



2019 Annual Report



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South Australian Dairyfarmers' Association Inc.
2018—2019 Annual Report

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Mission Statement

“To provide strong leadership and effective advocacy enabling a growing profitable and sustainable industry for members.”

Our Values:

Integrity Respect Passion Representation Ethical Practice Accountability

President's Message

This past year has seen major enquiry with some minor improvements in the dairy industry across the country, Dairy is at the forefront of a lot of political lobbying so is important to keep driving forward.

The supermarket price war seems to have finally come to an end with the ultimate removal of the dollar milk from the shelves. The legacy of the dollar milk decade will however, go on for a while. We are looking at how we can keep pushing this through the whole dairy cabinet.

Sadly it will have cemented in the minds of many milk producers that supermarkets think of themselves first before they think of the industry and where the milk comes from.

SADA played an active role in challenging the dollar milk fight by being a national leader in supporting the introduction of a mandatory code of practice as well as meeting all major processors, aiming to create greater co-operation across the board, it is estimated it has returned an estimated \$10M back into SA Dairy and over \$150 nationally.

The returned federal government has promised to introduce the new mandatory code soon and we'll keep a strong eye out on that. We have already seen clear behavioural changes by processors, announcing prices early and contracts being more user friendly, we need to keep driving this link in the value chain.

As an industry leader SADA has also created, with the assistance of industry across the supply chain, the South Australian Dairy Industry Action Plan 2019 - 2024.

This plan was launched early in 2019 by the South Australian Minister for Primary Industries and Regional Development, the Hon Tim Whetstone.

The Plan will become the rallying point for creating co-operation across the sector positioning the dairy industry in South Australia as a premium supplier to the world. I look forward to reporting next year how the plan is being rolled out and the work which is being done to support the plan in turn the dairy industry in South Australia.

SADA has also been in the forefront of pursuing law changes in SA regarding issues impacting on farmers. The SADA submission relating to GM product, to both the SA Government as well as PIRSA was recognised nationally for its quality and its incisiveness.

The SA Government has announced the dropping of the GM moratorium in SA, (with the exception of Kangaroo Island), and SADA has been proudly out the front of that fight.

SADA has also been at the forefront of the fight regarding changes to trespass legislation. SADA was already holding public meetings educating farmers on their roles and responsibilities regarding trespassers before the blow up surrounding the Aussie Farms website.

We have also been closely involved with advising government on how they can change the legislation regarding trespass in positive ways for farmers and I look forward to re-



porting positive results in this area by the time of next year's annual report.

The relationship of SADA with Australian Dairy Farmers has seen significant progress on a number of national issues including the establishment of a Mandatory Code of Practice and strong recognition of the impact of drought for dairy farmers.

Our relationship with our RD&E colleagues, Dairy SA and Dairy Australia continues to provide a solid base for many of our policy positions. The ability to be able to call on them at any stage for information and advice is invaluable. Our partnership with these organisations is critical in growing a profitable and sustainable industry

SADA is performing well with CEO Andrew Curtis putting into place policies and procedures to make sure we measure our performance and stay on track. Our strategic plan, assisted by policy officer John Elferink ensures we have valuable input into Government policy position. Our team in the office are there to assist farmers with enquiries and point them in the right direction. As a team we are functioning very strongly and look forward to developing further connections.

SADA depends on its members and their input into what they see as key issues in our industry. Please contact our office, we are your voice and we will act on it!

John Hunt
President



CEO's Message

It is not rocket science, it is harder than that because it involves people. There have been lots of people, and opinions involved in the dairy industry over the past year, particularly at a national level.

It has been people that have allowed the South Australian Dairyfarmers Association to respond to the many issues and opinions that have emerged. These matters which include dollar milk, the code of practice, trespass and farm invasion, water and Murray Darling Basin are reported elsewhere as are the continued developments of the organisation.

Alison Amber has now been with us for a year and provides our frontline engagement. Whether you are a member, a bureaucrat or one of the team, if you need something, ask Alison.

Alyssa Stockwell runs the show (but don't tell Alison). She manages the SADA business and allows us to focus clearly on our advocacy and member service function.

John Elferink is our policy engine. Not only does he provide objective and considered counsel to SADA and the Board, he also provides a splash of colour which supports cut through in our advocacy effort.

Kelly Lil and Jo Gilbert are invaluable members of the team as in addition to being efficient and effective, they also provide corporate knowledge. In Jo's case, lots of corporate knowledge.

