

SADA Annual Report



President's Message

Reflecting on the last 12 months and where SADA has come in a quite tumultuous year has been very pleasing and frustrating at the same time. It has taken a while to get my head around politics and the "game" you need to play. If you go in too hard, you can't get a hearing, if you go in too soft, you don't really achieve anything.

The number of levels you have to go through is quite amazing. You can come up with what you could do to change a policy, so that it makes more sense and is more user friendly. It seems that everyone in "the system" agrees but no one wants to make the decision! The saying is correct, "it is better to be inside the tent than outside", but sometimes it feels like it would be better to run the tent over and start again with people who want action and results.

We have been very fortunate to have Andrew Curtis on board and now John Elferink who both give us good council in this space. I am also very grateful that we have admin staff who care about the industry just as much as we do. It is a big commitment to be on the SADA Board while running a dairy farm, so would like to thank our board members for having the passion for their industry to make a difference

As an organisation, we are making good progress to becoming the premier industry body in South Australia. We are getting runs on the board and recognition that the work we are doing is paying off. Working alongside Primary Producers South Australia (PPSA) means we are getting more unified in the agricultural space. Working with both sides of parliament, we believe we are getting a good hearing and getting the point across that we as agriculture are 25% of the state's economy with only around 5% of the vote, we have to make sure the politicians listen to our concerns.

It would be remiss of me not to thank local consumers for their backing of SADA Fresh milk. The support from consumers and from our partners is going to build our industry fund to help develop and promote our dairy industry. We cannot state enough how important it is to make a stand against the big supermarkets and to not allow loss leader products in. The Do Dairy campaign tied in with I Choose SA has really stood out, consumers are looking at local products with sales the proof. It is important to acknowledge the efforts of members, Mandy Pacitti and Karen Altmann in driving the Do Dairy campaign.

Looking for positives from a year that was very tough financially, the new processors making their mark in SA have certainly created a lot of interest. To have Beston Pure Foods come out early with a competitive milk price was refreshing, giving farmers a chance to budget well before the season started. Midfields or UDC have been slow off the mark but hopefully will come on stream through the year ahead. Blue Lake Dairy are producing some product but again, are still to come on line. National processors came out with a competitive price, which was pleasing as they had a free kick to open lower and follow MG price. Does the competition mean a lift in milk price, I am not sure as all processors across the country have lifted their price based on the GTP & off shore demand? We now have the capacity to double our milk production in the state, with an increase in pricing and confidence. it would be great to achieve that.



Negatives would be the MG fiasco, a lot of what happened pre and more post the step down. Could this have been avoided by the company listening to its suppliers? The time it takes to get policy through can be very frustrating. Having an Ag Minister who you don't hear from is also hard to handle. The lack of cooperation from the Government to explain the reason for levy increases, the transparency of cost recovery, combined with the increasing cost of production is also taking its toll, with farmers not being able to pass these costs on, we cannot keep absorbing them.

At a national level ADF are really starting to get a few things sorted. The code of conduct, although voluntary is a good step in the right direction. The code gives farmers a line in the sand, they can compare their contracts to the code and hold the processors to account if in breach of the code. National Council is getting some good policy through with the PAGS providing excellent information and advice.

We now have our strategic plan in place, which gives us a clear mission to provide strong leadership and effective advocacy to enable a growing profitable and sustainable industry for our members. We are setting goals this year around Membership, Financials, Communication, Advocacy and Relevance, Board and Governance and Industry Growth. As we grow our membership, we further strengthen our position when advocating on behalf of industry. We will keep fighting for transparency around levies and the so called cost recovery, will keep fighting for power to be sorted, reliability and affordable, seek to make water use and charges more user friendly and we will keep lobbying to make sure dairy is a sustainable industry.

We will continue to improve our communication and services to our members. We have power brokers in place to make sure farms are receiving the best deal, industrial lawyers to provide advice where needed, we will continue to lobby on behalf of farmers to make sure our industry is both profitable and sustainable.

John Hunt
President



CEO's Message

The year 2016/17 has been an interesting and challenging one for the South Australian Dairyfarmers' Association. Much of our activity has been reported through our newsletters, updates and online. It is also reported elsewhere in this report.

Operationally we have made some real progress and the development of an organisational strategic plan has provided us with a clear framework for our activity.

