



# Annual Report 2021

South Australian  
Produce Market Limited

**F**uture-focused  
**R**esponsible  
**E**fficient  
**S**ecure  
**H**ealthy

**SOUTH  
AUSTRALIAN  
PRODUCE  
MARKET**

THINKING *fresh.*

# Our Vision

To maintain our role as SA's prominent wholesale produce market and be recognised amongst the world leaders in the category

# Our Purpose

Always looking for ways to deliver the best products, service, accessibility, and points of difference



THINKING *fresh.*

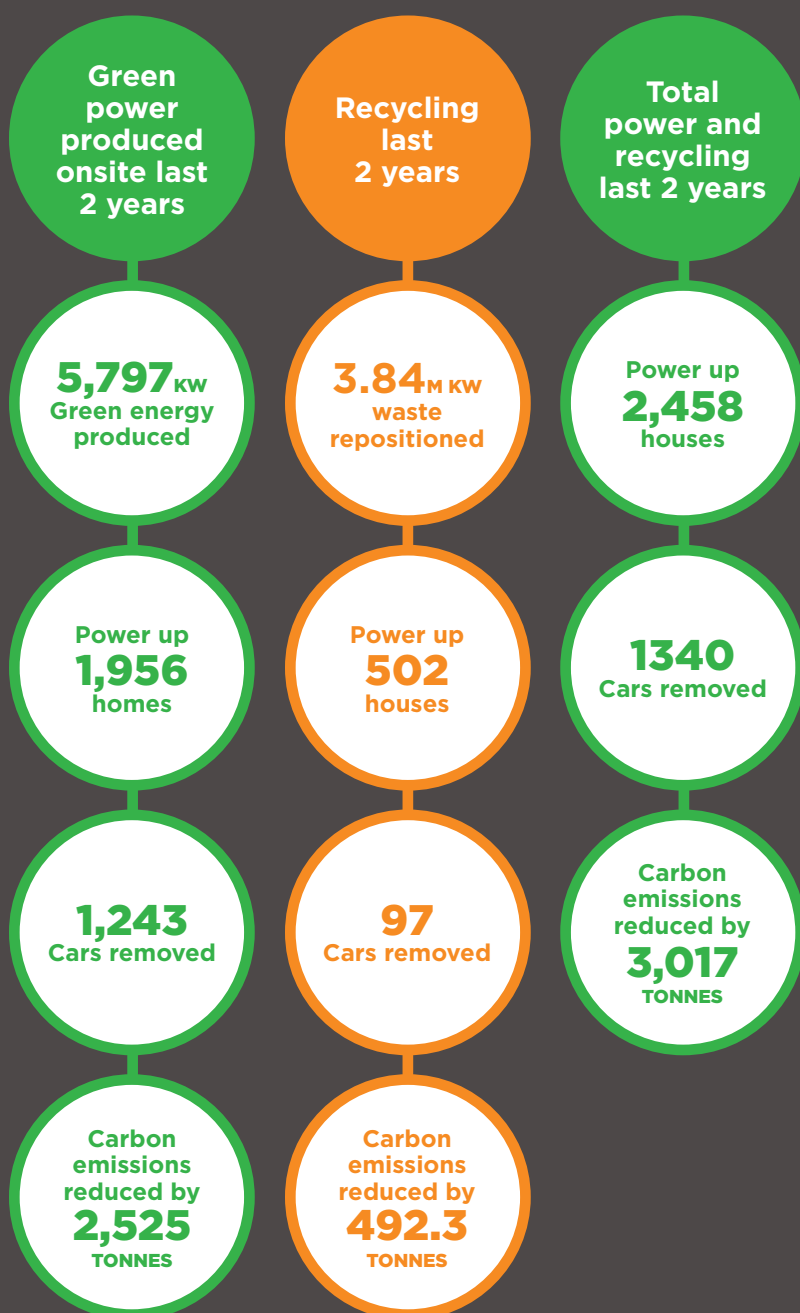


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# 2021 Achievements

## Environment



## Community



2.1% Contribution as a % earnings before tax, excluding revaluation gains

## Strategic

New Corporate  
Plan completed  
2021-2026

New share  
registry  
provider  
Computershare  
appointed

New freight  
forwarding  
initiative and  
storage solutions  
commenced

Microgrid  
expanded

Car and van  
wash lease  
established

Online Platform  
Fresho  
established

Ord Minnett  
Brokers  
appointed  
as company  
Sharebrokers

Warehouse  
relocation,  
consolidation  
of tenancies  
completed

Winner of  
AUSVEG  
SA / State  
Government  
Biosecurity  
Award

Next Generation  
Committee  
established

Carls Jnr lease  
established

National  
ERP review  
completed

Winner  
of Global  
Microgrid  
Greater Good  
2021 Award

Reduced  
Outgoing  
Expenditure

Construction  
of new carwash  
and Carls Jnr  
commenced

Site  
vaccination  
strategy  
established  
with COVID-19  
Vaccine Hub

Corporate  
Governance  
Statement  
revised

COVID-19 free  
site, second  
year in a row

COVID-19  
Business  
Continuity Plan  
updated

\$77k  
unclaimed  
dividends  
returned to  
Shareholders

SAPML  
Whistleblower  
Policy  
implemented

# 2021 Achievements

## People and Culture My Say Survey Results

**95%**

Participation in the survey across all employees

**86%**

Are satisfied with the culture of the workplace

**76%**

Are satisfied with the morale of the workplace

**42%**

Feel they received enough feedback in the workplace (both formal and informal)

**90%**

Said their responsibilities and performance standards were clear and achievable

**100%**

Understand how their work impacts on the organisation's business goals

**77%**

Agreed management provide the necessary tools, knowledge and procedures

**90%**

Feel they have a good relationship with their direct manager

**37%**

Feel they have a good relationship with the Board

# Chairman and CEO Report 2021

**The Board of Directors of the South Australian Produce Market Limited are pleased to present the operational results for the 2021 financial year. Given the ongoing disruptions associated with the COVID-19 pandemic and fruit fly operational constraints, the operating results have been maintained for the 2021 financial year.**

**Chairman  
Joanna  
Andrew**



Despite the ongoing disruption caused by COVID-19 and coupled with the Market being in a fruit fly outbreak area, South Australian Produce Market Limited (SAPML) experienced significant growth in the company's assets. As at 30 June 2021, there was a low 2.76% vacancy rate across our rental portfolios, maintaining the company's operating profit almost on par with the 2019/20 Financial Year.

The 2020/2021 financial year was the first full 12 months of dealing with COVID-19, with the Company making some hard short-term decisions. These included placing a freeze on rent reviews for the period April 2020 to March 2021 across all Market leases with no catch-up clause. This, coupled with dealing with Landlords Mandatory Code for those tenants that have reduced their turnover by more than 30% due to the COVID-19 pandemic, provided further relief to tenants. These measures had a \$147k reduction in revenue, however it also provided a long-term objective in maintaining the stability of businesses within the precinct. The Board continued to pass on significant savings in electricity costs with tenants paying \$483k less than the 2018-19 FY in electricity to SAPML following a reduction of \$434k in FY2019-20. The Board also made the decision to share an additional \$139k of COVID-19 costs associated with security and

**CEO  
Angelo  
Demasi**



cleaning costs, contributing half the increased cost to reduce the impact on tenant outgoings.

FY2021 was the second financial year in which the Market's flagship onsite microgrid was operational. We are delighted to report that SAPML's Microgrid was recognised globally, winning the Greater Good 2021 Award presented in the USA. The wholesale spot price for electricity in FY21 was significantly lower compared to FY20 and, as a result, reduced onsite generation. The smart controller in the Microgrid stops producing solar power at times when prices are extremely low. This is when there is too much renewable energy being produced across the AEMO network. One objective of the Microgrid is to act as a hedge for when prices are high and when prices are low or negative. The SAPML site then benefits in purchasing mostly renewable electricity from the grid.

We are happy to report a reduction of 2,525 tonnes of CO<sub>2</sub> emissions since the construction of the Microgrid in 2020, above and beyond renewable energy purchased from the grid.







Last year we reported on the proposed development of a car/van wash and Carl's Jnr restaurant on the western boundary facing Main North Road. We are pleased to report that the project was approved and building is in progress with an anticipated completion date of early November 2021. The \$3.4M development includes an environmentally friendly and sustainable car/van wash so that Market users can efficiently clean their fleet of vehicles. We look forward to working with the Agostino Group and the Market community on this exciting initiative.

SAPML also completed an extension of the Microgrid and power ring main which will produce electricity for the Carl's Jnr and car/van wash, along with the future warehousing precinct on the Market's 2Ha vacant land south of the Market precinct, behind Building H.



## Strategic Plan

SAPML Board and Management completed a full review of the company's five-year Corporate Strategic Plan. A full planning day and strategy session was conducted in January 2021 followed by a number of strategy board meetings to finalise the new strategic plan.

Although many of the current strategies were maintained, the key outcomes included reviewing our purpose, vision and values.

**Our key strategic objectives are as follows:**

- SAPML is an essential and trusted organisation in a sector experiencing rapid change through technology, changing legislation and governance, increased competition, and a younger demographic;
- Develop a Market culture of growth and innovation, embracing change by becoming the lead entity driving and ensuring biosecurity is one of our key focuses;
- To remain a sustainable and valuable entity to the sector and South Australia, enabling the next generation of Growers, Wholesalers and Retailers to be actively engaged in the sector and in particular SAPML;
- SAPML to be recognised as a key leader in our industry, influencing change within our sector.

**The company's new Purpose and Vision is:**

**Purpose:** Always looking for ways to deliver the best products, service, accessibility and points of difference.

**Vision:** To maintain our role as SA's prominent wholesale produce market and be recognised amongst the world leaders in the category.

The Company values were also updated and will be promoted to staff, stakeholders and the Market community as a testament to the culture of our organisation moving forward. The theme Thinking Fresh has now been capsulated in our company's logo as a key pillar of our plan.

**our company values are:**

**F**uture-focused  
**R**esponsible  
**E**fficient  
**S**ecure  
**H**ealthy  
  
**T**rustworthy  
**E**xceptional  
**A**gile  
**M**odern

We wish to thank longstanding Director and Vice Chairman, Nic Minicozzi for his service to the South Australian Produce Market Limited. Nic was instrumental in providing a legal perspective to the SAPML Board since his appointment in 2006 and for providing extensive knowledge of property law. Some of his achievements included the decision to cover the Market central trading area, dealing with multiple lease expiries and most recently, finalisation of the Carl's Jnr and car/van wash facility leasing development. We wish Nic well with his future endeavours.

As reported last year, Michael Ruggiero was appointed as Vice Chair, the position formerly occupied by Nic Minicozzi. The Board has decided not to fill the position left by Nic Minicozzi which will keep the board numbers to nine, which is in line with the requirements of the company constitution.

The Board will continue to review the constitution with a view to possibly further reducing the number of directors. This is subject to shareholder approval.

## Master Planning

Management have been busy implementing our immediate 1 and 5 year Master Plan for the current site. The longer-term (10 year) strategy will have stakeholder consultation and then board approval prior to finalising.

The immediate 1 to 5 year projects include:

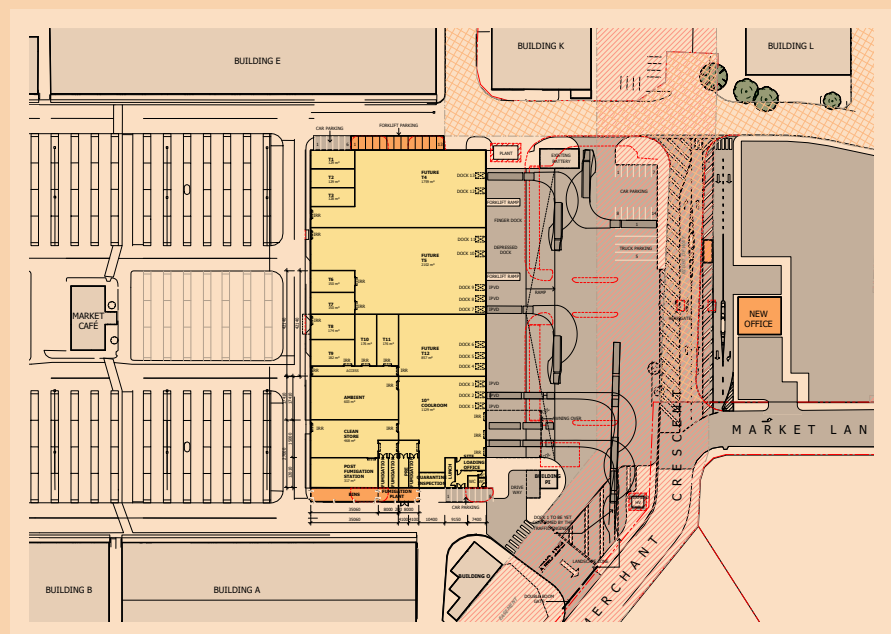
- Carl's Jnr and car/van wash development;
- a fire sprinkler system through all stores and warehouses;
- an express 2 lane front entrance;
- development of the Burma Road warehousing precinct and Market vacant land;
- development of a portion of the Growers Pavilion for the biosecurity and logistics precinct.

DWP Project Architects have been working tirelessly with SAPML Management and the Board's Master Planning Sub Committee in completing the Master Plan. Management will consult with the different entities on the longer-term vision of the precinct in the coming twelve months. The Board's sub committee, taking into account the consultation, will then make final recommendations to the SAPML Board in the 2021/2022 financial year.

## Biosecurity Precinct

As reported last year, Management have commenced the Market Logistics Biosecurity Master Plan, rolling out the relocation of tenants within the southern area of the Growers pavilion. This section of the Pavilion is where the new end to end point treatment facility is proposed to be built. SAPML was not successful in obtaining funding from the Regional Growth Fund as these grants were oversubscribed and subsequently, this has delayed development of the project. Management is currently working on alternative

funding arrangements for this project to proceed. It is imperative that the Market and industry have a plan for ongoing or future incursions of fruit fly. This is a key strategic objective in the company's Strategic Plan and Management have been working tirelessly in ensuring that this facility is built. The current area is being temporarily used as the first COVID-19 pop up vaccination clinic, as explained further in this report.



