



2022 Annual Report

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#sadayfarmers
#sadafreshmilk

DO DAIRY
Support SA

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





2021—2022 Annual Report

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President's Message

John Hunt | President



Phew, what a year, I believe I have stated that over my time as president each year that rolls around. In a year of challenges and change SADA increasingly needs to be at the forefront of the Dairy Industry in South Australia. It has been a year of change. A change in the Federal Government, a change in the State Government & changes constantly brought to our attention due to consumer sentiment.

The new Governments will have an impact on the dairy industry in a very direct way. Both the new Federal Government and the State Government have committed themselves to the recovery of the 450 gigalitres as part of the Murray Darling Basin Plan. This means that there will be a direct effort by both, to find 450 gigalitres from farms to the environment. South Australia has already reached its commitment to the 650, however, if the 450 is to be recovered then SA has to find another 38 gigalitres, to make its contribution to the 450. SADA is front and centre in this debate both at a state level and nationally. SADA is representing PPSA on the National Farmers Federation (NFF) water committee and will continue to fight for SA's farmers. The challenge in the upcoming year will be to make certain that the 450 will be recovered by way of improvements on farm rather than simple buybacks of permanent water licenses. The State's Water Allocation Plans are currently under review so need to be a part of those conversations, what industry needs most of all is surety of our resource going forward all the while acknowledging we are custodians of our land and have been looking after for many years and will continue to do so going forward.

Climate is also a big topic with Governments, in our communications we have outlined that dairy is well ahead of the curve with the ability to measure our emissions and have made management decisions to improve our footprint, coated fertilizers, feed additives, methane capture, breeding, deep rooted rye grasses to mention a few. We also need to make clear what our footprint actually is after sequestration not before. Dairy contributes 2% to Australia's total emissions which is the Gross amount, if you take off what we sequester we are closer to .5% Nett. These figures need to be broadcasted as dairy is advertised as being a high emitter and this simply is not the case.

SADA is working well with Primary Producers SA (PPSA) in pursuing cross commodity issues, red tape, rates, fees, spray drift, roading are just a few things we are working on together. We have a great group of enthusiastic cross commodity partners who are working to deliver benefits to all of agriculture across the state. Through PPSA we also have direct ac-

cess to NFF which puts us on a federal conversation.

2021-2022 has been a year where we as an organisation have been able to turn our eyes to the future. SADA has been working with partners to develop traceability technologies which will come to supply chains throughout the world. By being involved with the development of this tech early we will be able to design it in such a way as to minimise the adverse impacts on farmers while enhancing the positives. SADA completed an Alpha Trial which has attracted national attention and we are working on a Beta Trial for a traceability technology that will see coverage from the cow to the customer anywhere in the world.

Across the country there has been a substantial increase in milk prices being enjoyed by farmers. Finally, the wheel has turned and income is reflecting costs in production, though costs have certainly increased. Much of this improvement can be sheeted home to the Dairy Industry Code, which I reported on last year. SADA was front and centre in the national debate and a critical element of the Code was the requirement that prices be posted by all processors by the 1st of June each year, (2pm to be exact).

This means that farmers have had the opportunity to shop around for processors at their leisure and there finally has been genuine competition for farmer's milk. That has laid the foundation for greater competition and historical practices which rendered farmers little more than indentured servants have been relegated to the dust bin of history. Nevertheless, farmers can anticipate that processors will seek to have the Code reviewed and consequently, we shall remain vigilant.

We have had a couple of scares with Foot and Mouth Disease and Lumpy Skin. Great to see our Biosecurity practises in place federally are of quality standard, best to look at facts and not media hype. Also, great opportunity to get our own Biosecurity practices up to date on farm. We are working on new QR systems to make our farms safer. Keep an eye out for these in our monthly newsletter.

Promotion of our industry is an issue we need to take up. We currently get rocks thrown at us by an ill-informed minority and sometimes feel like we have to defend our industry, not a place we want to get to. There has been so much good work done on tracing what we do, being self-regulated, employment opportunities, family opportunities, we need to promote this better and why dairy is good for you like the *Bone density trials, amazing results for people over 60 years old*.

