
SHEEP PRODUCERS AUSTRALIA

ANNUAL REPORT 2021-2022



Contents

SHEEP PRODUCERS AUSTRALIA	1
CHAIR REPORT	2
CHIEF EXECUTIVE OFFICER REPORT	4
SPA STRATEGIC PLAN 2021-2025	6
POLICY COMMITTEES	7
COUNCIL MEMBERS	8
KEY POLICY ACHIEVEMENTS AND ACTIVITIES	9
SUMMARY OF KEY POLICY ISSUES 2021-22	11
LEADERSHEEP NETWORK	17
MEDIA AND COMMUNICATIONS	21
GOVERNANCE AND FINANCIAL REPORTING	23
APPENDIX 1: SHEEP PRODUCERS AUSTRALIA LIMITED FINANCIAL STATEMENTS 30 JUNE 2022	27

Acronyms and abbreviations

AgForce Queensland Farmers Limited	(AgForce)	National Farmers Federation	(NFF)
Australia-Gulf Cooperation Council	(GCC)	National Livestock Identification System	(NLIS)
Animal Health Australia	(AHA)	National Residue Survey	(NRS)
Annual Operating Plan	(AOP)	New South Wales Farmers' Association	(NSWF)
Australian Livestock Export Corporation Ltd	(LiveCorp)	Pastoralists and Graziers Association of WA	(PGA)
Australian Live Exporters Council	(ALEC)	Red Meat Advisory Council	(RMAC)
Australian Lot Feeders Association	(ALFA)	Regional Advisory Councils	(RACs)
Australian Meat Industry Council	(AMIC)	Share of Voice	(SOV)
Australian Meat Industry Language Standards Committee	(AMILSC)	Sheep Industry Health and Welfare Trust Limited	(SIHWT)
Australian Rural Leadership Foundation	(ARLF)	Sheep Industry Leadership Program	(SILP)
Board Selection Committee	(BSC)	Sheep Producers Australia	(SPA)
Cattle Council Australia	(CCA)	Sheep Sustainability Framework	(SSF)
Comprehensive Economic Partnership Agreement	(CEPA)	State Farming Organisations	(SFOs)
Customer Relationship Management	(CRM)	Tasmanian Farmers' and Graziers' Association	(TFGA)
Electronic National Vendor Declaration	(eNVD)	Terms of Reference	(ToR)
Export Supply Chain Assurance System	(ESCAS)	The Livestock Collective	(TLC)
Finance Audit and Risk Management Committee	(FARMCo)	Victorian Farmers Federation Livestock	(VFF)
Greenhouse Gas	(GHG)	The Western Australian Farmers Federation (Inc)	(WAFF)
Electronic identification (individual animal)	(eID)	WoolProducers Australia	(WPA)
Integrity Systems Company	(ISC)	United Arab Emirates	(UAE)
Livestock Global Assurance Program	(LGAP)		
Livestock South Australia	(LSA)		
Meat & Livestock Australia	(MLA)		

Sheep Producers Australia

Sheep Producers Australia (SPA) acknowledges and pays respect to the past, present, and future Traditional Custodians and Elders of this nation and recognises the continuation of cultural, spiritual, and educational practices of Aboriginal and Torres Strait Islander peoples.

SPA is the voice on issues that affect Australian sheep production businesses. As the successor entity to Sheepmeat Council of Australia which formed in 1978, SPA is the peak industry organisation for sheep and lamb producers. SPA works on a daily basis to enhance the industry's productivity, profitability, and sustainability by representing all producers to industry decision-makers and stakeholders.

As the national peak industry council, SPA has a legislative responsibility under the *Australian Meat and Live-stock Industries Act 1997* to recommend sheep and lamb levy rates to the Australian Government and provides policy recommendations to the Federal Minister for Agriculture.

SPA supports Australian sheep farmers through:

- Speaking on behalf of industry issues of national importance.
- Leading and influencing industry discussions and decisions for the best interests of sheep meat producers.
- Enabling producers to influence policy and drive change in their industry.

Partners integral to the company's success are:

- **Members – the state farming organisations (SFOs)**
 - AgForce Queensland Farmers Limited (AgForce)
 - Livestock South Australia (LSA)
 - New South Wales Farmers' Association (NSWF)
 - Pastoralists and Graziers Association of WA (PGA)
 - Tasmanian Farmers' and Graziers' Association (TFGA)
 - Victorian Farmers' Federation Livestock (VFF)
 - The Western Australian Farmers Federation (Inc) (WAFF)
- **Service providers include:**
 - Animal Health Australia (AHA)
 - Integrity Systems Company (ISC)
 - Meat & Livestock Australia (MLA)
 - National Residue Survey (NRS)
- **Industry partners include:**
 - Australian Live Exporters Council (ALEC)
 - Australian Meat Industry Council (AMIC)
 - Australian Lot Feeders Association (ALFA)
 - Cattle Council Australia (CCA)
 - National Farmers Federation (NFF)
 - Red Meat Advisory Council (RMAC)
 - SAFEMEAT
 - WoolProducers Australia (WPA)



Chair's Report | Mr Andrew Spencer



Andrew Spencer
Chair

I am pleased to present Sheep Producers Australia Limited 2021-2022 Annual Report.

Having commenced in my role as Independent Chair of SPA in November of last year, I'm still on a steep learning curve in terms of fully understanding the industry and its stakeholders. I've had tremendous support from the rest of the SPA Board in understanding all the unique aspects of Australia's sheepmeat industry I've had to learn, as well as the SPA Executive and other stakeholders.

One of the most important reasons that I was keen to take on this role was that I saw SPA as an industry representative organisation committed to positive change around the structures and governance necessary for a 21st century body to perform such a mandate. Together with the rest of the Board, we are keen to continue this journey, ensuring that SPA is the best organisation it can be to represent Australia's sheepmeat producers.

One of the key roles that a board must perform is to appoint the organisation's CEO. This turned into one of the Board's first roles within my tenure and we were delighted to have a number of strong candidates, none better than – at the time - Acting CEO Bonnie Skinner. We are blessed to have someone of Bonnie's knowledge, experience, commitment and professionalism as our CEO to help us take SPA and our industry into the future.

With most of the country experiencing good seasons and strong demand for our products, it's a time of relative financial prosperity for the industry. This does not mean that we don't have challenges to address. The emergence of Foot and Mouth Disease at our international doorstep, the associated urgency to bring our biosecurity and traceability systems up to speed and the developing requirements of domestic and international markets around how our products are produced - and how we can verify these production methods – remain as tests for us for future success.

It's heartening to see that after years of effort, there seems to now be joint movement towards a national individual electronic identification for sheep policy to be implemented with the support of state and federal governments and our state farming organisation members. It will be critical that we continue the momentum towards an affordable national system, particularly given present disease threats, as an insurance policy for our industry.

Our relatively new Policy Council structure is working well. It's providing clarity on key industry policy issues and highlighting where we need to continue to seek the right outcomes. We are very fortunate to have the quality of Chair that we have in Daryl Quinlivan, who has enormous experience and understanding of how policy works, particularly from a government and regulator perspective.

International demand for Australian sheepmeat continues to rise, with export volumes outperforming prior year-to-date tonnages. The large 2021 lamb cohort, heavier carcass weights and firm slaughter rates in mutton, are helping meet strong demand to several key markets.

Strong export growth in emerging markets such as Malaysia, Japan and South Korea demonstrate the diverse range of countries where Australian lamb and mutton are becoming more popular. On top of booming markets in Asia, the United States has quickly emerged as Australia's number one destination for lamb exports.

Meat & Livestock Australia (MLA) recently revised the projected sheep flock higher by 2.2% compared to the February 2022 numbers, with the national flock growing to 76 million head in 2022. For 2022 lamb slaughter, MLA has revised figures higher by 2% or 400,000 on its February projections to reach 22 million head. At its highest numbers since 2018, the future is looking bright for the industry.

Along with my role as Independent Chair of SPA, I act as a nominee director for the Red Meat Advisory Council Limited (RMAC) and the Sheep Industry Health and Welfare Trust Limited (SIHWT). Both roles entail working closely with related industry stakeholders such as the broader red meat industry bodies and Australia's wool industry representatives. Working with these bodies reinforces to me the value of collaboration for joint success, particularly in areas where we have common objectives.

This is also reflected in our positive relationship with the industry service provider, MLA with which we work effectively to ensure joint clarity on industry objectives and ensuring services to industry are of an appropriate scale and design.

The focus of the SPA Board continues to be on building a stronger and more effective representative body for the sheep industry. There is still work to be done – in the longer term, we'd like to develop a more appropriate revenue model that can enable us to align our resources with the expectations of industry to excel at our mandate for strong representation. We commit to building our stakeholder relationships, so we are better known and understood throughout the Australian sheep industry. We'd like to continue to build our influence with governments and entrench ourselves as the trusted source of truth for our industry.

I would like to thank and acknowledge the work of the SPA Board members and Policy Council for their continued support and guidance of the organisation's aspirations, growth, and development. They represent Sheep Producers Australia on many industry organisations and events.

My thanks, on behalf of the Board, also goes to our CEO Bonnie Skinner and the rest of our team in Canberra who are in many cases very new and have faced a huge workload over the past months. There is a lot to achieve, and the current management team, under the leadership of Bonnie, I believe has the skill set to support the delivery of the priorities of the organisation as we look to raise our profile and continue to be recognised as the peak industry organisation to call on regarding Australian sheep and lamb production.

Andrew Spencer
Chair
June 2022

Chief Executive Officer's Report | Ms Bonnie Skinner



Bonnie Skinner
CEO

As the peak sheep meat industry body, Sheep Producers Australia (SPA) works to enhance the productivity, profitability and sustainability of the Australian sheep and lamb industry.

Sheepmeat production is a significant industry that supports nearly every region in Australia and has employed generations of Australians. Furthermore, sheep farming underpins associated industries including meat processors, transport operators, saleyards, livestock agents and meat retailers, all of which are vitally important for both regional and metropolitan communities.

Policy development is at the heart of SPA's operations and enables the organisation to be proactive and responsive to issues that have a direct impact on sheep producers. This year the new Policy Council was established as one unit with oversight over all policy matters. The Policy Council ensures that SPA policy agenda is strategic, evidence-based and focused on national issues that are not confined to individual regions or enterprises.

The Policy Council provides a vital collaborative platform for producers to drive change in their industry and is the mechanism to advise the Board on the adoption of national policy positions that will meet industry priorities and strategic goals. Our key policy focus areas are animal welfare practices, national traceability, carbon neutrality and climate, market access and trade barriers, consumer and community trust, maximising value, accelerated research, development and adoption and sheep supply.

The Sheep Sustainability Framework (SSF) will assist with our policy direction and prioritisation of industry issues. There are significant opportunities available to Australia's sheep industry because of the world's growing interest and demand for sustainably produced food and fibre. Data and trends gathered through the Framework are providing credible evidence of performance and improvement and identify opportunities where practices can be improved.

The value of what we produce is defined by our capacity to export, and we need to be ahead of the challenges and opportunities that give Australia the ability to provide food safety and security both domestically and internationally. SPA remains focused on the range of biosecurity threats that would have a severe impact on the sheep industry, including Foot and Mouth disease.

It is important that industry and government continue to review, invest, and collaborate on Australia's biosecurity capabilities, including preparedness in the event of an incursion. It is paramount to ensure that the systems and structures that give our sector the ability to respond to an incursion are robust and effective.

