



AUSTRALIAN EGG  
CORPORATION LIMITED

*Protecting our Future*

2007  
annual report

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This 2006-2007 Annual Report is prepared by the Australian Egg Corporation (AECL). AECL is a producer-owned, public, unlisted company that integrates marketing, communications, research and development and policy services for the benefit of the Australian egg industry. AECL is not-for-profit and is funded by producer levies collected by government and matched R&D contributions from the Australian Government.



# Our values

## Vision

AECL will facilitate the sustainable and profitable growth of the Australian egg industry.

## Mission

To create an industry operating environment that assists to minimise barriers and costs for Australian egg producers and to maximise benefits and revenue for the industry and the community through integrated marketing, research & development and policy services.

## Objectives

AECL will achieve its mission by focussing on the following objectives:

1. Growing demand for eggs in the Australian market
2. Enhancing the competitiveness of stakeholder businesses
3. Creating and nurturing the capability of AECL

AUSTRALIAN EGG  
CORPORATION LIMITED



# Industry overview

<b>Flock size (approx):</b>	16.245 million hens - as at 30 June 2006 <small>(Source: Australian Bureau of Statistics, cat. no. 7112)</small>																
<b>State flock percentages:</b>	<table border="0"> <tr> <td>NSW/ACT</td> <td>31%</td> </tr> <tr> <td>Victoria</td> <td>31%</td> </tr> <tr> <td>Queensland</td> <td>22%</td> </tr> <tr> <td>WA/NT</td> <td>9%</td> </tr> <tr> <td>SA</td> <td>5%</td> </tr> <tr> <td>Tasmania</td> <td>2%</td> </tr> </table> <small>(Source: Australian Bureau of Statistics, cat. no. 7112)</small>		NSW/ACT	31%	Victoria	31%	Queensland	22%	WA/NT	9%	SA	5%	Tasmania	2%			
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<b>Production - Australia:</b>	3 billion eggs per annum - 2005/06 <small>(estimate based on ABS flock size, cat. No. 7112)</small>																
<b>Retail prices (average):</b>	\$4.37 per dozen - June quarter, 2007 <small>(Source: Australian Bureau of Statistics, cat no. 6403)</small>																
<b>Number of egg producers:</b>	423 - as at 30 June 2005 <small>(Source: Australian Bureau of Statistics, cat. no. 7121)</small>																
<b>Gross value of production at farm gate:</b>	\$353.4 million per annum - 2005/06 <small>(source: Australian Bureau of Statistics, cat. no. 7502)</small>																
<b>Grocery/retail sales volume:</b>	970,653 million eggs - 8 July 2006 to 7 July 2007 <small>(Source: ACNielsen)</small>																
<b>Grocery/retail sales value:</b>	\$266.4 million - 8 July 2006 to 7 July 2007 <small>(Source: ACNielsen)</small>																
<b>Grocery/retail market share 2006/07:</b>		<table border="0"> <thead> <tr> <th></th> <th><b>volume</b></th> <th><b>value</b></th> </tr> </thead> <tbody> <tr> <td>Cage eggs:</td> <td>71.4%</td> <td>61.1%</td> </tr> <tr> <td>Barn Laid eggs:</td> <td>5.3%</td> <td>6.9%</td> </tr> <tr> <td>Free Range eggs</td> <td>23.4%</td> <td>32.0%</td> </tr> </tbody> </table> <small>(Source: ACNielsen)</small>		<b>volume</b>	<b>value</b>	Cage eggs:	71.4%	61.1%	Barn Laid eggs:	5.3%	6.9%	Free Range eggs	23.4%	32.0%			
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<b>Egg product exports - 2005:</b>	562mt A\$2.264m (FOB equivalent) <small>(Source: Australian Bureau of Statistics)</small>																
<b>Egg product imports - 2005:</b>	1,513mt A\$6.542m (CIF equivalent) <small>(Source: Australian Bureau of Statistics)</small>																

# Chairman's message

The mood of the Australian egg industry at the beginning of the year was one of extreme caution as egg producers had just come out of a period of low prices driven by excesses in egg production. As 2006/07 progressed, the industry became characterised by rising demand for eggs; record retail sales growth; changing threats to the industry's biosecurity measures; an increasing need to manage food safety risks; and ongoing changes relating to the makeup of Australia's egg production.

I am pleased to report that AECL efforts continued to pay dividends during the year as long term positive changes to consumer attitudes and behaviour were realised as they relate to the role eggs play in good health and nutrition. All egg producers would have witnessed a substantial increase in egg demand with record periodic sales being reported among the retail sector. During 06/07, total retail egg sales increased by a massive 25% to represent the highest sales increase on record. Coupled with this, the independently assessed Return-On-Investment (ROI) analysis clearly shows a significant return on invested levy dollars for egg producers.

The year also saw the first independent assessment of the company's objectives, programs, activities, results and achievements. The 3-year AECL Performance Review also reported on the internal operating system, corporate governance procedures and prudential financial management of the company. On behalf of all company directors, I am pleased to report that AECL is in good shape moving forward delivering targeted programs that are having the desired effect in the market in a very cost-efficient and appropriate manner. All egg producers and other stakeholders can be proud that their service provider, is achieving solid outcomes and delivering for the benefit of Australia's egg producers and the Australian Government.

Despite this upbeat assessment on egg demand, retail sales and company operations, there are still a number of external factors impinging on the operating environment for egg producers. During the year, we witnessed continued outbreaks of the H5N1 Avian Influenza strain in a number of overseas countries and the 'alarmist' reporting by some Australian media outlets. Negative media reports have been working against building demand and positive perceptions of consumers towards eggs.

Ongoing changes to community expectations during the year, as it relates to animal welfare, have forced state governments to adopt the outcomes, agreed at the August 2000 ARMCANZ meeting.

