

2017 Annual Report



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

CONTENTS

	Page
Chairman's Message	2
CEO's Message	4
AFGC 2016-2017 Highlights	6
Directors' Report	17
Independent Auditor's Report	22
Directors' Declaration	25
Financial Statements for the Year Ended 30 June 2017	26
Notes to the Financial Statements	29
List of AFGC Members at June 2017	43



CHAIRMAN'S MESSAGE



Australia's food and grocery sector supplies the essentials of life that every household needs. Operating in a vital industry does not come without its challenges, and Australia's political leaders and policy-makers are being confronted with how best to strengthen our global economic position, whilst responding to societal concerns. Current economic data reflecting modest growth does not reduce the urgent need to commit to long term reforms which effectively prepare the nation to address significant demographic, geopolitical, institutional and environmental challenges.

Core to this reform agenda is diversifying the economy by encouraging growth industries of the future with international competitive advantage. Achieving this will create more jobs, encourage investment, and ultimately protect Australia's living standards through sustainable growth.

There is also reason to be optimistic. Businesses that show they are listening to their customers and making a positive impact to the health and wellness of our community and environment have a tremendous opportunity. The economic case for acting responsibly and shaping a resilient Australia is clearer than ever and our industry should be proud of the progress already made in this regard.

It's also pivotal that Australia's \$126 billion food and grocery manufacturing sector, employing more than 300,000 Australians across regional and metropolitan areas, gets the recognition it deserves. Leaders should not underplay the significance of this sector in Australia's future manufacturing base, particularly as traditional manufacturing areas of strength like the car sector moves off shore, and export demand for our food and grocery products increase.

It is in this environment, the Australian Food and Grocery Council is focused on providing a voice for the industry that influences policy makers and conveys the vital role played by AFGC members in the health and wealth of our nation.

This year marks significant achievement by the Australian Food and Grocery Council, while also undergoing change in its leadership. The Secretariat has maintained its commitment to the strategic objectives set out by the Board to enhance the competitiveness and reputation of the industry. The 2017 report demonstrates the comprehensive work agenda undertaken by the AFGC secretariat to achieve these ambitious objectives.

Among these achievements were:

- Building the foundations of a "Joined Up" campaign between members and the AFGC to demonstrate the economic, community and environmental performance of industry at a targeted and localised level;
- The ongoing work with the Food and Grocery Code of Conduct in training and support of members and the beginnings of preparation for the 2018 Review of the Code; and
- Committing to the hard graft of prosecuting "good policy" and defending the industry against regulatory creep which burdens industry and results in perverse outcomes.

I acknowledge the contribution of former CEO Gary Dawson who departed in March 2017. Gary did a truly remarkable job over his five years leading the AFGC Secretariat enhancing its influence and delivering on

key achievements such as the Food and Grocery Code of Conduct. I am very much looking forward to working with the AFGC's new CEO, Tanya Barden, who commenced 3 July 2017.

The Board has absolute confidence in the AFGC's future under Tanya, who has been at the forefront of AFGC's advocacy on key areas of reform. In particular, flagging to governments the need to commit to strong energy market reform to reduce the cost pressures caused by the spike in energy costs and ensure a reliable and sustainable energy supply into the future. Tanya has also led the sector's trade agenda having driven an ongoing focus to improve market access through the reduction of non-tariff barriers.

This year also marks a change of Chair as Terry O'Brien has ended his six year tenure as Chair and an almost fifteen year association with the AFGC as a Board Member. During this time he has been a fierce advocate for maintaining a strong food and grocery manufacturing sector. Industry priorities included contributing to the health and wellness of the community and environment; regulatory reform to reduce compliance costs; improving the competitiveness of Australian manufacturing; and ensuring fair negotiations with retailers.

In his remarks to his final Board meeting in August 2017, Terry O'Brien noted that it is appropriate that the AFGC has a new CEO and at the end of that meeting, a new Chairman, to bring fresh thinking to the challenges confronting industry. To you, the AFGC members and staff, I would like to say that I am looking forward to taking up the reins as Chair of the Board and to the year ahead and naturally welcome your contribution to our mutual endeavours.



CLIVE STIFF

AFGC Chair of the Board

CEO'S MESSAGE

Few things are as important to a nation as its food security and a strong balanced economy. Food and grocery manufacturing is integral to both. For both the health and the wealth of the nation it is unarguably in Australia's national interest to have a viable and competitive food and grocery processing and manufacturing sector.

I have taken on the role of CEO of the Australian Food and Grocery Council at a challenging and stimulating time for our industry. The legacy of my CEO predecessors, Gary Dawson, Kate Carnell, Dick Wells and Mitch Hooke, is a strong one. I'd particularly like to acknowledge Gary, who provided key leadership during my five years as AFGC Director of Economics, Sustainability and Trade. In this time he enriched the AFGC's influential voice in Canberra policy debates, and positioned the AFGC as the premier organisation for comment on food and grocery sector issues, backed by a technical depth that has earned respect for its evidence-based and rational approach to sensitive issues.



The leadership provided by the Board and the immediate past Chairman, Terry O'Brien, is key to the ongoing relevance and influence of the AFGC. On behalf of the membership they have set a strong strategic direction, focused on the issues that matter. Terry has now retired from the Board and I thank him for his outstanding contribution. I look forward to building on an already strong working relationship with new Chairman, Clive Stiff who previously held the Deputy Chairman position on our Board.

The Board have set the secretariat an ambitious strategic agenda to enhance the competitiveness and reputation of the sector. This at a time of increased cost pressures, difficult trading conditions, uncertain regulatory environment and shifting social patterns.

The \$126 billion food and grocery sector is certainly susceptible to reactionary political decisions, given its immediate connection to Australian consumers. As everyday users of the products our sector produces, consumers also have opinions and this quickly translates to voting preferences.

The AFGC continues to develop its offering to meet the needs of its diverse membership while ensuring this highly dynamic and competitive sector sends a clear message to Government. These initiatives include:

- Ongoing work to streamline food safety auditing requirements and costs across retailers, suppliers and governments;
- Hosting the highly successful annual Food and Grocery Australia conference, Industry Leaders Forum, AFGC Future Leaders Forum, as well as State-based seminars and workshops across all states of Australia on subjects such as Food Regulation 101, as well as a number of topically driven working groups and industry briefing groups;
- Maintaining the Non-Food Forum which provide a key focus on grocery and personal care companies;
- Establishing an Energy Working group to drive sound policies to address such a complex regulatory environment; and
- Engagement opportunities with Government, including with Ministers, MPs and Senators and key advisers to actively participate in policy and decision making processes.

The 2016-17 report highlights prepared by the AFGC policy directors demonstrate an impressive array of issues, policies and market challenges that the AFGC secretariat is addressing on behalf of the membership.

This report provides a record of achievement that is testament to the professional work of the Board and staff of the AFGC.

Conscious of industry's ongoing drive for efficiency, there has been no increase in AFGC member fees for several years. We will continue to adopt responsible budgeting to ensure we maintain our strong fiscal position whilst continuing to meet ongoing demands of providing member services and enhancing our advocacy platform.

Thank you for your ongoing support of the AFGC. Its true strength as an advocacy association can only be effective with the support of its members in providing a unified voice on the importance of this dynamic sector.



Tanya Barden
AFGC CEO

OUR TEAM

Tanya Barden, CEO

Cynthia Coppock, EA to the CEO and DCEO

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

Leigh Reeve, Director, Australian Breakfast Cereal Manufacturers Forum

Suzanne Davies, Manager Industry Partnerships

Michele Walton, Nutrition Communications Adviser

Jack Gevorgian, Director Finance & Administration

Kerry Dawson, Reception and Administration Officer

Samantha Blake, Director, Industry Affairs

John Cawley, Associate Director, Industry Affairs

Kim Riggans, Web Manager, Industry Affairs Administration

Chris Preston, Director, Legal and Regulatory

Fiona Fleming, Regulatory Affairs Adviser

James Mathews, Director, Communications and Public Affairs

Alyssa Handy, Events Manager

Megan Jeremenko, Government Relations Manager

Peter Keogh, Director, Economics, Sustainability and Trade

Kylie Ruth, Sustainability Manager

David Hall, Business Development Director

2016-2017 HIGHLIGHTS

The 2016-17 highlights prepared by the AFGC Policy Directors below demonstrate the wide variety of policy and market challenges that the Secretariat is managing on behalf of the AFGC membership.

