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www.sada.asn.au

Mission Statement

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

Our Values

Integrity Representation

Respect Ethical Practice

Passion Accountability

South Australian Dairyfarmers' Association Inc.

2019—2020 Annual Report

Table of Contents

President's Report4
CEO's Report6
Key Priority Areas ······7
Membership8
Financial ·····9
Communication ······10
Advocacy and Relevance·····11
Board and Governance ······12
Industry Growth ······13
Management of SADA Fresh······14
The Board ······15
Financial Report ······16

President's Message

John Hunt | President



After almost a decade of challenges including drought, turbulent international conditions, floods, fire and pandemic, dairy in South Australia - as with the rest of the country - has seen some clear air.

With farmgate prices for milk and beef now reflecting a purposeful

income for farmers who have weathered the storms there is now an opportunity to re-invest in businesses either by retiring debt or investing in advancing the businesses by introducing innovative technologies, some long overdue repair and maintenance getting completed and the opportunity to expand enterprise.

It has been refreshing to hear the optimism around our industry. Farmers are looking forward to the future and young farmers are entering our industry and looking at pathways to farm management, contract milking, share milking and farm ownership. It has also allowed some farmers at the twilight of their careers to make a voluntary choice to exit our industry and leave on good terms.

Working with processors to give farmers surety looking for more long-term stability has had a significant impact on our plan to grow the SA milk pool. The code of conduct has reassured farmers that contracts are fair and equitable so they can concentrate on pre farm gate.

Our relationship with Government has grown and have been able to provide stability with issues around surety of water, NRM localising issues, underpasses to encourage growth and safety, reduction in bureaucracy so can get on with the job.

PPSA will also be a huge factor going forward with a dedicated Chair and CEO taking the lead on cross

commodity issues and having one strong voice. Must thank Rob Kerin and Don Plowman for their services to our industry and look forward to our relationship with new chair Simon Maddocks and CEO Caroline Rhodes.

Our relationship with Dairy SA and D Australia has stayed on path with regular communication and having farmers interest at heart. All these boards are made up of farmers willing to take time and thought away from their businesses to give back to industry. It is great to be a part of a team that is looking forward to the future of our industry.

Dairy Safe and the Dairy Industry Association of Australia (DIAA) have played a huge role in the last year by making sure procedures were in place for both processors and farmers due to the COVID-19 pandemic. They will also be influential in our aim to grow our milk pool with a win-win for all industry.

Our peak industry body Australian Dairy Farmers (ADF) has performed well with numerous submissions going into Government around working Visas, making sure dairy and its service providers are classed as an essential service. National Council has a huge part to play in this space. It is key that ADF has the ear of the Federal Government. The National Farmers Federation is also kept well informed of dairy issues and help promote our message.

Our Mission Statement to be the voice of SA dairy farmers is always the key reason we strive to get results for our members.

Now is the time to look to the future and SADA and re-adjusting our focus with a clear view to what is coming. A few years ago, SADA created its vision statement to become the premier representative organisation in the state as an expression of the association's ambition for the future of the industry and to provide its members with the best possible service

In that time, SADA created new commercial SADA Fresh products, doubled the sales of existing SADA

Fresh products, rolled out an industry plan which has now been adopted as government policy, strongly influenced the structure and content of the national Dairy Industry Code and is now leading technical development of a national traceability model in Australia.

Not bad for a small organisation, but there is more to do.

As SA dairy looks to the future the next challenge, while daunting, should be embraced as it will enable SADA to continue to lead the way both within the state and nationally.

Looking to the future the greatest challenge that is to be faced by all farmers will be the impact of climate change. Consumers will be demanding outcomes and . While Australia is committing to a net zero target by 2050, SADA has committed to the same target by 2030. While ambitious, this can and will be reached as dairy farmers contribute just .097% of Australia's emissions. This will mean that SADA in conjunction with Dairy SA will over the next year map out steps to be taken to achieve this goal and will promote them to members. SADA has already staked its claim in this area. The support by SADA through its industry fund has supported a number of projects in SA that potentially have good outcomes. The use of dung beetles to sequester carbon and two reviews of total mixed ration systems as a source of methane capture are reflective of the serious attitude that SADA has already taken in this critical area. Opportunities also exist in carbon credits, seaweed food additives and genetic selection.