SADA Fresh brand is still generating income to put back into different projects, we have launched our new Cheese brand into Coles with differing results, rest assured we can explain the whole supply chain now, highs and lows

We have a small but dynamic team in our SADA office who give their all to our industry. Any time you would like to call in, phone, please feel free and our team are happy to discuss any issue or any ideas you may have to enhance our industry.



CEO's Message

Andrew Curtis
Chief Executive Officer

The past twelve months have been full of questions:

- Who will form government in South Australia?
- What would you like the Dairy Services Levy to be set at?
- Who would you like to be Prime Minister of Australia?
- What is Lump Skin Disease and what does it mean to my farm?
- What will milk be worth in 2022-23 and who should I supply?
- Is inflation real?

and now we know ...

SADA was pleased to welcome Minister Clare Scriven as the incoming Minister for Primary Industries and Regional Development. Minister Scriven is well known to us, having held the shadow portfolio in the lead up to the election. We have been pleased to meet with and have constructive dialogue with a number of Ministers in the Malinauskas Government. Topics including workforce, climate, water, underpasses, trade, education and health have all been raised with both Ministers and Advisors. The strength of our advocacy efforts is dependent on the issues and feedback provided by our members.

The Dairy Services Levy poll concluded in late March. It was pleasing to see such a strong voter turnout in comparison with other industry polls of this type. (*The wool industry has a vote every three years which is a bit demanding*). The vote outcome has provided surety for Dairy Australia and in recent times SADA, together with ADF and its members, has been in discussions with Dairy Australia regarding its Annual Operating Plan which has been shaped with a clear understanding of the levy pool available to support dairy services.

The Change of Government at a national level has also had an impact on the work of SADA. While the Ag Minister may still be from Queensland, the Trade, Foreign Affairs and Health Ministers are all from South Australia, providing a great opportunity for SADA to support ADF in its national engagement.

Lumpy Skim Disease, and Foot & Mouth Disease have been the talk of the town. SADA will continue to provide targeted Updates on this topic however the message remains the same - **Be Alert, Not Alarmed**. We continue to work with government and industry to improve our preparedness should either disease arrive. Dairy Australia has established a dedicated website which all dairy producers are encouraged to visit - www.dairyaustralia.com.au/eadpreparedness

With all the concern regarding FMD, the discussion of opening milk prices has quickly faded. This doesn't change the fact that we are in uncharted territory regarding the value of milk and a far cry from the situation the industry was in five years ago.

It seems that inflation is real as is likely to have some impact on what would otherwise be very buoyant times. We are unsure yet about the colour of the tint on the Federal Treasurer's glasses, however it is comforting to note that the inflation rate (and corresponding interest rate) is expected to return back to "normal" in the coming two years.

We stand ready to embrace the opportunities that the coming year will bring.

The SADA team is continually seeking input of all members so that we can engage with all governments to support the development of the industry and address issues that are holding us back, engage with Dairy Australia to support the strategic investment of the dairy services levy, engage with biosecurity agencies to ensure FMD & LSD preparedness and response is properly defined, targeted and proportional, and engage with the community to highlight the nutritious and sustainable product that is South Australian Dairy.

Listed below are some of the key policy issues that together with sustainability, SADA will continue to promulgate

EU GI demand

The ADIC has calculated that the EU's demand to restrict many cheese and dairy product names in Australia could put at risk Australian products with an aggregate sales value of more than \$650 million. The potential direct impact on Australian dairy manufacturers from lost sales and increased marketing costs caused by the strict enforcement of GIs could range from a staggering \$70-90 million per year in the early stages of the FTA. While these are national figures there will be a corresponding impact in SA.

SADA supports free and fair trade and it looks forward to continuing to work with government on this deal, to achieve a win-win outcome in the best interests of the South Australian and Australian dairy story.

Virtual Fencing

One of the areas of substantial expense to farmers are the erection and maintenance of fences. SADA supports the investigation of new technologies that may enable cost savings to be achieved as well as deliver better environmental and social outcomes. Virtual fences can be supported by several technologies including GPS location devices and Wifi. SADA is working with the SA Government to ensure Animal Welfare legislation which was enacted before virtual fencing "was a thing" does not hamper its adoption.

Fractures Trial

The University of Melbourne identified the benefits of increased dairy intake on the health of elderly Australians, and in particular the significant wellbeing improvements through reducing fractures as a result of falls. SADA is working in developing the awareness among older Australian and Aged Care providers on this profound study.

