



Southern Rocklobster Limited

2016-17

Annual Report



Chairman's Report

I am pleased to present the Annual Report for the 2016-17 financial year.

The most recent fisheries and aquaculture statistics published in December 2016 by ABARES showed the gross value of Australian seafood having increased by 12 percent to \$2.8 billion, much of this performance being attributed to increased beach price of wild-caught rock lobster. Southern Rock Lobster held its position as the most significant wild caught fishery in each of our key jurisdictions - South Australia (\$124,709), Tasmania (\$89,008) and Victoria (\$24,294) - and remains a significant contributor to regional economies.

China remains our most significant market, and while more product is going directly into China under the new free trade arrangements, significant volumes are exported to the neighbouring countries of Vietnam and Hong Kong. Australian consumption is strong with an increasing demand linked to tourism and local Asian consumers.

Following a year in which we saw several personnel changes at SRL, we have focussed on the implementation of our strategic agenda. *SRL Strategy 2020* underpins our Industry Partnership Agreement with the Fisheries Research and Development Corporation and outlines five strategic goals have been identified by SRL to be achieved over the next five-year planning horizon.

1. Secure access to a sustainable resource, which is harvested efficiently and safely in collaboration with other fishery users
2. Community engagement with and acceptance of southern rock lobster fisheries and policies
3. Discerning seafood consumers prefer SRL's offer, in Australia and overseas
4. An SRL that is engaged and influential in industry, communities and government
5. Professional people and strong governance.

Progress against these initiatives is provided elsewhere in the report with several new research projects having been developed and approved under SRL's process.

After several years in discussion we welcomed the formation of the Australian Southern Rock Lobster Exporters Association (ARLEA) in July 2017 and their acceptance of a position on the SRL Board. Michael Blake from the South Australian Lobster Company and current President of the Tasmanian Rock Lobster Processors Association has been nominated for the position which we expect to formalise at the 2017 AGM.

Nick Ruello resigned from the SRL Board in February 2017, having providing SRL with several years of valuable service and market-related expertise. We thank and acknowledge Nick for the outstanding contribution made to the Australian Southern Rock Lobster Industry during his time as an SRL Director.

SRL financial statements for the year ending 30 June 2017 show that the organisation remains on a sound financial footing, recording a healthy surplus (\$91,661), mainly due to the prepayment of our IPA project funding from the FRDC. The statement of cash flow shows a net increase in cash at the end of the financial year.

I would like to thank our member organisations, South Australian Rock Lobster Advisory Council (SARLAC), the Tasmanian Rock Lobster Fishermen's Association (TRLFA) and the Victorian Rock Lobster Association (VRLA) for their support during the year. My thanks also go to the state representatives on the RD&E Committee and to FRDC for their support.

Prof Colin Buxton
October 2017.



Executive Officer's Report - 2017

I commenced as Executive Officer with Southern Rocklobster Limited (SRL) on 1 November 2016 after serving as an SRL Board Director for over four years and following the retirement of Ross Hodge from the role after six very effective years. Ross remains engaged with SRL as the Clean Green Program Manager, and the program continues to strengthen and evolve which is a credit to Ross' involvement. More on Clean Green later.

Nearly a year has passed since then and, again, it has been a busy time for SRL and another period of change.

In September 2016 we welcomed Joel Redman from the South Australian Rock Lobster Advisory Council Inc (SARLAC) as a Director on the SRL Board, filling the casual vacancy left by my own resignation.

As per the Chairman's Report, I would like to acknowledge Nick Ruello following his resignation from the SRL Board in February 2017. Nick resigned to facilitate representation on the SRL Board from a yet-to-be-formed 'body' intended to represent the interest of the exporting sector associated with the industry. In July 2017 we were pleased to see the formal registration of the Australian Southern Rock Lobster Exporters Association (ASRLEA).

Michael Blake, from the South Australian Lobster Company, and President of the Tasmanian Rock Lobster Processors Association, has been appointed as managing director of ASRLEA and has been invited to nominate as a Director on the SRL Board, and also sit as a member of SRL's Research, Development and Extension (RD&E) Committee. We expect to formalise Michael's involvement, on behalf of ASRLEA, with SRL at our upcoming Annual General Meeting on 27 October 2017.

This link to the post-harvest sector allows SRL to genuinely take on an approach more focused across the whole of the supply chain, and to that effect, and following a successful and fruitful visit to New Zealand by the SRL Chair, Michael Blake and SRL Executive Officer in August 2017, SRL is now engaging with the Lobster Exporters of New Zealand (LENZ) to develop and test a market strategy aimed at ensuring that Southern Rock Lobster (at a generic level across jurisdictions) has a digital presence in the Chinese market, targeted at high end consumers.