Market Logistics Biosecurity Master Plan

## Next Generation Committee

One of our key new strategic objectives was to develop the next generation of leaders and directors for SAPML. We are delighted to report that our Next Generation Committee has been selected from an exhaustive list of applicants. It was encouraging to see the number of applications received.

Since its inception in September 2021, the Committee has had its inaugural meeting and has appointed Joyce Ceravolo as Chair and Jessica Clift as Vice Chair. The Committee will drive some of our Fresh Thinking, including but not limited to:

- our circular economy from paddock to plate;
- delivering on our business to business (B2B) online purchasing platform, working with Fresho;
- working with our marketing team on our retail and Market brand;
- Market trading and our operational environment for the future.

This Committee will work closely with the SAPML Board and Management under a terms of reference developed and approved both by the Board and the Committee. This will also provide a platform for nurturing future SAPML directors.

The Committee will be resourced by SAPML staff so that it can provide fully researched and comprehensive recommendations to the Board on the future direction of the Market.



Next Generation Committee Member	Sector Representing
Chloe Brookes	Secondary Wholesaler
Glenn Carningham	Grower, Wholesaler
Joseph Ceravolo	Grower, Wholesaler
Joyce Ceravolo	Grower, Wholesaler
Frank Chiera	Retailer
Jessica Clift	Retailer, Secondary Wholesaler
Dino Labbozzetta	Retailer, Secondary Wholesaler
Luke Manno	Wholesaler, Secondary Wholesaler
Ashley Patterson	Retailer
Renee Pye	Grower, Wholesaler
Mark Russo	Grower, Wholesaler
Adam Sapio	Wholesaler



## Online Ordering System

SAPML Management team have worked tirelessly in finding a B2B platform to make registered Market Growers, Wholesalers and Buyers' purchasing within the Market more efficient. This also forms part of our 5 year Strategic Plan and is in line with SAPML's operational logistic plan over the past 24 months.

Fresho is a simple online ordering and payment software, specialised for the wholesale fresh food industry. With more than 1,000 suppliers and 20,000 venues across Australia, Fresho understands the particularities of the fresh food industry. The online ordering system will be a closed access site exclusive to SAPML Wholesalers and Buyers only. The system does not remove the selling function of Wholesalers but will streamline and simplify the standard order taking process.

The team at Fresho have been working to build the platform for SAPML and are in the process of reaching out to both Sellers and Buyers to introduce Market users to the platform. The Next Generation Committee will be driving this project, working with Fresho to further develop the platform to ensure it meets our user's needs. This will ensure that future generations will be more efficient when purchasing at the Market, along with streamlining logistics within the precinct.

## Governance, Share Trading and Registry Changes

SAPML Board and Management continue to improve governance across the organisation with conclusion of the previous share trading platform, STIR, where buyers and sellers would request the company to place their shares up for sale or request to buy shares. This has now been replaced with the introduction of Ord Minnett, an independent sharebroker that will facilitate the buying and selling of shares. In addition, after an extensive tender process, Computershare also replaced long standing share registry provider David Garry and Associates. We thank David and his team for their enthusiasm and dedication over many years. The transition to Computershare will give shareholders access to their online portal and will provide a complete communication and registry service to shareholders from SAPML. Computershare will also take over management of the dividend payment process and shareholders will be able to access dividend information from the portal moving forward.

The Board has updated the company's Governance Policy, continuing to maintain the ASX Corporate Governance Principles and Recommendations from February 2019 ("ASX Principles"). This is providing they do not conflict with any express provisions from the company's constitution. These principles are

the standard by which 2,000 of Australia's largest listed companies are judged.

**To view our updated policy please refer to our website**  
<https://www.saproducemarket.com.au/corporate/corporate-governance/>

Recently, under the new regulations, the SAPML Board has developed a Whistle-blower Policy.

South Australian Produce Market Limited (SAPML) is committed to the highest standards of conduct and ethical behaviour in all of our business activities and promotes and supports a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

SAPML encourages reporting any instances of suspected unethical, illegal, fraudulent, or undesirable conduct involving SAPML. The Whistle-Blower policy provides a framework of protections and measures so that those who make a report may do so confidentially, without fear of intimidation, disadvantage, or reprisal.

The policy applies to protected disclosures made by officers, employees, tenants and contractors of SAPML.

## Financial Results

This Policy applies where you objectively have reasonable grounds to suspect that a SAPML director, officer, team member, contractor, supplier, tenderer or other persons who have business dealings with SAPML has engaged in conduct ("Reportable Conduct") which:

- is dishonest, fraudulent or corrupt activity including bribery.
- is illegal activity (such as theft, violence, harassment or intimidation, criminal damage to property or other breaches of state or federal law);
- is unethical or in breach of SAPML's policies (such as dishonestly altering company records or data, adopting questionable accounting practices or wilfully breaching SAPML's Code of Conduct other policies or procedures);
- is potentially damaging to SAPML, a SAPML team member or a third party, such as unsafe work practices, environmental damage, health risks or abuse of SAPML's property or resources;
- amounts to an abuse of authority;
- may cause financial loss to SAPML or damage its reputation or be otherwise detrimental to SAPML's interests; or
- involves any other kind of misconduct or an improper state of affairs or circumstances.

A full copy of this policy is available on the SAPML website or a copy can be obtained at the front office.

We are pleased to report a strong profit after income tax expense for FY21 of \$13.34M, 99.8%, up from FY20 of \$6.67M. The FY21 consolidated Profit before Income Tax, excluding Revaluation Gain and Fair Value Movement, was \$5.24M, 3% lower than FY20 of \$5.41M. The decrease in profit was impacted by the freeze on Market precinct rent increases for 12 months, rent abatement relating to COVID-19 in the secondary wholesaling sector, servicing food services, Hotels, Restaurants and Cafés, (HORECA) channel, Land Tax legislative changes related to consolidation of Land Tax groups and the contribution of COVID-19 related expenses by SAPML to the Market precinct outgoings. An Australia wide shortage of pallets due to COVID-19 has also reduced income for our pallet management business. FY21 also saw an 8% increase in current income tax payable due to taxation timing differences that impacted prior years.

The Group has also passed on savings to tenants as a result of Government incentives such as Payroll Tax Relief and the PAYG cash boost which is on top of Land Tax reductions received in FY20. SAPML did not apply for Job Keeper payments at any time during the operating period of the scheme.

Occupancy across the Group property holding decreased slightly in FY21 to 97.23% compared to 98.3% in FY20. This is due to COVID-19 slightly slowing down the ability to lease facilities within the Market precinct.

## Five Year Key Financial Metrics

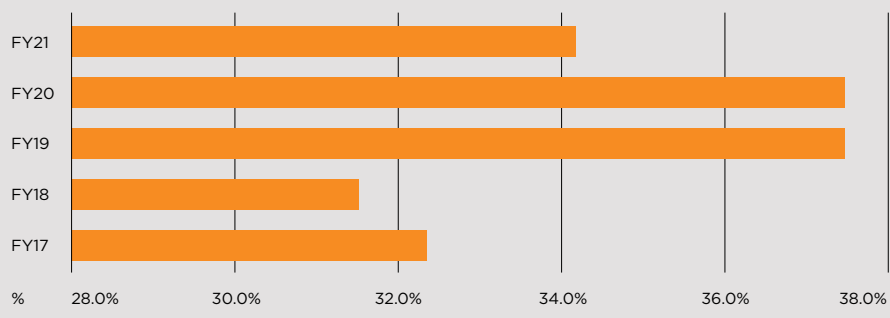
### Total Assets



### Net Asset Backing



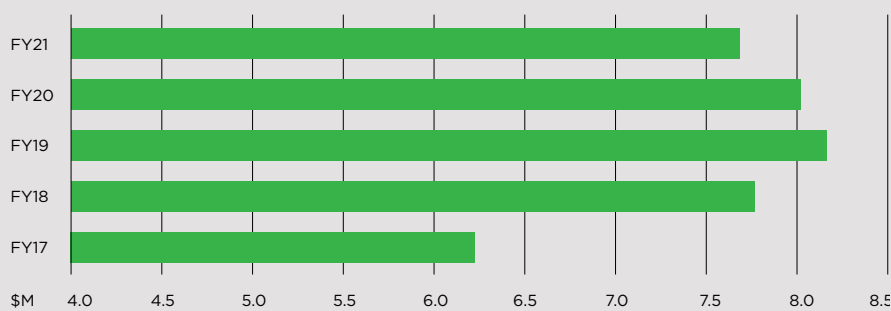
### Gearing Ratio





	FY21	FY20	FY19	FY18	FY17	FY16
<b>Key financial performance metrics</b>						
Net operating profit before interest & tax, excluding revaluation movements	7,691,793	8,024,529	8,171,821	7,770,321	6,378,807	6,351,437
Revaluation gain / (loss)	11,935,209	2,278,622	(1,791,076)	541,974	1,590,209	9,069,190
Fair value movement of interest rate swap	228,247	(28,637)	(302,818)	2,681	(153,539)	0
Finance costs	(1,093,815)	(1,365,911)	(1,271,265)	(1,119,669)	(996,655)	(898,851)
Reported profit before tax	18,761,434	8,908,603	4,806,662	7,195,307	6,818,822	14,521,776
Current income tax payable	(1,353,867)	(1,251,014)	(1,852,756)	(1,704,388)	(1,628,849)	(1,518,897)
Net profit after income tax excluding revaluation gain/(loss) and fair value movement	5,244,111	5,407,604	5,047,800	4,946,264	3,753,303	3,933,689
<b>Key balance sheet metrics</b>						
Total assets	157,692,824	144,938,909	137,566,212	127,582,119	124,522,114	120,263,108
Net assets	87,366,424	76,602,932	72,772,448	72,875,373	71,600,956	71,017,918
Net asset backing	\$15.13	13.27	12.60	12.62	12.40	12.30
Gearing ratio	34.2%	37.5%	37.5%	31.5%	32.3%	29.5%
<b>Key equity metrics</b>						
Issued capital	5,774,560	5,774,560	5,774,560	5,774,560	5,774,560	5,774,560
Dividend per share	65 cents	70 cents	70 cents	70 cents	70 cents	70 cents
Earnings per share after income tax excluding revaluation gain/(loss) and fair value movement	91 cents	94 cents	87 cents	86 cents	65 cents	68 cents

**Net operating profit before interest and tax, excluding revaluation movements**



## Financial Results (cont)

SAPML is delighted to report that there has been a significant uplift in our property valuation. For a second year, the Company's valuer has noted that there is an inherent risk of valuations changing quickly in response to underlying changes in market conditions, as a result of the ongoing COVID-19 pandemic. The independent valuation is again therefore, reported on the basis of '**significant valuation uncertainty**'. The real estate market is being impacted by the uncertainty that COVID-19 has caused and market conditions are changing daily at present. The valuer expressed that SAPML's figures are current at the date of the valuation only and the value assessed herein. This may change significantly and unexpectedly over a relatively short period of time. The Board has adopted the valuation, noting that it represents the true value as at 30 June 2021. Directors also opted to take a conservative approach and value the cold storage building, formally occupied by Auscold, as vacant possession.

Interest rates continued to drop during the financial year with long term borrowings remaining unchanged from FY20. Lease Liabilities reduced by \$1.2M with repayments on leases, along with the Warehouse K lease moving closer to its end date. After the balance date, a \$3M facility was approved by the Commonwealth Bank for future commitments in the building of the Carl's Jnr and car/van wash. Total finance costs reduced by 19.2% as a result of lower interest rates with the weighted average cost of borrowing as at 30 June 2021 reducing to 2.44% from 2.58% at the same time last year.

SAPML's investment in Perth Market Limited (PML) and Brisbane Markets Limited (BML) increased during the year as a result of Fair Market Valuations from \$13.93M to a combined fair value of \$15.62M as at 30 June 2021. This is a \$1.69M (12.13%) increase from last year.

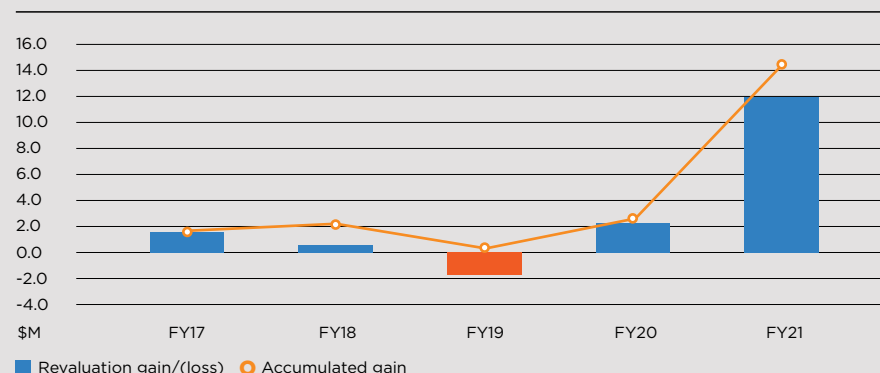
An increase in the total value of investment properties and share investments resulted in Gross Assets for the Group increasing to \$157.69M from \$144.94M in 2020.

We are delighted to report the Net Asset Backing has increased from \$13.27 in FY19 to \$15.13 per share in 2021, a 14.02% increase. This was as a result of an increase in valuation, due mainly to the company's properties and the benefits gained from the solar microgrid.

Shares traded higher than the Net Asset Backing of \$15.13 per share. In FY21, 125,800 shares traded at an average selling price of \$16.59 per share compared to 652,048 shares traded in FY20 within the company at an average price of \$15.35 per share.

The work completed by the three markets PML, BML and SAPML in searching worldwide for an ERP system which includes property management and an integrated accounting system, was a fruitful exercise. Although none of the markets decided to proceed with a national system, SAPML has used the information gained through this exercise, to investigate implementing a more affordable system for South Australia.

