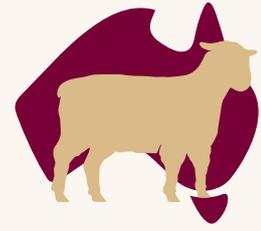


ANNUAL REPORT

2017-18



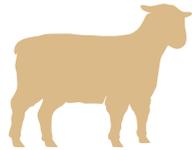
SHEEP
PRODUCERS
AUSTRALIA

**YOUR INDUSTRY.
YOUR VOICE.
YOUR FUTURE.**



YOUR INDUSTRY.

The Australian sheep industry is a world leader in providing a top quality protein source to consumers both domestically and internationally. It makes an important contribution to the Australian economy and underpins many rural and regional communities.



The Australian sheep flock
72.1 MILLION
head at 30 June 2017



Australia accounts for
6%
of the global sheep flock



\$2.2B
the amount Australian consumers spend on lamb per year



191,800
people directly employed in the red meat and livestock industry in 2016-17



\$47M
the total domestic expenditure on mutton in 2017-18



8KG
The volume of lamb the average Australian consumer eats per year



31,796
Agricultural businesses with sheep and lamb in Australia



1ST
Australia was the largest sheepmeat exporter in the world in 2017



\$3.28B
The value of sheepmeat exports in 2017-18

Source: Meat & Livestock Australia Fast Facts 2018

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INTRODUCTION

Sheep Producers Australia (SPA) is the peak industry council for sheep and lamb producers.

SPA works to enhance the productivity, profitability and sustainability of the Australian sheep and lamb industry by representing all producers to industry decision-makers and stakeholders, with the goal of positioning the industry for future success.

SPA is the industry voice on issues that affect sheep production businesses. SPA advocates for better business outcomes, monitors investment of producer levies and seeks to improve information flow up and down the value chain.

SPA is the custodian of the Sheep Industry Strategic Plan (SISP), the blueprint for the industry's future. This is delivered through consultation with industry and government to ensure levy investment is clearly directed and producers' best interests are met through the provision of research, development and extension, services, programs and marketing.

Partners integral to SPA's success are:

- Members – the state farming organisations (SFOs) including Agforce, NSW Farmers, Victorian Farmers Federation Livestock, Tasmanian Farmers and Graziers Association, Livestock SA, WA Farmers Federation and Pastoralists and Graziers Association of WA.
- Service providers – Meat & Livestock Australia, Integrity Systems Company, Animal Health Australia and National Residue Survey.
- Industry partners – WoolProducers Australia, Australian Meat Industry Council, SAFEMEAT, Red Meat Advisory Council and National Farmers Federation.
- The Australian Government and numerous other industry stakeholders and agricultural partners.

SFOs play an integral role in SPA in recommending potential board directors to the selection process as well as providing members for committees, which enables a diversity of producer and industry insight which supports robust policy setting and decision-making processes.

A new organisation

SPA transitioned to be a company limited by guarantee, from the former Sheepmeat Council of Australia which was an incorporated association, in November 2017. This followed an extensive governance review and member consultation and input from the SFOs. Representatives from each were involved in a series of consultation meetings, along with other key stakeholders, to determine a suitable model for the future of the sheep and lamb industry's peak body.

In recent years, the environment in which the former council operated had changed significantly since it was established in 1978. The council's funding source was mostly state-based contributions and budget pressures had meant this was likely to decrease to unsustainable levels. The new entity provides a solid legal structure and means SPA has the ability to source additional and external funding and partnerships to ensure it remains financially viable.

The change has enabled the organisation to modernise its operations to better serve Australia's sheep producers as well as continuing to reflect contemporary governance standards. The decision to transition to SPA was made at a special general meeting of members in August 2017 and the new organisation was officially launched following the Annual General Meeting on November 14, 2017.

OUR VISION

As the national body representing Australian sheep producers, SPA is trusted and respected by industry and government and is an organisation with which producers want to connect.

OUR MISSION

As a well-resourced and professional organisation, SPA provides reputable strategic and high level technical advice on behalf of sheep producers to government and industry service providers in order to position the Australian sheep industry for future success.



Winner of the 2018 SPA StockTAKE Photography Competition: Feeding ewes, Ellen Arney, Strathalbyn, SA

Supporting industry growth

SPA works to support the vision of the Australian sheepmeat industry that by 2030:

- Australian lamb is a highly valued meal across the globe and is recognised for its exquisite flavour, tenderness and consistency. While it commands high prices, consumers know exactly how the product will perform under given cooking methods. Australian lamb and sheepmeat products are trusted for their safety and their integrity, and are known to have come from farms that care for their sheep and for the environment in which they are raised.
- The Australian sheepmeat industry is a model of efficiency. All parts of the value chain are focused on satisfying their next customer and ultimately the consumer and each participant is rewarded according to how well they contribute to this goal. Product performance data flows

seamlessly from seedstock producers through the value chain to consumers and back, creating a cycle of continuous improvement. Electronic data systems, measurement technologies, a comprehensive language and a culture of collaboration all enable and facilitate this flow. In particular, the exchange of information between producers and processors has been instrumental in improving product quality and consistency and reducing costs.