This strategy was developed on the back of some detailed consumer research undertaken in China a number of years ago and co-funded under the SRL Industry Partnership Agreement (IPA) in conjunction with LENZ. The formation of ASRLEA now allows SRL / Australia to take a more proactive role in the development of this new approach in market.

I have attached a more detailed briefing from the New Zealand visit to this report as **Attachment 1**.

In addition to the changes on the SRL Board, the SRL RD&E Committee has undergone a refinement of its own structure to involve representation in a management and fishery science capacity from each jurisdiction, as well as industry, and independent fishery science expertise already in place on the SRL Board (Prof Caleb Gardner). The operational procedures of the RD&E Committee also underwent a process of review.

Recent projects approved, and concepts approved for development, under this revised structure include:

- Project No 2016-235: Improving post-harvest survival of live held Southern Rock Lobster
- Project 2016-257: Implementing and evaluating the Australian Seafood Trade Agenda 2016 - 2018
- Project 2016-055: Field trials to experimentally test if alternative sea lion excluder devices (SLEDs) adequately prevent Australian Sea Lions from entering Rock Lobster pots
- Assessing the efficiency of alternative pot designs for the Southern Rock Lobster (*Jasus edwardsii*) Fishery
- Southern Rock Lobster Bait Supply Risk Assessment
- Australian Southern Rock Lobster Industry Clean Green Program; Revision, Digitisation & Extension across the Supply Chain
- Improved risk management of paralytic shellfish toxins in Southern Rock Lobster
- Phase 2: Traceability Systems for Wild Caught Lobster, Via Sense-T and Pathways to Market
- Modification of fishery assessment and modelling processes to better take account of changes in population structure, specifically animal size, on catch rate data

Operationally, in May 2017, SRL signed off on its new SRL Strategy 2022 document, which aims to position the sector to take best advantage of its options and choices over the coming five years. The Strategy provides SRL with a sound and united platform to leverage its RD&E investment via our new Industry Partnership Agreement (IPA) with the Fisheries Research and Development Corporation (FRDC). The new IPA commenced on 26 August 2016 and will end on 30 June 2020.

In addition to having our own Strategy, it is critically important it also aligns with that of our key funding partner in the FRDC. To that effect I attended FRDC's annual two-day Stakeholder Planning Workshop in Adelaide on 30 and 31 August 2017. This workshop is focused on identifying opportunities for various sectors to collaborate on RD&E and for SRL, any likely partners were identified as Western Rock Lobster, the national Prawn Industry and the national Abalone Industry. Possible areas for collaboration identified at the workshop were summarised as:

Market Intelligence (aid marketing, positioning and decision making):

- Price data
- Trend data (consumption and production other sources)
- Market dashboard similar to Meat and Livestock Australia, see: <https://www.mla.com.au/prices-markets/market-reports-prices/>

Food Tourism:

- How to achieve 1) Social License; 2) Market share (domestic) and export market via tourism

Social License:

- Are there social license to operate threats and who are the organisations?
- Evaluating effective methods of achieving social license to operate

Pleasingly, a number of these have already been discussed with other sectors (Western Rock Lobster and Abalone) and some will be further considered by the RD&E Committee and Board during our meetings over 26 and 27 October 2017.

In addition to the SRL Strategy 2022 document, SRL now has in place a formalised Annual Operating Plan, a revised financial reporting structure was implemented in April 2017 and we have a recently finalised (July 2017) Communications Plan in place.

The Communication Plan is driving a current overhaul and redevelopment of SRL's website, as well a move to an electronic (email) newsletter format, the first edition of which is expected to be sent before the end of the year.

SRL was pleased to see the establishment of a new peak body for the Australian Seafood Industry come to fruition with the launch of Seafood Industry Australia (SIA) taking place on 9 June 2017. SRL is financial member of SIA.

Clean Green;

During the year training was finalised in both the South Australian Southern and Northern Zones as well as in Tasmania.

The total number of vessels now participating in Clean Green is the highest ever and possibly the most participants in any Australian fishing sector to participate voluntarily in such a program.

A gap analysis of Clean Green against the Global Seafood Sustainability Initiative (GSSI) was undertaken during the year, with the final results being presented to the SRL Executive and Clean Green Program Manager in Hobart in July 2017.

This analysis will assist to inform a review of the Clean Green Standard, as part of the intended project; *Australian Southern Rock Lobster Industry Clean Green Program; Revision, Digitisation & Extension across the Supply Chain*, subject to SRL and FRDC Board approval.

