

SADA Annual Report



2017-2018



South Australian Dairyfarmers' Association Inc.

2017—2018 Annual Report

Table of Contents

President's Report.....	3
CEO's Report.....	4
Key Priority Areas.....	5
Membership.....	6
Financial.....	7
Communication.....	8
Advocacy and Relevance.....	9
Board and Governance.....	10
Industry Growth.....	11
Management of SADA Fresh.....	12
Financial Reports.....	14

President's Message

The last 12 months has once again seen its fair share of challenges for the dairy industry. The loss of our biggest co-op is still hard to fathom, especially as in my view this could have been avoided, even after the step down. It is clear they did not listen to their stake holders and what was important to them.

Topical at the moment is the roll-on effect of the drought on all states, especially in regards to the cost and availability of fodder. This will make us look into the future of drought proofing our farms for climatic events that seem to be occurring with greater frequency.

Development of the code of conduct should have been more straight forward than what it has become. I believe media has put pressure on by talking about what the states wanted before the completion of the review. Another contentious issue was with the ADIC committing to the review through ADF doing the work. This has made the lines blurred in our view. SADA remains committed to a mandatory code with industry input.

The Murray Darling Basin (MDB) plan has played out in the political arena and we would like to thank Warren Jacobson for his work in this space. Like we say, we are the canary of the Murray river, the first to feel the impact!

The new governments 100-day commitment is on track. We are working closely on tax reduction, NRM & water levies, un-clogging government department red tape & payroll tax. There is also focus on lifting exports to 8%. It has been great to work with a team on the same page.

The WAP is getting reviewed with industry very much involved. Having Graham Hamilton stepping back up to the plate in this review has been positive, as he had a lot of input developing the plan.



SADA is performing well with CEO Andrew Curtis putting into place policies & procedures to make sure we measure our performance & stay on track. Our strategic plan, assisted ably by policy officer John Elferink ensures we have valuable input into Government policy position.

We have two new faces on staff with Alyssa Stockwell, Business Services Manager, and Alison Amber, Administration Officer, joining Kelly & Jo. It is great to have people of this calibre join our team & continues to ensure we run as efficiently as possible in passing benefits back to our members.

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

The 2017/18 year has again been a challenging one for South Australian dairy farmers. The South Australian Dairyfarmers' Association has responded to a range of policy issues while seeking to continue to develop the organisation.

Much of our activity has been reported through our newsletters, updates and online. It is also described elsewhere in this report.

Operationally we continue to progress. Our communications platforms have been developed. Our monthly newsletter is generally well received. We appreciate the feedback that we receive when we get things right or wrong. The newsletter remains our key channel for communication with members. This is supported by regular updates on specific matters of concern to dairy farmers which is now to be augmented by a regular Industrial Relations Update.

Our Facebook page www.facebook.com/sadairyfarmers/ has seen a steady growth in traffic during the year as have our project Facebook pages: www.facebook.com/dodairysa/ and www.facebook.com/SADAFreshMilk/. Importantly, these have allowed us to connect with SADA Fresh consumers and the broader public.

As an organisation, SADA worked during the year to represent our members on a number of key areas. Key among these has been our engagement with all sides of politics in the lead up to the March 2018 South Australian election. Our platform called for a recognition of the importance of the \$1 billion dairy industry to this state. We called for support of the ACCC findings, continued funding for biosecurity, improved research

and development investment, the maintenance of PIRSA as a stand-alone agency and a review of the processes by which natural resource management is delivered in South Australia.

At a state and national level SADA has had, and continues to have input into a range of issue including Murray Darling Basin policy and water policy more generally, implementation of the ACCC recommendations, and power and energy policy. During the year, SADA joined with Livestock SA and Grain Producers South Australia to support PPSA in joining the National Farmers Federation. This development will support our advocacy effort across a number of fields including workforce and energy policy.

The efforts of SADA have been underpinned by the staff involved. During the year our business manager, Jen Taylor left to take on a role closer to home. It is important to recognise the significant effort that Jen contributed not only to SADA but also to the establishment of both Livestock SA and Primary Producers SA. We have been fortunate to recruit Alyssa Stockwell to join the team and acknowledge the ongoing support of Kelly Lill, Jo Gilbert and John Elferink.

The year that has passed has been challenging and as we move into 2018-19, we are well placed to advocate for the industry and provide services to our members.

