



tasmanian
independent
retailers



Annual Report

2022-2023

Our Pillars



Tasmanian Independent Retailers (TIR) is a trading Co-Operative that was formed in 1956 to support and represent the interests of independent grocery retailers and members. Today, TIR is one of Tasmania's largest Co-Operatives with its membership and shareholding limited to the independent retailers that trade under the IGA brand in Tasmania, for which there are currently 87 outlets as at 30 June 2023.

TIR's primary role is to facilitate and support members & IGA Retailers in the key areas of advocacy, merchandising, marketing & promotions, and member's services.

TIR is a co-owner in SIW (40%) and also owns and operates IFP (100%). TIR's Head Office is located at Western Junction in Tasmania.



TIR acquired the business of Launceston Market Supplies (LMS) in 1995 and later rebranded it to Island Fresh Produce (IFP).

Island Fresh Produce is one of Tasmania's leading fruit and vegetable distribution wholesalers, supplying both independent retailers and hospitality customers across Tasmania.

As a Tasmanian business, IFP supports local growers by focusing on sourcing fresh fruit and vegetables from Tasmanian farmers where possible and sources additional produce from markets all across Australia. IFP is also focused on providing both members and customers with quality produce at competitive prices, coupled with a regular delivery logistic Statewide.

IFP services its members and customer network from its composite DC facility in Launceston.



SIW is a joint venture arrangement between TIR and Woolworths Ltd.

SIW's initial equity partners when it was first formed in 1980 were TIR and Roelf Vos Supermarkets, an independent MSO, with the latter being acquired by Woolworths Ltd in 1982.

SIW's primary role is the procurement, warehousing and distribution of selected grocery products to both independent and Woolworths Stores across Tasmania. SIW operates independent of its two equity partners and shareholders and is supported by its own executive and management teams. SIW operates from its fully composite Regional Distribution Centre at Western Junction.



Tasmanian Independent Retailers

📍 8 Translink Ave, Western Junction, Australia, Tas 7212

☎ 03 6391 0200

✉ enquiries@tir.com.au

🌐 www.tir.com.au



Island Fresh Produce

📍 15 Connector Park Dr, Kings Meadows, Australia, TAS 7249

☎ 03 6341 1900

🌐 www.tir.com.au/ifp/



Statewide Independent Wholesalers

📍 8 Translink Ave, Western Junction, Australia, Tas 7212

☎ 03 6391 0800

🌐 www.siw.com.au

Member Network

TIR's Member Network consist of 87 IGA retail outlets across Tasmania trading under the IGA or IGA X-press banners. Most of the network is represented by single store operators (SSO) with 6 multi store operators (MSO) representing 22 of the 87 IGA retail outlets.

Member retail sales during this reporting period are \$680.9M (Approx.) which places the IGA Group market share in Tasmania at approximately 21%.



OUR VISION

To be a united force in Tasmanian food and grocery retailing, with a thriving network of independently-owned stores, trusted and favoured by our local communities



OUR PURPOSE

We support our members to achieve success, profitability and sustained growth, using the strength of our co-operative

OUR VALUES



We are here to support our members



We are open and honest



We grow and innovate



We care and listen

OUR LOCATION SPREAD OF OUR 87 MEMBER STORES



6 Multi-store Operators (MSO) representing 22 of 87 IGA stores



TIR Group Network comprises of 87 IGA members and 70 non-member independent retailers



- 31 stores in the 63 area code catchment (North/North East/Upper East Coast)
- 31 stores in the 62 area code catchment (South)
- 25 stores in the 64 area code catchment (North West/West Coast)



61 STORES
are located in rural areas



26 STORES
are located in metro areas

MEMBER
RETAIL
SALES

\$680.9M

SALES
GROWTH

7.08%

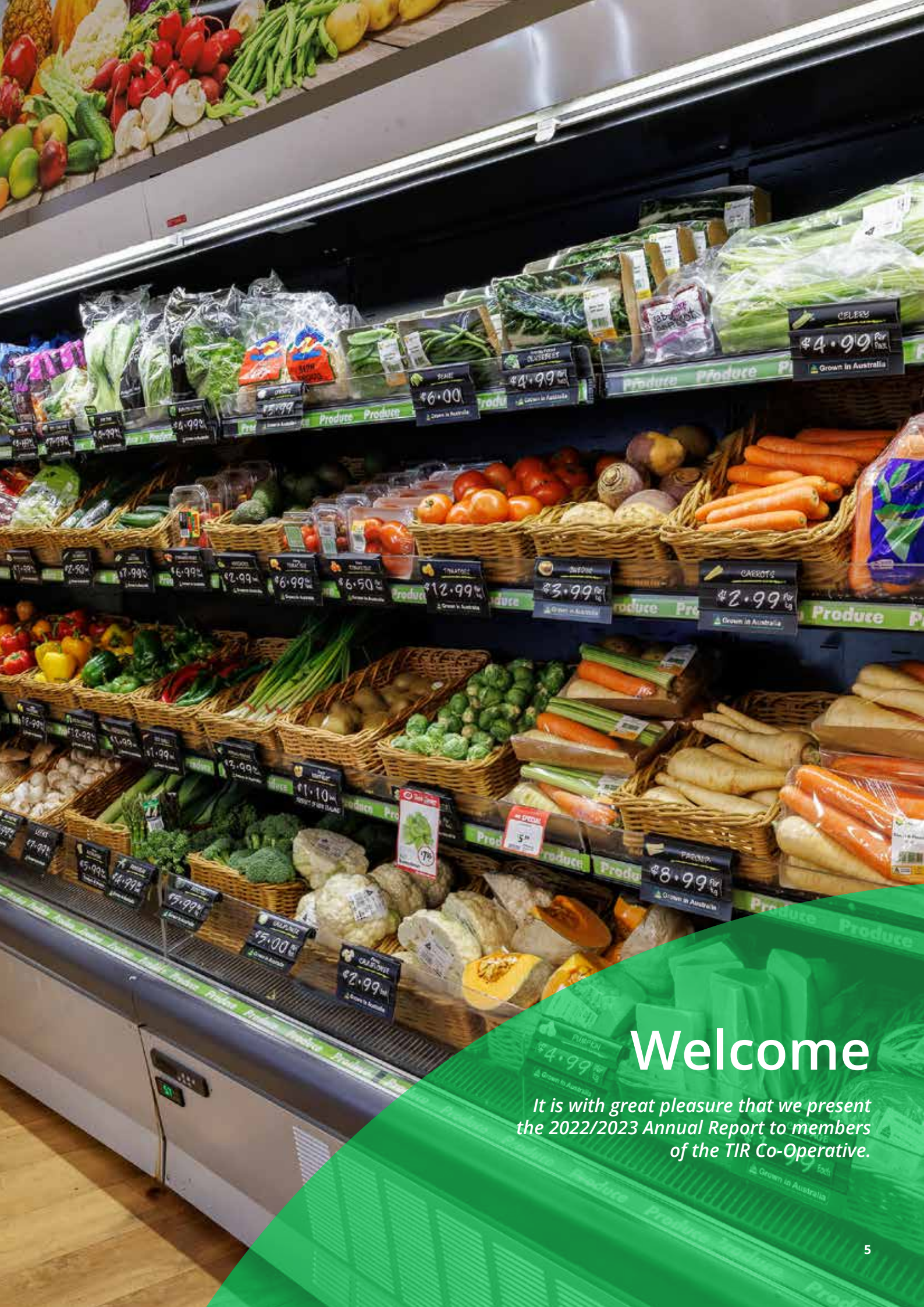
MARKET
SHARE

20.90%

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Welcome

*It is with great pleasure that we present
the 2022/2023 Annual Report to members
of the TIR Co-Operative.*



tasmanian
independent
retailers

FINANCIAL HIGHLIGHTS

FY2023

TIR GROUP PURCHASES

Total Purchases + 9.39%

Island Fresh Produce + 8.46%

DSD/Charge Through + 20.03%

SIW Tobacco + 0.48%

SIW Grocery + 13.51%

TOTAL SIW Purchase only + 6.39%

TIR GROUP REVENUE

Supplier Terms Revenue + 14.06%

Supplier Case Allowance + 2.25%

Sale of Goods + 7.22%

TIR GROUP COSTS

Case Subsidies and Member
Price Support + 1.90%

Advertsing & Marketing
Expenses + 5.44%

TIR MEMBER (IGA) BENEFITS

Member Rebates (PIP & EDF) + 26.47%

PIP + 28.64%

EDF + 14.57%

TIR GROUP PROFIT

Profit before Tax excluding SIW Net Profit
+109.92%

Profit before Tax including SIW Net Profit
+142.32%

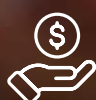
* FY23 was a 53-week trading year (FY22 was 52 weeks)



FY24 OUTLOOK

The current performance outlook for FY24 indicates some improving growth trends in September after a notably slower July and August period. SIW purchases year-to-date show a volume decline (-3.12%) but a positive sales growth (+3.15%). If we exclude cigarettes, sales growth for the remainder of the categories ("Grocery") is up (+6.61%). Based on this result, price inflation for grocery items via the SIW warehouse remains close to 10%.

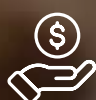
As interest rates remain high, we expect customers will continue to be discreet with their consumer spending and ongoing sales and volume growth will be challenging. As we advance, we will focus on ensuring our members have a competitive and improved value offer to maintain our customer share.



**SIW Group
\$ Total Purchases**

+3.15%

Growth Trend



**SIW Group
\$ Grocery Purchases**

+6.61%

Growth Trend



**SIW Group
\$ Cigarettes Purchases**

+0.03%

Growth Trend



**IFP Group
\$ Purchases**

+18.18%

Growth Trend



SUMMARY OF ACRONYMS

SIW – Statewide Independent Wholesalers Ltd

TIR – Tasmanian Independent Retailers
Co-Operative Society Ltd

IFP – Island Fresh Produce

DSD – Direct to Store Distribution Network

Members – Shareholders of TIR / IGA Tas Retailers

FY – Financial Year

Group Purchases – Members & Other
Customer Purchases

Group Trading Results – Trading results
generated via all related business activities

OEP – Operational Excellence Program

Total Customer – Member & Other Customers

Co-Operative – Tasmanian Independent Retailers
Co-Operative Society Ltd

EDF – Equipment Development Fund

PIP – Purchase Incentive Payments

MSO – Multiple Store Owner



MICHAEL BAXTER

Chairman of the TIR Board

Chairman's Report

It is with great pleasure that I present my chairman's report for the period ended 30 June 2023.

I want to begin by congratulating all members for their collective achievements during this period. It is very pleasing to report that the group has delivered another impressive year, representing continued progress on our results in the prior two years.

Trading Perspective and Results

Growth momentum continued across all of our business pillars, driven by solid demand from our network. Our strong sales growth results compare favourably with our major industry competitors, indicating that we are performing admirably within the market.

However, this recent year has been a little difficult to navigate. Our results in the year's first half (H1) were very robust. However, our Co-Operative faced real challenges in the second half (H2). High inflation presented several problems, with suppliers passing on multiple price increases and customers having to deal with the rising cost of living. This retail environment is impacting ongoing available consumer spend.

Our customers are now seeking better value every time they shop. Our TIR support teams shifted focus to show customers they can find excellent value at our member IGA stores. We have enhanced pricing competitiveness, increased our value-priced range and improved our promotional and marketing programs.

The board was encouraged by the results from the member satisfaction survey held in February 2023. Member satisfaction levels for both TIR and IFP were very positive overall. Member feedback on current focus issues for TIR and IFP revealed many challenges we are aware of that are being addressed currently and in our future strategic planning.



Farewell to Grant Hinchcliffe

In early August 2023, Grant Hinchcliffe, CEO of TIR, officially stepped down from his role. Grant's departure marks the conclusion of his remarkable 32-year journey with TIR, during which he dedicated 17 years as our CEO.

Throughout his tenure, Grant's commitment and leadership have significantly contributed to TIR's success and growth within the grocery industry. His legacy is underscored by the achievements we've accomplished together, placing our Co-Operative in a robust financial and strategic position in an increasingly competitive retail landscape.

On behalf of the board and everyone at TIR, we sincerely thank Grant for his exceptional dedication and passion for the Co-Operative and its members. We wish him and his family every success in their future endeavours.

Closing

Finally, to my fellow Directors on the board of TIR, thank you for your support during the past 12 months and the personal commitments you all made in fulfilling your duties as Directors of our Co-Operative.

Regards & Good Trading

Michael Baxter

Chairman of the Board





GRANT HINCHCLIFFE

CEO Tasmanian
Independent Retailers

CEO Report

I am delighted to present my CEO Report for the trading period spanning July 2022 to June 2023.

First and foremost, I'd like to extend my appreciation to all TIR members and other independent retailers for their remarkable achievements during this period. Your unwavering loyalty, dedication, and support for TIR as your Co-Operative, in conjunction with our strategic partner, Statewide Independent Wholesalers (SIW), have been integral to our collective success.

From its humble beginnings in 1956 to the present day, our Co-Operative has thrived due to the steadfast support and commitments of its members. Today, TIR stands as one of Tasmania's most prominent and successful Co-Operatives.

On behalf of the TIR Board and all TIR Group Team Members, I extend my heartfelt gratitude for your continuous support and loyalty. I anticipate that all TIR stakeholders will achieve even more together in the months and years to come.

Trading Environment

The trading environment during the fiscal year remained robust for all members, though the results varied between the first and second halves.

The first six months of the financial year (H1) saw a continuation of strong retail sales results, along with positive volume growth through SIW. Additionally, there was an overall increase in \$ Group Purchases across all reporting divisions, including SIW, IFP, and TIR Charge Through.

Conversely, the latter half of the year (H2), witnessed a contraction in \$ Group Purchases and corresponding volume through SIW. This shift can largely be ascribed to an economic slowdown stemming from reduced consumer spending and confidence, escalating interest rates, and a heightened cost of living.



In a nutshell, the prevailing economic conditions started to take a toll on many family budgets, prompting them to adjust their spending habits accordingly.

Despite the downturn in H2, overall TIR Group Purchases for FY2023 increased by 9.39% compared to the previous financial year. This result reflects changing market dynamics and consumer spending habits, as well as the continued investment by members in their stores and retail offerings.

These results also underscore the value of TIR's support programs for members and the IGA brand through our marketing and promotional initiatives, in-store support, and development services, as well as the ongoing growth in member rebates. These rebates are not only driven by the growth in \$ purchases but also through additional rebate distribution, as was the case for FY2023.

Despite these positive outcomes, challenges lie ahead, driven by the ongoing, and rising cost of living for Australian families, high inflation, and the possibility of further interest rate increases in the first half (H1) of FY2024.

Given these headwinds, it is crucial that our members remain committed to providing an excellent shopping experience through a comprehensive product range, exceptional service, and competitive pricing.

Joel Zamek and his merchandising team have done an outstanding job in reviewing and enhancing the product range available to our stores. They've also ensured that our everyday pricing policies remain competitive in the market while reflecting the escalating cost of doing business for member stores.

Our expanded and value-oriented ranges, such as Community Co and Black & Gold, demonstrate how TIR, with support from Metcash, is helping IGA stores meet competitive challenges in the market.

The pandemic brought many new customers to our network, and their feedback has been overwhelmingly positive. However, the market has become more demanding, with consumers now prioritising value. Our network must remain relevant and competitive in this context.

IGA Member Network Sales

Despite the challenging economic climate, especially in the second half (H2) of FY2023, overall, member purchases via the TIR Group for FY2023 concluded positively.

As a subset of the overall TIR results, member purchases for FY2023 increased by +5.89%, to \$371 million. This success was reflected across our key purchasing sources, SIW Grocery (+11.95%), SIW Cigarettes (+0.26%), and TIR Charge Through (+7.04%).



The impressive result in SIW Grocery was primarily driven by supplier price increases and subsequent grocery price inflation, which was in low double digits for most of H2. This, combined with price adjustments by major competitors, has led to some margin improvement across most categories.

While these results are promising, they also signal changing consumer habits due to increasing retail prices. The types of items people purchase, what they choose not to buy, and where they shop are all evolving in response.

IFP reported a modest 2.12% growth in member \$ sales, mainly due to the reduction of wholesale pricing to member stores.

This strategic move was aimed at delivering better value to our members while focusing on supporting local Tasmanian growers and producers whenever possible.

Under the leadership of Glenn Sullivan, IFP has achieved significant progress in repositioning the business over the past few years. This has resulted in increased member satisfaction and support, as evidenced by various surveys and trading/volume results.

5-Year Trend

I want to emphasise the significant increase in overall TIR Group member purchases over the past five years. This has grown from a base of \$267 million in FY19 to \$371 million in FY2023, representing a growth rate of +39.02%.

This is a remarkable achievement for our Co-Operative, demonstrating ongoing growth within our network of independent retailers. Additionally, higher \$ purchases led to increased rebates for members, both through organic growth in purchases and additional rebates that TIR can provide based on its improved trading terms.

Moreover, increased volume through SIW results in cost savings and improved efficiencies, which in turn benefits all retailers. In simple terms, higher volume is essential, as failing to maintain or grow it would result in higher cost servicing for stores, exceeding the rate of CPI.





Rebate Support

I'm pleased to report a 28.64% increase in the PIP distributions for FY2023, totalling \$6.983 million, compared to \$5.428 million in the prior financial year. This support is in addition to the separate EDF allocations for FY2023, with total allocations amounting to \$1.137 million, a growth of 14.6% on last year.

Both rebate programs exemplify TIR's commitment to returning funds to member stores based on their respective purchase bases and the benefits of their support through group purchasing arrangements and growth platforms.

I commend and congratulate all members for the rebates received during FY2023. The Board has committed to maintaining the same base rebatable purchase percentage for FY2024.

SIW

SIW achieved strong results for FY2023, with underlying revenue of \$1.351 billion and a net profit of \$3.430 million. These figures represent an improvement over FY2022 and include a distribution of \$2 million to the Joint Venture partners.

SIW has continued to support its customers with a low-cost service model, a reliable logistics and distribution network, and ongoing enhancements in systems and processes. This includes the pending implementation of "Blue Yonder", the new Warehouse Management System (WMS), and the new Pronto ERP, expected to be operational in H1 and H2 of FY2024, respectively.

Significant work and implementation have also taken place with the new SIW

Charge Model for their customer group. This includes changes to the transport charge model in H1 FY2023 and further changes pending to the service fee model in H1 FY2024. The final phase of the Independent Charge Model will be completed after the implementation of the new Pronto ERP, which was delayed by 12 months due to the resources required for the new WMS.

I extend my personal thanks and appreciation to Paul Connolly and the SIW team for their continued support, particularly for independent retailers.



Member Engagement

Member engagement during FY2023 was reinforced through the Metcash National Conference & Expo in July 2022, the Awards of Excellence Gala Dinner in Devonport in March 2023, and the State Conference in Noosa in May 2023. These events received strong support from our stores and suppliers. It reaffirmed the professional development and networking opportunities available through these gatherings.

TIR remains committed to supporting the member network through engagement and professional development relevant to the network's needs in FY2024. I encourage all of you to participate in such events, as they create value by facilitating the exchange of ideas and the building of strong friendships within the network.

TIR Group Team Members

I'd like to express my personal gratitude to all TIR Group Members, including employees within TIR, IFP, and Brighton IGA, for their unwavering loyalty and dedication to the TIR network.

Collectively, both TIR support services and our retail network continue to achieve many successful outcomes, all made possible through the collective efforts and support of all involved.

Congratulations to all of you.

Closing

In closing, I want to reiterate my personal thanks and appreciation to all members for your continuous support of TIR and our Co-Operative over the past year.

This will be my final CEO Report with my resignation and departure from the business on Friday, August 11, 2023. This concludes my 32-year tenure with TIR, including 17 years as your CEO.

My journey at TIR has been both enjoyable and rewarding, and I am deeply grateful for the opportunities I've had and the wonderful friendships that have been forged. It has been a privilege to work within such a remarkable business, and I conclude simply by saying thank you and goodbye.

