



# SOUTH AUSTRALIAN PRODUCE MARKET

**THINKING** *fresh.*

Annual Report 2022









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

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# 2022 Achievements

## Environment 3 Year Cumulative - 2022



Tonnes



kW



Homes



Cars

Emissions  
Tonnes

Green power	Green Energy produced	7,560			
	Power Up		2,568		
	Cars Removed			1,610	
	Carbon Emissions reduced				3,143
Recycling	Waste repositioned	6,232			
	Power Up		756		
	Cars removed			146	
	Carbon Emissions reduced**				11,841
Total Power and Recycling - 3 Year Rolling		6,232	7,560	3,324	1,756
					14,983

\*\* Food Waste Greenhouse Gas Calculator >> Watch My Waste

## Social

		FY22 \$	Cumulative 3 years \$
	Camp Quality Cherry Auction	50,000	55,000
	Childhood Cancer*	10,000	46,000
	Community Radio	1,000	2,000
	Foodbank	106,000	302,000
	Heartkids SA*	8,000	8,000
	The Hospital Research Foundation	500	500
	Variety	1,500	21,500
	Bushfire Appeal		75,000
		<b>\$177,000</b>	<b>\$510,000</b>

FY22 - 3.5% Societal contribution as a % of Earnings before tax & excluding revaluation gains

\* - Amounts include Gross funds raised per event

## Food relief people in need

## 3 Year Cumulative - 2022

	6,232 tonnes Foodbank food distribution
	14.0M meals distributed

## Governance



New audit and taxation providers appointed



Share trading policy updated



Treasury policy Updated



Governance training for Next Generation Committee



Complete transition to independent 3rd party consultants



New insurance broker appointed

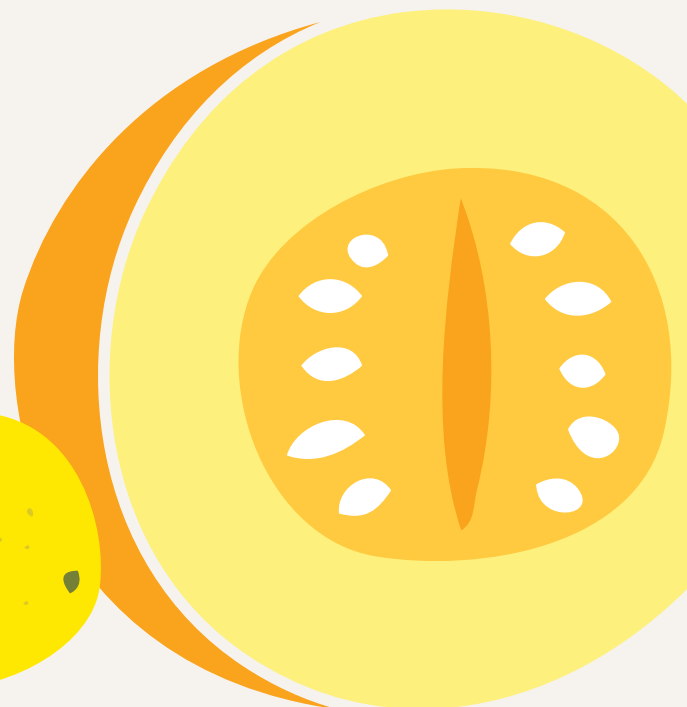
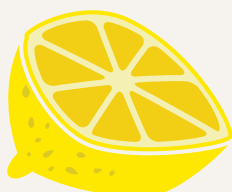
# 2022 Achievements

## Strategic key result areas

- ✓ Continued implementation of 2021-26 Corporate Plan
- ✓ Next Generation Committee first year of full operation
- ✓ Refurbishment of former Auscold facility completed
- ✓ New National tenants:
  - Baiada leased former Auscold facility (11-year term)
  - Minus 1 (portion of building N2)
- ✓ Carls' Jr and Car/Van wash building completed and leased
- ✓ Fire Sprinkler installation project (\$7.3M) commenced construction
- ✓ Strong Balance sheet  
Total asset growth
- ✓ Fruit Fly Resilience funding announced by the Federal Government
- ✓ Bio security precinct designed and awaiting funding
- ✓ Horticultural Industry Blueprint launched
- ✓ A milestone of over 10M kilograms of Fresh produce donated to families in need through the Foodbank and SAPML partnership
- ✓ Microgrid infrastructure continues to provide a hedge for tenants' shielding the Market from the current energy crisis in Australia
- ✓ Burma Road precinct upgrade planning approval received, and construction commenced

## Operational key result areas

- ✓ Continued stabilisation in Outgoing Expenditure
- ✓ COVID free site, third year in a row; minimal operational impact
- ✓ First temporary drive through vaccination clinic
- ✓ Strong results with new freight forwarding and storage initiative
- ✓ Relocation of CHEP business
- ✓ Modernisation of Market Rules
- ✓ Establishment of joint SAPML and SA Chamber Market Operational committee
- ✓ Outbreak of Fruit Fly in Pooraka lifted with no impact on trade
- ✓ Upgrade of the Company's IT and cyber security
- ✓ Introduction of Bluetooth entry system



# Chairman and CEO Report 2022

**FY22 marked the third year of extremely challenging operating conditions. We are proud of the resilience of our team and the care given to our customers and the horticultural supply chain we serve. Despite the impacts of COVID, supply chain distribution, team absenteeism, fruit fly outbreaks and extreme weather conditions across Australia, the Market continued to operate and supply produce through our central market system, and we have ended the year with a strong balance sheet and strong financial performance.**

Chairman  
**Joanna  
Andrew**



South Australian Produce Market Limited (SAPML) continued to experience significant growth in the company's assets during FY22. It has been a year of consolidation, setting up the company for future income growth with investment in Capital works and the establishment costs of new national tenants Baiada and Minus 1, coupled with the restructure of our CHEP business, which has paved the way for a solid foundation moving forward. We are now delighted to report a low 0.97% vacancy rate across our rental portfolios and a substantial increase in the consolidated profit before income tax with FY22 at \$34.2m compared to FY21 \$18.7m.

The FY22 statutory profit included an uplift of 145% in valuation due to general property values increasing across the Industrial sector, the new long-term lease with Baiada and the uplift in our investments in other Markets.

Like all businesses we continued dealing with COVID related costs like sanitization, cleaning, staff absenteeism and testing although in a much-reduced capacity compared to FY21. Consolidated profit after income tax excluding revaluation gain/(loss) & Fair value movement in FY22 was reduced compared to F21 by \$304k which is attributable to the let-up marketing and development expenses, rent delay for the new Baiada and

CEO  
**Angelo  
Demasi**



Minus 1 facility and high energy price increases. Whilst let-up and marketing costs were planned and forecasted by the Management and the Board, the worldwide energy crisis and ongoing impact of the pandemic was unforeseen. Immediate (once off) taxation write offs (a Government initiative to assist businesses that were affected by COVID) reduced the impact on the final Consolidated profit after income tax excluding revaluation gain/(loss) & Fair value movement. Overall, the general cost of doing business is seeing a significant uplift across standard business costs.

In FY22 SAPML went to tender on our Insurance Broking requirements to seek a Broker that had a better understanding of our industrial risk requirements and can work with us in the next 2 years on our fire sprinkler project in conjunction with FM Global. This was crucial considering the \$7.3M investment the Company is making in fire sprinklers within the market precinct. We are delighted to welcome Edgewise Insurance Brokers.

Management have worked diligently in further developing our cyber protection across our IT networks. The Market has experienced an increase in the number of cyber-attacks during FY22. At one stage the SAPML server shut down using its defense

mechanism, when an attempt was made to take control of the main server. During the year Blackbird IT was contracted to manage all the company's cyber security and IT requirements. They have fully implemented Office 365 (a cloud based solution). Remote access can only be achieved by a 2-tier password authentication process.

It has been three years since we installed the Flagship Microgrid and each year it has played a different role in reducing our energy cost and CO2 emissions. In its first year we had 30% onsite energy production mainly by renewable. In FY21 we had a reduction in wholesale prices and therefore an increase in purchasing mainly renewable energy and less onsite energy production.

In FY22 we commenced the first nine months like FY21, however the last three months (primarily in Ukraine) saw an escalation in wholesale electricity spot prices, (a significant amount of our energy needs being produced on site). This posed a challenge with increases in diesel prices and the generator running costs contributed to higher energy cost. The Microgrid provided a hedge on our energy requirements and we are delighted to report a reduction of 3,143 tonnes of CO<sup>2</sup> emissions since the construction of the Microgrid in 2020, above and beyond renewable energy purchased from the grid.

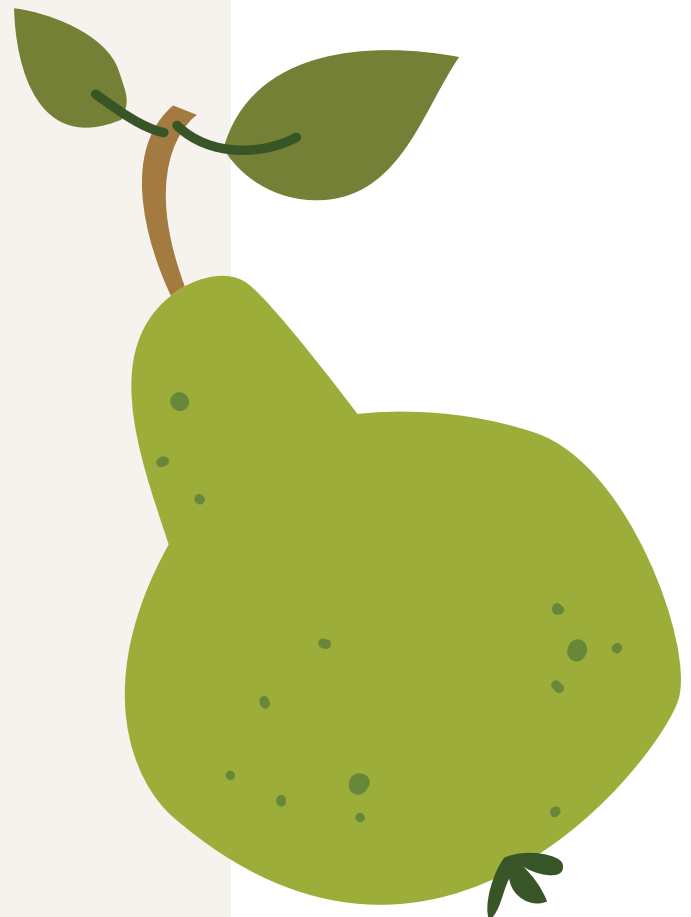
Last year we reported on the approval of the proposed development of a Car/Van wash and a Carls' Jr restaurant on the western boundary facing Main

North Road. The project was completed on time, within budget and the tenant's commenced occupation.

It has been encouraging to have full occupancy in all Stores and Warehousing. In FY22 we welcomed new tenant Minus 1 into our precinct which provided an added value and additional logistics solution for Tenants within the Market.

## Strategic Plan

In FY21 we reported the SAPML Board and Management completed a full review of the company's five-year Corporate Strategic Plan. Our first year into this plan Management has seen the commencement of key components of the plan progress of which is provided on the following pages.



## Master Planning

The long-term Master plan developed in FY21 for the site was developed to make key decisions relating to future building and infrastructure requirements and investments. In FY22 we further developed those requirements including:

- The completion of the Carls' Jr and Car/Van wash development.
- The final tendering and approval of the fire sprinkler system through all stores and warehouses. Construction commenced in July 2022.
- The decision to not proceed with the 2 express lanes at the front entrance.
- The commencement of AMJ and Mighty Fresh redevelopment of the Burma Road warehousing precinct.
- The commencement of negotiations to complete 2 x approximately 2,000sqm warehousing on vacant market land within the Market precinct.
- The submission to the Federal Government Fruit Fly resilience scoping study for the inclusion of SAPML's Biosecurity and Logistics precinct.
- The conversion of the SAPML CHEP yard to an overflow Retail truck parking bay.
- The relocation of AUSVEG SA to the former CHEP yard office.

SAPML Management and the Board's Master Planning Sub Committee reviewed the long-term vision and viability of the precinct in order to determine the large reinvestment into infrastructure projects like the fire sprinkler installation and biosecurity facilities. The Board approved significant investment into the site's fire protection system. The Fire Sprinkler project not only provides much needed infrastructure upgrade, but it also provides the ability for the Market to continue to maintain an industrial risk policy and assist in reducing the spiralling annual increase of costs.

## Biosecurity Precinct

The Biosecurity project was also seen as a key fundamental project that underpins the Market operations for the long-term. In FY21 we reported that Management was working towards making a final recommendation to the SAPML Board in the 2021/2022 financial year. This included the final master planning of the site and location of the Biosecurity facility. We have completed planning stages including Council planning approval and the final layout of the Biosecurity facility is now ready for tender. The current delay has been due to the Federal Government running a national scoping study on fruit fly resilience. The process is now in its final stages and should be completed in early 2023 when we will be able to finalise the matter. This has been a long and comprehensive process; however, we hope to have a positive outcome during FY23.