HEALTH NUTRITION AND SCIENTIFIC AFFAIRS

Secretariat: Dr Geoffrey Annison (Deputy CEO and Director), Leigh Reeve (Director, ABCMF), Suzanne Davies (Manager Industry Partnerships), Michele Walton (Nutrition Communications Advisor)

Committee Chair: Robbert Rietbroek, PepsiCo Australia New Zealand

The Health Nutrition and Scientific Affairs Division addresses scientific and technical issues and policy on behalf of members across the areas of nutrition and health, food science and technology, product standards and regulations, research and development, education and training. Highlights this year included:

- The AFGC completed a major project addressing the issue of excessive food safety auditing across the food supply chain. In partnership with retailers, quick service restaurants, food service, manufacturers, and certification bodies the AFGC conducted the project with funding support from FIAL (Food Innovation Australia Ltd), major retailers and state enforcement agencies. The project focused on the baked goods category and set the framework for further work in other categories leading ultimately to establishment of a *National Approach to Food Safety Certification*.
- The AFGC continued to participate on the Commonwealth Government's Health Star Rating (HSR) Advisory Committee which oversees the HSR food labelling scheme. The AFGC has provided industry's perspective on consumer education and evaluation of the HSR labelling's first two years of implementation. The AFGC has provided input into the planning of the five year review of the scheme supporting the fundamental principles that changes to the labelling scheme must be supported by evidence and be consistent with the original objectives of the scheme. The AFGC has also supported the principle that no changes will occur until after the completion of the review (mid-2019) and there will be a substantial transition period allowing for stock in trade.
- The AFGC has continued to promote the *Responsible Children's Marketing Initiative* (RCMI) and *Quick Service Restaurant Initiative for Responsible Advertising and Marketing to Children* (QSRI) as very effective forms of self-regulation guiding industry practice in advertising to children. Signatory compliance remains very high (greater than 99% for 2016). The AFGC offered a training course for signatories of the Initiatives and to representatives of media buying companies.
- The AFGC continued to participate in the Commonwealth Government's *Healthy Food Partnership* which has the objective of improving the nutrition and health of Australians. Further progress has been made in the main work streams of communication and education, reformulation, portion size and food service. The AFGC's priorities have been to focus on practical initiatives that industry can support based on a strong evidence base of effectiveness, and complementary to other industry activities such as the *Health Star Rating*.
- The AFGC prepared a submission for, and also appeared before, the NSW Legislative Council's Inquiry into Childhood Obesity. The AFGC emphasised the many activities of AFGC member companies both collectively and individually which supported the NSW Government's objective of reducing childhood obesity through different product offerings, responsible marketing and promotion of food products, and better product labelling.
- The AFGC continues to support the Australian Institute of Food Science and Technology (AIFST) Continuing Professional Development program comprising joint seminars and workshops on numerous technical topics. In addition the AFGC contributes a commentary on topical food policy and technical matters to each issue of the AIFST's *Food Australia* journal.

- At the request of FSANZ the AFGC participated at the APEC Food Safety Cooperation Forum (FSCF) in Peru. The FSCF, which was established in 2007, is seeking greater regulatory alignment and technical capacity building across the APEC region. With increasing concerns regarding the impact on trade of Non-Tariff Barriers the FSCF represents another mechanism beyond bilateral negotiations for establishing best practice regulation, governance and administrative processes across the region.
- The AFGC participated in the Food Regulation Standing Committee's stakeholder consultations which comprise two roundtables. Each roundtable included a review of the Committee's strategy and more extensive discussion around specialist topics. The first was on bio-fortification (increasing the levels of key micronutrients in staple food crops) and the second was on the role of sugar in nutrition and health.
- The AFGC participated on the FSANZ Advisory Committee for *Proposal P1034 – Migration of Chemicals from Packaging into Food*. The AFGC assisted in data gathering to inform the FSANZ proposal, as well as providing advice on its analysis.
- The AFGC commenced representing the sector on the Industry Reference Council – Food, Beverage and Pharmaceutical. This Council, and a number of other representing other sectors, are charged with developing a new Vocational Education and Training (VET) framework. It includes establishing new competencies and training courses for the VET sector with the ultimate objective of making sure training offerings for each sector are developed and delivered informed by industry needs.
- NSW Health sought industry views, which the AFGC provided, on new *Food and Drink Criteria for NSW School Canteens*. The AFGC provided feedback assisting NSW Health to develop the criteria in a way which was not only technically sound, but also practical for industry to work with, and practical for implementation at the school level.
- The *Agents for Change Industrial Transformation Training Centre* at the University of Queensland (UQ), which is funded by an Australian Research Council grant secured by the AFGC in partnership with UQ completed its third year of operation. The researchers (students and post-doctoral fellows) are addressing technical challenges on behalf of a number of AFGC companies. The experience of working on real world industry projects is preparing the researchers well for careers in food science and technology in industry.
- The AFGC has represented broad industry views via a number of other organisations including the Grain Legumes Nutrition Council, Standards Australia, CSIRO, Meat and Livestock Australia, Dairy Australia, Horticulture Innovation Australia, Infant Nutrition Council, National Farmers Federation, National Heart Foundation and Universities on a wide range of scientific, technical and regulatory matters.

QUICK SERVICE RESTAURANT (QSR) FORUM

Secretariat: Michele Walton

The AFGC's Quick Service Restaurant (QSR) Forum continues to address technical and regulatory issues that are potentially challenging for the industry. The AFGC QSR is represented on the:

- NSW Government's Fast Choices Reference Group and the Queensland Government's Menu Labelling Advisory Group, which are considering how the Menu Board Labelling initiative can be made more effective in positively influencing consumer choice;
- ACT Government's Food Regulation Reference Group; and
- Commonwealth Government's Healthy Food Partnership.

On behalf of the Forum the AFGC made representations to State and Territory Governments seeking national regulatory consistency of menu board labelling legislation. The QSR Forum also considered the issue of littering which has been raised with the sector by the NSW Government.

AUSTRALIAN BREAKFAST CEREAL MANUFACTURERS FORUM (ABCMF)

Secretariat: Leigh Reeve, Michele Walton

Forum Executive Committee Chair: Todd Saunders, Sanitarium Health & Wellbeing

The ABCMF encourages consumer confidence in the benefits and relevance of the breakfast cereal category through a proactive communications program and addressing misinformation. Health science and category data provide the evidence base for communications.

Highlights this year include:

- ABCMF commissioned an independent secondary analysis of the ABS Australian Health Survey data related to breakfast cereals and intakes of added sugars and free sugars;
- The 'My Brekkie Bowl' campaign was successfully delivered based on Galaxy Research into breakfast bowl habits in Australia;
- Communication of new research and category information via the ABCMF website (www.cereal4brekkie.org.au) plus social media channels Facebook (Lovecereal4brekkie) and Twitter (@cereal4brekkie); and
- Liaison with health organisations, media outlets and media commentators to share new data and research or correct misinformation related to breakfast cereals.

LEGAL AND REGULATORY AFFAIRS

Secretariat: Chris Preston (Director) and Fiona Fleming (Regulatory Affairs Advisor)

Legal and Regulatory Division was established in 2013 to deliver member services and expertise in legal affairs and regulatory issues arising in relation to both food and grocery products.

