

**SHEEP**  
**PRODUCERS**  
AUSTRALIA

# ANNUAL REPORT

2019-20



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# Introduction

**Sheep Producers Australia (SPA) is a strategic leader working to benefit Australia's sheep industry to achieve a productive, profitable, and sustainable future. SPA is the peak industry council for Australian sheep and lamb producers, to influence government and service providers to support national industry goals and outcomes.**

## **SPA aims to:**

- » **Speak on behalf of industry issues of national importance.**
- » **Lead and influence industry discussions and decisions for the best interests of sheep producers.**
- » **Enable producers to influence policy and drive change in their industry.**

## **Partners integral to SPA's success are:**

- » **Members – State Farming Organisations (SFOs)**
  - AgForce
  - Livestock SA
  - NSW Farmers
  - Pastoralists and Graziers Association of WA
  - Tasmanian Farmers and Graziers Association
  - Victorian Farmers Federation Livestock
  - WA Farmers
- » **Service providers**
  - Animal Health Australia (AHA)
  - Integrity Systems Company (ISC)
  - Meat & Livestock Australia (MLA)
  - National Residue Survey (NRS)
- » **Industry partners**
  - Red Meat Advisory Council (RMAC)
  - National Farmers Federation (NFF)
  - Wool Producers Australia (WPA)
  - Australian Meat Industry Council (AMIC)
  - Australian Live Exporters Council (ALEC)
  - Cattle Council Australia (CCA)
  - SAFEMEAT
  - The Australian Government
  - Numerous other industry stakeholders and agricultural partners

## Chairs' Report Mr Chris Mirams



**I am pleased to present Sheep Producers Australia 2019-2020 Annual Report. SPA has continued to support the sheep industry during an extraordinary year of unprecedented challenges, as our attention has turned from drought, to bushfires and now to the COVID-19 pandemic.**

These events have weighed heavily on many farming families, businesses, towns and regions. The pandemic has created a massive disruption to our supply chain, particularly as demand from the global food service industry evaporated overnight. It is a great credit to our product and to our post-farm supply chain managers that our product continues to find a home and maintain its value through the crisis.

Uncertainty remains though, as the COVID-induced global recession and distress in the foodservice industry is likely to dampen demand for premium products and our high value cuts. Offsetting this is the effect of the African Swine Fever, limited competition from New Zealand and strong local restocker demand. Low global supplies should underpin lamb demand and price, as we navigate the road to recovery from the COVID crisis.

Our national flock of 63.5 million sheep is the lowest it has been for 120 years. The reason goes beyond drought, there has been a fight for acres between sheep and cropping, particularly in the vast sheep/wheat zone, that cropping has been winning for decades, largely due to the rapid uptake of new technologies. We need to turn that around and champion the culture of innovation in the sheep industry.

As large areas of Australia recover from drought, restocking is underway. We have a great opportunity to rebuild the flock with sheep fit for the future and SPA will be championing programs such as Bred Well Fed Well to lead this. SPA has supported the establishment of and contributes to the Sheep Reproduction Strategic Partnership. The aim of the partnership is to provide a framework for effective, co-ordinated and targeted investment in research and adoption in this space.

The lamb feedlot industry has expanded in recent years. This brings both opportunity and risk and SPA is proud to have instigated the development of a \$1.5m MDC/CSU lamb feedlot research project, focused on nutrition, performance, health and welfare, environment, feedlot design and adopting new technologies.

The Sheep Sustainability Framework, led by SPA and WoolProducers Australia, will be publishing its first report in the spring. The steering committee has been working extremely well together and stakeholder engagement has been excellent. We thank Meat & Livestock Australia and Australian Wool Innovation for the funding and secretariat that enables the project. Industry led, the framework will provide transparency, build trust and underpin our vision, as a global leader in sustainable sheep production.

SPA has contributed strongly to the development of the new Meat Industry Strategic Plan, Red Meat 2030 and has committed to the vision "Together we will double the value of Australian red meat sales as the trusted source of the highest quality protein". Meat Livestock Australia has committed to doubling the investment in adoption to help drive this.

The role of the Board is to develop strategy and manage risk and compliance. The SPA board has a clear sense of purpose, which is to provide strategic leadership to the sheep industry, enabling a productive, profitable and sustainable future. This purpose is enabled by three pillars – a sustainable organisation, providing trusted leadership and creating effective policy and advocacy.

The SPA Board embraces contemporary governance and a culture of continual improvement and is currently undertaking an external board performance and governance framework review. Mr Daryl Quinlivan, previous Secretary of the Department Agriculture, is the Chair of the SPA Board Selection Committee this year, supporting the four SFO committee members.

One of the major risks facing SPA continues to be the funding of our operations. We continue to explore ways to create a secure income. We are very appreciative of the support of our major stakeholders. We continue to contribute to the review of the Red Meat Memorandum of Understanding (MoU), which has been severely disrupted by drought, fire and COVID-19. We believe that an outcome from the review must be establishing financial security for our livestock peak industry councils.

We continue to represent you at the Red Meat Advisory Council (RMAC) table. It has been a busy year for RMAC, with the development of Red Meat 2030, the MoU review, a change in Minister, COVID-19 crisis management and business as usual. Independent Chair, Don McKay will retire in September, after serving two terms. I thank him for his leadership and support through very demanding times.

At our last SPA AGM, long serving director Michael Craig retired from the Board. Michael was a tireless contributor to SPA and the wider industry, leading with passion and unique insight. We also welcomed Allison Horswill to the Board.

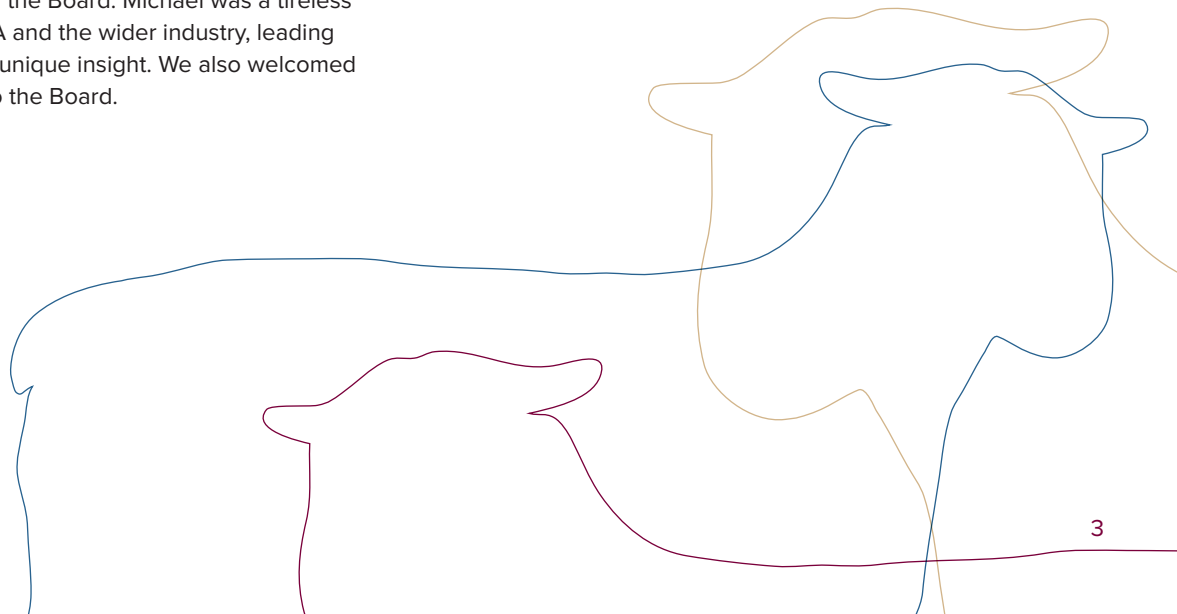
SPA CEO Graham Smith, who contributed strongly to the high-level strategic industry discussions, departed in November and the Board has demonstrated great confidence in Stephen Crisp, recently appointing Stephen as CEO. Our long serving Office Manager Judy Taylor after 11 years of dedicated service to SPA and its predecessor Sheepmeat Council of Australia will leave SPA on 1 July 2020. Judy we thank you and wish you well in your retirement.

SPA's CEO, policy officers, policy groups and committees continue to do the heavy lifting in the organisation's operations in debating issues and developing policy and informing the Board on subjects that require strategy development. The COVID-19 lockdowns have added a layer of complexity to our meetings and the Board extends its sincere thanks to all of you who contribute your time and insights to the workshops, policy groups, challenge groups and committees and taskforces SPA operates.

I must thank the Board members for their wisdom and guidance throughout the year. Board members not only attend to board issues, they are also very active participants in many of SPA's activities and represent SPA on many industry organisations.



**Chris Mirams**  
Chair



## Chief Executive Officers' Report Mr Stephen Crisp



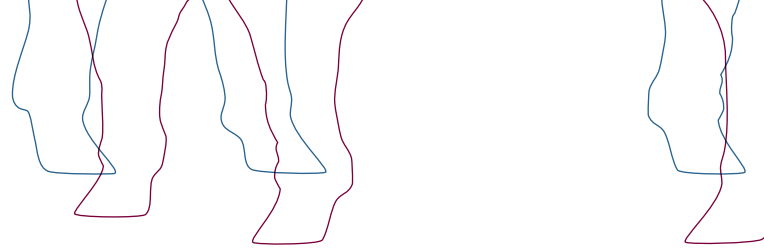
**Becoming the Acting CEO in the middle of a bushfire crisis was interesting but did not compare to the surreal COVID-19 environment. SPA has adapted well, with attendance guaranteed at more forums than our small team had previously been able to manage.**

The ready adoption of Zoom and other online collaboration platforms can host a surprising number of participants along with break-out sessions and have been somewhat of a revelation. The sheep industry may well have some long-term savings when we review how we will operate post COVID. There will always be a place for face to face meetings, especially in managing relationships and advocacy in the sheep industry, but the options for engagement have broadened.