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. This intention is designed to place SADA at the forefront of the dairy industry in South Australia. The Strategic Plan 2017-19 plan aims provide strong leadership and effective advocacy enabling a growing, profitable and sustainable industry for members.

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

SADA has continued to attend to issues of membership in times where the industry has seen a shrinkage of farms. The nature of dairy has fundamentally changed since 1980 when there were 1,730 dairy farms in the state. It has been the nature of the industry to see fewer farms with more cows and greater production per cow with the passage of time.

From a membership perspective this poses challenges to the organisation as farms continue to consolidate in as leaner business and financial models continue to be adopted by those farms.

While the family farm continues to exist and operate, recent developments in the industry indicate that there will be an ongoing pressure for herd sizes to increase and for farms to find even greater efficiencies.

SADA will keep a close eye on these developments with the passage of time as the nature of how the industry changes may cause SADA to reconsider how it continues to promote its functions to members who will continue growing in individual scale but smaller in number.

Whatever the future holds the future of SADA's functions will remain vital to its members and SADA will adapt to whatever that environment is.

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.

Improved communication to members that is tangible and measurable. This year there has been increased activity in member communications.

Developed SADA Fresh Plan to benefit Members. As SADA Fresh expands, particularly in the export space, then more of its income can be directed to members.

SADA continues to aim for the creation of SADA linked discounts, subscriptions and benefits to members. SADA currently retains the services of employment advisors and legal counsel for members.

SADA continues to maintain and build upon a strong advocacy capacity. SADA has increased its advocacy in a number of important ways, not least of which being the only farming organisation; Federal or State; to appear before the Murray Darling Royal Commission.

We list 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 provided 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: Late in the 2016-17 financial year, SADA established a program to visit every member dairy farm in South Australia. By the time of reporting half of all farms have been visited and many members engaged.

It is expected that these farm visits will continue and all farms will be visited by September 2018. In the process of visiting farms SADA has delivered over 100 bio-security signs to members.

SADA remains committed to serving its members diligently and efficiently.

Year	Number of Farms
2010-11	286
2011-12	275
2012-13	268
2013-14	264
2014-15	252
2015-16	259
2016-17 (p)	241

Performance Indicators:

Membership numbers:

As at end of financial year 111 (up from 109 in 2016-17)

Number of discount arrangements:

As at end of financial year 6 associate memberships, unchanged.

Number of referral events:

7 related to Industrial relations matters

Number of communication events:

25 up from 21 (2016-17)

Priority Area 2—Financial

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

Nevertheless, we remain vigilant and careful as we are aware that we are dealing with money which is held in trust for the benefit of members.

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.

SADA is also advancing the Dairy Industry Action Plan to help position the industry in South Australia into the future.

Outcomes

In 2016-17 collection of Membership Fees was restrained to a CPI increase. The SADA Board has been critically 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 (different to the amount referred to above) grant monies generated last year as part of the promotion of SADA and its objectives, including the enhancement of SADA Fresh. SADA Fresh is paying for a campaign on Channel 7's SA Weekender which will see the purchase of a segment and the ongoing promotion of South Australia Dairy product on that show for a number of months.

A practical and useful income from the SADA Fresh product for the Fund as well as SADA. Currently, all funds from the domestically sold SADA Fresh product goes into the fund managed by a separate board.

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.

The challenge remains that advocacy is not cheap because it demands the time of experienced people whose knowledge is valuable. The ability to rely on inhouse expertise has enabled SADA to punch well above its weight on both a state and national scale. SADA still manages good value for money from our staff. Collectively SADA can harness 125 years of experience in management, primary sector knowledge, legal knowledge, parliamentary experience, workplace and bureaucratic history. The fees paid for this knowledge is relatively low.

Rental property and investment property tenanted remain maximised.

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 Wesfarmers 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 2017-18 year.

Grant opportunities to be identified and applied for when appropriate:

Two grants applied for, both successful.

SADA continues to operate its 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.

With a recent expansion in staff numbers SADA continues to keep an eye out for other premises should the need arise.

Priority Area 3—Communication

In an election year SADA maintained a conspicuous profile on behalf of its members. SADA staff facilitated a session for all primary industries across South Australia to enable the primary sector to send a clear and unambiguous message during the 2018 election campaign. This message was then driven by all sectors and there is little doubt the new Government in SA is listening to the SA dairy sector.