- Sheepmeat producers and their value chain colleagues are profitable and proud to be part of their industry. They are savvy business people applying cutting edge technologies to optimise their enterprises. At the farm level, genetics, pasture and animal management and the use of the latest information technology are all focused on the one thing – improving the quality of the product.

PRESIDENT'S REPORT

The 2017-18 Annual Report celebrates the first eight months of Sheep Producers Australia's (SPA) formation and operation.

As a board, our initial focus has been on bedding down the new structure, with the transition of the former Sheepmeat Council of Australia from an incorporated association to SPA as a company limited by guarantee in November 2017.

The establishment of SPA has meant that all producers have the opportunity for their voice to be heard nationally through a professional organisation, underpinned by best-practice governance principles through a modernised constitution. It also means SPA has options in sourcing extra funding to carry out its vision and mission.

Internally, this transition required extensive work in establishing a new company, appointing a skills-based board including, for the first time, independent directors, and defining the roles and responsibilities of each of the various positions.

For the first time, SPA has had an independent chair in experienced board director Chris Mirams to manage the establishment and smooth operation of these governance processes. SPA has also sought to renew our policy committees, adopting the same skills-based framework for appointment of policy experts and rolling out a new method of engagement for each knowledge group to inform SPA's policy and advocacy activities.

With that work largely complete, the core functions of SPA have not changed as we continue our focus on policy, strategy, advocacy and governance with

the goal of adding value to our members and key stakeholders.

In 2018, there have been a number of significant policy items on the agenda for SPA, in particular two with the potential of on-farm change.

SPA endorsed a change in the industry definition of lamb to be the same as the New Zealand definition, based on a formal, industry-wide consultation. The new definition, as outlined in the New Zealand Lamb and Mutton Carcass Classification, is *'young sheep under 12 months of age or which do not have any permanent incisor teeth in wear'*.

The decision was based on the majority of feedback provided during a nine-week public consultation phase in which 83% of respondents to an industry survey supported the change. With implementation of the new policy requiring significant change within industry, this will continue to form a large part of SPA's efforts in the industry affairs portfolio in 2018-19 with an anticipated change date of mid-2019.

The uncertainty around exports of live sheep has also weighed heavily on SPA and producers. SPA has worked with the National Farmers Federation and members to facilitate dozens of meetings with politicians and industry stakeholders to outline our view of the importance of the trade to Australia.

We have also openly outlined producers' unwavering commitment to the highest animal welfare standards and the expectation that this will extend to every part of the supply chain.

The live export issue was a significant drain on resources but absolutely necessary advocacy work to undertake. With our position now clearly



communicated and relationships established with key influencers, SPA will turn its attention back to the mid-year review of the Sheep Industry Strategic Plan in 2019.

One of the highlights of 2018-19 so far has been the launch of the SPA Leadersheep Network at LambEx 2018. The network is designed to connect sheep producers and people working in the industry who share the goal of driving industry growth and success. More information on this exciting initiative is outlined later in the report.

The power behind SPA is its people – the board directors, our small but hard-working team of staff and our members – the state farming organisations, and in turn, the producers of Australia.

I'd like to take this opportunity to thank those responsible for establishing SPA and setting it on its course for a successful first year, including former CEO Dr Kat Giles, who worked tirelessly with the Sheepmeat Council of Australia membership to see SPA established and positioned for growth.

Secondly, to interim CEO Sue Dillon, who was seconded from Meat & Livestock Australia while the search for a new CEO commenced. Her hard work and persistence, together with Chair Chris Mirams, ensured SPA and producers were well represented and coordinated at the height of the live export issue. The SPA Board was deeply saddened to learn of Sue's passing in October 2018 and extends its sincerest condolences to Sue's family and friends and her colleagues at MLA.

I'd like to thank our hard-working policy committees which provide the diversity of thought and industry representation, in particular from the

state farming organisations, to ensure there is a broad canvassing of opinion and a high level of rigour in the board's decision-making process. Also, a special thank you goes to independent director Anne Astin as Chair of the Audit and Risk Committee.

In late August 2018, we welcomed new CEO Graham Smith. Graham is former CEO of New Zealand's Federated Farmers and brings a wonderful skillset and wealth of experience to the role, including knowledge of the strategic importance of the sheep industry to Australia and its contribution to rural communities and national exports.

SPA remains focused on working closely with our members – the state farming organisations – and service providers as well as the industry more broadly as we prepare for the opportunities and challenges that lie ahead in 2019.

Recent months have been challenging for many sheep producers across Australia as drought and dry conditions make livestock management more difficult. While season 2018 will be memorable for all the wrong reasons, we hope that 2019 will bring the relief that many so desperately need across Australia to rebuild their flocks and return to a profitable position.

ALLAN PIGGOTT
President
Sheep Producers Australia

CEO'S REPORT

Historically, culturally and economically, the Australian sheep industry has contributed enormously to our society and continues to do so.

It is the largest exporter of sheepmeat and the second largest exporter of lamb and mutton in the world, while the value of sheepmeat exports in 2017-18 was \$3.28 billion. And of course, Australia is also the world's largest wool producer with 20% of global wool production worth an additional \$4b.

These are impressive figures and further underline the industry's importance, particularly to the strength and well-being of regional Australia.

