TDIA
Tasmanian
Dairy
Industry
Authority

TASMANIAN DAIRY INDUSTRY AUTHORITY

ANNUAL REPORT
AND
FINANCIAL STATEMENTS
2016 – 2017

MEMBERSHIP OF THE AUTHORITY

	Name	Period
Chairperson		
	Mr M Sayer	29 May 2016 – 28 May 2019
Members with knowledge of milk production		
	Mr P Tyson	1 November 2013 – 31 October 2016
		19 April 2017 – 18 April 2020
	Mr N Cramp	1 November 2013 – 31 October 2016
	Mrs Michele Lawrence	19 April 2017 – 19 April 2020
Members with knowledge of manufacturing and marketing		
	Dr J Sumner	1 October 2014 – 11 July 2016
	Mr M Hendrey	1 November 2013 – 31 October 2016
		19 April 2017 – 18 April 2020
	Ms Jessica Crowley	19 April 2017 – 18 April 2020

TASMANIAN DAIRY INDUSTRY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		$	$
Revenue			
Licence Fees		562,161	582,237
Other Income		-	-
Profit on sale non-financial assets	7	7,312	-
Total Revenue		569,473	582,237
Expenses			
Advertising		2,568	2,880
Audit & Professional Fees		4,450	4,360
Computer and Office Expenses		3,692	6,026
Contractors - Database & Other		7,569	17,498
Depreciation		25,163	24,158
Fringe Benefits Tax		19,599	18,222
Insurance		3,231	2,988
Loss on sale non-financial assets	7	-	140
Meeting Expenses		4,418	2,996
Motor Vehicle Expenses		17,877	15,046
Rental Expenses		14,580	14,980
Salaries and Oncosts		332,783	344,458
Staff Training		6,757	9,571
Subscriptions		1,669	1,664
Telephone		6,987	5,944
Travel		21,800	26,161
Uniforms & Protective Clothing		731	813
Total Expenses		473,874	497,905
Comprehensive result		95,599	84,332

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes

TASMANIAN DAIRY INDUSTRY AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
Financial Assets			
Cash and Cash Equivalents		620,605	542,627
Trade and Other Receivables	2	25,747	23,526
Prepaid Expenses		1,946	1,858
Non Financial Assets			
Plant and Equipment	3	88,979	69,461
Total Assets		737,277	637,472
Liabilities			
Trade and Other Payables	4	20,678	13,649
Provisions	5	102,364	105,187
Total Liabilities		123,042	118,836
Net Assets		614,235	518,636
Equity			
Retained Earnings		614,235	518,636
Total Equity		614,235	518,636

This Statement of Financial Position should be read in conjunction with the accompanying notes

TASMANIAN DAIRY INDUSTRY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash Flows from Operating Activities			
Cash receipts from operating activities		564,509	589,580
Cash payments from operating activities		(449,162)	(476,583)
Net Cash from Operating Activities	6	115,347	112,997
Cash Flows from Investing Activities			
Proceeds from the disposal of non-financial assets		63,344	19,600
Payments for acquisition of non-financial assets		(100,713)	(33,900)
Net Cash (Used by) From Investing Activities		(37,369)	(14,300)
Net Increase (Decrease) in cash held		77,978	98,697
Cash at the Beginning of the Financial Year		542,627	443,930
Cash at the End of the Financial Year		620,605	542,627

This Statement of Cash Flows should be read in conjunction with the accompanying notes

TASMANIAN DAIRY INDUSTRY AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	$	$
Retained Earnings		
Balance as at 1 July	518,636	434,304
Comprehensive Result	95,599	84,332
Balance as at 30 June	**614,235**	**518,636**

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Note 1

Basis of preparation

This financial report is a general purpose financial report prepared by the Tasmanian Dairy Industry Authority that consists of a Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and notes accompanying these financial statements.

The Authority's objective is to regulate the dairy industry in Tasmania in an effective and efficient manner. This includes developing and implementing policies to achieve, as far as practicable, economies in the dairy industry; and to develop and implement programmes in relation to the manufacture of dairy produce designed to ensure the safeguard of public health and protection of consumers.