SADA is also making strides in the roll-out of the traceability project which was started in the 2020-2021 financial year. This project will continue in the 2021-2022 year and will place SADA at the front of the queue when it comes to attracting investment in cutting-edge distributed ledger-based traceability technology. If successful SADA will lead the charge nationally in creating a traceability framework that will set the benchmark for a national system.

The reason SADA has committed itself to this path is that this technology is coming fast and if we as farmers do not get to describe what it is then it will certainly be inflicted upon us from somewhere else. The ability to control these models is the ability to manage the demands that are placed on farmers by other parts of the supply chain.

SADA will have regular contact with its members to act on any upcoming issues it can see arising in the industry. The organisation can provide support to our members on a raft of issues.

As the president of SADA I have been repeatedly struck by the dedication of our team, led by Andrew Curtis. It is humbling to have people who care about our industry as much as our SADA team does - it is a pleasure to be fortunate enough to have the role of President of this organisation.

Finally, I place on the record my sincere thanks to my fellow board members who continue to go above and beyond when it comes to representing the interests of our fellow farmers in South Australia.



CEO's Message

Andrew CurtisChief Executive Officer

The efforts of SADA are the result of a diverse and committed team that in addition to supporting advocacy and policy development have worked to deliver many projects aligned with the SA Dairy Industry Action Plan.

For our organisation, the year that has passed has been challenging as we have learnt to deal with COVID and its ramifications for movement and doing business. The Covid-era – the pandemic that keeps on giving – has provided the opportunity for SADA, and in particular Alison Amber, to partner with PIRSA in dealing with the complexity of movement across borders that has been experienced by many members, their workers and service providers who support the operations of the dairy industry.

The past year saw the role out of the Dairy Code of Conduct which has provided clarity for many of our members. At SADA, through the leadership of John Elferink, we have been able to support both members and processors in understanding and adopting the Code. We have also been able to provide some leadership in reviewing the operations of the code during the past year.

The Dairy Workforce committee which SADA has established has been a strong focal point for discussion of workforce challenges across the industry. While it is in its infancy, the buy-in from both industry and governments signals a productive future for this committee, supported by Ashleigh Pulford in leading workforce policy.

Traceability remains our other key project area and we are pleased to be aligning with state and national leaders in trailing technologies and processes which will support the industry in both meeting and reporting against consumer expectations into the future.

SADA has continued to provide as range member services across a range of areas including industrial relations, effluent management, land acquisition and access to water while also supporting a range of members in their recovery efforts following business disruptions caused by the pandemic.

We continue to welcome and encourage members engaging in committees and the board. They work with a committed and talented office team. Drop into the office when you're next in the Adelaide, whether you are double vaxed or not.

As we move into 2021/22 we are supported by a robust communications platform and an Industry Action Plan that identifies opportunities for a resilient and profitable industry.

Key Priority Areas

In 2016 SADA developed a strategic plan to create a clear pathway for the future. In 2019 the plan was extended to operate for another two years to the year ending 2021. To further pursue SADA's vision for the future the South Australian Dairy Industry Action Plan 2019-2024 was developed. The plan has now been widely adopted across industry including by many processors.

The Strategic Plan of SADA maintains seven Key priority areas. These areas form the spine of SADA's activities.

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

SADA continues to focus on its members but has adopted a position of leadership and partnership within the industry enabling the expansion of SADA's role. Using this expanded role the South Australian dairy industry as a whole has seen an increase in productivity. There continues to be an increasing concentration of productivity in fewer but more efficient farms.

The plan continues to represent the needs of SADA and its members. Fair contractual arrangements, 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.

In the past twelve months for the first time in over a decade there has been relatively clear air for farmers with good milk prices, good beef prices, increased land values and favourable seasonal conditions assisting the industry in South Australia.

Priority Area 1: Membership

At the end of 2020-21, SADA completed a review of its previous year's number of members. SADA membership sat at 87 members down from 96 active and operational members from the previous year. While there was an improvement expected in 2019-2020 after membership numbers improved to 103 early in that year membership numbers continued to contract.

Again, as with the previous recorded years there have also been a shrinkage in the number of dairy farms in South Australia, (see table). This needs to be understood in the national context where the trend towards shrinkage of the number of farms is reflected in all jurisdictions. Nationally, since 1980 there has been a downward trend in the number of dairy farms.

