



 AUSTRALIAN FOOD & GROCERY COUNCIL

ANNUAL REPORT

2019 – 2020



Aussie food, beverage and grocery manufacturing — Keeping the shelves stocked.

Thank you to the Australian food, beverage and grocery manufacturing sector who worked 24/7 producing the essential products to keep supermarket shelves stocked.

Visit [AFGC.org.au](https://www.afgc.org.au)



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Australian Food and Grocery Council Annual Report 2019 – 2020

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CHAIR'S MESSAGE

The past financial year brought new meaning to the term “uncertainty”. In previous years factors such as elections, drought or rising input costs complicated the outlook for investment decisions and added challenges to doing business. In 2019-20, however, the unprecedented bushfire emergency and the sudden arrival of the COVID-19 pandemic, escalated uncertainty to new levels.

While taking on my position as Chair of the AFGC in the midst of the pandemic presented challenges, it's also given me tremendous insight into the critical importance of our industry and the resilience of our member companies.

The importance of our industry really hit home when for the first time in living memory, Australians found supermarket shelves empty as panic buying took hold. Our members not only kept supplying our retail partners, they adapted production to meet increased demand, and leveraged partnerships across the supply chain as they filled shortfalls and gaps that were created by changes to domestic and international trading conditions.

The AFGC has continued to represent food and grocery manufacturers in a nationally coordinated way to reinforce the importance of the industry, and ensure government decisions are taken with food security and the continued operation of our businesses at the forefront of their considerations.

Food, beverage and grocery manufacturing is the largest sector in Australian manufacturing, with a \$127.1 billion* annual turnover and nearly 275,000 employees in every corner of the country. With nearly 40 per cent of these jobs located in regional Australia, our industry doesn't just feed the nation, it keeps it working in times of national crisis.

While the global economy is facing immense challenges and a prolonged downturn, our industry has real opportunity to help the Australian economy return to growth. Domestic consumption accounts

for a significant proportion of the industry's output, however exports are now worth \$38.3 billion and there is enormous potential for this number to grow.

Consumers across the globe have a high regard for products made in Australia and as the Federal and State Governments look to new prospects in overseas markets, the AFGC is working with them to secure these opportunities for members. It's clear that there will be immense opportunities for our members as domestic and international markets look to return their economies to growth – we must be ready to make the most of these openings and the AFGC will have a critical role to play in this effort.

Through the year, the AFGC has continued to deliver an extensive policy and public affairs agenda to build support for the sector, cut red tape, drive investment, create jobs and develop food and grocery items for local and export markets.

My Board colleagues who served during 2019-20 have highlighted a number of achievements, including:

- Detailed policy meetings during the AFGC Parliamentary Roundtable at Parliament House with the Prime Minister, Deputy Prime Minister and Assistant Treasurer as well as with other Ministers and the Leader of the Opposition.
- Representation of member interests during the Food and Grocery Code of Conduct review
- Delivery of the Sustaining Australia campaign to build support for the sector with Members of Parliament and the community across Northern Victoria, South East Melbourne and South East Queensland; and
- Continuing policy development in the key areas of preventative health, manufacturing modernisation, and sustainability.

"While taking on my position as Chair of the AFGC in the midst of the pandemic presented challenges, it's also given me tremendous insight into the critical importance of our industry and the resilience of our member companies"

During 2019-20, the secretariat has been skilfully led by CEO Tanya Barden and for a period of six months by Acting CEO Geoffrey Annison. The work of the AFGC is dependent upon the secretariat team which the Board believes has gone above and beyond to ensure that the sector was well-served and represented during these unprecedented times, with a strong voice at the highest levels of Government.

As new Board Chair, I look forward to carrying on the work of previous Chairs and I would like to acknowledge Clive Stiff and my former-colleague Amanda Banfield who held the chair position during 2019-20. Their significant contributions and personal commitment to the sector has ensured the AFGC continues to shape the future direction of our industry.

I'd like to finish by thanking each and every one of our members who support the AFGC to ensure it continues to grow, have influence and be the peak voice for Australian food and grocery manufacturing. While it's been a tough year, I'm sure that like me, you've never been prouder to be part of this remarkable industry.

Thanks to you all,



Darren O'Brien
Chair, AFGC



CEO'S REPORT

The Australian Food and Grocery Council (AFGC) is proud to be the peak body representing Australia's vitally important food, beverage and grocery manufacturing supply industry, including product manufacturers, distributors and brand owners, ingredient and other goods and service providers to the industry.

This an essential industry with an annual turnover of more than \$127.1 billion and one that provides jobs for almost 275,000 Australians. This is an industry that works to keep supermarket shelves stocked, supports local and regional communities and backs the nation's farmers by transforming high quality raw commodities into the products that Australians and consumers around the world enjoy and appreciate.

International trade continued to be a major driver for the industry, with exports worth more than \$38.3 billion and increasing in value as new opportunities open up in offshore markets.

While international trade is a key focus for the industry, so is regional Australia as a manufacturing and employment powerhouse. So many of the food and grocery items Australians buy every day are made in regional Australia, at facilities located close to the source of Australia's high-quality natural commodities. The industry provides nearly 40 per cent of the manufacturing jobs across most regional areas.

The businesses and operators that make up our industry ensure that Australians all have what we need to feed our families - making it an essential industry in the country. Our food and grocery industries also help to bind the social fabric of our regions with jobs and economic prosperity and sustain those areas through the tough times of fires, floods, droughts and pandemics.

2019-20 was a year that no one would have foreseen. This year can be viewed in two halves, with 2019 on the back of drought and a long period of unprecedented pressure on local food and grocery manufacturing. This is an industry that was already under pressure from rising input costs, a tough domestic trading environment and falling investment before the damaging and disruptive impact of the COVID-19 pandemic.

From the start of 2020, the industry demonstrated its ability to deliver under pressure, working to maintain supplies as bushfires threatened many communities around the country and then as lockdowns halted the nation when the COVID-19 pandemic took hold.

The AFGC Secretariat responded by ensuring its presence on many Government working groups, roundtables and information sharing networks. The team focused our efforts on responding to the pressures on the industry, helping navigate complex issues as they arose and feeding information directly into Government, whether directly to ministers, via the National COVID-19 Coordination Commission or to Treasury and other key departments.

We also ensured that our members had the latest information by issuing daily COVID Alerts and a weekly Coronavirus Communique.

While responding to the pandemic was a critical issue, the AFGC continued to work on other key projects. This work included the strengthening of the Food and Grocery Code of Conduct, which was a key priority. The AFGC took the matter to federal parliament where Board members met with the Prime Minister, Assistant Treasurer and other senior Government and the Opposition figures to discuss the vital importance of getting this Code right.

“The businesses and operators that make up our industry ensure that Australians all have what we need to feed our families - making it an essential industry in the country.”

The AFGC has been very involved in circular economy and recycling issues in the last year, working with governments, members and stakeholders on the many complex issues that need to be addressed to ensure our industry can meet the National Packaging Targets.

To enhance the messages around the essential work of the industry, the AFGC continued to deliver the Sustaining Australia campaign. This campaign focussed on three key regions of South East Queensland, Northern Victoria and South East Melbourne. Minor social media campaigns were also delivered to further convey the message that it is this industry that keeps supermarket shelves stocked. The aim of the Sustaining Australia campaign was to ensure the Government recognised what the industry needed to keep operating and to convey an important public message that this industry in Australia produces plenty food to sustain the community. It was an important effort to dissuade consumers from panic buying, which has added to the pressures on supply chains at the height of the pandemic.

In the past year, the Board also reviewed the governance of the AFGC, with a new Constitution approved by the membership at the 2019 Annual General Meeting. This resulted in the AFGC no longer representing the Quick Service Restaurant industry and the changing of tiers within the membership. Those changes saw some members move from being full members to associates.

I would like to thank the Board - the current members and those who served during the year. I would like to specifically acknowledge Clive Stiff and Amanda Banfield who have both been part of the industry and AFGC community for many years and served in the Chair and Deputy Chair positions. They both were immensely generous with their time and personal commitment to setting out a clear path for the AFGC and the future of the industry. I would also like to thank the staff of the Secretariat for their unwavering dedication to the organisation and the members. Their efforts have helped to give a voice to the industry and to remove roadblocks for the industry during a challenging year.