But we cannot rest on our laurels because, like any industry, we face significant challenges in the future including a hotter and drier climate, animal health and welfare issues, attracting younger people to the industry, increased biosecurity threats, changing consumer and political attitudes and increasing alternative protein competition – to name a few.

We must never lose sight of the fact that the consumer, quite rightly, is king. New technologies will present far greater eating choices within the next decade and we should never assume that consumers will always want to buy our products in the quantities or prices that they do today.

Within this environment, it is important the sheep industry increasingly recognises that change is accelerating and that we must continue to improve how we operate, cooperate and tell our stories, because we actually have thousands of great stories to tell every year.

Within this environment, Sheep Producers Australia has an important role to play as a national voice. But as a young and evolving organisation, it will need some time to reach its full potential.

Having joined SPA recently, my immediate focus for the first six months is to commence projects which:

- Strengthen the organisation's financial systems and management reporting.
- Prepare the organisation for future emergencies and issues, including developing a crisis management framework and conducting a simulation exercise.



- Review and strengthen the SPA policy committees to provide more robust and timely advice to the board and industry.
- Strengthen relationships with state farming organisations, including undertaking an operational workshop with each before April 2019.
- Increase the SPA leadership network's engagement with online communities, including one new module that reinforces the recently completed 'Change Challenge' video.

SPA's longer-term objectives include:

- Develop a three-year strategic plan by June 2019, to ensure the organisation provides relevant, timely and valuable services to the Australian sheep industry.
- Continue to develop the SPA leadership network, including a series of regional workshops and new online modules.
- Participate strongly in developing the 2025 Meat Industry Strategic Plan to enable the Industry to meet significant strategic challenges and opportunities.
- Commence the development of a Sheep industry Sustainability Framework to 2025.

I look forward to working with the SPA board, staff, members and stakeholders to meet our future challenges head-on and capture the fantastic opportunities that will be presented to us as an industry, provided we work together.

Finally, I would like to pay tribute to Sue Dillon who tragically passed away recently. Sue was a true friend to both SPA and the Australian red meat sector and will be sadly missed.

Wishing you all the best for a profitable and productive 2019.

GRAHAM SMITH
Chief Executive Officer
Sheep Producers Australia

YOUR VOICE

Policy Priorities

Sheep Producers Australia works to enhance the productivity, profitability and sustainability of the Australian sheep and lamb industry.

When developing policy, SPA seeks input from a range of sources including its members, producers, industry groups, value chain stakeholders, government agencies and representatives and organisations outside the sheep industry. SPA also makes submissions on behalf of sheep producers and represents producers in a range of government and industry forums.

Policy committees play an integral role in consultative decision-making for the SPA Board and are the primary mechanism for the SFOs to have input on policy direction for the industry. SPA has four policy committees, including Marketing, Market Access and Trade, Sheep Health and Welfare, Product Integrity and Research, Development and Adoption.

Each committee has a mix of board, SFO and industry members to provide a broad range of views and expertise. Policy committees consider policy matters in detail and make recommendations to the SPA Board. The board then makes the final decision in the best interests of the sheep industry as a whole.

SPA is a member of the Red Meat Advisory Council and the National Farmers Federation, ensuring that sheep producers are represented in the broader livestock and primary production advocacy circles. SPA works with a number of other industry organisations to achieve the best policy results for producers.

Producers are encouraged to have input on SPA policies by contacting a board member or staff member directly, or contributing through their SFO, which are an important voice directly to SPA.



1. Securing Markets

SPA works with the Australian Government, Meat & Livestock Australia and local and overseas organisations to build domestic and international markets for Australian lamb and sheepmeat products through producer levy-funded marketing campaigns and providing industry advice for international trade negotiations.



2. Improving Sheep Health and Welfare

SPA helps producers achieve the high standards customers demand by working to develop science-based sheep health and welfare policy and programs. SPA works with service providers to manage endemic disease and biosecurity risks on-farm, improve welfare outcomes and minimise the risk of exotic diseases entering Australia.



3. Driving Innovation

SPA monitors the spending of producer levies by working with industry service providers to ensure all research and development investments are aligned with the goals outlined in the Sheep Industry Strategic Plan (SISP) 2020 and deliver the greatest return possible for producers.



4. Guaranteeing Product Integrity

SPA represents all sheep producers when working with regulators and other industry organisations to ensure Australian sheepmeat products achieve the highest standards of food safety and quality from farm to consumer at the lowest cost to producers.



5. Building Industry Capability

SPA's focus is on building industry leadership capability by upskilling industry groups and leaders throughout the supply chain. SPA operates a range of programs and ensures participants remain engaged in the organisation's activities through the Leadersheep Network.