### Revaluation gain/(loss) last 5 years



## Leasing

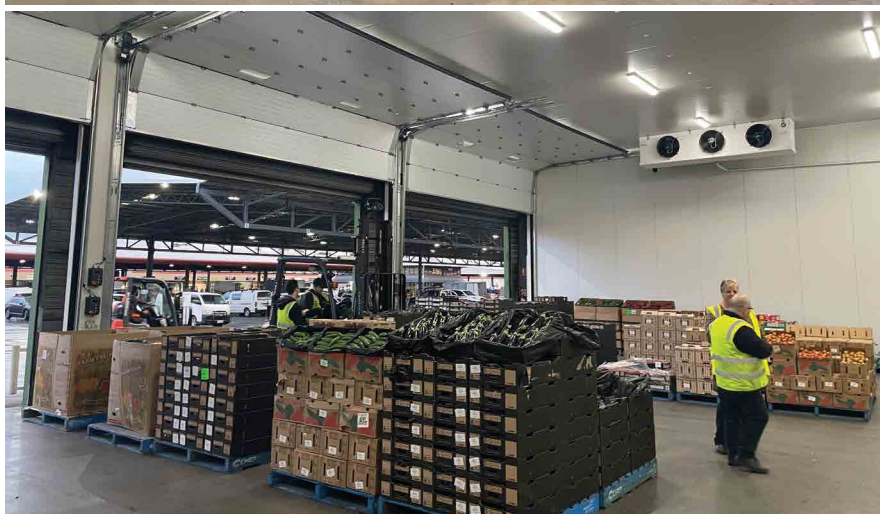
### Market Precinct

On a leasing front, we are delighted to report that It's Fresh (Drakes Supermarkets) signed an 11 year lease with SAPML which anchors a key independent Retailer within the Market precinct. A key factor was to increase their footprint within the Market, increasing their area by 545sqm. This required the relocation of longstanding tenant M & C Fruit & Veg Supplies to a more modern facility in Building H which has also expanded their footprint.

There were minimal movements within the Market stores after many changes over the past two years. Store 22 and Store 49 were re-leased in August 2020. Movements within warehousing in the Market precinct commenced including dividing of a 1,000sqm tenancy in Building H into two tenancies to relocate M & C Fruit & Veg Supplies and Metropolitan Fresh. After the balance date, LaManna Premier Group reduced their footprint and entered a 10 year lease, taking up the remainder of their store along with Warehouse N. The balance of the warehouse is currently being marketed with a lease to commence in the first half of 2022.

Further work was completed, and we continue to work with tenants to accommodate their long-term needs. During the year, Tony & Mark's outgrew their facility in Warehouse O and relocated to Warehouse K.

Wholesalers continued to invest in fruit fly proofing their facilities with 4 Ways Fresh Produce (Store 24) completing an upgrade to their trading floor which is now fully



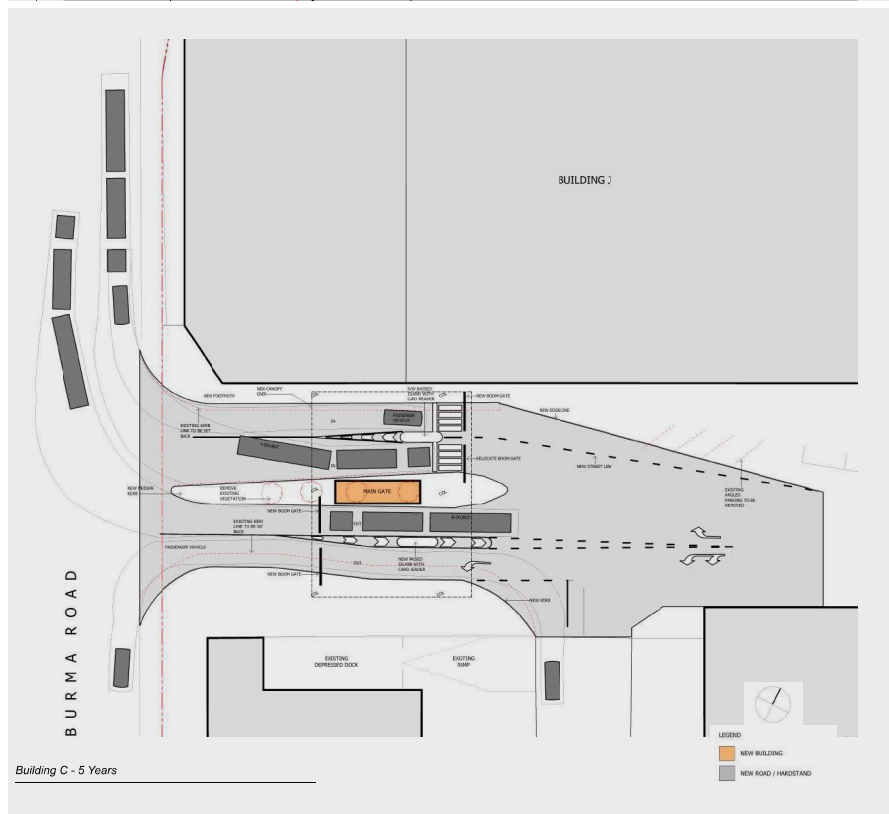
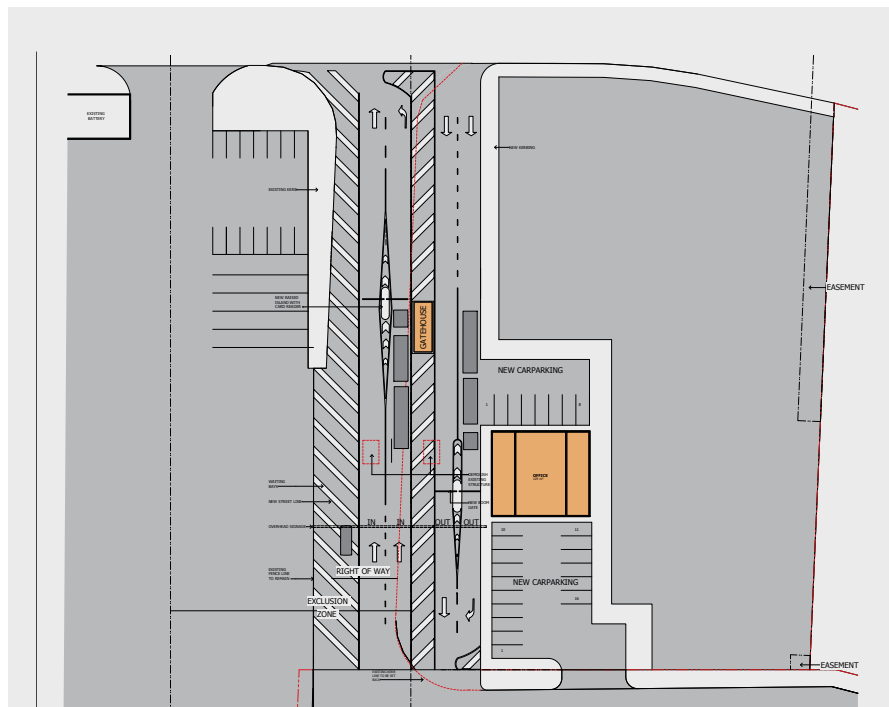
Drakes (top) and 4 Ways Fresh Produce Coolroom (centre and bottom)



## Leasing (cont)

panelled. Scalzi Produce (Store 44) have upgraded their tenancy and have enclosed the rear canopy to improve cool chain and address fruit fly prevention.

SAPML Management have continued to review tenancy expiries and movements in line with medium and long-term Master Plan requirements. As reported last year, the Biosecurity logistics facility has been established to be built on the southern side of the Growers Pavilion. Due to a delay in funding, the Master Planning Committee had a chance to review the layout of the facility with a view to reducing the number of large vehicles entering the Market central trading area. Consideration has also been made for improvement to the current location of the main entrance to the Market to reduce current congestion on site.



New SAPML entrance options being considered by the Board.

## Leasing (cont)



Leasing Map Asset Condition

Once the Master Planning Committee has signed off on the current 10 year plan, consultation with Market tenants will occur to ensure there is wider stakeholder engagement with any proposed changes. A current leasing map of Asset conditions has been completed in order to establish the long-term strategy.

The weighted average of lease expiry (WALE) for the Market precinct was steady at 3.21 years in FY21.

### Other Property Segments

Last year we reported there was a review of the tenancy layout of the Burma Road property. After much discussion and negotiation, a formal agreement was entered into between SAPML and AMJ Produce to extend the current facility. The

aim was to reduce the amount of common area used and provide a large canopy extension and hardstand area for the business.

Further to this, an old engineering shed is to be demolished and a further extension for Mighty Fresh Pty Ltd will be completed to provide improvement for their business.

The development has meant a reduction in rent during the demolition of the BJM Engineering Services building and re-construction phase. The benefits include a longer-term leasing commitment and rental stream once it has been completed. At the time of writing this report, the development is being considered by Council for approval. The project will then be tendered and will be ready to construct in the

first half of 2022. During the year, Limestone Coast vacated their tenancy from the Burma Road precinct with Nocelle Foods taking up the vacated area.

The net rental for FY21 of \$353K was still slightly above the FY20 figure of \$340K.

In 2021, the weighted average lease expiry (WALE) of leases for the whole portfolio of SAPML properties is 8.75 years as at 30 June 2021. This is compared to 9.08 years for FY 2020.

As reported last year, long standing tenant Auscold Logistics Pty Ltd extended their lease until August 2021 with a view to moving to a larger facility further north of Adelaide. Joint agency Colliers International and Leedwell Property have been marketing the facility and at the time of writing this report are in final negotiations with a number of parties in finalising a long-term lease. A further Extension of Lease was granted to the existing tenant until the end of October 2021 in order to meet the tenants "make good" obligations under the Lease. As the building is 16 years old, additional works will be completed by SAPML to address the wear and tear of the building in order to attract a new tenant. We are also dealing with outstanding rental payments and make good with the current tenant. Although it has been slow in dealing with this matter, we believe we have established enough security to address the outstanding liabilities.

The architectural drawings for the Mighty Fresh building extension include the following components:

- LOCATION PLAN:** Situates the project on a street grid with Cherry Lane to the north and Burma Road to the east. It identifies the existing building (EX BUILDING), the new extension (NEW EXTENSION), and the new shop (NEW SHOP). A north arrow and scale bar are provided.
- DEMOLITION PLAN:** Shows the existing building footprint with various rooms labeled (e.g., EX COOL ROOM, EX OFFICE, EX STORE). It includes a 'DEMOLITION LEGEND' with codes for different demolition types (e.g., EX-1, EX-2) and a 'PLAN LEGEND' for materials like concrete (CONC), brick (BRICK), and metal (METAL).
- PROPOSED FLOOR PLAN:** Details the layout of the new extension and the existing building. It shows the 'PROPOSED EXTENSION (NEW CONCRETE)' and 'EX BUILDING (EX CONCRETE)'. Rooms include EX COOL ROOM, EX OFFICE, EX STORE, EX KITCHEN, EX DINING, EX LIVING, EX BEDROOM, EX BATH, EX TOILET, EX CLOSET, EX GARAGE, EX PORCH, EX TERRACE, EX BALCONY, EX PATIO, EX DECK, EX STAIR, EX ELEVATOR, EX RAMP, EX ROOF, EX FLOOR, EX WALL, EX CEILING, EX DOOR, EX WINDOW, EX VENT, EX DUCT, EX PIPE, EX CABLE, EX CONDUIT, EX TRUNK, EX RACEWAY, EX TRAY, EX LULINE, EX BUS, EX MANHOLE, EX VALVE, EX FITTING, EX JOINT, EX WELD, EX BOLT, EX NUT, EX WASHER, EX PLATE, EX BRACKET, EX HANGER, EX CLAMP, EX RING, EX BAND, EX STRAP, EX TIE, EX LATCH, EX PIN, EX NAIL, EX SCREW, EX BOLT, EX NUT, EX WASHER, EX PLATE, EX BRACKET, EX HANGER, EX CLAMP, EX RING, EX BAND, EX STRAP, EX TIE, EX LATCH, EX PIN, EX NAIL, EX SCREW.
- PROPOSED ROOF PLAN:** Shows the roof layout for the new extension and existing building. It includes a 'PROPOSED ROOF PLAN' and a 'ROOF LEGEND' with codes for different roof types (e.g., EX-1, EX-2).

### Mighty Fresh building extension



## Debt Level/Ratio

SAPML's secured liabilities as at 30 June 2021 were \$42,652,478 compared to \$43,497,808 at the end of FY20.

With future uncertainty due to the COVID-19 pandemic, it is pleasing to report that the Group's debt as a proportion of the value of its real estate assets mortgaged to CBA (LVR) (as determined by valuation), is 39.70%, compared to 42.7% in FY20. This continues to represent a conservative weighting of debt which in turn, permits the Group to re-invest in capital projects within and outside of the Market precinct. The Group continues to have approximately 40% of borrowing costs fixed through a combination of the Equipment Facility and SWAP arrangement with CBA. The Board is in the process of reviewing our Treasury Policy which will be implemented in the coming months to ensure SAPML continues to be vigilant with the Group's lending.

## Property Valuation

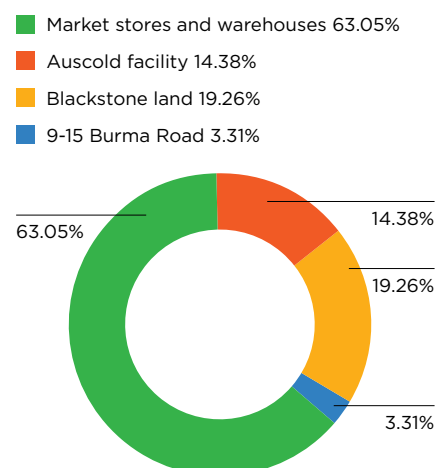
We are delighted to provide a key highlight for 2021, with the Group recording a record gain on its revaluation in 2021 of \$11.92M. This follows on from an increase in revaluation reserves in 2020 of \$2.28M. This year's valuation increase was mainly attributed to the Market precinct realising new long-term leases and land value of our Market site which has increased by \$5.65M from FY20. The Gallop Land lease also contributed an additional \$5M on top of the \$2M from FY20. All other property segments also experienced minor increases as shown in the following summary valuation comparisons:

## Capital Works

The commencement of the Carl's Jnr and car/van wash facility makes up a greater portion of the Capital Works in FY21. The balance of capital expenditure relates to fruit fly proofing the Growers Pavilion, Market stores and warehouses, expansion of the Microgrid, supply for the new development and future land expansion.

We were approved for additional grant funding in 2021/22 to complete our LED lighting roll out across the whole common area of the Site which will further reduce CO<sub>2</sub> emissions and savings in electricity costs.

