



2016  
Annual  
Report



AUSTRALIAN  
**FOOD &  
GROCERY**  
COUNCIL

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## CHAIRMAN'S MESSAGE

The sheer range of challenges disrupting the food and grocery sector in 2015-16 has again underlined the critical importance of the Australian Food and Grocery Council.

It is certainly an exciting time to chair the AFGC as we grapple with regulatory and commercial threats and seek to highlight the opportunities for growth in our \$119 billion dollar sector.

Many of these challenges can only be effectively met through a strong industry body willing to engage proactively with government and commercial partners and put the case for the food and grocery processing sector.

In the past year we have seen the Food and Grocery Code of Conduct put into practical effect with the three largest supermarket chains, Woolworths, Coles and Aldi, all signing up to the Code.

Through the AFGC we have maintained a high level of activity in relation to the Code including Code training of more than 1600 supplier representatives, detailed engagement with the retail partners, the government and the regulator (the ACCC) and a review of the first year's performance through the AFGC Code survey.

While the financial pressure flowing from retail price deflation and intense supermarket competition has not eased, the Code has put in place clearer rules of engagement and there are signs that it has modified behaviours.

It's still early days and the AFGC will continue to make Code implementation a high priority given the historic importance of its enactment by the Parliament last year.

This is a great example of the lasting benefit of the AFGC to the whole industry, and embodies the strategic focus on both competitiveness and reputation that shapes the AFGC's priorities. The 2015-16 report demonstrates the comprehensive work agenda undertaken by the AFGC secretariat to meet these strategic objectives set by the Board.

Regulatory change was again a big issue in 2015-16 and in particular new Country of Origin Labelling rules and increased scrutiny of foreign investment.

Negotiations with the government on origin labelling highlighted the importance of individual companies working in unison with the AFGC secretariat to detail the cost impact and practical difficulties of what was originally an unworkable proposal.

This joint action, including delegations of CEOs to Canberra and product case studies, was effective in bringing about significant changes resulting in a manageable outcome and an extended 2 year transition period.

2016 has also been an election year and has highlighted the difficulty of economic reform in an era of volatile politics and disruptive economic and technological forces.

This disruption is having broader implications across the entire fast moving consumer goods sector. The profitability of traditional retailers is being challenged by discounters, while growers and producers are seeking to enhance the premium value of their offer to discerning international and domestic consumers.

The core objectives of enhancing the competitiveness and reputation of the food and grocery sector are at the heart of the AFGC's entire work program.

Through the Sustaining Australia project the AFGC is building grass roots support for a strong and competitive food sector and promoting its importance to the health and wealth of all Australians. It is the food and grocery sector which takes produce from farmers and transforms it into the food and essentials of life needed by every Australian every day.

To ensure we maintain this vital strategic national asset, we need a policy environment that is conducive to continued investment and growth in the sector. The AFGC is undertaking important work to reduce regulatory costs, input costs and auditing costs, including leading a Commonwealth funded project to harmonise and streamline the multiplicity of overlapping food safety audits.

In 2015-16, AFGC's membership continued to build with 135 Full Members, 59 Associate members and 13 Affiliate members. The total 207 members reflects the broad spectrum of the sector including the Australian operations of the world's biggest FMCG companies right through to small, family owned Australian businesses plus many mid-tier companies in between. As detailed in the financial report we've seen the AFGC Budget get back into the black this year, a testament to both the ongoing support of members and sound financial management at the Secretariat.

I would like to thank Phil Lynch, (Johnson & Johnson Pacific), Darren O'Brien (Mondelez Australia), Maria Luisa Ortega (S C Johnson), Michael Ryan (Mars Chocolate) and Reg Weine (SPC) for their outstanding contribution as AFGC Board members. Each retired from the Board during 2015-16.

The Board also looks forward to the contributions of new Board members Amanda Banfield (Mondelez Australia), Julie Coates (Goodman Fielder), Sandy Mellis (Reckitt Benckiser), Barry O'Connell (Coca-Cola Amatil), Sam Robson (OneHarvest Group of Companies) and Belinda Tumbers (Kellogg Australia).

It is my experience in my time as Chair that effective outcomes are best achieved through collaborative work between the AFGC and its members to drive policies that establish a stable business environment, regulatory certainty and reduce the costs of doing business. My sincere thanks for contributing to this success.



**Terry O'Brien**  
AFGC Chairman

## CEO'S MESSAGE



The value of an effective partnership between the AFGC and its membership has been demonstrated on multiple occasions during a year which has been characterised by the sheer size and complexity of challenges which have confronted the Australian food and grocery sector.

The days of solely relying on the advocacy of an industry association or single company to secure policy reform have long gone. A tight political contest, fractious Parliament, increased minor party representation coupled with fiscal insecurity have given rise to populist responses to complex problems. An increasing demand for "government to fix it", without first defining "the problem" or how best to improve outcomes risks disjointed policy making, disproportionate regulatory responses and perverse outcomes.

In the past year the AFGC's "joined up" approach with its members, has achieved significant results. Foremost the major supermarket chains Woolworths, Coles and Aldi have all voluntarily signed up to the Code of Conduct and the past year has been a transition year in which they have been required to make their trading terms Code compliant. We are at the point now where the Code now has effect of Competition Law that will drive behavioural change to encourage fair and effective competition across the supply chain. The AFGC with partners have trained over 1,600 people to understand the operation of the Code which will only serve to enhance its effectiveness.

Through effective collaboration and representation, industry has achieved outcomes which minimise cost and account for the practical difficulties associated with regulatory change to Country of Origin Labelling, Health Star Rating Labelling and foreign investment.

Combined action with other manufacturing associations has also placed firmly on the COAG Energy Council's agenda that secure and affordable gas supply is critical to industry. These efforts have resulted in a significant policy set to address issues of tight supply, high costs and a lack of transparency and competitiveness in the domestic gas market.

Despite advocacy successes of 2015-16, the pressure on governments to increase regulation is going to intensify. Our sector provides the essentials of life to every Australian daily. This proximity to the consumer drives strong opinions which can translate into pressure on political leaders, even though they do not necessarily translate to consumer purchasing behaviour. This coupled with a broad range of well-funded and organised special interest groups with single focus on every aspect of industry performance ensures that we remain challenged at every stage of our operations.

