

CHICKEN MEAT INDUSTRY

COMMITTEE

FINAL REPORT

2013-2014

Chicken Meat Industry Committee

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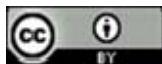
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This document is produced in accordance with the *Financial Administration Act 2009* (FAA) which requires that all statutory bodies prepare annual reports and table them in the Legislative Assembly each financial year and the *Financial and Performance Management Standard 2009* (FMS) which provides specific requirements for information that is to be disclosed in annual reports, and other legislative requirements.

A checklist outlining the Annual Reporting Requirements for Queensland Government Agencies can be found at page 14 of this annual report.

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This document has been prepared for the Minister to submit to Queensland Parliament.

PUBLIC AVAILABILITY

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INTRODUCTORY INFORMATION

The Chicken Meat Industry Committee fulfilled the activities associated with the following in the 2013-2014 financial year:

- Dispute resolution mechanisms
- Registration of contracts
- Facilitation of collective negotiations for agreements
- Industry advice
- Industry representation
- Other matters as required

The following sections detail the relevant associated activities.

THE CHICKEN MEAT INDUSTRY COMMITTEE

The Chicken Meat Industry Committee Act 1976 as amended establishes the Chicken Meat Industry Committee.

The functions of the Committee are set out in Section 13(1) of the Act, as follows:

- a) to facilitate collective negotiations for agreements, including for example, by:-
 - (i) convening a group comprising representatives of growers and processors to negotiate agreements; and
 - (ii) recommending procedures for the group in the negotiations; and
- b) to refer disputes between growers and processors to mediation; and to refer disputes under agreements between growers and processors to arbitration; and
- c) to make recommendations to growers and processors about minimum conditions of agreements and other issues affecting the chicken meat industry; and
- d) to represent growers and processors on issues affecting the industry; and
- e) to give information to growers and processors about issues affecting the industry.

NEGOTIATING GROUPS

The CMIC has convened three negotiating groups – one for each of the processors.

There are now 94 registered growers as at 30 June 2014, with membership numbers maintaining from 2013-23 compared to 88 in 2012.

DISPUTES

No issues were referred to the Committee during the year.

REGISTRATION OF CONTRACTS

Over the last 12 months the CMIC has continued to maintain contracts and the industry continues to grow in size. Contracts change to reflect this growth, changes in ownership, operational changes in shed technology and changing requirements such as free-range production. Gross value of production at farm gate for the chicken meat industry is forecast to rise to \$456 in 2013/14 up 4% from \$ 438 Million in 2012/13. The industry is also up 16% compared to the previous 5 year average (DAFFQ AgTrends). Forecasts for continued growth in the industry remain strong.

FACILITATION OF COLLECTIVE NEGOTIATIONS FOR AGREEMENTS

The Act provides that the Committee can facilitate the collective negotiations of agreements by, for example

- (i) convening a group comprising representatives of growers and processors to negotiate agreements; and
- (ii) recommending procedures for the group in the negotiations.

The Committee has set aside in its budget funds for assistance to negotiating groups. This will involve support for the groups, and if sought, negotiation and mediation skills training will be provided.

INDUSTRY ADVICE

The CMIC provides new participants in the growing of chickens with details outlining the Act, the role and membership of the Committee and its role in dispute resolution.

INDUSTRY REPRESENTATION

The Committee prepares briefs setting out information about the industry and its importance to the regional economy. These help with informed discussion of planning, environmental and industry issues and help to develop an understanding of the economic benefits flowing from industry development.

The Committee has continued its role of periodically and on an as needs basis arranging for senior staff from the former Queensland Department of Employment, Economic Development and Innovation (DEEDI) and now the Department of Agriculture, Fisheries and Forestry (DAFF) to visit growing and processing facilities in the industry or to partake in discussion with the committee. These activities promote a better appreciation of the importance of the industry to the economy of Queensland.