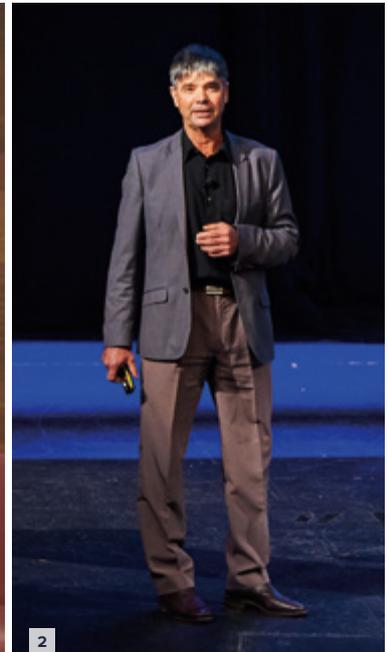
6. Influencing Business Outcomes

SPA represents sheep producers on a range of cross-commodity issues such as transport, natural resources and water management to get the best outcomes for everyone. SPA participates in a number of industry forums and with a range of partners to develop programs that support farm businesses.

SHEEP PRODUCERS AUSTRALIA ... IN ACTION



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1. Attending the 2016 governance scholarship training in Canberra are John Murdoch, Troy Fischer, Malcolm Starritt, David Young, Bindi Murray, Fiona Rasheed, Allison Harker, Andrea Mitchell, Jo Hall, Kat Giles and Kathleen Allan. 2. SPA President Allan Piggott addresses delegates at LambEx 2018 conference in Perth. 3. SPA Directors Bindi Murray and Allan Piggott with National Farmers Federation President Fiona Simson at a press conference regarding live sheep exports at Parliament House in May 2018. 4. Participants in the 2016 Sheepmeat Industry Leadership Program visited Parliament House including (back) Allison Harker, Peter Thomas, Amanda Olthoff, Michael Wright, Alister Persse, Dan Korff, Josh Sweeney, John McGoverne, David Lomas and Ben Haseler with (front) Elise Bowen, David Young, Graeme Sawyer and Isaac Allen. 5. The inaugural SPA Board following the first AGM in November 2017 including CEO Kat Giles, Allan Piggott, Michael Craig, Bindi Murray, Ian McColl and Jamie Heinrich. 6. SPA President Allan Piggott congratulates Animal Production 2018 Conference Chair Phil Hynd on a great conference, held in conjunction with the annual Graham Centre event for producers. 7. SPA Leadersheep Forum facilitator Jason Clarke with James 'The Shepherd' Rebanks at the Leadersheep Forum, held in conjunction with LambEx 2018. 8. US Center for Food Integrity CEO Charlie Arnot talks about the value of shared values in engaging with non-agricultural audiences at the Leadersheep forum. 9. Participants in the 2017 Sheep Industry Leadership Program included (kneeling) Louisa Street, John Murdoch, Peter Thornton, Karen Smith. (Standing from left) Mary Johnson, Jock Munro, Sam Anderson, Graham Clothier, Craig Hinchliffe, Catriona Nicholls, Susanne Levett, Jodie Green, Steph Fowler, Johnny Gardner, Stephen Crisp and George Nichols. 10. SPA Industry Leadership Manager Melissa Neal engaged with producers across Australia at a range of industry events in 2018. 11. Representing SPA at its stand at LambEx 2018 were staff members Judy Taylor, Melissa Neal and Stephen Crisp.



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KEY ACHIEVEMENTS AND ACTIVITIES



Runner-up in the 2018 SPA StockTAKE Photography Competition: Feeding as the sun sets at Hillside, Nikki Hoffmann, Guluguba, Qld

Sheep Producers Australia represents the interests of producers nationally through its state farming organisation members. SPA has been involved in a range of policy initiatives and activities in its first eight months as an organisation. Five of the most significant for the period include:

1. National review of market structures

In January 2018, SPA released an investigative report into Australia's sheepmeat market structures and systems. The independent report, *Sheepmeat Market Structures and Systems Investigation*, was commissioned by Meat & Livestock Australia at SPA's request.

The report provides an overview of the sheepmeat industry and current state of the market and investigated the drivers for change historically, at the time of analysis and forecast in future. It analysed methods of selling, differences between markets across Australia, price reporting, over-the-hook grading, and barriers to entry in the processing sector.

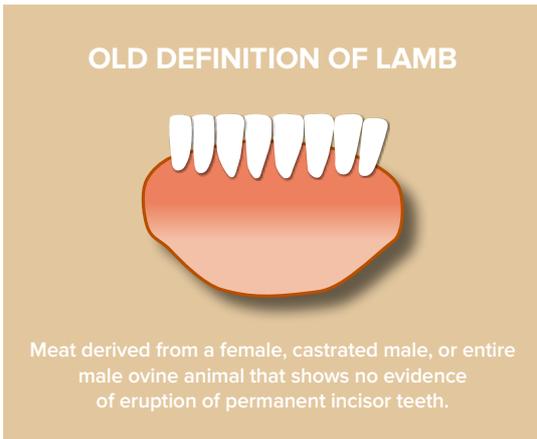
The aim of the report was to assist the Australian sheep industry develop an evidence-based policy response to findings delivered to the red meat industry by parliamentary and statutory authority inquiries in 2017. These inquiries included

the Australian Competition and Consumer Commission's Cattle and Beef Market Study and the Senate Standing Committee on Rural and Regional Affairs and Transport.

The high-level key findings were:

- Saleyards are generally efficient, especially the major selling centres.
- There are structural differences between markets.
- Profitable processors are vital to the broader industry's sustainability.
- Market price reporting is extensive yet the collection process requires improvement.
- Differences in saleyards versus direct sales pricing are evident.
- Over-the-hooks assessment transparency and grading is a significant issue to producers.
- Barriers to entry and expansion in the processing sector are limiting market efficiencies.