With this in mind, the AFGC remains committed to engaging in political and policy debates to enhance industry's competitiveness and reputation. Continued success will rely heavily on demonstrating at the grass roots and national levels that the food and grocery sector is a modern growth sector of the future, creating jobs and income for Australia when they are needed the most.

The AFGC continues to deliver on a range of projects which fall under the two pillars of the 2015-18 strategic plan in building competitiveness and enhancing the reputation of the food and grocery sector. These initiatives include:

- Ongoing work to streamline food safety auditing requirements and costs across retailers, suppliers and governments to remove duplication and drive efficiency.
- Effective engagement with political decision makers in the lead up to and duration of the 2016 federal election, ensuring that candidates were well aware of industry's policy agenda.
- Hosting the first Food and Grocery Australia Conference, the premier event for suppliers, manufacturers and retailers, the annual Industry Leaders Forum, and State-based seminars and workshops across all states of Australia on subjects such as Code Training, Food Regulation 101, and Responsible Sourcing - Traceability, as well as a number of topically driven working groups and industry briefing groups.
- The inaugural Future Leaders Forum, launched by the AFGC's Trading Partner Forum, which brought together up and coming leaders from both suppliers and retail trading partners.
- Increasing the profile of food and grocery in trade negotiations and producing a report on Non-Tariff Barriers which has subsequently been used by government to examine ways to facilitate Australian export opportunities.
- Chairing the National Packaging Covenant Industry Association which supports the Australian Packaging Covenant as the sole product stewardship scheme for consumer packaging.

The 2015-16 Annual Report shows the breadth of work undertaken by the AFGC policy units and reflects the range of issues, policies and market challenges that the AFGC secretariat is addressing on behalf of membership.

I am particularly pleased to advise that, as shown in the Financial Report for 2015-16, the AFGC has improved its strong fiscal position whilst continuing to meet ongoing demands of providing member services and enhancing our advocacy platform. The 2015-16 Financial Results shows the AFGC has delivered a modest budget surplus consistent with its fiscal objectives.



**Gary Dawson**  
AFGC CEO

## 2015-2016 HIGHLIGHTS

The 2015-16 highlights summarised 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

Dr Geoffrey Annison (Deputy CEO and Director), Leigh Reeve (Director, ABCMF), Suzanne Davies (Manager Industry Partnerships), Michele Walton (Nutrition Communications Advisor), Fiona Fleming (Regulatory Adviser)

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 made substantial progress in developing a more streamlined approach to food safety auditing across the food supply chain. Following extensive consultation with retailers, quick service restaurants, food service, manufacturers, and certification bodies the AFGC commenced a new Food Safety Auditing Project with funding support from Food Innovation Australia Ltd, major retailers and state enforcement agencies. The project focuses on the baked goods category. Further work in other categories will follow 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 also opposed proposals from public health and consumer advocates seeking immediate changes to the HSR scheme arguing that any amendments should await the formal review of the scheme which will report in June 2019, five years after commencement.
- 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. Since the launch of the initiatives in 2009, annual reporting has demonstrated continuous improvements in signatory compliance, with very high rates of compliance achieved in 2015 (greater than 99%). This track record was underscored by the AFGC in its successful advocacy against regulatory restrictions to advertising in the ACT's *Food Marketing in Local Canberra Settings* consultation.
- The Commonwealth Government invited the AFGC to participate in the *Healthy Food Partnership* which has the objective of improving the nutrition and health of Australians. Participating in the first three meetings of the HFP, the AFGC supported a number of proposed work plans which include consumer education, optimizing the nutritional profile of food products, assisting better food choices in out-of-home settings and exploring how to communicate better portion size selection by consumers as a way to more balanced diets.
- The AFGC provided substantial input in the VicHealth's *Citizens' Jury on Obesity*. A comprehensive written submission by the AFGC, and participation in the two-day meeting of the Citizens' Jury, detailed the substantial contribution the food manufacturing sector had made to assisting consumers to choose healthy diets through product reformulation, new labelling, moderation in advertising messages, and new product formats.
- 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 the Philippines. 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 bi-lateral negotiations for establishing best practice regulation, its governance and administrative processes across the region.
- The AFGC provided input into the Food Regulation Standing Committee's review of stakeholder consultation and engagement.



- The food industry's input into the development of the National Allergy Strategy; a joint initiative of the Australasian Society of Clinical Immunology and Allergy (ASCIA) and Allergy and Anaphylaxis Australia (A&AA), was provided by the AFGC through participation on a food industry working group.
- 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 second 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.
- A review of the AFGC's Code of Practice on Food Labelling and Promotion which includes the Daily Intake Guide, date marking and allergen labelling commenced with both the Daily Intake Guide and date marking provisions being re-released as industry 'best-practice' guides. The allergen labelling component is currently being reviewed and will be finalised later in 2016. The new approach recognises the advent of the HSR labelling and changes in strategic priorities of the AFGC.
- The AFGC's three year *Healthier Australia Commitment* project ran to completion with a final round of data collection and analysis. In addition, the associated *Together Counts* social media campaign was wound up following a successful run of engaging with consumers on the importance of energy balance in healthy eating.
- The AFGC has represented broad industry views 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

- The AFGC's Quick Service Restaurant (QSR) Forum continues to address technical and regulatory issues which are potentially challenging for the industry. The AFGC QSR is also represented on:
  - the on the NSW Government's Fast Choices Reference Group which is considering how the Menu Board labelling initiative can be made more effective in influencing positively consumer choice; and
  - the Commonwealth Government's Healthy Food Partnership.
- On behalf of the Forum the AFGC made representations to the Queensland Government 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)

Leigh Reeve, Michele Walton

The ABCMF encourages consumer confidence in the benefits and relevance of the breakfast cereal category through a proactive communications program and defending against misinformation. Health science and category data are collated or commissioned to provide an evidence base for communications.