The Committee also meets on a periodic basis with the Minister for Agriculture, Fisheries and Forestry and the Director-General of the Department of Agriculture, Fisheries and Forestry along with other senior departmental officers to discuss issues of importance to the Queensland Chicken Meat Industry.

Issues discussed have previously included:

- Urban encroachment
- Expansion of the industry and constraints to this growth
- Environmental regulation and planning
- The economic scale of the industry
- Review of the CMIC Act

OTHER MATTERS

The Committee provides a forum for industry to discuss a range of issues affecting the growth of the industry and the relations between growers and processors.

MEETINGS OF THE COMMITTEE

The Committee met twice during the 2013 / 2014 financial year.

MEETING 1: HELD ON 21 AUGUST 2013

| Eligible to attend | Attended |
|--------------------|----------|
|--------------------|----------|

CHAIRPERSON

| | |
|----------------|-----|
| Rowena McNally | Yes |
|----------------|-----|

SECRETARY

| | |
|--------------------------|-----|
| Dan Galligan (Secretary) | Yes |
|--------------------------|-----|

OTHER COMMITTEE MEMBERS

| | |
|-------------------|-----|
| Mark Taylor | Yes |
| Jodie Redcliffe | No |
| Gary Sansom | Yes |
| Steve Teitzel | Yes |
| Brett Richter | Yes |
| Mike Rozen | No |
| Patrick McCaffrey | Yes |

MEETING 2: HELD ON 12 MAY 2014

CHAIRPERSON

| | |
|----------------|-----|
| Rowena McNally | Yes |
|----------------|-----|

SECRETARY

| | |
|--------------|-----|
| Dan Galligan | Yes |
|--------------|-----|

OTHER COMMITTEE MEMBERS

| | |
|-------------------|-----|
| Mark Taylor | Yes |
| Jodie Redcliffe | No |
| Steve Teitzel | Yes |
| Brett Richter | Yes |
| Patrick McCaffrey | Yes |
| Gary Sansom | Yes |
| Brett Richter | Yes |

FUTURE OF THE COMMITTEE

During 2009, the Committee was advised that the Minister had approved the commencement of the review of the *Chicken Meat Industry Committee Act 1976* (CMIC Act). The Minister advised at the time that the review would also seek to identify the most appropriate options (in relation to corporate structure) to implement the Government's response to the Independent Review of Queensland Government Boards, Committees and Statutory Bodies (the "Weller Review"), which recommended the dissolution of various committees including the CMIC. The work of the review concluded during the 2011-2012 financial year and a Bill to make amendment to the CMIC Act was tabled in the Queensland Parliament. This Bill was never debated or voted on by the parliament.

When the 2012 Queensland State election was called the Bill was still within the jurisdiction of the parliament but it was deemed to have lapsed and referred back to the relevant State agency for consideration. At the formation of the new Parliament on the 15th of May 2012 the Government at that time moved to maintain the existing CMIC Act. Affectively this meant that the status quo arrangements remained for most of this first part of this financial year.

The industry still supports a mechanism to provide a unified whole of industry voice and opportunity to facilitate trade practices approval for collective negotiations where appropriate. The Queensland Chicken Growers Association has on the basis of support from their members obtained authorization to collectively bargain from the Australian Competition and Consumer Commission.

During this financial year the Minister for Agriculture, Fisheries and Forestry, John McVeigh MP notified the CMIC of the Government's intention to support the ongoing reform of the legislation and the repeal of the CMIC Act. As a result of amendments being moved and the repeal of its legislation the CMIC has now been disbanded. The functions in relation to the CMIC have been dispersed.

Dispute resolution matters are to be administered by the process agreed to within contracts between processors and growers. The Queensland Chicken Growers Association (QCGA) is working with their members to ensure contracts have adequate coverage of these matters. Relationships between growers and processors can still be discussed via the Queensland Chicken Meat Council (QCMC) which has representation that affectively mimics the old CMIC structure. For this reason, the QCMC was also nominated as the appropriate body to take over any outstanding assets or liabilities as at the date of transfer (19th of June 2014).