Regards & Good Trading

Grant Hinchcliffe

*CEO – Tasmanian Independent Retailers
Co-Operative Society LTD*



TIR Executive



GRANT HINCHCLIFFE – *CEO Tasmanian Independent Retailers*

Grant commenced employment with TIR in 1991 and has held a variety of roles within the Co-Operative including Assistant Accountant, Accountant, Group Operations Manager, and Company Secretary. Grant's current role is CEO of TIR, which is a position held since 2007. Grant is also a Director and Vice President of the MGA, and also attends the IGA National Council (IGA NRC) representing Tasmania and member network. Grant's qualifications include an Associate Diploma in Business (Accounting) & Bachelor of Business (Accounting) BBus. (Grant departed the business August 2023)



GARY SUTHERLAND – *Head of Promotions, Special Projects and Insights*

Gary joined TIR as the Promotions Manager in 2010 and brought extensive experience from many previous corporate and independent supermarket roles. Gary was appointed Head of Promotions, Special Projects and Insights in 2019. Now in the 44th year of his retail career, he oversees the Promotions department, supports TIR's strategic planning activities, and continues to develop business insights solutions to provide better business decisions.



TRAVIS ALLEN – *Head of Marketing*

Travis joined TIW/TIR in 1998 as an advertising designer. Previous to this spent 4 years working for AMCOR Product Packaging as a graphic designer. In 2002 was promoted to Advertising Manager, before being appointed Head of Marketing in 2019. Core responsibilities include: traditional & digital marketing placements, maintaining alignment with the national IGA (Metcash) marketing calendar, IGA's major consumer competition, TIR member & IGA customer communication, websites and IGA's community partnerships & engagement programs.



MITCHELL KAY – *Head of Finance*

Mitchell joined TIR in November 2021. He holds a Bachelor of Business (BBus) and is a member of the Institute of Chartered Accountants Australia and New Zealand (CA ANZ). Mitchell is in the 16th year of his accounting career, with experience in a diverse range of industry segments including fast-moving consumer goods, food production, retail, and agribusiness. He has a history of working in both public practice and ASX-listed corporate environments.



TIM BEDNARZ – Head of Information and Retail Technology

Tim joined TIR as the IT & Retail Technology Specialist in 2022. Tim has over 25 years' experience as an IT professional implementing, maintaining and improving a wide range of IT systems in banking, retail, education, manufacturing and mining sectors and has held several senior positions leading teams within the APAC region.



JOEL ZAMEK – Head of Merchandise & Supplier Engagement

Joel Zamek joined the TIR team as Head of Merchandise & Supplier Engagement in July 2021. Joel holds an Executive Master of Business Administration (EMBA) from the University of Technology Sydney. Joel has a breadth of experience having held senior roles both within the supplier landscape and for the last decade working with independent retailers primarily as a senior executive with Australian Liquor Marketers (Metcash). (Joel departed the business October 2023)



NICOLE MCCULLAGH – Head of People & Culture

Nicole joined the TIR team, as Head of People & Culture, in 2019. Nicole holds a Bachelor of Business (BBus) and is a member of the Australian HR Institute. Nicole has 20 plus years industry experience within Human Resource, Strategy, Merger & Acquisitions, and Sales across a variety of industries most recently in automotive and real estate prior to joining TIR. Nicole provides enthusiasm to TIR projects and seeks to provide strength and direction to the people and culture elements of the organisation.



GLENN SULLIVAN – Head of Island Fresh Produce

Glenn joined TIR/IFP in March 2021 as the Head of Island Fresh Produce. Glenn brings with him over 30 years in the retail sector with 10 of those years in his own business. Since selling the business Glenn has specialized in high level change Management across multiple industries including food, fuel, and convenience and QSR.

TIR Board of Directors



MICHAEL BAXTER – *Chairman*

Michael Baxter joined the board as a member director in November 2005 and was appointed as Chairman in November 2017. Experience: Mr. Baxter is the former owner operator of IGA Westbury and IGA Shearwater. He is also a shareholder of DRB Retail Pty Ltd, operator of IGA Prospect.



BRETT MACKAY – *TIR Board Member Director*

Brett MacKay joined the board as a member director in November 2002. Experience: Mr MacKay is existing operator of IGA X-press Lindisfarne.



CHRIS HILL – *TIR Board Member Director*

Chris Hill joined the board as a member director in November 2011. Experience: Mr Hill is a director of CG & KA Hill Pty Ltd, operator of Hilly's IGA St Helens until June 2023 & operator of Hilly's IGA St Marys until August 2022.



MARK COLSON – *TIR Board Member Director*

Mark Colson joined the board as a member director in November 2015. Experience: Mr Colson is a director M & L Colson Investments Pty Ltd, existing operator of IGA Norwood.



KEMUEL WOOD – *TIR Board Member Director*

Kemuel Wood joined the board as a member director in November 2021. Experience: Mr Wood is a director of Casmek Investments Pty Ltd, existing operator of Bay of Fires IGA St Helens.



2023 Tasmanian IGA Awards of Excellence

The Tasmanian IGA Awards of Excellence presentation was held at the Paraple Centre in Devonport on Friday, 24 March 2023. The awards were held for the first time on the Northwest Coast and attended by over 250 guests from our IGA/TIR/IFP network and supplier partners.

These awards acknowledge the dedication of our independent retailers as they consistently demonstrate incredibly high levels of retail excellence. On this extraordinary night, we formally recognise, highlight, and celebrate the achievements of some unique teams and individuals within our state.

This year's host was the legendary Sam Kekovich, former star AFL footballer, media personality and Australia's world-famous "Lamb" ambassador. Sam had the audience in fits of laughter as he presented his well-known social commentary and political incorrectness whilst shining light on our award nominees and eventual winners.

Our supplier partners were also recognised with their awards, with the overall Supplier of the Year presented to Adam Brill from British American Tobacco.

The Rising Star Award recognises store staff members who display outstanding potential and dedication to their store and the IGA brand. This year's winner, Aleesha Clear from IGA Railway, Ulverstone, is definitely a star on the rise.

Always a highlight of this evening is the Sam Richardson Perpetual Award. This year's recipient was Judy Fellows

from IGA Westbury. Shocked and a little shy, Judy was overwhelmed with the recognition, but it was well deserved for her passion for retailing and her support of the community of Westbury.

Finally, it was time to announce the overall store of the year winners who now progress to the National IGA Awards held on the Gold Coast in July 2023.

The winners:

1. 2023 Tasmanian Small Format Store of the Year
IGA Xpress Exeter (Freeland's)
2. 2023 Tasmanian Medium Format Store of the Year
IGA Sandy Bay (Hill Street Grocer)
3. 2023 Tasmanian Large Format Store of the Year
IGA Latrobe (Hill Street Grocer)

TIR congratulates all IGA retailers across our network on their success and achievements over the last year. We also congratulate all the nominees and eventual winners of each category.



2023 Tasmanian Small Format Store of the Year
IGA Xpress Exeter (Freeland's)

Joel Zemek- TIR Staff
Jodie Atkinson- IGA Xpress Exeter (Freeland's)
Brett MacKay- TIR Board Member
Scott Older- IGA Xpress Exeter (Freeland's)
Grant Hinchcliffe- TIR CEO



2023 Tasmanian Medium Format Store of the Year
IGA Sandy Bay (Hill Street Grocer)

Joel Zemek- TIR Staff
Mollie Russell- IGA Sandy Bay (Hill Street Grocer)
Brett MacKay- TIR Board Member
Euan Wiseman- IGA Sandy Bay (Hill Street Grocer)
Grant Hinchcliffe- TIR CEO



2023 Tasmanian Large Format Store of the Year
IGA Latrobe (Hill Street Grocer)

Joel Zemek- TIR Staff
Russell Colgrave- IGA Latrobe (Hill Street Grocer)
Brett MacKay- TIR Board Member
Greg Sheen- IGA Latrobe (Hill Street Grocer)
Grant Hinchcliffe- TIR CEO

STATE AWARDS 2023 WINNERS

AWARD	WINNER
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SUPPLIER AWARDS

Retail Development Supplier of The Year	UNOX
Tasmanian Supplier of the Year	Cripps
Overall Supplier of the Year	British American Tobacco

RETAILER AWARDS

Small Fresh Award	IGA X-press West Hobart (Hill Street Grocer)
Small Grocery & Perishables Award	IGA X-press Exeter (Freeland's)
Medium Delicatessen Department of the Year Award	IGA Sandy Bay (Hill Street Grocer)
Medium Meat Department of the Year Award	IGA St Helens (Hilly's)
Medium Bakery Department of the Year Award	IGA Sandy Bay (Hill Street Grocer)
Medium Fresh Produce Department of the Year Award	IGA Sandy Bay (Hill Street Grocer)
Medium Grocery & General Merchandise Department of the Year Award	IGA St Helens (Hilly's)
Medium Dairy & Freezer Department of the Year Award	IGA Norwood
Large Delicatessen Department of the Year Award	IGA Devonport (Hill Street Grocer)
Large Meat Department of the Year Award	IGA Longford (Hill Street Grocer)
Large Bakery Department of the Year Award	IGA Prospect Baxter's
Large Fresh Produce Department of the Year Award	IGA Latrobe (Hill Street Grocer)
Large Grocery & General Merchandise Department of the Year Award	IGA Latrobe (Hill Street Grocer)
Large Dairy & Freezer Department of the Year Award	IGA Prospect Baxter's
Rising Star Award	Aleesha Clear, IGA Railway, Ulverstone
Sam Richardson Perpetual Award	Judy Fellows , IGA Westbury
Small Store of the Year	IGA X-press Exeter (Freeland's)
Medium Store of the Year	IGA Sandy Bay (Hill Street Grocer)
Large Store of the Year	IGA Latrobe (Hill Street Grocer)



UNOX
Retail Development Supplier of The Year
Wayne Richardson- TIR, William Weightman- UNOX,



Cripps
Tasmanian Supplier of the Year
Joel Zemek- TIR, Scott Alexander- Cripps



British American Tobacco
Overall Supplier of the Year
Joel Zemek- TIR, Adam Brill- BAT,



Sam Richardson Perpetual Award
Judy Fellows, IGA Westbury

The Sam Richardson Perpetual Award

Judy Fellows from IGA Westbury

As a 13-year-old teenager, Judy Fellows entered the workforce and hasn't looked back since.

Judy purchased her first shop in Westbury with her then husband and new daughter Kim in 1975, before two more children, Paul and Richie came along.

Then only a few years later, she sold that shop to her sister Karen Fellows and moved around the corner to take on the Westbury General store.

However, it wasn't long before she was back working for her sister Karen as well as at the local Caltex Service Station, after she separated from her husband.

Undeterred by this setback, Judy then bought her old store back and turned it into a family business with the help of son Paul and daughter Kim, while her other son, Richie, became the proprietor of the Westbury Caltex Service Station.

Judy had always dreamed of expanding her supermarket offer and range to better suit the needs of her customer base and the growing Westbury Community, but there was little room on the existing William Street site and so she set her sights on a bigger and better store at a new location.

However, it was a long time in the making. Paul and his family moved to Queensland, while Richie was still committed to the service station, so the project was put on hold for 11 long years.

It wasn't until Richie made the move back to the shop to help Judy and Kim that the dream of the new store could again begin to take shape.

It was then in 2019, that Judy finally saw her dream come to life with the opening





of the new Fellows IGA at its' new site in Westbury. Costing approximately \$5M. to build and providing some 2000 m2 of floor space, it offers a full-service supermarket the community wants, with a metro style of operation.

Judy has always been about bringing people to the town and keeping locals there to help all the businesses. Her latest development, a 14-block subdivision. Another of her blocks of land is available as a free camping area after Council took the old site away.

Judy has also started several other businesses in the town, including

refreshing the buildings such as the hardware/homeware store, a clothes shop, pizza parlour and a café, many of which are still running today.

In addition, Judy has been involved in community sponsorships and events, as well as playing and volunteering in many local sporting club there is.

In fact, it has only been in the last couple of years that Judy has not been involved in as many clubs, but still volunteers at the RSL and local football club.

Judy was named citizen of the year in the Australia Day Awards in 2020. She is generous to a fault, supporting the

community, still working in the store, and undertaking duties such as bookkeeping, sweeping down the front, washing the windows and placing stock on the shelves.

Despite turning 70 earlier this year and still being a Collingwood supporter to the core, this has not slowed her down, and further testament to her good nature, even after moving to new premises, many staff are still with her, some for well over 15 years.

Judy has been a loyal TIR retailer and member for many years and is exactly the kind of person that deserves to receive the Sam Richardson Perpetual Award for 2023.

We congratulate Judy on her achievements whilst also acknowledging her many years of community service and excellence in retailing.





5.13%

Revenue
increase

SIW Trading Overview and Financial Report

Chairman's Report

It is with pleasure that I present the company's Annual Report for the year ended 25 June 2023. It has been another year with positive outcomes and a strong financial and operational performance. As a result, our financial position remains strong.

For the year we achieved an after tax profit of \$3,430,973. Revenue continued to grow with a 5.13% increase over financial year 2022. We also had the capacity to provide a rebate back to our members totalling \$2,000,000. These results were significantly above expectations, driven primarily by the inflationary impact on our cost of goods held for resale. This strong performance was also achieved alongside the lingering effects of the COVID 19 pandemic which caused difficulties in the areas of stock supply and team member recruitment and retention.

During the year we commenced work on a number of key initiatives. This included:

- the replacement of our warehouse management system to build capacity and ensure we are aligned with other Distribution Centres within the Woolworths network;
- undertaking a solar power feasibility study in order to progress on our journey towards reducing our carbon footprint and improving the ways we work to have a positive impact on our environment;

- reviewing and assessing our future requirements regarding our Materials Handling Equipment;

and

- reinvigorating our cyber security awareness and response plans given the current market conditions.

We progressed our plans regarding:-

- our ERP system replacement and after facing many challenges are now on track for a go-live in February 2024;
- rollout of a new program to encourage mental health awareness and build a mentally healthy workplace; and
- enhancing our retention strategies to ensure our team members feel valued and are happy, engaged, and confident about their long-term future with SIW.

We also transitioned to a new General Manager during the year, with Drew Freeman leaving after 2 years of service, and Paul Connolly moving into the role. More recently, we farewelled Justin Dowling from the Board after 5 years of dedicated service and welcomed Annette Karantoni as his replacement. Further changes are also expected as the 2024 progresses given the recent resignation of Grant Hinchcliffe from his role with TIR and the impending end to my term as Chairman. I wish to thank both Drew and Justin for their valuable contributions and support during their time with SIW.

The focus for the team for the new financial year will be to bed in our new WMS and ERP systems while continuing to focus on the safety and wellbeing of our team and strategies to improve recruitment and retention.

On behalf of the Board, I wish to express my appreciation to the team for their continued commitment to demonstrating our values when 'delivering the goods' to our customers. I am confident that continued focus on the strengths of the business, underpinned by our resilient balance sheet and the gains to be achieved from our system upgrades will support the further success of the business in the years ahead.

SALES

\$1.285 BILLION
FY22



\$1.351 BILLION
FY23

DETAILS	FY23 52 weeks	FY22 52 weeks	\$ Variance	% Variance
Sales	\$1,350,560,862	\$1,284,697,045	\$65,863,817	5.13%
Cost of Sales	(\$1,283,670,800)	(\$1,222,215,985)	(\$61,454,815)	5.03%
Other Revenue	\$13,195,245	\$12,576,564	\$618,681	4.92%
Distribution Expenses	(\$64,396,676)	(\$62,536,844)	(\$1,859,832)	2.97%
Occupancy Costs	(\$785,515)	(\$757,285)	(\$28,230)	3.73%
Administration Expenses	(\$4,766,343)	(\$4,840,532)	\$74,189	(1.53%)
Financial Costs	(\$6,924,483)	(\$7,032,345)	\$107,862	(1.53%)
Financial Income	\$1,689,100	\$1,282,061	\$407,039	31.75%
Net Profit - Pre Tax	\$4,901,390	\$1,172,679	\$3,728,711	317.97%
Income Tax Expense	(\$1,470,417)	(\$351,804)	(\$1,118,613)	317.96%
Net Profit - Post tax	\$3,430,973	\$820,875	\$2,610,098	317.97%

Island Fresh Produce Annual Report

It seems every year I sit down to write the Island Fresh annual report summary and I think wow, what a huge year....and this year in many ways has been our biggest and most challenging so far.



IFP Leadership Team Meeting

To say we have been challenged would be an understatement. From \$10 lettuces, beans at \$80 per kilogram to the main event....no potatoes in Tasmania!!! Who would have ever thought that possible. Tasmania without potatoes would be like Ireland without Guinness!

Whilst the weather provided some big hurdles in the last half of 2022, nothing could prepare us for what was to come.

In January 2023, we lost our Office Manager, Danny Butler who suddenly passed away, 2 weeks shy of his 60th birthday.

To put the loss into perspective and impact it had (and continues to have), Danny spent 42 years with Island Fresh/Launceston Market Supplies. He was a friend to everyone that knew him, and inside our team, he was a best friend (Val Cooper sat/worked next to Danny for over 3 decades), a brother (Jamie Butler is our senior buyer and 25+ years at IFP) and a father (Matthew Butler works in our warehouse). Simply, Danny was Island Fresh Produce through and through and there is no greater legacy at IFP.



Whilst we had our challenges throughout the year, we continued to make vast improvements across the business. Capital expenditure in new trucks, including our first twin steer 14 pallet truck (to carry more weight) and the 5 new banana ripening rooms with an increase to 50 pallet total capacity, being the highlight. Bananas are the number one fresh item within our member stores and building these critical rooms enables us to have ultimate control and help

deliver this product at the best possible quality and price.



June 2023 also saw some major changes at IFP with two long standing supplier agreements coming to an end in Toll and Houston Farms. For over 25 years, Toll has been the mainland transport partner for IFP and after a change in their ownership/management, decided to put through a huge price increase (53%) that was unsustainable for us to continue. IFP has since finished that agreement and switched over to Tasmanian owned SRT for our mainland logistics supply which has proven to be a great success.

Heading into Spring and Summer of 2023, salads became the number one target as our IGA stores have been uncompetitive against the majors with huge gaps in the salad range. Through the new Hussey Farms and Community & Co salad bowl, kit and leaf range combined with the existing successful JL King partnership, we are much better placed in the critical salad category heading into the warmer weather and beyond.

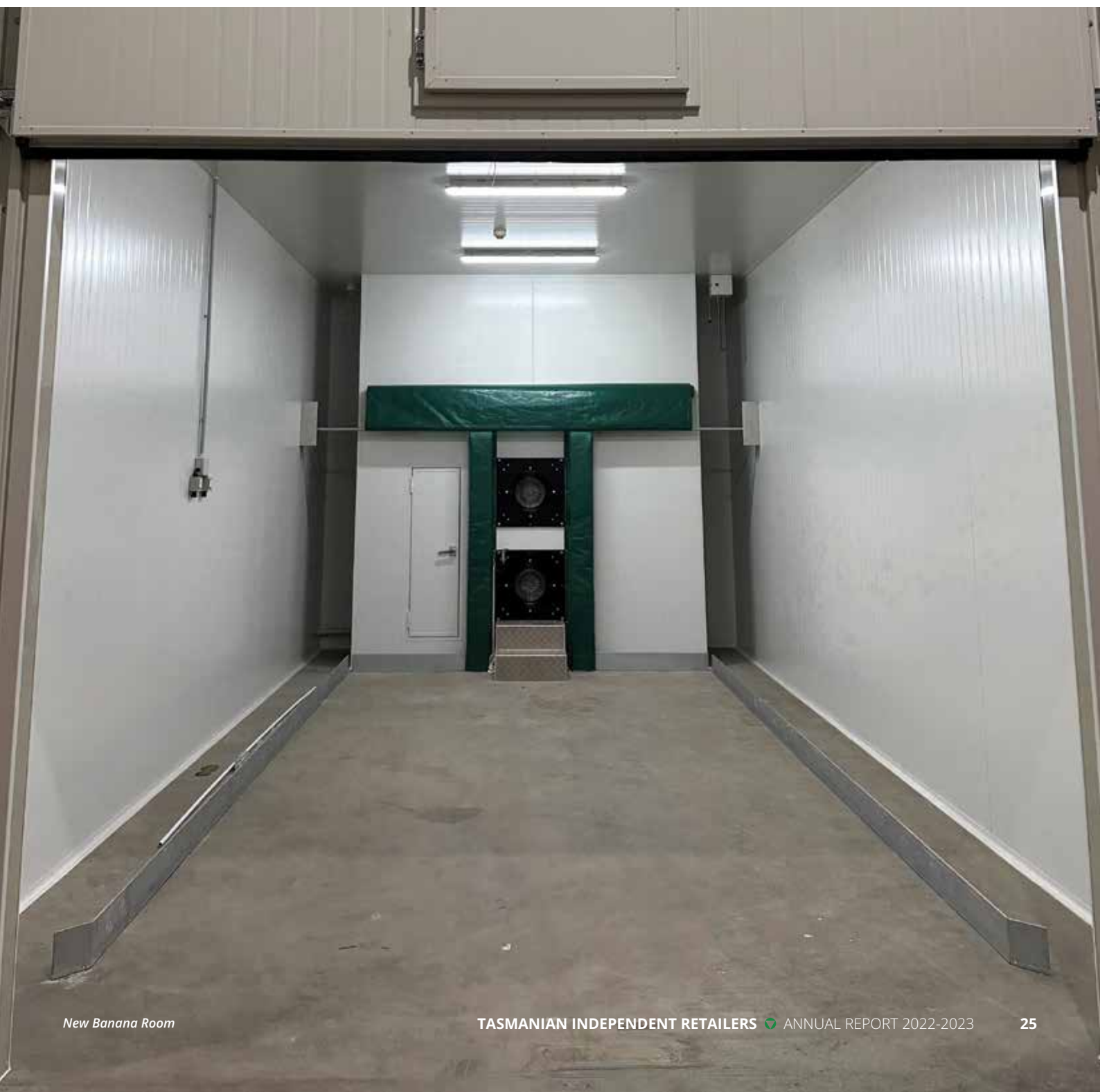
Every day, we have one single focus within the IFP business....to help drive customers and increase sales in the IGA stores through the fresh produce category. By being nimble, supporting local where we can and always striving for continuous improvement, we are relentless in our pursuit to be the number one choice in fresh produce for our members.



