

McLaren Vale Wine Industry Fund

2019-20 Annual Report

Introduction

The *Primary Industry Funding Schemes Act 1998* was established to provide South Australian primary industries with a legislatively based ability to raise funds within their sector to fund projects and services for the benefit of their sector.

Section 4 of the Act allows the Governor to make regulations establishing a fund for a particular sector of primary industry. All funds are administered by the Minister for Primary Industries and Regional Development.

This is the McLaren Vale Wine Industry Fund Annual Report for the year ended 30 June 2020, prepared under section 11 of the Act.

Overview

The McLaren Vale Wine Industry Fund is established by the *Primary Industries Funding Schemes (McLaren Vale Wine Industry Fund) Regulations 2017*.

The contribution rates for this fund are outlined in regulation 5 and are as follows:

Grower contribution rate	\$8.70 per tonne
Winemaker contribution rate (purchased grapes)	\$11.70 per tonne
Winemaker contribution rate (own grapes)	\$11.70 per tonne
Maximum grower or winemaker contribution	\$33,075

Contributors may seek a refund of their contributions as provided for in regulation 5.

The purposes for which the fund can be applied by the Minister are outlined in regulation 6. Payments from the fund may be made to a body that, in the opinion of the Minister, represents both growers and winemakers of McLaren Vale grapes.

Operation of the fund

Primary Industries and Regions SA manages the operations of the fund on behalf of the Minister.

The fund management plan current for the year ended 30 June 2020 was prepared in accordance with section 9 of the Act. The plan was presented at a public meeting held on 19 September 2019 and was publicly available on the PIRSA website. It is attached to this report.

One application was received from the McLaren Vale Grape Wine and Tourism Association. This application met the requirements of the regulations and was approved by the Minister.

Where requested, refunds of contributions were paid in accordance with regulation 5.

In accordance with regulation 6(c), the fund was also applied to administration expenses.

The fund accounts for the year ended 30 June 2020 have been audited by the Auditor-General's Department. The audited financial statements and audit report are attached.



Michelle Edge
CHIEF EXECUTIVE

26/2/2021

McLaren Vale Wine Industry Fund

Primary Industry Funding Schemes (McLaren Vale Wine Industry Fund Regulations) 2017

Management Plan 2019-20 to 2023-24



Government
of South Australia

Enquiries

Ben Timmis

Agriculture, Food and Wine

Primary Industries and Regions SA (PIRSA)

P: (08) 8429 0663

E: ben.timmis2@sa.gov.au

Further information:

https://pir.sa.gov.au/food_and_wine/wine/wine_industry_funds

Document control

Version	Date
Reviewed	14 June 2019
Draft plan for consultation	5 July 2019
Presented at public meeting	19 September 2019

Objective ID: A4062446

Contents

- Introduction 4
- Estimate of contributions to the fund 5
- Investment of the fund 6
- Purposes of the fund..... 6
- Payments from the fund..... 7
 - Eligible organisation..... 7
 - Amount available for payment 7
 - Application process..... 7
 - Application approval 7
 - Payment terms..... 8
 - Reporting requirements 8
- Updating the management plan 8

Introduction

The [Primary Industry Funding Schemes Act 1998](#) (the Act) provides South Australian primary industries with a legislative based ability to raise funds within their sector to fund activities that support the sector.

Section 4 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) is the Administrator for all the funds, which ensures appropriate accountability for the application of funds for the benefit of those industries. Primary Industries and Regions SA (PIRSA) manages the operations of the funds for the Minister. The Minister is required to report annually to Parliament on the operation of each fund and its accounts.

The McLaren Vale Wine Industry Fund is established by the [Primary Industry Funding Schemes \(McLaren Vale Wine Industry Fund\) Regulations 2017](#) ('the regulations').

Contributions are payable at the rate prescribed in the regulations. McLaren Vale winemakers and growers of McLaren Vale grapes contribute to the fund. Grape grower contributions are collected by the winemaker as a deduction from the payment made by the winemaker to a grower. Winemakers are responsible for paying contributions on their own behalf. Winemakers are required to remit all contributions to the Minister on or before 30 June each year.