FINANCE AND ADMINISTRATION

During the course of the last financial year (13/14), the Committee determined to not seek payments for contract registration fees and the **CMIC financial statements have been audited by the Queensland Audit Office. The Audit has been returned without qualification. However the QAO has noted that there remain aged receivable associated with the failed collection of contract registration fees dating back to the 2013/14 financial year.** It has been pointed out in the past that these fees were not sought by the CMIC as at that time it was apparent that the regulation associated with their requirement was about to be repealed. It remains the view of the CMIC that there is no justification for these registration fees to be claimed in arrears.

MEMBERSHIP OF THE COMMITTEE

The membership of the Committee during the year was:

CHAIRPERSON

Rowena McNally LLB MAICD

Rowena McNally was appointed Chairperson of the Committee in May 2003. She has a wealth of experience in rural industry matters. She is the chairperson of the Institute of Arbitrators & Mediators Australia and Mount Isa Water Board, and a director of Ergon Energy. During the year she was also the chair of Catholic Health Australia and a director of North West Hospital and health Service. She was a lawyer with a large Queensland law firm and subsequently a Queensland bank and commodity-marketing corporation. She is a member of various legal and other committees and is a member of the Australian Institute of Company Directors and the Law Council of Australia.

MEMBERS

Patrick McCaffrey

Patrick relocated to Queensland in February 2009 to take up the position of Chief Executive Officer of Golden Cockerel Pty. Ltd. Which is a fully integrated poultry processor based at Mt Cotton. Prior to that Patrick had spent 25 years in the poultry industry with the Steggles and Bartter companies. He was the Director - Southern Region where he was responsible for all aspects of Bartter's operations in Victoria, South Australia and Tasmania. He served for 6 years as an industry representative on the Victorian Broiler Industry Negotiation Committee and was a member and treasurer of the Victorian Chicken Meat Council for 10 years. He was also a Government appointment to the Board of PrimeSafe (formerly known as the Victorian Meat Authority) for 6 years where he was also Chairman

of the Audit and Risk Committee. Patrick has also held a number of senior positions in the manufacturing industry and was Chairman of the Geelong Manufacturing Council for 5 years. He holds a Bachelor of Commerce and has been a member of the Australian Society of Accountants for 30 years.

Michael Leahy

Michael is currently the National Livestock Manager for Baiada Poultry. He has a rural science qualification from the University of New England and has 20 years experience with Steggles in various roles from agricultural, to sales and General Management. Prior to this, Michael was the group general manager for Windsor Farm Foods (canned vegetables, baker's fillings and dry goods) for seven years. Michael is currently sitting his third term as a member of the NSW CMIC and he is the agricultural rep on the Australian "Anti-dumping Task Force".

Mike Rozen

Michael Rozen started his career in poultry after obtaining a Diploma in Agriculture from Lincoln University Canterbury. He has 34 years of experience in the Chicken Industry predominantly in the Processing areas as Plant and Operational Manager for both Tegel and Ingham's Enterprises in NZ. The last 10 years in NZ was as the General Manager of Ingham's operations which included a large feed division. Mike has been Chairman of the NZ Poultry Industry Association through a large proportion of his time as NZ General Manager and on the board of PIANZ for the entire period. In the last twelve months Mike has been Group Executive General Manager for Ingham's operations in Queensland, New South Wales, and the Turkey Operations in Australia.

Jodie Redcliffe

Jodie is an owner manager of a contract chicken growing farm at Wamuran, Queensland. Jodie is the President of the Queensland Chicken Growers Association, which represents 90% of the contract chicken meat industry in Queensland. Jodie has held that position since 2010.

