DAIRYSAFE

2017-18 Annual Report

Dairy Authority of South Australia
(trading as Dairysafe)
33 Hutt Street, Adelaide, SA 5000
Contact phone number +61 8 8223 2277
Contact email admin@dairy-safe.com.au
ISSN 2205 – 6866 (print)
2205 – 6874 (online)
Date presented to Minister: 26 September 2018
To:
Hon. Tim Whetstone MP
Minister for Primary Industries and Regional Development

This annual report is to be presented to Parliament to meet the statutory reporting requirements of the Primary Produce (Food Safety Schemes)(Dairy) Regulations 2017 and meets the requirements of Premier and Cabinet Circular PC013 Annual Reporting.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of Dairysafe by:

Ms Roseanne Healy
Chair

Signature  Date    26 September 2018
Contents

Section A: Reporting required under the Public Sector Act 2009, the Public Sector Regulations 2010 and the Public Finance and Audit Act 1987

Agency purpose or role
Objectives
Key strategies and their relationship to SA Government objectives
Agency programs and initiatives and their effectiveness and efficiency
Legislation administered by the agency
Organisation of the agency
Other agencies related to this agency (within the Minister’s area/s of responsibility)
Employment opportunity programs
Agency performance management and development systems
Work health, safety and return to work programs of the agency and their effectiveness
Work health and safety and return to work performance
Fraud detected in the agency
Strategies implemented to control and prevent fraud
Whistle-blowers’ disclosure
Executive employment in the agency
Consultants
Contractors
Financial performance of the agency
Other financial information
Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Section B: Reporting required under any other act or regulation
Enter name of act or regulation
Reporting required under the Carers’ Recognition Act 2005

Section C: Reporting of public complaints as requested by the Ombudsman.
Summary of complaints by subject
Complaint outcomes

Appendix: Audited financial statements 2017/18
Section A: Reporting required under the Public Sector Act 2009, the Public Sector Regulations 2010 and the Public Finance and Audit Act 1987

Agency purpose or role

Dairysafe is an independent statutory authority fully financed by the dairy industry and established in 1993. Dairysafe consists of three Members appointed by the Governor, one of whom is appointed as Chair. Its work in overseeing the safe production of dairy products in South Australia is carried out by a small professional team of management and specialist auditors.

The role of Dairysafe is to ensure that dairy products produced in South Australia are safe for consumers by ensuring that Australian food safety standards are complied with at each point in the production chain. Dairysafe achieves this by accrediting dairy farmers, raw milk transporters and dairy processors and auditing them regularly for compliance with national food safety standards.

Objectives

• To implement and administer the Dairy Food Safety Scheme as specified within the Primary Produce (Food Safety Schemes)(Dairy) Regulations 2017.

• To work at State and National levels to assist the development of a viable dairy industry producing safe dairy products operating, where possible, in a uniform national regulatory framework.

• To provide efficient and accountable management of Dairysafe’s financial affairs.

• To ensure Dairysafe possesses the skills and experience necessary to undertake its functions, and that authorised persons and auditors approved under the Act are appropriately trained.

• To increase food safety awareness throughout the South Australian dairy industry through engagement and food safety auditing activities.

• To encourage and promote a robust ‘food safety culture’ supported through positive engagement and effective delivery of educational tools.

Key strategies and their relationship to SA Government objectives

<table>
<thead>
<tr>
<th>Key strategy</th>
<th>SA Government objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be the benchmark and leaders in dairy food safety.</td>
<td>Safe food for consumers.</td>
</tr>
<tr>
<td>To protect the food safety reputation of the South Australian dairy industry.</td>
<td>Safe food for consumers. Industry growth and prosperity.</td>
</tr>
</tbody>
</table>
## Key strategy

<table>
<thead>
<tr>
<th>Key strategy</th>
<th>SA Government objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative in promoting a food safety culture</td>
<td>Safe food for consumers.</td>
</tr>
<tr>
<td></td>
<td>Industry growth and prosperity.</td>
</tr>
<tr>
<td>Develop a food safety communication plan relevant to the South Australian dairy industry</td>
<td>Safe food for consumers.</td>
</tr>
<tr>
<td>Modernise Dairysafe</td>
<td>Safe food for consumers.</td>
</tr>
</tbody>
</table>