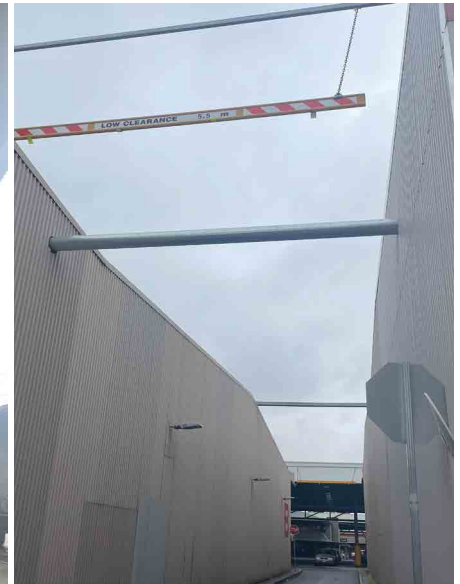
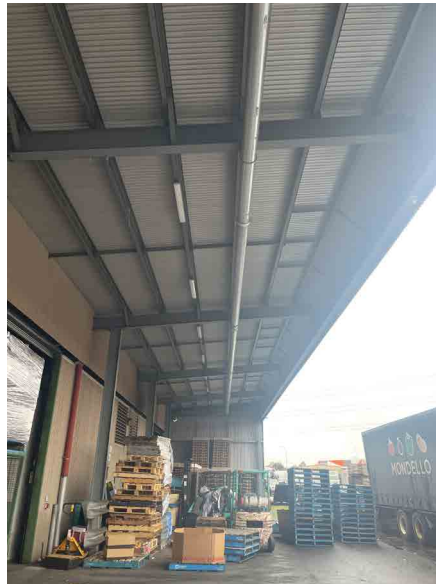
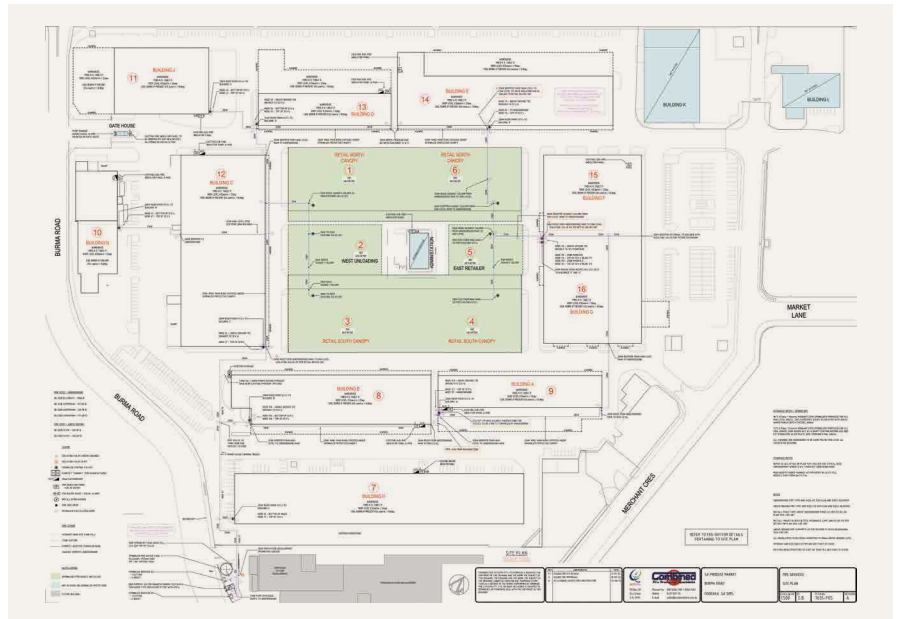
Artist Impression of  
the Biosecurity Precinct.



## Major Infrastructure Fire Sprinkler Upgrade

In the past two financial years we have discussed the major issue our site has with PIR cold room panels and the continued increase in insurance premiums relating to this risk. We have worked tirelessly to address this issue as not only has it posed an insurance premium risk but also an insurability risk. In FY22 there are six (6) Insurer / Underwriters that share our industrial risk due to the EPS within the tenancies. The Board approved post balance date a \$7.3M installation of fire sprinklers throughout all stores, warehousing and the growers pavilion thereby contributing to a reduced insurance premium and it will improve the insurability. This will provide flexibility to further expand buildings.

A tender was called from all fire sprinkler contractors and after a comprehensive tender process we are delighted to have entered into a contract with Combined Fire in July 2022. Lucid Engineering completed a detailed final design and construction commenced on the 12th of September. FM Global Engineers who are Insurance underwriters and engineers were engaged to ensure the final design was to FM Global standards. This is a standard used by insurers to guarantee buildings are protected to a specific standard to obtain a reduced premium. The project is highly complex and is expected to be completed within an 18-month period.



## Next Generation Committee

Established in FY21, the Next Generation Committee have set the agenda for the future direction and operations of the Market. High importance for the committee was that they understand their obligations under company law and gain a wider understanding of their responsibilities when sitting on Boards or sub committees, thus leading the Committee to undertake governance training with the SAPML Chair. The Next Generation have also attended SAPML Board meetings as observers, to gain exposure to acting as director.

The committee continues to investigate, as a priority, the options available in transitioning the market community to plastic returnable containers and have been tasked with the role of embracing discussions around our circular economy. A subcommittee including Mark Russo, Joseph Ceravolo and the SAPML CEO have been tasked to investigate the returnable plastic container initiative. With the changing political and community landscape it is imperative that the Market community and SAPML embrace a reduction of our carbon footprint and a circular economy.

Other key topics of discussion have included the introduction of the online ordering platform, FRESHO with members of the committee working closely with FRESHO as part of a pilot group of Market participants.

Market Fresh SA Sponsor, William Buck attended a committee meeting and provided an informative presentation and training on succession planning.



Next Generation Committee Member	Sector Representing
1 <b>Joyce Ceravolo Chair</b>	Grower, Wholesaler
2 <b>Jessica Manov Vice Chair</b>	Retailer, Secondary Wholesaler
3 <b>Glenn Carningham</b>	Grower, Wholesaler
4 <b>Joseph Ceravolo</b>	Grower, Wholesaler
5 <b>Dino Labbozzetta</b>	Retailer, Secondary Wholesaler
6 <b>Luke Manno</b>	Wholesaler, Secondary Wholesaler
7 <b>Ashley Patterson</b>	Retailer
8 <b>Renee Pye</b>	Grower, Wholesaler
9 <b>Mark Russo</b>	Grower, Wholesaler
10 <b>Adam Sapio</b>	Wholesaler

We look forward to working closely with the Next Generation committee and ensuring we continue to nurture our potential future SAPML Directors.



## SAPML & SA Chamber Market Operational Committee



### SAPML & SA Chamber Market Operational Committee

<b>1 Angelo Demasi</b> <i>Chair</i>	SAPML CEO
<b>2 Jamie Paddick</b>	SAPML Operations Manager
<b>3 Mark Brougham</b>	SA Chamber of Fruit and Vegetables President SAPML Director
<b>4 George Giameos</b>	SA Chamber of Fruit and Vegetables General Manager
<b>5 Pat Scalzi</b>	SAPML Director
<b>6 Mark Russo</b>	Next Generation Committee Member SA Chamber of Fruit and Vegetables Committee Member
<b>7 Greg James</b>	SA Chamber of Fruit and Vegetables Committee Member
<b>8 Peter Hudd</b>	Business SA external safety consultant

The SAPML Board and management felt it was imperative to limit the number of operational matters that were raised at Board meetings and establish an Operational Committee to deal with issues mainly raised by Chamber members that sometimes escalated to the SAPML Board. The committee has been instrumental in reviewing all operational affairs like the automation of market security

on weekends and outside normal market operating hours, new market rules, redevelopment of market entry, market trading hours, COVID related policies for the market and consults with management and the Board on any safety issues.

## Online Ordering System

As reported last year SAPML have partnered with FRESHO to provide an online platform for ordering within the Market, streamlining the way Buyers can purchase produce within the Market. Due to an older demographic of the Market, it will be a slow process transitioning to this online platform.

The online ordering system is a closed access site exclusive to SAPML Wholesalers and Buyers only - and will not include any sensitive pricing information. The system does not remove the selling function of wholesalers but will streamline and simplify the standard order taking process rather than a mixture of phone, handwritten, email, and verbal orders.

The team at FRESHO have been engaging with our community to demonstrate the software and have had a team on-site showcasing the system and working with active users.

We look forward in working with the Next Generation Committee ensuring the younger demographic of the Market Community take up the opportunity.





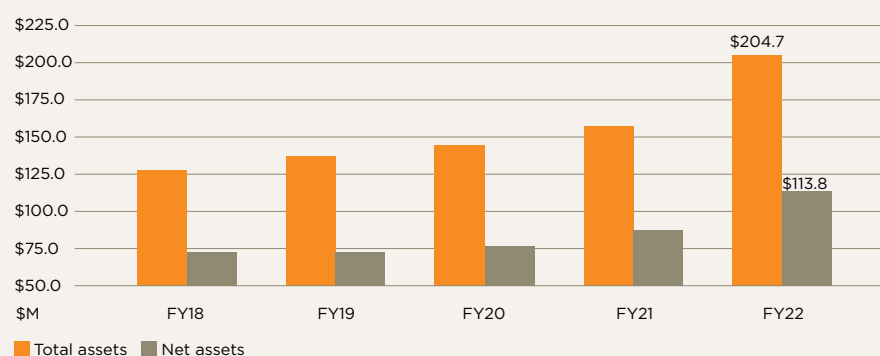
## Financial Results

It is pleasing to report a strong profit after income tax expense for FY22 of \$24.2M, up from FY21 of \$13.34M. The FY22 consolidated Profit before Income Tax, excluding Revaluation Gain and Fair Value Movement of \$5.0m was \$1.5m lower than FY21 of \$6.6M. Although profit was impacted by market let-up expenses and rent delay for new national tenants this will set up the business for future growth. Inflationary pressure on utility costs like electricity will pose continued challenges, however, may be offset with increased inflation on income.

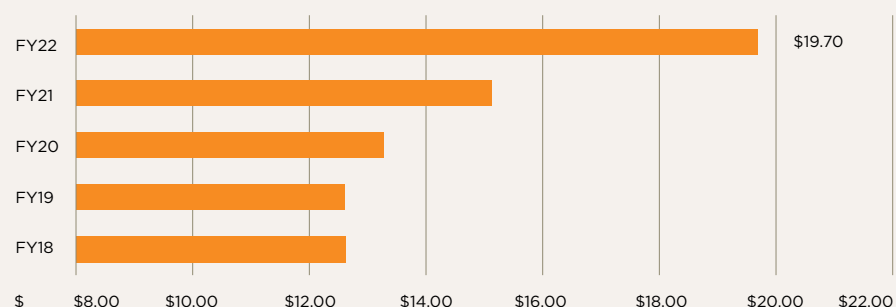
Occupancy across the Group property holding increased in FY22 to 99.03% compared to 97.23% in FY21. This is as a result of the re-letting of our cold storage and building N2.

## 5 Year Key Financial Metrics

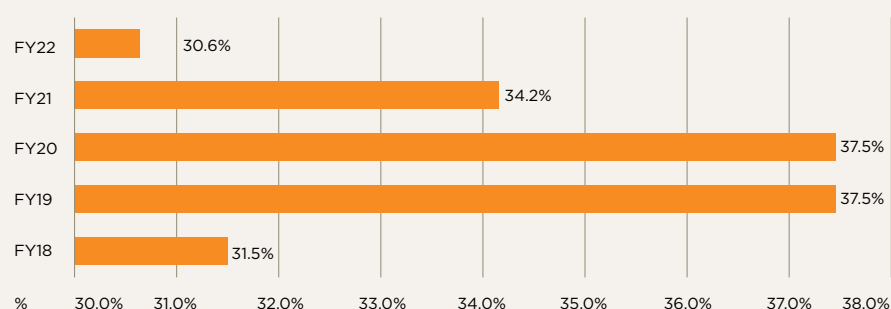
### Assets - \$'M



### Net Asset Backing - \$ per share



### Gearing Ratio



	FY22	FY21	FY20	FY19	FY18
<b>Key financial performance metrics</b>					
Net operating profit before interest & tax, excluding revaluation movements	5,882,144	7,691,793	8,024,529	8,171,821	7,770,321
Revaluation gain / (loss)	29,223,428	11,935,209	2,278,622	(1,791,076)	541,974
Fair value movement of interest rate swap	0	228,247	(28,637)	(302,818)	2,681
Finance costs	(852,456)	(1,093,815)	(1,365,911)	(1,271,265)	(1,119,669)
Reported profit before tax	34,253,116	18,761,434	8,908,603	4,806,662	7,195,307
Current income tax payable	(90,468)	(1,353,867)	(1,251,014)	(1,852,756)	(1,704,388)
Net profit after income tax excluding revaluation gain/(loss) & fair value movement	4,939,220	5,244,111	5,407,604	5,047,800	4,946,264
<b>Key balance sheet metrics</b>					
Total Assets	204,724,592	157,692,824	144,938,909	137,566,212	127,582,119
Net assets	113,750,446	87,366,424	76,602,932	72,772,448	72,875,737
Net asset backing	\$19.70	\$15.13	\$13.27	\$12.60	\$12.62
Gearing ratio	30.6%	34.2%	37.5%	37.5%	31.5%
<b>Key equity metrics</b>					
Issued capital	5,774,560	5,774,560	5,774,560	5,774,560	5,774,560
Dividend paid per share	60 cents	65 cents	70 cents	70 cents	70 cents
Earnings per share after income tax excluding revaluation gain/(loss) & fair value movement	86 cents	91 cents	94 cents	87 cents	86 cents

SAPML is delighted to report a significant continued uplift in property valuation for the third consecutive year. Total Assets have increased over the last 5 years from \$124.5M in FY18 to \$204.7m in FY22. With the expected increase of interest rates in FY23, this has the potential for a minor deceleration in property valuation in coming years.

The Valuer has stated that due to the outbreak of the Novel Coronavirus (COVID-19) on 11 March 2020, the valuation is therefore reported based on significant valuation uncertainty.

The Board has adopted the valuation, noting that it represents the true value as of 30 June 2022.

This year we conducted a valuation for Banking purposes. This valuation also provides a comparison between our Market site 'As Is' which is used for the purpose of these financial accounts and as a vacant possession. This comparison is as follows:

South Australian Produce Market  
'As-Is'  
\$91,000,000

South Australian Produce Market  
Vacant Possession Basis  
\$51,500,000

## Five Year Key Financial Metrics

The last 5-year revaluation gain/loss is graphed below.

In FY21 we reported that Interest rates were continuing to drop however Management and the Audit Corporate Governance and Finance Committee worked diligently over FY22 reviewing and implementing the company's treasury policy. In FY22 our long term \$10M swap expired making all property loans variable. During the past 24 months fixed term interest rates have not presented the best financial options for our loans. The Company's finance facility will be tendered in FY23 to ensure the structure of the finance facility is optimised, whilst minimising finance costs and maintaining strong relationships with our major Banks (primary Banker CBA; secondary banker BankSA). The Banking Tender was in progress post balance date and will ensure the Group continues to have a long-term banking facility, noting that the tender process will result in us locking in a banking facility until FY25.