Gary Sansom AM

Gary is an owner manager of a contract chicken growing farm at Jimboomba, Queensland. He was President of the Australian Chicken Growers Council Ltd from 1998 -2002, President of the Queensland Chicken Growers Association from 1992 to 2002 and he is presently Vice President of the Association. He has served on the Council of the Queensland Farmers' Federation since its inception in 1992 and he is currently a Director of the Federation. He is a board member of the Poultry Research and Development Centre Queensland and Vice President of the Australian Chicken Meat

Federation. In 2008, Gary received a Queensland Poultry industry Life Time Achievement award and in 2009, he received recognition in the Australia Day Awards for services to Sustainable Agriculture.

Steven Teitzel

Steve is the Vice President of the Queensland Chicken Growers Association, which represents 90% of the contract chicken meat industry in Queensland. Steve has held that position since 2003. Steve was previously engaged in the civil construction business and is a qualified Diesel and Heavy Earthmoving Equipment Mechanic.

SECRETARY

Dan Galligan

Mr Galligan is the Chief Executive Officer of the Queensland Farmers' Federation, and holds a degree in Applied Science, Graduate Certificate in Rural Systems Management and is a qualified Environmental Management Systems (EMS) auditor.

ANNUAL REPORT COMPLIANCE CHECKLIST

FA ACT *Financial Accountability Act 2009*
 FPMS *Financial and Performance Management Standard 2009*
 ARRs *Annual Report Requirements for Queensland Government Agencies*

| Summary of requirement | | Basis for requirement | Annual report reference |
|--|--|---|--------------------------------------|
| Letter of compliance | <ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister | ARRs – section 8 | Refer to cover letter of this report |
| Accessibility | <ul style="list-style-type: none"> Table of contents | ARRs – section 10.1 | 4 |
| | <ul style="list-style-type: none"> Glossary | | N/A |
| | <ul style="list-style-type: none"> Public availability | ARRs – section 10.2 | 3 |
| | <ul style="list-style-type: none"> Interpreter service statement | <i>Queensland Government Language Services Policy</i> ARRs – section 10.3 | 3 |
| | <ul style="list-style-type: none"> Copyright notice | <i>Copyright Act 1968</i> ARRs – section 10.4 | 2 |
| | <ul style="list-style-type: none"> Information licensing | <i>Queensland Government Enterprise Architecture – Information licensing</i> ARRs – section 10.5 | 2 |
| General information | <ul style="list-style-type: none"> Introductory Information | ARRs – section 11.1 | 5 |
| | <ul style="list-style-type: none"> Agency role and main functions | ARRs – section 11.2 | 5 |
| | <ul style="list-style-type: none"> Operating environment | ARRs – section 11.3 | N/A to CMIC |
| | <ul style="list-style-type: none"> Machinery of Government changes | ARRs – section 11.4 | N/A to CMIC |
| Non-financial performance | <ul style="list-style-type: none"> Government objectives for the community | ARRs – section 12.1 | N/A to CMIC |
| | <ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives | ARRs – section 12.2 | N/A to CMIC |
| | <ul style="list-style-type: none"> Agency objectives and performance indicators | ARRs – section 12.3 | N/A to CMIC |
| | <ul style="list-style-type: none"> Agency service areas, service standards and other measures | ARRs – section 12.4 | N/A to CMIC |
| Financial performance | <ul style="list-style-type: none"> Summary of financial performance | ARRs – section 13.1 | 10 |
| | <ul style="list-style-type: none"> Chief Finance Officer (CFO) statement | ARRs – section 13.2 | N/A to CMIC |
| Governance – management and structure | <ul style="list-style-type: none"> Organisational structure | ARRs – section 14.1 | N/A to CMIC |
| | <ul style="list-style-type: none"> Executive management | ARRs – section 14.2 | N/A to CMIC |
| | <ul style="list-style-type: none"> Related entities | ARRs – section 14.3 | N/A to CMIC |

