

Cattle Industry Fund

Management Plan 2022 to 2026-27

Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015



Government
of South Australia

Cattle Industry Fund Management Plan 2022 to 2026-27

Enquiries

Department of Primary Industries and Regions
Casey Work
Level 15, 25 Grenfell Street
GPO Box 1671, Adelaide SA 5001
T 08 8429 0471 M 0401 121 896
E casey.work@sa.gov.au

Further information:

www.pir.sa.gov.au/cattle-industry-fund

Document History

Version	Date
Revised plan released for consultation	31 March 2022
Plan updated following consultation	25 May 2022
Approved	22 June 2022
Presented at public meeting	28 July 2022

Objective ID: A5457933

Contents

Introduction	4
Estimate of contributions to the fund	5
Investment of the fund	6
Purposes of the fund	6
Investment priorities	7
Eligible activities	8
Ineligible activities	8
Funding Guidelines	9
Eligible organisations	9
Application process	9
Application approval	9
Amount available for payment	10
Reporting requirements	10
Payment terms	11
Fund administration	11
Grievances	11
Changing the contribution rate	11
Updating the management plan	12

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 Cattle Industry Fund (the fund) is established by the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015* (the regulations).

Contributions to the fund are payable at the rate prescribed in the regulations. All purchasers of Permanent Identification Devices (PIDs) for cattle are required to pay the contribution when they purchase tags from an authorised manufacturer, or authorised recycler, of PIDs.

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

Collecting agents for this fund are authorised tag manufacturers and recyclers under the *Livestock Act 1997* and are required by the regulations to collect contributions and forward them to the Minister to be paid into the fund account.

Contributors may seek a refund of their contributions. However, if a refund is paid to a contributor (other than a refund for low value cattle contributions determined in accordance with regulation 8), they are not be entitled to receive direct benefit from the fund for a period of 5 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 cattle 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 7 and is '\$1.50 for each PID so purchased from an authorised manufacturer, or authorised recycler, of PIDs'. The amount is payable by the purchaser to the authorised manufacturer or recycler who must remit contributions to PIRSA quarterly.

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

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Contribution rate	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
Estimated PID sales	524,308	519,449	522,538	526,976	558,404	611,937
Estimated income	\$786,463	\$779,173	\$783,807	\$790,465	\$837,607	\$917,906

Estimated PID sales have been derived from a model based on two variables – national cattle price and national cattle slaughter. Although these datasets are not South Australian specific, they demonstrate a statistically significant correlation to the tag sale data from the National Livestock Identification System. These variables are not correlated to tag sale data when used in isolation, only when combined. National cattle price and slaughter data is readily available from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) and includes forecasts and projections for the coming 5 years which take into account a number of factors including seasonal conditions.

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 paid on monies held 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:

10—Application of Fund

- (1) The Fund may be applied by the Minister for any of the following purposes:
 - (a) payment of compensation and other amounts under Part 3;
 - (b) on the advice of a body that, in the opinion of the Minister, represents cattle producers, payments to that body for 1 or more of the following purposes:
 - (i) the reasonable operating and management expenses of the body;
 - (ii) promoting the cattle industry;
 - (iii) participation of the body in regional, State or national cattle industry forums;
 - (iv) undertaking of programs relating to cattle, cattle products or any aspect of the cattle industry;
 - (v) undertaking or facilitating research and development, or the collection and dissemination to cattle producers of information, relevant to the cattle 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 cattle producers;
 - (vii) other purposes of the body;
 - (c) payments for other purposes for the benefit of cattle producers;
 - (d) repayment of contributions to the Fund under regulation 7;
 - (e) payment of the expenses of administering the Fund (including expenses incurred in assessing compensation payable under these regulations and expenses incurred by an inspector under regulation 13 if those expenses exceed the proceeds of sale obtained under that regulation).
- (2) A person who is in default in relation to contributions to the Fund is not entitled to receive any direct benefit or service funded by payments from the Fund.