8.46%



Sales
increase



Group Financial Performance

TIR Group Purchases	27
Financial Performance – 5 Year Trends	28
Financial Performance – Revenue	29
Financial Performance – Expenditure	30
Member Rebate Distributions – PIP	32
Member Rebate Distributions – EDF	33

9.39%  total purchases growth

\$445,494,387
Total \$ Purchases Total Value

\$38,247,767
Total \$ Purchases Increase Value

TIR Group Purchases

TIR group purchases showed continued growth in FY23, with overall purchases up 9.39% or \$38.25m.

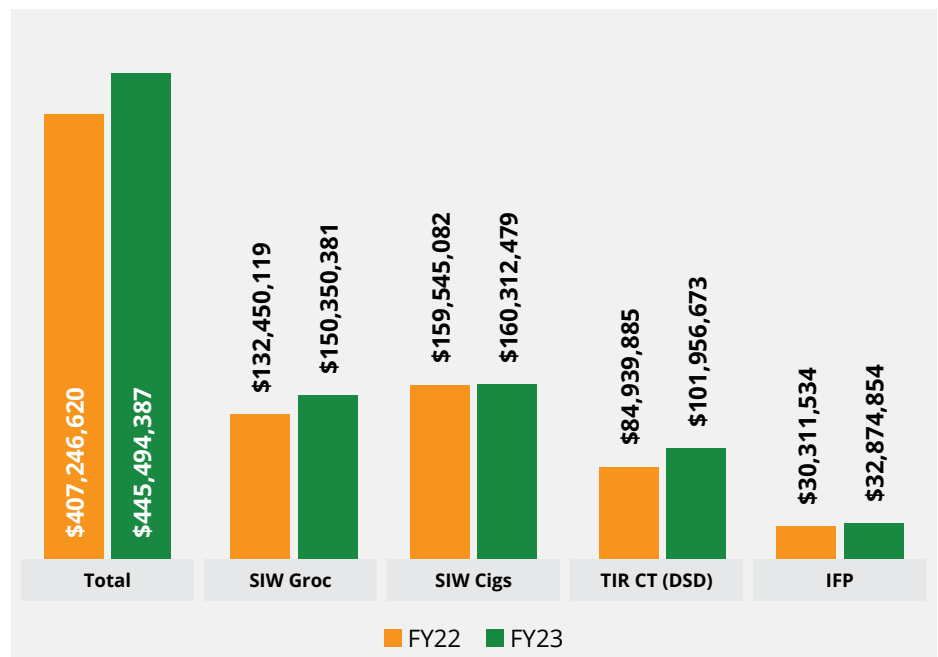
Grocery purchases via SIW (excluding cigarettes and tobacco) saw an increase of 13.51% or \$17.90m. Whilst much of this can be attributed to inflation, a growth in volume of 2.12% is an indicator that the TIR Group is continuing to trade well and hold market share in the Tasmanian market. This is a great achievement in a high inflationary environment.

Cigarette and tobacco purchases saw an increase of only 0.48% or \$0.767m. Volume grew 1.82%. This is a similar trend to FY22 indicating that purchasers are still looking for value and lower cost options in this segment.

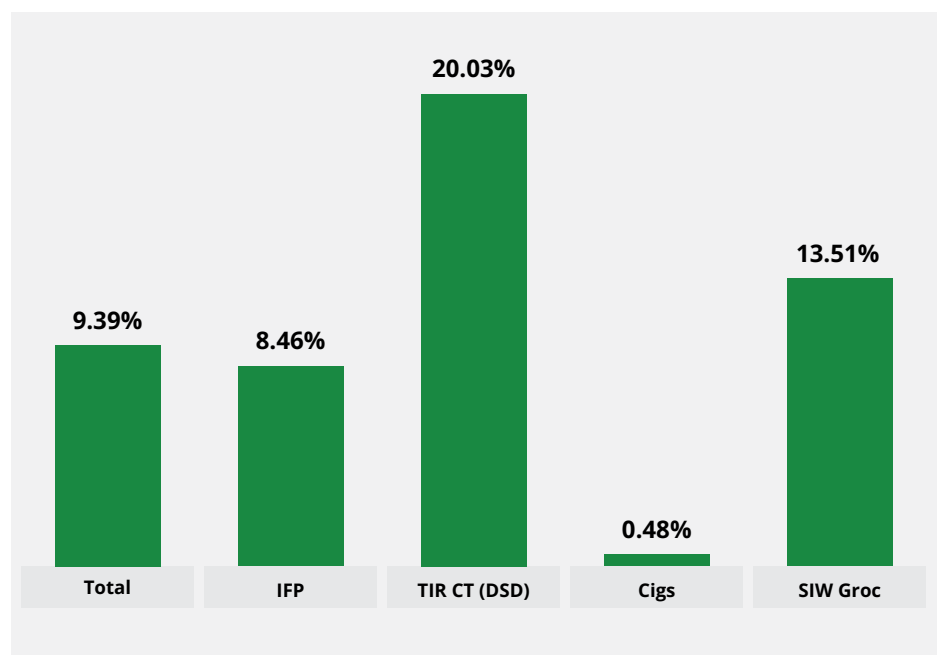
Charge through purchases increased by \$17.017m or 20.03%. Whilst much of this can be attributed to Tasfresh sales now being processed via TIR charge through (previously processed directly via SIW), charge through purchases did see some organic growth.

Island Fresh Produce purchases increased by 8.46% or \$2.563m. A great result as, once again, margins on member purchases were reduced in comparison to the prior year. Overall tonnage through the IFP warehouse was up 1.9%.

GROUP PURCHASES FY23 DOLLAR VALUE



GROUP PURCHASES FY23 GROWTH %



*FY23 was a 53-week trading year (FY22 was 52 weeks).

OVERVIEW

5.89%

Average Annual
Member Purchase
Growth (2019-2023)

SUMMARY

39.02% ▲ TOTAL PURCHASES 5 YEAR TREND
52.06% ▲ INCOME 5 YEAR TREND
51.72% ▲ EXPENSES 5 YEAR TREND
212.11% ▲ TOTAL PROFIT 5 YEAR TREND *exc SIW*

Financial Performance 5 Year Trends (Member Only)

Strong growth over the last five years reveals that TIR member supermarkets in Tasmania are holding their market share.

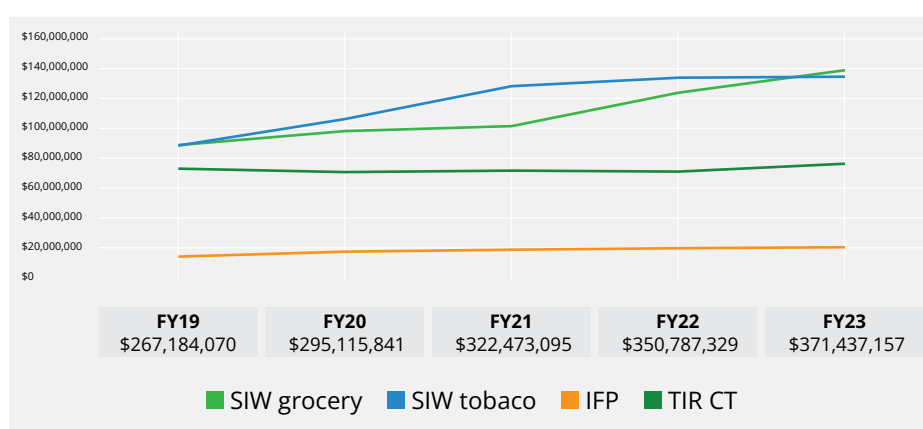
Member purchases have grown an incredible 39.02% over the last five years. Current year growth of 5.89% is below the five-year average of 8.38%. Much of the reduction in growth can be attributed to the reducing performance of cigarettes and tobacco. Similarly to FY22, TIR believes inflationary pressures are impacting consumer habits and expects this to continue to impact growth in FY24.

Total income and total expenditure have seen consistent increases over the five-year period with strong correlation between the two. Income has grown at a more rapid rate than expenditure in FY23; income has remained on a similar trajectory to prior years while the increase in expenditure has flattened. We do not expect this trend to continue as some areas of our business require investment/increased spending to maintain/improve our service delivery to members.

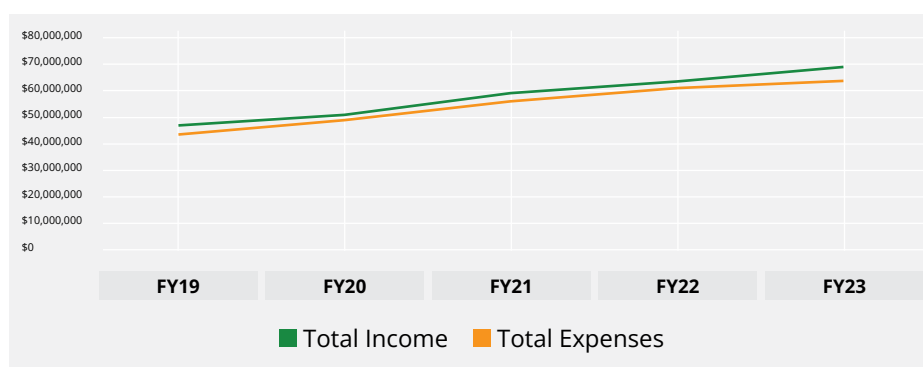
Profit trends for the five-year period remain varied, with FY23 more profitable than the preceding four years. Significant volatility in the fair value of investments and the profit contribution from SIW have contributed to this, with both increasing in FY23 compared to FY22. Whilst there has been volatility year-on-year, profit has trended upwards over the 5-year period.

**FY23 was a 53-week trading year, comparatives are 52 weeks.*

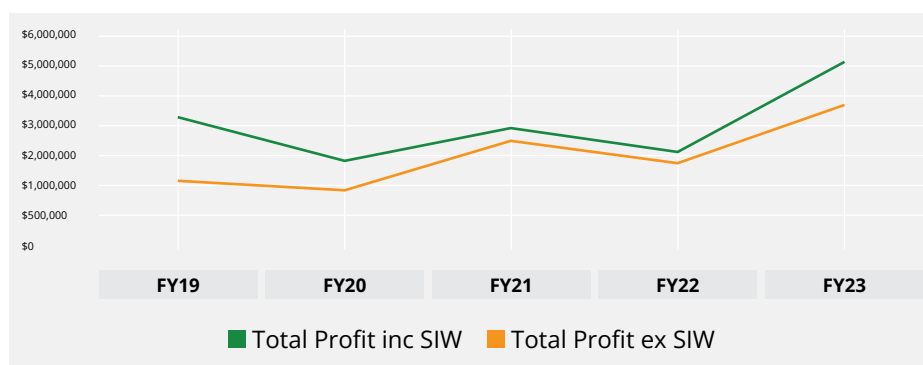
5 YEAR MEMBER PURCHASES



5 YEAR TOTAL INCOME AND TOTAL EXPENSES



5 YEAR PROFIT



OVERVIEW

9.36%  Total Revenue Growth

Total Income Value **\$69,716,024** Not in charts due to size of impact

Financial Performance

Revenue

FY23 saw a 9.36% increase in income to an overall revenue value of \$69.7m.

Combined sales via IFP, IGA Brighton, and TIR retail operations grew by 7.22% to \$46.11m. Continued growth was achieved despite further reduction in margins to members in the IFP business.

Supplier terms revenue increased by 14.06% or \$1.67m due to increased purchase value of grocery lines via the SIW warehouse.

Charge through revenue increased 4.32% to \$3.31m. Charge through continues to be well supported by both members and suppliers alike.

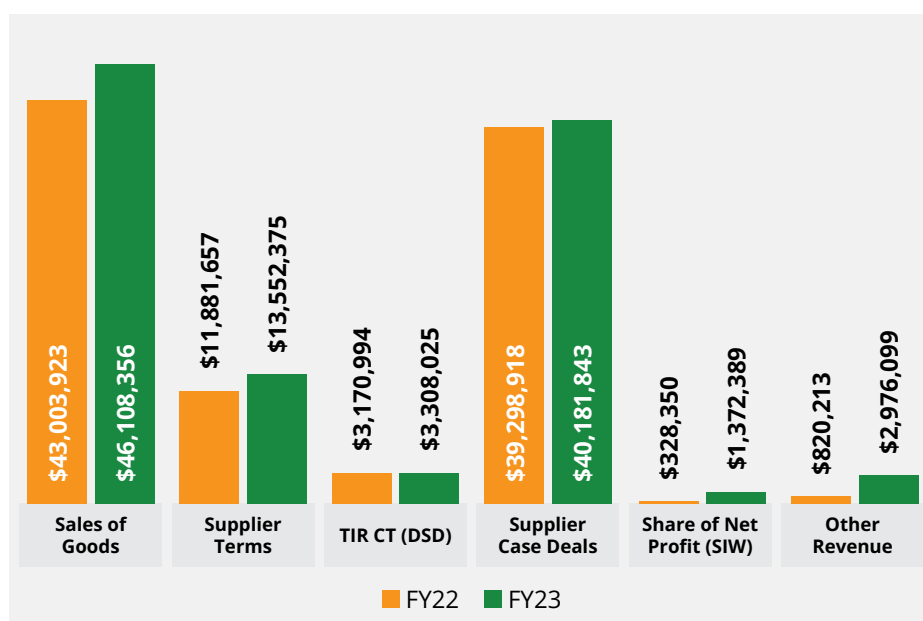
Supplier case allowance revenue grew by 2.25% to \$40.18m. Supplier reluctance to provide promotional deals is the primary cause of slower growth in this area. This is representative of budget cutting and more challenging economic conditions than we have seen in recent comparable periods. However, it did improve late in the reporting period and is expected to grow in FY24.

TIR's share of SIW profit quadrupled to \$1.37m, adding an additional \$1.04m to TIR's profit before tax when compared to FY22.

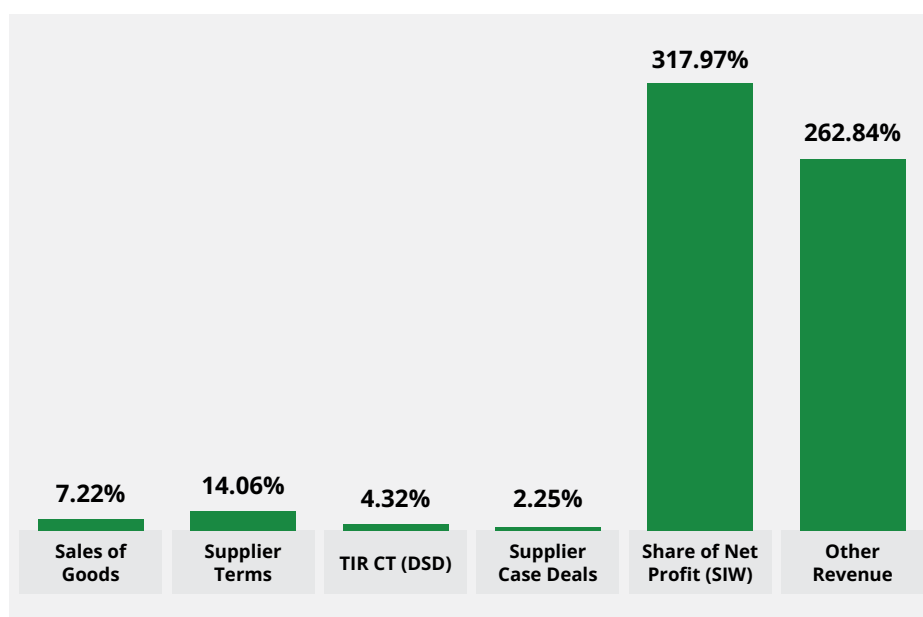
Other income tripled to \$2.98m, adding \$2.16m when compared to FY22. A change in fair value of investments of \$1.50m was booked in FY23 (investment property \$1.28m, financial investments \$0.21m).

*FY23 was a 53-week trading year
(FY22 was 52 weeks).

2023 REVENUE



FY23 REVENUE GROWTH/(DECLINE)



4.81% Total Expenditure Growth

Financial Performance Expenditure

FY23 saw an increase in total expenditure (excluding direct cost of sales) of only 4.81%, well below inflation and the increase in group revenue.

IFP, IGA Brighton, and TIR retail operations combined cost of sales increased by 8.71% to \$37.78m. As a group, margins were squeezed as sales of goods increased at a rate of 7.22%. Ongoing margin reductions in IFP and TIR retail operations (member services department) have been deliberate actions to reduce the cost of product to member stores.

Case subsidy and price support expenditure increased by \$0.76m or 1.90%. While we haven't seen considerable growth in this area in FY23, it has been held at the FY22 level which was significantly higher than previous periods. Maintaining or increasing case subsidy and price support expenditure, preferably funded via supplier support, is pivotal to the Co-Operative delivering better pricing and margin outcomes for members.

Employee benefits expense decreased by \$0.28m, primarily due to reductions at all of TIR, IFP and IGA Brighton sites. Wages remained consistent with prior years, despite increases in pay rates. FY22 saw an overlap of 2 Key Management Personnel (KMP) roles to allow handovers, while FY23 saw a reduction in KMP headcount of 2. While continued work will be done to keep wage costs as low as possible, continued decreases are unlikely as additional resourcing at a support/service level is required to appropriately serve our members.

Advertising and marketing expenses increased 5.44% to \$1.69m, primarily driven by price inflation.