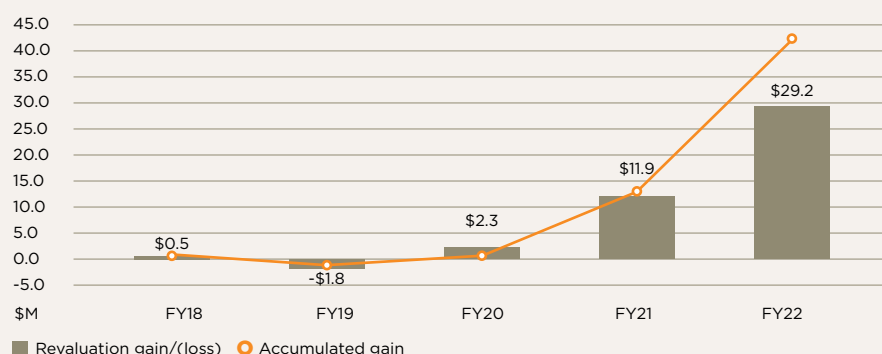
SAPML decided not to continue with the leasing of Warehouse K due to the complexity and lower margin on property management, this reduced our current lease liabilities by \$307k. This will lessen future income by \$326k however will have no impact on profits. Borrowings increased by \$9.6M to meet CAPEX requirements including the building of the Carls' Jr and Car/Van wash - \$3.5M, building reworks for new tenant \$2M. A \$4M undrawn facility has also been established for the Fire Sprinkler Project. As this is an 18-month project the \$4M undrawn amount has been put in a term deposit at a higher rate than the current margin loan. SAPML has also been able to establish 'A Better Business' loan facility with the CBA totalling \$8.5M, specifically for construction projects, making progress claims more manageable. Interest is paid at a significantly reduced discount on the drawn amounts. At year end these loans were drawn at \$750k. Despite the increase in borrowings, SAPML

diligent treasury policy has seen a reduction of \$241k in interest cost. Whilst variable interest rates are increasing, the Board continues to review its investment strategy in other wholesale markets and after careful consideration decided to sell a portion of our Brisbane Market investment. SAPML holds 937,500 shares in Brisbane Markets and after balance date in August 2022 sold 200,000 shares at \$4.20; realising a \$1.00 per share profit from the original purchase price of \$3.20.

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 \$15.6M to a combined Fair Value of \$23.7M as at FY22; an \$8.1m increase (51.9%) increase from last year.

It is also important to flag to shareholders that the Brisbane Markets (BML) are currently in a bid to obtain a controlling 51% interest in Perth Markets (PMGL). The SAPML Board is reviewing

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





very closely this proposal to ensure it is in the best interests of PMGL shareholders, of which SAPML holds a 12.9% stake.

SAPML's policy is to find a balance of minimising interest rate cash flow risk exposures on market rate loans while benefiting from lower variable interest rate costs. The bank bill interest rates are variable, and the Group has a review process where the ACG&F Committee continually review fixed interest rates in line with the Group's Treasury policy. As at 30 June 2022 the Group has fixed interest rates for the Bank finance leases and variable interest rates on bank bills. SAPML had a \$10M fixed interest rate hedge (expired in April 2022) and continues to monitor rates with the intention of securing further hedges when favourable.

An increase in the total value of investment properties and share investments primarily contributed to an increase in Total Assets for the Group of \$47M.

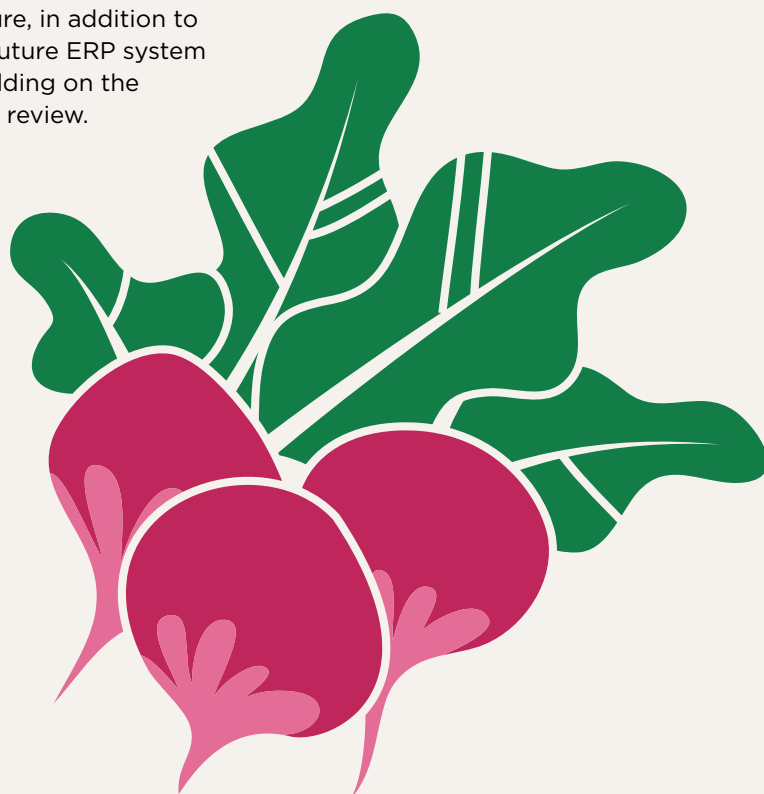
A strong asset management and property market has been able to significantly uplift the Net Asset Backing increasing from \$15.13 in FY21 to \$19.70 per share in 2022, a 30% increase. This was because of an increase in valuation, due mainly to the Company's properties especially in relation to new leases entered with Baiada, Carls' Jr / Carwash and Minus 1.

In a show of shareholder confidence recent month share transfers have been trading as high as \$26 per share, higher than the Net Asset Backing of \$19.70 per share. In FY22 a total of 24,800 shares were traded at an average

selling price of \$20.62 per share compared to 125,800 shares traded in FY21 within the Company at an average price of \$16.59 per share.

After five years of service, John Edwards has retired as Financial Controller of SAPML. We would like to take this opportunity to thank John for his dedicated service and wish him well in his next chapter. John has been an integral part of the executive team and will be missed by the Board, Management, and staff.

With John leaving, a review of the business requirements was undertaken and after an extensive recruitment initiative we are pleased to report the appointment of Paul Blandis as Commercial Financial Controller. Paul has extensive experience in finance, commerce and implementing new ERP systems and will be instrumental in further developing our overall financial and corporate services structure, in addition to managing the future ERP system roll out and building on the national Market review.



## Leasing



FY22 has been a busy and successful year ensuring the foundations are set for good sound long term leasing covenants with the signing of a 11-year lease with Baiada and new transport business to the precinct Minus 1 who have leased a portion of Building N2 formally leased by LaManna Premier group. These new tenants have meant we are at full leasing capacity with Stores and Warehousing within the Group. The property sales and marketing of these tenancies has been fully expensed in FY22 at \$345k. In addition to these costs, a lease incentive included refurbishing the cold stores to ensure it was fit for purpose for fresh poultry packing and distribution centre for Baiada.

There were no movements within the Market Stores mainly due to the events of COVID which has seen a strengthening in the independent sector with an increase in market share of 1%. The shortage of produce has also meant Growers and Wholesalers within the Wholesale Markets played a pivotal role in sourcing produce. These factors have provided a strengthening of our South Australian Wholesale market floor. After many years within the market the Roda family sold their business, Deepcut to Freshlink. We welcome Freshlink into the market and are encouraged to see a younger demographic commencing to



invest in the Wholesale market system. After balance date we also welcomed Mark Russo from Adelaide Hydro Fresh who has commenced trading at store 10. Mark is an emerging leader within the industry as a member of the following committees SA Chamber of Fruit and Vegetable, Next Generation and the SAPML and SA Chamber Market Operational Committee.

A redevelopment on Burma Road has now started with a new entrance, canopy and civil works for AMJ with the initial roadworks and carpark complete. Extensions to the Mighty Fresh warehouse facility are also underway. These projects will also form a strong foundation for the Burma Road precinct with tenants signing 10-year leases with the redevelopment. As these buildings are not part of the existing Market's microgrid, in order to maintain a sustainable building environment a significant contribution of solar panels were installed on both the AMJ and Mighty Fresh site.

The net rental for FY22 of \$350k was stable compared to FY21. The final works for AMJ will be completed by November 2022 and Mighty Fresh by 3rd quarter of FY23.

With the master plan completed in FY21, SAPML have been implementing tenancy expiries and movements in line with medium and long-term Master Plan requirements. The Biosecurity Logistics Facility that is proposed to be built on the southern side of the Growers

Pavilion has had further delays in funding, due to the Federal Government running a six-month process using consultants Deloitte's. This process was run nationally named as the Fruit Fly Resilience Scoping Study used to identify projects like ours around Australia. The findings will be delivered to the Federal Government later this year with each State Government to be provided the funding deeds by quarter 3 of FY23.

We have been working diligently with industry, State and Federal Government to finalise this project and are looking forward to submitting our final proposal by FY23.

As at FY22, the weighted average lease expiry (WALE) of leases for the whole portfolio of SAPML properties was 10.07 years, an exceptional result compared to 8.75 years for FY21.

## Debt Level/Ratio

SAPML's secured liabilities as at FY22 were \$51.4m compared to \$42.6 at the end of FY21.

Despite the increased debt relating to capital requirements of new building infrastructure and fire sprinkler system installation, 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 46.2% compared to 41.3% in FY21. This continues to represent a conservative weighting of debt which in turn, permits the Group to continue to re-invest in capital projects. The Group have approximately 9.5% of borrowings fixed which is made up from our fixed equipment lending Facility. The Groups SWAP with the CBA expired during FY22 and the Boards new Treasury policy was developed. The finance committee met with the Banks economic treasury department on a regular basis during the year, and having considered several factors, did not provide a financial opportunity to fix rates.





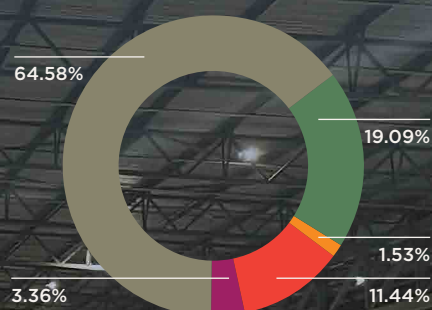
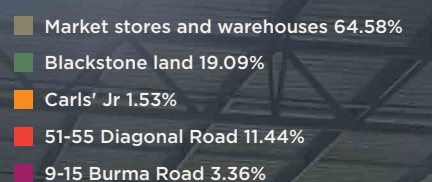
## Property Valuation

FY22 has seen a significant uplift in the company's valuation across all property portfolios with the Group recording a record gain on its revaluation in 2022 of \$29.2m. We have now had 3 years of consecutive increases in revaluation reserves in FY20 of \$2.3m and FY21 of \$11.9m, totalling a cumulative uplift of \$43.4m in valuation gains over 3 years.

This year's valuation increase was mainly attributed to the new leases with Baiada, Carls' Jr and Car/Van Wash and Minus 1. This was coupled with improvements in yields across the industrial sector.

It is noted that yields as low as 4.25% for Carls' Jr and 5.0% for 51-53 Diagonal Road has been due to low interest rates and future increase in interest costs may commence increasing these yields.

### Contributions to net market rental income as at 30 June 2022



### Valuation Comparison Bank Value 30 June 2022 vs 30 June 2021

Site Location	30 June 2022		30 June 2021		Capital Expenditure	Depreciation	Variance
	\$	Equiv Yield	\$	Equiv Yield	\$	\$	\$
SA Produce Market	91,000,000	6.56%	80,000,000	7.96%	218,924	-810,338	11,591,414
Carls' Jr	4,530,000	4.25%	1,200,000	0.00%	1,969,911	-90,718	1,450,807
Auscold Facility	21,650,000	5.00%	12,300,000	7.92%	596,334	-53,267	8,806,933
Gallop Blackstone Land	44,850,000	4.24%	38,000,000	0.00%	-	-	6,850,000
9-15 Burma Road	4,400,000	6.55%	3,950,000	0.00%	-	-	450,000
Surplus land	1,694,882	0	1,690,000	0.00%	-	-	4,882
<b>Total</b>	<b>168,124,882</b>	<b>0</b>	<b>137,140,000</b>	<b>0</b>	<b>2,785,169</b>	<b>-954,323</b>	<b>29,154,036</b>

## Capital Works

Management have been busy working through several projects during FY22, with continued escalating construction costs especially regarding commercial builds, SAPML have contracted the services of AGC Projects to manage all our projects. This has meant we were able to reduce the impact on the current situation with construction costs.

We welcome Michael Moschou from AGC Projects on a part time basis to the management team.

The first project Michael managed was the building works to our cold store facility for new Tenant – BPL Adelaide Pty Ltd (Baiada). A \$1.7m investment in refurbishments to make the facility fit for the new purpose of poultry packing, warehousing, and distribution. As at the end of FY22 SAPML has spent \$596k on the project. The balance of \$1.1m will be spent in FY23 as the tenant took occupation on the 1st of April 2022. AGC Projects managed all subcontractors on this project delivering on time and within budget.

AGC Projects also managed the tender process and redevelopment of AMJ within the Burma Road precinct which has now started with a new entrance, canopy and civil works. The AMJ project has been budgeted at \$672k with expenditure of \$201k already incurred. After balance date the remaining Urban Earthworks commitment of \$471k is for the final stages of the project and the extension of AMJ and Mighty Fresh warehouse.

Capital works in the Carls' Jr and Carwash was completed in November 2021 with the tenant's

lease commencing soon after in time for the 2021 Christmas trade.

Over the past 2 financial years we have reported our thorough investigation into the installation of fire sprinklers throughout the Market Stores, Warehousing and Growers Pavilion. After a detailed tendering process, the SAPML Board awarded the contract to South Australian company Combined Fire Systems to install a FM Global approved fire sprinkler system across the Market precinct at a cost of \$7.3M. As at 30 June \$252k had been incurred toward this project.

Preliminary construction has commenced on the project with the majority of works to be undertaken outside of normal market hours to minimise disruption to tenants. The project is one of South Australia's largest fire sprinkler projects due to its complexity and coverage over the 18ha site with the highest standard of equipment being used. The system has been designed to be built to FM Global requirements and it is anticipated it will take 18 months to complete.

AGC Projects and Management will be working closely with Combined Fire and our tenants to ensure the project is built in a timely manner, within budget and within FM Global specification. The project team is in the process of contacting each tenant to implement individual project programs. Prior to commencement of installation of the fire sprinklers, detailed inspections and reports have also commenced of all cold rooms to ensure there are no fire risks with existing exposed or damaged panels.





## Capital Works

The closure of the CHEP yard has resulted in an ability to repurpose the 4,200 sqm hardstand which is within an ElectroNet easement, making it ideal for truck overflow parking. Line marking and new automated gate installation was completed during FY22. In addition to the repurposing of the CHEP yard it presented an opportunity to relocate AUSVEG SA to larger office accommodation with some refurbishment of the former CHEP offices.

