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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 for the financial year ended 30 June 2022.

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 2022, its financial performance and its cash flows for the year then ended in accordance with the relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Reporting Requirements.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chair, Chief Executive Officer and the Business Manager.

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 members of the Authority 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 – Simplified Reporting Requirements, 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, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. 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 2022.

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.



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

27 September 2022

Dairy Authority of South Australia
(Dairysafe)

Financial report
for the year ended
30 June 2022

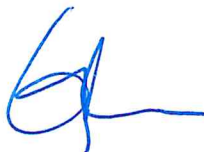
Certification of the Financial Statements

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



Roseanne Healy
Chair



Geoff Raven
Chief Executive Officer



Eric Radley
Business Manager

Dated 27 September 2022

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Fees and charges	2.1	765	778
Interest	2.2	7	10
Grant income		20	-
Net gain/(loss) on disposal of property, plant and equipment	2.4	(1)	749
Other income	2.3	3	6
Total Income		<u>794</u>	<u>1,543</u>
Expenses			
Employee benefits expenses	3.3	642	590
Supplies and services	4.1	74	81
Depreciation and amortisation	4.2	32	18
Property expenses	4.3	2	12
Travelling expenses		21	18
Other expenses	4.4	72	58
Total Expenses		<u>843</u>	<u>777</u>
Net Result		<u>(49)</u>	<u>766</u>
Total Comprehensive Result		<u>(49)</u>	<u>766</u>

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current Assets			
Cash and cash equivalents	6.1	2,154	2,230
Receivables	6.2	8	22
Total current assets		<u>2,162</u>	<u>2,252</u>
Non-current assets			
Property, plant and equipment	5.1	1,395	1,342
Intangible assets	5.3	64	48
Total non-current assets		<u>1,459</u>	<u>1,390</u>
Total assets		<u>3,621</u>	<u>3,642</u>
Current Liabilities			
Payables	7.1	87	48
Employee benefits	3.4	99	111
Other current liabilities	7.2	24	37
Total current liabilities		<u>210</u>	<u>196</u>
Non-current liabilities			
Payables	7.1	4	3
Employee benefits	3.4	88	75
Total non-current liabilities		<u>92</u>	<u>78</u>
Total liabilities		<u>302</u>	<u>274</u>
Net assets		<u>3,319</u>	<u>3,368</u>
Equity			
Retained earnings		3,319	3,368
Total equity		<u>3,319</u>	<u>3,368</u>

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 2022

	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2020	2,086	516	2,602
Total comprehensive result for 2020-21	-	766	766
Transfer between equity components	(2086)	2,086	-
Balance at 30 June 2021	-	3,368	3,368
Net result for 2021-22	-	(49)	(49)
Total comprehensive result for 2021-22	-	(49)	(49)
Balance at 30 June 2022	-	3,319	3,319

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 2022

	Note	2022 \$'000	2021 \$'000
<u>Cash flows from operating activities</u>			
Cash inflows			
Fees and charges		764	823
Interest received		7	10
Other income		23	6
Cash generated from operations		794	839
Cash outflows			
Employee benefits payments		(646)	(528)
Payments for supplies and services		(184)	(136)
Cash used in operating activities		(830)	(664)
Net cash provided by operating activities		(36)	175
<u>Cash flows from investing activities</u>			
Cash inflows			
Proceeds from sale of property, plant and equipment		0	2853
Cash generated from investing activities		0	2853
Cash outflows			
Purchase of property, plant and equipment		(17)	(1332)
Purchase of intangibles		(29)	(33)
Cash used in investing activities		(46)	(1365)
Net cash provided by investing activities		(46)	1488
Net increase in cash and cash equivalents		(82)	1663
Cash and cash equivalents at 1 July 2022		2230	567
Cash and cash equivalents at 30 June 2022		2148	2230

The accompanying notes form part of these financial statements.

1. About Dairy Authority of South Australia (Dairysafe)

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 entities 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*;
- relevant Australian 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.