The report is available on SPA's website, www.sheepproducers.com.au



2. Consultation and change in lamb definition

In October 2017, just prior to the establishment of SPA, the former Sheepmeat Council of Australia opened consultation to review the definition of lamb, seeking to achieve a uniform industry position. The review was part of a broader 'Fit for Purpose Language Program' undertaken by SPA. The program aims to enable the introduction of meat and livestock specification language that strengthens the connection between consumer price signals and on-farm decision-making. Enhanced alignment will assist in producers being paid for the product attributes that consumers value most at the dinner table.

Feedback was sought on adoption of the New Zealand definition, outlined in the New Zealand Lamb and Mutton Carcass Classification as '*young sheep under 12 months of age or which do not have any permanent incisor teeth in wear*'. The public consultation period, which was operated by an independent service provider, ran for nine weeks and advice was sought from technical experts in Meat & Livestock Australia.

The final decision was based on the majority of feedback in which 83% of respondents to an

industry survey supported the change. MLA's consumer markets insight unit advised there was no anticipated change to eating quality of the product and so the likelihood of a determinantal effect on consumer preference was low. MLA's international business managers, along with Australian exporters and international importers, also confirmed minimal market access risk from adopting the New Zealand lamb definition.

All responses collected during the consultation were collated into a summary document and SPA addressed any concerns raised through the consultation in a separate policy paper.

When in place, the new definition will even the playing field against New Zealand in our export markets and provide producers with an indicator before they incur the 'price cliff face' of lamb being downgraded to hogget or mutton. The current definition means that as soon as eruption is evident, the animal becomes classed as mutton, and results in a lower price.

In 2018-19, work will continue on an implementation plan, which includes a number of changes throughout the supply chain, including altering the definition in a number of federal, state and industry regulations and standards.



Finalist in the 2018 SPA StockTAKE Photography Competition: Can't beat 'em, join 'em, Jason Schmidt, Bulart, Vic

3. OJD management consultation and outcome

In January 2018, SPA and WoolProducers Australia launched consultation into the future management of Ovine Johne's Disease (OJD). Feedback was sought from all stakeholders in the sheep and wool industry as the 2013-2018 National Ovine Johne's Disease Management Plan (NOJDMP) was due to finish in 2018. The NOJDMP is managed by Animal Health Australia on behalf of SPA and WoolProducers. The last time stakeholders had the opportunity to direct future OJD management was prior to the plan's development in 2012-13.

The plan and the tools underpinning it were reviewed to ensure OJD continued to be effectively managed and its spread minimised. Two options were considered during the review:

- The current NOJDMP ceases but the tools and strategies for managing OJD continue to be available through the Sheep Health Project. Producers will be encouraged to maintain biosecurity for OJD and other diseases and conditions.
- A revised OJD framework is developed based on the current plan and taking into account stakeholder feedback.

The consultation did not present a clear outcome on whether to retain, change or cease the program

beyond June 30. As a result, the boards of both organisations reviewed the technical advice provided by Animal Health Australia on the actual, not perceived, risk OJD presented to the industry. The advice was that OJD should be treated as one of a range of endemic diseases in Australia, such as ovine brucellosis, and be managed through the tools of the Sheep Health Project, rather than having a separate management plan. This approach ensured that the role of the states in regulating animal diseases was not impacted and producers could continue to comply with state regulations.

The decision put the management of OJD in producers' hands to choose their own strategy. The recommended tools include vaccination, Sheep Health Declarations, SheepMAP, abattoir testing through the National Sheep Health Monitoring Project and Regional Biosecurity Plans. SPA and WoolProducers encouraged producer uptake of these tools to add significant strength and rigour to their on-farm biosecurity activities. In particular, producers were encouraged to continue using Sheep Health Declarations as a key tool in prevention of infection when buying and selling sheep.

.....
Download the final consultation report from the Animal Health Australia website, www.animalhealthaustralia.com.au

4. Advocacy on behalf of producers for live sheep exports

In April 2018, the export of live sheep from Australia was under intense public scrutiny following release of footage of a voyage to the Middle East in 2017 in which 2400 animals died. SPA's resources were diverted to advocacy efforts to work with government authorities and industry stakeholders and to highlight its position on the importance to producers of best practice animal welfare and the way in which the livestock export trade supports rural and regional communities.

SPA committed to working with the Australian Government, Minister for Agriculture David Littleproud and the Australian Livestock Exporters' Council. SPA also joined a broader farm sector response, headed by the National Farmers Federation, of which SPA is a member. SPA made a conscious decision to engage directly and strategically with stakeholders, rather than indirectly through public forums, and so participated in dozens of meetings with Parliamentarians advocating on behalf of producers. SPA's main priority has been to advocate for a science and evidence-based solution and to communicate that sheep producers are unwavering in their commitment to the highest animal welfare standards domestically and expect that this commitment extends to the export of sheep as well.