The primary focus of the Division during 2016-17 has been twofold: developing the AFGC's Product Information Form (PIF) into an online food data system capable of supporting the sector into the 21st century, and assisting food manufacturers comply with the new country of origin labelling laws that came into operation on 1 July 2016.

The translation of the PIF into a modern, online data exchange system is vital for the food (and potentially the grocery) sector to achieve the transparency in sourcing and authenticity that consumers are demanding as well as to support the accountability and traceability that, increasingly, are being demanded by regulatory regimes globally. While the AFGC is conscious that the transition involves additional costs to food manufacturers both in acquiring a software solution as well as upgrading internal systems, the benefits to having all this information stored on one platform forming a "one true source" of data which is searchable and accessible as well as the elimination of the need to rekey information will result in time savings and data integrity improvements for companies. The task has been approached with a realistic sense of what data is actually needed to meet current regulatory demands, which is no more than the traditional role which the PIF has served for the past 10 years. Food regulation in the area of allergen management, origin labelling and health claims has evolved significantly since the PIF was last reviewed, and the new evolution of the PIF represent a significant step forward in capability compared to earlier iterations. The AFGC has provided training and support for PIF V6.0, which was launched in July 2017, with over 450 attendees in total at events in Melbourne, Sydney, Brisbane, Adelaide and Auckland. The Division will continue to provide training to support PIF V6.0 uptake across all food sectors.

The Government's new country of origin labelling regime for food has been a hot topic for queries to the AFGC over the year. The AFGC has conducted a number of seminars across four capital cities to explain the regime and the data needed to support labelling under the new laws, and has partnered with other agencies ranging from Woolworths to the ACCC to deliver in-person and online compliance training materials. The AFGC has also continued to liaise with Government policy portfolios in relation to the regime to address legislative concerns in relation to the wording of the laws.

Other major projects undertaken during 2016-17 include:

- The revision of the AFGC's Cold Chain Guidelines, providing a statement of best practice in the management, transport, storage and handling of frozen, chilled and fresh products with a view to minimising food waste;
- Liaison with water authorities and with national and international standards institutions regarding tests for, and claims of, flushability for wipes;
- Establishment of a roundtable for interested stakeholders to exchange information and learnings from the 2016 round of recalls triggered by the presence of milk proteins in coconut water, including the development of a work program to address similar issues in the future;
- Ongoing advocacy for the AFGC's regulatory reform agenda, especially in relation to the reform of national trade measurement regulations and reforms of the imported food control regime; and
- Participation in the Food Standards Australian New Zealand working group on novel foods and nutritive substances, a project that encompasses consideration of new regulatory models for substances that currently require pre-market assessments.

Further highlights for 2016-17 include:

- Ongoing support for the Food and Grocery Code of Conduct prescribed under the Competition and Consumer Act;
- Further development with stakeholders of work leading to an application for a revised gluten threshold for making gluten free claims;
- Advocacy on behalf of AFGC members in relation to the approval of high level health claims, including in relation to so-called two step biomarker claims;
- Making submissions to the Productivity Commission's review into the regulation of agriculture;
- Participation in the Australian Government's Food and Grocery Sector Group, looking to promote all-risks resilience for food supplies;
- Delivering food law compliance training;
- Participation in the FSANZ Allergen Collaboration in addition to ongoing collaboration with the Allergen Bureau and Allergy and Anaphylaxis Australia to promote allergen awareness; and
- Member engagement services including publication of SciTech newsletters and briefs, Member Briefs, member site visits, seminars and provision of legal and regulatory advisory and reference services, as well as speaking at third party events run by the Australian Institute of Food Science and Technology, GS1 and others.

The Division has continued to represent the food and grocery sectors in a number of Government agency stakeholder liaison committees including –

- Department of Agriculture Imported Foods Consultative Committee (IFCC);
- Department of Industry NMI Consumer and Industry Liaison Committee (CICL); and
- FSANZ Retailers and Manufactures Liaison Committee (RML).

INDUSTRY AFFAIRS

Secretariat: Samantha Blake (Director), John Cawley (Associate Director) and Kim Riggans (Web Manager and Administration)

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

SUPPLY CHAIN

Secretariat - Samantha Blake and John Cawley

Chair – Peter West, Lion

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

Highlights for 2016-2017 include:

- Continued to engage, on a broad range of issues, with key trade partners; Coles, Costco, Metcash and Woolworths;
- Second Supply Chain Capability Survey developed, deployed and industry report completed in partnership with A.T. Kearney, providing a unique benchmarking opportunity for member companies and engagement opportunities with key retail trade partners;
- Used the www.fmcgsupplychain.com.au website as the cornerstone to engagement with undergraduate communities to highlight the profession, working in partnership with RMIT;
- Hosted the highly successful Annual AFGC Supply Chain Seminar;
- Co-hosted the Brands and Private Label Seminar - with the Private Label Association (PLMA);
- Published the quarterly Supply Chain e-newsletter;
- Provided opportunities, through the Supply Chain Briefing service, for members to come together on a regular basis to discuss topical issues and engage with guest presenters, including major retailers;
- Provided regular updates to members on current and proposed transport and infrastructure related legislation and regulations;
- Monitored and responded to issues, representing member views; and
- Management Committee participation in the Australian Logistics Council's Retail Logistics Code of Practice, for the management of transport safety and Chain of Responsibility.

TRADING PARTNER FORUM – TPF

Secretariat: Samantha Blake and John Cawley

Co-Chairs: Belinda Tumbers, Kellogg's Australia and Paul Harker, Woolworths

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

Highlights for 2016-2017 include:

- Hosted the first ever highly successful Future Leaders Forum.
- Established four key projects:
 - Collaborative Physical Logistics;
 - Future Proofing the Value Chain – data integrity and alignment;
 - Shelf Ready Packaging Guidelines – Edition 4 released; and
 - Perfect Order Delivery
- Sponsored Joe Berry Australian Retail Industry Executive Awards through the provision of the TPF Scholarship Award.

SME CEO FORUM

Secretariat: Samantha Blake

Co-Chairs: Jodie Goldsworthy, Beechworth Honey and Anthony Paech, Beerenberg

Established in 2012 the Small and Medium sized Enterprise (SME) CEO Forum is a peer group focused on exploring and discussing current and emerging issues that may impact SME members. Highlights for 2016-2017 include:

- Facilitated a series of meetings throughout the year targeted at CEOs from SME members;
- Meetings included discussion on topical and hot issues impacting the industry, including retail-related issues; and
- Guest speakers included ACCC, Costco, Woolworths and a series of industry thought Leaders.

FOOD AND GROCERY INDUSTRY CODE OF CONDUCT

Secretariat: Samantha Blake, Chris Preston and James Matthews

On behalf of members the Industry Affairs division engages with Government and key stakeholders seeking better regulation creating an environment conducive for Australian companies to grow, prosper and maintain viable local business operations.

Highlights for 2016-2017 include:

- Over 2,500 people across 250 FMCG companies were trained by AFGC's nominated training partner, NextGen;
- A range of services to support members were introduced and made available for download from the website;
- Hosted the second dedicated FGCC stream as part of Food and Grocery Australia; and
- Conducted the third annual FGCC Member survey, results shared broadly with the industry, trading partners and key stakeholders.

GROCERY INDUSTRY ADVISORY GROUP

Secretariat: Samantha Blake and John Cawley

The Grocery Industry Advisory Group is a reference group focused on exploring emerging issues impacting the industry and specifically the Food and Grocery Code of Conduct (FGCC). The group uses collective insight to identify and clarify current and emerging issues and deliver policy advice to the AFGC Board on industry 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 2016-2017 include:

- Developed a broad range of member services to support the FGCC;
- Hosted regular AFGC Sales Briefings - mini-seminars focused on personal and career development for key sales personnel; and
- Launched Australian Grocery Academy - a unique collaboration between industry, supplier and specialty training and leadership consultancies. The program has been developed for high potential commercial and sales leads working in the Australian industry.

