

Grain Industry Fund

PRIMARY INDUSTRY FUNDING SCHEMES
(GRAIN INDUSTRY FUND) REGULATIONS 2012

MANAGEMENT PLAN 2017-18 TO 2021-22



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Introduction

The *Primary Industry Funding Schemes Act 1998* was established to provide South Australian primary industries with a legislative based ability to raise funds within their sector to fund activities that support the sector.

Section 4 of the *Primary Industry Funding Schemes Act 1998* allows the Governor to make regulations establishing a fund for a particular primary industry sector. All existing regulations under the Act are administered by the Minister for Primary Industries and Regional Development which ensures appropriate accountability for the application of funds to functions and activities of industry benefit. The Minister is required to report annually to Parliament on the operation of the fund and its accounts.

Primary Industries and Regions SA (PIRSA) acts as the Minister's agent for the administration of these funds.

The Grain Industry Fund (the fund) is established by the *Primary Industry Funding Schemes (Grain Industry Fund) Regulations 2012* (regulations) which came into effect on 1 March 2012.

Contributors to the fund are the grain growers. The grain grower contribution rate is set in the regulations, the initial rate being 5 cents per tonne of grain to be deducted by the first purchaser of grain from the payment to the grower and forwarded to the Minister for investment in the fund.

Collection agents are the bodies authorised by regulation to deduct the contributions from contributors and forward them to the Minister to be paid into the fund account. Collection agents for this fund are the purchasers of grain.

Grain growers may seek a refund of their contributions. If a refund is paid, the grower is in default of the scheme and is not entitled to receive benefits or services from the fund.

The fund may be applied to make payments to a body or bodies that in the opinion of the Minister represent grain growers, to be applied for the prescribed purposes defined by regulation 7 and in this management plan. These purposes ensure that the fund is used for the benefit of contributors to the fund.

This management plan should be read in conjunction with the Act and the regulations, which are available at www.legislation.sa.gov.au. The management plan helps the fund contributors to understand how their contributions are to be used for their benefit.

Section 9 of the Act describes the requirements of a management plan.

This management plan has been developed in consultation with the grains industry in accordance with the *Primary Industry Funding Schemes Act 1998*. It covers a five-year period and must be updated at least once annually, but may be updated at any time by the administrator of the fund. Importantly, this plan provides guidance to grains industry organisations on the types of activities that may be approved and how funding applications are assessed. It outlines how the contribution rate may be varied, and the consultation process that will be undertaken to review the plan each year.

Estimate of contributions to the fund

The contribution rate for this fund is prescribed by regulation 5, which also permits rate changes to some other amount specified by a Ministerial Notice in the South Australian Government Gazette. The current contribution rate prescribed by Notice dated of 15 November 2012 is set at \$0.20 per tonne for all South Australian grown grain sold on or after 22 November 2012.

The estimated contribution income for the coming 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 2017-18 is based on a portion of the total grain production estimate for the 2017-18 production season. Estimated purchases for subsequent years are based on average seasonal conditions and average grain production. The actual amount of income to the fund will vary according to seasonal conditions which cannot be predicted.

Table 1 Estimated contribution income to the fund

Financial year	2017-18	2018-19	2019-20	2020-21	2021-22
Contribution rate per tonne	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Estimated grain sales (tonnes)	5,300,000	5,700,000	5,700,000	5,700,000	5,700,000
Estimated income	\$1,060,000	\$1,140,000	\$1,140,000	\$1,140,000	\$1,140,000

A change to the contribution rate is not anticipated.

The 20 cents per tonne contribution is collected by the first purchaser of the grain as a deduction from the payment due to the grower. The regulations require the purchaser to remit the contribution into the fund 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.

Investment of the fund

PIRSA administers the financial operations of the fund on behalf of the Minister for Primary Industries and Regional Development and in accordance with the regulations.

Contributions are held in a separate interest bearing account at the Department of Treasury and Finance. Interest is paid quarterly on monies held, and is treated as income to the fund in accordance with the regulation 4(3)(b).

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

Application of the fund

The fund is to be applied according to 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.*

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

1. Advocacy, policy setting and decision making for the grain industry.
2. Delivery of information and education programs aimed at improving the efficiency and effectiveness of the grain industry.
3. Delivery of programs designed to foster communication and cooperation between grain growers and other persons associated with the grain industry.
4. Fees for affiliation of the applicant organisation with regional, state or national grain or agriculture industry bodies.
5. Grain industry promotional activities including industry field days, conferences and other relevant events. Associated support and development costs can be included.
6. 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.

7. 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).
8. Reasonable operating and management expenses including the remuneration of directors, management and staff.
9. Reasonable operating expenses associated with these approved and funded activities.
10. 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.
11. Representation of the industry on critical issues and contributing to government policy in e.g. infrastructure, biosecurity, regulatory reform and compliance and industry development.
12. 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).
13. The collection and dissemination of information relevant to the grain industry to the fund contributors including the publication or dissemination of project outcomes to the fund contributors.

