

SHEEP
PRODUCERS
AUSTRALIA



SHEEP
PRODUCERS
AUSTRALIA

2018-19
Annual Report

Contents

INTRODUCTION	3
CHAIR'S REPORT	4
CEO'S REPORT	6
POLICY KEY ACHIEVEMENTS AND ACTIVITIES	8
POLICY AREA: Marketing, market access and trade	8
POLICY AREA: Product integrity	12
POLICY AREA: Animal health and welfare	14
POLICY AREA: Research, Development & Adoption	16
SPA Leadersheep Network	16
GOVERNANCE AND FINANCIAL REPORTING	19
Sheep Producers Australia Financial Statements	22

INTRODUCTION

Sheep Producers Australia (SPA) is the peak industry council for Australian sheep and lamb producers.

SPA works to enhance the productivity, profitability and sustainability of the Australian sheep and lamb industry by representing all producers to industry decision-makers and stakeholders, with the goal of positioning the industry for future success.

SPA is the industry voice on issues that affect sheep production businesses. SPA advocates for better business outcomes, monitors investment of producer levies and seeks to improve information flow up and down the value chain.

As SPA is the custodian of the Sheep Industry Strategic Plan (SISP) 2015-20, it has been delivered in consultation with industry and government.

Partners integral to SPA's success are:

- Members – the state farming organisations (SFOs) including Agforce, Livestock SA, NSW Farmers, Pastoralists and Graziers Association of WA, Tasmanian Farmers and Graziers Association, Victorian Farmers Federation Livestock, WA Farmers;
- Service providers – Animal Health Australia, Integrity Systems Company, Meat & Livestock Australia and National Residue Survey;
- Industry partners – Australian Meat Industry Council, National Farmers Federation, Red Meat Advisory Council (RMAC), SAFEMEAT and WoolProducers Australia (WPA); and
- The Australian Government and numerous other industry stakeholders and agricultural partners.

SFOs play an integral role in SPA in recommending potential board directors to the selection process as well as providing members for committees, which enables a diversity of producer and industry insight which supports robust policy setting and decision-making processes.

CHAIR'S REPORT

I am pleased to present Sheep Producers Australia 2018-2019 Annual Report.

SPA has continued to support the sheep industry during a year of unprecedented challenges and opportunity. The unrelenting drought has weighed heavily on many parts of Australia and continues to affect many families and regions. The drought has continued to put pressure on our national flock and we have the smallest sheep flock in more than 120 years, ironically at a time when we have unprecedented global demand for our lamb and sheepmeat. The decline in the New Zealand flock and the effect of African Swine Fever is reflected in strong prices and lamb at 800 cents per kilogram and mutton at 575c/kg puts the price in the top 98th and 98.6th percentile respectively.

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

One of the major risks facing SPA is the funding of our operations. The board has invested significant time and money in upgrading our financial management systems, risk management and board and operational policies and is actively exploring new ways to create a secure diversified income stream.

SPA is proud to have strongly contributed to two very important projects being undertaken by RMAC I – the review of the Red Meat Memorandum of Understanding (MoU) and the development of Red Meat 2030. SPA has organised many strategy workshops for its stakeholders and challenge groups, to keep levy payers engaged and to help us inform our position as we represent you at the RMAC table. These are one in 20-year and one in 10-year events and to have them running concurrently has weighed heavily on our time and financial resources, however our input is vital and highly valued.

The SPA board is also very proud to have led a strong collaborative effort to establish the Sheep Sustainability Framework, which is an important initiative to ensure our ongoing market access. The governance structure has been established, with SPA and WPA board members making up the board and an independent chair. A working committee has had its first meeting and includes a spectacular group of industry leaders from across the whole supply chain. We thank Meat & Livestock Australia (MLA) and Australian Wool Innovation (AWI) for the funding and secretariat that enables the project.

SPA is currently developing Sheepmeat 2030. This is a project designed to work collaboratively with our stakeholders and particularly with our research and development corporations to inform the strategic investment priorities for the sheepmeat industry. One of the major themes will be growing the flock.

“The Sheep Sustainability Framework is about the Australian sheep industry getting on the front foot. We need to know where we are, and where we are going in terms of the collective meaning of sustainability of the environment, animals and people within our communities. This work will ensure our product meets the expectations of our consumers and broader society.”

**- Mark Wootton, Jigsaw Farms,
Hamilton, Vic**

Following the 2018 board selection process, a number of concerns were raised by our members about the make-up of the selection committee. The SPA board commissioned a team of member representatives, a SPA board member and an independent chair, to lead a review. The team made recommendations that required a change in the constitution. Following appropriate due diligence, resolutions were drawn up, an Extraordinary General Meeting called and the changes were made in time for this year's board selection process, which I am pleased to say worked very well.

The boards of SPA and WPA established a joint taskforce to explore a new model for sheep representation, which would see the two organisations become one. The taskforce and its participants worked very well together, however it failed to create a simple model that either board embraced. Both boards thought it prudent to park the discussions for the time being, while the MoU and RDC reviews are creating so much uncertainty in our space.

SPA's CEO, policy officers, policy groups and committees continue to do the heavy lifting in the organisation's operations in debating issues and developing policy and informing the board on subjects that require strategy development. The board extends its sincere thanks to all of you who contribute your time and insights to the workshops, policy groups, challenge groups and committees and taskforces SPA operates.

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

The board wishes you a happy Christmas and is looking forward to 2020, a year we believe of unprecedented opportunity for the sheepmeat industry and for SPA as well.

Chris Mirams
Chair

CEO'S REPORT

Sheep Producers Australia Board, staff and volunteers are passionate about what they do for the Australian sheep industry. It has been a busy 2018-19 with the organisation working on many important challenges and opportunities.

One of the largest challenges facing all organisations involved in service delivery for the sheep industry is the continued decline in the sheep flock. National sheep numbers have fallen to about 65 million head and while drought is a major contributing factor, SPA is working with a number of organisations to better understand other causes for the flock decline. This is a first step to then being able to develop new strategies to firstly slow the decline and then reverse it. Like many organisations, SPA wants to see a strong and growing sheep flock which underpins Australian production.

While Australia can be a land of weather extremes, SPA is concerned about the long-term effects of this severe drought on both individuals and families in many parts of the country. There is definitely a need for Australia to undertake longer-term planning and drought mitigation strategies, including a national research and innovation effort to develop new technologies to use dwindling supplies of water in many parts of the country more effectively and efficiently.

SPA has invested a great deal of time this year into initiatives which will guide the future of the sheep industry. It has been actively involved in the development of the Meat Industry Strategic Plan, developed a strong submission and ongoing engagement in relation to the Red Meat MoU and assisted EY in its review of the Australian agricultural research and development capabilities. These pieces of strategic planning are important yet infrequent and so have taken significant time and resources to participate in and respond, while we continue the 'business as usual' policy and advocacy work.

In terms of specific highlights for 2018-19, SPA played a leading role in working with the Federal Department of Agriculture, farmers and industry with regards to live sheep exports. We formed a technical group to advise and shape SPA's submission to government on appropriate regulations and subsequently, our successful engagement with the department on this and other issues.

Representatives from SPA visited the Middle East and the Gulf States to experience the opportunities and challenges that these markets present Australian producers. Insights from this trip were instrumental in shaping and guiding our efforts in advocating for the trade as well as helping producers and industry understand the changes and opportunities presented in these markets.

SPA also helped facilitate a number of Western Australian farmers and sheep industry representatives to deliver their message on the importance of the sheepmeat industry, especially the live sheep supply chain to all manner of politicians and advisors in the lead up to the federal election. These meetings were successful and reinforced our strategy of personally engaging on this issue.

The implementation of the new lamb definition was a major achievement in 2019. In collaboration with AMIC, SPA set about ensuring both domestic regulation and export legislation was in place to allow a smooth transition for the industry. This has already reduced 'waste' in the supply chain, and improved confidence for producers finishing their lambs.

This report outlines the full breadth and range of issues which SPA has been working on in 2018-19. Some of those include:

- Implementing the national change in lamb definition;
- Leading the development of a new collaboration of industry stakeholders focused on boosting on-farm sheep reproductive rates through improved uptake of current extension tools and identification of knowledge or research gaps;
- Working with industry to understand how sheep traceability can be further improved; including hosting two trips to observe Victoria's electronic identification system in action;
- Facilitating trips between Australia, New Zealand and the United States to build goodwill between each country and understand production, trade and consumption opportunities and challenges, particularly important in light of market access and global trade tensions; and
- Working with WPA to develop a national sheep biosecurity strategy, the first of its kind among Australian agricultural industries for a unified, accountable and progressive framework.