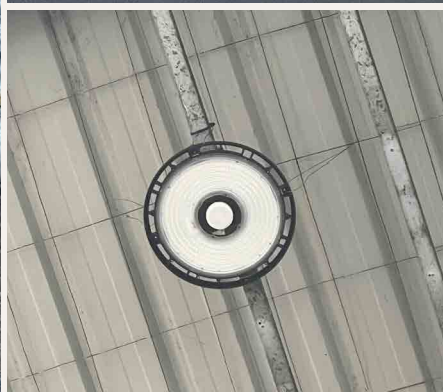
With an aging facility now approaching 34 years we have been working on several projects

over the last few years to keep the facility updated. In FY21 we commenced the sustainability project of replacing our lighting within the Market to LED. We are happy to report a completion of this project during FY22 with all common area lighting and within the Growers pavilion converted to LED. This was subsidised by utilising the SA Governments Retailer Energy Efficiency Scheme. The Gross cost of this project was \$194k less Government rebates of \$130k.

The aging toilet block within the Growers Pavilion was another

project undertaken during FY22 at a total cost \$110k. Reconstruction of these facilities commenced during August 2022.

In FY21 we reported a master plan of reviewing the current Gatehouse and entrance design, after much consultation utilising the newly formed SAPML and SA Chamber Market Operational Committee it was decided to upgrade the current Gatehouse with no major changes to the roadways as was previously suggested. This has been possible due to the introduction of Bluetooth technology for pre-approved visitors' registration.





## COVID-19

All throughout the pandemic SAPML have been diligent in ensuring the facility was free of COVID by continuing to work with the authorities and updating our Pandemic plan in line with mandates and the easing of COVID rules. All staff have been double or triple vaccinated. With a small workforce SAPML staff complied with regular RAT testing provided by the SA Department of Health and with the wearing of masks when outbreaks were occurring during the year.

In FY21 we reported the introduction of a vaccination clinic within the Growers Pavilion helping to facilitate

our Northern region and more importantly our Market community vaccination rate to reach close to 90%. SAPML worked closely with SA Health in FY22 to establish a vaccine hub for our Market community, workforce and the region.

We adapted from a walk-in clinic to the state's first drive through vaccination clinic and testing station for our Market community. As an essential service, all necessary precautions were put in place to ensure the continued operation of the Market whilst the pop-up clinic was operational.

This partnership provided an opportunity for our community to have easy access to the vaccination clinic, along with ongoing testing for those that required it. The Clinic increased vaccination rates within the Market Community from 66% to 85% proving to be a successful operation. Whilst a great community and Market initiative the facility netted the company after costs \$70k from when we commenced in September 2021 to when it closed in January 2022, a great financial and community outcome considering this was for a 4-month period.



## Expenditure

### Statutory Charges

Insurance costs have continued to increase exponentially across businesses in Australia, and FY22 has seen this impact with the insurance renewal process. Whilst the business went to tender for insurance during FY22, the premium pricing could only be managed so much given the global nature of the insurance industry (premium increases of 25% - 35% were not uncommon within business sectors around Australia) so to have secured a

premium increase result of 22% was pleasing.

Insurance will continue to be a major focus for SAPML Management in the coming 12 months to find ongoing solutions to ease the financial pressure of future premium increases. The Fire Sprinkler capital project and ongoing cyber security will have a positive and negative effect on premiums for FY23 and beyond.

Other Statutory charges such as Rates and Taxes and Land Tax have also been driven up by the

increasing property market, this can be demonstrated in the graph below, this grouping of costs has increased by \$350k on FY21.

### Finance Costs

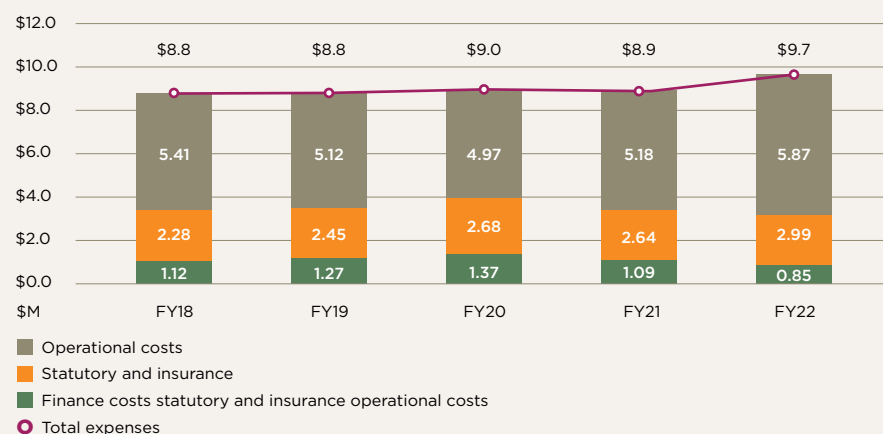
The business continued to benefit from low interest rates for the majority of FY22 resulting in a net decrease from FY21 of \$241k noting that the overall borrowing limit increased. We would expect that FY23 will result in higher total interest costs due to the volatile nature of the current economic challenges present in Australia. Ongoing discussions are being held with our incumbent banker and BankSA to assess the best optimal finance facility solution for the group moving forward.

### Corporate (Overhead) Costs

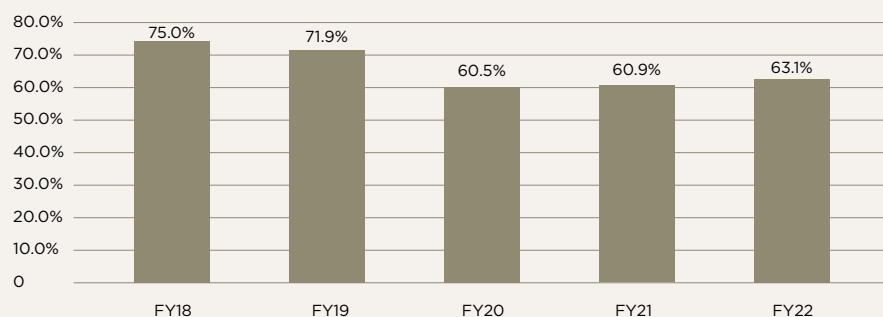
Corporate Operational costs continues to be a challenging parcel of expenditure for all businesses, and the organisation has managed costs very well given the fiscal hurdles that were presented in FY22. Whilst many businesses withheld CPI increases during FY21 as they sought to manage their way out of the pandemic, in FY22 we began to see suppliers increasing prices to deal with the harsh economic pressures encountered such as interest rate movement, fuel prices, electricity prices (impacted by coal, gas and other factors). Group corporate costs were driven upward due to once off substantial agency and marketing costs relating to Baiada in the order of \$419k (aligning with budget expectations) to secure a long-term tenant. Electricity costs were impacted during the latter part of FY22 as SPOT pricing and generator costings increased.

### South Australian Produce Market total expenses

Excluding cost of sales - \$'M



### Operational expenditure as a % of total costs



## Outgoings Expenditure

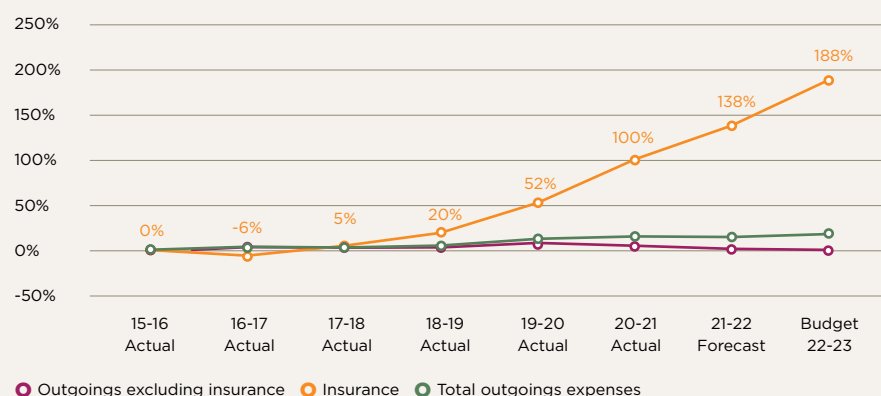
Statutory and Insurance costs over the last 5 years have increased by \$0.7M or 31% and insurance now represents over 30% of the total cost of all outgoings for the site. Meanwhile other total costs excluding insurance have increased 10% in the last 5 years, noting the decrease in operational expenditure as a 11.9% of total costs.

Safety, Cleaning, Waste and Repair & Maintenance costs grew by 10.9% as the business kept pace with keeping the site safe, clean, secure and well presented. Overhead costs decreased in FY22 by 25% as continuous improvement focus continued.

Overall total outgoings expenditure increased by only 0.1% on FY21 (and 2.2% when compared to FY20).

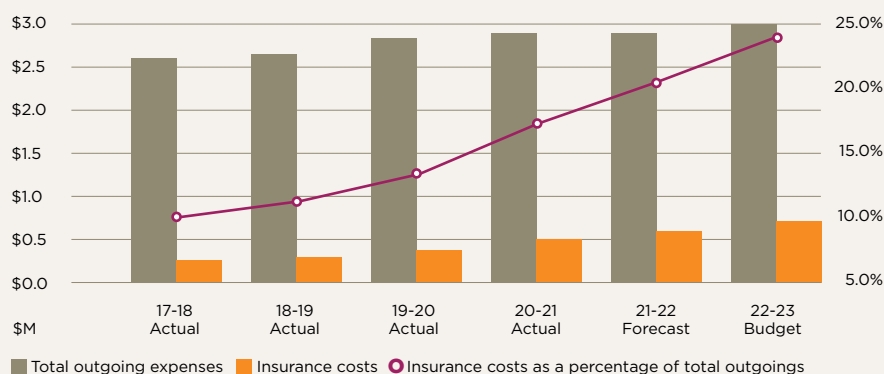
The newly formed SAPML and SA Chamber Market Operational committee has worked together with SAPML Management to find opportunities to reduce the cost of conducting business on the Market site. Management have provided a streamlined budget for FY23 reducing security cost by automating our gatehouse during weekends and public holidays when the market is not open. This will reduce costs by \$115k pa.

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



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

### Insurance as a percentage of total outgoings



## Equipment Management

The Equipment Management department has finalised the closing of the CHEP agency located off Merchant Crescent. The residual effect of COVID-19 diminished stock and caused supply chain issues, resulting in large organisations holding pallets, thereby the movement of CHEP pallets became stagnant and no longer a viable business. Following negotiations with CHEP for a new agreement to operate the business from within the Market Square which has been working well and able to keep up with demand in the current times.

With a little over 50% reduction between FY21 and FY22 in pallet movement it is expected that the Market Square will hold strong at around 300,000 p/a pallet movements and sorting. Crate movements have held strong throughout the pandemic and beyond reaching just over 350,000 p/a movements.



## Unloading Service

With COVID still present for most of this year, we continued with driver separation to maintain a safe working area for all staff. We have maintained the rule relating to the office being out of bounds for drivers as good practice moving forward, not only for COVID but as a precaution for all flu type illnesses.

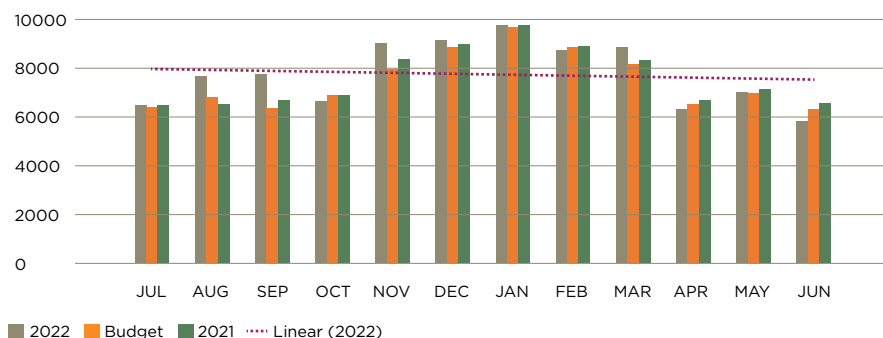
Unloading has performed well again considering the challenges of COVID, Floods and Fires nationally, which limited the ability for transport vehicles to freely move around Australia and farming stock destroyed. We identified many vehicles struggling to make the 6.00am time frame, so hours were extended to 8.00am each weekday to support with transport movements into the market which has proven to be a great initiative and well supported by all transport companies.

The first electronic work sheet has provided us the speed and accuracy we were hoping for. The software developed by the Unloading team now removes duplication work, increases productivity and accuracy flowing right through to invoicing.



Freight forwarding has been a large success for the Unloading Business and continues to grow, offering customers valued added services all within the unloading department. We have also extended our network to local retailers and distribution hubs around metropolitan Adelaide and will continue to look at extending operations to the unloading service into the future.

### Unloading service lifts by month





## Operations Department / Safety

The Operations Department continue to service the market improving free-flowing entry, business operation and safety throughout the market. As COVID protocols ease, we are reminding market users that COVID still has presence throughout Australia and hygiene protocols are still required. The message is strong “if you are unwell, stay at home”.

We have improved parking to increase safe operations for vehicle and people interactions at the administration building. A greater focus was placed on speed and road use behaviour this year with the overall speed of vehicles within the market slowing down.

New market regulations have been developed by the Management team, have been published and are also available for all market users to download. The new regulations modernise the market rules and include pandemic rules, obligations of tenants and new payment rules.

From the 1st of August 2022, Operations automated the front gate, restricting afterhours access to only market users with a valid card. This has resulted in eliminating the need for 24/7 Security Guard monitoring of the site. The front gate improvements that were made increased the safety specification by adding operating lights, induction loops and infra-red beams to ensure vehicle movement through the gates are safe. During closed market times Adelaide Metropolitan Security (AMS) have been engaged to patrol our site.