This transformational project for Clean Green promises to be a key focus over the coming 12 to 24 months and, should it go ahead, will see Clean Green remain current for industry and [relevant] regulators alike. It is also extremely pleasing to see the level of interest and recognition in Clean Green being expressed within other fisheries; Western Rock Lobster, Eastern Rock Lobster and even the fishery in Nova Scotia, Canada have all expressed an interest in having Clean Green adapted for their respective industries. Further scoping these opportunities will form a key part of the intended project, and SRL will be making representation at the Ministerial Fisheries Conference in Nova Scotia in February 2018 to present about the Clean Green Program.

While this project will require further revision of Clean Green Program materials, Ross Hodge and I have already been working closely with both the Australian Maritime Safety Authority (AMSA) and SafeWork [South Australia] to review the current suite of materials and ensure Clean Green Program members are meeting and exceeding the requirements of these regulators.

As a result of this work, and an interim measure to ensure Clean Green members are compliant with both AMSA and SafeWork requirements, a revised set of hard copy material updates is being prepared to be sent to members before the end of October 2017. This will then require a number of face-to-face education / refresher sessions with fishers across Southern Australia (likely late November 2017) to ensure the new materials are implemented and adapted correctly at the boat level (this process is something which will be greatly streamlined through digitisation).

Importantly for the Program, AMSA are currently considering a [gap analysis] process, to be applied as part of the intended project. Such a process would review and formally recognise the Clean Green Program as a form of equivalent solution under the new National Law and NSCV. We envisage that this may result in re-recognition of Clean Green as an Equivalent Solution for NSCV Part E - Operations. This may practically translate into recognition of the vessel Safety Management System (SMS) component of the program, negating any need for program members to demonstrate compliance through other means. Also, there is the possibility that such recognition may address requirements for program members to be issued with AMSA's required Certificate of Operation (CoO), this would also save time, process and cost for program members.

AMSA will also provide the opportunity for program members to self-check / test fire extinguishers on board vessels for the 6-monthly check component, saving a cost to members.

The intended gap analysis process to be undertaken with AMSA as part of the project will formalise the above. It will also explore any other opportunities for industry self-regulation which either already exist in the program (and could be recognised) or could be included in the program e.g. AMSA have already highlighted an opportunity around 'incident reporting / notification', and there will be others.

In closing, I would like to thank and acknowledge SRL's Board of Directors who largely represent the interests of our members, the members of SRL's RD&E Committee, the support of the FRDC and also SRL's Chairman, Professor Colin Buxton, for his guidance and advice over this period, as well as Ross Hodge for his tremendous efforts with the Clean Green Program. Both Colin and Ross are absolute assets for SRL and we are seeing the benefits of their involvement.

Yours sincerely



Justin Phillips
Executive Officer
Southern Rocklobster Limited (SRL)
19 October 2017

Southern Rocklobster Limited Would Like to Acknowledge Our Key Partners in 2016-2017:



ATTACHMENT 1



Southern Rocklobster Limited (SRL)

Summary:

**New Zealand (Auckland) Visit
9 & 10 August 2017**

SRL / Australian Participants:

- **Professor Colin Buxton**
SRL Chairman
- **Mr Michael Blake**
Tasmanian Manager, South Australian Lobster Company (SALCO)
President, Tasmanian Rock Lobster Processors Association
Founding Member, Australian Southern Rock Lobster Exporters Association (ASRLEA)
- **Mr Justin Phillips**
SRL Executive Officer

Morning of Wednesday 9 August 2017:

Michael Blake facilitated a visit to, and tour of, the new Fiordland Lobster Company (FLC) live holding facility in Auckland.

Our party was hosted at FLC by Allan Cosgrove, FLC's North Island Operations Manager.







Meeting 1 - NZRLIC & SRL

Note: NZRLIC - New Zealand Rock Lobster Industry Council & SRL - Southern Rocklobster Limited

Date: Wednesday 9 August 2017

Time: 12:00pm - 5:00pm

Venue: Boardroom, Deepwater Group Ltd
Level 11, 120 Albert Street
AUCKLAND

Attendees: Daryl Sykes, Colin Buxton, Justin Phillips & Michael Blake.