Skilled Worker Shortages

The dairy industry, like many others is experiencing skilled worker shortages, ranging from relief milkers to "second-in-charge" and farm management, exacerbated by restrictions

on the entry of backpackers due to COVID, noting that backpackers from a range of European countries such as Germany and Ireland often have dairy farm skills and experience not available in Pacific Islander cohorts.

One issue continually raised both on farms and by supply chain members is that of workforce. Our key priorities are;

- To attract support and funding in the development of micro-credentials for critical skill sets required in the dairy industry. This might include the accreditation of courses recognised in other Australian jurisdictions. Micro-credentials would support the need for flexibility of training delivery and the need to be integrated with work practices and work requirements. SADA would like support and funding to develop and align with industry specific micro-credentials.
- To understand how to access the Skills Shortage Funding (Budget Initiative) to fund courses where industry has reported shortages, and the Skills and Training System (Budget Initiative) in skills outcomes for individuals, businesses, and industry.
- To promote the inclusion of agriculture into the school curriculum, whether this be through additional teaching staff and a dedicated subject or integrating agriculture into STEM subjects in both primary and secondary schools.

To ensure the recognition and inclusion of agricultural apprenticeships and vocational pathways in the five new technical colleges. With the government's commitment to new technical colleges across the state, SADA would like to see pathway opportunities available for students and staff wanting to pursue agriculture and more specifically dairy and dairy related courses.

Mislabelling of Nut Juice

SADA maintains its concerns about the Food Standards Australia and New Zealand Code regarding the representation of certain products in the Australia Market place as "milk" or "milk products". Under intergovernmental arrangements regarding the Food Standards Code, enforcement of the Code is the responsibility of each signatory jurisdiction. As a matter of general policy, the Inter Governmental Agreement and the Code allow for the mislabeling of vegetable matter as milk is becoming a matter of increasing concern. Because of the construct of the Code, South Australia was unable to respond to a complaint by SADA about mislabeling. The manufacturers of plant based 'milks', rely on the title 'milk', to promote their products as being an alternative to

dairy and their marketing is critical of dairy but still embrace the dairy related title of 'milk' because they know that it is an important to remain linked with the name milk.

SADA's and ADF's position is that it is time that Australia aligned itself with the European standard for what milk is and more importantly what it isn't.

Water

Water is generally prescribed in South Australia and is administered through the nine Landscape Boards which have been established. The Landscape Boards cover the state however, SADA's interest originates from four of the board's areas of influence, namely, The Hills and Fleurieu, the Limestone Coast, Northern and Yorke and Murraylands and Riverland regions.

Each board is responsible for the development and review of a Water Allocation Plan (WAP) for their prospective area ensuring they step through the correct stages:



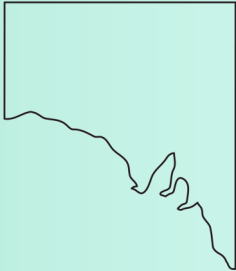






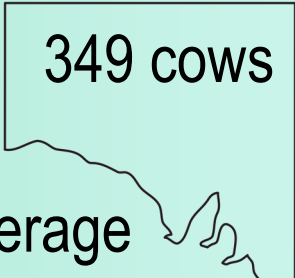
1. A risk assessment is undertaken to identify risks to the water resource and water users, including the environment.
2. The community is given opportunities to provide input into the content of the water allocation plan, based on the risks it is aiming to manage.
3. Based on the decisions made about the risks to the water resource, the environment and water users, a draft water allocation plan is prepared.
4. A consultation process is undertaken to seek community input and views about the draft water allocation plan.
5. The regional landscape board takes the community feedback into account when making decisions on any changes to the draft before submitting a final water allocation plan to the Minister for Environment and Water for adoption.

The adopted water allocation plan is reviewed within 10 years to ensure it is still effectively managing the risks to the water resource, the environment and the community.

Each of the areas are going through their 10 year review process in the near future.



