

Pig Industry Fund

2019-20 Annual Report

HOUSE OF ASSEMBLY
LAID ON THE TABLE

01 Apr 2021

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 to fund projects and services for the benefit of their sector.

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

This is the Pig Industry Fund Annual Report for the year ended 30 June 2020, prepared under section 11 of the Act.

Overview

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

The contribution rates for this fund are outlined in regulation 5 and are as follows:

Contribution rate	\$0.20 per pig sold for \$20 or more by the producer
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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. Payments from the fund may be made to a body that, in the opinion of the Minister, represents pig producers.



Operation of the fund

The Department of Primary Industries and Regions (PIRSA) manages the operations of the fund on behalf of the Minister.

The fund management plan current for the year ended 30 June 2020 was prepared in accordance with section 9 of the Act. The plan was presented at a public meeting held on 2 April 2020 and was publicly available on the PIRSA website. It is attached to this report.

One application was received from Pork SA. This application met the requirements of the regulations and was approved by the Minister.

Where requested, refunds of contributions were paid in accordance with regulation 5.

In accordance with regulation [6(c)], the fund was also applied to administration expenses.

The fund accounts for the year ended 30 June 2020 have been audited by the Auditor General's Department. The audited financial statements and audit report are attached.

A handwritten signature in black ink, appearing to read 'Michelle Edge', with a stylized, cursive script.

Michelle Edge
CHIEF EXECUTIVE

26/2/2021

Pig Industry Fund

Primary Industry Funding Schemes (Pig Industry Fund) Regulations 2016

Management Plan 2019-20 to 2023-24



Enquiries

Michael Moore

Responsible Officer, Pig Industry Fund

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Document history

Version	Date
Revised plan	05/11/2018
Draft plan for consultation	19/12/2018
Updated plan	10/01/2019
Presented at public meeting	2/6/2020

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Introduction

The *Primary Industry Funding Schemes Act 1998* (the Act) was established to provide South Australian primary industries with a legislative instrument to raise funds within their sector to undertake activities that support and develop the sector, to maximise their strategic advantage, and to meet the challenges from an ever increasing global marketplace.

Section 4 allows the Governor to make regulations to establish a fund for a particular primary industry sector. All existing funds are administered by the Minister for Primary Industries and Regional Development (the Minister), which ensures appropriate accountability for the use of funds to various functions and activities for industry benefit. Primary Industries and Regions SA (PIRSA) administers the funds on behalf of the Minister.

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

All South Australian persons who carry on a business involving keeping pigs are required to contribute to the fund. The contribution rate is set in the regulations.

If a pig producer does not make the contribution directly, it should be made via a collection agent.

Collection agents for this fund are:

- (a) for a pig that is sold by a stock agent—the stock agent; or
- (b) for a pig that is sold to a person who operates an abattoir by a person other than a stock agent—the person who operates the abattoir;

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. If a refund is paid to a contributor, they are deemed to be 'in default of the regulations' and not entitled to receive benefits or services funded by payments from the fund.

Payments are made from the fund for purposes defined in Regulation 6—Application of Fund.

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

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

Estimate of contributions to the fund

The regulations require producers of pigs to contribute to the fund.

The contribution rate for this fund is set in regulation 5—Contributions to Fund and is 20 cents per pig sold for \$20 or more by a South Australian producer, whether within or outside South Australia.

The estimated contribution income for the most recent and the next five financial years is provided in Table 1. Industry production estimates have been derived from consultation with Pork SA. While production estimates may provide a reasonable degree of accuracy for the current season, average production estimates are used in forward years.

Table 1 Estimated contributions

Financial year	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Contribution rate per pig sold	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Estimated pigs sold	1,041,175	1,000,000	950,000	970,000	990,000	1,020,000
Estimated income	\$208.235	\$200,000	\$190,000	\$194,000	\$198,000	\$204,00

Collection agents are required to remit contributions to PIRSA at the end of each month.