Key points of the joint industry policy position were that:

- The Australian sheep production sector supports the live sheep export trade with improvements.
- This trade is a vital plank in the whole sheep production sector, particularly in Western Australia.
- Farmers were appalled and saddened at the footage shown given animal welfare is a priority for them at all times. The behaviour depicted was not consistent with the values of sheep producers.
- Australia is a global leader in relation to animal welfare and will continue to invest significantly both domestically and overseas in research that achieves above and beyond industry standards for animal welfare, such as modern animal health monitoring tools and modern vessels.
- This support for the trade is contingent upon ongoing improvement of transparent and effective monitoring and enforcement within regulatory frameworks.



- The sector is seeking a calm and meaningful response from decision-makers to ensure sustainability in the livestock sector.

Minister Littleproud initially instigated a review by Dr Michael McCarthy, and SPA committed to waiting on its recommendations before making any decisions on the way forward. SPA also committed to working with the Minister, our members and the livestock export sector to ensure an outcome could be achieved that protected the welfare of animals while preserving the trade and the benefits it delivers to farmers, regional communities and those employed in the supply chain.

The McCarthy Review, *Independent Review of Conditions for the Export of Sheep to the Middle East during the Northern Hemisphere Summer*, was initiated to provide evidence-based advice for the trade on where improvements could be made for exports of live sheep to the Middle East during the northern hemisphere summer. At the release of the McCarthy Review, SPA supported all of its recommendations and said the review defined a truly independent, evidence-based approach to a solution, based on a solid, technical understanding of the industry.

In addition, SPA provided input to the Moss Review. In our submission, SPA supported review of the Australian Standards for the Export of Livestock (ASEL) and improvement to the Exporter Supply Chain Assurance Systems (ESCAS) and, where deficiencies are identified, to ensure they are fit for purpose in meeting both the sheep industry and the community's expectations. SPA also supported assessment of capability, powers, practices and culture of the Department of Agriculture and Water Resources, as regulator of live animal exports.

SPA supported the Moss Review recommendations and welcomed the establishment of the Office of the Independent Inspector-General of Live Animal Exports. However, SPA called on the department to meet any additional costs in providing regulation of the trade, given this was a service it was supposed to be delivering in the first place. Any other additional costs to comply are likely to fall on the trade, which will flow back to producers.

SPA is continuing to engage with stakeholders regarding how producers care for their sheep and value best practice animal welfare, as evidenced through SPA's continued commitment to its sheep health and welfare policy committee and producers' ongoing commitment to welfare on-farm.

While SPA's advocacy efforts in live sheep exports will continue into 2018-19 and likely beyond, SPA thanks the Federal Government for following through on the reviews it instigated in working toward a science and evidence-based policy solution. In addition, SPA acknowledges the actions taken so far by Australian livestock exporters to bring change to their industry and improve animal welfare outcomes, in line with the expectations of farmers and the community.

With implementation of the McCarthy and Moss recommendations, sheep producers will feel more confident the regulatory system that underpins the live trade is rigorous and based on best practice.



Finalist in the 2018 SPA StockTAKE Photography Competition:
Home for shearing, Faye Beswick, Preservation Bay, Tas



5. Launch of the SPA Leadersheep Network

One of the highlights of 2018 has been the development and launch of the Sheep Producers Australia Leadersheep Network. Work on the network began in 2016-17 but the need to identify and develop leaders coming in to the organisation and the industry was first recognised in the Sheep Industry Strategic Plan 2015-2020, developed on behalf of industry by the former Sheepmeat Council of Australia.

The plan outlines the need to:

- Build capability and capacity in leadership, policy and strategy development and succession planning for leadership roles.
- Ensure the sheep industry has a strong, united voice to government and service providers.
- Establish strategies to promote and support career paths and implement professional and skills development capability

In order to meet this need, in 2016, the Sheepmeat Council of Australia developed the Sheep Industry Leadership Strategy. This identified there are about 150 key leadership roles for producers in the Australian sheep industry however, those roles are filled by only 50-60 people who often take on more than one position. Hence the strategy recommended a push to get more producers involved in leadership functions and to encourage leadership development across the industry – from producers who are taking on roles for the first time through to incumbents.

In 2016, Meat & Livestock Australia and Sheepmeat Council of Australia launched the Building Leadership Capability for the Sheep Industry

initiative. For the duration of the project in 2016-17 and 2017-18, it supported:

- 16 producers and industry personnel to receive formal corporate governance training through the Company Directors Course run by the Australian Institute of Company Directors.
- 47 producers and state farming organisation staff to attend the Governance in Action workshops, where they are upskilled in advocacy and policy development processes.
- 27 producers and industry personnel through the Sheep Industry Leadership Program, run by the Australian Rural Leadership Foundation.

In October 2017, the former Sheepmeat Council of Australia was successful in its application to the Australian Government Leadership in Agricultural Industries Fund. The application included details of a leadership network and activities to connect current and future leaders with the skills and support to represent the industry.

Developing the network and its offering has been the focus for SPA in 2017-18 and an Industry Leadership and Community Engagement Committee was convened to help guide the development of the network.

Participants in SPA's initial leadership programs are the inaugural members of the Leadersheep Network, which was formally launched at LambEx 2018 in Perth in early August 2018. SPA hosted its first Leadersheep Network Forum, featuring international LambEx guests Charlie Arnot from the US Center for Food Integrity and Twitter's most famous farmer James Rebanks, better known as 'The Shepherd'. It also featured a session on creating change with Jason Clarke, Minds at Work.