As we move into 2019/20 we are supported by a robust communications platform and an Industry Action Plan that identifies opportunities for a resilient and profitable industry.

Andrew Curtis

Chief Executive Officer

Key Priority Areas

In 2016 SADA developed a strategic plan to create a clear pathway for the future. The Vision for SADA is to become the premier industry body in South Australia. To support this ambition SADA has now taken a number of steps to achieve this ambition, not least of which is the launch in March 2019 of the South Australian Dairy Industry Action Plan 2019-2024.

The Strategic Plan of SADA maintains 7 Key priority areas:

1. Membership
2. Financials
3. Communication
4. Advocacy and Relevance
5. Board and Governance
6. Industry Growth
7. The Management of SADA Fresh

These areas form the spine of SADA's activities.

SADA has not lost its sense of direction in spite of the many distractions that occur in the lobbying and representative space from time to time. SADA is engaged and remains the go to organisation of the South Australian dairy industry.

The plan reflects the needs of SADA and its members. Contractual arrangements, the Right to Farm, Industry Confidence, Social Licence and Regulatory oversight are all issues that are top of mind for the Members of SADA. It is SADA's function to advocate, represent, lobby and to address these real and present issues facing Dairy Farmers today.

Priority Area Number 1: Membership

This year SADA has completed a rationalisation of its membership numbers. This rationalisation is the product of a review of all listed members.

A number of members have effectively been ghost members as they have been on SADA's books but in reality have not been active dairy farmers. Last year the number of overall members was listed as being 111 up from 109 in the previous year. However after the rationalisation process the number of active SADA members is actually 114. This is in spite of the fact that two new members have signed on during the period in question.

Again in the previous recorded year there have also been a shrinkage in the number of dairy farms in South Australia. This needs to be understood in the national context where the trend towards shrinkage of the number of farms is reflected in all jurisdictions but for WA in the year.

Nationally, since 1980 there has been an inexorable downward trend in the number of dairy farms. Australia in 1980 had 21,994 farms. In 2018 that had fallen to 5,699 farms. This trend had remained unchanged for the last 40 years.

The national herd size has fluctuated during the same period from 1.88 million cows in 1980 to 1.56 million cows in 2018. Those numbers have not trended with the number of farms as those numbers have ebbed and flowed over the same period. Since 2017 the national herd size has increased.

Milk production in the same 2017 equalled 483 megalitres and in 2018 it was 496 megalitres. Farms are becoming larger and more efficient. This represents a challenge to SADA in maintaining its membership into the future.

Outcomes

Better informed membership through effective delivery of useful, current and timely information through communication. This information should reflect the local, national and global environment. SADA developed the South Australian Dairy Industry Action Plan to benefit members. This plan was launched by Minister Whetstone in March 2019 and has been embraced by industry.

SADA continues to maintain and build upon a strong advocacy capacity. SADA has maintained its advocacy in a number of important ways including appearing before a parliamentary committee inquiring into the GM moratorium in SA. Notably in 2019 the Government announced that it would be stepping away from the moratorium.

We maintain a list of organisations and service providers who can quickly and effectively meet the needs of SADA members.

Strategies

Providing Services to Members to make membership more attractive: In the past 12 months SADA has continued to provide direct legal services and employment services to a number of members as well as being assertive in the policy development space.

SADA has been assertive in demonstrating to its membership that they can come to SADA with confidence that their issues, whatever those issues may be, will be attended to in a professional and comprehensive way.

Develop a Concierge Service approach: In the 2017-18 financial year, SADA established a program to visit every member dairy farm in South Australia. At the time of that report half of all farms had been visited and many members engaged. In 2018-19 these farm visits were completed. In the process of visiting farms SADA had delivered over 150 bio-security signs to members.

The program of farm visits will be repeated in 2019-20.

Year	Number of Farms SA
2010-11	286
2011-12	275
2012-13	268
2013-14	264
2014-15	252
2015-16	259
2016-17	240
2017-18	228

Performance Indicators:

Membership numbers:

As at end of financial year 96 down from 111. (This is the product of a rationalisation conducted in 2019.)

Number of discount arrangements:

As at end of financial year 9 associate memberships, unchanged up by 3 from the previous year.

Number of referral events:

5 related to Industrial relations matters

Number of communication events:

23 down from 25 (2017-18) up from 21 (2016-17)

Priority Area 2—Financial

In spite of membership adjustments SADA's financial position remains secure.

SADA continues to be in a financially firm position. Income from member contributions along with other sources places the organisation in a firm financial situation.

