



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL



ANNUAL REPORT **2021-22**

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Chair's Message



Darren O'Brien, Chair, Australian Food and Grocery Council

Once again our industry has been through a year of enormous challenges. COVID-19 continued to disrupt workplaces and supply chains and new shocks to the system emerged in the form of severe flooding in eastern and central Australia and the war in Ukraine. These have compounded the pressures from shortages of pallets and diesel additive Adblue, and now we are in a global inflationary phase, with input costs and prices at the checkout surging. These impacts have not gone away and we will be dealing with them for some time.

We continue to live through an extraordinary time. A year ago, in our last annual report, I wrote that challenge and change have become the new normal. I think no one could have guessed what the scale of those challenges and changes would be but our industry has proven its strength and continued to excel despite the dramatically changed operational landscape.

At this time it's important to not just reflect on the resilience of Australia's food and grocery sector, remarkable as that is, but to celebrate our successes and focus on the enormous potential of our industry.

The awareness of the importance of food and beverage manufacturing is at a level it has not reached for some time. The government and the public are more aware than ever of the vital importance of not letting capacity go offshore and of developing not just the capital equipment but the skills and the digital transformation needed to ensure that our industry and our nation has a bright future.

The AFGC has impressed these urgent needs on policymakers and pushed these issues into public discussion through media engagement and it will continue to do this work.

Your council has been a vocal and effective advocate for your interests over the past year. The AFGC has proactively engaged with governments on issues of critical importance and provided vital support to members. My Board colleagues and I who served during 2021-22 acknowledge a number of achievements, including:

- ▶ urging a nationally consistent approach to COVID isolation rules and the provision of Rapid Antigen Tests
- ▶ helping members navigate a rapidly changing regulatory environment
- ▶ and engaging with policymakers on the need for solutions to pallet and AdBlue shortages

At the same time the council has kept important broader, longer-term issues in focus. Engaging with the new federal government, your council has continued to express the need for policy measures that boost investment, highlight the implications of possible regulatory changes, and advocate for the plan to double the size of Australian food and grocery manufacturing, as outlined in the *Sustaining Australia 2030* report.

Your AFGC is working to anticipate and respond to changes and position this industry for success. With action on soft plastic packaging through the National Plastics Recycling Scheme, the food and grocery industry will play a central role in the development of a new product stewardship scheme and an advanced recycling industry for Australia.

The industry also stands ready to respond to changing government and community expectations in health and nutrition. We play our part in helping consumers make healthy and informed choices when it comes to food and we are working to ensure that we are part of the discussions around preventative health measures.

The AFGC, led by CEO Tanya Barden, has collaborated closely with members so that the council's work is informed by industry experience and expertise. The team at the AFGC works hard to represent the industry and to provide insights back to members, and on behalf of the Board I thank everyone at the Secretariat for their valuable work.

Finally, thank you to 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.

Everyone in this industry can be proud of the contribution they make to the country and of the conviction and commitment they bring to the task of sustaining the nation every single day. Your council will continue working to support you and help our industry realise its tremendous potential.

Your AFGC is working to anticipate and respond to changes and position this industry for success.

Darren O'Brien
Chair
Australian Food and Grocery Council

CEO's Message



Tanya Barden OAM, Chief Executive Officer, Australian Food and Grocery Council

The vital business of providing food and groceries to the nation has grown increasingly complex, with our industry facing unprecedented challenges in almost every aspect of operation. In the face of soaring input costs, broken and delayed supply chains, and COVID-19-driven disruption and expense, food and grocery manufacturers have kept supplies flowing, kept supermarket shelves full and continued to sustain Australia.

The AFGC is proud to be the peak body representing Australia's food, beverage and grocery manufacturing and supply industry and the council's work has never been more important than it is now. Over the past year the AFGC has helped our industry navigate challenges that have emerged both within Australia and offshore. From complex COVID isolation regulations to shortages of pallets and the diesel additive AdBlue, the council liaised with federal, state and territory governments to highlight and develop solutions to the issues confronting members. At the same time, we continued our strategic advocacy work, championing the sector in policymaker engagement and public representation.

Development of the National Plastics Recycling Scheme, the industry-led scheme to recycle post-consumer soft plastic packaging, reached an important milestone, with demonstrated demand for recycled content and investment in new advanced recycling infrastructure enabling a focus on creating a new model for expanded collection from the home.

The council continued the important work of showcasing the industry's contribution to the nation and its potential for growth as outlined in our landmark *Sustaining Australia: Food and Grocery Manufacturing 2030* report. Appreciation of the importance of a strong and sustainable domestic food and grocery manufacturing industry has grown among governments and the wider community in these past two years of change and challenge.

Under the previous federal government, the industry was recognised as one of six national manufacturing priority sectors. The AFGC had an important role guiding development of manufacturing policy under the previous government and was active in ensuring the challenges and opportunities before the industry were understood and acted upon. My appearance at a Senate inquiry into the state of Australian manufacturing was an example of the

council's advocacy for a coordinated policy and funding approach to realise the industry's potential as not only a provider of essential daily products but a high-skills growth sector and a major export earner.

As inflation pressures started to drive consumer prices higher in early 2022 - a trend that continues still - the council engaged with the media to help build a broader understanding of the pressures on manufacturers and the entire supply chain.

Following the change of government at the May federal election, the council moved to build a positive and productive relationship with the new Albanese government. The new government has continued the recognition of the importance of sovereign manufacturing capacity with dedicated funding allocated to value-adding to produce from our agricultural sector. Our industry is a \$133.6 billion powerhouse that is the nation's largest manufacturing sector, employing more than 272,000 people. With almost 110,000 of those people in regional Australia, food and grocery manufacturing is a vital part of our economic and community framework.

During 2021-22 the council was deeply engaged on key policy issues including trade, preventative health and the creation of a circular economy for soft plastic packaging and we will continue this important work in the current year albeit with a new government.

While many challenges remain for our industry it has been heartening to see the capacity of businesses to adapt and sustain their operations. I was pleased to see our members come together in person at our major annual event, Food and Grocery Australia, this year after two years of COVID-19 disruption. In the year ahead our industry will continue to adapt, and the council will continue to advocate for the policy and investment decisions that will realise its full potential.

I would like to thank the Board for their work throughout the year and acknowledge Darren O'Brien for his commitment and dedication as Chair of the Board. Our Board members give generously of their time and expertise to set out a clear path for the AFGC and the future of the industry.

I also thank the staff of the Secretariat for their dedication and commitment to their work, the organisation and the industry. I am proud to lead such a professional team and proud of the way they demonstrate the values of the organisation.

Thank you too to those individuals from our membership who took a position on one of our committees, forums or working groups. Your contributions to policy and direction for the industry are invaluable.

Finally, thank you to the members, who make the AFGC and the industry such a vital and vibrant force. The support, enthusiasm and commitment of our members is at the core of our shared task of creating a strong future for food and grocery manufacturing in Australia.

Tanya Barden OAM
Chief Executive Officer
Australian Food and Grocery Council

...our industry will continue to adapt, and the council will continue to advocate for the policy and investment decisions that will realise its full potential.

The AFGC Team

As at 30 June 2022

- ▶ Tanya Barden OAM, CEO
- ▶ Tonya Smith, EA to the CEO and Deputy CEO

- ▶ Dr Geoffrey Annison, Deputy CEO and Director Nutrition and Regulation
- ▶ Anne-Marie Mackintosh, Manager Nutrition and Regulatory
- ▶ Devika Thakkar, Regulatory Advisor Scientific and Technical

- ▶ Barry Cosier, Director Sustainability
- ▶ Kylie Ruth, Manager, Sustainability
- ▶ Ian Hayes, NPRS Program Manager
- ▶ Helen Millicer, NPRS Program Co-ordinator

- ▶ Samantha Blake, Director Competitiveness & Growth
- ▶ John Cawley, Associate Director Supply Chain and Industry Projects
- ▶ Shalini Valecha, Associate Director Trade and Industry Analysis
- ▶ Daniel Popovski, Associate Director Competition and Industry Policy

- ▶ Scott McGrath, Director Government and Media Relations
- ▶ Peter Trute, Manager Media and Publications

- ▶ Adelina La Vita, Director, Membership and Business Operations
- ▶ Alyssa Handy, Manager Member and Engagement Events
- ▶ Josephine Trudinger, Membership and Events Officer
- ▶ Andrea Luquesi Scott, Manager Marketing and Communications
- ▶ Kimberley Brady, Marketing and Communications Officer
- ▶ Marinda Burger, Manager Finance and Business Operations
- ▶ Ada Jiang, Finance Officer



Our vision is for a thriving, trusted food and grocery supply industry that sustains Australia

Our mission is to be the voice of the food and grocery supply industry and a valued service provider to our members.