## Agency programs and initiatives and their effectiveness and efficiency

<table>
<thead>
<tr>
<th>Program name</th>
<th>Indicators of performance/effectiveness/efficiency</th>
<th>Outcome for South Australia (2017/18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Safety Outcomes</td>
<td>Foodborne illness associated with South Australian dairy products (0 in 2016/17)</td>
<td>0 foodborne illness incidents associated with South Australian dairy products</td>
</tr>
<tr>
<td>Product withdrawal / recall</td>
<td>Number of South Australian dairy product withdrawals or recalls (5 in 2016/17)</td>
<td>1 product withdrawal associated with a non-declared additive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 product recall associated with physical contamination of product (metal fragments)</td>
</tr>
<tr>
<td>Antibiotic contamination</td>
<td>Number of incidents relating to antibiotic residue detected in raw milk (4 in 2016/17)</td>
<td>5 milk loads detected with antibiotic residue</td>
</tr>
<tr>
<td>Microbial contamination</td>
<td>Number of incidents relating to microbial contamination of ready to eat dairy products (1 in 2016/17)</td>
<td>1 incident involving the detection of listeria in cheddar cheese</td>
</tr>
<tr>
<td>Industry and stakeholder engagement</td>
<td>Increase dairy food safety awareness and promote strong relationships with industry</td>
<td>New website launched (Jan 2018)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dairysafe LinkedIn profile established</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dairysafe E-Newsletter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Regional Board meetings held</td>
</tr>
<tr>
<td>Program name</td>
<td>Indicators of performance/effectiveness/efficiency</td>
<td>Outcome for South Australia (2017/18)</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Industry compliance with food standards</td>
<td>Number of minor, major and critical food safety non-conformances identified at audit of dairy businesses</td>
<td>250 minor non-conformances issued</td>
</tr>
<tr>
<td></td>
<td>Number of Orders issued on dairy businesses for serious food safety breaches</td>
<td>36 major non-conformances issued</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 critical non-conformances issued</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 Orders issued</td>
</tr>
<tr>
<td>Quality Audit Delivery</td>
<td>Qualified independent audit delivery enabling auditor rotation</td>
<td>Dairysafe has restructured during the past 12 months and continued to add to its auditing resources to ensure independent auditor rotation is achieved deepening the auditor pool.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dairysafe has 7 approved auditors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dairysafe recognises audits provided by the Commonwealth Department of Agriculture and Water Resources of export registered dairy processors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New 3rd party audit provider commissioned</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7 auditors hold approved Level 2 food safety auditor status</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 auditors hold approved Level 4 food safety auditor status</td>
</tr>
<tr>
<td>Export focus</td>
<td>Number of businesses achieving export registration</td>
<td>3 businesses</td>
</tr>
<tr>
<td>Industry investment</td>
<td>Number of businesses investing in improved systems and facilities</td>
<td>3 businesses</td>
</tr>
</tbody>
</table>
### Program name

<table>
<thead>
<tr>
<th>Indicators of performance/effectiveness/efficiency</th>
<th>Outcome for South Australia (2017/18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in industry production, capital investment, expansion in products produced, success in attracting funding.</td>
<td>The processing sector experienced growth, facility expansion and development of new products. Industry secured advanced manufacturing funding to develop validated processes for production of raw milk cheese.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program name</th>
<th>Indicators of performance/effectiveness/efficiency</th>
<th>Outcome for South Australia (2017/18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance management and development</td>
<td>Number of staff with active performance management and development arrangements recognised by OCPSE</td>
<td>4</td>
</tr>
<tr>
<td>Financial</td>
<td>% and dollar value of actual expenditure compared with budget</td>
<td>Full year result of $217K surplus against a budgeted loss of $10K. The financial outcome resulted in a 5% reduction of industry accreditation fees for 2018/2019.</td>
</tr>
</tbody>
</table>

### Legislation administered by the agency

- **Primary Produce (Food Safety Schemes) Act 2004**
- **Primary Produce (Food Safety Schemes)(Dairy) Regulations 2017**

### Organisation of the agency

The Dairysafe Board consists of a Chair and two Board members. The Board was appointed in July 2015 for a three-year term to 30 June 2018. The Governor elected Ms Roseanne Healy as Chair, and Ms Gina Dal Santo and Ms Kay Matthias as Board members.