At an operational level, SPA has offered stability with our policy team providing well researched and balanced papers to the Policy Committees, which remain the engine room of policy consideration and advancement. SPA is grateful for the support of MLA, AHA and NRS in providing volumes of information that allow the Committees to make informed decisions on policy direction. Following the industry's defining work around lamb definition from the previous year, the change continues to receive positive feedback from producers and industry. This year has been one of preparing the ground for the next wave of issues that provide enormous opportunities and some risks to the industry.

Trade discussions are at the top of the agenda. With the EU and UK free trade agreements being negotiated in parallel, along with the complicating BREXIT factors. A lot of time has been invested to ensure sheep-meat is at the forefront of these negotiations. Having access to large markets where sheep-meat is part of the staple diet is vital for the long-term prosperity of our industry. Developing food service markets has always been a way of promoting our product in the less traditional red meat markets, however COVID has shown that disruptions to any market can be unpredictable affecting not only volume but the product mix that becomes viable for both the domestic and export markets.

Live exports has had its own challenges in the COVID world, with food security worldwide changing the mindset around the most important factors in our trading relationships. With animal welfare being strictly monitored the trade can look at consolidating its future and re-opening markets. SPA has been working closely with both the Live export sector and the Department of Agriculture, Water and Environment (DAWE) to ensure the trade continues to be carefully managed and is able to grow in a sustainable way.



The integrity of sheep meats products is a vital factor in maintaining and growing markets. SPA has invested in many resources looking into the different methods of tracking and tracing as well as maintaining the many monitoring programs that keep our product safe and assured. The consultations with all stakeholders will continue as our industry strives for continued improvement, that will keep our product at the premium level it has attained.

Few positives can come from a pandemic, however along with African Swine Fever, it has increased awareness around biosecurity and offers an opportunity to place a focus on the bio-security monitoring and planning that Australia has in place. SPA has continued to work with AHA in planning for every occurrence, but also in maintaining the resources required to monitor those diseases that have trade implications. This has included working with AHA on managing risk as our production systems deal with both drought and the increased movement of stock, as we re-build the flock.

SPA has also invested a great deal of time this year into initiatives which will guide the future of the sheep industry. It has been actively involved in the development of the Meat Industry Strategic Plan, ongoing engagement in relation to the Red Meat MoU, development of the Sheep Supply Project and SPA Strategic Plan.

The next year will potentially offer just as many challenges to our sector, but I am hopeful that the sheep meat industry and SPA's role within it, will continue to be an area of developing opportunities for the benefit of all producers.

**Stephen Crisp**  
Chief Executive Officer



# SPA Strategic Plan 2020

**A strong SPA strategic plan is essential to capture opportunities to prosper through alignment of investment in sheep industry policy, research, development and adoption projects, market investments and the industry's current and future leaders.**

SPA has undertaken considerable work and consultation in 2019 to better define its core purpose, focus and strategic initiatives, including running several workshops in different parts of the country with a variety of sheep producers and other stakeholders. This “on the ground” involvement is essential in determining what the organisation and industry needs to focus on and will be a building block in developing the Strategic Plan.

**Table 1:** Summary of key events in development of the SPA Strategic Plan

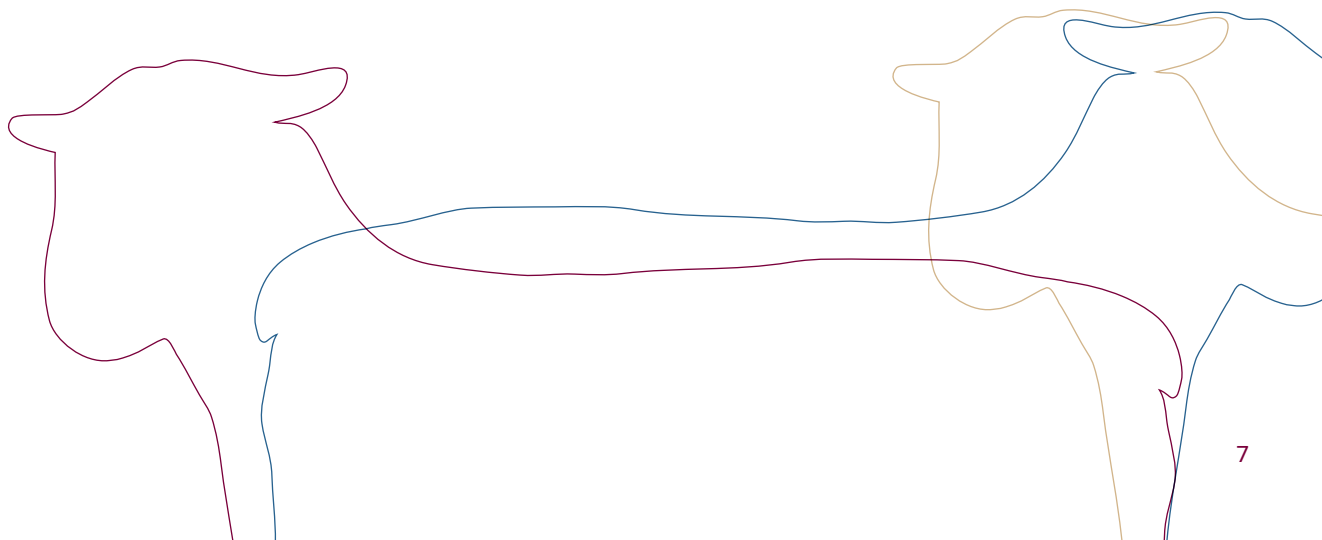
Activity	Attendees	Timeframe
Strategic Workshops	SPA Staff	June
MISP workshop	SPA Committees	2 July
SPA Strategy Workshop	Policy Committees, Leadersheep Group	3 July
Strategic Workshops	SPA Staff	July
SPA Strategy Workshop	Challenge Group	1 August
Strategic Workshops	SPA Staff	August
Draft Strategy Developed – multiple sessions	SPA staff and executive	September
Draft Strategy presented	SPA Board	17 September
Strategic Workshops	SPA Staff	September
Ensure SPA Draft Strategy aligns with Final MISP	SPA Staff	late October
SPA Strategy Review Workshop	Staff, Consultant, industry expert	17 October
SPA Strategy Review Workshop	Challenge Group	23 October
SPA Strategy to SPA Board	SPA Board	17 November
SPA Strategy Review Discussion	MLA MLT	4 December
SPA Strategy Review Discussion	AHA	2 December
SPA Strategy Review Discussion	NRS	5 December
SPA Strategy Review SFO Consultation	SFO	December/January
SPA Board Meeting	SPA Board	2 February



# Sheep Producers Australia – Strategy Overview

**Purpose:** Provide strategic leadership to the sheep industry enabling a productive, profitable and sustainable future

<b>Strategic Objective</b>	<b>Effective Policy and Advocacy</b>					<b>Strategic Leadership</b>		<b>Sustainable Organisation</b>
<b>Priorities</b>	Improving Sheep Health and Welfare	Guarantee Product Integrity	Securing Markets	Driving Innovation	Building Industry Leadership		SPA Operational Sustainability	
					Strategy and Direction	Developing Capability		
<b>Portfolios</b>	Animal Health and Welfare	Product Integrity	Markets and Market Access	Research, Development and Adoption	Industry Leadership		Corporate Services	
					Capacity Building			
<b>Industry Priorities</b>	<ul style="list-style-type: none"> <li>Sheep Supply (inc. lamb survival, feedlots, social science)</li> <li>Accelerated R&amp;D Adoption (inc. animal welfare)</li> <li>Maximising Product Value (inc. IMF, cuts based grading, MSA, provenance)</li> <li>National Traceability</li> <li>Sheep Sustainability</li> </ul>							



# Looking Forward 2020-21

**With a changing external environment comes some necessary reactions from SPA, along with staying the course on issues that necessarily need a focus over many years.**

The pandemic has placed huge levels of pressure on export markets, which has already led to a reliance on our largest market – Australia. SPA will be working with MLA to examine the planning for the increased product availability and the change in the mix of cuts that will be looking for a domestic home.

Naturally the EU and UK markets will be coming into focus with a possibility that red meat access will be negotiated towards the end of the financial year, or shortly thereafter. In the interim there will be all the ‘chapters’ negotiated that make up the conditions under which access is enabled. Whilst the processing sector will have a large level of input, there will be implications for what is done on-farm, and how producers provide information that support the ‘integrity systems’.

Every issue that SPA gets involved in relate to a different portfolio probably none more so than traceability, and how it informs our integrity systems as well as productivity, health and marketing (especially with niche provenance claims). A lot of information will be provided in the coming year, that will inform how we can continue to improve as an industry, and this will require an increased level of engagement from all members and other stakeholders to enable the best outcomes for the sheep meat industry.

An on-going challenge has been extracting value for producers from the Meat Standards Australia (MSA) system. It does provide a basis for producers to encourage practices that will lead to improved eating quality, however the sooner industry has objective measures around eating quality the better the signals to producers, along with an ability to realise improved returns for the best genetics. SPA will be continuing a focus on this vital area of collaboration between producers, processors and our Research Development Corporation (RDC).



# Industry Strategy Development

## Red Meat MOU

*A better red meat future: A white paper for the Red Meat Advisory Council (RMAC) was released in July 2019 outlining a strategy and recommendations to simplify the structure of the red meat sector with new organisations to meet industry, community and levy payers' needs. Through RMAC, SPA has been working with participants in the current Red Meat MoU, namely the other peak industry councils, service providers and the Australian Government.*

With a change of Minister and disruptions due to COVID-19, the MoU review will continue into 2020-21.