I would also like to recognise the tremendous work of my colleague and friend, Dr Geoffrey Annison, our current Deputy CEO, who was Acting CEO from the end of December 2019 till the end of the financial year. Geoffrey's experience and deep knowledge ensured that the secretariat continued to work for members with the utmost professionalism and he provided leadership as the organisation navigated the challenges facing the industry because of the COVID-19 crisis.

Finally, thank you to the members. Our members make this industry one that is a genuine pleasure to work with and their dedication and pride are what will ensure a bright future for food and grocery manufacturing in Australia.




Tanya Barden
CEO, AFGC

AFGC TEAM

As at 30 June 2020

Tanya Barden, CEO

Tonya Smith, EA to the CEO and Deputy CEO

Dr Geoffrey Annison, Acting CEO and Director Health, Nutrition and Scientific Affairs

Kim Tonnet, Manager Regulatory - Scientific and Technical

Anne-Marie Mackintosh, Policy Manager - Nutrition & Regulation

Shalini Valecha, Manager Economics and Trade

Barry Cosier, Director, Sustainability

Kylie Ruth, Manager, Sustainability

Samantha Blake, Director Industry Affairs

John Cawley, Associate Director Industry Affairs

Suzanne Davies, Associate Director Industry Affairs Commercial

Alyssa Handy, Manager, Member and Engagement Events

Kim Riggans, Digital Communication and Member Administrator

Alan Dowsett, Manager, Business Development

Megan Jeremenko, Director Corporate Affairs

Meaghan Clack, Manager, Communications

Tony Sagnelli, Director Business Operations

Kerry Dawson, Reception and Administration Officer

Zainab Mwamtenda, Accountant

Cornelis Steenberg, Administrative Assistant







“It’s fair to say that over the last few months, our manufacturers have displayed incredible ingenuity, resilience and collaboration in meeting the difficult challenges of our COVID response.”

– The Hon Karen Andrews MP,
Minister for Industry, Science and
Technology, National Press Club
Address, Canberra, 20 May 2020

AFGC STRATEGIC FRAMEWORK 2019 – 2021

Going Forward



PURPOSE
Sustaining Australia



VISION
A thriving and trusted Australian food and grocery supply industry, delivering jobs, economic growth and helping people to live well

MISSION
To be the voice of the Australian food and grocery supply industry and a valued service provider to members



GOAL
To be a progressive, influential and sustainable organisation with the capacity and capability to create member value and drive industry outcomes

VALUES



Integrity



Collaboration



Innovation



STRATEGIC OBJECTIVES

01 Proactively influence the industry's agenda

02 Facilitate pre-competitive collective action

03 Deliver valuable insights and connectivity for members

04 Operate a sustainable, efficient and effective organisation

AFGC BOARD

July 2019 – June 2020



Clive Stiff (Chair to 31 March 2020, resigned)
 Chief Executive Officer
 Unilever Australia and New Zealand



Amanda Banfield (Chair to 30 June 2020, resigned)
 Area VP Australia, NZ, Japan
 Mondelez International



Danny Celoni
 Chief Executive Officer
 PepsiCo ANZ



Jodie Goldsworthy
 Director
 Beechworth Honey Group



Doug Cunningham
 Vice President and General Manager
 ANZ, Kimberly-Clark



Kathy Karabatsas
 Managing Director
 Lion Dairy & Drinks



Sandra Martinez
 Chief Executive Officer
 Nestlé Australia Ltd



Garry Mudford
 General Manager
 Jalna Dairy Foods Pty Ltd



Denise Orr
 Chief Executive Officer
 Kinrise Pty Limited



Andrew Loader
(resigned November 2019)
 General Manager
 Mars Wrigley Confectionery, Australia



Umit Subasi
(resigned November 2019)
 President International
 Campbell International



Reg Weine
(resigned November 2019)
 Managing Director SPC
 Coca-Cola Amatil

INDUSTRY SNAPSHOT 2018 – 2019

FOOD AND GROCERY MANUFACTURING

From 2019 State of the Industry



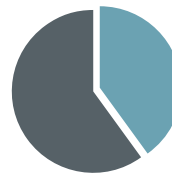
\$127.1bn
Total turnover
(+4.6 %)



31.4%
AFG turnover
as % of manufacturing



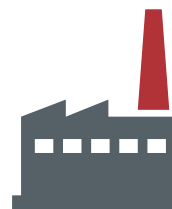
274,835
Employment¹
(+0.7 %)



39.6%
Regional
employment for 2019



\$2.8bn
Capital Investment
(-2.1 %)



15,861
Businesses
(+2.6 %)

\$38.3bn
Exports
(+11.5%)



\$36.8bn
Imports
(+10.1 %)

Distinct from previous reports, the figures on this page exclude the fresh food sector.

¹ This is total number of employees, head count basis and does not include seasonal employees.

AFGC MEMBER LIST

As at 30 June 2020

Full Members

3M Australia
 A.Clouet (Australia)
 ABC Sales and Marketing
 Arnott's Biscuits Ltd
 Asaleo Care
 Aspen Pharmacare Australia Pty Ltd
 Barilla Australia
 Bayer Australia
 Beak and Johnston Pty Ltd
 Beechworth Honey
 Beerenberg Pty Ltd
 Bega Cheese
 Bickfords Australia Pty Ltd
 Birch and Waite Foods Pty Ltd
 Blackmores
 Brands & Marks Pty Ltd
 Bronte Industries
 Bulla Dairy Foods
 Bundaberg Brewed Drinks Pty Ltd
 Bundaberg Sugar Ltd
 Calbee Australia
 Cantarella Bros Pty Ltd
 Cantire Foods
 Carman's Fine Foods
 Chobani Pty Ltd
 Church & Dwight (Australia) Pty Ltd
 Clorox Australia Pty Ltd
 Co Yo Pty Ltd
 Coca-Cola Amatil
 Coca-Cola South Pacific
 Conga Foods Pty Ltd
 Coopers Brewery Ltd
 deOleo Australia Pty Ltd
 Dilmah Australia
 Dr Oetker Queen
 Emma & Tom Foods Pty Ltd
 Erskine Products
 F. Mayer Imports
 Ferrero Australia Pty Ltd
 Flujo Sanguineo Holdings Pty Ltd
 Fonterra Australia Pty Ltd
 Forbidden Foods
 Fortitude Brewing Co Pty Ltd
 Freedom Foods Group
 Frucor Suntory (Australia) Pty Ltd
 General Mills Australia Pty Ltd
 George Weston Foods Ltd
 GlaxoSmithKline Consumer Healthcare
 Go Natural
 Goodman Fielder Ltd
 Hakubaku Australia Pty Ltd
 HARIBO Australia
 HealthFarm Fine Foods Pty Ltd
 Henkel Au
 Hive & Wellness Australia Pty Ltd
 Hoyt Food Manufacturing Industries
 Huon Acquaculture
 ITO EN Australia Pty Ltd
 Jacobs Douwe Egberts
 Jalna Dairy Foods Pty Ltd
 Johnson & Johnson Pacific Pty Ltd
 K9 Natural Food Australia Pty Ltd
 Kellogg (Aust) Pty Ltd
 Kerry Ingredients Australia Pty Ltd
 Keytone Dairy Corporation
 Kimberly-Clark Australia Pty Ltd
 Kinrise Pty Ltd
 Kraft Heinz
 Lactalis Australia
 Laucke Flour Mills Pty Ltd
 Level Beverages Pty Ltd
 Life Health Foods AU
 Lindt & Sprungli Australia
 Lion