The SA Dairy Industry Fund has this year made \$30,000 available on a mixture of tied and discretionary expenditure. This will enable SADA to promote the interests of the Dairy Industry in South Australia.

Outcomes

In 2018-19 again saw Membership Fees was restrained to a CPI increase. The SADA Board has been very aware of the pressure on the industry in the past few years and consequently kept our membership fee increases to a minimum again this year limiting the membership fees to CPI. This year the fees will be restrained in the same fashion.

SADA continues to expend the \$30,000 grant monies generated last year as part of the promotion of SADA and its objectives, including the enhancement of SADA Fresh. SADA Fresh is continuing to perform well in terms of domestic sales however, export remains resistant and sluggish.

In partnership with Beston, SADA continues to develop it's cheese products. In the forthcoming year this will be promoted both nationally and internationally.

The South Australia Dairy Industry Fund board continues to maintain oversight of the funds collected from the SADA Fresh product.

It remains the ambition that with the increase over time of the export product, including the expansion of the product base we will increase the amount of available income to reduce the stress on the SADA membership in membership fees.

Notably the review of the membership which has seen a drop in the number of members mentioned above has not been reflected in the income from membership levees.

This is because inactive members have not been paying their memberships in any instance. Nevertheless, declining membership will threaten income moving into the future.

SADA has spent the last few months of the year determining the best approach to address this threat to income and a number of concierge services will be added to the services provided during the next financial year.

Strategies

Membership Fees

We continue to collect membership fees from the people we represent. As stated elsewhere in this report we have attempted to keep the demand for dues as light as possible. Nevertheless they are collected and applied to the benefit of all SADA Members.

WFI Income

The Westarmers Insurance income remains a valuable source of income for our organisation.

Grants

We have been successful in raising \$30,000 from the SA dairy industry fund for ongoing promotional programs.

Rental Income

SADA also makes a small income from rental space leased to Livestock SA.

SADA Fresh

Has made limited contributions to SADA's expenses as most of that income has been transferred to the Fund.

All income is outlined in this reports' financial statements.

Performance Indicators

Collection of Membership Fees including CPI increase:

Completed and continuing.

Increased income from this source:

Only to CPI in the 2018-19 year.

Grant opportunities to be identified and applied for when appropriate:

SADA continues to receive grant funding from SADIF.

SADA continues to operate it's business from Unit 5, 780-802 South Road in Glandore. The building is owned by SADA and is in part rented to Livestock SA for a rental return to SADA.

It is proposed for the 2019-2020 financial year the offices will be refurbished to accommodate increased staff numbers.

Priority Area 3—Communication

SADA has continued its assertive communication campaign, not only with members but also with the industry at large. This has included communicating with all of the major national processors in the country including Lion, Fonterra, Browns (WA), Saputo and Parmalat.

These were face to face meetings with the major companies in their board rooms or head offices. (with the exception of Browns which was over the phone. Creating contact via this process places SADA firmly on the national stage in the milk industry.

Outcomes

The outcomes that we have aimed for as an organisation in the communications sphere are aimed at:

- Continued maintenance of Websites
- The continuing of monthly Newsletters, including matters of local, national and international relevance
- Regular contact with individual members via electronic means.
- Ongoing personal contact
- Effective contact with Political Leaders, Senior Management in Dairy related Industries and other interested organisations such as animal welfare organisations
- Media releases on issues effecting the industry leading to greater confidence in the industry at a consumer level
- Maintaining the Social Licence of the Industry

The websites stand as a substantial improvement on the former websites. The <https://sada.asn.au> portal has been supported by the revamped www.sadafresh.com.au web address which is the website for the SADA Fresh Milk Brand.

SADA continues to also maintain a presence through the Facebook page. SADA now regularly contributed in the social media space which enables SADA to keep itself firmly on the map with communicating with farmers.

Strategies

Contact with external organisations and external interests are regularly created and maintained. This is particularly true of Government officials including Ministers, Shadow Ministers and senior public servants. SADA has now had several meetings with both the Ministry, backbenchers and also with the Shadow Minister and his staff.

The Media and public are repeatedly targeted with our core messages.

SADA has been at the forefront of the Trespass issue which started to emerge in 2018 and which has continued into 2019.

SADA has held member education programs, issues press releases, written to multiple ministers and has been forceful in recommending to government what needs to be done to attend to the issue in SA.

SADA is pleased that the government has announced there will be amendments to legislation, however, SADA will continue to lobby for stronger laws to protect farms.

Performance Indicators:

Website complete by end Feb 2017

Completed in 2017 and continues to be maintained.