Our communications platforms have been developed. We now have a refreshed newsletter which is circulated monthly and provides a key channel for communication with members. This is supported by regular updates on specific matters of concern to dairy farmers and quarterly President's Reports. Our online presence has been significantly developed with launching of our web site <https://sada.asn.au> and the establishment of a Facebook page <https://www.facebook.com/sadairyfarmers/>. Both platforms have seen a steady growth in traffic during the year.

Our project Facebook pages: <https://www.facebook.com/dodairysa/> and <https://www.facebook.com/SADAFreshMilk/> have also seen good traffic and allow us to connect with our consumers and the broader public.

As an organisation, SADA worked during the year to improve our business continuity capability. This is an ongoing process of developing operating procedures and processes which will allow us to manage the business into the future.

Our relationships with key advocacy groups has also developed during the year. Key among these have been our work with Primary Producers SA and Livestock SA. We have also been able to work closely on a number of issues with Australian Dairy Farmers (ADF). We look forward to working through PPSA with the National Farmers Federation in the

coming years to ensure that South Australia has a strong voice on national issues.

The efforts of SADA have been underpinned by the staff involved. Early in the year, graduate staff supported the role out of the highly successful Do Dairy program while in more recent times we have been fortunate to welcome John Elferink to the team. Jen Taylor has taken on the role of Business Manager across SADA, Livestock SA and PPSA; and we have been well supported by Kelly Lill and Jo Gilbert.

The year that has passed has been challenging and as we move into 2017-18, we are better placed to advocate for the industry and provide services to our members.

Andrew Curtis
Chief Executive Officer



Key Priority Areas

SADA, through its development has adopted a strategic plan to create a clear pathway for the future. The Vision for SADA is to become the premier industry body in South Australia. This ambition is not intended to be one of hubris but rather a desire to demonstrate ourselves as the benchmark for professional conduct and forward thinking. To that end the mission for the Strategic Plan 2017-19 plan is to provide strong leadership and effective advocacy enabling a growing, profitable and sustainable industry for members.

The Strategic Plan of SADA maintains 7 Key priority areas:

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

These areas form the spine of SADA's activities.

Day to day issues will occur and from time to time there will be challenges that will distract SADA from these primary drivers. The purpose of the plan is to ensure that when these distractions happen we can return to the plan to get the organisation back on track and focussed on the business that will enable us to achieve our mission as we step toward our vision.

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



Priority Area Number 1: Membership

The SADA Board is critically aware that we are here to serve our members. The greater the number of members as a proportion of the overall number of producers in the state the greater the legitimacy we have as an organisation.

Particularly in regard to our public statements, public positions and in our endeavours to make a difference to the benefit not only of our membership, but also to the industry as a whole and the benefit of South Australia as a jurisdiction.

Needless to say that in the past few years the difficulties in the dairy sector are well known. Nevertheless we have continued to develop our membership base and continue to strive for better membership outcomes for our organisation.

This year we have lobbied for a number of outcomes strongly on behalf of members.

In particular SADA has been taking a strong position on Fracking issues continuing our demands that the Government and the Mining Companies earn the social licence that they need to engage in such operations.

Neither have been particularly effective in that space in reassuring farmers of the positive outcomes they claim to represent.

Outcomes

Better informed membership through effective delivery of useful, current and timely information through communication. This information should reflect the local, national and global environment.

Improved communication to members that is tangible and measurable. These include updates, newsletters and general member events.

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

SADA continues to aim for the creation of SADA linked discounts, subscriptions and benefits to members. SADA currently retains the services of employment advisors and legal counsel for members. Fortunately these services are relied on infrequently and the bulk of their work is advice rather than responding to members in difficulty.

SADA continues to maintain and build upon a strong advocacy capacity.

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

Strategies

Providing Services to Members to make membership more attractive: We have seen interest in the membership area driven by our proactivity as an organisation. Rather than being merely responsive to circumstances that arise and an organisation we identify and pursue issues making it clear that we're on the ball and active on behalf of our members.

Develop a Concierge Service approach: This strategy has been rolled out so that when members have an issue they are served by a responsive team that leaves an impression of professionalism. When you telephone SADA you will get a response and we will follow up.

As an organisation we continue to roll out a quality and responsive service to the people who we serve. We advise on matters of contract, collective bargaining, funds issues, regulatory impacts and amendments and matters that impact upon our members' abilities to do what they do best and generate one of the fundamental food stuffs of our civilisation.

