

Sheep Industry Fund

2022-23 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 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 Sheep Industry Fund Annual Report for the year ended 30 June 2022, prepared under section 11 of the Act.

Overview

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

The contribution rates for this Fund are outlined in regulation 6 and totals 67 cents per sheep¹, comprising:

Dog Fence Rebuild Contribution Rate	12 cents per sheep ¹
General Contribution Rate	55 cents per sheep ¹

Contributors may seek a refund of their contributions as provided for in regulation 6(8).

The purposes for which the Fund can be applied by the Minister are outlined in regulation 7.

¹ In respect of each contract sale under which 5 or more sheep are sold for an average price of \$5 or more per sheep

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 2023 was prepared in accordance with section 9 of the Act. The plan was formally endorsed by Livestock SA. This plan was presented at a public meeting held 28 July 2022 and was made publicly available on the PIRSA website. It is attached to this report.

The Minister approved funding under regulation 7 as follows:

Regulation	Program	Fund Recipient
7(a)	Dog Fence Rebuild	Dog Fence Board
7(b)	Dog Fence Maintenance	Dog Fence Board
7(c)	Various	Livestock SA Incorporated

All approved expenditure met the requirements set out in the regulations and management plan and where relevant, aligned with fund investment priorities.

Further information relating to Sheep Industry Fund programs delivered via Livestock SA in 2022-23 can be found on the Livestock SA website at www.livestocksa.org.au.

Where requested, refunds of contributions were paid in accordance with regulations 6 and 7.

In accordance with regulation 7(f), the fund was applied to administration expenses.

The Fund accounts for the year ended 30 June 2023 have been audited by the Auditor General's Department. The audited financial statements and audit report are attached.

Prof Mehdi Doroudi PSM
CHIEF EXECUTIVE

/ /2023

Sheep Industry Fund

Management Plan 2022 to 2026-27

Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014



Government
of South Australia

Sheep Industry Fund Management Plan 2022 to 2026-27

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

Document History

Version	Date
Revised plan released for consultation	29 March 2022
Updated following industry consultation	25 May 2022
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Introduction

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

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

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

Contributions are payable at the rate prescribed in the regulations. All sheep vendors are required to contribute to the fund. A vendor of sheep means the owner of the sheep immediately prior to sale of the sheep.

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

Collection agents for this fund are:

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

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

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

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

Estimate of contributions to the fund

The contribution rate for this fund is set in regulation 6 and is 67 cents per sheep 'in respect of each contract sale under which 5 or more sheep are sold for an average price of \$5 or more per sheep'.

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

Table 1 – Contribution rates and estimated income						
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Estimated sheep sales	6,205,490	6,359,511	6,447,523	6,491,529	6,579,541	6,579,541
Dog fence rebuild contribution						
Contribution rate	\$0.12	\$0.12	\$0.12	\$0.12	\$0.00	\$0.00
Estimated income	\$744,659	\$763,141	\$773,703	\$778,983	\$0	\$0
General contribution						
Contribution rate	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55
Estimated income	\$3,413,019	\$3,497,731	\$3,546,137	\$3,570,341	\$3,618,747	\$3,618,747
TOTAL (dog fence rebuild plus general contributions)						
Contribution rate	\$0.67	\$0.67	\$0.67	\$0.67	\$0.55	\$0.55
Estimated total income	\$4,157,678	\$4,260,872	\$4,319,840	\$4,349,324	\$3,618,747	\$3,618,747

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

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

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

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

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

Investment of the fund

PIRSA administers the financial operations of the fund on behalf of the Minister in accordance with the regulations and the [Public Finance and Audit Act 1987](#).

Contributions are invested in a separate interest bearing account at the Department of Treasury and Finance. Interest 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:

7—Application of Fund

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

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

Investment priorities

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

1. Animal Health

Investment in animal health is a priority so that:

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

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

2. Traceability

Investment in traceability is a priority so that:

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

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

3. Predator Control

Investment in predator control is a priority so that:

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

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

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

4. Advocacy

Investment in advocacy is a priority so that:

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

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

5. Industry Development

Investment in industry development is a priority so that:

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

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

Eligible activities

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

Activities funded will be assessed against the following criteria:

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

Ineligible activities

Activities that will not be normally funded include:

1. infrastructure items, with the exception of the Dog Fence and Box Flat Dingo Fence
2. retrospective activities or expenditure
3. duplication of research, programs or projects
4. purchasing of equipment or activities that could be considered part of normal business operations
5. any other activities that are deemed inappropriate under the regulations.