AFGC MEMBER LIST

As at 30 June 2020

Long Table Group Pty Ltd	SC Johnson & Son Pty Ltd
L'Oreal Australia and New Zealand	SI&D Group Holdings
Loving Earth Pty Ltd	Simplot Australia Pty Ltd
Madura Tea Estates	Solaris Paper Pty Ltd
Manildra Harwood Sugars	SPC Operations Pty Ltd
Mars Wrigley Confectionery	Stahmann Farms
Mars Food	Steric Pty Ltd
Mars Petcare	Stuart Alexander & Co Pty Ltd
McCormick Foods Australia	Sugar Australia Pty Ltd
McKenzie's Foods	SunRice
Mentholatum Australasia Pty Ltd	Swisse Wellness Pty Ltd
Merisant Australia Pty Ltd	Tasmanian Flour Mills
Mondelez International	Tegel Foods Ltd
Mrs Mac's Pty Ltd	Teys Australia
Murray River Organics Ltd	The A2 Milk Co
Nerada Tea Pty Ltd	The Infant Food Co Pty Ltd
Nestle Australia Ltd	The Pialligo Estate
Now Foods	The Vege Chip Company
Nutricia Specialised Nutrition	Tixana Pty Ltd
Obela Fresh Dips & Spreads Pty Ltd	Tom & Luke Australia Pty Ltd
Ocean Spray International, Inc	Unilever Australia & New Zealand
One Harvest	Vitality Brands Worldwide
Only Organic 2003 Pty Ltd	Wattle Health Australia Ltd
PZ Cussons	Yakult Australia Pty Ltd
Patties Foods Ltd	
Peerless Foods	
Pepsico Australia New Zealand	
Peters Ice Cream	
Primo Meats Pty Ltd	
Procter & Gamble	
Reckitt Benckiser (Australia) Pty Ltd	
Red Bull Australia Pty Ltd	
Rivalea (Australia) Pty Ltd	
Sabrands Group	
Sandhurst Fine Foods Australia	
San Diego Tortilla Factory Pty Ltd	
Sanitarium Health and Wellbeing Company	
Saputo Dairy Australia	

Associate Members

ADM Australia Pty Ltd
 Australia New Zealand Banking Group
 Australian Blending Company Pty Ltd
 Australian Organic
 Baker & McKenzie
 Brand Loyalty
 Byford Flour Mills
 Castlegate James Australasia
 Cheetham Salt Ltd
 CHEP Asia – Pacific
 Chr Hansen Pty Ltd
 CROSSMARK Asia Pacific
 Danisco Australia Pty Ltd
 Dassault
 Deloitte Touche Tohmatsu
 Dematic Pty Ltd
 Detmold Australia Sales
 Devro Pty Ltd
 Earlee Products Pty Ltd
 eVision T/as MessageXchange
 Fibrisol Service Australia Pty Ltd
 Foodbank Australia
 GRA Supply Chain
 Graincorp Ltd
 GS1 Australia
 Information Resources (Australia) - IRI
 Kearney
 King & Wood Mallesons
 KPMG
 Lightswitch Consulting
 Linfox Australia
 Loscam
 Lumaten
 Matthews Australasia
 Meat and Livestock Australia
 Mysoyn Industries Pty Ltd

Netget T/a Irexchange
 NextGen Group
 Oliver Wyman
 Orora Limited
 Pollen Consulting
 Real World Marketing
 Rentokil Initial
 Robobai Pty Ltd
 Shanghai Freeman Australia Pty Ltd
 Six Degrees Executive
 Spicemasters Australia Pty Ltd
 StayinFront Group Australia
 Strikeforce Alliance
 SUEZ
 Tetra Pak Marketing
 The Gap Partnership Australia
 The Healthy Grain
 Touchstone Consulting Australia
 Vistrak
 Visy Pak
 Wiley & Co

Affiliate Members

Association of Sales and Marketing Companies Australasia
 Australian Coffee Traders Association
 Australian Dairy Products Federation
 Australian Logistics Council
 Bedford Group
 Consumer Health Care Products
 CropLife Australia
 Dairy Australia
 Food & Beverage Importers Association
 Food Industry Association Qld Inc
 Foodservice Suppliers Association of Australia
 Grains & Legumes Nutrition Council
 Private Label Manufacturers Association Australia/New Zealand



HIGHLIGHTS

HEALTH NUTRITION AND SCIENTIFIC AFFAIRS DIVISION

Secretariat – Geoffrey Annison (Director), Anne-Marie Mackintosh (Policy Manager, Nutrition and Regulation), Kim Tonnet (Manager, Regulatory – Scientific and Technical)

The Health Nutrition and Scientific Affairs Division develops the evidence and fact-base to inform AFGC representations to government on public policy and regulation development and implementation. This expert information is developed and compiled through members' participation on the Health Nutrition and Scientific Affairs Committee. Areas of focus include food and non-grocery product composition and labelling requirements; food, nutrition and health issues; food safety and quality assurance; food science and technology adoption and regulation. In addition, as a direct service to members the HNSA Division provides key tools and resource materials to assist understanding of regulatory compliance obligations and support for their engagement with relevant government departments and regulatory agencies.

HIGHLIGHTS FOR 2019-2020 INCLUDE:

In regulations and regulatory policy

- Submissions to Food Standards Australia New Zealand (FSANZ) when member companies seek specific support, or issue may have a widespread relevance to the food industry such as application A1186 – *Soy leghemoglobin in meat analogue products and other products*, application A1155 *2'-FL and LNnT in infant formula*, and proposal P1044 - *Plain English Allergen Labelling*.
- Ensuring the *Health Star Rating Five Year Review* reflected some key industry positions in the final report to Government
- Participating in National Measurement Institute's Consumer and Industry Liaison Committee on matters relating to measurement marking of prepacked consumer goods, including submissions to the Measurement Law Review
- Providing input to Standards Australia development of industry standards for flushable wipes, women's sanitary products and sunscreens
- Providing input to the International Organization for Standardization for the definition of vegetarian and vegan foods and ingredients for labelling and claims.

In the food, nutrition, and health area

- Providing detailed technical advice to the Federal Government's *Healthier Food Partnership* in the category-by-category food reformulation program and the development of industry best practice guide on serving size labelling on packaged food
- Guiding FSANZ to develop a branded food nutrition database to support fact-based future food regulatory policy
- Contributing to first round consultations of the Federal Government's National Preventive Health Strategy and the associated National Obesity Strategy.
- Supported the *AFGC's Responsible Children's Marketing Initiative* and the *Quick Service Restaurant Initiative for Responsible Advertising and Marketing to Children* and arranged for administration of the Initiatives to be transferred to the *Australian Association of National Advertisers*.

As part of the AFGC response to the COVID19 pandemic

- Developed and published a COVID-19 Risk Management in Manufacturing guide that provides detailed information on possible adaptations to operations in manufacturing facilities to reduce the risk of workforce COVID-19 transmission and meet *COVIDsafe* plan requirements of health authorities.

Industry representations on key government and non-government committees and working groups

The AFGC presented industry views to:

- The Australian Government's Food Regulation Standing Committee's stakeholder roundtable consultation
- The Department of Agriculture and Water Resources Imported Food Consultative Committee and Biological Consultative Committee to biosecurity and regulations for imported goods
- The Industry Reference Council – Food, Beverage and Pharmaceutical, which develops Vocational Education and Training packages
- FSANZ's Retailer and Manufacturers Liaison Group as part of the discussion of current and emerging food regulatory issues
- Organisations including the Grain Legumes Nutrition Council, Standards Australia, CSIRO, Meat and Livestock Australia, Dairy Australia, Horticulture Australia, Infant Nutrition Council, National Farmers Federation, National Heart Foundation and universities on a wide range of scientific, technical and regulatory matters

Key member services

- Prepared and published, in partnership with the Allergen Bureau, a *Food Industry Guide to Allergen Labelling and Management* to assist member companies understand best practice in allergen management during food manufacture and appropriate labelling
- Continued the rollout of the AFGC's online Product Information Form Version 6 which provides the most secure and comprehensive means of exchanging product information down the supply chain
- Hosted specific member forums including the Non-food Forum (for companies manufacturing and supplying non-food grocery products, the Quick Service Restaurant Forum, and the Australian Breakfast Cereals Manufacturing Forum (until 31 December 2019)
- Informed members of key scientific and regulatory issues through dedicated newsletters and bulletins including *SciTech and Research Round-up*.
- Developed an ongoing webinar series during COVID-19 restrictions to engage and inform members on a range of COVID-19 issues, as well as other key topics in regulation, nutritional and health

INDUSTRY AFFAIRS DIVISION

Secretariat – Samantha Blake (Director), John Cawley (Associate Director) and Suzanne Davies (Associate Director).

The Industry Affairs division serves members by working towards the development of an efficient and cost-effective value chain, with fair and equitable access to market on reasonable commercial terms across the fast-moving consumer goods (FMCG) sector. We help members drive efficiency improvements, reduce costs in the supply chain and collaborate effectively with retail trading partners.

