

# Pig Industry Fund

## 2017-18 Annual Report

### INTRODUCTION

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

Section 4 of the *Primary Industry Funding Schemes Act 1998* allows the Governor to make regulations establishing a fund for a particular sector of primary industry. All existing Regulations under the Act are administered by the Minister for Primary Industries and Regional Development.

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

This is the Pig Industry Fund Annual Report for the year ended 30 June 2018, prepared under Section 11 of the Act.

### PIG INDUSTRY FUND OVERVIEW

The Pig Industry Fund is established by the *Primary Industry Funding Schemes (Pig Industry Fund) Regulations 2016*.

The contribution rate for this fund is outlined in Regulation 5 – Contributions to Fund, and is 20 cents per pig sold for \$20 or more by the producer (whether within or outside this State) as provided for in Regulation 5 (1).

Contributors may seek a refund of their contributions as provided for in regulation 5.

The purposes for which the fund can be applied by the Minister are outlined in Regulation 6 – Application of the Fund.

### OPERATION OF THE FUND

As the Minister's agent, PIRSA carried out the operations of the Pig Industry Fund for the year ended 30 June 2018.

The fund management plan current for the year ended 30 June 2018 was prepared in accordance with section 9 of the Act. This plan was presented at a public meeting held on 24 February 2017 and the plan was made publicly available on the PIRSA website and is attached to this report.

Upon advice from Pork SA, nine funding applications met the requirements of the Act and Regulations and were approved by the Minister.

No refund requests were received for the year ended 30 June 2018.

In accordance with section 7(2)(d) of the Act, the fund was also applied to administration expenses.

The fund accounts for the year ended 30 June 2018 have been audited by the Auditor General's Department. The audited financial statements and independent auditor's report are attached.



Scott Ashby  
**CHIEF EXECUTIVE**  
**PRIMARY INDUSTRIES AND REGIONS SA**

5/3/2019

# Pig Industry Fund

*Primary Industry Funding Schemes (Pig Industry Fund) Regulations 2016*

## Management Plan 2017-18 – 2021-22



## Enquiries

Michael Moore  
Responsible Officer, Pig Industry Fund

Primary Industries and Regions SA (PIRSA)  
Michael Moore, Intensive Livestock Development  
Level 15/25 Grenfell Street  
ADELAIDE 5000  
GPO Box 1671  
ADELAIDE SA 5001  
T: 8429 0470  
M: 0401 122 096  
E: [michael.moore@sa.gov.au](mailto:michael.moore@sa.gov.au)

Objective ID: A3337235



# Table of contents

Introduction .....	4
Requirements of the management plan.....	5
Contributions to the fund.....	6
Changes to the contribution rate .....	6
Estimate of contributions to the fund.....	6
Investment of the fund .....	7
Governance of the fund .....	7
Grievances .....	8
Application of the fund .....	8
Funding guidelines .....	9
Eligible organisations .....	9
Ineligible activities .....	10
Application process .....	10
Operational plan .....	11
Payments from the fund.....	12
Reporting requirements .....	12
Calling for and assessing applications.....	13
Reviewing the management plan .....	13

## Introduction

Regulations under the *Primary Industry Funding Schemes Act 1998* (the Act) establish the Pig Industry Fund (the fund) to collect contributions from South Australian pork growers to support pork industry activities.

The *Primary Industry Funding Schemes (Pig Industry Fund) Regulations 2016* (the regulations) came into effect on 1 September 2016, maintaining the previous version's contribution rate of 20 cents per pig sold for \$20 or more by the producer (whether within or outside of this state) to be deducted by the producer and forwarded to the Minister for investment in the fund.

This plan should be read in conjunction with the Act and the regulations. Legislation is available at [www.legislation.sa.gov.au](http://www.legislation.sa.gov.au).

The fund permits payments to a body or bodies that in the opinion of the Minister represent the pig industry, to be applied for the prescribed purposes defined by regulation 6 and in this management plan, that is, for the benefit of South Australian pig producers who contribute to the fund.

The regulations name the Minister as the administrator of the fund, which ensures appropriate accountability for the application of funds to functions and activities of industry benefit. The Minister is required to report annually to Parliament on the operation of the fund and its accounts.