Objectives



Policy

we work with members to develop policy positions that are appropriate for the food and grocery manufacturing sector.



Advocacy

we represent your views to government, trading partners, and stakeholders.



Collective action

we bring the industry together to work pre-competitively with you members to solve issues you cannot solve alone.



Navigation

we provide members with information and insights so you can navigate complex industry issues.

Board of Directors

July 2021 – June 2022



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



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



Emma Welsh
Chief Executive
Officer
Emma & Tom Foods
Pty Ltd



Paris Golden
Managing Director
McCormick Foods
Australia Pty Ltd



Ray Hanly
Chief Executive
Officer
Beak and Johnston
Pty Ltd



Nigel Parsons
Chief Executive
Officer
Asahi Lifestyle
Beverages



Denise Orr
Chief Executive
Officer
Kinrise Pty Limited
(Resigned 15
September 2021)



Doug Cunningham
Vice President &
General Manager
ANZ
Kimberly-Clark
(Resigned 15
September 2021)



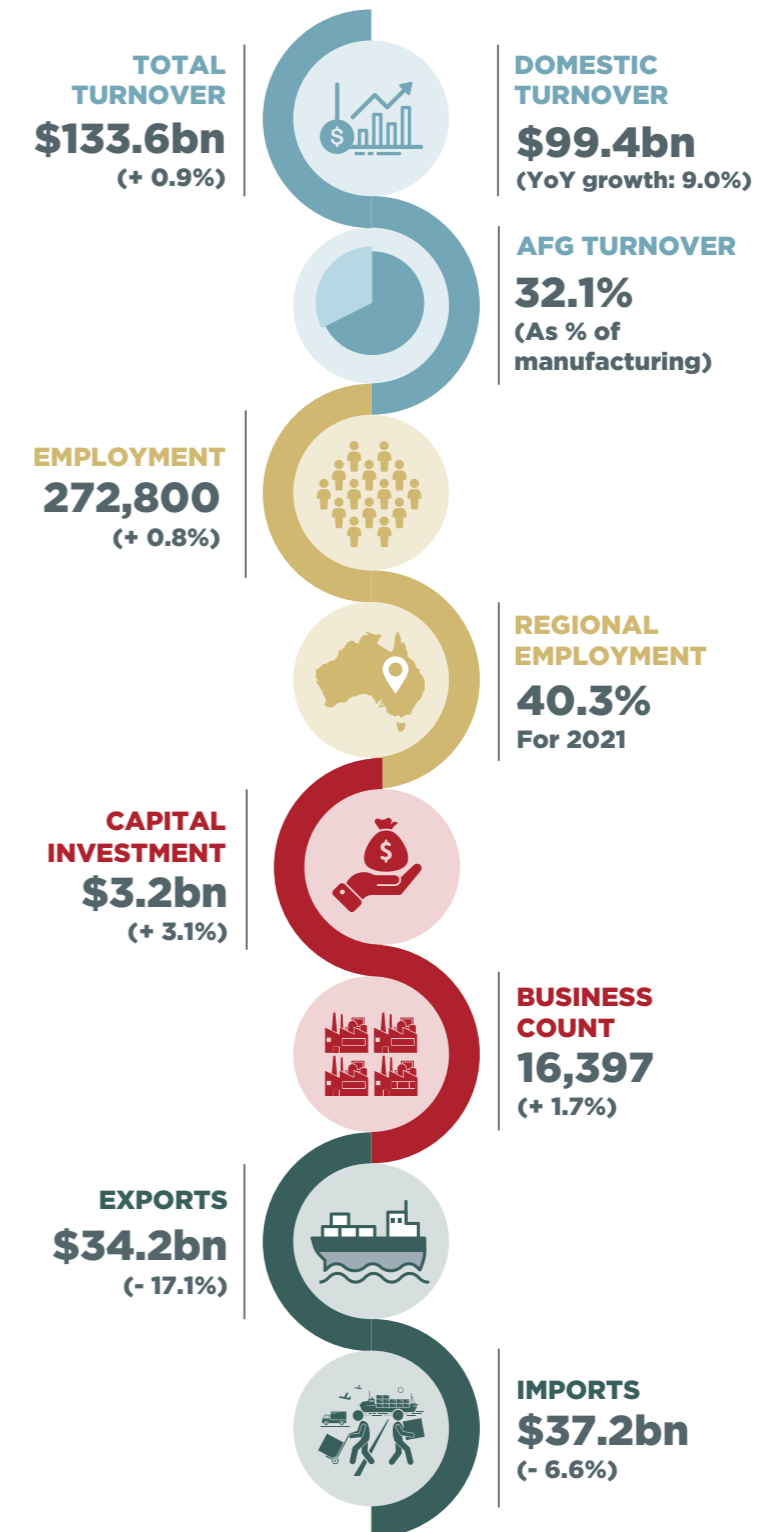
Jodie Goldsworthy
Director
Beechworth Honey
Group
(Term ended 17
November 2021)



Danny Celoni
Chief Executive
Officer
PepsiCo ANZ
(Resigned 30
January 2022)

State of the Industry

2020 - 2021



The figures on this page exclude the fresh food sector and are based on 2020-21 ABS data.
1: This is total number of employees, head count basis and does not include seasonal employees.
2: Gross fixed capital formation for food, beverage and tobacco manufacturing subsector is taken as indicator of capital investment.

