

Grain Industry Research and Development Fund

PRIMARY INDUSTRY FUNDING SCHEMES
(GRAIN INDUSTRY RESEARCH AND DEVELOPMENT FUND)
REGULATIONS 2012

MANAGEMENT PLAN 2017-18 TO 2021-22



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Introduction

The *Primary Industry Funding Schemes Act 1998* (the Act) 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 Act 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 Research and Development Fund (the fund) is established by the *Primary Industry Funding Schemes (Grain Industry Research and Development Fund) Regulations 2013* (the regulations) which came into effect on 8 August 2013.

Contributors to the fund are the grain growers. The grain grower contribution rate is set in the regulations, the initial rate being 30 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. 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 is prescribed by regulation 5 at \$0.30 per tonne for all South Australian grown grain.

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 cents per tonne	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
Estimated grain sales (tonnes)	5,300,000	5,700,000	5,700,000	5,700,000	5,700,000
Estimated income	\$1,590,000	\$1,710,000	\$1,710,000	\$1,710,000	\$1,710,000

A contribution rate change is not anticipated to occur in 2017-18 financial year.

The 30 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 Act section 4 (6)(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 the trustees of the South Australian Grains Industry Trust Fund for 1 or more of the following purposes:
 - (i) the reasonable operating and management expenses of the Trust;
 - (ii) funding research and development into the growing, harvesting, storage, processing and marketing of grain;
 - (iii) dissemination of technical information to persons associated with the grains industry;
 - (iv) collection and dissemination to grain growers of information relevant to research and development into grains;
 - (v) other purposes of the Trust;
- (b) payments for other purposes related to the funding of research and development into grains;
- (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) and project outcomes which deliver the eligible functions and activities that may be included in the Trust's business plan and funded by the fund include:

1. Reasonable operating expenses associated with these approved and funded activities.
2. 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 shall not be funded include:

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. Retrospective activities undertaken prior to execution of a funding agreement.

Funding guidelines

Eligible organisations

The South Australian Grain Industry Trust Fund is named in regulation 7(a) as the body to which the Minister may make payments from the fund.

Payments to fund recipients

Payments to the trustees may be made monthly. 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). A monthly payment will not be paid if the fund balance is insufficient.

Reporting requirements

The trust may be required to provide the following information (regulation 9):

1. A copy of the financial statements of the Trust and
2. A copy of the annual report of the Trust and
3. A copy of the business plan of the Trust
4. Any other information reasonably required for the purposes of the fund.

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

Fund administration

Process for changing contribution rate

Regulation 5 sets the initial contribution rate to the fund at 30 cents per tonne of grain. The Minister may vary the contribution rate by publishing 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 a variation to 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.

Grain Producers SA Ltd in conjunction with the Trustees of SAGIT may write to the Minister recommending the contribution rate be varied, 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

Table 2 outlines the recommended timeframe for the review of this management plan. Times may be varied according to industry or government requirements.

Promotional activity will be undertaken in the first week of September each year advising fund contributors that submissions are being sought to modify the management plan. Grain Producers SA Ltd 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 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 <http://www.pir.sa.gov.au>.

Table 2: Recommended timeframe for review of this management plan

When	What
September	PIRSA undertakes promotional activity regarding the management plan update.
October	PIRSA receives submissions in writing proposing changes and publishes draft update on the PIRSA Website.
November	Fund contributor's consultation closes mid-November. Recommendations to Minister on updated plan.
March	Public meeting advertised and facilitated by PIRSA to present the updated management plan.