SUPPLY CHAIN COMMITTEE

*Secretariat – Samantha Blake and John Cawley
Chair – Doug Cunningham, Kimberly Clark*

The Supply Chain area focuses on retailer-driven initiatives, global industry best practice that impacts Australian manufacturers' supply chains and transport-related regulation and legislation.

HIGHLIGHTS FOR 2019-2020 INCLUDE:

- Continued to engage on a broad range of issues, with key trade partners; Aldi, Coles, Costco, Metcash and Woolworths
- Hosted the highly successful Annual AFGC Supply Chain Seminar, attracting more than 100 supply chain professionals from the membership
- Published the quarterly Supply Chain e-newsletter
- Provided regular updates to members on current and proposed transport and infrastructure-related legislation and regulations - National Freight Supply Chain Priorities and Strategy
- Monitoring and responding to issues, representing member views across a range of supply chain-related topic areas
- Worked proactively with Woolworths to ensure members understand the requirements for delivery into Melbourne South RDC
- Developed and released biennial Supply Chain Survey
- Commenced work on the development of an Industry Supply Chain Risk Register
- Work on coronavirus initiatives: from February the secretariat worked on issues including Government Advocacy, information provision and opportunities to share information across the membership through weekly supply chain updates. Weekly Supply Chain Polls provided analysis of the key pinch points and facilitated work on personnel protective equipment, international and domestic freight, ingredient and packaging inputs, and labour issues



TRADING PARTNER FORUM

Secretariat – Samantha Blake and John Cawley

The Industry Affairs division acts as Secretariat to the Trading Partner Forum (TPF), the meeting place for FMCG suppliers and supermarket retailers focusing on delivering end-to-end supply chain efficiency.

HIGHLIGHTS FOR 2019-2020 INCLUDE:

- Key project deliverables:
 1. Perfect Delivery Project
 - Undertook first annual Perfect Delivery survey and issued report identifying areas of opportunity and improvement.
 - Progressed initiative to deliver common supply standards across retailers
 2. Data Integrity and Alignment
 - Delivered and promoted Supply Chain Product Master Data Guide to industry
 3. Paperless Delivery
 - Achieved retailer buy-in to identify industry level approaches to implementation of paperless delivery
- Hosted the highly successful Future Leaders Forum attracting 160 supplier and retailer aspiring leaders.
- Sponsored Joe Berry Australian Retail Industry Executive Awards through the provision of the TPF Scholarship Award. The successful candidate attending the prestigious Consumer Goods Forum Future Leaders Program in Boston.
- **NOTE:** From February to June the Secretariat worked on Coronavirus initiatives, this saw projects placed on hold during this period. These projects are recommencing in Q3 2020.

SME CEO FORUM

*Secretariat – Samantha Blake and Suzanne Davies
Chair – Jodie Goldsworthy, Beechworth Honey and Garry Mudford, Jalna Dairy*

The Small and Medium sized Enterprise (SME) CEO Forum is a peer group focused on exploring and discussing current and emerging issues that impact SME members.

HIGHLIGHTS FOR 2019-2020 INCLUDE:

- Facilitated a series of meetings throughout the year targeted at CEOs from SME members.
- Meetings included discussion on topical and hot issues impacting the industry, including:
 - Retail approach to data, focusing on Coles IRI data sharing arrangements
 - Macro Economic Update from EQ Economics
 - Major Industry Trends from Bain and Co.
 - Consumer trends from Nielsen
 - AFGC updates on a range of topics, Sustainability, Food and Grocery Code of Conduct, Retail Insights, Health Star Ratings.

GROCERY INDUSTRY ADVISORY GROUP

Secretariat – *Samantha Blake, Suzanne Davies, John Cawley*

The Grocery Industry Advisory Group is a reference group focused on exploring emerging issues impacting the industry and specifically the Food and Grocery Code of Conduct (FGCC). The group uses collective insight to identify and clarify current and emerging issues and deliver policy advice to the AFGC Board on industry matters relating to retailer relations within the fast-moving consumer goods (FMCG) industry and in accordance with the FGCC and applicable competition laws.

HIGHLIGHTS FOR 2019-2020 INCLUDE:

- Managed a number of supermarket retail issues on behalf of the membership.
- Hosted several successful breakfast events and webinars on the FGCC and related obligations.
- Third year of operation of the Australian Grocery Academy - a unique collaboration between industry, suppliers and specialty training and leadership consultancies. The program has been developed for high potential commercial and sales leads working in the Australian industry, providing suppliers with the skills and capabilities to deal with today's retailers.
- Conducted the second Trade Investment Benchmarking Survey and Report. A survey of members to understand the levels and impact of trade spend and associated retailer charges within the supermarket retail sector.
- Partnered with UBS to deliver the fifth Profitability Survey with results shared at Food and Grocery Australia.
- Established a new and very popular members service – quarterly Retail Results member teleconferences.
- Hosted a series of workshops on Diversity and Inclusion resulting in the publication of an issues paper for members.
- From February to June the Secretariat worked on Coronavirus initiatives, this included Government Advocacy, information provision and opportunities to share information across the membership through weekly Sales updates.



FOOD AND GROCERY INDUSTRY CODE OF CONDUCT

Secretariat – *Samantha Blake, Suzanne Davies*

On behalf of members the Secretariat has engaged with Government and key stakeholders seeking better regulation and creating an environment that will allow Australian companies to grow, prosper and maintain viable local business operations.

HIGHLIGHTS FOR 2019-2020 INCLUDE:

- Since 2015 over 4,000 people across 300 FMCG companies have been trained by AFGC's nominated training partner, NextGen.
- A range of services to support members have been developed and are available for download from the website.
 - Monthly Guidance Documents issued to all members
 - Hot line for issues management and FGCC direction
 - Breakfast seminars
- Conducted the sixth annual FGCC Member survey, significantly improved participation rates. Results shared broadly with the industry, trade partners and key stakeholders.
- Continued to play a pivotal role in the FGCC government-led review that commenced in March 2018. The AFGC has worked to strengthen key obligations including:
 - enhancing the good faith obligations in the Code to make it clearer and more user-friendly for the industry
 - strengthening the dispute resolution procedures to give suppliers more confidence in raising their complaints and having them resolved
 - prohibiting retailers or wholesalers from varying grocery supply agreements with retrospective effect under any circumstance
 - setting limits on acceptable conduct during price rise negotiations between the parties to restore trust and cooperation between them



“Our food and grocery manufacturers are working around the clock to ensure Australians have access to the essential products they need. For some businesses this means ramping up operations to 24 hours a day, seven days a week to make sure products are making it to supermarket shelves.”

- Dr Geoffrey Annison, Acting CEO

SUSTAINABILITY DIVISION

Secretariat – Barry Cosier (Director, Sustainability), Kylie Ruth (Manager, Sustainability).

The Sustainability Division works to assist the food, beverage, and grocery sector in its approach on environmental and social issues, recognising that effective management of sustainability issues is fundamental to the continued growth of the sector. We represent members at the federal and state and territory government levels in strategy and policy development, driving positive outcomes for the environment, community, governments, and industry.

The 2019-2020 year has been an extremely busy one for sustainability issues with heightened community and government interest in packaging, waste and recycling. This has brought sustainability to the fore with a greater focus on how the food and grocery sector is addressing sustainability issues.

HIGHLIGHTS FOR 2019-2020 INCLUDE:

- Hosted a webinar (with more than 100 industry professionals from within the membership) to provide an update on current community expectations and government activity in relation to packaging, recycling, and plastics
 - Held three in-person Sustainable Practices Committee meetings and three virtual meetings
 - Made 18 submissions to various federal, state and territory parliamentary or government consultations on a range of issues, predominantly on circular economy and waste strategies and reducing plastics
 - Participated in panel discussions and presented at various waste conferences, Australian Packaging Covenant Organisation (APCO) and government agency events
 - Published articles in trade magazines on circular economy in packaging and issues in relation to food waste and the National Packaging Targets
 - Produced several member briefs and sustainability newsletters to keep members informed on sustainability activity
 - Represented the sector on multiple government and industry working groups including:
 - Several APCO priority project working groups including the National Packaging Targets Implementation and Single-Use Plastic/Food Service working groups.
 - Single-Use Plastic Working Groups convened by the South Australian, Queensland and Australian Capital Territory governments to develop single-use plastic legislation in their respective jurisdictions.
 - Western Australia and Victorian Container Deposit Scheme Working Groups.
 - Department of Environment and Energy's National Waste Policy Action Plan Industry Reference Group
 - Infrastructure Victoria's Recycling Infrastructure Planning Sector Advisory Group
- Appeared before a hearing of the Standing Committee on Industry, Innovation, Science and Resources inquiry into Australia's waste management and recycling industries
- Participated in the National Waste Export Ban working group with the Prime Minister's Office
 - Participated in, and presented at, the federal government-convened National Plastics Summit held at Parliament House in Canberra
 - Contributed to the Department of Agriculture, Water and the Environment's development of the Recycling and Waste Bill, including the product stewardship provisions
 - Continued to engage on food waste issues as a member of the federal government's National Food Waste Steering Committee and supported the Fight Food Waste CRC

CORPORATE AFFAIRS

Secretariat – Megan Jeremenko (Director), Anne-Louise Brown / Meaghan Clack (Manager, Communications)

The Corporate Affairs division ensures that industry’s views are represented to political decision makers, media, stakeholders and industry itself. The division aims to provide strategic and tactical advice that assists in achieving good public policy outcomes by working within the political environment. It is also responsible for representing industry’s views in the media and other public communication channels.