Highlights this year include:

- ABCMF exceeded its 2015 KPI with a media reach of over 14 million.
- Two major PR campaigns were successfully delivered:
  - *Breakfast skippers twice as likely to get hangry at school* (October 2015) with support from partners Sprout Cooking School and the Dietitians Association of Australia. *My Brekkie Book* children's recipe booklet published as part of this.
  - *Bowled over at Breakfast* campaign (May 2016) to support the nutritional credibility of the category with data from two significant research projects: A secondary analysis of the ABS Australian Health Survey data related to breakfast cereal consumers; and the nutritional profile of the Australian breakfast cereal category undertaken independently by the Grains & Legumes Nutrition Council.
- Regular dissemination of new research and information via the ABCMF website ([www.cereal4brekkie.org.au](http://www.cereal4brekkie.org.au)) plus social media channels Facebook (Lovecereal4brekkie) and Twitter (@cereal4brekkie).
- Regular liaison with health organisations, media outlets and media commentators to update them or correct misinformation related to breakfast cereals.
- A corporate partnership with the Dietitians Association of Australia was commenced to support communication to dietitians.

- Industry statistics were collated for 2015 to gather data on the contribution of the category to employment and the economy, and annual consumer tracking research was completed.

## LEGAL AND REGULATORY AFFAIRS

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

The 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 major projects undertaken during 2015-16 include –

- Progressing the AFGC regulatory reform agenda, particularly in relation to front of pack measurement markings and the adoption of international risk assessments and approvals in areas such as novel foods and agvet chemical residues.
- Continuing work to move the AFGC's Product Information Form (PIF) to a more modern portal-based online system, in line with and to support industry responses to consumer-driven demands for product information, and including specific additional work on packaging and facility information.
- Engaging with AFGC members and Government officials on changes to Country of Origin Labelling requirements, including a member costs survey to inform the AFGC submission to the Government's Consultation Regulatory Impact Statement.
- Developing the AFGC submission to the Senate Inquiry into Food Certification schemes, including the conduct and analysis of a member survey on certification costs and benefits.
- Coordinating industry responses in relation to the question of wet wipes flush ability, including engagement with Water Services Association Australia and the establishment of, and participation in, Standards Australia mirror committees to align Australian approaches with those being developed internationally.
- Continuing work in relation to food recall education and awareness.
- Ongoing liaison with food manufacturers, importers, government agencies and consumer and medical advocates in relation to allergen management.
- Developing the AFGC submission in relation to the review of the Horticulture Code of Practice.
- Providing assessment and commentary to AFGC Members on the Food and Grocery Code of Conduct.
- Liaising with Food Standards Australia New Zealand in relation to major reform projects around allergen exemptions, novel foods and food irradiation.
- Assisting AFGC Members in relation to the implementation of the Standard for Nutrition, Health and related claims.
- Providing AFGC submissions in relation to the reform of industrial chemicals regulations.
- Participating in Standards Australia committees regarding organic products.

Other highlights for 2015-16 include: -

- Continued liaison with stakeholders to progress an application to FSANZ in relation to thresholds for gluten free claims.
- Participation in AFGC projects to identify and address non-tariff barriers to trade for both imports and exports, including participation in ASEAN regional food law harmonisation dialogue.
- Food Industry Continuing Professional Development training courses in conjunction with the AIFST, with multiple events across five capitals.
- Delivering food law compliance training directly to Members.
- Participation in the FSANZ Retailer and Manufacturer Liaison and Allergen Collaboration committees.
- Ongoing collaboration with the Allergen Bureau and Allergy and Anaphylaxis Australia to promote allergen awareness.
- Member engagement services including publication of SciTech newsletters and briefs, Member Briefs, member site visits, breakfast seminars and provision of legal and regulatory advisory and reference services.

The Legal and Regulatory team leads or participates in the meetings of the AFGC's –

- Health, Nutrition and Scientific Affairs Committee
- Non-Food Forum
- Allergen Forum
- Legal Forum



and has provided competition law compliance coverage at meetings of the -

- AFGC Board
- Grocery Industry Advisory Committee
- Australian Breakfast Cereal Manufacturers Forum Executive Committee

The Legal and Regulatory team has regular liaison and communication meetings with related industry associations (Accord Australasia, Australian Self Medication Industry, the Food and Beverage Importers Association and the NZ Food and Grocery Council) to share information and coordinate responses. The team also works cooperatively with associations such as Australian Industry, Dairy Australia and other associations to promote member interests in achieving best practice regulation.

## INDUSTRY AFFAIRS

Samantha Blake (Director), John Cawley (Associate Director) and Kim Riggans (Administration)

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

## SUPPLY CHAIN

Secretariat - Samantha Blake and John Cawley

Committee 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 2015-2016 include:

- Continued to engage, on a broad range of issues, with key trade partners; Coles, Costco, Metcash and Woolworths.
- AFGC Supply Chain Biennial Supply Chain Survey developed, deployed and industry report completed in partnership with GRA, providing a unique benchmarking opportunity for member companies.
- Launched the [www.fmcgsupplychain.com.au](http://www.fmcgsupplychain.com.au) website and industry toolbox to raise awareness of the supply chain profession.
- Hosted the highly successful Annual AFGC Supply Chain Seminar.
- Co-hosted the Brands and Private Label Seminar - with Private Label Association (PLMA).
- Published the quarterly Supply Chain e-newsletter.
- Provided opportunities, through a new Supply Chain Briefing service, for members to come together on a regular basis 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.
- Monitor and respond to issues, representing member views.
- 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 : Clive Stiff, Unilever 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.

A recommitment from the Australian Food and Grocery Council, New Zealand Food and Grocery Council and leading supermarket retailers: Coles, Foodstuffs, Metcash, Progressive and Woolworths established the platform for a broad-reaching, strong, and cohesive industry body to deliver efficiency and improved availability across the shared end-to-end value chain.

Highlights for 2015-2016 include:

- Hosted the highly successful ECRA Annual Retailers and Suppliers Convention.

- Established three key projects:
  - Collaborative Physical Logistics
  - Order to Receipt Excellence
  - Shelf Ready Packaging
- Sponsored Joe Berry Australian Retail Industry Executive Awards through the provision of the TPF Scholarship Award.
- Established and planned the inaugural Future Leaders Forum.