Investment priorities

The fund exists to support programs that contribute to a profitable and sustainable cattle industry in South Australia (SA). To support this goal, SA's cattle 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 benefit to SA cattle producers that fall outside these priorities

1. Maintaining market access and securing new markets

The SA cattle industry recognises that consumer confidence in beef and dairy products and SA's ability to supply, is important and must be maintained. This consumer confidence underpins market access and provides a sound basis to gain and support access to premium markets.

Initiatives that align with this priority and may be funded include those that address market assurance, traceability, provenance, desirable nutritional or aesthetic features (milk or meat), animal disease preparedness and management.

2. Efficient and sustainable production

Efficiency and sustainability require a focus on best practice and continual improvement. All members of the industry from peak bodies to individual producers should strive for best practice, which are reflected in industry policies and procedures. The proactive adoption of innovative and new technologies will also assist industry at all levels in achieving the goal of efficient and sustainable cattle production.

Initiatives that align with this priority and may be funded include those that address animal disease management and welfare, on-farm biosecurity, genetic improvement, farm productivity (including activities related to pasture management and climate change), innovation and cutting edge technologies.

3. Business management and skills development

A successful cattle industry relies on its people. It is important that all current industry participants as well as the next generation and new industry entrants are provided with training and development opportunities that support and encourage them to build skills and experience in SA's cattle industry. This will ensure there is a strong future for the cattle industry.

Initiatives that align with this priority and may be funded include those that address skills development, encouraging the next generation, quality assurance and networking.

4. Advocacy

It is important that SA's cattle industry has a strong voice to advocate on its behalf. A robust relationship between government and producers is critical in supporting industry in its goal to be sustainable and profitable. State peak bodies play a vital role as the reference point in shaping policy decisions that impact the industry. It is also important that industry prioritise building its capacity to have strong advocates representing the industry.

Initiatives that align with this priority and may be funded include those that address public perception of animal welfare, maintaining the right to farm, social licence to operate, recognition and value of the importance of the agriculture sector, all levels of Government prioritising agriculture including the value chain's production base.

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 beef and dairy cattle industries
- direct benefit to fund contributors (cattle producers)
- alignment with fund investment priorities outlined in this plan
- alignment and collaboration with other state and national beef and dairy 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)
- 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
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 10(1)(b) (refer page 6).

Eligible organisations

For the purpose of regulation 10(1)(b), an eligible organisation is a body which, in the opinion of the Minister, represents South Australian cattle (both beef and dairy) 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 organisation (as defined above) may request a payment from the fund each year. Organisations are encouraged to contact the responsible officer (see page 2) early in the development of an 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 cattle 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 cattle industry
 - reference to the purpose (as defined by regulation 10(1)(b)) to which the activity/project aligns
 - reference to the investment priority to which the activity/project aligns (see page 7)
 - 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 10 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 this agreement, 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 publicly available for contributors to view.

Amount available for payment

The amount available for payment under regulation 10(1)(b) in any financial year will not exceed the available balance of the fund at the time, less:

- any amount budgeted to be required for payment of compensation under regulation 10(1)(a)
- an amount associated with any projects to be funded under regulation 10(1)(c)
- an allowance for any refunds to contributors under regulation 10(1)(d)
- an amount which is considered sufficient to cover audit and administrative costs under regulation 10(1)(e).

Where possible and subject to variability in tag sales on a year to year basis, a closing balance equivalent to approximately 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 and provide the ability to maintain payments for projects during years of lower income
- provide a reserve for industry to draw on in order to respond to unforeseen circumstances including a disease outbreak where industry may seek to provide compensation from the fund under regulation 10(1)(a)
- 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 August.

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 11(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 10(1)(b) are GST exclusive.

Table 2 – Payment Schedule for payments made under regulation 10(1)(b)

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

*July instalment is payable no earlier than 1 July and within 45 days of the eligible organisation signing and returning an acknowledgement of the Minister’s approval and any associated conditions.

**February instalment 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 contribution rate

The 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.

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



**Government
of South Australia**

Department of Primary
Industries and Regions