Snapshot SA Dairy

Australian Ag	Australian Dairy	SA Dairy
 <p>87,800 farms</p>	 <p>5055 Dairy Farms</p>	 <p>181 Dairy Farms</p>
 <p>78 Billion to Australia GDP</p>	 <p>4.8 Billion</p>	 <p>1 Billion</p>
<p>313,700 people employed across Ag, Forestry and fishing</p>	 <p>46,200 employed in dairy</p>	 <p>1686 employed in SA</p>
<p>49% of Australia land mass = 7.79million hectares of Ag land</p>	 <p>4th largest rural industry in Australia</p>	 <p>349 cows average herd size in SA</p>

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

2021—2022 continued to see a challenge in the area of memberships. SADA completed a rationalisation of its membership with the introduction of the more accurate Sale Force client/membership tracking software. Last year SADA membership sat at 87 members and the rationalisation revealed an actual active and operational membership count of 83. While there has been an expectation of increased membership in the organisation the process of membership rationalisation coupled with the continuing contrition in the number of farms membership continues to decline.

Aligning with previously recorded years, there has also been a shrinkage in the number of dairy farms in South Australia.

However, these numbers need to be considered national context where the trend towards shrinkage of the number of farms is reflected in all jurisdictions. Across Australia, since 1980 there has been a consistent contraction in the number of dairy farms. Nationally in 1980 dairy boasted 21,994 farms. By 2021 that had contracted 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 fell to 490.4 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 had the pleasure of seeing numerous underpasses being built in SA after the announcement in July 2021 of the underpass scheme. SADA is aware of 5 having been constructed or proposed under the scheme.

SADA also has led the way in the development of traceability project in early 2021. That continues to be rolled out and SADA has generated a number of partners in the development of the technology. These partners include Woolworths and our technology partner Datahash. This technology will see members become far more informed of the passage of their product through the supply chain and into the national and international market place.

Strategies

Providing Services to members to make membership more attractive: In the 2021-2022 year SADA continued to provide policy, legal and environmental services to members and in some instances non members. This advice has extended into the area of employment disputes, writing and amending contracts for processor members of 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 SADA commenced its farm visitation program. That has continued until the out-break of Covid-19 and only later in the reporting year were SADA staff able to return to farm visits.

Nevertheless, SADA was able to make a concerted effort in the South East early in 2022 and many other farms were visited in other areas. The year ahead anticipates a return to full service.

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
2020-21	198

Priority Area 2—Financial

In spite of membership adjustments in 2021-22 SADA continued to remain financially secure. While the separation from Livestock SA has come with some scale issues, 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.

Outcomes

2021-2022 saw a CPI increase in SADA membership fees, with a zero increase proposed for 2021-2022. The SADA Board has remained alive to 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 in the reporting year.

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. Due to COVID 19 exports to China ceased. There does not appear to be an opportunity for recovery at this time.

In 2020-2021 SADA Fresh launched its Colby, Cheddar and Gouda cheeses into Coles which was officially launched in late 2020.

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 2020-2021 year Beston discontinued the supply of cheese to SADA and SADA had to source cheese from another source, namely Warrnambool Cheese and Butter. Which supplied cheese for the financial year. At the time of reporting Beston had again agreed to start supplying cheese and SADA Fresh also succeeded in negotiating the sale of blocks of cheese to Foodland through its 96 stores in SA.

Coles has permitted a price increase on shelves which has kept the Coles cheese at break even. However, with the relationship with Foodland creates good grounds for optimism and the success of this roll out will be reported in the next annual report.

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 \$120,000 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 no longer makes income from rental space leased to Livestock SA. In any instance Livestock SA expanded into new offices in the 2021-2022 year and therefore the loss of this income was anticipated.

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:

Zero increase in the 2021-2022 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.

SADA is will in the coming year apply for grants to enable the roll out of its anticipated traceability project, as well as its methane project.

Priority Area 3—Communication

In 2021—2022 SADA continued its effective communication with members but also with other Dairy Farmer associations in other jurisdictions and also with other relevant actors in the dairy space, including Governments and regulatory authorities. 2021-2022 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 in the past two years. SADA continued working 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.

SADA also assisted a number of farmers with contract related issues in the reporting period.

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 2021-2022 year because of continuing COVID restrictions
- Continued maintenance of websites and social media pages.
- 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

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 their staff.

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

SADA remained a central contributor of the national Dairy Industry Code Review which wound up in the reporting year. SADA 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 the new 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. 10 such updates have been issued in the financial year. This was down from 20 last year, however, most of the previous year's activity was aimed at COVID 19 specifically.