## Red Meat 2030 Strategic Workshop

SPA contributed to the development of Red Meat 2030 (RM30) (previously Meat Industry Strategic Plan (MISP)) as part of an implementation team led by the RMAC. This document sets out the high-level strategic direction of the Australian red meat and livestock industry over the next decade as well as provide guidance to major service organisations within the sector: including Meat & Livestock Australia (MLA), the Australian Meat Processor Corporation and LiveCorp. SPA has been instrumental in pushing the RM30 plan to be a more comprehensive plan for industry. This included a half day workshop with 60 representatives from six states all SFO members and industry experts, including all segments from the supply chain and diverse age and gender demographics.

## MLA Strategic Workshop

Following the release of RM30 SPA participated in MLA strategy workshops, which provided Committee members and producers to be involved first-hand in forming MLA's thinking around all aspects of their operations. SPA emphasised the supply shortage and how that can be managed, along with the changing face of the industry. Increasing funding to adoption activities has been a major focus of RM30, now reflected in MLA's strategic and operational plans with a commitment to double the investment into adoption activities by 2025.

## Sheep Industry Sustainability Framework

SPA and WPA are collaborating in the development of the Sheep Sustainability Framework on behalf of the sheep meat and wool industry. A governance board including SPA and WPA directors and an Independent Chair has appointed a steering committee to lead the process. MLA and Australian Wool Innovation are contributing resources and a secretariat. The Framework aims to improve transparency, provide evidence to our stakeholders that Australian sheep meat and wool has been produced responsibly, and build their trust and confidence in the industry. It will assist industry to better understand its opportunities, challenges and impacts in key areas such as animal care, business profitability, environment and climate, and our people and community. Our thanks go all those involved directly and also through the extensive stakeholder consultation phases of this great project.

## Future Sheep Industry National Representation

SPA and WPA investigated strategic options for future national representation of the Australian sheep industry. The group considered opportunities and challenges in the sheep industry over the next few years to then evaluate whether the present national representation model will meet future needs or whether there are alternatives, that could best serve both the sheepmeat and wool industries. By mid 2019, the team presented options for the consideration of both SPA and WPA boards.

The project team acknowledged that discussions of a potential merger have been undertaken with varying degrees of success over some years and as such, the team sought to approach the concept from a slightly different angle. There was strong focus on defining the purpose, vision and scope of a potential new organisation before looking into structure and composition. This was agreed and emphasised to avoid misallocation and duplication of effort and resources, and ultimately to prevent perceived underperformance and disconnection.

Due to the different structures of the organisations, a merger was not deemed feasible at this stage. This has not stopped the organisations from continuing collaboration on a large number of areas including sheep reproduction, wild dog control, traceability projects and all aspects of the Sheep Health Project.

# Key Policy Achievements and Activities

**When developing policy, the SPA Board seeks input from a range of sources including its members, producers, industry groups, value chain stakeholders, government agencies and representatives and organisations outside the sheep industry.**

SPA's policy committees play an integral role in consultative decision-making for the SPA Board and are the primary mechanism for the SFOs to have input on policy direction for the industry.

The SPA Board is advised by four policy committees:

- » Marketing, Market Access and Trade (MMAT)
- » Product Integrity (PI)
- » Animal Health and Welfare (AHW)
- » Research, Development and Adoption (RDA)

The Policy Groups are SPA's most important initiative in grass roots policy development. With our Policy Managers, they are key to the planning, consultation and reporting framework with MLA and other service providers. In 2019-20, SPA has increased its collaborative development on policy, organising teleconferences, and meetings direct with SFO policy teams. This has ensured broad and timely input to several ongoing submissions, in particular live sheep export. Updates from these teleconferences and directly from the Chair or CEO are forwarded to key contacts at SFOs, for distribution throughout their teams.

Policy Committees comprise one person from each state, one board director, up to one individual member and up to one person who need not be a member (who may be co-opted for skills and experience). Policy committees consider matters in detail and make recommendations to the board for approval.

SPA is a member of the RMAC and the National Farmers' Federation, ensuring that sheep producers are represented in the broader livestock and primary production advocacy circles. SPA works with other industry organisations to achieve the best policy results for producers.

Producers are encouraged to have input on SPA policies by contacting SPA staff, or via their relevant SFO. All information received via these direct communication channels is invaluable to SPA.

A summary of our current policies is available: <http://sheepproducers.com.au/policies>

## Strengthening the SPA Policy Committees

A combined Policy Committee Workshop was held in Melbourne on 2-3 July 2019. The majority of the workshop was delivered as a combined session to achieve the strategic aims as outlined in Table 2 below. Individual Policy Committees also held break-out sessions to further their portfolio business.

**Table 2:** Policy Committee Workshop Strategic Aims

Policy Committee Workshop Strategic Aims	
SPA	To engage the policy groups in high level discussion about the sheep industry's future. To better understand SPA and what it's doing. To identify strategic focus for SPA for next 3 years. To build networks between our members, committees, board and staff. To challenge, inspire, inform and gain advice from our people.
Policy Groups	To ensure the Policy Committee are engaged with and inform the MISP process. To progress SPA Policy Committee decisions.
MISP	To capture the collective wisdom of the SPA policy groups.

Additionally, each Policy Committee has met individually across the 2019 year to focus on their priority policy areas in Table 3. Appendix 5 provides further detail on Policy Committee activities and achievements.

**Table 3:** Policy Committee Priorities and Meetings 2019 –2020

Policy Committee Meetings 2019			
MARKETS & MARKET ACCESS	ANIMAL HEALTH & WELFARE	PRODUCT INTEGRITY	RESEARCH DEVELOPMENT & ADOPTION
<b>Meeting Dates 2019</b>			
4 July 10 October	3 July 8 October	3 July 16 October 28 November	23 August
<b>Meeting Dates 2020</b>			
10 March 5 June	19 March 10 June	10 March 11 June	1 April 11 June
Live sheep exports Lamb definition changes	Sheep reproduction strategy National biosecurity collaboration	National sheep traceability Lamb feedlotting	Red Meat Panel
<b>Other policy focus areas</b>			
Mid-term SISP Review Export markets MSA for sheepmeat Raising claims	Sheep health declaration revision Antibiotic prescribing guidelines Animal husbandry pain relief	Objective carcase measurement Residue monitoring	

## Policy Area | Marketing, Market Access and Trade

**Chair:** John Wallace WA

**Members:** Alan Rae QLD, Chris Kemp NSW, Graeme Maher VIC, Allison Horswill Board, Allan Piggott SA, Mark Inglis Independent, Leith Tilley Young Leader.

**SPA Policy Manager:** Stephen Crisp

The Marketing, Market Access and Trade (MMAT) Committee was active in considering and supporting policy activity in two major areas for the sheep industry in 2018-19, as well as providing input to a range of smaller and emerging issues.

### EU/UK FTA

One of the most quoted trade discrepancies is the access of sheep-meat to the EU (and now UK) markets. With the BREXIT split, the situation only worsens regarding what access Australia requires as opposed to where we have some quota. DFAT was hoping to have Agreements in place prior to BREXIT taking effect. This was always ambitious but was no chance once COVID to centre stage.

The goal is now for negotiations to be completed before the end of 2021, and SPA has input both directly with DFAT and through the Taskforce set up by the MLA. The feedback has been positive in that our trade negotiators can all quote the current access arrangements and the problem that is causing our sector. They are also aware that this must be rectified in these negotiations, and no-one wants a similar legacy along the lines of the decades old agreement we currently work within.

### Live sheep exports

Since mid-2018, SPA has played an integral role in contributing to and coordinating a response to the many reviews initiated by the Federal Department of Agriculture (the Department). A major submission was arranged for the Australian Standards for the Export of Livestock Review. This particularly focused on stocking densities, the sourcing of animals as well as feed and water provisions on the vessel.

Given the implications for sheep welfare, the impacts of heat and its effects on animals and the trade was subject to a separate review. The Heat Stress Risk Assessment Review, if improperly examined, had the potential to disrupt the trade to the point of not being viable. Many important questions needed to be answered regarding the welfare of the animal, and the effects of heat, along with all the factors (including pre-loading and in market) that could have an effect on the welfare outcome.

Into 2020 SPA has been working with the sector on not only re-establishing the industry on a solid sustainable footing but looking at growing the market with the re-opening of the trade to Saudi Arabia. Negotiations are continuing with Government and the export sector, to provide workable protocols that enable producers to supply this market and assist with food security concerns in a post COVID environment once again.

### Lamb definition changes

SPA was instrumental in putting together the initial consultations around the change to Australia's definition of lamb, in addition to working with industry partners to ensure a successful transition. During 2019, SPA worked closely with the Australian Meat Industry Council (AMIC) and AUS-MEAT to roll-out the change. This included gaining approval of the Australian Meat Industry Language Steering Committee and then working through the legislative and regulatory requirements for the change to progress smoothly across Australia. Through to 2020 SPA has worked with producers, processors and livestock agents to carefully prevent any messaging that may mis-interpret the change or cause confusion between different sections of the supply chain.

## **Additional Policy Focus Areas**

### **MSA for Sheepmeat**

MSA has the potential to deliver similar benefits to sheepmeat producers as it does to beef producers once it is strengthened by a cuts-based grading system. There is significant work underway regarding intramuscular fat measurement and objective carcass measurement, which is overseen within the Product Integrity Committee, but has obvious implications for the marketing of our product.

There has been discussion on the continuing issue of eating quality around entire males and whether they should be accepted by MSA. To ensure the industry maintains its reputation, the MMAT Committee is gaining feedback regarding quality, marketing and animal welfare considerations to inform future decision-making. Until the eating quality can be objectively measured, and accepted by the market (and by extension, processors), there will not be a change in policy in this area.

### **Raising Claims**

SPA places the utmost importance on our product integrity to demonstrate to consumers and trading partners the uniform quality of sheepmeat that is produced through the various finishing systems in the Australian industry. The MMAT Committee is working to ensure that this is properly reflected at the Australian Meat Industry Language Steering Committee and assists with efforts to market lamb and mutton domestically and internationally.

