

Sheep Industry Fund

Management Plan 2021 to 2025-26

Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014



Government
of South Australia

Sheep Industry Fund Management Plan 2021 to 2025-26

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Introduction

The [Primary Industry Funding Schemes Act 1998](#) (the Act) provides South Australian primary industries with a legislative based ability to raise money within their sector to deliver activities and services that support the sector. Section 4 allows the Governor to make regulations to establish a fund for a particular primary industry sector.

The Minister for Primary Industries and Regional Development (the Minister) is the Administrator for all funds established under the Act, which ensures appropriate accountability for the application of funds for the benefit of those industries. The Department of Primary Industries and Regions (PIRSA) manages the operations of the funds for the Minister. The Minister is required to report annually to Parliament on the operation of each fund and its accounts.

The Sheep Industry Fund (the 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. All sheep vendors are required to contribute to the fund. A vendor of sheep means the owner of the sheep immediately prior to sale of the sheep.

Collection agents are required by the regulations to collect contributions and forward them to the Minister to be paid into the fund account.

Collection agents for this fund are:

- for a contract of sale if the sale is conducted by a stock agent – that stock agent
- for a contract of sale if the sale is to a person who operates an abattoir (and the sale is not conducted by a stock agent) – that person
- for a contract of sale if the sale is to a person who carries on a business involving the purchase of sheep for slaughter and the sale of carcasses (and the sale is not conducted by a stock agent) – that person

Contributors may seek a refund of their contributions. However, if a refund is paid to a contributor, they are not be entitled to receive direct benefit from the fund for a period of 2 financial years.

Payments are made from the fund for purposes defined in the regulations.

This management plan is required by the Act and is the responsibility of the Minister as the person administering the fund. This management plan update has been developed in consultation with the South Australian sheep industry via Livestock SA. It covers a five-year period and will be revised by the Minister annually in consultation with industry members. The Minister may also update this plan at any time.

Estimate of contributions to the fund

The contribution rate for this fund is set in regulation 6 and is 67 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'.

The estimated contribution income for the most recent and the next five financial years is provided in Table 1.

Table 1 – Contribution rates and estimated income						
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Estimated sheep sales	6,117,380	6,263,566	6,436,332	6,462,911	6,529,359	6,590,807
Dog fence rebuild contribution						
Contribution rate	\$0.12	\$0.12	\$0.12	\$0.12	\$0.12	\$0.00
Estimated income	\$734,086	\$751,628	\$772,360	\$775,549	\$783,523	\$0
General contribution						
Contribution rate	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55
Estimated income	\$3,364,559	\$3,444,961	\$3,539,982	\$3,554,601	\$3,591,148	\$3,624,944
TOTAL (dog fence rebuild plus general contributions)						
Contribution rate	\$0.67	\$0.67	\$0.67	\$0.67	\$0.67	\$0.55
Estimated total income	\$4,098,645	\$4,196,589	\$4,312,342	\$4,330,150	\$4,374,671	\$3,624,944

Industry production estimates have been derived from a model based on the total number of sheep slaughtered in Australia. Although this dataset is not South Australian specific, it demonstrates a statistically significant correlation to the number of sheep sold in South Australia (SA) as determined by historical fund data. The total number of sheep slaughtered in Australia is also a good indicator of seasonal conditions as the average number of sheep slaughtered increases in a drought year and decreases as stock rebuilding takes place, a trend that is also evident in fund income. This data is easily available from Meat and Livestock Australia (MLA) and includes a forecast for at least one year ahead, which takes into account seasonal conditions.

On 7 November 2019, the Sheep Industry Fund contribution rate increased from 55 cents per sheep to 67 cents per sheep to assist in funding industry's contribution to the dog fence rebuild. The 67 cent per sheep contribution rate comprises:

- a dog fence rebuild contribution of 12 cents per sheep
- a general contribution of 55 cents per sheep.

Once the industry funding commitment has been met, the total contribution rate will be revised to the general contribution rate of 55 cents per sheep only. Projections indicate that the dog fence rebuild contribution will be required until the 2024-25 financial year. Achievement of this rebuild funding target and the subsequent cessation of the dog fence rebuild contribution will be jointly managed between Livestock SA, the Dog Fence Board and PIRSA. Any changes to this projection will be reflected in the annual update of this management plan.

Collection agents are required to remit contributions to PIRSA quarterly. Some fund collection agents opt to make monthly remittances.