| Summary of requirement | Basis for requirement | Annual report reference |
|--|---|-------------------------|
| <ul style="list-style-type: none"> • Boards and committees • Public Sector Ethics Act 1994 | ARRs – section 14.4 | N/A to CMIC |
| | <i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5 | N/A to CMIC |
| Governance – risk management and accountability <ul style="list-style-type: none"> • Risk management • External Scrutiny • Audit committee • Internal Audit • Public Sector Renewal Program • Information systems and recordkeeping | ARRs – section 15.1 | N/A to CMIC |
| | ARRs – section 15.2 | N/A to CMIC |
| | ARRs – section 15.3 | N/A to CMIC |
| | ARRs – section 15.4 | N/A to CMIC |
| | ARRs – section 15.5 | N/A to CMIC |
| | ARRs – section 15.7 | - |
| Governance – human resources <ul style="list-style-type: none"> • Workforce planning, attraction and retention and performance • Early retirement, redundancy and retrenchment • Voluntary Separation Program | ARRs – section 16.1 | N/A to CMIC |
| | <i>Directive No.11/12 Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2 | N/A to CMIC |
| | ARRs – section 16.3 | N/A to CMIC |
| Open Data <ul style="list-style-type: none"> • Open Data | ARRs – section 17 | N/A to CMIC |
| Financial statements <ul style="list-style-type: none"> • Certification of financial statements • Independent Auditors Report • Remuneration disclosures | FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1 | Refer to attached |
| | FAA – section 62 FPMS – section 50 ARRs – section 18.2 | Refer to attached |
| | <i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3 | N/A to CMIC |

FINANCIAL STATEMENTS

The financial statements of the Committee are audited annually by the Queensland Audit Office. They are attached.

Chicken Meat Industry Committee

Statement of Comprehensive Income for the period ended 19 June 2014

| | 2014 | 2013 |
|--|-----------------|---------------|
| | \$ | \$ |
| Income from continuing operations | | |
| Revenue | | |
| Registration and annual fees | - | 33,600 |
| Total Income from continuing operations | - | 33,600 |
| Expenses from continuing operations | | |
| Members fees and allowances | 2,850 | 2,875 |
| Secretarial fees | 12,750 | 17,000 |
| Audit and accounting fees | - | 6,000 |
| Postage, printing and stationery | 150 | 522 |
| Bad debts | 60,900 | - |
| Other expenses | - | 626 |
| Total Expenses from continuing operations | 76,650 | 27,023 |
| Operating Result from Operations | (76,650) | 6,577 |
| Other Comprehensive Income | - | - |
| Total Comprehensive Income | (76,650) | 6,577 |

The accompanying notes form part of these financial statements

Chicken Meat Industry Committee
Statement of Financial Position as at 19 June 2014

| | | 2014 | 2013 |
|----------------------------------|-------|------|---------------|
| | Notes | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | 2 | - | 17,843 |
| Receivables | 3 | - | 63,707 |
| | | | |
| Total current assets | | - | 81,550 |
| Non-Current assets | | - | - |
| Total assets | | - | 81,550 |
| Current liabilities | | | |
| Payables | 4 | - | 4,900 |
| | | | |
| Total current liabilities | | - | 4,900 |
| Non-current liabilities | | - | - |
| Total liabilities | | - | 4,900 |
| Net assets | | - | 76,650 |
| Equity | | | |
| Accumulated surpluses | | - | 76,650 |
| | | | |
| Total Equity | | - | 76,650 |

The accompanying notes form part of these financial statements

Chicken Meat Industry Committee
Statement of Changes in Equity for the period ended 19 June 2014

| | Accumulated surplus | | Total | |
|---|----------------------------|---------------|--------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Balance at beginning of the year | 76,650 | 70,073 | 76,650 | 70,073 |
| Operating Result from Continuing Operations | (76,650) | 6,577 | (76,650) | 6,577 |
| Other Comprehensive Income | - | - | - | - |
| Balance at end of the period | - | 76,650 | - | 76,650 |