Points Discussed / Covered:

- SRL Strategic Plan (SRL Strategy 2022)
- Biotoxin Issue:

- Recently completed SARDI Project
- New SARDI Proposal
- Relevant New Zealand Work and NZRLIC Perspective
- SRL Perspective
- Trans-Tasman Congress
- New Zealand Electronic Reporting & Video Surveillance Initiative
- SRL Digitisation, and upgrading, of Clean Green Program for 'Catching' and 'Post Harvest / Export' sectors
- SRL / Australian 'Digital Platform' Concept
- SRL Current Projects List
- Further Areas for NZRLIC- SRL Collaboration

Key Outcomes:

- Industry structures in place in each country were discussed and clarified.
- The issue of 'social licence' / improving the community's understanding and perception in relation to the [ecological] sustainability of Rock Lobster fishing and the industry's practices was an issue discussed at length.
- Daryl and the NZRLIC are investigating the development of a 'certificate of professional fishing' in New Zealand to assist in addressing this issue. It was noted that this could be incorporated into / delivered as part of the Clean Green Program in some way if deemed to have merit.
- Upgrading / revision and digitisation of Clean Green and its transfer to the post-harvest sector was discussed in conjunction with New Zealand's move towards compulsory electronic data collection on use of on-board video monitoring.
- One of the key challenges faced in New Zealand as part of this transition was an actual change to data reporting templates for catch data i.e. new / different data will be collected. This means historical data sets become 'useless' and not applicable under current 'management procedures' (or harvest strategies). This poses obvious fishery management challenges e.g. well-informed TACC setting in the short-term. A number of possible solutions to this issue were discussed.
- The challenge associated with industry representative bodies attempting to communicate effectively with members / stakeholders was discussed. It was noted that the adoption of technology to meet electronic reporting requirements will aid in addressing some of these challenges in future. The use of social media was also considered. It was agreed that there was still great value in face-to-face communications.
- There was significant discussion in relation to the issues of biotoxins / PST issues and their management. Daryl noted that all New Zealand Rock Lobster Fisheries now have an approved (ministerial approval) biotoxin management plan in place i.e. a set of agreed procedures / protocols on how to respond to such events. It is hoped that Daryl will supply a copy or template of these response plans to SRL soon.
- The recently approved Australian SRL IPA funding application; *Improved risk management of paralytic shellfish toxins in Southern Rock Lobster*, was discussed and it was noted that Daryl and the NZRLIC had agreed to make a circa \$15,000.00 contribution towards this work and their interest was primarily focussed on the refinement of the PST 'test kits'. While minimal, it was noted that this co-contribution was a great example and start on trans-Tasman R&D collaboration, and that the dialogue would be maintained between SRL and the NZRLIC on an ongoing basis.
- Growing issues associated with tail necrosis (possibly linked to vibrio strains) in particular areas of NZ was discussed. It was noted that the issues appeared linked to the breakdown of a 'waxy cuticle' on the underside of the tail [fan] which allows the infection to take hold. Possible links

with highly [pine] forested areas and associated run-off were discussed, it appeared the condition is associated with over-production of melanin. Obviously affected animals look bad, and there appears to be a link with elevated 'moult-mortalities' however taste is not impacted.

- Daryl highlighted 'enhancing' the wild fishery and Rock Lobster aquaculture as areas of future interest / growth for the industry.
- The speaking program for the Congress was considered and it was noted details in relation to speakers on 'electronic data reporting' and also 'biotoxins' were yet to be confirmed.

Meeting 2 - LENZ, ASRLEA & SRL



Note: LENZ - Lobster Exporters of New Zealand, ASRLEA - Australian Southern Rock Lobster Exporters Association & SRL - Southern Rocklobster Limited

Date: Thursday 10 August 2017

Time: 9:30am - 1:30pm

Venue: Boardroom, L&B Taspac
Unit 2, 517 Mt Wellington Highway
MOUNT WELLINGTON, AUCKLAND

Attendees: Peter Creighton (Rijyo Holdings Pty Ltd & LENZ), Alan Buckner (FLC & LENZ), Mike Burnett (L&B Taspac & LENZ), Colin Buxton, Michael Blake & Justin Phillips.

Points Discussed / Covered:

- Formation of ASRLEA & Interaction with SRL & LENZ
- SRL Strategic Plan - areas of relevance
- LENZ Update - 'China In-Market Strategy'
- ATMAC Grant Program Opportunity <http://www.agriculture.gov.au/market-access-trade/atmac>
- Clean Green for Exporters / Post Harvest
- SRL Traceability Project
- SRL Lobster Health Project
- SRL Biotoxin / PST research
- Australian Food Fraud & Waste CRC Opportunity - 'Seafood Authenticity' Project Concept
- SRL / FRDC Open Call Concept - Domestic Markets
- SRL and Australian Abalone Industry's Seafood Trade Advisory Group (STAG).
- Relevant market / trade issues:
 - Recent metallic contamination issue with Hong Kong
 - China Customs inspection procedures and possible changes
 - Permitted species' lists

Key Outcomes:

- There was significant discussion in relation to the industry's, and SRL's, representative structure in Australia, and the mechanics of the voluntary levy process and how these funds are collected, administered, managed / governed and applied or allocated.