The Dairysafe team consists of a Chief Executive Officer with three direct reports – an Executive Assistant and Board Secretary, an Accountant and a Food Safety Auditor.
Other agencies related to this agency (within the Minister’s area/s of responsibility)

Primary Industries and Regions South Australia

Employment opportunity programs

<table>
<thead>
<tr>
<th>Program name</th>
<th>Result of the program</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Dairysafe did not recruit any employees through a public sector wide employment opportunity program.</td>
</tr>
</tbody>
</table>

Agency performance management and development systems

<table>
<thead>
<tr>
<th>Performance management and development system</th>
<th>Assessment of effectiveness and efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance management and development reviews commenced in 2017/18</td>
<td>100% of staff</td>
</tr>
</tbody>
</table>

Work health, safety and return to work programs of the agency and their effectiveness

<table>
<thead>
<tr>
<th>Program name and brief description</th>
<th>Effectiveness</th>
</tr>
</thead>
</table>
| Work Health and Safety program     | WHS features as an agenda item on fortnightly staff meetings. WHS features as an agenda item on monthly one on one meetings. Staff and tenants are encouraged to report any WHS incidents or issues to the CEO, Executive Assistant or Accountant. During 2017/18 building maintenance and improvements focussed on WH&S included:-
- Improved roof drainage, preventing internal building flooding and slip hazards
- Installation of new electrical board
- Annual asbestos inspection and register update
- Annual inspection of emergency lighting and fire extinguishers
No injuries to staff or tenants were reported during this period |
Program name and brief description | Effectiveness
--- | ---
Policy Review | Dairysafe policies which impact on WHS, approved and reviewed during this period, included:-
  - Work Health and Safety
  - Risk Management
  - Motor Vehicle Policy
  - Staff Code of Conduct
  - Staff Performance Management and Development
  - Sexual Harassment

Procedure Review | The following documents were reviewed as part of Dairysafe’s WHS program:-
  - Complaint procedure
  - Car accident details
  - Incident near miss report

Work health and safety and return to work performance

|  | 2017/18 | 2016/17 | % Change (+ / -)
--- | --- | --- | ---
Workplace injury claims
Total new workplace injury claims | 0 | 0 | 0
Fatalities | 0 | 0 | 0
Seriously injured workers* | 0 | 0 | 0
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE) | 0 | 0 | 0
Work health and safety regulation
Number of notifiable incidents (WHS Act 2012, Part 3) | 0 | 0 | 0
Number of provisional improvement, improvement and prohibition notices (WHS Act 2012 Sections 90, 191 and 195) | 0 | 0 | 0
Return to work costs**
Total gross workers compensation expenditure ($) | 0 | 0 | 0
Income support payments – gross ($) | 0 | 0 | 0

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

**before third-party recovery

Data for the past five years is available at: http://dairy-safe.com.au/
Fraud detected in the agency

<table>
<thead>
<tr>
<th>Category/nature of fraud</th>
<th>Number of instances</th>
</tr>
</thead>
<tbody>
<tr>
<td>No fraud was detected in 2017/18</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Strategies implemented to control and prevent fraud

Policies in place at Dairysafe to assist in managing the risk of fraud include:-
- ‘Board Conflict of interest’
- ‘Staff Code of Conduct’
- ‘Financial Delegations and Credit Card Policy’

A conflict of interest register features as a fixed agenda item at each Board meeting. Board members are required to provide an update at the commencement of each meeting.

Financial reports are updated monthly and reviewed by the Chief Executive and the Accountant.

The monthly financial report is presented in the Dairysafe Board papers and reviewed by the Dairysafe Chair and Board members. The report is formally acknowledged during each Board meeting.

Board minutes and financial reports are logged and available for audit.

The transaction process of receiving industry fees through banking transfers minimises the risk of a fraudulent practice occurring.

The Chief Executive independently reviews all financial transactions prepared and presented by the Accountant.

All expenditure requires an authorisation signature by the Chief Executive.