Number of external contacts

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

Number of Press releases issued

Nine 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 2021-2022 year was the year of elections both at a state and commonwealth level. SADA prepared policy documents for both elections and have advanced relationships with the new South Australian government in particular.

It is notable that one of the first acts by the SA Deputy Premier was to visit a dairy farm on the Murray River.

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 restoration of fair contracting and fair income for milk on farms.
- The completed review of the Dairy Industry Code protecting farmer interests without leading to Code amendment.
- Continuing to provide legal support to two processors in developing their dairy contracts.
- Successfully seeing the construction of underpasses in alignment with the underpass scheme.
- Continuing to provide advice to the NFF regarding native title issues.
- Working with and supporting PPSA in its expansion.
- SADA continued co-ordination with the NGTAG Steering Committee group about the National Traceability Accord.
- SADA attended the National GS1 Traceability Advisory Group general meeting
- Multiple meetings with the DIAA SA branch including participating with DIAA. Sadly COVID 19 saw the awards night cancelled in the 2021-2022 year.

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 Alpha Trial was completed and determined to be successful. This led to steps being taken toward the Beta Trial which is coming together with the assistance of our trial partners.

Strategies

SADA and Government continue to enjoy a close relationship. During the course of the year the Opposition became the government. Former SADA president David Basham lost his Ministry as a result of the change in Government, however, SADA continues to maintain close communications with our former President.

Notwithstanding the change in Government SADA was quick to establish relationships with the new Ministry building on the contacts that were established when they were in opposition. SADA has had numerous meetings with Dr Susan Close Deputy Premier as well as Ms Clare Scriven, the Minister for Primary Industries.

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 45 events last financial year. (including meetings with Political leaders). These events also included meeting major processors, meeting with the ACCC and meeting Ministers and Members of Parliament 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

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

Priority Area 5—

Board and Governance

The 2021-2022 Annual Report is the 6th annual report which directly relates to the operation of the strategic plan.

A comparison of the reports over the past six 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 2021-2022 year as well as weekly phone hook ups in spite of the impacts of COVID- 19.

There are still challenges arising from:

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

The amount of milk being produced in the 2021-2022 shows a minor decrease from the year prior. The change in numbers indicate that the future of dairying is secure, but not reflecting the ambition of increased volume. With the currently improved prices however, there are good grounds for optimism.

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.

The Chinese market has been effectively killed off by COVID 19, because the hold space in aircraft became completely cost prohibitive.

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.

Foodland has expressed an expectation for the provision of cheese from SADA Fresh in the 2022-2023 year and this will be reported on in the subsequent annual report.

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

There have been four board meetings as required by the constitution, (2 by Zoom because of COVID 19).

Strategies

In 2018-2019 the strategic plan was extended for 2 years 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 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 essentially had to abandon China as a viable market. It will remain that way for the foreseeable future.

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

Two Face to Face board meetings

Two Electronic (COVID 19) Board Meetings

Weekly phone hook ups.

Priority Area 6—Industry Growth

In 2021-2022 SADA continued to represent only part of the bigger picture in terms of the overall structure of the South Australian dairy industry.

Organisations such as DIAA also take an active role, but now does so in close concert with SADA.

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. In 2020-2021 production increased to 498 million litres. In 2021-2022 production again contracted to 490 million litres, however, there are strong demand indicators in the market place and 2022-2023 are expected to see a production to increase above 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.

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. The new SA Government have given every indication that they want to support the SA Dairy Industry.

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 our traceability projects.

Outcomes

The Dairy Industry Action Plan 2019-2024 was published in the preceding in the 2019-2020 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 inquiries stop but all sales of SADA Fresh come to a halt into China.

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. China's lockdown mentality remains one of the most assertive in the world.

Strategies

The industry growth strategy developed into the Dairy Industry Action Plan 2019-2024. That was in turn has been adopted into the SA Government's Growth State Plan *\$23 billion by 2030*, prior to the election. With the change of Government in SA adoption of the plan has yet to occur but SADA believes that the Government will adopt SADA policy with little, if any, amendment.

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 but with the new SA Government, it has become time to refresh the plan.

This plan 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:

Down by 1.6% in the 2021-2022 financial year.