Notably, our achievements of 2018-19 have taken time, effort and resources and require a continual commitment day-in, day-out, to engage with decision-makers amongst a broad range of important stakeholders. For example, SPA would not have achieved what we did for live sheep exports without strong relationships, which take time and effort to build.

Internally, it has been a year of reviewing our activities and planning for our future. In the midst of these large and industry-defining pieces of strategic work for the red meat sector, SPA has been working on developing a new organisational strategic plan. This work defines our future approach, articulating where and how we deliver benefit for our members and the Australian Sheep Industry.

While planning for our future, SPA has continued to improve its internal operating environment by strengthening its financial systems and reviewing and improving core policies and human resource practices. This is important, to ensure we are an employer of choice in a competitive market.

SPA has high quality people who put in extraordinary hours and effort to ensure producers and the broader industry are more sustainable and profitable. I would like to take this opportunity to thank the SPA Board and staff and all the people who contribute to the organisation for their continued dedication to improving our industry for the benefit of all.

In the meantime, SPA wishes you, your family and your organisation an enjoyable Christmas and we look forward to working with you in 2020.

Graham Smith
Chief Executive Officer

KEY POLICY ACHIEVEMENTS AND ACTIVITIES

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

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

- Marketing, Market Access and Trade;
- Product Integrity;
- Animal Health and Welfare (AHW); and
- Research, Development and Adoption

Policy Committees comprise one person from each state, one board director, up to one individual member and up to one person who need not be a member (who may be co-opted for skills and experience). Policy committees consider matters in detail and make recommendations to the board for approval. The final decision on all policy matters rests with the SPA Board in the best interests of the entire industry.

In 2018-19, SPA has increased its collaborative development on policy, organising teleconferences and meetings direct with SFO policy teams. This has ensured broad and timely input to a number of ongoing submissions, in particular live sheep export. Updates from these teleconferences and directly from the Chair or CEO are forwarded to key contacts at SFOs, for distribution throughout their team.

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

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

POLICY AREA: Marketing, market access and trade

Marketing, Market Access and Trade Committee

Chair: John Wallace, WA

Members: Alan Rae, Qld; Chris Kemp, NSW; Graeme Maher, Vic; Allison Horswill, Tas; Allan Piggott, SA; Mark Inglis, independent; Leith Tilley, young leader; Elizabeth Jackson, Board.

SPA Policy Manager: Stephen Crisp

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

Live sheep exports

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

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

SPA consulted extensively with Livecorp but also required additional evidence from experts in the field to inform our position on behalf of producers. For this reason, SPA established a Technical Advisory Group, comprising five members including nationally and internationally experienced veterinary and livestock scientists, an experienced live exporter and a specialist in agribusiness and community development. It provided independent advice on the science of wet bulb temperature (WBT) and factors that affected the level of heat on a vessel and its impact on animal welfare. This work included considering animal welfare indicators, with panting scores becoming one of the main areas of focus.

SPA received feedback that the Department appreciated SPA's efforts to find evidence-based solutions regarding when and how sheep should be transported for live export. SPA combined this with the knowledge gained around in-market conditions from a study with Livecorp and MLA, undertaken in May 2018. This activity has provided real value to the Australian sheep industry, not only in Western Australia and South Australia from where the sheep are sourced, but for the broader market in Australia. SPA's consideration of how various policy options would impact the market provided valuable input into questions surrounding animal welfare and how it is managed in the sheep industry.

"The Live Export Technical Advisory Group was a turning point in ensuring that industry was pursuing regulatory changes that were based in science and would deliver animal welfare improvements, without relying heavily on assumptions or indirect measures. I am passionate about explaining what the role of live export is in sustaining wheatbelt communities like mine. I was part of the SPA delegation to Canberra and met with politicians from all over the nation and political spectrum and had genuine discussions about what the future holds. For some, it was the first time they had agreed to receive a live export delegation."

- Sue Middleton, WA farmer and agribusiness leader

Lamb definition changes

SPA was instrumental in putting together the initial consultations around the change in Australia's definition of lamb, in addition to working with industry partners to ensure a successful transition. During 2019, SPA worked closely with the Australian Meat Industry Council (AMIC) and AUS-MEAT to roll-out the change. This included gaining approval of the Australian Meat Industry Language Steering Committee and then working through the legislative and regulatory requirements for the change to progress smoothly across Australia.

Firstly, the Department was approached to change the industry's export orders, which required legislative change. Initially, this was anticipated to be challenging given the multiple organisations involved. Constant communication and cooperation between SPA, AMIC, the department and Minister's office ensured it occurred smoothly, and an announcement was made at MLA's Red Meat 2018, which was received positively.

New South Wales and Western Australia have state regulations for the definition of lamb, which mirrored the previous export orders. AMIC took the lead, with letters of support provided by SPA, to have the regulations changed in time for a July 1, 2019, changeover. Unfortunately, progress was slow with both SPA and AMIC making several representations to get the changes through in the months leading up to the intended changeover date. These efforts were successful.

This led directly to the final stages of the changeover, which included the training of staff at critical points of the supply chain, such as processors. There were continued announcements via service providers and SFOs to inform producers of the timing of the change and what it meant. MLA was of great assistance in providing much of the material and contacts required to maximise communication from industry.

There has been positive feedback from all sectors, including from some of the largest processors in Victoria and New South Wales pleased with the outcome for producers and the processing industry. The change has represented real value in the reduction of 'waste' in the lamb supply chain, with animals which have just broken their teeth not being re-graded as mutton or hogget. It represents a tangible benefit to producers, who can finish their lambs without the risk that a few will have teeth erupt, consumers, who will have more consistent access to the same high quality products, and provides additional confidence to store buyers and processors, which will be reflected in their calculations regarding what is affordable for lamb purchases.

"We run a large-scale lamb feedlot finishing around 55,000 lambs across 12 months of a year. To keep our markets, we need to maintain continuous supply which has historically resulted in large numbers of unintended hoggets. The change in lamb definition has provided us with an extra 2-3 weeks before being downgraded to the hogget price.

It has also allowed us to better identify lambs that are going to push up the adult teeth which gives us a few weeks to arrange sales. In terms of numbers, we estimate that the new lamb definition has saved us around 1,500 lambs that would have otherwise been sold as hogget. This year there was a \$2/kg difference and at 25kg average carcass weight equates to around \$75,000. This is a huge saving for us."

-Paul McGorman, Thornby Feedlot, Sanderston SA

Other policy focus areas

Mid-term SISP Review

SPA has overseen development and delivery of the Sheep Industry Strategic Plan (SISP) 2015-20. The SISP has been part of the long-term strategy and operational focus for the sheep industry and has been delivered in consultation with industry and government. SPA believes the SISP has assisted Australia to get the right product to the right overseas markets while simultaneously fulfilling the requirements of our important domestic market.

As part of a SISP review, the MMAT Committee focused on how MLA calculated its rates of return for industry promotion. A large amount of spending is concentrated on the Australia Day lamb campaign but there is also the broader picture of consumption levels in the domestic and export markets. The committee reviewed price increases in lamb and mutton through the lens of drought conditions and what can be done to keep lamb as a major part of the diet for Australians, despite a drop in per capita consumption forecast. The committee is supportive of the alternative preparations that MLA is pushing in a bid to utilise cheaper cuts and smaller portions.

Export markets

The MMAT Committee also reviews MLA's work in export markets, particularly on consumer insights and matching this against the type of marketing engaged in on behalf of industry in major and developing markets. This also involves monitoring the disruption caused by one-off but important external factors such as African Swine Fever and changes to market access.

SPA is represented on the Red Meat European Union Taskforce. The taskforce has regular discussion with the Department of Foreign Affairs and Trade (DFAT) representatives involved in the initial phases of the European Union Free Trade Agreement (FTA) negotiations. SPA has verified that DFAT officials are aware of the current issue of an inequitable quota split between Australia and our largest competitor, New Zealand, and the potential for this to continue as a result of Brexit negotiations. The committee has ensured continuation of communication between DFAT and UK officials, with SPA communicating with British officials about the export protocols usually included in FTAs.