- Michael Blake was able to provide a detailed summary in relation to the formation of the ASRLEA.
- LENZ provided a detailed update in relation to the work undertaken in New Zealand on the development of a 'digital marketing strategy' (consumer and business focussed) in China following the completion of project 2013-749.20: *Understanding the market positioning opportunities for Southern Rock Lobster (SRL) in China*, undertaken in partnership between LENZ and SRL. LENZ noted that the Chinese market had changed - the consumer wanted more information.
- LENZ has been working with 'China Skinny' (<https://www.chinaskinny.com/>), a China-focussed marketing, research and online agency, to develop the key initial components of their strategy.
- Essentially this includes the development of a 'species-level' (Southern Rock Lobster) 'product mark' (while maintaining Southern Rock Lobster as its own 'brand') and foundation communication tool(s) i.e. consumer facing (and B2B) website in China with 'rich content' and links to relevant, and appropriately structured (initially WeChat 'groups' as opposed to a WeChat 'account'), social media platforms i.e. WeChat.
- LENZ have estimated a cost for initial development and 'market testing' of this strategy at approximately NZD\$120,000.00.
- The fundamentals of the LENZ program and intent are / will be similar, in principle, to the program of activities implemented under the Australian Wild Abalone (AWA) initiative, obviously details / specifics will differ.
- LENZ are open to partnering with the Australian industry i.e. ASRLEA and SRL on this initiative.
- SRL provided an in-principle commitment to seek 50% of the initial costs for the 'market testing' of this initiative (SRL to be invoiced by LENZ), subject to the following:
 - a) LENZ formally confirming their willingness to partner with ASRLEA and SRL on the initiative.
 - b) LENZ (Alan Buckner) intend to make a formal presentation in relation to the initiative and proposed next steps to the first meeting of ASRLEA, in Australia, later in August 2017.
 - c) Formal agreement by both ASRLEA and SRL to then participate in the initiative.
- SRL provided an undertaking to keep communications with LENZ (and ASRLEA) open in relation to all market-related projects / work being undertaken via SRL's processes. A number of these are listed in the points above, and included in this will be the activity of the STAG.
- Concern was expressed by the LENZ members present in relation to the current work being undertaken by SRL in the area of 'traceability'. Concern related directly to possible requirements for compulsory uptake of any traceability technology options which may be generated by this work. It was highlighted that this work had been largely driven out of necessity as a tool to possibly assist with complications arising as a result of biotoxin / PST-related issues in Australia and product recall issues. But was also undertaken based on the philosophy of attempting to become 'market-ready' as it is envisaged at some point the market may demand a level of traceability (for a variety of reasons). The NZ members noted their concern that the development of such options may also bring forward this market demand for adoption / implementation of further traceability measures.

Actions:

1. Distribute China Skinny project report (LENZ)
2. Work with FRDC to relax the NDA requirements for the CRC Report (JP & PC)
3. SRL to seek 50% funding for a project to 'market test' the LENZ-developed digital marketing strategy.
4. SRL to communicate with LENZ (and ASRLEA) in relation to all market-related projects / work being undertaken via SRL's processes, including with STAG.

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017

CONTENTS

Directors' Report	1
Auditors' Independence Declaration	7
Statement of Profit or Loss And Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	20
Auditors' Report	21

SOUTHERN ROCKLOBSTER LIMITED

A.B.N. 66 108 116 847

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2017.

Directors

The names of the directors in office at any time during, or since the end of the year are:

Mr John Musgrove Sansom
Mr Roger John Rowe
Mr Justin Trevor Phillips retired 21 October 2016
Dr Caleb Gardner
Mr Nick Vincent Ruello retired 21 February 2017
Prof Colin David Buxton
Mr Clive Balmond Perryman
Mr Markus Nolle
Mr Joel Robert Redman appointed 20 September 2016

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The surplus of the company for the financial year amounted to \$91,661.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were :

- Meeting the milestone reporting requirements of current projects as detailed in the year in review.
- Focussing on the key areas of the SRL Strategy 2022 (strategic plan).
- Clean Green program.

Short-term and Long-term Objectives

The company's short-term and long-term objectives are to:

- assist the Southern Rock Lobster Fisheries in South Australia, Victoria and Tasmania to value-add and market Southern Rock Lobster in such a way that members' practices and product are recognised as the best in the world;
- maximise economic and social rewards for its members, communities and Australia.
- cooperatively identify and achieve objectives of mutual benefits to its members.

The goals of the company, as stated in the SRL Strategy 2022, are:

- Secure access to sustainable resource, harvested efficiently.
- Valued by the community.
- Premium market position.
- An engaged and influential SRL
- Professional people and strong governance.

