

Dairy Authority of South Australia

Financial report
for the year ended
30 June 2021



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To the Chair Dairy Authority of South Australia

Opinion

I have audited the financial report of the Dairy Authority of South Australia (the Authority) for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Dairy Authority of South Australia as at 30 June 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Chief Executive Officer and the Chief Financial Officer.

Basis for opinion

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 Dairy Authority of South Australia. 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 opinion.

Responsibilities of the Chief Executive Officer and the members of the Authority for the for the financial report

The Chief Executive Officer 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's ability to continue as a going concern. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the Authority are 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 Dairy Authority of South Australia for the financial year ended 30 June 2021.

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 Dairy Authority of South Australia's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer
- conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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 Officer and members of the Authority 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
20 September 2021

Certification of the Financial Statements

We certify that the:

- financial statements of the Dairy Authority of South Australia (trading as Dairysafe):
 - are in accordance with the accounts and records of the Authority; and
 - comply with relevant Treasurer's instructions; and
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Dairy Authority of South Australia for the financial year over its financial reporting and its preparation of financial statements have been effective.



Roseanne Healy
Chair



Geoff Raven
Chief Executive Officer



Rocco Galluccio FCPA
Chief Financial Officer

Dated *8th* September 2021

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

	Note No.	2021 \$'000	2020 \$'000
Income			
Fees and charges	2.1	778	751
Interest	2.2	10	8
Grant income		-	65
Other income	2.3	6	37
Net gain from disposal of property, plant and equipment	2.4	749	-
Total income		1543	861
Expenses			
Employee benefits expenses	3.3	590	496
Supplies and services	4.1	81	119
Depreciation and amortisation	4.2	18	15
Property expenses	4.3	12	27
Travelling expenses		18	11
Other expenses	4.4	58	98
Total expenses		777	766
Net Result		766	95
Total Comprehensive Result		766	95

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note No.	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	2230	567
Receivables	6.2	17	49
Prepaid expenses		5	20
Total current assets		2252	636
Non-current assets			
Property, plant and equipment	5.1	1342	2126
Intangible assets	5.3	48	20
Total non-current assets		1390	2146
Total assets		3642	2782
Current liabilities			
Payables	7.1	48	23
Employee benefits	3.4	111	47
Other current liabilities	7.2	37	25
Total current liabilities		196	95
Non-current liabilities			
Payables	7.1	3	3
Employee benefits	3.4	75	82
Total non-current liabilities		78	85
Total liabilities		274	180
Net Assets		3368	2602
Equity			
Retained earnings		3368	516
Asset revaluation surplus		-	2086
Total equity		3368	2602

The accompanying notes form part of these financial statements.

The total equity is attributable to the SA Government as owner.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	Asset Revaluation surplus \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 30 June 2019	2086	421	2507
Total comprehensive result for 2019-20	-	95	95
Balance at 30 June 2020	2086	516	2602
Net result for 2020-21	-	766	766
Total comprehensive result for 2020-21	-	766	766
Transfer between equity components	(2086)	2086	-
Balance at 30 June 2021	-	3368	3368

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

	Note No.	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash inflows			
Fees and charges		823	764
Interest received		10	8
Other receipts		6	102
Cash generated from operations		839	874
Cash outflows			
Employee benefits payments		(528)	(485)
Payment for supplies and services		(136)	(286)
Cash used in operations		(664)	(771)
Net cash provided by operating activities		175	103
Cash flows from investing activities			
Cash inflows			
Proceeds from sale of property, plant and equipment		2853	-
Cash Generated from investing activities		2853	-
Cash outflows			
Purchase of property plant and equipment		(1332)	-
Purchase of intangibles		(33)	(18)
Capitalised Expenses		-	(20)
Cash used in investing activities		(1365)	(38)
Cash provided by investing activities		1488	(38)
Net increase in cash and cash equivalents		1663	65
Cash and cash equivalents at 1 July		567	502
Cash and cash equivalents at 30 June		2230	567

The accompanying notes form part of these financial statements.

1. About Dairy Authority of South Australia

Dairy Authority of South Australia (Dairysafe) is a Statutory Authority fully funded by the dairy industry and is responsible for administering the dairy food safety scheme pursuant to the *Primary Produce (Food Safety Schemes) Act 2004* and the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017*.

Dairysafe does not control any other entity and has no interest in unconsolidated structural entities.

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 Australia Accounting Standards with reduced disclosure requirements.

For the purpose of preparing the financial statements, the Authority is a not-for-profit entity. 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.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are 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.

1.2 Objectives and activities

Dairysafe's functions, as defined in *Regulation 12*, are:

- To administer the dairy industry food safety scheme.
- To monitor the extent of compliance by accredited producers within Standard 4.2.4 of the *Food Standards Code* and enforce the Standard.
- To approve food safety arrangements to be adopted by accredited producers and monitor the implementation of such arrangements.
- To advise the Minister on matters relating to the administration of the dairy industry food safety scheme.
- To carry out other functions assigned to the Authority by these regulations or the Minister.