This year there has been a request for a non-certified grain fed category. Given the simple nature of becoming part of the Feedlot Accreditation program, this was rejected, however it does reflect a major difference with the beef sector, where grain fed is a market driven accreditation, and the sheep sector will need to continue efforts to ensure our different supplementary feeding systems are properly represented.



## Policy Area | Product Integrity

**Chair:** Bill O'Halloran NSW

**Members:** Chris Patmore WA, Chris Wallace Smith VIC\*, Scott Counsell Qld, George Nicholls TAS, Mark Dennis SA, James Corcoran Young Leader Michael Craig VIC\*\*, Elizabeth Jackson Board

**SPA Policy Manager:** Bonnie Skinner

### National sheep traceability

In 2019-20, SPA has been involved in activities to support enhancements to the National Livestock Traceability System (NLIS) for sheep and goats. Livestock traceability plays an essential role in maintaining Australia's competitiveness in the global market and underpins trust among customers and consumers. The rapid traceability of sheep and sheepmeat is critical to facilitate swift responses by government and industry in the event of an emergency animal disease outbreak or food safety incident. Ongoing enhancement of the NLIS is required to ensure that it continues to meet the expectations of customers and delivers performance that meets the National Livestock Traceability Performance Standards.

A key activity area for SPA's Product Integrity Committee (PI Committee) has been coordinating the development of independent assessment of the performance of the Victorian individual electronic identification (EID) system to facilitate further industry discussion about a national EID traceability system. SPA's request for methodology to evaluate the performance of the Victorian EID system against a comparable sample with the current mob-based system was subsequently developed by SAFEMEAT's Jurisdictional Traceability Group.

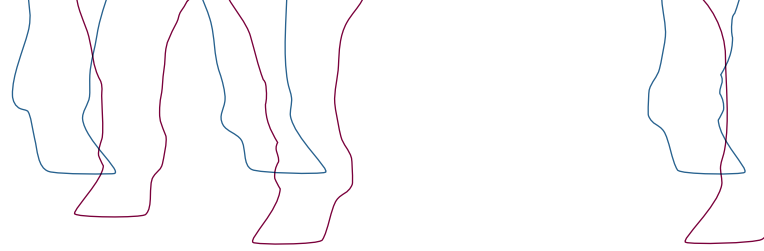
### Policy focus

Guaranteeing the safety and provenance of Australian sheepmeat is of the highest priority to SPA because it underpins access to both domestic and international markets. SPA is committed to working with industry and across all levels of government to ensure the integrity of lamb and sheep meat and assure our customers that these products are safe, ethically produced, and traceable throughout the value chain. SPA is actively involved in programs administered through SAFEMEAT, MLA and its subsidiary Integrity Systems Company, and the National Residue Survey. These programs have been developed to protect Australia's reputation as a supplier of high quality, safe, hygienic product and demonstrate Australia's commitment to meat safety through the rigorous standards and systems.



\*No longer an active member  
\*\* Previously Board Member representative





The methodology provides a framework for comparison in data integrity and efficiencies of using electronic individual and visual mob-based NLIS identification for sheep consigned directly from property to processor, and for sheep from sale yards purchased for movement direct to slaughter. A performance evaluation exercise was undertaken in Victoria and a report of the findings is being prepared for consideration by the PI Committee. The outcomes of the assessment will contribute key data and analysis to the national conversation on enhancing traceability to increase our emergency disease response and management capacity, food safety integrity and the maintenance and expansion of market access

### **Lamb Feedlotting**

The PI Committee continues to prioritise work on intensive lamb finishing systems. Producers are continuing to invest in such systems in response to both environmental conditions and consistently high demand for lamb. Finishing lambs in feedlots provides an opportunity to even out supply to processors and to improve production efficiencies through breed selection, technology, feeding systems and nutrition.

In 2019-20 SPA initiated a joint project with MLA to update the *National Procedures and Guidelines for Intensive Sheep and Lamb Feeding Systems* and the *Production feeding for lamb growth*, supported by targeted communication materials and fact sheets. The joint project has also delivered recommendations for future industry investment regarding lamb feedlotting and containment area management given current industry status and knowledge gaps. The outcomes of this project have guided on-going collaboration between SPA and MLA to develop a more strategic plan for investment into the lamb feedlot sector.

### **Objective carcass measurement**

SPA endorses the evolution of our value chains to support objective carcass measurement and incentives for behaviour on-farm which increases the value of lamb and sheepmeat. For the lamb industry there is a need for both Lean Meat Yield (LMY) and Intra Muscular Fat (IMF) to be measured at chain speed during processing. This will ensure consumers are guaranteed a quality product; producers can adjust their ram selection for a balance between yield and eating quality in lambs produced; and processors can optimise boning, target specific markets, and potentially reward producers.

Through its involvement in key industry committees, SPA's key objectives in this area are to support the development of objective measurement technology for key quality traits both on-farm and in abattoirs. SPA provides industry representation at MLA's Objective Measurement Adoption and Commercialisation Committee which is overseeing the implementation of objective carcass measurement technologies, in particular DEXA (Dual-energy x-ray absorptiometry) technologies. DEXA systems are now installed in five lamb processing facilities at Bordertown, Brooklyn, Gundagai, Frewstall and WAMMCO International.

### **Residue monitoring**

SPA works 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. In 2019-20, SPA worked with the NRS to implement a national targeted residue monitoring program for cadmium in sheep livers and kidney.

Test results were used to develop state-based dispositions in order to provide confidence that the derived product complies with the relevant market standards. This information will ensure that residue monitoring programs are effectively targeted and continue to ensure sheepmeat exports satisfy Australian export certification and importing country requirements.

## Policy Area | Animal Health and Welfare

**Chair:** Ian McColl Board

**Members:** Tim Stevenson WA Paul Doneley RDA  
Jenny Bradley NSW Ben Duxson VIC Rupert  
Gregg TAS Anthony Hurst SA Stephanie Muir  
Young Leader

**SPA Policy Manager:** Will Oldfield

During 2019-20, the Animal Health and Welfare (AHW) Committee was active in the management of the implementation of the National Sheep Industry Biosecurity Strategy, oversight of the Sheep Reproduction RD&E Investment Review 2012-2019 and development of animal welfare policies and ongoing involvement in national wild dog management.

Amongst the key findings, there is a perceived lack of economic evaluation and quantification of the value of improvements to reproductive performance at both the farm and enterprise level. The review also identified a clear need to evaluate and address human social factors that can also act as barriers to adoption. Furthermore, to enable industry investments to be dynamic and responsive to evaluation, there is a need to track and evaluate the drivers of changes to reproductive performance rates.

Each of these three areas, defining the value proposition, understanding the human social factors and tracking reproductive trends, are pre-requisite components required to define, enable and track the impact of past and future initiatives. These industry priorities will form the basis of a new industry Sheep Reproduction Strategic Partnership that will result in a series of foundational initiatives to support the partnership.

### Improving Sheep Reproduction

Throughout 2019-20, SPA continued to lead the development of a new industry collaboration focused on boosting on-farm reproductive rates through improved uptake of current extension tools and identification of knowledge or research gaps. Advancements in this field will ultimately result in improvements in the productivity, profitability and sustainability of the sheepmeat and wool sectors.

Following completion of the Sheep Reproduction RD&E Investment Plan 2012-2017 (SRRIP) industry is now developing new strategies and initiatives to further improve lamb survivability outcomes. At the request of SPA, and other key industry stakeholders, MLA engaged consultants to conduct an independent impact assessment of sheep reproduction RD&E since inception of the SRRIP.

The evaluation was undertaken to review and assess the benefits, costs and impacts of current and recently completed RD&E activities against key industry performance targets, to review industry collaboration on sheep reproduction, and to identify any remaining gaps in sheep reproduction RD&E.

### National Sheep Industry Biosecurity Strategy

The sheep industry has taken a lead in defining its roles, responsibilities and strategic priorities in the Australian biosecurity system through the development of the *National Sheep Industry Biosecurity Strategy* (NSIBS). This Strategy positions the sheep industry to take a consistent approach to biosecurity risk management, recognising that risks are constantly increasing due to several global factors. It allows the industry to leverage existing resources, activities and investments, and meet its obligations under legislation and national arrangements.

Implementation of the strategy has continued throughout 2019-20, with an initial focus on South Australia and more recently New South Wales and Tasmania. In South Australia, Dr Emily Buddle was appointed to work with producer groups and individuals across South Australia to assist producers in implementing or improving their biosecurity plan.

Dr Buddle has an extensive range of experience on the ground in both sheepmeat and wool enterprises, as well as an impressive academic background covering a broad range of topics including agricultural science, community understandings of science and agriculture, and how social media is used to communicate about the livestock industry.

While Dr Buddle will be based in South Australia and commencing the roll-out of extension resources for producers in that state, SPA hopes to expand NSIBS implementation with resources in other states, most notably New South Wales and Tasmania in the near future.

## Animal Welfare Statement

As the national body representing Australian sheep producers, SPA advocates that good animal welfare and husbandry practices are integral to the productivity, profitability and sustainability of our industry. We take our responsibilities for animal welfare seriously and are committed to continuous improvement of our animal husbandry practices.

As such, in late 2019, SPA adopted a new overarching animal welfare statement to bind its discussions and decisions around animal welfare in the sector. This statement, which is available on SPA's website, outlines the expectations of farmers and organisations within the Australian sheep industry.