Read more about the Leadersheep Network and its offering in the next section.

YOUR FUTURE

Sheep Producers Australia is focused on building industry leadership capability by up-skilling leaders throughout the supply chain. This will ensure the industry attracts, develops and retains people with the right leadership skills for its long-term viability.



About the Sheep Producers Australia Leaders Sheep Network

The Leaders Sheep Network ...

The Sheep Producers Australia Leaders Sheep Network connects sheep producers and people working in the industry who share the goal of driving industry growth and success.

It's a national network open to everyone in the sheep industry – for every age and every stage of leadership. The network provides opportunities to exchange ideas, share knowledge and contribute to the development of industry initiatives.

It's your opportunity to develop, connect and contribute.

Leaders for our future ...

SPA recognises the importance of confident and competent people in driving our industry forward and values the investment in building future leaders and positioning the industry for a strong future.

The Leaders Sheep Network accelerates the development of current and future leaders to ensure strong leadership for the long-term success of the Australian sheep industry. It engages participants to:

- Develop forward thinking strategic leaders who can contribute to the industry and sheep production into the future.

- Ensure succession planning and strategic contributions on boards, committees and communities in the sheep industry.
- Develop industry participants' skills and experiences.

Supporting individual growth ...

Whether you are an up-and-coming leader or already an experienced industry influencer, the Leaders Sheep Network offers support in personal and professional growth, including:

- Developing leadership skills and experience.
- Making connections with other industry leaders.
- Providing opportunities to contribute and be involved.

Supported by industry and government ...

SPA is partnering with Meat & Livestock Australia to deliver leadership and capacity building projects in the sheep industry. MLA funding supports the continuing professional development of current and emerging industry leaders. With the support of MLA, SPA was also successful in its bid to the Australian Government's Leadership in Agricultural Industries Fund to help build the Leaders Sheep Network.

Winner of the 2018 SPA StockTAKE Photography Competition
- Junior category: Sheep feeding, Monique Wheaton, Broughton, Vic



Opportunities to develop, connect and contribute ...

SPA is committed to developing strong leadership, sound policy and strategic planning to drive the long-term success of the Australian sheep and lamb industry.

The opportunities as part of the Leadersheep Network for sheep producers and people working in the industry include:



TRAINING AND PROFESSIONAL DEVELOPMENT

SPA's flagship leadership development programs will enable participants to understand pathways into leadership roles within the organisation.



BUILD YOUR SKILLS FROM ANY LOCATION

The Leadersheep Network features a range of online options to ensure that wherever you are based in Australia, you can continue to learn and develop your leadership skills. As the program expands, you will be able to evaluate your skills, identify areas for growth and discover new ways to develop your interests further.



NETWORK WITH LIKE-MINDED INDIVIDUALS

A key aim of the Leadersheep Network will enable participants to connect with each other. SPA sponsors numerous industry events and hosts Leadersheep Forums to connect you with your peers, mentors and leaders. We'd love to see you there!



PROVIDE INPUT ON THE INDUSTRY'S BIG TICKET ISSUES AND OPPORTUNITIES

SPA's core business is representing sheep producers and their interests at a national level. Have input on the big ticket issues through the Leadersheep Network to guide the industry's future.



OPPORTUNITY FOR MENTORING

SPA will be developing a mentoring program to assist its future leaders with their leadership journey and transition into new positions. Stay tuned for more information!



REGISTER FOR UPDATES ...

For more information on the Leadersheep Network, or to sign-up for regular updates, visit sheepproducers.com.au/leadersheep



Winner of the 2018 SPA StockTAKE Photography Competition:
Ewe wanna drink?, Ellen Arney, Strathalbyn, SA

GOVERNANCE AND FINANCIAL REPORTING

Sheep Producers Australia is a company limited by guarantee. Its members are the state farming organisations, including Agforce, NSW Farmers, Victorian Farmers Federation Livestock, Tasmanian Farmers and Graziers Association, Livestock SA, WA Farmers Federation and Pastoralists and Graziers Association of WA.

SPA is the recognised peak body for the sheepmeat industry under the *Australian Meat and Livestock Industry Act 1997*, SPA sets the strategic objectives to be pursued by the levy-funded organisations Meat & Livestock Australia, Animal Health Australia and the National Residue Survey, examining and approving their programs and budgets.

SPA is involved in priority setting for industry research and development and marketing activities both domestically and internationally as set out

in the Red Meat Memorandum of Understanding. Under the MoU, SPA is responsible for oversight of the levy investment and for advising the Minister of Agriculture and Water Resources on the levy rate and distribution. SPA assesses the performance of services delivered by expenditure of lamb and sheep levies and works to ensure levy funds are clearly directed and that producers' best interests are met through the provision of RD&E, services, programs and marketing.

The objects of SPA are to:

- Represent and promote the interests of Australian sheep and lamb producers.
- Carry out activities necessary for the advancement of the sheepmeat and live sheep export industries.
- Collect and disseminate information concerning the sheepmeat and live sheep export industries.
- Cooperate with industry stakeholders and organisations at the state and national level and overseas.

