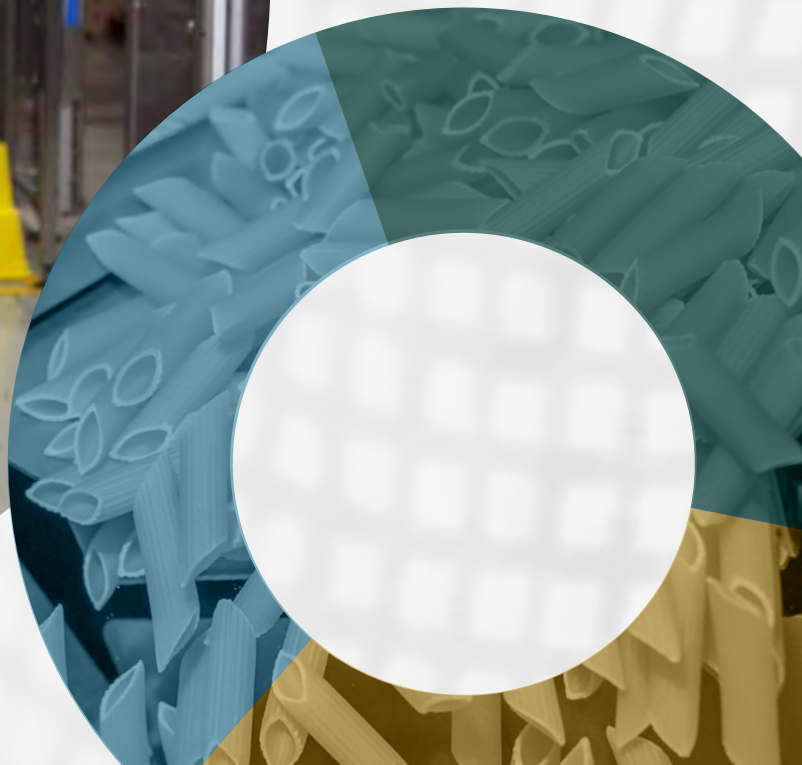




AUSTRALIAN  
**FOOD &  
GROCERY**  
COUNCIL

# ANNUAL REPORT

## 2020 – 2021





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**Australian Food and Grocery Council Annual Report 2020 – 2021**

Published by the Australian Food and Grocery Council

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## CHAIR'S MESSAGE

The events of the past year have demonstrated the strength of Australian food and grocery manufacturing. After the bushfire and pandemic challenges of 2019-20, our industry set about the work of helping to support the nation's economic recovery while adapting to a dramatically changed operational landscape. Challenges and changes have become something of a new normal but our industry has proven its resilience and continued to do what it does so well: provide safe and trusted brands to the people of Australia and to consumers overseas.

That's an achievement that we can all be proud of and I am delighted to be chair of the AFGC at a time when the industry is demonstrating the indispensable part it plays in the lives of all Australians. It is important that we continue to remind the community and government of the work we do and the role that we play - that it is our industry that keeps the supermarket shelves stocked, that it is our businesses that play a central role in communities across the nation.

We have borne the strains the period well but as we assess the effects of the COVID pandemic and associated health measures, we see that some challenges remain. Our industry has experienced some large but short-lived increases in sales, has adapted to changing consumer behaviour such as growth in online shopping and there have been losses in other areas such as food service. There have also been supply chain challenges and cost increases.

Through it all, however, we can be proud of what the industry has achieved and how we delivered for consumers.

My Board colleagues and I who served during 2020-21 acknowledge a number of achievements, including:

- The naming of the food and beverage manufacturing as one of six national priority sectors in the Federal Government's Modern Manufacturing Strategy and the appointment of AFGC CEO Tanya Barden to the Taskforce that was responsible for designing a roadmap for industry.
- Securing of a \$1 million grant under the National Product Stewardship Investment Fund for the AFGC to lead development of the National Plastics Recycling Scheme
- Significant interaction of Ministers and Shadow Ministers on a range of matters for the industry with virtual Parliamentary Dialogues
- Delivery of Food and Grocery Australia as a hybrid event, bringing members together in a combined virtual and in-person event which had not been done before.

Importantly the dramatic increase in the recognition of the industry was helped by the work of AFGC to raise awareness of the sector and demonstrate its critical importance to regional and national economies, to jobs and to consumers.



Former Federal Minister for Industry, the Hon Karen Andrews MP virtually meeting with Australian Food and Grocery Council Board, 7 October 2020

This year the AFGC released an important report, *Sustaining Australia: Food and Grocery Manufacturing 2030*, outlining potential scenarios for the next decade of our industry. The report highlights the effect of rising input costs on profitability and investment levels over the past decade and sets out the steps that can position us for increased growth and security. We will continue to advocate for the policy and practical changes needed to put our industry on a path to prosperity.

The AFGC is taking the lead on these and other key issues by bringing us all together to develop policy positions; it is advocating for your interests; it is coordinating collective action and, as always, it is helping the members of our industry understand and navigate complex challenges.

Throughout 2020-21, AFGC CEO Tanya Barden and the AFGC secretariat team have continued to consult and collaborate closely with members and policymakers, not only to ensure highly effective, impactful representation but to ensure council's work is informed by members experience and expertise.

As always, the secretariat has gone above and beyond to ensure that the sector was well-served and represented with a strong voice at the highest levels of Government and I would like to extend my thanks on behalf of the board.

Finally, I would like to thank our members for their support of the AFGC. Together we have accomplished much and with our united efforts we will ensure a bright future for our industry.

A handwritten signature in black ink that reads "Darren O'Brien".

Darren O'Brien  
Chair, AFGC

## CEO'S MESSAGE

Australia's food and grocery industry has worked through an extraordinary year characterised by increased input costs, rising government and consumer expectations in a number of critical areas, concentration in the retail market and global challenges including, of course, the ongoing COVID-19 pandemic.

In these circumstances, the Australian Food and Grocery Council's role in helping the sector navigate challenges and opportunities as well as amplifying its essential contribution to the nation, has been more important than ever. The AFGC is proud to be the peak body representing Australia's vitally important food, beverage, and grocery manufacturing and supply industry. With an annual turnover of \$132 billion and direct employment of 270,800 people, this sector is Australia's biggest manufacturing sector and nearly 40 per cent of those jobs are in regional Australia, which is also the powerhouse providing the produce that our businesses transform into the products found on supermarket shelves and exported around the world.

The AFGC continued to champion the sector and advocate for key industry policies. A major piece of work that the secretariat delivered during the 2020-2021 financial year was Sustaining Australia: Food and Grocery Manufacturing 2030, a major strategic report to help shape the future of the sector and to set the path to double its value by 2030. The Sustaining Australia report is a key tool for engagement with government, articulating the clear ambition of achieving high growth for the entire sector with seven key recommendations for what needs to be done to secure a prosperous future.

This work complements the Australian Government's Modern Manufacturing Strategy, which has set out roadmaps for the future of the nation's priority manufacturing sectors, food and beverage among them. The AFGC was proud to be involved in the development of this major policy through a position on the roadmap taskforce.