INDUSTRY DATA

Secretariat - Samantha Blake

Through specific research and analysis the Industry Affairs division aims to understand and communicate the critical factors which underpin a competitive and profitable FMCG industry.

During the 2016-2017 year AFGC partnered with UBS to survey and publish the third report examining Australian FMCG business financial profitability and major issues.

The Industry Affairs Division would like to thank Committee members, CEO Forum participants, Advisory Group members, Briefing Group attendees and Working Group members for their input and participation in the broad range activities undertaken by the Secretariat on their behalf. Your active participation and contribution provided over the past 12 months have greatly assisted the Secretariat in delivering real value to the industry.

ECONOMICS, SUSTAINABILITY AND TRADE

Secretariat: Tanya Barden (Director), Kylie Ruth (Sustainability Manager), Stephen Crisp (Agribusiness Forum Manager), Kim Riggans (Administration)

Committee Chair: Trevor Clayton, Nestlé Australia

The Economics, Sustainability and Trade Division has a broad agenda covering sustainability policy and programs, AFGC's export trade agenda and policy positions to support competitiveness of, and investment in, the agrifood processing industry.

SUSTAINABILITY

Tanya Barden, Kylie Ruth

Highlights for 2016 -17 include:

New Sustainability Approach

In 2016 the AFGC aligned its future sustainability approach with the UN's Sustainable Development Goals. Over time, it is intended that the AFGC will progressively focus on each of the relevant goals to the food and beverage manufacturing sector. Two of the UN Goals were proposed for immediate focus based on most pressing need/ and or where the AFGC can have most influence in improving environmental/social outcomes; *Goal 12 'Ensure sustainable consumption and production patterns'*, and *Goal 13 'Take urgent action to combat climate change and its impacts'*.

Food Waste

2016-17 activity was heavily focused on food waste in response to the Australian Government's 2016 election commitment to halve food waste and to develop a national food waste strategy. AFGC activity on food waste included:

- Representing the industry in meetings with Department of Environment and Energy representatives who are leading the Government's food waste activity;
- Convening dialogue between industry representatives and the Department of Environment and Energy to provide information about industry efforts on food waste;
- Engaging EY to commence research to capture industry activity and identify opportunities for collaboration between the food manufacturing sector and supply chain partners to reduce food waste; and
- Participating and representing the food manufacturing sector in various food waste forum discussions.

Climate Change

- In November 2016, the AFGC Board agreed to a set of Principles for Climate Change policy to help inform the AFGC's response to government reviews; and
- In December 2016 the AFGC made a submission to the NSW Climate Change Policy Framework.

Energy

In 2016/17 the increasing impact of rising energy prices and a lack of reliable supply posed many challenges for the Australian food and grocery sector. The AFGC undertook a number of activities to assist members including:

- Convened an Energy Working Group to better understand members' concerns and issues regarding energy reliability and affordability, to outline opportunities to engage in the Government's policy process on energy issues, and to inform the AFGC's work plan on this issue;
- Hosted forums in Sydney and Melbourne in June which were attended by approximately 80 representatives from member companies. The forums included expert presentations on the price and market outlook for electricity and gas; contracting strategies in the current market environment; and alternative technologies such as biomass, solar and battery storage could consider implementing in response to the current energy situation;
- Continued to participate in an alliance of manufacturing industry associations that have raised concerns with state and federal governments about the impact of rising gas prices and a lack of gas supply on domestic manufacturing industries. Joint advocacy sought policies to increase gas supply, competition and the transparency and level of information in the gas market; and
- Undertook advocacy in relation to the need for a national, stable energy policy that delivers affordable and reliable energy supplies to underpin long term manufacturing investments. The AFGC has also called for:
 - grants or investment allowances supporting investment in energy demand management, energy efficiency, energy storage and clean technology;
 - regulatory restrictions on the amount of gas that gas producers can purchase from the domestic market to divert to export to meet international contractual obligations; and
 - an ACCC investigation into the gas market looking specifically at barriers to gas producers in Australia entering into contract swaps to meet their export obligations and competition in the domestic gas retail market compared to other sectors such as telecommunications and electricity.

Packaging Regulation

- State and federal Environment Ministers met late in 2016 and welcomed the significant update of the Australian Packaging Covenant (APC) and endorsed the new five year Strategic Plan. This reaffirms the APC as the main form of national co-regulation for all types of packaging materials;
- The new industry-led Strategic Plan focuses on areas where industry can have the most influence – optimising resource use by supporting sustainable design and circular economies; reducing waste to landfill; and creating a knowledge centre to enable industry leadership; and
- With these milestones achieved, Tanya Barden stepped down as Chair of the Australian Packaging Covenant Organisation Board in March 2017.

Container Deposit Scheme

In 2016 the NSW Government passed legislation to introduce a container deposit scheme to commence in 2017. The Qld, ACT and WA governments also announced that they would be introducing container deposit schemes. The AFGC made representations on the various schemes as they progressed.

Human Rights/Responsible Sourcing

There has been an increase in focus by governments and NGOs on human rights in the supply chain.

The AFGC made a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into whether Australia should adopt national legislation to combat modern slavery, comparable to the United Kingdom's *Modern Slavery Act 2015*. Tanya Barden also represented the sector in the Committee's public hearing.

Member Engagement and Industry Representation

Four meetings of the Sustainable Practices Committee were held, with the Chair, Trevor Clayton CEO of Nestlé Australia, and several new Committee members were appointed during the year.

AGRIBUSINESS FORUM

Secretariat: Tanya Barden (Director), Stephen Crisp (Manager, Agribusiness Forum)

Forum Chair: Tim Hart, Ridley

The AFGC Agribusiness Forum represents the interests of post farm gate processors of agricultural products. The Agribusiness Forum has lead the AFGC's work on international trade and issues impacting the economic viability of the sector.

Highlights for 2016 -17 include:

- Provided submissions and other input to the Government's negotiation of various free trade agreements;
- Participated in Parliamentary Inquiries related to various trade related matters;
- Raised the need for transport infrastructure issues such as high performance vehicle access in regional areas, increasing weight limits for road use and improving access to existing rail infrastructure, to be reflected in the Government's National Freight and Supply Chain Strategy;
- Collaborated with other agri bodies to raise awareness of the increased level of non-tariff barriers to international trade in agri-food products;
- Awarded grant funding from the Department of Agriculture and Water Resources *Australian Trade and Market Access Cooperation program*. This funding will support two projects: 1) the development of food safety materials that can be used in market to promote the system of government regulation and industry assurance programs that ensure the safety and quality of Australian agri-food exports, and mapping Australia's system of food regulation against three other countries; 2) creating guides for industry on how to navigate the regulatory systems for exporting into China;
- Worked with the AFGC to present a coordinated submission to Department of Agriculture on Imported Food Regulation;
- Made a submission to the Department of Infrastructure and Regional Development regarding the Discussion Paper on Coastal Shipping. The AFGC was supportive of the attempts to reduce the red tape required to gain permits, to enable an increase in usage of this sector;
- Engaged with Federal and State Members of Parliament on specific transport infrastructure needs in their electorates (such as upgrading weight limits on a specific bridge) that would reduce costs and increase efficiency for businesses in regional areas; and
- Participated in the ACCC Agriculture Consultative Committee, which considers competition issues in agricultural supply chains.

CORPORATE AFFAIRS

Secretariat: James Mathews (Director), Alyssa Handy (Events Manager), Megan Jeremenko (Government Relations Manager)

Committee Chair: Amanda Banfield, Mondelez International

The AFGC's Corporate Affairs Division ensures that industry's views are represented to political decision makers, media, stakeholders and industry. The objective of the division is to provide strategic and tactical advice that assists in achieving good public policy outcomes. The division is also responsible for representing industry's views in the media and other public communication channels. The Events Manager is integral to planning and implementing the AFGC's vast array of member meetings, events, seminars and forums.