Data for the past five years is available at: http://dairy-safe.com.au/

Whistle-blowers’ disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the Whistle-blowers’ Protection Act 1993: 0

Data for the past five years is available at: http://dairy-safe.com.au/

Executive employment in the agency

<table>
<thead>
<tr>
<th>Executive classification</th>
<th>Number of executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer – term untenured</td>
<td>1</td>
</tr>
</tbody>
</table>

Data for the past five years is available at: http://dairy-safe.com.au/
The Office of the Commissioner of Public Sector Employment has a data dashboard for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

<table>
<thead>
<tr>
<th>Consultancies below $10,000 each</th>
<th>Purpose</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Subtotal</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consultancies above $10,000 each</th>
<th>Purpose</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Subtotal</td>
<td>$0</td>
</tr>
</tbody>
</table>

Total all consultancies $0

Data for the past five years is available at: http://dairy-safe.com.au/


Contractors

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

<table>
<thead>
<tr>
<th>Contractor above $10,000</th>
<th>Purpose</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCONZ Australia</td>
<td>Auditing of dairy businesses</td>
<td>$25,818</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>$25,818</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contractor below $10,000</th>
<th>Purpose</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors (x 3)</td>
<td>Auditing of dairy farms</td>
<td>$20,675</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>$20,675</td>
</tr>
</tbody>
</table>

Data for the past five years is available at: http://dairy-safe.com.au/

The details of all South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website here.

The website also provides details of Across government contracts here.
Financial performance of the agency

The following is a brief summary of the overall financial position of the agency. Full audited financial statements for 2017/18 are attached to this report.

The financial result for 2017/18 was a surplus of $217K against a loss of $44K in 2016/17. The major impacting factors have been:

- Dairysafe has employed a moderate increase in 3rd party auditors which has resulted in a corresponding decrease in employee costs. This is consistent with the national trend of applying a combination of specialised 3rd party auditors and in-house audit skills. This has allowed Dairysafe to maintain a strong technical capacity whilst employing an emphasis on building food safety culture within dairy businesses.

- The action undertaken by Dairysafe has resulted in the reduction of staff numbers by one (1) food safety auditor whilst retaining a Food Safety Officer and a number of approved 3rd party auditors to ensure ongoing technical capacity and continuity of the audit function.

- In addition, two (2) large dairy processors entered the South Australian market with a resultant contribution to the overall Dairysafe income stream.

- Milk produced for the 2017/18 year totalled 510.12 megalitres, an increase of 9.32 megalitres or 1.86% on 2016/17.

- Dairysafe has continued to maintain a strong hold on costs contributing to a positive end result.

- In view of the positive result for 2017/18 Dairysafe has seen fit to reduce monthly accreditation fees for 2018/19 by 5%.

Other financial information

Nil

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Nil
Section B: Reporting required under any other act or regulation

Name and date of act or regulation

Enter name of act or regulation

Section/regulation number and reporting requirement specified (extract straight from act or regulation – can be pasted.

Report as per requirement

Reporting required under the Carers’ Recognition Act 2005

The Carers’ Recognition Act is deemed applicable for the following: Department of Human Services, Department for Education, Department for Health and Wellbeing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person’s or body’s compliance or non-compliance with section 6.

N/A
Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

<table>
<thead>
<tr>
<th>Public complaints received by DairySafe</th>
<th>Category of complaints by subject</th>
<th>Number of instances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All categories</td>
<td>0</td>
</tr>
</tbody>
</table>

Data for the past five years is available at: http://dairy-safe.com.au/

Complaint outcomes

<table>
<thead>
<tr>
<th>Nature of complaint or suggestion</th>
<th>Services improved or changes as a result of complaints or consumer suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Appendix: Audited financial statements 2017/18

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Dairy Authority of South Australia (the Authority):

- comply with the relevant Treasurer’s Instructions issued under section 41 of the Public Finance and Audit Act 1987, and the relevant Australian Accounting Standards;

- are in accordance with the accounts and records of the Authority;

and

- present a true and fair view of the financial position of the Authority as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Dairy Authority of South Australia for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.

Roseanne Healy
Chair

Geoff Raven
Chief Executive Officer

Rocco Galluccio FCPA
Chief Financial Officer

Dated 26th September 2018
# Statement of Comprehensive Income

For the Year Ended 30 June 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 $’000</th>
<th>2017 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits expenses</td>
<td>3</td>
<td>375</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>5</td>
<td>90</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Property expenses</td>
<td>7</td>
<td>35</td>
</tr>
<tr>
<td>Travelling expenses</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Other expenses</td>
<td>8</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>595</strong></td>
<td><strong>726</strong></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and charges</td>
<td>9</td>
<td>725</td>
</tr>
<tr>
<td>Interest revenues</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Net gain from disposal of non-current assets</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Other income</td>
<td>12</td>
<td>82</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>812</strong></td>
<td><strong>682</strong></td>
</tr>
<tr>
<td><strong>Net Result</strong></td>
<td><strong>217</strong></td>
<td><strong>(44)</strong></td>
</tr>
<tr>
<td><strong>Total Comprehensive Result</strong></td>
<td><strong>217</strong></td>
<td><strong>(44)</strong></td>
</tr>
</tbody>
</table>