All jurisdictions have committed to legislation to underpin this decision by January 2008. This change has had and will continue to have a significant impact on capital infrastructure within the egg industry and the future direction of egg producers. I implore all egg producers to carefully consider these changes as they may affect you.

The company's efforts on-farm and throughout the supply chain continue to deliver effective results as it relates to bird nutrition, animal health and disease management. A number of research outcomes have been achieved during the year with effective sensory research also assisting egg producers determine what product quality characteristics are important to consumers. As an industry we need to keep reminding ourselves to meet the demands of consumers rather than solely those of our supply chain partners.

Working with egg producers and other supply chain partners and stakeholders such as the Australian Government have all assisted to ensure efficiencies in program delivery. This was evident when AECL was granted in excess of \$500,000 in government funding to further enhance industry outcomes as per the company's strategic plan. Our long term plan was also reviewed with the distribution of a questionnaire to all egg producers seeking views on industry issues and challenges over the next 3-5 years and a strategic planning workshop was held in June 2007. The combined outcomes of this process will ensure that future operations of the company remain focussed on the needs of industry.

Our ongoing efforts during the year communicating with all sectors of the market including our egg producers was vital to the success of AECL and will be critical as we move forward into the new year in a cohesive manner. On behalf of all directors, thank you for your continued involvement and contribution to the egg industry and as a result, to the health of Australia's egg consumers.

Finally, what has remained resolute over the year has been the ongoing commitment and dedication of my fellow directors at AECL to ensure the egg industry forges ahead and remains viable and sustainable for all involved. The tireless effort of AECL management towards enhancing stakeholder relations and company results for the direct benefit of the egg industry and the Australian Government continues to keep us all in good stead moving forward.

# Board of directors

## Jeff Ironside <sup>FAICD</sup> AECL Chairman

Jeff Ironside has been a non-executive 'elected' Director and the Chairman of AECL since its incorporation on 18th November 2002.

Jeff has been a medium-sized egg producer in North Queensland since 1976 investing technology and innovation into his egg production system. Jeff was elected to the Board of Sunny Queen Limited in 1993 became Chairman in 1996, and resigned in 1999.

Jeff was elected President of the former Australian Egg Industry Association (AEIA) in November 2000 a post he held until June 2003 when the functions of the AEIA were subsumed by the Australian Egg Corporation Limited (AECL).

Jeff is a Fellow of the Australian Institute of Company Directors, Past President and Paul Harris Fellow of the Rotary Club of Port of Townsville and a member of the Defence Reserves Support Committee (North Queensland).

## Russell Ware <sup>LL.M. (Hons.)</sup> AECL Director and Deputy Chairman

Russell Ware is a non-executive specialist director of AECL, Deputy Chairman and Chairman of the Audit Committee, fulfilling the requirements of the Commonwealth's agreement with the corporation that "the board specifically include a director who can demonstrate from his or her experience that he or she is highly skilled in corporate governance".

A former Sydney commercial lawyer and now living on a farm, Russell is a professional company director who was chairman of three publicly listed companies over a twelve year period. He also consults to and advises business owners, specialising in succession and strategic planning for family-owned businesses, particularly in the agribusiness sector.



FROM LEFT: PHILIP STEEL, JOHN O'HARA,  
FRANK PACE, RUSSELL WARE, JAMES  
KELLAWAY, JEFF IRONSIDE

## Frank Pace AECL Director

Frank Pace is a non-executive elected Director of AECL and is the founder and Managing Director of Pace Farm Pty Ltd – the largest producer, marketer and distributor of eggs in Australia. Frank is the Chairman of the International Egg Commission (IEC) and was recently awarded the Dennis Wellstead Memorial Trophy for International Egg Person of 2004.

Frank Pace was previously the Chairman of the Seven Hills branch of the Livestock and Grain Producers Association (LPGA) and a member of the NSW Farmers' Association Egg Committee. He was also a previous committee of management member and Vice President of the former Australian Egg Industry Association (AEIA). Frank has also made an active contribution to the Sydney community and was honoured by being named a life member and Paul Harris Fellow of the Rotary Club of Mount Druitt.

## Philip Steel <sup>B App Sci</sup> AECL Director

Philip Steel has been a non-executive elected Director of AECL since 16th December 2002.

Philip is the Chief Executive of Golden Egg Farms in WA, a position he has held since 1993. Prior to joining Golden Egg Farms, he gained experience with several food companies, both here and in the UK, working in the areas of production, quality assurance and marketing of a variety of food products.

Philip was a committee of management member of the former Australian Egg Industry Association (AEIA) from 1996 and became President in 1998 until November 2000. During his tenure, Philip contributed to the AEIA in areas relating to food safety, quality assurance and public relations.

## John O'Hara <sup>B Bus (Comm), MAICD,</sup> AECL Director

John is a non-executive specialist director of the AECL.

John has accumulated over twenty years management, marketing and sales experience in the food industry, of which the majority has been associated with agribusiness.

He has worked for some of the major food companies in Australia including Nestle, Dairy Farmers and National Foods.

Currently he is the CEO of Sunny Queen Farms and is the Chair of the Heart Research Institute, Queensland Association and a Vice Patron of Surf Life Saving Queensland.

## James Kellaway <sup>B App Sci (Agr),</sup> GDMM, GAICD, MBA AECL Managing Director

James Kellaway is the executive Director of AECL and has extensive experience in rural commodity and product marketing, with industry organisations including Horticulture Australia Limited, Meat & Livestock Australia, the former Australian Meat & Livestock Corporation and the NSW Meat Industry Authority. James has been responsible for implementing industry based marketing communication programs and member services. These roles had a key focus on delivering commercial results to all company shareholders.