Cash flows include GST in the Statement of Cash Flows.

Assets and liabilities that are sold, consumed or realised as part of the normal 12 month 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

	2022 \$'000	2021 \$'000
2.1 Fees and charges		
Accreditation Fees	765	778
Total fees and charges	<u>765</u>	<u>778</u>

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.

	2022 \$'000	2021 \$'000
2.2 Interest		
Interest	7	10
Total interest revenue	<u>7</u>	<u>10</u>

	2022 \$'000	2021 \$'000
2.3 Other income		
Other	3	0
Rental income	0	6
Total other income	<u>3</u>	<u>6</u>

	2022 \$'000	2021 \$'000
2.4 Net gain/(loss) from disposal of property, plant and equipment		
<u>Property, plant and equipment:</u>		
Net proceeds from disposal	0	2852
Less carrying amount of assets disposed	(1)	(2103)
Net gain/(loss) from disposal of assets	<u>(1)</u>	<u>749</u>

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 and the Board.

Total compensation for the key management personnel was \$229,000 in 2021-22 and \$217,000 in 2020-21.

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 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 2022 financial year were:

Ms RC Healey

Mr M Connor

Mr G Kamencak

Board remuneration

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

	2022 \$'000	2021 \$'000
\$0 - \$19,999	2	2
\$20,000 - \$39,999	1	1
	<u>3</u>	<u>3</u>

The total remuneration received or receivable by members was \$48,000 (\$47,000). Remuneration of members includes sitting fees and superannuation contributions.

	2022 \$'000	2021 \$'000
3.3 Employee benefits expense		
Salaries and wages	562	433
Long service leave	(22)	21
Annual leave	4	38
Skills and experience retention leave	(6)	3
Employment on-costs superannuation	60	51
Board fees	44	44
Total employee benefits expenses	<u>642</u>	<u>590</u>

Employment on-costs - superannuation

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

Executive remuneration

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

\$167,001 to \$187,000

Total

2022
No

2021
No

1 1

1 1

The total remuneration received by those employees for the year was \$181,000 (\$170,000)

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 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

Current

Accrued salaries and wages

Long service leave

Annual leave

Skills and retention experience leave

Total current employee benefits

2022
\$'000

2021
\$'000

23 10

0 34

74 60

2 7

99 111

Non-current

Long service leave

Total non-current employee benefits

Total employee benefits

88 75

88 75

187 186

Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

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. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which is then applied to the department's employee details. Key assumptions include whether the characteristics of employee remuneration, terms of service with the public sector, and expectations as to when employees take long service leave, as established by the actuary, are applicable to employees of the department. These assumptions affect both the expected amount to be paid that has been factored into the calculation of the liability. The discount rate used in measuring the liability is another key assumption. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased from 2021 (1.25%) to 2022 (3.5%).

This increase in the bond yield results in a decrease in the reported long service leave liability.

The unconditional portion of the long service leave provision is classified as current as the authority does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1 Supplies and services

Computing and communications

Printing and stationery

Subscriptions

Legal fees

Industry workshops

Strategic development

Other

Total supplies and services

2022
\$'000

2021
\$'000

16 11

21 20

0 4

7 2

0 19

22 15

8 10

74 81

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	No	2022 \$'000	No	2021 \$'000
Below \$10,000	2	6	-	-
\$10,000 or above	1	14	-	-
Total	3	20	-	-

	2022 \$'000	2021 \$'000
4.2 Depreciation and amortisation		
Plant and equipment	21	14
Intangible assets	11	4
Total depreciation and amortisation	32	18

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 amortisation are calculated over the estimated useful life as 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.

	2022 \$'000	2021 \$'000
4.3 Property expenses		
Repairs and maintenance	0	1
Rates and taxes	2	9
Other	0	2
Total property expenses	2	12

	2022 \$'000	2021 \$'000
4.4 Other expenses		
Audit fees	10	9
Insurance	10	7
Staff training	2	5
Fringe benefits tax	5	10
Workplace health and safety	1	2
Relocation and accommodation	11	11
Staff recruitment	19	0
Other	14	14
Total other expenses	72	58

Other expenses include audit fees paid / payable to the Auditor-General's Department relating to work performed under the Public Finance and Audit Act 1987 were \$9,800 (\$9,500). No other services were provided by the Auditor-General's Department.