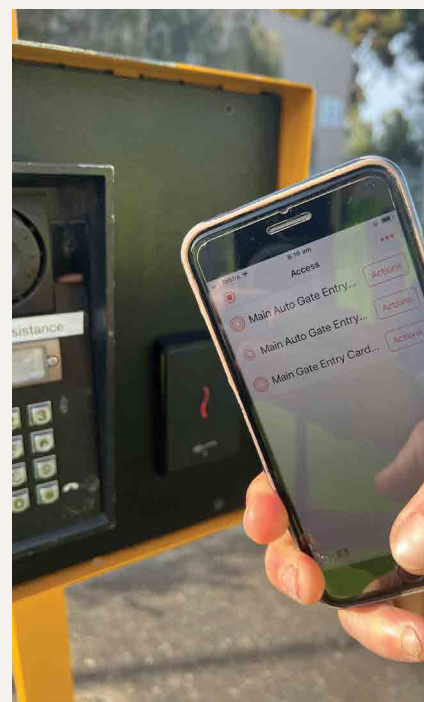
Attention on vehicle management and traffic flow has been a focus

this year. After conducting a site wide review of heavy vehicle movements, we have minimised their involvement in the market square to improve safety where possible. It is impracticable to eliminate heavy vehicle movement within the square, however this initiative has made it safer.

As part of the review, it was decided to improve access at both gates to allow an even spread of vehicles to enter and exit the market. We are in the process of updating the rear gate with communication equipment to provide easy access at both gates which was once only allowed for granted access card holders.

SAPML have spent the past year developing its first SAPML Portal via its website, allowing electronic entry into the market via Bluetooth. This will provide a greater level of flexibility and access for market users to conduct their business, access their business information, request card access, cancel card access, update relevant documentation, and have full control over their contractors and visitors coming to site. This dual access to site is now available with Bluetooth and proximity cards. A new fresh look website has complimented the changes in our move into the new electronic era.

New Market Hours were trialed for three months following a request to slightly change the entry time to support retailer set up times. After the trial period it was a unanimous decision to keep those hours to become the new set hours for the market. We continue to encourage market users to talk



to us about improvements and how we can better improve their experience at the SA Produce Markets, this is just one example of the market working together with its customers.

Last year we put in place a safety height bar and increased signage around the Growers Pavilion, we are pleased to announce there has been no incidents with vehicles hitting the Growers Pavilion doors since the signs and physical height barriers were installed.

## Fruit Fly Outbreaks

On December 21, 2021, the Medfly outbreak at Pooraka and many other Adelaide suburbs was lifted and market operators were able to reduce the number of protocols in place including netting, loading vehicles within one hour of produce being exposed to temperatures above 13 degrees and the closure of Grower lift up doors. Unfortunately, as soon as the Medfly restrictions were lifted, we had multiple outbreaks of Q-fly within some parts of the Riverland. This posed a challenge for Growers as they were required to treat produce before sending to our Market. Wholesalers and Growers needed to provide certificates for all produce going to retail outlets in the proximity of the Riverland.

SAPML and the Horticulture Coalition of SA worked together with industry Retailers and Government to ensure communication was provided to the relevant communities that were and are currently affected. There have been many years of multiple outbreaks hence the requirement for the SAPML Biosecurity facility to ensure Growers and Wholesalers can continue to supply their customers.

SAPML continue to attend weekly operational meetings with Government and Stakeholders relating to the existing outbreaks and it is anticipated that the outbreaks restrictions within parts of the Riverland will not be lifted before December 2022.

## 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 FY22, 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 with a contribution to the national campaign an amount of \$130K.

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.

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

The National "Local Youth Sports Initiative" campaign was rolled out in November 2021 – a campaign that delivered \$25,000 in donations to local youth sporting clubs that had been doing it tough through COVID. Ten SA stores delivered \$500 cheques to local sporting groups and the campaign concluded with National Television Coverage of an SA cheer club receiving their cheque live on Studio Ten.

In May 2022 the National "Win a Holiday" campaign was activated in SA with 10 stores handing out weekly \$500 Webjet vouchers to their customers over the ten-week

campaign and receiving entries nominating them as the National Retailer of the Year. In August 2022 Adelaide Fresh Morphett Vale were announced as back-to-back winners of the Award receiving National and local media coverage as Callum Hann announced the top stores across the country.

The SA strawberry season launch held at Tony & Mark's Brickworks store in November 2021 raised \$10,000 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.

The start of the SA 2021 Cherry Season was marked with an auction at the South Australian Produce Market Limited with a tray of cherries being auctioned for \$50,000 with funds being donated to Camp Quality. Extensive media coverage was achieved including a large photo spread in The Advertiser and coverage on all SA major television news reports.

Throughout December the team supported the Santa's Wonderland event with a donation of 15,000 carrots from Nicol carrots providing SA grown carrots for children to feed to Santa's reindeers. The activation was reported as one of the most popular trail stops at the event and received television news coverage.

In April 2022 the team celebrated National Banana Day with an event at Adams Apple West Lakes with Australia's Largest Banana Split Giveaway – handing out some 750 desserts!

For SA Apple and Pear Season the team delivered a comprehensive

campaign on behalf of Kanzi Apples. Along with social media coverage, some 20 in-store demonstrations and a retailer incentive culminating with an orchard visit and lunch for three Gold member retail stores, was delivered.

The 2022 SA Citrus Season was launched with an event held at Barossa Fresh in May. Callum Hann presented a live cooking show that was streamed live to Facebook and the event attended by Minister Clare Scriven and SA Citrus's Mark Doecke.

The paid retailer participation model continued with some 38 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 team continued a regular What's in Season market update segment on Radio Italiana, which airs every second Wednesday and is streamed on Facebook, as well as a monthly update on ABC Radio's Country Hour. A weekly Market Update published to SAPML website, Facebook and LinkedIn on a Monday commenced in March 2021.

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 25k+ reaching a primarily South Australian audience of some 150k+ each month.



In-store demonstrations were activated for brands including Mitolo Potatoes, Kanzi Apples, Nutri Kiwi, Bache Bros, Lenswood Apples and Eastbrook Farms.

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, Adelaide Uni O Week, SA Districts Netball Association, Salisbury Run, Cheese Festival and Walk for a Veteran.

With so much conversation on the affordability of fresh fruit and vegetables, the SA Produce Market is now publishing a weekly Fresh Market update.

The Market update highlights produce that is in season and in good supply at the South Australian Produce Market that can be found in local fruit and veg retailers.

You can subscribe to the weekly LinkedIn Newsletter at any time by going on to our LinkedIn page and subscribe, or keep your eye on the SA Produce Market Facebook Page for the weekly postings.

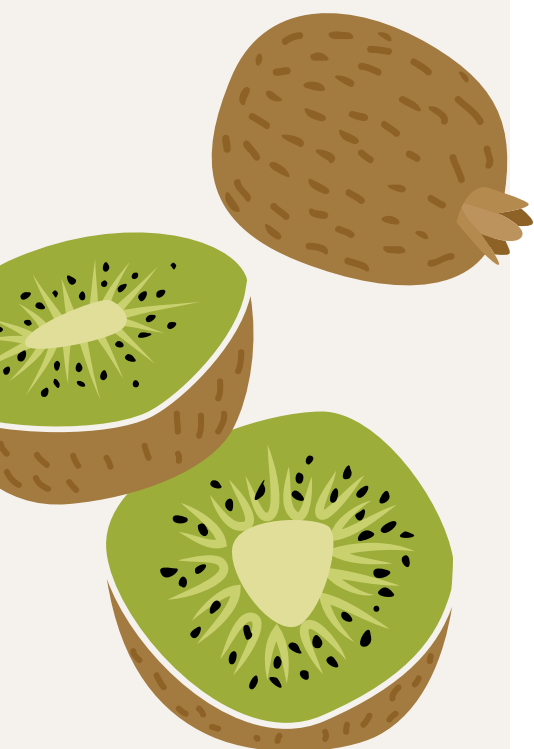
We thank Penny Reidy for her leadership of the campaign as Marketing, Communications and Business Development Manager and Michaela Kantarias for her role as Marketing Activations Assistant.



## Milestone Achievement



We congratulate Wendy Helps on her 20-year work anniversary! Wendy is a price reporter and administrator at the South Australian Produce Market so is well known by many of us here in the market community. Congratulations Wendy on your milestone.



## Environmental, Social and Governance (ESG)

The Board and Management continue to navigate the companies' obligations in relation to the Environmental, Social and Governance obligation (ESG). Over the past 3 years we have strengthened the approach in these areas, and it has been a holistic method of our organisation's ability to create and sustain long-term value in a rapidly changing world, and managing the risks and opportunities associated with these changes.

### Social

As reported in our achievements page, SAPML continues to embrace our social responsibility in ensuring no South Australian goes without fresh produce in their diet with 1.5 million kilograms of fresh produce donated to Foodbank. In addition to the yearly tally, we are delighted to report that in FY22 we reached a milestone with over 10 million kilograms of fresh produce donated to SA families in need!

The fresh Produce donated have been used by Foodbank SA to provide more than 20 million meals across South Australia, to families in need.

Growers and Wholesalers at the South Australian Produce Market (SAPML) donate daily, whilst farms and packing sheds located across the state's horticulture regions send bulk supplies of produce into Foodbank's warehouse located in the market. These fruit and vegetable donations are then distributed directly to those in need via Foodbank SA's Food Hubs and a network of 600 welfare agencies, in addition to supporting more than 550 School Programs.

More than 100 horticulture businesses work with Foodbank SA, donating produce either through the market or direct from the farm gate or packing shed. Today, Foodbank distributes fruit and vegetables to more than 135,000 marginalised South Australians each month – one third being children.

When we started this partnership in 2002, Foodbank was receiving 100,000 kilograms as donations per year. Now the annual fruit and vegetable donations have hit 1.5 million kilograms annually which is amazing. To have now reached 10 million kilograms of free fresh fruit and vegetables distributed over the 10 years of the partnership is a major milestone – it makes a significant difference to the support we can provide families who are struggling to put food on the table.

It is important that families have balanced and nutritional options, given that around 135,000 South Australians would go without each month, if it was not for Foodbank. Getting the right food on the tables of vulnerable South Australians, particularly children, is our aim.

According to an independent study into Foodbank's social return on investment, Foodbank's food assistance not only addresses people's immediate nutrition needs but also contributes to improvements in their health, emotional wellbeing, sense of self-worth, social relationships and ultimately overall standard of living.

Combined with the environmental savings of food not going to waste, the benefit to the individual and the broader community that



flows from every kilogram of food distributed by Foodbank is valued at \$23. The Social Return on investment on the 10 million kilograms equates to more than \$230 million impact in the South Australian community.

The Foodbank SA partnership with SAPML was an Australian first and the South Australian Horticultural Industry has generously supported this initiative since inception 10 years ago – donating warehouse facilities on site at the South Australian Produce Market for the operations of Foodbank SA.

The South Australian Produce Market is delighted with the 10M kg donation milestone and looks forward to continuing our relationship with Foodbank SA for many years to come.

It was a landmark start to the 2021 Cherry season with the first box of cherries sold at the Markets at our yearly Charity Auction at \$50,000 equal record price with proceeds going to Camp Quality. The Romeo Independent Retail group were the highest bidders on the day and the former Premier Steven Marshall was there to crown the Cherry King, with the Prime Minister Scott Morrison also celebrating the expensive but worthy produce of the fundraiser.

In June 2022 the market community got behind the annual HeartKids SA Be a Hero for HeartKids fundraiser. Working in collaboration with Drakes Supermarkets, the markets hosted a fun filled morning with BBQs and the appearance of Batman and his Batmobile as well as a superhero semi-trailer!

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## COST OF LIVING

### BANK ON \$25M OF FOOD HELP

**KITTY BARR**

FOODBANK SA has chalked up a milestone by delivering 10 million kilograms of fruit and vegetable produce, worth \$25m, since 2012.

It is a result of a partnership between Foodbank SA and the South Australian Produce Market.

"When we started this partnership, we were receiving 100,000kg as donations a year," Foodbank SA chief Greg Pattinson said.

Annual fruit and vegetable donations have hit 1.5 million kilograms. "To have now reached 10 million kilograms of free fresh fruit and vegetables distributed over the 10 years of the partnership is a major milestone," Mr Pattinson said.

"It makes a significant difference to the support we can provide families who are struggling to put food on the table."

He said getting the right food on the tables of South Australians, particularly children, was the aim.

"It is important that families have balanced and nutritional options, given that around 135,000 South Australians would go without each month, if it was not for Foodbank," he said. Growers from SAPML donate food daily, while farms and packing sheds send bulk supplies to Foodbank's warehouse.

### SUPERMARKET PRICE SHOCK

Price rises on household staples in Adelaide during the past year

Milk ▲ 4.9%	Ice cream & other dairy ▲ 5.4%	Beef and veal ▲ 11.2%	Breakfast cereals ▲ 8.6%
Eggs ▲ 5.9%	Water, soft drinks & juices ▲ 8.8%	Oils & fats ▲ 14%	Bread ▲ 7.1%
Vegetables ▲ 14.5%	Fruit ▼ 2.8%	Coffee, tea & cocoa ▲ 9.1%	

Source: ABS data

Foodbank boss Leigh Royan and SA produce market chief Angelo Demasi.





## Environmental, Social and Governance (ESG)



The community got behind the event dressing in their favourite superhero costumes and HeartKids SA walked the market floor collecting donations gathering \$8,000 in the one morning.

In the past three years the Market has played a pivotal role in combining the launch of local Strawberry, Cherry and Citrus seasons and working with local charities to raise vital much needed funds for the community.

The lifestyle of the market community can be challenging. Finding time to take care of your health, to eat well and exercise can be difficult given the nocturnal and extended work hours needed to keep the produce of South Australia moving.

A challenge was set for the men of the market community to join in a 6-week weight loss challenge to shine a spotlight on the importance of looking after our health.

Dean Maddock, Tony Manno and Sam Blefari kicked off the challenge on March 1 and each kicked in \$1,000 donated to the Childhood Cancer Association



## Environmental

The Foodbank initiative has not only provided a great social benefit over the years it has also rediverted fresh produce from landfill, reducing the markets CO2 emissions by 4.54M tonnes in FY22 a great environmental benefit.

Over 3 years ago we embarked on an ambitious project to reduce the companies carbon footprint by 30% with Australia's first 7.5MW Microgrid. This continues to play a significant role in producing a mixture of green and fossil fuel energy when the national energy market is at full capacity. SAPML produces its own green energy, when there is an oversupply of energy, which means plenty of wind and solar, SAPML purchase energy from the Wholesale market. SAPML will continue to measure and increase the green energy produced on site in line with new targets set by the Australian Federal Government.

Our Burma Road precinct has had an upgrade in power with the installation of a 150Kw solar system panels that will increase their green energy production by up to 50%.

As reported the Next Generation Committee have been tasked with reviewing more opportunities to embrace a circular economy. One of the key projects has been the returnable and reusable plastic crates for moving produce through the supply chain. A sub committee was formed to review a business case to commence a similar pooling system owned by Growers that has been in place for many years in Perth.

