

Minister for Primary Industries  
and Regional Development –  
Clare Valley Wine Industry Fund

Financial report  
for the year ended  
30 June 2018



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

**To the Minister for Primary Industries and Regional Development  
– Clare Valley Wine Industry Fund**

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

**Qualified opinion**

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

The financial report comprises:

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

**Basis for qualified opinion**

As referred to in note 5 to the financial statements, pursuant to regulation 5 of the *Primary Industry Funding Schemes (Clare Valley Wine Industry Fund) Regulations 2008*, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund for each tonne of Clare Valley grapes delivered to a Clare Valley winemaker. While there are adequate internal controls over contributions actually received, there are no procedures in place to ensure the contributions received represent the actual tonnage delivered. Consequently, I am unable to express an opinion on whether income recognised as contributions from industry of \$187 696 (\$87 683) is complete.

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

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

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

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

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

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

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

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

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

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

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

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



Andrew Richardson

**Auditor-General**

5 February 2019

**Minister for Primary Industries and Regional Development –  
Clare Valley Wine Industry Fund  
Certification of Financial Statements  
for the year ended 30 June 2018**

---

We certify that the attached general purpose financial statements for the Minister for Primary Industries and Regional Development – Clare Valley Wine 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 Clare Valley Wine Industry Fund
- present a true and fair view of the financial position of the Clare Valley Wine Industry Fund as at 30 June 2018 and the results of its operation and cash flows for the financial year.

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



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

30 January 2019



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

**Minister for Primary Industries and Regional  
Development**

**Clare Valley Wine Industry Fund**

**Financial Statements**

For the year ended 30 June 2018

**Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

---

|                                   | Note | 2018<br>\$     | 2017<br>\$    |
|-----------------------------------|------|----------------|---------------|
| <b>Expenses</b>                   |      |                |               |
| Transfers to industry             | 3    | 97 556         | 50 000        |
| Refund of contributions           |      | 71             | 166           |
| Supplies and services             | 4    | 4 168          | 4 192         |
| Auditor's remuneration            |      | 6 300          | 6 200         |
| <b>Total expenses</b>             |      | <b>108 095</b> | <b>60 558</b> |
| <b>Income</b>                     |      |                |               |
| Contributions from industry       | 5    | 187 696        | 87 683        |
| Interest revenues                 |      | 1 170          | 851           |
| <b>Total income</b>               |      | <b>188 866</b> | <b>88 534</b> |
| <b>Net result</b>                 |      | <b>80 771</b>  | <b>27 976</b> |
| <b>Total comprehensive result</b> |      | <b>80 771</b>  | <b>27 976</b> |

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

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

**Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund**  
**Statement of Financial Position**  
*as at 30 June 2018*

---

|                                  | Note | 2018<br>\$     | 2017<br>\$    |
|----------------------------------|------|----------------|---------------|
| <b>Current assets</b>            |      |                |               |
| Cash and cash equivalents        | 6    | 166 129        | 85 288        |
| Receivables                      | 7    | 107            | 67            |
| <b>Total current assets</b>      |      | <u>166 236</u> | <u>85 355</u> |
| <b>Total assets</b>              |      | <u>166 236</u> | <u>85 355</u> |
| <b>Current liabilities</b>       |      |                |               |
| Payables                         | 8    | 6 831          | 6 721         |
| <b>Total current liabilities</b> |      | <u>6 831</u>   | <u>6 721</u>  |
| <b>Total liabilities</b>         |      | <u>6 831</u>   | <u>6 721</u>  |
| <b>Net assets</b>                |      | <u>159 405</u> | <u>78 634</u> |
| <b>Equity</b>                    |      |                |               |
| Retained earnings                |      | 159 405        | 78 634        |
| <b>Total equity</b>              |      | <u>159 405</u> | <u>78 634</u> |

Total equity is attributable to the SA Government as owner.

Contingent liabilities 9

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

**Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

---

|   | <b>Retained earnings</b> | <b>Total equity</b> |
|---|--------------------------|---------------------|
|   | \$                       | \$                  |
| <b>Balance at 30 June 2016</b>                | <b>50 658</b>            | <b>50 658</b>       |
| Net result for 2016-17                        | 27 976                   | 27 976              |
| <b>Total comprehensive result for 2016-17</b> | <b>27 976</b>            | <b>27 976</b>       |
| <b>Balance at 30 June 2017</b>                | <b>78 634</b>            | <b>78 634</b>       |
| Net result for 2017-18                        | 80 771                   | 80 771              |
| <b>Total comprehensive result for 2017-18</b> | <b>80 771</b>            | <b>80 771</b>       |
| <b>Balance at 30 June 2018</b>                | <b>159 405</b>           | <b>159 405</b>      |