### Contributions to net market rental as at 30 June 2021



### Valuation Comparison Bank Value 30 June 2021 vs 30 June 2020

Site Location	30 June 2021 \$	Equiv Yield	30 June 2020 \$	Equiv Yield	Capital Expenditure \$	Depreciation \$	Variance \$
SA Produce Market	80,000,000	6.77%	73,800,000	7.96%	1,289,987	-742,667	5,652,680
Carl's Jnr	1,200,000				918,895	-	281,105
Auscold Facility	12,300,000	7.38%	11,750,000	7.92%	12,500	-53,924	591,424
GallopBlackstone Land	38,000,000		33,000,000	5.43%	-	-	5,000,000
9-15 Burma Road	3,950,000		3,600,000	7.96%	-	-	350,000
Surplus land	1,690,000		1,630,000		-	-	60,000
<b>Total</b>	<b>137,140,000</b>		<b>123,780,000</b>		<b>2,221,382</b>	<b>-796,591</b>	<b>11,935,209</b>



## COVID-19



SAPML Management have worked tirelessly in ensuring the Market precinct remains COVID-19 free. The Market community was kept up to date on the continued changing border closures, local exposure sites and ensuring the Company's site COVID-19 Pandemic Plan continued to be updated in-line with the changing landscape.

During various South Australia wide lockdowns, SAPML introduced new rules to enable continued trading in a safe environment for all Market users. It was a team effort, with the Market community embracing the regulations to keep everyone safe.

SAPML Management educated Market users in becoming familiar with the SAPML Business Continuity Plan, along with promoting that each business adopt their own business continuity plan. It was important that this was communicated so that each organisation commenced planning on how their individual businesses would operate.

Management have continued to work diligently and closely with the State Government through the COVID-19 pandemic. The key objective in 2021/2022 will be to work closely with the Market community and government on how the Market will operate once the country reaches the 80% vaccination rate and borders reopen. We have commenced discussions with government and other industry sectors on how that will look however, there is no one magic solution that will deal with this and many options are being considered.

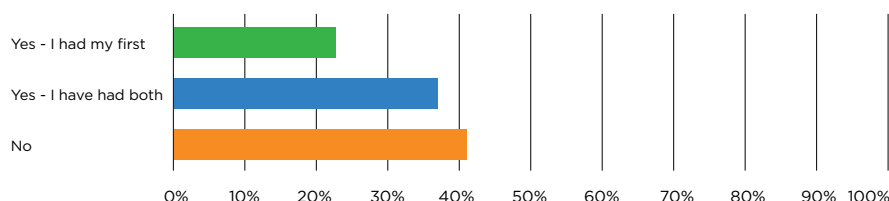
## COVID-19

The key objective from now until December 2021 is to continue making vaccinations accessible at the Market and working with SA Health to promote the importance of being vaccinated. Some state governments across the country have mandated that essential workers be vaccinated and although SA has not gone down that path, this could change if the Delta variant becomes prevalent in South Australia. With borders due to open in December 2021 and the almost inevitable presence of the Delta variant coming to our community, it is more important than ever, that we all do our part to protect our community and businesses by getting vaccinated.

SAPML have also worked closely with SA Health in establishing a vaccine clinic for the Market community including the regional and Market workforce. One of the key objectives in moving Australia out of lock down has been to vaccinate as many people as possible. In collaboration with SA Health, we have conducted several campaigns targeting our Market, shift workers and regional workforce. SA Health has also provided information sessions with Q&A on the different vaccines available so that the Market community are better informed.

The Market pop up vaccine clinic is located within the southwest corner of the Growers Pavilion and commenced operations 21 September 2021. It was great to have our State leaders, the Premier of South Australia, the Hon Steven Marshall and Minister for Health and Wellbeing, the Hon Stephen Wade with Chief Public Health Officer for SA Health, Professor Nicola

#### Have you had your COVID-19 vaccination? Answered 480 / Skipped 11



Answer Choices	Responses	
Yes - I have had my first vaccination	22.50%	108
Yes - I have had both vaccinations	36.67%	176
No	40.83%	196
Total		480

Spurrier announce and launch the clinic. It was pleasing to receive accolades from Professor Spurrier for the systems and clear messaging around the Market relating to COVID-19.

SA Health have provided a temporary licence on commercial terms to operate within the Market until December 2021 with the option to continue the clinic depending on when the magical 80% vaccination rate in South Australia is reached. An option to extend the clinic until the end of March 2022 is included in the Agreement.

It has been great to see so many of the Market community taking advantage of the clinic since it commenced operating on 21 September 2021, with SA Health having administered approximately 5,000 vaccinations to date. The clinic is open from 10.00am to 3.00pm, Monday to Friday with online bookings and we have been able to negotiate priority walk ins to the clinic and early manual

bookings from 6.00am to 8.00am as required, specifically for the Market community, shift workers and business owners.

As an essential service, all necessary precautions have been put in place to ensure the continued operation of the Market while the pop-up clinic is operational.

Prior to establishing the clinic, SAPML conducted an employee and Market user survey to obtain details of the number of people who have had their vaccinations or intend to have their vaccinations prior to the clinic opening. The results were 66% either having had their first vaccination or both. We are now close to 80% with the first and second vaccinations. With the survey being sent electronically to over 2,500 Market Users, we had 480 respond with 59% stating they'd had their first or both vaccinations. From those that responded, 59 (12.2%) were not intending to be vaccinated and/or were against it.

## Outgoing Expenditure

During the FY21 financial year, SAPML restructured the business to ensure we were able to further streamline and make our operational team more efficient. With costs like insurances and other operating expenses increasing, it was important to conduct a review and implement an independent audit process on safety compliance. For this reason, the role of Facilities and Compliance Manager was made redundant and absorbed within the current structure.

The SAPML Board and Management have spent a considerable amount of time in reviewing outgoings expenditure with the view of ensuring that the costs of outgoings moving forward are manageable. This has been brought about by the escalating cost to insure the site due to the site's exposure to EPS cold rooms. The Board agreed to contribute \$60,000 in the 2021/2022 financial year toward the increased cost

of insurance, which was on top of the 2020/2021 financial year's contribution of \$60,000 to COVID costs. A contribution has also been included toward the outgoings from Buyers' fees which will further reduce outgoings paid by tenants by \$190k. This will achieve a total saving of \$250k for tenants from the budgeted outgoings for 2021/2022.

The 2021/2022 budget has controllable expenses decreasing compared to projected costs for 2020-21. The major savings will be the result of SAPML undertaking a management restructure that we believe will improve the operational running of the facility.

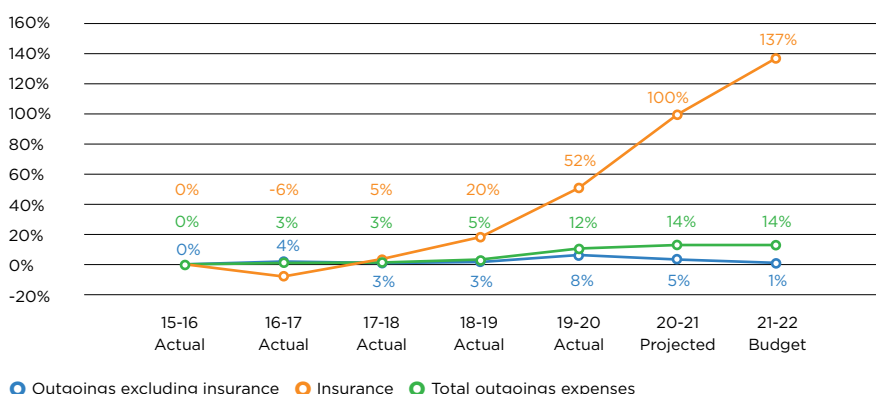
Insurance costs over the last 7 years have increased by \$343k or 137% and insurance now represents over 20% of the total cost of all outgoings for the site. Meanwhile other costs excluding insurance have increased 1% in the last 7 years.

Insurance will continue to be a major focus for SAPML Management in the coming 12 months to find solutions to ease the financial pressure. It is also important to address the site's exposure to EPS and ensure that we are providing solutions to future proof the site and keep the site attractive to potential insurers. A policy has been in place since 2010 that all new cool rooms are required to be fire rated. Under the FM Global Insurance Standard, more than 50% of the site is still exposed to the old panels.

A recent audit by our insurers has led to the design of a fire sprinkler system to enable better fire safety on site. It also opens the market for more underwriters to tender with the desired effect of reducing insurance costs. The Board has signed off on a full design brief and planning approval, with the view of sending the project out to tender in the first half of 2022. No commitments will be made until the tenders are received and evaluated by the SAPML Board. A preliminary budget cost for this project has been estimated to be up to \$6M.

The SAPML Board and SA Chamber of Fruit and Vegetable Industries continues to work together to find opportunities to reduce the cost of conducting business on the Market site.

### Total increase in outgoings costs on base financial year 2015-16



Legend: Outgoings excluding insurance (blue circle), Insurance (orange circle), Total outgoings expenses (green circle)

The graph above shows the total increase in costs compared to the base financial year of 2015-16 and highlights the increase in cost of insurance compared to all other cost items. Total costs are net of any contributions made by SAPML in the financial year such as the contribution to COVID costs in the FY 2020-21

## Equipment Management

A review of safety requirements within the Market Square was undertaken during the year with particular focus on the management of vehicles arriving on site to ensure forklift driver safety.

SAPML introduced further COVID-19 protocols to continue our commitment to staff to ensure their safety while at work, including the requirement for all truck drivers entering the site to wear a mask at all times, compulsory QR code check in and no entry to the office. SAPML staff are also required to always wear a mask.

Due to the ongoing COVID-19 pandemic, pallet exchanges decreased in the CHEP Equipment Yard with movement dropping by 400,000 pallets in FY21.

Due to COVID-19 and many companies continuing to hold on to pallets in case of lock downs, an Australia wide shortage of pallets has meant our Market Square operation was reduced by 50%. As this situation could continue for another two years, a proposal has been created to lease the site directly to CHEP, so that they can manage the operation.

## Unloading Service

With the COVID-19 protocols constantly changing, it continued to bring new and ongoing challenges to our Unloading Service. All interstate truck drivers are required to remain in their vehicles at all times, unless preparing their load and they are not permitted to enter any Market office or walk around any areas at any time.

Face masks continue to be compulsory for all truck drivers and evidence of a negative COVID-19 test must be provided prior to entering the site.

Market Operations developed a new electronic worksheet to improve accuracy and speed for all drivers to ensure the smooth running of the Unloading Service, including a new freight forwarding initiative and storage solutions.

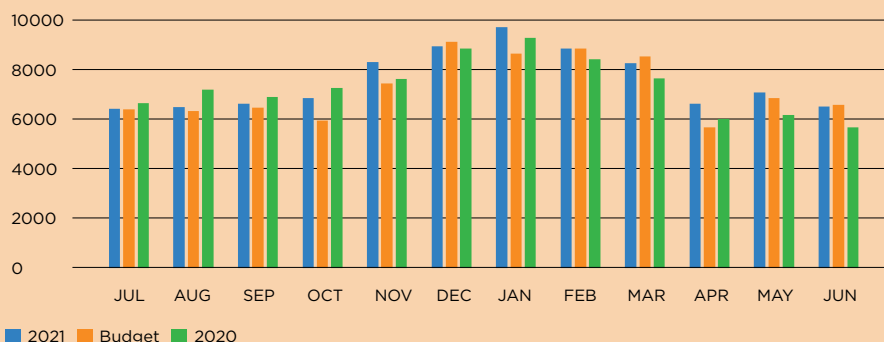
## Operations Department / Safety

The Operations Department continued to review COVID-19 protocols, updating signs across the site reminding Market users of social distancing rules and hygiene, including the important message of “stay home if unwell”. Compulsory completion of a COVID-19 declaration was introduced for all Market users to ensure that no one entered the Market if unwell or had potentially been exposed to a ‘hot spot’ or ‘close contact’. Touch point and fogging continues across the Market to sanitise all areas.

Regular updates continue to provide all Market users with ongoing restrictions and government announcements which affect the Market.

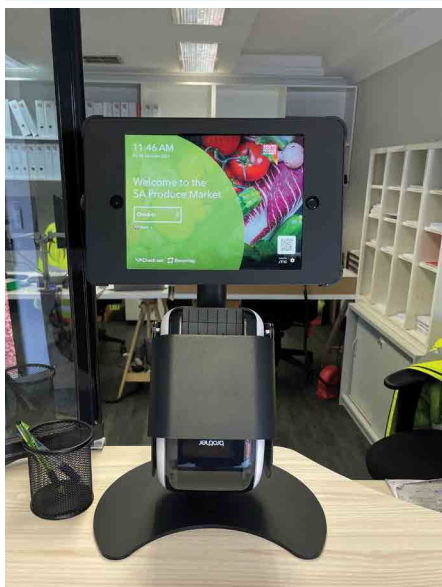
A review of the Growers Pavilion Traffic Management Plan was undertaken to increase safety for Market users and to ensure height restrictions were not compromised, which could damage the buildings’ structure. Since implementation of the ingress and egress, zero damage has been reported.

## 2021 Lifts vs 2020 and 2019 Financial Years





## Operations Department/Safety (cont)



A new Team Leader was appointed in November 2020, with Cosimo Fanto joining the team.

SAPML has now implemented a new safety and compliance software called Actiond. This is a paperless system designed to improve SAPML's legal obligation and compliance, relating to the WHS Act 2012. Actiond will manage SAPML's processes around incident management, auditing, document management and policies and procedures. With the redundancy of Facilities

and Compliance Manager, WHS has been outsourced to an independent consulting firm which will audit and manage compliance across the site. This will assist with increasing the Market's knowledge around WHS and improving safety across the Market. The new system will include training for the Market community and provides an external review of site safety for the Board. The SAPML Board and Management receives on time monthly safety hazard reports to ensure we continue to improve safety on our site.

Following a survey of tenants regarding Market trading hours, a meeting took place with the SAPML Board to discuss the survey results and finalise the new trading hours for Spring 2021.

Effective 1 October 2021 and continuing all year round, new Market trading hours were implemented to allow Buyers entry into the Market from 3.45am with a buying time from 4.00am and Late Buyers being allowed to enter from 6.00am.

The new Market trading hours were established based on a number of concerns including fruit fly and allowing enough time for Wholesalers to receive their produce prior to allowing Retailers into the Market to buy on the trading floor.

## Fruit Fly Outbreak at Pooraka

As reported last year, an outbreak of Mediterranean fruit fly was declared at Pooraka at the beginning of June 2020. This was the first time an outbreak had occurred on site in the 32 year history of the Market being located at Pooraka. Unfortunately, the outbreak was not lifted and is not likely to be lifted until late December 2021 subject to no further outbreaks.

