

SHEEP
PRODUCERS
AUSTRALIA

ANNUAL REPORT

2020–2021



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Sheep Producers Australia at a glance

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

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

Sheep Producers Australia supports Australian sheep farmers through:

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

Partners integral to the company's success are:

- » **Members – the state farming organisations (SFOs)**
 - AgForce
 - Livestock SA
 - NSW Farmers
 - Pastoralists and Graziers Association of WA
 - Tasmanian Farmers and Graziers Association
 - Victorian Farmers Federation Livestock
 - WAFarmers
- » **Service providers include:**
 - Animal Health Australia (AHA)
 - Integrity Systems Company (ISC)
 - Meat & Livestock Australia (MLA)
 - National Residue Survey (NRS)
- » **Industry partners include:**
 - Australian Live Exporters Council (ALEC)
 - Australian Lot Feeders Association (ALFA)
 - Australian Meat Industry Council (AMIC)
 - Cattle Council Australia (CCA)
 - National Farmers Federation (NFF)
 - Red Meat Advisory Council (RMAC)
 - SAFEMEAT
 - WoolProducers Australia (WPA)



Chairs' Report



Chris Mirams
Chair

I am pleased to present the Sheep Producers Australia 2020-2021 Annual Report.

The Australian sheep industry will enjoy an exciting and prosperous future. The industry's on-farm gross margins have never been better, with record prices, low interest rates and a return to good seasons in most districts. Despite COVID-19 disruptions to the food service industry, demand has grown beyond supply.

While Australia's national flock of 63.5 million sheep is the lowest it has been for 120 years, there are signs that the flock has entered a post drought rebuilding phase. We have a great opportunity to rebuild the flock with sheep fit for the future and to embrace a culture of collaboration and innovation in the sheep industry.

Australia continues to play a key role in the global sheepmeat market, supplying a premium product for a premium price. Expectations from our increasingly affluent customers continue to grow, as they seek to understand that the food they purchase is produced in a responsible and sustainable way.

Demonstrating leadership and collaboration, Sheep Producers Australia and WoolProducers Australia led the development of the world's first Sheep Industry Sustainability Framework, which published its first report in April 2021. The role of the framework is to monitor, measure and report industry performance against sustainability priorities, improving transparency and providing evidence to our customers that the food and fibre they purchase has been produced responsibly. This enables us to better understand our opportunities and challenges, underpinning our vision as a global leader in sustainable sheep production.

Critical to the success of the sheep meat industry is our market access and biosecurity, underpinned by our livestock traceability system. To provide robust data on the performance of our systems, Sheep Producers Australia initiated an independent evaluation which showed considerable efficiencies and accuracies that could be gained using individual electronic identification for sheep. Australia's Chief Veterinary Officer has advised us that there is a 1 in 10 chance of a foot and mouth disease (FMD) incursion in the next five years. This provides a compelling case for national reform and the company has a responsibility to continue to lead this initiative.

A review of the sheep transaction levy as part of its responsibilities under the Red Meat Memorandum of Understanding (MOU) is in progress. Evidence indicates that the current levy will not be sufficient to achieve industry priorities in the RedMeat 2030 Strategy (RM2030) and the \$1.50 per lamb and \$0.20 sheep levy established in 1997 is inequitable across current production systems. A voluntary levy to fund policy and advocacy activities will be considered.

Our organisation continues to have a strong, supportive, and beneficial relationship with the Red Meat Advisory Council (RMAC). This year has been a year of substantial change for RMAC, with the appointment of a new Independent Chair and CEO. The Audit and Risk Committee (ARC), which I Chair, led an external review of the RMAC Board's performance and its governance framework. The report has been embraced by the current RMAC Board and 71 of the 72 recommendations have been adopted.

RMAC manages the Red Meat Investment Fund (RMIF). As Chair of ARC, I have a close working relationship with the fund managers. The fund has fully recovered from the COVID-19 market downturn and currently sits at \$42m. The desire of the RMAC Board is to maintain the RMIF real value over time and provide distributions of its income to fund the operations of RMAC and the Peak Industry Councils (PIC's). The RMAC Board has moved to fixed distributions for the next 5 years, providing certainty of income for Sheep Producers Australia.

The development of a strong and mutually beneficial relationship with the Red Meat Industry Corporate Affairs Unit (ICAU), funded by Meat and Livestock Australia Limited (MLA), has been vital. The role of ICAU is to support PICs in corporate communications, issues management, crisis response and cross sectoral policy.

Sheep Producers Australia has also initiated the creation of a Red Meat Hub at our new office in Forrester, ACT. We have been initially joined by ICAU as well as RMAC and the Australian Livestock Exports Council.

The Board is committed to providing a high level of governance to the organisation as our new structure continues to mature and evolve. To demonstrate this commitment, the Board has undertaken an external review of its performance and the organisation's governance framework. The report provided clarification on what is working and what requires improvement. A key recommendation was to develop a contemporary Risk Framework which has been completed.

The CEO, policy managers and policy committees continue to do the heavy lifting in the organisation's operations. 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 committees.

On 1st July 2021, following extensive consultation with Members, the Sheep Producers Australia Board retired our four policy groups and replaced them with a single Policy Council, which includes a producer representative and policy officer from each SFOs and up to five independent members recruited for their expert skills and knowledge. This will improve the efficiency and effectiveness of our producer representation, consultation, and input into the development of proactive industry policy to benefit the Australian sheep industry.

Sheep Producers Australia instigated a review of the governance, liquidity requirements and investment policy of the Sheep Health and Welfare Trust, which reconfirmed its intention to maintain in real value the \$14m emergency reserve. Seeking to be more proactive with surplus income, both Sheep Producers Australia and Wool Producers Australia Policy Councils are encouraged to apply for funding for small projects that align with the Trust's purpose.

I am pleased to report the organisation is in a sound financial position. Around 7% of our income comes from Member fees, 15% from RMAC distributions and approximately 78% from industry and government. We have strong relationships with these organisations and thank them for their support.

At the November 2021 AGM, Mr Robert Herrmann was appointed to the Board. Robert brings a proactive and enthusiastic voice to the board table and wealth of experience in using data to inform decisions. Board member Ms Bindi Murray was re-elected for a second term of three years providing a further opportunity for the Board to call upon Bindi's depth and breadth of experience, both on and off farm.

I must thank my fellow Board members for their wisdom and guidance throughout the year. Board members not only attend to Board issues, but they are also active participants in the company's activities and represent Sheep Producers Australia on many industry organisations as referenced for your information in the company's financial statements.

Today marks the end of my second and final term as inaugural Chair.

I have thoroughly enjoyed my time contributing to the sheep industry in this role and am proud to leave Sheep Producers Australia, Red Meat Advisory Council, the Sheep Health and Welfare Trust and the Sheep Industry Sustainability Framework extremely well positioned to provide ongoing leadership, and to ensure a sustainable and prosperous future for the Australian sheep industry.

Chris Mirams
Chair
June 2021

Chief Executive Officers' Report



Stephen Crisp
CEO

The challenges faced by Sheep Producers Australia in trying to maintain the expected levels of consultation with all our stakeholders throughout the COVID-19 pandemic have not been unique.

2020-21 has been different in that we are changing structures internally and dealing with proposed changes in structure of the meat industry. As the peak sheep meat industry body, we have been determined to not talk about ourselves, but deal with outcomes required by our members and the broader sheep industry. The tie in with our members through our policy committees, as well as the cooperation of Government, has been essential in getting our policy work completed and implemented, in the strangest of corporate times.