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

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

**Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

---

|   | 2018<br>(Outflows)<br>Inflows<br>\$ | 2017<br>(Outflows)<br>Inflows<br>\$ |
|---|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                         |                                     |                                     |
| <b>Cash outflows</b>  |                                     |                                     |
| Transfers to industry   | ( 97 556)                           | ( 50 000)                           |
| Refund of contributions   | ( 71)                               | ( 166)                              |
| Payments for supplies and services                                  | ( 4 158)                            | ( 4 233)                            |
| Auditor's remuneration  | ( 6 200)                            | ( 5 900)                            |
| <b>Cash used in operations</b>                                      | <u>( 107 985)</u>                   | <u>( 60 299)</u>                    |
| <b>Cash inflows</b>   |                                     |                                     |
| Contributions from industry   | 187 696                             | 87 683                              |
| Interest received   | 1 130                               | 844                                 |
| <b>Cash generated from operations</b>                               | <u>188 826</u>                      | <u>88 527</u>                       |
| <b>Net cash provided by / (used in) operating activities</b>        | <u>80 841</u>                       | <u>28 228</u>                       |
| <b>Net increase / (decrease) in cash and cash equivalents</b>       | <u>80 841</u>                       | <u>28 228</u>                       |
| Cash and cash equivalents at the beginning of the reporting period  | 85 288                              | 57 060                              |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <u>166 129</u>                      | <u>85 288</u>                       |

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

**Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

---

**1 Basis of financial statements**

**1.1 Reporting entity**

The Clare Valley Wine Industry Fund (Fund) is established pursuant to the *Primary Industry Funding Schemes (Clare Valley Wine Industry Fund) Regulations 2008* (Regulations), administered by the Minister for Primary Industries and Regional Development. The Department of Primary Industries and Regions (PIRSA) provides administrative support services to the Fund.

**1.2 Statement of compliance**

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

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

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

**1.3 Basis of preparation**

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

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

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

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

Significant accounting policies are set out in the notes.

# Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund

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

---

### 1 Basis of financial statements (continued)

#### 1.4 Taxation

The Fund is not subject to Income Tax. The Fund is liable for 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 PIRSA controlled financial statements.

### 2 Objectives of the Fund

The Fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 21 February 2008.

The primary purposes of the Fund are to:

- promote the Clare Valley wine industry
- undertake research and development
- encourage communication and cooperation between participants in the Clare Valley wine industry.

### 3 Transfers to industry

|   | 2018          | 2017          |
|---|---------------|---------------|
|   | \$            | \$            |
| Clare Region Wine Grape Growers Association | 97 556        | 50 000        |
| <b>Total transfers to industry</b>          | <b>97 556</b> | <b>50 000</b> |

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 Supplies and services

|   | 2018         | 2017         |
|---|--------------|--------------|
|   | \$           | \$           |
| Administrative and operating costs <sup>(1)</sup> | 4 168        | 4 192        |
| <b>Total supplies and services</b>                | <b>4 168</b> | <b>4 192</b> |

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

# Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund

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

---

### 5 Contributions from industry

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

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

Contributions from industry have been recognised as revenue when received.

### 6 Cash

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

Cash is measured at nominal value.

### 7 Receivables

|   | 2018       | 2017      |
|---|------------|-----------|
|   | \$         | \$        |
| Accrued interest - Department of Treasury and Finance | 107        | 67        |
| <b>Total receivables</b>                              | <b>107</b> | <b>67</b> |

### 8 Payables

|   | 2018         | 2017         |
|---|--------------|--------------|
|   | \$           | \$           |
| Audit fee payable to the Auditor-General's Department | 6 300        | 6 200        |
| Other payables <sup>(1)</sup>                         | 531          | 521          |
| <b>Total payables</b>                                 | <b>6 831</b> | <b>6 721</b> |

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

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

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

### 9 Contingent liabilities

#### *Refunds of contributions*

Under Regulation 6(1) refunds of contributions paid in respect of Clare Valley grapes delivered during a prescribed period may be claimed by notice in writing to the Minister within the 12 months following that prescribed period.

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

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

**Minister for Primary Industries and Regional Development - Clare Valley Wine Industry Fund**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2018*

---

**10 Related party transactions**

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

**Key management personnel**

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

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

**11 Financial risk management / financial instruments**

**Liquidity / funding risk**

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

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

**12 Events after the reporting period**

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

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

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