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To the Minister for Primary Industries and Regional Development – South Australian Cattle 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 – South Australian Cattle 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 – South Australian Cattle 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 7 to the financial statements, pursuant to regulation 7 of the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015*, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund by each purchaser of a permanent identification device for cattle during the period. While there are adequate internal controls over contributions actually received, there are no procedures in place to ensure contributions received represent all permanent identification devices purchased for cattle during the period. Consequently, I am unable to express an opinion on

whether income recognised as contributions from industry of \$664 196 (\$587 055) 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:

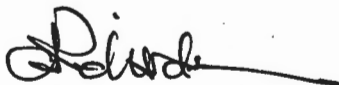
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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 – South Australian Cattle Industry Fund
Certification of Financial Statements
for the year ended 30 June 2018

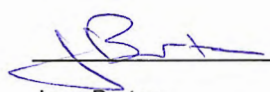
We certify that the attached general purpose financial statements for the Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund:

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

South Australian Cattle Industry Fund

Financial Statements

For the year ended 30 June 2018

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Expenses			
Projects	3	682 381	761 778
Employee benefits expenses	4	11 632	3 346
Refund of contributions		7 622	41 438
Supplies and services	6	4 580	1 557
Auditor's remuneration		10 100	9 900
Total expenses		716 315	818 019
Income			
Contributions from industry	7	664 196	587 055
Interest revenues		7 393	9 298
Total income		671 589	596 353
Net result		(44 726)	(221 666)
Total comprehensive result		(44 726)	(221 666)

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 – South Australian Cattle Industry Fund
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	8	370 584	448 389
Receivables	9	467	620
Total current assets		<u>371 051</u>	<u>449 009</u>
Total assets		<u>371 051</u>	<u>449 009</u>
Current liabilities			
Payables	10	10 900	44 132
Total current liabilities		<u>10 900</u>	<u>44 132</u>
Total liabilities		<u>10 900</u>	<u>44 132</u>
Net assets		<u>360 151</u>	<u>404 877</u>
Equity			
Retained earnings		360 151	404 877
Total equity		<u>360 151</u>	<u>404 877</u>

Total equity is attributable to the SA Government as owner.

Contingent liabilities 11

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

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund
Statement of Changes in Equity
for the year ended 30 June 2018

	Retained earnings	Total equity
	\$	\$
Balance at 30 June 2016	626 543	626 543
Net result for 2016-17	(221 666)	(221 666)
Total comprehensive result for 2016-17	(221 666)	(221 666)
Balance at 30 June 2017	404 877	404 877
Net result for 2017-18	(44 726)	(44 726)
Total comprehensive result for 2017-18	(44 726)	(44 726)
Balance at 30 June 2018	360 151	360 151

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 – South Australian Cattle Industry Fund
Statement of Cash Flows
for the year ended 30 June 2018

	2018 (Outflows) Inflows \$	2017 (Outflows) Inflows \$
Cash flows from operating activities		
Cash outflows		
Payments for projects	(682 381)	(761 778)
Refund of contributions	(41 074)	(7 986)
Payments for employee benefits	(11 632)	(3 346)
Payments for supplies and services	(4 560)	(4 576)
Auditor's remuneration	(9 900)	(8 500)
Cash used in operations	<u>(749 547)</u>	<u>(786 186)</u>
Cash inflows		
Contributions from industry	664 235	587 053
Interest received	7 507	9 667
Cash generated from operations	<u>671 742</u>	<u>596 720</u>
Net cash provided by / (used in) operating activities	<u>(77 805)</u>	<u>(189 466)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(77 805)</u>	<u>(189 466)</u>
Cash and cash equivalents at the beginning of the reporting period	448 389	637 855
Cash and cash equivalents at the end of the reporting period	<u>370 584</u>	<u>448 389</u>

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

Minister for Primary Industries and Regional Development – South Australian Cattle 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 South Australian Cattle Industry Fund (Fund) is established pursuant to the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015* (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*
- in the interest of public accountability and transparency, the Accounting Policy Statements require the disclosure of board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than direct out-of-pocket reimbursement.

