

Australian Meat Industry Council

2018-19
Annual
Report



11 November 2019

Dear Member,

In accordance with the requirements of Section 265 of the Fair Work (Registered Organisations) Act 2009, the report and accounts of the Australian Meat Industry Council for the year ended 30 June 2019, which appear on the following pages, are hereby circulated to all members.

The report and accounts will be submitted for adoption by members attending the Annual General Meeting of the organisation to be held at 1:00pm on Monday 2nd December 2019. The meeting will be held at the offices of AMIC, Level 2, 460 Pacific Highway, St Leonards, NSW.

The report and accounts reflect the management of the organisation's investments, as well as the general administration of the organisation's financial affairs and provision of services to members.

A handwritten signature in black ink, appearing to read 'Patrick Hutchinson', with a stylized flourish at the end.

Patrick Hutchinson

Chief Executive Officer

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460 Pacific Highway
St Leonards NSW
Australia 2065
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Crows Nest NSW 1585
T 02 9086 2200
E admin@amic.org.au

ABN 65 990 653 488

Notice of Annual General Meeting

Pursuant to Rule 13 of the Rules of the Australian Meat Industry Council and Section 266 of the Fair Work (Registered Organisations) Act 2009.

The Annual General Meeting of the Australian Meat Industry Council members and deemed members of Divisions will be held:

WHERE:

Level 2
460 Pacific Highway
ST LEONARDS NSW

WHEN:

Monday, 2 December 2019 at 1:00 pm

BUSINESS:

1. Confirmation of Minutes of Annual General Meeting held on 13 November 2018;
2. Presentation of the Operating Report on the affairs of AMIC for the year ended 30 June 2019;
3. Presentation of Audited Accounts and Statements of AMIC for the year ended 30 June 2019;
4. Presentation of Report of the Auditor for the year ended 30 June 2019.

Dated at Sydney

11 November 2019

Level 2

460 Pacific Highway

ST LEONARDS NSW 2065



Patrick Hutchinson

Chief Executive Officer

CEO Statement

The Australian Meat Industry Council (AMIC) is privileged to provide our members with the AMIC 2018/2019 Annual Report. Our audited financial statements provide members with a clear view of the financial performance and management of AMIC, as well as the key areas of investment performance as well as management expenditure.

AMIC operates to a strict program under its Annual Operating Plan. Key to this is our Vision, Mission, Goals and Values which guide your organisation:

Vision

A profitable and sustainable Australian post farm-gate red meat supply chain, valued by the wider community

Mission

To increase the profitability of members through advocacy, innovation and delivery of services

Goals

- Increase profitability for members
- To be a leading voice on industry issues
- Grow membership & engagement
- Increase innovation and continuous improvement
- Develop strong relationships that benefit our members

Values

- Integrity – we adhere to the highest ethical standards
- Collaboration – we work with others to achieve our goals
- Influence – we innovate and lead change to advance our industry
- Excellence – we strive for quality and continuous improvement
- Community – members are at the heart of what we do



AMIC engages in continuous improvement within its business, in order to ensure that it is meeting the ever changing needs of our diverse membership. This is not only providing a more streamlined and effective business service, it is about increasing our advocacy and policy programs, providing more opportunities for businesses to engage with AMIC, potential business savings programs, management of key events and positioning of AMIC and industry within the domestic and international community.

AMIC continues to strengthen its relationships with major industry and government stakeholders, as well as embarking on international trade relationship programs, most notably China (underpinned by Meat and Livestock Australia). Further, AMIC is establishing working partnerships with a number of associations.

AMIC continues to strive for better representation, issues management, member services, key industry events and other activities in order to provide a strong industry voice for all our members in all industries that we represent.

A handwritten signature in black ink, which appears to read 'Patrick Hutchinson'. The signature is fluid and cursive, with a long horizontal flourish at the end.

Patrick Hutchinson

“

AMIC's mission is to increase the profitability of our members through advocacy, innovation and delivery of services.

”

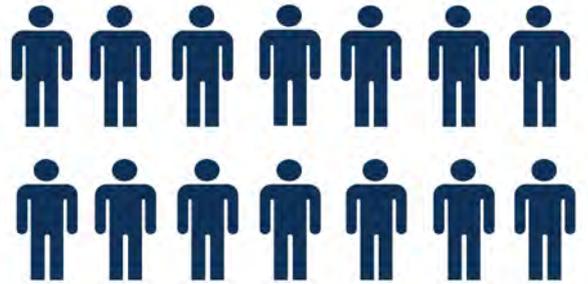




POST-FARMGATE MEAT INDUSTRY

200,000

DIRECT AND INDIRECT JOBS



AMIC
MEMBERS
PURCHASE
OVER 90%
OF ALL
LIVESTOCK
IN
AUSTRALIA

\$1.2 BILLION OF
FRESH MEAT IS SOLD
AT INDEPENDENT
RETAIL BUTCHERS
ANNUALLY



Australians are amongst the biggest meat eaters in the world

OVER THREE TIMES
THE PER CAPITA
BEEF
CONSUMPTION AS
THE WORLD
AVERAGE



OVER FIVE TIMES
THE PER CAPITA
SHEEPMET
CONSUMPTION AS
THE WORLD
AVERAGE



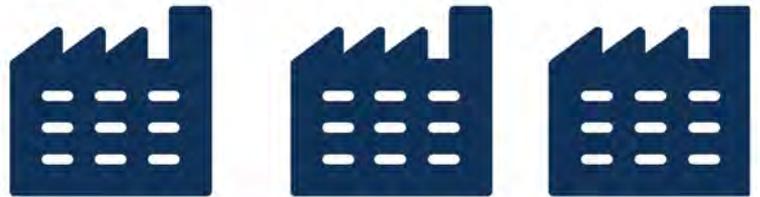
POST-FARMGATE MEAT INDUSTRY



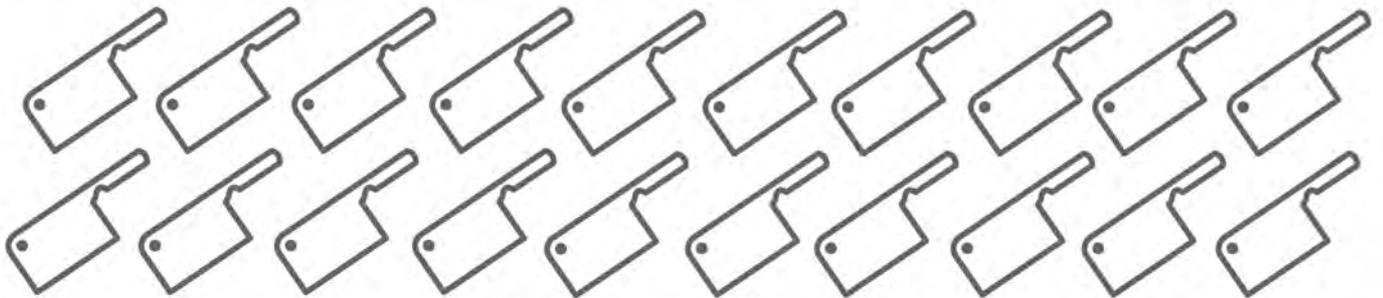
INDUSTRY VALUE

\$30 billion

AUSTRALIA'S LARGEST
TRADE EXPOSED
MANUFACTURING
INDUSTRY



(3rd largest manufacturing export earner overall)



An average of 20 Butchers in every Federal Electorate

\$4bn



AUSTRALIAN SMALLGOODS
MARKET



AUSTRALIA'S BIGGEST
AGRICULTURAL EXPORT
EARNER

(7th largest export earner overall)

AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

AUSTRALIAN MEAT INDUSTRY COUNCIL

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AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

Expenditure Report Subsection 255 (2A) Year Ended 30 June 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2019.