## 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 2015-2016 include:

- Facilitated a series of meetings throughout 2015-2016 targeted at CEO's from SME members.
- Meetings included discussion on topical and hot issues impacting the industry, including retail related issues.
- Guest speakers included Woolworths, Costco, CSIRO, Coles.

## FOOD AND GROCERY INDUSTRY CODE OF CONDUCT

Gary Dawson, Chris Preston and Samantha Blake

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

Highlights for 2016-2016 include:

- FGCC became a prescribed voluntary Code under Australian Competition and Consumer law on 17 June 2015.
- AboutLife, Aldi, Coles and Woolworths became signatories to the FGCC on or about 1 July 2015.
- Over 1600 people across 180 FMCG companies were trained by AFGC training partner, NextGen, in the first 12 months.
- A range of members' services to support the first year of transition were introduced and available for members to download from the website.
- Introduced a dedicated FGCC stream as part of Food and Grocery Australia.
- Annual FGCC Member Survey completed, results shared broadly with the industry, trade partners and key stakeholders.

## GROCERY INDUSTRY ADVISORY GROUP

Secretariat - Samantha Blake

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 2015-2016 include:

- Developed a broad range of member services to support the FGCC as highlighted in the above section.
- Introduced regular AFGC Sales Briefings - mini-seminars focused on personal and career development for key sales personnel.
- Commenced an examination of the competency and capability of Senior Sales Professions as part of an education and professional development opportunity.

## 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.

Highlights for 2015-2016 include:

- Partnered with UBS to survey and publish a 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.

## EVENTS IN 2015/2016

- Food and Grocery Australia
- ECRA Convention
- Annual AFGC Supply Chain Seminar
- Supply Chain Briefing Sessions
- Sales Briefing Sessions
- PLMA AFGC Annual Brand and Private Label Seminar
- Industry Leaders Forum

## ECONOMICS AND SUSTAINABILITY

Tanya Barden, Kylie Ruth (Sustainability Manager), Michael Rogers (Agribusiness Forum Manager), Kim Riggans (Administration)

The Economics and Sustainability 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 agri-food processing industry.

## SUSTAINABILITY

Tanya Barden, Kylie Ruth

Highlights for 2015 -16 include:

### *Packaging and Litter*

2015-16 activity was heavily focused on litter and packaging activity including:

- The AFGC represented industry on the NSW and Queensland Governments' Container Deposit Scheme working groups and leading the industry response to the governments' proposals to introduce container deposit schemes.
- The AFGC chaired the National Packaging Covenant Industry Association and has been driving reform to deliver an Australian Packaging Covenant which is more strategic, accountable and better aligned to meeting the needs of industry and governments. Throughout 2015-16 a new NPCIA CEO was recruited, new governance arrangements were introduced and negotiations were held with the Australian jurisdictions to revise the next iteration of the APC strategy.
- Litter was also a key area of focus with one of the NSW Premier's top priorities to reduce the total volume of litter by 40% by 2020. The AFGC represented industry at the NSW Road and Maritime Services Tidy Roads summit making the point that any litter reduction strategies need to be coordinated and the industry is playing an important role in packaging design to minimise the environmental impact of litter.

### *Gas Market Reform*

The AFGC continued its focus on gas market reform to reduce gas prices, including making a submission to the Victorian Parliament Inquiry into unconventional gas in Victoria, and participating in joint industry consortium activity.

### *Human Rights/Responsible Sourcing*

The AFGC contributed to a number of activities focused on human rights and responsible sourcing including:

- The Attorney Generals' Supply Chain Working Group which examined ways to address human rights risks in supply chains.
- The Retail Supplier Roundtable – Sustainability Council (of which the AFGC is a member) released an Australian Business Pledge Against Forced Labour.
- The Australian Human Rights Commission Roundtable discussion on labour exploitation in the agriculture, fresh food and food retail industry.
- The joint Australian Government and Global Compact Network Australia forum regarding possible introduction of a National Action Plan for the implementation of the UN Guiding Principles on Business and Human Rights.

### *Member Engagement and Industry Representation*

Four meetings of the Sustainable Practices Committee were held, with a new Chair, Trevor Clayton CEO of Nestle Australia, commencing at the beginning of 2016, and several new Committee members appointed throughout the year.

The AFGC also continued to represent industry at various forums including on supply chain traceability, climate change and energy efficiency.

## **AGRIBUSINESS FORUM**

The AFGC Agribusiness Forum continues to strengthen as a platform to drive cross sectoral issues on international trade and competitiveness. The Agribusiness Forum has been a strong voice in highlighting the important contribution of Australian agribusiness processing and has developed strong engagement across government and industry on market access, infrastructure and foreign investment issues affecting the sector. Highlights for 2015-16 include advocacy in relation to:

- Parliamentary Inquiries into the market power of processors.
- The Government's changes to foreign investment in agribusiness/food manufacturing.
- Trade negotiations with:
  - China
  - India
  - Regional Comprehensive Economic Partnership (RCEP) countries
  - Trans Pacific Partnership (TPP) countries.
- Raised the profile of non-tariff barriers in agri-food trade and participating in working groups to improve government industry coordination in this area.
- Established engagement on transport infrastructure for the agri-food sector, including interaction with more than 20 government and industry associations on a national strategy.
- Participated in the ACCC Agricultural Competitiveness Consultative Committee and hosted a roundtable with ACCC Agriculture Commissioner Mick Keogh.

## **CORPORATE AFFAIRS**

James Mathews (Director), Alyssa Handy (Events Manager),  
Stephanie Wawn (Government Relations Manager)

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 in planning and implementing AFGC's vast array of member meetings, events, seminars and forums.