Number of Newsletters

Monthly, 12 issued in the last year.

Number of specific advices issued

As required updates have been circulated to members. 7 such updates have now been issued in the financial year.

Number of external contacts

These contacts with external organisations have been occurring on a daily basis

Number of Press releases issued

15 press releases had been issued across a number of issues including an opinion piece printed in the Advertiser

Qualitative feedback to board members

The board members report consistent communication with the membership.

Priority Area 4—Advocacy and Relevance

Advocacy remains the core function of SADA and as an organisation we continue to punch above our weight.

SADA researched and applied pressure on major processors across the nation to adopt a collective bargaining approach to bring processors and farmers together with a view to setting a price that reflected both the cost of production and the cost of processing, rather than the price being set by the supermarkets.

Saputo, Brownes, Fontera, Lion and Parmalat were approached and conversations were had with each. The idea was finally rejected by the ADPF however, this was at the time that the mounting pressure on the \$1 retail price was causing ructions in the industry.

It wasn't known at the time but Saputo had already committed to bottling for Coles as its own supplier. Both Woolworths and Coles dropped the \$1 price within weeks.

Outcomes

Lobbying that SADA has engaged in directly or in partnership has seen successes in many areas not least of which were;

- Abandonment of the \$1 retail milk price
- The drafting of the Mandatory Code of Conduct to its final draft stages.
- Review of South Australia's trespass laws.
- The broadcast of the South Australian dairy story on channel 7
- Provided advice to Farmers on collective bargaining in South Australia.
- Provided expert advice to the NFF regarding Native Title issues

There will be challenges going into the 2019-2020 year. The Mandatory Code will be rolled out during the year and amendments to the state's trespass laws will be closely monitored by SADA.

The Action Plan was released in the 2018-19 financial year and has set the framework for the industry's approach and positioning into the future.

The Dairy Industry Action Plan SADA will be rolled out during the course of 2019-2020 and staff will be employed to make sure the plan remains on track.

Strategies

SADA is continuing to enjoy excellent communications with the Government and the state Opposition. Former SADA president David Basham continues to impress in government. As he does well, so will SADA.

Independently of David's election SADA maintains contact with several of the government's ministers particularly, David Speirs and Tim Whetstone both of which continue to be generous with their time in dealing with SADA.

SADA continues to maintain and build upon its industry contacts working with ADF in particular and offering assistance to the organisation in its policy development and drafting of documents.

Since developing the strategic plan there is little doubt that SADA is in a stronger and better connected environment than it was even just 12 months ago. SADA will continue to press on and continue to develop its sphere of influence.

Performance Indicators:

Qualitative feedback from members

Positive responses from members when in communication with them. 40 farms were visited in the early months of 2019. Members clearly appreciated receiving visits from their representative organisation.

Number of successful lobbying events

We had over 23 events last financial year. (Including meetings with Political leaders). These events also included meeting major processors, attending parliamentary committees and meeting ministers.

Number of contacts created

The SADA staff maintain hundreds of contacts, locally, nationally and internationally. We continue to work with our national and international contacts to pursue the aims of the Dairy Industry Action Plan.

Growth in the size of the overall network

The network possessed by the SADA team has continued

Qualitative feedback from public

We continue to enjoy enormous public support for our industry. So far we have managed to avoid the controversy that has surrounded many other industries, particularly in the area of animal welfare.

Priority Area 6—Industry Growth

SADA represents only part of the bigger picture in terms of the overall structure of the South Australian dairy industry. Nevertheless, the organisation still has an crucial role to play in the advancement and growth of the South Australian Dairy Industry and continues to commit its energies into the industry.

In the 2016-17 financial year the milk production of the state amounted to 468 million litres. For the 2017-18 year the production levels increased to 504 million litres. In 2018-19 production fell to 496 million litres.

This fall is the smallest fall recorded in the nation of 1.6% compared to a national decline of 5.7%.

The Dairy Industry Action Plan 2019-24 is aimed at increasing state outcomes through the twin aims of increasing exports and positioning South Australia as a premier dairy producing jurisdiction. In 2019-20 SADA will continue to work with government to advance South Australian dairy product in accordance with the plan.

Industry growth means promoting the South Australian milk product in other places where the market share for the South Australian dairy farmer can see positive returns.

Last year the 2018-19 Annual Report indicated that there were a number of inquires from international markets, particularly in South East Asia. These inquiries have not borne fruit.