Description form

Categories of expenditure	2019	2018
	\$	\$
Remuneration and other employment-related costs and expenses - employee	2,360,098	2,270,563
Advertising	17,805	26,774
Operating Costs	2,641,573	2,464,919
Donations to political parties	-	-
Legal Costs	13,898	11,314
	<u>5,033,374</u>	<u>4,773,570</u>

AUSTRALIAN MEAT INDUSTRY COUNCIL
ABN: 65 990 653 488
OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2019

Review of principal activities

The Australian Meat Industry Council (AMIC) is the Peak Council representing the post-farm-gate meat industry.

AMIC has three operating divisions serviced by a central Human Resources and Administration group. The operating divisions reflect the industry sectors of membership and respond to policies developed by their respective National Councils.

Corporate governance is under the control of the Board of Directors (Committee of Management), which is elected from the National Councils.

Each of the operating functions has a strategic direction that is developed by their relevant Industry Councils. The following is an overview of the operations of each of the National Industry Councils.

The National Retail & General Council represents independent meat retailers in the industry.

During 2018/2019 The Council has implemented a comprehensive review of services and restructuring of the organisation to more effectively meet the requirements of members. This restructure has coincided with significant changes to senior staff and the delivery of services.

The Council has implemented a pro-active advocacy program to improve the recognition of the meat processing and retailing industry with the objectives of reducing red tape, improving market access and providing security of utilities to facilitate our export market exposed products.

The interests of the Independent Local Butchers continues to be a major priority with emphasis on representation to Government on a range of technical issues and reform. AMIC also works closely with Meat and Livestock Australia and Australian Pork on industry promotion.

The provision of technical support on food safety, employment, workplace health and safety, issues such as labelling and compliance with regulatory requirements and the Food Standards Code continues to be a focus.

The National Retail & General Council promotes a number of events for the enhancement of members' profile within the community. These include the National Sausage King, Smallgoods Competition and National Apprentice Competition together with associated events in each state and Awards Nights provide recognition for member achievements.

The Australian Processor Council also has a major strategic goal of greater access to world markets. This drives a strong focus on continuous improvements in processes and procedures to enhance the customers' perception of the suitability of our products to satisfy their needs. With approximately 70% of products destined for the export market, the meat industry is arguably the largest export exposed manufacturing industry in Australia and the cost of regulation, climate change and food safety are major issues which require constant and consistent attention.

The National Smallgoods Council represents the further processing meat industry sector. Food safety and Country of Origin labelling continue to be a major focus with several submissions and representations to Government.

AMIC represents members in many state and national forums. Issues relating to improved Workplace Health and Safety outcomes, food safety regulation, knowledge development at both domestic and international production facilities under state and national regulation occupy much of the time of the National Councils and the work of the management and staff.

The Central Services Human Resources and Administration group provide assistance to members on a range of issues - from wage calculations, advice in relation to workplace agreements, communications and business operations.

The year 2019–2020 will see the implementation of additional services and a continuation of the proactive advocacy program while maintaining the essential services of food safety, occupational health and safety, improving market access and appropriate representations to Government.

Financial Results and Going Concern

The financial result for the year to 30 June 2019 is a surplus of \$150,446 as against a surplus of \$1,036,323 for the prior year. The following detail financial statements give a comprehensive picture of the performance for the year and at balance date and include comparatives to the prior year.

Accumulated investments assets are therefore some \$20.9 million at 30 June 2019 – maintaining a very solid financial base for the future with some \$21.6 million of total assets against \$1.6 million of liabilities and provisions.

The income from operations, coupled with the availability of cash distributions from the Managed Investment Portfolio is considered sufficient to support operations as a going concern.

Membership

An AMIC member may resign from membership by written notice addressed and delivered to the National Secretary/Treasurer of AMIC and will be liable for any unpaid dues until the resignation then becomes effective under AMIC’s Constitution.

The register of members at the end of the financial year contained the following membership numbers:

Industry Sector	Number of Members
Retail & General	1334
Processor	165
Smallgoods	49
Associate (non-voting)	40
Total	1588

Employees

Under the governance of the Board of Directors, AMIC’s day to day operations are vested in senior management and staff conversant with the needs of the various requirements of members in Retail, Processor and Smallgoods sectors of the meat industry, together with Central Services Administration and Human Resources departments.

The numbers of employees in the Council is set out below:

Function	At 30 June 2019
National Administration and Finance – incl. CEO	2 Full time
Employment Services	2 Full time
Retail & General Member Services	12 Full time and 1 Part time
Processors, Exporters & Smallgoods Member Services	3 Full time
Totals	19 Full time and 1 Part time – 19.5 full time equivalents

Members of the Board (Committee of Management)

AMIC operates under the control and direction of a Board of Non-Executive Directors (Committee of Management). The Board is elected for a term of four years and the last election took place in September 2015.

The officeholders in office from the beginning of the financial year and to the date of this report are:

Name	Capacity	Industry Sector Represented
Lachlan Hart*	Director/Chairman, appointed December 2015	Processors
Robert Constable	Director/Secretary/Treasurer continuing, reappointed December 2015	Retail & General
Bradley Thomason	Director, Deputy Chairman continuing, reappointed December 2015	Smallgoods
Raymond Kelso	Director, continuing, reappointed December 2015	Retail & General
Franz Knoll	Director, continuing, reappointed December 2015	Smallgoods
Brian James	Director, continuing, reappointed December 2015	Processors
Terry Nolan	Director, continuing, reappointed December 2015	Processors
Rodney Sellers	Director, continuing, reappointed December 2015	Retail & General
Trevor Hill	Director, appointed December 2015	Retail & General
Noel Kelson ***	Director, appointed December 2015	Processors
Pat Gleeson **	Director, appointed May 2019	Processors

*At the date of this report, Lachlan Hart is a director of the Red Meat Advisory Council Ltd (RMAC), by reason of his being nominated for that position as Chairman of the Australian Meat Industry Council. RMAC is the industry council through which all Peak Industry Councils, including AMIC, formulate red meat industry policy, provide advice to federal government, develop and revise the Meat Industry Strategic Plan, and interact with levy-funded bodies including Australian Livestock Export Corporation, Australian Meat Processor Corporation Ltd and Meat and Livestock Australia.

** At the date of this report, Pat Gleeson is a director of Australian Meat Processors Corporation Ltd (AMPC)

At the date of this report, Patrick Hutchinson, was the Chief Executive Officer of AMIC, and is a director of the National Meat Industry Training Advisory Council Ltd (MINTRAC) as a nominee of AMIC. MINTRAC represents the industry on training matters and its role is to improve the skills of workers in the industry through the provision of recognised and accredited training.