It was gratifying to see that Primary Industries Minister, Tim Whetstone, at SADA's urging took a national position on the proposed Mandatory Code of Conduct by the ACCC which was favourable to the South Australian Dairy Farmer.

Outcomes

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

- Development of Website
- The regular issue of Newsletters monthly, including matters of local, national and international relevance
- The issue of specific advice to members when required
- Personal contact
- Regular and effective contact with Political Leaders, Senior Management in Dairy related Industries and other interested organisations such as animal welfare organisations
- Press releases on issues impacting the industry leading to greater confidence in the industry at a consumer level
- Improving the Social Licence of the Industry

The new website stands as a substantial improvement on the former website. 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 has attempted to break into the Middle East as part of a delegation of South Australian businesses presenting SA product to various supermarkets in Abu Dhabi, Doha and Kuwait.

Strategies

As part of the SADA communications strategy we keep members abreast of what their association is doing to represent their interests. For this reason we keep up high levels of personal contact and make certain that issues, when raised are pursued with vigour.

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. We are gratified that the new government has listened to SADA in regard to the fracking issue in particular. The new Government has honoured their commitment to a 10 year moratorium on fracking and SADA has now provided advice to independent, Troy Bell who has sought to have the moratorium enshrined in legislation. In working with Troy SADA has assisted with fixing an issue with his bill and assisted with sober strategic advice to him in advancing the bill.

Fracking can only proceed with a social licence which is earned and there is informed consent.

Performance Indicators:

Website complete by end Feb 2017

Completed for both SADA and SADA Fresh.

Number of Newsletters

Monthly, 12 issued in the last year.

Number of specific advices issued

As required Updates have been circulated to members. 13 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

11 press releases had been issued across a number of issues.

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 was front and centre in the advocacy space both on a state and national stage. SADA has made a number of critical submissions to various organisations not least of which was the ACCC where SADA made both written submissions and gave verbal evidence to the organisation's investigators.

The ACCC made recommendations to the Commonwealth to introduce a Mandatory Code of Conduct to the Dairy Industry nationally. This has been supported by all states except Victoria, which has chosen not to commit to the principle until its terms are known. Sadly the ADF is holding out having announced a commitment to the Voluntary Code.

Outcomes

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

- 10 year fracking moratorium in the South East
- ACCC recommendation for a Mandatory Code of Conduct
- Support of ACCC's interim report into the dairy industry from the SA Government
- A commitment by the SA Government to the 90 day infrastructure plan.
- Restructure and delivery of NRM (Natural Resource Management) in SA
- Energy and Pricing which is under development by SA Government.
- Retention of PIRSA as a stand-alone department.

Nevertheless there are still challenges that have to be met including the protection and proper funding of SARDI going forward.

Through the development of the Dairy Industry Action Plan SADA seeks to continue to work to position the South Australian Dairy industry in a stronger position both nationally and internationally.

The Action Plan is due for release early in the 2018-19 financial year and will set the framework for the industry's approach and positioning into the future.

Strategies

SADA is enjoying excellent communications with the Government. This is in part facilitated by the election of former SADA President David Basham to the back benches of the South Australian Government.

Nevertheless, and independently of David's election SADA maintains contact with several of the new government's ministers particularly, David Speirs and Tim Whetstone both of which have already been generous with their time in dealing with SADA.

On the other side of the political fence SADA has also met with Shadow Primary Industries Minister Eddie Hughes on one occasion and his staff on several more occasions.

SADA's advocacy has also seen it make submissions to a number of bodies, including Parliamentarians, Commonwealth regulators and a Royal Commission.

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. 50 farms have been visited in the last two months of the 2017-18 financial year reinforcing those responses.

Number of successful lobbying events

We had over 20 events last financial year. (Including meetings with Political leaders).

Number of contacts created

The SADA staff maintain hundreds of contacts, locally, nationally and internationally. Recently our international reach has seen travel to the Middle East to spread the reach of the South Australian dairy farmer as far as possible.

Growth in the size of the overall network

The network possessed by the SADA team has grown substantially in the past 12 months.

Qualitative feedback from public

We continue to enjoy enormous public support.

Priority Area 5—Board and Governance

SADA has now put both the President and the CEO through governance training, namely the internationally recognised Company Directors Course which was conducted recently in Adelaide.