Highlights for 2016-2017:

- Continued to drive ongoing political engagement with regulation reform, which has seen ongoing consultation with the Department of Industry to address conflicting regulatory positions between FSANZ and the ACCC;
- AFGC continues to work with Government to ensure that regulators recognise appropriate international standards, which has been accepted as part of the Government's *Competitiveness Agenda*; and

- The implementation by major retailers of the *Competition and Consumer (Industry Codes—Food and Grocery) Regulation 2015*, that enacted the Food and Grocery Code of Conduct as a prescribed Code. The ACCC has closely monitored the phase-in and provided clarification to retailers on their obligations under the Code.

Maintaining advocacy efforts on critical legislative and regulatory issues that affect the competitiveness of the sector. This includes:

- Establishing and implementing AFGC's *Sustaining Australia* program which is a new strategy that the AFGC is undertaking to better represent and advocate on behalf of its members interests. It achieves this through recording the sector's economic, community and environmental contribution;
- Establishing a number of Parliamentary regional dialogues to discuss key policy issues for political decision makers;
- Hosting member delegations to Parliament;
- Country of Origin Labelling (CoOL) - changes enabling easier implementation and less complexity and cost in change-over. The two year implementation period for the CoOL began on July 1 2015. AFGC has worked constructively with the Department of Industry to ensure clarity and ease of use for companies implementing the label, including the development of a "CoOL tool" as a guide for label design;
- Healthy Food Partnership – AFGC is one of 12 industry and health groups working with the Government to improve the dietary habits of Australians by making healthier food choices easier and more accessible and by raising awareness of better food choices and portion sizes. The Chair of the Partnership is the Assistant Minister for Rural Health, Dr David Gillespie;
- Continuing support for reform of mandatory reporting regulations. While the Government has acknowledged the AFGC's argument that reform is required in this area, we continue to support this policy through the Senate;
- Health Star Rating - AFGC has participated on the Commonwealth Government's Health Star Rating Advisory Committee and the HSR Social Marketing Group providing industry's perspective on the Government's consumer education campaign promoting the new labelling, and plans for the scheme's monitoring and evaluation;
- Product Stewardship - the Corporate Affairs division supports the Sustainability Division in addressing Product Stewardship policy at the State and Federal levels;
- Advocacy –AFGC coordinated with other industry associations along the supply chain to coordinate a unified policy position on key issues. The position highlighted the impact on jobs in the sector as well as the lack of a rationale for regulation;
- Provided the membership with daily briefings of the 2016 federal election campaign and the issues that impacted on the sector;
- Supported members in relation to the issue of establishing a flushable wipes standard by communicating industry's work and effort to work with government to educate consumer on product that can be sustainably flushed;
- Responsible for the publication of the *State of the Industry* Report which provides a definitive data set of the industry and its contribution to the Australian economy;
- Launched in conjunction with EY a Policy Paper series which provides snapshots of the key areas of reform which will enhance the competitiveness of the Food and Grocery Sector; and
- In partnership with CHEP, continued to publish the AFGC CHEP index which provides a leading indicator of consumer sentiment through the transactions of pallets.

Corporate Affairs has the key responsibility to enhance the reputation of industry which has been identified as a key priority for the Board of Directors. This involves:

- Developing the *Sustaining Australia Strategy* which provides a key platform to develop industry's corporate social responsibility and contribution to the Australian economy;
- Establishing a new reporting framework for AFGC companies to demonstrate their commitment and initiatives to Australia's social, environmental and economic sustainability;
- Driving an online media strategy which will enhance the AFGC's presence on social media;

- Daily media engagement involving reactive and proactive media approaches; and
- Providing management on a number of key issues including advertising to children initiatives, supply chain competition policy, trade and export, and manufacturing policy.

Events management responsibility has seen the following:

- Management and delivery of the 2017 Food&Grocery Australia conference which attracted 375 delegates, a record attendance for any major AFGC event;
- Management and delivery of the 2016 Industry Leaders Forum;
- Implementation and delivery of the Code of Conduct Training Sessions in conjunction with NextGen Group. To date over 2,200 people have participated in the training in both in-house and open sessions;
- Additional events delivered include:
 - 2016 Future Leaders Forum
 - 2017 Supply Chain Seminar
 - 2016 Private Label and Brands Seminar
 - Introduction to PIF v6.0 workshops
 - Supply Chain and Sales Briefings held biannually in Sydney and Melbourne
 - Energy Forums held in Sydney and Melbourne.

BUSINESS DEVELOPMENT

Secretariat: David Hall (Director)

The past twelve months saw continued growth in membership and solid sponsorship support.

Highlights for 2016-17:

- Eighteen companies and organisations joined the AFGC in the twelve months to June 2017. These new members came from a variety of product and service categories and included both large and SME companies. The growth in membership continues to build the breadth and depth of AFGC industry representation.
- Sponsorship revenue was in line with the previous year following increases averaging over 10% in each of the preceding three years. This reflects the strategy of focussing on working with a limited number of longer term partners. The AFGC works collaboratively with sponsor partners to deliver mutual benefit and remains a significant part of AFGC revenue.

DIRECTORS REPORT

Your Directors present this report on the financial report of the Australian Food and Grocery Council (the Council) for the year ended 30 June 2017.

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*
Ms Amanda Banfield	
Mr Trevor Clayton	
Mr Doug Cunningham	Appointed 8 November 2016
Ms Julie Coates	
Mrs Jodie Goldsworthy	
Mr Alexander (Sandy) Mellis	
Mr Terrence O'Brien	Resigned 12 August 2017
Mr Barry O'Connell	Resigned 23 March 2017
Mr Anthony Paech	
Mr Robbert Rietbroek	
Mr Samuel Robson	
Mr Clive Stiff	
Mr Terrence Svenson	Resigned 8 November 2016
Ms Belinda Tumbers	
Mr Peter West	

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

DIRECTORS REPORT

INFORMATION ON DIRECTORS

<p>Ms Amanda Banfield Area VP Australia, New Zealand, Japan Mondelez International Director since: 21 June 2016</p>	<p>Mr Anthony Paech Managing Director Beerenberg Pty Ltd Director since: 5 July 2013</p>
<p>Mr Trevor Clayton Chief Executive Officer Nestlé Australia Ltd Director since: 5 November 2013</p>	<p>Mr Robbert Rietbroek Chief Executive Officer PepsiCo Australia & New Zealand Director since: 14 November 2013</p>
<p>Ms Julie Coates Managing Director Australia Goodman Fielder Pty Ltd Director since: 21 June 2016</p>	<p>Mr Samuel Robson Chief Executive Officer OneHarvest Group of Companies Director since: 21 October 2015</p>
<p>Mr Doug Cunningham Managing Director, Johnson & Johnson Pacific Director since: 8 November 2016</p>	<p>Mr Clive Stiff Chairman and Chief Executive Officer Unilever Australia and New Zealand Director since: 11 October 2012</p>
<p>Mrs Jodie Goldsworthy Director Beechworth Honey Group Director since: 31 August 2015</p>	<p>Ms Belinda Tumbers Managing Director Kellogg Australia and New Zealand Director since: 21 October 2015</p>
<p>Mr Alexander (Sandy) Mellis General Manager Australia/NZ Reckitt Benckiser Director since: 19 June 2016</p>	<p>Mr Peter West Managing Director – Lion Dairy & Drinks Lion Director since: 25 June 2015</p>
<p>Mr Terrence O'Brien Managing Director Simplot Australia Pty Limited Director since: 27 November 2010 (resigned 12 August 2017)</p>	

DIRECTORS REPORT

MEETINGS OF DIRECTORS

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

10 August 2016
8 November 2016
8 March 2017
23 May 2017

Attendances by each Director were as follows:

		Number of meetings held during appointment	Total meetings attended during appointment
Mr Terrence O'Brien (Chair)		4	3
Ms Amanda Banfield		4	4
Mr Trevor Clayton		4	4
Mr Doug Cunningham	Appointed 8 November 2016	3	3
Ms Julie Coates		4	3
Mrs Jodie Goldsworthy		4	3
Mr Alexander (Sandy) Mellis		4	1
Mr Barry O'Connell	Resigned 23 March 2017	3	1
Mr Anthony Paech		4	4
Mr Robbert Rietbroek		4	4
Mr Samuel Robson		4	3
Mr Clive Stiff		4	2
Mr Terrence Svenson	Resigned 8 November 2016	2	1
Ms Belinda Tumbers		4	1
Mr Peter West		4	2

Results

The net result of the operations of the Council was a surplus of \$433,749 (2016: surplus \$305,421). Subscription revenue was \$3,823,745 (2016: \$3,736,681).