The Authority is a Tasmanian Government not-for-profit entity that is fully funded by industry licence fees. It also provides services on a fee for service basis. Where appropriate, the Authority has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities, and consequently do not comply with International Financial Reporting Standards.

Impact of new and adopted Accounting Standards

In the current year, the Authority has adopted new and revised Standards issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. These include:

AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public-Sector Entities* (effective from 1 July 2016).
The Authority has applied AASB 124 *Related Party Disclosures* for the first time. As a result, the Authority has disclosed more information about related parties and transactions with those related parties. Comparative information is not required on initial application.

AASV 2015-2 *Amendments to Australian Accounting Stasndards - Disclosure Initiative: Amendments to AASB 101* (effective 1 January 2016).
No significant changes were made to the financial statements as a result.

The adoption of the standards did not impact the Authority's accounting policies.

Revenue recognition

Revenue from licence fees is recognised in income during the period to which it applies and when it can be reliably measured. Revenue from quality assurance fees is recognised upon performance of the services.

Acquisition and recognition of non-financial assets

Plant and equipment is recognised when it has a cost (or fair value) greater than $1,000 and a useful life of two years or greater.

Plant and equipment is recognised on an accruals basis using historical cost.

Depreciation of non-financial assets

Plant and equipment assets having limited useful lives are systematically depreciated over their useful lives to the Authority in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Depreciation is charged on the following basis to write off the cost of plant and equipment assets over their useful lives and is consistent with the prior year unless otherwise stated:

Computer and office equipment:	straight line depreciation, useful lives of 3 years
Motor Vehicles:	diminishing value depreciation at 25% per year

Expenses

Expenses are recognised as incurred and attributed to the period to which they relate.

Gains or losses from the sale of assets are recognised when control of the assets has passed to the buyer.

Income tax

The Authority is exempt from income tax under the Australian Income Tax Assessment Act.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, and the balance in the Department of Primary Industries, Parks, Water and Environment (DPIPWE) trust account.

Trade and other receivables

Unsecured debtors are due in no longer than 45 days from balance date and are carried at the amount due. Credit arrangements ensure there is minimal risk with debtors.

Collectability of debts is reviewed at balance date and a specific provision made for any considered impaired.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Authority. Trade creditors are normally settled within the supplier's terms of 7, 14 or 30 days.

Employee benefits

Wages and salaries

Liabilities for wages and salaries are recognised and are measured as the amount unpaid at balance date. At 30 June 2017 the Authority employed 3 employees (2016, 3 employees).

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid, including appropriate oncosts, when the accrued obligation is settled.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year is measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Sick leave

The cost of sick leave is met on an emerging cost basis and yearly variations are not material. There is no payment in lieu of untaken sick leave.

Superannuation

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

(ii) Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Authority does not recognise a liability for the accruing superannuation benefits of Departmental employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

Impairment of assets

At each reporting date, the Authority reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. GST activities are administered by the Department of Primary Industries, Parks, Water and the Environment on behalf of the Authority and, for this reason, trade receivables, trade payables, and the Statement of Cash Flows are shown net of GST.

Judgments and Assumptions

In the application of Australian Accounting Standards, the Authority is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by the Authority that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements. The Authority has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Authority but are not yet effective. They have not been adopted in preparation of the financial report at reporting date.

AASB 9 *Financial Instruments* and the relevant amending standards (effective from 1 January 2018)

AASB 9 is one of a series of amendments that are expected to replace AASB 139 *Financial Instruments: Recognition and Measurement.* The main impact of the standard is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four categories of financial assets in AASB 139 will be replaced with two measurement categories: fair value and amortised cost.

Amortised cost is to be used for assets with contractual terms giving rise to principal and interest payments.

Fair value is to be used for all other financial assets. Gains or losses on financial assets at fair value are to be recognised in profit and loss unless the asset is part of a hedging relationship or an irrevocable election has been made to present in other comprehensive income changes in the fair value of an equity instrument not held for trading.