Ineligible activities

Activities that will not be funded are:

1. Commercial activities such as grain trading or speculative investments, with a speculative investment defined as the act of trading in an asset or conducting a financial transaction that has a significant risk of losing most or all of the initial outlay in expectation of a substantial gain.
2. 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.
3. Retrospective activities undertaken prior to execution of a funding agreement.

Funding guidelines

Eligible organisations

An applicant organisation may be considered to be eligible to receive a payment from the fund if that organisation is "a body that, in the opinion of the Minister, represents grain growers".

An applicant organisation that satisfies the following criteria may be considered to be eligible to receive a payment from the fund:

1. Has both the capability and the capacity to provide strong representation and advocacy for the benefit of all the fund contributors which is consistent with the organisation's objectives.
2. Has a clearly defined process for gathering and reporting on issues that impact on the fund contributors.
3. Has an effective system for communicating with all the fund contributors who may or may not be members of the applicant organisation, for the purposes of consulting with fund contributors and reporting back to the fund contributors.
4. Is able to demonstrate strong industry leadership.
5. Provides the opportunity for all the fund contributors to join and subsequently to democratically elect the members of its governing body.
6. Is a legal entity that is not for profit although may engage in commercial activities to support its core activities which has an ABN and is registered for GST.
7. Can demonstrate that it has a substantial number of the fund contributors as members.
8. Can clearly demonstrate that it is a State wide organisation that is not just representing a particular geographic area or segment of the industry.
9. Is able to provide a detailed operational plan, in support of its application to the fund, which may outline projects requiring funding continuity for longer timeframes (e.g. funding for a three or four-year project).
10. Has sound principles for organisational governance and management including:
 - a. Clearly demonstrated integrity and transparency in its operations.
 - b. A robust governance model including an up to date Strategic Plan and Business Plan for the organisation.
 - c. An Annual General Meeting that is open to all the fund contributors.
 - d. A robust model for managing advances from the fund and for reporting on the expenditure of monies received.
 - e. The capability to comply with the reporting requirements detailed in this management plan.
 - f. A process to transparently and promptly deal with any concerns raised by contributors to the fund.

The organisation may also have demonstrated industry linkages and networks including affiliations with relevant industry organisations locally and nationally.

Applying for funding

Application process

Applications for payments from the fund will be called for in March each year when the size of the fund can be reasonably estimated. Promotional activity will be undertaken to ensure potential applicants are aware that applications are being called for.

The Minister will assess applications in line with the framework detailed in this management plan in April of each year.

Successful applicants will be advised no later than June each year with monthly payments commencing in July, subject to the applicant meeting its quarterly reporting obligations in November, February and May with final report of each year provided by 14 September as detailed in this management plan.

Under extenuating circumstances, the Minister at their discretion may consider extraordinary applications for funds outside this schedule for substantial unforeseen eligible activities. An extraordinary application follows the same “Application” process as identified above. The Minister may approve an extraordinary application for funds providing the amount available to make the additional payments will not exceed the available balance of the fund, less an amount sufficient to cover audit and administrative costs plus an allowance for any refunds in accordance with the regulations Section 7.

Application specifications

Applicant organisations must submit an application in writing that:

1. Provides a covering letter of application to the Minister for Primary Industries and Regional Development summarising key aspects of the proposal, amount of funds applied for and attaching the operational plan.
2. The operational plan must address each plan element as detailed below. The operational plan may include project elements or activities where ongoing or multiple year projects are proposed and budgeted for up to five years.
3. The application may attach evidence on how the functions and activities proposed in the operational plan are aligned to the requirements of the fund contributors (established by consultation or survey) or any other supporting supplementary information.

Operational plan

The operational plan contains the following:

1. Evidence that the applicant organisation satisfies the eligibility criteria detailed in this management plan by providing (or attaching relevant documents):
 - a. The organisation's vision, mission and values which must align to the identified requirements of the fund contributors.
 - b. Details of the applicant organisation's governance and management structure.
 - c. Details of who will have the primary responsibility for managing the payment monies within the applicant organisation.
 - d. Details of the applicant organisation's accounting and audit policies and procedures.
 - e. Details of the applicant organisation's risk management strategy including relevant insurance policy details and financial statements which support the ongoing financial viability of the organisation.
2. A detailed proposal articulating the activities limited to those detailed in this management plan as eligible activities, for which funding is being sought.
 - a. 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. Budgeted cost
 - b. Evidence of alignment of the proposed activities to the requirements of the fund contributors may be included in the application as an attachment.
 - c. Specific Key Performance Indicators (KPIs) with timelines must be included as these will form the basis against which the organisation's performance is measured and payment monies approved for payment.
- 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.

