

Grain Industry Fund

2019-20 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 Grain Industry Fund Annual Report for the year ended 30 June 2020, prepared under section 11 of the Act.

Overview

The Grain Industry Fund is established by the *Primary Industries Funding Schemes (Grain Industry Fund) Regulations 2012*. The purpose of this fund is to allow funds to be raised for the purpose of providing funding for industry services that provide benefit to grain grower contributors.

The contribution rate for this fund is prescribed in regulation 5 and varied by Ministerial Notice (dated 15 November 2012) published in the South Australian Gazette to be as follows:

Contribution rate	\$0.20 per tonne
-------------------	------------------

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

The purposes for which the fund can be applied by the Minister are outlined in regulation 7. Payments from the fund may be made to a body that, in the opinion of the Minister, represents grain growers.

Operation of the fund

Primary Industries and Regions SA manages the operations of the fund on behalf of the Minister.

The five-year fund management plan current as at 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 20 June 2019 and was publicly available on the PIRSA website. It is attached to this report.

One application was received from Grain Producers SA Ltd, which demonstrated it met the eligibility requirements as set out in the management plan. 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 6.

In accordance with regulation 7(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

Grain Industry Fund

Primary Industries Funding Schemes (Grain Industry Fund) Regulations 2012

Management Plan 2019-20 to 2023-24



Enquiries

Dave Lewis Agriculture Food and Wine
Primary Industries and Regions SA (PIRSA)
Level 15, 25 Grenfell Street
GPO Box 1671, Adelaide SA 5001
T 08 8429 0472 M 0409 289 107

E dave.lewis@sa.gov.au

Further information:

https://www.pir.sa.gov.au/primary_industry/crops_and_pastures/grain_industry_funds

Based on the original 2012-2017 Plan prepared by Neil Howells of Hudson Howells.



Document History

Version	Date
Revised plan released for consultation	14/2/2020
Approved	8/5/2020
Presented at public meeting	22/5/2020

Objective ID: A4307343

Contents

Introduction	4
Estimate of contributions to the fund	5
Investment of the fund	5
Purposes of the fund	6
Eligible activities	6
Ineligible activities	7
Funding guidelines	7
Eligible organisations	7
Application process	8
Application specifications	9
Operational plan	9
Application approval	10
Payment terms	10
Reporting requirements	10
Fund administration	11
Governance of the Fund	11
Grievances	11
Changing the contribution rate	11
Updating the management plan	12

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 strategic advantage and to meet new industry challenges.

Section 4 of the Act 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) administers all existing funds under the Act, ensuring appropriate accountability for the use of funds for various functions and activities for industry benefit. Primary Industries and Regions SA (PIRSA) administers the funds on behalf of the Minister.

The Grain Industry Fund (the fund) established by the [Primary Industry Funding Schemes \(Grain Industry Fund\) Regulations 2012](#) (the regulations) came into effect on 1 March 2012.

Contributions are payable at the rate prescribed in the regulations, amended to 20 cents per tonne of grain commencing 22 November 2012 by Ministerial Notice in the SA Government Gazette, as permitted by the regulations. All South Australian grain growers are required to contribute to the fund.

Collection agents for this fund are the first purchasers of grain who are required by the regulations to deduct contributions from the payment to the grower and forward them to the Minister for payment into the fund account.

Grain grower 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 7 and in this management plan.

In accordance with section 9 of the Act, this management plan has been developed in consultation with the South Australian grain industry. It covers a five-year period and must be updated annually, but may be updated at any time. This management plan should be read in conjunction with the Act and the regulations, which are available at www.legislation.sa.gov.au.

This management plan guides the operation of the fund and helps contributors understand how their contributions are used. Section 9 of the Act describes the requirements of a management plan.

This plan provides guidance to grains industry organisations on the types of activities that may be approved and how funding applications are assessed.

Estimate of contributions to the fund

The regulations require grain growers to contribute to the fund. The contribution rate for this fund has been set to \$0.20 per tonne for all South Australian grown grain sold on or after 22 November 2012 by Ministerial Notice in the South Australian Government Gazette dated of 15 November 2012 in accordance with regulation 5.