This year SADA has been more discerning regarding its effort in answering inquires. It has become clear that after many attempts to speak with exporters there is a consistent lack of commitment from exporters to follow through on their inquiries.

Outcomes

The Dairy Industry Action Plan will be published early in the 2018-19 financial year.

In 2017-18 SADA participated in travel to the Middle East to promote SA as a premium district and SADA remains actively involved in those relationship building exercises.

The changes arising out of the sale of Murray Goulburn has seen the market settle down from a dairying perspective.

Strategies

The core of SADA's industry growth strategy is now the Dairy Industry Action Plan 2019-2024 which was endorsed and launched by Minister Tim Whetstone in March 2019.

This plan is the product of two years of consultations across the state with both farmers and processors. It sets the blue print for advancing the dairy industry in South Australia with eyes clearly on two linked but distinct elements, namely, a focus on export and a desire to produce premium.

This plan will have a dedicated officer applied to it in the 2019-20 financial year and government will be engaged to not only pay half the wage but also engaged to assist with facilitating the roll out of the plan.

The Dairy Industry Action Plan is at the heart of SADA's commitment to growth of the South Australian dairy product.

As the plan was only 3 months old by the end of the financial year, SADA hopes to give positive feedback by the time of the 2019-20 annual report.

Indicators of Success:

Volume of milk sold:

Down 1.6% in the 2018-19 financial year. As compared with a rise of 13% in the previous year.

Number of new relationships generated:

2 New possible export markets remain under exploration by SADA Fresh.

Increase in dollar value of sales

In the past three years the amount of milk sold has fluctuated. The fluctuation has been between 468m/l, 504m/l and in 2018-19 496m/l. There is a current trend to an increasing price by processors to the farm gate.

Increased demand in South Australian Product

13% increase reported. Nevertheless this was from a low base but is cause for optimism.

Completion of SADA Fresh Strategic Plan to explore new markets.

Complete and ongoing

Priority Area 7—The Management of SADA

Fresh

SADA Fresh has continued to form part of SADA's focus in supporting South Australian dairy farmers. In the 2018-19 year Coles has doubled the number of facings of the SADA Fresh product and that has been reflected in sales income for the South Australian Dairy Industry Fund.

The Chinese market continues to operate for SADA and in the coming year there is an intention to increase sales into

Outcomes

Domestically, SADA Fresh has continued to enjoy robust sales and with increased facings in Coles SA, SADA Fresh continues to be a firm source of income for the Dairy Industry fund which continues to grow and support projects for the SA dairy industry.

Internationally outcomes have not reflected inputs. SADA Fresh has not cut through in MENA countries. With the development of the SADA Fresh cheeses and trade agreements with Indonesia, there will be increased activity in the 2019-20 year.

The creation of SADA Fresh cheeses has been completed with a range of Mozzarella, Gouda, Colby and Cheddar. This was taken to the Australia/China trade show in June 2019 which generated interest from our exporter into China, High Hope. However, consistent with the experience of Beston in China the cost of the products rendered them uncompetitive.

However, in the coming year SADA Fresh will step up activity in promotion and sales.



Strategies

Develop SADA Fresh: SADA Fresh has a presence in China and a number of other markets, both within and outside of China continue to be explored. At the time of going to print there are five lines of inquiry being examined by SADA Fresh in China along with feelers going into Vietnam and Indonesia.

These markets continue to be difficult as they are highly competitive and there is much competition in the international market place.

Nevertheless, we are proud of our premium product and the excellent reputation that South Australia has carved for itself as a premium food producing jurisdiction.

We intend to keep expanding as much as we can into these new markets so that returns can be directed to better outcomes for South Australian dairy farmers.

Indicators of Success:

Delivery of a SADA Fresh Strategic plan by April 2017

SADA Fresh Strategic Plan completed.

Domestic sale remain strong.

International sales remain sluggish.



South Australian Dairyfarmers' Association Inc
Committee's Report
For the year ended 30 June 2019

Your committee members submit the financial accounts of the South Australian Dairyfarmers' Association Inc for the financial year ended 30 June 2019.