Contributors may seek a refund of their contributions. If a refund is paid to a contributor, they are deemed to be 'in default' and not entitled to receive direct benefits or services funded by payments from the fund.

Payments are made from the fund for purposes defined in regulation 6.

This management plan has been developed in consultation with the body that represents the contributors to the fund. It covers a five-year period and must be revised annually, but may be updated at any time by the administrator of the fund.

Estimate of contributions to the fund

The regulations require growers of McLaren Vale grapes and winemakers that process McLaren Vale grapes to contribute to the fund.

Grape grower contributions are collected by the winemaker as a deduction from the payment made by the winemaker to a grower.

The winemaker is required to pay a 'winemaker contribution' on their own grapes and 'other persons' grapes processed into wine. A maximum contribution applies to grape growers and winemakers.

The contribution rates are set in regulation 5 and are described in Table 1. The regulations have only established rates as far as the prescribed period ending 31 May 2023. The regulations will need to be varied no later than September 2023 to introduce contribution rates for the 2024 vintage.

The regulations require winemakers to pay all contributions to PIRSA by 30 June each year.

Table 1: Contribution rates

Prescribed period (to 31 May of each year)	2018-19 2019 vintage	2019-20 2020 vintage	2020-21 2021 vintage	2021-22 2022 vintage	2022-23 2023 vintage	2023-24 2024 vintage
Grower contribution rate	\$8.30	\$8.70	\$8.70	\$9.20	\$9.20	Rates to be set when regulations are varied no later than September 2023
Winemaker rate (own grapes)	\$11.00	\$11.70	\$11.70	\$12.20	\$12.20	
Winemaker rate (purchased grapes)	\$11.00	\$11.70	\$11.70	\$12.20	\$12.20	
Maximum contribution for a McLaren Vale grape grower or winemaker	31,500	\$33,075	\$33,075	\$34,730	\$34,730	

The estimate of the contributions (income received into the fund) is shown in Table 2. These estimates are based on the historical performance of the fund and production statistics from the SA Winegrape Crush Survey, prepared by Wine Australia. They are intended to provide a guide for budgeting purposes only. Actual contributions will vary depending on seasonal conditions.

An estimate of contributions likely to be received into the fund from the 2019 vintage is provided in Table 2 to inform the amount available for payment to industry in 2019-20.

Table 2 Estimated contributions into the fund

Financial Year	2018-19 2019 vintage	2019-20 2020 vintage	2020-21 2021 vintage	2021-22 2022 vintage	2022-23 2023 vintage	2023-24 2024 vintage
Total estimated tonnes	40,000	52,000	52,000	52,000	52,000	52,000
Total est. contributions	\$600,000	\$795,000	\$795,000	\$835,000	\$835,000	Refer Table 1

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 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 regulation 4(3)(c).

Purposes of the fund

Regulation 6 outlines the purposes for which payments from the fund may be made:

6—Application of 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 both McLaren Vale grapes winemakers and growers of McLaren Vale grapes for one or more of the following purposes:
 - (i) the reasonable operating and management expenses of the body;
 - (ii) promoting the McLaren Vale wine industry;
 - (iii) undertaking or facilitating research and development, or the collection and dissemination to McLaren Vale grapes winemakers and growers of McLaren Vale grapes of information, relevant to the McLaren Vale wine industry and, in particular, to the improvement of practices in the industry;
 - (iv) programs designed to encourage communication and cooperation between McLaren Vale grapes winemakers and growers of McLaren Vale grapes;
 - (v) other purposes of the body;
- (b) payments for other purposes for the benefit of the McLaren Vale wine industry;
- (c) payment of the expenses of administering the Fund;
- (d) repayment of contributions to the Fund under regulation 5.

Payments from the fund

Eligible organisation

An eligible organisation is a body which, in the opinion of the Minister, represents both 'McLaren Vale grapes winemakers and growers of McLaren Vale grapes'.

Amount available for payment

The amount available for payment from the fund depends on the amount of contributions received from the previous vintage, and will vary from year to year depending on seasonal conditions.