James has a Master of Business Administration (MBA) from the University of Technology, Sydney, a Graduate Diploma in Marketing Management from the Graduate School of Management and a Bachelor of Applied Science in Agriculture from the University of Western Sydney. James is also a graduate member of the Australian Institute of Company Directors and a non-executive director of the Poultry Co-operative Research Centre.

# Managing Director's report

AECL management over the 06/07 period has focussed on delivering the planned outcomes for the year in line with the company's strategic plan. This involved 'taking stock' during the year seeking feedback from egg producers regarding the strategic direction of the company for the next five years.

All projects and activities undertaken responded to the operating pillars of the company which were market awareness, market education, supply chain enhancement, on-farm innovation and efficiency and public affairs & stakeholder relations. The projects and activities were also shaped to address the macro-environment in which egg producers were operating in during the year. This ensured that the programs instituted were responding to the commercial needs of egg producers while building towards achieving the long term goals of the industry.

## Market awareness

This year's program and associated campaigns were all developed from the results of the second national Usage & Attitude (U&A) market research conducted three years after the industry's first U&A 'stock take' of egg consumers. While the strategic direction of the industry's promotional programs were confirmed through the research, the industry was able to 'drill down' and further refine the market segments to assist AECL target our efforts more effectively during the year and for the foreseeable future.

The research revealed that those who love eggs now represent 66% of the market with those who do not consciously restrict their consumption of eggs totalling 69% of the market. High egg consumers (those who consume more than 7 eggs per week) have increased to now represent 61% of the population. As a result, our key messages for the year were primarily targeted towards lifting the purchase and consumption of eggs among egg lovers who are non-restrictors but are low consumers. This segment represents 13% of the population but only consume 7% of the eggs available.

Our print advertising 'convenience lifestyle' campaign and its five executions, extolling the many virtues of eating eggs, were rolled out in eight lifestyle magazine titles over many months. This was complemented by a comprehensive Public Relations (PR) campaign that resulted in a record number of editorials about eggs and their use. Other below-the-line activities included briefings to media and publication agencies, food service events, food media luncheons, direct mail to interested consumers and consumer giveaways. Additional market awareness activities were promoted through our egg producers such as the provision of Point-Of-Sale (POS)

material among the route trade and other consumer premiums.

By year's end, retail egg sales had increased by a massive 11.6% on the higher volumes recorded during the 05/06 period with retail sales revenue increasing to total A\$249 million, up 24.9% on the buoyant sales result achieved the previous year. In partnership with industry, AECL is now changing attitudes and influencing behaviour while lifting egg purchases and consumption.

## Market education

AECL continued to support the Egg Nutrition Advisory Group (ENAG) which provided professional and independent advice regarding the health and nutritional benefits of eggs. Key strategies as they relate to educating the market revolved around debunking the cholesterol myth and promoting the nutritional benefits of eggs to consumers and health care professionals. ENAG was able to gain publication of a major research paper in the Nutrition and Dietetics Journal and they also developed fifteen new position papers referring to the use of eggs in a balanced diet.

Our direct mail campaign to over 1,000 GP surgeries continued with new executions directed towards patients. This work was complemented with the production of a booklet titled "The roles of eggs in a healthy diet". Endorsed by ENAG, the Dietitians Association of Australia (DAA) and the National Heart Foundation of Australia, this booklet was distributed to many healthcare professionals throughout Australia. Trade advertising, editorial and sponsorship opportunities at key trade events assisted AECL leverage our association with key influencers in the community.

Our ongoing association with the National Heart Foundation of Australia saw a number of recipes developed during the year receive the Heart Foundation Tick of approval. This was further leveraged through the market by promoting our association with such an established and well known trademark depicting heart health.

Through ongoing tracking research, we now know that only 35% of Australian adults aged 40+ restrict their egg intake which is down from 46% in 2006. Additionally, 55.4% of General Practitioners (GPs) believe egg intake has little to no effect on cholesterol levels.

## Supply chain enhancement

Enhancing the supply chain for eggs was a continued focus during the year with additional work being undertaken to manage the category at the POS, especially in Queensland, complementing work already rolled out across Victoria and New South Wales. Improving the

category among major retailers aims to improve product turnover and product 'facing' to allow fewer stocking problems and better inventory management on an ongoing basis.

Continued work with the Supply Chain Industry Consultative Committee (ICC) sought to further reduce waste by implementing strategies aligned with research undertaken along the supply chain. Additionally, communication and uptake of some of the sensory research outcomes by egg producers will help ensure that the industry is delivering an acceptable fresh shell egg to consumers on a consistent basis.

The industry's supply forecasting continued unabated with an increasing number of egg producers contributing and receiving the benefits of this service. We have now introduced 'short' reports each month in addition to the 'long' report that is published every second month. This service now covers over 72% of the market with input from over 40 egg producers as it relates to layer and egg supply forecasting.

Courtesy of the Australian Government, AECL was able to convene a series of marketing workshops held around the country for egg producers. These workshops provided an insight into product marketing, branding, target marketing, retaining customers, the retail environment and the growth of private-label. These workshops were a great success and further training initiatives will be considered in the new year.

## On-farm innovation & efficiency

During 06/07, AECL has maintained its investment in the Poultry Co-operative Research Centre (CRC) while increasing its focus in our newly developed Egg Producer Research, Innovation & Development (EPRID) program. We have sought new proposals in line with current plans as it relates to basic and applied research while generating increased interest and uptake of on-farm R&D solutions.

The initiative to employ the services of an Extension Officer in co-operation with the CRC has assisted the transfer of technologies and R&D information to egg producers making them aware of new development and services to assist address current issues and husbandry challenges. This service has also provided valuable additional feedback into further developing research and other business programs ensuring that we are addressing company stakeholder needs.