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

The estimated grain sales have been derived from total crop production estimates published in the PIRSA Crop and Pasture Report. This estimate of contributions to the fund is based on grain sold rather than total grain produced. The estimated purchases for 2019-20 is based on a portion of the total grain production estimate for the 2019-20 production season. Estimated purchases for subsequent years are based on average seasonal conditions and average grain production. The actual amount of income to the fund will vary according to seasonal conditions which cannot be predicted.

Table 1 – Contribution rates and estimated income

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Contribution rate	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Estimated sales	4,900,000	4,900,000	7,100,000	7,100,000	7,100,000	7,100,000
Estimated income	\$980,000	\$980,000	\$1,420,000	\$1,420,000	\$1,420,000	\$1,420,000

The regulations require the purchaser to remit contributions to PIRSA within 28 days following the month in which the grain was purchased.

Grain purchasers that only deal in small quantities of grain may make application to the Minister to remit quarterly or annually instead of monthly.

A contribution rate change is not anticipated to occur in 2019-20 financial year.

Investment of the fund

PIRSA administers the financial operations of the fund on behalf of the Minister for Primary Industries and Regional Development and 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 the Act section 4(6)(b) and regulation 4(3)(b).

Any balance not immediately required for the purposes of the fund will be retained in the fund and interest earned deemed as an investment in accordance with the Act section 4(7).

Purposes of the fund

Payments from the fund must be made in accordance with the regulation 7:

7—Application of the Fund

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

- (a) payments to a body that, in the opinion of the Minister, represents grain growers for 1 or more of the following purposes:
 - (i) the reasonable operating and management expenses of the body;
 - (ii) fees for affiliation of the body with regional, State or national grain or agriculture industry bodies;
 - (iii) promoting the grain industry, including through industry field days, conferences and other events;
 - (iv) representing grain growers in regional, State or national grain or agriculture industry forums;
 - (v) the collection and dissemination to grain growers of information relevant to the grain industry;
 - (vi) programs designed to encourage communication and cooperation between grain growers and other persons associated with the grain industry;
 - (vii) other purposes of the body;
- (b) payments for other purposes for the benefit of grain growers;
- (c) payment of the expenses of administering the Fund;
- (d) repayment of contributions to the Fund under regulation 6.

Eligible activities

This management plan further defines the scope of eligible activities to those identified by grain growers in the consultations for this management plan. The following eligible activities comply with the legislated applications of the fund (regulation 7 prescribed activities) which may be included in the applicant organisation's operational plan and funded by the fund include:

- Advocacy, policy setting and decision making for the grain industry.
- Delivery of information and education programs aimed at improving the efficiency and effectiveness of the grain industry.
- Delivery of programs designed to foster communication and cooperation between grain growers and other persons associated with the grain industry.
- Fees for affiliation of the applicant organisation with regional, state or national grain or agriculture industry bodies.
- Grain industry promotional activities including industry field days, conferences and other relevant events. Associated support and development costs can be included.
- Programs designed to encourage communication and cooperation between the fund contributors and other persons associated with the grain industry including consultation and communication with the fund contributors and other industry participants on industry issues.

- Projects aimed at achieving improvements across the grain industry e.g. improved port access, improved access to markets, access to value adding opportunities along the value chain (vertical integration).
- Reasonable operating and management expenses including the remuneration of directors, management and staff.
- Reasonable operating expenses associated with these approved and funded activities.
- Representation of grain growers at regional, state or national grain or agriculture industry forums provided such forums are relevant to identified areas of activity that provide benefits to the fund contributors.
- Representation of the industry on critical issues and contributing to government policy in e.g. infrastructure, biosecurity, regulatory reform and compliance and industry development.
- Research to assist the applicant organisation's understanding of issues affecting industry development that is not the domain of research funding organisations e.g. SA Grains Industry Trust (SAGIT) or Grains Research and Development Corporation (GRDC).
- The collection and dissemination of information relevant to the grain industry to the fund contributors including the publication or dissemination of project outcomes to the fund contributors.