HIGHLIGHTS FOR 2019-2020 INCLUDE:

- Increased proactive political and media engagement alongside the Corporate Affairs Division’s ongoing work to support the CEO, Board and all AFGC Divisions
- Events during 2020 meant that the Division had to re-strategise work plans, respond to current issues and seek alternative channels to deliver key messages about the essential nature of the sector
- Workforce upskilling - training via the Australian Grocery Academy and support for businesses to access Food and Grocery Code of Conduct training via tax concessions or grants
- Red tape reductions and introduced reforms to boost competitiveness and help reduce costs
- Trade issues including EU FTA and specifically geographical indicators

Continued engagement with Federal decision makers, including the Prime Minister, Deputy Prime Minister, Assistant Treasurer, additional Cabinet and Assistant Ministers, Leader of the Opposition and other opposition members to advance various policy work.

Areas of policy issues included:

- Food and Grocery Code of Conduct
- Health Star Rating
- Plastics and waste management
- Food, beverage and grocery manufacturing modernisation program – investment allowance or three-year instant asset write-off or grams program

Corporate Affairs supported the Secretariat’s ability to deliver key messages to the Federal Government, state governments, media and members regarding the January 2020 bushfire disaster and COVID-19 response from February to June. This included briefings and media interviews on supply availability, pressures on the sector and ensuring that the sector was classified as essential to allow for appropriate measures so that the industry could continue to meet consumer demand. Support was also provided through a weekly Coronavirus Communique to members.



Industry Leaders Forum of Board and CEOs, meeting with the Prime Minister



Board and CEOs with the Hon Scott Morrison MP, Prime Minister of Australia

Corporate Affairs presented and delivered key activities to promote the industry including:

- implementing AFGC’s Sustaining Australia campaign to better represent and advocate on behalf of its members’ interests. The campaign achieves this through documenting the sector’s economic, community and environmental contribution and representing this to Members of Parliament in key federal electorates and to the media.
 - In 2019 activities included a site visit, roundtable and engagement with Federal MPs in Northern and Central Victoria, South East Melbourne and South East Queensland.
 - In 2020 on-the-ground engagement was postponed due to COVID-19, with a move to virtual meetings and engagement.
- Hosting member delegations to Parliament, including the Industry Leaders Forum.

The AFGC Board and select CEOs met with the Hon Scott Morrison, Prime Minister; Hon Sussan Ley, Minister for the Environment; Hon Trevor Evans, Assistant Minister for Waste Reduction and Environmental Management;

Hon Michael Sukkar MP, Assistant Treasurer; Hon Steve Irons MP, Assistant Minister for Vocational Education, Training and Apprenticeships; Hon Anthony Albanese MP, Leader of the Opposition and Hon Michael McCormack MP, Deputy Prime Minister, Minister for Infrastructure, Transport and Regional Development.

- Delivery of a mini-campaign, “Keeping the Shelves Stocked”, including print ads in the AGE, SMH (Thursday 28 May) and AFR (Friday 29 May) with complementary social media ads on Facebook, LinkedIn and Twitter. Digital ads on Nine Entertainment publication websites (AGE, SMH and AFR) delivered with 240,000 impressions. This messaging was aimed at ensuring that the public and decision makers were reminded of the essential service the industry delivers to the Australian public to influence policy decisions.
- Ongoing media engagement and media releases as required to acknowledge announcements or to advance the AFGC position.

CORPORATE AFFAIRS COMMITTEE

Secretariat – Megan Jeremenko

Chair – Amanda Banfield, Mondelez

The Corporate Affairs Committee met four times over 2019-2020. Two meetings in 2019 – 22 October and 28 November both at Parliament House for key engagement meetings and two meetings in 2020 – 24 March and 4 June. At all meetings the Committee focussed on policy positions to advance the industry.

TRADE AND ECONOMICS

Geoffrey Annison (Director), Shalini Valecha (Manager, Economics and Trade)

The Economics and Trade Division has a broad remit covering the export trade agenda, along with the development of policy positions to support the competitiveness of, and investment in, the processing industry. This expert information is developed and compiled through members' participation on the International Trade Advisory Group.

STATE OF THE INDUSTRY

- The State of the Industry reporting process was streamlined in 2019, better aligning data with the sector and simplifying the data presentation
- An in-house model was developed with the help of economic consultancy Remplan for capturing state of the Industry statistics. This was initiated to enable improved turnaround time, accuracy and reduced cost
- A user-friendly State of the Industry dashboard was also developed to help members access detailed data via the AFGC website.

SUSTAINING AUSTRALIA CAMPAIGN

- To support the Sustaining Australia campaign regional reports were developed for:
 - Northern Victoria
 - South East Queensland
 - South East Melbourne
- In 2019, in-house data evaluation was carried out for the reports using Remplan Economy software which helped in reducing the cost and improving turnaround time
- Provided economic analytical support to the Outlook 2030 project.

Trade

- During 2019-2020 AFGC applied for and secured three grants totalling \$278,335 (ex GST). The grants were:
 - Enhancing food and beverage exports to Indonesia under the Agriculture Trade and Market Access program from Department of Agriculture water and environment (\$91,000 ex GST)
 - Development of labelling guide for exports to China under Australia China Agriculture Cooperation Agreement (\$45,985 ex GST)
 - Non-tariff measures investigation report for food and beverage sector from Department of Agriculture, Water and Environment (\$141,350 ex GST)

Contracts were finalised with the providers and projects were initiated during 2019-2020.

- In October 2019 DFAT commenced public objection consultation for the geographical indications proposal under the EU FTA. The AFGC undertook comprehensive member consultation and prepared a submission to the process. This was followed by advocacy and engagement with DFAT, the Department of Industry, Innovation and Science, the Department of Agriculture, Water and Environment and the Trade minister's office
- AFGC participated in the Minister of Agriculture's roundtable on engagement with India
- From March 2020 businesses experienced disruption in trade due to the pandemic. Weekly trade updates were provided to the trade advisory group members regarding developments in international markets via telecon and trade alerts were issued for all the members. Support was also provided to members who were facing specific issues or disruptions to their shipments
- AFGC participated in both the weekly COVID-19 update with DFAT as well as with the supermarket taskforce.
- Various webinars were scheduled to support members with information. These included:
 - Rules of Origin under the EU FTA (Aug 2019)
 - Update on IACEPA and HK FTA (Aug 2019)
 - Airfreight supply to China (March 2020)
 - Quarterly agriculture commodity update (April 2020)
 - US-China Phase 1 Trade agreement (May 2020)
 - Update from Treasury (May 2020)
 - Leveraging e-commerce for export growth (June 2020)
 - Quarterly agriculture commodity update (June 2020)
 - Understanding consumer behaviour in ASEAN market pre and post COVID-19 (June 2020)
- Virtual buyer/seller meetings were organised with exporters and importers in India to enable people-to-people connections.

Other work by Trade and Economics during 2019-2020:

- Participated in the ACCC Agriculture Consultative Committee, which considers competition issues in agricultural supply chains
- Participated in non-tariff barrier working group sessions and industry consultations on NTB issues within AFG sector
- Engaged in meetings with other industry associations both nationally and internationally
- Informed members of key trade issues through a dedicated *International Trade Bulletin*.