MSA for sheepmeat

Meat Standards Australia (MSA) has the potential to deliver similar benefits to sheepmeat producers as it does to beef producers once it is strengthened by a cuts-based grading system. There is significant work underway with regard to intramuscular fat measurement and objective carcass measurement, which is overseen within the Product Integrity Committee. There is also the issue of eating quality around entire males and whether they should be accepted by MSA. To ensure the industry maintains its reputation, the MMAT Committee is gaining feedback regarding quality, marketing and animal welfare considerations to inform future decision-making.

Raising claims

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

POLICY AREA: Product integrity

Product Integrity Committee (PIC)

Chair: Bill O'Halloran, NSW

Members: Chris Patmore, WA; Chris Wallace Smith, Vic; Scott Counsell, Qld; George Nicholls, Tas; Mark Dennis, SA; James Corcoran, young leader; Michael Craig, Board.

SPA Policy Manager: Bonnie Skinner

Policy focus

SPA represents sheep producers by working with regulators and other industry organisations to ensure Australian sheepmeat products achieve the highest standards of food safety and quality from farm to consumer. SPA ensures product integrity through programs developed and administered through SAFEMEAT, MLA, Integrity Systems Company and National Residue Survey (NRS). SPA's PIC contributes to SPA's efforts to ensure Australia's commitment to meat safety and its internationally-recognised disease-free status is maintained through rigorous standards and accurate, reliable systems.

"Sheep Producers Australia provides valuable practical insight into sheep industry issues around the Integrity Systems Taskforce."

**- Dr Jane Weatherley, CEO,
Integrity Systems Company**

National sheep traceability

In 2018-19, SPA has been involved in activities to support enhancements to the National Livestock Traceability System (NLIS) for sheep and goats. Livestock traceability plays a key role in maintaining Australia's competitiveness in the global market and underpins trust among customers and consumers. The rapid traceability of sheep and sheepmeat is critical in order to facilitate swift responses by government and industry in the event of an emergency animal disease outbreak or food safety incident. Ongoing enhancement of the NLIS is required to ensure that it continues to meet customer expectations and safeguards producers in the event of an EAD outbreak.

In October 2018 and February 2019, SPA led industry tours to Victoria to observe the use of individual electronic identification (EID) technology in farms, saleyards and abattoirs. A number of stakeholders attended the trips, including representatives from state farming organisation members, WPA, Australian Livestock and Property Agents, Goat Industry Council of Australia and AMIC. SPA published a report summarising key learnings from the trip.

Lamb feedlotting

In response to environmental conditions and large increase in demand for sheep, producers are investing in intensive lamb finishing systems. Finishing sheep in feedlots could be a growing alternative to even out supply to processors and there is also an opportunity to improve production efficiencies through breed selection, technology, feeding systems and nutrition.

In response to this increase, SPA initiated a joint project with MLA to update the National Procedures and Guidelines for Intensive Sheep and Lamb Feeding Systems, a key supporting extension manual for producers and targeted communication materials. The joint project will deliver recommendations for future industry investment regarding lamb feedlotting and containment area management given current industry status and knowledge gaps. SPA is exploring further areas for research, such as the relationship

between grain-feeding and eating quality and lamb growth and feed conversion efficiency as well as opportunities to collect more detailed data in relation to the emerging sector.

Other policy focus areas

Objective carcass measurement

SPA endorses the evolution of our value chains to support objective carcass measurement and incentives for behaviour on-farm which increases the value of lamb and sheepmeat. Through its involvement in key industry committees, SPA's key objectives in this area are to support the development of objective measurement technology for key quality traits both on-farm and in abattoirs. SPA provides industry representation at MLA's Objective Measurement Adoption and Commercialisation Committee which is overseeing the implementation of objective carcass measurement technologies, in particular DEXA (Dual-energy x-ray absorptiometry) technologies. In 2018-19, MLA supported the introduction of new DEXA systems at five lamb processing facilities at Bordertown, Brooklyn, Gundagai, Frewstall and WAMMCO International.

Residue monitoring

SPA works with the NRS to deliver meat residue monitoring programs that support international market access and to validate industry quality assurance programs. In doing so, NRS programs help confirm Australia's status as a producer of safe food, facilitating access to key domestic and export markets. In 2018, SPA coordinated a project detailing the number and nature of chemical products currently used in the sheep industry. This information will ensure that residue monitoring programs are effectively targeted and continue to ensure sheepmeat exports satisfy Australian export certification and importing country requirements.

Policy register update

In 2018-19, the PIC updated its policy register to provide clarity on current SPA policy positions and to more effectively demonstrate the many issues for which SPA advocates within the portfolio. The committee analysed its key strategies and activities against the current SISP 2020 and its activity levels and key performance indicators. This work highlighted any areas for updating or formulation of new policy and will be used to assist communication priorities in 2019-20.

“SPA organised two study tours in November 2018 and February 2019 to inspect the Victorian EID system being implemented for NLIS (S&G). This gave the sheepmeat and wool committee representatives from each state farming organisation an excellent opportunity to see first-hand how the system operated. After viewing the system in operation, the SPA Product Integrity Policy Committee was able to develop a detailed and well-informed report to facilitate further industry discussion about a national EID traceability system.”

- Bill O'Halloran, NSW Farmers and SPA Product Integrity Policy Committee

POLICY AREA: Animal health and welfare

Animal Health and Welfare Committee (AHW)

Chair: Ian McColl, Board

Committee members: Tim Stevenson, WA; Paul Doneley, RDA; Jenny Bradley, NSW; Ben Duxson, Vic; Rupert Gregg, Tas; Anthony Hurst, SA; Stephanie Muir, young leader.

SPA Policy Manager: Will Oldfield

Policy focus

During 2018-19, the AHW Committee was active in the management of the implementation of the National Sheep Industry Biosecurity Strategy, oversight of the Sheep Reproduction RD&E Investment Review 2012-2019 and development of antibiotic prescribing guidelines for sheep and ongoing involvement in national wild dog management.

Sheep reproduction strategy

SPA led the development of a new collaboration of industry stakeholders focused on boosting on-farm reproductive rates through improved uptake of current extension tools and identification of knowledge or research gaps.

Improving on-farm reproduction rates is a key priority for Australian sheep producers and so SPA partnered with WPA, MLA, Australian Wool Innovation and Animal Health Australia to develop the Sheep Reproduction Research Development & Extension (RD&E) Strategy. The strategy identifies the best ways producers, peak industry councils (PICs) and research and development corporations (RDCs) can work together to improve all aspects of reproduction, including lamb survival. Advancements in this field will ultimately result in improvements in the productivity, profitability and sustainability of the sheepmeat and wool sectors.

The strategy has its origins in the Lamb Survival Working Group, which was established by SPA in 2018 to review national sheep reproduction rates and build awareness and capacity among producers regarding husbandry practices that will maximise lamb survival rates. Through the working group and extensive consultation with members and key industry stakeholders, SPA successfully advocated for the establishment of this new collaboration in 2019.

This work will continue in 2019-20 and the first development phase of the strategy will be an independent review of the benefits, costs and impacts of existing RD&E activities in sheep reproduction and lamb survival against key industry performance targets. Consultation with industry stakeholders will be conducted as part of this review process and the review, which is expected to be finalised in mid-2020, will include an assessment of areas for future industry collaborations and any remaining research and adoption gaps.

National biosecurity collaboration

During 2018, SPA and WPA developed the National Sheep Industry Biosecurity Strategy (2019-2024). The strategy, which is the first of its kind among Australian agricultural industries, provides an ambitious vision for a unified, accountable and progressive national biosecurity framework. The strategy seeks to facilitate the improvement of sound on-farm biosecurity measures while enhancing Australia's reputation as a producer of food and fibre that is safe and ethically produced.

SPA managed the development of a sheep industry biosecurity risk and gap analysis and an action plan to implement the strategy. With the strategy's formation complete, SPA has shifted focus to its smooth implementation, using the action plan as a guide. Following consultation with members, SPA pushed for the establishment of the National Sheep Industry Biosecurity Strategy Steering Committee, consisting of producer representatives, to help prioritise activities and provide recommendations to enable Animal Health Australia to deliver the strategy.