1.3 Impact of COVID -19 on Dairysafe

There has been no financial impact to Dairysafe as a result of the COVID-19 pandemic, however some physical audits for farm and processor have been carried out via remote electronic means.

2. Income

Dairysafe receives no Government funding and its sole source of income comprises accreditation fees from the South Australian dairy industry, rental income and a small amount of interest income.

2.1 Fees and charges	2021	2020
	\$'000	\$'000
Accreditation fees	778	751
Total fees and charges	778	751

Accreditation fees are derived from the provision of services to participants in the South Australian dairy industry. This revenue is recognised on delivery of the service.

2.2 Interest	2021	2020
	\$'000	\$'000
Interest	10	8
Total interest revenues	10	8

2.3 Other income	2021	2020
	\$'000	\$'000
Rental income	6	37
Total other income	6	37

Rental income is recognised on a straight-line basis over the lease term. All rental tenancies were terminated during the year in order to prepare the property for sale.

2.4 Net gain from disposal of property, plant and equipment	2021	2020
	\$'000	\$'000
Property, plant and equipment:		
Net proceeds from disposal	2852	-
Less carrying amount of assets disposed	(2103)	-
Net gain from disposal of assets	749	-

3. Board, committees and employees

3.1 Key management personnel

Key management personnel include the Minister for Primary Industries and Regional Development, the Chief Executive Officer and the Board.

Total compensation for key management personnel was \$217 000 in 2020-21 and \$217 000 in 2019/20.

The compensation disclosed in this note excludes salaries and other benefits for the Minister of Primary Industries and Regional Development. The Minister's remuneration and allowances are set by the *Parliamentary Remunerations Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 of the *Parliamentary Remunerations Act 1990*.

3.2 Board Members

Members during the 2021 financial year were:

Ms RC Healy

Mr M Connor

Mr G Kamencak (appointed 1 July 2020)

Board remuneration

	2021 \$'000	2020 \$'000
The number of members whose remuneration received or receivable falls within the following bands:		
\$0 - \$19 999	2	2
\$20 000 - \$39 999	1	1
Total number of members	3	3

The total remuneration received or receivable by members was \$47 000 (\$47 000). Remuneration of members includes sitting fees and superannuation contributions.

3.3 Employee benefits expenses

	2021 \$'000	2020 \$'000
Salaries and wages	433	377
Long Service Leave	21	1
Annual leave	38	28
Skills and Experience Retention Leave	3	2
Employment on-costs-superannuation*	51	44
Board fees	44	44
Total employee benefits expenses	590	496

* Employment on-costs- superannuation

The superannuation employment on-cost charge represent Dairysafe's contributions to superannuation plans in respect of current services of current employees.

Executive Remuneration	2021 No	2020 No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$154 001 to \$174 000	1	1
Total	1	1

The total remuneration received by those employees for the year was \$170 000 (\$169 000).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of the employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left DairySafe.

3.4 Employee benefits - liability

	2021 \$'000	2020 \$'000
<u>Current</u>		
Accrued salary and wages	10	6
Long service leave	34	-
Annual leave	60	35
Skills and retention experience leave	7	6
Total current employee benefits	111	47
	2021 \$'000	2020 \$'000
<u>Non-current</u>		
Long service leave	75	82
Total non-current employee benefits	75	82
Total employee benefits	186	129

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1 Supplies and services	2021	2020
	\$'000	\$'000
Computing and communications	11	14
External audit costs *	-	40
Printing and stationery	20	23
Subscriptions	4	3
Legal fees	2	11
Industry workshops	19	16
Strategic development	15	-
Other	10	12
Total supplies and services	81	119

*During the year there were no external auditors contracted to carry out the regular audits of accredited dairy businesses. All Audits were carried out by Dairysafe staff.

4.2 Depreciation and amortisation	2021	2020
	\$'000	\$'000
Plant and equipment	14	15
Intangible assets	4	-
Total depreciation and amortisation	18	15

All non-current assets not held for sale with a limited useful life, are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential.

Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortization are calculated over the estimated useful life of the follows:

Class of asset	Useful life (years)
Property, plant and equipment	3-10
Intangibles	5

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset

are accounted for prospectively by changing the time period or method, as appropriate.

4.3 Property expenses	2021	2020
	\$'000	\$'000
Repairs and maintenance	1	8
Rates and taxes	9	9
Other	2	10
Total property expenses	12	27

4.4 Other expenses	2021	2020
	\$'000	\$'000
Audit fees	9	9
Insurance	7	6
Staff training	5	16
Fringe benefits tax	10	10
Workplace health and safety	2	2
Relocation & accommodation	11	18
Other	14	37
Total other expenses	58	98

5. Non-financial assets

5.1 Property, plant and equipment by asset class

Property plant and equipment comprises owned tangible assets. The assets presented below do not meet the definition of investment property.