The 'Business Opportunities in the Circular Economy' Forum was held this year in the Salisbury Community Hub. SAPML is a committee member on the NEL Board which were the organisers of the circular Economy forum. Speakers that gave presentations included Susan Close, Jodie Bricout, Franz Knoll, Genevieve Cother, Steve Lapidge, Jen Slocombe, Jayant Keskar and Ian Overton

The Board will reconsider the new emission targets in their next review of the company's strategic plan and will develop a new environmental strategy to achieve these targets moving forward.

## Governance

In FY22 we continued good corporate Governance initiatives including our Governance policy, Whistle-blower Policy, Computershare as the companies Share Registrar and Ord Minnett as our sharebroker.

Early in FY22 the Audit, Finance and Corporate Governance Committee tendered out the companies Audit and Tax work. This is good Governance practice to not only rotate Audit partners to also rotate our external Tax Accountants. We welcome BDO Australia as our new Auditors and Grant Thornton (our previous Auditors) as our Registered Tax Accountants. Both BDO and Grant Thornton have been appointed for three years and we look forward to working with them. The Board also strengthened the company's policy relating to Directors or Directors' related companies not carrying out consultancy work for SAPML.

This year the Board revised the company's Share trading policy to ensure Directors and Management are provided clear guidelines on blackout periods and trading in the company's securities. The introduction of Ord Minnett has been a great initiative with many shareholders taking up the opportunity to use the streamlined service with 24,800 shares traded utilising the new Broker. Computershare registry has also been well received with last year's AGM and share transfers being streamlined and completed efficiently.



## Environmental, Social and Governance (ESG)

Full copies of both policies are available on the SAPML website as follows:

<https://www.saproducemarket.com.au/corporate/corporate-governance/>

The Company is committed to complying with the Corporations Act to create a transparent market in the trading of its securities and as such has updated the Groups Securities Trading Policy. This restricts key management personnel from trading securities during certain closed periods. Although the Company is not listed on the ASX, it has chosen to adopt several regulations from the ASX Listing Rules in relation to the trading policies of listed companies.

This Policy (extract below) summarises the law relating to insider trading and sets out the Company's trading policy on buying and selling any securities of the Company that can be traded on a financial market. (Company's Securities).

### *Extract of Trading Policy*

Who does this Policy apply to?

This Policy applies as follows:

- (a) part 3 (standards), part 4 (insider trading laws) and part 8 (confidentiality) apply to everyone (including all employees, contractors, family and associates);
- (b) parts 5 to 7 (trading policy) apply to all Directors, the CEO, the CFO and Secretary, and any employee (whether full-time, part-time or casual) having authority and responsibility for planning, directing and controlling, directly or indirectly, the activities of the Company, and any other person designated by the Board from time to time (each, a Designated Person);
- (c) paragraph 5.7 (associates) applies to the family and associates of Designated Persons as specified in that paragraph; and
- (d) part 9 applies to all employees.

Directors and employees are encouraged to hold shares in the Company. It is important, however, that care is taken in the timing of any dealing in the Company's Securities to avoid "insider trading".

### *Purpose and objectives of Policy*

The purpose of this Policy is to ensure that:

- (a) Designated Persons and all other employees of the Company; and
- (b) Designated Persons and all other employees of each of the Company's related bodies corporate,

are aware of the legal restrictions on trading securities, while such a person is in possession of unpublished price sensitive information concerning the Company. If such person is uncertain of the status of unpublished information, he or she should discuss it with the Chair before engaging in any trade in the Company's Securities.

*Additionally, the objectives of this Policy are to:*

- (a) minimise the risk of such persons contravening the laws against insider trading;
- (b) minimise the risk of the appearance of insider trading and the significant reputational damage that may cause; and
- (c) increase transparency with respect to trading in the Company's Securities.

To achieve these objectives, all persons set out in the Person and objective of this policy should consider this Policy to be binding on them in the absence of a specific exemption by the Board.





## Market and Industry Matters

As a member and Chair of the States peak industry body, the Horticultural Coalition of South Australia (HCSA) we developed a new blueprint to grow Horticulture in SA to \$5 billion by 2030 and create thousands of jobs.

The horticulture industry currently employs 13,500 people and contributes \$3.5 billion to the state's economy and during the second quarter in FY22 launched our bold blueprint here at the Markets.

The Blueprint highlights areas for the government to support including fruit fly eradication, workforce development and water security as priorities to secure food supply for South Australians, the future of the industry and to help it grow.

We have set a lofty goal of \$5 billion by 2030 and believe a collaborative effort between growers, State Government and the South Australian community can achieve this. Despite devastating bushfires and crippling hailstorms, unprecedented weather events in the past few years, the horticulture industry has managed to grow an average of 5% per annum in the past six years. That proves we are resilient, and the industry has banded together to help growers who are counting the cost. It was the prime time with State and Federal Government elections to future-proof the industry. Preserving South Australia's enviable fruit fly free reputation has never been more important, but the battle is taking its toll. Fresh fruit growers within the outbreak areas have suffered millions of dollars in lost

revenue through a lack of suitable treatment options and disruptions to market access.

During the pandemic South Australian growers are desperate for seasonal workers with some reporting fruit being downgraded or going to waste because of a lack of labour. There are not enough workers in regional areas, and we need to look at how we can attract people from the city as well as continue to use migrant workers.

The Coalition called for government-subsidised cadetships and graduate programs to increase the number of skilled workers on farms with a particular focus on technology and innovation.

Water availability, security and affordability across all production regions are critical for horticultural production and will rely on maintaining the rights of water licence holders. Industry and government must work together on a water plan to ensure we have a balanced approach between irrigators, the environment and urban use.

The Coalition is calling for protection of the state's water sharing agreement for the Murray Darling Basin and additional investment in flood mitigation around the Gawler River floodplain.

The Horticulture Coalition of SA is committed to working with the incumbent government to achieve the full potential of one of the state's most important industries. A key message to Government on all sides during the election was that the actions we take now will



set us on the path to achieving our goal, for the benefit of all South Australians.

Securing our food supply for future generations is the key aim of this bold plan.

A copy of the Blueprint can be found on the website of Primary Producers SA. Horticulture-Blueprint-Booklet-2021.pdf (ppsa.org.au)

Our partnership with AUSVEG SA continues to be strong with the end of year Christmas drinks occurring within the Market where we invited many growers around South Australia to share a drink and lamb on the spit with Government and industry colleagues. The Market partnered with AUSVEG SA for the State awards night and at this year's awards it was announced that the FY23 awards will be renamed the Premiers' Horticultural awards.

## Market and Industry Matters



This year SAPML sponsored the Young Grower of the Year award, and we congratulate recipient Damian Manno who received the State award and went on to also receive the National title.

It was a pleasure to present the award with Minister for Primary Industry the Hon Clare Scriven and we look forward to continuing to support the Ausveg SA awards.

After the National conference being cancelled in 2000, and reduced attendance with Victoria in lock down in 2021, it was great to see Hort Connections Conference back at full capacity in 2022, held from 6-8 June at the Brisbane Convention & Exhibition Centre. SAPML, along with the four other Wholesale Markets and relative Chambers, under Fresh Markets Australia are major sponsors of Hort Connections and have the naming rights to the exhibition sector of the conference.

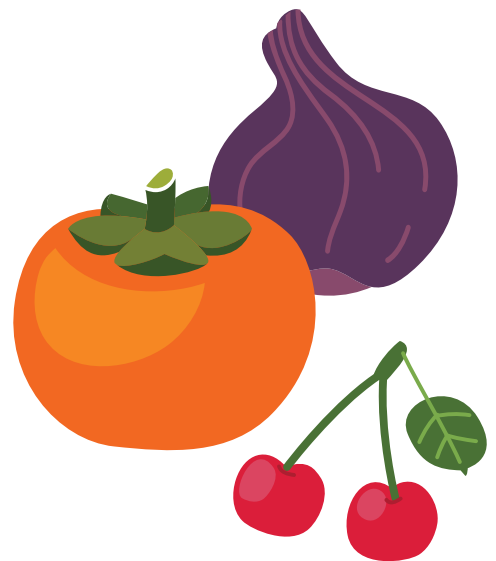
With the confusion between Fresh Markets Australia (FMA) and the Central Markets Association (CMAA) the Markets and Chambers came under one brand Australia's Fresh Produce Markets.

Hort Connections will be held in Adelaide from 5 - 7 June in 2023.

The markets were pleased to host a number of visitors in the third quarter of FY22 - a great opportunity to showcase the operations of the supply of fresh produce in South Australia.

The Hon Peter Malinauskas, now Premier of South Australia, and Clare Scriven Minister for Primary Industries and Regional Development walked the market floor at the end of February 2022. In early March, two former Federal Ministers - Senator, the Honourable Anne Ruston, Minister for Families, Social Services, Minister for Women's Safety and Manager of Government Business

in the Senate and The Honourable David Littleproud, Minister for Agriculture and Northern Australia, Deputy leader of the National Party toured the market and met with Foodbank SA.



## Looking Forward

As we concluded in FY21 we will have to remain resilient whilst embracing the challenges and focus on our main strategy for a better tomorrow.

Our focus in FY23 will be to work with Tenants in completing our \$7.3M Fire Sprinkler project to mitigate our insurance risk for the site for many years to come. We are hopeful we will finalise our Biosecurity facility and redevelop the southern part of the Growers Pavilion once the Fruit Fly resilience scoping study has been completed.

Now we have built the foundation by leasing some key assets we will continue to focus on the redevelopment of 4.5ha of vacant land within the market precinct. Our team will explore opportunities to conduct other activities on our current site whilst the market is not in use on the back of a successful FY22 when we utilised the Growers Pavilion for a vaccination clinic.

Improving our sustainability strategy ensuring our market continues to be a leader in our environmental policies and practices to further improve on our sustainable operation.

We will continue to challenge our team to Think Fresh with further development of the ERP system and look forward to working with our new Commercial and Financial Controller, Paul Blandis, with our ERP project. We look forward to working with our Next Generation Committee to drive our virtual platform by working with FRESHO. Our operations team will also continue to innovate and integrate our Bluetooth technology with our automated induction visitor's portal.

In FY23 there will be a mid-term review of our company's strategic plan which will take place along with a review of operations staying with the theme of thinking fresh. Strong foundations have been built over the past three years to ensure we deliver strong business growth to Shareholders whilst ensuring we maintain a strong horticultural industry moving forward.

Priorities for FY23 will reflect our new FY21-26 Strategic Plan, looking for growth and opportunities that extend our service offering and property portfolio. As we look forward to further unlocking these opportunities to deliver sustainable returns for all our stakeholders.

The Board and Managers would like to thank Danny De Ieso for his 20 years of service to the Market. He has been instrumental in overseeing some major projects including the Bitumen Rejuvenating Project, Large Retail Canopy Construction, Microgrid and the latest deliberation on Fire Sprinkler Installation. His approach to Industry matters has been influential and he has worked closely with SAPML CEO on the Horticultural Mandatory Code and many other local and National Industry issues. He has devoted much of his working life to the industry and the market and we wish Danny well in his endeavours to spend more time on his business.

We also farewelled one of the Boards' founding Grower Directors Morris Nicol who passed away peacefully 19 September 2022. His dedication to the Market and

Industry will not be forgotten and his legacy lives on through his family.

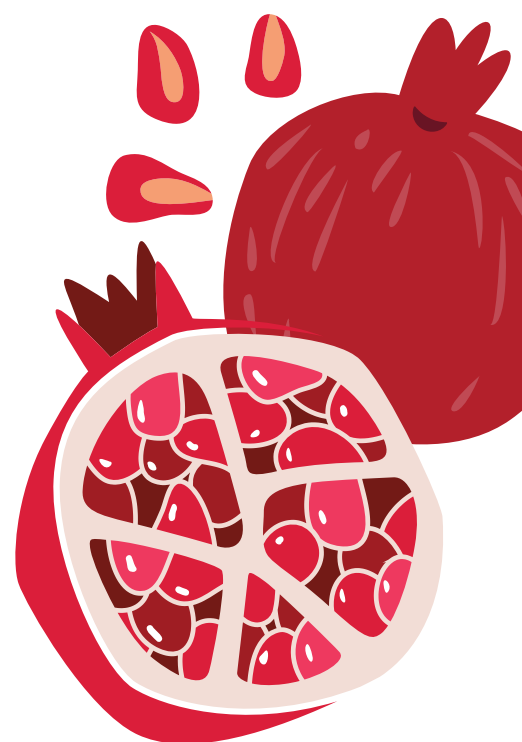
Thank you to the SAPML team, our Tenants and our Market Users for their continued support during FY22 and we look forward in working together in FY23.



**Joanna Andrew**  
Chairman



**Angelo Demasi**  
CEO





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

# Directors' Report

30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') 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 2022.

## 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 (Chair)

Mr Michael Ruggiero (Deputy Chair)

Mr Mark Brougham

Mr Antonio (Tony) Ceravolo

Mr Daniele (Danny) De Ieso

Mr Girolamo (Jamie) Fragnito

Mr Derrick Patterson

Ms Christine Scalzi

Mr Pasquale (Pat) Scalzi

## Principal Activity

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

## Dividends Paid or Recommended

Dividends paid during the financial year were as follows:

	Consolidated	
	2022 \$	2021 \$
Fully franked final dividend of 30 cents per share (declared 25 November 2021; 2021: 24 September 2020 at 35 cents per share)	1,732,368	2,021,096
Fully franked interim dividend of 30 cents per share (declared 28 April 2022; 2021: 29 April 2021 at 30 cents per share)	1,732,368	1,732,368
	3,464,736	3,753,464

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

# Directors' Report

30 June 2022

## Review of Operations

The profit for the consolidated entity after providing for income tax amounted to \$24,175,834 (30 June 2021: \$13,337,919).

	2022 \$	2021 \$	Change \$	Change %
Consolidated profit before income tax	34,253,116	18,761,434	15,491,682	83%
Revaluation (loss)/gain included in consolidated profit	29,223,428	11,935,209	17,288,219	145%
Fair Value Movement Interest Rate Swap	-	228,247	(228,247)	-100%
Consolidated profit before income tax, excluding the revaluation gain/loss & Fair Value Movement	5,029,688	6,597,978	(1,568,290)	-24%
Current income tax payable	90,468	1,353,867	(1,263,399)	-93%
Consolidated profit after income tax excluding revaluation gain/(loss) & Fair Value Movement	4,939,220	5,244,111	(304,891)	-6%

A review of operations of the consolidated entity and the results of those operations are contained in the accompanying combined Chair and Chief Executive Officer's Report.