While 2020-21 featured these two major pieces of industry policy work, they were delivered amidst the ongoing work of responding to and recovering from the COVID-19 pandemic and its disruptions.

*"The AFGC is proud to be the peak body representing Australia's vitally important food, beverage, and grocery manufacturing supply industry"*

Our industry demonstrated resilience and ingenuity throughout the year, continuing operations and keeping supplies flowing. COVID has presented members with challenges never seen before and the ability of businesses to pivot - whether in helping the national call for PPE and sanitisers or finding alternatives for key components or ingredients when supply chains were disrupted – was a showcase of the resourcefulness of our sector. The AFGC secretariat responded with the management of timely information to members, creating virtual events and webinars to share knowledge, experiences and keep members connected. Food and Grocery Australia, our premier event was delivered in a hybrid in-person and virtual format and proved a great success. I am very proud of the team who delivered it and the members who embraced it.

The AFGC's Parliamentary Dialogues and roundtable meetings with Members of Parliament also became virtual meetings but still delivered highly valuable engagement this year with key Ministers and Opposition spokespeople on the key issues for our sector.

We have come through an extraordinary time filled with unprecedented challenges and new challenges will continue to arise. As an industry we will continue our response to COVID and at the same time address other issues facing our sector. There are three areas in particular that require our collective effort.

The first is packaging. Industry has a significant part to play in the development of an efficient and effective circular economy. A major success for the AFGC in 2020-21 was a \$1 million grant from the Australian Government to develop Australia's largest industry-led soft plastics recycling program – the National Plastics Recycling Scheme. We know these schemes can represent a significant cost that must be sustainable, manageable and equitable. As an industry we all need to be engaged in ensuring that product stewardship schemes are formulated with the benefit of industry expertise and real-world experience.

The second area of focus is health and nutrition regulation, where we are in the middle of a once-in-25 years discussion of the regulatory framework. We know that we need to play our part in ensuring consumers have healthy and informed food choices. We also need to be a part of discussions around preventative health measures and the level of regulation on product composition, prices and promotion. This will ensure that any wider implications, such as hampering of innovation, international competitiveness or the viability of jobs are fully understood.

The third area that demands attention is a continued focus on opportunities for the industry to grow as outlined in our Sustaining Australia report. Our key messages around the need to strengthen industry policy, how the sector has managed the COVID response and how critical the sector is to the economy have been heard loudly this past year.

I would like to thank the Board - the current members and those who served during the year. I would like to specifically acknowledge Darren O'Brien who has been a dedicated Chair of the Board. All Board members are 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 dedication and commitment to their jobs, the organisation and the industry. The professionalism of all staff and the way in which they demonstrate the values of the organisation makes me proud to lead such a great team. Thank you too to those individuals from our membership who took a position on one of our committees, forums or working groups. We greatly appreciate your contributions to helping shape policy and direction for the industry.

Finally, thank you to you, our members. Your support and strength make the AFGC the organisation it is and power our industry. This dedication and commitment will help ensure a strong future for food and grocery manufacturing in Australia.




Tanya Barden OAM  
CEO, AFGC

## AFGC TEAM

As at 30 June 2021

**Tanya Barden OAM**, CEO

**Tonya Smith**, EA to the CEO and Deputy CEO

**Dr Geoffrey Annison**, Director Health, Nutrition and Scientific Affairs and Deputy CEO

**Anne-Marie Mackintosh**, Policy Manager - Nutrition & Regulation

**Shalini Valecha**, Associate Director, Economics and Trade

**Barry Cosier**, Director Sustainability

**Kylie Ruth**, Manager, Sustainability

**Samantha Blake**, Director Industry Affairs

**John Cawley**, Associate Director Industry Affairs

**Alyssa Handy**, Manager, Member and Engagement Events

**Kim Riggans**, Digital Communication and Member Administrator

**Alan Dowsett**, Manager, Business Development

**Megan Jeremenko**, Director Corporate Affairs

**Peter Trute**, Manager, Communications

**Tony Sagnelli**, Director Business Operations

**Kerry Dawson**, Reception and Administration Officer

**Zainab Mwamtenda**, Accountant (Maternity Leave)

**Anna Gilbert**, Accountant (M.L. coverage)



## AFGC STRATEGIC FRAMEWORK 2021-2022

The AFGC is an industry association which represents the Australian food and grocery supply industry. Founded in 1995, the AFGC is the largest and most respected voice of the Australian fast moving consumer goods (FMCG) sector.



### VISION

Our vision is to create a thriving, and trusted food and grocery supply industry delivering jobs, economic growth and helping people live well.

### MISSION

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

## STRATEGIC OBJECTIVES

Currently our work focuses on four key areas:



Proactively influencing the industry agenda.



Facilitating pre-competitive collective action.



Delivering valuable insights and connectivity for members.



Operating a sustainable and efficient and effective organisation.

## AFGC BOARD

July 2020 – June 2021



**Darren O'Brien (Chair)**  
Area VP Australia, NZ, Japan  
Mondeléz International



**Jodie Goldsworthy**  
Director  
Beechworth Honey Group



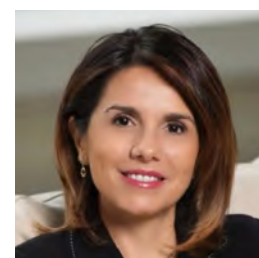
**Doug Cunningham**  
Vice President & General Manager  
ANZ, Kimberly-Clark



**Denise Orr**  
Chief Executive Officer  
Kinrise Pty Limited



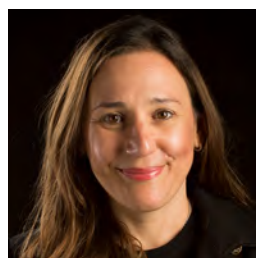
**Danny Celoni**  
Chief Executive Officer  
PepsiCo ANZ



**Sandra Martinez  
(Deputy Chair)**  
Chief Executive Officer  
Nestlé Australia Ltd



**Garry Mudford**  
General Manager  
Jalna Dairy Foods Pty Ltd



**Nicole Sparshott**  
Chief Executive Officer  
Unilever Australia & New Zealand



**Graham Dugdale**  
Managing Director  
Simplot Australia Pty Ltd



**Kathy Karabatsas**  
Managing Director  
Lion Dairy & Drinks  
(Resigned 2nd February 2021)

## AUSTRALIAN FOOD & GROCERY COUNCIL STATE OF INDUSTRY 2019/20



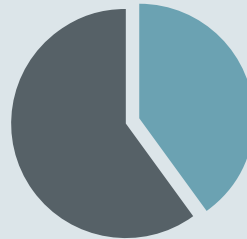
**\$132.7bn**  
Total turnover  
(+4.1 %)



**32%**  
AFG turnover  
as % of manufacturing



**270,801**  
Employment<sup>1</sup>  
(-0.2 %)



**39.6%**  
Regional  
employment for 2020



**\$2.9bn**  
Capital Investment<sup>2</sup>  
(+5.2 %)



**16,131**  
Businesses  
(+2.2 %)

**\$41.3bn**  
Exports  
(+7.9%)



**\$39.9bn**  
Imports  
(+12.1 %)

AUSTRALIAN FOOD & GROCERY COUNCIL

The figures on this page exclude the fresh food sector and are based on 2019/20 ABS data.