To this end, while Sheep Producers Australia has been working on the development of our Policy Council, and stakeholder engagement, we have also been increasing our efforts in advocacy. Sheep Producers Australia has been one of the leaders in the debate on alternative proteins, and the misappropriation of meat branding. Whilst there is a lot of rhetoric on the issue, sheep producers make a very large contribution to the marketing and branding of lamb and sheep meat in general. Anyone using the 'lamb' name, or the image of a sheep is free riding in the sheep producers back. With the demonstrated attitude of these alternative manufacturers, legislation (or laws) must be enacted to protect that investment.

Trade has perhaps provided the most positive note of 2020-2021. Post Brexit arrangements for Australian sheep meat exports are not ideal, with around 15,000 Metric Tonne (MT) of Quota to the United Kingdom (UK), and a tiny allocation to the European Union (EU). The UK agreement, will allow access to more than double the previous entire EU volume, to enter the UK when the agreement comes into force (around 40,000 MT). The volumes increase, and tariffs decrease over the next few years, until very few barriers existing after 7 years, and effectively liberalisation after that. The work of Government negotiators has been excellent, with a willingness to both ask industry what their views, and being clear and effective in their negotiations.

The fact that the UK has negotiated access into the EU assists this arrangement, in that the UK is a very strong producer that will be able to maximise the value of its exports and match their requirements with imports from New Zealand (NZ) and Australia. This will not detract from the markets that are already underpinning our current high prices. The United States of America (US) and China are still very strong markets, along with rapidly developing markets in both Northern, and South-East Asia. We are not expecting a pivot of volume to the UK. As always it is about options for all trading partners, and Sheep Producers Australia looks forward to the signing and ratification of the UK Agreement.

The EU negotiations will continue in this difficult pandemic era. There will be discussions about the differing production systems and regulatory set-ups, however Sheep Producers Australia has faith in Australia's excellent record on trading to the EU, and our continual improvement in systems that to underpin our export markets.

Live exports for sheep will always provide challenges. Sheep Producers Australia has had a strong influence on making regulations workable for the return of exports to the Kingdom of Saudi Arabia. Additionally, Sheep Producers Australia has also provided a voice of reason when advocating for genders not to be separated in lambs going to export, which only incurred unnecessary cost upon the industry. The impact of the moratorium on our market share and viability of the industry will continue to be an issue, and Sheep Producers Australia will continue to provide input, as we navigate the way to assist the industry gain a sustainable model in all aspects of the word.

The debates and consultation surrounding the SAFEMEAT traceability reform recommendations, the role of Integrity Systems Company (ISC), and the importance of traceability to our market access and biosecurity has been extensive. Sheep Producers Australia has played a major role in facilitating the debates and providing input into the various forums. Because of our role initiating studies that provide important evidence required for industry's policy consideration, we have been heavily engaged with the state bodies, and have passed on everything to our members, who have their own considerations to run through with their policy consultations. In collaboration with other supply chain partners, Sheep Producers Australia is working towards the most workable outcomes that will underpin the very good returns that are now possible in our industry.

It is a similar situation with animal welfare. There are many discussions about how we manage the issues of pain relief and aversive procedures. It all comes back to regulation at state level, but Sheep Producers Australia is working towards having the projects in place to enable the best national policies possible, that can be worked with at state level. Many of the factors measured in the Sheep Sustainability Framework will assist with our direction in this sector. The Sheep Sustainability Framework will also assist measure the many factors that affect profitability and working with the sustainability of our resources.

Sheep Producers Australia has put together an Annual Operating Plan and provided this to our Industry Partners. The Plan links our staff goals and daily operations, with the strategic goals of our organisation. Further, it aligns these outcomes with Red Meat 2030. In many ways it provides the guidance like the previous Sheep Industry Strategic Plan with a focus on sheep supply. Sheep Producers Australia looks forward to working collaboratively with all our Members, Service Providers, and Industry Partners to achieve these goals over the next year.

The above would not have been possible without the hard work and dedication of the Sheep Producers Australia staff. It is through them that the Annual Operating Plan, Industry Partnerships and managing our own affairs in a diligent manner, have been possible. I am looking forward to another year of working with the team.

Stephen Crisp
Chief Executive Officer
June 2021



Strategic Plan 2020-25

In February 2020, the Sheep Producers Australia Board Approved the 2020-2025 Strategic Plan.

As a signatory to the Red Meat Memorandum of Understanding (MOU), Sheep Producers Australia has developed its strategic plan to be in line with the red meat industry strategic plan, Red Meat 2030. While this interaction provides overall direction to the red meat industry, the Sheep Producers Australia Strategic Plan has unique goals that are relevant to the sheep industry.

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

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

Strategic Objectives:

Sheep Producers Australia has three Strategic Objectives:

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

The Sheep Producers Australia Strategic Plan Roadmap



Sheep Sustainability Framework

In April of 2021, the Sheep Sustainability Framework was launched at Benangaroo, near Jugiong NSW.

The cooperation shown from both the wool, sheep-meat, processing and Research and Development Corporations was impressive, and the quality of the Framework is a direct result of the level of collaboration and goodwill between sectors. It was also a testimony to the quality of the Chair (Bruce Allworth), and the Steering Committee in being able to cut through the swathes of information and proposals to come up with a package that is useful and useable.

As the Chair has stated, “the role of the Framework is to monitor, measure and report industry performance against industry priorities”. It will be up to Sheep Producers Australia and our fellow industry stakeholders to utilise the results of this Framework to both improve and promote our industry. The organisation will also contribute to the inevitable modifications of the Framework, as circumstances and priorities change, as well as changes in technologies and the usefulness of data.



Photo Ed Storey WPA, Chris Mirams, SPA

Sheep Producers Australia would like to thank all involved, especially the Steering Group and the secretariat, for ensuring a difficult process was completed with great professionalism.



Sheep Producers Australia Staff and Board (L-R) Stephen Crisp, Jaime Heinrich, Alister Oulton, Ian McColl, Bonnie Skinner and Chris Mirams

Key Policy Achievements and Activities

Good, robust policy development is the reason for Sheep Producers Australia's existence. Through Policy Committees, the Board is advised on the best policy position to arrive on, that will meet industry priorities and strategic goals.

For policy development to be effective, it must be supported by consultation and research. Through Sheep Producers Australia's Policy Committee structure, it is also often subject to rigorous debate. This process ensures that industry can not only seek the most effective solution to a policy problem but also stand by the position that is arrived at. The final decision on all policy matters rests with the SPA Board in the best interests of the entire industry.

At times national policy does not always align with the policy position of SFOs. This is because regional production, environmental or political factors may be different from state to state. However, as the national peak body, it remains important for Sheep Producers Australia to get consensus from members on what is in the best interests of all sheep producers, wherever they operate their enterprise.

The four policy committees of the 2020-21 financial year were as follows:

- » Marketing, Market Access, and Trade
- » Product Integrity
- » Animal Health and Welfare
- » Research, Development and Adoption

These four Policy Committees comprised one person from each state, one board director, up to one individual member and up to one other person who need not be a member. Policy committees considered matters in detail and made recommendations to the board for approval.

Policy issues that affect Sheep Producers Australia are not limited to the discussion of issues on internal committees. Sheep Producers Australia's membership of organisations such as the National Farmers Federation, Red Meat Advisory Corporation and SAFEMEAT allow for policy issues to be considered and advanced through different avenues. This ensures that sheep producers are represented in the broader livestock and primary production advocacy circles.