The egg industry's national egg quality assurance program, EggCorp Assured (ECA), continues to grow with a total of 132 facilities being licensed as at year-end. This

reflects 44% of all egg businesses and 77% of Australian egg production. We aim to increase this level significantly during 07/08 and promote the benefits of being EggCorp Assured to the Australian market. Such businesses are also protected by AECL in our communications on crisis issues as we can attest that licensed businesses meet an approved animal welfare, health, quarantine, biosecurity, labelling, food safety and environmental standard.

## Public affairs & stakeholder relations

AECL has invested significant resources into a number of projects that address stakeholder relations, membership services, corporate communications and issues management. The establishment of the Food Safety Taskforce has assisted AECL develop science-based positions as it relates to avian influenza and Salmonellosis. These statements are risk-based and do reflect the science undertaken as part of our basic and applied research program.

In response to social and environmental issues such as animal welfare, product labelling, on-farm biosecurity, food safety and availability of feed grains, our issues management and crisis communication plans have been updated. This has been essential to ensure appropriate media messaging and as a result, these responses have been made available in a timely and frequent manner.

Information on the Hen Welfare Advisory Group (HWAG) continued to be produced during the year with dedicated website pages and communication brochures distributed highlighting the relevant advantages and disadvantages of all three recognised production systems as they relate to the holistic definition of animal welfare. AECL considers our work on animal welfare as providing factual, well researched and science-based information to the community as it relates to all three production systems.

Our ongoing commitment to stakeholder relations and membership services continued throughout the year with AECL 'punching above its weight' relative to other industry service providers. We need to maintain and enhance the efficient use of membership services to continue to demonstrate value and effective levels of program delivery.

Finally, I wish to thank all staff for their unwavering support and commitment shown towards the Australian egg industry over the last 12 months. Their efforts and dedication have delivered positive and tangible results for the direct benefit of egg producers and the Australian Government. The support, direction and vision provided by the AECL Board provides an optimal mix to seek further successes over coming years for the growth and sustainability of the Australian egg industry.

# Market awareness



## Pillar objective

Raise awareness and consumption of eggs in the target market by showing eggs as a creative meal solution and an essential part of a modern, healthy lifestyle.

## Challenges

The key challenges of the 2007 program were:

- Achieving sustainable penetration of recipe ideas and meal solutions to increase consumption of eggs at home
- Gaining product support and arousing interest in the product from kids, who can influence the shopping habits of the grocery 'gatekeeper'
- Encouraging 'egg lovers' to eat more eggs more often.

## Highlights

Highlights of the 2007 program were:

- Positive stories about eggs directly generated by AECL are circulated 28.5 million times
- Launch of new consumer information booklet titled 'Eggs...Naturally. The unsung heroes in the fridge.'
- Food service events in all major metropolitan cities
- International Egg Commission awards Golden Egg Award to AECL for the country with the best egg marketing, promotion and results.

## Objective

## Result

Increase egg purchases	Additional 93.6 million eggs sold - up by 10.7% <sup>1</sup>
Provide consumers with accessible meal solutions and usage ideas online	Egg recipe website <a href="http://www.eggs.org.au">www.eggs.org.au</a> attracts a record 115,492 visits (1.6 million hits) in the first full year of operation <sup>2</sup>
Inspire consumer usage through food media	606 media pieces generated with egg usage solutions the focus of the coverage (up 26% on 2006) <sup>3</sup>
Change consumer attitudes	Total number of people actively restricting their egg intake contracts by 22% from 58% down to 45% <sup>4</sup>
Roll-out national print awareness campaign	Consumer campaign rolled-out across key lifestyle magazines with a circulation of 2.9 million copies and a readership of 12.5 million Australians <sup>5</sup>

### SOURCE:

<sup>1</sup> AC Nielsen Homescan Data - cumulative period 7 (June/July) 2006 to period 7 (June/July) 2007 against cumulative period 7 (June/July) 2005 to period 7 (June/July) 2006

<sup>2</sup> WebCentral - period: 1 July 2006 - 30 June 2007

<sup>3</sup> CARMA Media Analysis July 2006 - June 2007

<sup>4</sup> AC Nielsen Homescan Data panel view result comparison November 2004 to November 2006

<sup>5</sup> Campaign performance and media schedule, Fusion & Essence Media June 2007

## Executive summary

The 2007 market awareness campaigns raised awareness of the nutritional benefits of eggs among consumers and showed eggs as a versatile and essential ingredient in the kitchen driving creative meal solutions in the food media.

### Expanding consumption

During 2007, AECL reviewed the success of promotion and communication activities over the past three years and found that consumer attitudes towards eggs had improved, the number of households buying eggs had expanded and total sales volume had increased.

One of the main reasons for this success was because the good egg nutrition message resonated deeply with Australian consumers. The 2007 AECL promotional campaigns built on this success by correcting long-held misconceptions in the community and positively influenced consumer purchase behaviour. Eggs were marketed as 'the perfect package': a complete food, full of protein, energy and essential vitamins and minerals.

The other key success in building egg consumption during 2007 was an expansion of egg occasions. A key message of our awareness campaigns was that eggs are not just for breakfast or the weekends – they are great snacks, dinners and lunches for every consumer.

Finally, AECL continued to address the cholesterol myth. In all communications, consumers were reminded that egg consumption will not influence blood cholesterol levels in most healthy people.

According to AC Nielsen, an additional 93.6 million eggs were sold through retail outlets during 2006-2007 compared to the year before. This success coincides with the adoption of a consumer marketing and communications program, which accelerated the growth of egg awareness and increased egg sales.