We are and continue to provide an immediate and effective response to the needs of the SADA membership.



Performance Indicators:

Membership numbers:

As at end of financial year 109

Number of discount arrangements:

As at end of financial year 6 associate memberships

Number of referral events:

Not Measured in financial year.

Number communication events:

21

Priority Area 2—Financial

As with any organisation the ability to do what needs to be done is dependent upon financial capacity. Therefore SADA must expand on existing sources of income as well as explore alternatives.

Alternatives of course include the development of the SADA Fresh product which continues to do well in our state and the tentative expansion into the export market has provided us with both a proof of concept as well as a number of lessons learned. The Chinese market especially has revealed itself to be challenging in a number of ways and much has been learned about how to navigate that market with a view to increasing our income there.

Outcomes

In the collection of Membership Fees including CPI increase, SADA has been critically aware of the pressure on the industry in the past few years and consequently kept our membership fee increases to a minimum.

Grant opportunities to be identified and applied for when appropriate we have engaged in pursuing a number of grant applications for the expansion of our role. We have applied to a number of grant funding bodies to assist with our work and we have already obtained \$30,000 of grant funding for the expansion of the SADA Fresh brand, aimed at the export market.

Rental property and investment property tenanted are maximised.

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

With the increase over time of the export product including the expansion of the product base we will increase the amount of available income to reduce the stress on the SADA membership in membership fees.

The challenge remains that advocacy is not cheap because it demands the time of experienced people whose knowledge is valuable.

Nevertheless we still manage good value for money from our staff. Collectively SADA can harness 125 years of experience in management, primary sector knowledge, legal knowledge, parliamentary experience and bureaucratic history. The fees paid for this knowledge is relatively low.

Strategies

Membership Fees

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

WFI Income

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

Grants

We have been successful in raising \$30,000 in grant money from the South Australian Government.

Rental Income

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

SADA Fresh

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

All income is outlined in this reports financial statements.

Performance Indicators

Collection of Membership Fees including CPI increase:

Completed.

Increased income from this source:

Only to CPI.

Grant opportunities to be identified and applied for when appropriate:

Three grants applied for, one unsuccessful, one successful and one pending.

Real property and investment property tenanted and maximised:

A practical and useful income from the SADA Fresh product for the Fund as well as SADA:

SADA Fresh now has a more prominent presence in Coles. Income from the product remains strong with increasing sales expected as we move forward.

Priority Area 3—Communication

Doing the work is one thing but making sure that what has been done is successfully conveyed is entirely another.

Communication strategy is an important component of the organisation's mission so that it can convey to members and non-members alike all that is being done and all that needs to be done to pursue the outcomes of SADA. In the past 12 months SADA has been particularly active in this space.

There have been a number of meetings and communications with political leaders in this state, including the Premier, Leader of the Opposition, David Ridgway and David Speirs.

Outcomes

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

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

The new website stands as a substantial improvement on the former website. The <https://sada.asn.au> portal will be complemented by the revamped www.sadafresh.com.au web address which is obviously the product for the SADA Fresh Milk Brand.

SADA is currently taking steps to penetrate into foreign markets using the SADA Fresh product.

Strategies

An important part of the communications strategy is keeping members informed of what their association is doing. For this reason we keep up high levels of personalised contact and make certain that issues, when reported are followed up on.

Communications with external providers and external interests are regularly pursued. This is particularly true of Government officials including Ministers, Shadow Ministers, the Leader of the Opposition and the Premier of South Australia.

The Media and public are repeatedly targeted with our core messages, particularly messaging around the fracking issue. This is a particularly difficult area to deal with because we need to be able to call for social licence without arguing that if fracking were forced onto us that it would be the ruination of our industry. If we argue that fracking will ruin the industry and it is visited upon us then our competitors will be able to say that even by our own measure our product is worthless.

This is why the argument must remain that fracking can only proceed with a social licence which is earned and there is informed consent.

Performance Indicators:

Website complete by end Feb 2017

Completed

Number of Newsletters

Monthly , 12 issued in the last year.

Number of specific advices issued

As required updates have been circulated to members. 8 such updates have now been issued

Number of external contacts

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

Number of Press releases issued

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

Qualitative feedback to board members

This feedback is difficult to quantify but board members report consistent communications with the membership.