Administration and overhead costs increased by 16.21% to \$4.98m. Contributors include:

- Insurance due to both increased turnover and increased replacement value of property, plant, and equipment;
- Conference expenses (partially offset by income generated from suppliers);

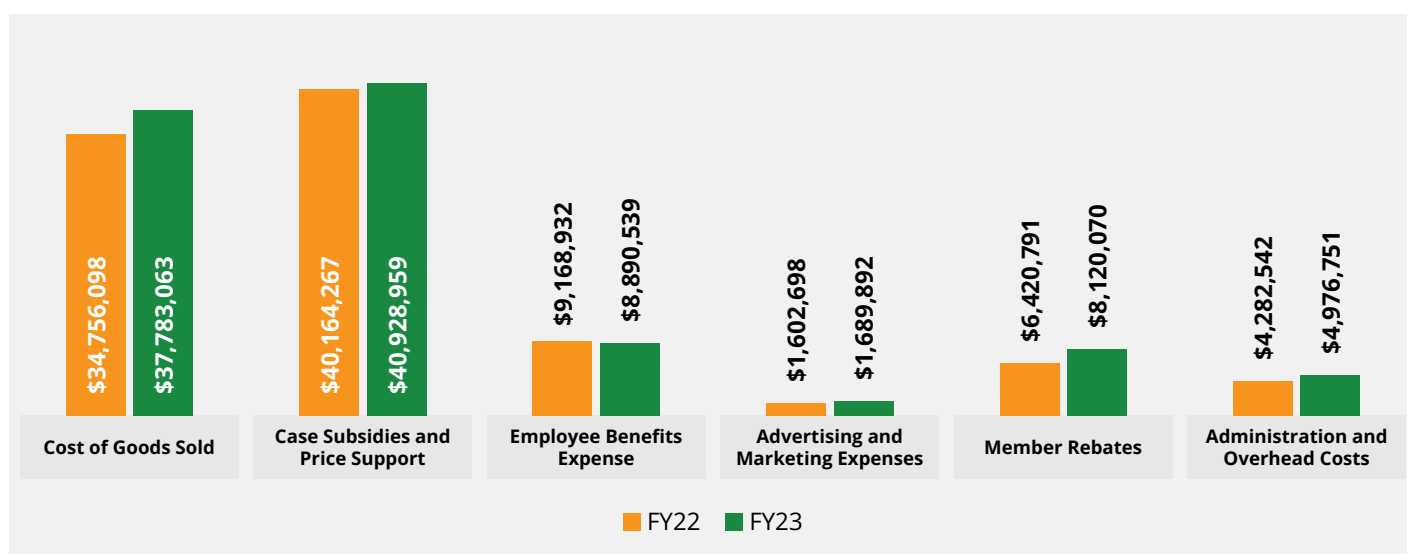
- General travel post Covid;
- Depreciation;
- Increases in provisions for bad and doubtful debts; and
- Information and communication technology.

Member rebates (PIP and EDF) increased by 26.47% or \$1.70m. A top-up PIP of \$0.99m was able to be paid due to the strong financial performance of the co-operative in FY23. The additional \$0.71m in rebates paid was due to the growth in eligible member purchases. The additional PIP was able to be paid whilst maintaining the level of case subsidies and price support, and further reductions to margins on IFP member purchases.

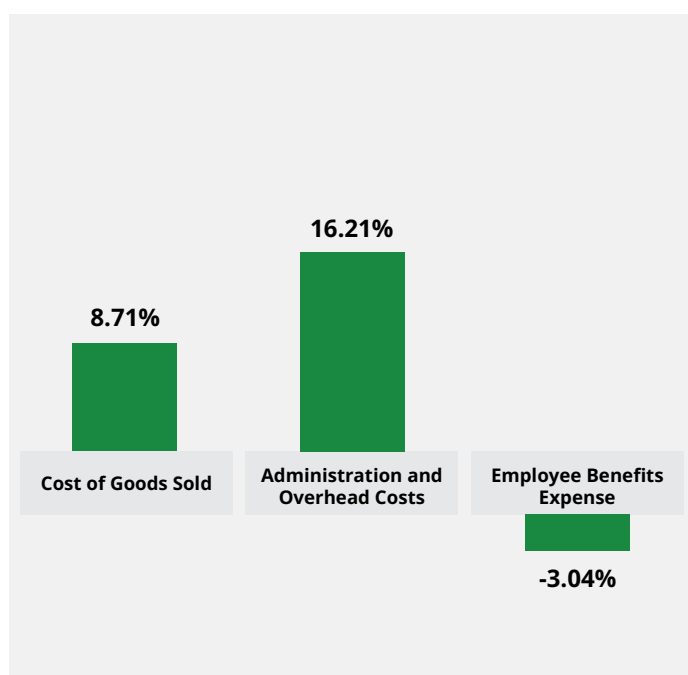
**FY23 was a 53-week trading year (FY22 was 52 weeks).*

Total Expenditure Value \$64,606,211

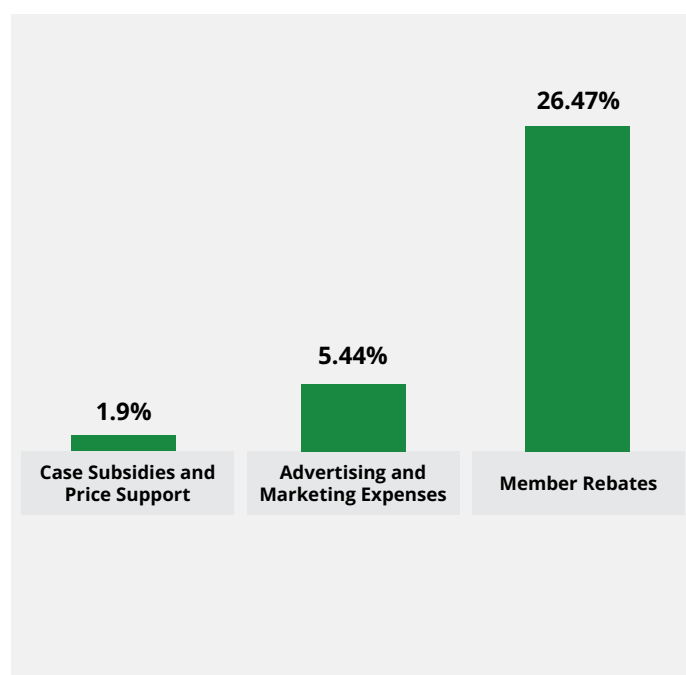
EXPENDITURE



CHANGE IN GENERAL EXPENDITURE



CHANGE IN MEMBER BENEFIT EXPENDITURE



\$6,982,868



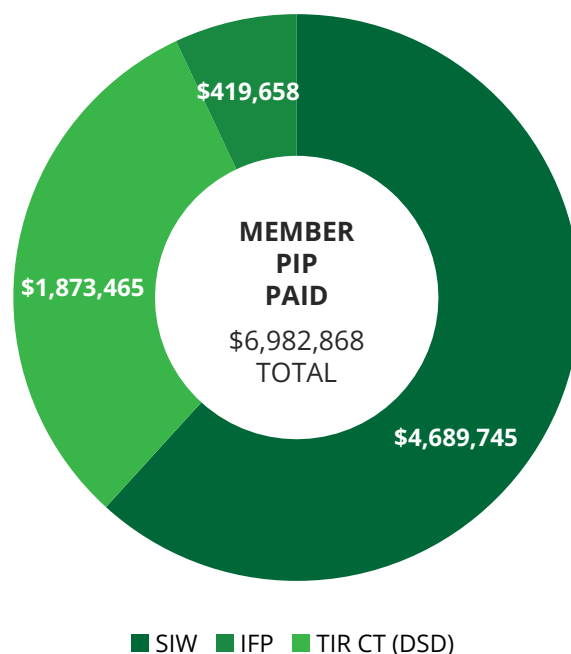
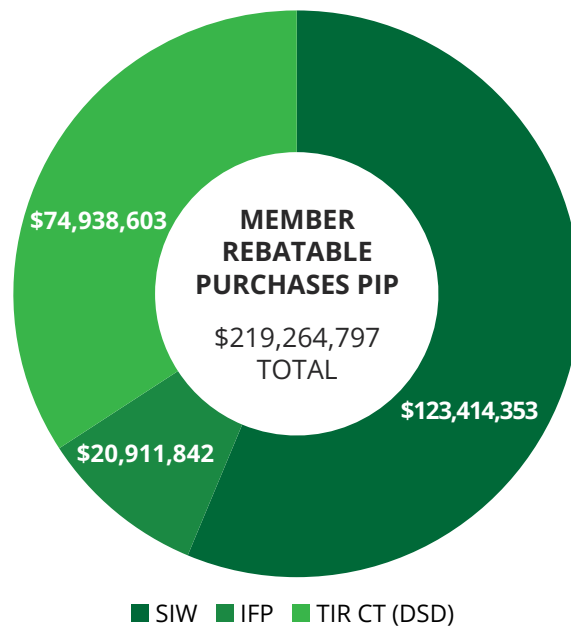
TOTAL PIP PAYOUT VALUE

Member Rebate Purchase Incentive Payment

Purchase Incentive Payments of \$6.98m were distributed to members during FY23. This represents a 28.64% increase on FY22.

TIR was pleased that the strength of its financial performance in FY23 allowed for an additional member PIP rebate of 0.80% on all eligible purchases via SIW. This additional rebate was not paid in FY22 and is above the FY21 rate of 0.75%.

TIR is proud to have been able to provide the above whilst maintaining lower margins in the IFP business to enable lower member pricing.



**FY23 was a 53-week trading year (FY22 was 52 weeks).*

28.64%

Total PIP Growth*

\$1,137,202

Total EDF Allocations

14.57%

Total EDF Allocation Growth

\$1,003,253

Total EDF Distributions Paid

* FY21 Rebate includes special SIW Distribution (+\$306k)

Member Rebate

Equipment Development Fund

Equipment Development Fund allocation of \$1.14m for FY23 is a 14.6% increase on FY22, driven by an increase in eligible member purchases.

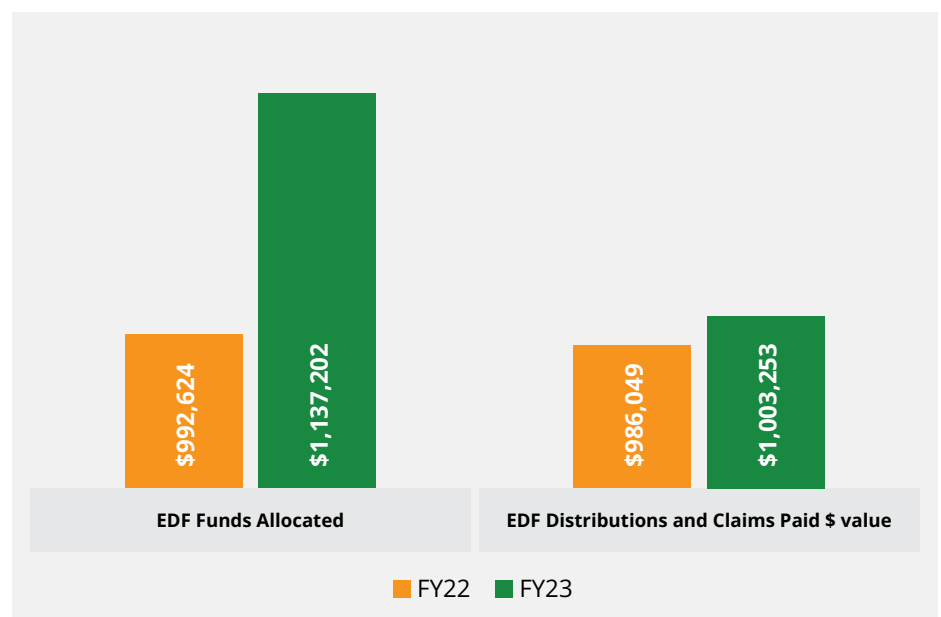
The EDF rebate continues to be paid at a rate of 0.5% of eligible SIW grocery, TIR charge through, and IFP member purchases.

210 distributions were made during the year, up 5.0% in volume compared to FY22. The combined value of the distributions totaled \$1.00m, up 1.7% on the previous financial year.

Funds distributed are reflected in ongoing store improvements and customer offers. Which help members drive sales, operate more efficiently, and in turn improve profitability both at the individual store and co-operative level.

Since the inception of the EDF in 2007 over \$15m has been allocated to the fund. Over \$14m of this has been distributed to members.

MEMBER REBATE DISTRIBUTION - EDF



*FY23 was a 53-week trading year (FY22 was 52 weeks).

Member Services

OPERATIONAL EXCELLENCE PROGRAM (OEP)

The IGA Operational Excellence Program (OEP) continues to assist members in driving the highest possible standards across their business for an improved customer shopping experience.

TIR completes multiple OEP audits throughout the year, aiming for members to achieve a minimum score of 95% each cycle. The OEP consists of three tiers: Silver, Gold and Platinum and each level must be surpassed and maintained to move up tiers.

During the reporting period, TIR completed 308 audits across the group, significantly up from the 267 audits the prior year.

As a network, we achieved an average score of 95.16%, which is also up on last year's 94.97%, with 5 stores achieving or maintaining gold status (the previous year was 8), 55 stores achieving or maintaining Silver (the previous year was 43), with 27 stores yet to acquire a rating (Developing status). Our operations team is focused on member store engagement to drive improved operational excellence in our stores daily.

Congratulations to our Gold and Silver members for their efforts and continued focus on operational excellence.

FOOD SAFETY AUDIT (FSA)

The Food Safety Audit (FSA) supports members in identifying potential hazards and assists in complying with specific food safety practices and standards codes.

At a minimum, Food Safety Audits are conducted annually but can be as much as monthly if members fail to achieve a minimum result of 85%.

During the reporting period, TIR completed two rounds of audits during October/November 2022 and February/March 2023, with 215 audits completed (last year, there were 170 audits). This year's results were very pleasing, with a high level of stores above the minimum standard.

- **11 stores at 100%**
(Last year 2 stores)
- **71 stores above 85%**
(Last year 68 stores)
- **5 stores below 85%**
(Last year 8 stores)

The TIR Member Services team will continue to offer support and expertise to all member stores to maintain or improve their rating over the next twelve months.

Congratulations to all members who achieved an audit score of 85% or more.

IGA TRAINING ACADEMY

IGA Training Academy provides members access to online training tools to assist with onboarding new or upskilling existing staff members in retail best practices.

As of June 30, we have 74 member stores registered (LY was 68), with over 650 (LY was 500) team members accessing the training portal in the last 12 months to help drive positive learning outcomes.

Operational
Excellence Program

95.16%

Average
member score

Food Safety
Audit

93.5%

Average
member score

IGA Training
Academy

650

team members
accessing
platform

Member Development Services

ONGOING DEVELOPMENT

The TIR Development team has been busy assisting over 24 Member stores across the year.

These development activities include major and minor upgrades including moving aisles, new or better shelving installation, refrigeration installation, or relays through all these areas.

This is a substantial effort from the team as they were under resourced for extended periods across the year, but their results have greatly improved each

store's offer.

STORE SIGNAGE

External signage upgrades were completed in 13 member stores, with 5 stores painting the exterior and three



members upgrading internal signage with national signage packages.

NEW STORES

One greenfield store was added in the financial year, IGA Xpress Blackstone Heights Baxter's, which opened in January 2023.



Marketing

Marketing expenditure did increase albeit at a level below inflation (5.44%) \$1,602,698 FY22 to \$1,689,892 FY23.

NEW MARKETING INITIATIVES

IGA had an aggressive approach to the 2022 Christmas campaign with the inclusion for the first time of a 16 page Christmas catalogue (liftout). The Catalogue was inserted in all the major newspapers including the Mercury, Examiner, Advocate and Tasmanian copies of the Herald Sun, additional copies were also available in-store and on digital and social media. This addition to IGA's marketing provided fantastic results with like for like sale volume increasing more than 40%!

Off the back of this result a catalogue (liftout) was also included in the Easter 2023 marketing plan and warehouse sales results were again extremely positive (+30%).

A catalogue (liftout) inserted in the Tasmanian press will definitely become a part of IGA seasonal marketing for the immediate future.

Additional promotion of IGA value messages across Low Price Everyday, Price Match, Black n Gold and Community Co via additional pages in the Extended catalogue have increased warehouse turnover.

MAJOR CONSUMER PROMOTION

The July (2022) IGA consumer competition had a changed to the prize pool to include \$80,000 of IGA Gift Cards with major prizes of 4x \$15,000 in IGA Gift Cards and 40x \$500 IGA Gift Card Minor Prizes, the change certainly captured the attention of householders and those under inflationary pressure.



PROMOTIONAL PARTNERSHIP

In March and April IGA partnered with St Lukes Health for their first consumer promotion to feature a cash back component, that being IGA Gift Cards. This resulted in over \$150,000 of IGA Gift Cards distributed to the Tasmanian public. St Lukes Health were overwhelmed with the response and the promotion being their most successful membership drive. St Lukes Health have indicated they are keen to repeat the promotion in September/October 2023.



Health and Safety

The health and safety of our employees, members and customers is of paramount importance.

This year our Wellbeing, Health and Safety Committee has developed our 3-year Safety Ambition. The main aim of the ambition is to have a culture where:

- Everyone considers the safety impact in everything that we do
- Everyone takes ownership and acts safely
- We openly discuss safety issues.

Over the past year we have been focusing on 2 main initiatives to meet our ambition:

The Big Three

This is our 3-year strategy for minimising the potential of our 3 biggest risks that could cause life changing harm. These have been identified both through our historical data, emerging issues and knowledge of the industry.

- Occupational Health - Focusing on Manual Handling Wellbeing, Psychosocial Risks
- Onsite Vehicle & Equipment Safety (including IGA Stores)
- Occupational Road Risk (including fatigue management).

Safety starts with Me

This is a campaign fronted by our employees with the aim of making our people aware that safety is everyone's business, and we all have a role to play. The campaign is visual and will aim to set the right expectations, by helping our people understand the 'Why' in safety, the key risks and control in our operations and their role and accountabilities across these so we can continue to provide a safe work environment for everyone.

Once again, our safety performance was strong, with no injuries causing a lost time incident (LTI) during 2022/23. TIR in conjunction with the Wellbeing, Health and Safety Committee will continue to work on our targeted plans to address any areas of concern and build on the work done to date.

SAFETY STARTS WITH ME



I AM

- Responsible for my choices
- Accountable for the consequences

I WILL

- Perform my work safely and recognise that no job is so important that it cannot be done safely
- Look out for the safety of my teammates and if I see them put themselves at risk, I will STOP WORK and help them find a safer way of performing the job
- Ensure that I understand and carry out my personal safety accountabilities
- Ensure that the equipment I use is safe and fit for purpose
- Actively look for hazards and see that corrective action is taken. If I see it, I own it.
- Follow safety procedures and processes and undertake any training that is designed to keep my team and customers safe
- Openly discuss and share safety information with my team and proactively contribute to fixing safety issues.

I UNDERSTAND I PLAY A VITAL PART IN CONSIDERING SAFETY IN EVERYTHING WE DO.

SAFETY STARTS WITH ME



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Safety starts with me Posters

Promotions

As inflation ramped up in early 2022, we have seen changes in customer spending, especially for non-discretionary categories. Additionally, supplier stock shortages have impacted volume growth in the first half of the year.

BIG GIVEAWAY

The Big Giveaway in July is a staple in the IGA marketing calendar. Due to rising vehicle costs, the major prizes were changed to 4x\$15,000 in value of IGA gift vouchers in 2022. Subsequently, the prizes won by customers were spent in our stores.

Promotional sales results on participating brands were positive, with a 17.58% increase in sales (\$) and a 7.04% increase in volume. This result is despite a comparatively low service level of 86.64% in July 2022 vs 96.11% in July 2021 due to COVID supply issues.

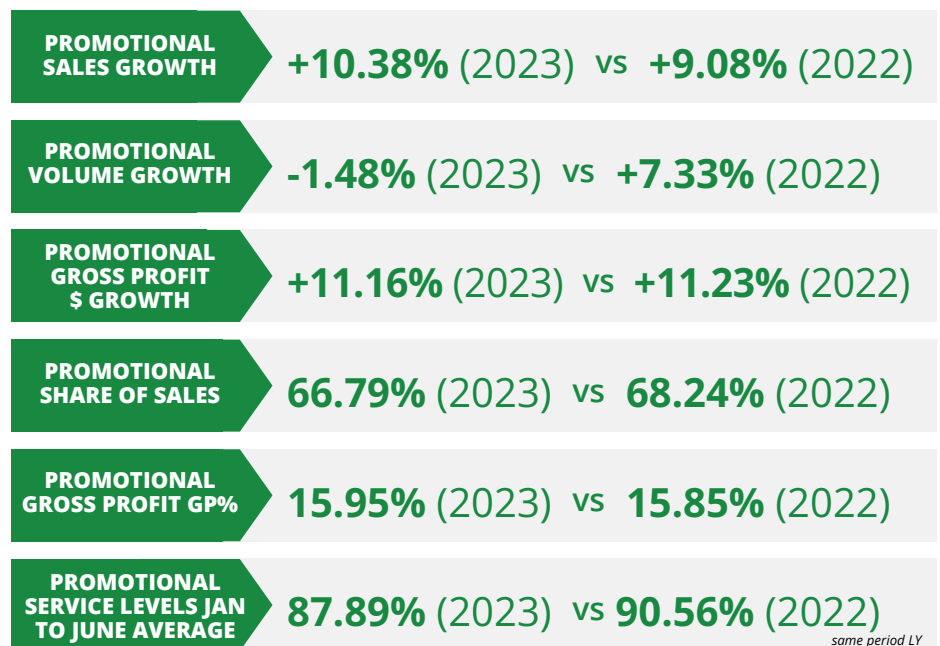
LIFT-OUTS

The 16-page Christmas-themed lift-out was a success for stores. With strong focus on content, including recipes, tips and hints, and paid supplier advertising resulted in products advertised in the lift-out averaging 48.1% total volume growth (including newlines) and 41.2% like-for-like product volume growth in December 2022 vs December 2021.

