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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 2026.

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 2026, 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 – Simplified Disclosures.

The financial report comprises:

- a Statement of Financial Position as at 30 June 2026
- a Statement of Comprehensive Income for the year ended 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair and Chief Executive 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 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 Disclosures, 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 2026.

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
Deputy Auditor-General

30 September 2026

Dairy Authority of South Australia (Dairysafe)

Financial Report
for the year ended
30 June 2026

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 Dairysafe; 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 Dairysafe at the end of the financial year and the result of its operations and cash flows for the financial year
- internal controls employed by Dairysafe for the financial year over its financial reporting and its preparation of financial statements have been effective.



Sharon Starick
Chair



Melissa Jackson
Chief Executive Officer

Dated **29** September 2026

STATEMENT OF FINANCIAL POSITION

Dairy Authority of South Australia

as at 30 June 2026

	Note	2026 \$'000	2025 \$'000
Current Assets			
Cash and cash equivalents	5.1	639	964
Receivables	5.2	12	13
Total current assets		<u>651</u>	<u>977</u>
Non-current assets			
Property, plant and equipment	5.3-5.5	2,342	2,233
Intangible assets	5.6	58	51
Total non-current assets		<u>2,400</u>	<u>2,284</u>
Total assets		<u>3,051</u>	<u>3,261</u>
Current Liabilities			
Payables	6.1	70	49
Employee related liabilities	6.2	41	125
Other current liabilities	6.3	39	18
Total current liabilities		<u>150</u>	<u>192</u>
Non-current liabilities			
Employee related liabilities	6.2	14	36
Total non-current liabilities		<u>14</u>	<u>36</u>
Total liabilities		<u>164</u>	<u>228</u>
Net assets		<u>2,887</u>	<u>3,033</u>
Equity			
Retained earnings		2,483	2,792
Asset Revaluation Surplus		404	241
Total equity		<u>2,887</u>	<u>3,033</u>

The accompanying notes form part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME

Dairy Authority of South Australia
for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Income			
Fees and charges	3.1	710	695
Other income	3.2	42	57
Total Income		<u>752</u>	<u>752</u>
Expenses			
Employee related expenses	4.1	522	653
Supplies and services	4.2	274	208
Depreciation and amortisation	5.4, 5.6	81	73
Travelling expenses		37	21
Other expenses	4.3	147	110
Total Expenses		<u>1,061</u>	<u>1,065</u>
Net Result		<u>(309)</u>	<u>(313)</u>
Other Comprehensive Income			
Changes in property, plant and equipment asset revaluation surplus	5.4	163	241
Total other comprehensive income		<u>163</u>	<u>241</u>
Total Comprehensive Result		<u>(146)</u>	<u>(72)</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 CHANGES IN EQUITY

Dairy Authority of South Australia
for the year ended 30 June 2026

	Retained earnings \$'000	Asset Revaluation Surplus \$'000	Total equity \$'000
Balance at 30 June 2024	3,105	-	3,105
Total comprehensive result for 2024-25	(313)	241	(72)
Balance at 30 June 2025	2,792	241	3,033
Net result for 2025-26	(309)	-	(309)
Increment from revaluation of land and building	-	163	163
Total comprehensive result for 2025-26	(309)	163	(146)
Balance at 30 June 2026	2,483	404	2,887

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

Dairy Authority of South Australia
for the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
<u>Cash flows from operating activities</u>			
Cash inflows			
Receipts from fees and charges		734	750
Receipts from interest and other income		42	55
GST Recovered from the ATO		40	34
Cash generated from operations		<u>816</u>	<u>839</u>
Cash outflows			
Employee related payments		(624)	(692)
Payments for supplies and services		(306)	(245)
Payments for grants		-	(92)
Other payments		(159)	(119)
Cash used in operations		<u>(1,089)</u>	<u>(1,148)</u>
Net cash used in operating activities		<u>(273)</u>	<u>(309)</u>
<u>Cash flows from investing activities</u>			
Cash outflows			
Purchase of intangibles		(52)	(8)
Cash used in investing activities		<u>(52)</u>	<u>(8)</u>
Net cash used in investing activities		<u>(52)</u>	<u>(8)</u>
Net decrease in cash and cash equivalents		(325)	(317)
Cash and cash equivalents at 1 July		964	1,281
Cash and cash equivalents at 30 June	5.1	<u>639</u>	<u>964</u>

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 structured 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, applying simplified disclosures.