Priority Area 4—Advocacy and Relevance

A core function of SADA is to advocate primarily for its members but also the Dairy Industry of South Australia. In accordance with our Vision and Mission, we need to maintain a presence in whatever theatre we need to, to get results for the South Australian Dairy Industry. It is about getting things done by means of a positive approach to doing our work in a logical, considered and affirmed fashion.

SADA need to maintain a presence as the go to organisation to get meaningful messages to our members and into the public arena.

Now more than ever it is necessary to make certain that we are articulate in our intent and clearly heard when we speak.

Outcomes

Successful application of the communications strategy is to inform members of the activity of the SADA Board and Executive Members.

Representation in writing and by other means to Departments and Ministers both formally and informally.

Ongoing development with other relevant organisations building contacts and networks to the advantage of SADA.

Increase in the quantity and quality of contacts within the industry, particularly with members, producers and processors.

Growth in the public confidence of the dairy farmer as being a wholesome and dedicated person to the task of producing milk in a sustainable and caring fashion.

Government Ministers continue to open the door to us including the Premier, however, traction remains an issue with the recent budget speech not mentioning the agricultural sector once. Even the state budget itself has shown a lack lustre result for the bush with the PIRSA budget showing no substantive change in the financial year going forward.

The current SA Government's fixation with Adelaide as the core of its thinking is reflected across its budgetary structure.

Our president has been particularly assertive in this space and continues to advocate for better results in the bush.

Strategies

We continue to use our membership as a vehicle to make inroads into getting our message out. This means keeping the membership informed through our communications strategy and taking feedback from those members when information comes back down the pipeline.

Government Ministers continue to maintain a friendly dialogue the Premier. However, as noted making that open door produce more than a greeting remains the thrust of our strategic aims.

We are in daily communication with external agencies such as government departments. We target and deal with both Commonwealth and State Public Servants to push our agenda and deal with the day to day issues that crop up for our members.

Industry contacts are also maintained intrastate, interstate and internationally. These contacts are to assist us and see problems before they become manifest.

Public Relations is still a core component of what we do. For those reasons we maintain a good relationship with the Women's and Children's hospital who we supported with a Milk Off this year. This brought together politicians of all flavours and has opened a number of pathways for us in the political domain while we continue to maintain the excellent regard which is held by the public for our industry and our products.

Performance Indicators:

Qualitative feedback from members

We continue to field positive comments from members generally. However, where there are critiques, we respond effectively and efficiently.

Number of successful lobbying events

There have been 17 lobbying events last financial year. (Including meetings with Political leaders.)

Number of contacts created

The SADA staff maintain hundreds of contacts, locally, nationally and internationally. Recently our international reach has seen overtures from other countries seeking to know more about SA including representatives from the Chinese Dairy Industry and other Chinese businesses.

Growth in the size of the overall network

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

Qualitative feedback from public

We continue to enjoy enormous public support.

Priority Area 5—Board and Governance

Effective Governance is based in knowledge. To have a role in protecting principals such as the right to farm and maintaining social licence, SADA Board Members must be armed with a good understanding of the principles of governance of the organisation. Better governance equals safer and better systems and a greater protection for SADA and therefore ultimately the Members.

Consequently, over the next 12 months as part of the Strategic Plan, both the President and CEO will undergo governance training.

An application will be made to the SADA Fresh Fund to also extend that training to other board members.

Proper training will reduce risk for the board and the organisation as a whole.

We do handle money and as we progress along the line of the development of the SADA Fresh product the management skills required by the board will be needed to avoid potential pitfalls.

Outcomes

As part of our getting serious about our organisation the strategic plan was developed and endorsed by the board in March 2017. This plan has now been ratified by the board and is being rolled out in the 2017-18 financial year with gusto.

SADA Fresh strategic plan was developed in April 2017. This is the blueprint for advancing the SADA Fresh Brand.

The delivery of the Company Director's Course to the President will be done during the course of this year.

The preparation of Board responsibility information sheets for Board members will be completed during the course of the financial year.