SPA has continued to advocate strongly for broad whole-of-system traceability reform, of which individual electronic identification for the sheep industry is a vital component. These reforms were developed by the entire red meat and livestock supply chain, including governments, and will provide a viable opportunity for the sheep industry to strengthen traceability for biosecurity, food safety and emergency response, and for supporting trade and market access requirements.

The security and expansion of current markets is important for Australian sheep producers and creates ongoing certainty for the industry. This year saw two significant trade milestones reached with the signing of the Australian – United Kingdom Free Trade Agreement and the Australia-India Economic Cooperation and Trade Agreement. The outcomes reached for the sheepmeat industry in these agreements reflects the significant work and collaboration between SPA and MLA to positively position the sector in trade negotiations. SPA would like to acknowledge and thank the work of MLA's Trade and Market Access team, the then-serving Trade Minister Dan Tehan and his negotiations teams for their tireless work in achieving these significant outcomes.

With the announcement of the new Government in May I was invited to participate in the first Agriculture Industry Roundtable at Parliament House Canberra hosted by Minister Watt and senior departmental staff. It is important to highlight that there were only a few select industry bodies invited to the meeting. SPA's invitation reflects the relationships that we have been working hard to re-build within the federal government departments over the last six months.

Our goal as always is to position SPA as a trusted industry advisor. SPA is committed to forming a productive, positive, and mutually beneficial relationship with Mr Watt and the Albanese Government.

A priority for SPA in the new financial year will be to work with our new government and the processing sector on addressing the critical workforce shortage within our industry. A safe, healthy, and skilled workforce throughout the supply chain, will secure a strong future for sheep producers both domestically and within our global markets.

Live export remains an important pathway for sheep producers, especially in WA and we are working closely with the ALEC, LiveCorp, exporters, and The Livestock Collective as part of the recently formed sheep working group to support the continued program of research and adoption to enable the trade to expand in a fully sustainable manner.

SPA would like to thank and acknowledge the outgoing Minister for Agriculture the Hon David Littleproud and the Morrison government for their advocacy and support of the sheep industry and broader agriculture sector and look forward to continuing to work with them as the Opposition.

Since commencing in the role, as acting and now the Chief Executive Officer I would like to acknowledge the support I have received from the SPA Chair Andrew Spencer, the Board, and the team at SPA whose efforts continue to place SPA in a strong position to capture the opportunities ahead.

We will continue to work collaboratively with all our Members, Board, Policy Council, Service Providers, and Industry Partners to achieve the strategic goals of the organisation and industry over the next year.

I extend my warm thanks to all of SPA's Members for their input, contribution, and collaboration over the past financial year. The sheep industry is extremely fortunate to have committed producers that take the time to develop and advocate for policy that affects the entire industry.

I am proud to present this Annual Report highlighting the organisations achievements over the last 12 months and look forward to delivering outcomes for sheep producers in the coming year.

Bonnie Skinner
Chief Executive Officer
June 2022



Professor Richard Eckard, Bonnie Skinner and Dr Andrew Whale at the SSF Annual Report launch Djaara Country Bendigo

SPA Strategic Plan 2021-25

SPA's strategic plan was approved by the Board in February 2021.

As a signatory to the Red Meat Memorandum of Understanding, SPA has developed its strategic plan to align with the red meat industry strategic plan, Red Meat 2030. While this interaction provides overall direction to the red meat industry, the SPA Strategic Plan has unique goals that are relevant to the sheepmeat industry.

These are organised into strategic objectives, priorities, and focus areas.

Each of the metrics of the Strategic Plan are monitored and assessed through an Annual Operating Plan. The first Annual Operating Plan under the SPA Strategic Plan was approved for the 2021-22 financial year.

Strategic Objectives:

SPA has three Strategic Objectives:

- **Effective Policy and Advocacy**
 - Enable producers to influence government policy and drive change in their industry
 - Engage members to provide a united voice on national industry issues
 - Solve emerging industry issues and advocate with contemporary science and farming knowledge
- **Strategic Leadership**
 - Lead and influence industry discussions, decisions, and delivery
 - Facilitate collaboration to engage, inform and advise stakeholders
 - Maximise value for levy payer investment
- **Sustainable Organisation**
 - Financial sustainability
 - Quality governance, management, and team
 - Demonstrate value and impact

The Sheep Producers Australia Strategic Plan Roadmap

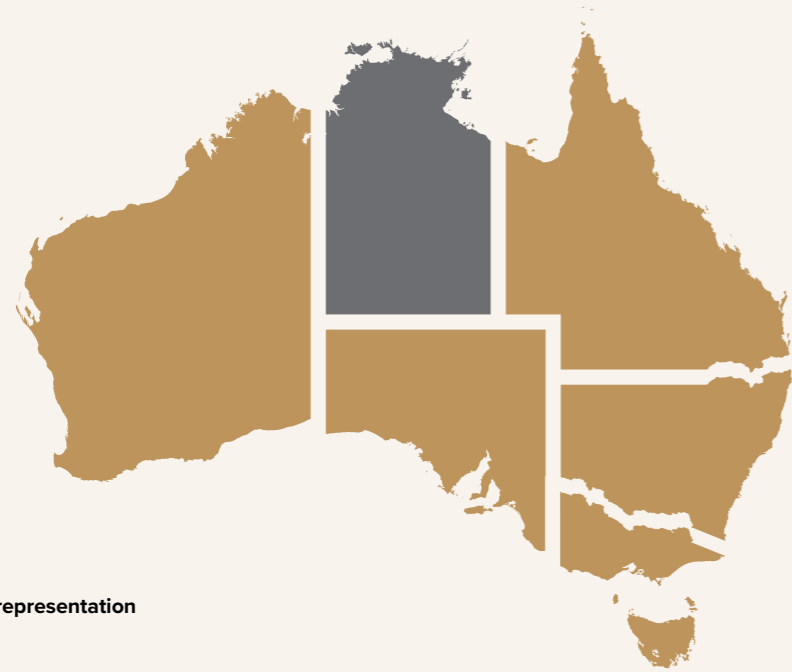


Policy Committees

Policy Council Meetings 2021-22	
Priority Policy Areas	Program of Work
National Traceability	<ul style="list-style-type: none"> • Advise on the implementation of improvements to the NLIS • Review and confirm national traceability policy to support implementation of individual animal adoption ready technology
Carbon Neutrality and Climate	<ul style="list-style-type: none"> • Seek information on the carbon footprint of the Australian sheep industry • Develop advocacy to promote the positive climate of the sheep industry • Engage with MLA's CN30 project and Australia's CN50 Long-Term Emissions Reduction Plan
Animal Welfare Practices	<ul style="list-style-type: none"> • Monitor and advise on animal welfare threats to industry • Review national policy on animal welfare • Engage with service providers to ensure best practice welfare outcomes on farm
Market Access and Trade Barriers	<ul style="list-style-type: none"> • Provide direction on trade negotiations for all current and emerging trade agreements
Maximising Value	<ul style="list-style-type: none"> • Provide direction on the establishment of a cuts-based grading system for sheepmeat
Accelerated R&D adoption	<ul style="list-style-type: none"> • Advise on priorities in the Sheep Reproduction Strategic Partnership • Advise Red Meat Panel on the best way to improve R&D uptake
Sheep Sustainability	<ul style="list-style-type: none"> • Review the recommendations from the Sheep Supply Project, and advance policy that will lead to a sustainable national flock • Initiate a Levy Review Taskforce to provide direction on how changes to the sheep transaction levy changes may be endorsed
Consumer and Community Trust	<ul style="list-style-type: none"> • Advocate for lamb as a component of a healthy diet by supporting Australian Good Meat • Confirm sheep industry policy on alternative proteins

Meeting convened in the reporting period	
Dates	Agenda
23 September 2021	Introduction to Policy Council
26 October 2021 (half day)	Policy Council Charter, Levy Expenditure, Access to pain relief
30 November 2021 (short meeting)	Traceability
15 December 2021 (short meeting)	Discussion of traceability and carbon policies
28 February 2022 (half day)	Review of Integrity Systems Company Live Export MLA updates
4 April 2022 (full day)	Updates on industry issues including climate, sheep supply, traceability, and residues
9 June 2022 (full day)	Developing structured policy development processes to support and drive industry strategy Reducing, replacing, and refining painful husbandry procedures

Council Members



Chair:
Daryl Quinlivan

Policy Council Management:
Alister Oulton
Bonnie Skinner
Ben Antenucci

Council Members:

SFO Representatives

- Allan Piggott**
Livestock SA
- Stephen Tully**
AgForce Queensland
- Jenny Bradley**
NSW Farmers
- Celia Scott**
VFF Livestock
- David Slade**
WAFarmers
- George Nichols**
Tasmanian Farmers and Graziers Association
- Vacant**
Pastoralists and Graziers Association of WA

Independent Representatives

- Penny Schulz**
- Nigel Gosse**
- Mark Inglis**
- Matt Dalgleish**
- Bill O'Halloran**
- Observer Members**
- Ian Randles**
Pastoralists and Graziers Association of WA
- Jessica Wallace**
WAFarmers
- Jacinta Pretty and Tony Harris**
VFF Livestock
- Michael Allpass**
AgForce Queensland
- Olivia Pineau**
NSW Farmers
- Bonnie Kenner**
Tasmanian Farmers and Graziers Association

Key Policy Achievements and Activities

In June 2021, the SPA Board agreed to merge the four subject-specific policy committees into one Policy Council. The decision to move to a centralised Policy Council was made following a substantial consultation process with Members, and a detailed consideration by the Board.

The change to one policy making unit reflected the number of issues that were typically covered across all four committees and allowed a more efficient mechanism to develop and agree policy. It also allowed for SPA's policy strategy to be refreshed in line with SPA's new strategic plan and the sheep sustainability framework.

Policy Council Workplan

In September 2021, the Policy Council agreed to a workplan that prioritised issues as guided by SPA's Annual Operating Plan. This included agreeing a policy position, advocacy strategy and approach to addressing the risks or opportunities that the policy presented for the industry. The workplan focused on issues of traceability, aversive husbandry procedures and climate change.

The development and agreement of these policy priorities is the main priority of the Policy Council, but it is not the sole objective. The Council must also ensure that policy is advocated to stakeholders and is monitored and adjusted where necessary. This process is achieved via a continuous process of reviewing political and environmental factors, as well as reviewing where industry levies are being allocated.



Traceability

Traceability remains one of SPA's most extensive areas of consultation and advocacy with both SPA Members and the broader industry.



Summary of key policy issues 2021-22

National Traceability

Sheep Producers Australia agrees that broad whole-of-system traceability reform - of which individual electronic identification (eID) is a vital component – provides a viable opportunity for the sheep industry to strengthen traceability for biosecurity, food safety and emergency response, and for supporting trade and market access requirements. It is a priority for both the Policy Council and the SPA Board that implementation of eID is preceded by sufficient consultation with members, state governments and the broader industry so that a national eID system is practical and achievable, coordinated with other national traceability reform measures.