In early 2019, the steering committee endorsed SA as the initial implementation region for the strategy, which will inform a subsequent national roll-out. There was also agreement to support an additional extension resource in SA to assist implementation. The role will help sheep producers navigate through and implement sound biosecurity and animal health practices that help build healthy, profitable and sustainable farms. The long-term goal is to see an improvement in the uptake of on-farm and industry biosecurity standards to help sheep and wool producers remain competitive and build industry preparedness in case of an emergency disease or pest outbreak.

Other policy focus areas

Sheep health declaration revision

SPA played an integral role in coordinating revisions to the national Sheep Health Declaration (SHD) in an effort to streamline the document and increase use among producers. The SHD is a document which is recommended for sheep producers to help them capture and share health information related to a consignment of sheep.

The latest version of the declaration has less focus on Ovine Johne's Disease, following its national deregulation, but increases the amount of information recorded for footrot and offers more space to list treatments, including vaccinations, for other conditions. There is more space to include other information that producers may want to highlight, such as participation in active Regional Biosecurity Plan areas, or One Biosecurity for SA.

Antibiotic prescribing guidelines

During 2018-19, SPA committed to developing best-practice antibiotic prescribing guidelines for the sheep industry. Antimicrobial resistance is one of the top 10 global issues identified as a threat to human and animal health. The antibiotic prescribing guidelines for Australian veterinarians working with sheep required updating to ensure continued, responsible access to these important treatments.

In order to manage this, SPA has partnered with the Australian Veterinary Authority and other key industry stakeholders (WPA, MLA and AHA) to ensure the final product is both evidence-based and clinically relevant. The guidelines will be released in early 2020.

Animal husbandry pain relief

Suitable pain relief for animal husbandry practices is an ongoing priority for SPA and has led to consultation with other key industry stakeholders. SPA is committed to advocating that a range of suitable pain relief options must be available to enable producers to follow best practice pain management. SPA supports further research into pre and post local anaesthetic options for husbandry practices undertaken by sheep producers.

POLICY AREA: Research, Development & Adoption

Research, Development & Adoption (RDA) Committee

Chair: Bindi Murray, WA, Board

Members: Jeff Murray, WA (MMAT); David Young, NSW (AHW); Chris Gunn, Tas (AHW); Paul Doneley, Qld (AHW); Penny Schulz, SA (PI); Celia Scott, Vic (MMAT); and Murray Long, independent (PI)

SPA Policy Manager: Stephen Crisp

Policy focus areas

The RDA Committee is trialling a different arrangement by embedding RDA members in the other committees to tease out the most important RDA issues for each area as policies are developed and issues are discussed. The committee then meets three times a year in isolation to focus on the Red Meat Panel priorities and project calls in consultation with the Regional Advisory Committees arranged by MLA.

The Red Meat Panel

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

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

In four years of operation, the Red Meat Panel has guided the investment of grassfed beef and sheepmeat levies resulting in more than \$35 million of research, development and adoption projects. During this time, the project call process has resulted in more than 500 submitted preliminary proposals from 83 different applicant organisations and almost 50 contracted projects set to advance industry. SPA's role in this process is to ensure that the terms of reference and projects that flow from it are helping to deliver on national industry strategic issues, such as sheep reproduction, pain mitigation and sustainable land management.

SPA Leadersheep Network

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

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

SPA is proud of its leadership alumni, with key achievements including:

- 16 participants in governance training through Australian Institute of Company Directors;
- 47 producers and staff from state farming organisations attended SPA's Governance in Action workshops;
- 27 producers and industry personnel participated in the Sheep Industry Leadership Program, run by the Australian Rural Leadership Foundation; and
- Four young leaders attended two International Youth Ambassador Programs, which included delegates from the United States, New Zealand and Australia.

Leadership network

The SPA Leadersheep Network was formally launched at LambEx 2018 in August in Perth as part of the SPA Leadersheep Forum. Nearly 100 people attended the forum, which brought together some of the best speakers from across the globe as part of a vibrant and interactive program. The key sessions featured leading experts on building consumer trust and creating innovative change.

The forum outlined the range of opportunities and professional development on offer as part of the network. SPA also hosted finalists in the LambEx 2018 Young Guns Competition, which rewarded and encouraged young and upcoming producers, industry professionals and scientists to consider a future or ongoing career in the Australian lamb industry.

Learning modules

Support for the Leadersheep Network continued following the launch through development of learning modules published on SPA's website. SPA packaged content from sessions by Charlie Arnot and Jason Clarke at the Leadersheep Forum, including topics on communication and managing change. This content presentation will continue in 2019-20 with further modules developed on good governance and boards, improving business strategy and decisions, and lessons in leadership.

International ambassadors

In the lead-up to LambEx, SPA hosted the 2018 International Sheep Study Tour for 24 delegates from the US, New Zealand and Australia. The international program builds goodwill between the three countries and provides greater insight into the production systems of each, highlighting the differences and challenges and similarities and opportunities. The tour group included senior and youth representatives from each country and visited sites in Victoria, South Australia and Western Australia.

South Australian farmer Leith Tilley and Victorian research scientist Stephanie Muir were the winners of the 2019 Sheep Industry Ambassador Award. They travelled to New Zealand in March to attend the New Zealand Sheep Industry Ambassador Program. The program fosters and grows up and coming leaders in the sheep industry.

"Sheep Producers Australia was a valued strategic partner of LambEx 2018. SPA was instrumental in attracting international awareness of the event and was the driving force behind the large delegation of next generation sheep industry professionals who attended as part of their future leading training. SPA director Bindi Murray donated endless days of her time to chair the organising committee and oversee the largest LambEx yet. The SPA partnership with LambEx is a critical enabler and connector that helps deliver on the LambEx vision of bringing every segment of the Australian sheep and lamb industry together in one momentous event."

- Esther Jones, program director, LambEx 2018

The award included a five-day study tour hosted by Beef and Lamb New Zealand with visits showcasing the industry supply chain across the North and South Islands. This program creates a forum of young producers and industry leaders from the United States, Australia and New Zealand to share ideas, network and to broaden the understanding of sheep farming practices and importance of trade in agriculture in all three countries.

Leadership policy experience

Late in 2018-19, SPA instigated addition of a Leadership member aged between 30 and 40 years on each policy committee for a year to contribute industry knowledge while gaining first-hand exposure to policy development. The opportunity is for SPA Ambassadors or Sheep Industry Leadership Program alumni who have skills and experience in the technical area of the selected committee, although they may be new to the policy space. It recognises, includes and develops high potential emerging leaders and has added further strength to the skillset of policy committees. It will also assist with succession.

“SPA’s leadership programs have been a great opportunity for producers like me to not only develop skills helpful to my business but, importantly, develop networks and a wider understanding of the opportunities available in our growing industry.”

- John Gardner, SPA Leadership Program participant

Meat Business Women scholarships

SPA offered three scholarships to attend the inaugural Meat Business Women Networking event run by AMIC and Meat Business Women (MBW) to support and build female leadership capability for the industry.

Olivia Agar, Joanna Treasure and Belinda Lay joined SPA Industry Leadership Manager Melissa Neal in Melbourne for the event on Wednesday 3 April. The MBW event was the first of its kind in Australia, bringing together women from across the meat supply chain including processors, wholesalers, retailers and smallgoods manufacturers to help future proof the meat industry.

MBW targets women working within the post farm-gate meat supply chain with three key objectives:

- Develop the image, culture and landscape of the meat industry to make it more attractive to female talent;
- Nurture new female entrants into the sector through networking, education and mentoring; and
- Improve networking skills.

GOVERNANCE AND FINANCIAL REPORTING

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

- Agforce;
- Livestock SA;
- NSW Farmers;
- Pastoralists and Graziers Association of WA;
- Tasmanian Farmers and Graziers Association;
- Victorian Farmers Federation Livestock; and
- WA Farmers.

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

SPA is involved in priority setting for industry research and development and marketing activities both domestically and internationally as set out in the Red Meat Memorandum of Understanding. Under the MoU, SPA is responsible for oversight of the levy investment and for advising the Minister of Agriculture on the levy rate and distribution. SPA assesses the performance of services delivered by expenditure of lamb and sheep levies and works to ensure levy funds are clearly directed and that producers' best interests are met through the provision of RD&E, services, programs and marketing.