Directors, members and employees of the Council who are trustees or directors of Industry Superannuation Funds at the date of this report

AMIC is the sponsor of the Australian Meat Industry Superannuation Trust (AMIST) which is operated by a trustee company, Australian Meat Industry Superannuation Pty Ltd (ABN 25 002 981 919) - which holds the assets of the fund in trust for members. The Board of the trustee company consists of equal numbers of "Employer" and "Member" representatives. Necessarily therefore, some officers or members of AMIC are Employer Directors of the AMIST superannuation trustee company.

"Employer Directors" of the AMIST superannuation fund nominated by the Council are:

- *** Noel Kelson, Industry Representative of Midfield Meat International Pty Ltd (a member of AMIC)
- Kerry Johnston, HR Manager of Teys Bros (Holdings) Pty Ltd (not a member of AMIC)
- Gary Hardwick, Director of Hardwicks Meat Works Pty Ltd, (a member of AMIC)

It is a requirement that to be an "Employer Director" of the AMIST superannuation fund, that person must be a member or officer of AMIC (a non-member must approved by AMIC).

“Member Directors” of the AMIST superannuation fund elected from the superannuation fund’s membership are:

- Keith Haslem, JBS Australia Pty Ltd (not a member of AMIC)
- Frank Raeside (not a member of AMIC)
- Geoffrey Yarham, contractor to Australian Country Choice (a member of AMIC)

It is not a requirement to be a member of AMIC to be a “Member Director” of the AMIST superannuation fund.

A handwritten signature in black ink, appearing to read 'Lachlan Hart', written in a cursive style.

Lachlan Hart – Chairman

Dated

11th November 2019

AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$	2018 \$ ** Restated
CURRENT ASSETS			
Cash on Hand		2,043	2,043
Cash at Bank, At Call and Short Term Deposits maturing in less than three months		62,578	31,889
Receivables & Sundry Debtors	3	483,069	450,147
GST Recoverable		-	44,728
Inventories	4	25,925	24,267
Prepayments		44,192	92,815
Advance Project Expenses	18	95,302	171,260
		<u>713,109</u>	<u>817,149</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment and Intangibles	5	2,302,159	2,325,842
Investment Property - Real Property	6	96,239	101,051
Investments - Managed Investment Portfolio	20	18,488,505	17,971,964
		<u>20,886,903</u>	<u>20,398,857</u>
TOTAL ASSETS		<u>21,600,012</u>	<u>21,216,006</u>
CURRENT LIABILITIES AND PROVISIONS			
Employee Provisions	14b	262,001	373,678
Payroll Tax payable/provided	15	154,857	181,125
Trade Accounts Payable		276,540	186,266
Subscription Income Received in Advance relating to next year		53,989	15,604
Members Special Funds	16	201,492	204,863
Sundry Creditors, Accruals and Provisions	17	480,698	211,900
GST Payable		94,350	-
Advance Project Income	18	95,132	212,236
		<u>1,619,059</u>	<u>1,385,672</u>
NON-CURRENT LIABILITIES			
Employee Provision	14b	173	-
		<u>173</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,619,232</u>	<u>1,385,672</u>
NET ASSETS		<u>19,980,780</u>	<u>19,830,334</u>
TOTAL EQUITY			
Retained earnings		<u>19,980,780</u>	<u>19,830,334</u>
Total Equity		<u>19,980,780</u>	<u>19,830,334</u>

** Refer Note 29

To be read in conjunction with the attached notes

AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

STATEMENT OF CHANGES IN EQUITY Year Ended 30 June 2019

	Retained Profits \$	Total \$
Balance at 1 July 2017 as previously reported	18,070,886	18,070,886
Impact of restatement (See note 29)	723,125	723,125
Restated balance at 1 July 2017	18,794,011	18,794,011
Surplus attributable to members year ended 30/6/18 (restated)	1,036,323	1,036,323
Closing Balance at 30 June 2018 (restated)	19,830,334	19,830,334
Closing Balance at 1 July 2018	19,830,334	19,830,334
Surplus attributable to members year ended 30/6/19	150,446	150,446
Closing Balance at 30 June 2019	19,980,780	19,980,780

To be read in conjunction with the attached notes

AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

STATEMENT OF COMPREHENSIVE INCOME
Year Ended 30 June 2019

	Note	2019 \$	2018 \$
INCOME			
Membership Subscriptions		2,275,428	2,318,621
Capitation fees and other revenue from another reporting unit		-	-
Grants and/or donations		-	-
Revenue from recovery of wages activity		-	-
Industry Consultation (Red Meat Advisory Council Ltd)		780,000	862,257
Interest Received from Bank & Term Deposits		(2,445)	6,131
Property Rent & Recoveries (Investment and Non-Investment)		112,320	96,241
Other Income	9	61,974	83,207
Investment income	20	1,199,605	1,002,701
Proceeds from sale of Fixed Assets		5,146	409,481
Commissions from Member Insurance Agent		27,787	31,022
Project, Event and Promotional Income		703,108	792,757
Food Safety Plan Audit Income		406,203	440,744
		<u>5,569,126</u>	<u>6,043,162</u>
EXPENDITURE			
Director & Staff Remuneration incl. On-Costs	14a	2,360,098	2,270,563
Auditor and Accountant's Remuneration	10a	29,523	30,000
Depreciation and Amortisation		191,527	142,504
Written Down Value of Assets Sold/Scrapped		-	4,151
Capitation fees and other expense to another reporting unit		-	-
Consultants and Professional Fees	10b	894,508	736,061
Meeting Expenses	11a	214,789	236,231
Motor Vehicle Expenses		105,346	104,285
Property Expenses (Investment and Non-Investment)		221,357	251,257
Staff Travel and Accommodation		248,151	165,407
Telecommunications		48,847	58,307
Project and Event Expenses		576,782	565,378
Doubtful Debt Expenses		84,725	-
Cost of Brochures and Saleable items		1,950	5,631
Data Processing & Internet Expenses		112,949	130,287
Legal and Debt Collection Costs	12	22,285	18,751
Fringe Benefits Tax		15,529	14,000
Finance Costs/Bank Charges		8,813	8,450
Staff Recruitment & Training		17,259	8,952
Insurances		23,614	20,217
Business Subscriptions & Information Services		80,734	60,204
Investment Portfolio Management Fees		36,001	36,001
Postage Freight & Couriers		44,263	51,064
Printing & Stationery		29,947	42,140
Newsletter and Promotional Expenses		17,805	26,774
Sundry expenses	13	31,878	20,224
		<u>5,418,680</u>	<u>5,006,839</u>
SURPLUS FOR THE YEAR		<u>150,446</u>	<u>1,036,323</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>150,446</u>	<u>1,036,323</u>