This management plan has been developed in consultation with the pig industry in accordance with the *Primary Industry Funding Schemes Act 1998*. It covers a five-year period and must be updated annually, but may be updated at any time. Importantly, this management plan provides guidance to pig industry organisations on the types of activities that may be approved and how funding applications are assessed. It outlines how the contribution rate may be varied, and the consultation process that will be undertaken to review the management plan each year.

This management plan provides transparency for contributors (pig producers) to understand how their contributions have been used for the benefit of the South Australian pig industry.



# Requirements of the management plan

Section 9 of the Act provides the requirements of this management plan:

## 9 — Management Plan for Fund

- (1) The person or body administering a fund established under the regulations must ensure that, in accordance with this section—
  - (a) management plans are prepared for the fund; and
  - (b) the plans are presented at public meetings convened for the purpose.
- (2) The management plans must be prepared and presented as follows:
  - (a) the first plan must cover a five-year period and be prepared and presented within 12 months after the commencement of the regulations establishing the fund;
  - (b) a revised plan must be prepared and presented at least once every 12 months after presentation of the first plan and must, in each case, cover the ensuing period of five years.
- (3) A management plan must contain—
  - (a) an estimate of the contributions to the fund likely to be received over the relevant period;
  - (b) proposals for the investment of the fund;
  - (c) proposals for the application of the fund;
  - (d) any other matters considered appropriate to be included by the person or body administering the fund.
- (4) The person or body administering the fund must ensure that industry members are consulted during preparation of a management plan.
- (5) The person or body administering the fund must ensure that, at least two weeks before the date of a public meeting to be convened under this section, a notice of the date, time, place and purpose of that meeting is published in a newspaper circulating generally throughout the State.
- (6) The person or body administering the fund may revise and update its management plan at any time.
- (7) The person or body administering the fund must cause a copy of its current management plan to be kept available for inspection by members of the public, without charge and during normal office hours, at a place determined by the Minister.

## Contributions to the fund

Under regulation 5, a pig producer or collection agent acting on behalf of the producer must pay to the Minister for Agriculture, Food and Fisheries for payment into the fund a contribution of \$0.20 per pig sold for \$20 or more irrespective of whether the pigs are sold within or outside of South Australia. This applies equally for pigs sold for slaughter or breeding purposes.

## Changes to the contribution rate

The Minister may vary the contribution rate by publishing a ministerial notice in the South Australian Government Gazette.

A variation to the rate may only be made following consultation with the industry, expected to be coordinated through Pork SA as the current recognised pig producer representative body in South Australia or any successor organisation to Pork SA which in the opinion of the Minister represents pig producers. In most circumstances the consultation on the contribution rate will coincide with the consultation process required when this management plan is updated annually. Acceptable evidence of support for an increase in the contribution rate is to include results of any pork producers' survey held for the purpose and may include outcomes of any other consultation with industry.

## Estimate of contributions to the fund

While slaughter numbers are available, it is not known how many pigs are sold via private treaty, including sales of pigs for purposes other than slaughter, such as for fattening or breeding. Contributions to the fund from 2010-11 to 2015-16 suggest that the average number of South Australian pigs sold annually for slaughter, fattening and breeding is around 1.01 million.

Farm gate pork prices have been strong for several years, and were particularly good in 2015-16. With domestic demand for fresh pork continuing to strengthen, pig numbers in South Australia are expected to rise from 2016-17, and this trend is reflected in Table 1. In addition to the estimated number of slaughter pigs sold, 100,000 more pig sales annually have been added to cover the sale of pigs for fattening and breeding use.



**Table 1 Estimated contributions to the Pig Industry Fund**

Period	Estimated No. of Breeding Pigs	Estimated Number of Slaughter Pigs Sold	Estimated pigs sold in non-slaughter transactions	Estimated Contribution (all sales)
2015-16	48,788 (est)	816,000 (actual)	130,960 (est)	\$189,392 (actual)
2016-17	49,000 (est)	820,000 (est)	100,000 (est)	\$184,000 (est)
2017-18	50,500	855,000	100,000	\$191,000
2018-19	52,500	890,000	100,000	\$198,000
2019-20	54,000	925,000	100,000	\$205,000
2020-21	55,500	960,000	100,000	\$212,000
2021-22	57,000	1,000,000	100,000	\$220,000

## Investment of the fund

Prudential management of the fund is carried out by PIRSA on behalf of the Minister for Agriculture, Food and Fisheries.