This and the last annual report are the first documents produced by SADA that see the annual report directly linked to the strategic plan and positioning of the organisation. This enables SADA to effectively track its progress on behalf of members in a methodical and philosophically consistent fashion.

This will enable the SADA Board to reflect on the work that is being done on behalf of South Australian dairy farmers and whether or not that work is producing effective and efficient results. This year there have been notable improvements in the measures identifying our successes.

Nevertheless, there still are challenges including memberships results that remain stubbornly flat with an overall shift from 109 to 111 members over the past 12 months.

SADA will continue to work for better outcomes and there

Outcomes

As noted above the organisation's strategic plan was developed and endorsed by the board in March 2017. After ratification the plan has now been rolled out.

Equally, the SADA Fresh strategic plan was developed in April 2017. This is the blueprint for advancing the SADA Fresh Brand, and has proved challenging. Expectations have not been realised in the export product area in spite of numerous inquiries from China and the Middle East that have not matured into increased sales.

The Company Director's course has been delivered.

Prompt, effective and sound advice delivered to Board Members as and when required.

4 face to face board meetings annually— 8 further board meetings. Weekly telephone hook ups.

Strategies

As stated the development of the Strategic Plan has been completed and is being implemented in the 2017-18 financial year and the 2018-19 financial year.

The development of SADA Fresh Strategic Plan is complete and is being rolled out. This has seen a substantial improvement in domestic growth but the international market remains challenging.

Governance Training and Education is to be rolled out during the course of the current financial year.



Indicators of Success:

SADA Strategic Plan Delivered

Complete and on going.

SADA Fresh Strategic Plan Delivered

Complete and on going.

Governance Training Delivered

Completed for President and CEO.

Number of Board Meetings Achieved

1 AGM

4 Face to Face board meetings

Weekly phone hook ups.

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 a 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 529 million litres.

In the last annual report it was noted that the Chinese CNCA (Certification Accreditation Administration of the People's Republic of China), was starting to place increasing expectations on dairy exporters. This has continued in the current financial year. China is currently undergoing substantial administrative reform which is also impacting on Australian dairy exports.

This means that while we want to maintain our presence in China it is necessary to pursue other markets extra jurisdictionally.

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 2017-18 Annual Report indicated that there were a number of inquiries from international markets, particularly in South East Asia. These inquiries have not borne fruit.

Inquiries of this nature are common but have proven difficult to mature. Consultations are ongoing with a major business in China but experience has taught SADA Fresh and SADA to approach these contacts with some caution. They have often generated much effort with little result.

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

As an organisation we are consistently increasing consumer contact in our networks. We have hosted tours from international market places to show off the South Australian product and to do so in its most positive light.

As stated we have engaged in exploring extra-jurisdictional markets. Many of the inquiries we receive don't necessarily go beyond the phone call but others lead to positive connections and possible milk deals not only for the SADA Fresh product but for processors in South Australia. While we are primarily a Dairy Farmer representative organisation if the opportunity arises to put an international customer directly in touch with a processor in SA then we do so as it means the sale of more SA product.

Investment attraction remains a strategy for SADA and we continue to build our international contacts.

There is a role for SADA Fresh in this strategy. As our flagship brand the international market has become exciting for us. But we also promote any South Australian producer who distributes internationally or extra-jurisdictionally.

Indicators of Success:

Volume of milk sold:

Up 13% in the 2017-18 financial year. As compared with a fall of 9% in the previous year.

Number of new relationships generated:

2 New possible export markets are currently under exploration by SADA Fresh.

Increase in dollar value of sales

The fall of 9% in volume in the 2016-2017 was a matter of concern, the 13% increase in 2017-18 was also on the back of slightly improved milk prices.

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 been the subject of substantial effort in the past 12 months including a promotional visit with part of a SA Government delegation to the Middle East.

Meetings were held with several major Middle Eastern businesses but have sadly not resulted in export sales to that area.

Businesses visited included Lulus Hypermarkets, Sultan's Supermarket Chains and numerous manufacturing organisations for the potential for bulk purchases. These contacts have not resulted in positive outcomes.

SADA Fresh continues to maintain its presence in China, however, there has been no growth in that market for the product.

Outcomes

Domestically, SADA Fresh has continued to enjoy robust sales and 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. While the brand has maintained its position in China there has been no headway for fresh milk into any other market.