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

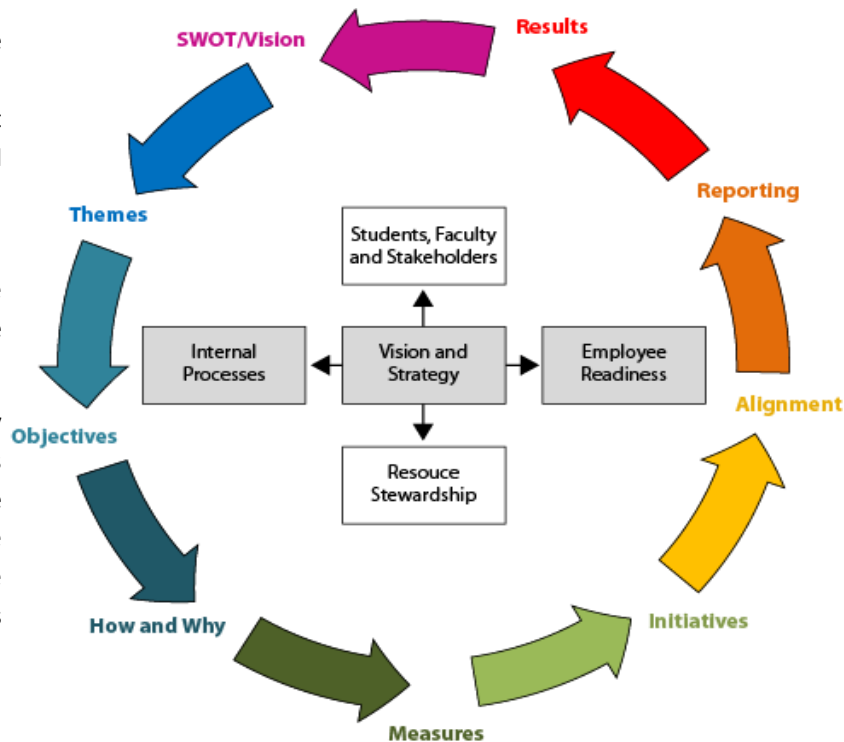
4 face to face board meetings annually— 8 further board meetings—Weekly telephone hook ups.

Strategies

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

The development of SADA Fresh Strategic Plan is complete and is being fully implemented in the 2017-18 financial year.

Governance Training and Education is being rolled out and will continue during the course of the year. Regular Board Meetings are being conducted.



Indicators of Success:

SADA Strategic Plan Delivered

Complete

SADA Fresh Strategic Plan Delivered

Complete

Governance Training Delivered

To be conducted in 2017/18

Number of Board Meetings Achieved

1 AGM

4 Face to Face board meetings

Weekly phone hook ups.

Priority Area 6—Industry Growth

While SADA is only part of the larger picture the organisation still has an important role to play in the advancement and growth of the South Australian Dairy Industry.

South Australia only has a small slice of the pie at the moment. SADA must take an active role in industry growth and development particularly in the extra-jurisdictional environment with a focus on the international market place.

The CNCA (Certification Accreditation Administration of the People's Republic of China), has in recent months started playing hardball with a number of primary sectors.

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

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

Outcomes

An increased number of contacts across the supply chain enabling greater linkages to be made between producers, processors and customers are actively being pursued. This means building bridges between other countries and South Australian farmers.

Building relationships both interstate and internationally is part of the process of creating an environment for greater volume into the market place. SADA is actively involved in those relationship building exercises.

Increased investment in South Australia particularly for SADA members means that as an organisations we are exploring not only new markets but new ways of doing what we do now, only better. SADA is currently involved in both feasibility work an market research work to improve what we do and how we do it.

Subject to the development of the SADA Fresh strategic plan exploring new/untapped markets for the SADA Fresh product.

Strategies

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

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

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

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

Indicators of Success:

Volume of milk sold:

Down 9% in the 2016-17 financial year.

Number of new relationships generated:

4 new possible export avenues are being explored into China at the time of reporting by SADA.

One into Vietnam

One into Indonesia

Increase in dollar value of sales

The fall of 9% in volume in the 2016-2017 financial year has also been reflected in a fall in sales revenue.

Increased demand in South Australian Product

As stated a fall in the 2016-17 year of 9% indicates a need to get active.

Completion of SADA Fresh Strategic Plan to explore new markets.

Complete and ongoing



Priority Area 7—The Management of SADA Fresh

SADA Fresh is an organisation that presents substantial opportunities as well as substantial threats to the SADA Board.

Opportunities need to be maximised and threats abated as much as possible. SADA Fresh represents an opportunity for SADA members to have much greater influence over the supply chain and in the process greater leverage over the farmgate price into the future.