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

<sup>2</sup> Gross fixed capital formation for food, beverage and tobacco manufacturing sector taken as indicator of capital investment.

# AFGC MEMBER LIST

As at 30 June 2021

## Full Members

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

Lindt & Sprungli Australia  
 Lion  
 L'oreal Australia and New Zealand  
 Loving Earth Pty Ltd  
 Madura Tea Estates  
 Maggie Beer Holdings  
 Manildra Group  
 Mars Wrigley Confectionery  
 Mars Food  
 Mars Petcare  
 McCormick Foods Australia  
 McKenzie;s Foods  
 Meade Farm Pty Ltd  
 Mentholatum Australasia Pty Ltd  
 Mondelez International  
 Mrs Mac's Pty Ltd  
 Murray River Organics Ltd  
 Nando's Peri-Peri Australia Pty Ltd  
 Nerada Tea Pty Ltd  
 Nestle Australia Ltd  
 Now Foods Pty Ltd  
 Nutricia Specialised Nutrition  
 Obela Fresh Dips & Spreads Pty Ltd  
 Ocean Spray International, Inc  
 One Harvest Group  
 Only Organic 2003 Pty Ltd  
 Patties Foods Ltd  
 Peerless Foods  
 Pepsico Australia New Zealand  
 Peters Ice Cream  
 Primo Meats Pty Ltd  
 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  
 SC Johnson & Son Pty Ltd  
 SI&D Group Holdings  
 Simplot Australia Pty Ltd  
 Solaris Paper Pty Ltd  
 SPC Operations Pty Ltd  
 Specialty Coffee Pty Ltd  
 Spicemasters Australia Pty Ltd  
 STADA Pharmaceuticals Australia Pty Ltd  
 Stahmann Farms  
 Steric Pty Ltd  
 Stuart Alexander & Co Pty Ltd  
 Sugar Australia Pty Ltd  
 Sunny Queen Pty Ltd (Meal Solutions)  
 SunRice  
 Swisse Wellness Pty Ltd  
 Tasmanian Flour Mills  
 The A2 Milk Co  
 The Infant Food Co Pty Ltd  
 The Vege Chip Company  
 The Pialligo Estate  
 Tixana Pty Ltd  
 Tom & Luke Australia Pty Ltd  
 Unicharm Australasia  
 Unilever Australia & New Zealand  
 Upfield Australia (Sales) Pty Ltd  
 V2food Operations Pty Ltd  
 Vitality Brands Worldwide  
 Wattle Health Australia Ltd  
 Whole Earth Brands  
 Yakult Australia Pty Ltd

## Associate Members

|   |  |
|---|--|
| ADM Australia Pty Ltd                         | Matthews Australasia                                 |
| Baker & McKenzie                              | Maxum Foods Pty Ltd                                  |
| Banjo Loans                                   | Meat and Livestock Australia                         |
| Brand Loyalty                                 | Nagase Singapore (PTE) Ltd                           |
| Castlegate James Australasia Pty Ltd          | NextGen Group  |
| Cheetham Salt Ltd                             | NielsenIQ  |
| CHEP Asia – Pacific                           | Oliver Wyman   |
| Chr Hansen Pty Ltd                            | Orora Limited  |
| CROSSMARK Asia Pacific                        | Peloris Global Sourcing Pty Ltd                      |
| Danisco Australia Pty Ltd                     | Planet Protector Packaging                           |
| Deloitte Touche Tohmatsu                      | Real World Marketing                                 |
| Dematic Pty Ltd                               | Rentokil Initial                                     |
| Detmold Australia Sales                       | Robobai Pty Ltd                                      |
| Devro Pty Ltd                                 | Shanghai Freeman Australia Pty Ltd                   |
| Earlee Products Pty Ltd                       | Six Degrees Executive                                |
| Euromonitor International (Australia) Pty Ltd | SKUvantage   |
| Fibrisol Service Australia Pty Ltd            | StayinFront Group Australia                          |
| Foodbank Australia                            | Strikeforce Alliance                                 |
| GRA Supply Chain                              | SUEZ   |
| GS1 Australia                                 | Tetra Pak Marketing                                  |
| Kearney                                       | The Gap Partnership Australia                        |
| Lightswitch Consulting                        | Touchstone Executive Search                          |
| Linfox Australia                              | Visy Pak   |
| Lumaten                                       | Western Union Business Solutions (Australia) Pty Ltd |

## Affiliate Members

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

# HIGHLIGHTS



# HEALTH NUTRITION AND SCIENTIFIC AFFAIRS DIVISION

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

The Health Nutrition and Scientific Affairs (HNSA) 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-food 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 2020/21 INCLUDE:

### In regulations and regulatory policy

- In response to the reform and modernisation of the Bi-national Food Regulation System by the Australian Government, the AFGC made submissions to *Review of the FSANZ Act Regulatory Impact Statement, Consistency of Food Regulatory Approaches*, and *Review of the FSANZ Act*.
- Numerous submissions have been made to Food Standards Australia New Zealand (FSANZ) when member companies seek specific support, or an issue may have a widespread relevance to the food industry. Examples include *MRL Harmonisation 21, A1186 – Soy Leghemoglobin in Meat Analogue Products* (second round), *P1044 - Plain English Allergen Labelling, A1178 - New Method of Analysis for Total Dietary Fibre*, and *P1054 – Pure and Highly Concentrated Caffeine Products*.
- The AFGC continued to seek industry-practical and consumer-helpful outcomes from the *Health Star Rating Five Year Review* as the Food Ministers' Meeting (formerly Minister's Forum on Food Regulation) finalised its response.
- In response to applications and proposals to amend CODEX, the AFGC made submissions to consultations including food additives, intense sweeteners, allergen labelling, front of pack food labelling, e-commerce, and technology in food.

- The AFGC participated in the 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*.
- The AFGC contributed to the International Standards Organization's review of the *Definitions and technical criteria for foods and food ingredients suitable for vegetarians or vegans and for labelling and claims*.
- The AFGC represented manufacturers on the Standards Australia committee developing a standard for flushable wet wipes.

### In the food, nutrition, and health area

The AFGC has:

- Continued to participate in the Executive Committee and a number of working groups providing detailed technical advice to the Federal Government's *Healthy Food Partnership* in:
  - the category-by-category food reformulation program and finalisation of the wave 2 targets,
  - the development of an *Industry Best Practice Guide on Serving Size Labelling on Packaged Food*, and
  - contributing to the *Infant & Young Child Foods Reference Group*.