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

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.
### STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>$’000</td>
<td>$’000</td>
</tr>
</tbody>
</table>

#### Current assets

- **Cash and cash equivalents**: 13 363 149
- **Receivables**: 13 10 2

**Total current assets**: 373 151

#### Non-current assets

- **Property, plant and equipment**: 14 1860 1874
- **Intangible assets**: 15 3 8

**Total non-current assets**: 1863 1882

**Total assets**: 2236 2033

#### Current liabilities

- **Payables**: 16 34 38
- **Employee benefits**: 17 23 29
- **Other current liabilities**: 18 24 20

**Total current liabilities**: 81 87

#### Non-current liabilities

- **Payables**: 16 1 3
- **Employee benefits**: 17 40 46

**Total non-current liabilities**: 41 49

**Total liabilities**: 122 136

**Net Assets**: 2114 1897

#### Equity

- **Retained earnings**: 288 71
- **Asset revaluation surplus**: 1826 1826

**Total equity**: 19 2114 1897

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

The above Statement of Financial Position should be read in conjunction with the accompanying notes.
### STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>Asset Revaluation surplus</th>
<th>Retained earnings</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Balance at 30 June 2016</td>
<td>1826</td>
<td>115</td>
<td>1941</td>
</tr>
<tr>
<td>Net result for 2016-17</td>
<td>-</td>
<td>(44)</td>
<td>(44)</td>
</tr>
<tr>
<td>Total comprehensive result for 2016-17</td>
<td>-</td>
<td>(44)</td>
<td>(44)</td>
</tr>
<tr>
<td>Balance at 30 June 2017</td>
<td>1826</td>
<td>71</td>
<td>1897</td>
</tr>
<tr>
<td>Net result for 2017-18</td>
<td>-</td>
<td>217</td>
<td>217</td>
</tr>
<tr>
<td>Total comprehensive result 2017-18</td>
<td>-</td>
<td>217</td>
<td>217</td>
</tr>
<tr>
<td>Balance at 30 June 2018</td>
<td>1826</td>
<td>288</td>
<td>2114</td>
</tr>
</tbody>
</table>

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.
# Statement of Cash Flows

For the Year Ended 30 June 2018

<table>
<thead>
<tr>
<th>Note No.</th>
<th>2018 $’000</th>
<th>2017 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash outflows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits payments</td>
<td>(384)</td>
<td>(507)</td>
</tr>
<tr>
<td>Payment for supplies and services</td>
<td>(212)</td>
<td>(225)</td>
</tr>
<tr>
<td>GST paid to ATO</td>
<td>(6)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash used in operations</strong></td>
<td>602</td>
<td>732</td>
</tr>
<tr>
<td><strong>Cash inflows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and charges</td>
<td>721</td>
<td>603</td>
</tr>
<tr>
<td>Interest received</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Other receipts</td>
<td>83</td>
<td>86</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>808</td>
<td>691</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>206</td>
<td>(41)</td>
</tr>
<tr>
<td><strong>Cash Flows from Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash outflows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(2)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash used in investing activities</strong></td>
<td>(2)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash inflows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds of sale of plant and equipment</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash generated from investing activities</strong></td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>214</td>
<td>(41)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 July</td>
<td>149</td>
<td>190</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 30 June</strong></td>
<td>13</td>
<td>363</td>
</tr>
</tbody>
</table>

The above Statement of Cash Flows should be read in conjunction with accompanying notes.
1. BASIS OF FINANCIAL STATEMENTS

1.1 REPORTING ENTITY
The Dairy Authority of South Australia (the Authority) is fully funded by the dairy industry and works within the Primary Produce (Food Safety Schemes) Act 2004 and the Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017 to ensure the safety of South Australian dairy products.

The Dairy Authority does not control any other entity and has no interest in unconsolidated structural entities.

1.2 STATEMENT OF COMPLIANCE
These financial statements have been prepared in compliance with section 23 of the Public Finance and Audit Act 1987.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer’s Instructions and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act 1987.