As reported in the Capital Expenditure, fruit fly proofing has cost the Market \$760k in installing rapid lift doors and fly netting in all buildings across the Site. Evaporative cooling was also introduced within the Growers Pavilion for Growers and our Unloading Service for produce overflow during the summer period.

The Market has been involved in a number of key initiatives, which include:

- SAPML CEO is a member of the Fruit Fly Response Committee who have held important meetings over the past few months in relation to spring planning;
- Consumer Fruit Fly campaign in conjunction with the Department of Premier and Cabinet and PIRSA, featuring Ambassador Poh Ling Yeow;
- Working with Government regarding the introduction of green waste bins into schools along with a new school book educating children about fruit fly;
- A well attended information session was held in the Market Café in relation to deletion of ICA 21 into the Riverland.



SAPML continues to communicate to Market users regarding the need to consider their Fruit Fly Operational Plan and to ensure the following basic rules are applied:

- continue to be vigilant with our green waste management onsite;
- keep all host produce secure within cold rooms or fruit fly netting;
- load transient host produce within one hour;
- not leaving produce within the Buyers' Market Square unless the Buyer is in attendance.

SAPML will continue to work with PIRSA to ensure continued supply of fresh fruit and vegetables in South Australia and to assist with eradicating fruit fly.

## Market Fresh SA Pty Ltd – Marketing

Market Fresh SA Pty Ltd is a joint initiative of SAPML and the SA Chamber of Fruit and Vegetable Industries Inc (SA Chamber).

During FY21, the Pick A Local, Pick SA! marketing campaign continued to co-brand with the National Brand, 'A Better Choice' with the aim of increasing the volume of produce sold through Market customers, the Independent Retailers.

SAPML and the SA Chamber jointly funded Market Fresh SA Pty Ltd and the national campaign \$130K in FY21 and both have committed to increasing funding to \$150K in FY22.

Market Fresh SA Pty Ltd delivered three national campaigns under the co-branded banner and continued seasonal activities to the South Australian market.

Callum Hann continued as brand Ambassador for Pick a Local, Pick SA! supporting the brand through radio commercials, social media content, in-store collateral and supporting public relations activities.

The National "Veg In This Winter" campaign was rolled out in July 2020 – a campaign sensitive to COVID-19 restrictions and lockdowns, encouraging families to enjoy winter vegetables at home this year. In September 2020 a "Spring Fresh" in-store promotional campaign was activated and in April 2021, the third national campaign "Shop & Win" commenced in SA Stores.

The team commenced a regular Market segment on Radio Italiana which airs every second Wednesday and is streamed on

Facebook to widen the reach. Growers and Retailers have featured as guests with regular giveaways of in-season produce. In January 2021 this format was also adopted by ABC Country Hour, who interviews Penny Reidy, Marketing, Communications and Business Development Manager for a Market update on the second Monday of every month.

National Mushroom Day was celebrated in October 2020 with a Facebook live stream cook off with two former MasterChef Australia contestants and in November 2020, an event was held at Romeo's Rundle Mall store to launch the SA strawberry season. The strawberry launch raised \$3,000 for The Childhood Cancer Association and included a Facebook live cooking segment by Callum Hann and a cake decorating competition with radio personality, Jodie Oddy.

For the first time since 1996, the Cherry Auction returned to the South Australian Produce Market Limited with a tray of cherries being auctioned for \$31,000. Extensive media coverage was achieved including a large photo spread in The Advertiser and a live cooking segment with Callum Hann on national morning television as he prepared a trifle with the state's most expensive cherries.

A paid Retailer participation model was introduced in April 2021 with some 34 Retailers participating as gold and silver members – an additional 60 stores continue with the free program providing branding in their store to leverage from the category marketing campaigns.

The launch of the SA Adelaide Hills Apple and Pear season was highlighted through an April Fools campaign where Callum Hann recorded a social media video with Grower, Duncan Nicol introducing a new variety of apple – The Strapple. A strawberry flavoured apple grown in the Adelaide Hills. A gifting program was also completed putting a fresh Adelaide Hills grown apple and pear on the desk of some 120 media and social influencers.

As part of the AUSVEG SA Inaugural Hort SA Conference, Market Fresh SA Pty Ltd hosted a Growers show-case and Market tour aimed at Buyers, media, chefs and influencers. Joined by Callum Hann, the event gave a behind the scenes early morning tour and showcased a selection of Growers. The AUSVEG SA Annual Awards included Market Fresh SA Pty Ltd as a finalist nominee under the category of "Industry Impact".

The team continued to share Grower stories through video and photography content creation featuring in-season producers. The content has contributed to the growth in reach of the social media channels now having a combined fan base of 20k+ reaching a primarily South Australian audience of some 100k+ each month.

When COVID-19 restrictions tightened in South Australia, the team worked with Retailers to promote independents offering delivery services, click and collect options and produce boxes with content heavily promoted across traditional and social media.

In-store demonstrations were limited due to COVID-19



## Market Fresh SA Pty Ltd – Marketing

restrictions, however campaigns were activated for brands including The Chosen One, Costa Farms, Zerella and Nutri Kiwi.

A number of community programs continued to be supported by Market Fresh SA Pty Ltd with donations of fruit and activations held with the Adelaide Community Basketball Association, SA Districts Netball Association, Salisbury Run, Walk for a Veteran, as well as participation in SAFM outdoor broadcasts at a number of primary schools.

We thank Penny Reidy for her leadership of the campaign as Marketing, Communications and Business Development Manager and Michaela Kantarias for her role as Marketing Activations Assistant.

We also thank Wendy Helps, Price and Produce Reporter for another successful year with the Market Fresh SA Pty Ltd Price Reporting business.





## Corporate Responsibility

With COVID-19 causing disruptions to major events, the 2020 Variety Bash was cancelled and rescheduled for August 2021. SAPML came to the rescue by allowing Variety to start the Bash at the Market.

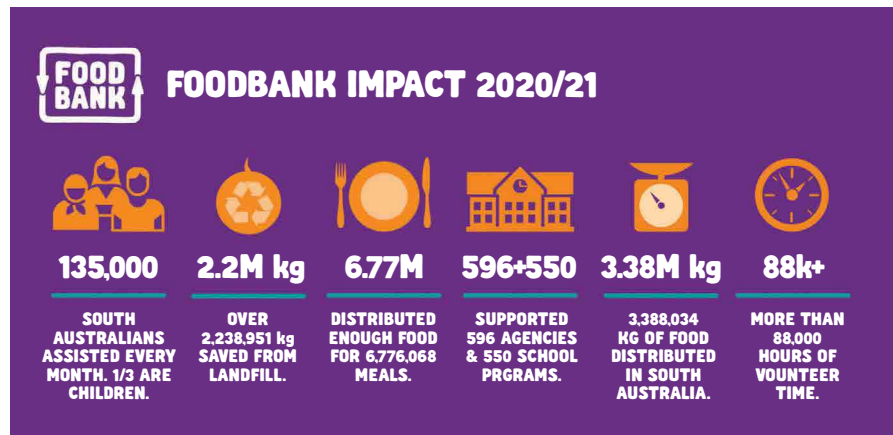
The 2021 SA Variety Bash hit the road from 14 to 21 August 2021 with the 33rd year of the iconic annual event raising much needed funds for kids in need. Drivers travelled 2,410 km around South Australia and finished in the Clare Valley coining the name Fruit to the Vine.

The eight-day event saw more than 300 crazily costumed entrants and 100 colourful vehicles gather at the South Australian Produce Market for the official launch. The venue was a buzz of activity and a rare opportunity for the public to visit the normally closed location.

Participants enjoyed breakfast cooked by the team at Josie's Café. The public were invited to the Market to view and cheer on all the entrants with the cars departing on their first leg of the event.

We were honoured to play a small part in this event that not only showcased our facility to the public, but also raised much needed funds for the community.

In FY21 we reported a record year, with the partnership between Foodbank and the South Australian Produce Market. A record 2.2M kilograms representing more than 40% of the total food was distributed to the South Australian community in need. In FY21 through COVID-19,



the food relief organisation was stretched for its services, and we are delighted to report our Market Community continued to step in with 2.2M kg of produce donated. Not only has this played a role in helping the community but it has also placed a major trend in reducing our food waste.

In FY21 we are proud to be part of having the impact shown in the infographic above.

## Market and Industry Matters

For the first time, the AUSVEG SA and William Buck End of Year Dinner took place at the South Australian Produce Market, catered for by Josie's Café. The William Buck End of Year Dinner was attended by some 140 people on Friday, 4 December 2020. It was a great night with members of Parliament and vegetable Growers and Market Wholesalers joining in on a night of festivities.

Former AUSVEG SA Director, Danny De Ieso received a lifetime membership awarded by AUSVEG SA. A great night was had by all and we look forward to hosting more industry events at the Market in the future. It was a great initiative in further developing our Grower and regional connection with the Market.

We were humbled that South Australian Produce Market was announced as the winner of the Biosecurity Award at the AUSVEG SA Vegetable Industry Awards for Excellence.

The Award was in recognition of the significant efforts the Market has undertaken to ensure the site is fit for purpose to manage the pressures of the current Medfly outbreak. It recognised the significant leadership the SAPML team has shown to support industry in its negotiations with Government to keep Growers and merchants trading throughout.

The Award recognised the significant investments made on behalf of its tenants and the broader industry. The Minister for Agriculture, the Hon David Basham MP presented the Biosecurity Award.



As part of our partnership with AUSVEG SA, the Market showcased its produce from Growers to Retailers and major supermarkets. Kicking off at 5:30am, guests were greeted by South Australian Produce Market CEO, Angelo Demasi and everyone was treated to an official welcoming ceremony performed by Kaurna Elder, John Lochowiak, who also performed a smoking ceremony.

A showcase of produce was set up by Growers in a marquee as the first meeting point for the guests, where they sampled Spud Lite Potatoes and Sweet Broc and met the Growers from Eastbrook

Farms, The Native Co and Cafcakis Produce.

Special guest, Pick a Local, Pick SA! Ambassador and MasterChef Callum Hann joined the group and mingled with guests as they then headed off on a tour of the wholesale operation of the Market.

The group met at Merchant St Wholesalers where Chef, Simon Bryant was cooking up breakfast with supplies from The Native Co before the group embarked on a tour of Foodbank SA's onsite facility.

SAPML continues to play a pivotal role within the industry, with the SAPML CEO continuing to Chair

## Market and Industry Matters (cont)



the Horticultural Coalition of SA (HCSA) during one of the most challenging times.

SAPML was instrumental in driving redirection in the messaging of the Government policy to restrict fruit in lunch boxes of what was traditionally a peak sales period – back to school. SAPML supported and commended the Government's commitment to zero tolerance and the ongoing efforts in eradicating fruit fly in South Australia. However, we did call for an immediate change to the messaging and retraction of the school communication with alternate messaging that allows the continued ability to pack a healthy South Australian grown snack in school lunch boxes.

The other area of serious concern that should be addressed as a priority over the school lunch box messaging, is fruit movement through unregulated supply channels such as Facebook Market Place, pop up stalls, green waste disposal from restaurants and retail outlets. These areas pose a higher risk pathway.

The messaging to eat home-grown fruit at home is one that industry supports. As for commercially purchased fruit, there are alternative measures that can be taken by Schools that provide an alternative to cutting fruit out altogether. Protocols that can be followed include ensuring all host fruit and fruiting vegetables are wrapped or kept in enclosed lunch boxes. Uneaten produce, or items like apple cores, should be disposed of in an enclosed green bin.

A message encouraging parents to replace fresh fruit and vegetables with packets and processed foods is not only detrimental to industry, but also to the health and wellbeing of school students across the State. There is also a major risk with all other produce categories, as consumers will think it's too hard and they will not put any fresh fruit and vegetables in school or work lunch boxes.

Industry has called for the Government to change the messaging immediately, asking consumers within fruit fly areas to keep their store-bought fruit inside and make sure it is disposed of properly.

After much discussion and debate, we were delighted at the marketing program with Poh Ling Yeow, the introduction of green waste bins in schools and the children's education booklet teaching students about fruit fly.

The Pick a Local, Pick SA! team independently activated a number of initiatives to encourage the safe return of fruit into lunch boxes through attendance at events. This included fruit donations for school children including SAFM morning outdoor broadcasts at schools, a selection of school visits to speak at gatherings and attendance at netball carnivals at the SA Districts Netball Association in Golden Grove.

HCSA and SAPML have also been vocal in extending zero tolerance between Ceduna and the South Australian Border. This is important as the current Mediterranean fruit fly outbreaks originated from Western Australia and the zero tolerance on the Yamba road block has been effective in curtailing the



## Conclusion

number of breaches due to zero tolerance. It is so important not only to the regions, but for our Market due to the outbreaks like the current Pooraka incursion which increases costs to traders and SAPML.

The HCSA worked tirelessly in developing a new Blueprint by looking at our future growth strategy, with a Plan to 2030. The Plan will be officially launched in November 2021, and we look forward to marketing the Plan with Government.

Due to COVID-19, the 2020 Hort Connections Conference was cancelled so it was pleasing in 2021 to see a great number of South Australian Growers and Wholesalers attend the Hort Connections Conference in Brisbane in June 2021. Although it was again, touch and go for it to proceed due to COVID-19.

South Australia and the wholesaling sector had plenty to cheer about, being nominated and winning many awards.

We congratulate Penny and the Market Fresh SA team for playing a significant part in the National Marketer of the Year Award with our jointly funded National Retail Marketing program "A Better Choice" taking the award for the 2021 Shop N Win Campaign.

South Australian Retailers need to be commended for featuring in seven of the top 10 Retailers nationally who participated in this campaign. Congratulations to Adelaide Fresh Fruiterers, Morphett Vale and Chiera & Sons Fresh Market, who came 1st and 3rd respectively in Australia.

We continue to embrace the challenges during this worldwide COVID-19 pandemic, focusing on our main strategy which is to create a better tomorrow by keeping our Market site safe and COVID-19 free and finding ways to operate smarter and more efficiently.

We started in 2020 and we will continue to operate under our five key focus areas including health, hygiene, personal protection equipment, cleaning and social distancing. Now we have a vaccine, we have introduced a sixth focus area and that is promoting vaccination in our Market place and community.