Major policy goals for the organisation in 2020-21 have been:

- » UK/EU Free Trade Agreement (FTA) advocacy
- » Collaboration with the SAFEMEAT membership to develop a range of traceability reform recommendations to enhance the existing national livestock traceability system, presented to the National Biosecurity Committee in March 2020.
- » Partnering with the Australian Livestock Exporters Council to provide advocacy to the re-opening of the Saudi Trade, negotiating the protocol for Scabby Mouth Vaccination
- » Providing submissions and representations to the NSW Upper House Inquiry to prevent the banning of mulesing in NSW.
- » Successfully proposing three major amendments in the Australian Standards for the Export of Livestock (ASEL), including allowing wether and ewe lambs to be handled together, saving the industry major costs in handling of stock.
- » The advancement of Lean Meat Yield and Intramuscular Fat (IMF), (with Sheep Producers Australia supporting the establishment of chemical IMF trait as the reference standard for lamb carcass grading and trading language) as objective measurements that producers can work towards producing a profitable trait.
- » 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 traceability system.

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

In June 2021, the Board agreed to merge the four subject-specific policy committees into one Policy Council. The decision to move to a centralised Policy Council reflected the number of issues that typically converged across all four committees.

The initiative to review the Policy Committees is aligned to the Sheep Producers Australia Strategic Plan in the 'effective policy and advocacy' pillar. The company needs to ensure that it positions itself as an organisation capable of developing high level and outward looking national policies that can advance and lead industry and provide valuable advice to government and service providers.

Sheep Producers Australia Policy Committees

Policy Committee Meetings 2020-21			
MARKETING, MARKET ACCESS AND TRADE	ANIMAL HEALTH & WELFARE	PRODUCT INTEGRITY	RESEARCH DEVELOPMENT & ADOPTION
Priority Policy Areas			
<ul style="list-style-type: none"> • Alternative Proteins and fairness in labelling • EU and UK FTA Negotiations • Live export regulation 	<ul style="list-style-type: none"> • Aversive procedures • Saleyard risks • Animal health and welfare benchmarking • Footrot vaccination 	<ul style="list-style-type: none"> • National sheep traceability • Product safety and quality • Objective carcass measurement and intramuscular fat standards 	<ul style="list-style-type: none"> • Red Meat Panel strategic advice
Meeting convened in the reporting period			
August 2020	August 2020	August 2020	August 2020
October 2020	October 2020	September 2020 (x2)	October 2020
February 2021	November 2020	October 2020	February 2021
April 2021	February 2021	January 2021	April 2021
	April 2021	February 2021	
		May 2021	



Policy Area | Marketing, Market Access and Trade

Chair: John Wallace: WA

Committee Members:

Allison Horswill TAS: Board Director

Chris Kemp: NSW

Mark Inglis: Independent

Graeme Maher: VIC

Allan Piggott: SA

Alan Rae: QLD

Leith Tilley: Young Leader

*No longer an active member

Sheep Producers Australia Policy Manager:

Stephen Crisp CEO

Australia currently has an extremely small allocation of quota for sheep meat into this market, especially when compared to our NZ counterparts. Sheep Producers Australia will be participating at all levels of consultations with our red-meat partners (including processors), government departments, and with Members of Parliament, to ensure every avenue is supported to gain a result for sheep producers.

Live Sheep Exports

The organisation has been heavily engaged with the regulator to assist in making the protocols workable for the resumption of trade to the Kingdom of Saudi Arabia. Engagement was particularly around the scabby mouth vaccination protocols along with a more general allowance of the mixing of sexes (wethers and ewe) to reduce the costs of logistics in registered premises and the supply chain process.

Diversification of Markets

There has been a lot of commentary from different organisations in agriculture promoting diversification of markets. The sheep meat industry could not be more diversified, with one carcass theoretically being able to be shipped to 60 countries. The reason large volumes are shipped to a few countries, is the fact they are willing to pay more money. Sheep Producers Australia has been very keen to temper the messaging on different markets, as it is not helpful to a sheep meat sector that already has a very diverse market base.

Plant Based (and Cell Based) Protein Marketing – Senate Enquiry

Sheep Producers Australia argues that the alternative protein industry should be subject to regulatory parity, which includes accurate labelling of their products. Additionally, Sheep Producers Australia has supported the instigation of the Senate Inquiry into the definitions of meat and other animal products. Sheep Producers Australia will be providing evidence in our submission to the Senate Inquiry as to why it is vital for the integrity of the food system that consumers have no doubts around the products they purchase.

Some representatives of the 'alternative proteins' sector, openly discuss tactics to eliminate livestock production in some forums, using potentially misleading labelling and marketing tactics, rather than supporting fair competition for a truly different protein product. Messaging should include what these manufacturers promote in some forums, regarding inclusivity and room for all production systems to feed the world.

The Marketing, Market Access, and Trade (MMAT) Committee had some challenges to deal with in 2020-21, some expected, some surprising. The major issues were as follows:

UK FTA

Undoubtedly the headline event has been the announcement of a Free Trade Agreement (FTA) between the UK and Australia. It is important to note that the agreement at this stage is in-principle, and the industry will need to remain disciplined and on message to ensure it is supportive of the path to signing and ratification, so that the options from both countries can be utilised.

There remain difficulties, as not all parties in both countries are supportive of FTA's and this Agreement will be slightly different in that it is the first-time animal welfare has been included. Australia has very good animal welfare systems, and it will be important to show how our systems are effective in our environment, but also be willing to engage with the UK in the swapping of knowledge and technology to see where we can assist each other.

EU FTA

Whilst a similar result to the UK Agreement would be desirable, obviously the EU has many member nations and the path to agreement between the trading partners may take us well into 2022. That is not to say Australia should not be ambitious and look to everything that can be mutually beneficial to both parties to progress a very good outcome.

Policy Area | Product Integrity Committee



Bonnie Skinner
Policy Manager

Chair: Bill O'Halloran NSW

Committee Members:

Elizabeth Jackson: WA: Board Director

Michael Craig: VIC

Scott Counsell: QLD*

Mark Dennis: SA

George Nicholls: TAS

Chris Patmore: WA

Stephen Tully: QLD

*No longer an active member

Sheep Producers Australia Policy Manager:

Bonnie Skinner

Policy focus

Guaranteeing the safety and provenance of Australian sheepmeat is of the highest priority to Sheep Producers Australia because it underpins access to both domestic and international markets. Red Meat 2030 outlines an ambitious vision of doubling the value of red meat by 2030 and includes initiatives that will ensure end-to-end integrity, traceability, and provenance. The organisation 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. Sheep Producers Australia is actively involved in programs administered through SAFEMEAT, MLA (including 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 rigorous standards and systems.

Residue monitoring

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

National sheep traceability

The organisation has been involved in activities to support enhancements to the National Livestock Traceability System (NLIS) for sheep and goats. Sheep Producers Australia recognises that an NLIS which meets the National Livestock Traceability Performance Standards (NLTPS), is vital to ensure sheep and goat industries maintain effective animal traceability in the event of an emergency animal disease outbreak. Furthermore, the increasing demand of our domestic and international consumers for information about their food and how it is produced requires a level of transparency never experienced.

In recognition of these priorities, Sheep Producers Australia is committed to a robust national traceability system for the sheep meat industry. A key activity area for the organisation's Product Integrity 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. Sheep Producers Australia'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.

The Evaluation exercise (the Evaluation) was conducted in March 2020 by staff from the New South Wales Department of Primary Industries and Biosecurity Queensland, in co-operation with Agriculture Victoria. The results of the Evaluation were then reviewed and scrutinised by staff from the Department of Primary Industries and Regional Development in Western Australia. Including multiple jurisdictions was critical, as it allowed representatives from other jurisdictions to both conduct as well as oversee this Evaluation. The method provided the organisation confidence that sufficient rigour had been applied in the final report to satisfy industry stakeholders that an accurate assessment has been carried out.