The accompanying notes form part of the financial statements

Chicken Meat Industry Committee
Statement of Cash Flows for the period ended 19 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|---|--------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Cash receipts in the course of operations | | 1,750 | 13,366 |
| Cash payments in the course of operations | | (21,577) | (29,835) |
| GST input tax credits received | | 1,984 | 2,256 |
| Net cash used in operating activities | 5(a) | (17,843) | (14,213) |
| Net decrease in cash and cash equivalents | | (17,843) | (14,213) |
| Cash and cash equivalents at beginning of financial year | | 17,843 | 32,056 |
| Cash and cash equivalents at end of financial year | 6 | - | 17,843 |

The accompanying notes form part of these financial statements

Chicken Meat Industry Committee

Notes to and forming part of the accounts

1. Summary of Significant Accounting Policies

Committee Functions

The *Chicken Meat Industry Committee Act 1976* states that the Committee's functions are –

- (a) *To facilitate collective negotiations for agreements, including, for example, by-*
 - (i) *Convening a group comprising representatives of growers and processors to negotiate agreements; and*
 - (ii) *recommending procedures for the group in the negotiations; and*
- (b) *to refer disputes between growers and processors to administration; and*
- (c) *to refer disputes under agreements between growers and processors to arbitration; and*
- (d) *to make recommendations to growers and processors about minimum conditions of agreements and other issues affecting the chicken meat industry; and*
- (e) *to represent growers and processors on issues affecting the industry; and*
- (f) *to give information to growers and processors about issues affecting the industry.*

a. Statement of Compliance

These financial statements are general purpose financial statements prepared in order to satisfy the financial reporting requirements of the Board as prescribed by Section 18 of the *Chicken Meat Industry Committee Act 1976*.

These financial statements have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the *Chicken Meat Industry Committee Act 1976*.

With respect to compliance with Australian Accounting Standards and Interpretations, the Chicken Meat industry Committee has applied those requirements applicable to not-for-profit entities. Except where otherwise stated, the financial statements have been prepared on an accrual basis, using the historical cost convention.

b. Funding of the Committee's operations

The principal source of funding for the Committee is by way of registration and annual fees received from processors in the Queensland chicken meat industry.

Chicken Meat Industry Committee

Notes to and forming part of the accounts (cont.)

c. Cash and cash equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 19 June, as well as deposits at call with financial institutions.

d. Receivables

Receivables are recognised at the nominal amount due at the time of the transaction. The collectability of receivables is assessed periodically, with allowance being made for impairment as considered necessary.

e. Taxation

The Committee is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the Australian Taxation Office are recognised and accrued.

f. Contingent Assets or Liabilities

There were no known contingent assets or liabilities of a significant nature at 19 June 2014.

g. Comparative Amounts

Comparative information has been restated, where necessary, to be consistent with disclosures in the current reporting period.

h. Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

i. Trade and Other Payables

Trade creditors and other accounts payable are recognised upon receipt of the goods or services ordered and are measured at the nominal amount. Amounts owing are unsecured and are generally settled on 30 day terms.

Chicken Meat Industry Committee

Notes to and forming part of the accounts (cont.)

j. Accounting Estimates and Judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the Committee to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Committee has made no judgements or assumptions which may cause a material adjustment to the carrying amount of assets and liabilities presented in the Statement of Financial Position.

k. Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the statement of financial position when the Committee becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit and loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

The Committee does not enter transactions for speculative purposes. Apart from cash and cash equivalents, the Committee holds no financial assets classified at fair value through profit and loss. The Committee has no borrowings for the financial year.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Committee are included in the financial instruments note.

Chicken Meat Industry Committee

Notes to and forming part of the accounts (cont.)

I. Going Concern

On 28 March 2014, the Chicken Meat Industry Committee Amendment Act 2014 received assent. The purpose of this Amendment Act is to:

- (a) transfer its assets and liabilities to an eligible entity; and
- (b) abolish itself.

It was determined that the Committee's assets and liabilities were to be transferred to the Queensland Chicken Meat Council (QCMC) on 19 of June 2014. As a result, this is the final set of financial statements that the Committee has prepared.