MEMBERSHIP AND MARKETING

Samantha Blake (Director), Alyssa Handy (Manager – Member Services and Events), Kim Riggans (Digital Communications and Member Administrator), Alan Dowsett (Manager – Business Development)

The Membership and Marketing team are privileged to work on behalf of all AFGC members. We remain dedicated to delivering exceptional services to build and strengthen our community. Contributions from our member community inform and enable our work as the voice of the industry. We are stronger together.

The COVID-19 pandemic resulted in the Membership and Marketing Division developing a sustainable membership program to ensure we retained existing members through strong engagement mechanisms. Recruitment during this period was targeted and specific. Events and sponsorship were reconsidered and where appropriate swiveled to virtual.

EVENTS

As a direct result of the COVID-19 pandemic, the AFGC had to cancel a number of our physical events including the flagship Food and Grocery Australia. The following provides a summary of the events that took place during the period 2019-2020.



FUTURE LEADERS FORUM – October 2019, Melbourne

An initiative of the Trading Partner Forum, the Future Leaders Forum is the most relevant industry event aimed at fast-tracking young professionals and emerging leaders who will transform the future of our industry. The program inspires and develops leaders of today and tomorrow. In 2019 the program, *Purposeful Leadership for a Transforming World*, attracted 150 delegates who heard from four key thought leaders, 16 CEO's and 20 senior executives.

BREAKFAST SERIES – 13 November 2019, Sydney and 21 November 2019, Melbourne

In 2019 the AFGC introduced the Breakfast Series, a program aimed at providing insights into topical areas of industry focus. This event series was kicked off with a series on the Food and Grocery

Code of Conduct and key retail insights. Each event explored the FGCC and how to use it to frame discussions between suppliers and retailers to achieve satisfactory negotiations and win-win outcomes.

BRANDS AND PRIVATE LABEL SEMINAR – 28 November 2019, Melbourne

This annual event is held in conjunction with the Private Label Manufacturers Association. The 2019 event focussed on lessons for brand and private label ranges both locally and globally, how to differentiate and how to leverage and build shopper loyalty.



WEBINARS

A weekly series of topical webinars was delivered from February through to July. Over 880 participants from 99 full member organisations participated, meaning 73 per cent of the AFGC's full membership have attended at least one webinar. Topics ranged from macro-economic indicators and trade and export to crisis management, packaging and supply chain. The webinars have proven incredibly popular and will continue as a component of the annual member offering.

TRAINING AND EDUCATION

FOOD AND GROCERY CODE OF CONDUCT

Food and Grocery Code of Conduct training program has been specifically designed to help their understanding of Code obligations, legal requirements and how to use it effectively in negotiations. The AFGC training provider is NextGen.

Australian Competition Law is critical to FMCG businesses. This program, led by NextGen, details why it is important to your business, how to avoid compliance issues, and how it intersects with the Food and Grocery Code of Conduct.

Both programs are available either online or in a virtual format.

AUSTRALIAN GROCERY ACADEMY

The Australian Grocery Academy accelerates the development and performance of Sales, Commercial and Category teams into future commercial leaders. Developed by the AFGC and Real World Marketing in consultation with industry, the program has attracted outstanding positive feedback. The Academy program operated from July 2019 to January 2020 and attendees rated the program 4.8/5. With the inability to host the physical program in 2020 due to COVID-19 limitations, the Secretariat have taken the time to review the program with the intent of relaunching in 2021.

PIF V 6.0 Training – 3 December 2019, Sydney and 4 December 2019, Melbourne.

In 2019, the AFGC ran two workshops on implementing the new V6.0 Product Information Form (PIF). The AFGC presented advanced training on the new PIF which included a detailed description of the form and the rationale behind the PIF V6.0 structure. The workshops also covered PIF functionality and how to make it work, as well as vendor portal demonstrations.

WEBSITE

The AFGC website was refreshed and relaunched in 2019.

COMMUNICATIONS

The AFGC streamlined its member communication throughout 2019-2020. This included weekly CEO Briefings, sector-specific Newsletters and Member Briefs. The Weekly COVID Communiques and daily COVID Alerts proved very popular and provided an opportunity for the AFGC to deliver the latest thinking, updates and communications.

Visit our website to learn about [becoming a member](#) and/or partnering with the AFGC as a sponsor.



FINANCIAL REPORT

**AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883

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General information

The financial statements cover Australian Food and Grocery Council as an individual entity. The financial statements are presented in Australian dollars, which is Australian Food and Grocery Council's functional and presentation currency.

Australian Food and Grocery Council is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Australian Food and Grocery Council
 Unit 5G, 65 Canberra Avenue
 Griffith ACT 2603

Principal place of business

Australian Food and Grocery Council
 Unit 5G, 65 Canberra Avenue
 Griffith ACT 2603

A description of the nature of the council's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

DIRECTORS' REPORT

Your Directors present this report on the financial report of the Australian Food and Grocery Council (the Council) for the year ended 30 June 2020.

DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Name	Appointed / Resigned
Mr Douglas Stuart Cunningham	
Mrs Jodie May Goldsworthy	
Ms Katina Karabatsas	
Ms Sandra Edit Martinez Penaloza	
Mr Danilo Celoni	Appointed 27 November 2019 at AGM
Ms Denise Orr	Appointed 27 November 2019 at AGM
Mr Garry Mudford	Appointed 27 November 2019 at AGM
Ms Amanda Jane Banfield	Resigned 30 June 2020
Mr Clive Manning Sanders Stiff	Resigned 1 April 2020
Mr Andrew John Loader	Resigned 27 November 2019 at AGM
Mr Umit Subasi	Resigned 27 November 2019 at AGM
Mr Reginald William Weine	Resigned 27 November 2019 at AGM

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' REPORT cont...

INFORMATION ON DIRECTORS

Mr Douglas Stuart Cunningham

Vice President and General Manager ANZ
Kimberly-Clark
Director since: 8 November 2016

Ms Katina Karabatsas

Managing Director
Lion Dairy & Drinks
Director since : 16 April 2018

Mr Danilo Celoni

Chief Executive Officer
PepsiCo ANZ
Director since: 1 February 2019

Mr Garry Mudford

General Manager
Jalna Dairy Foods Pty Ltd
Director since: 27 November 2019

Mr Clive Manning Sanders Stiff

Chief Executive Officer
Unilever Australia and New Zealand
Director: 11 October 2012 – 1 April 2020

Mr Umit Subasi

President International
Campbell International
Director: 19 October 2017 – 27 November 2019

Mrs Jodie May Goldsworthy

Director
Beechworth Honey Group
Director since: 31 August 2015

Ms Sandra Edit Martinez Penaloza

Chief Executive Officer
Nestlé Australia Ltd
Director since: 8 November 2018

Ms Denise Orr

Chief Executive Officer
Kinrise Pty Limited
Director since: 27 November 2019

Ms Amanda Jane Banfield

Area VP Australia, NZ, Japan
Mondelez International
Director: 21 June 2016 – 30 June 2020

Mr Andrew John Loader

General Manager
Mars Wrigley Confectionery, Australia
Director: 1 February 2019 – 27 November 2019

Mr Reginald William Weine

Managing Director SPC
Coca-Cola Amatil
Director: 19 October 2017 – 27 November 2019

DIRECTORS' REPORT cont...

MEETING OF DIRECTORS

During the financial year five meetings of directors were held on the following dates:

1. 28 August 2019
2. 23 October 2019
3. 27 November 2019
4. 3 March 2020
5. 26 May 2020

Attendances by each director were as follows:

		Number of meetings held during appointment	Total meetings attended during appointment
Mr Douglas Stuart Cunningham		5	5
Mrs Jodie May Goldsworthy		5	3
Ms Katina Karabatsas		5	3
Ms Sandra Edit Martinez Penaloza		5	5
Mr Danilo Celoni		5	5
Ms Denise Orr		2	2
Mr Garry Mudford		2	2
Ms Amanda Jane Banfield	Resigned 30 June 2020	5	5
Mr Clive Manning Sanders Stiff	Resigned 30 March 2020	4	4
Mr Andrew John Loader	Resigned 27 November 2019 at AGM	3	3
Mr Umit Subasi	Resigned 27 November 2019 at AGM	3	2
Mr Reginald William Weine	Resigned 27 November 2019 at AGM	3	3

Results

The net result of the operations of the Council was a deficit of \$650,134 (2019: deficit \$158,945). Subscription revenue was \$3,981,076 (2019: \$3,825,991).