Traceability remains one of SPA's most extensive areas of consultation and advocacy with both SPA Members and the broader industry. There has been extensive engagement with members, state and federal government agencies and supply chain representative bodies to provide informed reasoning for the SAFEMEAT national traceability reform recommendations under consideration by governments. The efforts of SPA's ongoing engagement and advocacy for national traceability reform are to support these organisations in their consideration of national reform and the gathering of relevant evidence. This support has been evidenced by the development of policy across SPA's membership and access to funding to develop further bodies of work outlining feasibility and costings for implementation of eID in individual states. The cost to transition the sheep industry from mob-based to individual identification, and the associated system changes required to support that transition, is the most significant step in evolving into a more robust system. This highlights the necessity to establish an extensive and effective partnership between government and industry to work collaboratively to implement the road map for a seamless transition.

SPA supports the broad implementation of electronic National Vendor Declarations to improve the accuracy of sheep and goat movement records and provide a central repository for more streamlined and efficient jurisdictional access to livestock movement information during an emergency response.

There are several enhancements that are being progressed by the Integrity Systems Company (ISC) to enable a shift to an end-to-end digital consignment solution by 2024. SPA continues to work with ISC on the roadmap to this development of the industry.

Animal Welfare Practices

Driven by best practice, community expectation and sustainability, the sheepmeat and wool industries have been developing policy on mulesing and pain relief for many years, supported by research, advocacy, and extension. Mulesing has been a focus for the sheep industry for many years. Whilst remaining an effective method for managing flystrike, it has had negative public attention for at least 20 years. Pain relief must be used when mulesing, and this year SPA developed a range of initiatives to support best practice, long term animal welfare procedures, while reducing market and regulatory risks.

This year SPA sought funding for two major animal welfare projects. The project 'Reduce Replace and Refine Painful Husbandry Procedures' is a national research, communication and extension campaign focused on encouraging producers to increase the awareness of pain relief products amongst producers and encourage their adoption, supported by the latest research. The project 'Husbandry procedures: challenges from the market, regulators and the community' seeks to understand the risks that husbandry procedures have on industry sustainability, considering the threats posed by government regulation, market access and consumer sentiment (in its capacity to influence regulation, rather than direct commercial market signals). The project does not aim to influence or change consumer behaviour, but instead looks to identify the public's concerns about animal welfare, and how significantly and quickly these can lead to governments responding with regulation requiring a change to industry practice.

This year the Policy Council agreed that it would work on refining SPA's existing policy to include the mandate to use pain relief on lambs when mulesing. Further exploration is required on whether a regulatory or industry-led approach is more appropriate, and what methods of declaration and verification could be implemented within the supply chain. For example through the Livestock Production Assurance program (LPA) or similar industry programs. The Council will also consider whether SPA's position should support industry-wide adoption, or recommended adoption as part of best practice standards. Consideration must also be given to what current products for sheep are both accessible and effective in providing pain relief during mulesing.

SPA provided a submission to the Therapeutic Goods Administration's public consultation regarding an application to overturn their decision in October 2021 to approve the rescheduling of NumOcaine on the Poisons Standard from a S4 vet prescription drug to S5 status. Lidocaine-based NumOcaine is the pain relief drug used in Senesino's Numnuts system for tail-docking and castration of lambs and calf castration. SPA reiterated its view that the availability of effective pain relief products is essential for Australian sheep producers to maintain high standards of animal welfare. Producers require appropriate access to pain relief chemicals so that they and their contractors can undertake the necessary husbandry procedures to provide for good lifetime welfare outcomes, and therefore SPA supported the product to be classified as an S5 in October 2021.

Carbon Neutrality and Climate

As an industry we recognise our role as environmental stewards and seek to minimise impact on the natural environment and to use natural resources wisely. We also seek to meet the challenge of a changing climate and mitigate our own greenhouse gas (GHG) emissions.

Carbon and climate management were key areas of focus for the Policy Council this year. The Council developed and agreed a terms of reference for an independent report to ground truth the sheep meat industry's contributions to climate change and opportunities for mitigation. This includes confirming annual emissions of the sheep sector, plausible trajectories for emissions based on industry growth to 2050, emissions outcomes that can be achieved with CN30 (and other schemes), and the assumptions underlying the various reductions schemes and targets. This analysis will enable SPA to develop evidence-based policy and support the consideration of the emissions reduction measures that could be applied at a sector (rather than enterprise) level that could stimulate industry adoption of emissions reduction technologies and practices at the required rate. A project will commence in FY23 and will form a cornerstone in the organisations ongoing policy and advocacy on this issue.

Market Access and Trade Barriers

The security and expansion of current markets is important for the sustainability of Australian sheep production businesses and creates ongoing certainty for the industry. As a major exporting industry, changes in access to overseas markets affects the profitability of both individual livestock producers and meat processors. This year saw two significant trade milestones reached, and the culmination of many years of work and collaboration between SPA and MLA position Australia positively in trade negotiations.

In December 2021, SPA welcomed the signing of the Australian – United Kingdom Free Trade Agreement (FTA). Under the agreement sheep meat tariffs will be eliminated after ten years, with immediate access to a duty-free quota of 25,000 tonnes, rising in equal instalments to 75,000 tonnes in year 10. The agreement demonstrates both countries commitment to free trade as a driver of economic growth and stronger bilateral relationships and reflects a collaborative and productive partnership.

April 2022, saw the signing of the Australia-India Economic Cooperation and Trade Agreement (AI-ECTA), which eliminated the 30% import tariff levied on Australian sheepmeat on entry and binds the tariff on raw skins and hides at zero and eliminates the 10% tariff on processed skins and hides. AI-ECTA reflects the commitment by Australia and India to pursuing trade reform. The Australian red meat sector now looks forward to working with both on seeking additional benefits via completion of the envisaged comprehensive agreement which is currently under negotiation.

SPA would like to acknowledge and thank the work of MLA's Trade and Market Access team, the then-serving Trade Minister Dan Tehan and his negotiations teams for their tireless work in achieving these significant outcomes.

An Australian red meat and livestock joint submission was provided in response to the Department of Foreign Affairs and Trade invitation for submissions to the potential opportunities and impacts of a prospective Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE), and to help inform the Australian Government's approach to a potential future resumption of negotiations on an Australia-Gulf Cooperation Council (GCC) Free Trade Agreement. The industry is seeking the negotiation of a comprehensive CEPA and commitment to reform that removes all barriers to the trade in goods.

Live export

Australia's live sheep export trade has fundamentally changed over the past few years, with industry initiatives, regulatory reviews and research all contributing to continual improvements in animal welfare outcomes. The live export sector is essential to the success of sheep producers across Australia and is of critical importance to Western Australian producers. It plays a significant role in underpinning the lamb and sheep prices by providing increased competition, is complementary to wool and boxed meat production systems and satisfies the needs of important markets that cannot be met through the export of chilled and frozen sheepmeat. It will continue to make to a significant Australia's post-pandemic economic recovery and contribute positively to the overall value of Australia's red meat industry. SPA is supportive of a sustainable live export trade based on regulation which is supported by evidence-based science, and further supported by both the Export Supply Chain Assurance System (ESCAS) for Australian livestock and the Livestock Global Assurance Program (LGAP) which pushes for a lifting of global standards. SPA also supports the continued program of research and adoption to allow the trade to expand in a fully sustainable manner program. SPA is a founding member of AniMark, the independent company responsible for delivering the LGAP, and continues to provide input into and support for full implementation of the program.

In January, SPA undertook producer consultation regarding the Department of Agriculture and Water Resources (DAWE) *Review of live sheep exports by sea to, or through, the Middle East during the Northern Hemisphere summer: Draft Report*. The Middle East is a region with strategic importance for the sheep industry. In support of regulatory arrangements that are based on evidence and supported by science, SPA and ALEC proposed that trial period arrangements at the start and the end of the existing moratorium could be implemented to collect critical voyage data that assesses the effectiveness of the measures that have been implemented over the last three years. A LiveCorp monitoring program would be in place for these voyages to both collect performance data and to monitor animal welfare alongside safeguards exporters themselves would have in place.



In April, the Export Control (Animals) Rules 2021 (Animals Rules) were amended to reflect updated climatology data that indicated an increased heat stress risk (above the threshold set in 2020) for voyages to some Persian Gulf destinations in late May, and a reduced risk for voyages to or through the Red Sea during early June. The Department of Agriculture will contribute funding and work with LiveCorp and industry on new research during permitted periods in the Northern Hemisphere Summer. The research will further ascertain and align sheep physiological and behavioural changes observed during a voyage with other data. This will include additional onboard data collection including using automated rumen data loggers to continuously measure sheep core body temperature.

Maximising Value

Objective carcass measurement

SPA continues to endorse the evolution of sheepmeat value chains to support objective carcass measurement and incentives for livestock husbandry practices which increase the value of lamb and sheepmeat. The adoption of new meat quality traits in the AUS-MEAT meat language standards are critical for continued private-sector investment into technologies capable of measuring such traits and the commercialisation of emerging objective measurement technologies. This requires implementing a standard reference method for determining such new traits, against which prediction technologies can then be validated. Accreditation standards for sheep meat grading technologies can then be established against this reference method, along with defined criteria for assessing their accuracy. SPA is heavily involved in this process through membership on the Australian Meat Industry Language Standards Committee (AMILSC) and through consultation with MLA and Advanced Livestock Measurement Technologies committees.

This year, SPA supported the adoption of a new trait in the meat industry language: percentage of lean, fat and bone measured using computed tomography (CT). This follows SPA's support of the establishment of the chemical intramuscular fat (IMF) trait as the reference standard for lamb carcass grading and trading language in May 2021. CT as a carcass composition trait is already utilised within the Australian sheep meat industry, including through Sheep Genetics Australia (Australian Sheep Breeding Value for Lean Meat Yield) and the Lamb Meat Standards Australia (MSA) cuts-based model. Recognition of CT lean, fat and bone percentage as a language within the Australian sheepmeat industry is essential to progress the industrial integration of technologies that measure carcass composition.

SPA was pleased to endorse the accreditation of the MEQ Probe at the November AMILSC meeting, signalling a world first to gain commercial accreditation for a device used to measure intramuscular fat in lamb at chain speed. This development underpins the advancement of MLA's MSA Mark II Sheepmeat Cut x Cook Model, which SPA also endorsed at an MLA Supply Chain Taskforce meeting this year. Commercial implementation of the Model will be dependent on technology to determine lean meat yield (LMY), IMF percentage, and individual carcass identification, but will allow for sophisticated eating quality segregation within supply chains.

The Gundagai Meat Processors are the first plant in Australia to launch a lamb grid paying producers on lean meat yield weight and intramuscular fat, with feedback on animal health at an individual carcass level. Seamless feedback to producers of carcass performance will be essential for producers to understand what profit levers they can influence, in terms of genetics, management and nutrition sources. This mechanism will need to be facilitated by individual sheep identification (eID), and so deepens the value proposition about the need for a truly national identification system.

Residue monitoring

In 2021-22 SPA continued to work with the NRS to deliver meat residue monitoring programs that support international market access and to validate industry quality assurance programs. In doing so, NRS programs help confirm Australia's status as a producer of safe food, facilitating access to key domestic and export markets.

Accelerated R&D adoption

The Red Meat Panel

SPA participates on MLA's Red Meat Panel, which provides the strategic oversight of MLA's Regional Consultation model. Through this model, research priorities that are identified by grass-roots producers through regional committees and industry forums are consolidated by the Regional Advisory Councils (RAC): the Western Australia Livestock Research Council, the Southern Australian Livestock Research Council, and the Northern Australian Beef Research Council. These research priorities are then developed into Terms of Reference (ToR) for MLA's Investment Call. The Red Meat Panel is focused on ensuring that research and development outcomes are relevant and impactful for industry.