SADA Fresh must maintain a focus on outcomes for producers above all others as the central part of its business ethos. The SADA Fresh brand must be about integrity and placing the interests of membership in the forefront of SADA's thinking.

SADA Fresh is about members.

Outcomes

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

While there is a small scope for SADA Fresh to expand in South Australia particularly with a view to taking up shelf space currently reserved for unbranded milk, SADA Fresh has a greater potential to expand and promote milk sales in new markets that will not compete with existing markets in South Australia.

A comprehensive plan that addresses the opportunities and threats that SADA Fresh currently represents.



Strategies

Develop SADA Fresh:

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

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

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

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

Indicators of Success:

Delivery of a SADA Fresh Strategic plan by April 2017

SADA Fresh Strategic Plan completed.



South Australian Dairyfarmers' Association Inc (Consolidated)

Auditors Report

Report on the Financial Report

We have audited the accompanying financial report of South Australian Dairyfarmers' Association Inc (Consolidated) (the association), which comprises the Board of Management's Report, Income and Expenditure Statement, Detailed Statement of Financial Position, a summary of significant accounting policies and other explanatory notes for the financial year ended 30 June 2017.

Board of Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

In our opinion:

- (i) The financial report gives a true and fair view of the financial position of South Australian Dairyfarmers' Association Inc (Consolidated) as 30 June 2017, and of its performance and its cash flows for the year ended in accordance with the Australian Accounting Standards and the Associations Incorporation Act 1985; and
- (ii) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Signed on 30 August, 2017:



Matthew White,
Business Initiatives Pty Ltd
20d William Street, Norwood SA 5067

South Australian Dairyfarmers' Association Inc (Consolidated)
Board of Management Report
For the year ended 30 June 2017

Your Board members submit the financial accounts of the South Australian Dairyfarmers' Association Inc (Consolidated) for the financial year ended 30 June 2017.

Board Members

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

John Hunt

Nick Brokenshire

Rick Gladigau

Gary Zweck

Sharon Joppich

Principal Activities

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

Significant Changes

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

Operating Result

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

Year ended	Year ended
30 June 2017	30 June 2016
\$	\$
34,710.25	120,558.47

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

John Hunt

Nick Brokenshire

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Profit and Loss Statement
For the year ended 30 June 2017

	2017	2016
	\$	\$
Income		
Associate Membership	1,003.62	1,505.43
Commissions Received	106,611.64	107,010.16
Dairy Industry Project Funds	(1,915.07)	120,000.00
Dividend, Interest & Trust Distributions	7,225.04	9,043.50
Other Operating Income	3,498.34	14,350.75
Recoveries - Admin Staff & Office Costs	84,950.95	74,763.06
Rent Received	21,007.28	20,007.27
Royalties	528,774.79	219,381.40
SA Cattle Advisory Funding	40,000.00	40,000.00
Subscriptions	167,264.77	172,368.78
Unrealised Gain/(Loss) on Investments	12,144.13	(11,941.38)
Profit/(Loss) on Sale of Assets	2,395.00	(17,077.41)
Total income	972,960.49	749,411.56
Expenses		
Member Services	45,203.23	40,416.45
Dairy Industry Projects	117,557.15	-
Industry Groups	7,381.50	4,411.98
Board & Committee Expenses	10,628.79	4,812.39
Personnel	240,393.16	244,143.47
Operating Expenses	493,928.56	318,352.64
Finance & Investment Expenses	23,157.85	16,716.16
Total expenses	938,250.24	628,853.09
Profit from ordinary activities before income tax	34,710.25	120,558.47
Income tax revenue relating to ordinary activities	-	-
Net profit attributable to the association	34,710.25	120,558.47
Total changes in equity of the association	34,710.25	120,558.47
Opening retained profits	467,866.97	347,308.50
Net profit attributable to the association	34,710.25	120,558.47
Closing retained profits	502,577.22	467,866.97

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Balance Sheet as at 30 June 2017