### The perfect package

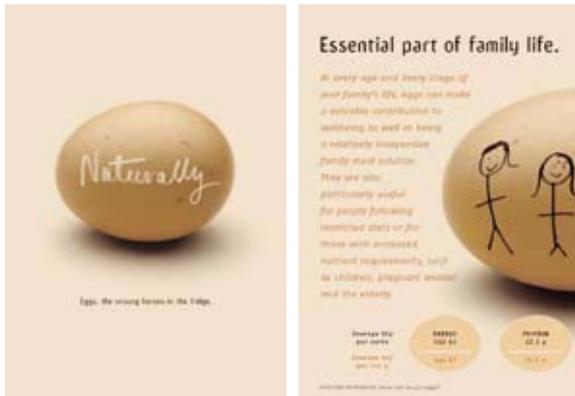
A print advertising campaign was launched in line with the strategy to expand egg occasions and emphasise the nutritional benefits of eggs. This campaign was rolled out through eight lifestyle magazines reaching a total of 13 million people, more than 70% of our target market.

Five advertisements were crafted with a specific consumer in mind, and each execution was selected to match the profile of each of the eight key magazines chosen. Key statements such as 'Eggs will make kids feel as full as a googy' and 'Just add boiling water for a hot, healthy snack' let the advertisements tell a great story about eggs, satiety and valuable nutrients in eggs.

The success of each advertisement was tracked through the [www.eggs.org](http://www.eggs.org) website, which attracted more than 115,000 separate visitors to download egg recipes and nutritional information. This was a ten-fold increase in the number of visitors to the site recorded in the previous year.

A key element of the tracking mechanism was the new consumer health information and recipe booklet, 'Eggs...Naturally. The unsung heroes in the fridge.' This booklet was launched in February 2007 for those looking to shape up after Christmas and New Year being distributed to over 6700 consumers. A fridge magnet shopping list was also produced called 'Don't forget the eggs', and it was distributed to more than 5,000 consumers.

In May 2007 AECL was presented with results of research gathered by the Australian Woman's Weekly. The February 2007 issue carried the 'Protein Pill' print advertisement achieving a recall of 74% of readership and 57% of readers had been able to associate the ad with the advertiser.



'EGGS...NATURALLY.' BOOKLET

FRIDGE MAGNET SHOPPING LIST

## Expanding egg usage solutions

To complement the advertising campaign, AECL invested heavily in a media communications program to drive coverage of egg usage solutions in consumer and trade media, while communicating key nutrition messages about eggs.

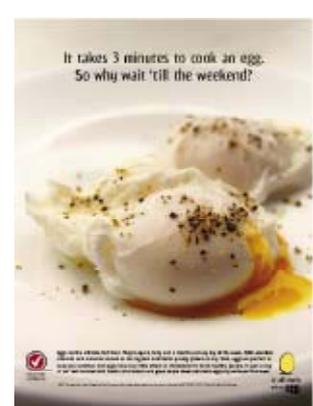
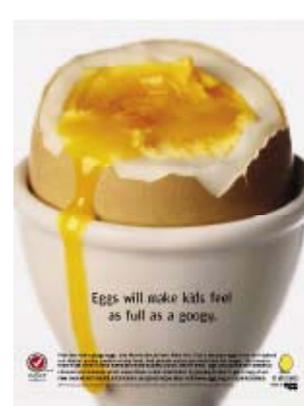
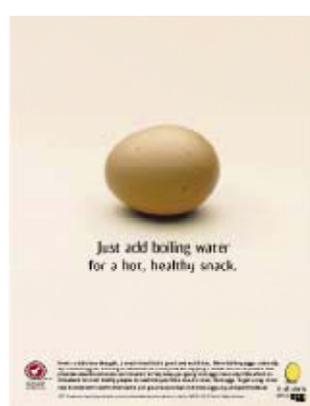
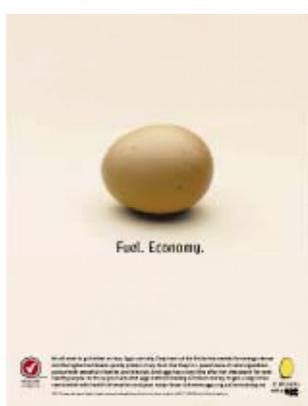
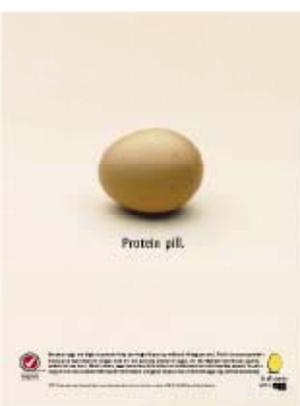
To ensure the effectiveness of the media communications activity, AECL conducted a survey among 21 influential food journalists at the beginning of the financial year to better understand their views on eggs. Despite many suffering the misconception that eggs could negatively impact blood cholesterol, most of these journalists loved eggs and were eager for fresh recipes and more health and nutrition information.

In response to the issues raised by the survey, we expanded our media database and refined our communications with journalists to better meet their needs. AECL's seasonal media release schedule was designed to encourage nutritional messages in national

magazines, regional and suburban newspapers. A suite of 12 versatile egg recipes and images were released to the media over the year in response to demands for new egg recipe ideas.

According to independent analysis of media reports commissioned by AECL, positive stories about egg usage in the printed media increased from 346 in 2006, to 400 positive stories this year. Even more impressive was the expansion of positive print stories about the nutrition and health benefits of eggs, which expanded from 202 to 306 positive stories this year – an increase of 51 per cent.

The majority of these positive media stories were generated by the Corporation's media release schedule which incorporated monthly recipe solutions with nutrition updates. According to independent circulation figures, stories generated directly by AECL were circulated through the media to reach more than 29 million people.