AFGC Members

As at 30 June 2022

Full Members

- ▶ 3M Australia
- ▶ A.Clouet
- ▶ Arnott's Group
- ▶ Asahi Lifestyle Beverages
- ▶ Asaleo care
- ▶ Ashgrove Cheese Pty Ltd
- ▶ Aspen Pharmacare Australia Pty Ltd
- ▶ Australian Blending Company Pty Ltd
- ▶ Bakers Maison
- ▶ Bakery Domain
- ▶ Barilla Australia
- ▶ Bayer Australia
- ▶ Beak and Johnston Pty Ltd
- ▶ Beechworth Honey
- ▶ Beerenberg Pty Ltd
- ▶ Bega Foods
- ▶ Birch and Waite Foods Pty Ltd
- ▶ Blackmores
- ▶ Brands & Marks Pty Ltd
- ▶ Bulla Dairy Foods
- ▶ Bundaberg Brewed Drinks Pty Ltd
- ▶ Bundaberg Sugar Ltd
- ▶ Calbee Australia
- ▶ Cantarella Bros Pty Ltd
- ▶ Cantire Foods
- ▶ Carman's Fine Foods
- ▶ Chobani Pty Ltd
- ▶ Church & Dwight (Australia) Pty Ltd
- ▶ Clorox Australia Pty Ltd
- ▶ Coca-Cola Europacific Partners
- ▶ Coca-Cola ASEAN and South Pacific
- ▶ Conga Foods Pty Ltd
- ▶ Coopers Brewery Ltd
- ▶ Darrell Lea Confectionery
- ▶ Dilmah Australia
- ▶ Dr Oetker Queen
- ▶ Duracell Australia Pty Ltd
- ▶ Emma & Tom Foods Pty Ltd
- ▶ Erskine Products
- ▶ F. Mayer Imports
- ▶ Ferrero Australia Pty Ltd
- ▶ Fonterra Australia Pty Ltd
- ▶ Forbidden Foods
- ▶ Fresh Local Pty Ltd
- ▶ Frucor Suntory (Australia) Pty Ltd
- ▶ Galderma Australia Pty Ltd
- ▶ General Mills Australia Pty Ltd
- ▶ George Weston Foods
- ▶ GlaxoSmithKline Consumer Healthcare
- ▶ Goodman Fielder Ltd
- ▶ Hakubaku Australia Pty Ltd
- ▶ Han Yang Import & Export
- ▶ HARIBO Australia
- ▶ Henkel Au
- ▶ Hive & Wellness Australia Pty Ltd
- ▶ Hoyt Food Manufacturing Industries
- ▶ ITO EN Australia Pty Ltd
- ▶ Johnson & Johnson Pacific Pty Ltd
- ▶ K9 Natural Food Australia Pty Ltd
- ▶ Kellogg (Aust) Pty Ltd
- ▶ Kerry Ingredients Australia Pty Ltd
- ▶ Kimberly-Clark Australia Pty Ltd
- ▶ Kinrise Pty Ltd
- ▶ Kraft Heinz
- ▶ Lactalis Australia Pty Ltd
- ▶ Laucke Flour Mills Pty Ltd
- ▶ Lavazza
- ▶ Level Beverages
- ▶ Lindt & Sprungli Australia
- ▶ L'oreal Australia and New Zealand
- ▶ Loving Earth Pty Ltd
- ▶ Madura Tea Estates
- ▶ Maggie Beer Holdings
- ▶ Dairy Manildra Group
- ▶ Mars Wrigley Confectionery
- ▶ Mars Food
- ▶ Mars Petcare
- ▶ McCain Foods (Aust) Pty Ltd
- ▶ McCormick Foods Australia
- ▶ McKenzie's Foods
- ▶ Meade Farm Pty Ltd
- ▶ Mentholatum Australasia Pty Ltd
- ▶ Mondelez International
- ▶ Mrs Mac's Pty Ltd
- ▶ Nando's Peri-Peri Australia Pty Ltd
- ▶ Nerada Tea Pty Ltd
- ▶ Nestle Australia Ltd
- ▶ Noumi Limited
- ▶ Nutricia Specialised Nutrition
- ▶ Obela Fresh Dips & Spreads Pty Ltd
- ▶ Ocean Spray International, Inc
- ▶ One Harvest
- ▶ Only Organic 2003 Pty Ltd
- ▶ Oterra Australia 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
- ▶ Sara Lee Holdings Pty Ltd
- ▶ Saxbys Soft Drinks
- ▶ SC Johnson & Son Pty Ltd
- ▶ SI&D Group Holdings
- ▶ Simplot Australia Pty Ltd
- ▶ Solaris Paper Pty Ltd
- ▶ SPC Operations 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
- ▶ Tegel Foods Limited
- ▶ The A2 Milk Co
- ▶ The Infant Food Co Pty Ltd
- ▶ The Pialligo Estate
- ▶ The Vege Chip Company
- ▶ Tixana Pty Ltd
- ▶ Tom & Luke Australia Pty Ltd
- ▶ Unicharm Australasia
- ▶ Unilever Australia & New Zealand
- ▶ Upfield Australia (Sales) Pty Ltd
- ▶ Van Dyck Fine Foods Ltd
- ▶ V2food Operations Pty Ltd
- ▶ Vitality Brands Worldwide
- ▶ Whole Earth Brands
- ▶ Yakult Australia Pty Ltd



FGA2022

Associate Members

- ▶ ADM Australia Pty Ltd
- ▶ Argon & Co Australia and New Zealand
- ▶ Baker & McKenzie
- ▶ Banjo Loans
- ▶ BDN Revenue Management Consulting
- ▶ Castlegate James Australasia
- ▶ CCS Packaging
- ▶ Cheetham Salt Ltd
- ▶ CHEP Asia - Pacific
- ▶ Chr Hansen Pty Ltd
- ▶ CROSSMARK Asia Pacific
- ▶ Danisco Australia Pty Ltd
- ▶ Deloitte Touche Tohmatsu
- ▶ Dematic Pty Ltd
- ▶ Detmold Australia Sales
- ▶ Devro Pty Ltd
- ▶ Dupont Sustainable Solutions
- ▶ Earlee Products Pty Ltd
- ▶ Exceedra by Telus
- ▶ Euromonitor International (Australia) Pty Ltd
- ▶ Fibrisol Service Australia Pty Ltd
- ▶ Foodbank Australia
- ▶ Genpact Australia Pty Ltd
- ▶ Gerson Lehrman Group (Australia) Pty Ltd
- ▶ GRA Supply Chain
- ▶ GS1 Australia
- ▶ IRI Worldwide
- ▶ Kearney Lumaten
- ▶ Matthews Australasia
- ▶ Maxum Foods Pty Ltd
- ▶ Meat and Livestock Australia
- ▶ Nagase Singapore (PTE) Ltd
- ▶ NextGen Group
- ▶ NielsenIQ
- ▶ Orora Limited
- ▶ Peloris Global Sourcing Pty Ltd
- ▶ Real World Marketing
- ▶ Schneider Electric
- ▶ Six Degrees Executive
- ▶ SKUvantage
- ▶ StayinFront Group Australia
- ▶ Strikeforce Alliance
- ▶ SUEZ
- ▶ Tetra Pak Marketing
- ▶ The Advantage Group
- ▶ The Gap Partnership Australia
- ▶ Touchstone Executive Search
- ▶ Visy Pak

Affiliate Members

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

Competitiveness & Growth

- ▶ **Samantha Blake (Director)**
- ▶ **John Cawley (Associate Director) Part**
- ▶ **Shalini Valecha (Associate Director)**
- ▶ **Daniel Popovski (Associate Director) Part**

The Competitiveness and Growth division serves members by enhancing conditions for the sector's competitiveness and growth.

We do this by:

- ▶ Delivering improved supplier – retailer relationships through enhanced business relationships, reasonable commercial outcomes and driving capability of the Food and Grocery Code of Conduct
- ▶ Developing and advocating for policies that deliver enhanced competitive advantage and growth opportunities
- ▶ Strengthening the efficiency and resilience of end-to-end supply chains.
- ▶ Enhancing conditions for international trade

We help members drive outcomes that build and sustain trust and cooperation.



Throughout the year the Competitiveness and Growth team provided information, coordinated activities and supported the Council's advocacy on COVID-19 response, including topics such as pallet availability, access to road transport, implications of constrained global shipping, field force teams and significant impact from labour shortages.

Highlights

Economics

- ▶ Delivered the annual State of Industry data set and interactive dashboard, providing the key facts and figures for the food, beverage and grocery sector.
- ▶ Hosted the quarterly Commodities Webinar providing members with timely updates on agricultural commodities, currency and key input costs.
- ▶ Prepared the 2021-2022 Federal Pre-Budget Submission. Post the May Budget prepared member material and coordinated the annual Budget Webinar.

Supply Chain Committee

Samantha Blake (Director)

John Cawley (Associate Director) Part

Strengthening the efficiency and resilience of the end-to-end supply chain is a key focus for the Supply Chain Committee. Over the past twelve months the response to ongoing Covid pandemic issues, natural disasters and global supply chain impacts have taken precedence to the business as usual work program for the Committee.

Highlights for 2021-22 include:

- ▶ Established weekly supply chain issues management protocols with the Supply Chain Committee. Exploring policy, advocacy and collective action responses to a broad range of member issues, including global shipping, pallet availability, road and rail transport, labour shortages and many other issues.

- ▶ Participated in a number of Federal and State Government led industry roundtables, ensuring the supplier / manufacturer voice was considered.
- ▶ Hosted the highly successful Annual AFGC Symposium Stream.
- ▶ Provided regular updates to members on current and proposed transport and infrastructure related legislation and regulations - National Freight Supply Chain Priorities and Strategy.
- ▶ Hosted a series of topical supply chain webinars.
- ▶ Submissions into the Productivity Commission Inquiry into Maritime Logistics Systems.



International Trade Advisory Committee

Samantha Blake (Director)

Shalini Valecha (Associate Director)

The international trade advisory committee is a reference group focusing on international trade matters, especially growth in exports. The committee provides feedback on current and emerging issues and helps shape strategy and priorities for the AFGC in trade matters.