The applicant organisation may, in addition to employing its own managers and staff, engage specialist consultants and contractors to undertake the approved activities.

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.

Payments to fund recipients

Payments from the fund to the successful applicant organisation may be made monthly in accordance with the schedule in Table 2. The amount available for payments will not exceed the available balance of the fund, less an amount not less than \$30,000 which is deemed sufficient to cover audit and administrative costs plus an allowance for any refunds to contributors in accordance with regulation 7(d).

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

Approval by the Minister for payment of monies from the fund to fund the operational plan from the applicant organisation is deemed to be an agreement between the Minister and the applicant organisation that the applicant will comply with the regulations and this management plan.

Acceptance of the payments from the fund and associated conditions for compliance with regulations and management plan will require return of an endorsed and witnessed acknowledgement provided with the application approval from the Minister.

Reporting requirements

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

Quarterly reports are to be submitted to the Minister by 7 November, 7 February and 7 May each year with a detailed annual report to be submitted by 14 September, including a simple statement of acquittal of funds provided by the organisation's auditor or accountant.

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
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.

Process for changing contribution rate

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

A variation to the rate may only be made following consultation with the industry, expected to be coordinated through Grain Producers SA Ltd as the current recognised grain grower representative body in South Australia or any successor organisation to Grain Producers SA Ltd which in the opinion of the Minister represents grain growers. Acceptable evidence of support for an increase in the contribution rate is to include results of any grain grower survey held for the purpose and may include outcomes of any other consultation with industry.

An industry body may write to the Minister recommending the contribution rate be increased, but contribution rate changes should be made at a time allowing sufficient notice to grain purchasers prior to grain harvest and certainly not during grain harvest.

Process for reviewing the management plan

Promotional activity will be undertaken in the first week of September each year advising the fund contributors that submissions are being sought to modify the management plan. Applicant organisations may also advise their members that submissions are being sought.

Submissions must be in writing and lodged with PIRSA by the first week of October each year.

PIRSA will assess submissions and the draft updated plan will be posted on the PIRSA website by the last week of October each year with the fund contributors invited to comment on the updated plan by the end of the second week of November each year.

Feedback will be assessed by PIRSA with recommendations made to the Minister for changes to the plan by the end of November each year.

The amended management plan will then be finalised and endorsed as meeting the requirements of the Act by the Minister. A public meeting which can be attended by all fund contributors will then be held by the end of March to present the plan with this meeting being advertised and facilitated by PIRSA. The management plan will be posted on the PIRSA website at the time of the public meeting.

The Act section 9(6) allows the Minister as Administrator of the fund to cause a revision and update of the management plan at any time. An extraordinary amendment of the management plan will be drafted and consulted similarly to the annual revision and update of the management plan.

The management plan will be available from the PIRSA website. Table 2 shows the recommended timeframe for activities relating to the management of the fund. Timings may be varied in accordance with industry or government requirements.

Table 2 Annual management plan review and funding cycle

Timeline	Action
July	First monthly payment of annual funding provided to successful payment applicants.
August	PIRSA initiates review of the management plan. Second monthly payment.
September	GPSA AGM (or other appropriate grain grower meeting) seeking endorsement of recommended changes to the contribution rate to be put to the Minister for consideration after presentation of evidence of grain grower support (e.g. by survey). Discussion/ consultation on changes to the management plan to amend the management plan. Individual fund contributors may also lodge submissions. Third monthly payment.
October	Organisations intending to apply for funds are recommended to commence preparation of an operational plan for inclusion in an application*. Fourth monthly payment of annual funding provided to successful payment applicants subject to submission of the final Annual Report and fund acquittal statement for the previous financial year's program, due 14 September.
November	Fifth monthly payment of annual funding provided to successful payment applicants subject to submission of the first quarterly progress report Due 7 November.
December	Amended management plan lodged with the Minister by the end of December each year. Sixth monthly payment.
January	Seventh monthly payment.
February	Eighth monthly payment of annual funding provided to successful payment applicants subject to submission of the second quarterly progress report due 7 February.
March	The amended management plan, endorsed by the Minister is presented at a public meeting which can be attended by all fund contributors. The public meeting is to be held with meeting notice advertised at least 2 weeks prior and facilitated by PIRSA. The plan is posted on the PIRSA website at the time of the meeting. Applications for payments from the fund called for based on the then current management plan. Ninth monthly payment.
April	Fund applications supported by operational plans submitted and assessed by the PIRSA and recommendations made to the Minister. Tenth monthly payment.
May	Eleventh monthly payment of annual funding provided to successful payment applicants subject to submission of the third quarterly progress report due 7 May.
June	Successful payment applicants notified. Final monthly payment of annual funding.

* It is expected that prospective applicant organisations will commence development of operational plans in October each year for lodgement in April of the following year with successful applicants receiving notification in June. Payments will commence in July.