2007 PRINT ADVERTISING CAMPAIGN

## Reaching food industry leaders

Previously overshadowed by luxury ingredients, the egg increasingly appears in both restaurant menus and quality food publications. This is because AECL understands the influence of local chefs, nutritionists and food journalists on the way our product is perceived.

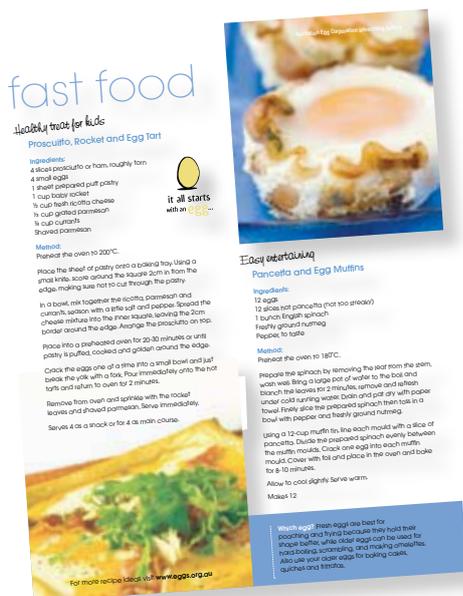
Since 2005, AECL has been communicating with food journalists, restaurant chefs, caterers and other players in the food industry through a successful series of egg food media events, support for catering and restaurant shows, publication of our 'foodie' newsletter 'On the boil', and sponsorship of the Young Chef of the Year Awards. These activities have all worked to build and maintain relationships with influential food industry leaders and showcase the understated elegance of eggs.

During 2007, food media events were held in Perth, Sydney and Brisbane. These events attracted more than 150 high profile nutritionists, media, chefs, food industry professionals and egg producers.

These events proved invaluable in communicating directly with food opinion leaders to debunk long standing myths, while reminding the food service industry of the beauty of the egg in their cooking. The events also had the direct result of generating positive feature stories in the metropolitan press, reaching more than 3 million consumers.

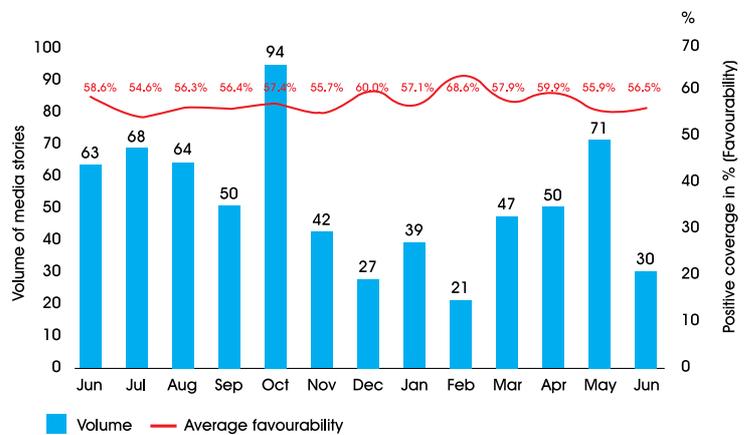
During the past year, features on eggs appeared in magazines including: Vogue Entertaining+Travel, Cosmopolitan, Donna Hay, Better Homes and Gardens, Australian Good Taste, Australian Gourmet Traveller and in the food pages of several metropolitan newspapers, notably: The Herald Sun, The Courier Mail, The West Australian and the Daily Telegraph.

AECL has also continued the dedicated egg newsletter for food professionals, 'On the boil'. Designed to be a one-stop-shop of useful and interesting egg information for the food industry, this newsletter is distributed to 3000 food professionals via email and mail every quarter. The four editions published during the year included egg news, events, profiles, give-aways and recipes.



### NEW IDEA ADVERTORIAL

## EDITORIAL COVERAGE OF EGG USAGE SOLUTIONS IN PRINT PUBLICATIONS



SOURCE: CARMA Media Analysis July 2006 – June 2007

HOW MANY EGGS IS HEALTHY?

Results

Since 2004 the national omnibus provider Newspoll was commissioned to conduct six telephone research waves among consumers to evaluate the effectiveness of ongoing marketing and promotion activities in relation to eggs. For the first five research waves the study was conducted across Australia, among adults aged 40 years and over. In May 2007, this was expanded to include all adults aged 18+.

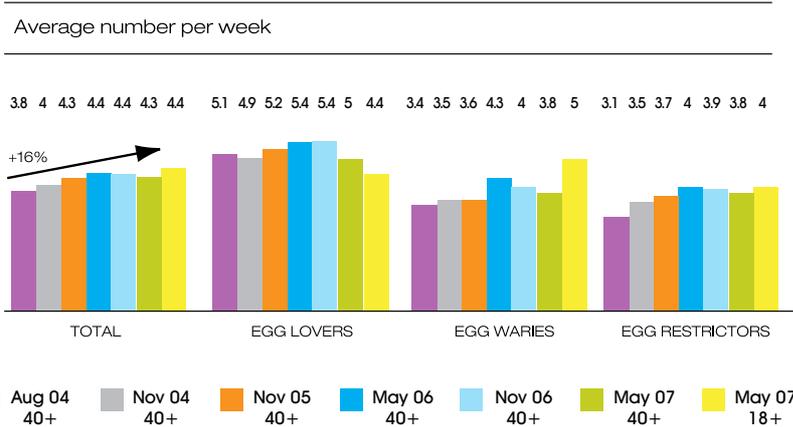
There has been some movement since the previous wave in November 2006 in perceptions of how many eggs are healthy among adults aged 40+, with 4.3 per week for May 2007 (4.4 eggs per week for people aged 18+).

A new question was included for the first time in the May 2007 research to measure when eggs are eaten to determine eggs share of stomach. Among adults aged 18+, 40% of eggs would be eaten at breakfast. This is followed by dinner at 28% and lunch at 22%. Not surprisingly the lowest proportion of eggs would be consumed as a snack (10%).