This year the Red Meat Panel continued to implement its strategic direction to focus on high-impact programs of work that will deliver the best outcomes for industry. Through this principle, the Red Meat Panel supported the strategic approach to develop longer-term, collaborative, multi-disciplinary programs to tackle some of industry's major priorities, such as lamb survival and sheep reproductive performance. Last year's Investment Call was reflective of this strategic approach – with a focus on longer-term (3-5 year), collaborative and multi-disciplinary programs of work.

This year in support of the new strategic direction, SPA participated in multiple out-of-session meetings of the Red Meat Panel's Investment Call Working Group to develop and refine the required strategic changes to the Investment Call.

This included a shift from annual to biennial submission of regional research priorities, with a focus on improving the engagement and feedback of information back to the RACs and producers about what research and tools are already available or in development.

The process of responding to submitted priorities will also evolve to a collaborative workshop that includes the RAC regional chairs and will allow more thorough discussion of each submitted priority to understand gaps in existing portfolios. Through this process, the group will identify the need for a project call and if so, MLA will develop and advertise the terms of reference (ToR). Project calls will be released that align to the timing of project design release and funding availability.

Targeted producer panels will be utilised to review project proposals related to the advertised ToR. This will provide an opportunity for interested producers to discuss the proposals regardless of their RAC location and ensure the feedback to proponents is clear and agreed to by the producer panel.

The changes to the investment call process will result in collaborative high-impact projects that may operate over multiple years and attract funding from multiple sources including levies, the MLA Donor Company and private investment.

Sheep Sustainability

The Sheep Supply Project was initiated by SPA as a critical strategic piece of work examining the continuing decades-long trend of flock decline. The decline in the sheep numbers has major implications for critical infrastructure and systems that all producers rely on, including transport and processing. The decades-long decline also highlights the policy issues that arise with industry factors that are beyond the control of individual producers.

The project aims to investigate the technical and behavioural factors driving the national sheep flock decline and prioritise industry investment to accelerate the flock rebuild. The outcomes of the Sheep Supply Project will inform SPA's policy work and recommendations for the strategic parameters that will enable the rebuilding of the Australian sheep flock.

This year Phase 1 of the project was completed with the delivery of quantitative and qualitative analysis of the decline. This included including key drivers for sheep producers' decision making and broad signals on the reasons for the state of play in sheep numbers. It sought to answer why farmers are choosing other options instead of growing their sheep flock, and why are producers moving away from sheep, despite knowing global demand is increasing. The report identified the issues that supported the quantitative data. Key reasons driving the decline included drought and climate variability, age of farmers and workload, wool prices and market volatility, and labour and the lack of shearers.

This analysis is one part of the broader Sheep Supply Project, designed to provide strategic direction on the investment priorities for research, development, and adoption on behalf of sheep producer levy payers. The insights gained out of the project has the potential to help lead the industry to rebuild a quality flock of fit-for-purpose sheep and support producers to make well informed genetic, planning, production and business decisions.

Consumer and Community Trust

Senate Inquiry: Definitions of meat and other animal products

SPA has been at the forefront of supporting the Senate inquiry into definitions of meat and other animal products. Australian sheep producers have competed in domestic and international markets for over 200 years, and have no concern with fair competition, whether that competition is with other meat products, seafood, or vegetarian options. Furthermore, the sheep meat industry is not naïve to new commercial opportunities and threats, and constantly innovates to ensure the product they sell meets the expectations of its customers. The development of products that appropriate the name, brand, and reputation of the sheep meat brand, is not fair competition and risks the integrity and regulatory certainty of the entire food system. SPA provided a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee and attended the public hearing to advocate for the sector.



SPA's submission outlined the significant investment of sheep transaction levies into marketing, research and development, food safety and animal health programs which are vital to the development of the meat category brand and provide a public good to both sheep producers, and the consumers that purchase their products. It highlighted that alternative proteins do not attract similar levies and for them to capitalise from these funds is to free ride on this substantial sheep producer levy investment.

SPA urged the Committee to consider the impacts of non-meat products being marketed as meat replacements, and the policy implications of traditional, trusted food sources being confused with and substituted for, processed, plant-based products. SPA raised concerns about the unverified nutritional claims being made by the plant-based sector, as well as the ill-informed claims made about the environmental and animal welfare credentials of traditional animal proteins.

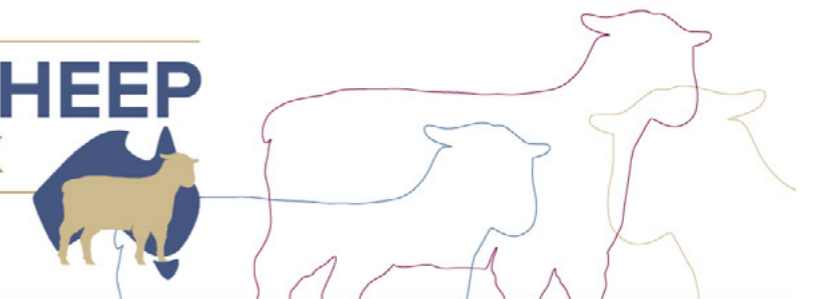
SPA called for the implementation of minimum standards in Australian Consumer law that prohibit the use of plant protein descriptors that contain any reference to animal flesh or product (e.g., "lamb") and the use of livestock images on plant and cell-based protein packaging or marketing materials, as well as amendments to the Food Standards Code to explicitly define meat category branding to refer to meat that comes from the flesh of an animal.

The final report handed down nine recommendations including a regulatory framework for labelling plant-based protein products, and support for minimum regulated standards to prohibit plant protein product manufacturers from referencing "lamb" and using livestock images on plant protein packaging or marketing materials. The independent committee reviewed all the available evidence and agreed that the current regulatory framework for the labelling of plant-based protein products is inadequate and decisive action is needed to protect consumers, as well as the brand and reputation of traditional animal proteins like lamb.

SPA commends the Committee, Committee Chair Senator Susan McDonald, and Deputy Chair Senator Glenn Sterle for their comprehensive work on this important issue.

Leadership Network

**LEADERSHEEP
NETWORK**



YOUR INDUSTRY YOUR VOICE YOUR FUTURE

Sheep Producers Australia Industry Leadership

The Leadersheep Network was developed to accelerate the development of current and future leaders to ensure strong leadership for the long-term success of the Australian sheep industry. SPA recognises the importance of confident and competent people in driving our industry forward and values the investment in building future leaders and positioning the industry for a strong future.

The network connects sheep producers and people working in the industry who share the goal of driving industry growth and success. It is a national network open to everyone in the sheep industry, designed to provide opportunities to exchange ideas, share knowledge and contribute to the development of industry initiatives.

SPA has continued to invest into online learning platforms. [Leadersheep Online](#) is a video Learning Portal that aims to educate and empower people working in the sheep industry.

Developed to provide quality videos, training, and courses to improve industry knowledge and leadership skills, it is free and open to anyone interested in professional development.

Leadership Program Impact

The SPA leadership programs have had significant impact across the industry, through State Farming Organisations (SFOs), Service providers, Industry Bodies and Producers and have enhanced and developed participants confidence and capability throughout the sheep supply chain enhancing their business, career, community, and industry.

Current and emerging leaders have provided positive feedback on the quality of the SPA leadership programs and their increased confidence, skills contributing to their ability to advance their professional development.

A sample of 150 alumni have been identified to track their current role and contribution to industry. Of these people, approximately 30% work on-farm only, 50% work off-farm and 20% work both on and off-farm, contributing at a range of levels and breadth across industry segments.

Industry Roles & Segments	Number
Director	15
Producer or Farmer	15
Owner and Manager (On Farm)	12
Manager (Off Farm)	9
Policy and Advocacy	7
Board Chair	6
Extension Officer	6
General Manager	6
Industry Development Manager	6
Agriculture Advisor or Consultant	5
Livestock Consultant	5
Biosecurity or Vet	4
Communications or Marketing	4
Stakeholder Engagement	4
Chief Executive Officer	3
Project Officer	2
Research Scientist or Manager	2
Trade or Market Access	2

Main Roles	Number	Percent
On Farm	44	30%
Off Farm	78	50%
Both - On & Off Farm	28	20%

Sheep Producers Australia delivers a range of Leadership Programs including:

Global Sheep Forum - Next Generation 2021

The Global Sheep Forum – Next Generation was developed by SPA and delivered in December 2021, it has been the most successful program at increasing the engagement of Australian producers and industry.

The event had 303 registrations, which included 117 Australians from 21 countries, after reaching over 19,000 people on social media in the three-week campaign.

There were seven main topics that were presented from the sheep industry. Leadership development was presented with high participant feedback, averaging 4.63/5 score for speakers.

The event consisted of three live online sessions over a 24-hour period, across six main time zones. Most of the two-hour sessions included two main speakers and participant engagement during break out discussion groups and Q&A sessions.

The Global Sheep Forum Videos are available [Global Sheep Forum – Next Gen Website](#)

A range of topics across sheep industry and leadership development were presented:

The modern sheep farmer: Who is she & what did it take to get her here?

Teresa Hogan

A Collective Voice - Sharing Your Story

Dr Holly Ludeman

Selecting for sheep that produce less methane in the New Zealand flock

Dan Brier

Bridging the gap between rural and urban populations

Amelia (Millie) Nolan

The sheep industry must now embrace innovation

Robert Herrmann

DIY Leadership Development

Steve Barr

Getting ahead with Global Sheep Forum – Next Generation

Melissa Neal

SPA Sheep Industry Leadership Program (SILP) - Building Leaders Ready for the Future

This key leadership program provided a more intensive offering to develop deeper skills, facilitate practice change and build valuable networks.

The program was delivered in a series of sessions across June for a smaller group of 10 emerging industry leaders, aged between 27-37 years old.

The highly engaged and interactive sessions allowed for participants to interact and included activities such as:

- Developing your leadership skills and experience
- Making connections with other industry leaders
- Exploring industry policy and strategic thinking
- Creating your personal leadership development plan

The program received an overwhelming response, with over 40 applications, indicating the content and marketing is meeting audience needs.

The program was open to all sheep producers and aspiring, emerging or current rural leaders.

The SILP Program evaluation indicated 100% of participants would recommend the program, with the sessions feedback scores averaging over 4.5/5 and 5/5 for the overall program.



Quotes

"The breakout rooms were fantastic to network and connect!"

"I enjoyed hearing about the sheep industry from leaders in the industry. very interesting."

"Very interactive and really good speakers on interesting topics - good to talk to people in different countries about shared issues."

"Great information and great open forum!"

"This was really empowering! it really gave me more self-confidence and backed up how i go about life."

"This program has really opened my mind to a different level of thinking and processing of things that come through in the day-to-day life."

"I enjoyed the range of presenters and topics. It was great to learn about the technical side of policy in the sheep industry before bringing it down to who we are as people."

"I feel more focused and believe more in what i need to do. Firstly, for myself, and in the future, to help others."

Sheep Industry Mentoring Positions - Drought Resilience Leaders Mentoring Program

SPA has facilitated places for sheep producer mentors and mentees in this six-month Mentoring Program. National Farmers Federation (NFF) and Australian Rural Leadership Foundation (ARLF) have indicated that sheep have been the most well supported commodity group and have thanked SPA for our partnership and promotion of this cross-commodity program.