Policy Area | Animal Health and Welfare

The Sheep Producers Australia Product Integrity Committee reviewed the Evaluation report and concluded that a national eID system would lead to significant improvements in the traceability of sheep in the NLIS. The Evaluation report presents key evidence required for industry and government to further progress consideration of broader and sustainable sheep traceability presented by SAFEMEAT to the National Biosecurity Committee (NBC) in March 2020.

SAFEMEAT has sought agreement from NBC to provide the resources needed to undertake further scoping work on available options to implement its proposed recommendations. An essential component of this includes consultation with key stakeholders to further address concerns raised, identify feasible implementation options, and assess ongoing financial resources associated with each of the options, as appropriate. The information gathered during this scoping exercise will then be used to inform a Regulatory Impact Statement process. This will determine the most appropriate method for implementing the agreed recommendations. National traceability reform will remain a top priority for Sheep Producers Australia into next financial year.

Objective carcass measurement

Sheep Producers Australia 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 intramuscular 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, Sheep Producers Australia'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. Currently, lamb carcass grading is based only on carcass weight and Grade Rule (GR) tissue depth or fat score, with no method of directly or indirectly identifying or segregating lamb carcasses based on eating quality. The beef industry uses the Meat Standards Australia (MSA) beef grading scheme to grade individual cuts within the carcasses. The MSA grading scheme uses a range of variables known to influence eating quality, including marbling score. For the lamb industry to implement a similar MSA model, commercially available technologies that predict chemical IMF percentage (IMF%) at processing line-speed are required. IMF% is the measure of the chemical fat percentage in the loin muscle of lamb, where the visible component is known as marbling. Research shows that IMF% has a very strong correlation with eating quality. To further progress the production and delivery of commercial solutions, the IMF% needs to be agreed to as a new trait for the lamb and sheepmeat grading language.

In May 2020, the Product Integrity Committee recommended their support for a proposal seeking to establish the chemical intramuscular fat (IMF%) trait as the reference standard for lamb carcass grading and trading language. This will provide a method for the standardised calibration, accreditation and auditing of emerging technologies that aim to predict chemical IMF% in Australian lamb and sheepmeat.



Alister Oulton
Policy Manager

Chair: Ian McColl: NSW: Board Director

Committee members:

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

*No longer an active member

Sheep Producers Australia Policy Manager:
Alister Oulton

During 2020-21, the Animal Health and Welfare (AHW) Committee saw a changing of the guard, with Will Oldfield vacating the role, and being replaced by Alister Oulton, who joined from Australian Pork Limited.

The AHW Committee continued to monitor project commitments and levy investments into animal health and welfare projects, including the Sheep Health Project, National Sheep Industry Biosecurity Strategy, National Wild Dog Management Advisory Group, TSE Freedom Assurance Program, EADRA Working Group and the National Arbovirus Monitoring Program.

In addition to existing commitments, the following projects and workplans commenced in the 2020-21 year.

Mulesing and Aversive Procedures

Mulesing was a strong focus for the committee during the year, and the issue faced immense scrutiny through the press and political channels.

Sheep Producers Australia reiterated its policy with respect to pain relief for mulesing, requiring pain relief to be used if mulesing is practiced. The most significant public forum in this discussion in recent years was the NSW Parliament attempting to ban mulesing and seeking to mandate pain relief for all other aversive procedures.

To get ahead of the issue, the AHW Committee agreed to the development of a partnership with WoolProducers Australia, which will bring together policy issues and a strategy to drive the agenda in a way that supports best practice, long term animal welfare, while reducing market and regulatory risks.

Animal Health and Welfare Strategy

This year, Sheep Producers Australia developed a five-year animal health and welfare strategy with Animal Health Australia. This strategy, which aligns with the policy goals in the Strategic Plan, looks to the major issues affecting the sheep industry, and suggests opportunities for improvement.

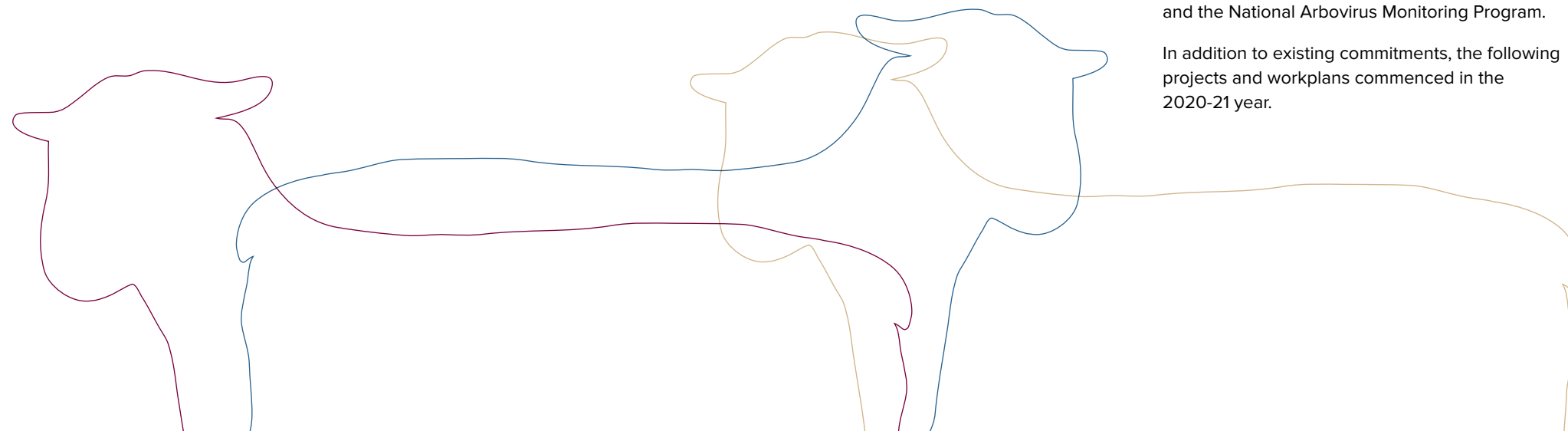
These include:

- » endemic disease management (particularly footrot and OJD)
- » aversive procedures policy and research for mitigation
- » sheep reproduction
- » antimicrobial and chemical resistance

Footrot Vaccine

Virulent footrot remains a significant threat to sheep health and welfare. Alongside AHA, Sheep Producers Australia re-established the Footrot Working Group which brings together jurisdictions to report on footrot policy and control.

The organisation provided public support for vaccine availability, including for monovalent and bivalent vaccines. The more vaccine that is available in the market ensures producers have options available to them to protect their flock in the most appropriate way.



Policy Area | Research, Development & Adoption

Chair: Bindi Murray: PGA: Board Director

Committee Members:

Chris Gunn TAS*
 Murray Long Independent*
 Sophie Madge – QLD
 Rebecca May – WA
 Jeff Murray WA*
 Penny Schulz - SA
 Celia Scott - VIC
 Isobel Weeding – TAS
 David Young - NSW

*No longer an active member

Sheep Producers Australia Policy Manager:

Bonnie Skinner

During 2020-21, the Red Meat Panel has been working collaboratively with MLA to consider priorities and programs of work that can deliver greater benefits and impacts for the industry. Through this principle, the Red Meat Panel supported the strategic approach to develop longer-term, collaborative, multi-disciplinary programs to tackle some of industry’s major priorities, such as lamb survival and sheep reproductive performance.

The 2020-21 investment call was reflective of this strategic approach, with a focus on longer-term (3-5) year projects, including investments into improving lamb survival through the sheep reproductive strategic partnership; implementing plans to address the spread of pasture dieback; and producing new tools such as the Pasture Trial Network to compare the performance of pasture varieties.