Number of new relationships generated:

SADA Fresh is now supplying cheese into Coles and will expand into Foodland in the next financial year.

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, 498m/l 2020-21 and 490 m/l in 2021-2022. SADA anticipates an increase to over 500 m/l in the 2022-2023 year.

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.

Ongoing.



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 and anticipates entering Foodland in the coming financial year. SADA Fresh welcomes Beston's decision to again supply SADA Fresh its cheese. SADA has continued to persist with the product and expects improved outcomes into the future.

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. The Foodland work is anticipated to return a better result moving forward.

Internationally SADA Fresh milk discontinued in China.

An attempt to develop an organic SADA Fresh product was killed by rocketing transport costs. While SADA Fresh is no longer in China, it is still a possibility that SADA Fresh could return, however, there are no clear signals at the time of reporting that this was an option.

In 2021-2022 (the last reporting period) SADA Fresh has restored a small amount of supply to China that has now stopped. 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 continued 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.

The SADA Fresh Organic label never launched as the cost of transport made the product too risky and too expensive.

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 of drinking milk have maintained strong sales.

International sales have halted.

Strategies

Traceability Trial Launch



South East Effluent Trip



Underpass project opening





BI Not-For-Profit - Association Report

South Australian Dairyfarmers Association Inc

ABN 70 250 523 225

For the year ended 30 June 2022

Prepared by Business Initiatives



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Committee's Report

South Australian Dairyfarmers Association Inc For the year ended 30 June 2022

Your committee members submit the financial accounts of the South Australian Dairyfarmers' Association Inc for the financial year ended 30 June 2022.

Committee Members

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

John Hunt
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 -\$24,961.

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

John Hunt

Date 24/ 3 / 2023

Nick Brokenshire

Date 24/ 3 / 2023



Statement of Profit or Loss and Other Comprehensive Income

South Australian Dairyfarmers Association Inc
For the year ended 30 June 2022

	NOTES	2022	2021
Income			
Revenue	2	1,323,906	1,406,728
Total Income		1,323,906	1,406,728
Gross Profit		1,323,906	1,406,728
Expenditure			
Finance & Investment Expenses		14,863	22,842
Personnel Expenses		584,642	627,730
Shared Services		48,852	40,269
Foreign Currency Gains and Losses		(187)	-
Operating Expenses		700,696	683,223
Profit Before Income Tax		(24,961)	32,665
Profit for the year		(24,961)	32,665
Other Comprehensive Income		(24,961)	32,665

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.



Statement of Financial Position

South Australian Dairyfarmers Association Inc As at 30 June 2022

	NOTES	30 JUN 2022	30 JUN 2021
Assets			
Current Assets			
Cash and Cash Equivalents	3	59,306	175,089
Receivables	4	642,040	221,259
Other Financial Assets	5	341,608	371,351
Inventories	6	16,463	6,164
Total Current Assets		1,059,417	773,863
Non-Current Assets			
Plant and Equipment and Vehicles	7	419,429	427,814
Total Non-Current Assets		419,429	427,814
Total Assets		1,478,846	1,201,677
Liabilities			
Current Liabilities			
Trade and Other Payables	8	454,938	186,302
Provisions	9	42,036	38,563
Financial Liabilities	10	9,097	6,448
Total Current Liabilities		506,071	231,313
Non-Current Liabilities			
Financial Liabilities	10	88,264	70,991
Provisions	9	14,304	4,204
Total Non-Current Liabilities		102,568	75,195
Total Liabilities		608,638	306,508
Net Assets		870,208	895,168
Member's Funds			
Reserves		317,164	317,164
Retained Profits		553,044	578,005
Total Member's Funds		870,208	895,168

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.