	Note	2017	2016
		\$	\$
Current Assets			
Cash Assets			
Business Cheque Account		149,592.77	198,110.22
ETrade Investment Account		31,872.18	7,081.47
Petty Cash on Hand		205.90	4.25
		181,670.85	205,195.94
Receivables			
Trade Debtors		137,697.55	50,959.85
		137,697.55	50,959.85
Other Financial Assets			
Investments in Listed Securities		159,245.61	141,368.85
		159,245.61	141,368.85
Other			
Accrued Income		6,388.26	-
		6,388.26	-
Total Current Assets		485,002.27	397,524.64
Non-Current Assets			
Property, Plant and Equipment			
5/780 South Road, Glandore		363,862.00	363,862.00
Office Furniture & Equipment		44,219.04	55,602.22
Less: Accumulated Depreciation		(37,937.82)	(46,697.00)
Motor Vehicles		29,381.22	39,040.31
Less: Accumulated Depreciation		(15,462.00)	(12,814.00)
		384,062.44	398,993.53
Total Non-Current Assets		384,062.44	398,993.53
Total Assets		869,064.71	796,518.17

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Balance Sheet as at 30 June 2017

	Note	2017	2016
		\$	\$
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Current Liabilities			
Payables			
Unsecured:			
Trade Creditors		1,234.15	4,760.35
PAYG Payable		4,366.00	2,130.00
GST Payable		21,897.30	28,241.88
Employee Entitlements		8,424.21	2,121.45
		35,921.66	37,253.68
Financial Liabilities			
Unsecured:			
Workcover Payable		299.05	294.55
Sundry Creditors & Accruals		2,325.71	76.97
		2,624.76	371.52
Total Current Liabilities		38,546.42	37,625.20
Non-Current Liabilities			
Financial Liabilities			
Secured:			
Unexpended Project Income		6,915.07	-
Unexpended Grant Liability		30,000.00	-
		36,915.07	-
Total Non-Current Liabilities		36,915.07	-
Total Liabilities		75,461.49	37,625.20
Net Assets		793,603.22	758,892.97

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Detailed Balance Sheet as at 30 June 2017

	Note	2017	2016
		\$	\$
<hr/>			
Members' Funds			
Reserves			
Asset Revaluation Reserve		291,026.00	291,026.00
Accumulated surplus (deficit)		502,577.22	467,866.97
Total Members' Funds		<u><u>793,603.22</u></u>	<u><u>758,892.97</u></u>

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc (Consolidated)
Notes to the Financial Statements
For the year ended 30 June 2017

Note 1: Summary of Significant Accounting Policies

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

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

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

(a) Property, Plant and Equipment (PPE)

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

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

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

(b) Impairment of Assets

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

(c) Cash and Cash Equivalents

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

(d) Revenue and Other Income

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

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

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

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

(e) Goods and Services Tax (GST)

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

South Australian Dairyfarmers' Association Inc (Consolidated)
Notes to the Financial Statements
For the year ended 30 June 2017

(f) Investments

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

(g) Trade and Other Payables

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

South Australian Dairyfarmers' Association Inc (Consolidated)
Statement by Board of Management
For the year ended 30 June 2017

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

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

1. Presents fairly the financial position of South Australian Dairyfarmers' Association Inc (Consolidated) as at 30 June 2017 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

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

John Hunt
President

Nick Brokenshire
Vice President

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc

ABN 70 250 523 225

Income and Expenditure Statement

For the year ended 30 June 2017

	2017	2016
	\$	\$
Income		
Associate Membership	1,003.62	1,505.43
Commissions Received	106,611.64	107,010.16
Dairy Industry Project Funds	(1,915.07)	120,000.00
Dividend, Interest & Trust Distributions	7,225.04	9,043.50
Other Operating Income	3,498.34	14,350.75
Recoveries - Admin Staff & Office Costs	84,950.95	74,763.06
Rent Received	21,007.28	20,007.27
SA Cattle Advisory Funding	40,000.00	40,000.00
Subscriptions	167,264.77	172,368.78
Unrealised Gain/(Loss) on Investments	12,144.13	(11,941.38)
Profit/(Loss) on Sale of Assets	2,395.00	(17,077.41)
Total income	444,185.70	530,030.16

Expenses

Member Services

Affiliation Fees	40,288.00	40,416.45
AGM	3,021.04	-
Member Services	1,016.28	-
Sundry Expenses	877.91	-

Dairy Industry Projects

Administration	3,295.41	-
Admin Salaries	24,180.03	-
Advertising	20,236.89	-
Meeting Costs	7,464.78	-
Professional Fees	61,821.59	-
Travel & Accommodation	558.45	-

Industry Groups

Conferences & Seminars	600.00	-
Consulting Fees	1,177.50	2,602.73
Entertainment	402.64	1,681.23
Travel & Accommodation	5,201.36	128.02

Board & Committee Expenses

Board	10,628.79	4,812.39
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Personnel

Administration Salaries	159,747.74	211,326.68
Board Members	49,203.01	53,586.30
On Costs (inc Superannuation & FBT)	25,139.65	22,770.72

The accompanying notes form part of these financial statements.