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

## Significant Changes in State of Affairs

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

## 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.

## Matters subsequent to the end of the financial year

On 29th July 2022, the consolidated entity sold 200,000 shares in Brisbane Markets Limited at \$4.20 per share, for consideration of \$840,000.

No other matter or circumstance has arisen since 30 June 2022 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.

## 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 2022

## Information on directors



**Ms Joanna  
Andrew**

*Appointed 26 May 2020*

Independent Director  
and Chair

### Qualifications

Bachelor of Laws  
(Honours)  
  
Bachelor of Health  
Sciences

### Experience and expertise

Partner  
Mellor Olsson Lawyers  
  
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

34 years of experience as  
a Chartered Accountant  
  
Chairman of Partners  
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 Pasquale (Pat)  
Scalzi OAM**

*Appointed  
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 60 years' wholesale  
fruit and vegetable  
industry experience  
  
Wholesaler Board  
Member since 1987



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

## Directors' Report

30 June 2022



**Ms Christine Scalzi**

*Appointed  
25 November 2014*

Wholesale Director

### Experience and expertise

Director  
Select Naturally Pty Ltd  
Importer and Director  
Acqua Fillette 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  
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  
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 Ltd (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



**Mr Daniele (Danny) De Ieso**

*Appointed  
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

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

## Directors' Report

30 June 2022

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### Information on directors



**Mr Girolamo (James)  
Fragnito**

*Appointed  
25 November 2014*

Retail Director

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#### **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  
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 2022

## Company secretary

The position of Company Secretary is held by the consolidated entity'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 2022, 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 (Chair)	12	12	6	6
Mr Michael Ruggiero (Deputy Chair)	11	12	6	6
Mr Pasquale (Pat) Scalzi	12	12	6	6
Mr Daniele (Danny) De Ieso	12	12	-	-
Mr Antonio (Tony) Ceravolo	12	12	-	-
Ms Christine Scalzi	9	12	-	-
Mr Girolamo (Jamie) Fragnito	11	12	-	-
Mr Derrick Patterson	11	12	3	6
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 2022

### 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*

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

	Consolidated	
	2022 \$	2021 \$
Salaries & directors fee	557,887	538,024
Superannuation contributions	48,342	50,599
	606,229	588,623

Other than that disclosed in Note 32, no Director has received or became 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 2022

### 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	828,199	-	8,200	-	836,399
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 (Jamie) Fragnito	37,500	-	-	-	37,500
Mr Derrick Patterson	5,000	-	-	-	5,000
Mr Mark Brougham (SA Chamber of Fruit and Vegetable Industries Incorporated)	132,400	-	-	-	132,400
Mr Angelo Demasi	1,600	-	-	-	1,600
	1,396,599	-	8,200	-	1,404,799

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

## Directors' Report

30 June 2022

### 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**  
Chair of Directors  
13 October 2022



South Australian Produce Market Limited ABN 49 008 129 566

## Auditor's Independence Declaration



Tel: +61 8 7324 6000  
Fax: +61 8 7324 6111  
[www.bdo.com.au](http://www.bdo.com.au)

BDO Centre  
Level 7, 420 King William Street  
Adelaide SA 5000  
GPO Box 2018 Adelaide SA 5001  
Australia

### DECLARATION OF INDEPENDENCE

BY PAUL GOSNOLD

TO THE DIRECTORS OF SOUTH AUSTRALIAN PRODUCE MARKET LIMITED

As lead auditor of South Australian Produce Market Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of South Australian Produce Market Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Paul Gosnold'. The signature is written in a cursive, flowing style.

Paul Gosnold  
Director

**BDO Audit Pty Ltd**

Adelaide, 13 October 2022

South Australian Produce Market Limited ABN 49 008 129 566

# Financial Statements

30 June 2022

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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. 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 2022

		2022 \$	Consolidated 2021 \$
	Note		
<b>Revenue</b>	4	17,658,006	17,714,066
Other income	5	250,000	444,665
<b>Expenses</b>			
Investment property revaluation gain		29,223,428	11,935,209
Fair value movement of interest rate swap		-	228,247
Employee benefits expense		(2,460,427)	(2,266,875)
Depreciation expense	6	(1,603,366)	(1,437,538)
Finance costs	6	(852,456)	(1,093,815)
Other expenses	6	(7,962,069)	(6,762,525)
<b>Profit before income tax expense</b>		34,253,116	18,761,434
Income tax expense	7	(10,077,282)	(5,423,515)
<b>Profit after income tax expense for the year</b>		24,175,834	13,337,919
<b>Other comprehensive income</b>			
Fair value movement in financial assets (net of tax)		5,672,924	1,179,037
Other comprehensive income for the year, net of tax		5,672,924	1,179,037
<b>Total comprehensive income for the year</b>		29,848,758	14,516,956

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 2022

	Note	2022 \$	Consolidated 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	5,077,105	1,454,070
Trade and other receivables	9	1,163,068	893,387
Other assets	10	1,413,160	495,117
Income tax receivable	18	858,228	-
Total current assets		8,511,561	2,842,574
<b>Non-current assets</b>			
Receivables	11	608,210	50,371
Financial assets at fair value through other comprehensive income	12	23,722,684	15,619,153
Investment properties	13	168,124,882	137,140,000
Plant and equipment	14	3,727,832	1,693,858
Right-of-use assets	15	29,423	346,868
Total non-current assets		196,213,031	154,850,250
<b>Total assets</b>		204,724,592	157,692,824
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	3,918,804	3,757,446
Lease liabilities	17	939,017	1,213,583
Income tax payable	18	-	201,418
Provisions	19	537,017	423,592
Total current liabilities		5,394,838	5,596,039
<b>Non-current liabilities</b>			
Borrowings	20	45,562,000	35,951,692
Lease liabilities	21	4,914,506	5,849,283
Derivative financial instruments	22	-	254,066
Deferred tax	23	35,065,261	22,647,386
Provisions	24	37,541	27,934
Total non-current liabilities		85,579,308	64,730,361
<b>Total liabilities</b>		90,974,146	70,326,400
<b>Net assets</b>		113,750,446	87,366,424
<b>Equity</b>			
Issued capital	25	6,167,310	6,167,310
Reserves	26	8,980,101	3,307,177
Retained earnings		98,603,035	77,891,937
<b>Total equity</b>		113,750,446	87,366,424

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 2022

Consolidated	Issued capital \$	Fair value OCI reserves \$	Retained profits \$	Total equity \$
Balance as 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 as at 30 June 2021	6,167,310	3,307,177	77,891,937	87,366,424

Consolidated	Issued capital \$	Fair value OCI reserves \$	Retained profits \$	Total equity \$
Balance as at 1 July 2021	6,167,310	3,307,177	77,891,937	87,366,424
Profit after income tax expense for the year	-	-	24,175,834	24,175,834
Other comprehensive income for the year, net of tax	-	5,672,924	-	5,672,924
Total comprehensive income for the year	-	5,672,924	24,175,834	29,848,758
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 27)	-	-	(3,464,736)	(3,464,736)
Balance as at 30 June 2022	6,167,310	8,980,101	98,603,035	113,750,446

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 2022

	Note	2022 \$	Consolidated 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		19,120,006	17,558,903
Payments to suppliers and employees		(13,115,819)	(8,636,498)
		6,004,187	8,922,405
Interest received		39,512	8,667
Interest and other finance costs paid		(1,149,660)	(1,093,815)
Income taxes paid		(1,106,522)	(1,749,857)
Net cash provided by operating activities	38	3,787,517	6,087,400
<b>Cash flows from investing activities</b>			
Payments used for investment properties	13	(2,785,169)	(2,221,382)
Payments used for property, plant and equipment	14	(2,361,627)	(330,798)
Proceeds from disposal of investment properties		50,000	-
Net cash used in investing activities		(5,096,796)	(2,552,180)
<b>Cash flows from financing activities</b>			
Dividends paid	27	(3,464,736)	(3,753,464)
Proceeds from/(repayment of) borrowings		9,610,308	(845,330)
Repayment of lease liabilities		(1,213,258)	(336,604)
Net cash provided by/(used) in financing activities		4,932,314	(4,935,398)
Net increase/(decrease) in cash held		3,623,035	(1,400,178)
Cash and cash equivalents at the beginning of the financial year		1,454,070	2,854,248
Cash and cash equivalents at the end of the financial year	8	5,077,105	1,454,070

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 2022

## 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. 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.

### 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 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 statement 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 2022 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

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 1. Significant accounting policies (cont)

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 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.

#### *Other revenue*

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

#### *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.

#### **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

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 1. Significant accounting policies (cont)

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 intent 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 consolidated 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 the group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 1. Significant accounting policies (cont)

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.

### 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 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 flow 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.

### 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

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 1. Significant accounting policies (cont)

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 a 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 this 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 to 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 value amount exceeds its recoverable amount.

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

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 1. Significant accounting policies (cont)

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 expense 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 on corporate 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

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 1. Significant accounting policies (cont)

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 2022. 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.



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## 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 jurisdiction 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 2022

## 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.

## 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.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 4: Revenue

	2022 \$	Consolidated 2021 \$
Rents and recoveries	17,618,494	17,705,399
<i>Other revenue</i>		
Interest Received	39,512	8,667
Total revenue	17,658,006	17,714,066

## Note 5: Other Income

	2022 \$	Consolidated 2021 \$
Cash boost, payroll tax relief, and land tax relief	-	194,665
Grant income - solar microgrid	250,000	250,000
Other income	250,000	444,665

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 6: Expenses

	2022 \$	Consolidated 2021 \$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Depreciation of investment properties	954,353	742,666
Depreciation of plant & equipment	327,653	371,927
Depreciation of right of use assets - Warehouse K	321,360	322,945
Total depreciation	1,603,366	1,437,538
<i>Finance costs</i>		
Finance costs and bank charges	845,272	1,079,820
Interest from lease liabilities - Warehouse K	7,184	13,995
Total finance costs	852,456	1,093,815
<i>Remuneration of auditor</i>		
Audit of group and outgoings	25,000	30,000
Compilation of financial statements	2,000	2,500
	27,000	32,500
<i>Other expenses</i>		
Accounting and legal expenses	178,051	128,764
Bad debts (recovery)	7,915	(448)
Cleaning	333,332	293,539
Director fees	346,281	378,964
Emergency services levy	148,305	138,507
Equipment hire	62,491	59,841
Insurance expense	982,736	802,088
Land tax	856,339	715,215
Market Fresh contribution	150,000	132,094
Motor vehicle expenses	57,083	58,384
Other	714,703	819,775
Professional fees	677,436	298,567
Rates and taxes	696,280	674,879
Repairs and maintenance	704,692	593,464
Security	153,996	154,465
Water rates	303,466	305,093
Electricity	1,588,963	1,209,334
	7,962,069	6,762,525



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 7: Income tax expenses

	2022 \$	Consolidated 2021 \$
<i>Income tax expense</i>		
Current tax	90,468	1,353,867
Deferred tax	9,986,814	5,869,648
Aggregate income tax expense	10,077,282	7,223,515
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	34,253,116	18,761,434
Tax at the statutory tax rate of 30%	10,275,935	5,628,430
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustment for non-deductible expenses	6,223	756,040
Impact of franked credits received	(204,876)	(257,707)
Other non-allowable items	-	1,096,752
	10,077,282	7,223,515

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

	2022 \$	Consolidated 2021 \$
Cash on hand	500	600
Cash at bank	1,076,605	1,453,470
Term deposit	4,000,000	-
	5,077,105	1,454,070

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

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

	2022 \$	Consolidated 2021 \$
Trade debtors	1,174,881	897,286
Less allowance for expected credit losses	(11,813)	(3,899)
	1,163,068	893,387

The ageing of the trade debtors is as follows:

	2022 \$	Consolidated 2021 \$
Not overdue	905,610	237,487
0 to 3 months overdue	147,480	561,238
Over 3 months overdue	121,792	98,561
	1,174,882	897,286

## Note 10: Current assets - other assets

	2022 \$	Consolidated 2021 \$
Prepayments	1,374,768	484,602
Inventory	28,117	10,515
Other assets	10,275	-
	1,413,160	495,117

## Note 11: Non-current assets - receivables

	2022 \$	Consolidated 2021 \$
Baida lessor contributions	571,488	-
Trade receivables	36,722	50,371
	608,210	50,371

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 12: Non-current assets - financial assets at fair value through OCI

	2022 \$	Consolidated 2021 \$
Shares in Perth Markets Ltd & Perth Markets Land Trust (PML)	19,785,184	12,175,500
Shares in Brisbane Markets Ltd	3,937,500	3,443,653
	23,722,684	15,619,153

As at 30 June 2022 investments were reflected at fair value of \$23,722,684, with the incremental movement recorded at fair value through other comprehensive income (FVOCI) of \$5,672,924 net of tax (2021: \$1,179,037).

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

	2022 \$	Consolidated 2021 \$
Land & Buildings	168,124,882	137,140,000

### 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	137,140,000	123,780,000
Additions - at cost	2,785,169	2,221,382
Disposals - at cost	(69,362)	-
Revaluation increment / (decrement)	29,223,428	11,935,209
Depreciation expense	(954,353)	(796,591)
Closing fair value	168,124,882	137,140,000

### 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 \$7,945,184 (2021: \$8,586,450) included in revenue on a consolidated basis.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 14: Non-current assets - plant & equipment

	2022 \$	Consolidated 2021 \$
Plant, equipment & vehicles - at cost	8,093,211	4,872,478
Less: accumulated depreciation	(4,365,379)	(3,178,620)
	3,727,832	1,693,858

### Reconciliations:

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

Balance at 1 July	1,693,858	1,681,063
Additions - at cost	2,361,627	330,798
Depreciation expense	(327,653)	(318,003)
Balance at 30 June	3,727,832	1,693,858

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

	2022 \$	Consolidated 2021 \$
Land and buildings - Warehouse K	29,423	346,868

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 current and previous financial year are set out below:

Balance as at 1 July	346,868	669,813
Additions	-	-
Adjustments	3,915	-
Depreciation expense	(321,360)	(322,945)
Balance as at 30 June	29,423	346,868



South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

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

	2022 \$	Consolidated 2021 \$
Trade payables	802,374	234,158
Income in advance	2,297,768	2,074,023
Sundry payables and accruals	818,662	1,449,265
	3,918,804	3,757,446

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

## Note 17: Current liabilities - lease liabilities

	2022 \$	Consolidated 2021 \$
Current lease liability - bank finance leases	909,468	876,812
Current lease liability - Warehouse K	29,549	336,771
	939,017	1,213,583
Lease payments		
0-1 years	1,108,334	1,108,334
2-5 years	3,166,761	3,325,001
5+ years	2,124,888	5,757,876

## Note 18: Current (liabilities)/assets - income tax (payable)/receivable

	2022 \$	Consolidated 2021 \$
Income tax payable	-	201,418
Income tax receivable	858,228	-
	858,228	201,418

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 19: Current liabilities - provisions

	2022 \$	Consolidated 2021 \$
Employee benefits	537,017	423,592
	537,017	423,592

## Note 20: Non-current liabilities - borrowings

	2022 \$	Consolidated 2021 \$
Bank bills secured	43,532,000	35,951,692
Business loan	2,030,000	-
	45,562,000	35,951,692

*Total secured liabilities:*

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

	2022 \$	Consolidated 2021 \$
Bank bills secured	43,532,000	35,951,692
Bank finance leases	5,823,974	6,700,786
	49,355,974	42,652,478

During April 2022, the Group signed a new facility agreement extending the term to April 2024.