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

DIRECTORS' REPORT

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

The company has adopted 16 strategies listed in the SRL Strategy 2022 document.

Key Performance Measures

SRL operates in accordance with an Annual Operating Plan which includes a range of performance measures.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on Directors

John Musgrove Sansom

Experience Mr John Sansom is a lobster fisherman with over 35 years experience based in Hobart. He is an owner operator. He is also the President of the Tasmanian Rock Lobster Fisherman's Association.

Roger John Rowe

Experience Mr Roger Rowe's family company operates two rock lobster licenses/vessels out of Port Lincoln in the South Australian Northern Zone. Through family agriculture company interests, Mr Rowe also has 35 years of experience in irrigation intensive farming and has served on a number of local Boards for Grower and Irrigation industries including the Grape Industry and Phylloxera Board Central Area Committee. He has also served as Chairman, Vice Chairman and Public Officer of various grower organisations and incorporated bodies.

Justin Trevor Phillips

Qualifications Mr Justin Phillips has a Bachelor of Technology and further qualifications in training & assessment and aquaculture.

Experience Mr Justin Phillips is based in South Australia and is self employed in his own consulting business. He undertakes the roles of Executive Officer for both the South Australian Rock Lobster Advisory Council (SARLAC) and South East Professional Fishermen's Association (SEPFA) and represents the industry on several state based research & development and management advisory committees.

SOUTHERN ROCKLOBSTER LIMITED

A.B.N. 66 108 116 847

DIRECTORS' REPORT

Caleb Gardner

Qualifications

Dr Gardner holds a Doctor of Philosophy, Applied Science and further Degrees and a Masters Sciences and Economics and has published numerous marine science papers, particularly in the field of southern rocklobster.

Experience

Dr Caleb Gardner is Associate Professor and the leader of the Fisheries Program at the Institute of Marine and Antarctic Studies, UTAS in South East Australia. He also leads the Australian national research activities on wild harvest fisheries at the Australian Seafood Cooperative Research Centre.

Nick Vincent Ruello

Qualifications

Mr Ruello has a Master of Science and other qualifications in management and marketing.

Experience

Mr Ruello is the principal of Ruello & Associates P/L, a Cairns based consultancy business that provides advisory, training, research & development services in seafood processing and marketing. He has more than 40 years experience in the seafood industry having worked in various industry sectors and with government agencies in all Australian states and in more than 25 other countries around the world.

Colin David Buxton

Qualifications

Professor Buxton has a PhD, a Degree and a Masters in Sciences and has completed the AICD Company Directors Course. He has had numerous papers published in peer reviewed journals and peer reviewed conference articles.

Experience

Professor Buxton is currently a principal consultant of Colin Buxton and Associates and adjunct professor to the Institute of Marine Antarctic Studies (IMAS), Fisheries, Aquaculture & Coasts Centre (FAC) and the University of Tasmanian (UTAS). Professor Buxton was also Director and Professor at IMAS, FAC and UTAS and has over thirty years experience at a senior leadership level responsible for the administration of large and diverse R&D programs.

Clive Balmond Perryman

Experience

Mr Clive Perryman is an active quota owner and vessel operator in the Tasmanian Rock Lobster Fishery. He has been a member of the TRLFA since 1997, joining the Board in 2011 and then taking on the role of President in 2014. Clive is also a Graduate of the National Seafood Leadership Program.

Markus Nolle

Qualifications

Mr Markus Nolle has a science degree with a double major in computer science.

Experience

After a 20 years in business and IT services including working in the United Kingdom Markus moved to coastal Victoria and in 2007 purchased a commercial rock lobster vessel, licence and quota in the state's Western Zone fishery. He is still an active fisher and is also the President of VRLA, Director and Deputy Chair of SI and actively participates on many fishery committees.

Joel Robert Redman

SOUTHERN ROCKLOBSTER LIMITED

A.B.N. 66 108 116 847

DIRECTORS' REPORT

Qualifications	MED II Master V Industry Leadership Training Qualifications
Experience	Mr Joel Redman is a licence holder and quota owner in the SA Southern Zone Southern Rock Lobster Fishery. He is a vessel owner and operator. Joel is/has been involved in SA with South Eastern Professional Fishermans Association (SEPFA) as President and has also served as a Director on the SA Rock Lobster Advisory Council Inc (SARLAC). Joel has served on both Fishery Management Committees (FMCs) and the now Rock Lobster Fishery Management Advisory Committee. Joel is a Director of the family fishing business, Redman Fisheries, and also Fiordland Lobster Company in New Zealand.