DIRECTORS REPORT

Principal Activities

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

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

Objectives

The Council's short term objectives are to:

- Shape government food and grocery policy development to reflect priorities of the manufacturing sector.
- Deliver a collective industry commitment to action supporting preventative health objectives.
- Guide industry efforts towards achieving the Sustainable Development Goals.
- Promote high levels of adoption and compliance with AFGC industry codes.
- Foster trading environments where members can compete, innovate and sustain growth.
- Encourage member engagement with AFGC through relevant, responsive member services.

The Council's long term objectives are to:

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

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

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

Review of Operations

The operations of the Council and the results of those operations for the year ended 30 June 2017 were satisfactory.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Council during the year ended 30 June 2017.

Likely Developments

There are no likely developments that may affect the operation of the Council in subsequent financial years.

Environmental Regulation

The Council has assessed that there are no particular or significant environmental regulations that apply to it.

Matters Subsequent to the End of the Financial Year

No matter or circumstance has arisen since 30 June 2017 that has or may have a significant effect on the operations of the Council, the results of its operations or the state of affairs of the Council in financial years subsequent to 30 June 2017.

Dividends

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

Directors' Benefits

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

Insurance of Officers

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

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

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

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 6 of the financial report.

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



Sam Robson
Director and Treasurer



Tanya Barden
Chief Executive Officer

Canberra
14 September 2017

INDEPENDENT AUDITOR'S REPORT

**RSM Australia Partners**

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

T +61 (0) 2 6217 0300

F +61 (0) 2 6217 0401

www.rsm.com.au

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 2017, 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: 12 September
2017

INDEPENDENT AUDITOR'S REPORT



RSM Australia Partners

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

T +61(0) 2 6217 0300

F +61(0) 2 6217 0401

www.rsm.com.au

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 balance sheet as at 30 June 2017, the statement of profit and loss, 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 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in Australian Food and Grocery Council's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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



RSM Australia Partners

Canberra, Australian Capital Territory
Dated: 12 September 2017



GED STENHOUSE
Partner

DIRECTORS DECLARATION

The Directors of the Council declare that:

1. The financial statements and notes, as set out on pages 10 to 26, are in accordance with the *Corporations Act 2001*:
 - a. Comply with Australian Accounting Standards; and
 - b. Give a true and fair view of the financial report as at 30 June 2017 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.



Sam Robson
Director and Treasurer



Tanya Barden
Chief Executive Officer

Canberra
14 September 2017

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue	2	5,949,222	6,247,069
Employee benefits		(2,792,993)	(2,790,787)
Depreciation expense		(77,606)	(91,897)
Rental expense		(155,533)	(153,878)
Program expenses		(1,150,324)	(1,604,176)
Administration costs		(1,339,017)	(1,300,910)
SURPLUS/(DEFICIT) ATTRIBUTABLE TO MEMBERS	3	433,749	305,421
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS		433,749	305,421

BALANCE SHEET

AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash assets	4	2,584,184	1,841,206
Investments	5	3,038,257	3,000,000
Receivables	6	173,491	371,985
Other assets	7	148,071	86,994
TOTAL CURRENT ASSETS		5,944,003	5,300,185
NON-CURRENT ASSETS			
Plant and equipment	8	59,653	127,569
TOTAL NON-CURRENT ASSETS		59,653	127,569
TOTAL ASSETS		6,003,656	5,427,754
CURRENT LIABILITIES			
Accounts payable	9	432,437	437,625
Other creditors	10	747,596	559,348
Short term provisions	11	422,390	466,831
TOTAL CURRENT LIABILITIES		1,602,423	1,463,804
NON-CURRENT LIABILITIES			
Other creditors	10	22,379	44,758
Long term provisions	11	106,057	80,144
TOTAL NON-CURRENT LIABILITIES		128,436	124,902
TOTAL LIABILITIES		1,730,859	1,588,706
NET ASSETS		4,272,797	3,839,048
Retained earnings		4,206,829	3,773,080
Asset revaluation reserve		65,968	65,968
TOTAL EQUITY		4,272,797	3,839,048

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance as at 1 July 2015	3,467,659	65,968	3,533,627
Surplus for the year	305,421	-	305,421
Balance as at 30 June 2016	3,773,080	65,968	3,839,048
Balance as at 1 July 2016	3,773,080	65,968	3,839,048
Surplus for the year	433,749	-	433,749
Balance as at 30 June 2017	4,206,829	65,968	4,272,797

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and customers		6,660,240	6,810,239
Payments to suppliers and employees		(5,944,222)	(6,570,054)
Interest received		36,650	107,176
Net cash provided by/(used in) operating activities	13	752,668	347,361
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,690)	(21,739)
Net cash (used in)/provided by investing activities		(9,690)	(21,739)
Net increase in cash held		742,978	325,621
Cash at the beginning of the financial year		1,841,206	1,515,585
Cash at the end of the financial year	4	2,584,184	1,841,206

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 2017

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Australian Food and Grocery Council as an individual entity, incorporated and domiciled in Australia. Australian Food and Grocery Council is a company limited by guarantee.

Basis of preparation

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

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

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

a) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement after no more than 30 days from the date of recognition. Outstanding trade debts are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

b) Plant and Equipment

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 and Leasehold Improvements

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

c) Depreciation

The depreciable amount of all fixed assets are depreciated on both a straight line or diminishing value basis over the useful lives of the assets to the institute 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	Depreciation Rate
Plant and equipment	10 – 25 %
Leasehold Improvements	20%
Software	20 – 25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

c) Depreciation (continued)

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.

d) Leases

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e) Trade and other payables

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

f) Employee benefits

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**g) 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.

h) Leased non-current assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Operating lease payments are charged to the income statement in the period in which they are incurred as this represents the pattern of benefits derived from the leased asset.

i) Cash and Cash Equivalent

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.

j) Income tax

No provision for income tax has been raised as the Council is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

k) Revenue recognition

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

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

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

l) Comparatives

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

m) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST where GST is claimable from the Australian Taxation Office. Accounts receivable and creditors in the balance sheet are shown inclusive of GST. GST is disclosed in the cash flow statement as operating cash flows.

n) Critical Accounting Estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the organisation. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**o) Financial Instruments***Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are recognised in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at ‘fair value through profit or loss’ when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (ie gains or losses) being recognised in profit or loss.

o) Financial Instruments (continued)*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Council’s intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(v) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Council 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 the Income Statement.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Council no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

p) New standards and interpretations issued but not yet effective**New, revised or amending Accounting Standards and Interpretations adopted**

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2017. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**p) New standards and interpretations issued but not yet effective (continued)****New Accounting Standards and Interpretations not yet mandatory or early adopted**

and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**p) New standards and interpretations issued but not yet effective (continued)****New Accounting Standards and Interpretations not yet mandatory or early adopted**

the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

AASB 1058 Income of Not-for-Profit Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 1004 Contributions and clarifies the treatment of the receipt of income by not-for-profit entities.