To be read in conjunction with the attached notes

AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

**STATEMENT OF CASH FLOWS
Year Ended 30 June 2019**

	2019	2018
	\$	\$
Cash Flows from Operating Activities		
Cash Inflows		
Membership Subscriptions	2,314,802	2,517,863
Industry Consultation (Red Meat Advisory Council Ltd)	790,818	785,839
Interest (paid)/ received on Cash at Bank	(2,445)	10,392
Project & Event Income	586,004	757,676
Food Safety Plan Income	406,203	484,180
All Other Income	89,760	158,960
	<u>4,185,142</u>	<u>4,714,910</u>
Cash Outflows		
Wages & Salaries	(2,497,870)	(2,547,971)
Project & Event Expenditure	(500,824)	(600,340)
Food Safety Plan Expenditure	(625,710)	(352,124)
All Other Payments	(1,167,546)	(1,708,983)
	<u>(4,791,951)</u>	<u>(5,209,418)</u>
Net Cash Used in Operating Activities	<u>(606,809)</u>	<u>(494,508)</u>
Cash Flows from Investing Activities		
Purchase of Non-Current Assets	(226,888)	(121,422)
Cash on Deposit for more than three months	-	-
Managed Investment Portfolio Investment at Cost	-	(480,000)
Managed Investment Portfolio Distributions	683,064	647,064
Interest Received from Investment Deposits	-	(4,261)
Rents from Investment Properties	112,320	79,079
Proceeds from sale of Non-Current Assets	69,002	409,481
Outgoings on Investment Properties	-	(28,622)
Net Cash Flows from Investing Activities	<u>637,498</u>	<u>501,319</u>
Net Cash Increase in Cash Held	30,689	6,811
Balance of Cash at Beginning of Year	33,932	27,121
Balance of Cash at End of Period	<u>21</u> <u>64,621</u>	<u>33,932</u>

To be read in conjunction with the attached notes

THE AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Statement of Significant Accounting Policies

The financial statements and report of the Australian Meat Industry Council for the year ended 30 June 2019 were authorised for issue by the Board of Directors (Committee of Management) on 11 November 2019.

This financial report is a general purpose financial report for the Australian Meat Industry Council as an individual entity and has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and Fair Work (Registered Organisations) Act 2009. In this respect, the Australian Meat Industry Council (the Council) is a not-for-profit entity.

The financial statements have been prepared on an accruals basis (except where stated) and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or financial position. The financial statements are presented in Australian dollars.

The accounting policies adopted are consistent with those of the previous financial year except for the following standard, which have been adopted for the first time this financial year.

Accounting Policies where applicable to the financial statements:

a. Changes in accounting policies

AASB 9 Financial instruments

The Council has initially applied AASB 9 Financial Instruments from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the Council's financial statements. Due to the transition methods chosen by the Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of AASB 9, the Council has adopted consequential amendments to AASB 101 Presentation of Financial Statements. Additionally, the Council has adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

(i) Classification and measurement of financial assets and financial liabilities

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale. AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. The adoption of AASB 9 has not had a significant effect on the Council's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Council classifies and measures financial instruments and accounts for related gains and losses under AASB 9, see Note 1h(ii).

The following table and the accompanying notes below explain the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Council's financial assets and financial liabilities as at 1 July 2018.

	Note	Original classification under AASB 139	New classification under IFRS 9
<u>Financials assets</u>			
Cash at bank		Loans and receivables	Amortised cost
Receivables		Loans and receivables	Amortised cost
Investments - Managed Investment Portfolio	a	Designated as at FVTPL	Mandatorily at FVTPL
<u>Financials liabilities</u>			
Trade Accounts Payable		Other financial liabilities	Other financial liabilities

There were no changes in the carrying amounts of the financial assets and liabilities as at 1 July 2018.

- a Under AASB 139, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under AASB 9.

THE AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Statement of Significant Accounting Policies (continued)

a. Changes in accounting policies (continued)

(ii) Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under IAS 39. The Council has determined that the application of AASB 9's impairment requirements at 1 July 2018 and 30 June 2019 results in no additional allowance for impairment.

b. Taxation

The Australian Meat Industry Council is classified as an "Employer Association" and as such is exempt from Income Tax under Section 50.1 of the Income Tax Assessment Act 1997; however, it still has an obligation for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Income, Expenditure and Assets and Liabilities are recognised net of GST, except where the GST incurred is not recoverable and for Receivables and Payables where invoiced amounts include GST.

Cash Flows from Operating Activities in the Cash Flow Statement include GST. Cash Flows from investing activities in the Cash Flow Statement exclude GST and this component is included within cash flow from Operating Activities.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses as may be required.

d. Property, Plant & Equipment, and Intangible assets

Each class of asset is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Property

Strata Title land and buildings are measured on the cost basis and held for the Council's own use and for rental income and for capital appreciation and are held as Non-Current Assets. Land & Building are measured on the cost basis less depreciation and any impairment losses.

Plant and Equipment, Furniture & Fittings and Intangibles

All are measured on the cost basis less depreciation and any impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Council.

Depreciation

The depreciable amount of all fixed assets excluding land and buildings are depreciated on a straight line basis (apart from assets with a Net Book Value at 30 June 2019 of \$231 which are depreciated on a reducing balance basis) over their useful lives to the entity commencing from the time the asset is held ready for use.

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

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Land & Building	40 years term
Plant and Equipment	7.5% to 33.3%
Intangibles	7.5% to 33.3%
Furniture & Fittings	7.5% to 40%
Motor Vehicles	20% to 35%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Statement of Significant Accounting Policies (continued)

e. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

f. Impairment of Non-Financial Assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Council were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

g. Employee Entitlements

A liability is recognised for benefits accruing to employees in respect of wages, salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being reliably measured. Such entitlements have been measured at their nominal amount. It is considered that the nominal value of non-current long service leave entitlements is not materially different from the estimate determined by using the present value basis of measurement. Long Service Leave is accrued when a legal liability arises and sick leave is expensed as paid.

Contributions are made by the Council to employee superannuation funds and are charged as an expense when incurred.

h. Financial instruments

(i) Recognition and initial measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Council's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Council's initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Council's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Council commits to purchase or sell the asset.

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Council changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at — it is held within a business model whose objective is to hold assets to collect contractual cash flows; and — its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Statement of Significant Accounting Policies (continued)

h. Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment: Policy applicable from 1 July 2018

The Council makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. This includes the stated policies and objectives for the portfolio and the operation of those policies in practice. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Council's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Council considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets – Policy applicable before 1 July 2018

Financial Assets and Financial Liabilities are recognised when the Council becomes a party to the contractual provisions of the instrument. Costs attributable to the creation of the asset or liability are added to or deducted from the fair value of the asset or liability.

Cash, Bank Deposits held to maturity and Trade Receivables are stated at book value, less any provision for impairment assessed at the end of each reporting period. The Managed Investment Portfolio is carried at its fair market value as determined by the portfolio manager based on the market values of quoted investments together with cash and bank deposits at book value and any gain or provision for impairment is reflected in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents are recognised at its nominal amount. Cash and cash equivalents includes cash in hand, at call deposits with banks or similar financial institutions, highly liquid investments in money market instruments maturing within less than three months, net of any bank overdrafts.