Australia in 1980 had 21,994 farms. By 2021 that had fallen to 5,055 farms. The national herd size has fluctuated during the same period from 1.88 million cows in 1980 to 1.411 million by the end of the 2019-2020 financial year.

In SA milk production in 2017 equalled 483 megalitres and in 2018 it was 496 megalitres in financial year starting in 2019 that number contracted to 488 megalitres. For the 2020-21 milk production in SA is expected to exceed 500 megalitres.

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 continually strives to pursue its advocacy goals. Through member representation SADA achieved. SADA's work saw the government finally commit to an underpass scheme which was announced in July 2021.

SADA also took a prominent role in the Dairy Industry Code review, which was started in early 2021 as per the requirements of the Code. The Code has proven to be an effective document in stabilising the relationship between processors and farmers. SADA continues to take an active interest in protecting the rights which have been won since the commencement of the Code.

SADA also commenced work on its trackability project in early 2021. That continues to be rolled out.

Strategies

Providing Services to members to make membership more attractive: In the 2020-2021 year SADA continued to provide policy and legal services to members and in some instances non members. This advice has extended into the are of boundary disputes, writing contracts for processor members of the organisation and supporting members with EPA related matters regarding waste water disposal. 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 SA-DA commenced its farm visitation program. That has continued in the 2019-2020 year with most farms members farms receiving direct visits from SADA Staff.

In the 2020-2021 financial year farm visits were restricted by the outbreak of COVID 19 which made visits, particularly in the South East, more difficult.

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
2018-19	212
2019-20	206

Performance Indicators:

Membership numbers:

As at end of financial year 87 down from 96.

Number of discount arrangements:

As at end of financial year 11 associate memberships, unchanged up by 2 from the previous year.

Number of referral events:

7 related to Industrial relations matters and legal issues.

Number of communication events:

31-2020-2021

31 - 2019-2020

23 - 2018-2019

Priority Area 2—Financial

In 2020-21 SADA continued to remain financially sound.

SADA continues to maintain income from various sources enabling a spread of risk to SADA's income stream. SADA operates on income from funding from the SADIF fund, income from insurance royalties, membership subscriptions, Cattle Industry Fund grants.

While the industry continues to undergo transformation with the increasing concentration of dairy production onto larger but fewer farms, SADA's spread of risk remains the optimum business model in a changing environment.

Outcomes

2020-2021 saw a CPI increase in SADA membership fees, with a zero increase proposed for 2021-2022. The SADA Board has remained keenly aware of the pressure on the industry in the past few years and COVID 19 has continued to present a challenge. As a result SADA has kept membership fee increases to zero.

SADA's income was also assisted with the continuation of a \$60,000 grant from the Government to support a Dairy Industry Action Plan Officer position, in the person of Ashleigh Pulford. Ash has made an important contribution to the SADA world since arriving in late 2019.

SADA Fresh milk is continuing to perform well in terms of domestic sales however returning some \$440,000 to the Dairy Industry Fund. Exports however remained problematic as the impact of COVID -19 on aircraft movements. SADA Fresh to China has recovered to a small degree but sales only reflect some 20% of pre-covid sales.

As reported in 2019-2020 SADA was in negotiation with Coles to bring cheese to the shelves. In 2020-2021 SADA Fresh launched its Colby, Cheddar and Gouda cheeses into Coles which was launched in late 2020. By the Minister for Primary Industries in SA and former SADA Chair, David Basham.

The cheese product has had a slow start and there were a number of supply and establishment issues with Beston the cheese supplier for the SADA Fresh product.

Late in the financial year Beston discontinued the supply of cheese to SADA and SADA had to source cheese from another source, namely Warrnambool Cheese and Butter.

This meant the discontinuance of the Colby line. SADA Cheese continues to be sold through Coles however, it is yet to turn a profit. Sales are showing signs of improvement and the Board has sought to continue the advancement of the product for the 2021-2022 year.

Strategies

Membership Fees

SADA continues to collect membership fees from the farmers we represent. As indicated earlier in this report SADA has decided to keep the demand for dues as light as possible for the reported year and the following year. Fees 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

SADA has been successful in raising \$120,0,000 to fund the position for the roll out of the South Australian Dairy Industry Action Plan. \$60,000 from SA Govt and SADIF respectively.

Rental Income

SADA also makes a small income from rental space leased to Livestock SA. However, Livestock SA will expand into new offices in the 2021-2022 year.