The amount available is informed by:

- the latest crush estimate of the previous vintage to estimate the total amount of contributions expected;
- contributions received by 30 June from winemakers which have remitted contributions within the timeframes specified in the regulations;
- an estimate of late contributions yet to be paid by winemakers;
- an estimate of refunds based on historical trends; and
- an estimate of administration costs.

Application process

The eligible organisation should contact the Responsible Officer (see page 2) about preparing an application to receive a payment from the fund. The application should be in the form of a letter to the Minister which:

- confirms the organisation represents grape growers and wine makers of the region;
- requests a payment from the fund;
- attaches an operational plan, which includes for each activity:
 - a brief description and its intended outcome;
 - alignment to a purpose (regulation 6(a)); and
 - the budgeted cost.

Application approval

Approval for payment from the fund to the eligible organisation is deemed to be an agreement with the Minister that the eligible organisation will undertake the activities outlined in the operational plan, and comply with any requirements in the regulations and this management plan.

The organisation will be required to sign and return an acknowledgement of these conditions, provided with the letter of approval from the Minister, prior to payment being made.

Payment terms

Payments from the fund to the eligible organisation may be made in accordance with the schedule in Table 3. The amount of any payment will not exceed the available balance of the fund at the time, less an amount which is considered sufficient to cover audit and administrative costs plus an allowance for any refunds to contributors.

Table 3 Proposed schedule of payments from the fund

	Within 30 days of approval	November	June
Percentage of total annual payment	60%	20%	20%

Reporting requirements

The eligible organisation is to provide PIRSA with a report within one month of the end of the financial year, detailing the benefits and services funded with the payment from the fund and a statement of acquittal, demonstrating that all monies were expended in accordance with the application for payment.

Updating the management plan

The management plan covers a period of five years and must be updated annually. A draft of the updated management plan will be provided to the eligible organisation and placed on the PIRSA website for industry consultation.

The updated management plan will be presented at a public meeting, which will be advertised and facilitated by PIRSA.

The updated management plan will then be placed on the PIRSA website to meet the requirements of section 9 (7) of the Act, in a manner permitted by section 51 of the [Acts Interpretation Act 1915](#), which provides for 'production of records kept by computer or other process.'

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000

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 – McLaren Vale Wine Industry Fund

Qualified opinion

I have audited the financial report of the Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund (the fund) for the financial year ended 30 June 2020.

In my opinion, except for the effects of the possible 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 – McLaren Vale Wine Industry Fund as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive, 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 Acting Chief Financial Officer, Department of Primary Industries and Regions.

Basis for qualified opinion

As referred to in note 2.1 to the financial statements, pursuant to regulation 5 of the Primary Industry Funding Schemes (McLaren Vale Wine Industry Fund) Regulations 2017, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund for each tonne of McLaren Vale grapes delivered to a McLaren Vale 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 \$540 306 (\$614 066) 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 (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 relevant 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 entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund for the financial year ended 30 June 2020.

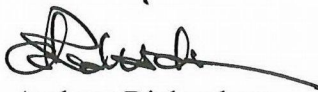
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive 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

18 January 2021

**Minister for Primary Industries and Regional
Development**

McLaren Vale Wine Industry Fund

Financial Statements

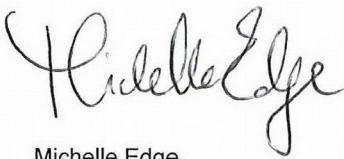
For the year ended 30 June 2020

Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund
Certification of Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Minister for Primary Industries and Regional Development – McLaren Vale 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 McLaren Vale Wine Industry Fund
- present a true and fair view of the financial position of the McLaren Vale Wine Industry Fund as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Minister for Primary Industries and Regional Development – McLaren Vale 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.