These larger-scale, longer-term projects are now underway and utilise a significant portion of the research funding for 2022-23. Any new research will be aligned with the strategic partnerships and calls for projects proposals will be timed to suit these programs.

The following priorities for the 2021-22 Investment Call were confirmed by the Red Meat Panel in August 2020 as:

- » Driving on-farm practice change to increase whole of life cow productivity for southern beef production systems
- » Matching feed supply in a variable landscape to a changing climate
- » A scour worm vaccine for sheep
- » Breeder herd efficiency and managing calf wastage for northern production systems

The development of a vaccine against scour worms would be a potential game-changer for Australian sheep producers, with internal parasites one of the costliest impacts of all endemic conditions on profitable sheep production.

Going forward, the major focus and priority of the Red Meat Panel and RACs this year will be to ensure that current strategic partnerships are progressed and funded appropriately. The RACs will continue to submit regionally specific issues and challenges, and Sheep Producers Australia will provide input on nationally strategic priorities for industry. The focus will be on engagement and feeding information back, helping producers understand what tools and research outcomes are available already and what is relevant to them in the pipeline. This is also in-line with the focus in improving the uptake of research outcomes by producers.

Policy focus areas

The Sheep Producers Australia Research, Development and Adoption (RDA) Policy Committee plays an integral role in strategically guiding the pathway forward for continued industry innovation. Overseeing service provider investment of the sheep and lamb transaction levy, the RDA Committee develops industry policy that maximises industry investment return, ensures best practice adoption frameworks are used and delivers the forward-thinking strategic vision for disruptive technology investment.

The Red Meat Panel

The Red Meat Panel is in place to provide strategic oversight of the MLA Regional Consultation Framework. Through this model, research priorities that are identified by grass-roots producers through regional committees and industry forums are consolidated by the Regional Advisory Councils (RACs): the WA Livestock Research Council, the Southern Australian Livestock Research Council, and the Northern Australian Beef Research Council. These research priorities are then developed into Terms of Reference (ToR) for MLA’s Annual Investment Call.

The Red Meat Panel is focused on ensuring that producers are continually consulted to ensure Research and Development priorities are being addressed and that outcomes remain relevant and impactful for industry. Sheep Producers Australia’s role in this process, with specific support and input of RDA Committee members, 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.

Leadership Network



Melissa Neal
Industry Leadership Manager

The Leadersheep Network was developed to accelerate the development of current and future leaders to ensure strong leadership for the long-term success of the Australian sheep industry. Sheep Producers Australia 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.



Core Leadership Programs

The Sheep Producers Australia Leadership Program accelerated in the second half of the year with delivery of major programs.

Focusing on online events this year through COVID-19, it has been more effective to deliver intensive immersion programs on Advocacy, Communication and Media, Advanced Negotiation Skills and Governance.

The quality of current and emerging leaders has been astounding and we are thrilled with the overwhelmingly positive feedback and ability to advance their professional development.

» **Advocacy, Communication and Media – Livestock Leaders**

- 3 days, 14 people
- Average overall satisfaction of 97%, with the main components scoring 4.5 for social media, 4.8 for shared values communication and 4.9 for media and interviews, each out of 5.

<https://sheepproducers.com.au/scholarships-advocacy>

» **Advanced Negotiation Skills – Scotwork**

- 5 days, 9 people
- Average overall satisfaction of 96%, increased knowledge and skill by 83% and 94% likely to recommend the program.

<https://sheepproducers.com.au/scholarships-negotiation>

» **Governance Essentials - Australian Institute of Company Directors**

- 14 applicants undertaking various program dates from April onwards.
- Each program consists of two live online sessions, plus 1-2 hours of home study over 4 weeks.
- Initial feedback has indicated the program is helpful in building awareness of governance, and applications has been keen to step into committee or board roles.

<https://sheepproducers.com.au/scholarships-governance>

» **National Agricultural Leadership Program**

- Sheep Producers Australia has selected and sponsored two young sheep industry representatives to undertake the 6-month National Farmers Federation Agricultural Leaders Program.

Leadersheep Online

Sheep Producers Australia has continued to invest into expanding the online learning and information series on offer, providing both a legacy resource, as well as topical information.

Videos have been created to explain industry structures, advocacy, how levies work for producers and some topical content. Further content is in development to be published next quarter (see below).

Find out more at Leadersheep Online:

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

Leadership Policy Experience

Part of the continuation of the leadership programs has been including past graduates of our leadership programs, as observers in the Sheep Producers Australia four Policy Committees.

This has been a fabulous opportunity for Young Leaders to gain exposure to and provide valuable contributions to sheep industry policy development.

Sheep Producers Australia continues involvement with the Global Sheep RoundTable to discuss and develop the two priorities: cultivating the next generation of producers and building the global sheep industry narrative.

The common themes presented by most nations included: sustainability, consumer perception, increasing domestic lamb education and consumption and building the next generation of sheep producers.

Sheep Producers Australia is leading the development of the Global Sheep Producers Next Generation Forum to be delivered early next year.

Preparing for Crisis

Sheep Producers Australia held a Crisis Simulation Workshop on 11 May 2021, to achieve the elements of the deliverables: focusing on best practice and adoption, liaising with industry, increasing awareness of industry issues, strategy, and programs.

Crisis management was identified by the Sheep Producers Australia Board as an area of risk that could be minimised by preparedness and scenario training. A small number of current Board and staff were involved in the 2019 Live Export crisis management, and this remains a skillset to build within the core team.

The ability for Sheep Producers Australia to effectively run a crisis response is fundamental to both the reputation of the sheep industry, and the company's reputation as the peak national body for the sheep industry. The existence of documentation for managing a crisis response has been in effect for some years, however, documentation has not been tested, or broadly understood.

In the event of a crisis, it is essential that the organisation can respond in a way that not only protects the organisation, but also the industry. The objectives of the Crisis Management Workshop were to:

- » Understand how to manage a crisis as a sheep industry (industry risk)
- » Understand whether the Board and team have the skills to respond (organisational risk)
- » Understand and learn from the Sheep Producers Australia Crisis Plan

The scenario greatly enhanced the understanding of the Crisis Plan and Sheep Producers Australia's role in different crisis categories. It highlighted improvements in preparedness for crisis response, which will be implemented towards the end of the 2021 calendar year. This was an extremely beneficial activity to undertake and valuable re-direction of funds to a critical area for industry.

Media and Communication

A focus of Sheep Producers Australia has been on enhancing membership and engagement through social media over the twelve months, expanding the company's key social media platforms to Facebook, Twitter, and LinkedIn.

Sheep Producers Australia Website

The **Sheep Producers Australia Website** is the best place to go for the latest current news and information on the organisation. Google Analytics is currently being activated 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.

Monthly Update

A monthly update, on current news and events is emailed to State Farming Organisations, Policy Committee members, and Board Members. The monthly update has had increasing engagement from its recipients in the last twelve months. The current monthly update audience demographic is over 65% male with an age ranging from 45 and over.

Chairman's Chat

Following each board meeting, Members are invited to join the Chairman's Chat where the Chair and CEO of Sheep Producers Australia provide an update on the latest activities and priorities. This briefing is a great way to enhance interaction between the peak body and its members, allowing for constructive feedback, and an invaluable opportunity for the organisation to understand more about Member activities and priorities.