SOUTHERN ROCKLOBSTER LIMITED

A.B.N. 66 108 116 847

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each directors during the year were:

	Number Eligible to Attend	Number Attended
John Musgrove Sansom	4	4
Roger John Rowe	4	4
Justin Trevor Phillips	1	1
Caleb Gardner	4	2
Nick Vincent Ruello	2	1
Colin David Buxton	4	4
Clive Balmond Perryman	4	3
Markus Nolle	4	4
Joel Robert Redman	3	2

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations for the entity. At 30/06/2017, the total amount that members of the company are liable to contribute if the company is wound up is \$20 (2016:\$20).

SOUTHERN ROCKLOBSTER LIMITED

A.B.N. 66 108 116 847

DIRECTORS' REPORT

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

Signed in accordance with a resolution of the Board of Directors:

Director:



Prof Colin David Buxton

Dated this 27th day of October 2017

23 October 2017

Southern Rocklobster Limited
C/- Sharon Lloyd
Brentnalls SA
255 Port Road
HINDMARSH SA 5007

Dear Sharon

Audit – Southern Rocklobster Limited 30 June 2017

We advise that the audit of the financial statements of the Southern Rocklobster Limited for the year ended 30 June 2017 has now been completed in all material respects.

We will be issuing an unmodified audit report on the financial report of Southern Rocklobster Limited.

Our report will be issued subject to:

- + Receipt of a signed copy of the financial report for the year ended 30 June 2017
- + Receipt of a signed copy of the management representation letter for 2017 audit

Yours sincerely

ACCURU⁺ HARRIS ORCHARD



LUKE BOLLMEYER
DIRECTOR

SOUTHERN ROCKLOBSTER LIMITED

A.B.N. 66 108 116 847

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Revenue	3	353,447	282,296
Accountancy expenses		(9,260)	(7,880)
Auditors' remuneration	4	(5,200)	(5,200)
Employee benefits expenses		(22,470)	-
Other expenses		(224,856)	(277,378)
Surplus (Deficit) for the year	5	91,661	(8,162)
Total comprehensive surplus/(deficit) for the year		<u>91,661</u>	<u>(8,162)</u>
Total comprehensive surplus/(deficit) attributable to members of the entity		91,661	(8,162)

The accompanying notes form part of these financial statements.

Page 8

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	205,487	125,679
Trade and other receivables	7	6,430	4,158
Other current assets	8	6,411	10,469
TOTAL CURRENT ASSETS		<u>218,328</u>	<u>140,306</u>
TOTAL ASSETS		<u>218,328</u>	<u>140,306</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	16,798	30,438
TOTAL CURRENT LIABILITIES		<u>16,798</u>	<u>30,438</u>
TOTAL LIABILITIES		<u>16,798</u>	<u>30,438</u>
NET ASSETS		<u>201,530</u>	<u>109,868</u>
FUNDS			
General Funds	10	201,530	109,868
TOTAL FUNDS		<u>201,530</u>	<u>109,868</u>

The accompanying notes form part of these financial statements.

Page 9

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	General Funds \$	Total \$
Balance at 1 July 2015		118,030	118,030
Net Deficit		(8,162)	(8,162)
Balance at 30 June 2016		109,868	109,868
Net Surplus		91,661	91,661
Balance at 30 June 2017		201,529	201,529

The accompanying notes form part of these financial statements.

Page 10

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

		2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		70,204	110,690
Payments to suppliers and employees		(270,660)	(284,799)
Interest received		1,379	1,181
Receipts from Government Grants		278,885	184,520
Net cash provided by operating activities	13	<u>79,808</u>	<u>11,593</u>
Net increase in cash held		79,808	11,593
Cash at beginning of financial year		125,679	114,086
Cash at end of financial year	6	<u><u>205,487</u></u>	<u><u>125,679</u></u>

The accompanying notes form part of these financial statements.

Page 11

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

The financial reports cover Southern Rocklobster Limited as an individual entity. Southern Rocklobster Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Southern Rocklobster Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 27 October 2017.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

SOUTHERN ROCKLOBSTER LIMITED

A.B.N. 66 108 116 847

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Accounts Receivable and Other Receivables

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from the Fisheries Research & Development Corporation. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow from to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue is recognised using the effective interest rate method which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Accounts and Other Payables

Account payable represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Account payables are recognised at their transaction price. Account payables are obligations on the basis of normal credit terms.

Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing or financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
3 Revenue and Other Income		
Revenue		
Other revenue:		
Interest received	1,379	1,181
Other revenue	352,068	281,115
	<u>353,447</u>	<u>282,296</u>
Total revenue	<u>353,447</u>	<u>282,296</u>
Interest revenue from:		
Interest Received	1,379	1,181
Total interest revenue on financial assets	<u>1,379</u>	<u>1,181</u>
Other revenue from:		
Advertising Income	-	1,200
FRDC - Project 2010/402	6,485	135,390
Clean Green Management	65,083	50,880
Clean Green Training	7,020	85,065
Clean Green Training 2	1,080	8,580
FRDC - Project 2016/402	272,400	-
Total other revenue	<u>352,068</u>	<u>281,115</u>
4 Auditors' Remuneration		
Auditors Remuneration	<u>5,200</u>	<u>5,200</u>
5 Surplus for the year		
Expenses		
Employee benefits expense:		
contributions to superannuation funds	22,470	-

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
Significant Revenue and Other Income and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Administration Expenses	(15,000)	(15,736)
Bank Charges	(179)	(271)
Bookkeeping & Data Processing	(2,735)	(2,713)
Chairman Expenses	(16,669)	(17,850)
Communications	(2,400)	(5,667)
Executive Officer Fees	-	(7,000)
Insurance	(3,895)	(4,604)
Investigator Other	(8,331)	(9,338)
Marketing	-	-
Materials and Manuals	(4,517)	(15,694)
Meeting Expenses	(3,578)	(1,932)
Newsletter	-	(975)
Principle Investigator	(70,190)	(49,500)
Postage	(1,339)	(834)
Printing & Stationary	(2,456)	(3,708)
Project Audit	(39,944)	(27,500)
Project Development	(17,482)	(37,377)
Storage	(1,660)	(1,617)
Sundry Expenses	(595)	(1,740)
Telephone	(712)	(3,213)
Travelling Expenses	(24,249)	(39,176)
Trainer Fees	-	(25,525)
Venue and Catering	-	(4,926)
Website Expenses	(700)	(482)
Logistics & Management	(776)	-
Memberships	(7,500)	-
	<u>(224,907)</u>	<u>(277,378)</u>
6 Cash and Cash Equivalents		
Cash in Hand	-	(29)
Westpac Cheque Acc: 17-7766	1,020	17,217
Westpac Cash Reserve Acc: 6971	204,417	108,441
Westpac Cheque Acc: 30-5419	50	50
	<u>205,487</u>	<u>125,679</u>

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
Reconciliation of cash		
Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		
Cash and cash equivalents	205,487	125,679
	<u>205,487</u>	<u>125,679</u>
7 Trade and Other Receivables		
Current		
Trade Debtors	137	4,158
GST Refund Due	6,293	-
	<u>6,430</u>	<u>4,158</u>
8 Other Assets		
Current		
Prepayments	6,411	10,469
	<u>6,411</u>	<u>10,469</u>
9 Accounts and Other Payables		
Current		
Visa	3,993	-
Trade Creditors	12,805	23,124
Income In Advance	-	7,000
GST Liability	-	314
	<u>16,798</u>	<u>30,438</u>
10 Total Funds		
(a) General Funds at the beginning of the financial year	109,869	118,030
Surplus (Deficit) attributable to members of the company	91,661	(8,162)
General Funds at the end of the financial year	<u>201,530</u>	<u>109,868</u>

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
<hr/>		
(b) General Funds		
The general funds represents the funds of the company that are not designated for particular purposes.		
 11 Key Management Personnel		
Key Management Personnel Remuneration		
	109,330	110,468
Total compensation	<u>109,330</u>	<u>110,468</u>
 12 Economic Dependence		
Southern Rocklobster Limited is dependent on the Fisheries Research & Development Corporation for the majority of its revenue to operate the business. At the date of this report the Board of Directors has no reason to believe that the Fisheries Research & Development Corporation will not continue to support Southern Rocklobster Limited.		
 13 Cash Flow Information		
Reconciliation of Cash Flow from Operations with Surplus after Income Tax		
Surplus (Deficit) after income tax	91,661	(8,162)
 Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase)/decrease in receivables	(2,272)	9,674
(Increase)/decrease in other assets	-	8,760
Increase/(decrease) in payables	(6,639)	(5,679)
Increase/(decrease) in funds received in advance	(7,000)	7,000
(Increase)/Decrease in prepayments	4,058	-
	<u>79,808</u>	<u>11,593</u>

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

14 Members Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2017 the number of members was two.

15 Company Details

The registered office of the company is:

Southern Rocklobster Limited

255 Port Road
HINDMARSH SA 5007

The principal place of business is:

33 Fullarton Road
KENT TOWN SA 5067

SOUTHERN ROCKLOBSTER LIMITED
A.B.N. 66 108 116 847

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 19, for the year ended 30 June 2017 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position and performance of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Prof Colin David Buxton

Dated this 27th **day of** October 2017