## Highlights for 2015-2016:

- 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*.
- 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 implementation phase 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:

- 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.
- Continued 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 the issue regulation of discretionary foods. The position highlighted the impact on jobs in the sector as well as the lack of a rationale for regulation.
- Provided membership daily briefings of the federal election campaign and the issues that impacted on the sector.
- Supported members in relation to the issue of establishing 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.
- 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 enhancing the reputation of industry which has been identified as a key priority for the Board. 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 commitments 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.
- 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 inaugural 2016 Food and Grocery Australia conference which attracted 350 delegates, a record attendance for any major AFGC event
- Management and delivery of the 2015 Industry Leaders Forum and Foodbank Awards Dinner.
- Implementation and delivery of the Code of Conduct Training Sessions in conjunction with NextGen Group. To date over 1,600 people have participated in the training in both in-house and open sessions.
- Additional events delivered include:
  - 2015 ECRA Supplier and Retailer Convention
  - 2016 Supply Chain Seminar
  - 2015 Private Label and Brands Seminar

## BUSINESS DEVELOPMENT

David Hall (Director)

The past twelve months have seen strong growth in membership, solid sponsorship support and research to optimise both areas.

Highlights for 2015-16 :

- Twenty-two companies and organisations joined the AFGC in the twelve months to June 2016. 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 industry representation, adds to overall effectiveness and enables provision of member services.
- Sponsorship cash revenue increased by 2% in 2016 following increases of over 30% in each of the three prior years. The AFGC works collaboratively with sponsor partners to deliver mutual benefit ensuring maximise value for all concerned. Sponsorship represents a significant part of the AFGC revenue.
- A research project to determine the optimum balance of sponsor value and AFGC revenue was undertaken. The insights from this are being incorporated into sponsor programs for 2017 and include initiatives such as refining conference participation and maximising member benefits from sponsor industry knowledge and insights.





## 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 2016.

### DIRECTORS

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

<b>Name</b>	<b>Appointed / Resigned*</b>
Ms Amanda Banfield	Appointed 21 June 2016
Mr Trevor Perry Clayton	
Ms Julie Coates	Appointed 21 June 2016
Mrs Jodie Goldsworthy	Appointed 31 August 2015
Mr Phillip Randolph Lynch	Resigned 1 January 2016
Mr Alexander (Sandy) Mellis	Appointed 19 June 2016
Mr Darren Francis O'Brien	Resigned 1 June 2016
Mr Terrence Xavier O'Brien	
Mr Barry O'Connell	Appointed 21 October 2015
Mrs Maria Luisa Ortega Burgos	Appointed 12 January 2016, Resigned 31 March 2016
Mr Anthony John Paech	
Mr Robbert Edgar Rietbroek	
Mr Samuel Robson	Appointed 21 October 2015
Mr Michael Anthony Ryan	Resigned 11 February 2016
Mr Clive Manning Sanders Stiff	
Mr Terrence Joseph Svenson	
Mr Andrew Curtis Towle	Resigned 5 August 2015
Ms Belinda Tumbers	Appointed 21 October 2015
Mr Reg Weine	Resigned 21 October 2015
Mr Peter Michael 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

Ms Amanda Banfield  
Managing Director Australia/NZ  
Mondelez Australia Pty Ltd  
Director since: 21 June 2016

Mr Trevor Perry Clayton  
Chief Executive Officer  
Nestle Australia Ltd  
Director since: 5 November 2013

Ms Julie Coates  
Managing Director Australia  
Goodman Fielder Pty Ltd  
Director since: 21 June 2016

Mrs Jodie Goldsworthy  
Director  
Beechworth Honey Group  
Director since: 31 August 2015

Mr Alexander (Sandy) Mellis  
General Manager Australia/NZ  
Reckitt Benckiser  
Director since: 19 June 2016

Mr Terrence X O'Brien  
Managing Director  
Simplot Australia Pty Limited  
Director since: 27 October 2010

Mr Barry O'Connell  
Managing Director, Australian Beverages  
Coca-Cola Amatil  
Director since: 21 October 2015

Mr Anthony John Paech  
Managing Director  
Beerenberg Pty Ltd  
Director since: 5 July 2013

Mr Robbert Edgar Rietbroek  
Chief Executive Officer and Managing Director  
Kimberly-Clark Australia Pty Ltd  
Director since: 14 November 2013

Mr Samuel Robson  
Chief Executive Officer  
OneHarvest Group of Companies

Mr Clive Manning Sanders Stiff  
Chairman and Chief Executive Officer  
Unilever Australia and New Zealand  
Director since: 11 October 2012

Mr Terrence Joseph Svenson  
Chief Executive Office Australia / New Zealand  
Cerebos (Australia) Ltd  
Director since: 2 October 2014

Ms Belinda Tumbers  
Managing Director  
Kellogg Australia and New Zealand  
Director since: 21 October 2015

Mr Peter Michael West  
Managing Director – Lion Dairy & Drinks  
Lion  
Director since: 25 June 2015

## DIRECTORS' REPORT

### MEETINGS OF DIRECTORS

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

5 August 2015  
22 October 2015  
10 February 2016  
31 May 2016

Attendance by each director was as follows:

		<b>Number of meetings held during appointment</b>	<b>Total meetings attended during appointment</b>
<b>Ms Amanda Banfield</b>	Appointed 21 June 2016	0	0
<b>Mr Trevor Clayton</b>		4	3
<b>Ms Julie Coates</b>	Appointed 21 June 2016	0	0
<b>Mrs Jodie Goldsworthy</b>	Appointed 31 August 2015	3	2
<b>Mr Phil Lynch</b>	Resigned 1 January 2016	2	2
<b>Mr Alexander (Sandy) Mellis</b>	Appointed 19 June 2016	0	0
<b>Mr Darren O'Brien</b>	Resigned 1 June 2016	4	4
<b>Mr Terrence X O'Brien</b>		4	4
<b>Mr Barry O'Connell</b>	Appointed 21 October 2015	3	3
<b>Ms Maria Luisa Ortega Burgos</b>	Appointed 12 January 2016, Resigned 31 March 2016	1	1
<b>Mr Anthony Paech</b>		4	4
<b>Mr Robbert Rietbroek</b>		4	3
<b>Mr Samuel Robson</b>	Appointed 21 October 2015	3	2
<b>Mr Michael Ryan</b>	Resigned 11 February 2016	3	3
<b>Mr Clive Stiff</b>		4	4
<b>Mr Terrence Svenson</b>		4	2
<b>Mr Andrew Towle</b>	Resigned 5 August 2015	1	1
<b>Ms Belinda Tumbers</b>	Appointed 21 October 2015	3	2
<b>Mr Reg Weine</b>	Resigned 21 October 2015	1	1
<b>Mr Peter Michael West</b>		4	4

### RESULTS

The net result of the operations of the Council was a surplus of \$305,421 (2015: deficit of \$568,314). Subscription revenue was \$3,736,681 (2015: \$3,635,646).