Facebook

28-day activity and analytics June 2021

- » The SPA Facebook Page reach is up 24% (over 2,000 people), Page Likes are up 33%, Post Engagement is up 40%
- » Total views of the organisation's Facebook are consistent with MLA posts attracting high reach and views
- » Sheep Producers Australia consistently receives exposure to Facebook through Google searches and website referrals

 [SPA Facebook Page](#)

Twitter

91-day activity and analytics June 2021

- » The SPA Twitter account has 5,465 followers as of 21 June
- » Tweets earned 29.0K impressions over this 91-day period and top Tweets were Leadersheep
- » Usually, 4,000 to 6,500 impressions per post

 [SPA Twitter account](#)

LinkedIn

30-day activity and analytics June 2021

- » The SPA LinkedIn Profile has just been active for a month and is growing in visitors, followers, and impressions
- » The organisation's following is in its infancy with 372 followers, noting that there has been an 80% increase in the last month, and an engagement rate of 6.8%

 [SPA LinkedIn Profile](#)



Governance and Financial Reporting

Sheep Producers Australia is a company limited by guarantee. The seven SFO's are the members of the company and are:

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

The SFO's play an integral role in Sheep Producers Australia. There are six member elected directors on the organisations Board of Directors.

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.

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

Board of Directors

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

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 22).

As a skills-based board, the company 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.

The results of the 2021 Sheep Producers Australia Directors Skills Audit are reflected in table 1 on page 20.

Directors fees paid to the Independent Chair and the Independent member amounted to \$80,000 in total. The combined sitting fees paid to Member elected Board Directors amounted to \$24,800.

For more information on directors refer to the Directors' Report in the Sheep Producers Australia Limited Financial Statements for the year ended 30 June 2021.

Finance Audit and Risk Management Committee

During the financial year, the company'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. In January 2021 Robert Herrmann filled vacancy left by the departure of Ian McColl on FARMCo after his initial term was completed.

Risk Management Plan

The Board manages the organisations risk through a comprehensive Risk Management Plan. This plan identifies legal and compliance risk for the company as well as reputational, strategic, and regulatory risks that are faced by the sheep industry. The Risk management plan is managed and monitored by the Board through the FARMCo.

Personnel

Sheep Producers Australia has a small highly skilled dedicated workforce who manage the organisation's day-to-day operations of the company and implement the strategy set by the Board.

On 30 June 2021, five staff were employed in a blend of full-time and part-time positions.

2021 Director Skills Audit - Self Assessment Results (Table 1)

1. No quantifications 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)



Table 1: 2021 Director Skills Audit - Self Assessment Results

	Average
Livestock production	
On farm sheep production	4.0
Lot Feeding	3.0
Live Export	3.0
Supply chain	
Off farm processing	3.1
Global and domestic supply chains	3.7
Meat language / MSA / OCM	3.0
Integrity Systems	3.4
Marketing	
International trade	3.4
Domestic marketing / retail / brand management	3.8
Biosecurity	
Biosecurity systems	3.3
Research and development	
R & D / Extension / Adoption	4.1
Understanding RDC's	3.5
Understanding producer needs	4.4
Understanding processor needs	3.3
IP and Commercialisation	2.5
Policy & Advocacy	
Policy Development and Advocacy	3.6
Business management	
Governance	3.8
Developing strategy	4.5
Developing communication strategy	4.0
Executive Management	3.9
Project management	4.1
Crisis management	3.5
Change management	4.1
HR / WHS	3.3
Finance	
Financial competence	3.5
Risk management	4.0
Audit Internal / External	3.1
Strength of networks	
Industry engagement – CRC's / Uni's / Agribusiness	5.0
Stakeholder engagement Government / Department	4.6
Stakeholder engagement SFO	3.9
Stakeholder engagement RDC's / AHA / NRS	3.7
Stakeholder engagement producers	5.0
Stakeholder engagement processors	3.4

Sheep Producers Australia Limited Financial Statements

For the Year Ended 30 June 2021

ABN 21 256 252 885

Preface

These financial statements are to be read in conjunction with the specific activities described in the 2020-21 Annual Report.

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Directors' Report 30 June 2021

The Directors present their report on Sheep Producers Australia Limited for the financial year ended 30 June 2021.

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 Independent Chair	Reappointed November 2020
Dr Anne Astin	Independent Director	Reappointed November 2020
Mr Jamie Heinrich	Member Elected Director	
Mr Ian McColl	Member Elected Director	
Ms Belinda Murray	Member Elected Director	Reappointed November 2020
Dr Elizabeth Jackson	Member Elected Director	
Ms Allison Horswill	Member Elected Director	
Mr Robert Herrmann	Member Elected Director	Appointed November 2020

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

Company Secretary

Mr Stephen Crisp holds the position of Company secretary.

Principal activities

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

Key Objectives for 2021

- Continue the recovery of the Sheep Producers Australia Financial Position
- Implement completed Annual Operating Plan
- Commence Policy Council, resulting in Policy Development into RM30
- Devise and enact engagement policy with Industry Events
- Revise policy in accordance with first results from Sheep Sustainability Framework
- In consultation with RMAC and ICAU complete politician engagement plan

Performance Measures

- Target surplus of \$100,000 FY 2020/2021
- Outcomes measured as KPI's within Annual Operating Plan
- Complete Policy links into MLA (RM30) Taskforces
- Attend all major industry events in 2021/22 (Novel Coronavirus (COVID-19) permitting)
- Meet with key politicians and/or advisors

Members' Guarantee

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

At 30 June 2021 the collective liability of members was \$ 70 (2020: \$ 70).

Information on Directors

Mr Christopher Mirams Independent Chair

Qualifications
Diploma Financial Markets
Diploma Farm Management
Graduate of the Australian Institute of Company Directors
Graduate Australian Rural Leadership Program

Experience

Art Partners Australia: Partner
Chris Mirams & Associates: Partner
Graham Centre Industry Advisory Panel
North East Water Corporation: Director
Red Meat Advisory Council: Director
Sheep Industry Health and Welfare Trust: Director
Sheep Industry Sustainability Framework: Board Member

Prior Experience

Alpine Valleys Community Leadership (name change): Deputy Chair
Eastern Murray Landcare Network: Chair
EverGraze: Chair
Holbrook Landcare Network: Chair
Integrity Systems Company: Director
Meat & Livestock Australia: Director
MLA Donor Company: Director
The Scots School Albury: Director
30-year professional career managing sheep and cattle stations

Information on Directors continued...

Dr Anne Astin AM PSM Independent Director

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

Experience
Dairy Food Safety Victoria Board (2017-2022): Chair
Good Shepherd Australia New Zealand Board (2019-2022): Chair
SafeFish Partnership (2017-2021): Chair
William Angliss Institute of TAFE Board (2014-2022): Chair

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

Prior Experience
Australian Dairy Farmers Ltd Audit and Risk Committee: Chair
Australian Institute of Food Science and Technology: Chair
Australian Industry Skills Council Food, Beverage and Pharmaceutical Industry Reference Committee: Chair
EnergySafe Victoria Audit and Risk Committee: Chair
Wellsprings for Women Inc: Chair
Health Star Rating Advisory Committee: Deputy Chair

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

Information on Directors continued...

Mr Jamie Heinrich Member Appointed Director

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

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

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

Mr Robert Herrmann Member Appointed Director

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

Experience
Mercado: Managing Director
Forty years of experience in all aspects of agriculture, including production, service delivery and development of business strategy.
Understanding of the challenges and opportunities of the sector.
Vast connections across producers and the agricultural industry.
Strong communication skills and ability to articulate and prosecute a point of view.
Ability to listen to other views, and to include and engage all participants in discussion

Information on Directors continued...

Ms Allison Horswill Member Appointed Director

Qualifications Member of the Australian Institute of Company Directors

Experience

Management role Trade and International Relations unit Tasmanian Government

Prior Experience

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

Dr Elizabeth Jackson Member Appointed Director

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

Experience

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

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

Former Experience

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

Information on Directors continued...