Similarly the SADA Fresh cheese brand is positioned to be developed this year with agreement in place with Beston to provide the cheese if SADA can find a market.

The development of the SADA Fresh Strategic Plan by April 2017 reflected the ambitions of the SADA board. This plan must reflect the fundamental ethos that SADA Fresh exists for the benefit of SADA members and that any Board Member or Employee of SADA Fresh must understand and act in accordance with that core principle.

That ambition has not yet been realised but extra efforts will be made in the current financial year to land product in other countries.



Strategies

Develop SADA Fresh:

SADA Fresh has a presence in China and a number of other markets, both within China 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 (Consolidated)

Auditors Report

Report on the Financial Report

We have audited the accompanying financial report of South Australian Dairyfarmers' Association Inc (Consolidated) (the association), which comprises the Board of Management's Report, Income and Expenditure Statement, Detailed Statement of Financial Position, a summary of significant accounting policies and other explanatory notes for the financial year ended 30 June 2018.

Board of Management's Responsibility for the Financial Report

The Board of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Associations Incorporation Act 1985 (SA), and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, management also states in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion:

- (i) The financial report gives a true and fair view of the financial position of South Australian Dairyfarmers' Association Inc (Consolidated) as 30 June 2018, and of its performance and its cash flows for the year ended in accordance with the Australian Accounting Standards and the Associations Incorporation Act 1985; and
- (ii) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Signed on 29 August, 2018:



Matthew White,
Business Initiatives
20D William Street, Norwood SA 5067

South Australian Dairyfarmers' Association Inc (Consolidated)
Board of Management Report
For the year ended 30 June 2018

Your Board members submit the financial accounts of the South Australian Dairyfarmers' Association Inc (Consolidated) for the financial year ended 30 June 2018.

Board Members

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

John Hunt
Rick Gladigau
Nick Brokenshire
Gary Zweck
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

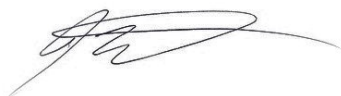
No significant change in the nature of these activities occurred during the year.

Operating Result

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

	Year ended	Year ended
	30 June 2018	30 June 2017
	\$	\$
	34,184.56	34,710.25

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



John Hunt - President



Richard Gladigau - Treasurer

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Profit and Loss Statement
For the year ended 30 June 2018

	2018	2017
	\$	\$
Income		
Associate Membership	1,170.89	1,003.62
Commissions Received	116,372.05	106,611.64
Dairy Industry Project Funds	12,715.07	(1,915.07)
Dividend, Interest & Trust Distributions	8,160.19	7,225.04
Other Operating Income	27,193.60	3,498.34
Recoveries - Admin Staff & Office Costs	221,574.24	84,950.95
Rent Received	20,007.26	21,007.28
Grants Received	15,600.69	-
Royalties	413,654.32	528,774.79
SA Cattle Advisory Funding	40,000.00	40,000.00
Subscriptions	168,778.93	167,264.77
Export Royalties	2,783.18	-
Unrealised Gain/(Loss) on Investments	20,490.68	12,144.13
Profit/(Loss) on Sale of Assets	-	2,395.00
Franking Credits Refunded	2,610.00	-
Total income	1,071,111.10	972,960.49
Expenses		
Member Services	48,177.09	45,203.23
Dairy Industry Projects	12,973.53	117,557.15
Advocacy	2,815.69	7,381.50
Board & Committee Expenses	9,338.09	10,628.79
Personnel	433,070.25	240,393.16
Operating Expenses	521,028.01	493,928.56
Finance & Investment Expenses	9,523.88	23,157.85
Total expenses	1,036,926.54	938,250.24
Profit from ordinary activities before income tax	34,184.56	34,710.25
Income tax revenue relating to ordinary activities	-	-
Net profit attributable to the association	34,184.56	34,710.25
Items recognised directly in equity:		
Net increase in Asset Revaluation Reserve	6,138.00	-
Total revenues, expenses and valuation adjustments attributable to the association and recognised directly in equity	6,138.00	-
Total changes in equity of the association	40,322.56	34,710.25

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Profit and Loss Statement
For the year ended 30 June 2018

	2018	2017
	\$	\$
Opening retained profits	502,577.22	467,866.97
Net profit attributable to the association	34,184.56	34,710.25
Closing retained profits	536,761.78	502,577.22

