

# Rural Industry Adjustment and Development Fund

Financial report  
for the year ended  
30 June 2020



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## To the Chief Executive Rural Industry Adjustment and Development Fund

### Opinion

I have audited the financial report of the Rural Industry Adjustment and Development Fund for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Rural Industry Adjustment and Development 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 and the Chief Financial Officer.

### Basis for opinion

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 Rural Industry Adjustment and Development Fund. 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 opinion.

## **Responsibilities of 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 the Australian Accounting Standards, and for such internal control as management 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.

## **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* and section 14(2) of the *Rural Industry Adjustment and Development Act 1985*, I have audited the financial report of the Rural Industry Adjustment and Development Fund for the financial year ended 30 June 2020.

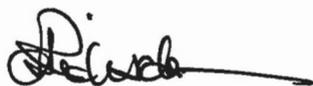
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 Rural Industry Adjustment and Development Fund'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 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 'A. Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

**Auditor-General**

28 September 2020

# **Rural Industry Adjustment and Development Fund**

## **Financial Statements**

For the year ended 30 June 2020

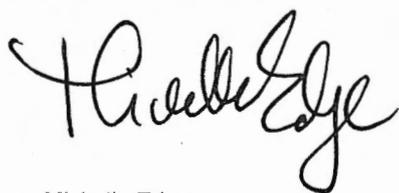
**Rural Industry Adjustment and Development Fund**  
**Certification of Financial Statements**  
*for the year ended 30 June 2020*

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We certify that the attached general purpose financial statements for the Rural Industry Adjustment and Development Fund:

- comply with any relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Rural Industry Adjustment and Development Fund
- present a true and fair view of the financial position of the Rural Industry Adjustment and Development 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 Rural Industry Adjustment and Development 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  
25 September 2020



Darren Humphrys  
Chief Financial Officer  
Department of Primary Industries and Regions  
25 September 2020

**Rural Industry Adjustment and Development Fund**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2020*

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	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Other income	2.1	171	-
Interest		125	336
<b>Total income</b>		<b>296</b>	<b>336</b>
<b>Expenses</b>			
Auditor's remuneration		3	3
<b>Total expenses</b>		<b>3</b>	<b>3</b>
<b>Net result</b>		<b>293</b>	<b>333</b>
<b>Total comprehensive result</b>		<b>293</b>	<b>333</b>

The accompanying notes form part of these financial statements.

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

**Rural Industry Adjustment and Development Fund**  
**Statement of Financial Position**  
*as at 30 June 2020*

	Note	2020 \$'000	2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents	4.1	25 438	25 119
Receivables	4.2	2	28
<b>Total current assets</b>		<b>25 440</b>	<b>25 147</b>
<b>Total assets</b>		<b>25 440</b>	<b>25 147</b>
<b>Current liabilities</b>			
Payables	5.1	3	3
<b>Total current liabilities</b>		<b>3</b>	<b>3</b>
<b>Total liabilities</b>		<b>3</b>	<b>3</b>
<b>Net assets</b>		<b>25 437</b>	<b>25 144</b>
<b>Equity</b>			
Retained earnings		25 437	25 144
<b>Total equity</b>		<b>25 437</b>	<b>25 144</b>

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

The accompanying notes form part of these financial statements.

**Rural Industry Adjustment and Development Fund**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

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	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 30 June 2018</b>	<b>24 811</b>	<b>24 811</b>
Net result for 2018-19	333	333
<b>Total comprehensive result for 2018-19</b>	<b>333</b>	<b>333</b>
<b>Balance at 30 June 2019</b>	<b>25 144</b>	<b>25 144</b>
Net result for 2019-20	293	293
<b>Total comprehensive result for 2019-20</b>	<b>293</b>	<b>293</b>
<b>Balance at 30 June 2020</b>	<b>25 437</b>	<b>25 437</b>

The accompanying notes form part of these financial statements.

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

**Rural Industry Adjustment and Development Fund**  
**Statement of Cash Flows**  
*for the year ended 30 June 2020*

	2020 Inflows (Outflows) \$'000	2019 Inflows (Outflows) \$'000
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Interest received	151	336
<b>Cash generated from operations</b>	<u>151</u>	<u>336</u>
<b>Cash outflows</b>		
Auditor's remuneration	(3)	(3)
<b>Cash used in operations</b>	<u>(3)</u>	<u>(3)</u>
<b>Net cash provided by / (used in) operating activities</b>	<u>148</u>	<u>333</u>
<b>Cash flows from investing activities</b>		
<b>Cash inflows</b>		
Recovery of written off debts	171	-
<b>Cash generated from investing activities</b>	<u>171</u>	<u>-</u>
<b>Net cash (used in) / provided by investing activities</b>	<u>171</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>319</u>	<u>333</u>
Cash and cash equivalents at the beginning of the reporting period	25 119	24 786
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>25 438</u>	<u>25 119</u>

The accompanying notes form part of these financial statements.

# **Rural Industry Adjustment and Development Fund**

## **Notes to and forming part of the financial statements**

### *for the year ended 30 June 2020*

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#### **1. About the Rural Industry Adjustment and Development Fund**

The Rural Industry Adjustment and Development Fund (the Fund) is established pursuant to the *Rural Industry Adjustment and Development Act 1985*, 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 6.

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 the 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 under the *Rural Industry Adjustment and Development Act 1985*.

The primary purpose of the Fund is to provide loans and grants, at Ministerial discretion, to develop a farm, make adjustments to farming methods or to undertake a project or research for the benefit of farmers.

##### **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.

**Rural Industry Adjustment and Development Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**2. Income**

**2.1. Other income**

	2020	2019
	\$'000	\$'000
Recovery of written off debts	171	-
<b>Total other income</b>	<b>171</b>	<b>-</b>

**3. Board, committees and employees**

**3.1. Key management personnel**

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

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

**4. Financial assets**

**4.1. Cash and cash equivalents**

	2020	2019
	\$'000	\$'000
Deposits with the Department of Treasury and Finance	25 438	25 119
<b>Total cash and cash equivalents</b>	<b>25 438</b>	<b>25 119</b>

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

**4.2. Receivables**

	2020	2019
	\$'000	\$'000
Accrued interest - Department of Treasury and Finance	2	28
<b>Total receivables</b>	<b>2</b>	<b>28</b>

**5. Liabilities**

**5.1. Payables**

	2020	2019
	\$'000	\$'000
Audit fee payable to the Auditor-General's Department	3	3
<b>Total payables</b>	<b>3</b>	<b>3</b>

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.

**Rural Industry Adjustment and Development Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**6. Changes in accounting policy**

**6.1. 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. The Fund did not have any transactions recorded under AASB 15 and therefore there was no impact on retained earnings.

**6.2. 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.

**Impact on retained earnings**

On transition, there was no impact on retained earnings.

**6.3. Effects on financial statements from AASB15 and AASB 1058**

There is no impact of adopting AASB 15 and AASB 1058 on the Fund's financial statements for the year ending 30 June 2020.

**7. Outlook**

**7.1. 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.

**7.2. 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. Measurement and risk**

**8.1. Financial instruments**

The Fund has cash and other non-interest bearing assets (receivables) and liabilities (payables). The Fund's exposure to market risk and cash flow interest risk is minimal.

The Fund has minimal concentration of credit risk. The Fund has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Fund does not engage in high risk hedging for its financial assets.

In relation to liquidity/funding risk, the continued existence of the Fund in its present form, and with its present programs, is dependent on State Government policy.