Highlights for 2021-22:

- ▶ Helped members understand and navigates issues related with registration of food processing units for exports to China. Various webinars, industry updates and one-one brief were provided to help members meet the 1 Jan 2022 deadline.
 - ▶ Understanding the impact and developing industry position in relation to geographical indications and requirements under the European Union Free Trade Agreement.
 - ▶ Submissions to various trade agreement negotiations advocating for improved market access for the sector. Including Regional Comprehensive Economic Partnership, United Kingdom Free Trade Agreement, European Union Free Trade Agreement, Japan-Australia Economic Partnership Agreement, Gulf Cooperation Council and United Arab Emirates Free Trade Agreements.
 - ▶ Continued advocating for improved non-tariff barriers to trade via submissions and forums with Department of Agriculture Fisheries and Forestry, Department of Foreign Affairs and Trade, Department for Industry, Innovation and Science and Minister Counsellors in Embassies.
 - ▶ Representation at the New South Wales - Guangdong Biannual Joint economic meeting highlighting opportunities for cooperation for food and beverage sector trade enhancement.
- ▶ Completed grant projects aimed at enhancing understanding of export opportunities, market regulations and building people-people connections in key markets:
 - ▷ Indonesia: released digital brief and convened webinar to understand regulatory developments in Indonesia (Agricultural Trade and Market Access Cooperation grant)
 - ▷ China: released digital brief and convened webinar on understanding developments in cross border e-commerce to China (Australia - China Agricultural Cooperation Agreement grant)
 - ▷ Korea: released Guide to enhance understanding of export opportunities, regulatory requirements and convened industry roundtables to enable connections with retailers and importers. (Australia Korean Foundation grant)
 - ▶ Hosted the highly successful Annual AFGC Symposium Stream on Trade and Export
 - ▶ Convened series of topical webinars
 - ▶ Introduced the quarterly Trade Round Up for members, providing up to date information on trade policy, global supply chain and key regulatory developments.
 - ▶ Helped members understand and navigate issues related with registration of food processing units for exports to China. Various webinars, industry updates and one-one briefs were provided to help members meet the 1 Jan 2022 deadline.
 - ▶ Understanding the impact and developing industry position in relation to geographical indications and requirements under the European Union Free Trade Agreement.

Grocery Industry Advisory Committee

Samantha Blake (Director)

Daniel Popovski (Associate Director) Part

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 2021-2022 include:

- ▶ The Secretariat responded to a significant increase in the number of food, beverage and grocery businesses seeking cost increases through the provision of information on the Food and Grocery Code of Conduct pricing provisions.
- ▶ Worked collaboratively with the Food and Grocery Code of Conduct Independent Reviewer to raise, resolve and strengthen compliance for suppliers.
- ▶ Strengthened the FGCC member service offer, including:
 - ▷ Maintaining the FGCC training offer.
 - ▷ Issuing monthly Guidance Documents.
 - ▷ Hosting Quarterly member only webinars.
- ▶ Conducted the Annual Grocery Investment Benchmarking Survey
- ▶ Managed a number of supermarket retail issues on behalf of the membership.
- ▶ Hosted the highly successful Annual AFGC Symposium Stream for Sales and Commercial leads.
- ▶ Re-launched the updated and contemporary Australian Grocery Academy - a unique collaboration between industry, supplier and specialty training and leadership consultancies.
- ▶ Hosted the very popular Quarterly Retail Results member webinars.
- ▶ Sponsored Joe Berry Australian Retail Industry Executive Awards through the provision of the Future Leader Scholarship Award.

Forums

Trading Partner Forum

Samantha Blake (Director)

John Cawley (Associate Director) Part

The Competitiveness and Growth 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. The TPF identifies and works on several industry projects to deliver real, tangible and practical outcomes for our joint supply chains.

Highlights for 2021-2022 include:

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 2021 Perfect Delivery Report - Retailer perspectives
- ▶ Developed and broadened Common Supply Standards across Woolworths, Coles, and Metcash.
- ▶ Introduced the Industry Mark denoting alignment to industry standards
- ▶ Undertook a management review and report against the Common Delivery Guidelines.
- ▶ Completed a 'deep dive' to unearth opportunities to deliver efficiency improvements against the standards

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.

- ▶ Promoted a series of supply chain master data instructional videos.
- ▶ Completed 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.

SME CEO Forum

The SME CEO Forum serves the needs of Small-to-Medium Enterprises (SMEs) that are food and grocery suppliers. Forum members are Chief Executive Officers (CEOs) and meet up to explore emerging issues impacting SMEs. Forum members can network and learn about the issues and trends shaping the industry.

Highlights for 2021-2022:

The SME CEO Forum held two virtual meetings over the period. Hearing from

- ▶ Paul Bull, Real World Marketing – Re-launch Australian Grocery Academy
- ▶ Jonathan Torr, Coles – Strategy, Engagement and Home and Health
- ▶ Jeff Kennett, Code Arbiter, Coles
- ▶ Debra Galle, BCM Breakfast and Health, Grocery, Coles
- ▶ Chris Leptos, Independent Reviewer, FGCC.

“The State of the Industry Report, combined with updates provided in weekly member’s briefs gives us the latest industry information to discuss with our key stakeholders.”



Nutrition & Regulation

- ▶ **Geoffrey Annison (Director)**
- ▶ **Anne-Marie Mackintosh (Policy Manager, Nutrition and Regulation)**
- ▶ **Devika Thakkar (Regulatory Advisor – Scientific and Technical)**

The Nutrition and Regulation Division (N&R) 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 Nutrition and Regulation Committee (formerly 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 N&R 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

Regulations and regulatory policy

- ▶ In response to the reform and modernisation of the Bi-national Food Regulation System by the Australian Government, the AFGC met with some members of the Food Regulation Standing Committee (FRSC) regarding the 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 such as application. Examples include MRL Harmonisation 22,M1019- Review of Schedule 22, A1233 - 2'-FL from new GM source for infant formula, P1028 - Infant Formula (4 submissions), P1055 - definitions for gene technology and new breeding techniques, A1222 Steviol glycosides from Yarrowia lipolytica, P1010 - Formulated supplementary sports foods, and A1190 2'-FL in infant formula and other products.
- ▶ The AFGC continued to represent industry concerns on the Health Star Rating Advisory Committee.
- ▶ In response to applications and proposals to amend the CODEX, the AFGC made submissions to consultations including allergen labelling, sustainability labels, use of technology to provide information, food fraud, trans fat labelling, follow-up formula, e-commerce, and non-retailer containers.
- ▶ The AFGC participated in FSANZ workshop on Food Safety Research Alliance.
- ▶ The AFGC contributed to the Standards Australia development and review of numerous food related standards including meat, poultry, fish, eggs and their products, and ISO standard for Plant-based foods.

Food, nutrition and health

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, including a submission to the Targeted consultation on Sweetened Beverages.
 - ▷ 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 National Obesity Strategy Working Group National Obesity Prevention Strategy 2022-2023.
- ▶ Provided industry's views to the consultation of WA Health Promotion Strategic Framework
- ▶ Commissioned an evidence review of processed foods and benefits of processing in readiness for the second stage of consultation of the National Health and Medical Research Council's Review of the 2013 Australian Dietary Guidelines.
- ▶ Set up a working group in readiness to respond to the FSANZ Proposal P1058 - Nutrition Labelling about Added Sugars, and kept Members updated on progress.
- ▶ Liaised with FSANZ Branded Food Database Secretariat to develop a dataset of branded food products to support FSANZ's standards development work and other activities, and better understand industry concerns.

- ▶ 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.
- ▶ Represented the industry's views (and via a submission) at the Senate Rural and Regional Affairs and Transport Legislation Committee - Inquiry into Definitions of Meat and Other Animal Products
- ▶ Provided industry's views to the Department of Agriculture Water and the Environment's (DAWE) Call for submissions - Domestic Organic Regulatory Framework: Consultation regulation impact statement (RIS).

Response to the COVID19 pandemic

- ▶ The AFGC updated COVID-19 Risk Management in Manufacturing advice in response to the Omicron variant surge in cases, to minimise workforce COVID-19 transmission and meet COVIDsafe plan requirements of health authorities, including 'close contact return to work' guidelines.

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.
- ▶ The Industry Reference Council - Food, Beverage and Pharmaceutical, which develops Vocational Education and Training packages.
- ▶ FSANZ's
 - ▷ Bi-national Food Industry Dialogue (BFID) (formerly the Retailer and Manufacturers Liaison Group) as part of the discussion of current and emerging food regulatory issues.
 - ▷ Food Incident Forum
 - ▷ Allergen Collaboration Committee
- ▶ 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 N&R Division has:

- ▶ 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 Allergen Forum
- ▶ Informed members of key scientific and regulatory issues through dedicated newsletters and bulletins including SciTech and Research Round-up, and Member Matters.
- ▶ Developed an ongoing webinar series to engage and inform members on delivering an introductory understanding of the Food Standards regarding labelling, nutrition and health claims, novel foods, food additives, vitamins and minerals, processing aids, and their related schedules.
- ▶ Developed a webinar on preventive health measures in Australia and the UK.