Funding Guidelines

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

Eligible organisations

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

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

Application process

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

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

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

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

Application approval

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

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

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

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

Amount available for payment

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

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

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

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

Reporting requirements

The fund recipient is to provide the following reports:

- Progress Report: Report on progress of activities/projects to 31 December, due 31 January.
- Annual Report: Annual report on delivered activities/projects to 30 June, due 31 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 9(1):

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

Payment terms

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

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

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

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

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

*July instalment 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 general contribution rate

The general contribution rate is established in the regulations.

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

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

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

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

Changing the dog fence rebuild contribution rate

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

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

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

Updating the management plan

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

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

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

The management plan may also be updated at any time.

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



**Government
of South Australia**

Department of Primary
Industries and Regions



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

Qualified opinion

I have audited the financial report of the Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund (the Fund) for the financial year ended 30 June 2023.

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 Sheep Industry Fund as at 30 June 2023, 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 – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material 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 2.1 to the financial statements, pursuant to regulation 6 of the Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund by vendors or collection agents for each contract of sale under which five or more sheep are sold for an average price of \$5 or more per sheep. While there are adequate internal controls over contributions actually received, there are insufficient controls in place to ensure the contributions received represent all contracts of sale for five or more sheep with an average price of \$5 or more during the period. Consequently, I am unable to express an opinion on whether income recognised as contributions from industry of \$4,392,241 (\$4,717,712) 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 – Simplified Reporting Requirements, 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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 Sheep Industry Fund for the financial year ended 30 June 2023.

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
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 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.

A handwritten signature in black ink, appearing to read 'D. O'Donohue', with a long horizontal flourish extending to the right.

Daniel O'Donohue

Acting Deputy Auditor-General

27 November 2023

**Minister for Primary Industries and Regional
Development**

South Australian Sheep Industry Fund

Financial Statements

For the year ended 30 June 2023

Minister for Primary Industries and Regional Development - South Australian Sheep Industry Fund
Certification of the Financial Statements
for the year ended 30 June 2023

We certify that the:

- financial statements of the Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund:
 - are in accordance with the accounts and records of the South Australian Sheep Industry Fund;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the South Australian Sheep Industry Fund as at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Minister for Primary Industries and Regional Development –South Australian Sheep Industry Fund for the financial year over its financial reporting and its preparation of financial statements have been effective.



Prof Mehdi Doroudi PSM


Chief Executive

Department of Primary Industries and Regions

For and on behalf of the Minister for Primary Industries and Regional Development

Per Authorisation dated 27 June 2023

22 November 2023



Will Kent

Chief Financial Officer

Department of Primary Industries and Regions

22 November 2023

Minister for Primary Industries and Regional Development - South Australian Sheep Industry Fund
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Income			
Contributions from industry	2.1	4 392 241	4 717 712
Interest	2.2	130 948	-
Recoveries		111 356	-
Total income		4 634 545	4 717 712
Expenses			
Projects	4.1	1 088 041	1 107 660
Transfers to industry	4.2	3 940 487	3 125 839
Refund of contributions		13 431	11 091
Supplies and services	4.3	9 609	8 906
Auditor's remuneration		12 100	11 900
Total expenses		5 063 668	4 265 396
Net result		(429 123)	452 316
Total comprehensive result		(429 123)	452 316

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 Sheep Industry Fund
Statement of Financial Position
as at 30 June 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	5.1	4 787 197	5 253 889
Receivables	5.2	369 975	329 401
Total current assets		5 157 172	5 583 290
Total assets		5 157 172	5 583 290
Current liabilities			
Payables	6.1	15 745	12 740
Total current liabilities		15 745	12 740
Total liabilities		15 745	12 740
Net assets		5 141 427	5 570 550
Equity			
Retained earnings		5 141 427	5 570 550
Total equity		5 141 427	5 570 550

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 Sheep Industry Fund
Statement of Changes in Equity
for the year ended 30 June 2023