Following the success at Christmas, an Easter lift-out was created and distributed the same. The Easter lift-out resulted in the products advertised averaging 31.32% volume growth in 2023 vs 2022 (same 6 week period surrounding Easter).

The lift-outs have been a fantastic addition to the advertising of promotions, and a quarterly lift-out has now been planned for the future.

PROMOTIONAL PERFORMANCE



* IGA (Promotions only)

VALUE PROGRAMS

Focusing on our value programs resulted in a relaunch of our offers in April to improve and reinforce our everyday price perception. This focus was supported by expanding the extended catalogue from eight to twelve pages. The best specials, including half-price products, were moved to pages two and three, and a double-page spread was added to the centre, highlighting our value programs on a rotating cycle of Low Prices Everyday, Price Match, Community Co, and Black & Gold.

SUPPLIERS

Supplier promotional programs became more reliable towards the end of FY23 as the supply chain normalised. However, products were still removed from catalogues weekly due to stock issues. TIR has worked with suppliers closely to manage this as best as possible. This impact is reflected in the promotional service level of FY23 87.89%, compared to the non-promotional service level of FY22 81.23%.

VOLUME GROWTH Q4 FY23 VS Q4 FY22

SALES (\$) GROWTH Q4 FY23 VS Q4 FY22

LOW PRICES EVERY DAY	9.95%	38.52%
PRICE MATCH	-5.06%	4.50%
COMMUNITY CO	52.34%	95.49%
BLACK & GOLD FULL RANGE	10.97%	13.36%
BLACK & GOLD SUBSIDISED PRODUCTS	35.22%	24.23%



Merchandising and Supplier Engagement

The last 12 months have seen continued progression and growth within the merchandise department of the business. We have had to navigate the industry-wide challenges of supply chain issues, unprecedented price rises (inflation), and the subsequent impacts on consumers. However, we have still achieved significant gains in supplier investment and have improved the availability of our exclusive brands, particularly when customers are looking for better value. We continue evolving with our retailer's needs by including innovative new products, particularly in the Frozen/ Thaw-back category.

Our key metrics around warehouse sales, whilst positive, did cool off at the back half of the year, providing a window into some of the challenges we will face over the upcoming year. It was pleasing that we saw service levels normalise over the year and now sit close to pre-COVID levels.

KEY MERCHANDISE MEASURES

IGA SIW Service Levels – Service levels achieved out of SIW have fluctuated from the mid 80% mark to where they sit at the end of June 2023 in middle 90% mark.

IGA Volume Growth (excluding Cigs)
Warehouse volume grew at 0.66%

IGA \$ Value Growth (excluding Cigs)
Warehouse sales grew at 11.95%

Trading Term Revenue – The combination of new, renewed trading agreements and strong sales growth has led to trading terms revenue growing to \$13.552m, representing a value growth of over 14.06%.

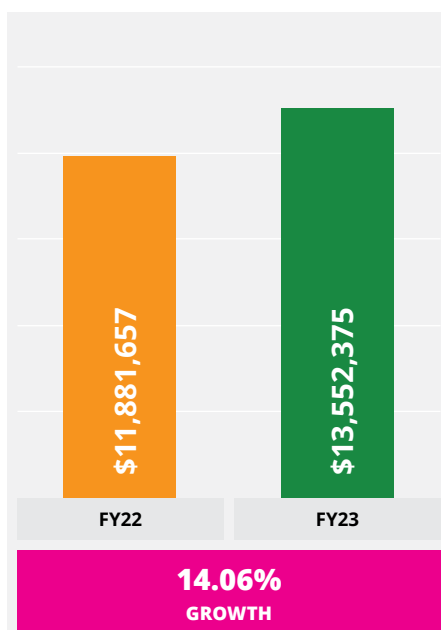
Charge Through Revenue – Our Charge Through suppliers this year generated \$3.308m in value, up 4.32% on the previous year. Charge Through remains an essential part of business, allowing retailers cash flow flexibility and reducing management costs.

EXCLUSIVE BRANDS

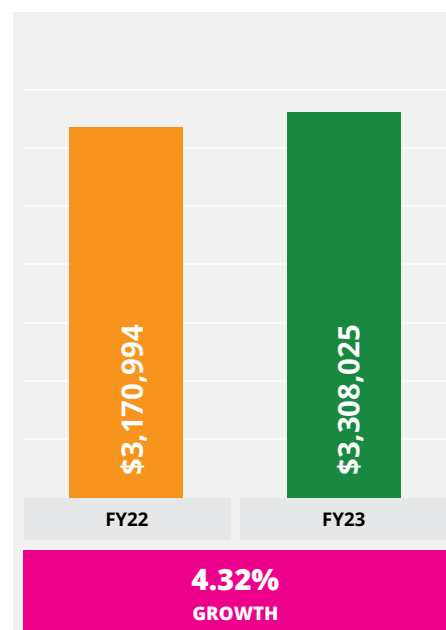
Black & Gold – Across the group, sales reached \$2.2M in wholesale sales, which was slightly down on last year. This result was due to supply issues on some major lines throughout the year's first half. However, it is worth noting that in the back half of the year, Black & Gold grew at +13% vs. the year prior as consumer focus switched to value brands in the market.

Community Co - We rapidly grew the Community Co brand through the network this year, growing from Circa \$100,000 in wholesale sales last year to over \$410,000 for the full 12 months. This year also saw us contribute over \$3,000 to charities and local community groups nominated by our retailers. With a strong pipeline of products to be added to the range, I am confident that this brand will grow even further and be a significant margin enhancement for retailers and a unique point of difference for our shoppers.

TRADING TERMS REVENUE



CHARGE THROUGH REVENUE



OUTLOOK

The next 12 months will prove to be a vastly different trading environment to that in which we have operated in the last few years. Consumers will be focused on value as discretionary spending will decrease across the board. We will continue to evolve our range and value offerings to meet new demand. We can expect suppliers to look to reinvest in our promotional programs; however, there will be a strong focus on execution and volume returns on that investment.

I want to thank the broader merchandise team at TIR for their continued hard work and efforts. I also want to acknowledge our supplier partners for continuing to invest in our network and all the retailers for their feedback to myself and the TIR team. It is vital as it will continue to make your business better. Regards, Joel Zamek.



Community Co Charity Donations



IGA X-Press Richmond Primary School
Kitchen Garden,



IGA Devonport (Hill Street Grocer)
Loaves & Fishes,



IGA Flinders Island Royal Flying Doctor
Service Tasmania

Information Technology and Retail Technology

The focus for Information and Retail Technology for FY 2022-2023 centred on adapting to a changing digital landscape by embracing cost-effective solutions like cloud computing, harnessing data analytics for smarter decision-making, and implementing improved cybersecurity measures.

Cybersecurity and data privacy concerns remained focal, aligning with evolving regulations to protect sensitive information.

FIVE KEY FOCUS AREAS FOR FY22/23:

1. Cyber Security

TIR's I.T department has continued work to reduce exposure to cyberthreats and minimise business risk in 5 key areas; financial damage, reputational damage, compliance violation, privacy violation and operational disruption.

Summary of work includes:

- a. Implemented a "Zero Trust Access" solution to mitigate risk and deliver continuous verification of user and device identity to reduce the cyber-attack surface.
- b. Improved inbound and outbound mail protection from phishing and impersonation email attacks through AI (Artificial Intelligence) based protection.
- c. Improved user training and awareness programs for phishing and impersonation emails.
- d. Completed external testing and review of systems (including penetration testing).

2. System Redundancy and Backups

Finalised implementation of new generation HPE SimpliVity to provide a more intelligent server platform for TIR (Tasmanian Independent Retailers) (including IFP). This solution provides improved resiliency, improved backup / disaster recovery and includes DR site at IFP Kings Meadows.

3. Cost

Review of ICT expenditure is ongoing to ensure value for TIR/IFP and the member network without compromising system integrity.

Areas reviewed included:

- a. Telecommunication costs
- a. Software and hardware licensing costs
- a. General ICT operating costs

4. Retail Technology Support

Working closely with the Area Managers, TIR member network and POS vendors to provide members with POS support, retail technology advice and guidance.

This included:

- POS vendor training
- Working with SIW (Statewide Independent Wholesalers) and TIR teams assisting with technical development and testing new protocols and communications between Pronto and TIR's Group Controller (order/receiver).
- Continued to engage TIR member network and provide advice as required.

5. Energy Contracts

During FY 20/21 Energy contracts transitioned from Aurora to Shell Energy with substantial savings for TIR Energy Group members.

In FY 22/23, TIR's energy consultant, Key Resources, and Shell Energy conducted a review of network tariffs to check that energy group members were connected to the most efficient tariff.

Members who are not part of the TIR Energy Group and would like to know more are welcome to enquire via the Member website or contact energy@tir.com.au.



FOCUS FOR FY23/24:

The Information and Retail Technology department at Tasmanian Independent Retailers is placing a strong emphasis on bolstering cybersecurity, harnessing the power of AI, and driving digital transformation. Cybersecurity is a top priority, with a focus on fortifying defences against evolving threats to protect customer data and maintain trust. Simultaneously, the integration of Artificial Intelligence (AI) is set to optimize operations, enhance customer experiences, and boost competitiveness. The IT department is also spearheading digital transformation efforts, adapting to changing consumer needs and modernizing infrastructure to stay at the forefront of retail technology. These initiatives will ensure a resilient and innovative IT landscape for the organization.

TIR Energy group contracts will be expiring Mid 2024. Commencing Jan 2024, TIR energy group consultants will go to market as part of the contract renewal. Additional information will be sent to members in 2024.



INITIATIVES FOR FY23/24:

1. Cyber Security

- **Cybersecurity Awareness Training:** Educating employees and users about cybersecurity best practices and threats. This includes training on recognising phishing emails, social engineering, and other common attack vectors.
- **Security Audits and Assessments:** Conducting regular security audits and assessments to identify vulnerabilities and weaknesses in the organisation's security posture.
- **Penetration Testing:** Conducting controlled and authorised hacking attempts to identify weaknesses in the organisation's security defenses.
- **Security Policies and Procedures:** Developing and enforcing security policies that outline acceptable use of technology, data protection, and incident response protocols.
- **Third-party Risk Management:** Assessing and managing the security risks posed by third-party vendors and service providers.
- **Cybersecurity Risk Management:** Assessing and prioritising cybersecurity risks and allocating resources accordingly.
- **Security Automation:** Implementing automated tools and processes for monitoring, detecting, and responding to security threats.

2. Cost

Ongoing review of ICT expenditure to ensure value for TIR/IFP and the member network without compromising system integrity.

- Detailed review of Telecommunication costs. This will include migrating to Telstra SDWAN with approx. cost savings of \$2,300 per month.
- Software licensing audit.
- Hardware audit.
- ICT consultant and contractor review.

3. Retail Technology Support

- POS vendor training.
- Working with SIW and TIR teams assisting with technical development and testing new protocols and communications between Pronto and TIR's Group Controller (order/receiver). It is hoped that the Pronto system will be fully migrated early 2024.
- Continue to engage TIR member network and provide advice as required.

4. Energy Contracts

Contract renewal negotiations.

TIR energy group will work with TIR's energy consultant, Key Resources, to obtain competitive pricing for TIR Energy group members.

Additional information will be sent to members in 2024.

Members who are not part of the TIR Energy Group and would like to know more are welcome to enquire via the Member website or contact energy@tir.com.au.

5. Other projects in the pipeline for FY 23/24 include:

- Implementation of Customer Relationship Management tool using SQL and Power Apps.
- Paperless picking for Island Fresh Produce.
- Improve existing Intranet and SharePoint sites.

People & Culture

EMPLOYEE ENGAGEMENT SURVEY: CELEBRATING PROGRESS

Our dedication to workplace engagement and culture continues to be a key focus. We are pleased to report further enhancements in our fourth annual engagement survey results. This survey serves as a valuable platform for employees to voice their opinions and for us to pinpoint areas requiring attention to support our workforce across all sites.

Key Highlights from the Survey

- **Overall Engagement:** The overall engagement for the TIR organisation stands at 69%, reflecting a motivated and engaged workforce.
- **Belief in TIR's Values:** An impressive 95% of our employees believe in TIR's core values, underscoring the alignment of our team with our organisational culture.
- **Respect:** A remarkable 85% of employees agree that respect is a crucial value in our daily operations, fostering a positive and respectful work environment.
- **Right Equipment:** 95% of IFP employees are confident that they have the right equipment to perform their jobs effectively, enhancing overall job satisfaction.
- **Health and Safety:** A strong commitment to health and safety is evident, with 87% of employees acknowledging it as a top priority within TIR.
- **Recruitment:** Our recruitment practices have improved, with a focus on hiring the right individuals who not only possess the necessary skills but also align with our culture and values.

Employee Engagement: Focus Areas for the Next 12 Months

As we continue our commitment to enhancing employee engagement at TIR, we have outlined several key areas of focus

for the upcoming year, all aimed at creating a more supportive and fulfilling workplace:

1. Training Needs and Upskilling

Training Needs and Upskilling: We remain dedicated to ensuring that our team possesses the skills required to excel in their roles. Over the next 12 months, we will place extra emphasis on identifying areas where additional training could be beneficial. This will increase our employees' confidence and competence in their daily work.

2. Consultation on Performance and Career Progression

Consultation on Performance and Career Progression: We recognise the significance of career development for our employees. In the coming year, we will focus on encouraging conversations regarding performance and career aspirations, ensuring that our team members feel supported and acknowledged in their career.

3. Communication Channels

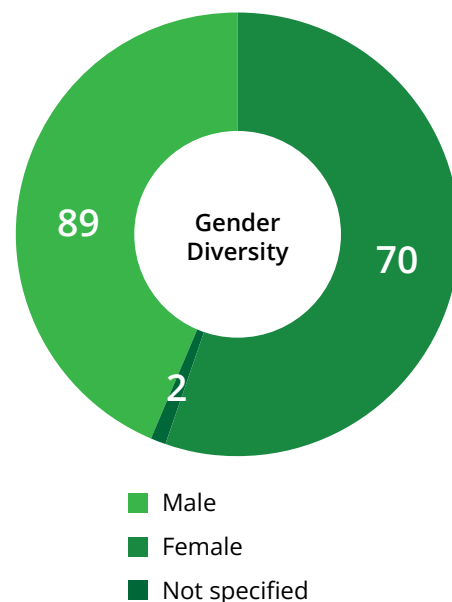
Communication Channels: Effective communication is vital for maintaining a harmonious and productive work environment. In the upcoming year, we are committed to refining our communication methods to ensure that everyone stays well-informed and has the opportunity to offer feedback and share their thoughts.

4. Health and Well-being Program

Health and Well-being Program: We also understand the importance of the health and well-being of our employees. We plan to introduce a health and well-being program that will support our team in maintaining a healthy work-life balance and address their overall well-being. This initiative will further underscore our commitment to the welfare of our employees.

WORKPLACE GENDER AND EQUALITY

We understand the significance of workplace gender and equality, and we are committed to addressing this issue in a comprehensive and meaningful manner. We want to emphasise our dedication to fostering diversity and inclusion across our organisation. Here's an overview of our approach to this important aspect of our workplace:



Embracing Diversity and Commitment to Equality

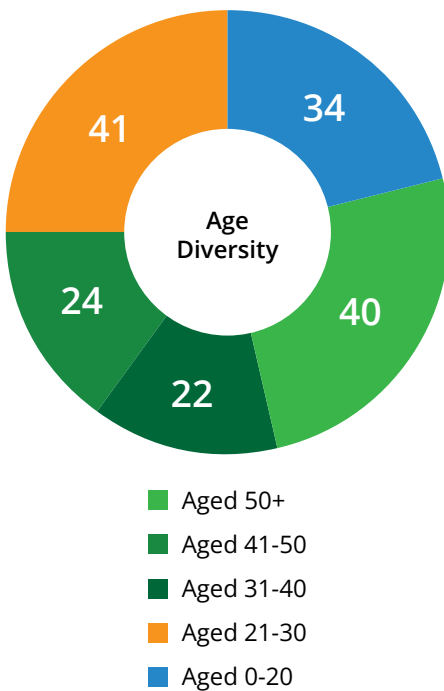
We appreciate and celebrate the distinctive qualities and experiences that our employees bring to our team. Our organisation is a diverse mix of talents, ideas, and backgrounds, which we consider a valuable asset. TIR is committed to providing equal opportunities and treatment to all employees, regardless of their gender, race, or any other characteristic. Our commitment to fairness and equality is an inherent part of our culture and core values.



Paving and a bench seat have been installed in the IFP garden to honour Danny Butler. (Some of the working Bee group, pictured)

Ongoing Efforts

We will continue to work diligently towards fostering an inclusive workplace environment where every individual feels valued, respected, and heard. We aim to create an atmosphere where all employees can thrive and reach their full potential.



Annual Reporting

TIR is committed to report on workplace gender and equality on an annual basis. We believe that transparency is crucial in our efforts to improve and make progress. Our annual reports will serve as a record of our journey and our commitment to these principles.

HONOURING THE LEGACY OF DANNY BUTLER

As we reflect on the past year, we are reminded that it has been a period of both progress and moments of deep reflection. Among the many facets of our journey, one stands out with a heavy heart - the loss of Danny Butler, a truly exceptional and well respected member of the TIR network, in particular the Island Fresh Produce family. Danny dedicated over 27 years of his life to our organisation, leaving an incredible mark on both our business and our hearts.

Danny's unwavering dedication and contributions to Island Fresh Produce will forever be engraved in our memory. His commitment to our organisation, the member network, his role, and his colleagues was unparalleled. He was a true gentleman, and his presence enriched our workplace in countless ways. His hard work and dedication will inspire us to continue striving for the highest standards of quality, professionalism, and dedication.

Danny's connection with our organisation extended beyond the workplace, as several of his family members are

also part of our Island Fresh Produce family. We honour the strong family bond that Danny represented, and we continue to support and appreciate their contributions to our team.

Over the years, Danny built solid and enduring friendships within and outside our organisation. His warmth and support touched the lives of many, creating a positive and welcoming atmosphere that we continue to cultivate within our team.

As we move forward, we will carry Danny's legacy in our hearts and in our actions. We will work each day to honour his memory by upholding the values he held dear. Danny's spirit and dedication serve as a constant reminder of the kind of organisation we strive to be—one that values commitment, integrity, and the bonds that tie us together.

In memory of Danny Butler, we express our deepest condolences to his family, our colleagues, and all those who had the privilege of knowing him. His presence will forever be missed, and his impact will forever be cherished.



Danny's son Matthew affixes the plaque to the bench for "Danny's Spot".

