

Grain Industry Fund

Management Plan 2023-24 to 2027-28

Primary Industry Funding Schemes (Grain Industry Fund) Regulations 2012



Government
of South Australia

Grain Industry Fund Management Plan 2023-24 to 2027-28

Enquiries

Tamara Rohrlach
Department of Primary Industries and Regions (PIRSA)
GPO Box 1671, Adelaide SA 5001
Level 16, 25 Grenfell Street, Adelaide SA 5001
P: (08) 8429 0408
E: tamara.rohrlach@sa.gov.au

Further information:

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

Document History

Version	Date
Revised plan released for consultation	28 February 2023
Approved by Minister	17 April 2023
Presented at public meeting	16 May 2023 (TBC)

Objective ID: A5698436

Contents

Introduction	4
Estimate of contributions to the fund	5
Investment of the fund	6
Purposes of the fund	7
General Application of the Fund.....	8
Eligible activities	8
Ineligible activities	9
Funding guidelines.....	9
Eligible organisations	9
Application process.....	10
Application specifications	10
Operational plan	10
Application approval.....	11
Payment terms.....	12
Reporting requirements.....	12
Fund administration	13
Governance of the Fund	13
Grievances	13
Changing the contribution rate	13
Updating the management plan	14

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 maximize 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. The Department of Primary Industries and Regions (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 \$0.20 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.

This update continues the provision for a temporary additional \$0.11 per tonne supplementary rate established by further Ministerial Government Gazette Notice setting the rate at \$0.31 per tonne commencing 1 July 2021. The supplementary rate will apply until a target of \$1.66 million is achieved then revert to the \$0.20 per tonne rate commencing no later than 1 July of that year by a new Ministerial Government Gazette Notice.

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 and 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. The Act section 9 describes the requirements of a management plan.

This plan provides guidance to applicant 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 grower representative body (Grain Producers SA) has established grower support for a one-off temporary increase in the contribution rate to \$0.31 per tonne, comprising the general contribution of \$0.20 cents per tonne plus a supplement contribution of \$0.11 per tonne for the purpose of recovery of costs for the eradication of a recently detected biosecurity threat to the grains industry. The funds raised by the contribution supplement will be applied using Regulation 7(b) “payments for other purposes for the benefit of grain growers”.

The supplement contribution rate will come into effect from 1 July 2021 and will remain until the eradication cost target of \$1.66 million is recovered, estimated at two years depending annual crop production. Any collections above the eradication cost target will be retained in the fund and made available for the purposes of the fund.

The estimated contribution income for the most recent and 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 2023-24 is based on a portion of the total grain production estimate for the 2023-24 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.

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 2023-24 financial year.

Table 1 – Contribution Rates and Estimated Income

	Current 2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Estimated Grain Sales (\$)	10,800,000 ¹	7,100,000 ²	7,100,000	7,100,000	7,100,000	7,100,000
General Income						
Contribution Rate	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Estimated Income	\$2,160,000	\$1,420,000	\$1,420,000	\$1,420,000	\$1,420,000	\$1,420,000
Biosecurity Eradication Cost Supplement Contribution (Supplement contribution will cease on 1 July if target \$1.66 million reached³)						
Contribution Rate	\$0.11					
Estimated Income	\$1,190,000					
Total Estimated Income	\$3,348,000	\$1,420,000	\$1,420,000	\$1,420,000	\$1,420,000	\$1,420,000

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.

² Estimated purchases for subsequent years are based on average seasonal conditions and average grain production of the previous decade (A2800825)

³ Prescribed amount for grower contributions will be changed to \$0.20 per tonne by Ministerial Notice in the Gazette on reaching the \$1.66 million target for the lens snail eradication cost recovery. Collection of supplement contributions will likely exceed the target by the time the Gazetteal comes into effect. (eA194083)

Investment of the fund

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

Contributions are invested in an interest-bearing account in accordance with the Department of Treasury and Finance. Interest paid on monies held is treated as income to the fund consistent with the Regulations.