- Maintain interaction and cooperation with its members, relevant government departments and authorities at federal, state and local government levels, and with other relevant industry organisations.
- Promote the development and resourcing of the agricultural and pastoral industries of Australia.
- Act as the prescribed body for the sheepmeat industry in Australia within the Red Meat Industry MoU under the Act.
- Oversee the implementation of the Sheep Industry Strategic Plan.

Board of Directors

SPA is governed by a board of directors. The board is skills-based, appointed through member elections following a selection process. The board comprises a maximum of nine directors – a minimum of four and maximum of seven member-elected directors and up to two board-appointed members. There are to be no more than two directors from any one state.

Member-elected directors are elected based on requirements set out in the Board Composition and Director Eligibility Policy, and after review by the Board Selection Committee. The office bearers are elected by the board.

In 2017-18, SPA's non-executive directors were:

- Dr Anne Astin, independent director
- Michael Craig
- Jamie Heinrich
- Ian McColl
- Chris Mirams, Executive Chair and independent director
- Bindi Murray
- Allan Piggott, President

Policy and Board Committees

The board is advised by four policy committees – Marketing, Market Access and Trade, Sheep Health and Welfare, Product Integrity and Research, Development and Adoption – as well as two board-appointed committees – Industry Leadership and Community Engagement and Finance and Risk. Policy committees consider matters in detail and make recommendations to the board for approval. Committees comprise one person from each state, one board director, up to one individual member and up to one person who need not be a member (who may be co-opted for skills and experience). The final decision on all policy matters rests with the SPA Board in the best interests of the entire industry.



Each of SPA's four policy committees plays an important role in ensuring levy money is spent correctly and in evaluating the performance of and planning of the strategic goals to be pursued by the industry service providers.

SPA Management and Staff

SPA has a small team of staff who manage the organisation's day-to-day operations and implement the strategy set by the board. On 30 June 2018, SPA employed the following people and/or positions:

- Sue Dillon, General Manager – Policy and Projects
- John McGoverne – Policy Director
- Stephen Crisp – Economics, Trade and Industry Affairs Manager
- Vacant – Sheep Health and Welfare Policy Manager
- Melissa Neal, Industry Leadership Manager
- Judy Taylor, Office Manager

In May 2018, SPA advertised for a new Chief Executive Officer and appointed Graham Smith, who took up the role in late August 2018. Other staff members appointed since 30 June 2018 include Bonnie Skinner as Product Integrity Policy Manager and William Oldfield as Sheep Health & Welfare Policy Manager.

MORE INFORMATION

Refer to the supporting document **Sheep Producers Australia Ltd Financial Statements for the Year Ended 30 June 2018 for full details of meeting attendance and other board and governance responsibilities.**

SHEEP PRODUCERS AUSTRALIA

(FORMERLY SHEEPMET COUNCIL OF AUSTRALIA INCORPORATED)

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	3(a)	2,320,540	1,718,299
Other income	3(b)	16,285	17,926
Consultancy fees		(469,199)	(155,534)
Depreciation and amortisation	4	(11,388)	(15,380)
Employee benefits expense		(862,942)	(722,812)
Insurance		(5,873)	(3,054)
Interest expense		-	(223)
Loss on disposal of assets		(1,218)	-
Media and communications		(40,333)	(42,490)
Meeting and travel expenses		(466,305)	(389,896)
Occupancy costs		(55,985)	(40,971)
Office administration expenses		(46,651)	(34,331)
Professional fees		(21,380)	(9,276)
Promotions, sponsorships and scholarships		(314,776)	(221,701)
Subscriptions		(6,400)	(4,167)
Telecommunication costs		(14,657)	(15,421)
Surplus for the year		19,719	80,968
Other comprehensive income		-	-
Total comprehensive income for the year		19,719	80,968

SHEEP PRODUCERS AUSTRALIA

(FORMERLY SHEEPMET COUNCIL OF AUSTRALIA INCORPORATED)

Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,174,761	636,031
Trade and other receivables	6	672,743	575,914
Financial assets	7	535,247	521,632
Other assets	8	-	35,323
TOTAL CURRENT ASSETS		2,382,751	1,768,900
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,440	17,591
Intangible assets	10	-	5,572
TOTAL NON-CURRENT ASSETS		12,440	23,163
TOTAL ASSETS		2,395,191	1,792,063
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	254,100	115,074
Employee benefits	12	40,852	35,266
Other liabilities	13	819,177	356,080
TOTAL CURRENT LIABILITIES		1,114,129	506,420
NON-CURRENT LIABILITIES			
Employee benefits	12	-	24,300
TOTAL NON-CURRENT LIABILITIES		-	24,300
TOTAL LIABILITIES		1,114,129	530,720
NET ASSETS		1,281,062	1,261,343
EQUITY			
Retained earnings		1,281,062	1,261,343
TOTAL EQUITY		1,281,062	1,261,343

MORE INFORMATION

Refer to the supporting document Sheep Producers Australia Ltd Financial Statements for the Year Ended 30 June 2018 for the full statements, directors' reports and notes to the financials.

SHEEP PRODUCERS AUSTRALIA

YOUR INDUSTRY.
YOUR VOICE.
YOUR FUTURE.

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