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Dairy Authority of South Australia is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2018.

1.3 BASIS OF PREPARATION
The financial statements have been prepared based on a 12 month 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 on a different basis.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars ($’000).

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.

Significant accounting policies are set out in the notes.
1.4 TAXATION

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

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

- When the GST incurred on the purchase of goods or services is not recoverable from the Australian taxation Office (ATO), in which case the GST is recognized 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.

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

2. OBJECTIVES AND ACTIVITIES

The functions of the Authority 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.

3. EMPLOYEE BENEFITS

3.1 EMPLOYEE BENEFITS EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>230</td>
<td>321</td>
</tr>
<tr>
<td>Long Service Leave</td>
<td>2</td>
<td>(3)</td>
</tr>
<tr>
<td>Annual leave</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td>Skills and Experience Retention Leave</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Employment on-costs-superannuation*</td>
<td>75</td>
<td>101</td>
</tr>
<tr>
<td>Board fees</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total employee benefits expenses</strong></td>
<td><strong>375</strong></td>
<td><strong>497</strong></td>
</tr>
</tbody>
</table>
* The superannuation employment on-cost charges represent the Authority’s contributions to superannuation plans in respect of current services of current employees.

### 3.2 REMUNERATION OF EMPLOYEES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$000</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Number of Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$000</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

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

- $149 001 to $159 000: 1

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all cost of employment including salaries and wages, payment 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. The total remuneration received by the employee for the year was $150 000 ($150 000).

### 4. REMUNERATION OF BOARD MEMBERS

Members during the 2018 financial year were:

- Ms RC Healy
- Ms K Matthias
- Ms G Dal Santo (until 30 June 2018)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$000</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

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

- $0 - $19 999: 2
- $19 000 - $39 999: 1

Total number of members 3
Remuneration of members reflects all costs of performing board member duties including sitting fee and superannuation contributions. The total remuneration received or receivable by members was $47,000 ($47,000).

5. SUPPLIES AND SERVICES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Product testing</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Computing and communications</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>External audit costs</td>
<td>47</td>
<td>19</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Staff recruitment</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Legal fees</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total supplies and services</strong></td>
<td><strong>90</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

The total supplies and services amount disclosed includes GST amounts not recoverable from the Australian Taxation Office due to the Authority not holding a tax invoice or payments relating to third party arrangements.

6. DEPRECIATION AND AMORTISATION EXPENSE

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total depreciation and amortisation</strong></td>
<td><strong>12</strong></td>
<td><strong>21</strong></td>
</tr>
</tbody>
</table>

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.
6.1 USEFUL LIFE

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

<table>
<thead>
<tr>
<th>Class of asset</th>
<th>Useful life (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>3-10</td>
</tr>
<tr>
<td>Intangibles</td>
<td>5</td>
</tr>
</tbody>
</table>

The useful lives of intangible assets are assessed to be either finite or indefinite. The Authority only has intangible assets with finite lives.

The amortisation period and the amortization method for intangible assets is reviewed on an annual basis.

7. PROPERTY EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2018 $'000</th>
<th>2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs and maintenance</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Rates and taxes</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total property expenses</strong></td>
<td><strong>35</strong></td>
<td><strong>29</strong></td>
</tr>
</tbody>
</table>

8. OTHER EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2018 $'000</th>
<th>2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Insurance</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Strategic development</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Staff training</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Fringe benefits tax</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Web development</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>13</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total other expenses</strong></td>
<td><strong>59</strong></td>
<td><strong>99</strong></td>
</tr>
</tbody>
</table>
9. REVENUE FROM FEES AND CHARGES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Accreditation fees</td>
<td>725</td>
<td>592</td>
</tr>
<tr>
<td><strong>Total fees and charges</strong></td>
<td>725</td>
<td>592</td>
</tr>
</tbody>
</table>

10. INTEREST REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Interest</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total interest revenues</strong></td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

11. NET GAIN FROM DISPOSAL OF NON-CURRENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Plant and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Less net book value of assets disposed</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net gain from disposal of plant and equipment</strong></td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

Gains on disposal are recognized at the date at which control of the asset is passed to the buyer and are determined after deducting the cost of the asset from the proceeds at that time.

When revalued assets are sold, the revaluation surplus is transferred to retained earnings.

12. OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Rental income</td>
<td>82</td>
<td>88</td>
</tr>
<tr>
<td><strong>Total other income</strong></td>
<td>82</td>
<td>88</td>
</tr>
</tbody>
</table>
13. CURRENT ASSETS

13.1 CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>363</td>
<td>149</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td>363</td>
<td>149</td>
</tr>
</tbody>
</table>

Cash is measured at nominal amounts.

13.2 RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accreditation fees</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current receivables</strong></td>
<td>10</td>
<td>2</td>
</tr>
</tbody>
</table>

13.3 INTEREST RATE AND CREDIT RISK

Receivables arise in the normal course of providing goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Authority will not be able to collect the debt.

14. NON-CURRENT ASSETS

14.1 REVALUATION

All non-current assets are valued at fair value and revaluation of non-current assets is only performed when the fair value at the time of acquisition is greater than $1 million and estimated useful life is greater than three years.

Every four years, the Authority revalues its land and buildings via an independent Certified Practising Valuer. 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.

Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued 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.

Upon disposal or derecognition, any revaluation surplus relating to the asset is transferred to retained earnings.

### 14.2 PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Land and buildings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land at fair value</td>
<td>1,840</td>
<td>1,840</td>
</tr>
<tr>
<td>Buildings at fair value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total land and buildings</strong></td>
<td>1,840</td>
<td>1,840</td>
</tr>
<tr>
<td><strong>Plant and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment at cost (deemed fair value)</td>
<td>149</td>
<td>177</td>
</tr>
<tr>
<td>Accumulated depreciation at the end of the period</td>
<td>(129)</td>
<td>(143)</td>
</tr>
<tr>
<td><strong>Total plant and equipment at cost</strong></td>
<td>20</td>
<td>34</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>1,860</td>
<td>1,874</td>
</tr>
</tbody>
</table>

### 14.3 ACQUISITION AND RECOGNITION

Non-current assets are initially recorded at cost or at the fair value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

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 minimal value as part of a restructure of administrative arrangements, then these assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

All non-current tangible assets with a value to or in excess of $2,000 are capitalised.

### 14.4 VALUATION OF LAND AND BUILDINGS

An independent valuation of land and buildings was performed by a Certified Practising Valuer from Colliers International, as at 30 June 2015.
The valuer arrived at a fair value of unrestricted land 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. Fair value of land classified as restricted in use was determined using an adjusted market price of surrounding unrestricted land.

The valuer used depreciated replacement cost of buildings, due to there not being an active market. The depreciated replacement cost considered the need for ongoing provision of government services, specialized nature and restricted use of the assets, their size, condition and location. The valuer assessed the value of buildings improvements at $Nil.

14.5 CARRYING AMOUNT OF PLANT AND EQUIPMENT

All items of plant and equipment that had a fair value at the time of acquisition that was less than $1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value.

14.6 RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT DURING 2017-18

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings</th>
<th>Plant and equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Carrying amount at beginning of period</td>
<td>1840</td>
<td>34</td>
<td>1874</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(10)</td>
<td>(10)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>(7)</td>
<td>(7)</td>
</tr>
<tr>
<td>Carrying amount at the end of the period</td>
<td>1840</td>
<td>20</td>
<td>1860</td>
</tr>
</tbody>
</table>

14.7 RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT DURING 2016-2017

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings</th>
<th>Plant and equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Carrying amount at beginning of period</td>
<td>1840</td>
<td>50</td>
<td>1890</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>(16)</td>
<td>(16)</td>
</tr>
<tr>
<td>Carrying amount at the end of the period</td>
<td>1840</td>
<td>34</td>
<td>1874</td>
</tr>
</tbody>
</table>
15. INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Other computer software</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(28)</td>
<td>(23)</td>
</tr>
<tr>
<td><strong>Total computer software</strong></td>
<td><strong>3</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are 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 amortization and any accumulated impairment losses.

All intangible assets with a value equal to or in excess of $2,000 are capitalised.

15.1 IMPAIRMENT

There are no indications of impairment of intangible assets at 30 June 2018.