The objectives of SPA are to:

- Represent and promote the interests of Australian sheep and lamb producers;
- Carry out activities necessary for the advancement of the sheepmeat and live sheep export industries;
- Collect and disseminate information concerning the sheepmeat and live sheep export industries;
- Cooperate with industry stakeholders and organisations at the state and national level and overseas;
- Maintain interaction and cooperation with its members, relevant government departments and authorities at federal, state and local government levels, and with other relevant industry organisations;
- Promote the development and resourcing of the agricultural and pastoral industries of Australia;
- Act as the prescribed body for the sheepmeat industry in Australia within the Red Meat Industry MoU under the Act; and
- Oversee the implementation of the SISP 2020.

Board of directors

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

Member-elected directors are elected based on requirements set out in the Board Composition and Director Eligibility Policy, and after review by the Board Selection Committee. The office bearers are elected by the board.

In 2018-19, SPA's non-executive directors were:

- Chris Mirams, Chair and independent director, Dip Fin Mkts, Dip Fm Mgt, GAICD, ARLP, with special expertise in farm management, RD&E adoption and experienced non-executive director;
- Dr Anne Astin, independent director, Ph.D (Biochemistry), BSc (Hons) in Biochemistry, Grad Dip. Public Sector Management, MAICD with special expertise in food safety, food production, processing and regulation, and in governance;
- Michael Craig, B.Com, B.Int Bus, Dip Fin Mkts, GAICD, Nuffield Scholar with a specialised focus in on-farm innovation and creating effective market signals for value creating behaviour in sheepmeat value chains;
- Dr Elizabeth Jackson, BAg Bus (Hons I), MBA, PhD, GAICD, with special expertise in marketing and supply chain management;
- Jamie Heinrich, BBus (IntlBus), MAICD, Cert III Rural Operations, Level 2 AUS-MEAT Sheep Meat Specifications certificate, Nuffield Scholarship focusing on the "key factors to attract and retain young people in the sheep industry";
- Ian McColl; and
- Bindi Murray, BSc (Hons I), GAICD.

The Audit and Risk Committee reported to the board in 2018-19 and included Dr Anne Astin (Chair), Ian McColl and Bindi Murray. The committee has considered a range of issues about how SPA, as a company limited by guarantee, can improve its risk management and financial processes and procedures. Its internal financial processes were reviewed and a number of changes made to strengthen the financial management information system, including appointing a separate finance manager role and also the reconstitution of the chart of accounts to align with policy changes in Australian Accounting Standards Board (AASB) National Accounting Standards.

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

SPA management and staff

SPA has a small team of staff who manage the organisation's day-to-day operations and implement the strategy set by the board. On 30 June 2019, SPA employed the following people and positions:

- Graham Smith, Chief Executive Officer
- Stephen Crisp – Marketing, Market Access and Trade and Research, Development and Adoption Policy Director
- Bonnie Skinner – Product Integrity Policy Manager
- Will Oldfield – Sheep Health and Welfare Policy Manager
- Melissa Neal – Industry Leadership Manager
- Judy Taylor – Office Manager
- Tracey-Anne Leahey – Finance Manager

2019 SPA Board Skills Audit

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

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

Sheep Producers Australia Limited Financial Statements

Preface

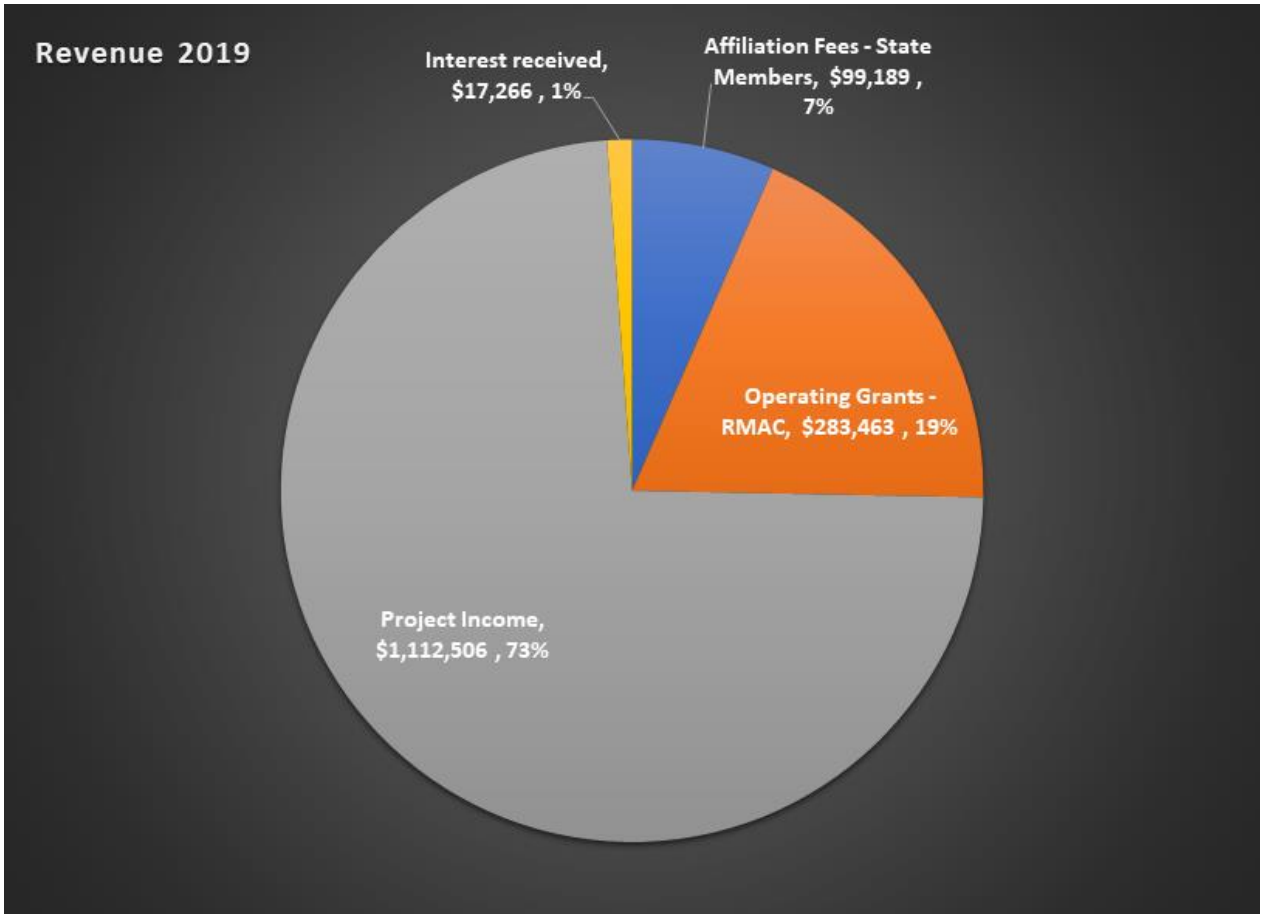
Throughout 2018-19, a significant amount of work was undertaken to update and strengthen SPA's financial structure and operations. The financial results presented are consistent with changes to the AASB National Accounting Standards and include a comparison to the previous financial year.

The SPA Audit and Risk Committee notes that the reconfiguration of the chart of accounts to implement these new standards as well as a number of one-off costs in the financial year have caused significant variation to the previous year, which may limit the insight provided by this comparison.