Collection agents that only deal in small quantities may seek the approval of the Minister to remit less frequently.

Producers paying directly to the fund are required to remit payments at the end of each quarter.

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 quarterly on monies held, and is treated as income to the fund in accordance with regulation 4(3)(b).

Purposes of the fund

Payments from the fund must be made in accordance with Regulation 6 of the *Primary Industry Funding Schemes (Pig Industry Fund) Regulations 2016*:

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.
- (2) The Fund must not be applied for the purpose of subregulation (1)(c)(ii) if another funding source is available for that purpose.

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:

- (i) 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;

As such, Pork SA is an organisation eligible to apply the Pig Industry Fund.

Pork SA is also responsible for inviting and assessing project applications seeking Pig Industry Fund support, and managing contracts and payments for approved projects.

Parties intending to apply for Pig Industry Fund project support will find Application Forms and Guidelines at the Pork SA website: <https://www.porksa.com.au/pig-industry-fund/>

Ineligible activities

Funding will not normally be provided for:

- Infrastructure items
- Retrospective activities or expenditure
- Duplication of research, programmes or projects
- Purchasing of major equipment or activities that could be considered part of normal business operations
- Purchase of capital items as defined by the ATO
- Any other activities that Pork SA assesses as inappropriate.

In exceptional circumstances, where funds are provided for capital items, these items remain the property of the Fund. Upon completion of the project, equipment may be transferred, sold on behalf of the Fund, purchased by the applicant or given to the applicant at the discretion of the Minister, after a recommendation from Pork SA.

Funding guidelines

Application process

Eligible organisations should apply to PIRSA for Pig Industry Fund grants during May or June leading to the commencement of a financial year.

Application specifications

Applications should be forwarded to the Pig Industry Fund Responsible Officer (see page 2) and must:

1. Include a covering letter to the Minister for Primary Industries and Regional Development seeking funding and attaching the application
2. Provide the following details for each activity proposed for funding:
 - name of the activity

- a brief description of the activity
- reference to the purpose (as defined by Regulation 6 - Application of Fund) with which the activity aligns
- budgeted cost

Application assessment and approval

PIRSA will check that the proposed activities comply with Regulation 6 - Application of Fund and verify that the requested amount is within the Expenditure Authority for the Pig Industry Fund.

A compliant application will result in PIRSA recommending to the Minister that the grant be made. The Minister's decision will be forwarded to the eligible organisation as it becomes available.

Payments to fund recipients

Payments will be made as non-recourse grants, following the completion and return to PIRSA of the *Acknowledgement of Letter and Acceptance of Conditions of Pig Industry Fund Grant* form.

Reporting requirements

The Minister requests that a detailed annual report on projects completed in a financial year be submitted to PIRSA within the month (July) following the close of that financial year.

The report is to include a Statement of Acquittal of funds granted in the reportable financial year.

Fund administration

Changing the contribution rate

Regulation 5—Contributions to Fund sets the contribution rate to the fund at 20 cents per pig sold for \$20 or more by a South Australian producer, whether within or outside South Australia. This plan assumes that there will be no change to this rate before 2023-24.

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 industry representative body in South Australia or any successor organisation to Pork SA which in the opinion of the Minister represents pig industry. Acceptable evidence of support for a variation to the contribution rate is to include results of any contributor survey held for the purpose and may include outcomes of any other consultation with industry.

As a body recognised by the Minister as representing South Australian pig farmers, Pork SA may write to the Minister recommending the contribution rate be varied, but contribution rate changes should be made at a time allowing sufficient notice of the rate change to collection agents or producers directly submitting contributions.

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

Qualified opinion

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 2020.

In my opinion, except for the effects of the possible 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 2020, its financial performance and its cash flows for the year then ended in accordance with relevant 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 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- 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 Acting Chief Financial Officer, Department of Primary Industries and Regions.

Basis for qualified opinion

As referred to in note 2.1 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 procedures 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 \$161 516 (\$200 208) 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 (including Independence Standards)* have been met.