## DIRECTORS' REPORT

### Principal Activities

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

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

### Objectives

The Council's short term objectives are to:

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

The Council's long term objectives are to:

- Secure a growing, profitable and economically, socially and environmentally sustainable industry.
- Ensure a secure source of safe food and groceries to 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 2016 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 2016.

### 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 2016 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 2016.

### 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.

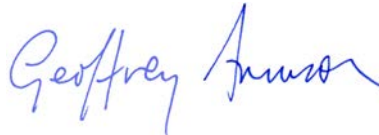
#### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 19 of this report.

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



\_\_\_\_\_  
Director



\_\_\_\_\_  
Company Secretary

Dated: 6<sup>th</sup> September 2016

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

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Australian Food and Grocery Council for the year ended 30 June 2016, 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: 6<sup>th</sup> September 2016



# INDEPENDENT AUDITOR'S REPORT



**RSM Australia Partners**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### AUSTRALIAN FOOD AND GROCERY COUNCIL

We have audited the accompanying financial report of Australian Food and Grocery Council ("the Council"), which comprises the balance sheet as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the 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 is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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.



*Opinion*

In our opinion:

The 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 the Council's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**RSM Australia Partners**

**GED STENHOUSE**  
Partner

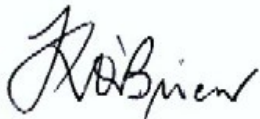
Canberra, Australian Capital Territory Dated: 6th September 2016

## DIRECTORS' DECLARATION

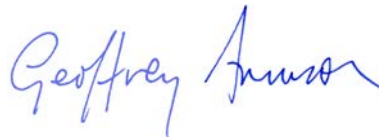
The directors of the Council declare that:

1. The financial statements and notes, as set out on pages 23 to 37, 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 2016 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.



\_\_\_\_\_  
Director



\_\_\_\_\_  
Company Secretary

Dated: 6<sup>th</sup> September 2016

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue	2	6,247,069	6,071,281
Employee benefits		(2,790,787)	(2,785,507)
Depreciation expense		(91,898)	(116,877)
Rental expense		(153,878)	(203,670)
Program expenses		(1,604,176)	(2,414,755)
Administration costs		(1,300,910)	(1,118,786)
<b>SURPLUS/(DEFICIT) ATTRIBUTABLE TO MEMBERS</b>	<b>3</b>	<b><u>305,421</u></b>	<b><u>(568,314)</u></b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS</b>		<b><u>305,421</u></b>	<b><u>(568,314)</u></b>

**BALANCE SHEET**  
**AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash assets	4	1,841,206	1,515,585
Investments	5	3,000,000	3,000,000
Receivables	6	371,985	428,341
Other assets	7	86,994	126,448
<b>TOTAL CURRENT ASSETS</b>		<b><u>5,300,185</u></b>	<b><u>5,070,374</u></b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	8	127,569	197,728
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>127,569</u></b>	<b><u>197,728</u></b>
<b>TOTAL ASSETS</b>		<b><u>5,427,753</u></b>	<b><u>5,268,102</u></b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	437,626	611,707
Other creditors	10	559,347	577,577
Short term provisions	11	466,831	408,309
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>1,463,804</u></b>	<b><u>1,597,593</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Other creditors	10	44,758	67,136
Long term provisions	11	80,144	69,746
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>124,902</u></b>	<b><u>136,882</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>1,588,706</u></b>	<b><u>1,734,475</u></b>
<b>NET ASSETS</b>		<b><u>3,839,048</u></b>	<b><u>3,533,627</u></b>
Retained earnings		3,773,080	3,467,659
Asset Revaluation reserve		65,968	65,968
<b>TOTAL EQUITY</b>		<b><u>3,839,048</u></b>	<b><u>3,533,627</u></b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Retained Earnings</b>	<b>Asset Revaluation Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at 1 July 2014	4,035,973	65,968	4,101,941
(Deficit) for the year	(568,314)	-	(568,314)
Balance as at 30 June 2015	<b>3,467,659</b>	<b>65,968</b>	<b>3,533,627</b>
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	<b>3,773,080</b>	<b>65,968</b>	<b>3,839,048</b>

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Note</b>	<b>2016 \$</b>	<b>2015 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from members and customers		6,810,239	6,261,286
Payments to suppliers and employees		(6,570,054)	(6,874,440)
Interest received		107,176	167,945
<b>Net cash provided by/(used in) operating activities</b>	<b>13</b>	<b>347,360</b>	<b>(445,209)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(21,739)	(11,253)
Transfer of term deposit		-	1,000,000
<b>Net cash (used in)/provided by investing activities</b>		<b>(21,739)</b>	<b>988,747</b>
<b>Net increase in cash held</b>		<b>325,621</b>	<b>543,538</b>
Cash at the beginning of the financial year		1,515,585	972,047
<b>Cash at the end of the financial year</b>	<b>4</b>	<b>1,841,206</b>	<b>1,515,585</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 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.

#### **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.

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

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

<b>Class of fixed asset</b>	<b>Depreciation Rate</b>
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.

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.

**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.

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

**Comparatives**

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

**l) 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.

**m) 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.

**n) 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*.

**NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****n) Financial Instruments (continued)***(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.

*(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.

*(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.

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

**New Accounting Standards and Interpretations not yet mandatory or 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 2016. 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 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.

**NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****o) New standards and interpretations issued but not yet effective (continued)****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 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.