	Retained earnings \$	Total equity \$
Balance at 1 July 2021	5 118 234	5 118 234
Net result for 2021-22	452 316	452 316
Total comprehensive result for 2021-22	452 316	452 316
Balance at 30 June 2022	5 570 550	5 570 550
Net result for 2022-23	(429 123)	(429 123)
Total comprehensive result for 2022-23	(429 123)	(429 123)
Balance at 30 June 2023	5 141 427	5 141 427

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 Sheep Industry Fund
Statement of Cash Flows
for the year ended 30 June 2023

	2023	2022
	\$	\$
Cash flows from operating activities		
Cash inflows		
Contributions from industry	4 366 886	4 703 182
Interest received	115 729	-
Recoveries received	111 356	-
Cash generated from operating activities	4 593 971	4 703 182
Cash outflows		
Payments for projects	(1 088 041)	(1 107 660)
Transfers to industry	(3 940 487)	(3 125 839)
Refund of contributions	(10 638)	(17 785)
Payments for supplies and services	(9 597)	(8 896)
Auditor's remuneration	(11 900)	(24 100)
Cash used in operating activities	(5 060 663)	(4 284 280)
Net cash provided by / (used in) operating activities	(466 692)	418 902
Net increase / (decrease) in cash and cash equivalents	(466 692)	418 902
Cash and cash equivalents at the beginning of the reporting period	5 253 889	4 834 987
Cash and cash equivalents at the end of the reporting period	4 787 197	5 253 889

The accompanying notes form part of these financial statements.

Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1. About the South Australian Sheep Industry Fund

The South Australian Sheep Industry Fund (the Fund) is established pursuant to the *Primary Industry Funding Schemes (Sheep Industry Fund) Regulations 2014* (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 applying simplified disclosures

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*.

The primary purposes of the Fund are to:

- assist in rebuild and maintenance of the dog fence
- make payments to a body that represents sheep producers for purposes outlined in the Regulations

2. Income

2.1. Contributions from industry

Contributions payable to the Minister for payment into the Fund are made pursuant to Regulation 6.

Contributions are recognised as revenue when the Fund obtains control of the contributions, or obtains the right to receive the contributions (that is, when information becomes available to the Fund regarding contributions due for the prescribed period).

Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.2. Interest

The Fund's deposit account earns a floating interest rate based on daily bank deposit rates. There was no interest earned during 2022 due to Treasury advising public authorities that given interest rates were approximately 0%, no interest would be paid on any interest bearing accounts held with the Treasurer. Interest recommenced being paid in 2023 on cash balances from May 2022.

3. Key management personnel

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. Projects

	2023	2022
	\$	\$
Dog Fence Rebuild Contribution	830 409	857 201
Dog Fence Maintenance Program	257 632	250 459
Total projects	1 088 041	1 107 660

4.2. Transfers to industry

	2023	2022
	\$	\$
Livestock SA	3 940 487	3 125 839
Total transfers to industry	3 940 487	3 125 839

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.

Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4.3. Supplies and services

	2023	2022
	\$	\$
Administrative and operating costs ⁽¹⁾	9 609	8 906
Total supplies and services	9 609	8 906

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

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

	2023	2022
	\$	\$
Receivables – Contributions from industry	354 756	329 401
Accrued interest - Department of Treasury and Finance	15 219	-
Total receivables	369 975	329 401

Receivables – Contributions from industry are recognised as statutory receivables when information becomes available to the Fund regarding contributions due for the prescribed period.

6. Liabilities

6.1. Payables

	2023	2022
	\$	\$
Audit fee payable to the Auditor-General's Department	12 100	11 900
Refund of contributions	2 793	-
Other payables	852	840
Total payables	15 745	12 740

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

A refund liability is recognised once a refund is approved for payment.

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 Sheep Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7. Outlook

7.1. Contingent liabilities

Refunds of contributions

Under Regulation 6(7) a person who was the vendor of sheep at the time contributions became payable in respect of a contract of sale may claim a refund from the Fund for the contributions made in the financial year immediately preceding the financial year in which the person makes the claim in respect of contracts of sale of the person's sheep.

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.

7.2. Events after the reporting period

No events have occurred after balance date that are expected to materially affect the Fund in subsequent years.

8. Measurement and risk

8.1. 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.