SADA Fresh

SADA Fresh has made contributions to SADA's expenses however most of that income is still transferred to the Industry Fund. All income is outlined in this reports' financial statements.

Performance Indicators

Collection of Membership Fees:

Completed and continuing.

Increased income from this source:

CPI increase in the 2020-2021 year.

Grant opportunities to be identified and applied for when appropriate:

SADA continues to receive grant funding from SADIF and other sources as described.

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.

In 2020-2021 financial year the offices continued to become crowded which has at the time of this report led to the occupation of Unit 10 in the same units at 780 South Road.

That move has lifted the pressure off the SADA offices at Unit 5.

Priority Area 3—Communication

In 2020—2021 SADA continued its effective communication with members and more broadly both on a state as well as a national level.

2020-2021 saw SADA continue to extend its support to both farmers and processors ensuring maximum compliance with the Dairy Industry Code which became operational in the beginning of 2020. No SADA assisted farm or processor has had any adverse outcome from Code regulators.

SADA worked with two SA based processors with their continuing contractual development as well as assisting members with interpreting the industry code and making certain those members were clear on their rights and duties under the Code.

Outcomes

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

- Ongoing personal contact, which was limited in the 2020-2021 year because of continuing COVID restrictions
- Continued maintenance of websites and social media pages. This will be enhanced in 2021–2022 with the introduction of a dedicated communications officer.
- The issuance of updates and newsletters, including matters of local, national and international relevance
- Regular contact with individual members via electronic means.
- Continued 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

The websites continue to be maintained. The https://sada.asn.au portal has been supported by the 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 continues to be active in the social media space which enables SADA to keep itself firmly on the map with communicating with farmers.

Strategies

In 2020 –2021 SADA has maintained contact with external organisations and external interests on regular basis. With the elevation of David Basham to the role of Minister for Primary Industries SADA has enjoyed strong ministerial communication. SADA also continued to have close contact with Government officials, Shadow Ministers and senior public servants.

SADA has continued to have meetings with both the Ministry, backbenchers and also with the Shadow Minister and his staff.

SADA remained at the forefront of the national Dairy Industry Code Review, and continues to fight to protect the farmer interests which have been confirmed by the operation of the Code.

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.

Performance Indicators:

Website complete by end Feb 2017

Completed in 2017 and continues to be maintained.

Number of Newsletters

Monthly, 11 issued in the last year.

Number of specific advices issued

As required updates have been circulated to members. 20 such updates have been issued in the financial year. A substantial part of that activity reflects the ongoing Covid messaging to members.

Number of external contacts

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

Number of Press releases issued

Six press releases had been issued across a number of issues

Qualitative feedback to board members

The board members report consistent communication with the membership in their respective areas.

Priority Area 4—Advocacy and Relevance

As with previous reports advocacy remains the core function of SADA and as an organisation we continue to perform well both on a national and state stage.

The continued roll out of the South Australian Dairy Industry Action Plan 2019—2020 saw SADA bring the industry together in a dairy summit in December 2019 and again in the 2012-2021 financial year. This summit has led to a number of direct actions over the year with the design and construct of the blockchain based traceability trial in South Australia.

Outcomes

Advocacy work to by SADA has led to engagement directly or in partnership has seen successes in many areas not least of which were;

- The complete abandonment of the \$1 milk product on supermarket shelves.
- The review of the Dairy Industry Code protecting farmer interests.
- Providing legal support to two processors in developing their dairy contracts.
- Successfully lobbying for an underpass support subsidy scheme.
- Providing advice to the NFF regarding native title issues.
- Taking an active roll in issues impacting on PPSA.
- Participating in the ACCC's Dairy Code consultative committee.
- SADA co-ordinated with the NGTAG Steering Committee group about the National Traceability Accord.
- Participating in the Commonwealth department of Agriculture Water and Environment review of the industry code.
- SADA attended the National GS1 Traceability Advisory Group general meeting
- Multiple meetings with the DIAA SA branch including participating with DIAA in their awards ceremonies.

South Australian Dairy Industry Action Plan – The plan continues to be rolled out with a full-time dedicated employee. Focus for the past 12 months have been on training and traceability. The traceability scheme is now in its trial phase with two trial sites being tested. This will lead to a positive example of distributed ledger technology being made available for the industry in Australia.