AC Nielsen reported that in 2006/07 household penetration showed an upward trend, with its peak in December 2006 (53.67%) and settling at a level of 53.32% in June/July 2007. Consistently during 2006/07 household penetration was above the four-year average, which has been based on AC Nielsen Homescan data since 2002. AC Nielsen's Homescan panel consists of 10,000 households in Australia and AECL commissioned a survey among the panel in November 2006, asking them about their attitudes towards eggs.

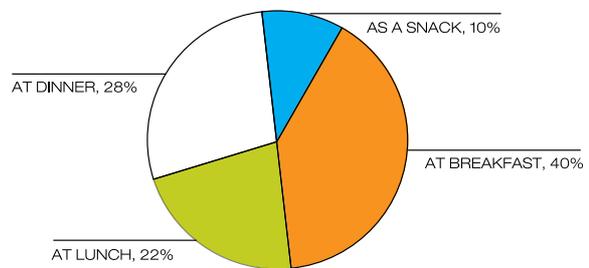
Since 2004 the egg lovers segment expanded by 31% while the number of people who consciously restrict their egg consumption has decreased by 22%.

According to the Freebairn model and as used in the 3 year Performance Review of AECL, egg sales as at July 2007 were up by 7.5% on the sales target required to deliver a return on the invested levy funds for egg producers.



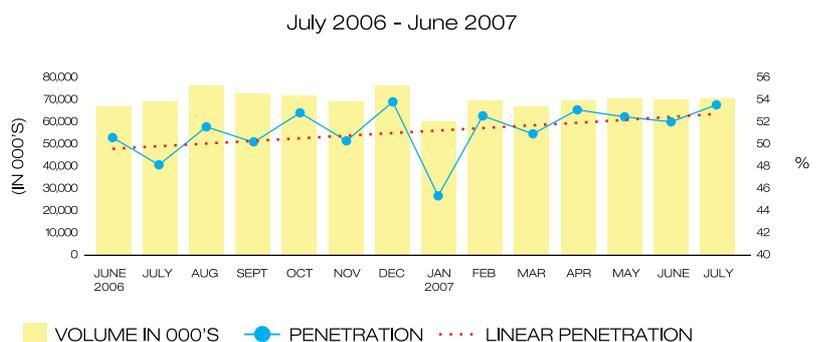
SOURCE: Newspoll May 2007

EGGS SHARE OF STOMACH



SOURCE: Newspoll May 2007

EGGS VOLUME SALES & RELATED HOUSEHOLD PENETRATION



SOURCE: AC Nielsen Homescan data since 2002

MOVEMENT BETWEEN CONSUMER SEGMENTS



SOURCE: ACNielsen Homescan Data - Panelviews Nov04-Nov06

# Market education



## Pillar objective

Educate the target markets by reinforcing the good health benefits of eggs and providing permission to eat more eggs more often by qualifying misconceptions associated with limiting egg consumption.

## Challenges

The key challenges of the 2007 program were:

- Educate healthcare professionals who are still counselling patients to restrict egg intake
- Continue to positively alter the attitudes of consumers across all life-stages.

## Highlights

Highlights of the 2007 program were:

- Reduction in the number of consumers who actively restrict the number of eggs they eat from 46 per cent to 35 per cent
- Positive print stories about the nutrition and health benefits of eggs published in 306 publications – an increase of 51 per cent on 2006
- Egg Nutrition Advisory Group has a major scientific review on the nutritional benefits of eggs published in Nutrition and Dietetics Journal.

## Objective

## Result

<b>Increase consumer knowledge of health benefits &amp; nutritional value of eggs in a balanced diet</b>	<b>Australian consumers consider 4.4 eggs per week to be healthy<sup>1</sup></b>
<b>Reduce the number of consumers actively restricting their egg intake due to unfounded cholesterol fears</b>	<b>Only 35% of Australian adults aged 40+ now restrict their egg intake (down from 46% in 2006)<sup>2</sup></b>
<b>Change healthcare professionals negative beliefs and attitudes towards eggs</b>	<b>Similar to research waves in 2005 and 2006, half of General Practitioners in 2007 (55.4%) believe egg intake has little to no effect on cholesterol levels<sup>3</sup></b>
<b>Debunk health myths about eggs through strategic use of media</b>	<b>Corporation media campaign reaches 28.5 million<sup>4</sup></b>
<b>Expand the range of egg scientific positioning statements for healthcare professionals</b>	<b>Fifteen new positioning statements published by the Egg Nutrition Advisory Group (ENAG)</b>

### SOURCE:

- 1 Newspoll Research Wave May 2007, insights into expanded age demographics 18+ (up from 40+ in years 2004-2006).
- 2 Newspoll Research Wave May 2007 (based on analysis of age demographics 40+ for comparative purpose).
- 3 GP Reach Research Wave May 2007
- 4 CARMA Media Analysis July 2006 – June 2007

## Executive summary

During 2007, AECL's market education campaigns put stronger emphasis on promoting the nutritional benefits and versatility of eggs, while continuing to remind consumers of the cholesterol and egg 'myth'. Healthcare professionals were provided with scientifically proven data on eggs and the role they can play throughout life stages and disease states.