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.

	2022 \$'000	2021 \$'000
Land and buildings		
Land at fair value	900	900
Buildings at fair value	353	353
Total land and buildings	<u>1253</u>	<u>1253</u>
Plant and equipment		
Plant and equipment at cost (deemed fair value)	109	109
Accumulated depreciation at the end of the period	(41)	(20)
Total plant and equipment	<u>68</u>	<u>89</u>
Capital work in progress		
Work in Progress	74	0
Total capital work in progress	<u>74</u>	<u>0</u>
Total property, plant and equipment	<u>1395</u>	<u>1342</u>

5.2 Property, plant and equipment owned by Dairysafe

Property, plant and equipment owned by the authority with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed. Owned property, plant and equipment is subsequently measured at fair value. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Land and buildings

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.

Plant 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.

Reconciliation 2021-2022	Land and Buildings \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2021	1253	89	0	1342
Acquisitions	0	0	74	74
Disposals	0	0	0	0
Depreciation	0	(21)	0	(21)
Carrying amount at 30 June 2022	<u>1253</u>	<u>68</u>	<u>74</u>	<u>1395</u>

	2022 \$'000	2021 \$'000
5.3 Intangible assets		
Purchased computer software	78	84
Accumulated amortisation	(14)	(36)
Total computer software	<u>64</u>	<u>48</u>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets 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.

	Other Computer Software \$'000	Total \$'000
Reconciliation 2021-2022		
Carrying amount at 1 July 2021	48	48
Acquisitions	28	28
Disposals	(1)	(1)
Amortisation	(11)	(11)
Carrying amount at 30 June 2022	<u>64</u>	<u>64</u>

6. Financial Assets

6.1 Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank	2154	2230
Total cash and cash equivalents	<u>2154</u>	<u>2230</u>

6.2 Receivables

	2022 \$'000	2021 \$'000
Trade receivables	2	17
Pre-paid expenses	4	5
Other receivables	2	0
Total current receivables	<u>8</u>	<u>22</u>

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.

6.3 Categorisation of financial assets

Financial assets

Cash and cash equivalents

	2022 Carrying amount \$'000	2021 Carrying amount \$'000
Cash and cash equivalents	2154	2230

Financial assets at amortised cost

Receivables	4	17
Total financial assets	<u>2158</u>	<u>2247</u>

Receivables as disclosed in this note does not include statutory amounts as these are not financial instruments.

7. Liabilities

Employee benefits liabilities are disclosed in Note 3.4.

	2022 \$'000	2021 \$'000
7.1 Payables		
Current		
Trade payables	58	29
Accrued expenses	20	10
Employment on-costs*	9	9
Total current payables	87	48
Non-current		
Employment on-costs*	4	3
Total non-current payables	4	3
Total payables	91	51

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 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 payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

7.2 Other Liabilities

Current

Accreditation fees received in advance

Total current other liabilities

	2022 \$'000	2021 \$'000
Accreditation fees received in advance	24	37
Total current other liabilities	24	37

7.3 Categorisation of financial assets

Financial liabilities

Financial liabilities at amortised cost

Payables

Total financial liabilities

	2022 Carrying amount \$'000	2021 Carrying amount \$'000
Payables	58	29
Total financial liabilities	58	29

Payables as disclosed in this note does not include accrued expenses or statutory amounts as these are not financial instruments.

8. Outlook

8.1 Unrecognised commitments

Commitments arising from contractual sources are disclosed at their nominal value.

	2022 \$'000	2021 \$'000
Contractual commitments to acquire property, plant and equipment		
Not later than one year	581	0
Total capital commitments	581	0

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 events after balance date.