"The first two words I wrote down were "be courageous!". And this is exactly what the program has helped me to become."

SPA has sponsored a group of nine farming businesses of influential young farmers across Victoria to develop their business, on-farm best practice and their leadership skills.

The highlights of the program have been the farm tours, with other topics including business management, sheep industry policy, reproduction, livestock nutrition and feed budgeting.

"My favourite part of the program was the diversity of topics and approaches."

This group has been established by the NFF to develop the capability of young people in agricultural advocacy, foster an interest in policy, and provide a forum to share ideas and activities.

The longer-term goal of the NFF Young Farmers Council is to increase engagement with young farmers and to support generational renewal in industry committees within the existing agricultural advocacy structures.

SPA identified a group of 25–35-year-old producers to participate in the council and have sponsored one participant.

National Agricultural Leadership Program

SPA has selected and sponsored three young sheep industry representatives to undertake the 6-month NFF National Agricultural Leaders Program (NALP). Each year the NALP invites guest speakers to present on key topics and policy projects as part of a Leadership Summit.

The guest speakers included NFF representatives who presented on the process of policy making providing fundamental skills and knowledge how policy is developed and elements to consider when developing policy.

Participants acknowledged that through this program they now understand the industry's structure, the formation and role of policy, and the interaction between SFOs, PICs, NFF, RDCs and government. Across industry networking and focus on collaborative industry projects.

By enhancing their policy skills, the 2021 young leaders Policy Project was presented to the NFF Sustainable Development and Climate Change Committee and Horticulture Council.

SPA sponsored two participants in the 2021 Program and one participant who is currently in the 2022 Program.

"The program was outstanding with truly varied presentations from a wide range of speakers including politicians, department leaders and public servants. Understanding the roles and leadership positions was fascinating. I'm extremely grateful for SPA to support this opportunity with the NFF and would highly recommend the program to future participants."

Media and Communication

A focus of SPA has been on continuing to support our industry partners, stakeholders, and membership through social media. With the commencement of a full time General Manager Public Relations this has enabled the organisation to focus on the profile and reputation of the organisation, focusing on stakeholder engagement and growing the social media platforms across Facebook, Twitter, LinkedIn, and Instagram.

Website

The SPA website is currently being rebuilt. Google analytics was enabled on the SPA website last year to identify audience engagement and to determine the key resources that were being downloaded and what pages were being visited. The new website will have a customer relationship management (CRM) function and newsletter capability allowing us to communicate more effectively and manage relationships.

Monthly Update

A monthly update, on current news and events is emailed to State Farming Organisations, Policy Committee members, and Board Members. The monthly update has had increasing engagement from its recipients in the last twelve months. This is also complimented by regular Member Updates from the CEO.

Social Media

The SPA social channels LinkedIn and Twitter continue to have the most engagement with Facebook retaining the highest number of followers. As part of raising the SPA profile, and specifically for the leadership aspect of SPA an Instagram profile has been created. This channel is supporting stakeholder messaging, growing followers, and the messaging of bridging the city and rural divide.

Facebook | 28-day activity and analytics June 2022

Followers are over 4,300 with the most engagement for the last 28 days being the MLA Pain relief factsheet which SPA shared and reached over 1,000 people in 24 hours. All posts are organic, and no paid posts have been made, in June the SPA page was liked over 3,500 times. SPA consistently receives exposure to Facebook through Google searches and website referrals.

Twitter

Followers are just under 6,000 with SPA mentions up 207% from January 2022. The top Tweet impression reached 17.1k in June and the top tweet earned 8,927 impressions which was the MLA Lambassador event in Melbourne which SPA attended.

LinkedIn

LinkedIn followers have increased to over 1000 within the month of June 2022 sharing has increased by 42.9%, comments by 333.3% and reactions were up 20%. All posts are organic and post impressions for June 2022 were 11.6k up 26.7%.



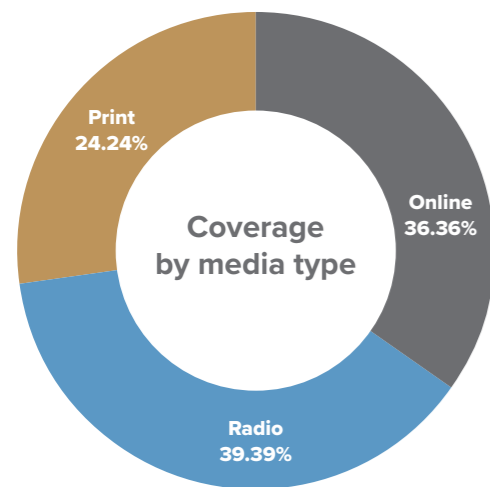
Entree was Lamb prosciutto

Sam Burke Corporate Chef for MLA and Ben Thomas SSF and SPA Board member SSF Annual Report launch Djaara Country Bendigo

Media coverage

The organisation has received extensive media coverage during May to 30 June 2022.

The following graph shows the reach and specific media platforms SPA has been featured on.



The Share of Voice (SOV) acts as a gauge for the organisations visibility and shows how much SPA dominated the conversation across industry.

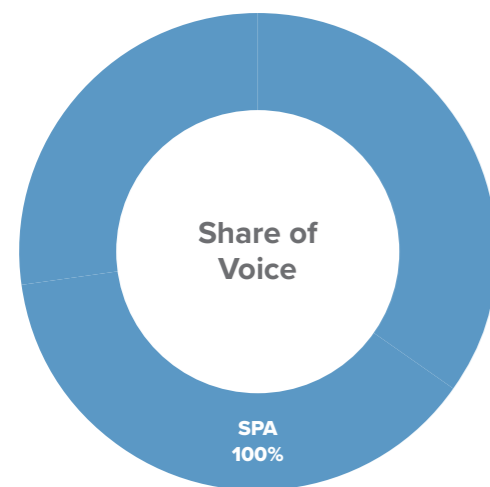


Figure 1: During this timeframe SPA reached every state of Australia.

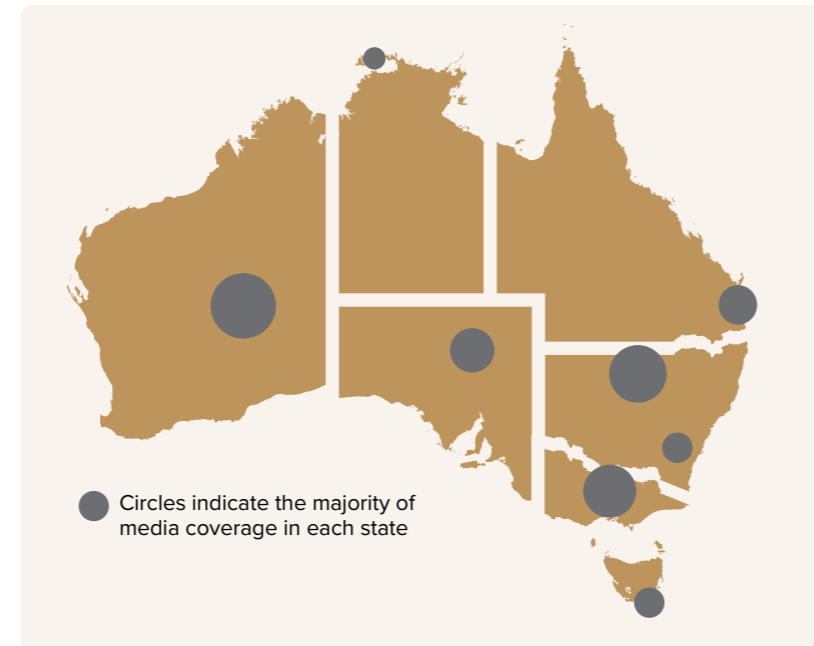
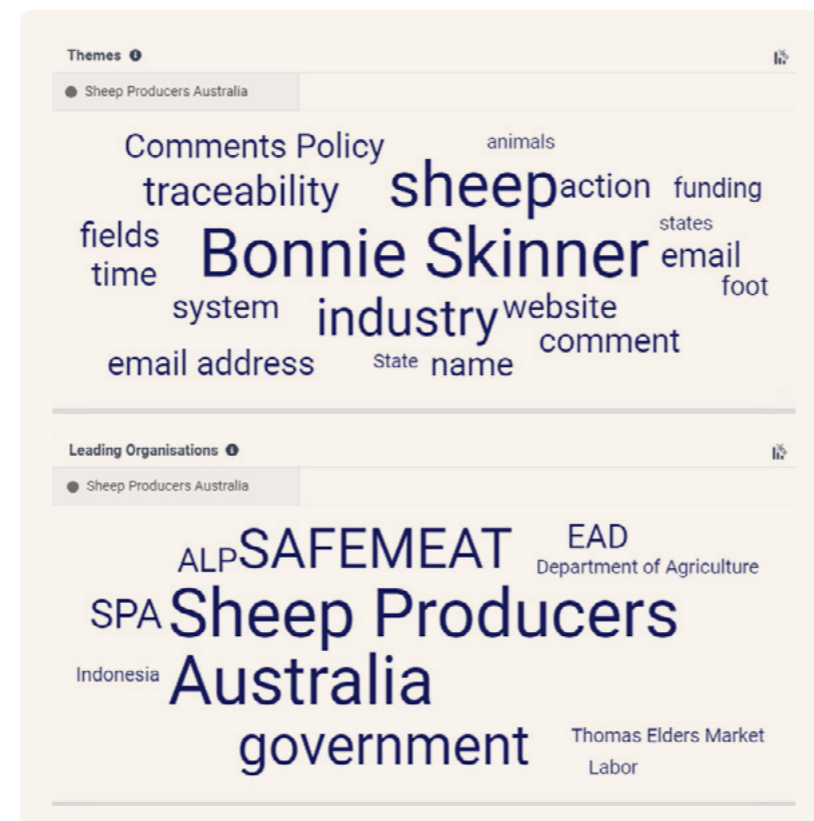


Figure 2: Leading organisations and themes monitor the SPA messaging and organisation alignment.



Governance and Financial Reporting

SPA is a public company limited by guarantee.

Section 4.1 of the SPA Constitution (November 2021) identifies the Members of SPA and are as follows:

- AgForce Queensland Farmers Limited
- Livestock South Australia
- New South Wales Farmers' Association
- Pastoralists and Graziers Association of WA
- Tasmanian Farmers' and Graziers' Association
- Victorian Farmers' Federation Livestock
- The Western Australian Farmers Federation (Inc)

The SPA Constitution is available here <https://sheepproducers.com.au/wp-content/uploads/2022/08/4-Constitution-November-2021.pdf>

The State Farming Organisations (SFOs) play an integral role in governance of SPA. There are currently six non-executive member elected directors on the SPA Board of Directors.

SPA is the recognised peak body for the sheepmeat industry under the *Australian Meat and Livestock Industry Act 1997*, SPA sets the strategic objectives to be pursued by the levy-funded organisations MLA, AHA and the NRS, examining and approving their programs and budgets.

Board of Directors

The company is governed by a skills-based board of directors. It includes a maximum of nine directors a minimum of four and maximum of seven member-elected directors and up to two board-appointed members. There are to be no more than two directors from any one state.

The directors are active in many forums in the Australian sheep industry and broader food supply chain and bring this experience, knowledge, and insights to the organisation.