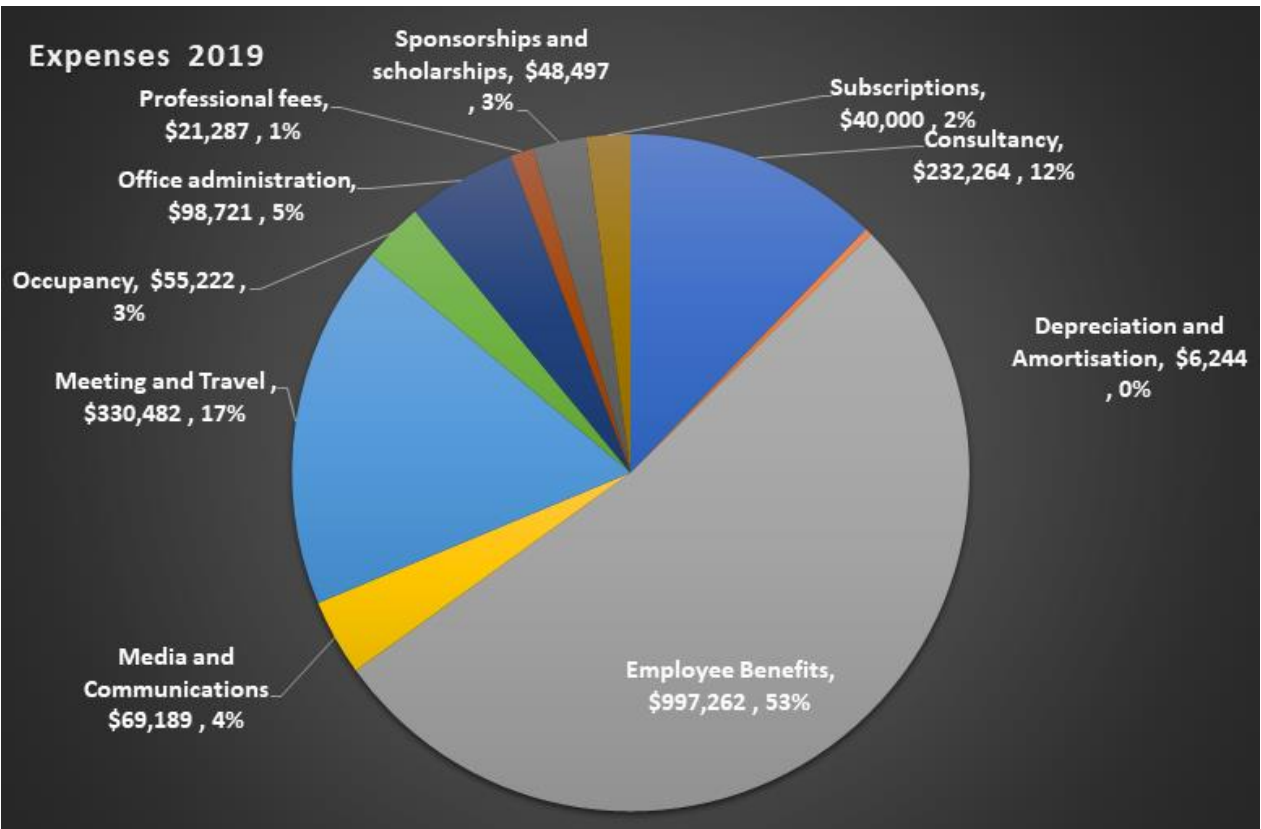
These one-off costs include SPA's need to engage in development of the MISP and the review of the MOU. There was also an increased workload to engage with and inform proposed regulatory and legislative changes to the live export of sheep, without a corresponding increase in advocacy revenue. The Board also completed its governance training target with all directors now having completed the AICD Company Directors Course in the reporting period

The following graphs provide a summary of SPA's revenue sources and expenditure incurred in 2018-19.

These financial statements are to be read in conjunction with the specific activities described in the 2018-19 Annual Report.



Expenditure Allocation 2018-19



Sheep Producers Australia Limited

ABN 21 256 252 885

Financial Statements

For the Year Ended 30 June 2019

Sheep Producers Australia Limited

ABN 21 256 252 885

Contents

For the Year Ended 30 June 2019

	Page
Financial Statements	
Directors' Report	1
Independent Auditor's Report	9
Directors' Declaration	12
Statement of Profit or Loss and Other Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	28
Disclaimer	29
Surplus and Loss Account	30

Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Report

30 June 2019

The directors present their report on Sheep Producers Australia Limited for the financial year ended 30 June 2019.

1. General information

Director information

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

Names	Position	Appointed/Resigned
Mr Christopher Mirams	Executive Chair	
Dr Anne Astin	Director	
Mr Michael Craig	Director	
Mr Jamie Heinrich	Director	
Mr Ian McColl	Director	
Ms Belinda Murray	Director	
Elizabeth Jackson	Director	Appointed 20 November 2018
Mr Allan Piggott	President	Resigned 20 November 2018

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

Company secretary

Graham Smith was appointed to the position of company secretary on 18 April 2019. Christopher Mirams held the position of company secretary at the beginning of the financial year until his resignation as secretary on 18 April 2019.

Principal activities

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

Key objectives for FY 2020

- Strengthen the organisations financial resilience and longer-term sustainability;
- Complete member engagement and feedback to finalise SPA's new strategic plan;
- Commence a long-term project with major stakeholders to reverse the decline in Sheep numbers;
- Participate in key Industry projects to implement Red Meat 2030;
- Develop a Sheep Industry Sustainability Plan;

Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Report

30 June 2019

1. General information

Key objectives for FY 2020

- Work with Industry to further improve Sheep Traceability.

Performance measures

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

- Improved financial performance for FY2019/20;
- Approval by the Board of the threeyear Strategic Plan before June 2020;
- Completion of Stage One of the Australian Sheep Supply Project;
- Involved in one Red Meat 2030 project;
- Project Team has met at least three times to further develop the Sheep Industry Sustainability Plan;
- Agreement reached with at least one State Farming Organisation as to the way forward in relation to Sheep Traceability.

Members' guarantee

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

At 30 June 2019 the collective liability of members was \$ 70 (2018: \$ 70).

Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Report

30 June 2019

2. Information on directors

Dr Anne Astin PSM

Qualifications

Independent Director

Doctor of Philosophy (PhD) in Biochemistry

Bachelor of Science with Honours in Biochemistry

Bachelor of Science in Chemistry

Graduate Diploma in Public Sector Management

Fellow of the Australian Institute of Food Science and Technology

Member of the Australian Institute of Company Directors

Experience

Non Executive Director (current)

- Dairy Food Safety Victoria Board (2017-2019) - Chair

- William Angliss Institute of TAFE Board (2014-2019) - Chair

- Food Agility Co-operative Research Centre (2016-2020) - Chair

- SafeFish Partnership (2014-2018) - Chair

- Catholic Social Services Victoria (2016-2019) - Councillor

- Australian Packaging Covenant Organisation (2016-2019) -

Director and Chair of Finance, Audit and Risk Management Committee

- Kildare Ministries (2017-2020) - Trustee

- New Zealand Food Safety Science and Research Centre -

International Science Advisory Panel (2016-2019) - Member

EnergySafe Victoria's Risk & Audit Committee (2011-2020) - Chair

- Health Star Rating Advisory Committee (2012-2019) - Member

- St Paul Apostle Finance Council (2005-present) - Member

- Banksia Environmental Sustainability Awards (2009-present) -

Judge

Non Executive Director (former)

- Australian Dairy Farmers Ltd (ADF) - Director

- ADF Audit and Risk Committee - Chair

- Australian Institute of Food Science and Technology - Chair

- Dairy Australia - Director

- Royal Botanic Gardens Melbourne - Director

- Wellsprings for Women Inc - Chair

- CSIRO Food and Agriculture Advisory Committee - Member

- Australia and New Zealand Implementation Sub-Committee for Food Regulation - Member

- Ministerial Women in Primary Industries Advisory Panel - Chair

Executive Management Experience

- Dairy Food Safety Victoria (2000-2011) - CEO

- Director Land Registry Victoria (1998-2000) - Executive Director

Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Report

30 June 2019

2. Information on directors

Mr Michael Craig

Qualifications

Director

Bachelor of Commerce

Bachelor of International Business/Asian Studies

Diploma in Financial Markets

Nuffield Scholarship

Graduate Australian Institute of Company Directors

Experience

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

Former experience

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

Elizabeth Jackson

Qualifications

Director

Bachelor of Agribusiness Marketing (Hons I)

Master of Business Administration

Doctorate of Philosophy (PhD) in Agribusiness

Senior Fellow of the Higher Education Academy (UK)

Graduate of the Australian Institute of Company Directors

Experience

- Senior Lecturer in Supply Chain Management (Curtin University)
- Senior Lecturer in Business Management (Royal Veterinary College, UK)
- Lecturer in Agribusiness (Newcastle University, UK)
- District Manager, CBH Group

Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Report

30 June 2019

2. Information on directors

Mr Allan Piggott

Qualifications

Experience

President

Diploma of Applied Science (Agriculture)
Graduate Australian Institute of Company Directors
MLA Media Training