	2021	2020
	\$'000	\$'000
<u>Land and buildings</u>		
Land at fair value	900	2100
Buildings at fair value	353	-
Total land and buildings	1253	2100
<u>Plant and equipment</u>		
Plant and equipment at cost (deemed fair value)	109	178
Accumulated depreciation at the end of the period	(20)	(152)
Total plant and equipment	89	26
Total property, plant and equipment	1342	2126

5.2 Property, plant and equipment owned by the Dairysafe

Property, plant and equipment owned by Dairysafe with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Authority is recorded at fair value.

Impairment

Property, plant and equipment owned by Dairysafe has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continued use of their service capacity.

Reconciliation 2020-2021	Land and buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	2100	26	2126
Acquisitions	1253	80	1333
Disposals	(2100)	(3)	(2103)
Depreciation	-	(14)	(14)
Carrying amount at 30 June 2021	1253	89	1342

5.3 Intangible assets	2021	2020
	\$'000	\$'000
Computer software		
Purchased computer software	84	52
Accumulated amortisation	(36)	(32)
Total computer software	48	20

Intangible asset are initially measured at cost and are tested for indication of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5 000.

Reconciliation 2020-2021	Other computer software
	\$'000
Carrying amount at the beginning of the period	20
Additions at cost	32
Amortisation	(4)
Carrying amount at 30 June 2021	48

6. Financial assets

6.1 Cash and cash equivalents	2021	2020
	\$'000	\$'000
Cash at bank and on hand	2230	567
Total cash and cash equivalents	2230	567

6.2 Receivables	2021	2020
	\$'000	\$'000
Accreditation fees	14	1
Trade receivables	3	48
Total current receivables	17	49

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after issue of an invoice or the goods/services have been provided under a contractual arrangement.

The net amount of GST payable to the ATO is included as part of receivables.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the object of collecting the contractual cash flows and they are measured at amortised cost.

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1 Payables

<u>Current</u>	2021 \$'000	2020 \$'000
Trade payables	29	9
Accrued expenses	10	9
Employment on-costs*	9	5
Total current payables	48	23
<u>Non - Current</u>		
Employment on-costs*	3	3
Total non-current payables	3	3
Total payables	51	26

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 20 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short term nature.

* Employment on-costs

Employment on-costs include Return to Work SA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged.

Dairysafe makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the various superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged

from the 2020 rate of 42% and the average factor for calculation of employer superannuation on-costs has changed from the 2020 rate of 9.8% to 10.1%. These rates are used in the employment on-costs calculation. The net financial effect of the change in the superannuation on-cost rate on employment benefit expense is immaterial.

7.2 Other Liabilities	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accreditation fees received in advance	37	24
Rent received in advance	-	1
Total current other liabilities	37	25

8. Other disclosures

8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

8.2 Cash Flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of the cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of the operating cash flows.

9. Outlook

9.1. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Authority is not aware of any contingent assets or contingent liabilities.

9.2. Events after balance date

There has not been any significant event after balance.

10. Measurement and risk

10.1. Long Service leave liability – measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2020 (0.75%) to 2021 (1.25%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is immaterial.

The actuarial assessment performed by the Department of Treasury and Finance left unchanged the salary inflation rate for 2021 from 2020 rate (2.5%) for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Dairysafe has classified a portion of long service leave as current based on leave to be taken in the next 12 months.

10.2. Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as a part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

Property, plant and equipment, other than right-of-use assets, is subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Executive Officer and Chief Finance Officer and the Board every five years.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when fair value at the time of acquisition is greater than \$1.5 million and useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amounts restated to the revalued amounts of the asset.

Land and buildings

An independent valuation of land and buildings was performed in May 2019 by a Certified Practising Valuer from Colliers International , as at 30 June 2019.

Fair value has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustments for factors specific to the land such as size and location. For land classified as restricted in use, fair value was determined using adjustments to reflect the restrictions.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings, information about current construction costs were derived from (building costs guides/internal records such as recent tender documents, construction invoices etc) and the estimated useful life due to age and condition of the building.

Plant and equipment

All items of plant and equipment owned by Dairysafe had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life of less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

10.3. Financial instruments

Financial risk management

Risk management is managed by the Dairysafe Board. Dairysafe's risk management policies are in accordance with the *SA Government Risk Management Guide and the principles established* in the Australian Standard *Risk Management Principles and Guidelines*.

Dairysafe's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset/financial liability note.

Classification of financial instruments

Dairysafe measures all financial instruments at amortised cost.

Category of financial asset and financial liability	2021 Carrying amount/ Fair value (\$'000)	2020 Carrying amount/ Fair value (\$'000)
<u>Financial assets</u>		
Cash and cash equivalents		
Cash and cash equivalents	2230	567
Financial assets at amortised cost		
Receivables	17	49
Total financial assets	2247	616
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Payables	38	14
Total financial liabilities	38	14