For the purpose of preparing the financial statements, Dairysafe 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.

All amounts in the financial statements and accompanying notes are rounded to the nearest thousand dollars (\$'000).

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 are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flow arising from investing and financing activities are recoverable from, or payable to, the ATO are classified as operating 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.

Material accounting policies are set out throughout the notes.

1.2 Objectives and activities

Dairysafe's functions, as defined in Section 12 of the Regulations, are:

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

2. Board, committees and employees

2.1 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 \$270,000 in 2025-26 and \$208,000 in 2024-25.

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 Remuneration Act 1990* and the Remuneration Tribunal SA respectively and are payable from the Consolidated Account under section 6 of the *Parliamentary Remuneration Act 1990*. Apart from the remuneration of key management personnel, there were no other related party transactions.

2.2 Board members

Members during the 2026 financial year were:

Ms RC Healy
Mr MR Connor
Mr GC Kamencak*

*In accordance with Premier and Cabinet Circular 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Board remuneration

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

\$0
\$0 - \$19,999
\$20,000 - \$39,999

Total number of members

2026	2025
1	1
1	1
1	1
3	3

The total remuneration received by members was \$36,000 (\$35,000). Remuneration of members includes sitting fees and superannuation contributions.

3. Income

3.1 Fees and charges

Accreditation Fees

Total fees and charges

2026	2025
\$'000	\$'000
710	695
710	695

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.

3.2 Other income

Interest

Other

Total other income

2026	2025
\$'000	\$'000
33	53
9	4
42	57

4. Expenses

4.1 Employee related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	518	578
Long service leave	(88)	(8)
Annual leave	-	(22)
Skills and experience retention leave	(2)	(4)
Employment on-costs superannuation	62	68
Board fees	31	31
Other	1	10
Total employee related expenses	522	653

Employment on-costs - superannuation

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

Employee remuneration

\$217,001 to \$237,000

	2026	2025
	\$'000	\$'000
Total	1	-

The total remuneration received by those employees for the year was \$234,000 (nil).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of 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 left DairySafe.

4.2 Supplies and services

	2026	2025
	\$'000	\$'000
Computing and communications	67	32
Printing and stationery	30	26
Legal fees	26	23
Contractors	137	30
Strategic development	-	82
Minor works, maintenance and equipment	13	13
Other	1	2
Total supplies and services	274	208

4.3 Other expenses

	2026	2025
	\$'000	\$'000
Audit fees	14	11
Impairment loss on contractual receivables	-	48
Insurance	13	17
Staff training	24	11
Staff recruitment	94	18
Other	2	5
Total other expenses	147	110

Other expenses include audit fees paid / payable to the Audit Office of South Australia relating to work performed under the Public Finance and Audit Act 1987 and were \$13,800 (\$10,500). No other services were provided by the Audit Office of South Australia.

5. Assets

5.1 Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Cash and cash equivalents	639	964
Total cash and cash equivalents	639	964

5.2 Receivables

	2026	2025
	\$'000	\$'000
Contract receivables	1	52
Less: impairment loss on contract receivables	-	(48)
Prepayments	5	6
Interest receivable	2	3
Superannuation Receivable	4	-
Total current receivables	12	13

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.

5.3 Useful life and depreciation of non-financial assets

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)
Plant and Equipment	3-10
Motor Vehicles	3-10
Buildings	50
Intangibles	5

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed 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.

5.4 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.