Notwithstanding that the Committee had net assets of nil at 19 June 2014, it has been determined that the preparation of these financial statements should be on a going concern basis as the QCMC have agreed to extinguish all debts of the Committee upon it ceasing to operate.

The assets and liabilities of the Chicken Meat Industry Committee that were transferred to the Qld Chicken Meat Council for nil consideration were:

| | |
|-------------|---------|
| Receivables | \$716 |
| Payables | \$7,300 |

m. New and Revised Accounting Standards

The Committee did not voluntarily change any of its accounting policies during the 2013-14 year. The following accounting standards became applicable during the year:

AASB 13 *Fair Value Measurement* became effective from reporting period beginning on or after 1 January 2014. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the Committee's assets and liabilities that are measured and/ or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

The Committee assessed the valuation methodologies used in the preparation of its financial statements and determined that no material differences between existing techniques and AASB 13 were identified.

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013. AASB 119 defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which employees rendered the related services. Previously, annual leave satisfied the definition of short-term employee benefits and therefore the leave

liability was measured on an undiscounted basis as the amounts expected to be paid when the liability is settled.

Chicken Meat Industry Committee

Notes to and forming part of the accounts (cont.)

m. New and Revised Accounting Standards (cont.)

Given the Committee did not have any employees during either the 2012-13 or 2013-14 financial years, the revision of AASB 119 did not have any material impact on the financial statements.

AASB 1052 Application of Tiers of Australian Accounting Standards became effective for reporting periods beginning on or after 1 July 2014. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as Tier 1) and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as Tier 2). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between Tier 1 and Tier 2 requirements is that Tier 2 requires few disclosures than Tier 1.

Pursuant to AASB 1053, public sector entities like the Committee may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the Committee, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Committee.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests in Other Entities;
- AASB 127 (revised) Separate Financial Statements;
- AASB 128 (revised) Investments in Associates and Joint Ventures;
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]; and
- AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities.

As these are the final set of financial statements prepared by the Committee as an individual entity, none of the above new accounting standards are applicable to the Committee.

Chicken Meat Industry Committee

Notes to and forming part of the accounts (cont.)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| | \$ | \$ |
| 2. Cash and cash equivalents | | |
| Cash at bank | - | 17,843 |
| Total Cash and cash equivalents | <u>-</u> | <u>17,843</u> |
| 3. Receivables | | |
| GST receivable | - | 1,057 |
| Registration and annual fees | - | 62,650 |
| Provision for Doubtful Debts | - | - |
| Total Receivables | <u>-</u> | <u>63,707</u> |
| 4. Payables | | |
| Accrued accounting and audit fees | - | 4,900 |
| Total Payables | <u>-</u> | <u>4,900</u> |
| 5. (a) Reconciliation of operating surplus to net cash from operating activities | | |
| Operating result from operations | (76,650) | 6,577 |
| Bad debts expense | 60,900 | - |
| Changes in asset/liabilities | | |
| (Increase)/decrease in receivables | 2,807 | (21,090) |
| Increase/(decrease) in accounts payable | (4,900) | 300 |
| Cash (used in)/provided by operating activities | <u>(17,843)</u> | <u>(14,213)</u> |

Chicken Meat Industry Committee

Notes to and forming part of the accounts (cont.)

(b) Non-cash financing and investing activities

The Committee did not have any non-cash financial and investing activities during the year (2013: Nil).

(c) Credit Standby arrangement and loan facilities

The Committee did not have any credit standby arrangements or loan facilities during the year (2013: Nil).

6. Financial instruments

(a) Financial risk management

The Committee's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable. The overall risk management strategy seeks to assist the Committee in meeting its financial targets, whilst minimising the potential adverse effects on financial performance. The Committee does not have any derivative instruments at 19 June 2014. The main risks the Committee is exposed to through its financial instruments are market risk (interest rate risk), liquidity risk and credit risk.

(b) Market - Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate bank accounts and deposits. The Committee has no interest bearing bank accounts.