<https://sheepproducers.com.au/wp-content/uploads/2020/01/191101-FINAL-Animal-Welfare-Policy-Statement.pdf>



## Policy Area | Research, Development & Adoption

**Chair:** Bindi Murray Board

**Members:** Jeff Murray WA (MMAT), David Young NSW (AHW), Chris Gunn TAS (AHW), Sophie Madge QLD, Penny Schulz SA (PI), Celia Scott VIC (MMAT), Murray Long Independent (PI)

**SPA Policy Manager:** Stephen Crisp

The Research, Development & Adoption (RDA) Committee is trialling a different arrangement by embedding RDA members in the other committees to tease out the most important RDA issues for each area as policies are developed and issues are discussed. In 2020, however the Committee has been continuing to meet separately to focus on the Red Meat Panel priorities as well as the completed projects of MLA and ensuring the value is properly incorporated into industry programs.

### Policy focus area | The Red Meat Panel

The Red Meat Panel provides strategic oversight of the MLA Regional Consultation Framework, which was established to ensure national and regionally relevant research, development and adoption priorities are identified to deliver optimum value back to producers.

SPA, with specific support and input of RDA Committee members, is represented on the Red Meat Panel, which also includes representatives from WA Livestock Research Council (WALRC), Southern Australian Livestock Research Council (SALRC) and Northern Australian Beef Research Council (NABRC), as well as Cattle Council of Australia (CCA).

In four years of operation, the Red Meat Panel has guided the investment of grass-fed beef and sheepmeat levies resulting in more than \$35 million of research, development and adoption projects. During this time, the project call process has resulted in more than 500 submitted preliminary proposals from 83 different applicant organisations and almost 50 contracted projects set to advance industry.

SPA's role in this process is to ensure that the terms of reference and projects that flow from it are helping to deliver on national industry strategic issues, such as sheep reproduction, pain mitigation and sustainable land management.

The increased collaboration with SALRC and WALRC has led to an increased focus on adoption, which has pleasingly been put into action by MLA (with a doubling of the adoption extension programs budget over the next 5 years).





## SPA Leadersheep Network

**SPA developed its Leadersheep Network 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 designed to provide opportunities to exchange ideas, share knowledge and contribute to the development of industry initiatives. It is a national network open to everyone in the sheep industry, designed to provide opportunities to develop, connect and contribute.

### Leadersheep Online

SPA has invested into expanding the online learning programs on offer. The latest video series has been created based on learnings from the Australian Institute of Company Directors (AICD) Foundations program in core skills for upcoming leaders. These three videos are a collation of insights, learnings, tips, and tools from over 20 participants in a recent program.

The content will provide value as online learning modules as well as individual snippets for social media engagement and quick learning.

- » Video 1 – Good Governance and Boards
- » Video 2 – Better Business Strategy and Decisions
- » Video 3 – Leadership Lessons

Find out more at Leadersheep Online:

<http://sheepproducers.com.au/leadersheep-online-programs>

### Leadersheep policy experience

A core group of young Leadersheep members were invited to the Policy Committee Workshop in Melbourne on 2-3 July 2019 to contribute a younger voice and demographic into the vital SPA & MISP Strategic Planning process. In the afternoon, this group met separately to prioritise next steps for the Leadersheep Network and how to build a more sustainable model that was fit for purpose.

SPA has also instigated the addition of a Leadersheep member (aged approximately 30 -40) on each policy committee, to contribute industry knowledge while gaining first-hand exposure to policy development. The opportunity is for SPA Ambassadors or Sheep Industry Leadership Program alumni who have skills and experience in the technical area of the selected committee, although they may be new to the policy space. It recognises, includes, and develops high potential emerging leaders and has added further strength to the skillset of policy committees. It will also assist with succession.

# Media and Communication

**SPA has been focused on enhancing membership and engagement through social media for the last quarter of 2019-20, prioritising Facebook and Twitter as the most relevant online platforms.**

The social media review and analytics for June is presented as part of the end of year information.

## Sheep Producers Australia Website

The **SPA Website** is the best place to go for the latest SPA news and information. Google analytics is currently being activated in order to track website specific page hits to understand the most popular content and audience pathway. The pathway refers to how the audience reached the website for example social media post or searching Google.

## The SPA Update

SPA publish a monthly update emailed to SFO members, committee, and board. The SPA Update was re-designed in January and engagement has been increasing since. Members are encouraged to contact SPA to update their details and to subscribe to the newsletter. The current SPA update audience demographic is over 65% Male age ranging from 45 and up. The current open rate is 58.5% up from the average campaign rate of 49.5%. The average campaign open rate across the Agriculture and Food Services industry is 40.5%, based on current open rates the newsletter is performing well. A campaign will be run next year to gain members feedback and understand what other content is of interest to increase the value of the publication.

## SPA Chairman's Chat

Following each board meeting, SFOs and committee members are invited to join the Chairman's Chat where the Chair and CEO provide an update on the latest SPA activities. This meeting is a great way to enhance interaction between SPA and our members. It is a regular opportunity for two-way discussions, constructive feedback, answering questions and where SPA also seeks to understand more about SFO activities and priorities.

## Facebook | 28-day activity and analytics June 2020

The **SPA Facebook Page** reach over the last 28 days is over 4,000 people this is up by 2.2k on the previous reach. Page reach is the number of people who saw any content from or about the SPA Page. The current number of followers is 3,200 and has increased by 32 new followers and 31 new page likes (9%) over the last 28 days. Post engagement is up 644 times which is an increase of 177 and the most engaging post reached 1.6k which was the announcement of the new CEO.

Audience on Facebook is 47% female and 51% male in the age bracket of 25-34 years. Content on Facebook is mostly found on stakeholders' sites, news articles, with a focus on webinars and updates for the red meat industry as well as specific SPA initiatives or partnership activities.



## Twitter | 28-day activity and analytics June 2020

The **SPA Twitter account** has 5,009 followers as of 21 June 2020 which is an increase of 31 followers over the last 28 days. SPA's tweets impression reach over the last 28 days was 4,391 which is up 94.4% on previous reach. Profile visits are also up by 4.6%. Most tweets are re-tweets to support stakeholders and create an informative account for Sheep Producers and the broader agriculture industry, whole of supply chain and to advise of initiatives and partnerships that SPA is engaged in.



# COVID-19

**The global outbreak of coronavirus has undoubtedly impacted all businesses in 2020. SPA has contributed towards many processes and negotiations in the last six months, and this will continue as the impacts of the virus change the way people live, work, shop, farm and eat. SPA staff contributed over 300 hours to coronavirus related activities from January to June 2020.**

Some of the major areas of coronavirus work SPA has collaborated on include:

- » Agriculture as an essential service
- » Air Freight (utilisation by sheep meat in the face of a tripling of costs to use freight only aircraft or enabling any availability – especially to the Middle East)
- » Assessing COVID-19 risks to the sheep/livestock/ agricultural industries
- » Border Closures
- » China seeking assurances that all animal products are COVID-19 free
- » Ensure supply chain continuity from farm to retail
- » Establishing a sheep and livestock website hub for relevant resources and updates
- » Live Export shipment after crew coronavirus cases

- » Media and communications between supply chain and jurisdiction stakeholders
- » Ministerial Briefings
- » NFF COVID-19 Recovery Roundtable
- » Producer support and resources
- » RMAC Pandemic Response Roundtable
- » Safe operation of shearing sheds and protocols for shearers
- » Saleyard protocols
- » SPA Covid-19 Response Plan - Internal SPA systems for managing works and remote staff
- » Trade implications I domestic and export

The sheep industry has responded very well and established some initiatives and solutions to the changing demand and requirements including:

- » Change in product type demanded
- » Diversion of product
- » Market information on cooking different products

Like most businesses, SPA have adapted to virtual meetings to conduct most of our work in recent months.



Some of our SPA staff on a virtual team meeting while working remotely.

# Governance and Financial Reporting

**SPA is a company limited by guarantee. The seven SFOs are the members of SPA and are:**

- » AgForce
- » Livestock SA
- » NSW Farmers
- » Pastoralists and Graziers Association of WA
- » Tasmanian Farmers and Graziers Association
- » Victorian Farmers Federation Livestock
- » WA Farmers

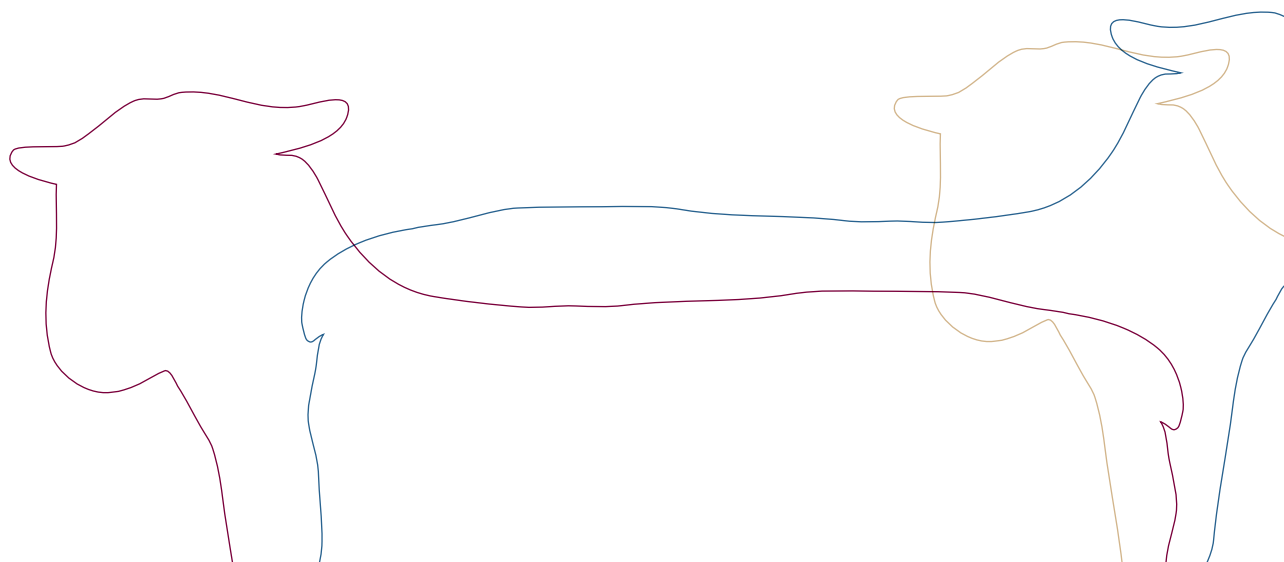
The SFOs play an integral role in SPA. There are five member directors on the SPA Board. The board selection committee includes four SFO members, who make recommendations on the appointment of the member directors. Each SFO provides members to the policy committees, and this is where the SFO's make their valued contribution to the policy setting and decision making process.