Financial liabilities – Classification, subsequent measurement and gains and losses

Council's financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Statement of Significant Accounting Policies (continued)

h. Financial instruments - (continued)

(iii) Derecognition (continued)

Financial assets (continued)

The Council derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Council neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Council enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Council derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Council also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Impairment of financial assets

AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Council to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Council has one type of financial assets (trade and other receivables) that are subject to AASB 9's new expected credit loss model. Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there has been no identification of any impairment loss as the balances are held with financial institutions with high credit rating.

i. Contingent Liabilities and Future Contractual Commitments

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

j. Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods or services is recognised upon the delivery of goods to customers or the completion of the service and where it is probable that payment will be received.

Income from Subscriptions, Food Safety Plan, Industry Consultation (Red Meat Advisory Council), Property Rental and Commissions is recognised on an accrual basis in the financial year to which it relates. Income from Projects, Events and Promotions is recognised in the financial year when the Project, Event or Promotion is completed - as are the related Project, Event and Promotional Expenses.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

k. Government Grants

Government grants are not recognised until there is reasonable assurance that the Council will comply with the conditions attached to them and the grants will be received. Where Government Grants are receivable as compensation for expenditure by the Council specifically related to the purpose of the grant, any net surplus or loss is only recognised on completion of the grant expenditure program and all expense amounts paid and grants received.

l. Expenses

Expenses other than as noted elsewhere are taken to account on an accruals basis and measured at their fair value of the consideration paid or payable.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Statement of Significant Accounting Policies (continued)

m. Operating Leases

Lease payments are expensed as paid over the term of the relevant lease.

n. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o. Sale of Assets

Gains and losses from the disposal of assets are recognised when control of the asset has passed to the purchaser and funds received.

p. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report 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.

Key estimates - Impairment

The Council assesses impairment at each reporting date by evaluating conditions specific to the Council that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

q. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Council has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Council's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Council measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Council uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Council measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Council determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

r. Standards issued but not yet effective

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on Council include:

AASB 16 Leases

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

For the Council, AASB 16 will commence from financial year beginning on or after 1 July 2019.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The council has not yet calculated the impact on the standard.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Statement of Significant Accounting Policies (continued)

r. Standards issued but not yet effective - (continued)

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 July 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The council has not yet calculated the impact on the standard.

Note 2 Notice required under the Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of Section 272 which read as follows:-

- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

Note 3 Receivables

	2019	2018
	\$	\$
Trade Debtors	110,966	53,474
Amounts receivable from members for Subscriptions and Dues	53,989	23,317
Industry Consultation Funding receivable from Red Meat Advisory Council Ltd	385,855	396,673
Less: Provision for doubtful debts	(67,741)	(23,317)
	<u>483,069</u>	<u>450,147</u>

It is believed that the amounts net of any provisioning for doubtful debts are all collectible. There are no amounts receivable from other Reporting Units or in respect of Wages Recovery Activity.

Note 4 Inventories

	2019	2018
	\$	\$
Finished Goods at cost	<u>25,925</u>	<u>24,267</u>

Note 5 Property, Plant, Equipment and Intangibles

	2019	2018
	\$	\$
Land and Buildings		
Strata title properties at cost:	2,935,273	2,935,273
Less accumulated depreciation	(896,165)	(822,783)
Total Property	<u>2,039,108</u>	<u>2,112,490</u>
Furniture & Fittings at cost	704,721	698,469
Less accumulated depreciation	(683,754)	(674,860)
	<u>20,967</u>	<u>23,609</u>
Office Equipment at cost	588,825	525,593
Less accumulated depreciation	(519,614)	(489,409)
	<u>69,211</u>	<u>36,184</u>
Motor Vehicles at cost	151,548	180,684
Less accumulated depreciation	(56,395)	(51,332)
	<u>95,153</u>	<u>129,352</u>
Intangibles at cost - computer software purchased	259,936	193,968
Less accumulated depreciation	(182,217)	(169,761)
	<u>77,719</u>	<u>24,207</u>
Total Other Non-Current Assets	<u>263,050</u>	<u>213,352</u>
Total Property and Other Non-Current Assets	<u>2,302,158</u>	<u>2,325,842</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 5 Property, Plant, Equipment and Intangibles (continued)

Movements in Carrying Amounts

	Land & Buildings	Furniture & Fittings	Office Equipment	Motor Vehicles	Intangibles	Total
	2019	2019	2019	2019	2019	2019
	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	2,112,490	23,609	36,184	129,352	24,207	2,325,842
Additions at Cost	-	6,252	63,232	91,434	65,970	226,888
Disposals at Net Book Value	-	-	-	(63,856)	-	(63,856)
Depreciation expense	(73,382)	(8,894)	(30,205)	(61,778)	(12,456)	(186,715)
Carrying amount at the end of year	<u>2,039,108</u>	<u>20,967</u>	<u>69,211</u>	<u>95,152</u>	<u>77,721</u>	<u>2,302,159</u>
	2018	2018	2018	2018	2018	2018
	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	2,185,815	11,157	51,174	65,278	32,438	2,345,862
Additions at Cost	-	16,258	8,428	96,736	-	121,422
Disposals at Net Book Value	-	-	-	(3,995)	-	(3,995)
Depreciation expense	(73,325)	(3,806)	(23,418)	(28,667)	(8,231)	(137,447)
Carrying amount at the end of year	<u>2,112,490</u>	<u>23,609</u>	<u>36,184</u>	<u>129,352</u>	<u>24,207</u>	<u>2,325,842</u>

Note 6 Investment Property

	2019	2018
	\$	\$
Land and Buildings		
Strata title properties at cost:	192,480	192,479
Less accumulated depreciation	(96,241)	(91,428)
Total Land and Buildings	<u>96,239</u>	<u>101,051</u>
Furniture & Fittings at cost	56,619	56,619
Less accumulated depreciation	(56,619)	(56,619)
	<u>-</u>	<u>-</u>
Total Investment Property	<u>96,239</u>	<u>101,051</u>
Rental Income and Recoveries from Investment Property	112,267	79,079
Expenses incurred on Investment Property	(28,622)	(28,622)
Net Surplus from letting Investment Property	<u>83,645</u>	<u>50,457</u>

Movements in Carrying Amounts

	Land & Buildings	Furniture & Fittings	Total
	2019	2019	2019
	\$	\$	\$
Balance at the beginning of year	101,051	-	101,051
Sales of assets net	-	-	-
Depreciation expenses	(4,812)	-	(4,812)
Carrying amount at the end of year	<u>96,239</u>	<u>-</u>	<u>96,239</u>
Balance at the beginning of year	156,686	-	156,686
Sales of assets net	(50,519)	-	(50,519)
Depreciation expense	(5,116)	-	(5,116)
Carrying amount at the end of year	<u>101,051</u>	<u>-</u>	<u>101,051</u>

Note 7 Segment Reporting

The Council operates in one business and geographical segment, being an industry association in Australia.

Note 8 Corporate/Council Details

The Council is a corporate entity formed under the Fair Work (Registered Organisations) Act 2009.