Directors have undertaken professional development with the Australian Institute of Company Directors ensuring the board is skilled at this level. Directors continue to be provided with professional development opportunities aligned to their capability development priorities identified in the board skills matrix. The board skills matrix is refreshed each year with directors self-assessing their skills and attributes against the criteria.

The results of the post 2021 Annual General Meeting SPA Directors Skills Audit are reflected in table 1.

For more information on SPA's directors refer to the Directors' Report in the Sheep Producers Australia Limited Financial Statements for the year ended 30 June 2022. Appendix 1.



Acknowledgment of Country at SSF Annual Report launch Djaara Country Bendigo.

Board Selection Committee

Sections 8.9-8.12 of the SPA Constitution (November 2021) articulates the role of the Board Selection Committee (BSC). The BSC comprises of four SFO members, one independent member, and two observers, who make recommendations on the appointment of the non-executive Member-elected directors.

When vacancies on the SPA Board arise, the BSC is tasked to assess non-executive Member-elected Director candidates against a range of criteria, including experience and skills, personal qualities and their available time commitment, and report to SPA Members on the suitability of candidates for election.

Following a rigorous interview and selection process of candidates by the BSC and in accordance with good governance practice, appropriate checks of each candidate are undertaken before each nominee is put forward to Members as a potential candidate for election as a non-executive Member elected director.

The members of the 2022 BSC are:

- Rupert Gregg (Member)
- Georgina Gubbins (Member)
- Chris Kemp (Member)
- Geoff Pearson (Member)
- Ron Cullen (Independent Chair)
- Andrew Spencer (Observer)

All BSC appointment terms will expire at the conclusion of the 2022 Annual General Meeting.

Annual General Meeting

SPA continued to conduct business in a virtual environment, with the second virtual Annual General Meeting (AGM) held on 23 November 2021.

The AGM confirmed returning director, Dr Elizabeth Jackson, and Mr Ben Thomas was newly elected, increasing the SPA Board to eight directors. Both directors have been appointed for three years with their terms expiring on day prior to the 2024 AGM.

COVID-19 has continued to restrict the Board's ability to conduct face-to-face meetings, with hybrid meetings replacing the majority face-to-face meetings during the reporting period.

Conflicts of interest

In accordance with the requirements of the Corporations Act, SPA's conflict of interest policy and procedures, directors must declare any conflict of interest they may have and must follow the procedures set out in SPA's policy.

In certain circumstances, directors will abstain from participating in any discussion or voting on matters in which they have a material personal interest. At the time of their appointment and as notified from time to time, each director provides to the Board information about their business and other interests. The Board records such notifications in its minutes and maintains a register in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition).

Risk Management Plan

The Board manages the organisation's risk through a comprehensive Risk Management Plan. This plan identifies financial, legal and compliance risk for the company as well as reputational, strategic, and regulatory risks that are faced by the sheep industry. The Risk Management Plan is managed and monitored by the Board through the Finance Audit and Risk Management Committee (FARMCo).

Finance, Audit, and Risk Management Committee

FARMCo is a committee of the board and assists the Board to fulfil its oversight responsibilities relating to SPA's risk management plan, the company's treasury and financial reporting, internal control structure and the external audit functions. In keeping with community expectations, the Chair of FARMCo is not the Chair of the Board.

FARMCo is required to meet at least four times a year and holds closed sessions with the auditors at least once each year. FARMCo is responsible for making recommendations to the Board for the approval of the annual FARMCo workplan and annual financial statements.

As of 30 June 2022, FARMCo members comprised of Dr Anne Astin (Chair), Ms Bindi Murray and Mr Robert Herrmann.

FARMCo has received a written declaration from the CEO that the financial reports represent a true and fair view, in all material respects, of the company's financial condition and operating results, and are in accordance with relevant accounting standards.

External Auditor

SPA's external auditor is Bandle McAneney & Co (BM&Co). FARMCo holds discussions with the external auditors and management before the annual financial statements are submitted to the Board.

FARMCo oversees SPA's relationship with BM&Co, including:

- making recommendations to the Board about the appointment of SPA's auditors based on their qualifications, independence, engagement, fees, and performance;
- reviewing and assessing the performance, independence, and objectivity of BM&Co;
- reviewing BM&Co proposed annual audit scope and audit approach, including materiality levels.

Personnel

SPA has a small highly skilled and dedicated workforce who manage the day-to-day operations of the company, implement the Annual Operating Plan and strategy set by the Board.

As of the 30 June 2022 six staff were employed in a variety of full-time and part-time roles. SPA's workforce profile reflects a balanced gender profile and age distribution across the organisation and more than 50% of employees are from a rural background.

In addition, two non-executive directors of the Board are employed on a part-time basis:

- Independent Chair: Mr Andrew Spencer
- Independent Member: Dr Anne Astin

Diversity

SPA recognises the importance of a diverse workplace, values and acknowledges the individual strengths of each employee and the potential they bring to build a successful, thriving workplace and a fair work culture. Workplace diversity creates greater opportunities for professional growth, better decision-making, and a greater understanding of our member's and industry needs.

As of 30 June 2022, more than 50% of SPA's employees were female and the SPA Board had equal gender representation.

Flexible work and support

Flexible working arrangements were extended to all employees in 2021-22 during the COVID-19 pandemic. These arrangements included working from home and flexible working hours. SPA continues to offer employees flexible working arrangements that support a work/life balance, including part-time work, paid parental and carer's leave and telecommuting.

SPA offers employees access to an employee assistance program and has training and formal policies to educate and protect employees against discrimination, harassment, and bullying.

Table 1: 2022 Sheep Producers Australia Director Skills Audit Results 2021 AGM

	Average
Livestock production	
On farm sheep production	3.6
Lot Feeding	2.9
Live Export	2.8
Supply chain	
Off farm processing	3.6
Global and domestic supply chains	3.8
Meat language / MSA / OCM	3.0
Integrity Systems	3.6
Marketing	
International trade	3.6
Domestic marketing / retail / brand management	3.9
Biosecurity	
Biosecurity systems	3.4
Research and development	
R & D / Extension / Adoption	3.8
Understanding RDC's	3.9
Understanding producer needs	4.0
Understanding processor needs	3.4
IP and Commercialisation	2.4
Policy & Advocacy	
Policy Development and Advocacy	3.9
Business management	
Governance	3.9
Developing strategy	4.4
Developing communication strategy	4.0
Executive Management	3.6
Project management	4.0
Crisis management	3.4
Change management	3.9
HR / WHS	3.5
Finance	
Financial competence	4.0
Risk management	4.1
Audit Internal / External	3.4
Strength of networks	
Industry engagement – CRC's / Uni's / Agribusiness	4.5
Stakeholder engagement Government / Department	3.8
Stakeholder engagement SFO	3.9
Stakeholder engagement RDC's / AHA / NRS	3.8
Stakeholder engagement producers	4.1
Stakeholder engagement processors	3.4

Self-assessment criteria : Skills/expertise on a rating scale of 0-5 as follows:

1 No qualifications or experience	I know nothing about this subject
2 Some knowledge without any experience	I know a little about this subject
3 Some knowledge with experience (0-5 years)	I know enough to contribute well to a discussion about this
4 Skilled or knowledgeable with some experience (5+ years)	I could lead a discussion about this
5 Tertiary qualifications and/or extensive experience (10 + years)	I could be the expert in the room on this subject

Appendix 1:

Sheep Producers Australia Limited Financial Statements

For the Year Ended 30 June 2022

ABN 21 256 252 885



DIRECTORS REPORT	1
INDEPENDENT AUDITORS' REPORT	8
DIRECTORS' DECLARATION	11
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	12
STATEMENT OF FINANCIAL POSITION	13
STATEMENT OF CHANGES IN EQUITY	14
STATEMENT OF CASH FLOWS	15
NOTES TO THE FINANCIAL STATEMENTS	16
AUDITOR'S INDEPENDENT DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001	25

Preface

These financial statements are to be read in conjunction with the specific activities described in the 2021-22 Annual Report.

Directors' Report 30 June 2022

The Directors present their report on Sheep Producers Australia Limited (SPA) for the financial year ended 30 June 2022.

General information

Director Information

The names of the directors in office at any time during or since the end of the year are:

Names	Position	Appointed
Mr Andrew Spencer	Independent Chair	Appointed November 2021
Dr Anne Astin	Independent Director	
Mr Jamie Heinrich	Member Elected Director	
Ms Belinda Murray	Member Elected Director	
Dr Elizabeth Jackson	Member Elected Director	Reappointed November 2021
Ms Allison Horswill	Member Elected Director	
Mr Robert Herrmann	Member Elected Director	
Mr Ben Thomas	Member Elected Director	Appointed November 2021
Mr Chris Mirams	Independent Chair	Resigned November 2021
Mr Ian McColl	Member Elected Director	Resigned November 2021

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Tracey-Anne Leahey currently holds the position of Company secretary. Stephen Crisp held the position of company secretary until November 2021.

Principal activities

SPA is the peak industry organisation for sheep and lamb producers. SPA works to enhance the industry's productivity, profitability and sustainability by effectively representing all producers to Government and Industry decision-makers.

Key Objectives for 2022

- Consolidate Sheep Producers Australia Financial Position
- Implement the Annual Operating Plan
- Effective establishment and operation of the Policy Council
- Increase the profile and awareness of SPA's role, activities, and programs
- Represent and promote the interests of sheep producers
- Contribute to the outcomes and objectives of whole of red meat strategic plans

Performance Measures

- Net assets of \$1.000m
- There is a monitoring and evaluation framework in place reviewing performance against the Annual Operating Plan and associated work programs
- Members and the Board are satisfied with outcomes and operations of the Policy Council

- Attendance of SPA representatives and branding at major events and timely reporting of outcomes. (Novel Coronavirus (COVID-19) permitting)
- Policy priorities are communicated to the Agriculture Minister, government, supply chain and industry partners
- SPA Strategic Plan and Policy Council priorities are aligned and to RedMeat30 and the Sheep Industry Sustainability Framework outcomes.

Members' Guarantee

Sheep Producers Australia is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 10 for members that are corporations and \$ NIL for all other members, subject to the provisions of the company's constitution.

At 30 June 2022 the collective liability of members was \$70 (2021: \$70).