- Provided industry's views to the consultation of the *Australian Government's National Preventive Health Strategy*.
- Participated in the first stage of consultation of the National Health and Medical Research Council's *Review of the 2013 Australian Dietary Guidelines* which was a scoping survey.
- Led a whole of industry development of a definition for 'added-sugars' for use in labelling and participated in the FSANZ *Review of nutrition labelling for added sugars* stakeholder workshops.
- Sat on the FSANZ Branded Food Database Working Group which is undertaking to expand FSANZ's existing data management system to develop a dataset of branded food products to support FSANZ's standards development work and other activities.
- Contributed to a roundtable and then a working group convened by the Department of Agriculture, Water and the Environment to discuss definitions of animal protein products and options for regulatory interventions to ensure plant protein products are appropriately labelled.
- 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.
- A number of 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 members services

The HNSA Division has:

- In partnership with the Allergen Bureau, revised the *Food Industry Guide to Allergen Labelling and Management* to reflect recent changes to allergen labelling requirements in the Food Standards Code.
- 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.
- 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, nutrition and health.

### As part of the AFGC response to the COVID-19 pandemic

- The AFGC has provided on-going COVID-19 Risk Management in Manufacturing advice 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 Department of Agriculture and Water Resources Imported Food Consultative Committee and Biological Consultative Committee on biosecurity and regulations for imported goods.

## INDUSTRY AFFAIRS DIVISION

*Samantha Blake (Director), John Cawley (Associate Director), 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 advocate for standards of business conduct that build and sustain trust and cooperation.



### SUPPLY CHAIN COMMITTEE

*Samantha Blake (Director),  
John Cawley (Associate Director)*

**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 2020/21 INCLUDE:

- Continued to engage on a broad range of supply chain issues with key trade partners Aldi, Coles, Costco, Metcash, and Woolworths.
- Monitored and represented member views across a range of supply chain related topic areas impacted by COVID-19, locally and globally.
- Produced biennial Supply Chain Survey and Reports. Tenth iteration.
- Hosted the highly successful Annual AFGC Symposium Stream.
- Published regular COVID updates and a 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.
- Updated and published the Industry Supply Chain Risk Register.
- Hosted a member webinar on Supply Chain Professional Development.
- Developed a strategic action plan to drive the outcomes for the supply chain community.

## TRADING PARTNER FORUM

*Samantha Blake (Director),  
John Cawley (Associate Director)*

**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 2020/21 INCLUDE:

- Key project deliverables:

#### – Perfect Delivery Project

An industry-level approach to optimising non-competitive aspects of supplier to retailer distribution centre delivery practices. With an emphasis on readying the industry for the needs of automated distribution centres, such that relevant best practices and standard procedures can be adopted by industry participants to the benefit of increasing efficiency and effectiveness for all.

- Produced the 2020 Perfect Delivery Report – Retailer perspectives
- Developed and broadened Common Supply Standards across Woolworths, Coles, and Metcash, including the introduction of an industry alignment mark.
- Undertook a management review and report against the Common Delivery Guidelines.

#### – Data Integrity and Alignment

Provide leadership and information to support the sector in driving improvements in accuracy, integrity, alignment and timeliness for supply chain master data requirements in the B2B (supply chain efficiency and effectiveness) and the B2C (purchase, transact, supply) trade.

- Produced a series of supply chain master data instructional videos.
- Commenced an industry data review pilot across suppliers and retailers to understand alignment status, challenges, and opportunities.

#### – Paperless Delivery

Investigate opportunities to initiate work around paperless delivery ('e-proof of delivery') as a high value-add opportunity for industry, recognising the benefits of generating common approaches to progressing and managing non-competitive aspects of any such opportunities.

- Progressed a joint supplier-retailer initiative to pilot paperless delivery
- Hosted the highly successful Future Leaders Forum attracting 2000 supplier and retailer aspiring leaders.
- Sponsored Joe Berry Australian Retail Industry Executive Awards through the provision of the TPF Scholarship Award.



*"The Food and Grocery Code of Conduct review was completed with 13 out of 14 recommendations being approved, strengthening the FGCC for suppliers"*

## SME CEO FORUM

*Samantha Blake (Director)  
Suzanne Davies (Associate Director)*

*Co-Chair*

*Jodie Goldsworthy, Beechworth Honey Pty Ltd  
Garry Mudford, Jalna Dairy Foods Pty Ltd*

**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 2020/21 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:
  - CiTi provided an economic and grocery retail outlook
  - McLaren Consulting Group on innovation and working with large retailers
  - Woolworths detailing localisation and ethnicity strategies and the intersection with store ranging.
  - Coles on delivering strong growth through customer-centric strategies, marketing – leading value programs and supplier relationships.
  - Woolworths Code Arbiter outlining the approach to FGCC dispute resolution
  - AFGC updates on retail relationships, sustainability, economic analysis.

## GROCERY INDUSTRY ADVISORY GROUP

*Samantha Blake (Director),  
Suzanne Davies (Associate Director)*

**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 issues relating to retailer relations within the fast moving consumer goods (FMCG) industry and in accordance with the FGCC and applicable competition laws.**

### HIGHLIGHTS FOR 2020/21 INCLUDE:

- The Food and Grocery Code of Conduct review was completed, with 13 out of 14 recommendations being approved, strengthening the FGCC for suppliers
- Strengthened the FGCC member service offer, including:
  - Updated FGCC training offer in-line with the improved recommendations. Incorporating on-line training options
  - Introduced improved monthly Guidance Documents.
  - Established a Hot Line for supplier concerns
  - Completed the 6th FGCC Annual Survey, shared results with the newly appointed Code Arbiters and Independent Reviewer.
- Monitored and represented member views across a range of areas impacted by COVID-19.
- Managed a number of supermarket retail issues on behalf of the membership.
- Hosted Retail Masterclass Webinar Series
- Introduced a Sales stream to the AFGC Symposium program.
- Commenced the re-design of the Australian Grocery Academy - a unique collaboration between industry, supplier and specialty training and leadership consultancies.
- Quarterly Retail Results member teleconferences.
- Provided several submissions and hosted a number of meetings into the ACCC investigation into the Woolworths acquisition of PFD.
- Provided a submission into the Perishable Goods Enquiry.

## SUSTAINABILITY DIVISION

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.**

### HIGHLIGHTS FOR 2020/21 INCLUDE:

- In late 2020 the AFGC was awarded a grant close to \$1 million from the Australian Government's National Product Stewardship Investment Fund (PSIF), to develop a product stewardship scheme for plastic packaging with an initial focus on diverting soft plastics from landfill. As an industry-led and funded scheme, the National Plastic Recycling Scheme (NPRS) will coordinate and focus the efforts of food and grocery brands on significantly increasing the recycling and reuse of plastic packaging, helping to achieve the National Packaging Targets, and increasing the availability of high quality and safe recycled content. Since the funding was received the AFGC has:
  - Completed a detailed Project Plan and Scope report,
  - Formalised member engagement to help develop the NPRS through the establishment of a Project Steering Committee and Working Groups which met during March - June,
  - Appointed consultants to assist with the Business Case Development and Scheme Design development phases of the project,
  - Recruited for a Program Manager
  - Raised awareness of the AFGC's product stewardship approach to soft plastics with various government agencies.
- Partnered with Stop Food Waste Australia, a new organisation established to help halve Australia's food waste by 2030,
- Held four virtual meetings of the Sustainable Practices Committee,
  - Hosted two webinars (reaching 100 industry professionals from within the membership) to provide an update on activity in relation to packaging, recycling, and plastics and the development of the National Plastic Recycling Scheme,
  - Made 14 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,
  - Produced several member briefs to keep members informed on sustainability activity
  - Gave presentations at:
    - Waste 2021 Conference on *Product Stewardship, Circular Economy and Plastic Packaging – How do these fit together?*
    - AusIndustry Entrepreneur Programme's Sustainable Packaging webinar series for SMEs
  - Represented the sector on multiple government and industry working groups including:
    - Several APCO priority project working groups
    - Single-Use Plastic Working Groups convened by the South Australian, and Australian Capital Territory governments to develop single-use plastic legislation in their respective jurisdictions.