“AFGC has a strong impact on key issues and can quickly take the temperature of the market.”



Sustainability

- ▶ Barry Cosier (Director)
- ▶ Kylie Ruth (Manager)
- ▶ Ian Hayes (NPRS Program Manager)

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, state and territory and local government levels in strategy and policy development, driving positive outcomes for the environment, community, governments, and industry.



During 2021-2022 year the Sustainability Division's key focus was continuing the development of an industry-led product stewardship scheme for soft plastics, the National Plastics Recycling Scheme (NPRS). The AFGC is developing the NPRS with funding support from the Australian Government's National Product Stewardship Investment Fund. The initial focus of the scheme is on diverting soft plastics from landfill and is a key plank in helping to meet the National Packaging Targets and increasing the availability of high quality and food/pharma grade recycled content.

Highlights

The Australian landscape for soft plastics recycling significantly changed. The leadership and commitment demonstrated through the NPRS has provided investment confidence leading to announcements by several companies to make large capital investments in new, advanced recycling infrastructure and a supply chain that can create food-grade recycled soft plastic packaging.

- ▶ The AFGC has responded to these developments by shifting its focus for the NPRS on fast tracking the scaled collection and pre-processing of soft plastic packaging to ensure the scheme keeps pace with the market.
- ▶ A Program Manager was appointed to help drive the development of the NPRS.
- ▶ Key milestones in the development of the NPRS were progressed including;
 - ▷ completed the Business Case phase,
 - ▷ made significant progress towards completing the Scheme Design phase, and
 - ▷ commenced activity in the Implementation phase, to develop the initial draft governance model, scheme roles and responsibilities and scheme guidelines,
 - ▷ activity started on developing collection trials and pilots with all supply chain sectors.

- ▶ Multiple discussions have been held between AFGC and representatives of other product stewardship schemes in Australia and overseas to inform best practice scheme design.
- ▶ The AFGC has also invested time and resources liaising with the emerging supply partners to better understand and anticipate impacts on the scheme development
- ▶ Continued to raise awareness of the AFGC's product stewardship approach to soft plastics with members, stakeholders and various government agencies through:
 - ▷ Formalised member engagement to help develop the NPRS through the Project Steering Committee, and Working Groups including on Business Case, Scheme Design, Governance, Trials and Communications. Regular Steering Committee meetings are held monthly and working group meetings are held as needed for issues needing further discussion and input/development.
 - ▷ Webinars for AFGC members held regarding the development of the NPRS and advanced recycling developments in the Australian market, and an NPRS session included as part of the AFGC Symposium.
- ▶ AFGC educational and promotional work included presentations at the following events:
 - ▷ the WASTE 2022 conference in Coffs Harbour, NSW. The NPRS and advanced recycling were a feature of the opening day proceedings in the key panel discussion – a session chaired by the AFGC
 - ▷ the AUSPACK conference in Melbourne
 - ▷ the CSIRO Ending Plastic Waste webinar
- ▶ To facilitate stakeholder understanding of the total supply chain and needs of all sectors, site visits were arranged in NSW and Victoria to brand owners manufacturing sites, retailer store and distribution site, Materials Recovery Facilities, soft plastic pre-processing plants, plastic manufacturing and resin plant.

- ▶ The Australian Government announced a \$60M Recycling Modernisation Grant fund targeted at advanced plastic recycling technology to support initiatives that aim to increase collection and recycling of 'hard to recycle plastics'.
- ▶ Due to the work of the AFGC through the NPRS, there is emerging competition for the collection of soft plastic packaging in the kerbside bin, processing and recycling back into food/ pharma grade plastic.

In other sustainability related activity, the Sustainability Division:

- ▶ Continued supporting the activities of Stop Food Waste Australia, an organisation established to help halve Australia's food waste by 2030, and Fight Food Waste Australia, the cooperative research centre on food waste.
- ▶ Held virtual meetings of the Sustainable Practices Committee
- ▶ Made 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,
- ▶ Contributed to member communications on sustainability activity
- ▶ Represented the sector on multiple government and industry working groups including: the National Resource Recovery Reference Group, State Container Deposit working groups, State Single Use Plastic working groups, APCO Board, Committees and Working Groups.



Government & Media Relations

- ▶ **Scott McGrath (Director)**
- ▶ **Peter Trute (Manager, Media and Strategic Communications)**

The Government and Media Relations (GAMR) division supports AFGC staff with strategic counsel, provides guidance on political issues, policy input and government engagement and develops issues-based public communications to support key priorities for the organisation and the industry. The division leads external advocacy and government engagement with federal, state and territory ministers, local members and their staff to ensure that the industry's position and concerns are understood.

The GAMR division also engages with the media, providing insight and understanding with proactive story placements and ensuring industry views are expressed when responding to current issues. As part of its wider engagement with members, GAMR staff consult with corporate affairs and government relations staff at member companies, providing advice on issues and seeking input. The GAMR team also oversees production of the Sustaining Australia TV series and news-based social media content.



Highlights

Government engagement and advocacy

The GAMR division arranged meetings with federal and state ministers and backbench MPs throughout the year to ensure the interests of the industry were clearly understood by policymakers. The division also arranged engagement opportunities for members, including site visits and roundtable meetings.

Media engagement and promotion

As food and grocery manufacturers faced unprecedented disruption and uncertainty during 2021-22, engaging with the media to ensure an accurate understanding of the situation facing the industry became vitally important. Factors including the war in Ukraine and COVID-19 hit supply chains worldwide and drove up commodity, energy and freight prices, while in Australia, weather disasters and labour shortages had a severe and sustained impact. With manufacturers facing rising input costs and needing to pass some costs through, the GAMR division issued media releases, arranged media interviews with CEO Tanya Barden and engaged directly with individual journalists to help describe accurately the difficult circumstances facing member companies.

Sustaining Australia TV Season Three

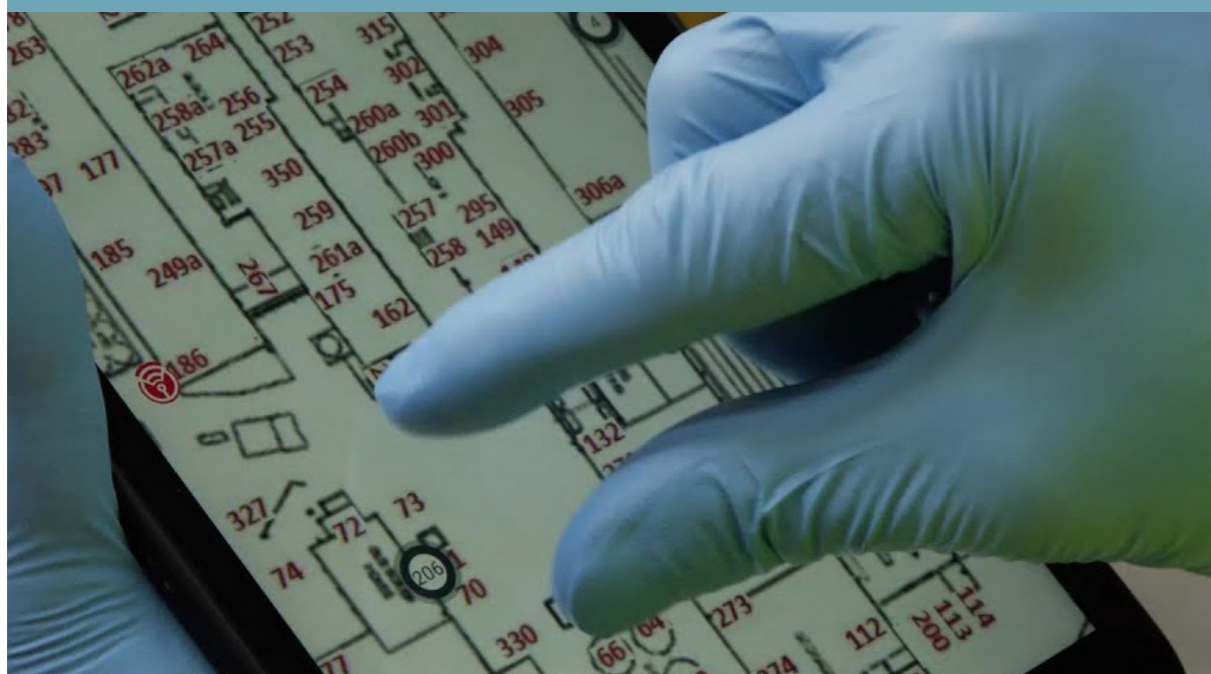
The GAMR division oversaw the production of Season Three of the AFGC's online TV news program, *Sustaining Australia TV*, which was launched in May. This was another season of quality storytelling and strong promotion for the food and grocery manufacturing industry, with a wide audience reached.