Information on Directors

Mr Andrew Spencer Independent Chair

Qualifications Bachelor of Agricultural Science (BAGSc – Melb)
Graduate of the Australian Institute of Company Directors (GAICD)
Fellow of the Institute for Managers and Leaders (FIML)
Associate Fellow of the Australian Rural Leadership Foundation (AFARLF)

Experience Australian Farm Institute – Chair
Grains Research and Development Corporation – Director
Sheep Industry Health and Welfare Trust – Director
Red Meat Advisory Council – Director
PorkScan Pty Ltd – Chair
Ancer Consulting Pty Ltd - Principal

Prior Experience Cooperative Research Centre for High Integrity Australian Pork - Director
Australasian Pork Research Institute Ltd – Director
Australian Pork Ltd – Chief Executive Officer
Agribusiness professional for the past 38 years

Dr Anne Astin AM PSM Independent Director

Qualifications

Doctor of Philosophy (PhD) in Biochemistry
Bachelor of Science with Honours in Biochemistry
Bachelor of Science in Chemistry
Graduate Diploma in Public Sector Management
Fellow of the Australian Institute of Food Science and Technology
Member of the Australian Institute of Company Directors

Experience

Dairy Food Safety Victoria Board (2017-2025): Chair
Good Shepherd Australia New Zealand Board (2019-2022): Chair
William Angliss Institute of TAFE Board (2014-2024): Chair
Food Agility Cooperative Research Centre (2017-2023): Chair

Australian Packaging Covenant Organisation (2016-2022): Director
Catholic Social Services Victoria (2016-2022): Councillor
Kildare Ministries (2017-2023): Trustee
New Zealand Food Safety Science and Research Centre Advisory Board (2019-2023): Independent Science expert and Director
St Paul Apostle Finance Council (2005-present): Member

Prior Experience

Australian Dairy Farmers Ltd Audit and Risk Committee: Chair
Australian Institute of Food Science and Technology: Chair
Australian Industry Skills Council Food, Beverage and Pharmaceutical Industry Reference Committee: Chair
EnergySafe Victoria Audit and Risk Committee: Chair
SafeFish Partnership (2017-2021): Chair
Wellsprings for Women Inc: Chair
Health Star Rating Advisory Committee: Deputy Chair

Australian Dairy Farmers Ltd (2012-2015): Director
Dairy Australia (2003-2008): Director
Dairy Food Safety Victoria (2000-2011): CEO
Land Registry Victoria (1996-2000): Director
New Zealand Food Safety Science and Research Centre: International Science Advisory Panel (2016-2019): Member
Royal Botanic Gardens Melbourne (1996-2000): Director

Mr Jamie Heinrich Member Appointed Director

Qualifications

Bachelor of Business (International Business)
Nuffield Scholarship: *"The key factors for attracting and retaining young people in the sheep industry"*
Certificate III in Rural Operations

Experience

Agriculture Kangaroo Island: Chair
Ella Matta Pastoral: Owner, Director
Meat and Livestock Australia: Board Selection Committee
Sheep Industry Sustainability Framework: Board Member

Prior Experience

Thomas Foods International
Beef Livestock Coordinator and Project Coordinator of Systems Integration
International Trade Delegate: various
Livestock SA: Director
On farm positions: domestic and international

Mr Robert Herrmann Member Appointed Director

Qualifications

Associate Diploma of Business Management (Marketing) : Deakin University.
Authorised Representative of Australian Financial Services Licence (AFSL) 516316
Responsible Authority of AFSL 516316
Marcus Oldham Rural Leadership Program: *"A vision for agriculture"*
Certificate 4 in Assessment & Workplace Training
Member of Australian Institute of Company Directors (MAICD)

Experience

Nutrien Ag Solutions, Agency, Market & Product Specialist
Forty years of experience in all aspects of agriculture, including production, service delivery and development of business strategy.
Understanding of the challenges and opportunities of the sector.
Vast connections across producers and the agricultural industry.
Strong communication skills and ability to articulate and prosecute a point of view.
Ability to listen to other views, and to include and engage all participants in discussion

Ms Allison Horswill Member Appointed Director

Qualifications Member of the Australian Institute of Company Directors

Experience

Director role Trade and International Relations unit Tasmanian Government specialising in agricultural trade

Prior Experience

Cattle Council of Australia: NAB Agribusiness Rising Champion finalist
Cattle Council of Australia: Industry Systems and Food Safety Committee
Cattle Council of Australia: Marketing, Market Access & Trade committee
Department of Primary Industries and Water: TFGA representative: Animal Welfare Advisory committee
National Farmers Federation: Team Australia Agriculture EU & UK delegation
Sheep Producers Australia: Marketing, Market Access & Trade committee
Sheep Producers Australia: Leadership and Community Engagement taskforce
Tasmanian Farmers and Graziers Association (TFGA): Non-Executive Director
TFGA: Vice Chair Meat Council

Dr Elizabeth Jackson Member Appointed Director

Qualifications Bachelor of Agribusiness Marketing (Hons I)
Master of Business Administration
Doctorate of Philosophy (PhD) in Agribusiness
Senior Fellow of the Higher Education Academy (UK)
Graduate of the Australian Institute of Company Directors

Experience

International Journal of Logistics: Research & Applications: Regional editor (2020 – present)
Senior Lecturer in Supply Chain Management (Curtin University)
Visiting Academic at the Royal Veterinary College (UK) (2020 – present)
WA Farmers Livestock Council: Member

Farm experience: grains, sheep, cattle (intensive, extensive & pastoral), stud breeding (various)

Former Experience

Senior Lecturer in Business Management (Royal Veterinary College, UK)
Lecturer in Agribusiness (Newcastle University, UK)
CBH Group: District Manager
Royal College of Veterinary Surgeons' EBVM Knowledge Group (Business) (2015-2017): Chair

Mr Ben Thomas Member Appointed Director

Qualifications Bachelor Rural Science (UNE)
Masters of Agribusiness (University of Melbourne)
Melbourne Business School Meat Executive Program

Experience

Sheep Sustainability Framework: Board Member
Agricultural Investment Fund: Portfolio Manager

Prior Experience

Media and Sponsorship Coordinator Australian Intercollegiate Meat Judging
Agri-banking and finance
Red meat and livestock commodity analysis & presentations
Various domestic and international farming positions

Ms Belinda Murray Member Appointed Director

Qualifications Bachelor of Animal Science (Hons I)
Certificate IV Business
Graduate Australian Institute of Company Directors

Experience

Kunmullup Pastoral Company: Owner, Director
Live Export Research and Development Advisory Committee: Member
Meat and Livestock Association Red Meat Panel: Member
Pastoralists & Graziers Association (PGA): Executive Committee Member
PGA Livestock Committee: Vice Chair
Woodanilling School Council: Chair

Prior Experience

Dept Primary Industry IRD Live Export Reference Group: Member
Lambex Organising Committee 2018: Chair
PGA of WA Policy Director Property Rights and Business Mgm.,
Red Meat Industry Council Industry Corporate Affairs Advisory Group: Member
Sheep genetics research officer
Sheeps' Back West Australian Grower Network Producer Advisory Panel: Member
West Australian Sheep Alliance: Director
West Australian Meat Industry Authority: Director
WoolPoll 2015: Panel Member

Operating results and review of operations for the year

Operating results

The profit of the company after providing for income tax amounted to \$32,563 (2021: surplus of \$136,107).

Review of Operations

A review of the operations of the company during the financial year and the results of those operations show a profit of \$32,563.

Meeting of Directors

During the financial year, 11 (including AGM) meetings of directors were held.

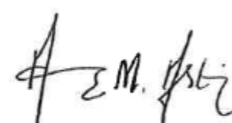
Director	Eligible to attend	Board Meetings Attended
Mr Chris Mirams (inaugural chair)	7	7
Mr Andrew Spencer (current chair)	4	4
Dr Anne Astin	11	10
Mr Jamie Heinrich	11	11
Mr Robert Herrmann	11	11
Ms Allison Horswill	11	11
Dr Elizabeth Jackson	11	10
Mr Ian McColl	7	7
Ms Belinda Murray	11	11
Mr Ben Thomas	4	4

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2022 has been received and can be found on page 26 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director
Mr Andrew Spencer
26 August 2022



Director
Dr Anne Astin
26 August 2022



Chartered Accountants

Suite 2d, 1st Floor
18 Napier Close
DEAKIN ACT 2600
PO Box 52, DEAKIN WEST ACT 2600
AUSTRALIA
Ph: (02) 6282 3341
Fax: (02) 6282 3342
Email: banmca@interline.com.au
ABN: 87 955 412 345

Independent Auditor's Report to the members of Sheep Producers Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sheep Producers Australia Limited (the company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the company at the date of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information.

The other information obtained at the date of this auditor's report is included in the Directors' Report and Surplus and Loss Account Statement, (but does not include the financial report and our auditor's report thereon).

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine 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 Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 our 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

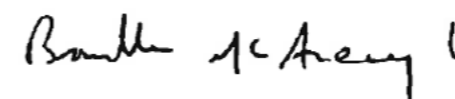
We also:

- 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 our 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Bandle McAneney & Co



Anthony J Bandle FCA
Partner

Canberra
Dated 26 August 2022

Directors' Declaration

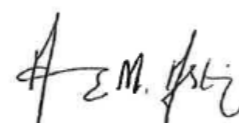
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards – Simplified Disclosures; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr Andrew Spencer
Dated 26 August 2022



Dr Anne Astin
26 August 2022

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
Revenue	1,526,759	1,477,474
Investment income	369	1,994
Board and Committee expenses	(248,105)	(163,420)
Subscriptions	(49,929)	(35,417)
Project expenses	(237,584)	(167,940)
Operating Expenses	(117,998)	(130,049)
Employment expenses	(754,353)	(760,186)
Property Operating expense	(82,356)	(68,059)
Finance expenses	(667)	(397)
Depreciation	(3,573)	(17,893)
Surplus for the year	32,563	136,107
Total comprehensive income for the year	32,563	136,107

Statement of Financial Position As At 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	498,342	167,999
Trade and other receivables	6	203,151	461,273
Financial assets	7	450,000	450,000
Other assets	8	64,842	37,219
TOTAL CURRENT ASSETS		<u>1,216,355</u>	<u>1,116,491</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9(a)	7,342	7,246
Right of use asset	9(b)	576,906	727,410
TOTAL NON-CURRENT ASSETS		<u>584,248</u>	<u>734,656</u>
TOTAL ASSETS		<u>1,800,583</u>	<u>1,851,147</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	89,011	65,104
Employee benefits	11	24,685	38,532
Contract liabilities	12	234,543	189,188
TOTAL CURRENT LIABILITIES		<u>348,239</u>	<u>292,824</u>
NON-CURRENT LIABILITIES			
Contract liabilities	12	467,666	606,208
TOTAL LIABILITIES		<u>815,905</u>	<u>899,032</u>
NET ASSETS		<u>984,678</u>	<u>952,115</u>
EQUITY			
Retained earnings		<u>984,678</u>	<u>952,115</u>
TOTAL EQUITY		<u>984,678</u>	<u>952,115</u>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Statement of Changes in Equity For the Year Ended 30 June 2022

2022	Retained earnings \$	Total \$
Balance at 1 July 2021	952,115	952,115
Surplus attributable to members of the entity	32,563	32,563
Balance at 30 June 2022	<u>984,678</u>	<u>984,678</u>
2021		
Balance at 1 July 2020	816,008	816,008
Surplus/(deficit) attributable to members of the entity	136,107	136,107
Balance at 30 June 2021	<u>952,115</u>	<u>952,115</u>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and funding bodies	1,817,734	1,354,008
Payments to suppliers and employees	(1,322,967)	(1,337,761)
Interest received	389	2,689
Net cash provided by/(used in) operating activities	16 495,156	18,936
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from part redemption of term deposit	0	0
Purchase of property, plant and equipment	9(a) (3,668)	(16,468)
Net cash provided by/(used in) investing activities	(3,668)	(16,468)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of lease liabilities	(161,145)	(51,432)
Net cash used in financing activities	(161,145)	(51,432)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	330,343	(48,964)
Cash and cash equivalents at beginning of year	167,999	216,963
Cash and cash equivalents at end of financial year	5 498,342	167,999

Notes to the Financial Statements For the Year Ended 30 June 2022

The financial report covers Sheep Producers Australia Limited as an individual entity. Sheep Producers Australia Limited is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Sheep Producers Australia Limited is Australian dollars. Comparatives are consistent with prior years, unless otherwise stated.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Summary of significant accounting policies

(a) Income tax

Sheep Producers Australia Limited is exempt from company income taxation under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of Goods and Services Tax (GST)

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year.