## CORPORATE AFFAIRS DIVISION

*Megan Jeremenko (Director), Meaghan Clack/Peter Trute (Manager, Communications)*

**The Corporate Affairs division ensures that industry’s views are represented to political decision makers, media, stakeholders and industry itself in high-quality communications. 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 2020/21 INCLUDE:

- In the past financial year, the AFGC worked to strengthen the understanding of the critical importance of Australia’s food and grocery manufacturing industry among political decision makers. This was achieved in communications with federal and state-level Ministers and their staff as well as the relevant bureaucracies.
  - Various channels were used to help inform policy including regular meetings with Ministers, Shadow Ministers and backbenchers.
  - Corporate Affairs engaged with mainstream news media and specialist industry publications and used social media channels to convey consistent messaging about the value of the industry and key policy measures. The AFGC participated in The Australian newspaper special report – Regional Industries which featured a significant contribution from the AFGC about the role of the sector in regional.
  - In addition to this, the AFGC hosted a successful virtual Parliamentary Dialogue with federal ministers, hosted local federal MP virtual roundtables in key electorates with members and hosted Ministers on webinars for members.
  - Industry response to the impacts of COVID-19 was a priority for Corporate Affairs in 2020-21. Engagement with governments about COVID-19 response and recovery focused on ensuring that governments understood the needs of industry during the pandemic.
  - Keeping members informed of issues relating to COVID-19.
- Production and promotion of the AFGC’s key strategic report - *Sustaining Australia: Food and Grocery Manufacturing 2030* launched in May 2021. This report makes key recommendations aimed at securing future industry growth, ranging from strengthening industry policy, growing investment and skills, and improving regulatory frameworks to growing export opportunities and continuing to strengthen retail-supplier relations.
  - Other key areas of advocacy work included:
    - Industry’s role in efforts to address waste and recycling, including support for the adoption of the Australasian Recycling Label and communications supporting the early stage work on the National Plastics Recycling Scheme
    - Labelling for both health and wellness and sustainability
    - Reform for food regulation

### CORPORATE AFFAIRS COMMITTEE

*Chair and Secretariat – Megan Jeremenko*

**The Corporate Affairs Committee met four times over 2020-21. 12 August, 4 November, 10 March and 9 June. All meetings were virtual due to travel restrictions.**

**Thank you to all Committee members for their commitment and contribution to the Committee.**

## TRADE AND ECONOMICS DIVISION

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

**The Economics and Trade Division gathers data, provides analysis of the business environment and advocates policy positions relevant to the economic and regulatory drivers of industry competitiveness, investment and international trade, as prioritised by AFGC's International Trade Advisory Group.**

### ECONOMICS:

In economics the AFGC's activities included:

- State of the Industry (SOI) Report: Key industry economics statistics were updated to support:
  - the AFGC's advocacy and the SOI dashboard on the members' portal, and
  - data analysis and modelling for Sustaining Australia 2021 report.
- Regular webinars were presented on:
  - key commodity, price, and currency trends and forecasts, and
  - changes to investments and grants following Budget updated of 2020.

### TRADE:

In trade the AFGC completed projects supported by grants as follows:

- *A Food and Beverage export guide to Indonesia* (funded by the Department of Agriculture, Water and the Environment, DAWE) was released supported by industry roundtables connecting Indonesian retailers and importers with Australia food companies. A marketing road map for enhancing engagement with Indonesia was completed and findings shared with the international trade advisory committee.
- *A Food and beverage labelling compliance guide for exports to China* (funded by DAWE) was released, with follow-up industry workshops to assist exporters understand food labelling compliance requirements in China.
- *A Non-Tariff Measures Impacting Australian Processed Food Industry Exports* (funded by DAWE) was submitted with key findings presented to the Government through roundtable discussions.

Additional projects were commenced with grants including:

- *Enhancing food and beverage exports to Korea* (funded by the Australia-Korea Foundation) exploring Korean consumer trends and opportunities through dialogue between food companies and Korean retailers.
- A report on *Understanding supply chain resilience in the food and beverage manufacturing sector* (funded the Department of Industry Science, Energy and Resources) was completed with follow up presentations to relevant Government departments.
- *A Food and beverage Roundtable* and subsequent report (funded by Investment NSW) established priorities for the agenda of the biannual Joint Economic Dialog between NSW and Guangdong province (China).

Supporting international trade, the following submissions were made to the Government on

- European Union-Australia Free Trade Agreement. Submission to *IP Australia consultation on Geographical Indication* proposals.
- United Kingdom – Australia Free Trade Agreement. Submission on key issues for the food and beverage sector.
- Japan Australia Economic Partnership. Submission on tariff lines of interest for review.
- Feedback to DAWE commenting on draft regulatory proposals by countries with potential impacts on food and beverage exports.

The AFGC has actively engaged with other organisations advocating, and seeking support for its positions on economics and trade including:

- Department of Foreign Affairs and Trade through its regular stakeholder briefings.

- The Australia India Business Exchange Agrifoods event for food and beverage promoting exports to India.
- GS1 Australia on traceability approaches for food and beverage when exported.
- Government-led non-tariff barrier working group sessions and industry consultations.
- Various international food and beverage associations, particularly in Asia seeking to both understand and influence regulatory developments in key export markets for Australian food and beverage products.

Additional member service activities included:

- Virtual buyer/seller meetings to help build connections between exporters and importers/retailers in India.
- Releasing a dedicated quarterly International Trade Bulletin.
- Holding quarterly International Trade Advisory Committee meetings.
- Regularly presenting webinars on trade related updates and regulatory changes.
- Providing specific support to members as required.





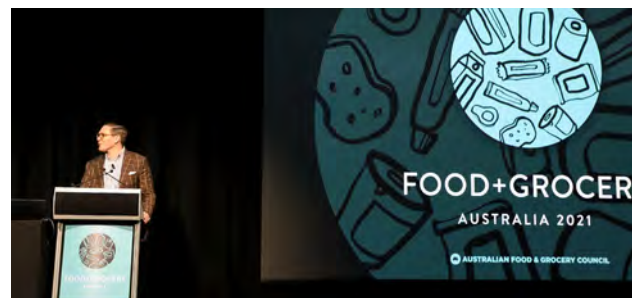
# MEMBERSHIP AND MARKETING DIVISION

*Samantha Blake, Alyssa Handy, Kim Riggans and Alan Dowsett*

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.

## EVENTS

The following provides a summary of the events that took place during the period 2020-2021.



### FOOD AND GROCERY AUSTRALIA May 2021, Sydney

Food and Grocery Australia remains the premier annual event for the nation’s food and grocery sector. In 2021 the AFGC hosted the Conference in person and virtually. Over 130 CEO’s from the membership attended in person, with a similar number attending virtually.