Strategies

SADA and Government continue to enjoy a close relationship. SADA and the state Opposition also maintain regular communications regarding the interests of the industry in SA. As predicted in the 2018-2019 annual report former SADA president David Basham continued to impress in government. In the 2020-2021 year David Basham was promoted to the Ministry with carriage of the Primary sector

Notwithstanding Minister Basham's elevation SADA maintained contact with several of the government's ministers particularly, David Speirs and more recently Vincent Tazia regarding employment issues.

After the continued roll out of the strategic plan 2017—2019 there is SADA is in a stronger and better connected environment than it was four years ago. SADA's reach is not only bounded within the state but it's impact nationally has been recognised by other states. SADA will continue to press on and continue to develop it's sphere of influence and advance its interests on the national as well as the local stage.

Performance Indicators:

Qualitative feedback from members

Positive responses from members. SADA recently conducted a phone poll as well as a survey of its members relating to issues on farm. Generally members remain happy with SADA however as indicated in the membership section of this report.

Number of successful lobbying events

SADA engaged in over 40 events last financial year. (including meetings with Political leaders). These events also included meeting major processors, meeting with the ACCC and meeting ministers at both a state and Commonwealth level.

Number of contacts created

The expanded SADA staff maintain and develop many contacts, locally, nationally and internationally. SADA continues 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 to expand.

Qualitative feedback from public

SADA continues to enjoy overwhelming public support for our industry. The support from the public regarding our push for expanded Trespass Laws reflect the quality of the appreciation the public have for the SA dairy industry.

Priority Area 5—Board and Governance

The 2020-2021 Annual Report is the fifth annual report which directly relates to the operation of the strategic plan. By comparing the reports over the past five years a picture can be formed regarding the strategic plan and positioning of the organisation. This has enabled SADA to effectively track its progress on behalf of members methodically. SADA members can now clearly track the progress of their representative organisation.

The board continued to manage its affairs holding four face to face board meetings in the 2020-2021 year as well as weekly phone hook ups in spite of the impacts of COVID- 19.

Nevertheless, there are still challenges including the reality of:

- Shrinking numbers of farms and,
- Shrinking numbers of farmers.

While the amount of milk being produced in the 2020-2021 year is increasing the change in numbers indicate that the future of dairying will mean SADA will have to continue to consider governance model going forward when dealing with larger company farms.

Further work will be done in the coming year to address the issues arising out of the changing face of dairy in South Australia.

Outcomes

The strategic plan was developed and endorsed by the board in March 2017. Post ratification the plan was extended in the 2018 - 2019 year to continue to 2022. This has enabled consistency of reporting on KPI's which have remained relevant since the publishing of the first Strategic Plan.

The SADA Fresh strategic plan was developed in April 2017. While China has proven to be particularly difficult to expand the foothold we have into the market SADA Fresh persists. Covid - 19 has caused a complete halt in exports to China by the end of the 2019-2020 year. In the 2020-2021 year SADA Fresh re-established its toe hold in the Chinese market place and continued to retain a presence there.

In 2019-2020 SADA Fresh continued to develop its cheese products. In the 2020-2021 SADA Fresh cheese made its debut on the shelves of Coles Supermarkets in South Australia.

SADA staff have continued to provide prompt and effective advice to board members as an when required.

There have been four board meetings as required by the constitution.

Strategies

In 2018-2019 the strategic plan was extended for 2twoyears to enable it to build on the successes and challenges which the organisation has faced. At that time the Board considered the plan and agreed that its functionality would continue to serve the organisation and a an increased longitudinal approach would enable a more effective measure of the performance of SADA as an organisation. It is anticipated that this would lead to better and more reliable results going forward.

Consequently in 2018-19 it was determined by the board to use the existing plan until 2021-22.

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.

In 2019-20 it was expected that there would be a greater emphasis on the China market to explore expansion into that space.

SADA has continued to work in the Chinese market however, the fresh milk product continues to only enjoy limited traction. SADA Fresh and the exporter have begun to work on a SADA Fresh organic product to capture an exclusive slice of the Chinese market.

Domestically, SADA Fresh has consistently enjoyed good positioning on shop shelves and SADA Fresh remains a strong brand. This continues to see a strong performance in the income for the SADIF fund.

Indicators of Success:

SADA Strategic Plan Delivered

Complete and on going.

SADA Fresh Strategic Plan Delivered

Complete and ongoing.

Number of Board Meetings Achieved

One AGM

Four Face to Face board meetings

Weekly phone hook ups.