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.

SPA is involved in priority setting for industry research and development and marketing activities both domestically and internationally as set out in the Red Meat Memorandum of Understanding. Under the MoU, SPA is responsible for oversight of the levy investment and for advising the Minister of Agriculture on the levy rate and distribution.

The objectives of SPA are to:

- » Represent and promote the interests of Australian sheep and lamb producers
- » Carry out activities necessary for the advancement of the sheepmeat and live sheep export industries
- » Collect and disseminate information concerning the sheepmeat and live sheep export industries
- » Cooperate with industry stakeholders and organisations at the state and national level and overseas
- » Maintain interaction and cooperation with its members, relevant government departments and authorities at federal, state and local government levels, and with other relevant industry organisations
- » Promote the development and resourcing of the agricultural and pastoral industries of Australia
- » Act as the prescribed body for the sheepmeat industry in Australia within the Red Meat Industry MoU under the Act





## Board of Directors

SPA 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.

Member-elected directors are elected based on requirements set out in the Board Composition and Director Eligibility Policy, and after review by the Board Selection Committee. The office bearers are elected by the board. A list of directors is included in the Directors Report in the Financial Statements (page 25).

As a skills-based board, SPA directors are active in many forums in the Australian sheep industry and broader food production industry and bring this experience, knowledge and insights to the organisation (See 2019 SPA Board Skills Audit page 24).

## Finance Audit and Risk Management Committee

During the financial year, SPA's Finance Audit and Risk Management Committee (FARMCo) convened the appropriate number of meetings as outlined in its Constitution. FARMCo comprised Dr Anne Astin (Chair), Ian McColl and Bindi Murray.

Given the transformational changes occurring in the organisation, the FARMCo as recommended by its Chair, convened as the full Board between February 2020 and June 2020 to address financial and risk management business for the organisation, particularly with the departure of SPA's CEO in November 2019.

In these circumstances, the SPA Board addressed, mitigated, and implemented management plans that have resulted in a return to normal business operations, standards and practices for SPA.

The interim CEO, appointed in November 2019, confirmed in June 2020 has further signposted SPA returning to business reverting FARMCo to its usual role and meeting schedule.

## SPA Personnel

SPA has a small team who manage the organisation's day-to-day operations and implement the strategy set by the Board.

On 30 June 2020, SPA employed 6 staff in a blend of full-time and part-time positions:

- » Chief Executive Officer - Stephen Crisp
- » Product Integrity Policy Manager - Bonnie Skinner
- » Sheep Health and Welfare Policy Manager - Will Oldfield
- » Industry Leadership Manager - Melissa Neal
- » Finance Manager - Tracey-Anne Leahey
- » Office Manager - Judy Taylor

In addition, 2 members of the SPA Board are employed on a part-time basis:

- » Independent Chair - Chris Mirams
- » Independent Member - Anne Astin

## 2020 SPA Board Skills Audit

### Range description:

1. No qualifications or experience
2. Some knowledge without any experience
3. Some knowledge with experience (0-5 years)
4. Skilled or knowledgeable with some experience (5+ years)
5. Tertiary qualifications and/or extensive experience (10 + years)

	Range	Average
<b>Livestock production</b>		
On farm sheep production	1-5	4.1
Lot Feeding	1-4	2.9
Live Export	1-4	3.1
<b>Supply chain</b>		
Off farm processing	2-5	3.1
Global and domestic supply chains	2-5	3.4
Meat language / MSA / OCM	0-5	2.7
Integrity Systems	3-5	4.0
<b>Marketing</b>		
International trade	2-5	3.4
Domestic marketing / retail / brand management	2-5	3.4
<b>Biosecurity</b>		
Biosecurity systems	2-4	2.9
<b>Research and development</b>		
R & D / Extension / Adoption	3-5	4.0
Understanding RDC's	1-5	3.4
Understanding producer needs	2-5	4.3
Understanding processor needs	2-4	3.1
IP and Commercialisation	1-4	2.4
<b>Policy &amp; Advocacy</b>		
Policy Development and Advocacy	2-4	3.4
<b>Business management</b>		
Governance	3-5	4.1
Developing strategy	3-5	4.4
Developing communication strategy	2-5	3.6
Executive Management	2-5	3.6
Project management	2-5	3.4
Crisis management	2-5	3.3
Change management	2-5	3.6
HR / WHS	2-5	3.4
<b>Finance</b>		
Financial competence	3-4	3.7
Risk management	3-5	4.0
Audit Internal / External	2-4	3.1
<b>Strength of networks</b>		
Industry engagement – CRC's / Uni's / Agribusiness	3-5	4.3
Stakeholder engagement Government / Department	2-5	3.9
Stakeholder engagement SFO	2-5	3.3
Stakeholder engagement RDC's / AHA / NRS	2-5	3.6
Stakeholder engagement producers	2-5	3.9
Stakeholder engagement processors	2-5	3.0

# Sheep Producers Australia Limited

## Financial Statements

For the year Ended 30 June 2020

### Preface

These financial statements are to be read in conjunction with the specific activities described in the 2019-20 Annual Report.

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## Sheep Producers Australia Limited

ABN 21 256 252 885

### Directors' Report

30 June 2020

The directors present their report on Sheep Producers Australia Limited for the financial year ended 30 June 2020.

#### 1. 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/Resigned
Mr Christopher Mirams	Executive Chair	
Dr Anne Astin	Director	
Mr Jamie Heinrich	Director	
Mr Ian McColl	Director	
Ms Belinda Murray	Director	
Dr Elizabeth Jackson	Director	
Ms Allison Horswill	Director	Appointed January 2020
Mr Michael Craig	Director	Resigned November 2019

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

##### Company secretary

Stephen Crisp was appointed to the position of company secretary taking over from Graham Smith who resigned from the position in November 2019.

##### Principal activities

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

##### Key objectives for FY 2021

- Strengthen the organisation's financial resilience and longer-term sustainability;
- Continue active member engagement and feedback to finalise SPA's new strategic plan;
- Commence a long-term project with major stakeholders to manage the decline in sheep numbers;
- Participate in key Industry projects to implement Red Meat 2030;
- Commence delivery of the Sheep Industry Sustainability Plan;
- Work with Industry to further improve sheep traceability; and
- Provide support to members and industry more broadly with post COVID-19 recovery

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Directors' Report

30 June 2020

#### Performance measures

The following measures are used within the company to monitor performance:

- Improved financial performance for FY2020/21;
- Align SPA strategy to Red Meat 2030 Pillars and communicate to Service Providers;
- Deliver Stage One of the Sheep Industry Sustainability Plan;
- Agreement reached with at least one State Farming Organisation as to the way forward in relation to sheep traceability.

#### Members' guarantee

Sheep Producers Australia Limited 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 2020 the collective liability of members was \$ 70 (2019: \$ 70).

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Directors' Report

30 June 2020

#### 2. Information on directors

Dr Anne Astin PSM

Qualifications

Independent Director

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

Non Executive Director (current)

- Good Shepherd Australia New Zealand Board -(2019-2022) - Chair
- Dairy Food Safety Victoria Board (2017-2019) - Chair
- William Angliss Institute of TAFE Board (2014-2019) - Chair
- Food Agility Co-operative Research Centre (2016-2020) - Chair
- SafeFish Partnership (2014-2018) - Chair
- Catholic Social Services Victoria (2016-2019) - Councillor
- Australian Packaging Covenant Organisation (2016-2019) - Director and Chair of Finance, Audit and Risk Management Committee
- Kildare Ministries (2017-2020) - Trustee
- New Zealand Food Safety Science and Research Centre - International Science Advisory Panel (2016-2019) - Member
- EnergySafe Victoria's Risk & Audit Committee (2011-2020) - Chair
- Health Star Rating Advisory Committee (2012-2019) - Member
- St Paul Apostle Finance Council (2005-present) - Member
- Banksia Environmental Sustainability Awards (2009-present) - Judge

Non Executive Director (former)

- Australian Dairy Farmers Ltd (ADF) - Director
- ADF Audit and Risk Committee - Chair
- Australian Institute of Food Science and Technology - Chair
- Dairy Australia - Director
- Royal Botanic Gardens Melbourne - Director
- Wellsprings for Women Inc - Chair
- CSIRO Food and Agriculture Advisory Committee - Member
- Australia and New Zealand Implementation Sub-Committee for Food Regulation - Member
- Ministerial Women in Primary Industries Advisory Panel - Chair

Executive Management Experience

- Dairy Food Safety Victoria (2000-2011) - CEO
- Director Land Registry Victoria (1998-2000) - Executive Director

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Directors' Report

30 June 2020

Mr Christopher Mirams

Qualifications

Executive Chair

Diploma Financial Markets

Diploma Farm Management

Graduate Australian Institute of Company Directors

Graduate Australian Rural Leadership Program

Experience

- Partner Chris Mirams & Associates

- Partner Art Partners Australia

- Graham Centre Industry Advisory Panel

- Director – Red Meat Advisory Council

- Director – North East Water Corporation

- Director – Sheep Health and Welfare Trust

Former experience

- Director Meat & Livestock Australia

- Director MLA Donor Company

- Director Integrity Systems Company

- Chair Holbrook Landcare Network

- Chair Eastern Murray Landcare Network

- Chair EverGraze

- Deputy Chair Alpine Valleys Leadership Program

- Director The Scots School Albury

- 30 year professional career managing sheep and cattle stations

Dr Elizabeth Jackson

Qualifications

Director

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

- Senior Lecturer in Supply Chain Management (Curtin University)