Internal Controls & Risk Management

MANAGING OUR RISKS

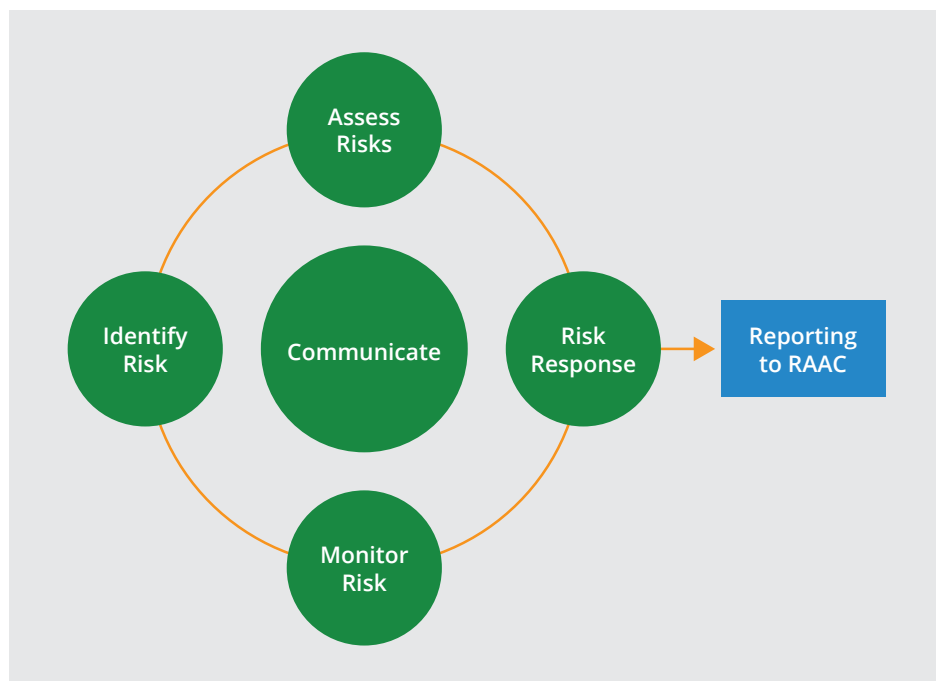
TIR is potentially exposed to a variety of uncertainties that could have a material adverse effect on financial performance, operational results, reputation, and our members. Our risk management process is therefore aligned with ISO 31000:2018 (Diagram 1) to make sure we consider all our risks and take appropriate action to manage them.

When new risks are identified, we capture the risk causes, consequences and the mitigating controls we have in place to manage them. Risks are mapped to a risk category (Brand, People / Safety, Finance etc.) and allocated to a Principal Risk. Refer to Table 1: Principal Risks and definitions. Depending on the risk level the risks are either monitored by the Risk and Audit Committee (RAAC) or at a local level by the Department Heads.

As part of our risk management process, we look internally and externally to identify emerging risks, which, over time, have the potential to increase in significance and affect performance or the achievement of our strategic objectives. We also identify risks that have a very low likelihood but would have a catastrophic impact on the business.

Risks are considered and challenged at Executive team risk reviews and by the RAAC.

Diagram 1 Our Risk Management Process



DEEP DIVES

This year, in addition to receiving reports on, and reviewing our response plans for the defined principal risks to our business, the RAAC received detailed updates on the following topics:

- Cyber security threats
- Reliance on third party suppliers.

CONTINUOUS IMPROVEMENT

Continuous improvement is a key principle of our approach to risk management. This year we embarked on a program designed to mature the way we manage risk at TIR and to drive risk-informed decision making throughout the organisation.





We've focused on the following:

Enhancing our risk management framework:

Baselining our risks

Our Executive team undertook a baselining exercise to identify and assess our 'material' risks. These risks now provide a view to the RAAC of TIR's overall exposure and were consolidated into 21 risks by likelihood and consequence.

Defining our Risk Appetite

We have developed our risk appetite model as the key link between our strategy, objectives, stakeholder expectations and the management of our risks. This includes defining key risk indicators ('KRIs') – our warning signs on adverse risk trends.

In 2023/24, we will continue to roll-out and embed risk management and control within the business. We're focusing on:

- Developing our control framework and oversight assurance activities
- Embedding risk management in our culture and part of our everyday activities and decision making
- Finalising the implementation of a new risk and audit management tool to provide a central way to manage risks across the business.

Our Principal Risks

Accepting that it is not possible to identify, anticipate or eliminate every risk that may arise, and that risk is an inherent part of doing business, our risk management process aims to provide reasonable assurance that we understand, monitor and manage the main uncertainties that we face in delivering our objectives. In Table 1, we have provided an overview of risks we face and manage across our operations.

Table 1: Principal Risks

TIR Principal Risk	Principal Risk Definition
Brand, Trust & Standing	We fail to manage our internal and external brand and align around a clear strategy.
External Environment	We fail to implement robust operational resilience plans, to mitigate climate change, higher than expected claims or operational incidents, on our assets.
Business Planning & Delivery	We failure to deliver the strategic ambitions, external commitments and needs of TIR.
Competition & Markets	We do not have an effective, coherent, and consistent strategy to respond to our competitors and changing markets.
Member Wellbeing & Interest	We fail to improve and maintain our levels of Member Service to deliver what our members tell us they want: which is frequent engagement and support that helps drives member store standards and long-term sustainability.
Supplier Engagement & Customer Proposition	We fail to meet the needs and expectations of our customers in respect to price, range, quality, service or respond to changes in eating and shopping habits.
Data Privacy and Cyber Security	We fail to defend against cyber-crime and protect our data.
Technology Resilience & Availability	We fail to manage critical system availability resulting in impacts on TIRs ability to service members, customers and manage the business.
Health, Safety & Wellbeing	Our behaviours, operations and construction activities endanger the safety, health and wellbeing of our people/contractors and/or members of the public.
Understanding our Assets	We fail to maintain asset integrity and resilience.
People and Culture	We fail to attract, develop and retain an appropriately skilled, diverse and responsible workforce.
Legal & Regulatory Compliance	We fail to comply with our own values, behaviours and standards as well as our legal and regulatory obligations.
Financing our Business	We fail to deliver profitable growth to meet EBITDA targets; and pay rebates and provide value to members.



INTERNAL CONTROLS & RISK MANAGEMENT

The Board and the Risk and Audit Committee is committed to protecting and enhancing TIRs reputation and assets whilst safeguarding the interests of our members. Therefore, we are embarking on an organisation wide project to change the way we manage risk, bringing modern risk and audit management techniques that will be crucial in supporting our network of businesses and future ambitions.

This has led to the identification of four transformation activities, which are the focus of reporting to the Risk and Audit Committee:

- Enhancing the risk and control frameworks in line with industry practice
- Optimising end to end risk management and assurance processes
- Enhancing the use of data and technology
- Upgrading risk awareness, control management and self-assessment.

Principal Risks

During the year, we developed a Principal Risk Model to encompass the enterprise activities undertaken across the TIR Group. The model is designed to help identify gaps in risk coverage and enable categorisation and management of risks based on themes or topics.

The 15 Principal Risks are designed to cover at the broadest level the key risks being held by the business and will be used at TIR for corporate governance reporting. These are categorised across four areas: Strategic, Operational, Compliance and Finance.

Each Principal Risk will have a supporting set of material subcategory risks that will be monitored to provide a view to the Risk and Audit Committee on the overall health and directional trend of each Principal Risk and will be the focus of our ongoing assurance activities.

Figure 1 outlines our Principal Risks.

Continuous Improvement

Continuous improvement is a key principle to our approach to risk and audit management. The following outlines the broader risk and audit initiatives TIR will deliver during FY23:

Enhancing our risk management framework

We are updating our risk framework and standards to embed improvements in the way we manage risk. We have created our Principal Risk Model to provide a clear line of sight of risk from operational risk management up through to enterprise risk level. Our Executive team are now undertaking an exercise to identify and assess our 'material' risks. These risks will provide a view of our overall exposure across our 15 principal risk area.

Figure 1 – Principal Risk Model:

STRATEGIC	Brand, Trust & Standing	External Environment	Business Planning & Delivery	Competition & Markets	
OPERATIONAL	Supplier Engagement & Customer Proposition	Responsible Sourcing & Supply Chain	Member Sustainability & Interest	People & Culture	Data Quality & Governance
	Safety, Health & Wellbeing	Understanding our Assets	Data & Cyber Security	Technology Resilience & Availability	
COMPLIANCE	Legal & Regulatory Compliance				
FINANCE	Financing our Business				



Risk appetite framework

As a key link between our strategy, objectives and stakeholder expectations, we will develop a risk appetite framework for enterprise risk, including risk appetite categories, definitions, and target risk appetite levels.

In light of our new framework, we will also review our policies to ensure all policies are aligned with our proposed targets.

Risk based assurance

This will be all-encompassing, considering business priorities and objectives and the full range of risks that have an impact at TIR. It will combine a bottom up and top-down assessment of risk, will focus on controls identification, capture and testing; and will be agile to consider potential future or emerging risks on a continuous basis.

HEALTH AND SAFETY

The safety of our employees, members and customers is of paramount importance. The Board reviews the annual employee survey results which includes targeted questions on safety culture and maintains an oversight of the resulting actions and performance.

This year our Wellbeing, Health and Safety Committee has been continuing to work on Our Safety Ambition which is to have a culture where:

- Everyone considers the safety impact in everything that we do
- Everyone takes ownership and acts safely
- We openly discuss safety issues.

Over the past year we have focusing on 2 main initiatives

- The big 3 in three
- Safety starts with Me

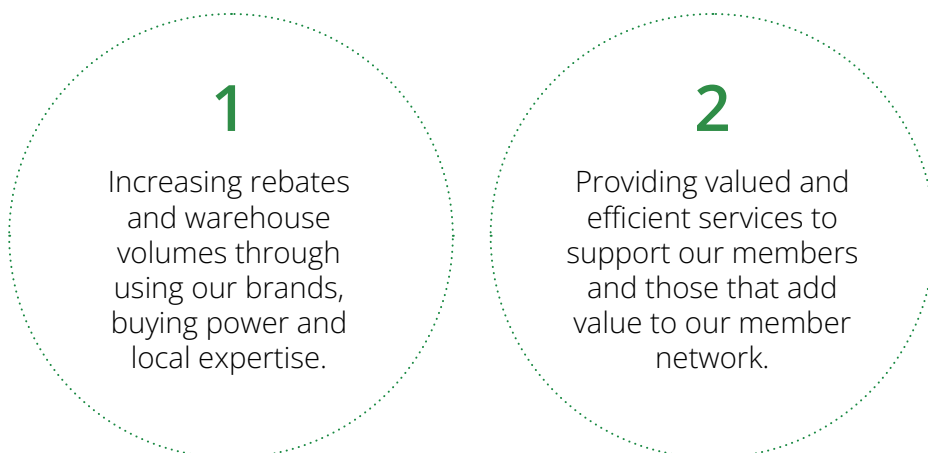
Once again, our safety performance was strong, with no injuries causing lost time during 2022/23. TIR in conjunction with the Wellbeing, Health and Safety Team will continue to improve our targeted plans to address any areas of concern and build on the work done to date.



Strategic Planning

The three-year TIR Strategic Plan for calendar years 2020 - 2022 was officially retired in June 2023. However, many projects continue to progress from this plan's objectives. The TIR board reviewed our strategic plan's effectiveness in early 2023, and despite the impact of COVID disruptions, many goals were achieved, and the Key Performance Indicators (KPIs) of success were largely met.

Our strategy statement was focused on improving member satisfaction based on two parts:



These critical KPI results from our Balanced Scorecard reflect overall success against our strategy statement.

Key Measure	2019 Start Position	2022 Final Result	Observation
SIW Member Purchases Growth	\$178M	\$257M	44.8% Growth over 3 yrs.
PIP Rebate \$ Payout*	\$4.7m	\$5.4m	Improved this year
Member Engagement Satisfaction %	50%	74%	FY22 Target = 75%
TIR Services Satisfaction %	51%	74%	Peaked at 78% in FY21
Overall Gross Margin (ex-Invoice) exc Cigs	20.44%	20.74%	Peaked at 20.91% FY23

*Member rebate payout equals the primary TIR purchases rebate and excludes any SIW additional distributions during the three years.

Insights

TIR's business insights portfolio continues developing a suite of critical reporting solutions. These new information solutions have provided actionable insights for both TIR team and retail store members.

COMPETITIVE PRICING

Utilising our QLIK Business Intelligence application and some local programming partners, TIR built a solution that obtains our competitors' local retail prices each day for our price comparison activities. Price checks in the past were a manual process and would take several weeks to complete a full store comparison. Now, we can do a full check overnight. This process helps us keep our Price Match pricing accurate and helps determine our competitive normal and Low Price Everyday (LPED) retails.

STOCK AVAILABILITY REPORTS FOR IGA

During the stock supply crisis that SIW endured throughout the year, there was a request from members to understand what was not available from SIW so members could place better orders to ensure they received more stock than they had been receiving. Our insights team developed and published a weekly stock availability report we shared with our member retailers and area managers. We noticed that this did help stores obtain more stock whilst in use, and fortunately we were able to cease the weekly email as stock levels returned to pre-COVID levels.

ONGOING DEVELOPMENT WORK

- Promotional Pricing History App: This application is instrumental in understanding our competitors' history and frequency of promotional pricing. By utilising this data, we can effectively price our specials and identify any anomalies in promotional programs, allowing us to seek additional support from suppliers.
- Scan Data Reporting: TIR began a data extraction trial with some members to test new software components and develop a reporting solution for more meaningful insights at the state and local levels. A few hurdles remain in place as we attempt to manage the different POS systems and their subsequent versions. This project is vital to future insights requirements and the rollout of national IGA's Home Shopping and Loyalty solutions that rely on the data to operate.



IGA Study Tour 2023

This year, we held our first study tour since 2018 on Queensland's beautiful Sunshine Coast. This event had many memorable moments, from perfect weather to fascinating business insights and enjoyable networking opportunities. Most importantly, it reconnected our retailers and suppliers again and will provide a strong platform for supplier relationships over the next 12 months.

WELCOME FUNCTION (PEPPERS RESORT NOOSA)

After a long travel day, the group settled into the resort's surroundings, re-acquainted with some old friends, and met many new ones.

BUSINESS SESSION

A series of guest speakers lined up to share insights about their business journeys, including leading Victorian Independent Supermarket Retailer Mr Tony Ingpen. Tony took us through his journey through a significant shop redevelopment. Tasmanian Football Legend Alastair Lynch showed the importance of health and well-being in achieving business goals. One of Queensland's best retailers, Raylene Hopper, shared her insights on the local market and how retailers must adapt to constant change. We concluded with Tom Potter, founder of Eagle Boys Pizza, sharing the rollercoaster ride of creating a very successful small business, and how to take on major corporate companies.

POMONA DISTILLERY

A quick bus ride to the small village of Pomona outside of Noosa and the group arrived at this much-loved small-batch boutique distillery, bistro and bar to sample some of the finest offerings, including a variety of gins and infused spirits matched with a sumptuous feast of slow cooked BBQ meats and accompaniments. Robin Yates, head distiller and owner of the establishment, entertained us by taking us through the history of the venue and his philosophy of life and alcohol.



STORE VISITS

Two groups split up and toured some of the Sunshine Coast's best independent supermarkets, including IGA Peregrine Beach, IGA Market Place (Wises Road) Maroochydore, and the just opened IGA Whites at Forest Glen.

Gathering new ideas in execution, ranging and observing new types of retail design and fixtures is a vital component of the study tour and no doubt, plenty of new ideas were gathered and will find their way back into our network.

AUSTRALIA ZOO

Our group then experienced one of Australia's premier attractions, starting with a fabulous lunch and then onto the world famous crocodile show. There was plenty of time to explore and spot some of the 1200 animals in residence, including those found in the African Savannah display, South-East Asia exhibit and Bindi's Island – as well as the original part of the zoo.

FAREWELL FUNCTION

Our last event was held at the fantastic Sunshine Beach Surf Lifesaving Club, with the best view of the coastal area. A laughter filled night of bingo, frivolity and edgy entertainment from our drag queen host "Melony" and the team. A spectacular send off to an exceptional event for all in attendance, this will remain one of the more memorable nights experienced on an IGA Tasmania study tour.



Community Sponsorships & Partnerships

IGA regularly supports and works with many Charities through Tasmania.



STJFL SEASON 2023

The STJFL has had a record number of participants in season 2023.

This has no-doubt been a reflection of the announcement back in May by the AFL to grant Tasmania a license to participate in the AFL National competition from 2028 as new registrations continued to be enrolled right through to the end of the roster season early in August.

Below is an extract of season 2023 data.

- 209 teams
- 4131 players participated.
- 1112 female players (+93)
- 3018 male players (+159)
- 268 Registered Coaches Female 37, Males 231
- 260 Registered Team Managers
- 303 Registered Volunteers
- 1549 matches scheduled including finals.



NTJFA 2023

In 2023 the NTJFA have again had another successful year with both boys' and girls' teams making up our nearly 2000 players across our 12 member clubs.

The team numbers remained at 94:

- 33 Junior teams – 12 x U9 mixed, 14 x U10 mixed, and 7 x U11 girls.
- 61 Youth teams – 14 x U12 boys, 14 x U14 boys, 10 x U14 girls, 14 x U16 boys, and 9 x U17 girls.

Sponsorship is something we could not be without; it gives us the opportunities to give back to our clubs and I would like to thank our major sponsor IGA for being a part of our program.



NWFL 2023

"In 2023, the North West Football League (NWFL) proudly hosted over 2,650 participants, marking a remarkable 12% increase compared to the previous year. This growth is predominantly attributed to the expansion of our team roster, growing from 53 teams in 2022 to 63 teams in 2023. A pivotal development this year was the introduction of the Under 14 girls category, establishing it as the fifth junior grade in our league. This addition not only brought over 140 new players into the fold but also enhanced the diversity and inclusivity of our competition with our third female grade.

Spanning nearly 150km from Smithton to Latrobe, our league's geographic reach is both unique and extensive, covering the entire Coast. We witnessed particularly notable growth in the Circular Head region, with the inclusion of four additional junior sides. This expansion is crucial, as it fosters a more robust pathway for young aspirants from this area who are keen to engage in Coastal football.

Looking ahead to 2024, we are committed to continuing our support and development initiatives for both boys and girls participating in the NWFL. We would like to extend our heartfelt gratitude to IGA Tasmania for their unwavering support and contribution to our league's success.

Together, we are shaping the future of football in the North West, creating opportunities, and fostering a love for the game."



DANCESPORT CHAMPIONSHIPS

The 2022 7 Tasmania Open DanceSport Championship was the largest single day event in the Southern Hemisphere.

- 570 - interstate guests
- 5 - International
- 310 - Intrastate
- Audience - 1741
- Over 11,000 website visits so far in 2022
- Interstate guests stayed 2.5 days in Tasmania

With competitors travelling from every state & territory from across Australia & even attracted competitors from Iceland, The United Kingdom and an official from New Zealand.

The Championship has grown each year with 2022 being our biggest yet with records entries of over 1000!

The continued support from all our major partners is so very much appreciated, without the support we simply couldn't run the event.



RELAY FOR LIFE 2022-2023

There were 7 events held across the State:

- Huon Valley: 29/30 October 2022
- Northern Midlands: 12 November 2022
- Derwent Valley 11-12 Feb 2023
- Launceston: 4/5 March 2023, Silverdome
- Hobart: 18/19 March 2023
- Triabunna 25 March 2023
- Penguin: 25/26 March 2023

\$713k statewide raised, 253 teams and 3,498 participants attended.

IGA banners were displayed at all events, with an IGA team participating at the Launceston event.

All items as noted in the sponsorship prospectus were honoured, including social media exposure and logo on all marketing materials.

Plans for 2024:

- IGA logo on the RFL top (Front and back) – see attached image.
- Heavy involvement at the statewide launch in November – where by team IGA will be interviewed
- Prominent position at Launceston event.
- More engagement with community-led events and local IGA's
- More involvement with IGA at the iconic Survivor's and Carers afternoon tea



CHARITY RELIEF

IGA has continued working with many Charities through Tasmania in 2022/2023 providing a 20% discount on IGA Food Cards to make their dollar go further.

Charities that have benefited from the discount were:

- Salvation Army
- Caring Networks
- St Vincent de Paul Society
- Benevolent Society.
- Rural Business Tasmania
- The Tasmanian Freemasons, Board of Benevolence

20% discount totalled \$21,315

Financial Report

Tasmanian Independent Retailers Co-Operative Society LTD
ABN 89 743048843

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DIRECTORS' REPORT

Your directors present their report of Tasmanian Independent Retailers Co-Operative Society Ltd (the co-operative) for the financial year ended 30 June 2023.

