. Evidence may also include the outcomes of any other consultation with industry.

Contribution rate changes should be made at a time allowing sufficient notice of the rate change to collection agents or producers directly submitting contributions.