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).

Should applications for payments be less than the amount of income, any balance not immediately required for the purposes of the Fund will be retained in the Fund and the interest earned deemed as investment in accordance with the Act section 4(7).

## Governance of the fund

The Pig Industry Advisory Group, established by the Minister under Part 2 of the Livestock Act 1997 to represent the pig industry, was the consultative committee responsible for advising the Minister in relation to the application of the Fund. Since the commencement of new regulations on 1 September 2016, this advisory role has been performed by Pork SA, the industry-elected body representing South Australian pig producers.

To ensure that South Australian contributors have access to information about the projects funded by the Pig Industry Fund, a web page on the Department's web site has been established ([http://pir.sa.gov.au/biosecurity/animal\\_health/pigs/pig\\_industry\\_fund](http://pir.sa.gov.au/biosecurity/animal_health/pigs/pig_industry_fund)).

Promotion of the web page occurs through ad hoc industry communication.



## Grievances

A person who has contributed to the Pig Industry Fund may request a refund for the contributions made in the financial year immediately preceding the financial year in which the claim was made. No contribution refunds were sought in 2015-16. It should be noted that recipients of a Pig Industry Fund refund are ineligible to receive direct benefits or services from activities funded by the Fund for a period of five years.

## Application of the fund

The Fund is to be applied to activities as prescribed by Regulation 6 (1) below that benefit South Australian pig producers who contribute to the Fund:

### **6—Application of Fund**

- (1) Subject to this regulation, the Fund may be applied by the Minister for any of the following purposes:
  - (a) carrying out research, or investigative or other programs, relating to pigs, pig products or any other aspect of the pig industry recommended to the Minister by a body—
    - (i) that, in the opinion of the Minister, represents the pig industry; and
    - (ii) that has a membership base comprised predominantly of pig producers who are not in default in relation to contributions to the Fund;
  - (b) repayment of contributions to the Fund under regulation 5;
  - (c) payments to a body that, in the opinion of the Minister, represents pig producers for 1 or more of the following purposes:
    - (i) promoting the pig industry;
    - (ii) carrying out programs to investigate health problems in pigs;
    - (iii) carrying out or facilitating any other research and development, or collecting and disseminating information to pig producers, in relation to the improvement of practices in the pig industry or any other aspect of the pig industry;
    - (iv) fees for affiliation of the body with regional, State or national bodies representing or promoting the interests of the pig producers;
    - (v) participation of the body in regional, State or national pig industry forums;
    - (vi) the reasonable operating and management expenses of the body;
    - (vii) other purposes of the body;
  - (d) payment of the expenses of administering the Fund.

This management plan further defines the scope of eligible activities to those identified by pig producers in the consultations for this management plan so that benefits flow through to fund contributors.

The fund is predominantly used to sponsor programs aimed at:

- supporting activities where SA producers need a central body to co-ordinate "industry wide" actions and processes for the good of the SA Pork industry as a whole (items/actions where it would be difficult or impossible for one producer to act alone);
- maintaining market access;
- contributing to improved understanding of and outcomes in animal welfare and wellbeing;
- improving on-farm productivity;
- developing the industry;
- addressing training gaps; and
- enhancing the perception and value of the industry to the state and local communities.

Current priority areas are:

- development of labour saving approaches to piggery activities;
- improvement of utility usage efficiencies on farm (electricity, gas, water);
- increasing community awareness of the pig industry and its local benefits; and
- enhancement of Safework practises and Workplace Health and Safety appreciation on farms.

In the past, the Pig Industry Advisory Group, where possible, has attempted to restrict funding recommendations (including advisory group and fund administrative expenses) to no more than 75% of annual total income. Under this policy, the Fund has grown to a substantial amount and the potential exists for annual expenditure to exceed annual income without risk to the fund. The fund is approaching \$4 million, and as long as a minimum of around \$400,000 is maintained, claims for contribution refunds can be covered.

## Funding guidelines

### Eligible organisations

An applicant organisation may be considered to be eligible to receive a payment from the fund if that organisation is "a body that, in the opinion of the Minister, represents pig producers".