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 invested in a separate interest bearing account at the Department of Treasury and Finance. Interest is paid monthly on monies held, and is treated as income to the fund in accordance with the regulations.

Purposes of the fund

Payments from the fund must be made in accordance with the regulations:

7—Application of Fund

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

- (a) payment of dog fence rebuild contributions for rebuilding any portion of the dog fence to prevent the entry of wild dogs into pastoral areas where sheep are kept;
- (b) payment of contributions to the Dog Fence Board towards the maintenance or improvement of the dog fence to prevent the entry of wild dogs into pastoral areas where sheep are kept;
- (c) on the advice of a body that, in the opinion of the Minister represents sheep producers, payments to that body for 1 or more of the following purposes:
 - (i) the reasonable operating and management expenses of the body;
 - (ii) undertaking programs relating to sheep, sheep products or any other aspect of the sheep industry;
 - (iii) promoting the sheep industry;
 - (iv) participation of the body in regional, State or national sheep industry forums;
 - (v) 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;
 - (vi) fees for affiliation of the body with regional, State or national bodies representing or promoting the interests of the sheep producers;
 - (vii) other purposes of the body;
- (d) payments for other purposes for the benefit of sheep producers;
- (e) repayment of contributions to the Fund under regulation 6;
- (f) payment of the expenses of administering the Fund.

Investment priorities

The fund exists to support programs that contribute to a profitable and sustainable sheep industry in SA. To support this goal, SA's sheep industry have identified the following investment priorities. These priorities provide a guide for fund expenditure but are not intended to limit expenditure if there are worthy projects of industry benefit to South Australian sheep producers that fall outside these priorities

1. Animal Health

Investment in animal health is a priority so that:

- 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 include those that deliver on farm and industry biosecurity outcomes, address specific animal health issues and provide disease surveillance.

2. Traceability

Investment in traceability is a priority so that:

- 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 include those that deliver outcomes related to the National Livestock Identification System.

3. Predator Control

Investment in predator control is a priority so that:

- SA's sheep flock is protected and maintained
- the industry's contribution to SA'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 include those that maintain the Dog Fence and programs that include baiting and trapping of predators.

4. Advocacy

Investment in advocacy is a priority so that:

- 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 include those underpinning the operations of peak SA sheep industry advocacy bodies.

5. Industry Development

Investment in industry development is a priority so that:

- 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 include communication and extension activities, skills development programs, research and development.

Eligible activities

Eligible activities must comply with the regulations and this management plan.

Activities funded will be assessed against the following criteria:

- benefit to the SA sheep industry
- direct benefit to fund contributors (sheep producers)
- alignment with 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 the fund
- 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.

Ineligible activities

Activities that will not be normally 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 equipment or activities that could be considered part of normal business operations
5. any other activities that are deemed inappropriate under the regulations.

Funding Guidelines

The following guidelines apply only to payments under regulation 7(c) (refer page 6).

Eligible organisations

For the purpose of regulation 7(c), an eligible organisation is a body which, in the opinion of the Minister, represents sheep producers.

Organisations must be a legal entity to be eligible to receive payments from the fund (e.g. an incorporated association under the *Associations Incorporation Act 1985*).

Application process

An eligible organization (as defined above) may request a payment from the fund each year. Eligible organisations are encouraged to contact the responsible officer (see page 2) early in the development stages of the application.

An application for funding should be received by the Minister in May each year. Under extenuating circumstances, the Minister may consider applications for funds at other times.

The application should be in the form of a letter to the Minister which:

- demonstrates how the organisation represents SA sheep producers
- requests a payment from the fund
- provides the following details for each activity/project proposed for funding:
 - the name of the activity/project
 - service provider
 - a description of the activity/project, its intended outcome and benefit to the SA sheep industry
 - reference to the purpose (as defined by regulation 7(c)) to which the activity/project aligns
 - reference to the investment priority to which the activity/project aligns (see page 7-8)
 - budgeted cost for each activity/project.

Application approval

The Minister will assess applications in line with the regulations and this management plan. This will include checking that the proposed activities comply with regulation 7 and verifying that the requested amount is within the Expenditure Authority for the fund.

Approval for payment from the fund to the eligible organisation is deemed to be an agreement with the Minister that the eligible organisation will undertake the activities outlined in the application, and comply with any requirements in the regulations and this management plan.

The organisation will be required to sign and return an acknowledgement of these conditions, provided with the letter of approval from the Minister, prior to payment being made.