Revenue from contracts with project funding bodies

The core principle of AASB 15 is that revenue from project contracts is recognised on a basis that reflects the transfer of promised services to at an amount that reflects the consideration the company expects to receive in exchange for those services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the funding body
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts invoiced under project contracts are based on the achievement of various milestones and performance obligations established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts invoiced to funding bodies in the period.

When a performance obligation is satisfied before the funding body pays consideration or the before payment is due, the company presents the contract as a contract asset, unless the company's rights to that amount of consideration are unconditional, in which case the company recognises a receivable.

When an amount of consideration is received from the funding body prior to the company satisfying the contracted milestones and performance obligations, the company presents the contract as a contract liability.

(c) Revenue and other income

Other income

Other income is recognised on an accruals basis when the company is entitled to it.

(d) Goods and services tax (GST)

Revenue, 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).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment is depreciated on a reducing balance basis over the asset's useful life to the company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and equipment	10 - 40%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in

(f) Financial instruments

Financial instruments are recognised initially on the date that the company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets comprise trade other receivables and term deposits and are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

Financial liabilities

The company's financial liabilities include trade and other payables which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the company assesses whether there is any objective evidence that a financial asset is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(g) Impairment of non-financial assets

At the end of each reporting period the company determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where the amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangible assets

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss

(k) Leases

At inception of a contract, the company assesses whether a lease exists – i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The organisation has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use
- The organisation has the right to direct the use of the asset i.e., decision-making rights in relation to changing how and for what purpose the asset is used.

The organisation has elected not to separate non-lease components from lease components and has accounted for all leases as a single component.

At the lease commencement, the organisation recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised. The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(k) Leases continued...

The right-of-use asset is assessed for impairment indicators at each reporting date. The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the organisation's incremental borrowing rate is used. After initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., CPI) or a change in the company's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The organisation has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the organisation recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Revenue and other income

(a) Revenue from continuing operations

	2022	2021
	\$	\$
Operating		
State Farming Organisation Memberships	104,148	104,148
Red Meat Advisory Council Distributions	237,107	220,662
Project Income	1,185,026	1,109,272
Australian Government COVID-19	0	37,500
Other Income	478	5,892
	<u>1,526,759</u>	<u>1,477,474</u>

(b) Investment income

Interest received	369	1,994
	<u>369</u>	<u>1,994</u>
TOTAL INCOME	<u>1,527,128</u>	<u>1,479,468</u>

4 Result for the year

The result for the year includes the following specific expenses:

Depreciation and amortisation:

Depreciation – property, plant and equipment	3,573	17,893
Depreciation – Right of use asset	150,504	48,879
	<u>154,077</u>	<u>66,772</u>

5 Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	498,342	167,999
	<u>498,342</u>	<u>167,999</u>

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	498,342	167,999
	<u>498,342</u>	<u>167,999</u>

6 Trade and other receivables

CURRENT

Trade receivables	203,093	461,195
Interest receivable	58	78
	<u>203,151</u>	<u>461,273</u>

7 Financial assets

CURRENT

Term deposits	450,000	450,000
	<u>450,000</u>	<u>450,000</u>

8 Other assets

CURRENT

Prepayments	64,842	37,219
	<u>64,842</u>	<u>37,219</u>

9(a)Property, plant and equipment

PLANT AND EQUIPMENT

Property, plant and equipment		
At cost	46,005	42,336
Accumulated depreciation	(38,663)	(35,090)
Total property, plant and equipment	<u>7,342</u>	<u>7,246</u>
	<u>7,342</u>	<u>7,246</u>

9(a)Property, plant and equipment continued

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2022	2021
	\$	\$
Year ended 30 June 2021		
Balance at the beginning of year	7,246	9,458
Additions	3,668	16,468
Disposals	0	(787)
Depreciation expense	(3,572)	(17,893)
Balance at the end of the year	<u>7,342</u>	<u>7,246</u>

9(b) Right of use asset

Right of use asset is the Company's non-cancellable property lease of the Sheep Producers Australia Limited Office

AASB 16 related amounts recognised in the balance sheet:

Right of use asset leased premises	752,498	752,498
Accumulated depreciation	(175,592)	(25,088)
Total right of use asset	<u>576,906</u>	<u>727,410</u>

AASB 16 related amounts recognised in the statement of profit and loss:

Depreciation charge relating to right of use asset	150,504	48,879
Interest expenses on lease liabilities	35,084	6,790
Total	<u>185,588</u>	<u>55,669</u>

10 Trade and other payables

CURRENT

Trade payables	6,952	979
GST payable	47,855	(1,983)
Accrued expenses	4,900	27,024
Payroll liabilities	29,304	39,084
	<u>89,011</u>	<u>65,104</u>

11 Employee benefits

	2022	2021
	\$	\$
CURRENT		
Long service leave	0	0
Annual leave	24,685	38,532
	<u>24,685</u>	<u>38,532</u>

12 Contract liabilities

CURRENT		
Department of Agriculture Water and Environment	96,000	63,127
Lease Liability – Right of use asset	138,543	126,061
	<u>234,543</u>	<u>189,188</u>
NON-CURRENT		
Lease Liability – Right of use asset	467,666	606,208
	<u>467,666</u>	<u>795,396</u>

13 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director of the company.

The total remuneration paid to key management personnel of the company is \$281,405. (2021 \$295,861).

14 Related parties

(a) The company's main related parties are as follows:

The company's related parties include key management personnel - refer to Note 13.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other than remuneration as Per Note 13, reimbursement of direct expenses and affiliation fees from state members as disclosed in Note 3(a) there have been no other transactions with related parties.

15 Contingencies

In the opinion of the Directors, the company did not have any contingencies on 30 June 2022. (30 June 2021: NIL).

16 Cash flow information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022	2021
	\$	\$
Surplus/(deficit) for the year	32,563	136,107
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation, lease depreciation and interest expense on right of use assets	189,161	73,562
- net loss on disposal of plant and equipment	-	787
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	258,122	(14,857)
- (increase)/decrease in other assets	(27,623)	(3,115)
- increase/(decrease) in trade and other payables	23,907	(34,139)
- increase/(decrease) in contract liabilities	32,873	(107,914)
- increase/(decrease) in employee benefits	(13,847)	(31,495)
Cash flows from operations	<u>495,156</u>	<u>18,936</u>

17 Property Operating Expenses

Sheep Producers Australia Limited holds the sublease to the commercial office space it occupies at 28 National Circuit, Forrest ACT 2603.

In concert with the sublease, the company holds four Deeds of Underlease for the commercial office space. These Deeds are held with Red Meat Advisory Council, Australian Livestock Exporters Council, Meat and Livestock Australia and Australian Meat Industry Council. The amounts reflected in the Property Operating Expenses are the direct property operating costs associated with the operations of the company.

18 Statutory information

The registered office and principal place of business of the company is:

Ngunnawal Country
Level 2, The Burns Centre
28 National Circuit
Forrest ACT 2603

19 Auditors remuneration

Audit and review of the financial statements : Audit fees paid 30 June 2022 \$8,200.
(30 June 2021 \$8,000).



Chartered Accountants

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Sheep Producers Australia Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

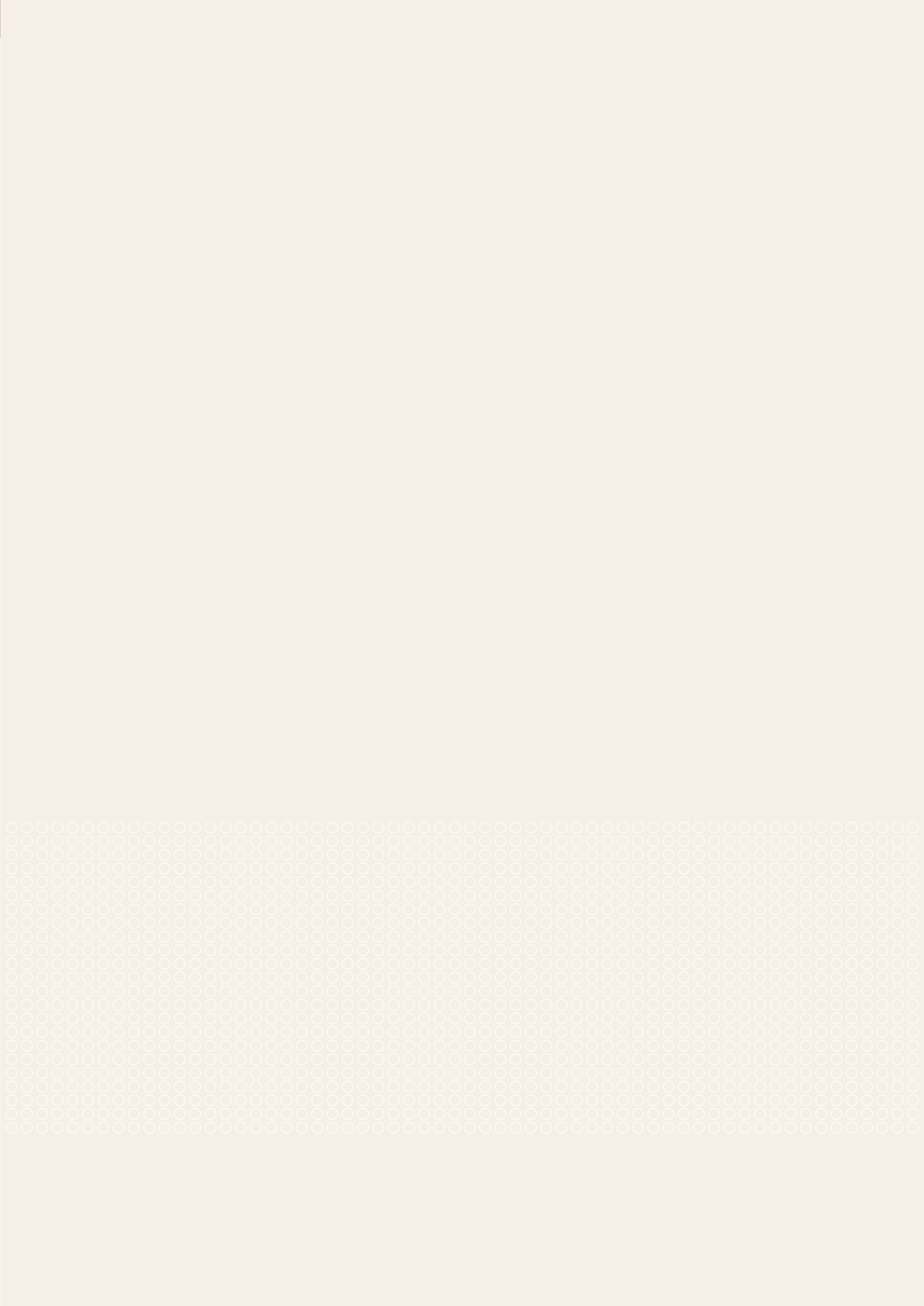
- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Bandle McAneney & Co

Anthony J Bandle FCA
Partner

Canberra

Dated 26 August 2022



CONTACT

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