### FUTURE LEADERS FORUM October 2020, Virtual

An initiative of the Trading Partner Forum, the Future Leaders Forum is the most relevant industry event toward 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 2020 the program went online, attracting 2000 delegates who heard from key thought leaders and 9 CEO’s from retail and supplier organisations.



### WEBINARS

A series of topical webinars were delivered weekly from February through to July. Over 450 participants from 104 full member, representing 72 per cent of the full membership have attended at least one webinar. The webinar topics ranged from macro-economic indicators, trade and export, 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 for suppliers to help them understanding of Code obligations, legal requirements and how to use it effectively in negotiations. The AFGC training provider is NextGen

Australian Competition Law is a 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 on-line or in a virtual format.

### AUSTRALIAN GROCERY ACADEMY

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, feedback on the program has been outstanding. The program was updated in 2020 to meet the changing needs of the industry, for example an e-commerce module has been added to the program. The program is now offered virtually.

### COMMUNICATIONS

The AFGC streamlined its member communication throughout 2020/2021. 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 community.

### MEMBER SATISFACTION SURVEY

The AFGC values highly its members, they are essential to the work we undertake. To ensure we meet the needs of members and continually improve the value and member proposition, the Secretariat introduced the first annual member survey. Conducted in May 2021 the key findings included:

- High levels of satisfaction
- Net Promotor Score – 8.9/10
- Extremely likely to advocate for continued membership
- Advocacy, policy and navigating completes issues drives membership
- Networking is an extremely important component of the offer
- Education is a potential opportunity



# FINANCIAL REPORT



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

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**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 2021.

### 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 Danilo Celoni                 |                                      |
| Mr Douglas Stuart Cunningham     |                                      |
| Mr Graham Dugdale                | Appointed at AGM 9 December 2020     |
| Mrs Jodie May Goldsworthy        |                                      |
| Ms Ekaterini Karabatsas          | Resigned 2 February 2021             |
| Mr Garry Mudford                 |                                      |
| Mr Darren Francis O'Brien        | Appointed at AGM 9 December 2020     |
| Ms Denise Orr                    |                                      |
| Ms Sandra Edit Martinez Penaloza |                                      |
| Ms Nicole Sparshott              | Casual Vacancy from 17 February 2021 |

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 Danilo Celoni**

Chief Executive Officer  
PepsiCo ANZ  
Director since: 1 February 2019

**Mr Graham Dugdale**

Managing Director  
Simplot Australia  
Director since: 9 December 2019

**Ms Ekaterini Karabatsas**

Managing Director  
Lion Dairy & Drinks  
Director between 16 April 2018 – 2 February 2021

**Mr Darren Francis O'Brien**

President Australian, New Zealand, Japan  
Mondelēz International  
Director since: 9 December 2019

**Ms Sandra Edit Martinez Penaloza**

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

**Mr Douglas Stuart Cunningham**

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

**Mrs Jodie May Goldsworthy**

Director  
Beechworth Honey Group  
Director since: 31 August 2015

**Mr Garry Mudford**

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

**Ms Denise Orr**

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

**Ms Nicole Sparshott**

Chief Executive Office  
Unilever Australia & New Zealand  
Director since: 17 February 2021

## DIRECTORS REPORT cont...

### MEETING OF DIRECTORS

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

26 August 2020

18 November 2020

11 February 2021

16 March 2021

19 May 2021

Attendances by each director were as follows:

|                                  | Number of meetings held during appointment | Total meetings attended during appointment |
|----------------------------------|--|--|
| Mr Danilo Celoni                 | 5  | 5  |
| Mr Douglas Stuart Cunningham     | 5  | 4  |
| Mr Graham Dugdale                | 4  | 4  |
| Mrs Jodie May Goldsworthy        | 5  | 4  |
| Ms Ekaterini Karabatsas          | 2  | 1  |
| Mr Garry Mudford                 | 5  | 5  |
| Ms Sandra Edit Martinez Penaloza | 5  | 4  |
| Mr Darren Francis O'Brien        | 5  | 5  |
| Ms Denise Orr                    | 5  | 4  |
| Ms Nicole Sparshott              | 2  | 2  |

### RESULTS

The net result of the operations of the Council was a surplus of \$186,484 (2020: deficit \$650,318). Subscription revenue was \$3,730,128 (2020: \$3,981,074).



## 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:

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

The Council's long term objectives are to:

- Ensure a secure source of safe food and groceries to Australians.
- Secure a growing, profitable, and economically, socially, and environmentally sustainable industry.
- Foster an industry that partners in educating and empowering consumers.
- 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:

- Representation and Advocacy: Present a united voice to Government, retailers, and stakeholders. Successfully advocating to decision makers, the nature and needs of the industry.
- Policy: Disseminate policy to ensure our members have a credible voice in areas of common interest.
- Member Services: Tailored services meeting the needs of our members.
- Programs: Programs to deliver solutions for members and stakeholders.
- 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 2021 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 2021 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 2021.

### 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 2021 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  
Dated: 28 Sept 2021



Tanya Barden  
Chief Executive/Company Secretary  
Dated: 28 Sept 2021

# AUDITOR'S INDEPENDENCE DECLARATION

**RSM Australia Partners**

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600  
GPO Box 200 Canberra ACT 2601

T +61(0)2 6217 0300  
F +61(0)2 6217 0401

[www.rsm.com.au](http://www.rsm.com.au)

## 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 2021, 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.

A handwritten signature in black ink that reads 'RSM'.**RSM Australia Partners**A handwritten signature in black ink that reads 'Ged Stenhouse'.**GED STENHOUSE**  
Partner

Canberra, Australian Capital Territory  
Dated: 30 September 2021

# 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 2021, 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 2021 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 2021, but does not include the financial report and the auditor's report thereon.

## INDEPENDENT AUDITOR'S REPORT cont...



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

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

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

### *Responsibilities of the 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](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: 30 September 2021

## DIRECTORS DECLARATION

In the directors' opinion:

1. The financial statements and notes, as set out on pages 11 to 24 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 2021 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  
Dated: 28 Sept 2021

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

|  | Note | 2021<br>\$     | 2020<br>\$       |
|--|------|----------------|------------------|
| Revenue  | 2    | 5,407,626      | 4,595,562        |
| Employee benefits  |      | (3,359,416)    | (3,430,483)      |
| Depreciation   |      | (70,575)       | (51,392)         |
| Depreciation on right of use asset                               |      | (101,814)      | (93,329)         |
| Rental   |      | (26,591)       | (41,213)         |
| Program expenses   |      | (754,015)      | (470,087)        |
| Administration costs   |      | (851,564)      | (1,102,389)      |
| Interest on lease liabilities                                    |      | (57,167)       | (56,987)         |
| <b>SURPLUS/(LOSS) ATTRIBUTABLE TO MEMBERS</b>                    |      | <b>186,484</b> | <b>(650,318)</b> |
| Other comprehensive income                                       |      | -              | -                |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS</b> |      | <b>186,484</b> | <b>(650,318)</b> |