Our team will continue to Think Fresh with the development of the ERP system to commence FY22/23, the development of cardless entry into the Market using mobile phone integration, encourage as many Market Buyers and Sellers to become connected using our newly fully integrated Fresho ordering system "Our Virtual Market platform" and the continued integration of all of our IT systems at an operational level.

The key areas of focus will include reducing our Outgoings expenditure especially with regard to insurance, obtaining funding for our integrated end to end point Biosecurity logistics facility and the tendering of a site wide sprinkler system. We will continue to explore opportunities for further expansion with the main focus being the Biosecurity Logistics facility.

The next couple of years will require increased capital expenditure to ensure our site

continues to be leading edge and updated, including unloading and fire protection projects. These initiatives will benefit shareholders in the long term and are imperative for the ongoing operations of the Market.

Our FY22 priorities continue to reflect our new FY21-26 Strategic Plan, looking for growth and opportunities that extend our service offering and property portfolio. We continue to look forward to further unlocking these opportunities to deliver sustainable returns for all our stakeholders.

Thank you to the SAPML team, our tenants and our Market users for their continued support during 2021. We are not out of the woods yet and will need to continue to work together in order to come out of this COVID-19 pandemic stronger and healthier



**Joanna Andrew**  
Chairman



**Angelo Demasi**  
CEO



South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

# Directors' Report

30 June 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of South Australian Produce Market Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

## Directors

The following persons were directors of South Australian Produce Market Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ms Joanna Andrew (Chairman)

Mr Michael Ruggiero (Deputy Chairman)

Mr Mark Brougham

Mr Antonio (Tony) Ceravolo

Mr Daniele (Danny) De Ieso

Mr Girolamo (James) Fragnito

Mr Nicola (Nic) Minicozzi  
*Resigned 30 June 2021*

Mr Derrick Patterson

Ms Christine Scalzi

Mr Pasquale (Pat) Scalzi

## Principal activities

The principal activities of the Group during the financial year were the management of the wholesale market, the position of related market services and related property investments. No significant changes in the nature of these activities occurred during the year.

## Dividends

Dividends paid during the financial year were as follows:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Fully franked final dividend of 35 cents per share (declared 24 September 2020; 2020 24 September 2019)	2,021,096	2,021,096
Fully franked interim dividend of 30 cents per share (2020: 35 cents) (declared 29 April 2021; 2020 25 April 2020)	1,732,368	2,021,096
	3,753,464	4,042,192

South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

# Directors' Report

30 June 2021

## Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$13,337,919 (30 June 2020: \$6,674,151).

	2021 \$	2020 \$	Change \$	Change %
Consolidated profit before income tax	18,761,434	8,908,603	9,852,831	111%
Revaluation (loss)/gain included in consolidated profit	11,935,209	2,278,622	9,656,587	424%
Fair Value Movement Interest Rate Swap	228,247	(28,637)	256,884	(897%)
Consolidated profit before income tax, excluding the revaluation gain / loss & Fair Value Movement	6,597,978	6,658,618	(60,640)	(1%)
Current income tax payable	1,353,867	1,251,014	102,853	8%
Consolidated profit after income tax excluding revaluation gain/(loss) & Fair Value Movement	5,244,111	5,407,604	(163,493)	(3%)

A review of operations of the Consolidated Group and the results of those operations are contained in the accompanying combined Chairman's and Chief Executive Officer's Report.

During the year the Consolidated Group continued to engage in its principal activities, the results of which are disclosed in the accompanying financial report.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

## Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

## Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

# Directors' Report

30 June 2021

## Information on directors



**Ms Joanna  
Andrew**

*Appointed 26 May 2020*

Independent Director  
and Chairman

### Qualifications

Bachelor of Laws  
(Honours)

Bachelor of Health  
Sciences

### Experience and expertise

Partner  
Mellor Olsson Lawyers

Non-Executive Director  
Beston Food Group

Chairman  
Remuneration and  
Nominations Committee  
Beston Food Group

Member Audit and Risk  
Subcommittee  
Beston Food Group

Non-Executive Director  
Adelaide Cemeteries  
Authority

Player Payments  
Integrity Committee  
SANFL

Member  
National Sports Tribunal

InDaily 40  
Under 40 Award Winner  
in 2018



**Mr Michael  
Ruggiero**

*Appointed 17 November  
2008*

Independent Director

### Qualifications

Bachelor of Arts  
(Accounting)

Chartered Accountant

Diploma of Financial  
Services

### Experience and expertise

30 years of experience  
as a Chartered  
Accountant

Managing Partner  
Bentleys Accountants,  
Auditors and Advisors

Advisor in the area of  
taxation and business  
consulting in the  
property, retail and  
wholesale sectors and  
professional service  
industry

Experience in Capital  
Gains Tax, international  
taxation, structuring  
property and business  
acquisitions.



**Mr Nicola (Nic)  
Minicozzi**

*Resigned 30 June 2021*

Independent Director

### Qualifications

Bachelor of Laws (LLB)

Notary Public

### Experience and expertise

Admitted Legal  
Practitioner in 1974

Experience in non-  
litigious and litigious  
Commercial Law

South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

## Directors' Report

30 June 2021



**Mr Pasquale (Pat)  
Scalzi OAM**

*Appointed from  
28 November 1988*

Wholesale Director

### Experience and expertise

Managing Director  
P.E Scalzi Pty Ltd

Director  
P.E. Services Pty Ltd

Director  
Pooraka Wholesalers Pty  
Ltd

Over 50 years' wholesale  
fruit and vegetable  
industry

Wholesaler Board  
Member since 1987



**Ms Christine  
Scalzi**

*Appointed from  
25 November 2014*

Wholesale Director

### Experience and expertise

Director  
Select Naturally Pty Ltd

Importer and Director  
Acqua Filette Australia

Commenced with  
City Fruit in 1990,  
underpinning many years  
of experience fulfilling  
various administration  
and business roles with  
Select Naturally.



**Mr Mark  
Brougham**

*Appointed from  
29 November 2018*

Wholesale Director

### Experience and expertise

Chairman  
South Australian  
Chamber of Fruit &  
Vegetables

Director  
M & C Fruit & Vegetable  
Supplies

Board Member  
South Australian Produce  
Credit

Board Member  
Fresh Market Australia



**Mr Antonio (Tony)  
Ceravolo**

*Appointed from  
6 December 2007*

Grower Director

### Experience and expertise

Managing Director  
R Ceravolo & Co Pty Ltd

Director  
Ashton Valley Fresh  
Juices

Director  
Ceravolo Orchards Pty  
Ltd

Non-Executive Director  
Perth Markets Limited  
(as a representative of  
South Australian Produce  
Market Ltd. *Appointed  
1 February 2020*)

35 years of orchard  
experience

35 years of experience  
in wholesale of fruit and  
vegetables



South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

## Directors' Report

30 June 2021



**Mr Daniele (Danny)  
De Ieso**

*Appointed from  
29 November 2002*

Grower Director

### Qualifications

Advanced Diploma in  
Horticulture Production  
Diploma of Rural  
Business Management

### Experience and expertise

Over 35 years experience  
in fruit and vegetable  
industry

Grower Board Member  
since 2002



**Mr Girolamo (James)  
Fragnito**

*Appointed from  
25 November 2014*

Retail Director

### Experience and expertise

Over 30 years of  
experience in fruit and  
vegetable retailing

2007 Chairman  
Adelaide Produce  
Markets Young Leaders  
Committee

Committee member  
SA Fruit & Veg Retailer  
Association



**Mr Derrick  
Patterson**

*Appointed from  
25 November 2014*

Retail Director

### Experience and expertise

Over 40 years of  
experience in fresh fruit  
and vegetable Retailing

Former Chairman  
Go Green Grocer Retailer  
Association

Cherry Ball Charity  
Committee member  
since 1997

South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

# Directors' Report

30 June 2021

## Company secretary

The position of Company Secretary is held by the Consolidated Group's Chief Executive Officer, Mr Angelo Demasi.

## Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Audit Corporate Governance and Finance Committee	
	Attended	Held	Attended	Held
Ms Joanna Andrew (Chairman)	12	12	4	4
Mr Michael Ruggiero (Deputy Chairman)	12	12	5	5
Mr Nicola (Nic) Minicozzi	10	12	5	5
Mr Pasquale (Pat) Scalzi	12	12	5	5
Mr Daniele (Danny) De Ieso	12	12	-	-
Mr Antonio (Tony) Ceravolo	12	12	-	-
Ms Christine Scalzi	9	12	-	-
Mr Girolamo (James) Fragnito	12	12	-	-
Mr Derrick Patterson	12	12	4	5
Mr Mark Brougham	12	12	-	-

Held: represents the number of meetings held during the time the director held office.

South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

## Directors' Report

30 June 2021

### Details of remuneration

Directors' emoluments were determined at the Annual General Meeting of the Parent Entity and are made in accordance with the Constitution.

The Chief Executive Officer's emoluments are determined by the Board of Directors of the Parent Entity and are reviewed on an annual basis, based on the industry comparisons and overall performance.

#### *Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

		Short-term benefits	Post-employment benefits	
	Cash salary and fees	Committee fees	Superannuation	Total
2021	\$	\$	\$	\$
Ms Joanna Andrew (Chairman)	51,554	2,000	4,575	58,129
Mr Michael Ruggiero (Deputy Chairman)	40,000	4,500	4,228	48,728
Mr Nicola (Nic) Minicozzi	30,000	4,500	3,278	37,778
Mr Pasquale (Pat) Scalzi	30,000	2,100	3,050	35,150
Mr Daniele (Danny) De Ieso	30,000	-	2,850	32,850
Mr Antonio (Tony) Ceravolo	30,000	-	2,850	32,850
Ms Christine Scalzi	30,000	-	2,850	32,850
Mr Girolamo (James) Fragnito	30,000	-	2,850	32,850
Mr Derrick Patterson	30,000	1,900	3,031	34,931
Mr Mark Brougham	30,000	-	2,850	32,850
Other Key Management Personnel Mr A Demasi	191,469	-	18,190	209,659
	523,023	15,000	50,602	588,625

Other than that disclosed in Note 32, no Director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with a Director, a firm of which the Director is a member or an entity in which the Director has a substantial financial interest.

South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

## Directors' Report

30 June 2021

### Additional disclosures relating to key management personnel

#### Share and option

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
<i>Ordinary shares and options</i>					
Mr Pasquale (Pat) Scalzi	803,199	-	25,000	-	828,199
Mr Daniele (Danny) De Ieso	2,400	-	-	-	2,400
Mr Antonio (Tony) Ceravolo	131,300	-	-	-	131,300
Ms Christine Scalzi	258,200	-	-	-	258,200
Mr Girolamo (James) Fragnito	37,500	-	-	-	37,500
Mr Derrick Patterson	5,000	-	-	-	5,000
Mr Mark Brougham (SA Chamber of Fruit and Vegetable Industries Incorporated)	95,000	-	37,400	-	132,400
Mr Angelo Demasi	1,600	-	-	-	1,600
	1,334,199	-	62,400	-	1,396,599



South Australian Produce Market Limited ABN 49 008 129 566  
Financial Report

# Directors' Report

30 June 2021

## Shares under option

There were no unissued ordinary shares of South Australian Produce Market Limited under option outstanding at the date of this report.

## Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## Proceedings on behalf of the company


No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

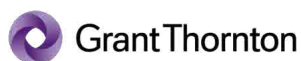


**Joanna Andrew**

Chairman of Directors  
30 September 2021

South Australian Produce Market Limited ABN 49 008 129 566

# Auditor's Independence Declaration



Level 3, 170 Frome Street  
Adelaide SA 5000

Correspondence to:  
GPO Box 1270

T +61 8 8372 6666

## Auditor's Independence Declaration

To the Directors of South Australian Produce Market Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of South Australian Produce Market Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

J L Humphrey  
Partner – Audit & Assurance

Adelaide, 30 September 2021

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South Australian Produce Market Limited ABN 49 008 129 566

# Financial Statements

30 June 2021

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## General information

The financial statements cover South Australian Produce Market Limited as a consolidated entity consisting of South Australian Produce Market Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is South Australian Produce Market Limited's functional and presentation currency.

South Australian Produce Market Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:  
Burma Road, Pooraka SA 5095

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2021. The directors have the power to amend and reissue the financial statements.