Mr Ian McColl Member Appointed Director

Experience

Cowra Shire Council Natural Resource Management Committee: Member
New South Wales Farmers Association (NSWFA): Executive Councillor
NSWFA Biosecurity Committee: Chair
NSWFA Sheepmeat Committee: Member
National Farmers Federation Farming Systems Committee: NSWFA representative
40 + years' experience managing a mixed livestock and crop production enterprise

Prior Experience

Central West Landcare: Board Member
Cowra Shire Council Natural Resource Management Committee: Chair
Mid Lachlan Landcare: Chair
National Farmers Federation Trade Committee: Member
NSWFA Agricultural Chemicals Committee: Chair
Red Meat Advisory Council: Board Member
Sheepmeat Council of Australia: President
Sheepmeat Council of Australia: Board Member

Ms Belinda Murray Member Appointed Director

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

Experience

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

Prior Experience

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

Operating results and review of operations for the year

Operating results

The profit of the company after providing for income tax amounted to \$136,107.
(2020: deficit of \$78,241).

Review of Operations

A review of the operations of the company during the financial year and the results of those operations show a profit of \$136,107.

Other Items

Matters or circumstances arising after the end of 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.

Meeting of Directors

During the financial year, 8 meetings of directors were held.
There was 100% attendance by Board Directors.

Director	Eligible to attend	Board Meetings Attended
Mr Chris Mirams (Chair)	8	8
Dr Anne Astin	8	8
Mr Jamie Heinrich	8	8
Mr Robert Herrmann	4	4
Ms Allison Horswill	8	8
Dr Elizabeth Jackson	8	8
Mr Ian McColl	8	8
Ms Belinda Murray	8	8

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 26 of the financial report.

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



Director
Mr Chris Mirams
Dated 18 August 2021



Director
Dr Anne Astin
18 August 2021

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 2021, 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 2021 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).

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

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

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

Responsibilities of Directors for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

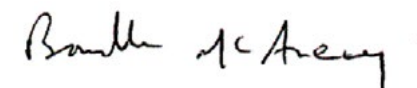
We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

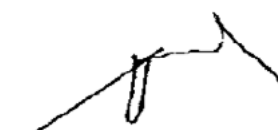
detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Bandle McAneny & Co



Anthony J Bandle FCA
Partner

Canberra
Dated 18 August 2021

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2021 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 18 August 2021



Dr Anne Astin
18 August 2021

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
Revenue	1,477,474	1,476,133
Investment income	1,994	9,190
Board and Committee expenses	(163,420)	(278,126)
Subscriptions	(35,417)	(28,692)
Project expenses	(167,940)	(166,945)
Operating Expenses	(130,049)	(162,711)
Employment expenses	(760,186)	(854,843)
Property Operating expense	(68,059)	(65,330)
Finance expenses	(397)	(472)
Depreciation	(17,893)	(6,445)
Surplus/(deficit) for the year	136,107	(78,241)
Total comprehensive income for the year	136,107	(78,241)

Statement of Financial Position As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	167,999	216,963
Trade and other receivables	6	461,273	446,416
Financial assets	7	450,000	450,000
Other assets	8	37,219	34,104
TOTAL CURRENT ASSETS		<u>1,116,491</u>	<u>1,147,483</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9(a)	7,246	9,458
Right of use asset	9(b)	727,410	23,791
TOTAL NON-CURRENT ASSETS		<u>734,656</u>	<u>33,249</u>
TOTAL ASSETS		<u>1,851,147</u>	<u>1,180,732</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	65,104	99,243
Employee benefits	11	38,532	70,028
Contract liabilities	12	189,188	195,453
TOTAL CURRENT LIABILITIES		<u>292,824</u>	<u>364,724</u>
NON-CURRENT LIABILITIES			
Contract liabilities	12	606,208	-
TOTAL LIABILITIES		<u>899,032</u>	<u>364,724</u>
NET ASSETS		<u>952,115</u>	<u>816,008</u>
EQUITY			
Retained earnings		952,115	816,008
TOTAL EQUITY		<u>952,115</u>	<u>816,008</u>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Statement of Changes in Equity For the Year Ended 30 June 2021

2021	Retained earnings \$	Total \$
Balance at 1 July 2020	816,008	816,008
Surplus/(deficit) attributable to members of the entity	136,107	136,107
Balance at 30 June 2021	<u>952,115</u>	<u>952,115</u>
2020		
Balance at 1 July 2019	894,249	894,249
Surplus/(deficit) attributable to members of the entity	(78,241)	(78,241)
Balance at 30 June 2020	<u>816,008</u>	<u>816,008</u>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and funding bodies	1,354,008	1,431,469
Payments to suppliers and employees	(1,337,761)	(1,643,886)
Interest received	2,689	14,243
Net cash provided by/(used in) operating activities	16 18,936	(198,174)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from part redemption of term deposit	-	95,713
Purchase of property, plant and equipment	9(a) (16,468)	(552)
Net cash provided by/(used in) investing activities	(16,468)	95,161
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of lease liabilities	(51,432)	(59,355)
Net cash used in financing activities	(51,432)	(59,355)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	(48,964)	(162,368)
Cash and cash equivalents at beginning of year	216,963	379,331
Cash and cash equivalents at end of financial year	5 167,999	216,963

Notes to the Financial Statements For the Year Ended 30 June 2021

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

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

Basis of preparation

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

Summary of significant accounting policies

(a) Income tax

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

(b) Revenue and other income

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

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

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

Subscriptions

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

Revenue from contracts with project funding bodies

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

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

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

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

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

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

(c) Revenue and other income

Other income

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

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

(e) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

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

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

(f) Financial instruments

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

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

Financial assets

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

Financial liabilities

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

Impairment of financial assets

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

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

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

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

(g) Impairment of non-financial assets

At the end of each reporting period the company determines whether there is 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 amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangible assets

Amortisation

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

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

(i) Cash and cash equivalents

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

(j) Employee benefits

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

(k) Leases

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

This involves an assessment of whether:

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

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

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

(k) Leases continued...

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

3 Revenue and other income

(a) Revenue from continuing operations

	2021 \$	2020 \$
Operating		
State Farming Organisation Memberships	104,148	104,148
Red Meat Advisory Council Distributions	220,662	277,665
Project Income	1,109,272	984,950
Australian Government COVID-19	37,500	100,000
Other Income	5,892	9,370
	<u>1,477,474</u>	<u>1,476,133</u>

(b) Investment income

Interest received	1,994	9,190
	<u>1,994</u>	<u>9,190</u>
TOTAL INCOME	<u>1,479,468</u>	<u>1,485,323</u>

4 Result for the year

The result for the year includes the following specific expenses:

Depreciation and amortisation:

Depreciation – property, plant and equipment	17,893	6,445
Depreciation – Right of use asset	48,879	57,108
	<u>66,772</u>	<u>63,553</u>

5 Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	167,999	216,963
	<u>167,999</u>	<u>216,963</u>

(a) Reconciliation of cash

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

Cash and cash equivalents	167,999	216,963
	<u>167,999</u>	<u>216,963</u>

6 Trade and other receivables

CURRENT

Trade receivables	461,195	395,643
Interest receivable	78	773
Australian Government Cash Flow Boost	0	50,000
	<u>461,273</u>	<u>446,416</u>

7 Financial assets

CURRENT

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

8 Other assets

CURRENT

Prepayments	37,219	34,104
	<u>37,219</u>	<u>34,104</u>

9(a) Property, plant and equipment

PLANT AND EQUIPMENT

Property, plant and equipment

At cost	42,336	30,503
Accumulated depreciation	(35,090)	(21,045)
Total furniture and equipment	<u>7,246</u>	<u>9,458</u>
Total property, plant and equipment	<u>7,246</u>	<u>9,458</u>