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Balance Sheet as at 30 June 2018

	Note	2018	2017
		\$	\$
<hr/>			
Current Assets			
Cash Assets			
Business Cheque Account		139,733.10	149,592.77
ETrade Investment Account		49,350.33	31,872.18
Petty Cash on Hand		585.06	205.90
		189,668.49	181,670.85
Receivables			
Trade Debtors		120,951.10	137,697.55
Sundry Debtors		42,913.24	6,388.26
		163,864.34	144,085.81
Other Financial Assets			
Investments in Listed Securities		176,037.66	159,245.61
		176,037.66	159,245.61
Total Current Assets		529,570.49	485,002.27
 Non-Current Assets			
Property, Plant and Equipment			
5/780 South Road, Glandore		370,000.00	363,862.00
Office Furniture & Equipment		58,433.59	44,219.04
Less: Accumulated Depreciation		(41,770.82)	(37,937.82)
Motor Vehicles		29,381.22	29,381.22
Less: Accumulated Depreciation		(18,941.00)	(15,462.00)
		397,102.99	384,062.44
Total Non-Current Assets		397,102.99	384,062.44
Total Assets		926,673.48	869,064.71

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Balance Sheet as at 30 June 2018

	Note	2018	2017
		\$	\$
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Current Liabilities			
Payables			
Unsecured:			
Trade Creditors		10,554.05	1,234.15
PAYG Payable		6,924.00	4,366.00
GST Payable		18,043.07	21,897.30
Employee Entitlements		19,758.21	8,424.21
		55,279.33	35,921.66
Financial Liabilities			
Unsecured:			
Workcover Payable		134.95	299.05
Sundry Creditors & Accruals		7,934.11	2,325.71
		8,069.06	2,624.76
Other			
Income in Advance		15,000.00	-
		15,000.00	-
Total Current Liabilities		78,348.39	38,546.42
Non-Current Liabilities			
Financial Liabilities			
Secured:			
Unexpended Project Income		-	6,915.07
Unexpended Grant Liability		14,399.31	30,000.00
		14,399.31	36,915.07
Total Non-Current Liabilities		14,399.31	36,915.07
Total Liabilities		92,747.70	75,461.49
Net Assets		833,925.78	793,603.22

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Balance Sheet as at 30 June 2018

	Note	2018	2017
		\$	\$
<hr/>			
Members' Funds			
Reserves			
Asset Revaluation Reserve		297,164.00	291,026.00
Accumulated surplus (deficit)		536,761.78	502,577.22
Total Members' Funds		<u><u>833,925.78</u></u>	<u><u>793,603.22</u></u>

The accompanying notes form part of these financial statements.

South Australian Dairymen's Association Inc (Consolidated)
Notes to the Financial Statements
For the year ended 30 June 2018

Note 1: Summary of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Act of South Australia. The committee has determined that the association is not a reporting entity.

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 specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Property, Plant and Equipment (PPE)

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(b) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(d) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

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

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the assets and liabilities statement are shown inclusive of GST.

South Australian Dairyfarmers' Association Inc (Consolidated)
Notes to the Financial Statements
For the year ended 30 June 2018

(f) Investments

Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

(g) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

South Australian Dairyfarmers' Association Inc (Consolidated)
Statement by Board of Management
For the year ended 30 June 2018

The Committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Committee the Income and Expenditure Statement, Statement of Financial Position, and Notes to the Financial Statements:

1. Presents fairly the financial position of South Australian Dairyfarmers' Association Inc (Consolidated) as at 30 June 2018 and its performance for the year ended on that date.
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



Rick Gladigau
Treasurer

The accompanying notes form part of these financial statements.

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.



Gary Zweck Board Member



Running a 200-cow TMR dairy in the predominantly broadacre cropping region of Blyth with wife Ros and son Justin, the second-generation farmer remains positive about the future potential for dairying in his home region.

Growing interest from Asia and the Middle East in South Australian dairy products, he believes, can form the foundation for renewed growth in areas like the Barossa, Mid North, Fleurieu and Central region after a relatively dormant period. As a part of the SADA Board, Gary is keen to help farmers and processors alike build back up self-esteem and form a more positive outlook in order to capitalise on new market opportunities.



South Australian Dairyfarmers' Association

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