There will be no impact on the Authority's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Authority does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

AASB 15 *Revenue from Contracts with Customers, and* AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* (effective from 1 January 2018)

Under the new standard, a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time is proposed. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The new standard will apply to contracts of not-for-profit entities that are exchange contracts. AASB 1004 *Contributions* will continue to apply to non-exchange transactions until the Income from Transactions of Not-for-Profit Entities project is completed.

AASB 16 *Leases* (effective from 1 January 2019)
AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

As at the reporting date, the impact of AASB 15 and AASB 16 has not been assessed due to the timeframe to application.

		2017	2016
Note 2	**Trade and Other Receivables**	$	$
	Unsecured	25,747	23,526
	Total Trade and Other Receivables	25,747	23,526
Note 3	**Plant and Equipment**		
	Gross Balance at the beginning of the financial year	105,112	101,012
	Additions to Plant and Equipment	100,713	33,900
	Disposals of Plant and Equipment	(91,334)	(29,800)
	Gross Balance at the end of the financial year	114,491	105,112
	Depreciation of Plant and Equipment		
	Accumulated Depreciation at beginning of financial year	(35,651)	(21,553)
	Depreciation Expense of Plant and Equipment	(25,163)	(24,158)
	Depreciation of Plant and Equipment Disposals	35,302	10,060
	Accumulated Depreciation at the end of the financial year	(25,512)	(35,651)
	Net Plant and Equipment at the end of the financial year	88,979	69,461
	Plant and Equipment Comprises:		
	Motor Vehicles	80,846	64,376
	Computer Equipment	8,133	5,085
	Total Plant and Equipment	88,979	69,461
Note 4	**Trade and Other Payables**		
	Trade Payables	20,678	13,649
	Total Trade and Other Payables	20,678	13,649
	Settled within 12 months	20,678	13,649
	Settled in more than 12 months	-	-
	Total	20,678	13,649

Settlement is usually made within 30 days

		2017	2016
Note 5	**Provisions**		
	Annual Leave	23,768	37,441
	Long Service Leave	78,596	67,746
	Total Provisions	102,364	105,187
	Settled within 12 months	93,071	98,223
	Settled in more than 12 months	9,293	6,964
	Total	102,364	105,187

Annual leave is usually taken as it falls due, with little accumulation. Long service leave is due for two staff members so has been shown as Settled within 12 months, although this may not occur.

Note 6 **Reconciliation of Comprehensive Result to Cash Flows from Operating Activities**

	2017	2016
	$	$
Comprehensive Result	95,599	84,332
Add Non-Cash Items		
Depreciation	25,163	24,158
(Profit) Loss on sale of assets	(7,312)	140
Add Changes in Assets & Liabilities		
(Increase) Decrease in Trade and Other Receivables	(2,220)	6,654
(Increase) Decrease in Prepaid Expenses	(89)	149
Increase (Decrease) in Employee Benefits	(2,823)	6,333
Increase (Decrease) in Trade and Other Payables	7,029	(8,768)
Net Increase (Decrease) in Cash from Operating Activities	115,347	112,998

Cash as at 30 June 2017 of $620,605.34 (2016, $542,626.64) is held in T512 Department of Primary Industries, Parks, Water and Environment's Operating Trust Account.

Credit Stand-by Arrangements

The Authority holds Mastercards with a combined credit limit of $30,000.

The amounts unused at 30 June were:	26,784	25,059

Note 7 **Net Profit/(Loss) on non-financial assets**

Plant and Equipment		
Proceeds from Sale	63,344	19,600
Written down value of disposed assets	(56,032)	(19,740)
Profit (Loss) on sale	7,312	(140)

Note 8 **Directors' Remuneration**

Total remuneration, comprising sitting fees and out of pocket expenses, paid to Directors of the Authority fall within the following band:

$1,000 - $9,999	4	4
Aggregate directors fees - short term benefits	942	7,222

Note 9 **Related Parties**

Directors

The Directors of the Authority during the year were
Mr P Tyson (1 November 2013 - 31 October 2016; 19 April 2017 - 18 April 2020),
Dr J Sumner (1 October 2014 - 11 July 2016),
Mr N Cramp (1 November 2013 - 31 October 2016),
Mrs M Lawrence (19 April 2017 - 18 April 2020)
Mr M Hendrey (1 November 2013 - 31 October 2016; 19 April 2017 - 18 April 2020)
Ms J Crowley (19 April 2017 - 18 April 2020)
Mr M Sayer (27 May 2016 - 26 May 2019 - Chair)

No other key management personnel (KMP) have been identified.