- Senior Lecturer in Business Management (Royal Veterinary College, UK)

- Lecturer in Agribusiness (Newcastle University, UK)

- District Manager, CBH Group

- WA Farmers Livestock Council

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Directors' Report

30 June 2020

#### 2. Information on directors

Ms Allison Horswill

Director

Qualifications

MAICD

Experience

- Management role Trade and International Relations unit TAS.
- Non-Executive Director Tas. Farmers and Graziers Association
- Sheep Producers Australia Marketing, Market Access & Trade committee
- Cattle Council of Australia Marketing, Market Access & Trade committee

Former experience

- Cattle Council of Australia Industry Systems and Food Safety Committee
- National Farmers Federation Team Australia Agriculture EU & UK delegation
- Department of Primary Industries and Water TFGA representative – Animal Welfare Advisory committee
- Sheep Producers Australia Leadership and Community Engagement taskforce
- Tasmanian Farmers and Graziers Association - Vice Chair Meat Council
- Cattle Council of Australia – NAB Agribusiness Rising Champion finalist

Mr Jamie Heinrich

Director

Qualifications

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

Experience

- Livestock SA - Director
- Agriculture Kangaroo Island - Vice Chair
- Ella Matta Pastoral - Owner/Director
- SPA Industry Leadership and Community Engagement Committee - Chair

Former experience

- Beef Livestock Coordinator & Project Coordinator of Systems Integration
- Thomas Foods International
- Multiple positions on farm and in other countries
- Participation in multiple trade delegations

Mr Ian McColl

Director

Experience

- Board Member Sheep Producers Australia
- Executive Councillor of New South Wales Farmers Association
- Chairman NFWFarmers Biosecurity Committee
- 40 years' experience managing a mixed farming enterprise

Former experience

- President of Sheepmeat Council of Australia
- Board member of RMAC
- Board member of Sheepmeat Council of Australia
- Board member of Central West Landcare



**Sheep Producers Australia Limited**

ABN 21 256 252 885

**Directors' Report**

**30 June 2020**

**2. Information on directors**

Ms Belinda Murray  
Qualifications

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

Experience

Owner/Director Kunmallup Pastoral Company  
Executive Committee Member Pastoralists & Graziers Association  
RMAC Industry Corporate Affairs Advisory Group  
Vice Chair PGA Livestock Committee  
DPIRD Live Export Reference Group  
Chair Woodanilling School Council  
Live Export Research and Development Advisory Committee  
MLA Read Meat Panel Member

Former experience

Director WA Sheep Alliance  
Director WA Meat Industry Authority  
2018 Lambex Organising Committee – Chair  
Sheep genetics research officer  
Sheeps' Back WA Grower Network Producer Advisory Panel  
Policy Director Property Rights and Business Mgm., PGA of WA  
WoolPoll Panel Member

Mr Michael Craig  
Qualifications

Director  
Bachelor of Commerce  
Bachelor of International Business/Asian Studies  
Diploma in Financial Markets  
Nuffield Scholarship  
Graduate Australian Institute of Company Directors

Experience

- Board Member Sheep Producers Australia
- 20 years' on-farm experience managing Tuloona Pastoral Services, running 45,000 Dry Sheep Equivalent and 3,200 acres crop with two labour units
- Chair of Victorian Sheep & Goat Compensation Fund
- Steering Committee of the Advanced Livestock Measurement Technology for Global Competitive Australian Red Meat
- Treasurer South West Sire Evaluation Program
- Victorian Farmers Federation Livestock Council

Former experience

- Sheepmeat Council of Australia - Victorian Councillor
- Glen Hopkins CMA Board Director for Audit & Risk Committee & Remuneration Committee
- Glen Hopkins CMA Board Director for Wetlands & Rivers Advisory Committee
- Sheep and Goat Compensation Advisory Committee member
- Sheep Industry Standards & Guidelines Working Group

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Directors' Report

30 June 2020

#### 3. Operating results and review of operations for the year

##### Operating results

The deficit of the company after providing for income tax amounted to \$78,241. (2019: deficit of \$386,312).

##### Review of operations

A review of the operations of the company during the financial year and the results of those operations show at deficit of \$78,241.

#### 4. Other items

##### Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial year with the exception and possible effect of the Novel Coronavirus (COVID -19) pandemic and the related impact on the Company's future results of operations, cash flows and financial condition which cannot be reasonably estimated at this stage.

##### Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Christopher Mirams	8	8
Dr Anne Astin	8	7
Mr Jamie Heinrich	8	8
Mr Ian McColl	8	7
Ms Belinda Murray	8	8
Elizabeth Jackson	8	8
Allison Horswill	4	4
Mr Michael Craig	6	6

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 28 of the financial report.

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



Director Mr Chris Mirams Dated 31<sup>st</sup> August 2020



Director Dr Anne Astin Dated 31<sup>st</sup> August 2020



Chartered Accountants

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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 2020, 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 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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).



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

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.

*Liability limited by a scheme approved under Professional Standards Legislation*



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

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.

A handwritten signature in black ink, appearing to read 'Bandle McAneney &amp; Co.', written in a cursive style.

Bandle McAneney & CO

A handwritten signature in black ink, appearing to read 'Anthony J Bandle', written in a cursive style.

Anthony J Bandle FCA  
Partner

Canberra

Dated 31 August 2020

*Liability limited by a scheme approved under Professional Standards Legislation*

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Directors' Declaration

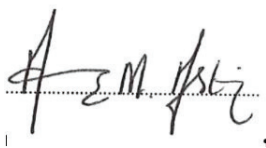
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 27, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2020 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 Christopher Mirams  
Dated 31 August 2020



Dr Anne Astin  
Dated 31 August 2020

**Sheep Producers Australia Limited**

ABN 21 256 252 885

**Statement of Profit or Loss and Other Comprehensive Income**

**For the Year Ended 30 June 2020**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
Revenue	3(a)	1,476,133	1,495,158
Investment income	3(b)	9,190	17,266
Board and Committee expenses		(278,126)	(289,920)
Subscriptions		(28,692)	(42,818)
Project expenses		(166,945)	(278,589)
Operating Expenses		(162,711)	(385,441)
Employment expenses		(854,843)	(844,946)
Property Operating expense		(71,775)	(57,130)
Finance expenses		(472)	(392)
<b>Surplus/(deficit) for the year</b>		<u>(78,241)</u>	<u>(386,812)</u>
<b>Total comprehensive income for the year</b>		<u><u>(78,241)</u></u>	<u><u>(386,812)</u></u>

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	216,963	379,331
Trade and other receivables	6	446,416	603,819
Financial assets	7	450,000	545,713
Other assets	8	34,104	28,143
<b>TOTAL CURRENT ASSETS</b>		<b>1,147,483</b>	<b>1,557,006</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9(a)	9,458	16,738
Right of use asset	9(b)	23,791	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>33,249</b>	<b>16,738</b>
<b>TOTAL ASSETS</b>		<b>1,180,732</b>	<b>1,573,744</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	123,656	255,643
Employee benefits	11	70,028	55,798
Contract liabilities	12	171,040	368,054
<b>TOTAL CURRENT LIABILITIES</b>		<b>364,724</b>	<b>679,495</b>
<b>TOTAL LIABILITIES</b>		<b>364,724</b>	<b>679,495</b>
<b>NET ASSETS</b>		<b>816,008</b>	<b>894,249</b>
<b>EQUITY</b>			
Retained earnings		816,008	894,249
<b>TOTAL EQUITY</b>		<b>816,008</b>	<b>894,249</b>



**Sheep Producers Australia Limited**

ABN 21 256 252 885

**Statement of Changes in Equity**

**For the Year Ended 30 June 2020**

**2020**

	<b>Retained earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2019</b>	894,249	894,249
Surplus/(deficit) attributable to members of the entity	(78,241)	(78,241)
<b>Balance at 30 June 2020</b>	816,008	816,008

**2019**

	<b>Retained earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2018</b>	1,281,061	1,281,061
Surplus/(deficit) attributable to members of the entity	(386,812)	(386,812)
<b>Balance at 30 June 2019</b>	894,249	894,249

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Statement of Cash Flows

For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members and funding bodies	1,431,469	1,224,252
Payments to suppliers and employees	(1,703,241)	(2,015,874)
Interest received	14,243	17,266
Net cash provided by/(used in) operating activities	17 <u>(257,529)</u>	<u>(774,356)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from part redemption of term deposit	95,713	-
Acquisition of term deposit	-	(10,466)
Purchase of property, plant and equipment	9(a) <u>(552)</u>	<u>(10,608)</u>
Net cash provided by/(used in) investing activities	<u>95,161</u>	<u>(21,074)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase/(decrease) in cash and cash equivalents held	(162,368)	(795,430)
Cash and cash equivalents at beginning of year	<u>379,331</u>	<u>1,174,761</u>
Cash and cash equivalents at end of financial year	5 <u><u>216,963</u></u>	<u><u>379,331</u></u>

## Sheep Producers Australia Limited

ABN 21 256 252 885

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Summary of significant accounting policies

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.

### 1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements 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.

### 2 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.

## Sheep Producers Australia Limited

ABN 21 256 252 885

# Notes to the Financial Statements

For the Year Ended 30 June 2020

### Summary of significant accounting policies

#### 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.

**Sheep Producers Australia Limited**

ABN 21 256 252 885

**Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

**2 Summary of significant accounting policies**

**(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:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
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 estimate.

## Sheep Producers Australia Limited

ABN 21 256 252 885

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## 2 Summary of significant accounting policies

### (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 an 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 recoverable 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.

## Sheep Producers Australia Limited

ABN 21 256 252 885

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### (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 of 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. 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. Subsequent to 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.