Income received where there is an associated performance obligation should be recognised in line with the principles of AASB 15, whereas donations with no future obligation may be recognised immediately. In cases where assets or services that were received below market value, such assets or services should be recognised at fair value. When an entity receives volunteer services and can reliably measure the fair value of those services, the entity may elect to recognise the services as an asset (provided the relevant asset recognition criteria are met) or an expense. Local governments, government departments, general government sectors (GGs) and whole of governments are required to recognise volunteer services if they would have been purchased if not provided voluntarily and the fair value of those services can be measured reliably. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

NOTE 2. REVENUE

	2017	2016
	\$	\$
Subscription revenue	3,823,745	3,736,681
Special project and forum revenue	1,045,965	1,313,189
Project and other income	302,273	282,951
Highlands conference revenue	545,568	481,900
Healthy Australia Commitment revenue	25,692	85,492
Other member function revenue	77,332	118,016
Packaging Stewardship Forum	-	64,769
Interest received	74,907	107,176
Other income	53,740	56,895
Total Revenue	5,949,222	6,247,069

NOTE 3. OPERATING SURPLUS

The operating surplus includes the following specific expenses:

		2017	2016
		\$	\$
Australian	Depreciation expenses	77,606	91,898
Food &	Rental expenses	155,533	153,878
Grocery	Administration, Program & Employee expenses	5,282,334	5,695,872
Council:	Total Australian Food & Grocery Council	<u>5,515,473</u>	<u>5,941,648</u>

NOTE 4. CASH AND CASH EQUIVALENTS

Cash at bank	2,583,873	1,840,895
Cash on hand	311	311
	<u>2,584,184</u>	<u>1,841,206</u>

NOTE 5. INVESTMENTS

Term deposit	<u>3,038,257</u>	<u>3,000,000</u>
	<u>3,038,257</u>	<u>3,000,000</u>

NOTE 6. TRADE AND OTHER RECEIVABLES

Accounts receivable	136,968	335,462
Other debtors	<u>36,523</u>	<u>36,523</u>
	<u>173,491</u>	<u>371,985</u>

NOTE 7. OTHER ASSETS

Prepayments	143,799	62,599
GST Receivable	<u>4,272</u>	<u>24,394</u>
	<u>148,071</u>	<u>86,993</u>

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	\$	\$
Furniture, fittings and equipment –at cost	397,802	397,802
Less: accumulated depreciation	(378,628)	(368,972)
	19,174	28,830
Leasehold improvements –at cost	41,763	41,763
Less: accumulated depreciation	(40,663)	(37,846)
	1,100	3,917
Software – at cost	350,678	340,988
Less: accumulated depreciation	(311,299)	(246,166)
	39,379	94,822
Total plant and equipment	790,243	780,553
Less: accumulated depreciation & amortisation	(730,590)	(652,984)
	59,653	127,569

Reconciliations

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

	Furniture, fittings and equipment	Leasehold improvements	Software	Total
	\$	\$	\$	\$
Balance as at 30 June 2016	28,830	3,917	94,822	127,569
Additions	-	-	9,690	9,690
Disposals	-	-	-	-
Depreciation	(9,656)	(2,817)	(65,133)	(77,606)
Balance as at 30 June 2017	19,174	1,100	39,379	59,653

NOTE 9. ACCOUNTS PAYABLE

Trade creditors	159,674	175,577
Accrued expenses	272,763	262,048
	432,437	437,625

NOTE 10. OTHER CREDITORS

	2017	2016
	\$	\$
<i>Current</i>		
Membership subscriptions received in advance	-	225,500
Project and other income in advance	716,082	300,120
Lease incentive	22,378	22,378
Other liabilities	9,136	11,349
	747,596	559,347
<i>Non-current</i>		
Lease incentive	22,379	44,758

NOTE 11. PROVISIONS

<i>Current</i>		
Long service leave	158,379	129,492
Annual leave	264,011	337,339
	422,390	466,831
<i>Non-current</i>		
Long service leave	106,057	80,144

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 have been included in Note 1.

NOTE 12. COMMITMENTS FOR EXPENDITURE**Lease commitments**

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities payable:

Within one year	155,420	155,420
Later than one year but not later than 5 years	155,420	310,840
	310,840	466,260

The property lease is a non-cancellable lease with five year term with annual CPI increments and an option to renew for five years subsequent to this. Rent is payable monthly in advance.

NOTE 13. CASH FLOW INFORMATION

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

	2017	2016
	\$	\$
Operating surplus/(deficit)	433,749	305,421
Depreciation and amortisation	77,606	91,897
Non-cash investing activities:		
Change in operating assets and liabilities		
Increase/(decrease) in receivables	198,494	56,356
Increase in other assets	(61,077)	39,454
(Increase)/decrease in investments	(38,257)	-
(Decrease)/Increase in accounts payable	(5,188)	(174,081)
(Decrease) in other creditors	165,869	(40,608)
Increase in provision for employee benefits	(18,528)	68,920
Net cash inflow/(outflow) from operating activities	752,668	347,359

NOTE 14. 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 207 full, associate and affiliate members.

NOTE 15. RELATED PARTIES

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

Mr Terrence O'Brien (Chair)	Mr Anthony Paech
Ms Amanda Banfield	Mr Robbert Rietbroek
Mr Trevor Clayton	Mr Samuel Robson
Mr Doug Cunningham	Mr Clive Stiff
Ms Julie Coates	Mr Terrence Svenson
Mrs Jodie Goldsworthy	Ms Belinda Tumbers
Mr Sandy Mellis	Mr Peter West
Mr Barry O'Connell	

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

NOTE 16. 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:

Short-term benefits	704,935	757,206
Long-term benefits	51,525	61,259
Post-employment benefits	52,733	60,963
Total benefits	809,193	879,428

NOTE 17. FINANCIAL INSTRUMENTS

Financial Risk Management**a. Policies**

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

The Council does not have any derivative instruments at 30 June 2017.

i. Treasury Risk Management

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

ii. Financial Risk Exposures and Management

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

iii. Interest rate risk

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

iv. Foreign currency risk

The entity Council is not exposed to fluctuations in foreign currencies.

v. Liquidity risk

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

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

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

b. Financial Instruments Composition and Maturity Analysis

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

NOTE 17. FINANCIAL INSTRUMENTS (CONTINUED)

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing		Non-interest Bearing		Total	
	2017 %	2016 %	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assets										
Cash at bank	0.1	0.1	2,584	1,841	-	-	-	-	2,584	1,841
Receivables	-	-	-	-	-	-	173	372	173	372
Investments	2.0	2.5	-	-	3,038	3,000	-	-	3,038	3,000
Total			2,584	1,841	3,038	3,000	173	372	5,796	5,213
Financial liabilities										
Trade and sundry payables			-	-	-	-	432	438	432	438
Total			-	-	-	-	432	438	432	438

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

	2017 \$	2016 \$
Account payables		
Less than 12 months	432,437	437,625
	432,437	437,625

Net Fair Values

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

Sensitivity analysis:*Interest rate risk*

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

c. Net Fair Values

As at 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2017 \$	2016 \$
Change in profit		
Increase in interest rate by 1%	4,337	3,054
Decrease in interest rate by 1%	(4,337)	(3,054)
Change in equity		
Increase in interest rate by 1%	4,337	3,054
Decrease in interest rate by 1%	(4,337)	(3,054)

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

NOTE 18. REMUNERATION OF AUDITOR

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

	2017	2016
	\$	\$
Amounts received, or due and receivable by the auditor of the Council for:		
Audit services – financial statement audit & preparation	19,500	19,000
	19,500	19,000

NOTE 19. EVENTS SUBSEQUENT TO REPORTING DATE

There were no events subsequent to 30 June 2017 and prior to the adoption of these accounts which in the opinion of the Board Members need to be included in these accounts either by amending accounts at 30 June 2017 or referred to in the notes to the accounts.