Ineligible activities

Activities that will not be funded include:

- Commercial activities such as grain trading or speculative investments, with a speculative investment defined as the act of trading in an asset or conducting a financial transaction that has a significant risk of losing most or all of the initial outlay in expectation of a substantial gain.
- Technical and scientific research as undertaken by the SA Grains Industry Trust (SAGIT) or Grains Research and Development Corporation (GRDC). The applicant may link or advocate an issue to these organisations, but not duplicate their role.
- Retrospective activities undertaken prior to execution of a funding agreement.

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 grain growers".

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 the 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 the fund contributors.

3. Has an effective system for communicating with all the 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 the fund contributors.
4. Is able to demonstrate strong industry leadership.
5. Provides the opportunity for all the 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 the 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 the 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.
 - g. The organisation may also have demonstrated industry linkages and networks including affiliations with relevant industry organisations locally and nationally.

Application process

Organisations are encouraged to contact the responsible officer (see page 2 of this management plan) early in the development stages of the application.

An application for funding is to be received by the responsible officer by 1 May of each year. The application is to comply with the specifications detailed below 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 the regulations Section 7.

Application specifications

Applicant organisations must submit an application in writing that:

1. Provides a covering letter of application to the Minister for Primary Industries and Regional Development summarising key aspects of the proposal, amount of funds applied for and attaching the operational plan.
2. The operational plan must address each plan element 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

The operational plan 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.
 - f. Provide the following details for each activity proposed for funding:
 - i. name of the activity.
 - ii. a brief description of the activity.
 - iii. reference to the purpose (as defined by Application of Fund, regulation 7) to which the activity aligns.
 - iv. indicative budgeted cost may be included.
 - g. Evidence of alignment of the proposed activities to the requirements of the fund contributors may be included in the application as an attachment.
 - h. Specific Key Performance Indicators (KPIs) with timelines may be included to assist assessment of the organisation's performance for payment of monies approved.
3. A detailed budget clearly articulating how 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.

It is reasonable to expect that a reserve fund be established by the applicant organisation to manage the seasonal variation in grant monies available 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 the fund contributors as unreasonable for this purpose, notwithstanding that any balance not immediately required will be retained in the fund and the balance plus interest earned will become available in future years.

Application approval

The Minister will assess applications in line with the application specification framework detailed in this management plan.

Successful applicants will be advised no later than June prior to commencement of the financial year of the expenditure.

Ministerial approval for payment from the fund to the successful applicant organisation is deemed to be an agreement with the Minister that the applicant organisation will undertake the activities outlined in the applicant's operational plan and will comply with the requirements in the regulations and this management plan.

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

Payment terms

Payments from the fund to the successful applicant organisation may be made monthly, commencing in July, subject to the applicant meeting its reporting obligations as detailed below in this management plan. The amount of any payment will not exceed the available balance of the fund at the time, less an amount not less than \$30,000, which is considered sufficient to cover audit and administrative costs plus an allowance for any refunds to contributors in accordance with regulation 7(d). A monthly payment will not be paid if the fund balance is insufficient.

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

Reporting requirements

The Minister is required to prepare an annual report to Parliament on the performance of the fund. Project reports from the applicant organisation receiving funds for delivery of projects of prescribed activities pursuant to regulation 7(a) are required to inform and provide the Minister with reasonable accountability and assurances on the appropriate use of the funds.

Quarterly reports are to be submitted to the Minister by 7 November, 7 February and 7 May each year with a detailed annual report to be submitted by 14 September. The annual report is to include a

statement of acquittal of funds provided by the organisation's auditor or accountant, demonstrating how all monies received from the fund were expended.