Directors

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

	Eligible Meetings	Meetings Attended
Michael Baxter (1)	9	9
Brett MacKay (1)	9	9
Chris Hill (1)	9	9
Mark Colson (1)	9	9
Kemuel Wood (1)	9	9

(1) Michael Baxter, Brett MacKay, Chris Hill, Mark Colson, and Kemuel Wood were Directors on the Board for the entire financial year.

Director qualifications and experience and responsibilities**Michael Baxter**

Michael Baxter joined the board as a member director in November 2005 and was appointed as Chairman in November 2017.

Experience: Mr. Baxter is the former owner operator of IGA Westbury and IGA Shearwater. He is also a shareholder of DRB Retail Pty Ltd, operator of IGA Prospect.

Brett MacKay

Brett MacKay joined the board as a member director in November 2002.

Experience: Mr MacKay is existing operator of IGA X-press Lindisfarne.

Chris Hill

Chris Hill joined the board as a member director in November 2011.

Experience: Mr Hill is a director of CG & KA Hill Pty Ltd, operator of Hilly's IGA St Helens until 26 June 2023 & operator of Hilly's IGA St Marys until 15 August 2022.

Mark Colson

Mark Colson joined the board as a member director in November 2015.

Experience: Mr Colson is a director M & L Colson Investments Pty Ltd, existing operator of IGA Norwood.

Kemuel Wood

Kemuel Wood joined the board as a member director in November 2021.

Experience: Mr Wood is a director of Casmek Investments Pty Ltd, existing operator of Bay of Fires IGA St Helens.

Secretary qualifications and experience

Rocco Maio

Mr Maio joined the co-operative as an independent Secretary on 07/10/2022.

Mr Maio holds a bachelor of commerce from Deakin University. Mr Maio is skilled in corporate governance and holds multiple company secretary positions. He has worked extensively with the Australian Institute of Company Directors in Hobart.

Principal Activities

The principal activities of the co-operative during the financial year were that of Investor, Fruit and Vegetable Wholesaler and Retail Marketer, & Supermarket Operator.

Changes in State of Affairs

No significant changes in the co-operative's state of affairs occurred during the financial year.

The consolidated profit of the co-operative for the financial year after providing for income tax amounted to \$4,011,157. This compares to a profit of \$1,597,095 for the year ended 30 June 2022.

Environmental Regulation

The Co-Operative is subject to usual State and Federal environmental regulations, however, the operations are not subject to any industry specific environmental regulation. All sites are licenced with State and Council authorities as required. To the Boards knowledge, the Co-Operatives activities are in full compliance with all prescribed environmental regulations.

Dividends/Distributions

No Dividends/Distributions have been paid during or proposed since the end of the financial year.

Subsequent Events

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

Future Developments

The co-operative has entered into a contract to commence construction of a new IGA / retail complex. The Development Application and Building Approval has been obtained from the Brighton Council and site works have commenced. The development is approximately 2450m² in size and will house a state-of-the-art supermarket plus 3-4 additional retail tenancies. The total development cost is estimated to be around \$10m with a target completion date of mid-late 2024.

The Board of TIR has resolved to seek expressions of interest for the sale of the existing Brighton IGA Supermarket business, subject to the new owner agreeing to enter into a lease of the abovementioned new retail complex post completion.

Directors Interests & Share Options

No options over issued shares or interests in the co-operative were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Brett MacKay, Chris Hill, Mark Colson, and Kemuel Wood all hold 50 ordinary shares.

Indemnification of Officers and Auditors

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

During the financial year, the Co-Operative has paid a premium to insure the directors and officers of the Co-Operative for legal expenses and liability. Such insurance covers persons who are currently, or have been, directors or executive of the co-operative while acting in their capacity as such other than where there has been a lack of good faith. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

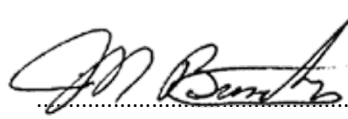
Directors and officers include all executive staff and the company secretary.

The Co-Operative has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Co-Operative or any related entity against a liability or legal fee incurred by the auditor.

The Co-Operative has not, during or since the financial year, paid a premium in respect of a contract to insure the auditor of the Co-Operative or any related entity against a liability or legal fee incurred by the auditor.

Auditor's independence declaration

The auditor's independence declaration in accordance with the Co-operatives National Law (Tasmania) Act 2015, for the year ended 30 June 2023 has been received and can be found at the end of this financial report.


Brett MacKay
Michael Baxter

Dated: 07 November 2023

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED
30 JUNE 2023

	Note	2023 \$	2022 \$
Continuing operations			
Sale of goods from continued operations	5	46,108,356	43,003,923
Cost of sales from continued operations		<u>(37,783,063)</u>	<u>(34,756,098)</u>
Gross profit		8,325,293	8,247,825
Charge through revenue		3,308,025	3,170,994
Supplier case allowance revenue		40,181,843	39,298,918
Supplier terms revenue		13,552,375	11,881,657
Investment revenue		1,005,634	934,366
Share of net profit from associates using the equity method (SIW)		1,372,389	328,350
Change in fair value of investment property		1,280,232	(27,514)
Change in fair value of financial investments		214,770	(877,216)
Other revenue		<u>475,462</u>	<u>790,577</u>
Total income		69,716,024	63,747,957
Case subsidies and price support		(40,928,959)	(40,164,267)
Advertising and marketing expenses		(1,689,892)	(1,602,698)
Depreciation and amortisation expenses		(872,489)	(743,319)
Employee benefits expense		(8,890,539)	(9,168,932)
Financial expenses		(83,727)	(72,192)
Motor vehicle and delivery expenses		(685,935)	(604,258)
Property and occupancy expenses		(748,242)	(696,964)
Information, communication and technology		(502,972)	(451,021)
Other expenses		<u>(2,083,386)</u>	<u>(1,714,789)</u>
Profit/(Loss) before tax and member distributions		13,229,884	8,529,518
Equipment development fund expense		(1,137,202)	(992,624)
Purchase Incentive payment expense		<u>(6,982,868)</u>	<u>(5,428,167)</u>
Profit/(Loss) before tax		5,109,814	2,108,727
Income tax (expense)/benefit	6	<u>(1,098,658)</u>	<u>(511,632)</u>
Profit/(Loss) for the year		4,011,157	1,597,095
Total comprehensive income for the year		4,011,157	1,597,095

STATEMENT OF FINANCIAL POSITION
AS AT
30 JUNE 2023

	Note	2023 \$	2022 \$
Current assets			
Cash assets	7	15,498,749	13,665,264
Receivables	8	6,956,625	6,309,709
Inventories	9	1,053,791	1,362,312
Finance lease asset	10	275,209	220,978
Current tax assets	23	156,366	-
Other assets	11	104,085	135,636
Total current assets		24,044,824	21,693,899
Non-current assets			
Financial assets	12	4,877,437	4,480,652
Investment accounted for using the equity method	13	23,415,567	22,043,178
Investment property	14	7,200,000	5,900,000
Property, plant & equipment	15	8,803,428	8,144,260
Finance lease asset	10	802,388	899,853
Right-of-use assets	16	174,849	263,218
Deferred tax asset	17	-	505,462
Intangible assets	18	1,005,431	1,005,431
Other assets	11	267,902	337,637
Total non-current assets		46,547,001	43,579,691
Total assets		70,591,825	65,273,590
Current liabilities			
Payables	19	11,503,404	10,190,660
Lease Liabilities	20	386,029	331,187
Interest bearing liabilities	21	212,330	179,231
Provisions	22	884,756	908,704
Current tax liabilities	23	-	92,911
Total current liabilities		12,986,518	11,702,693
Non-current liabilities			
Interest bearing liabilities	21	365,512	102,547
Lease liabilities	20	864,926	1,062,221
Deferred tax liability	17	95,230	-
Provisions	22	192,050	329,697
Total non-current liabilities		1,517,719	1,494,465
Total liabilities		14,504,237	13,197,158
Net assets		56,087,588	52,076,432
Equity			
Contributed equity	24	6,600	6,600
Retained profits	25	56,080,988	52,069,832
Total equity		56,087,588	52,076,432

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2023**

	Note	Contributed equity \$	Retained earnings \$	Total \$
Balance at 1 July 2021		7,000	50,472,736	50,479,736
Profit attributable to equity shareholders		-	1,597,095	1,597,095
Share issued/(reduced) during the year		(400)	-	(400)
Balance at 1 July 2022		6,600	52,069,832	52,076,432
Profit attributable to equity shareholders		-	4,011,157	4,011,157
Share issued/(reduced) during the year	24	-	-	-
Balance at 30 June 2023		6,600	56,080,988	56,087,588

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
30 JUNE 2023

	Note	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		106,285,404	100,539,881
Payments to suppliers and employees		(102,848,637)	(98,233,254)
Interest and dividends received		424,148	370,662
Interest expense paid		(83,727)	(72,192)
Other receipts		235,749	279,093
Income tax received/(paid)		(747,244)	(1,012,736)
Net cash provided by/(used in) operating activities		3,265,694	1,871,454
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		106,666	866,802
Payment for property, plant and equipment		(1,383,341)	(971,288)
Movement in loans to related entities		69,735	62,747
Proceeds from the disposal of/(payments for) investments		(189,183)	(256,554)
Net cash provided by/(used in) investing activities		(1,396,123)	(298,293)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		602,841	99,173
Repayment of borrowings		(294,690)	(223,129)
Repayment of lease liabilities		(344,236)	(315,498)
Shares issued/(repurchased)		-	(400)
Net cash provided by/(used in) financing activities		(36,085)	(439,854)
Net increase (decrease) in cash held		1,833,485	1,133,307
Cash at beginning of year		13,665,264	12,531,957
Cash at end of year	7	15,498,749	13,665,264

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

Note 1: Corporate Information and Basis of Preparation

1.1 Information About the Co-Operative

Tasmanian Independent Retailers Co-Operative Society Limited is a Co-Operative domiciled in Australia under the Co-Operatives National Law (Tasmania) Act 2015 and operating in Australia.

The address of its registered office and principal place of business is as follows:

1.2 Principal Place of Business and Registered Office

8 Translink Avenue

Western Junction, TAS 7212

Tel: (03) 6391 0200

1.3 The Principal Activities of the Co-Operative

TIR is a for-profit entity who's role is to provide centralised support for all retail banner members in the areas of:

- Supplier negotiations and trading terms
- Banner advertising support
- Plant and equipment purchases
- In-store ranging and layout support
- Centralised retail pricing and promotional pricing support via host support systems
- Stay in business and in-store expansion advice
- Provision of volume related rebates to members based upon member purchases

1.4 Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board (AASB) and the Co-Operatives National Law (Tasmania) Act 2015.

Details of the Co-Operative's accounting policies are included in Note 4

1.5 Statement of Compliance

The Co-Operative does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards - Simplified Disclosures.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

Note 2: Changes in Accounting Policies and Changes in Estimates

2.1 New Accounting Standards Adopted

The Co-Operative has not adopted any new accounting standards for the financial reporting period ended 30 June 2023.

2.2 Australian Accounting Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 30 June 2023 and have not been adopted by the Co-Operative when preparing the 2023 financial report. The standards will be applied in the annual reporting periods beginning on or after the effective dates set out below. The Co-Operative has reviewed the pending standards and considers the following standards may apply. Standards that are not considered relevant to the Co-Operative have not been included.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2] - Annual reporting periods beginning on or after 1 January 2023

AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards - Annual reporting periods beginning on or after 1 January 2023

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 1 and AASB 112] - Annual reporting periods beginning on or after 1 January 2023

AASB 2020-1 Amendments to Australian Accounting Standards –Classification of Liabilities as Current or Non-current - Annual reporting periods beginning on or after 1 January 2024

AASB 2020-6 Amendments to Australian Accounting Standards –Classification of Liabilities as Current or Non-current –Deferral of Effective Date - Annual reporting periods beginning on or after 1 January 2024

AASB 2022-6 Amendments to Australian Accounting Standards –Non-current Liabilities with Covenants - Annual reporting periods beginning on or after 1 January 2024

AASB 2023-3 Amendments to Australian Accounting Standards –Disclosure of Non-current Liabilities with Covenants: Tier 2 - Annual reporting periods beginning on or after 1 January 2024

The above new standards not yet adopted are not expected to have a material effect on the Co-Operatives financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

Note 3: Judgements and Key Sources of Estimation Uncertainty

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments are detailed below:

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Lease term

Management determines whether or not property lease option are reasonably certain to be exercised. Changes to this determination will have a material effect on the lease liabilities and right-of-use assets recognised on the Co-Operatives balance sheet.

Note 4: Significant Accounting Policies

4.1 Basis of Accounting

These financial statements have been prepared on an accruals basis and are based on historical costs, except for investments and investment properties which are measured at fair value.

Cost is based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Australian dollars, which is the Co-Operative's functional currency.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

Note 4: Significant Accounting Policies (cont'd)

4.2 Revenue Recognition

Revenue is recognised in accordance with AASB 15 Revenue from Contracts with Customers when a contract with a customer contains performance obligations to transfer goods or services to the customer that are sufficiently specific to determine when the obligation has been satisfied. The transaction price is allocated to one or more performance obligations contained within the contract, with revenue being recognised as or when the performance obligation is satisfied.

Revenue is measured at the amount which the organisation expects to receive in consideration for satisfying its performance obligations to a customer. Where consideration comprises variable components, the amount recognised as revenue is constrained to that amount that would not result in a significant reversal of the cumulative revenue recognised when that uncertainty is resolved.

Sale of Goods

Revenue from the sale of goods is recognised at the point of the delivery as this corresponds to the transfer of control of the goods and satisfaction of the performance obligation.

Supplier Case Allowance Revenue

Supplier case allowance revenue is recognised at the point in time when transfer of the control of the goods from the supplier to the purchaser to which the case allowance revenue relates. The satisfaction of the performance obligation to recognise case allowance revenue occurs simultaneously to the satisfaction of the performance obligation for the sale of the goods.

Where additional performance obligations are set by the supplier, the case allowance revenue is recognised on satisfaction of additional the performance obligation. This may be the end of a promotional period or when a target volume over a certain period of time is achieved.

Supplier Terms Revenue

Supplier terms revenue is recognised at the point in time when transfer of the control of the goods from the supplier to the purchaser to which the terms revenue relates. The satisfaction of the performance obligation to recognise supplier terms revenue occurs simultaneously to the satisfaction of the performance obligation for the sale of the goods.

Where additional performance obligations are set by the supplier, the supplier terms revenue is recognised on satisfaction of additional the performance obligation. This may be the end of a promotional period or when a target volume over a certain period of time is achieved.

Charge Through

Charge through revenue (from providing extended supplier trading terms to members) is recognised on a net basis at the point in which the payment is made to the supplier.

Investment Revenue

Investment revenue is recognised when the right to receive payment is established. Differences between the net fair values of investments at the reporting date and their net fair values at the previous reporting date (or cost of acquisition if acquired during the financial year) are recognised as a revenue or expense in the statement of comprehensive income in the reporting period in which the changes occur.

Other

Other revenue is recognised as income upon receipt.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

4.3 Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Co-Operative's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Co-Operative has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.4 Property, plant and equipment

Each class of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

Land

Land that is vacant or held for use in production or administration is carried at acquisition cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, Plant and Equipment & Motor Vehicles

Buildings, Plant and Equipment & Motor vehicles are initially recognised at acquisition cost.

Depreciation

Depreciation is recognised on either a straight-line or diminishing value basis, dependent to managements assessment of the use of the asset, to write down the cost less estimated residual value. The following useful lives are applied:

Class of fixed asset	Useful life
Buildings	20-40 years
Plant & Equipment	2-20 years
Motor vehicles	4-8 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

4.5 Leases

At inception of a contract, the Company assesses whether a lease exists.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Co-Operative recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Co-Operative believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Co-Operative's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Co-Operative's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or the remeasurement is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

4.5 Leases (cont'd)

Exceptions to lease accounting

The Co-Operative has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Co-Operative recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Lessor accounting

When the Co-Operative is a lessor, the lease is classified as either an operating or finance lease at inception date based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 Revenue from Contracts with Customers.

The lease income from operating leases is recognised on a straight line basis over the lease term. Finance income under a finance lease is recorded on a basis to reflect a constant periodic rate of return on the Co-Operative's net investment in the lease.

4.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using an average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.7 Financial Instruments

Recognition and initial measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Co-Operative becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Co-Operative changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortised cost if it is not designated as at FVTPL and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Co-Operative may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**NOTES TO THE FINANCIAL STATEMENTS
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4.7 Financial Instruments (cont'd)

Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities at FVTPL

A financial liability is classified at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Financial liabilities at amortised cost

Other financial liabilities, not included as financial liabilities at FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Co-Operative derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Co-Operative neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Co-Operative enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Co-Operative derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Co-Operative also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Co-Operative currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
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Measurement of fair values

All equity securities are traded on an active market and are revalued at the closing unit price on the balance day.

4.8 Investment in Associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Co-Operative's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Co-Operative's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Co-Operative.

4.9 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are reviewed annually and are included in the statement of financial position at their open market value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Valuations are completed by external valuers every 2 to 3 years, or when management believes there has been a material shift in value.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

4.10 Operating Lease

The Co-Operative leases out its investments property (St Helens Central). The Co-Operative has classified all the leases for this property as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The below maturity analysis of lease payments shows the undiscounted lease payments to be received after the reporting date. Lease payments for unexercised options have not been reported.

	2023	2022
Less than one year	613,327	586,011
One to five years	494,491	1,219,794
More than five years	-	-
Total	1,107,818	1,805,805

Rental income and operating expenses from investment property are reported within revenue and other expenses respectively, and are recognised as described in the Revenue Note.

**NOTES TO THE FINANCIAL STATEMENTS
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4.11 Intangibles

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

4.12 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Contributions to defined contribution plans recognised as an expense in profit & loss in 2023 totalled \$744,003 (2022: \$723,492)

Other long-term employee benefits

The Co-Operative's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Co-Operatives presents employee benefit obligations as current liabilities in the statement of financial position if the Co-Operatives does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
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4.14 Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Co-Operative during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

4.15 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

4.16 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Co-Operative at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the co-operative's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Co-Operative's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash generating unit's recoverable amount exceeds its carrying amount.

4.17 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
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2023 **2022**
\$ \$

Note 5: Operating Profit

Profit from ordinary activities before income tax expense has been determined after:

(a) Revenue and Net Gains

Sales of goods - Island Fresh Produce	32,874,854	30,311,534
Less interdivisional sales	(625,746)	(640,756)
Sales of goods - TIR retail operations	1,803,672	1,502,161
Sales of goods - IGA Brighton	12,055,575	11,830,984
	<u>46,108,356</u>	<u>43,003,923</u>

(b) Expenses

Bad & doubtful debts	97,869	11,345
Remuneration of the auditor:		
- audit or review	37,500	15,000
- other services	-	2,550
Conference expenses	317,340	211,018
Non-member rebates	303,621	336,640
Insurance	429,818	426,855
New store rebate	91,916	91,465

Note 6: Income Tax Expense

Current income tax reconciliation:

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Profit from ordinary activities before income tax	5,109,814	2,108,727
Effective tax rate	30%	30%
Expected tax expense	<u>1,532,944</u>	<u>632,618</u>
Adjustment for:		
- relating to equity accounted investments	(411,717)	(98,505)
- franking and other tax credits	(22,569)	(22,481)
Income tax expense attributable to profit from ordinary activities	<u><u>1,098,658</u></u>	<u><u>511,632</u></u>

Tax expense comprises:

Current income tax expense/(benefit)	498,093	740,500
Deferred tax (income)/expense relating to the origination and reversal of temporary differences	600,565	(228,868)
Total income tax expense	<u><u>1,098,658</u></u>	<u><u>511,632</u></u>

Note 7: Cash Assets

Cash on hand	400	400
Cash at bank	15,498,349	13,664,864
	<u><u>15,498,749</u></u>	<u><u>13,665,264</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
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	2023	2022
	\$	\$
Note 8: Receivables		
Trade debtors	7,079,256	6,350,305
Provision for impairment of receivables	(122,632)	(40,596)
	<u>6,956,625</u>	<u>6,309,709</u>
Impairment losses		
An impairment loss on trade receivables of \$97,869 was recognised in the 2023 financial year (FY 2022: \$11,346). The loss allowance for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The expected loss rates applied at 30 June 2023 vary from 25-75%.		
Note 9: Inventories		
Stock on hand	<u>1,053,791</u>	<u>1,362,312</u>
Note 10: Finance lease assets		
Lease receivable - current	275,209	220,978
Lease receivable - non-current	802,388	899,853
	<u>1,077,597</u>	<u>1,120,831</u>
Note 11: Other Assets		
Current		
Prepayments	104,085	135,636
	<u>104,085</u>	<u>135,636</u>
Non-current		
Loan to other corporations	267,902	337,637
	<u>267,902</u>	<u>337,637</u>
Total other assets	<u>371,987</u>	<u>473,273</u>
Note 12: Financial Assets		
Listed equities	33,314	37,566
Listed unit trusts	160,456	145,446
Unlisted trusts	4,683,667	4,297,640
	<u>4,877,437</u>	<u>4,480,652</u>
Current	-	-
Non-current	4,877,437	4,480,652
	<u>4,877,437</u>	<u>4,480,652</u>

**NOTES TO THE FINANCIAL STATEMENTS
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2023 **2022**
\$ \$

Note 13: Investment in associated entities

An interest is held in the following associated company:

Statewide Independent Wholesalers Ltd

- Principal activity: Food Wholesaling

- Ownership interest

40%

40%

Statewide Independent Wholesalers Limited engages in the wholesale of food and grocery products in Tasmania. The company was incorporated in 1979 and is based in Western Junction, Tasmania. Statewide Independent Wholesalers Limited is a jointly owned company of Tasmanian Independent Retailers Co-Operative Society Ltd and Woolworths Group Limited.