The season comprised four episodes: Circular Economy; Sustainability; Digital Technology & Supply Chain; and Growth, Skills & Community. As always, each episode featured informative interviews with industry leaders and engaging profiles of businesses in the sector. At a time when local businesses are facing unprecedented pressure from rising input costs, supply chain disruptions and COVID-19 impacts, *Sustaining Australia TV* has been a valuable showcase for the strength and innovation of Australian food and grocery manufacturing, attracting a wide audience among business operators and leaders, industry stakeholders and policymakers. A fourth season of *Sustaining Australia TV* will be released in 2023.

New Director of Government and Media Relations

Scott McGrath joined the AFGC as Director of Government and Media Relations in June, following the departure of Megan Jeremenko, who was in the role for five years. Scott was already known to some AFGC members through his previous work with lobbying firm, TG Public Affairs. Prior to that, Scott worked in both state and federal political offices and as Government Relations Manager at Standards Australia.

Megan Jeremenko took up a role with the Business Council of Australia in March and the AFGC thanks her for her contribution and dedicated work.



Sustaining Australia Episode 3: Innovation

National Plastics Recycling Scheme communications development

The GAMR team led development of the communications strategy for the National Plastics Recycling Scheme (NPRS), liaising with the Sustainability team to identify key messages and create clear descriptions of the complexities of the scheme. Activities during 2021-22 included development of a web page for the NPRS, promotion of the scheme in media releases and social media channels, formation of a Communications Working Group with member company corporate affairs staff, participation in site tours and engagement with industry stakeholders.

Corporate Affairs Committee

Chair and Secretariat – Scott McGrath, Peter Trute.

The Corporate Affairs Committee met four times over 2021-22. 10 August, 10 November, 15 February and 9 May. All meetings were virtual due to travel restrictions.

Thank you to all Committee members for their commitment and contribution to the Committee, with special thanks to Mike Pretty, non-executive chairman at Kraft Heinz Australasia, for his work as Committee chairman.



Membership, Events & Marketing

- ▶ Adelina La Vita - Director
- ▶ Alyssa Handy - Manager, Membership and Events
- ▶ Andrea Luquesi Scott - Manager, Marketing and Communications
- ▶ Josephine Trudinger - Events Officer
- ▶ Kimberley Brady - Marketing and Communications Officer

The strategic priority of driving member recruitment, engagement and satisfaction underpins the strategic direction and goals of the membership, events and marketing division. Activities, initiatives, and events that were delivered over the last year were designed to support the organisational goal of being a progressive, influential, and sustainable organisation that creates member value and drives industry outcomes.

We remain dedicated to delivering exceptional products and services to assist our members in keeping abreast of industry trends, environmental impacts, and the opportunities that arise out of this. Contributions from our member community inform and enable our work, as the voice of the industry.



FOOD+GROCERY
AUSTRALIA 2022

Highlights

Membership

Despite the challenges of COVID-19 and subsequent challenges in the food and grocery sector, in 2021-22 the Australian Food and Grocery Council membership continued to grow, and we saw increased engagement in our existing and new events, products and services.

Our member retention for held strong at 97 per cent, with member satisfaction levels sitting at 93 percent. This demonstrates that now, more than ever, the AFGC remains relevant and vital to our industry and members see value in the work we undertake.

Member Satisfaction Survey

The AFGC will continue to thrive and remain relevant through feedback from members. They reinforce and inform the initiatives we develop, and we are accountable to demonstrating our value continually. To ensure we meet the needs of members and improve the member value proposition, the Secretariat again ran the annual member survey, conducted at the end of the financial year. Key findings included:

- ▶ A high 93% of all members were satisfied with AFGC membership, with 64% extremely satisfied.
- ▶ Net Promotor Score - 8.8/10
- ▶ 86% in total likely to advocate for continued membership of AFGC, with 72% of that extremely likely to advocate.

- ▶ Information on issues impacting the industry is the most important theme for members with a huge 95% of all members selecting extremely important.
- ▶ Advocacy, policy and navigating complex issues continues to remain an important driver of membership.
- ▶ Networking is still significant to members, with a slight increase this year compared to last year.
- ▶ Education is still a potential opportunity.

Digital Transformation

The secretariat continually strives to deliver transformative initiatives to members that enhance their engagement with AFGC and provide valuable services and resources. The secretariat has been on a digital transformation journey over the last year identifying and commencing work on enhancements to both the member experience, and the subsequent operational platforms, processes and workflows enabling these. Digital projects include a new customer relationship management system (CRM) To improve the security and integrity of member data, and to assist in understanding member engagement on products and services, and a redesigned member portal launching in mid 2023.

Member Portal

Work has commenced to design and deploy a new member portal, with integrations and connections to update member data, register for events, and receive the latest news in a personalised member dashboard. The secretariat is still undertaking work in this area with plans to launch in December 2022.

Events

The secretariat continues to deliver relevant, engaging and inspiring events to all of our members. We have seen some fluctuations in attendance at virtual events with a slight decline in numbers. Conversely, the re-introduction of face-to-face events has seen an uptick of interest in registrations.

In summary the AFGC has noted:

- ▶ Strong member attendance at AFGC webinars and events, especially technical-based information webinars.
- ▶ Event innovation – the AFGC initiated new format Symposium, launched the inaugural International Women's Day virtual event and initiated a new series of CEO engagements with the frank and topical CEO Dialogues, which has seen positive feedback from attendees.

The following provides a summary of the events that took place during the period 2021-2022.

AFGC Symposium – 21 July 2021, Virtual



The 2021 Symposium was a one-day, multi-stream, online event designed to give our members relevant, real-world insights into the challenges, changes and opportunities that exist for our vitally important sector. Delegates were able to tailor their choices to a presentation stream most relevant to their role and interests, with specialised channels covering Supply Chain, Sustainability, Commercial, Nutrition and Regulation, and Trade.

Future Leaders Forum – October 2021, 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. Again, in 2021 we ran a virtual event attracting 465 delegates who heard from key thought leaders and 9 CEO's from retail and supplier organisations.

Food and Grocery Australia – 18-19 May 2022, Melbourne



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 created new CEO Industry Insights roundtable sponsorship opportunities. The conference attracted 360 participants, with the post conference survey indicating the conference was a huge success, with 85% of respondents indicating they were satisfied with the overall program and 94% of respondents indicating they will attend the conference again in 2023.

AFGC International Women's Day – 8 March 2022, Virtual



The inaugural International Women's Day virtual event was a great success delivering benefits for the AFGC and our members, as we showcased the breadth and depth of female talent in the food and grocery sector. Speakers were selected from our full-membership and included Arnott's, SC Johnson & Son, Asahi Beverages, Global Rice, and we included female leaders from a few of the major retailers.



International Women's Day 2022

Webinars

The AFGC continues to see increased engagement with the portfolio of free member webinars.

The new series, CEO Dialogues, for member CEOs only, provided an environment to facilitate frank conversations and facilitate a platform to share experiences. We trialed these series during COVID-19 with three events focused on COVID.

Industry relevant webinars were delivered weekly from February through to July. Over 450 participants from 104 full member, representing 72% 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.

Partnerships

We continue to see excellent brand alignment and value with our three partners GSI, our standards partner, Nielsen IQ, our consumer intelligence partner, and Touchstone Executive Search, our executive search partner. Throughout the year our partners drive positive outcomes for members and continue to lead in the food and grocery sector in their respective areas of expertise. We thank them for their continued support.