Michelle Edge
Chief Executive
Department of Primary Industries and Regions
For and on behalf of the Minister for Primary Industries and Regional Development
Per authorisation dated 17 November 2020
13 January 2021



Mark Williams
Acting Chief Financial Officer
Department of Primary Industries and Regions
13 January 2021

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Statement of Comprehensive Income
for the year ended 30 June 2020

		2020	2019
	Note	\$	\$
Income			
Contributions from industry	2.1	540 306	614 066
Resources received free of charge	2.2	8 381	-
Interest		1 823	5 385
Total income		550 510	619 451
Expenses			
Transfers to industry	4.1	532 800	758 000
Refund of contributions		7 887	29 424
Supplies and services	4.2	8 381	8 889
Auditor's remuneration		6 600	6 500
Total expenses		555 668	802 813
Net result		(5 158)	(183 362)
Total comprehensive result		(5 158)	(183 362)

The accompanying notes form part of these financial statements.

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

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	5.1	475 105	423 220
Receivables	5.2	101 290	309
Total current assets		576 395	423 529
Total assets		576 395	423 529
Current liabilities			
Payables	6.1	6 600	117 040
Total current liabilities		6 600	117 040
Total liabilities		6 600	117 040
Net assets		569 795	306 489
Equity			
Retained earnings		569 795	306 489
Total equity		569 795	306 489

The accompanying notes form part of these financial statements.

Total equity is attributable to the SA Government as owner.

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings	Total equity
	\$	\$
Balance at 30 June 2018	489 851	489 851
Net result for 2018-19	(183 362)	(183 362)
Total comprehensive result for 2018-19	(183 362)	(183 362)
Balance at 30 June 2019	306 489	306 489
Changes in accounting policy on adoption of AASB1058	268 464	268 464
Adjusted balance at 1 July 2019	574 953	574 953
Net result for 2019-20	(5 158)	(5 158)
Total comprehensive result for 2019-20	(5 158)	(5 158)
Balance at 30 June 2020	569 795	569 795

The accompanying notes form part of these financial statements.

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

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Statement of Cash Flows
for the year ended 30 June 2020

	2020	2019
	Inflows (Outflows) \$	Inflows (Outflows) \$
Cash flows from operating activities		
Cash inflows		
Contributions from industry	707 493	614 066
Interest received	2 120	5 570
Cash generated from operations	709 613	619 636
Cash outflows		
Transfers to industry	(642 800)	(648 000)
Refund of contributions	(7 887)	(29 424)
Payments for supplies and services	(541)	(8 879)
Auditor's remuneration	(6 500)	(6 300)
Cash used in operations	(657 728)	(692 603)
Net cash provided by / (used in) operating activities	51 885	(72 967)
Net increase / (decrease) in cash and cash equivalents	51 885	(72 967)
 Cash and cash equivalents at the beginning of the reporting period	 423 220	 496 187
 Cash and cash equivalents at the end of the reporting period	 475 105	 423 220

The accompanying notes form part of these financial statements.

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1. About the McLaren Vale Wine Industry Fund

The McLaren Vale Wine Industry Fund (the Fund) is established pursuant to the *Primary Industry Funding Schemes (McLaren Vale Wine Industry Fund) Regulations 2017* (Regulations), administered by the Minister for Primary Industries and Regional Development and is controlled by the Crown. The Department of Primary Industries and Regions (PIRSA) provides administrative support services to the Fund.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards with reduced disclosure requirements.

For the 2019-20 financial statements the Fund adopted AASB 15 – *Revenue from Contracts with Customers* and AASB 1058 – *Income of Not-for-Profit Entities*. Further information is provided in note 7.

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

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

The Fund has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Fund is a not-for-profit entity.

The Fund is not subject to Income Tax. The Fund is liable for Goods and Services Tax (GST). GST collections and payments are carried out by PIRSA on behalf of the Fund. GST in relation to the Fund is reported in the PIRSA Controlled Financial Statements.

1.2. Objectives of the Fund

The Fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 5 June 2003. These Regulations were revoked on 12 December 2017. New Regulations *Primary Industry Funding Schemes (McLaren Vale Wine Industry Fund) Regulations 2017* were issued on 12 December 2017 with minimal changes.

The primary purposes of the Fund are to:

- promote the McLaren Vale wine industry
- undertake research and development and improve practices in the industry
- encourage communication and cooperation between participants in the McLaren Vale wine industry.