Committee Members

The names of committee members at the date of this report are:

John Hunt
Richard Gladigau
Nick Brokenshire
Ben McHugh
Sharon Joppich

Principal Activities

The principal activities of the association during the financial year were: the peak dairy organisation representing dairy farmers on issues relating to dairy farmers in the state of South Australia at local, state, national and international levels.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The deficit from ordinary activities after providing for income tax amounted to

Year ended	Year ended
30 June 2019	30 June 2018
\$	\$
(3,773.02)	34,184.56

Signed in accordance with a resolution of the Members of the Committee on:

John Hunt

Richard Gladigau



South Australian Dairyfarmers' Association Inc
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	<u>2</u>	1,098,190.06	1,071,111.10
Gross profit		1,098,190.06	1,071,111.10
Finance & Investment Expenses		(15,923.62)	(9,523.88)
Personnel Expenses		(479,591.77)	(442,408.34)
Shared Services		(20,157.88)	-
Operating Expenses		(586,289.81)	(584,994.32)
Profit (deficit) before income tax		(3,773.02)	34,184.56
Income tax (credit) expense		-	-
Profit (deficit) for the year		(3,773.02)	34,184.56
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(3,773.02)	34,184.56

The accompanying notes form part of these financial statements.



South Australian Dairyfarmers' Association Inc

Statement of Financial Position as at 30 June 2019

	Note	2019	2018
		\$	\$
Assets			
Current Assets			
Cash assets	3	288,207.71	189,668.49
Receivables	4	300,515.55	163,864.34
Other financial assets	5	179,766.78	176,037.66
Prepayments		10,000.00	-
Total Current Assets		778,490.04	529,570.49
Non-Current Assets			
Property, plant and equipment	6	395,139.39	397,102.99
Total Non-Current Assets		395,139.39	397,102.99
Total Assets		1,173,629.43	926,673.48
Liabilities			
Current Liabilities			
Payables	7	256,108.84	55,279.33
Financial liabilities		9,975.48	8,069.06
Income in Advance		2,993.04	15,000.00
Total Current Liabilities		269,077.36	78,348.39
Non-Current Liabilities			
Financial liabilities		74,399.31	14,399.31
Total Non-Current Liabilities		74,399.31	14,399.31
Total Liabilities		343,476.67	92,747.70
Net Assets		830,152.76	833,925.78
Members' Funds			
Reserves		297,164.00	297,164.00
Retained profits		532,988.76	536,761.78
Total Members' Funds		830,152.76	833,925.78

The accompanying notes form part of these financial statements.



South Australian Dairyfarmers' Association Inc
Statement of Changes in Equity for the year ended 30/06/2019

	Notes	Retained Earnings	Asset Revaluation Reserve	Total
Comprehensive Income				
Profit attributable to the members		34,184.56		34,184.56
Asset revaluation reserve		-	6,138.00	6,138.00
Other comprehensive income for the year				
Total comprehensive income for the year attributable to members of the entity		<u>34,184.56</u>	<u>6,138.00</u>	<u>40,322.56</u>
Balance at 30/06/2018		<u>536,761.78</u>	<u>297,164.00</u>	<u>833,925.78</u>
Comprehensive Income				
Profit attributable to the members		(3,773.02)		(3,773.02)
Asset revaluation reserve		-	-	-
Other comprehensive income for the year				
Total comprehensive income for the year attributable to members of the entity		<u>(3,773.02)</u>		<u>(3,773.02)</u>
Balance at 30/06/2019		<u>532,988.76</u>	<u>297,164.00</u>	<u>830,152.76</u>

The accompanying notes form part of these financial statements.



South Australian Dairyfarmers' Association Inc
Statement of Cash Flows
For the year ended 30 June 2019

	2019	2018
	\$	\$
Cash Flow From Operating Activities		
Receipts from customers	961,538.85	1,051,332.57
Payments to Suppliers and employees	(916,787.64)	(1,012,212.57)
Net cash provided by (used in) operating activities (note 2)	<u>44,751.22</u>	<u>39,120.00</u>
Cash Flow From Investing Activities		
Payment for:		
Payment for property, plant and equipment	(6,211.99)	(14,215.00)
Net cash provided by (used in) investing activities	<u>(6,211.99)</u>	<u>(14,215.00)</u>
Cash Flow From Financing Activities		
Proceeds of borrowings	60,000.00	5,608.40
Repayment of borrowings	-	(22,515.76)
Net cash provided by (used in) financing activities	<u>60,000.00</u>	<u>(16,907.36)</u>
Net increase (decrease) in cash held	98,539.22	7,997.64
Cash at the beginning of the year	<u>189,668.49</u>	<u>181,670.85</u>
Cash at the end of the year (note 1)	<u>288,207.71</u>	<u>189,668.49</u>

The accompanying notes form part of these financial statements.