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 – South Australian Cattle 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 Payroll Tax, Fringe Benefits Tax (FBT), and 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.

2 Objectives of the Fund

The Fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 July 2000. These Regulations were revoked on 14 May 2015. New Regulations, *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015* were issued on 14 May 2015 with minimal changes made.

The primary purposes of the Fund are to:

- undertake programs relating to cattle, cattle products or any other aspect of the cattle industry
- pay outstanding claims for compensation made or pending against the Cattle Compensation Fund under the repealed *Cattle Compensation Act 1939*
- pay the reasonable operating and management expenses of the relevant bodies representing cattle producers and the Cattle Advisory Group (CAG)
- pay the expenses of administering the Fund.

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund

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

3 Projects

	2018	2017
	\$	\$
National Livestock Identification System - Cattle	238 524	292 889
Livestock SA Contribution	198 288	198 288
Bovine Johnes Disease (BJD) Control	169 573	175 681
One Biosecurity Coordination	22 500	45 000
SA Dairy Industry Cross Commodity and National Issues	40 000	40 000
SA Cattle Advisory Group Executive Officer Services	8 496	7 920
SA Junior Heifer Expo Grant	2 500	2 000
SA Dairy Youth Development Program	2 500	-
Total projects	682 381	761 778

Regulations provide that the Fund may be applied for a number of specific purposes. The CAG acts as a consultative committee for the Fund and makes recommendations to the Minister on projects that should be sponsored for the benefits that they deliver to the industry. The recommendations are based on industry feedback and form the basis of the industry management plan that is reviewed annually.

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

All project funding paid by the Fund has been funding with conditional stipulations attached.

4 Employee benefits expenses

	2018	2017
	\$	\$
Mileage reimbursements	6 365	1 961
Board and committee fees and related on-costs	5 267	1 385
Total employee benefits expenses	11 632	3 346

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*.

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Remuneration of board and committee members

Members of the South Australian Cattle Advisory Group during the 2017-18 financial year were:

South Australian Cattle Advisory Group

T J Honner (Chair until 5 October 2017)
 K I Dennis (Deputy Chair until 5 October 2017) (term expired 30 June 2018)
 L F Cleggett (Chair from 5 October 2017)
 P Schulz (Deputy Chair from 30 October 2017) (term expired 30 June 2018)
 M R Carr *
 L S Fitzgerald *(term expired 30 June 2018)
 S Joppich
 H F E Keatley
 A Litchfield (term expired 30 June 2018)
 E K Matthews * (deputy member)
 B F W McHugh (deputy member)
 A S Pacitti (term expired 30 June 2018)
 M G Watters (deputy member) (term expired 30 June 2018)

**In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.*

The number of members whose remuneration received or receivable falls within the following bands:

	2018	2017
	\$	\$
\$0	6	8
\$1 - \$9 999	7	5
Total number of members	13	13

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$4 939 (\$1 272).

6 Supplies and services

	2018	2017
	\$	\$
Administrative and operating costs ⁽¹⁾	4 580	1 557
Total supplies and services	4 580	1 557

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

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund

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

7 Contributions from industry

Contributions payable to the Minister for payment into the Fund are made pursuant to Regulation 7.

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.

The Fund is entering into litigation with an authorised manufacturer of Permanent Identification Devices for amounts due to the Fund, in arrears for payment. At this point in time, the potential outcome of the proceedings cannot be reliably determined.

8 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.

9 Receivables

	2018	2017
	\$	\$
Accrued interest - Department of Treasury and Finance	467	581
Other trade debtors	-	39
Total receivables	467	620

10 Payables

	2018	2017
	\$	\$
Refund of contributions	-	33 452
Audit fee payable to the Auditor-General's Department	10 100	9 900
Other payables ⁽¹⁾	800	780
Total payables	10 900	44 132

⁽¹⁾ 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.

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

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

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund

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

11 Contingent liabilities

Refunds of contributions

Under Regulation 9(1) a person who has paid contributions during a financial year may, within the 12 months following that financial year, by notice in writing to the Minister, make a claim for a refund for those contributions.

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

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

12 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.

13 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.

14 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.