1.3. Impact of COVID-19 pandemic on the Fund

The COVID-19 pandemic has not had a material impact on the operations of the Fund in 2019-20, except the Fund received support as disclosed in note 2.2.

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2020

2. Income

2.1. 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).

2.2. Resources received free of charge

	2020	2019
	\$	\$
Resources received free of charge	8 381	-
Total resources received free of charge	8 381	-

The cost of PIRSA's administration services were not charged to the Fund in 2019-20 to reflect government support for the financial hardship being experienced by the wine sector mainly in relation to drought and bushfire impacts as well as COVID-19 restrictions. Resources received free of charge are recorded at their fair value.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Fund includes the Minister for Primary Industries and Regional Development 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 Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

There were no transactions with key management personnel and other related parties entered into by the Fund.

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Expenses

4.1. Transfers to industry

	2020	2019
	\$	\$
McLaren Vale Grape Wine and Tourism Association	532 800	758 000
Total transfers to industry	532 800	758 000

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.

4.2. Supplies and services

	2020	2019
	\$	\$
Administrative and operating costs ⁽¹⁾	8 381	8 889
Total supplies and services	8 381	8 889

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

5. Financial assets

5.1. Cash and cash equivalents

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

5.2. Receivables

	2020	2019
	\$	\$
Accrued interest - Department of Treasury and Finance	13	309
Receivables – Contributions from Industry	101 277	-
Total receivables	101 290	309

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2020

6. Liabilities

6.1. Payables

	2020	2019
	\$	\$
Audit fee payable to the Auditor-General's Department	6 600	6 500
McLaren Vale Grape Wine and Tourism Association	-	110 000
Other payables	-	540
Total payables	6 600	117 040

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.

7. Changes in accounting policy

7.1. AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

AASB 15 *Revenue from Contracts with Customers* requirements are effective for annual reporting periods beginning on or after 1 January 2019.

Impact on retained earnings

The Fund does not have any contract with customers to be recognised under AASB 15, therefore there is no impact on retained earnings.

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.2. AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners

By adopting AASB 1058, the Fund recognises contributions as revenue when information becomes available to the Fund regarding contributions due for the prescribed period. The corresponding asset is a statutory receivable under AASB 9.

Previously the fund recognised revenue when contributions were received.

Impact on retained earnings

The total impact on the Fund's retained earnings as at 1 July 2019 is as follows

	\$
Closing retained earnings 30 June 2019	306 489
<u>Assets</u>	
Receivables – Contributions from Industry	268 464
Opening retained earnings 1 July 2019	574 953

Accounting policies on transition

The Fund has adopted AASB 1058 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The Fund has on transition recognised the cumulative effect of initially applying AASB 1058 as an adjustment to the opening balance of retained earnings as at 1 July 2019. As a result, comparative information has not been restated.

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.3. Effects on financial statements from AASB 15 and AASB 1058

The following tables show the effects of adopting AASB 15 and AASB 1058 on the Fund's financial statements for the year ending 30 June 2020.

Statement of Comprehensive Income

For the year ended 30 June 2020

			Adjustments	Adjustments	Balances without
		As reported	AASB 15	AASB 1058	adoption of AASB 15
	Note	\$	\$	\$	& 1058
Contributions from Industry	2.1	540 306	-	(167 187)	707 493
Total income		540 306	-	(167 187)	707 493

Statement of Financial Position

As at 30 June 2020

			Adjustments	Adjustments	Balances without
		As reported	AASB 15	AASB 1058	adoption of AASB 15
	Note	\$	\$	\$	& 1058
Receivables – Contributions from Industry	5.2	101 277	-	101 277	-
Total assets		101 277	-	101 277	-

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8. Outlook

8.1. Contingent liabilities

Refunds of contributions

Under Regulation 5(8) refunds of contributions paid in respect of McLaren Vale 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.

8.2. COVID-19 pandemic outlook for the Fund

The COVID-19 pandemic is not expected to have a material impact on the operations of the Fund in 2020-21.

8.3. Events after the reporting period

No events have occurred after balance date that would affect the financial statements of the Fund as at 30 June 2020.

9. Measurement and risk

9.1. Financial instruments

Liquidity 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.