	Land \$'000	Buildings \$'000	Motor Vehicles \$'000	Plant and equipment \$'000	Total \$'000
Reconciliation 2025-26					
Carrying amount at 1 July 2025	1,007	1,107	61	58	2,233
Depreciation	-	(22)	(25)	(7)	(54)
Increment from revaluation of property, plant and equipment	76	87	-	-	163
Carrying amount at 30 June 2026	1,083	1,172	36	51	2,342
Gross Carrying Amount	1,083	1,172	135	75	2,465
Accumulated Depreciation	-	-	(99)	(24)	(123)
Carrying Amount	1,083	1,172	36	51	2,342

5.5 Property, motor vehicles, plant and equipment

Property, plant and equipment with a value equal to or in excess of \$5,000 is capitalised, otherwise it is expensed. These asset classes are 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.

Revaluation of these asset classes is undertaken on a regular cycle and is revalued at least every six years. However, 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.

Land and buildings

Dairysafe undertook an internal exercise to determine whether the carrying amounts of land and building assets recognised under the revaluation model were materially different from their fair values. After undertaking this review, Dairysafe elected to process a revaluation increment for its land and building asset as at 30 June 2026. The increment was based on the average increase in land and building values within the state since the last independent valuation.

The purpose of the internal exercise performed in 2025-26 is to capture any material changes in the land and building values during the intervening period prior to the formal revaluation.

An independent valuation of land and buildings owned by Dairysafe was performed at 30 June 2023, by a certified practicing valuer from M3 Property Pty Ltd.

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

Motor vehicles, plant and equipment

All items of motor vehicles, plant, and equipment 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.

5.6 Intangible Assets

	Other Computer Software \$'000	WIP \$'000	Total \$'000
Reconciliation 2025-26			
Carrying amount at 1 July 2025	28	23	51
Acquisitions	-	34	34
Reclassification from WIP to completed intangible asset	57	(57)	-
Amortisation	(27)	-	(27)
Carrying Amount at 30 June 2026	58	-	58
Gross Carrying Amount	155	-	155
Accumulated Amortisation	(97)	-	(97)
Carrying Amount	58	-	58

Intangible assets are initially measured at cost and are tested for indications 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.

6. Liabilities

6.1 Payables

Current

	2026 \$'000	2025 \$'000
Contractual payables	42	27
Accrued expenses	28	22
Total current payables	70	49

Payables and accruals are raised for all amounts owing but unpaid. Contractual 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.

	2026 \$'000	2025 \$'000
6.2 Employee related liabilities		
Current		
Accrued salaries and wages	-	12
Annual leave	37	36
Long service leave	-	65
Skills and retention experience leave	-	2
Employment on-costs	4	10
Total current related liabilities	41	125
Non-current		
Long service leave	12	34
Employment on-costs	2	2
Total non-current employee related liabilities	14	36
Total employee related liabilities	55	161

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

Salaries and wages, annual leave, skills and experience retention leave 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 the skills and experience retention leave liability are expected to be payable within 12 months and are measured at the undiscounted amount expected to be paid. The salary inflation rate applied to the annual leave and SERL liabilities increased to 3.5% in 2026 from 3.2% in 2025.

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. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of services. These assumptions are based on employee data over SA Government entities. The discount rate is reflective of long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased in 2026 at 4.35% (4.25% in 2025).

The actuarial assessment performed by DTF maintained the salary inflation rate from 2026 at 3.5% for the long service leave liability.

The current portion of long service liabilities reflects the amounts expected to be taken (approved or paid out on termination) to eligible employees within 2026-27.

Employment on-costs

Employment on-costs include 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.

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 2025 rate (44%) and the average factor for the calculation of employer superannuation cost on-costs has remained unchanged from the 2025 rate (12%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is not material. The impact on future periods is impracticable to estimate.

	2026 \$'000	2025 \$'000
6.3 Other Liabilities		
Current		
Accreditation fees received in advance	39	18
Total current other liabilities	39	18

7. Outlook

7.1 Unrecognised commitments

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

	2026 \$'000	2025 \$'000
Other Contractual commitments		
Not later than one year	3	10
Later than one year but not later than five years	1	3
Total other contractual commitments	4	13

7.2 Contingent assets and liabilities

Dairysafe is not aware of any contingent assets or contingent liabilities.

7.3 Events after the reporting period

No events have occurred between 30 June 2026 and the date the financial statements are authorised that may have a material impact on the results of subsequent years.