The registered office and principal place of business of the Council is:

- Level 2 460 Pacific Highway St Leonards NSW 2065

Offices are also maintained at:

- 88 Albert Road, Melbourne, Vic 3025 / Pennington Place, 70 Prospect Terrace, Kelvin Grove, Qld 4059 /

- 100 Greenhill Road, Unley, SA 5061 until 3 September 2016, then 28 Greenhill Road, Wayville, SA 5034, Office closed on 28

April 2018/ 5 Darlot Road, Lansdale, WA 6065 till 3 December 2016, however the property had been sold at 30/6/17 but not settled until July 17. WA, TAS and SA are serviced from VIC and QLD offices.

The principal activity of the Council is an industry association.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 9 Other Income

	2019	2018
	\$	\$
Advertising	15,000	22,750
Members Saleable Items and Services	43,681	35,192
Bad Debts Recovered	2,973	24,952
Sundry Income	320	313
	<u>61,974</u>	<u>83,207</u>

Note 10 Auditor's Remuneration, Consultants & Professional Fees

	2019	2018
	\$	\$
10a		
Remuneration of Auditors for audit of Financial Statements	29,523	30,000
Other Services	-	-
	<u>29,523</u>	<u>30,000</u>
10b		
Food Safety Audits for members	461,149	352,178
Other Consultants and Contractors	433,360	383,883
	<u>894,508</u>	<u>736,061</u>

Note 11 Meetings and Conference Expenses

	2019	2018
	\$	\$
11a		
Councillor Attendance Per Diems	68,076	83,019
Councillor Travel Costs to attend meetings	103,567	109,711
Meeting Expenses	43,145	43,501
Totals including Directors and Councillors	<u>214,788</u>	<u>236,231</u>
11b		

The Council periodically arranges an industry conference attended by members and others at their own cost. The costs to the Council as reported in the total of Trade Projects and Events is Nil for 2019 and 2018

Note 12 Legal and Debt Collection Costs

	2019	2018
	\$	\$
Debt Collection Costs	8,387	7,437
Other Legal Costs	13,898	11,314
	<u>22,285</u>	<u>18,751</u>

Note 13 Sundry Expenses

	2019	2018
	\$	\$
Operating Lease payments - Office Equipment	16,433	10,885
Other	15,445	9,339
	<u>31,878</u>	<u>20,224</u>

Note 14a Office Bearer (Director) and Employee Remuneration

	2019	2019	2019	2018	2018	2018
	Directors	Staff	Total	Directors	Staff	Total
	\$	\$	\$	\$	\$	\$
Wages, Salaries and Directors						
Honorariums	78,530	1,824,696	1,903,226	82,363	1,724,772	1,807,135
Annual Leave Accrued	-	153,380	153,380	-	146,789	146,789
Total Short Term Benefits	78,530	1,978,076	2,056,606	82,363	1,871,561	1,953,924
Post Employment Benefit - Superannuation	3,470	174,477	177,947	3,470	175,691	179,161
Long Service Leave Accrued (net)	-	8,867	8,867	-	20,800	20,800
	<u>82,000</u>	<u>2,161,420</u>	<u>2,243,420</u>	<u>85,833</u>	<u>2,068,052</u>	<u>2,153,885</u>
Payroll Tax			100,769			100,769
Workers Compensation Insurance			15,909			15,909
			<u>2,360,098</u>			<u>2,270,563</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 14a Office Bearer (Director) and Employee Remuneration - (continued)

Key Management Staff Remuneration within the above Staff Remuneration	2019	2018
	\$	\$
Staff Salaries Incl. Annual Leave taken	870,990	413,311
Annual Leave Entitlements net accrued/(taken)	-	-
Life Assurance Premiums	-	-
Total Short Term Benefits	<u>870,990</u>	<u>413,311</u>
Post Employment Benefit - Superannuation	80,684	39,265
Long Term Benefit - Long Service Leave Accrued	-	-
	<u><u>951,674</u></u>	<u><u>452,576</u></u>

There were no separation, redundancy or other provisions or payments applicable.

Note 14b Employee Provisions

The share of Accrued Employee Benefits (Superannuation, Annual Leave, Sick Leave, Long Service Leave and Termination Provisions) between Office Bearers/Directors and Staff is:

	2019	2018
	\$	\$
Employee Benefits - Directors	-	-
Provisions for Annual Leave - Staff (Current Liability)	182,076	242,567
Provisions for Long Service Leave - Staff (Current Liability)	<u>79,925</u>	<u>131,111</u>
	262,001	373,678
Provisions for Long Service Leave - Staff (Non-Current Liability)	173	-
	<u><u>262,174</u></u>	<u><u>373,678</u></u>

There are no separation, redundancy or other provisions applicable to either Directors or Employees.

Note 15 Payroll tax payable/provided

Payroll Tax payable/provided includes a provision of \$154,857 (\$181,125 in 2018) made in prior years against the possibility of additional Payroll Tax being retrospectively assessed.

Note 16 Special Funds

The Council periodically has operated special voluntary funds on behalf of certain groups of members or others. As the funds are generally wholly expensed on behalf of those members, receipts and expenses are not included in the Council's Statement of Comprehensive Income and the balance of funds is not included in the Council's own Accumulated Funds.

	Balance 30/6/18	Received during year	Extinguished/ Expensed during year	Balance 30/6/19
Retail Apprentices Fund	<u>204,863</u>	<u>7,785</u>	<u>(11,156)</u>	<u>201,492</u>
	Balance 30/6/17	Received during year	Extinguished/ Expensed during year	Balance 30/6/18
Retail Apprentices Fund	<u>205,000</u>	<u>7,790</u>	<u>(7,927)</u>	<u>204,863</u>

Funds were contributed voluntarily from members and industry to fund marketing promotions for Retail Butcher members in various states. Those promotional activities have ceased and it has since been determined that the interest earned on the funds is to be spent on activities and initiatives to promote and support apprentices within the industry. The Council itself has no equity in the fund. Interest is earned on the balance of funds and used to fund suitable projects.

Note 17 Sundry Creditors, Accruals & Provisions

	2019	2018
	\$	\$
Current Liabilities		** Restated
General Creditors and Accruals	350,639	88,959
Fringe Benefits Tax Accrual	76,525	(24,498)
Workers Compensation Premiums	61,073	61,278
Payroll related clearing accounts, principally PAYG	(7,539)	(53,378)
Provision for Reorganisation Costs	-	139,539
	<u>480,698</u>	<u>211,900</u>

There are no payables to other Reporting Units or to employers for Payroll Deductions.

THE AUSTRALIAN MEAT INDUSTRY COUNCIL

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 17a	Movements in Provisions for Reorganisation Costs	2019 \$	2018 \$ ** Restated
	The Council has determined to reorganise its operations for the benefit of Members		
	Balance at beginning of year	139,539	139,539
	Amounts utilised during year	(139,539)	-
	Balance at end of year	<u>-</u>	<u>139,539</u>
	Current Liability accrued to be expensed in following year	<u>-</u>	<u>139,539</u>

Note 18 Advance Project Income and Advance Project Expenditure

The Council undertakes a number of projects and trade events for the benefit of members and the industry. Only when the projects or events are held and completed are all income and costs relating thereto transferred to Income and Expenditure.