The Authority conducts business with all Directors on the same terms and conditions as those entered into with other individuals and organisations. During the financial year there were no financial transactions with Directors other then the remuneration disclosed above.

Note 10 **Subsequent Events**

There have been no events subsequent to balance date which would have a material effect on the Authority's Financial Report as at 30 June 2017.

Note 11 **Commitments**

	2017	2016
By type	**$**	$
Operating lease commitments	**14,580**	14,980
By maturity		
One year or less	**14,580**	14,980
From one to five years	-	-
More than five years	-	-
Total operating lease commitments	**14,580**	14,980

Commitments are shown GST exclusive

The Authority's leases are comprised of building rental costs. The total lease commitment excludes local government and other executory costs where they are paid directly to a party other than the lessor. These costs are included elsewhere in the Authority's expenditures.

The Authority does not have any purchase rights flowing from the lease of the buildings. Some buildings have renewal options exercisable by the lessee. There are no building leases that have renewal rights exercisable at the sole discretion of the lessor.

Note 12 **Contingencies**

The Authority does not have any contingent assets or liabilities at balance date.

Note 13 **Financial Instruments**

Accounting policy, terms and conditions

Financial Instruments	Accounting Policy	Terms and Conditions
Financial Assets		
Cash and Cash equivalents	Cash on hand, at bank and in cash management accounts are valued at face value.	Treasury on call deposits interest rate at balance date was .78% (1.2% in 2015/2016)
Trade and Other Receivables	A provision for impaired debts is recognised on debtors when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears do not attract interest.
Financial Liabilities		
Trade and Other Payables	Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Authority as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

Interest rate risk

The fair values of all financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are non-interest bearing, with carrying amounts representing fair values.

Credit risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

Market risk

Market risk is the risk that the fair value of future cash flow of our financial instruments will fluctuate because of changes in market prices. The Authority's exposure to market risk is primarily through exposure to other price risks with minimal exposure to interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument, or cash flows associated with the instrument, will fluctuate due to changes in market interest rates.

The following table details the exposure to interest rate risk

	2017	2016
Financial Assets	$	$
Cash and Cash Equivalents	620,605	542,627
Trade and Other Receivables	25,747	23,526
Total Financial Assets	646,352	566,153
Financial Liabilities		
Trade and Other Payables	20,678	13,649
Total Financial Liabilities	20,678	13,649

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Authority to make a financial loss. The Authority has exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk we have undertaken to only invest surplus funds with financial institutions in accordance with the provisions of the Tasmanian Dairy Industry Act 1994.

Credit risk arises from the Authority's financial assets, which comprise cash and cash equivalents, and receivables. The Authority's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Authority generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it the Authority's policy to securitise its receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is not significant.

Ageing of Trade and Other Receivables

The following table provides an ageing of the Authority's Trade and Other Receivables at the reporting date:

	Gross 2017	Impaired 2017	Gross 2016	Impaired 2016
Not past due	**25,364**	-	23,123	-
Past due 30-60 days	-	-	315	-
Past due 31-90 days	-	-	-	-
More than 90 days	**383**	-	88	-
	25,747	-	23,526	-

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

* we will not have sufficient funds to settle a transaction on the date;
* we will be forced to sell financial assets at a value which is less than they are worth; or
* we may be unable to settle or recover a financial asset at all.

To help reduce these risks we:

* have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained; and
* monitor budget to actual performance on a regular basis

The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Sensitivity disclosure analysis

The Authority is not impacted by changes in market interest rates, as it holds no interest bearing liabilities, and its trading account and accounts receivables generate no interest income.