Note 13: Investment in associated entities (Cont.)

a) Movements during the year in equity accounted investments in associated companies

Balance at beginning of the financial year	22,043,178	21,714,828
Share of associated company's net profit/(loss) after income tax	1,372,389	328,350
Balance at end of the financial year	<u>23,415,567</u>	<u>22,043,178</u>

b) Equity accounted associate profits are broken down as follows

Share of associates net profit before income tax expense	1,960,556	469,072
Share of associates income tax (expense)/benefit	(588,167)	(140,722)
Share of associates net profit after income tax expense	<u>1,372,389</u>	<u>328,350</u>

c) Summarised presentation of aggregate assets, liabilities and performance of associates

Current assets	186,874,538	183,899,883
Non-current assets	120,214,618	126,701,031
Total assets	<u>307,089,156</u>	<u>310,600,914</u>
Current liabilities	119,259,856	121,768,839
Non-current liabilities	130,290,384	134,724,132
Total liabilities	<u>249,550,240</u>	<u>256,492,971</u>
Net assets	<u>57,538,916</u>	<u>54,107,943</u>
Revenue	1,365,445,207	1,298,555,670
Profit/(Loss) after income tax expense	<u>3,430,973</u>	<u>820,875</u>

d) Sales to members

Sales from SIW to TIR members	310,662,861	291,995,199
Special distribution from SIW to TIR	-	-
	<u>310,662,861</u>	<u>291,995,199</u>

**NOTES TO THE FINANCIAL STATEMENTS
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2023
\$ **2022**
\$

Note 14: Investment Property

Refer Note 4.9. Investment properties includes a shopping centre complex located in St Helens, Tasmania and the Directors of the Co-Operative consider the property to be a strategic asset for the Co-Operative. The property is leased on an arm's length basis.

Balance at 1 July	5,900,000	5,900,000
Capitalised subsequent expenditure	19,768	27,514
Change in fair value	1,280,232	(27,514)
	<u>7,200,000</u>	<u>5,900,000</u>

Note 15: Property, Plant & Equipment

Reconciliation of carrying amount

	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
Balance as at 01 July 2022					
Gross carrying amount	1,772,627	5,282,238	2,953,586	2,947,770	12,956,221
Accumulated depreciation and impairment losses	-	(1,173,520)	(2,025,802)	(1,612,639)	(4,811,961)
Net carrying amount as at 01 July 2022	1,772,627	4,108,718	927,784	1,335,131	8,144,260
Additions		110,717	819,968	538,134	1,468,819
Depreciation	-	(148,793)	(232,160)	(380,608)	(761,561)
Disposals: gross carrying amount	-	-	-	(542,714)	(542,714)
Disposals: depreciation offset	-	-	-	494,624	494,624
Net carrying amount at 30 June 2023	1,772,627	4,070,642	1,515,592	1,444,567	8,803,428
Balance as at 30 June 2023					
Gross carrying amount	1,772,627	5,392,955	3,773,554	2,943,190	13,882,326
Accumulated depreciation and impairment losses	-	(1,322,313)	(2,257,962)	(1,498,623)	(5,078,898)
Net carrying amount at 30 June 2023	1,772,627	4,070,642	1,515,592	1,444,567	8,803,428

Note 16: Right-of-use Assets

Net carrying amounts

Buildings	174,850	263,218
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Movement during the period

	Buildings \$	Total \$
Opening Balance	263,218	368,506
Remeasurement	22,558	
Depreciation	(110,927)	(105,287)
Closing Balance	<u>174,849</u>	<u>263,218</u>

Depreciation

Right-of-use assets are depreciated using the straight line method from the commencement date of the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
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Note 17: Deferred Tax Assets

	Net balance at 01 July 2022	Recognised in profit or loss	Net balance as at 30 June 2023
Investment property	(508,217)	(415,172)	(923,389)
Right-of-use asset	(78,966)	26,510	(52,456)
Equity securities	148,807	(64,615)	84,192
Provisions	371,520	(48,479)	323,041
Trade and other receivables	12,179	24,611	36,790
Trade and other payables	478,365	(93,782)	384,583
Lease asset	(336,249)	12,970	(323,279)
Lease liabilities	418,023	(42,736)	375,287
Tax asset / (liability) - set-off	505,462	(600,692)	(95,230)

	2023 \$	2022 \$
Note 18: Intangible Assets		
Preliminary expenses	55	55
Trademarks	1,715	1,715
Goodwill at cost	1,003,661	1,003,661
	<u>1,005,431</u>	<u>1,005,431</u>

Note 19: Payables

Current

Trade creditors	10,221,463	8,596,111
Accrued expenses	1,281,942	1,594,550
	<u>11,503,404</u>	<u>10,190,660</u>

Note 20: Lease Liabilities

Secured

Current	386,029	331,187
Non-current	864,926	1,062,221
	<u>1,250,955</u>	<u>1,393,408</u>

Significant leasing arrangements

The Co-Operative leases land and buildings. Lease liabilities represent the discounted future rental payments payable by the Co-Operative under the leasing instrument using the Co-Operatives incremental borrowing rate of 3.72%.

Leased property includes:

- Property with a negotiated term of 15 years. CPI increases are applied annually with a market evaluation conducted every 5 years. The lease includes 4x 5 year options, totalling 20 years. The initial term expires in March 2027. The Co-Operative has not recognised the extension options in the lease liability, as it is not reasonably certain they will be exercised.
- Property with a negotiated term of 4.5 years. CPI increases are applied annually. The lease expires in December 2024.

Future minimum lease payments

The future minimum undiscounted lease payments arising under the company's lease contracts at the end of the reporting period are as follows:

- Not longer than one year	440,655	379,069
- Longer than one but not longer than five years	922,184	1,153,320
	<u>1,362,839</u>	<u>1,532,389</u>

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Short-term leases and leases of low-value assets

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'Property and occupancy expenses' in the profit and loss.

A short-term & low-value lease expense of \$225,627 (FY2022: \$210,199) has been recognised.

	2023 \$	2022 \$
Note 21: Interest Bearing Liabilities		
Current		
Asset purchase liability	212,330	179,231
	<u>212,330</u>	<u>179,231</u>
Non-current		
Asset purchase liability	365,512	102,547
	<u>365,512</u>	<u>102,547</u>
	<u>577,842</u>	<u>281,778</u>

Asset purchase liabilities are secured over vehicles with a carrying value of \$804,149. Interest rates range between 2.85-6.12%. Repayments are made by equal instalments over a 3-4 year term.

Note 22: Provisions

Current		
Employee entitlements	884,756	908,704
	<u>884,756</u>	<u>908,704</u>
Non-current		
Employee entitlements	192,050	329,697
	<u>1,076,806</u>	<u>1,238,401</u>
Number of employees at year end:	<u>144</u>	<u>137</u>

Note 23: Current tax liabilities

Current		
Income tax payable (refundable)	<u>(156,366)</u>	<u>92,911</u>

Note 24: Contributed Equity

3,300 (2022: 3,300) fully paid ordinary shares	<u>6,600</u>	<u>6,600</u>
Share Capital	Ordinary Shares	\$
In issue at 1st July 2022	3,300	6,600
Issued for cash	400	800
Redeemed for cash	(400)	(800)
In issue at 30th June 2023 - fully paid	<u>3,300</u>	<u>6,600</u>

(a) Ordinary shares participate in dividends and proceeds on winding up of the Co-Operative in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**NOTES TO THE FINANCIAL STATEMENTS
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Note 25: Retained Profits

Retained profit at the beginning of the financial year	52,069,832	50,472,736
Profit from ordinary activities after income tax expense	4,011,157	1,597,095
Transfer from reserves		
Retained profit at the end of the financial year	56,080,988	52,069,832
Franking account balance (tax paid basis)	14,147,222	13,399,978

Note 26: Related party transactions

Transactions with Directors

The Directors and entities associated with Directors of the Co-Operative, own and operate businesses that transact with the Co-Operative in the normal course of business. Unless otherwise stated below, none of the transactions incorporate special terms and conditions more favourable than other Co-Operative members.

Lease - Spreyton IGA

The Co-Operative is the head leasee of the Spreyton IGA building. An entity associated with Director Michael Baxter is the property owner. The Directors consider the property to be a strategic location for the Co-Operative and the terms of the lease were negotiated and are considered to be no more favourable than available to other members. There is no net cost to the Co-Operative being involved in the lease. The head lease expires in March 2027, with 4x5 year options. A lease liability of \$1,077,597 has been recognised on the balance sheet with the same recognised as a lease receivable from the sub-lease. The Right-of-Use Asset associated with the lease was derecognised upon recognition of the lease receivable from the sub-lease.

Lease - St Helens IGA

The Co-Operative owns the St Helens Central shopping complex, at which both the St Helens IGA and Tasmania Shop are tenants. An entity associated with Director Kemuel Wood, Casmek Investments Pty Ltd, is the lessee of both the tenancies. Neither lease was entered into while Mr Wood was a director of the Co-Operative. The terms of the lease were negotiated on commercial terms and are not considered favourable to the tenant. The current lease term for the IGA expires in 2025, with options to extend until 30 June 2055. The current lease term for the Tasmania Shop expires on 01 March 2024, with an option to renew for a further 5 years. Rent for the year ended 30 June 2023 totalled \$448,402 (plus on-costs) for both tenancies (FY 2022: \$427,179). Casmek Investments Pty Ltd invoices TIR for cleaning of common areas of the Shopping Complex. This totalled \$27,547 for the year inclusive of on-charges for incidental expenditure incurred.

Sale of Truck

The Co-Operative disposed of a truck to an entity associated with Director Kemuel Wood, Casmek Investments Pty Ltd. The sale was on commercial terms and was not more favourable than would have been offered to the general public. The disposal proceeds were greater than TIR was otherwise able to obtain via a local dealership.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023

Note 28: Fair value measurements

Fair value measurements are classified using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy comprises the following three levels:

Level 1 fair value measurements are derived from unadjusted quoted prices in active markets for identical assets or liabilities. The co-operative's primary level 1 financial instruments comprise its direct investment in listed Australian equities.

Level 2 fair value measurements are based on market observable inputs other than quoted prices, including dealer quotations or alternative pricing sources and models. The observable inputs include prices and/or those derived from prices. The co-operative's level 2 financial instruments primarily comprise investments in:

- unlisted managed investment trusts where the prices of units are either published on the investment managers' websites and/or circulated among market participants as executable quotes. The co-operative holds units in managed investment trusts that invest in listed Australian and international equities, property, infrastructure and fixed income.

Level 3 fair value measurements are based on significant unobservable inputs where the fair values are derived from valuation techniques based on assumptions that are not supported by observable market data. Level 3 instruments include investments that are not based on market inputs or securities that are in an inactive/illiquid market and are valued using models and internal data. Financial assets classified as level 3 comprise the co-operative's investments in investment properties. As these investments are not traded in an active market their fair value at reporting date is based on the fair values determined by appropriately skilled independent valuers.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement and it is considered that observable data is market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

30-June-2023				
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets	193,770	4,683,667	-	4,877,437
Investment property	-	-	7,200,000	7,200,000
Receivables	-	-	6,956,625	6,956,625
	<u>193,770</u>	<u>4,683,667</u>	<u>14,156,625</u>	<u>19,034,061</u>

30-June-2022				
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets	183,012	4,297,640	-	4,480,652
Investment property	-	-	5,900,000	5,900,000
Receivables	-	-	6,309,709	6,309,709
	<u>183,012</u>	<u>4,297,640</u>	<u>12,209,709</u>	<u>16,690,361</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023

Accounting classifications

The following table shows the carrying amounts of financial assets and financial liabilities:

	2023	2022
Financial assets measured at fair value through profit or loss		
Equity securities	4,877,437	4,480,652
	<hr/> 4,877,437	<hr/> 4,480,652
Financial assets measured at amortised cost		
Cash and cash equivalents	15,498,749	13,665,264
Trade receivables	6,956,625	6,309,709
Loans to other corporations	267,902	337,637
Loan to an associate	399,600	399,600
	<hr/> 23,122,876	<hr/> 20,712,210
Financial liabilities measured at fair value through profit or loss		
	<hr/> -	<hr/> -
Financial liabilities measured at amortised cost		
Secured bank loans	577,842	281,778
Trade payables	11,676,907	10,190,660
	<hr/> 12,254,749	<hr/> 10,472,438

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023

Note 28: Key management personnel information

Non-executive Director remuneration

Non-executive Director remuneration is agreed to by the members at each AGM.

The following table discloses the remuneration details for each person that acted in a key management personnel position during the financial year:

Name	Position	Director fee
		30-June-2023
Michael Baxter	Chairman	30,834
Kemuel Wood	Director	12,179
Brett Mackay	Director	9,531
Chris Hill	Director	9,531
Mark Colson	Director	9,531
		71,606
		30-June-2022
Michael Baxter	Chairman	30,665
Peter Aulich	Director (Finished 24/11/21)	5,090
Kemuel Wood	Director (Started 24/11/21)	5,090
Brett Mackay	Director	10,180
Chris Hill	Director	10,180
Mark Colson	Director	10,180
		71,385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023

Key management personnel remuneration

Remuneration levels for key management personnel are set in accordance with the current co-operative Remuneration Guidelines. Under these Guidelines, remuneration is assessed against various industry bands and benchmarks.

The employment terms and conditions of key management personnel are contained in individual employment contracts and prescribe total remuneration, superannuation, motor vehicle and salary sacrifice provisions. In addition to their salaries, the co-operative also provides non-cash benefits and contributes to post-employment superannuation plans on their behalf. The performance of each key management personnel, is reviewed annually which includes a review of the remuneration package

The following table discloses the remuneration details for persons that acted in a key management personnel position during the financial year:

Name	Position	Base Salary 1	Super- annuation 2	Motor vehicle 3	Other 4	Other non- cash benefits 5	Total remun- eration
30-June-2023							
Grant Hinchcliffe	CEO						
Glenn Sullivan	Head of Island Fresh Produce						
Joel Zamek	Head of Merchandising & Supplier Engagement						
Craig Smith	Head of Member Services (finished 11/10/2022)						
Richard Oliver	Head of Member Operations (finished 21/10/2022)						
Mitchell Kay	Head of Finance						
Nicole McCullagh	Head of People & Culture						
Gary Sutherland	Head of Promotions, Special Projects & Insights						
Travis Allen	Head of Marketing						
Tim Bednarz	Head of Information & Retail Technology						
Melissa Axford	Safety, Health & Environment Specialist						
		1,535,660	152,651	18,943	-	(16,454)	1,690,801

Name	Position	Base Salary 1	Super- annuation 2	Motor vehicle 3	Other 4	Other non- cash benefits 5	Total remun- eration
30-June-2022							
Grant Hinchcliffe	CEO						
Ian Heyburn	Head of Island Fresh Produce (on leave - finished 29/04/22)						
Glenn Sullivan	Head of Island Fresh Produce						
Ron Barker	Head of Merchandising & Supplier Engagement (on leave from 02/11/21 finished 24/06/22)						
Joel Zamek	Head of Merchandising & Supplier Engagement (started 02/08/21)						
Craig Smith	Head of Member Services						
Richard Oliver	Head of Member Operations (started 02/08/21)						
Stuart Main	Head of Finance (finished 01/09/21)						
Mitchell Kay	Head of Finance (started 08/11/21)						
Nicole McCullagh	Head of People & Culture						
Gary Sutherland	Head of Promotions, Special Projects & Insights						
Travis Allen	Head of Marketing						
Glenn Rainsford	Head of Information Technology & Commercial Partnerships (finished 30/06/22)						
Tim Bednarz	IT & Retail Technology Specialist (started 26/04/22)						
Peter Martin	Head of Safety, Health & Environment (finished 12/11/21)						
Melissa Axford	Safety, Health & Environment Specialist (started 31/01/22)						
		1,916,723	189,814	28,027	-	(183,565)	1,950,998

¹ Gross salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Superannuation means the contribution to the superannuation fund of the individual.

³ Vehicle costs represent the total cost of private use of vehicles provided to executives as part of their remuneration.

⁴ Other benefits includes all forms of employment allowances, payments in lieu of leave, gifts from suppliers and any other compensation paid and payable.

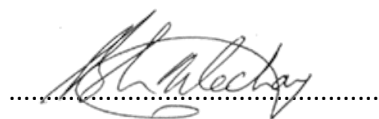
⁵ Other non-cash benefits include movements in provisions for annual leave and long service leave.

DIRECTORS DECLARATION

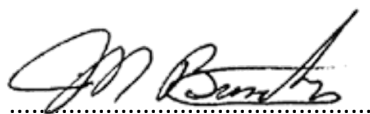
The directors of the co-operative declare that:

1. the financial statements and notes of the co-operative are in accordance with the Co-operatives National Law (Tasmania) Act 2015, including:
 - a. giving a true and fair view of the co-operative's financial position as at 30 June 2023 and of its performance for the year ending on that date; and
 - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Regulations.
2. there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 273(5)(a) of Co-operatives National Law (Tasmania) Act 2015.



Brett MacKay



Michael Baxter

Dated: 07 November 2023



Auditor's Independence Declaration

To the Directors of Tasmanian Independent Retailers Co-Operative Society Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Tasmanian Independent Retailers Co-Operative Society Ltd for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Co-operatives National Law (Tasmania) Act 2015* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit

KPMG

A handwritten signature in black ink, appearing to read 'SA', with a horizontal line extending to the right.

KPMG

Sascha Adams

Partner

8 November 2023



Independent Auditor's Report

To the Directors of Tasmanian Independent Retailers

Opinion

We have audited the **Financial Report** of Tasmanian Independent Retailers Co-Operative Society Ltd (the Co-Operative).

In our opinion, the accompanying Financial Report of the Co-Operative is in accordance with the *Co-operatives National Law (Tasmania) Act 2015*, including:

- giving a true and fair view of the Co-Operative's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards- Simplified Disclosures*.

The **Financial Report** comprises of:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and comprehensive income, Statement of changes in equity, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Co-operative in accordance with the auditor independence requirements of the *Co-operatives National Law (Tasmania) Act 2015* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Other Information

Other Information is financial and non-financial information in Tasmanian Independent Retailers Co-Operative Society Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards -Simplified Disclosures* and the *Co-operatives National Law {Tasmania} Act 2015*.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Co-Operative's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Co-Operative or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:



https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

A handwritten signature in black ink, appearing to read 'SA', with a long horizontal stroke extending to the right.

KPMG

Sascha Adams

Partner

Hobart, Tasmania

8 November 2023

Notes



tasmanian
independent
retailers

Tasmanian Independent Retailers

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