

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

Financial report
for the year ended
30 June 2021



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To the Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund

Qualified opinion

I have audited the financial report of the Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund (the Fund) for the financial year ended 30 June 2021.

In my opinion, except for the effects of the possible matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report gives a true and fair view of the financial position of the Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund as at 30 June 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 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 Chief Financial Officer, Department of Primary Industries and Regions.

Basis for qualified opinion

As referred to in note 2.1 to the financial statements, pursuant to regulation 5 of the *Primary Industry Funding Schemes (McLaren Vale Wine Industry Fund) Regulations 2017*, under the *Primary Industry Funding Schemes Act 1998*, contributions are required to be paid into the fund for each tonne of McLaren Vale grapes delivered to a McLaren Vale winemaker. While there are adequate internal controls over contributions actually received, there are insufficient

controls in place to ensure the contributions received represent the actual tonnage delivered. Consequently, I am unable to express an opinion on whether income recognised as contributions from industry of \$844 736 (\$540 306) 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.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy decisions the government has made which affect the continued existence of the entity. The Chief Executive 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 Minister is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

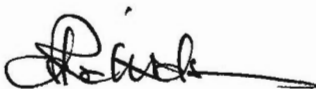
reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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 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
- conclude on the appropriateness of the Chief Executive'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 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
10 December 2021

**Minister for Primary Industries and Regional
Development**

McLaren Vale Wine Industry Fund

Financial Statements

For the year ended 30 June 2021

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Certification of the Financial Statements
for the year ended 30 June 2021

We certify that the:

- financial statements for the Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund:
 - are in accordance with the accounts and records of the McLaren Vale Wine Industry Fund;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the McLaren Vale Wine Industry Fund at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund for the financial year over its financial reporting and its preparation of financial statements have been effective.



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 28 June 2021

7 December 2021



Will Kent

Chief Financial Officer

Department of Primary Industries and Regions

7 December 2021

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Income			
Contributions from industry	2.1	844 736	540 306
Resources received free of charge	2.2	-	8 381
Interest		200	1 823
Total income		844 936	550 510
Expenses			
Transfers to industry	4.1	491 567	532 800
Refund of contributions		72 522	7 887
Supplies and services	4.2	9 299	8 381
Auditor's remuneration		6 800	6 600
Total expenses		580 188	555 668
Net result		264 748	(5 158)
Total comprehensive result		264 748	(5 158)

The accompanying notes form part of these financial statements.

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

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	5.1	825 340	475 105
Receivables	5.2	214 768	101 290
Total current assets		1 040 108	576 395
Total assets			
		1 040 108	576 395
Current liabilities			
Payables	6.1	205 565	6 600
Total current liabilities		205 565	6 600
Total liabilities			
		205 565	6 600
Net assets			
		834 543	569 795
Equity			
Retained earnings		834 543	569 795
Total equity		834 543	569 795

The accompanying notes form part of these financial statements.

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

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Statement of Changes in Equity
for the year ended 30 June 2021

	Retained earnings	Total equity
	\$	\$
Balance at 1 July 2019	306 489	306 489
Changes in accounting policy on adoption of AASB1058	268 464	268 464
Adjusted balance at 1 July 2019	574 953	574 953
Net result for 2019-20	(5 158)	(5 158)
Total comprehensive result for 2019-20	(5 158)	(5 158)
Balance at 30 June 2020	569 795	569 795
Net result for 2020-21	264 748	264 748
Total comprehensive result for 2020-21	264 748	264 748
Balance at 30 June 2021	834 543	834 543

The accompanying notes form part of these financial statements.