South Australian Dairyfarmers' Association Inc
Statement of Cash Flows
For the year ended 30 June 2019

2019

2018

Note 1. Reconciliation Of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Business Cheque Account	237,302.96	139,733.10
ETrade Investment Account	50,564.26	49,350.33
Petty Cash on Hand	340.49	585.06
	<u>288,207.71</u>	<u>189,668.49</u>



South Australian Dairyfarmers' Association Inc
Statement of Cash Flows
For the year ended 30 June 2019

2019

2018

Note 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Operating Profit

Operating profit after income tax	(3,773.02)	34,184.56
Changes in assets and liabilities		
(Increase) decrease in trade and term debtors	(136,651.21)	(19,778.53)
(Increase) decrease in prepayments	(10,000.00)	-
Increase (decrease) in trade creditors and accruals	196,905.22	1,620.03
Increase (decrease) in other creditors	(1,729.78)	26,334.00
Net cash provided by operating activities	44,751.22	39,120.00

The accompanying notes form part of these financial statements.



South Australian Dairyfarmers' Association Inc

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act 1985 and the Australian Charities & Not-for-Profits Commission Act 2012.

The financial report covers South Australian Dairyfarmers Association Inc as an individual entity. South Australian Dairyfarmers Association Inc is an Association incorporated in South Australia under the Associations Incorporation Act 1985.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Income tax

The Association does not pay income tax.

Property, Plant and Equipment

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

a) Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is a policy of South Australian Dairyfarmers Association Inc to have an independent valuation every three years, with annual appraisals being made by the directors.

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

b) Plant and equipment

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

c) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to South Australian Dairyfarmers Association Inc commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Investments

Shares in listed companies held as current assets are valued at those shares' market value at each balance date. The gains or losses, whether realised or unrealised, are included in profit from ordinary activities before income tax.

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments.



South Australian Dairyfarmers' Association Inc
Notes to the Financial Statements
For the year ended 30 June 2019

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Employee entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by South Australian Dairyfarmers Association Inc to an employee superannuation fund and are charged as expenses when incurred.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).



South Australian Dairyfarmers' Association Inc
Statement by Members of the Committee
For the year ended 30 June 2019

2019

2018

Note 2: Revenue and Other Income

Revenue:

Associate Membership	1,193.15	1,170.89
Commissions Received	111,622.53	116,372.05
Dairy Industry Project Funds	12,547.46	12,715.07
Dividend, Interest & Trust Distributions	8,988.31	8,160.19
Interest Received	49.99	-
Other Operating Income	23,928.76	27,193.60
Recoveries - Admin Staff & Office Costs	280,496.61	221,574.24
Rent Received	-	20,007.26
Grants Received	-	15,600.69
Royalties	452,236.48	413,654.32
SA Cattle Advisory Funding	45,000.00	40,000.00
Subscriptions	157,877.41	168,778.93
Export Royalties	4,342.80	2,783.18
Unrealised Gain/(Loss) on Investments	(3,300.44)	20,490.68
Franking Credits Refunded	3,207.00	2,610.00
	<u>1,098,190.06</u>	<u>1,071,111.10</u>

Note 3: Cash assets

Bank accounts:		
Business Cheque Account	237,302.96	139,733.10
ETrade Investment Account	50,564.26	49,350.33
Petty Cash on Hand	340.49	585.06
	<u>288,207.71</u>	<u>189,668.49</u>

Note 4: Receivables

Current

Trade debtors	300,515.55	163,864.34
	<u>300,515.55</u>	<u>163,864.34</u>

The accompanying notes form part of these financial statements.



South Australian Dairyfarmers' Association Inc
Notes to the Financial Statements
For the year ended 30 June 2019

2019

2018

Note 5: Other Financial Assets

Current

Shares in other corporations – at market value:

- Listed on a prescribed stock exchange	179,766.78	176,037.66
	<u>179,766.78</u>	<u>176,037.66</u>
	<u>179,766.78</u>	<u>176,037.66</u>

Note 6: Property, Plant and Equipment

Buildings:

- At valuation	370,000.00	370,000.00
	<u>370,000.00</u>	<u>370,000.00</u>

Plant and equipment:

- At cost	64,645.99	58,434.00
- Less: Accumulated depreciation	(47,336.82)	(41,771.23)
	<u>17,309.17</u>	<u>16,662.77</u>

Motor vehicles:

- At cost	29,381.22	29,381.22
- Less: Accumulated depreciation	(21,551.00)	(18,941.00)
	<u>7,830.22</u>	<u>10,440.22</u>
	<u>395,139.39</u>	<u>397,102.99</u>

Note 7: Payables

Unsecured:

- Trade creditors	226,073.45	35,521.12
- Other creditors	30,035.39	19,758.21
	<u>256,108.84</u>	<u>55,279.33</u>
	<u>256,108.84</u>	<u>55,279.33</u>

The accompanying notes form part of these financial statements.