South Australian Dairyfarmers' Association Inc

ABN 70 250 523 225

Income and Expenditure Statement For the year ended 30 June 2017

	2017	2016
	\$	\$
Provision for Annual/LS Leave	6,302.76	(43,540.23)
Operating Expenses		
Accounting & Audit	6,872.90	5,779.33
Advertising & PR	7,306.18	156.50
Body Corporate Fees	3,572.36	3,534.00
Computer Expenses	6,888.13	5,549.51
Conferences & Seminars	2,136.82	-
Consultancy Fees	21,648.26	22,460.00
Donations	-	300.00
Entertainment	3,068.80	58.10
Insurance	7,466.69	7,716.98
Legal Fees	-	1,616.82
Light & Power	3,425.63	3,388.34
Motor Vehicle Expenses	7,920.06	10,561.12
Office Expenses	17,173.29	20,276.16
Rates & Taxes	3,717.33	3,748.17
Repairs & Maintenance	4,590.97	8,730.90
Subscriptions	630.65	1,321.70
Sundry Expenses	357.77	12,115.24
Telephone	7,672.48	8,903.58
Travel Expenses	5,752.52	6,688.01
Finance & Investment Expenses		
Bad Debts	12,000.00	2,592.73
Bank Charges	2,430.85	1,649.43
Depreciation	8,727.00	12,474.00
Total expenses	<u>554,522.52</u>	<u>433,404.91</u>
Profit (loss) from ordinary activities before income tax	(110,336.82)	96,625.25
Income tax revenue relating to ordinary activities	-	-
Net profit (loss) attributable to the association	(110,336.82)	96,625.25
Total changes in equity of the association	(110,336.82)	96,625.25
Opening retained profits	424,267.80	327,642.55
Net profit (loss) attributable to the association	<u>(110,336.82)</u>	<u>96,625.25</u>
Closing retained profits	<u>313,930.98</u>	<u>424,267.80</u>

The accompanying notes form part of these financial statements.

SADA Fresh
Detailed Profit and Loss Statement
For the year ended 30 June 2017

	2017	2016
	\$	\$
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Income		
Royalties - SADA Fresh	528,774.79	219,381.40
Total income	528,774.79	219,381.40
Expenses		
Operating Expenses		
Accounting & Audit	140.00	2,869.27
Admin Fees - SADA	-	8,000.00
Advertising & PR	13,292.27	14,357.91
Consultancy Fees	4,168.13	792.62
Dairy Fund Contributions	360,000.00	163,684.36
Legal Fees	3,709.31	2,123.83
Sundry Expenses	291.36	472.15
Travel Expenses	2,126.65	3,148.04
Total expenses	383,727.72	195,448.18
Profit from ordinary activities before income tax	145,047.07	23,933.22
Income tax revenue relating to ordinary activities	-	-
Net profit attributable to the association	145,047.07	23,933.22
Total changes in equity of the association	145,047.07	23,933.22
Opening retained profits	43,599.17	19,665.95
Net profit attributable to the association	145,047.07	23,933.22
Closing retained profits	188,646.24	43,599.17

The accompanying notes form part of these financial statements.

Our SADA Board



John Hunt President

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

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

Nick Brokenshire Vice President



Nick Brokenshire is a third generation dairy farmer from the Fleurieu Peninsula. After finishing high school, Nick joined the family enterprise at Mount Compass to work with his parents, Mandy and well known South Australian politician Robert Brokenshire. He took on managing the farm in 2006. Thought to be the youngest person to lead the South Australian Dairyfarmers' Association in its 80-year history, 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. "It was the next logical step after doing the leadership program. This is a vibrant industry and I'm keen to make sure that it is viable, not just for me but for other young farmers, for many years to come," he says.



Sharon Joppich Board Member

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

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

Richard Gladigau Treasurer



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



Gary Zweck Board Member

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

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



South Australian Dairyfarmers' Association

U5 780 South Road

Glandore SA 5037

Ph: 08 8293 2399

Email: sada@sada.asn.au

Web: www.sada.asn.au