Priority Area 6—Industry Growth

In 2020-2021 SADA continued to represent only part of the bigger picture in terms of the overall structure of the South Australian dairy industry. With organisations such as DIAA also taking an active role. Nevertheless, SADA continued to play a significant role 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. In 2019-20 year the production fell again to 488 million litres. After the introduction of the South Australian Dairy Industry Action Plan 2019-2024 milk production in South Australia is expected to be well over 500 million litres.

The Dairy Industry Action Plan 2019-24 represents the SA dairy industry's response to the contracting industry. It is aimed at increasing state outcomes through the twin aims of increasing exports and positioning South Australia as a premier dairy producing jurisdiction.

Since 2019 the plan has been actively pursued and there are good grounds for optimism moving forward.

The Action Plan and subsequent summits are starting to bear fruit in the SA dairy industry particularly with the acceptance of the by DIAA (SA) branch and the SA Government in the Growth State Plan \$23 billion by 2030.

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. Work in with blockchain technology into the future provides good grounds for optimism.

Outcomes

The Dairy Industry Action Plan 2019-2024 was published in the preceding financial year.

Over the course of that year SADA travelled to Shanghai to promote the SADA Fresh product. This led to a number of positive inquiries however, COVID-19 was saw not only inquires stop but all sales of SADA Fresh come to a halt into China. That supply chain was restored in 2020-2021 but it has regained about 20% of the original market place.

In 2020 China's lockdown was one of the most assertive globally and that was reflected in the movement of goods across international borders in aircraft.

With the limited number of aircraft movements cargo space remains at a premium.

Strategies

SADA's industry growth strategy is now the Dairy Industry Action Plan 2019-2024 which has been adopted into the SA Government's Growth State Plan \$23 billion by 2030.

This Dairy Industry Action Plan was the result of extensive consultation across the state with both farmers and processors and now Government. 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 now has a dedicated officer applied to it in the and government will has shown a commitment to supporting the plan with financial support for the position. The Dairy Industry Action Plan is at the heart of SADA's commitment to growth of the South Australian dairy product.

The plan has been operational for over a year and already strides are being made in the important areas of training and staff development as well as the development of a distributed ledger traceability project which is gaining national attention.

Indicators of Success:

Volume of milk sold:

Up 2.5% in the 2020-2021 financial year, (projected). At the time of publishing there was insufficient data to determine changes in the proportion of milk supply when comparing SA to the overall Australian supply for the 2020-2021 year.

Number of new relationships generated:

SADA Fresh is now supplying cheese into Coles.

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, 2019-20 488m/l and 2020-21 anticipates production in excess of 500m/l.

Increased demand in South Australian Product

An increase of over 2.5% for the year is expected.

Completion of SADA Fresh Strategic Plan to explore new markets.

Complete and ongoing. Prior to the shut down of Beston Cheese supply SADA Fresh had a preliminary inquiry from a supermarket chain in Dubai. SADA is now opening that pathway again, now that a new supply has been confirmed.



Priority Area 7—The Management of SADA Fresh

SADA Fresh extended its range with the SADA Fresh cheese range in Coles supermarkets in South Australia. Because of the circumstances of supply by Beston this roll out has proven to be challenging, however, SADA continues to persist with the product and intends to improve outcomes moving forward.

Outcomes

Domestically, SADA Fresh milk has continued to perform well 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.



As demonstrated in the financials for over the last two annual reports there has been a pronounced increase in the income of SADA Fresh milk directly as a result of the increased facings of SADA Fresh milk on the shelves in Coles starting in the previous financial year.

SADA Fresh cheeses have had a more difficult start but the board determined to persevere with the project to try and make it work.

Internationally SADA Fresh milk has limped back into China, however, it continues to only hold about 20% of the market place with a threat of transport costs consistently hanging over its head.

This has caused a re-think of the strategic place of SADA Fresh as, 'just another milk', in the Chinese market. SADA is currently working with Ausilk, SADA's export partner, on a new boutique product, SADA Fresh Organic. At the time of reporting the Chinese distributors of SADA Fresh milk

are considering the new boutique product for the Chinese market place.

SADA 東大利原原状態 のRGANIC MILK 有机鮮牛奶 TET WT 14

There appears to be an appetite for exclusive products in China. If successful the milk will be sourced from South Australia for the Chinese market place.