9(a) Property, plant and equipment continued

Movements in carrying amounts

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

	Property and equipment \$	Total \$
Year ended 30 June 2021		
Balance at the beginning of year	9,458	16,738
Additions	16,468	552
Disposals	(787)	(1,387)
Depreciation expense	(17,893)	(6,445)
Balance at the end of the year	<u>7,246</u>	<u>9,458</u>

9(b) Right of use asset

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

AASB 16 related amounts recognised in the balance sheet:

Right of use asset leased premises	752,498	80,899
Accumulated depreciation	(25,088)	(57,108)
Total right of use asset	<u>727,410</u>	<u>23,791</u>

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

Depreciation charge relating to right of use asset	48,879	57,108
Interest expenses on lease liabilities	6,790	2,870
Total	<u>55,669</u>	<u>59,978</u>

10 Trade and other payables

CURRENT

Trade payables	979	2,967
GST payable	(1,983)	33,709
Accrued expenses	27,024	9,352
Payroll liabilities	39,084	53,215
	<u>65,104</u>	<u>99,243</u>

11 Employee benefits

	2021	2020
	\$	\$
CURRENT		
Long service leave	-	23,059
Annual leave	38,532	46,969
	<u>38,532</u>	<u>70,028</u>

12 Contract liabilities

CURRENT		
Department of Agriculture Water and Environment	63,127	171,040
Lease Liability – Right of use asset	126,061	24,413
	<u>189,188</u>	<u>195,453</u>
NON-CURRENT		
Lease Liability – Right of use asset	606,208	-
	<u>795,396</u>	<u>195,453</u>

13 Key management personnel remuneration

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

The total remuneration paid to key management personnel of the company is \$295,861 (2020 \$342,956).

14 Related parties

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

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

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

(b) Transactions with related parties

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

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

15 Contingencies

In the opinion of the directors, the company did not have any contingencies on 30 June 2021. (30 June 2020:None).

16 Cash flow information

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

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

	2021	2020
	\$	\$
Surplus/(deficit) for the year	136,107	(78,241)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation, lease depreciation and interest expense on right of use assets	73,562	66,423
- net loss on disposal of plant and equipment	787	1,386
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(14,857)	157,403
- (increase)/decrease in other assets	(3,115)	(5,961)
- increase/(decrease) in trade and other payables	(34,139)	(156,400)
- increase/(decrease) in contract liabilities	(107,914)	(197,014)
- increase/(decrease) in employee benefits	(31,495)	14,230
Cash flows from operations	<u>18,936</u>	<u>(198,174)</u>

17 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 2022 annual financial statements.

18 Property Operating Expenses

Sheep Producers Australia Limited holds the sublease to the commercial office space it occupies at 28 National Circuit, Forrest ACT 2603. In concert with the sublease, the company holds three Deeds of Underlease for the commercial office space. These Deeds are held with Red Meat Advisory Council, Australian Livestock Exporters Council and Meat and Livestock Australia.

The amounts reflected in the Property Operating Expenses are the direct property operating costs associated with the operations of the company.

19 Statutory information

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

Sheep Producers Australia Limited
The Burns Centre
Level 2
28 National Circuit
Forrest ACT 2603



Chartered Accountants

Suite 2d, 1st Floor
18 Napier Close
DEAKIN ACT 2600
PO Box 52, DEAKIN WEST ACT 2600
AUSTRALIA

Ph: (02) 6282 3341
Fax: (02) 6282 3342
Email: banmca@interline.com.au
ABN: 87 955 412 345

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 2021, there have been:

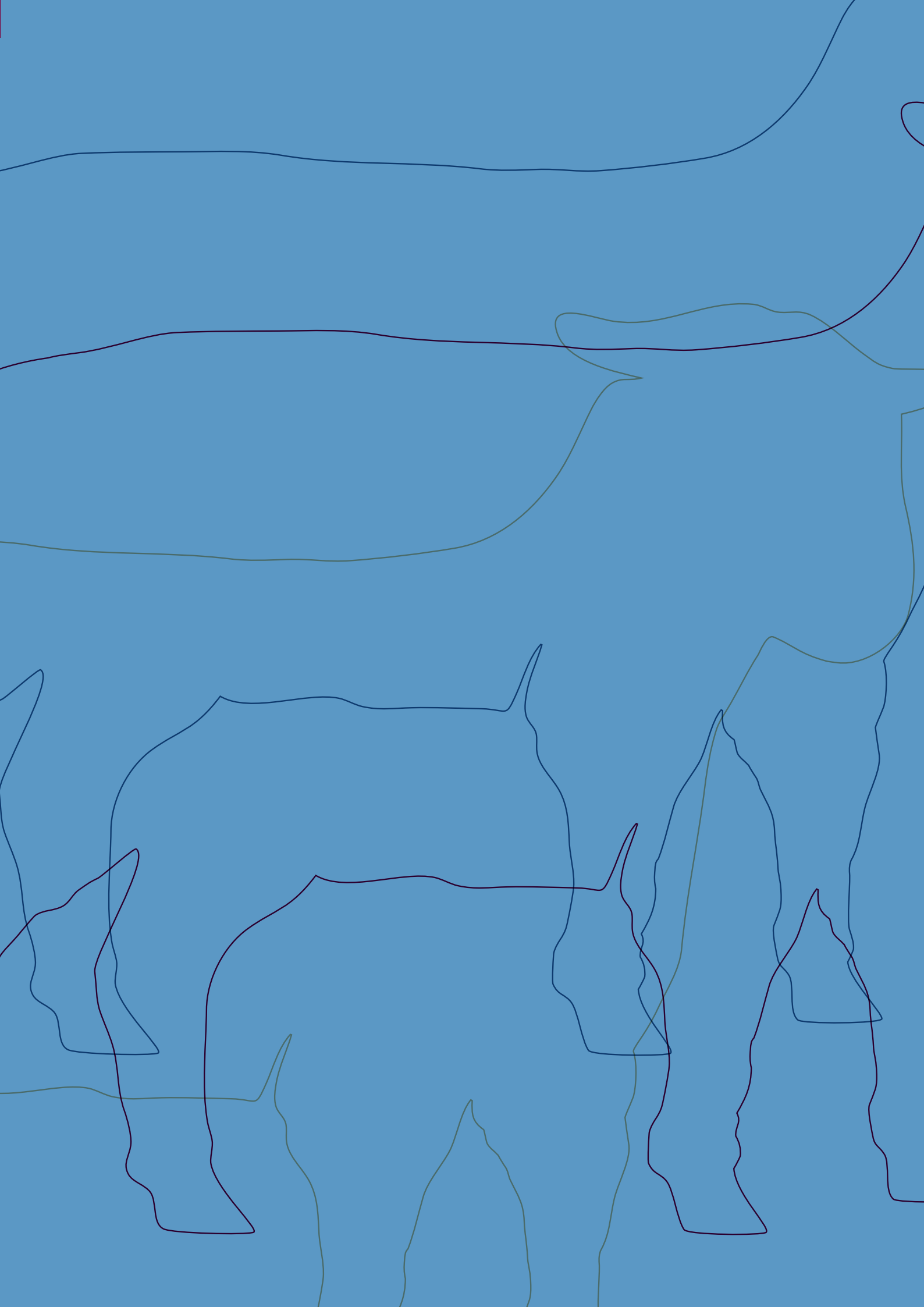
- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Bandle McAneney & Co

Anthony J Bandle FCA
Partner

Canberra

Dated 18 August 2021



CONTACT

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