- 40 years' experience as a self-employed Farmer & Grazier in the Mallee of South Australia
- President Sheep Producers Australia
- Chair SA Sheep Industry Blueprint Working Group
- Member of Livestock SA
- Member of Royal Agricultural & Horticultural Society Executive Council
- Member Pastoral Committee - RA&HS

Former experience

- Vice President Sheepmeat Council of Australia
- Chair SA Regional Committee of SAMRC
- Chair 2014 LambEx organising committee
- Meat sheep representative on SA Sheep Advisory Group
- Board member SA Murray Darling Basin Natural Resource Management Board
- Member of Envirofund State Assessment Panel
- Chairman of the Mallee and Coorong NRM Group
- Chairman Coorong District Soil Conservation Board
- Member of the Coorong Districts Local Action Plan Steering Committee
- Founding organiser of the SA Junior Sheep Expo
- Chair Pastoral Committee - RA&HS

Mr Christopher Mirams

Qualifications

Experience

Executive Chair

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

- Partner Chris Mirams & Associates
- Partner Art Partners Australia
- Graham Centre Industry Advisory Panel
- Director - Red Meat Advisory Council

Former experience

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

Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Report

30 June 2019

2. Information on directors

Mr Jamie Heinrich

Qualifications

Director

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

Experience

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

Former experience

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

Mr Ian McColl

Experience

Director

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

Former experience

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

Ms Belinda Murray

Qualifications

Director

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

Experience

- Owner/Director Kunmallup Pastoral Company
- Director WA Meat Industry Authority
- Executive Member Pastoralists & Graziers Association
- Director WA Sheep Alliance
- 2018 Lambex Organising Committee - Chair

Former experience

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

Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Report

30 June 2019

3. Operating results and review of operations for the year

Operating results

The deficit of the company after providing for income tax amounted to \$386,312 (2018: Surplus of \$19,719).

Review of operations

A review of the operations of the company during the financial year and the results of those operations show at deficit of \$386,312.

4. Other items

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Meetings of directors

During the financial year, 7 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance Risk & Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Christopher Mirams	7	7	-	-
Dr Anne Astin	7	7	4	4
Mr Michael Craig	7	7	-	-
Mr Jamie Heinrich	7	7	-	-
Mr Ian McColl	7	7	4	4
Ms Belinda Murray	7	7	4	4
Elizabeth Jackson	3	3	-	-
Mr Allan Piggott	4	4	-	-

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 28 of the financial report.

Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Report

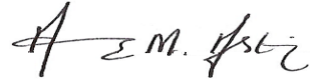
30 June 2019

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



Director:

Mr Christopher Mirams



Director:

Dr Anne Astin

Dated 13 November 2019

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 2019, 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 2019 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).

167 Brisbane Street
PO Box 1100
Dubbo NSW 2830

P 02 6884 6499
F 02 6882 6030
E infodubbo@boyceca.com

www.boyceca.com

Cooma Dubbo Goulburn Moree Wagga Wagga



Sheep Producers Australia Limited

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

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

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

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

167 Brisbane Street
PO Box 1100
Dubbo NSW 2830

P 02 6884 6499
F 02 6882 6030
E infodubbo@boyceca.com

www.boyceca.com

Cooma Dubbo Goulburn Moree Wagga Wagga



Knowledge. Insight. Experience.

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

We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Caroline Wilcher
Director
Boyce Assurance Services Pty Ltd

Dubbo
Dated 13 November 2019

167 Brisbane Street
PO Box 1100
Dubbo NSW 2830

P 02 6884 6499
F 02 6882 6030
E infodubbo@boyceca.com

www.boyceca.com

Cooma Dubbo Goulburn Moree Wagga Wagga



Sheep Producers Australia Limited

ABN 21 256 252 885

Directors' Declaration

The directors of the company declare that:

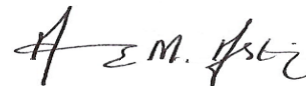
1. The financial statements and notes, as set out on pages 13 to 27, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2019 and of the 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.



Director

Mr Christopher Mirams



Director

Dr Anne Astin

Dated 13 November 2019

Sheep Producers Australia Limited

ABN 21 256 252 885

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Revenue	3(a)	1,495,158	2,320,540
Other income	3(b)	17,266	16,285
Consultancy fees		(232,264)	(469,199)
Depreciation and amortisation	4	(6,244)	(11,388)
Employee benefits expense		(997,262)	(862,942)
Insurance		(4,403)	(5,873)
Loss on disposal of assets		(67)	(1,218)
Media and communications		(69,189)	(40,333)
Meeting and travel expenses		(330,482)	(466,305)
Occupancy costs		(50,819)	(55,985)
Office administration expenses		(86,183)	(46,651)
Professional fees		(21,287)	(21,380)
Promotions, sponsorships and scholarships		(48,497)	(314,776)
Subscriptions		(40,000)	(6,400)
Telecommunication costs		(12,538)	(14,657)
Surplus/(deficit) for the year		(386,812)	19,719
Total comprehensive income for the year		(386,812)	19,719

The accompanying notes form part of these financial statements.

Sheep Producers Australia Limited

ABN 21 256 252 885

Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	379,331	1,174,761
Trade and other receivables	6	603,819	672,743
Financial assets	7	545,713	535,247
Other assets	8	28,143	-
TOTAL CURRENT ASSETS		<u>1,557,006</u>	<u>2,382,751</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	16,738	12,440
TOTAL NON-CURRENT ASSETS		<u>16,738</u>	<u>12,440</u>
TOTAL ASSETS		<u>1,573,744</u>	<u>2,395,191</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	255,643	254,100
Employee benefits	11	55,798	40,852
Contract liabilities	12	368,054	819,177
TOTAL CURRENT LIABILITIES		<u>679,495</u>	<u>1,114,129</u>
NET ASSETS		<u>894,249</u>	<u>1,281,062</u>
EQUITY			
Retained earnings		<u>894,249</u>	<u>1,281,062</u>
TOTAL EQUITY		<u>894,249</u>	<u>1,281,062</u>

The accompanying notes form part of these financial statements.

Sheep Producers Australia Limited

ABN 21 256 252 885

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Retained earnings	Total
	\$	\$
Balance at 1 July 2018	1,281,062	1,281,062
Surplus/(deficit) attributable to members of the entity	(386,812)	(386,812)
Balance at 30 June 2019	894,250	894,250

2018

	Retained earnings	Total
	\$	\$
Balance at 1 July 2017	1,261,343	1,261,343
Surplus/(deficit) attributable to members of the entity	19,719	19,719
Balance at 30 June 2018	1,281,062	1,281,062

The accompanying notes form part of these financial statements.

Sheep Producers Australia Limited

ABN 21 256 252 885

Statement of Cash Flows

For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and funding bodies	1,224,252	2,878,007
Payments to suppliers and employees	(2,015,874)	(2,340,062)
Interest received	17,266	16,285
Net cash provided by/(used in) operating activities	17 <u>(774,356)</u>	<u>554,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of term deposit	(10,466)	(13,615)
Purchase of property, plant and equipment	9(a) <u>(10,608)</u>	<u>(1,885)</u>
Net cash provided by/(used in) investing activities	<u>(21,074)</u>	<u>(15,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	(795,430)	538,730
Cash and cash equivalents at beginning of year	<u>1,174,761</u>	<u>636,031</u>
Cash and cash equivalents at end of financial year	5 <u><u>379,331</u></u>	<u><u>1,174,761</u></u>

The accompanying notes form part of these financial statements.

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

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

The functional and presentation currency of Sheep Producers Australia Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

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

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

2 Summary of significant accounting policies

(a) Income tax

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

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(c) 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).

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of significant accounting policies

(c) Revenue and other income

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.

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of significant accounting policies

(c) Revenue and other income

Other income

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

(d) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

(e) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

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 estimate.

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of significant accounting policies

(f) Financial instruments

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

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

Financial assets

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

Financial liabilities

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

Impairment of financial assets

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

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

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

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

(g) Impairment of non-financial assets

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

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of significant accounting policies

(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.