An applicant organisation that satisfies the following criteria may be considered to be eligible to receive a payment from the Fund:

1. Has both the capability and the capacity to provide strong representation and advocacy for the benefit of all fund contributors which is consistent with the organisation's objectives.
2. Has a clearly defined process for gathering and reporting on issues that impact on fund contributors.
3. Has an effective system for communicating with all fund contributors who may or may not be members of the Applicant Organisation, for the purposes of consulting with fund contributors and reporting back to fund contributors.
4. Is able to demonstrate strong industry leadership.
5. Provides the opportunity for all fund contributors to join and subsequently to democratically elect the members of its governing body.



6. Is a legal entity that is not for profit although may engage in commercial activities to support its core activities which has an ABN and is registered for GST.
7. Can demonstrate that it has a substantial number of fund contributors as members.
8. Can clearly demonstrate that it is a state-wide organisation that is not just representing a particular geographic area or segment of the industry.
9. Is able to provide a detailed operational plan, in support of its application to the fund, which may outline projects requiring funding continuity for longer timeframes (e.g. funding for a three or four-year project).
10. Has sound principles for organisational governance and management including:
  - a. Clearly demonstrated integrity and transparency in its operations.
  - b. A robust governance model including an up to date strategic plan and business plan for the organisation.
  - c. An Annual General Meeting that is open to all fund contributors.
  - d. A robust model for managing advances from the fund and for reporting on the expenditure of monies received.
  - e. The capability to comply with the reporting requirements detailed in this management plan.
  - f. A process to transparently and promptly deal with any concerns raised by contributors to the fund.

The organisation may also have demonstrated industry linkages and networks including affiliations with relevant industry organisations locally and nationally.

### Ineligible activities

The fund must not be applied for the purpose of regulation 6 (1)(c)(ii) if another funding source is available for that purpose.

## Application process

Applicant organisations must submit an application in writing that:

1. Provides a covering letter of application to the Minister summarising key aspects of the proposal and amount of funds applied for, with operational plan attached.
2. The operational plan must address each element of the operational plan as detailed below. The operational plan may include project elements or activities where ongoing or multiple year projects are proposed and budgeted for up to five years.
3. The application may attach evidence on how the functions and activities proposed in the operational plan are aligned to the requirements of the fund contributors (established by consultation or survey) or any other supporting supplementary information.

## Operational plan

An applicant organisation shall present an operational plan that contains the following:

1. Evidence that the applicant organisation satisfies the eligibility criteria detailed in this management plan by providing (or attaching relevant documents):
  - a. The organisation's vision, mission and values which must align to the identified requirements of the fund contributors.
  - b. Details of the applicant organisation's governance and management structure.
  - c. Details of who will have the primary responsibility for managing the payment monies within the applicant organisation.
  - d. Details of the applicant organisation's accounting and audit policies and procedures.
  - e. Details of the applicant organisation's risk management strategy including relevant insurance policy details and financial statements which support the ongoing financial viability of the organisation.
2. A detailed proposal articulating the activities limited to those detailed in this management plan as eligible activities, for which funding is being sought.
  - a. Evidence of alignment of the proposed activities to the requirements of fund contributors may be included in the application as an attachment.
  - b. Specific key performance indicators (KPIs) with timelines must be included as these will form the basis against which the organisation's performance is measured and payment monies approved for payment.
3. A detailed budget clearly articulating how the funds will be spent and how any unexpended funds will be managed.
4. Details of how the applicant organisation proposes seeking regular feedback from the fund contributors for inclusion in submissions for the annual review of this management plan.
5. Details of how the applicant organisation proposes reporting or providing information to the fund contributors.
6. Any other information deemed relevant by the applicant organisation.

The applicant organisation may, in addition to employing its own managers and staff, engage specialist consultants and contractors to undertake the approved activities.

It is reasonable to expect that a reserve fund be established by the applicant organisation to manage the annual nature of grant monies availability from the fund. This fund must only be used for the purposes of the fund and must not be allowed to accumulate to amounts that would be seen by fund contributors as unreasonable for this purpose.



## Payments from the fund

The amount available for payments will not exceed the available balance of the fund, less an amount not less than \$400,000 which is deemed sufficient to cover audit and administrative costs plus an allowance for any refunds to contributors in accordance with regulation 6(1)(b).