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

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

|                                      | Note | 2021<br>\$       | 2020<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>CURRENT ASSETS</b>                |      |                  |                  |
| Cash and cash equivalents            | 3    | 4,763,239        | 4,660,568        |
| Trade and other receivables          | 4    | 249,855          | 277,556          |
| Other assets                         | 5    | 216,537          | 288,920          |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>5,229,631</b> | <b>5,227,044</b> |
| <b>NON-CURRENT ASSETS</b>            |      |                  |                  |
| Plant and equipment                  | 6    | 350,836          | 282,979          |
| Right of use asset                   | 10   | 728,321          | 830,134          |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>1,079,157</b> | <b>1,113,113</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>6,308,788</b> | <b>6,340,157</b> |
| <b>CURRENT LIABILITIES</b>           |      |                  |                  |
| Accounts payable                     | 7    | 335,699          | 501,553          |
| Other payables                       | 8    | 473,235          | 522,006          |
| Provisions                           | 9    | 546,539          | 462,381          |
| Lease liability                      | 10   | 85,280           | 79,701           |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>1,440,753</b> | <b>1,565,641</b> |
| <b>NON-CURRENT LIABILITIES</b>       |      |                  |                  |
| Provisions                           | 9    | 17,268           | 24,953           |
| Lease liability                      | 10   | 708,672          | 793,952          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>725,940</b>   | <b>818,905</b>   |
| <b>TOTAL LIABILITIES</b>             |      | <b>2,166,693</b> | <b>2,384,546</b> |
| <b>NET ASSETS</b>                    |      | <b>4,142,095</b> | <b>3,955,611</b> |
| Retained earnings                    |      | 4,142,095        | 3,955,611        |
| <b>TOTAL EQUITY</b>                  |      | <b>4,142,095</b> | <b>3,955,611</b> |

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



# FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2021

|                                   | Retained<br>Earnings<br>\$ | Asset<br>Revaluation<br>Reserve<br>\$ | Total<br>\$      |
|-----------------------------------|----------------------------|---------------------------------------|------------------|
| <b>Balance as at 1 July 2019</b>  | 4,605,929                  | -                                     | 4,605,929        |
| Deficit for the year              | (650,318)                  | -                                     | (650,318)        |
| Adjustments to reserves           | -                          | -                                     | -                |
| <b>Balance as at 30 June 2020</b> | <b>3,955,611</b>           | -                                     | <b>3,955,611</b> |
| <b>Balance as at 1 July 2020</b>  | 3,955,611                  | -                                     | 3,955,611        |
| Surplus/Deficit for the year      | 186,484                    | -                                     | 186,484          |
| <b>Balance as at 30 June 2021</b> | <b>4,142,095</b>           | -                                     | <b>4,142,095</b> |

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

# FINANCIAL STATEMENTS

## STATEMENT OF CASHFLOWS

For the Year Ended 30 June 2021

|   | Note      | 2021<br>\$       | 2020<br>\$         |
|---|-----------|------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |           |                  |                    |
| Receipts from members and customers                         |           | 5,529,328        | 4,878,683          |
| Payments to suppliers and employees                         |           | (5,585,309)      | (5,704,910)        |
| Government subsidies  |           | 417,970          | 218,500            |
| Interest received   |           | 15,982           | 41,531             |
| Interest paid on lease liability                            |           | (57,167)         | (56,987)           |
| <b>Net cash provided by/ (used in) operating activities</b> | <b>11</b> | <b>320,804</b>   | <b>(623,183)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |           |                  |                    |
| Payments for property, plant and equipment                  |           | (138,432)        | (310,310)          |
| <b>Net cash used in by investing activities</b>             |           | <b>(138,432)</b> | <b>(310,310)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |           |                  |                    |
| Repayment of lease liability                                |           | (79,701)         | (68,470)           |
| <b>Net cash used in financing activities</b>                |           | <b>(79,701)</b>  | <b>(68,470)</b>    |
| <b>Net increase/ (decrease) in cash held</b>                |           | <b>102,671</b>   | <b>(1,001,963)</b> |
| Cash at the beginning of the financial year                 |           | 4,660,568        | 5,662,531          |
| <b>Cash at the end of the financial year</b>                | <b>3</b>  | <b>4,763,239</b> | <b>4,660,568</b>   |

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 2021

## 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:

#### 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.

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

### 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

### **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

|   | 2021<br>\$       | 2020<br>\$       |
|---|------------------|------------------|
| Subscription revenue                            | 3,730,128        | 3,981,074        |
| Special project and forum revenue               | 732,242          | 300,602          |
| Sponsorship income                              | 75,582           | -                |
| Food and Groceries Australia conference revenue | 407,102          | -                |
| Other member function revenue                   | 17,784           | 35,255           |
| Interest received                               | 15,982           | 41,531           |
| Other income                                    | 10,836           | 18,600           |
| Government subsidies                            | 417,970          | 218,500          |
| <b>Total Revenue</b>                            | <b>5,407,626</b> | <b>4,595,562</b> |

### 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.

Grant revenue is recognised in profit and loss when the Council satisfies the performance obligations of the funding agreements. If conditions are attached to the grant which must be satisfied before the Council is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are met.

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

|               | 2021<br>\$       | 2020<br>\$       |
|---------------|------------------|------------------|
| Cash at bank  | 4,470,193        | 867,522          |
| Term deposits | 43,046           | 3,793,046        |
| Investment    | 250,000          | -                |
|               | <b>4,763,239</b> | <b>4,660,568</b> |

### 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

|                     | 2021<br>\$     | 2020<br>\$     |
|---------------------|----------------|----------------|
| Accounts receivable | 223,146        | 70,579         |
| Other receivables   | 26,709         | 206,977        |
|                     | <b>249,855</b> | <b>277,556</b> |

### Accounting Policy

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

## NOTE 5. OTHER ASSETS

|                | 2021<br>\$     | 2020<br>\$     |
|----------------|----------------|----------------|
| Prepayments    | 210,446        | 287,931        |
| GST Receivable | 6,091          | 989            |
|                | <b>216,537</b> | <b>288,920</b> |

## NOTE 6. PLANT AND EQUIPMENT

|  | 2021<br>\$     | 2020<br>\$     |
|--|----------------|----------------|
| Furniture, fittings and equipment –at cost | 200,352        | 199,936        |
| Less: accumulated depreciation             | (185,109)      | (179,553)      |
|  | <b>15,243</b>  | <b>20,383</b>  |
| Leasehold improvements –at cost            | 216,309        | 216,309        |
| Less: accumulated depreciation             | (91,623)       | (60,451)       |
|  | <b>124,686</b> | <b>155,858</b> |
| Software – at cost                         | 481,244        | 463,605        |
| Less: accumulated depreciation             | (390,714)      | (356,867)      |
|  | <b>90,530</b>  | <b>106,738</b> |
| Work in progress                           | 120,377        | -              |
|  | 120,377        | -              |
| Total plant and equipment                  | 1,018,282      | 879,850        |
| Less: accumulated depreciation             | (667,446)      | (596,871)      |
|  | <b>350,836</b> | <b>282,979</b> |