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Revenue and other income

(a) Revenue from continuing operations

	2019	2018
	\$	\$
Operating		
- Affiliation fees - State members	99,189	99,271
- Operating grants - RMAC	283,463	284,813
	<u>382,652</u>	<u>384,084</u>
Project income		
- Building Leadership Capability for the Sheep Industry	212,509	1,140,298
- CRC Extension Bid	-	30,943
- LiAIF Project	185,774	6,725
- Provision of Animal HW&B Services	247,030	554,808
- Scientific and technical services for National Residues	462,648	203,682
- Other projects	4,545	-
	<u>1,112,506</u>	<u>1,936,456</u>
	<u>1,495,158</u>	<u>2,320,540</u>

(b) Other income

- Interest received	17,266	16,285
	<u>17,266</u>	<u>16,285</u>

4 Result for the year

The result for the year includes the following specific expenses:

Depreciation and amortisation:

- Depreciation - furniture and equipment	6,244	5,817
- Amortisation - website design and development	-	5,572
	<u>6,244</u>	<u>11,389</u>

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	379,331	1,174,761
	<u>379,331</u>	<u>1,174,761</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	379,331	1,174,761
	<u>379,331</u>	<u>1,174,761</u>

6 Trade and other receivables

CURRENT

Trade receivables	597,993	670,653
Interest receivable	5,826	2,090
	<u>603,819</u>	<u>672,743</u>

7 Financial assets

CURRENT

Term deposits	545,713	535,247
	<u>545,713</u>	<u>535,247</u>

8 Other assets

CURRENT

Prepayments	28,143	-
	<u>28,143</u>	<u>-</u>

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Property, plant and equipment

	2019	2018
	\$	\$
PLANT AND EQUIPMENT		
Furniture and equipment		
At cost	44,462	35,089
Accumulated depreciation	(27,724)	(22,649)
Total furniture and equipment	<u>16,738</u>	<u>12,440</u>
Total property, plant and equipment	<u><u>16,738</u></u>	<u><u>12,440</u></u>

(a) Movements in carrying amounts

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

	Furniture and equipment	Total
	\$	\$
Year ended 30 June 2019		
Balance at the beginning of year	12,440	12,440
Additions	10,609	10,609
Disposals	(67)	(67)
Depreciation expense	(6,244)	(6,244)
Balance at the end of the year	<u><u>16,738</u></u>	<u><u>16,738</u></u>

10 Trade and other payables

CURRENT		
Trade payables	50,647	99,150
GST payable	19,240	80,298
Accrued expenses	112,317	22,777
Payroll liabilities	73,440	51,875
	<u><u>255,643</u></u>	<u><u>254,101</u></u>

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Employee benefits

	2019	2018
	\$	\$
CURRENT		
Long service leave	22,921	18,170
Annual leave	32,877	22,682
	<u>55,798</u>	<u>40,852</u>

12 Other liabilities

CURRENT		
MLA Building Leadership	36,000	212,509
AHA projects	-	3,156
Leadership in Agricultural Industries Fund	257,500	364,524
NRS GPI project	74,554	238,988
	<u>368,054</u>	<u>819,177</u>

13 Leasing commitments

(a) Operating leases

	2019	2018
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	20,371	42,888
- between one year and five years	-	17,870
	<u>20,371</u>	<u>60,758</u>

On 1 December 2016 an agreement was entered into to sublet premises from the Cattle Council of Australia ("CCA"). The rent commitment is for 3 years from that date with the rental amount from July 2018 of \$3,574 plus GST per month. At 30 June 2019 the rental amount is \$4,074 plus GST per month.

14 Key management personnel remuneration

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

The total remuneration paid to key management personnel of the company is \$ 342,956 (2018: \$ 300,476).

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

15 Related parties

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

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

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

(b) Transactions with related parties

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

Other than remuneration as Per Note 14, reimbursement of direct expenses and affiliation fees from state members as disclosed in Note 3(a) there have been no other transactions with related parties.

16 Contingencies

In the opinion of the directors, the company did not have any contingencies at 30 June 2019 (30 June 2018:None).

17 Cash flow information

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

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

	2019	2018
Surplus/(deficit) for the year	(386,812)	19,719
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	-	5,572
- depreciation	6,244	5,817
- net loss on disposal of plant and equipment	67	1,218
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	68,924	(96,829)
- (increase)/decrease in other assets	(28,143)	35,323
- increase/(decrease) in trade and other payables	1,543	139,026
- increase/(decrease) in contract liabilities	(451,123)	463,096
- increase/(decrease) in employee benefits	14,946	(18,713)
Cash flows from operations	(774,356)	554,229

Sheep Producers Australia Limited

ABN 21 256 252 885

Notes to the Financial Statements

For the Year Ended 30 June 2019

18 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

19 Statutory information

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

Sheep Producers Australia Limited

14-16 Brisbane Avenue

BARTON ACT 2600

Sheep Producers Australia Limited

ABN 21 256 252 885

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 2019, 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.

Signed



Caroline Wilcher
Director
Boyce Assurance Services Pty Limited

Dubbo

Dated 13 November 2019

167 Brisbane Street
PO Box 1100
Dubbo NSW 2830

P 02 6884 6499
F 02 6882 6030
E infodubbo@boyceca.com

www.boyceca.com

Cooma Dubbo Goulburn Moree Wagga Wagga



Knowledge. Insight. Experience.

Sheep Producers Australia Limited

ABN 21 256 252 885

Disclaimer

For the Year Ended 30 June 2019

The additional financial data presented on the accompanying pages is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 30 June 2019. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Sheep Producers Australia Limited) in respect of such data, including any errors or omissions therein however caused.



Caroline Wilcher
Director
Boyce Assurance Services Pty Limited

Dubbo

Dated 13 November 2019

167 Brisbane Street
PO Box 1100
Dubbo NSW 2830

P 02 6884 6499
F 02 6882 6030
E infodubbo@boyceca.com

www.boyceca.com

Cooma Dubbo Goulburn Moree Wagga Wagga



Knowledge. Insight. Experience.

Sheep Producers Australia Limited

ABN 21 256 252 885

Surplus and Loss Account

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
Income		
Interest	17,266	16,285
Member subscriptions	99,189	99,271
Operating grants	283,463	284,813
Project income	1,112,505	1,935,039
CRC Extension bid	-	1,417
Total income	1,512,423	2,336,825
Less: Expenses		
Amortisation	-	5,572
Audit and accounting fees	16,100	21,155
Bank charges	392	827
Bookkeeping assistance	50,310	20,781
Computer and internet expenses	19,360	12,235
Consultancy fees - Biosecurity projects	-	77,935
Consultancy fees - Leadership building	8,665	117,158
Consultancy fees - LiAIF project	4,007	-
Consultancy fees - NRS GPI	106,884	67,545
Consultancy fees - Professional development	-	28,386
Consultancy fees - Other project related	17,975	15,629
Consultancy fees - Sheep & lamb transaction levy review	-	107,688
Consultancy fees - SPA Transition and governance	94,733	54,858
Council meeting expenses	72,425	86,827
Depreciation	6,244	5,817
Insurance	4,403	5,873
Media and communications	69,189	40,333
Legal fees	5,187	225
Meeting costs	43,365	67,509
NFF Membership	40,000	6,400
Occupancy costs	50,819	55,985
Office expenses	3,621	6,110
President and Vice President fees	-	13,525
Printing, stationery and postage	9,682	6,611
Promotions and sponsorships	42,886	47,097
Recruitment and board selection costs	58,695	70,461
Scholarships	5,611	267,678
Staff training	19,168	5,035
Subscriptions, licences and fees	2,818	86
Superannuation	78,545	66,280
Telecommunications	12,538	14,657

Sheep Producers Australia Limited

ABN 21 256 252 885

Surplus and Loss Account

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
Travel expenses	214,693	311,969
Wages and salaries	837,277	703,450
Workers compensation insurance	3,577	4,190
Total expenses	1,899,168	2,315,888
	(386,745)	20,937
Other items:		
Loss on disposal of assets	(67)	(1,218)
	(67)	(1,218)
Surplus/(deficit) for the year	(386,812)	19,719

SHEEP PRODUCERS AUSTRALIA



MORE INFORMATION

Refer to the supporting document Sheep Producers Australia Ltd Financial Statements for the Year Ended 30 June 2019 for full details of meeting attendance and other board and governance responsibilities.

CONTACT

admin@sheepproducers.com.au

www.sheepproducers.com.au

02 6269 5610

Locked Bag 9, Kingston Post Office ACT 2604