DIRECTORS' REPORT cont...

PRINCIPAL ACTIVITIES

The principal continuing activity of the Council is to be the peak national representative organisation for the Australian processed food, grocery and beverage products industry.

The Council aims to foster a world class food, beverage and grocery industry that is responsive to consumer needs and can profitably compete locally and internationally.

OBJECTIVES

The Council's short term objectives are to:

1. Shape government food and grocery policy development to reflect priorities of the manufacturing sector.
2. Deliver a collective industry commitment to action supporting preventative health objectives.
3. Lead development of industry sustainability indicators to drive reductions in carbon, water and waste streams.
4. Promote high levels of adoption and compliance with AFGC industry codes.
5. Foster trading environments where members can compete, innovate and sustain growth.
6. Encourage member engagement with AFGC through relevant, responsive member services.

The Council's long term objectives are to:

7. Ensure a secure source of safe food and groceries to Australians.
8. Secure a growing, profitable, and economically, socially, and environmentally sustainable industry.
9. Foster an industry that partners in educating and empowering consumers.
10. Promote a best practice regulatory framework that demands the highest food and grocery standards.

To achieve these objectives, the Council has adopted the following strategies:

11. Representation and Advocacy: Present a united voice to Government, retailers, and stakeholders. Successfully advocating to decision makers, the nature and needs of the industry.
12. Policy: Disseminate policy to ensure our members have a credible voice in areas of common interest.
13. Member Services: Tailored services meeting the needs of our members.
14. Programs: Programs to deliver solutions for members and stakeholders.
15. Communication: Provide relevant, up to date information to members. Promote the industry and its achievements.

REVIEW OF OPERATIONS

The operations of the Council and the results of those operations for the year ended 30 June 2020 were satisfactory.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The impact of COVID-19 on the Australian and indeed the global economy and broad operational environments has impacted the Council's ordinary operations due to the need to contain the virus through social distancing. The Council's ability to generate about 20 per cent of its revenue is currently unavailable and new methods of engagement in these areas are being developed. These impacts have been offset through reduced travel costs and Australian Federal Government support payments in the form of Cash Flow Boosts and Jobkeeper subsidies.

DIRECTORS' REPORT cont...

LIKELY DEVELOPMENTS

COVID-19 will continue to affect AFGC's ability to hold face to face conferences and forums. Technology is being harnessed to offset this loss of contact; however, the online models of interactions are not expected to generate the financial returns previously achieved. The upside to the need to use technology is the significant reduction in price to participate has led to exponential growth in participation in some of these events, thus building the AFGC brand as trust partner.

ENVIRONMENTAL REGULATION

Australia is currently in the grips of enforced state of emergency due to the medical Pandemic (COVID-19) which is expected to continue to affect operational capabilities.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No additional matters or circumstances have arisen since 30 June 2020 that may have any further significant effect on the operations of the Council, the results of its operations or the state of affairs of the Council in financial years subsequent to 30 June 2020.

DIVIDENDS

The Council is a company limited by guarantee and as such is prohibited from paying dividends.

DIRECTORS' BENEFITS

No Director of the Council has received or become entitled to receive a benefit by reason of a contract made by the Council or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

INSURANCE OF OFFICERS

During the financial year, the Council paid a premium to insure officers of the Council.

The officers of the Council covered by the insurance policy include all staff and non-working Directors of the Council and members of Committees established by the Council, both past and present.

The liabilities insured include costs and expenses that may be incurred in successfully defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Council.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors.



Darren O'Brien,
Director/Chair
Dated: 21 October 2020



Tanya Barden,
Chief Executive
Dated: 21 October 2020

AUDITOR'S INDEPENDENCE DECLARATION



RSM Australia Partners
Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601
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F +61 (0) 2 6217 0401
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Australian Food and Grocery Council for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM Australia Partners



GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 21 October 2020

INDEPENDENT AUDITOR'S REPORT



RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN FOOD AND GROCERY COUNCIL

Opinion

We have audited the financial report of Australian Food and Grocery Council, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a statement of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Australian Food and Grocery Council is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of Australian Food and Grocery Council's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of Australian Food and Grocery Council in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Australian Food and Grocery Council, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in Australian Food and Grocery Council's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT cont...



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of Australian Food and Grocery Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of Australian Food and Grocery Council to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Australian Food and Grocery Council or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM Australia Partners



GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 21 October 2020

DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements and notes, as set out on pages 11 to 25 are in accordance with the Corporations Act 2001:
 - a. Comply with Australian Accounting Standards; and
 - b. Give a true and fair view of the financial report as at 30 June 2020 and of the performance for the year ended on that date of the Council.
2. In the directors' opinion there are reasonable grounds to believe that the Council will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Darren O'Brien,
Director/Chair
Dated: 21 October 2020

FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	2	4,595,562	5,754,683
Employee benefits		(3,430,483)	(3,079,755)
Depreciation		(51,392)	(19,079)
Depreciation on right of use asset		(93,329)	-
Rental		(41,213)	(207,703)
Program expenses		(470,087)	(1,143,026)
Administration costs		(1,102,389)	(1,464,065)
Interest on lease liabilities		(56,987)	-
SURPLUS/(LOSS) ATTRIBUTABLE TO MEMBERS		(650,318)	(158,945)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS		(650,318)	(158,945)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS cont...

For the Year Ended 30 June 2020

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,660,568	5,662,531
Trade and other receivables	4	277,556	168,595
Other assets	5	288,920	267,130
TOTAL CURRENT ASSETS		5,227,044	6,098,256
NON-CURRENT ASSETS			
Plant and equipment	6	282,979	24,061
Right of use asset	10	830,134	-
TOTAL NON-CURRENT ASSETS		1,113,113	24,061
TOTAL ASSETS		6,340,157	6,122,317
CURRENT LIABILITIES			
Accounts payable	7	501,553	725,987
Other payables	8	522,006	225,728
Provisions	9	462,381	552,511
Lease liability	10	79,701	-
TOTAL CURRENT LIABILITIES		1,565,641	1,504,226
NON-CURRENT LIABILITIES			
Provisions	9	24,953	12,162
Lease liability	10	793,952	-
TOTAL NON-CURRENT LIABILITIES		818,905	12,162
TOTAL LIABILITIES		2,384,546	1,516,388
NET ASSETS		3,955,611	4,605,929
Retained earnings		3,955,611	4,605,929
TOTAL EQUITY		3,955,611	4,605,929

The above statement of financial position should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS cont...

For the Year Ended 30 June 2020

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance as at 1 July 2019	4,698,906	65,968	4,764,874
Deficit for the year	(158,945)	-	(158,945)
Adjustments to reserves	65,968	(65,968)	-
Balance as at 30 June 2019	4,605,929	-	4,605,929
Balance as at 1 July 2020	4,605,929	-	4,605,929
Surplus/Deficit for the year	(650,318)	-	(650,318)
Balance as at 30 June 2020	3,955,611	-	3,955,611

The above statement of changes in equity should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS cont...

For the Year Ended 30 June 2020

STATEMENT OF CASHFLOWS

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		4,878,683	6,034,546
Payments to suppliers and employees		(5,486,410)	(6,367,279)
Interest received		41,531	89,061
Interest paid on lease liability		(56,987)	-
Net cash provided by/ (used in) operating activities	11	(623,183)	(243,672)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(310,310)	(14,964)
Net cash used in by investing activities		(310,310)	(14,964)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(68,470)	-
Net cash used in financing activities		(68,470)	-
Net increase/ (decrease) in cash held		(1,001,963)	(258,636)
Cash at the beginning of the financial year		5,662,531	5,921,167
Cash at the end of the financial year	3	4,660,568	5,662,531

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The council has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the council.

The following Accounting Standards and Interpretations are most relevant to the council:

AASB 15 Revenue from Contracts with Customers

The council has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The council has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for-Profit Entities

The council has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont...

in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue

and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Council determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life of assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the incorporated association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the incorporated association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the incorporated association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont...

Income tax

As the council is a charitable institution in terms of subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Council's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is classified as current when: it is either expected to be settled in the Council's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Comparatives

Comparative figures have been adjusted to conform to changes in the presentation of these financial statements where required.

Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value measurement is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 2. REVENUE

	2020 \$	2019 \$
Subscription revenue	3,981,074	3,825,991
Special project and forum revenue	300,602	683,563
Sponsorship income	-	432,364
Food and Groceries Australia conference revenue	-	604,516
Other member function revenue	35,255	72,933
Interest received	41,531	89,061
Other income	18,600	46,255
Government subsidies	218,500	-
Total Revenue	4,595,562	5,754,683

Accounting Policy

Revenue recognition

Annual subscription receipts are brought to account as income in the period to which the membership fee relates.

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

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

NOTE 3. CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Cash at bank	867,522	2,609,125
Term deposits	3,793,046	3,053,406
	4,660,568	5,662,531

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

NOTE 4. TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
Accounts receivable	70,579	149,345
Other receivables	206,977	19,250
	277,556	168,595

Accounting Policy

Trade and other receivables are recognised at amortised cost, less any allowance for expected credit losses.

NOTE 5. OTHER ASSETS

	2020 \$	2019 \$
Prepayments	288,920	222,474
GST Receivable	-	44,656
	288,920	267,130

NOTE 6. PLANT AND EQUIPMENT

	2020 \$	2019 \$
Furniture, fittings and equipment – at cost	199,936	188,843
Less: accumulated depreciation	(179,553)	(173,844)
	20,383	14,999
Leasehold improvements – at cost	216,309	29,279
Less: accumulated depreciation	(60,451)	(29,279)
	155,858	-
Software – at cost	463,605	351,417
Less: accumulated depreciation	(356,867)	(342,355)
	106,738	9,062
Total plant and equipment	879,850	569,539
Less: accumulated depreciation	(596,871)	(545,478)
	282,979	24,061

Reconciliations

Reconciliations of carrying amounts of each class of property, plant and equipment at the beginning and the end of the current financial year are set out below:

	Furniture, fittings and equipment	Leasehold improvements	Software	Total
	\$	\$	\$	\$
Balance as at 30 June 2019	14,999	-	9,062	24,061
Additions	11,092	187,030	112,188	310,310
Disposals	-	-	-	-
Depreciation	(5,708)	(31,172)	(14,512)	(51,392)
Balance as at 30 June 2020	20,383	155,858	106,738	282,979

Accounting policy

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. Independent valuations are undertaken on a periodic basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these 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 been discounted to their present values in determining recoverable amounts. Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Leasehold improvements

The cost of improvements to or on leasehold property is amortised over the unexpired period of the expected renewed lease or the estimated useful life of the improvement to the Council, whichever is the shorter.

Leasehold improvements held at the reporting date are being amortised over 5 years.

NOTE 6. PLANT AND EQUIPMENT cont...

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the Council commencing from the time the asset is held ready for use.

The depreciable rates used for each class of depreciable asset are:

<u>Class of fixed asset</u>	<u>Rate</u>
Plant and equipment	10% – 25%
Leasehold Improvements	20% – 50%
Software	20% – 25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of Assets

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

NOTE 7. ACCOUNTS PAYABLE

	2020 \$	2019 \$
Trade creditors	461,492	438,764
Accrued expenses	40,061	287,223
	501,553	725,987

Accounting policy

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Council 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.

NOTE 8. OTHER PAYABLES

	2020 \$	2019 \$
Membership subscriptions received in advance	97,836	69,031
Project and other income in advance	424,170	147,357
Other liabilities	-	9,340
	522,006	225,728

Accounting policy

The Council receives monies in advance for membership and projects. It is the policy of the Council to treat these monies as project revenue and membership subscriptions revenue in advance within the statement of financial position where the Council is contractually obliged to provide the service in a subsequent financial period.

NOTE 9. PROVISIONS

	2020 \$	2019 \$
<i>Current</i>		
Long service leave	263,431	339,555
Annual leave	198,950	212,956
	462,381	552,511
<i>Non-current</i>		
Long service leave	8,024	12,162
Make good provision	16,929	-
	24,953	12,162
	487,334	564,673

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits is set out below.

Accounting policy

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

NOTE 10. LEASES

	2020 \$	2019 \$
<i>Right of use asset</i>		
At cost	923,463	-
Less: Accumulated depreciation	(93,329)	-
	830,134	-
<i>Lease liability</i>		
Lease liability - current	79,701	-
Lease liability - non-current	793,952	-
	873,653	-

Accounting policy

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the council expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

NOTE 10. LEASES (CONTINUED)

Accounting policy

Lease liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liability is measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 11. CASH FLOW INFORMATION

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:

	2020 \$	2019 \$
Operating surplus/ (deficit)	(650,318)	(158,945)
Depreciation and amortisation	144,721	19,079
Loss on disposal of assets	-	-
Non-cash investing activities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(108,961)	(81,885)
(Increase)/decrease in other assets	(21,790)	(115,753)
(Increase)/decrease in investments	(224,434)	395,020
(Decrease)/Increase in accounts payable	296,278	(329,367)
(Decrease) in other creditors	-	-
(Decrease)/Increase in provision for employee benefits	(58,679)	28,179
Net cash inflow/(outflow) from operating activities	(623,183)	(243,672)

NOTE 12. COMPANY LIMITED BY GUARANTEE

The Council is a company incorporated under the Corporations Act 2001 as a company limited by guarantee to the amount of \$100 a member. There are 179 full, associate and affiliate members.

NOTE 13. RELATED PARTIES

The names of persons who were directors at any time during the financial year are as follows:

Mr Clive Manning Sanders Stiff (Chair)	Mr Umit Subasi
Ms Amanda Jane Banfield	Ms Denis Orr
Mr Douglas Stuart Cunningham	Ms Sandra Edit Martinez Penaloza
Mrs Jodie May Goldsworthy	Mr Danilo Celoni
Ms Katina Karabatsas	Mr Andrew John Loader
Mr Reginald William Weine	Mr Garry Mudford

There were no related party transactions entered into during the year.

NOTE 14. REMUNERATION AND RETIREMENT BENEFITS

Directors

The directors are not entitled to any remuneration or retirement benefits for their services.

Key Management Personnel

The aggregate compensation of key management personnel of the company is set out below:

	2020 \$	2019 \$
Aggregate benefits	939,912	866,713

NOTE 15. FINANCIAL INSTRUMENTS

a. Policies

The Council's financial instruments consist mainly of deposits with banks, account receivable and payable.

The Council does not have any derivative instruments at 30 June 2020.

i. Treasury Risk Management

Board members meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risk Exposures and Management

The main risks the Council is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

iii. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating cash investments.

iv. Foreign currency risk

The Council is not exposed to fluctuations in foreign currencies.

v. Liquidity risk

The Council manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.

vi. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Council does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into.

Credit risk is managed by the Council and reviewed regularly by the board. It arises from exposure to customers as well as through deposits with financial institutions.

NOTE 15. FINANCIAL INSTRUMENTS (continued)

b. Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet. of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing		Non-interest Bearing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets										
Cash at bank	0.1	0.1	868	2,609	-	-	-	-	868	2,609
Receivables	-	-	-	-	-	-	278	169	278	169
Investments	2.5	2.5	-	-	-	-	-	-	-	-
			868	2,609	-	-	278	169	1,145	2,778
Financial liabilities										
Trade and sundry payables			-	-	-	-	502	726	502	726
			-	-	-	-	502	726	502	726

Trade and sundry payables are expected to be paid as follows:

	2020 \$	2019 \$
Account payables		
Less than 12 months	501,553	725,987
	501,553	725,987

Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Sensitivity analysis:

Interest rate risk

The Council has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

NOTE 15. FINANCIAL INSTRUMENTS (continued)

c. Net Fair Values

As at 30 June 2020, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2020 \$	2019 \$
Change in profit		
Increase in interest rate by 1%	6,503	(1,589)
Decrease in interest rate by 1%	(6,503)	1,589
Change in equity		
Increase in interest rate by 1%	6,503	1,589
Decrease in interest rate by 1%	(6,503)	(1,589)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 16. REMUNERATION OF AUDITOR

During the year the following services were paid to the auditor and its related practices:

	2020 \$	2019 \$
Amounts received, or due and receivable by the auditor of the Council for:		
Audit services – financial statement audit & preparation	21,300	20,700

NOTE 17. EVENTS SUBSEQUENT TO REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the council's operations, the results of those operations, or the council's state of affairs in future financial years.



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