15.2 RECONCILIATION OF INTANGIBLE ASSETS DURING 2017-18

<table>
<thead>
<tr>
<th></th>
<th>Other Computer software</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at the beginning of the period</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Carrying amount at the end of the period</strong></td>
<td><strong>3</strong></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

15.3 RECONCILIATION OF INTANGIBLE ASSETS DURING 2016-17

<table>
<thead>
<tr>
<th></th>
<th>Other Computer software</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at the beginning of the period</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Carrying amount at the end of the period</strong></td>
<td><strong>8</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>
16. PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Employment on- costs*</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total current payables</strong></td>
<td>34</td>
<td>38</td>
</tr>
<tr>
<td><strong>Non - Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment on- costs*</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total non-current payables</strong></td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total payables</strong></td>
<td>35</td>
<td>41</td>
</tr>
</tbody>
</table>

* Employment on- costs include Return to Work levies and superannuation contributions. The Authority 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 relate 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 changed from the 2017 rate (40.0%) to 41.0% and the average factor for calculation of employer superannuation cost on-cost has changed from the 2017 rate of (10.1%) to 9.9%. These rates are used in the employment on-costs calculations.

16.1 INTEREST RATE AND CREDIT RISK

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.
17. EMPLOYEE BENEFITS - LIABILITY

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued salaries and wages</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Annual leave</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Long service leave</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Skills and experience retention leave</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total current employee benefits</strong></td>
<td>23</td>
<td>29</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long service leave</td>
<td>40</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total non-current employee benefits</strong></td>
<td>40</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total employee benefits</strong></td>
<td>63</td>
<td>75</td>
</tr>
</tbody>
</table>

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.

17.1 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 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.

17.2 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.

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.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of long service leave liability. The yield on long-term Commonwealth Government bonds has remained unchanged at 2.5% in 2018.

18. OTHER CURRENT LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditation fees received in advance</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Rent received in advance</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current other liabilities</strong></td>
<td>24</td>
<td>20</td>
</tr>
</tbody>
</table>

18.1 EXPENDITURE COMMITMENTS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Within one year</td>
<td>90</td>
<td>-</td>
</tr>
<tr>
<td>Later than one year but not longer than five years</td>
<td>180</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other commitments</strong></td>
<td>270</td>
<td>-</td>
</tr>
</tbody>
</table>

19. EQUITY

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>288</td>
<td>71</td>
</tr>
<tr>
<td>Asset revaluation surplus</td>
<td>1826</td>
<td>1826</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>2114</td>
<td>1897</td>
</tr>
</tbody>
</table>
20. FINANCIAL RISK MANAGEMENT

20.1 FINANCIAL RISK MANAGEMENT

Risk management is managed by the Board. The Board’s risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

The Authority’s exposure to financial risk (liquidity, credit and market) is insignificant based on past experience and current assessment of risk. The Authority is totally self-funded from receipt of accreditation fees and rental income.

There have been no changes in risk exposure since the last reporting period.

Categories of Financial Assets

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2018 ($'000)</th>
<th>2017 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>363</td>
<td>149</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables (1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>363</td>
<td>149</td>
</tr>
</tbody>
</table>

Financial Liabilities

<table>
<thead>
<tr>
<th>Financial liabilities at cost</th>
<th>2018 ($'000)</th>
<th>2017 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables (1)</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>Total financial liabilities</td>
<td>23</td>
<td>26</td>
</tr>
</tbody>
</table>

(1) The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure.
The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

21. RELATED PARTY TRANSACTIONS

The Dairy Authority of South Australia is a public authority and is a wholly owned and controlled entity of the Crown. Related parties of the board include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Key Management Personnel

Key management personnel of the Authority include the Minister, the Chief Executive Officer and the three members of the Board who have responsibility for the strategic direction and management of the Authority.

Total compensation for the Authority’s key management personnel was $197,000. Salaries and other benefits the Minister for Primary Industries and Regional Development receives are excluded from this total.

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 (via the Department of Treasury and Finance) under section 6 of the Parliamentary Remunerations Act 1990.

Unless otherwise disclosed, transactions between key management personnel and other related parties are on condition no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm’s length in the same circumstances.

22. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring after the reporting period.
INDEPENDENT AUDITOR’S REPORT

To the Chair

Dairy Authority of South Australia

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 (the Authority) for the financial year ended 30 June 2018.

Opinion

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 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer’s Instructions promulgated 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising a summary of 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 Authority. 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 Conduct for Professional Accountants have been met.

I believe that the audit evidence 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 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 the 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.

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Authority

- 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 regarding, 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

26 September 2018