South Australian Dairyfarmers' Association Inc
Statement by Members of the Committee
For the year ended 30 June 2019

In the opinion of the Committee the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and Notes to the Financial Statements:

1. Presents fairly the financial position of South Australian Dairyfarmers' Association Inc as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

John Hunt
President

Richard Gladigau
Treasurer



South Australian Dairyfarmers' Association Inc

Independent Auditor's Report to the Members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of South Australian Dairyfarmers' Association Inc (the association), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, the accompanying financial report of South Australian Dairyfarmers' Association Inc is in accordance with the Associations Incorporation Act 1985 including:

- (a) giving a true and fair view of the association's financial position as at 30 June 2019 and of its performance for the year then ended; and
- (b) that the financial records kept by the association are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards.

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 association in accordance with 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 ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The committee of the association is responsible for the other information. The other information comprises the information included in the association's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 the Committee for the Financial Report

The committee of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and South Australia under the Associations Incorporation Act 1985 and for such internal control as the committee determines 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 committee is responsible for assessing the association'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 committee either intends to liquidate the association or to cease operations, or has 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.



South Australian Dairyfarmers' Association Inc

Independent Auditor's Report to the Members

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's 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 association'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 association 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 committee 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.

South Australian Dairyfarmers' Association Inc
Independent Auditor's Report to the Members

Signed on : 12 November 2019 at Norwood, SA

A handwritten signature in cursive script, appearing to read "M. Smith", written in black ink.

Our SADA Board



John Hunt President

John joined SADA in 2013 with a keen interest in helping facilitate the next generation of dairy farmers; protecting the farmer's right to farm; securing profitability in the industry and establishing more transparency in industry-relevant government policy and planning.

John firmly believes that despite the occasional bump in the road, the future is bright for dairy farming in South Australia. He is committed to working with South Australia's dairy industry and key stakeholders to achieve SADA's mission of giving a voice to all dairy farmers and improving the viability and profitability of dairying now and into the future.

Nick Brokenshire Vice President



Nick Brokenshire is a third generation dairy farmer from the Fleurieu Peninsula. After finishing high school, Nick joined the family enterprise at Mount Compass and took on managing the farm in 2006. Nick joined the board in 2011 when he was 24 because he believed it was important that the next generation had a say in guiding the industry's future. Also an active member of his local community and a keen sportsman, Nick has captained the Mount Compass A grade football team for almost 10 years.



Sharon Joppich Board Member

As a part of her move into advocacy, Sharon is also keen to help the industry progress in areas of processor/farm gate relations and transparency, government relations, international and domestic market access and investment as well as better recognition for the role of women in dairy. She believes by taking a whole-of-industry approach, dairy in South Australia has a promising future.

Side-by-side with husband Neville, Sharon milks 350 cows at 'Manga Dairy'; a 600-hectare high production, grass and grain system at Tri Hi, near Penola, in South Australia's lower South East. Calving the 80% Holstein – 20% Stud Guernsey and Ayrshire herd takes place in Spring and Autumn as well as in December, and the duo rear and grow-out their AI heifers as well as some Angus-cross and Holstein bull calves.

Richard Gladigau Treasurer



Richard joined the SADA board in July 2007. He is a fifth generation dairy farmer from Mt Torrens in the Adelaide Hills, South Australia, where he farms with wife Tania and their 3 children. He grew up on his parents dairy farm where he became a share farmer before buying his own property in 1993. He has had a keen interest in the industry since leaving college having been a farmer Ward Rep for Dairy Farmers and DFMC for 16 years before becoming a farmer director for 3 years as well as a farmer director for ADFC for 18 months.



Ben McHugh Board Member

I am a 3rd generation dairy farmer at Mt Compass, I work with my wife Katie, and 3 boys, in a family partnership with my Brother and our parents. I have been involved in the dairy industry for 16 years. We milk 300 Jersey Cows in an all year round calving herd. We also run a cropping enterprise at Finnis which we grow Hay, Wheat, barley, Lupins, Beans & Canola for our dairy and other markets. I completed a Diploma of Agriculture with TAFE in 2010. I was on the SADA board for 2 years in 2014-15 before the board restructure. I have been on the board for 1 year and sitting on the Dairy SA board as the SADA rep.



South Australian Dairyfarmers' Association
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