I believe that the audit evidence I have 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 relevant 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 entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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 for the financial year ended 30 June 2020.

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- 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 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

18 January 2021

**Minister for Primary Industries and Regional
Development**

South Australian Pig Industry Fund

Financial Statements

For the year ended 30 June 2020

Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund
Certification of Financial Statements
for the year ended 30 June 2020

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 2020 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.



Michelle Edge
Chief Executive
Department of Primary Industries and Regions
For and on behalf of the Minister for Primary Industries and Regional Development
Per authorisation dated 17 November 2020
13 January 2021



Mark Williams
Acting Chief Financial Officer
Department of Primary Industries and Regions
13 January 2021

Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Contributions from industry	2.1	161 516	200 208
Interest		19 130	52 962
Total income		180 646	253 170
Expenses			
Transfers to industry	4.1	302 364	221 538
Refund of contributions		49 964	-
Supplies and services	4.2	5 427	5 996
Auditor's remuneration		8 000	7 800
Total expenses		365 755	235 334
Net result		(185 109)	17 836
Total comprehensive result		(185 109)	17 836

The accompanying notes form part of these financial statements.

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

Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	5.1	3 830 181	4 009 348
Receivables	5.2	22 498	4 438
Total current assets		3 852 679	4 013 786
Total assets		3 852 679	4 013 786
Current liabilities			
Payables	6.1	8 550	8 340
Total current liabilities		8 550	8 340
Total liabilities		8 550	8 340
Net assets		3 844 129	4 005 446
Equity			
Retained earnings		3 844 129	4 005 446
Total equity		3 844 129	4 005 446
Contingent liabilities	8.1		

The accompanying notes form part of these financial statements.

Total equity is attributable to the SA Government as owner.

Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings	Total equity
	\$	\$
Balance at 30 June 2018	3 987 610	3 987 610
Net result for 2018-19	17 836	17 836
Total comprehensive result for 2018-19	17 836	17 836
Balance at 30 June 2019	4 005 446	4 005 446
Changes in accounting policy on adoption of AASB1058	23 792	23 792
Adjusted balance at 1 July 2019	4 029 238	4 029 238
Net result for 2019-20	(185 109)	(185 109)
Total comprehensive result for 2019-20	(185 109)	(185 109)
Balance at 30 June 2020	3 844 129	3 844 129

The accompanying notes form part of these financial statements.

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

Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund
Statement of Cash Flows
for the year ended 30 June 2020

	2020 Inflows (Outflows) \$	2019 Inflows (Outflows) \$
Cash flows from operating activities		
Cash inflows		
Contributions from industry	163 124	200 208
Interest received	23 254	52 939
Cash generated from operations	186 378	253 147
Cash outflows		
Transfers to industry	(302 364)	(221 538)
Refund of contributions	(49 964)	-
Payments for supplies and services	(5 417)	(5 986)
Auditor's remuneration	(7 800)	(7 600)
Cash used in operations	(365 545)	(235 124)
Net cash provided by / (used in) operating activities	(179 167)	18 023
Net increase / (decrease) in cash and cash equivalents	(179 167)	18 023
Cash and cash equivalents at the beginning of the reporting period	4 009 348	3 991 325
Cash and cash equivalents at the end of the reporting period	3 830 181	4 009 348

The accompanying notes form part of these financial statements.

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 2020

1. About the South Australian Pig Industry Fund

The South Australian Pig Industry Fund (the 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 and is controlled by the Crown. The Department of Primary Industries and Regions (PIRSA) provides administrative support services to the Fund.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards with reduced disclosure requirements

For the 2019-20 financial statements the Fund adopted AASB 15 – *Revenue from Contracts with Customers* and AASB 1058 – *Income of Not-for-Profit Entities*. Further information is provided in note 7.

The financial statements are prepared based on a 12 month reporting period and 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.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

The Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity.

The Fund is not subject to Income Tax. The Fund is liable for 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.