There has been no change to the Committee's exposure to interest rate risk or the manner in which it manages and measures the risk from the previous year.

The Committee's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

Chicken Meat Industry Committee

Notes to and forming part of the accounts (cont.)

6. Financial instruments (cont.)

| | Weighted Average Effective Rate | Floating Interest Rate | Non- Interest Bearing | Total |
|-------------------------|--|---------------------------------------|--------------------------------------|---------------|
| | % | \$ | \$ | \$ |
| 2014 | | | | |
| Financial Assets | | | | |
| Cash & cash equivalents | 0.00% | - | - | - |
| TOTAL | | - | - | - |
| | % | \$ | \$ | \$ |
| 2013 | | | | |
| Financial Assets | | | | |
| Cash & cash equivalents | 0.00% | - | 17,843 | 17,843 |
| | | - | 17,843 | 17,843 |

(c) Sensitivity analysis

The following interest rate sensitivity analysis is depicting the outcome to Statement of Comprehensive Income should there be a 100 basis points movement in interest rates. It assumes that the rate would be held constant over the financial period, with the change occurring at the beginning of the financial period.

At reporting date if the interest rate had been 100 basis points lower or higher on cash and cash equivalent the impact to the profit and equity is nil. (2013: nil).

(d) Liquidity risk

The Committee manages liquidity risk by monitoring forecast cash flows and actual cash flows.

The Committee is not exposed to any significant liquidity risk as Qld Chicken Meat Council have agreed to extinguish all debts of the Committee upon it ceasing to operate.

Chicken Meat Industry Committee

Notes to and forming part of the accounts (cont.)

7. Commitments

The Committee had no commitments as at 19 June 2014 (30 June 2013: Nil).

8. Auditor's remuneration

| | 2014 | 2013 |
|-------------------------|--------------|--------------|
| | \$ | \$ |
| Queensland Audit Office | 2,500 | 2,500 |
| | 2,500 | 2,500 |

9. Principal Office and Place of Business

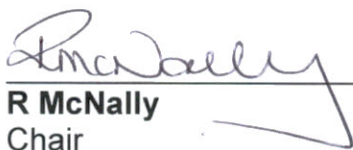
The Committee's principal place of business and offices are


Level 6
183 North Quay
BRISBANE QLD 4003

Certificate of the Chicken Meat Industry Committee

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Chicken Meat Industry Committee for the financial period ended 19 June 2014 and of the financial position of the Committee at the end of that period.


R McNally
Chair


D Galligan
Secretary

12-12-2014
Date

INDEPENDENT AUDITOR'S REPORT

To the former Minister of Agriculture and Fisheries

I have audited the accompanying final financial report of the former Chicken Meat Industry Committee which comprises the statement of financial position as at 19 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the former Chair and the Secretary.

The Former Committee's Responsibility for the Final Financial Report

The former Committee is responsible for the preparation of the final financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in *the Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The former Committee's responsibility also includes such internal control as the former Committee determines is necessary to enable the preparation of the final financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the final financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the final financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the final financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the final financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the final financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the former Committee, as well as evaluating the overall presentation of the final financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the final financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Chicken Meat Industry Committee for the financial period 1 July 2013 to 19 June 2014 and of the financial position as at the end of that period.

Emphasis of Matter – Abolition of Chicken Meat Industry Committee

Without modifying my opinion, attention is drawn to Note 1(l) in the final financial report which identifies that pursuant to the *Chicken Meat Industry Committee Amendment Act 2014*, the former Chicken Meat Industry Committee was effectively abolished on 19 June 2014. Assets and liabilities of the former Chicken Meat Industry Committee were transferred to the Queensland Chicken Meat Council on 19 June 2014 for nil consideration and the Queensland Chicken Meat Council have agreed to extinguish all debts of the former Chicken Meat Industry Committee upon it ceasing to operate. Accordingly this final financial report has been prepared on a basis that is consistent with a going concern basis.



N GEORGE CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane