

Cattle Industry Fund

2019-20 Annual Report

HOUSE OF ASSEMBLY
LAID ON THE TABLE

01 Apr 2021

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 existing regulations are administered by the Minister for Primary Industries and Regional Development.

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

Overview

The Cattle Industry Fund (CIF) is established by the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015* (the Regulations).

The contribution rate for this fund is outlined in regulation 7 and is as follows:

Contribution rate	\$1.50 per Permanent Identification Device (PID) purchased from an authorised manufacturer or recycler of PID's.
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Contributors may seek a refund of their contributions as provided for in regulations 8 and 9.

The purposes for which the fund can be applied by the Minister are outlined in regulation 10.

Until 6 November 2019, under regulation 6, the South Australian Cattle Advisory Group (SACAG) was the consultative committee representing the cattle industry to advise the Minister in relation to the application of the fund.

Operation of the Fund

The Department of Primary Industries and Regions SA (PIRSA) 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 and was formally endorsed by SACAG (at its 29 March 2019 meeting). This plan was presented at a public meeting held in conjunction with the Livestock SA AGM on 26 August 2019 and the plan was made publicly available on the PIRSA website. It is attached to this report.

Upon advice from SACAG, the Minister approved funding under regulation 10 as follows:

	Program / Project	Fund recipient
1	Growth of Red Meat and Wool Industries Program	PIRSA
2	Farm Biosecurity and Endemic Disease Management Program	PIRSA
3	National Livestock Identification System Compliance Program – Cattle	PIRSA
4	Livestock SA Contribution	Livestock SA Incorporated
5	SA Dairyfarmers Association Contribution	South Australian Dairyfarmers Association Incorporated
6	SA Junior Heifer Expo	The South Australian Junior Heifer Expo Council Incorporated
7	Cattle Industry Fund Board Governance and Administration Services	Livestock SA Incorporated

These programs met the requirements of the regulations and also aligned with the investment priorities outlined in the management plan.

Where requested, refunds of contributions were paid in accordance with regulations 8, 9 and 10.

In accordance with regulations 10(1)(f) and 10(1)(g), the fund was also applied to administration expenses of the fund and SACAG, including SACAG Executive Officer services.

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

Regulatory changes

Amendments to the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015* came into effect on 7 November 2019. These amendments enabled the implementation of a new CIF industry governance model and also removed outdated provisions for payments relating to disease control and eradication.

Fund governance amendments

In August 2019, and with the support of both Livestock SA and SACAG, the former Minister for Primary Industries and Regional Development announced the transition to a new governance and administration model for the CIF.

Transition to the new model occurred during the 2019-20 financial year and included changes to the Regulations that removed reference to SACAG as a consultative committee.

Under the new model, the Minister recognised Livestock SA as ‘a body that represents cattle producers’ for the purposes of regulation 10(1)(b). Livestock SA also established the Cattle Industry Fund Board (CIF Board) to make decisions regarding expenditure of CIF payments that Livestock SA will apply to receive from 2020-21 onwards.

During 2019-20 relevant responsibilities undertaken by SACAG transitioned to be the responsibility of Livestock SA and the CIF Board.

Disease control and eradication payment amendments

A number of amendments related to payment for disease control and eradication. Specifically:

- An outdated regulation that allowed the CIF to be applied for payment of outstanding claims for compensation made or pending against the Cattle Compensation Fund under the repealed *Cattle Compensation Act 1939* was deleted. This *Cattle Compensation Act 1939* was repealed on 1 July 2000 and there were no outstanding claims thereby making the regulation redundant.
- Reference Bovine Johne’s disease (BJD) as a compensable disease and the amount of compensation for BJD was removed. These amendments were made because the management of BJD in South Australia has changed and animals are no longer destroyed for the purpose of controlling or eradicating this disease.
- Provisions were added for the Minister to declare a compensable disease and amount of compensation by notice in the Gazette, following consultation with industry.



Michelle Edge
CHIEF EXECUTIVE

26/2/2021

Cattle Industry Fund

Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015

Management Plan 2019-2020 to 2023-2024



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Document history

Version	Date
Plan reviewed by PIRSA and updated from previous version	27 November 2018
Draft plan for industry consultation	27 November 2018
Updated plan incorporating feedback from industry consultation	28 March 2019
Final plan for public release	14 June 2019

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Introduction

The *Primary Industry Funding Schemes Act 1998* 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 maximise their strategic advantage, and to meet the challenges from an ever increasing global marketplace.

Section 4 allows the Governor to make regulations to establish a fund for a particular primary industry sector. All existing funds are administered by the Minister for Primary Industries and Regional Development (the Minister), which ensures appropriate accountability for the use of funds to various functions and activities for industry benefit. Primary Industries and Regions SA (PIRSA) administers the funds on behalf of the Minister.

The Cattle Industry Fund (CIF) is established by the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015*.

Contributions are payable at the rate prescribed in the Regulations. Cattle producers contribute to the fund.

Collection agents for this fund are authorised tag manufacturers and recyclers under the *Livestock Act 1997* and are required by the regulations to collect contributions and forward them to the Minister to be paid into the fund account.

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 the purposes defined by regulation 10.

Under regulation 6, the South Australian Cattle Advisory Group (SACAG) is the consultative committee representing the cattle industry to advise the Minister in relation to the application of the fund.

In accordance with Section 9 of the Act, this management plan has been developed in consultation with industry via SACAG. It covers a five-year period and must be updated annually, but may be updated at any time.

This management plan guides the operation of the fund and helps contributors understand how their contributions are to be used.

Estimate of Contributions to the Fund

The contribution rate for this Fund is prescribed by regulation 7(1)(a) and is currently \$1.50, payable for each permanent identification device (PID) purchased from an authorised manufacturer, or authorised recycler, of PIDs.

The estimated contribution income for the coming five financial years is provided in Table 1.

The estimated number of tag sales have been predicted based on an analysis of historical fund income and industry production statistics.

Industry production statistics sourced from Australian Bureau of Agricultural and Resource Economics and Science (ABARES) Agricultural commodity statistics 2018 show a slight downward trend in the South Australian cattle herd. This trend is observed for the total number of cattle and calves as well as the number of adult female beef cattle and dairy cows.

Estimated device sales for the coming five years reflect a slight downward trend in line with the cattle number trend observed. Actual contribution income will vary according to seasonal conditions and other factors affecting producer's decisions to purchase tags, which cannot be predicted.

Table 1 Estimated Contribution Income to the Cattle Industry Fund (2019-20 to 2023-24)

Financial year	2019-20	2020-21	2021-22	2022-23	2023-24
Contribution rate (per cattle PID)	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
Estimated number of PID sales	530,000	530,000	528,000	526,000	524,000
Estimated fund income	\$ 795,000	\$ 795,000	\$ 792,000	\$ 789,000	\$ 786,000

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 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).

Application of the fund

The fund is to be applied according to regulation 10 of the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015*:

- (1) The Fund may be applied by the Minister for any of the following purposes:
 - (a) payment of outstanding claims for compensation made or pending against the Cattle Compensation Fund under the repealed Cattle Compensation Act 1939;
 - (b) payment of compensation and other amounts under Part 3;
 - (c) the undertaking of programs relating to cattle, cattle products or any other aspect of the cattle industry recommended to the Minister by the consultative committee;
 - (d) repayment of contributions to the Fund under regulation 7;
 - (e) payments to a body that, in the opinion of the Minister, represents cattle producers for 1 or more of the following purposes:
 - (i) the reasonable operating and management expenses of the body;
 - (ii) promoting the cattle industry;
 - (iii) participation of the body in regional, State or national cattle industry forums;
 - (iv) undertaking or facilitating research and development, or the collection and dissemination to cattle producers of information, relevant to the cattle industry and, in particular, to the improvement of practices in the industry;
 - (v) fees for affiliation of the body with regional, State or national bodies representing or promoting the interests of the cattle producers;
 - (vi) other purposes of the body;
 - (f) payment of the reasonable operating and management expenses of the Cattle Advisory Group (whether sitting as the Cattle Advisory Group under the Livestock Act 1997 or as the consultative committee under these regulations);
 - (g) payment of the expenses of administering the Fund (including expenses incurred in assessing compensation payable under these regulations and expenses incurred by an inspector under regulation 13 if those expenses exceed the proceeds of sale obtained under that regulation).

Investment priorities

Regarding the undertaking of programs relating to cattle, cattle products or any other aspect of the cattle industry recommended to the Minister by the Cattle Advisory Group (regulation 10(c));

South Australia's cattle industry strives to be sustainable and profitable. To support this goal, South Australia's cattle industry, through the SA Cattle Advisory Group, have identified the following priority outcome areas that are the basis of CIF investment:

1. Maintaining market access and securing new markets

The SA cattle industry recognises that consumer confidence in beef and dairy products and SA's ability to supply, is important and must be maintained. This consumer confidence underpins market access and provides a sound basis to gain and support access to premium markets.

Initiatives that align with this outcome and may be funded by the CIF include those that address market assurance, traceability, provenance, desirable nutritional or aesthetic features (milk or meat), animal disease preparedness and management.

2. Efficient and sustainable production

Efficiency and sustainability require a focus on best practice and continual improvement. All members of the industry from peak bodies to individual producers should strive for best practice, which are reflected in industry policies and procedures. The proactive adoption of innovative and new technologies will also assist industry at all levels in achieving the goal of efficient and sustainable cattle production.

Initiatives that align with this outcome and may be funded by the CIF include those that address animal disease management and welfare, on-farm biosecurity, genetic improvement, farm productivity (including activities related to pasture management and climate change), innovation and cutting edge technologies.

3. Business management and skills development

A successful cattle industry relies on its people. It is important that all current industry participants as well as the next generation and new industry entrants are provided with training and development opportunities that support and encourage them to build skills and experience in South Australia's cattle industry. This will ensure there is a strong future for the cattle industry.

Initiatives that align with this outcome and may be funded by the CIF include those that address skills development, encouraging the next generation, quality assurance and networking.

4. Advocacy

It is important that South Australia's cattle industry has a strong voice to advocate on its behalf. A robust relationship between government and producers is critical in supporting industry in its goal to be sustainable and profitable. State peak bodies play a vital role as the reference point in shaping policy decisions that impact the industry. It is also important that industry prioritise building its capacity to have strong advocates representing the industry.

Initiatives that align with this outcome and may be funded by the CIF include those that address public perception of animal welfare, maintaining the right to farm, social licence to operate, recognition and value of the importance of the agriculture sector, all levels of Government prioritising agriculture including the value chain's production base.

Eligible Activities

To be eligible for funding, activities must fit within the prescribed purposes and investment priorities of the Fund as outlined in this management plan and in regulation 10 of the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015*.

Ineligible Activities

Activities that will not normally be funded include:

1. infrastructure items
2. retrospective activities or expenditure
3. duplication of research, programs or projects
4. purchasing of major equipment or activities that could be considered part of normal business operations
5. any other activities that are deemed inappropriate under the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015*.

Funding Guidelines

Eligible Organisations

Organisations eligible to apply for CIF funding include:

- non-profit organisations – including registered charities or incorporated associations
- private enterprise businesses
- co-operatives
- local and State government bodies
- non-departmental government agencies – including tertiary education institutions, land councils
- Regional Development Boards and Natural Resource Management (NRM) Boards
- research organisations.

All organisations must have an ABN or an ACN to apply for funding.

Organisations that are not incorporated under state or Commonwealth legislation may submit an application sponsored by an eligible organisation. In this situation, the sponsoring organisation becomes the applicant.

Applying for funding

The CIF is open to receive applications, subject to the availability of funds each financial year. The availability of funds will be determined by the Minister based on the available balance of the Fund, less an amount sufficient to cover audit and administrative costs (of the Fund and the Advisory Group), and a contingency, in particular, an allowance for any refunds in accordance with regulation 10.

For programs recommended for funding to the Minister by SACAG (regulation 10(c)), SACAG will invite service providers to submit funding proposals in February to March each year, according to CIF investment priorities and the financial position of the Fund.

Other applications for funding of activities that meet the purposes governed by regulation 10 of the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015* may be made directly to the Minister by 31 March each year. Where appropriate, these applications may be referred to SACAG for consideration with other investment priorities.

Refund requests may be submitted via the form available on the PIRSA website at www.pir.sa.gov.au/cattle-industry-fund

Application assessment and approval

The Minister makes all final decisions regarding how the Cattle Industry Fund is applied. The Minister will assess applications to the Fund in line with the framework detailed in this Management Plan in May to June each year. Once approved, the Minister will advise the applicants of the outcome of their funding application.

For programs recommended for funding to the Minister by SACAG (regulation 10(c)), SACAG will assess funding proposals against the following criteria prior to their recommendation to the Minister:

- benefit to the SA beef and dairy cattle industries
- direct benefit to fund contributors (cattle producers)
- alignment with Cattle Industry Fund investment priorities outlined in this plan
- alignment and collaboration with other state and national beef and dairy industry priorities and programs, ensuring no duplication of investment
- support from industry stakeholders
- value for money (cost of the program compared to the outcomes it will deliver)
- innovation in program delivery
- for ongoing programs, previous program performance and achievement of outcomes
- the organisation's capability and capacity to undertake the program, including:
 - demonstrated project management experience

- evidence of a project plan, including a communication plan and risk management plan
- identification of measures of success and a plan to report on them.

Where relevant, these criteria also apply to decisions made by the Minister for other activities that meet the purposes governed by regulation 10 of the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015*.

Payments to fund recipients

Payment and milestone schedules will be negotiated directly with fund recipients.

Reporting requirements

Fund recipients are expected to provide an annual report at the end of the financial year. Other reporting requirements will be negotiated directly with fund recipients.

Fund administration

Process for changing the contribution rate

The fund contribution rate is prescribed in Regulation 7. A variation to the contribution rate may only be made following a request to the Minister and subsequent consultation with the industry. Acceptable evidence of support for a variation to the contribution rate is to include results of any contributor survey held for the purpose and may include outcomes of any other consultation with industry.

Contribution rate changes should be made at a time allowing sufficient notice of the rate change to collection agents (authorised tag manufacturers) or producers directly submitting contributions.

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

Qualified opinion

I have audited the financial report of the Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund (the fund) for the financial year ended 30 June 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 – South Australian Cattle 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 7 of the Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund by each purchaser of a permanent identification device for cattle during the period. While there are adequate internal controls over contributions actually received, there are no procedures in

place to ensure contributions received represent all permanent identification devices purchased for cattle during the period. Consequently, I am unable to express an opinion on whether income recognised as contributions from industry of \$713 031 (\$1 172 093) 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 – South Australian Cattle 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**

South Australian Cattle Industry Fund

Financial Statements

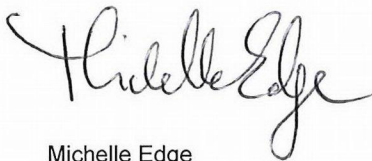
For the year ended 30 June 2020

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

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the South Australian Cattle Industry Fund
- present a true and fair view of the financial position of the South Australian Cattle Industry Fund as at 30 June 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 - South Australian Cattle Industry Fund for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



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 – South Australian Cattle Industry Fund
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	5.1	935 166	725 255
Receivables	5.2	245 344	170 270
Total current assets		1 180 510	895 525
Total assets		1 180 510	895 525
Current liabilities			
Payables	6.1	11 430	11 210
Total current liabilities		11 430	11 210
Total liabilities		11 430	11 210
Net assets		1 169 080	884 315
Equity			
Retained earnings		1 169 080	884 315
Total equity		1 169 080	884 315
Contingent liabilities	8.1		

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 – South Australian Cattle Industry Fund
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Income			
Contributions from industry	2.1	713 031	1 172 093
Interest		4 928	8 801
Total income		717 959	1 180 894
Expenses			
Board and committee expenses	3.3	369	23 509
Projects	4.1	670 364	562 084
Refund of contributions		32 380	36 044
Supplies and services	4.2	14 709	24 693
Auditor's remuneration		10 600	10 400
Total expenses		728 422	656 730
Net result		(10 463)	524 164
Total comprehensive result		(10 463)	524 164

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 – South Australian Cattle Industry Fund
Statement of Cash Flows
for the year ended 30 June 2020

	2020 Inflows (Outflows) \$	2019 Inflows (Outflows) \$
Cash flows from operating activities		
Cash inflows		
Contributions from industry	932 477	1 002 624
Interest received	5 636	8 467
Cash generated from operations	938 113	1 011 091
Cash outflows		
Payments for projects	(670 364)	(562 084)
Refund of contributions	(32 380)	(36 044)
Payments for Board and committee expenses	(369)	(23 509)
Payments for supplies and services	(14 689)	(24 683)
Auditor's remuneration	(10 400)	(10 100)
Cash used in operations	(728 202)	(656 420)
Net cash provided by / (used in) operating activities	209 911	354 671
Net increase / (decrease) in cash and cash equivalents	209 911	354 671
Cash and cash equivalents at the beginning of the reporting period	725 255	370 584
Cash and cash equivalents at the end of the reporting period	935 166	725 255

The accompanying notes form part of these financial statements.

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings	Total equity
	\$	\$
Balance at 30 June 2018	360 151	360 151
Net result for 2018-19	524 164	524 164
Total comprehensive result for 2018-19	524 164	524 164
Balance at 30 June 2019	884 315	884 315
Changes in accounting policy on adoption of AASB1058	295 228	295 228
Adjusted balance at 1 July 2019	1 179 543	1 179 543
Net result for 2019-20	(10 463)	(10 463)
Total comprehensive result for 2019-20	(10 463)	(10 463)
Balance at 30 June 2020	1 169 080	1 169 080

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 – South Australian Cattle 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 7.

Contributions are recognised as an asset and income when the Fund obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (that is, the amount can be reliably measured and the flow of resources is probable).

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 – South Australian Cattle Industry Fund

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About the South Australian Cattle Industry Fund

The South Australian Cattle Industry Fund (the Fund) is established pursuant to the *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015* (Regulations), administered by the Minister for Primary Industries and Regional Development 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 1 July 2000. These Regulations were revoked on 14 May 2015. New Regulations, *Primary Industry Funding Schemes (Cattle Industry Fund) Regulations 2015* were issued on 14 May 2015 with minimal changes made.

The primary purposes of the Fund are to:

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

The Regulations were amended on 7 November 2019, refer to note 4.1 for further information.

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.

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Expenses

4.1. Projects

	2020	2019
	\$	\$
National Livestock Identification System - Cattle	253 752	240 373
Livestock SA Contribution ⁽¹⁾	211 083	200 000
Growth of Red Meat and Wool Industries Program	90 000	-
Farm Biosecurity and Endemic Disease Management Program	68 029	70 711
SA Dairyfarmers Association Contribution	45 000	45 000
SA Junior Heifer Expo	2 500	2 500
SA Dairy Youth Development Program	-	3 500
Total projects	670 364	562 084

⁽¹⁾ The total contribution paid to Livestock SA Incorporated includes \$27 200 governance and administration service costs for the new Cattle Industry Fund Board, of which \$16 117 is recoverable for unexpended funding. Refer to note 5.2.

Regulations provide that the Fund may be applied for a number of specific purposes. Until its cessation on 2 June 2020, the South Australian Cattle Advisory Group acted as a consultative committee for the Fund and made recommendations to the Minister on projects that should be sponsored for the benefits that they deliver to the industry. The recommendations were based on industry feedback and were consistent with the Fund management plan that is reviewed annually in consultation with industry.

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

All project funding paid by the Fund has been made in accordance with the Fund's Regulations and management plan and with conditional stipulations attached.

Transition to a new governance and administration model for the Cattle Industry Fund occurred during the 2019-20 financial year and included changes to the Regulations that removed reference to SACAG as a consultative committee. Under the new model, the Minister recognised Livestock SA as 'a body that represents cattle producers' for the purposes of regulation 10(1)(b). From 2020-21 onwards, Livestock SA will be eligible to make application under regulation 10(1)(b) for payments from the Cattle Industry Fund for projects as outlined in its application.

4.2. Supplies and services

	2020	2019
	\$	\$
Administrative and operating costs ⁽¹⁾	6 107	7 957
SA Cattle Advisory Group Executive Officer Services	8 602	16 736
Total supplies and services	14 709	24 693

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

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

Notes to and forming part of the financial statements for the year ended 30 June 2020

3.2. Board and committee members

Members during the 2019-20 financial year were:

South Australian Cattle Advisory Group

Ceased as of 02 June 2020

L F Cleggett (Chair) (reappointed 02 July 2019)
K I Dennis
A Giles (deputy member)
J J Greenfield
P Hicks
T J Honner (reappointed 02 July 2019)
S Joppich (reappointed 02 July 2019)
H F E Keatley (reappointed 02 July 2019)
B F W McHugh (deputy member) (reappointed 02 July 2019)
J Owens * (appointed 10 July 2019)
P J Schulz
E K Spark * (appointed 10 July 2019)

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

Board and committee remuneration

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

	2020	2019
\$0 - \$19 999	12	13
Total number of members	12	13

The total remuneration received or receivable by members was \$Nil (\$8 236). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

3.3. Board and committee expenses

	2020	2019
	\$	\$
Mileage reimbursements	363	14 644
Board and committee fees and related on-costs	6	8 865
Total Board and committee expenses	369	23 509

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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.

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 –

- the contributions are received, and the detail of the payment is known; or
- in the event that contributions to the Fund are in arrears of their due date for payment these contributions receivable are recognised as an income and a receivable when there is a documented and enforceable repayment plan substantiating the agreed amount and timing of each payment (refer note 5.2, 'Contribution due from collection agents').

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

Notes to and forming part of the financial statements

for the year ended 30 June 2020

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
	\$	\$
Due from Collection Agents ⁽¹⁾	-	169 443
Accrued interest - Department of Treasury and Finance	93	801
Receivables – Contributions from Industry	229 134	-
Refund recoverable from Livestock SA	16 117	26
Total receivables	245 344	170 270

⁽¹⁾ Amounts due from delayed remittances.

6. Liabilities

6.1. Payables

	2020	2019
	\$	\$
Audit fee payable to the Auditor-General's Department	10 600	10 400
Other payables	830	810
Total payables	11 430	11 210

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.

Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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	884 315
Assets	
Receivables – Contributions from Industry	295 228
Opening retained earnings 1 July 2019	1 179 543

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.

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

		As reported	Adjustments AASB 15	Adjustments AASB 1058	Balances without adoption of AASB 15 & 1058
	Note	\$	\$	\$	\$
Contributions from Industry	2.1	713 031	-	(66 094)	779 125
Total income		713 031	-	(66 094)	779 125

Statement of Financial Position

As at 30 June 2020

		As reported	Adjustments AASB 15	Adjustments AASB 1058	Balances without adoption of AASB 15 & 1058
	Note	\$	\$	\$	\$
Receivables – Contributions from Industry	5.2	229 134	-	229 134	-
Total assets		229 134	-	229 134	-

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

Notes to and forming part of the financial statements

for the year ended 30 June 2020

8. Outlook

8.1. Contingent liabilities

Refunds of contributions

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

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

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

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.