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Notes to the Financial Statements

For the Year Ended 30 June 2020

#### 3 Revenue and other income

(a) Revenue from continuing operations

	2020	2019
	\$	\$
Operating		
- Membership Income	104,148	99,189
- RMAC Distributions	277,665	283,463
- Project Income	984,950	1,112,506
- Australian Government Cash Flow Boost	100,000	-
- Other Income	9,370	-
	<u>1,476,133</u>	<u>1,495,158</u>

(b) Investment income

- Interest received	9,190	17,266
	<u>9,190</u>	<u>17,266</u>

#### 4 Result for the year

The result for the year includes the following specific expenses:

Depreciation and amortisation:

- Depreciation - furniture and equipment	6,445	6,244
- Depreciation – Right of use asset	57,108	-
	<u>63,553</u>	<u>6,244</u>



**Sheep Producers Australia Limited**

ABN 21 256 252 885

**Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

**5 Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	\$	\$
Cash at bank and in hand	216,963	379,331
	216,963	379,331
	216,963	379,331

**(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	216,963	379,331
	216,963	379,331
	216,963	379,331

**6 Trade and other receivables**

CURRENT		
Trade receivables	395,643	597,993
Interest receivable	773	5,826
Australian Government Cash Flow Boost	50,000	-
	446,416	603,819
	446,416	603,819

**7 Financial assets**

CURRENT		
Term deposits	450,000	545,713
	450,000	545,713
	450,000	545,713

**8 Other assets**

CURRENT		
Prepayments	34,104	28,143
	34,104	28,143
	34,104	28,143

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Notes to the Financial Statements

For the Year Ended 30 June 2020

#### 9(a) Property, plant and equipment

	2020	2019
	\$	\$
PLANT AND EQUIPMENT		
Furniture and equipment		
At cost	30,503	44,462
Accumulated depreciation	(21,045)	(27,724)
Total furniture and equipment	9,458	16,738
<b>Total property, plant and equipment</b>	<b>9,458</b>	<b>16,738</b>

#### (a) 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:

	Furniture and equipment	Total
	\$	\$
<b>Year ended 30 June 2020</b>		
Balance at the beginning of year	16,738	16,738
Additions	552	552
Disposals	(1,387)	(1,387)
Depreciation expense	(6,445)	(6,445)
<b>Balance at the end of the year</b>	<b>9,458</b>	<b>9,458</b>

#### 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	80,899	-
Accumulated depreciation	(57,108)	-
Total right of use asset	23,791	-

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

Depreciation charge relating to right of use asset	57,108	-
Interest expenses on lease liabilities	2,870	-
Total	59,978	-

**Sheep Producers Australia Limited**

ABN 21 256 252 885

**Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

**10 Trade and other payables**

CURRENT		
Trade payables	2,967	50,647
GST payable	33,709	19,240
Accrued expenses	9,352	112,317
Payroll liabilities	53,215	73,440
Lease Liability	24,413	-
	<u>123,656</u>	<u>255,643</u>

**11 Employee benefits**

	<b>2020</b>	<b>2019</b>
	\$	\$
CURRENT		
Long service leave	25,480	22,921
Annual leave	44,548	32,877
	<u>70,028</u>	<u>55,798</u>

**12 Contract liabilities**

CURRENT		
Meat & Livestock Association	-	36,000
Australian Government Department of Agriculture Water and the Environment	171,040	257,500
Australian Government Department of Agriculture Water and the Environment	-	74,554
	<u>171,040</u>	<u>368,054</u>

**13 Leasing commitments**

**(a) Operating leases**

	<b>2020</b>	<b>2019</b>
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	20,371
- between one year and five years	-	-
	<u>-</u>	<u>20,371</u>

## Sheep Producers Australia Limited

ABN 21 256 252 885

### Notes to the Financial Statements

For the Year Ended 30 June 2020

#### 14 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 \$ 307,323 (2019 \$342,956).

#### 15 Related parties

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

The company's related parties include key management personnel - refer to Note 14. 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 14, 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.

#### 16 Contingencies

In the opinion of the directors, the company did not have any contingencies at 30 June 2020 (30 June 2019:None).

#### 17 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:

	2020	2019
Surplus/(deficit) for the year	(78,241)	(386,812)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	63,553	6,244
- net loss on disposal of plant and equipment	1,386	67
Changes in assets and liabilities:		
-( increase) decrease in right of use assets	(80,899)	-
-(increase)/decrease in trade and other receivables	157,403	68,924
-(increase)/decrease in other assets	(5,961)	(28,143)
- increase/(decrease) in trade and other payables	(156,400)	1,543
- increase/(decrease) in contract liabilities	(197,014)	(451,123)
- increase/(decrease) in employee benefits	14,230	14,946
- increase/(decrease) in lease liabilities	24,414	-
Cash flows from operations	<u>(257,529)</u>	<u>(774,356)</u>

**Sheep Producers Australia Limited**

ABN 21 256 252 885

**Notes to the Financial Statements**

**For the Year Ended 30 June 2020**

**18 After Balance day Events**

The Directors are not aware of any significant events since the end of the reporting period except for the Novel Coronavirus (COVID-19) pandemic.

The Company continues to monitor developments in the Novel Coronavirus (COVID-19) pandemic and the measures being implemented on the economy to control and slow the outbreak. Given the dynamic nature of these circumstances and the significant increase in economic uncertainty, the related impact on the Company's future results of operations, cash flows and financial condition cannot be reasonably estimated at this stage and will be reflected in the Company's 2021 annual financial statements.

**19 Statutory information**

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

Sheep Producers Australia Limited  
14-16 Brisbane Avenue  
BARTON ACT 2600



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](mailto:banmca@interline.com.au)  
ABN: 87 955 412 345

## 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 2020, 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.

A handwritten signature in black ink, appearing to read 'Bandle McAneney &amp; Co.', written in a cursive style.

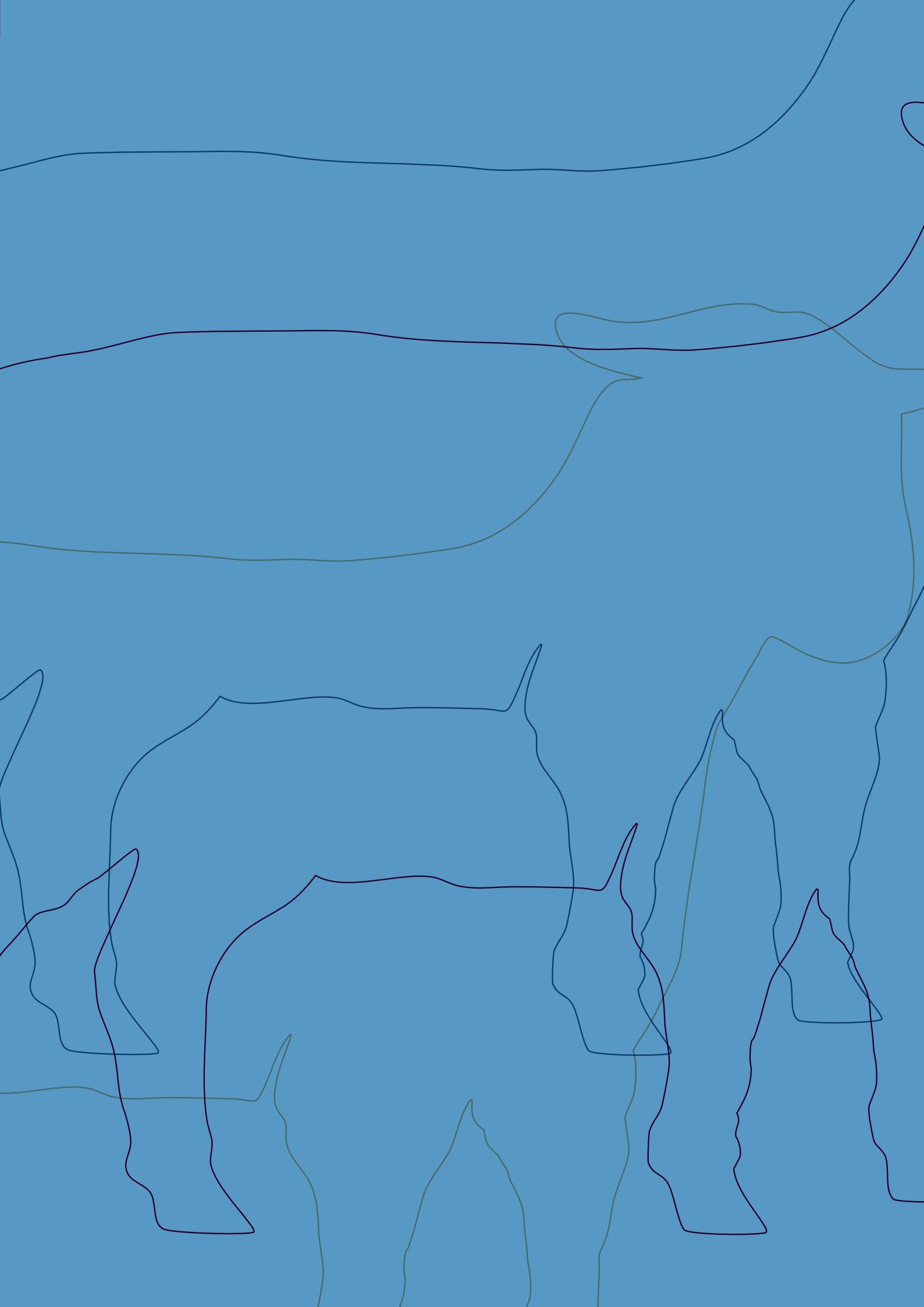
Bandle McAneney & CO

A handwritten signature in black ink, appearing to read 'Anthony J Bandle', written in a cursive style.

Anthony J Bandle FCA  
Partner

Canberra

Dated 31 August 2020



## CONTACT

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