Quarterly reports may be in the form of a scorecard report detailing performance against the agreed key performance indicators (KPIs). The annual report is to contain detailed information to enable the Minister to determine that payments of funds from the scheme have been applied in accordance with the applicant organisation's operational plan. 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 outcomes (KPI's) or fails to provide satisfactory reports by the due dates scheduled above 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 quarterly progress reports, the applicant organisation may be required to provide the following information (regulation 9):

1. a copy of the financial statements of the organisation, and
2. a copy of the annual report of the organisation, and
3. a copy of the business plan of the organisation, and
4. any other information reasonably required for the purposes of the fund.

Fund administration

Governance of the Fund

The grain industry consultation undertaken to provide input to the development of this management plan highlighted strong support for a robust governance model for the fund. There was also support shown for Grain Producers SA (GPSA) to be the single representative voice and the single fund recipient, but the Minister will make the decisions on the application of the fund in the best interests of the fund contributors.

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/her complaint or grievance in writing with the Minister which will review and address the issue with the applicant organisation, provided the issue falls within the scope of this management plan.

Changing the contribution rate

The contribution rate is established by regulation 5, which also permits changes to some other amount specified in a published Ministerial Notice in the South Australian Government Gazette.

A change to the contribution rate may be initiated by the Minister or by industry, but can only be made following consultation with the grain grower contributors. Consultation is expected to be coordinated through Grain Producers SA Ltd as the currently recognised grain grower representative body or any

successor organisation to Grain Producers SA Ltd that in the opinion of the Minister represents grain growers.

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.

The new contribution rate will be implemented at the start of the financial year with sufficient notice provided to the industry so that grain purchasers can implement the new rate prior to commencement of grain harvest.

Updating the management plan

Section 9 of the Act requires that this management plan is updated annually. Table 2 is a guide to the expected timing and process.

PIRSA will ordinarily commence the review of the management plan around January each year, posting the draft management plan on the PIRSA website providing an opportunity to the industry for comment. Feedback will be considered and the management plan finalised and provided to the Minister.

The updated management plan will be presented at a public meeting in May or June to present the plan with this meeting being advertised and facilitated by PIRSA, and can be attended by all fund contributors. The management plan will then be posted on the PIRSA website <http://www.pir.sa.gov.au> at the time of the public meeting 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'.

Section 9(6) of the Act 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.

Table 2 – Revising the management plan	
Timing	Activity
March	Initial Comments sought on the Current Management plan, Draft prepared
April	Consultation on revised draft management plan
June	Minister approves management plan Advertise public meeting
July	Public meeting to present management plan



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000

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 – Grain Industry Fund

Qualified opinion

I have audited the financial report of the Minister for Primary Industries and Regional Development – Grain 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 – Grain 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 (Grain Industry Fund) Regulations 2012, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund for each tonne of grain produced and sold by a grain grower. While there are adequate internal controls over contributions actually received, there are no procedures in place to ensure contributions received represent the actual tonnage of grain produced and sold.

Consequently, I am unable to express an opinion on whether income recognised as contributions from industry of \$1 087 239 (\$975 033) 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 – Grain 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**

Grain Industry Fund

Financial Statements

For the year ended 30 June 2020

Minister for Primary Industries and Regional Development – Grain 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 – Grain 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 Grain Industry Fund
- present a true and fair view of the financial position of the Grain 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 – Grain 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 – Grain Industry
Fund**
Statement of Comprehensive Income
for the year ended 30 June 2020

		2020	2019
	Note	\$	\$
Income			
Contributions from industry	2.1	1 087 239	975 033
Interest revenues		7 471	25 728
Total income		1 094 710	1 000 761
Expenses			
Transfers to industry	4.1	1 350 000	1 480 000
Refund of contributions		856	468
Supplies and services	4.2	13 327	12 959
Auditor's remuneration		7 300	7 100
Total expenses		1 371 483	1 500 527
Net result		(276 773)	(499 766)
Total comprehensive result		(276 773)	(499 766)

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 – Grain Industry Fund
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	5.1	1 431 512	1 701 445
Receivables	5.2	32 663	1 941
Total current assets		1 464 175	1 703 386
Total assets		1 464 175	1 703 386
Current liabilities			
Payables	6.1	7 850	7 640
Total current liabilities		7 850	7 640
Total liabilities		7 850	7 640
Net assets		1 456 325	1 695 746
Equity			
Retained earnings		1 456 325	1 695 746
Total equity		1 456 325	1 695 746
Contingent liabilities	8.1		

The accompanying notes form part of these financial statements.