Statement of Changes in Equity

South Australian Dairyfarmers Association Inc

For the year ended 30 June 2022

	2022	2021
Equity		
Opening Balance	895,168	862,745
Retained Earnings	-	(241)
Comprehensive Income		
Profit for the Period	(24,961)	32,665
Total Comprehensive Income	(24,961)	32,665
Total Equity	870,208	895,168



Statement of Cash Flows

South Australian Dairyfarmers Association Inc For the year ended 30 June 2022

	2022	2021
Cash Flow From Operating Activities		
Receipts from Customers	914,608	1,353,650
Payments to Suppliers and Employees	(1,080,497)	(1,350,932)
Net Cash Provided by (used in) Operating Activities	(165,889)	2,718
	2022	2021
Cash Flow from Investing Activities		
Payment for Property, Plant & Equipment	(360)	(16,624)
Payment for Listed Shares & Investments	57,440	(175,304)
Net Cash Provided by (used in) Investing Activities	57,080	(191,928)
	2022	2021
Cash Flow from Financing Activities		
Proceeds from Borrowings	(2,649)	(3,582)
Net Cash Provided by (used in) Financing Activities	(2,649)	(3,582)
	2022	2021
Cash at End of the Year (Note 3)		
Net Increase (Decrease) in Cash Held	(111,457)	(192,791)
Cash at Beginning of the Year	170,763	363,554
Total Cash at End of the Year (Note 3)	59,306	170,763



Notes to the Financial Statements

South Australian Dairyfarmers Association Inc For the year ended 30 June 2022

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.

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



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).



	2022	2021
2. Revenue and Other Income		
Cash Flow Boost Subsidy	-	(15,000)
Commissions Received	(118,319)	(129,918)
Dividend, Interest & Trust Distributions	(15,038)	(8,315)
Interest Received	(1)	(2)
Other Operating Income	(2,095)	(15,386)
Recoveries - Admin Staff & Office Costs	(247,073)	(352,671)
Grants Received	(385,227)	(150,404)
Royalties	(375,258)	(479,548)
SA Cattle Advisory Funding	(35,227)	(50,000)
Subscriptions & Associate Memberships	(129,197)	(132,690)
Export Royalties	(649)	(2,727)
Realised (gain)/loss on investments	(12,472)	-
Unrealised (gain)/loss on investments	35,075	(29,207)
(Profit)/Loss on Sale of Fixed Assets	-	1,339
Franking Credits Refunded	-	(3,106)
SADA Fresh Income - Cheese	(38,426)	(39,092)
Total Revenue and Other Income	(1,323,906)	(1,406,728)
	2022	2021
3. Cash Assets		
Cheque Account #9621	40,238	161,503
Petty Cash Imprest	-	5
SADA Wrap Working Cash Account	19,068	13,581
Total Cash Assets	59,306	175,089
	2022	2021
4. Receivables		
Trade Debtors	642,040	221,259
Total Receivables	642,040	221,259
	2022	2021
5. Other Financial Assets		
Shares in other corporations - at market value:	341,608	371,351
Total Other Financial Assets	341,608	371,351
	2022	2021
6. Inventories		
Stock on Hand - SADA Fresh Cheese	16,463	6,164
Total Inventories	16,463	6,164

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



	2022	2021
7. Property, Plant and Equipment		
Buildings	390,000	390,000
Plant & Equipment	29,429	37,814
Total Property, Plant and Equipment	419,429	427,814
	2022	2021
8. Trade and Other Payables		
Trade Payables	454,938	182,137
Superannuation Payable	-	4,165
Total Trade and Other Payables	454,938	186,302
	2022	2021
9. Provisions		
Current		
Provision for Annual Leave	42,036	38,563
Total Current	42,036	38,563
Non-Current		
Provision for long service	14,304	4,204
Total Non-Current	14,304	4,204
Total Provisions	56,339	42,767
	2022	2021
10. Financial Liabilities		
Current		
SADA Consolidated Credit Card	9,097	6,448
Total Current	9,097	6,448
Non-Current		
Unexpended Grant Liability	88,264	70,991
Total Non-Current	88,264	70,991

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



Statement by Members of the Committee

South Australian Dairyfarmers Association Inc For the year ended 30 June 2022

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 2022 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: Ben McHugh

Treasurer

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. Sharon will not be returning to the board after the AGM this year.

Ben McHugh - Board Member

Ben is third generation dairy farmer at Mt Compass, together with his wife Katie and 3 boys, in a family partnership with his brother and parents. Ben has been involved in the dairy industry for 16 years, milking 300 Jersey Cows in an all year round calving herd. Also running a cropping enterprise at Finniss with Hay, Wheat, Barley, Lupins, Beans & Canola for thier dairy and other markets. Ben 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. Ben then rejoined the SADA board in 2018 as the Dairy SA board rep.





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