In the event that applications for payments are less than the amount of income, any balance not immediately required will be retained in the fund and the balance plus interest earned will become available in future years.

Approval by the Minister for payment of monies from the fund to fund the operational plan from the applicant organisation is deemed to be an agreement between the Minister and the applicant organisation that the applicant will comply with the regulations and this management plan.

## Reporting requirements

The Minister is required to prepare an annual report to Parliament on the performance of the fund. Project reports from organisations receiving funds for delivery of projects of prescribed activities pursuant to Regulation 6(1) are required to inform and provide the Minister with reasonable accountability and assurances on the appropriate use of the funds.

Fund grant applicant organisations are to provide milestone and/or final reports as agreed in their funding deed.

Reports should enable the Minister to determine that payments of funds from the scheme have been applied in accordance with the Funding Deed. The Minister may request more information if insufficient information has been provided by the applicant organisation.

The Minister may withhold the next and subsequent payments where the applicant organisation fails to meet its agreed objectives and/or milestones or fails to provide satisfactory reports by the due dates listed in the funding deed and is unable to demonstrate that there are sound reasons for this. The Minister may continue to withhold payments until such time as this condition is made good by the applicant organisation.

In addition to the above reporting, the applicant organisation must provide the Minister with appropriate and regular information, records and reports as the Minister may request from time to time about:

- the administration and financial affairs of the applicant organisation;
- the applicant organisation's management of the funding, including, but not limited to, the economic and efficient use of resources to achieve the outcomes of the project;
- the progress of, and any changes to, the authorised scope of the project;
- any other funding or financial assistance promised to or received by the applicant organisation from any source other than the Minister;
- The performance of the applicant organisation's undertakings and obligations under the funding deed; and
- any other matter relevant to the provision of the funding.

The information provided by the applicant organisation must be sufficient for the Minister to make an informed judgement about:

- the applicant organisation's ongoing financial position and its resources and expertise in relation to the project;



- the applicant organisation's performance in managing the funding, acquiring and using resources economically and efficiently and in achieving specified objectives in relation to the project;
- the overall success of the project;
- compliance with legislation and generally accepted accounting principles; and
- compliance with the applicant organisation's constitution or rules (if any) and the conditions of the funding deed.

## Calling for and assessing applications

Applications for payments from the fund will be called for in March each year. Promotional activity will be undertaken to ensure potential applicants are aware that applications are being invited, including notices in the Stock Journal and the PIRSA PorkPage and emails to previous applicants.

The Minister will approve applications in line with the framework detailed in this management plan in May/June of each year.

Successful applicants will be advised in May each year with payments commencing from July, subject to the Minister's approval and the applicant meeting milestone obligations, with the final report of each year provided by 31<sup>st</sup> August as detailed in this management plan.

Under extenuating circumstances, the Minister at their discretion may consider extraordinary applications for funds outside this schedule for substantial unforeseen eligible activities. An extraordinary application follows the same application process as identified above. The Minister may approve an extraordinary application for funds providing the amount available to make the additional payments will not exceed the available balance of the fund, less an amount sufficient to cover audit and administrative costs plus an allowance for any refunds in accordance with regulation 6.

## Reviewing the management plan

The management plan is updated annually, in accordance with the timings in Table 2, although actual timings may vary in accordance with industry or government requirements.

Promotional activity will be undertaken in the first week of October each year advising Fund contributors that submissions are being sought to modify the management plan. Applicant organisations may also advise their members that submissions are being sought.

Written submissions must be lodged with the Minister by the first week of November each year.

PIRSA will assess submissions and the updated plan will be posted on the PIRSA website by the last week of November each year with fund contributors invited to comment on the updated plan by the end of the second week of December each year.

Feedback will be assessed by PIRSA with recommendations made to the Minister for changes to the plan by the end of December each year.

The amended management plan will then be finalised and approved by the Minister. A public meeting which can be attended by all Fund contributors will then be held by the end of February to present the Plan with this meeting being advertised and facilitated by PIRSA. The Management Plan will be posted on the PIRSA website at the time of the public meeting.

The Act section 9(6) allows the Minister as administrator of the fund to cause a revision and update of the management plan at any time. An extraordinary amendment of the management plan will be drafted and consulted similarly to the annual revision and update of the management plan.

The management plan will be available from the PIRSA website.

**Table 2: Recommended timing of activities to update the management plan**

Early October	Submissions invited by PIRSA for modification of management plan
Early November	Deadline for submissions from Fund contributors to be lodged with Minister
Late November	Updated draft management plan posted on PIRSA website, comments invited
Mid December	Deadline for comments from fund contributors on draft management plan
Late December	Reviewed draft management plan presented to Minister by PIRSA
Late January	PIRSA notifies fund contributors of public meeting to present Plan
Late February	Management plan presented at public meeting and posted on PIRSA website



## INDEPENDENT AUDITOR'S REPORT



Government of South Australia  
Auditor-General's Department

Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
DX 56208  
Victoria Square  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

### **To the Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund (the fund) for the financial year ended 30 June 2018.

#### **Qualified opinion**

In my opinion, except for the effects of the matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report gives a true and fair view of the financial position of the Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive, Department of Primary Industries and Regions (the Chief Executive), signed for and on behalf of the Minister for Primary Industries and Regional Development (the Minister) and the Chief Financial Officer, Department of Primary Industries and Regions.

#### **Basis for qualified opinion**

As referred to in note 6 to the financial statements, pursuant to regulation 5 of the *Primary Industry Funding Schemes (Pig Industry Fund) Regulations 2016*, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund by pig producers or collection agents for each pig sold for \$20 or more during the period. While there are adequate internal controls over contributions actually received, there are no procedures in place to ensure contributions received represent all pigs sold for \$20 or more during the period. Consequently, I am unable to express an opinion on whether income recognised as contributions from industry of \$209 896 (\$201 797) is complete.



I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Minister and the Department of Primary Industries and Regions which administers the fund on the Minister's behalf. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

### **Responsibilities of the Minister and the Chief Executive for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The Minister is responsible for overseeing the fund's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

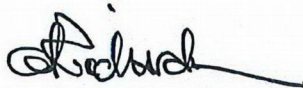
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive, Department of Primary Industries and Regions and the Minister about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

5 February 2019



**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Certification of Financial Statements**  
*for the year ended 30 June 2018*

---

We certify that the attached general purpose financial statements for the Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Pig Industry Fund
- present a true and fair view of the financial position of the South Australian Pig Industry Fund as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Minister for Primary Industries and Regional Development - South Australian Pig Industry Fund for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Scott Ashby  
Chief Executive  
Department of Primary Industries and Regions  
For and on behalf of the Minister for Primary Industries and Regional Development  
Per authorisation dated 9 May 2018  
30 January 2019



Jane Burton  
Chief Financial Officer  
Department of Primary Industries and Regions  
30 January 2019

**Minister for Primary Industries and Regional  
Development**

**South Australian Pig Industry Fund**

**Financial Statements**

For the year ended 30 June 2018

**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

---

	Note	2018 \$	2017 \$
<b>Expenses</b>			
Transfers to industry	3	241 174	143 881
Projects	4	38 914	19 610
Supplies and services	5	5 858	7 606
Auditor's remuneration		7 600	7 400
<b>Total expenses</b>		<b>293 546</b>	<b>178 497</b>
<b>Income</b>			
Contributions from industry	6	209 896	201 797
Interest revenues		53 643	54 707
<b>Total income</b>		<b>263 539</b>	<b>256 504</b>
<b>Net result</b>		<b>(30 007)</b>	<b>78 007</b>
<b>Total comprehensive result</b>		<b>(30 007)</b>	<b>78 007</b>

The net result and total comprehensive result are attributable to the SA Government as owner.

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

**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Statement of Financial Position**  
*as at 30 June 2018*

---

	Note	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	7	3 991 325	4 021 086
Receivables	8	4 415	4 451
<b>Total current assets</b>		<b>3 995 740</b>	<b>4 025 537</b>
<b>Total assets</b>		<b>3 995 740</b>	<b>4 025 537</b>
<b>Current liabilities</b>			
Payables	9	8 130	7 920
<b>Total current liabilities</b>		<b>8 130</b>	<b>7 920</b>
<b>Total liabilities</b>		<b>8 130</b>	<b>7 920</b>
<b>Net assets</b>		<b>3 987 610</b>	<b>4 017 617</b>
<b>Equity</b>			
Retained earnings		3 987 610	4 017 617
<b>Total equity</b>		<b>3 987 610</b>	<b>4 017 617</b>

**Total equity is attributable to the SA Government as owner.**

Contingent liabilities 10

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



**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

---

	Retained earnings	Total equity
	\$	\$
Balance at 30 June 2016	3 939 610	3 939 610
Net result for 2016-17	78 007	78 007
Total comprehensive result for 2016-17	78 007	78 007
Balance at 30 June 2017	4 017 617	4 017 617
Net result for 2017-18	(30 007)	(30 007)
Total comprehensive result for 2017-18	(30 007)	(30 007)
Balance at 30 June 2018	3 987 610	3 987 610

All changes in equity are attributable to the SA Government as owner.

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



**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

---

	2018 (Outflows) Inflows \$	2017 (Outflows) Inflows \$
<b>Cash flows from operating activities</b>		
<b>Cash outflows</b>		
Transfers to industry	( 241 174)	( 143 881)
Payments for projects	( 38 914)	( 19 610)
Payments for supplies and services	( 5 848)	( 7 591)
Auditor's remuneration	( 7 400)	( 6 700)
<b>Cash used in operations</b>	<b>( 293 336)</b>	<b>( 177 782)</b>
<b>Cash inflows</b>		
Contributions from Industry	209 896	201 797
Interest received	53 679	55 436
<b>Cash generated from operations</b>	<b>263 575</b>	<b>257 233</b>
<b>Net cash provided by / (used in) operating activities</b>	<b>( 29 761)</b>	<b>79 451</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>( 29 761)</b>	<b>79 451</b>
Cash and cash equivalents at the beginning of the reporting period	4 021 086	3 941 635
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3 991 325</b>	<b>4 021 086</b>

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

**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

---

**1 Basis of financial statements**

**1.1 Reporting entity**

The South Australian Pig Industry Fund (Fund) is established pursuant to the *Primary Industry Funding Schemes (Pig Industry Fund) Regulations 2016* (Regulations), administered by the Minister for Primary Industries and Regional Development. The Department of Primary Industries and Regions (PIRSA) provides administrative support services to the Fund.

**1.2 Statement of compliance**

The financial statements of the Fund have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Fund for the period ending 30 June 2018.

**1.3 Basis of preparation**

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*
- in the interest of public accountability and transparency, the Accounting Policy Statements require the disclosure of board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out-of-pocket reimbursement.

The financial statements have been prepared based on a 12 month period and are presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest dollar (\$).

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle, even when they are not expected to be realised within 12 months after the reporting date, have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Significant accounting policies are set out in the notes.



# Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund

## Notes to and forming part of the financial statements for the year ended 30 June 2018

---

### 1 Basis of financial statements (continued)

#### 1.4 Taxation

The Fund is not subject to Income Tax. The Fund is liable for Payroll Tax, Fringe Benefits Tax (FBT), and Goods and Services Tax (GST). GST collections and payments are carried out by PIRSA on behalf of the Fund. GST in relation to the Fund is reported in the PIRSA controlled financial statements.

### 2 Objectives of the Fund

The Fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 October 2001. These Regulations were revoked on 1 September 2016. New Regulations, *Primary Industry Funding Schemes (Pig Industry Fund) Regulations 2016* were issued on 1 September 2016 with minimal changes made.

The primary purposes of the Fund are to:

- undertake research, investigations or other programs relating to pigs, pig products or any other aspect of the pig industry
- promote the pig industry
- collect and disseminate to pig producers information relevant to the pig industry
- pay the expenses of administering the Fund.

### 3 Transfer to industry

	2018	2017
	\$	\$
Pork SA <sup>(1)</sup>	241 174	143 881
<b>Total transfers to industry</b>	<b>241 174</b>	<b>143 881</b>

<sup>(1)</sup> Pork SA now directly manages delivery of many approved projects rather than PIRSA. PIRSA makes payment direct to Pork SA for the forecast value of the projects. The 2016-17 comparative has been updated to reflect a reclassification of \$143 881 from projects to transfers to industry representing the value of on-going projects from 2016-17 which are now included in the 2017-18 transfer to Pork SA.

Regulations provide that the Fund may be applied for a number of specific purposes. Pork SA performs an advisory role to the Minister on projects that should be sponsored for the benefits that they deliver to the industry. The recommendations are based on industry feedback and form the basis of the industry management plan that is reviewed annually.



**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

---

**4 Projects**

	2018	2017
	\$	\$
Effect of sex ratio of birth litter project	10 864	11 000
Seasonal effects on corpora luteal function and the effect of hCG	-	6 400
ProHand Pig Handling Training	-	2 210
Control of antibiotic-resistant commensal Escherichia coli in SA pigs	20 000	-
Use of straw filled racks to alleviate aggression and improve welfare of group housed breeding sows	4 750	-
Effect of swing-sided farrowing crates on sow and litter performance, behaviour and welfare	3 300	-
<b>Total projects</b>	<b>38 914</b>	<b>19 610</b>

Approved industry projects delivered by PIRSA.

For project funding payable, the payments will be recognised as a liability and expense when the Fund has a present obligation to pay the funding and the expense recognition criteria are met.

All project funding paid by the Fund have been projects with conditional stipulations attached.

**5 Supplies and services**

	2018	2017
	\$	\$
Administrative and operating costs <sup>(1)</sup>	5 858	5 664
Professional and technical services	-	1 942
<b>Total supplies and services</b>	<b>5 858</b>	<b>7 606</b>

<sup>(1)</sup> Includes fees for administration and preparation of the financial statements.

**6 Contributions from industry**

Contributions payable to the Minister for payment into the Fund are made pursuant to Regulation 5.

Contributions are recognised as an asset and income when the Fund obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (that is, the amount can be reliably measured and the flow of resources is probable).

Contributions from industry have been recognised as revenue when received.

**7 Cash**

Cash in the Statement of Financial Position comprises deposits at call with the Department of Treasury and Finance (DTF).

Cash is measured at nominal value.

**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

---

**8 Receivables**

	2018	2017
	\$	\$
Accrued interest - Department of Treasury and Finance	4 415	4 451
<b>Total receivables</b>	<b>4 415</b>	<b>4 451</b>

**9 Payables**

	2018	2017
	\$	\$
Audit fee payable to the Auditor-General's Department	7 600	7 400
Other payables <sup>(1)</sup>	530	520
<b>Total payables</b>	<b>8 130</b>	<b>7 920</b>

<sup>(1)</sup> Includes fees payable to Shared Services SA.

Goods and services provided and unpaid at the end of the reporting period are recognised as other payables.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

**10 Contingent liabilities**

*Refunds of contributions*

Under Regulation 5(5) a pig producer may, by notice in writing to the Minister, within the 12 months following a financial year in respect of which contributions have been paid by or on behalf of the producer, make a claim for a refund in respect of those contributions.

At the reporting date the possible emergence of valid refund requests within the following 12 month period is present. However, as uncertainty exists as to the number of refund requests that will be received, and their timing and amount, these potential obligations cannot be reliably estimated and therefore represent a contingent liability for the Fund.

Once a valid refund request has been received from a past contributor and it is approved by the Minister or delegate, a present obligation to pay the refund arises. The refund amount is then recognised as a liability and expense of the Fund.



**Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

---

**11 Related party transactions**

The Fund is established pursuant to the Regulations, administered by the Minister for Primary Industries and Regional Development and is a wholly owned and controlled entity of the Crown.

**Key management personnel**

Key management personnel of the Fund includes the Minister who has responsibility for the strategic direction and management of the Fund.

The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

**12 Financial risk management/financial instruments**

**Liquidity / funding risk**

The Fund's revenue comes from contributions received from industry members at rates prescribed in the Regulations for the Fund. All payments from the Fund are made in accordance with the Fund's Regulations and the management plan developed in consultation with the industry.

The continued existence of the Fund in its present form, and with its present programs, is dependent on State Government policy and the industry's on-going support for the Fund.

**13 Events after the reporting period**

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2018 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2018.

Note disclosure is made about events between 30 June 2018 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2018 and which may have a material impact on the results of subsequent years.

No events have occurred after balance date that would affect the financial statements of the Fund as at 30 June 2018.