Any balance not immediately required for the purposes of the fund will be retained in the fund and interest earned deemed as an investment consistent 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.

Biosecurity Threat Eradication Costs

This section is only for funds applied under regulation 7(b) for biosecurity costs paid with supplementary contributions.

The Minister and Grain Producers SA (as the body recognised by the Minister in the application of this fund to represent the grain growers of South Australia) have agreed to an increase in contributions (supplement rate) for the one-off purpose of recovering costs for eradicating a biosecurity threat to the grains industry.

The Minister will apply the additional funds raised by the supplementary rate of \$0.11 per tonne for the purpose of application regulation 7(b) “payments for other purposes for the benefit of grain growers”.

Payments from the fund to the Department of Primary Industries and Regions (PIRSA) to recover the total biosecurity threat eradication cost of \$1.66 million will be made in annual instalments (or other agreed schedule) of up to \$830,000¹ reflecting the supplementary contributions received during the financial year.

On making a payment from the fund for this purpose, a payment statement will be provided to Grain Producers SA Ltd to show the progress payment made and the remaining balance of the eradication cost target of \$1.66 million².

¹ Original estimation was that \$1.66m would be paid over 2 years = \$830,000 per annum

² Biosecurity SA as the project manager to provide statement via PIRSA Office of the Chief Executive, to GPSA

General Application of the Fund

The following section and Funding Guidelines are relevant only to applications in accordance with Regulation 7(a).

Eligible activities

This management plan further defines the scope of eligible activities to include those identified by grain growers in the consultations for this management plan. The following eligible activities that comply with the legislated applications of the fund (Regulation 7 prescribed activities) which may be included in the applicant organisation's operational plan funded 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.
- Regional, state or national fees for affiliation of the applicant organisation to 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. E.g. infrastructure, biosecurity, regulatory reform, 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 fund contributors including the publication or dissemination of project outcomes to the fund contributors.

Ineligible activities

- 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 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 eligible to receive a payment from the fund if the 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 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 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. Can 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 may have an ABN 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 statewide 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 extended 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 as well as a 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. Processes to deal with any concerns raised by contributors to the fund transparently and promptly.
- 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 PIRSA using the enquiry details on page 2 of this management plan early in the development stages of the application.

An application for funding is to be received by the Minister for Primary Industries and Regional Development 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, minus an amount sufficient to cover audit and administrative costs plus an allowance for any refunds in accordance with the Regulation 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 eligible organisation may be made in accordance with the schedule in Table 2, and in line with any other requirements placed on the agreement by the Minister.

The amount of any payment will not exceed the available balance of the fund at the time, less an amount not less than \$35,000, which is considered sufficient to cover audit and administrative costs plus an allowance for any refunds to contributors in accordance with Regulation 7(d).

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

If 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.

Table 2 – Payment Schedule

	July ³	October	January	April
Percentage of approved annual payment	25%	25%	25%	25%

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 (January payment condition),
- 7 February (April payment condition) and
- 7 May (July payment condition) each year

A detailed annual report is to be submitted by

- 14 September (October payment condition).

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.

³ July instalment is payable no earlier than 1 July and within 45 days of the eligible organisation signing and returning an acknowledgement of the Minister's approval and any associated conditions, and receipt of the May quarterly report for the previous financial year.

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

The Act section 9 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 be posted on the PIRSA website to meet the requirement of section 9(7) of the Act, in a manner permitted by section 8(3) of the [Legislation Interpretation Act 2021](#), which provides for the 'inclusion of digital material'.

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 (annual routine update)	
Timing (estimate)	Activity
October / December	PIRSA incorporate comments and update management plan for next financial year.
January / February	Consultation on revised draft management plan for new financial year and Minister approval.
February / March /April	Advertise and conduct public meeting to present management plan.