1.2. 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

1.3. Impact of COVID-19 pandemic on the Fund

The COVID-19 pandemic has not had a material impact on the operations of the Fund in 2019-20.

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 2020

2. Income

2.1. 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).

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Fund includes the Minister for Primary Industries and Regional Development 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 Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

There were no transactions with key management personnel and other related parties entered into by the Fund.

4. Expenses

4.1. Transfers to industry

	2020	2019
	\$	\$
Pork SA	302 364	221 538
Total transfers to industry	302 364	221 538

Regulations provide that the Fund may be applied for a number of specific purposes and that payments from the Fund may be made to an industry body established to represent its membership. The amounts transferred enable projects and activities to be delivered by the industry to meet its management plan.

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

All payments from the Fund are made in accordance with the Fund's Regulations and the management plan developed in consultation with the industry.

4.2. Supplies and services

	2020	2019
	\$	\$
Administrative and operating costs ⁽¹⁾	5 427	5 996
Total supplies and services	5 427	5 996

⁽¹⁾ Includes fees for administration and preparation of the financial statements.

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 2020

5. Financial assets

5.1. Cash and cash equivalents

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

5.2. Receivables

	2020	2019
	\$	\$
Accrued interest - Department of Treasury and Finance	314	4 438
Receivables – Contributions from Industry	22 184	-
Total receivables	22 498	4 438

6. Liabilities

6.1. Payables

	2020	2019
	\$	\$
Audit fee payable to the Auditor-General's Department	8 000	7 800
Other payables	550	540
Total payables	8 550	8 340

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.

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 2020

7. Changes in accounting policy

7.1. AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

AASB 15 *Revenue from Contracts with Customers* requirements are effective for annual reporting periods beginning on or after 1 January 2019.

Impact on retained earnings

The Fund does not have any contract with customers to be recognised under AASB 15, therefore there is no impact on retained earnings.

7.2. AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners

By adopting AASB 1058, the Fund recognises contributions as revenue when information becomes available to the Fund regarding contributions due for the prescribed period. The corresponding asset is a statutory receivable under AASB 9.

Previously the fund recognised revenue when contributions were received.

Impact on retained earnings

The total impact on the Fund's retained earnings as at 1 July 2019 is as follows

	\$
Closing retained earnings 30 June 2019	4 005 446
<u>Assets</u>	
Receivables – Contributions from Industry	23 792
Opening retained earnings 1 July 2019	4 029 238

Accounting policies on transition

The Fund has adopted AASB 1058 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The Fund has on transition recognised the cumulative effect of initially applying AASB 1058 as an adjustment to the opening balance of retained earnings as at 1 July 2019. As a result, comparative information has not been restated.

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 2020

7.3. Effects on financial statements from AASB 15 and AASB 1058

The following tables show the effects of adopting AASB 15 and AASB 1058 on the Fund's financial statements for the year ending 30 June 2020.

Statement of Comprehensive Income

For the year ended 30 June 2020

			Adjustments	Adjustments	Balances without
		As reported	AASB 15	AASB 1058	adoption of AASB
	Note	\$	\$	\$	15 & 1058
Contributions from Industry	2.1	161 516	-	(1 608)	163 124
Total income		161 516	-	(1 608)	163 124

Statement of Financial Position

As at 30 June 2020

			Adjustments	Adjustments	Balances without
		As reported	AASB 15	AASB 1058	adoption of AASB
	Note	\$	\$	\$	15 & 1058
Receivables – Contributions from Industry	5.2	22 184	-	22 184	-
Total assets		22 184	-	22 184	-

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 2020

8. Outlook

8.1. 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.

8.2. COVID-19 pandemic outlook for the Fund

The COVID-19 pandemic is not expected to have a material impact on the operations of the Fund in 2020-21.

8.3. Events after the reporting period

No events have occurred after balance date that would affect the financial statements of the Fund as at 30 June 2020.

9. Measurement and risk

9.1. Financial instruments

Liquidity 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.