**NOTE 2. REVENUE**

	2016	2015
	\$	\$
Subscription revenue	3,736,681	3,635,646
Special project and forum revenue	1,313,190	1,231,950
Project and other income in advance	282,951	267,186
Highlands conference revenue	481,900	289,802
Healthy Australia Commitment revenue	85,492	237,931
Other member function revenue	118,016	106,020
Packaging Stewardship Forum	64,769	62,038
Interest received	107,176	167,945
Other	56,895	72,763
<b>Total Revenue</b>	<b><u>6,247,069</u></b>	<b><u>6,071,281</u></b>

**NOTE 3. OPERATING SURPLUS / (DEFICIT)**

The operating surplus (2016) / (deficit) (2015) includes the following specific expenses:

<b>Australian Food &amp; Grocery Council:</b>	Depreciation expenses	91,898	116,877
	Rental expenses	153,878	182,910
	Administration, Program & Employee expenses	5,695,872	6,033,181
	<b>Total Australian Food &amp; Grocery Council</b>	<b><u>5,941,648</u></b>	<b><u>6,332,968</u></b>
<b>Packaging Stewardship Forum:</b>	Depreciation	-	-
	Rental expense	-	20,760
	Administration, Program & Employee expenses	-	285,868
	<b>Total Packaging Stewardship Forum</b>	<b><u>-</u></b>	<b><u>306,628</u></b>

## NOTE 4. CASH AND CASH EQUIVALENTS

	2016	2,015
	\$	\$
Cash at bank	1,840,894	1,515,274
Cash on hand	311	311
	<b>1,841,206</b>	<b>1,515,585</b>

## NOTE 5. INVESTMENTS

Term Deposit	3,000,000	3,000,000
	<b>3,000,000</b>	<b>3,000,000</b>

## NOTE 6. TRADE AND OTHER RECEIVABLES

Accounts receivable	335,462	296,448
Other debtors	36,523	131,893
	<b>371,985</b>	<b>428,341</b>

## NOTE 7. OTHER ASSETS

Prepayments	62,599	116,730
GST Receivable	24,394	9,718
	<b>86,994</b>	<b>126,448</b>

## NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Furniture, fittings and equipment –at cost	397,802	408,213
Less: accumulated depreciation	(368,973)	(354,345)
	<b>28,830</b>	<b>53,868</b>
Leasehold improvements –at cost	41,763	41,763
Less: accumulated depreciation	(37,846)	(35,030)
	<b>3,917</b>	<b>6,733</b>
Software – at cost	340,988	308,837
Less: accumulated depreciation	(246,166)	(171,710)
	<b>94,823</b>	<b>137,127</b>
Total plant and equipment	780,553	758,813
Less: accumulated depreciation & amortisation	(652,985)	(561,085)
	<b>127,569</b>	<b>197,728</b>



## NOTE 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

**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
	\$	\$	\$	\$
Carrying amount at 30 June 2015	53,868	6,733	137,126	197,728
Additions	-	-	21,739	21,739
Net disposals	-	-	-	-
Depreciation	(19,475)	(2,816)	(69,606)	(91,898)
<b>Carrying amount at 30 June 2016</b>	<b>34,393</b>	<b>3,917</b>	<b>89,259</b>	<b>127,569</b>

## NOTE 9. ACCOUNTS PAYABLE

	2016	2015
	\$	\$
Trade Creditors	175,579	319,919
Accrued expenses	262,047	291,788
	<u>437,626</u>	<u>611,707</u>

## NOTE 10. OTHER CREDITORS

*Current*

Membership subscriptions received in advance	225,500	21,749
Project and other income in advance	300,120	459,876
Unexpended Packaging Stewardship Forum Funds	-	63,492
Lease incentive	22,378	22,378
Other	11,349	10,082
	<u>559,347</u>	<u>577,577</u>

*Non-current*

Lease incentive	<u>44,758</u>	<u>67,136</u>
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## NOTE 11. PROVISIONS

*Current*

Long service leave	129,492	91,173
Annual leave	337,339	317,136
	<u>466,831</u>	<u>408,309</u>

*Non-current*

Long service leave	<u>80,144</u>	<u>69,746</u>
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**NOTE 11. PROVISIONS (CONTINUED)**

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:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Within one year	155,420	155,420
Later than one year but not later than 5 years	310,840	466,260
	<u><b>466,260</b></u>	<u><b>621,680</b></u>

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:

Operating surplus/(deficit)	305,421	(568,314)
Depreciation and amortisation	91,898	116,877
Loss on disposal of asset	-	4,789
Non-cash investing activities:		
Change in operating assets and liabilities		
Increase/(decrease) in receivables	56,356	(116,265)
Increase in other assets	39,454	74,127
(Decrease)/Increase in accounts payable	(174,081)	84,716
(Decrease) in other creditors	(40,608)	(72,546)
Increase in provision for employee benefits	68,920	31,407
<b>Net cash inflow/(outflow) from operating activities</b>	<u><b>347,360</b></u>	<u><b>(445,209)</b></u>

**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 Trevor Perry Clayton	Mr Darren Francis O'Brien
Mr Barry James Cosier	Mr Terrence Xavier O'Brien
Mr Christopher Delaney	Mr Anthony John Paech
Mr Peter Neville Kelly	Mr Robbert Edgar Rietbroek
Mr Phillip Randolph Lynch	Mr Michael Anthony Ryan
Mr John William McLean	

Mr Clive Manning Sanders Stiff  
 Mr Terrence Joseph Svenson  
 Mr Andrew Curtis Towle

Mr Reg Weine  
 Mr Peter Michael West

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:

	2016	2015
	\$	\$
Short-term benefits	757,206	748,744
Long-term benefits	61,259	17,086
Post-employment benefits	60,963	55,455
<b>Total benefits</b>	<b>879,428</b>	<b>821,285</b>

## 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 2016.

#### 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.

## NOTE 17. FINANCIAL INSTRUMENTS (CONTINUED)

**b. Financial Instruments Composition and Maturity Analysis**

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing		Non-interest Bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>										
Cash at bank	0.1	0.32	1,841	1,515	-	-	-	-	1,841	1,515
Receivables	-	-	-	-	-	-	372	428	372	428
Investments	2.5	3.35	-	-	3,000	3,000	-	-	3,000	3,000
<b>Total</b>			<b>1,841</b>	<b>1,515</b>	<b>3,000</b>	<b>3,000</b>	<b>372</b>	<b>428</b>	<b>5,213</b>	<b>4,944</b>
<b>Financial liabilities</b>										
Trade and sundry payables			-	-	-	-	438	612	438	612
<b>Total</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438</b>	<b>612</b>	<b>438</b>	<b>612</b>