South Australian Produce Market Limited

# Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

			Consolidated
	Note	2021 \$	2020 \$
<b>Revenue</b>	4	17,714,066	17,868,378
Other income	5	444,665	462,360
<b>Expenses</b>			
Investment property revaluation gain		11,935,209	2,278,622
Fair value movement of interest rate swap		228,247	(28,637)
Employee benefits expense		(2,266,875)	(2,172,323)
Depreciation expense	6	(1,437,538)	(1,263,481)
Finance costs	6	(1,093,815)	(1,365,911)
Other expenses	6	(6,762,525)	(6,582,187)
Write off of assets		-	(288,218)
<b>Profit before income tax expense</b>		18,761,434	8,908,603
Income tax expense	7	(5,423,515)	(2,234,452)
<b>Profit after income tax expense for the year</b>		13,337,919	6,674,151
<b>Other comprehensive income</b>			
Fair value movement in financial assets (net of tax)		1,179,037	1,198,525
Other comprehensive income for the year, net of tax		1,179,037	1,198,525
<b>Total comprehensive income for the year</b>		14,516,956	7,872,676

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



South Australian Produce Market Limited

# Statement of financial position

As at 30 June 2021

	Note	2021 \$	Consolidated 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	1,454,070	2,854,248
Trade and other receivables	9	893,387	777,338
Other assets	10	495,117	1,161,226
Total current assets		2,842,574	4,792,812
<b>Non-current assets</b>			
Receivables	11	50,371	80,411
Financial assets at fair value through other comprehensive income	12	15,619,153	13,934,810
Investment properties	13	137,140,000	123,780,000
Plant and equipment	14	1,693,858	1,681,063
Right-of-use assets	15	346,868	669,813
Total non-current assets		154,850,250	140,146,097
<b>Total assets</b>		157,692,824	144,938,909
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	3,757,446	4,537,080
Lease liabilities	17	1,213,583	1,182,597
Income tax payable	18	201,418	597,405
Provisions	19	423,592	442,690
Total current liabilities		5,596,039	6,759,772
<b>Non-current liabilities</b>			
Borrowings	20	35,951,692	35,951,692
Lease liabilities	21	5,849,283	7,048,208
Derivative financial instruments	22	254,066	482,313
Deferred tax	23	22,647,386	18,072,435
Provisions	24	27,934	21,557
Total non-current liabilities		64,730,361	61,576,205
<b>Total liabilities</b>		70,326,400	68,335,977
<b>Net assets</b>		87,366,424	76,602,932
<b>Equity</b>			
Issued capital	25	6,167,310	6,167,310
Reserves	26	3,307,177	2,128,140
Retained earnings		77,891,937	68,307,482
<b>Total equity</b>		87,366,424	76,602,932

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

South Australian Produce Market Limited

# Statement of changes in equity

For the year ended 30 June 2021

	Issued capital \$	Fair value OCI reserves \$	Retained profits \$	Total equity \$
<b>Consolidated</b>				
Balance at 1 July 2019	6,167,310	929,615	65,675,523	72,772,448
Profit after income tax expense for the year	-	-	6,674,151	6,674,151
Other comprehensive income for the year, net of tax	-	1,198,525	-	1,198,525
Total comprehensive income for the year	-	1,198,525	6,674,151	7,872,676
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 27)	-	-	(4,042,192)	(4,042,192)
Balance at 30 June 2020	6,167,310	2,128,140	68,307,482	76,602,932
	Issued capital \$	Fair value OCI reserves \$	Retained profits \$	Total equity \$
<b>Consolidated</b>				
Balance at 1 July 2020	6,167,310	2,128,140	68,307,482	76,602,932
Profit after income tax expense for the year	-	-	13,337,919	13,337,919
Other comprehensive income for the year, net of tax	-	1,179,037	-	1,179,037
Total comprehensive income for the year	-	1,179,037	13,337,919	14,516,956
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 27)	-	-	(3,753,464)	(3,753,464)
Balance at 30 June 2021	6,167,310	3,307,177	77,891,937	87,366,424

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

South Australian Produce Market Limited

# Statement of cash flows

For the year ended 30 June 2021

		2021	Consolidated 2020
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		17,558,903	19,868,701
Payments to suppliers and employees		(8,636,498)	(10,452,568)
		8,922,405	9,416,133
Interest received		8,667	21,560
Interest and other finance costs paid		(1,093,815)	(1,336,955)
Income taxes paid		(1,749,857)	(1,381,307)
Net cash provided by operating activities	38	6,087,400	6,719,431
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	14	(2,552,179)	(3,566,040)
Net cash used in investing activities		(2,552,179)	(3,566,040)
<b>Cash flows from financing activities</b>			
Dividends paid	27	(3,753,464)	(4,042,192)
Proceeds from/(repayment of) borrowings		(845,330)	1,016,516
Repayment of lease liabilities		(336,605)	(335,589)
Net cash used in financing activities		(4,935,399)	(3,361,265)
Net decrease in cash held		(1,400,178)	(207,874)
Cash and cash equivalents at the beginning of the financial year		2,854,248	3,062,122
Cash and cash equivalents at the end of the financial year	8	1,454,070	2,854,248

The above statement of cash flows should be read in conjunction with the accompanying notes.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

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

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

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of South Australian Produce Market Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. South Australian Produce Market Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 1. Significant accounting policies (cont)

entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Revenue recognition

The consolidated entity recognises revenue as follows:

#### *Rent*

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

#### *Rendering of services*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer, adjusted where applicable for any amount that is prepaid.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are

settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

South Australian Produce Market Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 1. Significant accounting policies (cont)

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

### Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 1. Significant accounting policies (cont)

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

### Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### *Financial assets at fair value through other comprehensive income*

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

### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 1. Significant accounting policies (cont)

### Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

### Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3.75 - 50%
Motor vehicles	18.50%
Furniture and fittings	9 - 50%
Office equipment	9 - 50%

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 1. Significant accounting policies (cont)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an

index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Employee benefits

#### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 1. Significant accounting policies (cont)

on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at the reporting date.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST

incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 2. Critical accounting judgements, estimates and assumptions (cont)

### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

### *Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 3. Operating segments

The Company operates wholly within Australia and owns and manages a large scale facility to facilitate wholesale marketing of fresh produce.

## Note 4. Revenue

	2021 \$	Consolidated 2020 \$
Rents and recoveries	17,705,399	17,846,818
<i>Other revenue</i>		
Interest received	8,667	21,560
Revenue	17,714,066	17,868,378

## Note 5. Other income

	2021 \$	Consolidated 2020 \$
Cash boost, payroll tax relief, and land tax relief	194,665	254,027
Grant income - solar microgrid	250,000	208,333
Other income	444,665	462,360



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 6. Expenses

	2021 \$	Consolidated 2020 \$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Depreciation of plant & equipment	1,114,593	941,971
Depreciation of right of use assets - Warehouse K	322,945	321,510
Total depreciation	1,437,538	1,263,481
<i>Finance costs</i>		
Finance costs and bank charges	1,079,820	1,336,955
Interest from lease liabilities - Warehouse K	13,995	28,956
Total finance costs	1,093,815	1,365,911
<i>Remuneration of auditor</i>		
Audit of group and outgoings	30,000	27,000
Tenant reviews	-	2,000
Compilation of financial statements	2,500	2,000
	32,500	31,000
	2021 \$	Consolidated 2020 \$
<b>Other expenses</b>		
Accounting and legal expenses	128,764	133,586
Bad debts (recovery)	(448)	21,846
Cleaning	293,539	285,177
Director fees	378,964	365,310
Emergency services levy	138,507	122,170
Equipment hire	59,841	72,594
Insurance expense	802,088	615,105
Land tax	715,215	888,940
Market Fresh contribution	132,094	167,988
Motor vehicle expenses	58,384	57,609
Other	819,775	673,930
Professional fees	298,567	251,773
Rates and taxes	674,879	676,032
Repairs and maintenance	593,464	450,228
Security	154,465	170,563
Subcontractor expenses	-	13,658
Water rates	305,093	374,876
Electricity	1,209,334	1,240,802
	6,762,525	6,582,187

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 7. Income tax expense

	2021 \$	Consolidated 2020 \$
<i>Income tax expense</i>		
Current tax	1,353,867	1,251,014
Deferred tax	5,869,648	983,438
Aggregate income tax expense	7,223,515	2,234,452
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	18,761,434	8,908,603
Tax at the statutory tax rate of 30%	5,628,430	2,672,581
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Provision for holiday pay	2,530	13,871
Provision for long service leave	(6,346)	7,925
Other non-allowable items	759,856	730,726
Under/over adjustment	-	(271,400)
	6,384,470	3,153,703
Revaluation gain	(3,580,563)	(683,587)
Allowable deduction for capital works	(749,462)	(560,412)
Other allowable items	(442,871)	(540,440)
Franking income received	(257,707)	(118,250)
Income tax expense	1,353,867	1,251,014

## Note 8. Current assets - cash and cash equivalents

	2021 \$	Consolidated 2020 \$
Cash on hand	600	600
Cash at bank	1,453,470	2,853,648
	1,454,070	2,854,248

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 9. Current assets - trade and other receivables

	2021 \$	Consolidated 2020 \$
Trade debtors	897,286	805,850
Less: Provision for expected credit loss	(3,899)	(28,512)
	893,387	777,338

## Note 10. Current assets - other assets

	2021 \$	Consolidated 2020 \$
Prepayments	484,602	1,145,225
Inventory	10,515	16,001
	495,117	1,161,226

## Note 11. Non-current assets - receivables

	2021 \$	Consolidated 2020 \$
Trade receivables	50,371	80,411

## Note 12. Non-current assets - financial assets at fair value through other comprehensive income

	2021 \$	Consolidated 2020 \$
Shares in Perth Markets Ltd & Perth Markets Land Trust (PML)	12,175,500	10,653,560
Shares in Brisbane Markets Ltd	3,443,653	3,281,250
	15,619,153	13,934,810

At 30 June 2021 investments were reflected at fair value of \$15,619,151, with the incremental movement recorded at fair value through other comprehensive income (FVOCI) of \$1,179,037 net of tax.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 13. Non-current assets - investment properties

	2021 \$	Consolidated 2020 \$
Land	66,740,000	59,930,000
Buildings	70,400,000	63,850,000
	137,140,000	123,780,000

### Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	123,780,000	119,380,000
Additions - at cost	2,221,382	2,773,224
Revaluation increment / (decrement)	11,935,209	2,278,622
Depreciation expense	(796,591)	(651,846)
Closing fair value	137,140,000	123,780,000

### Valuations of investment properties

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Investment properties are leased out as operating leases.

Rental income amounts to \$8,586,450 (2020: \$8,633,896) included in revenue on a consolidated basis.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 14. Non-current assets - Plant and equipment

	2021 \$	Consolidated 2020 \$
Plant, equipment & vehicles - at cost	4,872,478	4,530,419
Less: accumulated depreciation	(3,178,620)	(2,849,356)
	1,693,858	1,681,063

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and Equipment \$
Balance at 1 July 2019	1,466,590
Additions	792,817
Write off of assets	(288,218)
Depreciation expense	(290,126)
Balance at 30 June 2020	1,681,063
Additions	330,798
Depreciation expense	(318,003)
Balance at 30 June 2021	1,693,858



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 15. Non-current assets - right-of-use assets

	2021 \$	Consolidated 2020 \$
Land and buildings - Warehouse K	346,868	669,813

The consolidated entity leases Warehouse K which is set to expire on 3 August 2022.

The consolidated entity leases office equipment which are either short-term or low-value, so they have been expensed as incurred and not capitalised as right-of-use assets.

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Warehouse K \$
Balance at 1 July 2019	-
Adoption of AASB 16	991,323
Depreciation expense	(321,510)
Balance at 30 June 2020	669,813
Depreciation expense	(322,945)
Balance at 30 June 2021	346,868

## Note 16. Current liabilities - trade and other payables

	2021 \$	Consolidated 2020 \$
Trade payables	234,158	465,876
Sundry payables and accruals	3,523,288	4,071,204
	3,757,446	4,537,080

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 17. Current liabilities - lease liabilities

	2021 \$	Consolidated 2020 \$
Lease liability - bank finance leases	876,812	845,330
Lease liability - Warehouse K	336,771	337,267
	1,213,583	1,182,597

## Note 18. Current liabilities - income tax payable

	2021 \$	Consolidated 2020 \$
Income tax payable	201,418	597,405

## Note 19. Current liabilities - provisions

	2021 \$	Consolidated 2020 \$
Employee benefits	423,592	442,690

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 20. Non-current liabilities - borrowings

	2021 \$	Consolidated 2020 \$
Bank bills secured	35,951,692	35,951,692

### Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	2021 \$	Consolidated 2020 \$
Bank bills secured	35,951,692	35,951,692
Bank finance leases	6,700,786	7,546,116
	42,652,478	43,497,808

During July 2020, the Group signed a new facility agreement extending the term to 31 July 2023.

The bank bills are secured by:

- a guarantee unlimited as to the amount (\$4,500,000) by APML No. Two Pty Ltd
- registered equitable mortgage by South Australia Produce Market Limited over the whole of its assets and undertakings including uncalled capital.
- a first registered mortgage over the APML No. One Pty Ltd property located at Diagonal Road, Pooraka SA.
- a first registered mortgage over the South Australia Produce Market Limited property located at Market Lane, Pooraka SA.
- a first registered mortgage over the South Australia Produce Market Limited vacant land property located at Commerce Crescent, Pooraka SA.

The covenants for the above bank loans relate to interest cover, and loan to valuation ratio. All required covenants have been met by the Company.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 21. Non-current liabilities - lease liabilities

	2021 \$	Consolidated 2020 \$
Lease liability - bank finance leases	5,823,974	6,700,786
Lease liability - Warehouse K	25,309	347,422
	5,849,283	7,048,208

Refer to note 28 for further information on financial instruments.

## Note 22. Non-current liabilities - derivative financial instruments

	2021 \$	Consolidated 2020 \$
Interest rate swap contracts - cash flow hedges	254,066	482,313

## Note 23. Non-current liabilities - deferred tax

	2021 \$	Consolidated 2020 \$
Deferred tax liabilities	22,647,386	18,072,435

## Note 24. Non-current liabilities - provisions

	2021 \$	Consolidated 2020 \$
Employee benefits	27,934	21,557

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 25. Equity - issued capital

	2021 Shares	2020 Shares	2021 \$	Consolidated 2020 \$
Ordinary shares - fully paid	5,774,560	5,774,560	6,167,310	6,167,310
<b>Comprising</b>			2021 \$	Consolidated 2020 \$
Ordinary Grower Shares			1,775,891	1,715,491
Ordinary Wholesales Shares			2,333,343	2,211,943
Ordinary Retailer Shares			425,090	450,090
Ordinary Unclassified Shares			1,240,236	1,397,036
			5,774,560	5,774,560

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 26. Equity - reserves

*Financial assets at fair value through other comprehensive income reserve*

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

## Note 27. Equity - dividends

*Dividends*

Dividends paid during the financial year were as follows:

	2021 \$	Consolidated 2020 \$
Fully franked final dividend of 35 cents per share (declared 24 September 2020; 2020 24 September 2019)	2,021,096	2,021,096
Fully franked interim dividend of 30 cents per share (2020: 35 cents) (declared 29 April 2021; 2020 25 April 2020)	1,732,368	2,021,096
	3,753,464	4,042,192

*Franking credits*

	2021 \$	Consolidated 2020 \$
Franking credits available for subsequent financial years based on a tax rate of 30%	1,077,163	678,230

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 28. Financial instruments

### Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

### Market risk

#### Price risk

The consolidated entity is not exposed to any significant price risk.

#### Interest rate risk

The Group's policy is to minimise interest rate cash flow risk exposures on market rate loans. The interest rates are variable therefore the Group has entered into an interest rate swap agreement to hedge against unfavorable changes in interest rates. The fixed rate on \$10,000,000 of the market rate loans is 2.65%.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting

in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The Group does not hold any collateral as security over any receivable balances, nor does it hold any restrictions of title.

The average credit period is 30 days. Extended credit terms may be provided through negotiation with customers. No interest is charged on the trade receivables.

Some of the unimpaired trade receivables are past due as at reporting date. These relate to customers who have a good credit history with the Group and are expected to be recovered in full.

### Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt payments for market rate loans as well as cash inflows and outflows due in day-to-day business. The timing of cash outflows is presented below:

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated - 2021</b>	<b>1 year or less \$</b>	<b>Between 1 and 5 years \$</b>	<b>Remaining contractual maturities \$</b>
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Trade and other payables	3,757,446	-	3,757,446
<i>Interest-bearing - variable</i>			
Borrowings - bank loans	-	35,951,692	35,951,692
Bank finance lease	876,812	5,823,974	6,700,786
Lease liability - Warehouse K	336,771	25,309	362,080
Total non-derivatives	4,971,029	41,800,975	46,772,004
<b>Consolidated - 2020</b>	<b>1 year or less \$</b>	<b>Between 1 and 5 years \$</b>	<b>Remaining contractual maturities \$</b>
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Trade and other payables	4,537,080	-	4,537,080
<i>Interest-bearing - variable</i>			
Borrowings - bank loans	-	35,951,692	35,951,692
Bank finance lease	845,330	6,700,786	7,546,116
Lease liability - Warehouse K	337,267	347,422	684,689
Total non-derivatives	5,719,677	42,999,900	48,719,577

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

The Board has determined that the carrying values of financial assets and financial liabilities are consistent with fair values. The interest rate swap has been valued by the Commonwealth Bank of Australia using the standard pricing methodology.

## Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 29. Key management personnel disclosures

### Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>2021</b>	<b>Consolidated</b>
	<b>\$</b>	<b>2020</b>
		<b>\$</b>
Salaries & Directors fees	538,024	514,689
Other - salary sacrifice	-	16,386
Superannuation contributions	50,599	51,309
	588,623	582,384

## Note 30. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets recorded by the Company as at the date of this report (2020: Nil).

## Note 31. Commitments

The lease for the building rental on Warehouse K from Pooraka Fruit & Vegetable Supply Pty Ltd has been included in lease liabilities upon adoption of AASB 16.

The Group currently has construction in progress to build a Carl's Junior fast food restaurant. At 30 June 2021 the Group is committed to \$2,345,141 to complete the contract.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 32. Related party transactions

### Parent entity

South Australian Produce Market Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 35.

### Joint ventures

Interests in joint ventures are set out in note 36.

### Key management personnel

Disclosures relating to key management personnel are set out in note 29.

Directors and Director-related entities hold directly, indirectly or beneficially as at balance date the following number of shares in this Company. Details of each Director's holdings are listed in the accompanying Director's Report.

	Consolidated 2021 No	Consolidated 2020 No	Parent 2021 No	Parent 2020 No
South Australian Produce Market Ltd - Ordinary Shares	1,396,599	1,396,599	1,396,599	1,396,599

### Transactions with Joint Ventures

During 2021, South Australian Produce Market provided contribution to Market Fresh of \$80,000 (2020: \$150,000). At reporting date there is no amounts owed to or by Market Fresh (2020: Nil).

### Transactions with related parties

The following transactions occurred with related parties:

The group used the legal and accounting services of director related entities over which they exercise significant influence. The amounts billed were based on normal market rates and amounts to:

	Consolidated 2021 \$	Consolidated 2020 \$
Bentleys	26,170	32,175
Minicozzi Solicitors	68,589	49,940
Schirripa Evans Lawyers	-	30,108

Legal fees paid to the director related law firms noted above may include fees paid to barristers acting on behalf of the Company and other disbursements incurred on the Company's behalf. Fees paid to Director related law and accounting firms are charged at normal commercial rates. Detailed timesheets are provided to the Board and Directors whose firms provide professional services do not participate in the approval for payment of any fees paid to their respective firms.



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 32. Related party transactions (cont)

The Group transacted with several directors in the company and their related entities as customers, in relation to leased premises and market services. The amounts charged were based on normal market rates and amounted to:

	2021 \$	Consolidated 2020 \$
Ceravolo Orchards Pty Ltd	54,045	61,742
M & C Brougham Pty Ltd	95,350	100,781
Mt Barker Fresh Markets	213	3,733
P & E Scalzi Services Pty Ltd	491,433	471,857
Paseva Pty Ltd ATF P & E Scalzi Superannuation Fund	-	1,286
Pooraka Fruit & Vegetable Supply	18,678	54,410
R Ceravolo & Co Pty Ltd	277,778	269,849
Select Naturally Pty Ltd	86,623	88,456
Thorndon Park Produce Co Pty Ltd	9,952	10,332

Payment for goods and services:

	2021 \$	Consolidated 2020 \$
Lease payments to Pooraka Fruit and Vegetable Supply	388,717	380,764
Ceravolo Orchards	2,938	4,465
Scalzi Produce	2,072	968

### *Outstanding balances at reporting date*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021 \$	Consolidated 2020 \$
M & C Brougham Pty Ltd	3,724	10,192
Mt Barker Fresh Markets	-	260
P & E Scalzi Services Pty Ltd	11,153	10,216
Pooraka Fruit & Vegetable Supply	137	15,644
R Ceravolo & Co Pty Ltd	-	6,916
Ceravolo Orchards Pty Ltd	8,877	-
Thorndon Park Produce Co Pty Ltd	-	(522)

### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

### *Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 33. Superannuation commitments

The Company does not participate in any employer sponsored defined benefit superannuation plans for its employees. All superannuation payments by the Company are in accordance with the relevant Superannuation Guarantee legislation.

## Note 34. Parent entity information

### Statement of profit or loss and other comprehensive income

	Parent 2021 \$	Parent 2020 \$
Profit after income tax	12,411,122	5,107,092
Fair value movement in financial assets (net of tax)	1,179,037	1,198,525
Total comprehensive income	13,590,159	6,305,617

### Statement of financial position

	Parent 2021 \$	Parent 2020 \$
Total current assets	1,741,191	4,106,157
Total assets	148,777,724	137,910,987
Total current liabilities	4,228,927	5,500,649
Total liabilities	68,561,192	67,025,847
<i>Equity</i>		
Issued capital	6,167,310	6,167,310
Reserves	-	2,128,140
Retained earnings	74,049,222	62,589,690
Total equity	80,216,532	70,885,140

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 34. Parent entity information (cont)

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
5101 Commerce Crescent Pty Ltd	Australia	100.00%	100.00%
5102 Commerce Crescent Pty Ltd	Australia	100.00%	100.00%
9 Burma Road Pooraka Pty Ltd	Australia	100.00%	100.00%
Adelaide Market Pty Ltd	Australia	100.00%	100.00%
APML Exports No 2 Pty Ltd	Australia	100.00%	100.00%
APML No Two Pty Ltd & Adelaide Produce Market Limited Partnership	Australia	100.00%	100.00%
APML No. One Pty Ltd	Australia	100.00%	100.00%
APML No. Two Pty Ltd	Australia	100.00%	100.00%
Australian Produce Cases & Recycling Pty Ltd	Australia	100.00%	100.00%
Australian Produce Market Pty Ltd	Australia	100.00%	100.00%
Produce Markets Australia Pty Ltd	Australia	100.00%	100.00%

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 36. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Market Fresh SA Pty Ltd (Market Fresh)	Australia	50.00%	50.00%

The Group has one material joint venture, Market Fresh SA Pty Ltd (Market Fresh). Market Fresh was incorporated in Australia and it was formed for the purpose of establishing a jointly owned marketing company to promote and increase the volume of fruit and vegetable produce sold through the South Australian Produce Market.

The investment in Market Fresh is accounted for using the equity method in accordance with AASB 128. Market Fresh SA is in a deficit position at 30 June 2021 and as such the carrying value of the investment is nil. South Australian Produce Market Ltd paid share capital of \$50 upon the set up of the company.

## Note 37. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2021

## Note 38. Cash flow information

*Reconciliation of profit after income tax to net cash provided by operating activities*

	2021 \$	Consolidated 2020 \$
Profit after income tax expense for the year	13,337,919	6,674,151
Adjustments for:		
Depreciation and amortisation	1,114,593	1,263,481
Revaluation gain	(11,935,209)	(2,278,622)
Fair value movement on interest rate swap	(228,247)	28,637
Income tax effect through reserves	(505,306)	(513,654)
Asset impairment	-	288,218
Unwinding of the discount on lease liabilities	13,995	28,956
Depreciation - ROU assets	322,945	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(86,008)	(246,723)
Decrease in other assets	666,109	(337,384)
Increase/(decrease) in trade and other payables	(779,634)	376,669
Increase in provision for income tax	4,178,964	1,366,799
Increase in provisions	(12,721)	68,903
Net cash provided by operating activities	6,087,400	6,719,431

### *Non-cash investing and financing activities*

There were no transactions or events during the year which affect assets and liabilities and did not result in cash flows.

Credit standby arrangements with banks to provide funds and support facilities.

	2021 \$	Consolidated 2020 \$
Credit facility	36,567,000	36,567,000
Credit facility utilised	(35,951,692)	(35,951,692)
	615,308	615,308

South Australian Produce Market Limited

## Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Joanna Andrew**

Chairman of Directors

30 September 2021



South Australian Produce Market Limited

# Independent Auditor's Report



Level 3, Frome Street

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T +61 8 8372 6666

## Independent Auditor's Report

To the Members of South Australian Produce Market Limited

[Report on the audit of the financial report](#)

### Opinion

We have audited the financial report of South Australian Produce Market Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

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

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

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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South Australian Produce Market Limited

# Independent Auditor's Report



## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

## Responsibilities of the Directors' for the financial report

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

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

## Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

*Grant Thornton*  
GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

J L Humphrey  
Partner – Audit & Assurance

Adelaide, 30 September 2021



## SA Produce Market Limited Structure

### BOARD OF DIRECTORS



**ANGELO DEMASI**

Chief Executive Officer



**ALISON LYNCH**

Executive Assistant



**TONY BOWES**

Senior Commercial Property Manager



**JOHN EDWARDS**

PT Financial Controller



**JAMIE PADDICK**

Pallet and Logistics Operations Manager



**HANNAH WALKER**

Administration Assistant



**SHARNA CAVANAGH**

Property and Facilities Coordinator



**COLIN WATT**

Accountant



**WENDY HELPS**

PT Administration



**FRANK CANELMI**

Maintenance Coordinator



**COSIMO FANTO**

Team Leader



**TERESA WILLIAMS**

PT Accounts Payable



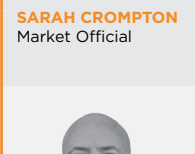
**JOYCE FAGAN**

Market Official



**BRETT LANG**

PT Accounts Receivable



**SARAH CROMPTON**

Market Official









**BRAD WALKER**













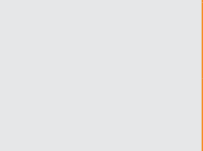






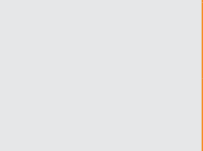








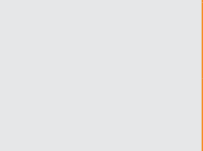
Casual Market Official



Market Fresh SA Pty Ltd Structure

 <p><b>ANGELO DEMASI</b> CEO SAPML</p>	 <p><b>GEORGE GIAMEOS</b> Manager SA Chamber</p>	 <p><b>TONY IASIELLO</b> The Right Mix</p>
 <p><b>WENDY HELPS</b> Price and Produce Reporter</p>	 <p><b>PENNY REIDY</b> Marketing Communications &amp; Business Development Manager</p>	
 <p><b>MICHAELA KANTARIAS</b> Marketing Activation Assistant</p>		

Adelaide Markets Pty Ltd Structure

 <p><b>ANGELO DEMASI</b> Chief Executive Officer</p>	 <p><b>JAMIE PADDICK</b> Logistics / Pallet Management Operations Manager</p>												
<p><b>CHEP EQUIPMENT YARD</b></p> <table><tr><td><p><b>NATALIA LOBANOVA</b> Logistics Assistant</p></td><td><p><b>NIGEL GASKIN</b> Team Leader</p></td></tr></table>		 <p><b>NATALIA LOBANOVA</b> Logistics Assistant</p>	 <p><b>NIGEL GASKIN</b> Team Leader</p>	<p><b>UNLOADING SERVICE</b></p> <table><tr><td><p><b>STEVE CENTOFANTI</b> SAPML – CHEP Operator</p></td><td><p><b>JOHN RUSHWORTH</b> Unloading Administrator</p></td><td><p><b>JUSTIN COCKBURN</b> Unloading Team Leader</p></td></tr><tr><td><p><b>ANDREW HABIB</b> Forklift Driver</p></td><td><p><b>RUSSELL MAYLIN</b> Forklift Driver</p></td><td><p><b>WILLIAM VACCARO</b> Forklift Driver</p></td><td><p><b>LUKE RYAN</b> Forklift Driver</p></td></tr></table>			 <p><b>STEVE CENTOFANTI</b> SAPML – CHEP Operator</p>	 <p><b>JOHN RUSHWORTH</b> Unloading Administrator</p>	 <p><b>JUSTIN COCKBURN</b> Unloading Team Leader</p>	 <p><b>ANDREW HABIB</b> Forklift Driver</p>	 <p><b>RUSSELL MAYLIN</b> Forklift Driver</p>	 <p><b>WILLIAM VACCARO</b> Forklift Driver</p>	 <p><b>LUKE RYAN</b> Forklift Driver</p>
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**Directors**

Ms Joanna Andrew (Chairman)  
Mr Michael Ruggiero (Deputy Chairman)  
Mr Mark Brougham  
Mr Antonio (Tony) Ceravolo  
Mr Daniele (Danny) De Ieso  
Mr Girolamo (James) Fragnito  
Mr Nicola (Nic) Minicozzi  
*Resigned 30 June 2021*  
Mr Derrick Patterson  
Ms Christine Scalzi  
Mr Pasquale (Pat) Scalzi

**Secretary**

Angelo Demasi

**Registered office**

South Australian Produce Market Limited  
Burma Road Pooraka South Australia 5095  
Telephone 08 8349 4493  
Email [enquiry@saproducemarket.com.au](mailto:enquiry@saproducemarket.com.au)  
Internet site [www.saproducemarket.com.au](http://www.saproducemarket.com.au)

**Auditor**

Grant Thornton Audit Pty Ltd  
Level 3, 170 Frome Street  
Adelaide South Australia 5000

**Banker**

Commonwealth Bank of Australia  
213 Glynburn Road  
Firle South Australia 5070

**Share registrar**

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street  
Adelaide South Australia 5000



THINKING *fresh.*