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

Minister for Primary Industries and Regional Development - McLaren Vale Wine Industry Fund
Statement of Cash Flows
for the year ended 30 June 2021

	2021	2020
	\$	\$
Cash flows from operating activities		
Cash inflows		
Contributions from industry	731 245	707 493
Interest received	213	2 120
Cash generated from operating activities	<u>731 458</u>	<u>709 613</u>
Cash outflows		
Transfers to industry	(301 568)	(642 800)
Refund of contributions	(70 906)	(7 887)
Payments for supplies and services	(8 749)	(541)
Auditor's remuneration	-	(6 500)
Cash used in operating activities	<u>(381 223)</u>	<u>(657 728)</u>
Net cash provided by / (used in) operating activities	<u>350 235</u>	<u>51 885</u>
Net increase / (decrease) in cash and cash equivalents	<u>350 235</u>	<u>51 885</u>
Cash and cash equivalents at the beginning of the reporting period	475 105	423 220
Cash and cash equivalents at the end of the reporting period	<u>825 340</u>	<u>475 105</u>

The accompanying notes form part of these financial statements.

Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1. About the McLaren Vale Wine Industry Fund

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

1.1. Basis of preparation

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

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

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

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

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

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

1.2. Objectives of the Fund

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

The primary purposes of the Fund are to:

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

1.3. Impact of COVID-19 pandemic on the Fund

The COVID-19 pandemic has not had a material impact on the operations of the Fund in 2020-21.

Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2. Income

2.1. Contributions from industry

Contributions payable to the Minister for payment into the Fund are made pursuant to Regulation 5.

Contributions are recognised as revenue under AASB 1058 when the Fund obtains control of the contributions, or obtains the right to receive the contributions (that is, when information becomes available to the Fund regarding contributions due for the prescribed period).

2.2. Resources received free of charge

	2021	2020
	\$	\$
Resources received free of charge	-	8 381
Total resources received free of charge	-	8 381

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

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the Fund includes the Minister for Primary Industries and Regional Development who has responsibility for the strategic direction and management of the Fund.

The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

Transactions with key management personnel and other related parties

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

Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4. Expenses

4.1. Transfers to industry

	2021	2020
	\$	\$
McLaren Vale Grape Wine and Tourism Association	491 567	532 800
Total transfers to industry	491 567	532 800

Regulations provide that the Fund may be applied for a number of specific purposes and that payments from the Fund may be made to an industry body established to represent its membership. The amounts transferred enable projects and activities to be delivered by the industry to meet its management plan.

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

All payments from the Fund are made in accordance with the Fund's Regulations and the management plan developed in consultation with the industry.

4.2. Supplies and services

	2021	2020
	\$	\$
Administrative and operating costs ⁽¹⁾	9 299	8 381
Total supplies and services	9 299	8 381

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

5. Financial assets

5.1. Cash and cash equivalents

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

5.2. Receivables

	2021	2020
	\$	\$
Accrued interest - Department of Treasury and Finance	-	13
Receivables – Contributions from industry	214 768	101 277
Total receivables	214 768	101 290

Receivables – Contributions from industry are recognised as statutory receivables under AASB 9 when information becomes available to the Fund regarding contributions due for the prescribed period.

Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund
Notes to and forming part of the financial statements
for the year ended 30 June 2021

6. Liabilities

6.1. Payables

	2021	2020
	\$	\$
Audit fee payable to the Auditor-General's Department	13 400	6 600
Other payables	550	-
Refund of contributions	1 616	-
McLaren Vale Grape Wine and Tourism Association	189 999	-
Total payables	205 565	6 600

Goods and services provided and unpaid at the end of the reporting period are recognised as other payables.

A refund liability is recognised once a refund is approved for payment.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

7. Outlook

7.1. Contingent liabilities

Refunds of contributions

Under Regulation 5(8) refunds of contributions paid in respect of McLaren Vale grapes delivered during a prescribed period may be claimed by notice in writing to the Minister within the 12 months following that prescribed period.

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

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

7.2. 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 2021-22.

7.3. Events after the reporting period

No events have occurred after balance date that are expected to materially affect the Fund in subsequent years.

**Minister for Primary Industries and Regional Development – McLaren Vale Wine
Industry Fund**
Notes to and forming part of the financial statements
for the year ended 30 June 2021

8. Measurement and risk

8.1. 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.