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

	2016	2015
	\$	\$
<b>Account payables</b>		
Less than 12 months	437,626	611,707
	<b>437,626</b>	<b>611,707</b>

**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.

**NOTE 17. FINANCIAL INSTRUMENTS (CONTINUED)****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 2016, 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:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Change in profit</b>		
— Increase in interest rate by 1%	47,753	15,156
— Decrease in interest rate by 1%	<u>(47,753)</u>	<u>(15,156)</u>
<b>Change in equity</b>		
— Increase in interest rate by 1%	47,753	15,156
— Decrease in interest rate by 1%	<u>(47,753)</u>	<u>(15,156)</u>

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:

Amounts received, or due and receivable by the auditor of the Council for:

Audit services – financial statement audit & preparation	19,000	19,000
Audit services – grants	-	5,000
	<u><b>19,000</b></u>	<u><b>24,000</b></u>

**NOTE 19. EVENTS SUBSEQUENT TO REPORTING DATE**

There were no events subsequent to 30 June 2016 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 2016 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 time of publication.

### FULL MEMBERS

- ABC Sales and Marketing
- ADM Australia
- Albright & Wislon (Australia) Ltd
- Arnott's Biscuits Ltd
- Asaleo care
- Aspen Nutritionals Australia Pty Ltd
- Australian Blending Company Pty Ltd
- Barilla Australia Pty Ltd
- Baxter Foods Australia
- 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's Soup Australia
- 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
- Coopers Brewery Ltd
- Danisco Australia Pty Ltd
- Danone Murray Goulburn Pty Ltd
- deOleo Australia Pty Ltd
- Devro Pty Ltd
- Dilmah Australia
- Earlee Products Pty Ltd
- Erskine Products
- Ferrero Australia Pty Ltd
- Fibrisol Service Australia Pty Ltd
- Fonterra Australia Pty Ltd
- FPM Cereal Milling Systems Pty Ltd
- Freedom Foods Group
- Frucor Beverages (Australia) Pty Ltd
- General Mills Australia Pty Ltd
- George Weston Foods Ltd
- GlaxoSmithKline Consumer Healthcare
- Gloria Jean's Coffees
- Go Natural
- Goodman Fielder Limited
- GrainCorp Limited
- 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
- PZ Cussons
- Parmalat Australia Ltd
- Patties Foods Ltd
- Peerless Foods
- Peters Ice Cream
- Pfizer Consumer Healthcare
- Picot Productions Ltd
- Primo Meats Pty Ltd
- Procter & Gamble Australia Pty Ltd
- QSR Holdings
- Queen Fine Foods Pty Ltd
- Rafferty's Garden
- Reckitt Benckiser (Australia) Pty Ltd
- Red Bull Australia Pty Limited
- Ridley Corporation
- Sandhurst Fine Foods Australia

- San Diego Tortilla Factory Pty Ltd
- Sanitarium Health and Wellbeing Company
- SC Johnson & Son Pty Ltd
- Sealord Australia
- Sensient Technologies (Australia) Pty Ltd
- Simplot Australia Pty Ltd
- Solaris Paper Pty Ltd
- Spicemasters Australia Pty Ltd
- Steric Pty Ltd
- Stahmann Farms
- 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
- Tate & Lyle ANZ Pty Ltd
- Teys Australia
- The Smith's Snackfood Company
- The True Origins Company Pty Ltd
- The Vege Chip Company
- The Wrigley Company Pty Limited
- Tixana Pty Limited
- Unilever Australasia
- Vital Health Foods (Australia) Pty Ltd
- Vitality Brands Worldwide
- Ward McKenzie Pty Ltd
- Warrnambool Cheese and Butter Factory Holdings Co. Ltd
- Yakult Australia Pty Ltd
- Yum! Restaurants Australia Pty Ltd
- GE Intelligent Platforms
- Grant Thornton
- GS1 Australia Ltd
- Kincannon & Reed
- King & Wood Mallesons
- KPMG
- Labour Solutions Australia
- Linfox Australia Pty Ltd
- Logan City Council
- Loscam
- Meat and Livestock Australia
- Monsanto Australia Ltd
- New Zealand Trade and Enterprise
- NextGen Group Pty Ltd
- Opmatrix Australia
- Orora Limited
- Pitcher Partners
- Pitt and Sherry (Operations) Pty Ltd
- PODPAC Pty Ltd
- Programmed Maintenance Services Limited
- Red Rock Consulting
- Rentokil Initial Pty Ltd (Rentokil Pest Control)
- Saleslink Australasia Pty Ltd
- Scott's Refrigerated Freightways
- SKUvantage
- StayinFront Group Australia
- Steritech Pty Ltd
- Strikeforce Alliance Pty Ltd
- Swire Cold Storage
- Swisslog Australia Pty Ltd
- Tetra Pak Marketing Pty Ltd
- The Food Group Australia
- The gap Partnership Australia Pty Ltd
- The Nielsen Company
- Touchstone Consulting Australia Pty Ltd
- Victual Pty Ltd
- Visy Pak
- Wiley & Co Pty Ltd

## ASSOCIATE MEMBERS

- A.T. Kearney Pty Ltd
- Addisons
- Advancy Pty Ltd
- Aurizon
- Australian Pork Limited
- Baker & McKenzie
- Blueprint Group Pty Ltd
- Bizcaps Pty Ltd
- Brisbane Marketing
- CHEP Asia – Pacific
- Chessmate Consulting
- Coriolis Consulting
- Chainalytics
- CROSSMARK Asia Pacific
- CSIRO Food and Nutritional Sciences
- Dairy Australia
- Dairy Technical Services
- Daymark
- Dearin & Associates
- Deloitte Touche Tohmatsu
- Engagement Innovation
- Ernst & Young
- Elanco Animal Health
- Food Liaison Pty Ltd
- Foodbank Australia Ltd

## AFFILIATE MEMBERS

- ALC
- Australian Self-Medication Industry
- Australian Coffee Traders Association
- Bedford Group
- Association of Sales and Marketing Companies Australasia
- 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



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