Training and Education

Food and Grocery Code of Conduct

Food and Grocery Code of Conduct training, launched in 2015, has seen thousands of individuals from over 300 companies attend the program. Specifically designed for the fast-moving consumer goods sector to drive understanding of Code obligations, legal requirements and importantly its application in day-to-day engagement with signatory retailers, Aldi, Coles, Metcash and Woolworths. The practical and real world training is provided by NextGen, supported by AFGC.

Australian Competition Law is critical to FMCG businesses. This program, also 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

Uniquely Australian and industry-specific, the Australian Grocery Academy is an interactive and outcome-based program comprising seven modules. Each module helps participants understand and build good working relationships with supermarket retailers for improved top- and bottom-line results. Modules include

- ▶ Customer Centric Growth
- ▶ Joint Business Plan
- ▶ Strategic Category Management
- ▶ Revenue Management
- ▶ Customer Management
- ▶ Introduction to Negotiation
- ▶ Intro to E-Com Strategy

The Australian Grocery Academy accelerates the development and performance of Sales, Commercial and Category teams into future commercial leaders. Developed by the AFGC and Real World Marketing, in consultation with industry, feedback on the program has been outstanding, with net promoter scores +4.5. The program is updated regularly to meet the changing needs of the industry, and is now offered virtually.

Marketing and Communications

The AFGC streamlined its member communications throughout the year. 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 updates and facilitate rapid delivery of up-to-the-minute legislative changes by both federal and state governments for Covid related matters.

We launched the new monthly member newsletter, Member Matters, in September 2021 which provides the opportunity for all food and grocery related content to be delivered in one product, to all members. The popularity of this communication product continues to grow with readership and open rates increasing throughout the year.

Our social media platforms have grown in followers and recently the AFGC launched a new YouTube channel which houses categorised and searchable playlists. There are plans to develop the channel further and grow our current follower base of approximately 5,000 total followers spanning Australia, NZ and Singapore.



Financial Statements

AUSTRALIAN FOOD AND GROCERY COUNCIL

ABN 23 068 732 883

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883

DIRECTORS REPORT

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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.

Your Directors present this report on the financial report of the Australian Food and Grocery Council Limited (the Council) for the year ended 30 June 2022.

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 Darren Francis O'Brien	
Ms Sandra Edit Martinez Penaloza	
Mr Graham Dugdale	
Mr Garry Mudford	
Ms Nicole Sparshott	
Mr Raymond Hanly	Appointed 8 November 2021
Ms Emma Welsh	Appointed 9 November 2021
Mr Paris Golden	Appointed at AGM 17 November 2021
Mrs Jodie May Goldsworthy	Ended term at AGM 17 November 2021
Mr Douglas Stuart Cunningham	Resigned 15 September 2021
Ms Denise Orr	Resigned 15 September 2021
Mr Danilo Celoni	Resigned 30 January 2022
Mr Nigel Parsons	Appointed 11 February 2022

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

DIRECTORS REPORT (CONTINUED)
Information on Directors

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 Garry Mudford General Manager Jalna Dairy Foods Pty Ltd Director since: 27 November 2019	Mr Graham Dugdale Managing Director Simplot Australia Director since: 9 December 2019
Ms Nicole Sparshott Chief Executive Office Unilever Australia & New Zealand Director since: 17 February 2021	Mr Douglas Stuart Cunningham Vice President and General Manager ANZ Kimberly-Clark Director between: 8 November 2016 – 15 September 2021
Ms Emma Welsh Chief Executive Officer Emma & Tom Foods Pty Ltd Director since: 9 November 2021	Mrs Jodie May Goldsworthy Director Beechworth Honey Group Director between: 31 August 2015 – 17 November 2021
Mr Paris Golden Managing Director McCormick Foods Australia Pty Ltd Director since: 12 November 2021	Ms Denise Orr Chief Executive Officer Kinrise Pty Limited Director between: 27 November 2019 – 15 September 2021
Mr Raymond Hanly Chief Executive Officer Beak and Johnston Pty Ltd Director since: 8 November 2021	Mr Danilo Celoni Chief Executive Officer PepsiCo ANZ Director between: 1 February 2019 – 30 January 2022
Mr Nigel Parsons Chief Executive Officer Asahi Lifestyle Beverages Director since: 11 February 2022	

DIRECTORS REPORT (CONTINUED)
Meeting of Directors

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

25th Aug 2021
17th Nov 2021
17th February 2022
17th May 2022

Attendances by each director were as follows:

	Number of meetings held during appointment	Total meetings attended during appointment
Mr Darren Francis O'Brien	4	3
Ms Sandra Edit Martinez Penaloza	4	3
Mr Garry Mudford	4	4
Ms Nicole Sparshott	4	2
Mr Graham Dugdale	4	3
Ms Emma Welsh	3	3
Mr Paris Golden	2	2
Mr Raymond Hanly	3	3
Mr Nigel Parsons	2	1
Mrs Jodie May Goldsworthy	2	2
Mr Danilo Celoni	2	2
Ms Denise Orr	1	1
Mr Douglas Stuart Cunningham	1	1

Results

The net result of the operations of the Council was a surplus of \$540,283 (2021: \$186,482). Subscription revenue was \$4,029,373 (2021: \$3,730,128).

Principal Activities

The mission of the Australian Food and Grocery Council is to be the voice of Australia’s food, beverage and grocery supply industry and valued service provider to members. The industry that the AFGC represents includes the manufacturing or processing of food, beverage and grocery products (in Australia and elsewhere), the distribution of such products, and the brand ownership of such products. The AFGC’s vision is for a thriving, trusted food and grocery supply industry that Sustains Australia.

Objectives

The Council’s objectives are to:

- Work with members to develop policy positions.
- Represent membership views to government, trading partners and stakeholders.
- Work pre-competitively with members to solve issues they can’t alone.
- Provide members with information and insights to navigate complex industry issues.

To achieve these objectives, the Council has focussed on these four areas:

1. Reduce the industry’s environmental impact.
2. Enhance conditions for industry competitiveness and growth.
3. Enhance consumer safety, wellness and choice.
4. Operate a sustainable and effective organisation.

Review of Operations

The operations of the AFGC and the results of those operations for the year ended 30 June 2022 were satisfactory.

COVID-19 impacts

The continuing impacts of COVID-19 on the Australian economy and broad operational environments has impacted the AFGC’s ordinary operations including reduced staff travel, recruitment delays and the subsequent delay in delivering projects identified and budgeted for at the beginning of the financial year. The AFGC’s surplus results are reflective of the underspend in these areas.

Future impacts

As we shift from full-virtual events to hybrid event models of delivery, we are seeing an uptick in face-to-face engagement. The AFGC is moving back to face-to-face events, however there has been a marked increase in venue/hotel deposit costs as a result of increased insurance premiums. This higher investment also brings increased levels of risk associated with trialling new event products and gauging attendance appetite. The AFGC will continue to monitor this over the coming year.

Matters Subsequent to the End of the Financial Year

No additional matters or circumstances have arisen since 30 June 2022 that may have any further significant effect on the operations of the AFGC, the results of its operations, or the state of affairs in financial years subsequent to 30 June 2022.

Dividends

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

Directors’ Benefits

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

Insurance of Officers

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

The officers of the AFGC covered by the insurance policy include all staff and non-staff and members of the Board and Committees established by the AFGC, 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 AFGC.

Auditor’s Independence Declaration

The auditor’s independence declaration for the year ended 30 June 2022 is on page 7 of the financial report.

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


 Director Dated: 18th October 2022


 Chief Executive:



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Australian Food and Grocery Council for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM Australia Partners

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 19 October 2022

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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 2022, 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 2022 and of its financial performance for the year then ended; and
- (ii) *complying with Australian Accounting Standards – Simplified Disclosures under AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities 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 2022, but does not include the financial report and the auditor's report thereon.

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AUDIT | TAX | CONSULTING

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AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883

DIRECTORS' DECLARATION

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 – *Simplified Disclosures under AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report


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

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

In the directors' opinion:1

1. The financial statements and notes, as set out on pages 11 to 23 are in accordance with the *Corporations Act 2001*:
 - a) Comply with Australian Accounting Standards – Simplified Disclosures; and
 - b) Give a true and fair view of the financial report as at 30 June 2022 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.

Name: DARREN O'BRIEN
 Director 
 Dated: 18 OCTOBER 2022.