	2019 \$	2018 \$
Advance Project Income	<u>95,132</u>	<u>212,236</u>
Advance Project Expenditure	<u>95,302</u>	<u>171,260</u>

Note 20 Managed Investment Portfolio managed by a third party

Market Value at beginning of Year	17,971,964	17,172,328
Investments at Cost during Year	-	480,000
Investment Income and Revaluations within the portfolio during the Year	1,199,605	1,002,700
Cash Distributed during the year for use in the Council's operation	(647,064)	(647,064)
Portfolio Management Fees during the Year	(36,000)	(36,000)
Net Deficiency between Earnings and Distributions	<u>516,541</u>	<u>319,636</u>
Market Value at end of Year	<u>18,488,505</u>	<u>17,971,964</u>

In April 2015, the Board determined to place funds in a long-term diversified investment portfolio managed by Minchin Moore Private Wealth Pty Ltd with the objective of the fund to provide a regular distribution to the Council, whilst maintaining the real value of the investment base. However, the Board accepted that in any one year, the amounts distributed to the Council for its use in operations may exceed the earnings for that year. The costs of managing the portfolio are paid from the portfolio itself.

See also Note 27a.

** See Note 29

Note 21 Statement of Cash Flows

Reconciliation of Cash

For the purpose of the Statement of Cash Flow, Cash includes cash on hand in bank and investments maturing less than three months from balance sheet date.

	2019 \$	2018 \$
Cash in Hand	2,043	2,043
Cash at Bank and on short term deposit (less than 3 months)	<u>62,578</u>	<u>31,889</u>
	<u>64,621</u>	<u>33,932</u>

Reconciliation of Net Cash provided by Operating Activities to Total Comprehensive Income

Operating Surplus	150,446	1,036,323
Depreciation and Amortisation	191,527	142,504
(Profit)/Loss on Sale of Non-Current Assets	(5,146)	74,670
Investment (Income)/Expense Net	(68,688)	(41,609)
Movement in Value of Investment Portfolio	(1,199,605)	(1,002,701)
Investment Portfolio Management Fees	36,000	36,001
Changes in Assets and Liabilities giving rise to Operating Activity Cash Flows		
(Increase)/Decrease in Prepayments/Advance Project Costs	124,581	18,221
(Increase)/Decrease in Loans Receivable	-	-
(Increase)/Decrease in Receivables/Sundry Debtors	(106,156)	(118,610)
(Increase)/Decrease in Inventory	(1,658)	(1,128)
Increase/(Decrease) in Creditors/Accruals/Advance Project Income	271,890	(187,676)
Increase/(Decrease) in Provisions	-	(450,502)
Net cash provided by operating activities	<u>(606,809)</u>	<u>(494,508)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 22 Commitments & Contingencies

The Council leases premises as under:

88 Albert Road, South Melbourne, Vic from 11 August 2014 until 10 August 2019 - at 30 June 2017 at \$53,601.84 pa (excl GST), including landlord's outgoings, with a further two to three year options available at 11 August 2019 and 11 August 2022.

The Council leases office equipment under operating leases	2019	2018
Future minimum rentals payable under non-cancellable operating leases are:	\$	\$
Within one year	7,074	21,345
After one year, but not more than five years	-	14,300
	<u>7,074</u>	<u>35,645</u>

Note 23 Income

Other than as already disclosed in the Income and Statement of Comprehensive Income or Notes to the Financial Statements, there has been no income received from another Reporting Unit or members or others in respect of entrance fees, financial support, voluntary or compulsory contributions or levies, capitation fees, donations or grants and, no recovery of wages activity has occurred.

Note 24 Expenses

Other than as already disclosed in the Statement of Comprehensive Income or Notes to the Financial Statements, there have been no expenses incurred or paid as a consideration for employers making deductions of membership subscriptions; capitation fees; fees or periodic subscriptions in respect of any affiliation to any political party federation congress council or group of organisations or any international body having an interest in industrial matters; compulsory or voluntary levies imposed on the Council; grants or donations; employee expenses related to holders of office of the Council; employee expenses related to employees of the Council; fees and/or allowances incurred in connection with holding meetings of members of the Council, conferences or meetings of council, committees, panels or other bodies for the holding of which the Council was wholly or partly responsible; legal costs; penalties imposed on the Council under the Fair Work (Registered Organisations) Act 2009 and, no recovery of wages activity has occurred.

Note 25 Statement of Financial Position

There are no amounts receivable from or payable to another Reporting Unit.

Other than as disclosed in the Statement of Financial Position or Notes to Financial Statements, there are no amounts payable to employers as consideration for the employers making payroll deductions of membership subscriptions; payables in respect of legal costs; employee provisions in respect of the officers or employees of the Council, or wages recovery activity.

Note 26 Financial Instruments - Fair values and Risk Management

A Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30 June 2019	
	Carrying amount	Fair value - Level 1
Financial assets measured at fair value through profit or loss	\$	\$
Investments - Managed Investment Portfolio	<u>17,334,119</u>	<u>18,488,505</u>
	Carrying amount	Fair value
Financial assets measured at amortised cost	\$	\$
Cash at bank *	62,578	62,578
Receivables and Sundry Debtors *	483,069	483,069
	<u>545,647</u>	<u>545,647</u>
Financial liabilities not measured at fair value (other financial liabilities)		
Trade Accounts Payable *	<u>276,540</u>	<u>276,540</u>
	<u>276,540</u>	<u>276,540</u>

* Management has assessed that cash at bank, receivables and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Valuation technique - Financial assets measured at fair value through profit or loss

Fair value of financial assets measured at fair value through profit or loss is derived from quoted market prices in active markets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 26 Financial Instruments - Fair values and Risk Management - (continued)

B Financial Risk Management

The council has exposure to the following risks arising from financial instruments:

- i) Credit risk
- ii) Liquidity risk
- ii) Market risk

Risk management framework

The Council actively manages the collection of receivables so as to minimise the risk of non-payment.

Until May 2015, the Council only deposited funds with recognised banks and financial institutions of good standing and actively sought to deposit those funds at the best available interest rates from those selected. Significant amounts of cash and term deposits were maintained to ensure continuing liquidity at all times. However, there is an exposure to varying interest rates, see 27b below. In May 2015, significant funds were placed in a Managed Investment Portfolio, but still providing access to sufficient liquidity at all times.

The objective of the Managed Investment Portfolio, once fully implemented, is to provide for a regular distribution to the Council to fund its operations, whilst maintaining the real value of the fund. The strategy therefore is to place 50% of the investment portfolio in Growth Assets (principally quoted shares and real estate investment trusts) and 50% in Income Assets (principally fixed interest). However, at all times, the income streams and quoted asset values are subject to market fluctuations.

Prior to the commencement of each financial year, the Council prepares budgets for the next following year taking into account current conditions relating to its income streams, services it provides and the costs thereof. The Council's Constitution & Rules require that the budget demonstrates that the Council can operate within income budgeted to be received for that financial year.

i) Credit risk

Credit risk is the risk of financial loss to the Council if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Council's receivables. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets as at 30 June 2019 was \$67,741 (2018: \$23,317). The Council's exposure on credit risk is not significant.

ii) Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation

The Council aims to maintain the level of its cash and cash equivalents and term deposits at an amount in excess of expected cash outflows on financial liabilities. The council has also invested in term deposits amounting to \$1,314,679 (Forming part of investments - managed portfolio) which can be accessed to meet short term liquidity needs.