Strategies

Since the last reporting period SADA Fresh has restored a small amount of supply to China. The challenge remains being able to



secure a place for the milk in transport and that remains an ongoing threat to the product.

Chinese markets continue to be challenging as they are highly competitive and there is much competition in the international market place. Specialist products such as A2 retain a place on the shelves of China as they are considered special. If is for this reason that the SADA Fresh Organic label is being explored.

SADA remains proud of the SADA Fresh premium product and the excellent reputation that South Australia has carved for itself as a premium food producing jurisdiction. The roll out of the South Australian Dairy Industry Action Plan 2019-2023 will serve to advance these ambitions.

SADA Fresh remains committed to its ambition of creating premium dairy products for the export market place and in spite of the challenges of supply and covid, SADA's vision for its products have not diminished.

Indicators of Success:

Delivery of a SADA Fresh Strategic plan by April 2017

SADA Fresh Strategic Plan completed.

Domestic sales have maintained the growth of the preceding year.

International sales have been restored in a small way but only to about 20% of previous years' sales, with a new product being explored.



Not For Profit Association Report

South Australian Dairyfarmers Association Inc ABN 70 250 523 225 For the year ended 30 June 2021

Prepared by Business Initiatives



Contents

- 3 Committee's Report
- Statement of Profit or Loss and Other Comprehensive Income 4
- 5 Statement of Financial Position
- 6 Statement of Changes in Equity
- 7 Statement of Cash Flows
- Notes to the Financial Statements 8
- Statement by Members of the Commitee 12
- Independent Auditor's Report to the Members 13



Committee's Report

South Australian Dairyfarmers Association Inc For the year ended 30 June 2021

Your committee members submit the financial accounts of the South Australian Dairyfarmers' Association Inc for the financial year ended 30 June 2021.

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 profit from ordinary activities after providing for income tax amounted to \$32,664.87.

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

John Hunt

Date $\frac{17}{11} / \frac{11}{2021}$ R. Godyun

Richard Gladigau

Date 17/11 / 2021



Statement of Profit or Loss and Other Comprehensive Income

South Australian Dairyfarmers Association Inc For the year ended 30 June 2021

	NOTES	2021	2020
Income			
Revenue	2	1,406,728	1,229,471
Total Income		1,406,728	1,229,471
Gross Profit		1,406,728	1,229,471
Expenditure			
Finance & Investment Expenses		22,842	18,078
Personnel Expenses		627,730	559,218
Shared Services		40,269	30,601
Operating Expenses		683,223	608,982
Profit Before Income Tax		32,665	12,592
Profit for the year		32,665	12,592
Other Comprehensive Income		32,665	12,592



Statement of Financial Position

South Australian Dairyfarmers Association Inc As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
Assets			
Current Assets			
Cash and Cash Equivalents	3	170,763	363,554
Receivables	4	221,259	167,316
Other Financial Assets	5	371,351	161,812
Inventories	6	6,164	-
Total Current Assets		769,537	692,681
Non-Current Assets			
Plant and Equipment and Vehicles	7	427,814	429,997
Total Non-Current Assets		427,814	429,997
Total Assets		1,197,351	1,122,678
Liabilities			
Current Liabilities			
Trade and Other Payables	8	181,976	142,477
Provisions	9	38,563	40,195
Financial Liabilities	10	6,448	2,866
Total Current Liabilities		226,987	185,538
Non-Current Liabilities			
Financial Liabilities	10	70,991	74,395
Provisions	9	4,204	-
Total Non-Current Liabilities		75,195	74,395
Total Liabilities		302,182	259,933
Net Assets		895,168	862,745
Member's Funds			
Reserves		317,164	317,164
Retained Profits		578,005	545,581
Total Member's Funds		895,168	862,745



Statement of Changes in Equity

South Australian Dairyfarmers Association Inc For the year ended 30 June 2021

	2021	2020
Equity		
Opening Balance	862,504	830,152
Comprehensive Income		
Profit for the Period	32,665	12,592
Asset Revaluation Reserve	-	20,000
Total Comprehensive Income	32,665	32,592
Total Equity	895.168	862,745