The total equity is attributable to the SA Government as owner

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

	Retained earnings	Total equity
	\$	\$
Balance at 30 June 2018	2 195 512	2 195 512
Net result for 2018-19	(499 766)	(499 766)
Total comprehensive result for 2018-19	(499 766)	(499 766)
Balance at 30 June 2019	1 695 746	1 695 746
Changes in accounting policy on adoption of AASB1058	37 352	37 352
Adjusted balance at 1 July 2019	1 733 098	1 733 098
Net result for 2019-20	(276 773)	(276 773)
Total comprehensive result for 2019-20	(276 773)	(276 773)
Balance at 30 June 2020	1 456 325	1 456 325

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 – Grain 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	1 092 055	975 033
Interest received	9 285	26 296
Cash generated from operations	1 101 340	1 001 329
Cash outflows		
Transfers to industry	(1 350 000)	(1 480 000)
Refund of contributions	(856)	(468)
Payments for supplies and services	(13 317)	(12 949)
Auditor's remuneration	(7 100)	(7 000)
Cash used in operations	(1 371 273)	(1 500 417)
Net cash provided by / (used in) operating activities	(269 933)	(499 088)
Net increase / (decrease) in cash and cash equivalents	(269 933)	(499 088)
Cash and cash equivalents at the beginning of the reporting period	1 701 445	2 200 533
Cash and cash equivalents at the end of the reporting period	1 431 512	1 701 445

The accompanying notes form part of these financial statements.

Minister for Primary Industries and Regional Development – Grain Industry Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the Grain Industry Fund

The Grain Industry Fund (the Fund) is established pursuant to the *Primary Industry Funding Schemes (Grain Industry Fund) Regulations 2012* (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 March 2012.

The primary purposes of the Fund are to:

- promote the grain industry, through industry field days, conferences and other events
- represent grain growers in regional, state or national grain or agriculture industry forums
- collect and disseminate to grain growers information relevant to the grain industry
- undertake programs designed to encourage communication and cooperation between grain growers and other persons associated with the grain industry

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 – Grain 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 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
	\$	\$
Grain Producers SA Ltd.	1 350 000	1 480 000
Total transfers to industry	1 350 000	1 480 000

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⁾	13 327	12 959
Total supplies and services	13 327	12 959

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

Minister for Primary Industries and Regional Development – Grain 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	127	1 941
Receivables – Contributions from Industry	32 536	-
Total receivables	32 663	1 941

6. Liabilities

6.1. Payables

	2020	2019
	\$	\$
Audit fee payable to the Auditor-General's Department	7 300	7 100
Other payables	550	540
Total payables	7 850	7 640

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 – Grain 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	1 695 746
<u>Assets</u>	
Receivables – Contributions from Industry	37 352
Opening retained earnings 1 July 2019	1 733 098

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 – Grain 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

		As reported	Adjustments AASB 15	Adjustments AASB 1058	Balances without adoption of AASB 15 & 1058
	Note	\$	\$	\$	\$
Contributions from Industry	2.1	1 087 239	-	(4 816)	1 092 055
Total income		1 087 239	-	(4 816)	1 092 055

Statement of Financial Position

As at 30 June 2020

		As reported	Adjustments AASB 15	Adjustments AASB 1058	Balances without adoption of AASB 15 & 1058
	Note	\$	\$	\$	\$
Receivables – Contributions from Industry	5.2	32 536	-	32 536	-
Total assets		32 536	-	32 536	-

Minister for Primary Industries and Regional Development – Grain 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 6(1) a grain grower may, by notice in writing to the Minister, within the 12 months following a financial year in respect of which contributions have been paid on behalf of the grain grower, make a claim for a refund in respect of those contributions.

At the reporting date the possible emergence of valid refund requests within the 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.