NOTE 20. COUNCIL DETAILS

The principal place of business of the Council is:

Australian Food and Grocery Council
Level 2, 2-4 Brisbane Avenue
BARTON ACT 2600

AFGC MEMBERS

Current at 30 June 2017

FULL MEMBERS

- A2 Milk Co
- ABC Sales and Marketing
- ADM Australia
- Asaleo care
- Aspen Nutritionals Australia Pty Ltd
- Australian Blending Company Pty Ltd
- Barilla Australia Pty Ltd
- Bayer Australia
- Beak and Johnston Pty Ltd
- Beechworth Honey Pty Ltd
- Beerenberg Pty Ltd
- Bega Cheese
- Bickfords Australia Pty Ltd
- Birch and Waite Foods Pty Ltd
- Blackmores
- Bronte Industries Pty Ltd
- Buderim Ginger Limited
- Bulla Dairy Foods
- Bundaberg Brewed Drinks Pty Ltd
- Bundaberg Sugar Ltd
- Byford Flour Mills/Millers Foods
- Campbell Arnott's
- Canon Foods
- Cantarella Bros Pty Ltd
- Cantire Foods Pty Ltd
- Capilano Honey Limited
- Carman's Fine Foods
- Cerebos (Aust) Ltd
- Cheetham Salt Limited
- Chobani Pty Ltd
- Chr Hansen
- Church & Dwight (Australia) Pty Ltd
- Clorox Australia Pty Ltd
- Coca-Cola Amatil Ltd
- Coca-Cola South Pacific Pty Ltd
- Colgate-Palmolive Pty Ltd
- Conga Foods Pty Ltd
- Coopers Brewery Ltd
- Danisco Australia Pty Ltd
- Danone Murray Goulburn Pty Ltd
- deOleo Australia Pty Ltd
- Devro Pty Ltd
- Dilmah Australia
- Erskine Products
- F. Mayer Imports
- Ferrero Australia Pty Ltd
- Fibrisol Service Australia Pty Ltd
- Flujo Sanguineo Holdings Pty Ltd
- Fonterra Australia Pty Ltd
- Freedom Foods Group
- Frucor Beverages (Australia) Pty Ltd
- General Mills Australia Pty Ltd
- George Weston Foods Ltd
- GlaxoSmithKline Consumer Healthcare
- Go Natural
- Goodman Fielder Limited
- GrainCorp Limited
- Hakubaku Australia Pty Ltd
- Harvest FreshCuts Pty Ltd
- HealthFarm Fine Foods Pty Ltd
- Henkel Au
- Hoyt Food Manufacturing Industries Pty Ltd
- Hubbard Foods Limited
- Hungry Jack's Australia
- J.D.E Coffee & Tea Retail Australia
- Jalna Dairy Foods Pty Ltd
- Johnson & Johnson Pacific Pty Ltd
- Kellogg (Aust) Pty Ltd
- Kerry Ingredients Australia Pty Ltd
- Kimberly-Clark Australia Pty Ltd
- Laucke Flour Mills Pty Ltd
- Level Beverages Pty Ltd
- Life Health Foods AU
- Lindt & Sprungli Australia
- Lion Pty Ltd
- Madura Tea Estates
- Manildra Harwood Sugars
- Mars Chocolate
- McCain Foods (Aust) Pty Ltd
- McCormick Foods Australia Pty Ltd
- McDonald's Australia Ltd
- Mentholatum Australasia Pty Ltd
- Merisant Australia Pty Ltd
- Mondelez International
- Mrs Mac's Pty Ltd
- Murray Goulburn Co-operative Co Ltd
- Myosyn Industries Pty Ltd
- Nerada Tea Pty Ltd
- Nestle Australia Ltd
- Nutricia Australia Pty Ltd
- Ocean Spray International, Inc
- Only Organic 2003 Pty Limited

FULL MEMBERS (CONTINUED)

- PZ Cussons
- Parmalat Australia Ltd
- Patties Foods Ltd
- Peerless Foods
- Peters Ice Cream
- Pfizer Consumer Healthcare
- Primo Meats Pty Ltd
- Procter & Gamble Australia Pty Ltd
- QSR Holdings
- Queen Fine Foods Pty Ltd
- Reckitt Benckiser (Australia) Pty Ltd
- Red Bull Australia Pty Limited
- Ridley Corporation
- Rivalea (Australia) Pty Ltd
- Sabrands Group
- Sandhurst Fine Foods Australia
- San Diego Tortilla Factory Pty Ltd
- Sanitarium Health and Wellbeing Company
- SC Johnson & Son Pty Ltd
- Sensient Technologies (Australia) Pty Ltd
- SI&D Group Holdings P/L
- Simplot Australia Pty Ltd
- Solaris Paper Pty Ltd
- Spicemasters Australia Pty Ltd
- Stahmann Farms
- Steric Pty Ltd
- Stuart Alexander & Co Pty Ltd
- Subway Franchisee Advertising Fund Australia/NZ
- Sugar Australia Pty Ltd
- SunRice
- Swisse Vitamins Pty Ltd
- Tasmanian Flour Mills Pty Ltd
- TATA Global Beverages Australia Pty Ltd
- Tey's Australia
- The Infant Food Co Pty Ltd
- The Smith's Snackfood Company
- The Vege Chip Company
- The Wrigley Company Pty Limited
- Tixana Pty Limited
- Unilever Australasia
- Vitality Brands Worldwide
- Ward McKenzie Pty Ltd
- Warrnambool Cheese and Butter Factory Holdings Co. Ltd
- Wattle Health Australia Limited
- Yakult Australia Pty Ltd
- Yum! Restaurants Australia Pty Ltd

ASSOCIATE MEMBERS

- A.T. Kearney Pty Ltd
- Addisons
- Advancy Pty Ltd
- Aurizon
- Australian Pork Limited
- Baker & McKenzie
- CHEP Asia – Pacific
- Coriolis Consulting
- Chainalytics
- CROSSMARK Asia Pacific
- CSIRO Food and Nutritional Sciences
- Dairy Australia
- Dairy Technical Services
- Deloitte Touche Tohmatsu
- Ernst & Young
- Elanco Animal Health
- Foodbank Australia Ltd
- GS1 Australia Ltd
- Information Resources (Australia) Pty Ltd
- Kincannon & Reed
- King & Wood Mallesons
- KPMG
- Labour Solutions Australia
- Linfox Australia Pty Ltd
- Loscam
- Meat and Livestock Australia
- Monsanto Australia Ltd
- Netget T/a Irexchange
- NextGen Group Pty Ltd
- Opmatrix Australia
- Orora Limited
- PODPAC Pty Ltd
- Rentokil Initial Pty Ltd
- Saleslink Australasia Pty Ltd
- Scott's Refrigerated Freightways
- StayinFront Group Australia
- Strikeforce Alliance Pty Ltd
- Swisslog Australia Pty Ltd
- Tetra Pak Marketing Pty Ltd
- The gap Partnership Australia Pty Ltd
- The Nielsen Company
- Touchstone Consulting Australia Pty Ltd
- Victual Pty Ltd
- Visy Pak
- Wiley & Co Pty Ltd

AFFILIATE MEMBERS

- ALC
- Association of Sales and Marketing Companies Australasia
- Australian Self-Medication Industry
- Australian Coffee Traders Association
- Bedford Group
- CropLife Australia Limited
- Food & Beverage Importers Association
- Food Industry Association Qld Inc
- Food Q Inc
- Foodservice Suppliers Association of Australia
- Grains & Legumes Nutrition Council
- Private Label Manufacturers Association Australia/New Zealand



Australian Food and Grocery Council
Level 2, 2-4 Brisbane Avenue
Barton, ACT, 2606

T: +61 2 6273 1466
W: www.afgc.org.au
E: afgc@afgc.org.au