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 Australian 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 2022

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

	2022 \$	Consolidated 2021 \$
Lease liability - bank finance leases	4,914,506	5,823,974
Lease liability - Warehouse K	-	25,309
	4,914,506	5,849,283

Refer to note 28 for further information on financial instruments.

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

	2022 \$	Consolidated 2021 \$
Interest rate swap contracts - cash flow hedges	-	254,066
	-	254,066

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

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

	2022 \$	Consolidated 2021 \$
Deferred tax liabilities	35,065,261	22,647,386
	35,065,261	22,647,386
Deferred tax liabilities comprise temporary differences attributable to:		
<i>Amounts recognised in profit or loss:</i>		
Revaluation of financial assets through profit or loss	31,685,979	22,918,950
Other	(485,083)	(1,704,868)
	31,200,896	21,214,082
<i>Amounts recognised in equity:</i>		
Revaluation of financial assets through other comprehensive income	3,864,365	1,433,304
	3,864,365	1,433,304
Deferred tax liabilities	35,065,261	22,647,386
Movements:		
Opening balance	22,647,386	18,072,435
Charged to profit or loss	9,986,814	4,069,648
Charged to equity	2,431,061	505,303
Closing balance	35,065,261	22,647,386

## Note 24: Non-current liabilities - provision

	2022 \$	Consolidated 2021 \$
Non-current employee benefits	37,541	27,934
	37,541	27,934

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 25: Equity - issued capital

	2022 Shares	Consolidated 2021 Shares	2022 \$	Consolidated 2021 \$
Ordinary shares - fully paid	5,774,560	5,774,560	6,167,310	6,167,310
			2022 \$	Consolidated 2021 \$
Comprising				
Ordinary Grower Shares			1,752,491	1,775,891
Ordinary Wholesaler Shares			2,341,543	2,333,343
Ordinary Retailer Shares			425,090	425,090
Ordinary Unclassified Shares			1,255,436	1,240,236
			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 the 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 2022

## 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:

	2022 \$	Consolidated 2021 \$
Fully franked final dividend of 30 cents per share (declared 25 November 2021; 2021: 24 September 2020 at 35 cents per share)	1,732,368	2,021,096
Fully franked interim dividend of 30 cents per share (declared 28 April 2022; 2021: 29 April 2021 at 30 cents per share)	1,732,368	1,732,368
	3,464,736	3,753,464
<i>Franking credits</i>		
Franking credits available for subsequent financial years based on a tax rate of 30%	1,039,421	1,077,163

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 2022

## 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 consolidated entity's policy is to minimise interest rate cash flow risk exposures on market rate loans. The Bank bills interest rates are variable and the consolidated entity has a review process where the ACG&F Committee continually review fixed interest rates in line with the Group's Treasury policy. As at 30 June 2022 the consolidated entity has fixed interest rates for the Bank finance leases and variable interest rates on Bank bills. SAPML had a \$10M fixed interest rate hedge that expired in April 2022 and continues to monitor rates with the intention of securing further hedges when favourable.

### 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, is 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 consolidated entity 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 consolidated entity might be unable to meet its obligations. The consolidated entity 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 2022

## Note 28: Financial instruments (cont)

### 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.

	1 year or less \$	Between 1 and 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2022</b>			
<b>Non-derivative</b>			
<i>Non-interest bearing</i>			
Trade and other payables	3,918,804	-	3,918,804
Interest-bearing - variable			
Borrowings - bank loans	-	45,562,000	45,562,000
Bank finance leases	909,468	4,914,506	5,823,974
Lease liability - Warehouse K	29,549	-	29,549
Total non-derivatives	4,857,821	50,476,506	55,334,327
	1 year or less \$	Between 1 and 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2021</b>			
<b>Non-derivative</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 leases	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

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 the financial assets and financial liabilities are consistent with fair values.

### 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 2022

## 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:

	2022 \$	Consolidated 2021 \$
Salaries & directors fee	557,887	538,024
Superannuation contributions	48,342	50,599
	606,229	588,623

## 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 (2021: Nil).

## Note 31: Commitments

The Group has entered into a contract in relation to Fire Sprinkler project with Combined Fire for \$7,357,000 which will take 18 months to complete and a contract with Urban Earthworks for a warehouse and canopy extension at 9-15 Burma Road for \$520,795 which has \$470,795 remaining to be spent. There were no commitments at 30 June 2021.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## 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 venture:

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 reporting date the following number of shares in this Company. Details of each Director's holdings are listed in the accompanying Director's Report.

	Consolidated 2022 No	Consolidated 2021 No	Parent 2022 No	Parent 2021 No
South Australian Produce Market Ltd - Ordinary	1,404,799	1,396,599	1,404,799	1,396,599

### Transactions with Joint Ventures

During 2022, South Australian Produce Market provided contribution to Market Fresh of \$100,000 (2021: \$80,000). At reporting date there are no amounts owed to or by Market Fresh (2021: Nil).

### Transactions with related parties:

The following transactions occurred with related parties:

The consolidated entity used the legal and accounting services of director related entities. The amounts billed were based on normal market rates and amounts to:

	Consolidated	
	2022 \$	2021 \$
Bentleys	23,100	26,170
Minicozzi Solicitors	-	68,589

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 2022

## Note 32. Related party transactions (cont)

The consolidated entity 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:

	2022 \$	Consolidated 2021 \$
Ceravolo Orchards Pty Ltd	70,205	54,045
M & C Brougham Pty Ltd	124,467	95,350
Mt Barker Fresh Markets	-	213
P & E Scalzi Services Pty Ltd	520,766	491,433
Pooraka Fruit & Vegetable Supply	17,076	18,678
R Ceravolo & Co Pty Ltd	275,494	277,778
Select Naturally Pty Ltd	85,279	86,623
Thorndon Park Produce Co Pty Ltd	5,938	9,952

Payment for goods and services:

	2022 \$	Consolidated 2021 \$
Lease payments to Pooraka Fruit & Vegetable Supply	390,184	368,717
Ceravolo Orchard	3,504	2,938
Scalzi Produce	4,389	2,072
M & C Fruit & Vegetable Supplies	1,616	-

### Outstanding balances at reporting date

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

	2022 \$	Consolidated 2021 \$
M & C Brougham Pty Ltd	4,030	3,724
P & S Scalzi Services Pty Ltd	23,245	11,153
Pooraka Fruit & Vegetable Supply	12,495	137
Ceravolo Orchards Pty Ltd	7,759	8,877
Thorndon Park Produce Co Pty Ltd	(481)	-

### 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 2022

## 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 2022 \$	Parent 2021 \$
Profit after income tax	14,357,599	12,411,122
Fair value movement in financial assets (net of tax)	345,693	1,179,037
Total comprehensive income	14,703,292	13,590,159

### Statement of financial position

	Parent 2022 \$	Parent 2021 \$
Total current assets	6,655,389	1,741,191
Total assets	169,348,974	148,777,724
Total current liabilities	5,019,946	4,228,927
Total liabilities	86,779,104	68,561,192
Equity		
Issued capital	6,167,310	6,167,310
Reserves	-	-
Retained earnings	85,237,594	74,049,222
Total equity	91,404,904	80,216,532

### 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 2022 and 30 June 2021.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## 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: Interest 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	
		2022 %	2021 %
5101 Commerce Crescent Pty Ltd	Australia	100%	100%
5102 Commerce Crescent Pty Ltd	Australia	100%	100%
9 Burma Road Pooraka Pty Ltd	Australia	100%	100%
Adelaide Market Pty Ltd	Australia	100%	100%
APML Exports No 2 Pty Ltd	Australia	100%	100%
APML No Two Pty Ltd & Adelaide Produce Market Limited Partnership	Australia	100%	100%
APML No. One Pty Ltd	Australia	100%	100%
APML No. Two Pty Ltd	Australia	100%	100%
Australian Produce Cases & Recycling Pty Ltd	Australia	100%	100%
Australian Produce Market Pty Ltd	Australia	100%	100%
Produce Markets Australia Pty Ltd	Australia	100%	100%

South Australian Produce Market Limited

# Notes to the financial statements

30 June 2022

## Note 36: Interest in joint ventures

Interest 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	
		2022 %	2021 %
Market Fresh SA Pty Ltd (Market Fresh)	Australia	50%	50%

The consolidated entity 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 2022 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

On 29th July 2022, the consolidated entity sold 200,000 shares in Brisbane Markets Limited at \$4.20 per share, for consideration of \$840,000.

No other matter or circumstance has arisen since 30 June 2022 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 2022

## Note 38: Cash flow information

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

	2022 \$	Consolidated 2021 \$
Profit after income expense for the year	24,175,834	13,337,919
Adjustments for:		
Depreciation and amortisation	1,282,006	1,114,593
Revaluation gain	(29,223,428)	(11,935,209)
Fair value movement on interest rate swap	(254,066)	(228,247)
Income tax effect through reserves	-	(505,306)
(Gain)/loss on disposal of plant and equipment	19,362	-
Unwinding of the discount on lease liabilities	-	13,995
Depreciation - ROU Assets	321,360	322,945
Change in operating assets and liabilities:		
Increase/(decrease) in trade and other receivables	(827,520)	(86,008)
Increase in other assets	(918,043)	666,109
Increase/(decrease) in trade and other payables	161,358	(779,634)
Increase/(decrease) in provision for income tax	8,927,622	4,178,964
Increase in provisions	123,032	(12,721)
Net cash provided by operating activities	3,787,517	6,087,400

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

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

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

	2022 \$	Consolidated 2021 \$
Credit facility	52,167,000	36,567,000
Credit facility utilised	(43,532,000)	(35,951,692)
	8,635,000	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 the 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 2022 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**  
Chair of Directors  
13 October 2022

South Australian Produce Market Limited

# Independent Auditor's Report



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Australia

## 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 statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of South Australian Produce Market Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors report, 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.

South Australian Produce Market Limited

# Independent Auditor's Report



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

## Other matter

The financial report of South Australian Produce Market Limited, for the year ended 30 June 2021 was audited by another auditor who expressed an unmodified opinion on that report on 30 September 2021.

## 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 has 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 (<http://www.auasb.gov.au/Home.aspx>) 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.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit Pty Ltd

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold  
Director

Adelaide, 13 October 2022





## SA Produce Market Limited Structure

### BOARD OF DIRECTORS



**ANGELO DEMASI**  
Chief Executive Officer



**JULIE ROSEWARNE**  
Executive Assistant



**TONY BOWES**  
Senior Commercial  
Property Manager



**PAUL BLANDIS**  
Commercial Financial Controller  
Part Time



**JAMIE PADDICK**  
Market Operations



**NATALIA LOBANOVA**  
Administration  
Assistant



**SHARNA CAVANAGH**  
Property and Facilities  
Coordinator



**IVAN HOR**  
Accountant



**COSIMO FANTO**  
Team Leader



**FRANK CANTELMI**  
Maintenance Coordinator



**TERESA WILLIAMS**  
Accounts Payable  
Part Time



**JOYCE FAGAN**  
Market Official



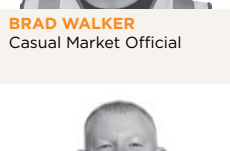
**WENDY HELPS**  
Administration  
Part Time



**ALISON LYNCH**  
Accounts Receivable  
Part Time



**SARAH CROMPTON**  
Market Official



**BRAD WALKER**  
Casual Market Official



**NICOLE MONTGOMERY**  
Accounts Administrator  
Part Time



**NIGEL GASKIN**  
Market Official



Adelaide Markets Pty Ltd Structure



ANGELO DEMASI  
Chief Executive  
Officer



JAMIE PADDICK  
Logistics / Pallet Management  
Operations Manager

CHEP MARKET  
SQUARE



ANDREW  
HABIB  
Forklift Driver

UNLOADING



JUSTIN COCKBURN  
Unloading Team  
Leader



JOHN RUSHWORTH  
Unloading  
Administrator



RUSSELL  
MAYLIN  
Forklift Driver



WILLIAM  
VACCARO  
Forklift Driver



STEVE  
CENTOFANTI  
Forklift Driver

Market Fresh SA Pty Ltd Structure



ANGELO DEMASI  
CEO SAPML  
Chairman



GEORGE GIAMEOS  
Manager SA Chamber  
Director



TONY IASIELLO  
The Right Mix  
Director



WENDY HELPS  
Price and Produce  
Reporter



PENNY REIDY  
Marketing  
Communications &  
Business Development  
Manager



MICHAELA  
KANTARIAS  
Marketing Activation  
Assistant  
Maternity Leave



NICOLETTE  
COLANGELO  
Marketing Activation  
Assistant

**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 Derrick Patterson  
Ms Christine Scalzi  
Mr Pasquale (Pat) Scalzi

**Secretary**

Angelo Demasi

**Registered office**

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Internet site [www.saproducemarket.com.au](http://www.saproducemarket.com.au)

**Auditor**

BDO  
Level 7, 420 King William Street  
Adelaide SA 5000

**Banker**

Commonwealth Bank of Australia  
96 King William Street  
Adelaide South Australia 5000

**Share registrar**

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



THINKING *fresh.*