The contractual maturities of the financial liabilities at the reporting date are less than 12 months.

iii) Market risk

Market risk is the risk that changes in market prices – e.g. interest rates and equity prices – will affect the Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risks

	2019	2018
	\$	\$
<u>Fixed rate instrument</u>		
Cash at Bank, At Call and Short Term Deposits maturing in less than three mc	62,578	31,889
Term deposits part of investments - managed portfolio	1,314,679	1,905,280
Others	7,923,028	7,292,414
	<u>9,300,285</u>	<u>9,229,583</u>

A 10 percent change in interest rates would have increased or decreased surplus by \$11,771 (2018: \$12,186). This analysis assumes that all other variables remain constant.

Price Risks

The Council is exposed to equity price risk, which arises from equity securities at FVTPL. The management of the Council monitors the proportion of equity securities in its investment portfolio based on market indices. Investments are designated as at FVTPL because their performance is actively monitored and they are managed on a fair value basis.

A 10 percent change in equity prices would have increased or decreased surplus by \$923,770 (2018: \$919,769). This analysis assumes that all other variables remain constant.

THE AUSTRALIAN MEAT INDUSTRY COUNCIL

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 27 Related Party Transactions

Control of the Council rests with the Board of Directors. The Directors on the Board are elected from the Council's general membership. It is therefore determined that transactions between the Council and the Directors are related party transactions.

Revenue Received

All Directors or the businesses that they represent are members of the Council and are charged Subscriptions and may be charged other amounts from time to time at the same rates and on the same terms as for other members and receive the same range of goods and services as they may require.

As members of the Council, Directors or the businesses they represent may voluntarily participate in Trade Events and are charged the same rates as for other members choosing to participate and receive the same benefits and may also sponsor Trade Events.

Expenses Paid

All Directors receive an Honorarium (Directors Fees), and are entitled to claim Travel Expenses and Per Diems (at set rates) for their attendance at Board Meetings, Council Meetings and Industry Meetings.

Board Honorariums and Superannuation are set out under Note 14a.

There were no other related party transactions.

Key management personnel remuneration

Key management personnel's remuneration is disclosed in Note 14a.

Note 28 Assets or Liabilities acquired as part of an amalgamation or restructure

There have been no assets or liabilities acquired during the year as part of an amalgamation, restructure, change in Reporting Unit or a determination or revocation thereof by the General Manager of the Fair Work Commission.

Note 29 Restatement

During the year, the Council discovered that provisions had been erroneously stated in its financial statements since 2017. As a consequence provisions amounting to \$705,214 was overstated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following table summarises the impact on the Council's financial statements.

Statement of financial position for the year ended 30 June 2018

	As previously reported	Error	As restated
Total assets	<u>21,216,005</u>	-	<u>21,216,005</u>
Current liabilities and provisions			
Sundry Creditors, Accruals and Provisions	524,554	(312,654)	211,900
Others	1,173,771	-	1,173,771
Total current liabilities and provisions	<u>1,698,325</u>	<u>(312,654)</u>	<u>1,385,671</u>
Non-current liabilities and provisions			
Property Provisions	410,471	(410,471)	-
Total non-current liabilities and provisions	<u>410,471</u>	<u>(410,471)</u>	<u>-</u>
Total liabilities	<u>2,108,796</u>	<u>(723,125)</u>	<u>1,385,671</u>
Net assets	19,107,209	723,125	19,830,334
Total equity			
Retained earnings	19,107,209	723,125	19,830,334
Total equity	<u>19,107,209</u>	<u>723,125</u>	<u>19,830,334</u>

There is no impact of the Council's Statement of Comprehensive Income and Statement of Cash Flows for the year ended 30 June 2018.

Note 30 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Council, to affect significantly the operations of the Council, the results of those operations, or the state of affairs of the Council in future financial years.

AUSTRALIAN MEAT INDUSTRY COUNCIL

ABN: 65 990 653 488

STATEMENT OF THE BOARD OF DIRECTORS (COMMITTEE OF MANAGEMENT)

In accordance with a resolution of the Board of Directors we declare that in the opinion of the Board:

- (a) the accompanying financial statements, notes and cash flows comply with Australian Accounting Standards and the reporting guidelines of the Commissioner of the Fair Work Commission, give a true and fair view of the financial performance, financial position and cash flows of the Council for the financial year to which they relate; and
- (b) there are reasonable grounds to believe that the Council will be able to pay its debts as and when they become due and payable; and
- (c) during the financial year to which the General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the Board were held in accordance with the rules of the Council; and
 - (ii) the financial affairs of the Council have been managed in accordance with the rules of the Council; and
 - (iii) the financial records of the Council have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
 - (iv) the Council consists of only one reporting unit; and
 - (v) any information sought in any request by a member of the Council or by the Commissioner of the Fair Work Commission duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager; and
 - (vi) there has been no order for inspection of financial records made by the Commissioner of the Fair Work Commission under Section 273 of the Fair Work (Registered Organisations) Act 2009; and
 - (vii) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

Signed on behalf of the Board of Directors in accordance with the resolution of the Board dated 11 November, 2019.



Lachlan Hart
Chairman



Robert Constable
Secretary/Treasurer

At Sydney, New South Wales dated 11 November 2019.



Independent Auditor's Report

To the members of Australian Meat Industry Council

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of the Australian Meat Industry Council (*the Council*).

In our opinion, the accompanying **Financial Report** presents fairly, in all material respects, the financial position of Australian Meat Industry Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended, in accordance with:

- Australian Accounting Standards; and
- Any other requirement imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Expenditure Report Subsection 255 (2A)
- Notes including a summary of significant accounting policies
- Statement of the Board of Directors (Committee of Management)

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Council in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the *Financial Report* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matters – Restatement of comparative balances

We draw attention to Note 29 to the financial report, which states that amounts reported in the previously issued 30 June 2018 financial report have been restated. Our opinion is not modified in respect of this matter.

Restriction on use and distribution

The Financial Report has been prepared to assist the members of Australian Meat Industry Council in complying with the financial reporting requirements of the Fair Work (Registered Organisation) Act 2009.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of the Australian Meat Industry Council and should not be used by or distributed to parties other than the members of the Australian Meat Industry Council. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of the Australian Meat Industry Council or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Australian Meat Industry Council's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the Australian Accounting Standards and the requirements of the Fair Work (Registered Organisation) Act 2009
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Council's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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

I am an approved auditor as defined by Regulation 4 of the Fair Work (Registered Organisations) Act 2009, a member of the Institute of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

Report on other legal and regulatory requirements

Opinion

In our opinion, the Board's use of going concern basis of accounting in the preparation of the financial Report is appropriate.

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. I have nothing to report on these matters.



KPMG



Jonathan Rudman

Partner

Sydney

11 November 2019



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