### 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 | Work in progress | Total    |
|----------------------------|-----------------------------------|------------------------|----------|------------------|----------|
| Balance as at 30 June 2020 | 20,383                            | 155,858                | 106,738  | -                | 282,979  |
| Additions                  | 416                               | -                      | 17,639   | 120,377          | 138,432  |
| Disposals                  | -                                 | -                      | -        | -                | -        |
| Depreciation               | (5,556)                           | (31,172)               | (33,847) | -                | (70,575) |
| Balance as at 30 June 2021 | 15,243                            | 124,686                | 90,530   | 120,377          | 350,836  |

### 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.

#### 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      | 17%-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

|                  | 2021<br>\$     | 2020<br>\$     |
|------------------|----------------|----------------|
| Trade creditors  | 132,441        | 461,492        |
| Accrued expenses | 203,258        | 40,061         |
|                  | <b>335,699</b> | <b>501,553</b> |

#### **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

|  | 2021<br>\$     | 2020<br>\$     |
|--|----------------|----------------|
| Membership subscriptions received in advance     | 119,988        | 97,836         |
| Contract liabilities and other income in advance | 353,247        | 424,170        |
|  | <b>473,235</b> | <b>522,006</b> |

#### **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

|                     | 2021<br>\$     | 2020<br>\$     |
|---------------------|----------------|----------------|
| <i>Current</i>      |                |                |
| Long service leave  | 260,284        | 263,431        |
| Annual leave        | 257,453        | 198,950        |
|                     | <b>517,737</b> | <b>462,381</b> |
| <i>Non-current</i>  |                |                |
| Long service leave  | 28,802         | 8,024          |
| Make good provision | 17,268         | 16,929         |
|                     | <b>46,070</b>  | <b>24,953</b>  |
|                     | <b>563,807</b> | <b>487,334</b> |

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

|                                | 2021<br>\$     | 2020<br>\$     |
|--------------------------------|----------------|----------------|
| <i>Right of use asset</i>      |                |                |
| At cost                        | 923,464        | 923,463        |
| Less: Accumulated depreciation | (195,143)      | (93,329)       |
|                                | <b>728,321</b> | <b>830,134</b> |
| <i>Lease liability</i>         |                |                |
| Lease liability - current      | 85,280         | 79,701         |
| Lease liability - non-current  | 708,672        | 793,952        |
|                                | <b>793,952</b> | <b>873,653</b> |

## 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.

### 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

|  | 2021<br>\$     | 2020<br>\$       |
|--|----------------|------------------|
| Reconciliation of operating profit to net cash inflow/(outflow) from operating activities: |                |                  |
| Operating surplus/ (deficit)   | 186,484        | (650,318)        |
| Non-cash investing activities:   |                |                  |
| Depreciation and amortisation  | 172,389        | 144,721          |
| Loss on disposal of assets   | -              | -                |
| Change in operating assets and liabilities:  |                |                  |
| (Increase)/decrease in receivables   | 27,701         | (108,961)        |
| (Increase)/decrease in other assets  | 72,383         | (21,790)         |
| (Decrease) in accounts payable   | (165,854)      | (224,434)        |
| Increase/(Decrease) in other creditors   | (48,772)       | 296,278          |
| (Decrease)/Increase in provision for employee benefits                                     | 76,473         | (58,679)         |
| <b>Net cash inflow/(outflow) from operating activities</b>                                 | <b>320,804</b> | <b>(623,183)</b> |

## 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 198 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 Danilo Celoni                 | Mr Douglas Stuart Cunningham |
| Mr Graham Dugdale                | Mrs Jodie May Goldsworthy    |
| Ms Ekaterini Karabatsas          | Mr Garry Mudford             |
| Mr Darren Francis O'Brien        | Ms Denise Orr                |
| Ms Sandra Edit Martinez Penalosa | Ms Nicole Sparshott          |

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:

|                    | 2021<br>\$ | 2020<br>\$ |
|--------------------|------------|------------|
| Aggregate benefits | 752,409    | 939,912    |

## NOTE 15. FINANCIAL INSTRUMENTS

### a. Policies

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

The Council does not have any derivative instruments at 30 June 2021.

#### 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.

## NOTE 15. FINANCIAL INSTRUMENTS cont...

### 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.

### 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.

|                              | Weighted Average Effective Interest Rate |           | Floating Interest Rate |                | Fixed Interest Rate Maturing |                | Non-interest Bearing |                | Total          |                |
|------------------------------|--|-----------|------------------------|----------------|------------------------------|----------------|----------------------|----------------|----------------|----------------|
|                              | 2021<br>%                                | 2020<br>% | 2021<br>\$'000         | 2020<br>\$'000 | 2021<br>\$'000               | 2020<br>\$'000 | 2021<br>\$'000       | 2020<br>\$'000 | 2021<br>\$'000 | 2020<br>\$'000 |
| <b>Financial assets</b>      |  |           |                        |                |                              |                |                      |                |                |                |
| Cash at bank                 | 0.01                                     | 0.1       | 4,470                  | 868            | -                            | -              | -                    | -              | 4,470          | 868            |
| Receivables                  | -  | -         | -                      | -              | -                            | -              | 250                  | 278            | 250            | 278            |
| Investments                  | 2.25                                     | 2.5       | -                      | -              | 250                          | -              | -                    | -              | 250            | -              |
|                              |  |           | <b>4,470</b>           | <b>868</b>     | <b>250</b>                   | <b>-</b>       | <b>250</b>           | <b>278</b>     | <b>4,970</b>   | <b>1,145</b>   |
| <b>Financial liabilities</b> |  |           |                        |                |                              |                |                      |                |                |                |
| Trade and sundry payables    |  |           | -                      | -              | -                            | -              | 336                  | 502            | 336            | 502            |
|                              |  |           | <b>-</b>               | <b>-</b>       | <b>-</b>                     | <b>-</b>       | <b>336</b>           | <b>502</b>     | <b>336</b>     | <b>502</b>     |

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

|                         | 2021<br>\$     | 2020<br>\$     |
|-------------------------|----------------|----------------|
| <b>Account payables</b> |                |                |
| Less than 12 months     | 335,699        | 501,553        |
|                         | <b>335,699</b> | <b>501,553</b> |

## NOTE 15. FINANCIAL INSTRUMENTS cont...

### 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.

### c. Net Fair Values

As at 30 June 2021, 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:

|                                 | 2021<br>\$ | 2020<br>\$ |
|---------------------------------|------------|------------|
| <b>Change in profit</b>         |            |            |
| Increase in interest rate by 1% | (1,865)    | 6,503      |
| Decrease in interest rate by 1% | 1,865      | (6,503)    |
| <b>Change in equity</b>         |            |            |
| Increase in interest rate by 1% | (1,865)    | 6,503      |
| Decrease in interest rate by 1% | 1,865      | (6,503)    |

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:

|  | 2021<br>\$    | 2020<br>\$    |
|--|---------------|---------------|
| Amounts received, or due and receivable by the auditor of the Council for: |               |               |
| Audit services – financial statement audit & preparation                   | <b>22,000</b> | <b>21,300</b> |

## 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 2021 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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