RSM Australia Partners


GED STENHOUSE
 Partner

Canberra, Australian Capital Territory
 Dated: 19 October 2022

AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883
AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue	2	5,755,305	5,407,626
Employee benefits		(3,268,843)	(3,359,416)
Depreciation		(92,536)	(70,575)
Depreciation on right of use asset		(108,144)	(101,814)
Rental		(32,788)	(26,591)
Program expenses		(555,990)	(754,015)
Administration costs		(1,103,054)	(851,566)
Interest on lease liabilities		(53,667)	(57,167)
SURPLUS/(LOSS) ATTRIBUTABLE TO MEMBERS		540,283	186,482
Fair value movement - investments		(45,990)	-
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS		494,293	186,482

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,332,198	4,763,239
Trade and other receivables	4	43,062	249,855
Other assets	5	146,543	216,537
TOTAL CURRENT ASSETS		5,521,803	5,229,631
NON-CURRENT ASSETS			
Investments at fair value	6	464,337	-
Plant and equipment	7	404,609	350,836
Right of use asset	11	620,178	728,321
TOTAL NON-CURRENT ASSETS		1,489,124	1,079,157
TOTAL ASSETS		7,010,927	6,308,788
CURRENT LIABILITIES			
Accounts payable	8	426,657	335,699
Other payables	9	736,792	473,235
Provisions	10	489,395	546,539
Lease liability	11	90,960	85,280
TOTAL CURRENT LIABILITIES		1,743,804	1,440,753
NON-CURRENT LIABILITIES			
Provisions	10	17,611	17,268
Lease liability	11	613,124	708,672
TOTAL NON-CURRENT LIABILITIES		630,735	725,940
TOTAL LIABILITIES		2,374,539	2,166,693
NET ASSETS		4,636,388	4,142,095
Accumulated Funds		4,636,388	4,142,095
TOTAL EQUITY		4,636,388	4,142,095

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

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

AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883

AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Retained Earnings	Investment Revaluation Reserve	Total
	\$	\$	\$
Balance as at 1 July 2020	3,955,613	-	3,955,613
Surplus for the year	186,482	-	186,482
Adjustments to reserves			-
Balance as at 30 June 2021	4,142,095	-	4,142,095
Balance as at 1 July 2021	4,142,095	-	4,142,095
Surplus/Deficit for the year	540,283	-	540,283
Fair value movement	-	(45,990)	(45,990)
Balance as at 30 June 2022	4,682,378	(45,990)	4,636,388

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

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		6,591,753	5,529,328
Payments to suppliers and employees		(5,237,049)	(5,585,309)
Government subsidies		15	417,970
Interest received		14,411	15,982
Interest paid on lease liability		(53,667)	(57,167)
Net cash provided by/ (used in) operating activities	12	1,315,463	320,804
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(510,327)	-
Payments for property, plant and equipment		(146,309)	(138,432)
Net cash used in by investing activities		(656,636)	(138,432)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(89,868)	(79,701)
Net cash used in financing activities		(89,868)	(79,701)
Net increase/ (decrease) in cash held		568,959	102,671
Cash at the beginning of the financial year		4,763,239	4,660,568
Cash at the end of the financial year	3	5,332,198	4,763,239

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 2022

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 – Simplified Disclosures (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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The council is exempt from paying income tax under subsection 50-40 of the *Income Tax Assessment Act 1997*.

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 consumer 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 2. REVENUE		
Subscription revenue	4,029,373	3,730,128
Special project and forum revenue	840,936	732,242
Sponsorship income	237,145	75,582
Food and Groceries Australia conference revenue	603,014	407,102
Other member function revenue	-	17,784
Interest received	14,411	15,982
Other income	30,411	10,836
Government subsidies	15	417,970
Total Revenue	<u>5,755,305</u>	<u>5,407,626</u>

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

Cash at bank	292,424	4,470,193
Term deposits	3,048,046	43,046
Investment	1,991,728	250,000
	<u>5,332,198</u>	<u>4,763,239</u>

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

Accounts receivable	43,062	223,146
Other receivables	-	26,709
	<u>43,062</u>	<u>249,855</u>

Accounting policy

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

NOTE 5. OTHER ASSETS

Prepayments	146,543	210,446
GST Receivable	-	6,091
	<u>146,543</u>	<u>216,537</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
Note 6. Financial assets at fair value through other comprehensive income		
Investment in securities and managed funds	464,337	-
	<u>464,337</u>	<u>-</u>

Accounting Policy

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

NOTE 7. PLANT AND EQUIPMENT

Furniture, fittings and equipment –at cost	200,352	200,352
Less: accumulated depreciation	(190,973)	(185,109)
	<u>9,379</u>	<u>15,243</u>
Leasehold improvements –at cost	216,309	216,309
Less: accumulated depreciation	(122,794)	(91,623)
	<u>93,515</u>	<u>124,686</u>
Software – at cost	718,144	481,244
Less: accumulated depreciation	(446,215)	(390,714)
	<u>271,929</u>	<u>90,530</u>
Work in progress	29,786	120,377
	<u>29,786</u>	<u>120,377</u>
Total plant and equipment	1,164,591	1,018,282
Less: accumulated depreciation	(759,982)	(667,446)
	<u>404,609</u>	<u>350,836</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 7. PLANT AND EQUIPMENT (CONTINUED)

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 2021	15,243	124,686	90,530	120,377	350,836
Additions	-	-	236,900	-	236,900
Disposals	-	-	-	-	-
Transfer from WIP	-	-	-	(90,591)	(90,591)
Depreciation	(5,864)	(31,171)	(55,501)	-	(92,536)
Balance as at 30 June 2022	9,379	93,515	271,929	29,786	404,609

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:

Class of fixed asset	Rate
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 8. ACCOUNTS PAYABLE

	2022	2021
	\$	\$
Trade creditors	203,912	132,441
Accrued expenses	222,745	203,258
	426,657	335,699

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 9. OTHER PAYABLES

Membership subscriptions received in advance	214,897	119,988
Contract liabilities and other income in advance	521,895	353,247
	736,792	473,235

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 10. PROVISIONS

Current

Long service leave	177,032	260,284
Annual leave	256,308	257,453
	433,340	517,737

Non-current

Long service leave	56,055	28,802
Make good provision	17,611	17,268
	73,666	46,070
	507,006	563,807

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 11. LEASES		
<i>Right of use asset</i>		
At cost	923,465	923,464
Less: Accumulated depreciation	<u>(303,287)</u>	<u>(195,143)</u>
	620,178	728,321
<i>Lease liability</i>		
Lease liability - current	90,960	85,280
Lease liability - non-current	<u>613,124</u>	<u>708,672</u>
	704,084	793,952

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 12. CASH FLOW INFORMATION		
Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:		
Operating surplus/ (deficit)	540,283	186,482
Non-cash investing activities:		
Depreciation and amortisation	200,680	172,389
Loss on disposal of assets	-	-
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	206,793	27,701
(Increase)/decrease in other assets	69,994	72,383
(Decrease) in accounts payable	90,958	(165,854)
Increase/(Decrease) in other creditors	263,556	(48,772)
(Decrease)/Increase in provision for employee benefits	<u>(56,801)</u>	<u>76,473</u>
Net cash inflow/(outflow) from operating activities	1,315,463	320,804

NOTE 13. 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 14. RELATED PARTIES

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

Mr Darren Francis O'Brien	Mr Garry Mudford
Ms Sandra Edit Martinez Penaloza	Mr Graham Dugdale
Ms Nicole Sparshott	Ms Emma Welsh
Mr Paris Golden	Mr Ray Hanly
Mr Nigel Parsons	Mrs Jodie May Goldsworthy
Mr Danilo Celoni	Mr Douglas Stuart Cunningham
Ms Denise Orr	

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

NOTE 15. 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:

	2022	2021
	\$	\$
Aggregate benefits	<u>1,070,919</u>	<u>752,409</u>

AUSTRALIAN FOOD AND GROCERY COUNCIL
ABN 23 068 732 883

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 16. REMUNERATION OF AUDITOR		
During the year the following services were paid to the auditor and its related practices:		
Amounts received, or due and receivable by the auditor of the Council for:		
Audit services – financial statement audit & preparation	<u>23,650</u>	<u>22,000</u>

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 2022 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.