Once approved, details of each activity/project to be funded by payments from the fund should be posted on the organisation's website so that it is publically available for contributors to view.

Amount available for payment

The amount available for payment under regulation 7(c) in any financial year will not exceed the available balance of the fund at the time, less:

- any dog fence rebuild contributions collected but not yet paid under regulation 7(a)
- an amount for payment to the Dog Fence Board under regulation 7(b)
- an amount associated with any projects to be funded under regulation 7(d)
- an allowance for any refunds to contributors under regulation 7(e)
- an amount which is considered sufficient to cover audit and administrative costs under regulation 7(f).

Where possible and subject to seasonal variability in sheep sales, a closing balance equivalent to one year of contributions (refer Table 1) is to be maintained at the end of each financial year. Maintaining this minimum fund balance will:

- assist in managing variability of fund income due to seasonal conditions and provide the ability to maintain payments for projects during these years
- provide a reserve for industry to draw on in order to respond to unforeseen circumstances
- assist in managing refund payments.

Reporting requirements

The fund recipient is to provide the following reports:

- Progress Report: Report on progress of activities/projects to 31 December, due 31 January.
- Annual Report: Annual report on delivered activities/projects to 30 June, due 31 July.

The reports should be aligned to the approved application and should articulate the status of each activity/project, a summary of its progress and the amount of funding disbursed to each project. The

annual report should also include a statement of acquittal showing how funds were spent and identifying any unspent funds.

In addition to the above reports, the applicant organisation may be required to provide the following information under regulation 9(1):

- a copy of the financial statements of the organisation and
- a copy of the annual report of the organisation and
- a copy of the business plan of the organisation
- any other information reasonably required for the purposes of the fund.

Payment terms

Payments from the fund to the eligible organisation may be made in accordance with the schedule in Table 2, and in line with any other requirements placed on the agreement by the Minister.

A payment as outlined in Table 2 will not be paid if the fund balance is insufficient.

Payments made under regulation 7(c) are GST exclusive.

Table 2 – Payment Schedule for payments made under regulation 7(c)

	July*	October	February**	April
Percentage of approved annual payment	50%	30%	10%	10%

*July instalment payable within 45 days of approval by the Minister if not approved prior to July.

**February installment payable within 30 days of submission of the Progress Report

Fund administration

Grievances

It is recognised that a fund contributor may elect not to join an industry association and therefore feel unable to take up a complaint or grievance on the operation or application of the fund with the applicant organisation. In this case, the fund contributor may register his or her complaint or grievance in writing with the Minister which will review and address the issue with the applicant organisation, provided the issue falls within the scope of this management plan.

Changing the general contribution rate

The general contribution rate is established in the regulations.

A change to the contribution rate may be initiated by the Minister or by industry, but can only be made following consultation with the industry.

Acceptable evidence of support for a variation to the contribution rate includes results of any contributor survey held for the purpose and any other consultation conducted with industry. The evidence must demonstrate a genuine attempt to engage with the majority of contributors.

Where possible, the following must be considered when planning to implement a new contribution rate:

- a new contribution rate should be implemented on the first day of a quarter (or month if necessary) for ease of reporting and compliance
- a minimum of 30 days notice should be provided to contributors and collection agents prior to a new contribution rate commencing.

Changing the dog fence rebuild contribution rate

The dog fence rebuild contribution rate is established in the regulations but may be changed by the Minister by notice in the Gazette.

Once the industry funding commitment has been met for the dog fence rebuild, and in consultation with Livestock SA, the Dog Fence Board and PIRSA, the Minister will set the dog fence rebuild contribution rate to zero by notice in the gazette.

Any other changes to the dog fence rebuild contribution rate must follow the process described above for changes to the general contribution rate.

Updating the management plan

As the person or body administering the fund, the Minister is responsible for updating this management plan annually (as required by Section 9 of the Act). Table 3 is a guide to the expected timing and process.

PIRSA will aim to present the management plan at a public meeting in March, enabling applications for funding to be prepared based on the newly revised management plan.

The management plan will be posted on the PIRSA website to meet the requirements of section 9(7) of the Act, in a manner permitted by section 51 of the [Acts Interpretation Act 1915](#), which provides for 'production of records kept by computer or other process.'

The management plan may also be updated at any time.

Table 3 – Revising the management plan	
Timing	Activity
October - December	Consultation on revised management plan
January	Minister approves management plan
February	Advertise public meeting
February / March	Public meeting to present management plan



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