Statement of Cash Flows

South Australian Dairyfarmers Association Inc For the year ended 30 June 2021

	2021	2020
Cash Flow From Operating Activities		
Receipts from Customers	1,353,650	1,363,042
Payments to Suppliers and Employees	(1,350,932)	(1,273,337)
Net Cash Provided by (used in) Operating Activities	2,718	89,705
	2021	2020
Cash Flow from Investing Activities		
Payment for Property, Plant & Equipment	(16,624)	(14,359)
Payment for Listed Shares & Investments	(175,304)	-
Net Cash Provided by (used in) Investing Activities	(191,928)	(14,359)
	2021	2020
Cash Flow from Financing Activities		
Proceeds from Borrowings	(3,582)	-
Net Cash Provided by (used in) Financing Activities	(3,582)	-
	2021	2020
Cash at End of the Year (Note 3)		
Net Increase (Decrease) in Cash Held	(192,791)	75,347
Cash at Beginning of the Year	363,554	288,207
Total Cash at End of the Year (Note 3)	170,763	363,554



Notes to the Financial Statements

South Australian Dairyfarmers Association Inc For the year ended 30 June 2021

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.

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.

Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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).



	2021	2020
2. Revenue and Other Income		
Cash Flow Boost Subsidy	(15,000)	(50,000)
Commissions Received	(129,918)	(114,333)
Dividend, Interest & Trust Distributions	(8,315)	(8,451)
Interest Received	(2)	(38)
Other Operating Income	(15,386)	(33,291)
Recoveries - Admin Staff & Office Costs	(352,671)	(327,028)
Grants Received	(150,404)	(82,456)
Royalties	(479,548)	(430,334)
SA Cattle Advisory Funding	(50,000)	(45,000)
Subscriptions & Associate Memberships	(132,690)	(156,943)
Export Royalties	(2,727)	(2,235)
Unrealised (gain)/loss on investments	(29,207)	24,214
(Profit)/Loss on Sale of Fixed Assets	1,339	120
Franking Credits Refunded	(3,106)	(3,695)
SADA Fresh Income - Cheese	(39,092)	-
Total Revenue and Other Income	(1,406,728)	(1,229,471)
	2021	2020
3. Cash Assets		
Cheque Account #9621	157,177	311,528
ETrade - Cash Investment	<u>-</u>	52,022
Petty Cash Imprest	5	5
SADA Wrap Working Cash Account	13,581	-
Total Cash Assets	170,763	363,554
	2021	2020
4. Receivables		
Trade Debtors	221,259	167,316
Total Receivables	221,259	167,316
	2021	2020
5. Other Financial Assets		
Shares in other corporations - at market value:	371,351	161,812
Total Other Financial Assets	371,351	161,812
	2021	2020
6. Inventories		
Stock on Hand - SADA Fresh Cheese	6,164	-
Total Inventories	6,164	-

These notes should be read in conjunction with the attached compilation report.



	2021	2020
7. Property, Plant and Equipment		
Buildings	390,000	390,000
Plant & Equipment	37,814	34,125
Motor Vehicles	-	5,872
Total Property, Plant and Equipment	427,814	429,997
	2021	2020
8. Trade and Other Payables		
Trade Payables	177,811	142,477
Superannuation Payable	4,165	
Total Trade and Other Payables	181,976	142,477
	2021	2020
9. Provisions		
Current		
Provision for Annual Leave	38,563	40,195
Total Current	38,563	40,195
Non-Current		
Provision for long service	4,204	-
Total Non-Current	4,204	
Total Provisions	42,767	40,195
	2021	2020
10. Financial Liabilities		
Current		
SADA Consolidated Credit Card	6,448	2,866
Total Current	6,448	2,866
Non-Current		
Unexpended Grant Liability	70,991	74,395
Total Non-Current	70,991	74,395



Statement by Members of the Committee

South Australian Dairyfarmers Association Inc For the year ended 30 June 2021

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

- 1. Presents fairly the financial position of South Australian Dairyfarmers' Association Inc as at 30 June 2021 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:

Signed: John Hunt

President

Signed: Richard Gladigau

D. Hodgun

Treasurer



Independent Auditor's Report to the Members

South Australian Dairyfarmers Association Inc For the year ended 30 June 2021

Auditor's 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 2021, 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 2021 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 Theoron

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 2021, 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 Responsibility

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

As part of an audit in accordance with 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.

Auditor's signature:

Much Il

Matthew White, ACA 90095

Auditor's address: 20D William St

Norwood SA 5067

Dated: 16/11/2021

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 Al heifers as well as some Angus-cross and Holstein bull calves.



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 Finniss 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.



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