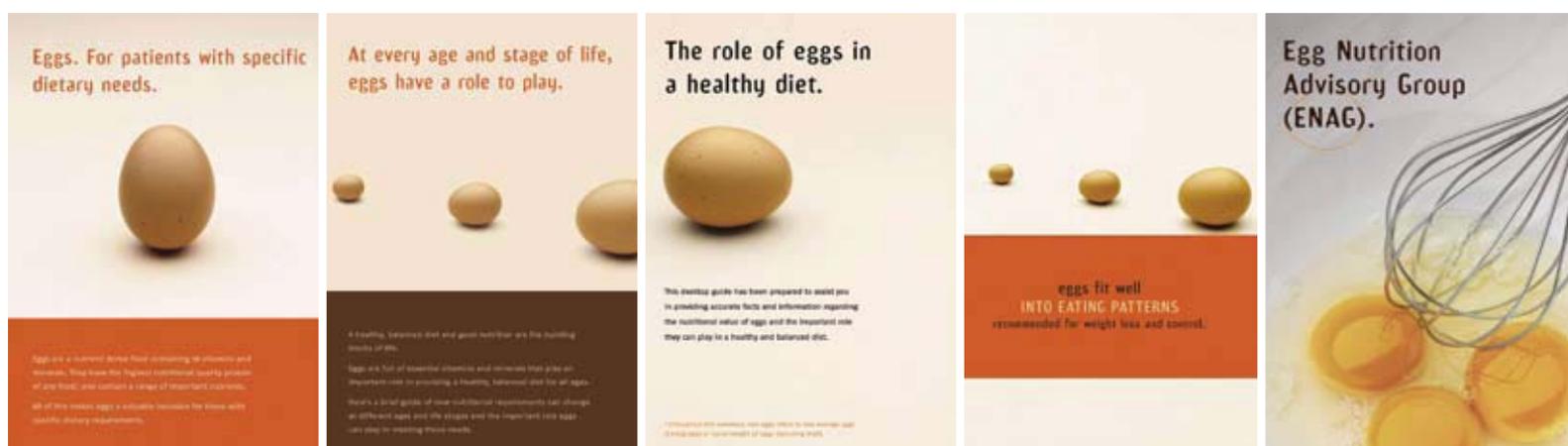
## Egg Nutrition Advisory Group

The major driver of the consumer and healthcare professional education campaigns was the Egg Nutrition Advisory Group (ENAG) as the foremost scientific body on egg nutritional information. During 2007, ENAG not only published fifteen scientific positioning papers, but actively encouraged discussion around egg nutritional and scientific information within the wider healthcare community.

ENAG was also instrumental in drawing on the latest information to develop a range of accurate communication tools to a consumer and healthcare professional audience about eggs and health. In January 2007, a major literature review written by several ENAG members was published in the Nutrition and Dietetics Journal. This paper showed that despite popular misconceptions, egg consumption can form part of a healthy and balanced diet with minimal effect on cholesterol levels. The paper formed the basis for media activity and the development of an educational resource designed specifically for healthcare professionals.

'The Role of Eggs in a Healthy Diet' booklet was published on behalf of ENAG in February 2007 to assist healthcare professionals by providing accurate facts and information regarding the nutritional value of eggs and the important role they can play in a healthy and balanced diet. More than 1000 copies have been distributed to doctors, dietitians, endocrinologists, cardiologists and high-statin prescribing GPs, plus key Australian health writers. This powerful publication was endorsed by the Dietitians Association of Australia (DAA) and more than 3500 DAA members can download information and request copies of resource materials for their clients.

## GP DIRECT MAIL





INFOMED – DIRECT COMMUNICATION WITH PATIENTS

Taking key extracts from relevant sections of 'The Role of Eggs in a Healthy Diet', two brochures were compiled and sent out to all 22,000 General Practitioners in Australia. The first brochure provided crucial, yet succinct information on eggs and cholesterol, eggs and obesity, eggs and CVD risk and on eggs and macular degeneration.

The second brochure discussed the role eggs could play at different life stages. The brochures further informed doctors about current, scientific data on eggs and disease states as reviewed by ENAG and referred to ENAG's website as a resource centre for position statements.

Members of ENAG also spoke at relevant conferences, appeared as media representatives and acted as our key scientific experts. For example, ENAG was present at the popular General Practitioner Conference and Exhibition (GPCE) in Melbourne. Around 1500 delegates visited the event and the ENAG members facilitated several workshops and seminars on eggs, nutrition and cholesterol for the gathered healthcare professionals. This was the second time ENAG had participated, with a similar involvement in the Sydney GPCE during 2006.

Infomed – Direct communication with patients

Infomed is a direct patient communication medium, reaching both doctors and patients in General Practice. Patients can self-select the healthcare material of interest to them from the Infomed board, in an environment where health is top of mind.

70,000 brochures on eggs and patients with specific dietary requirements were distributed in March to over 1000 GP waiting rooms, reaching 4200 General Practitioners and almost 1000 Specialist Practitioners, who treat 23.5 million patients annually. Designed in a convenient and handy format, the consumer publication focuses on the nutritious value of eggs and how they can be a valuable inclusion for those patients with specific dietary requirements and in a diet at every stage of life (pregnancy, children, teenagers, seniors).

This brochure has also been made available to egg producers as part of doctor information kits which they can distribute to GP's in their local community.

## Raising awareness with healthcare professionals

A major part of the strategy to raise awareness of eggs was the launch of a print advertising campaign in one of the two leading weekly doctor's publications, Medical Observer. Reaching 95% of all 22,000 General Practitioners every week, it was an excellent channel to communicate messages on eggs and their nutritional benefits, as well as refuting existing cholesterol myths.

Endorsed by ENAG (Egg Nutrition Advisory Group), four different advertisements were published in the February and March 2007 editions. The print advertising wave was complemented by an online banner, which appeared on the Medical Observer website for two months and which referred healthcare professionals to the ENAG website to request further information such as the educational booklet 'The Role of Eggs in a Healthy Diet'.

The results from GP research conducted in May 2007 were encouraging. Similar to research in 2005 and 2006, over half of GPs (55.4%) believe that egg intake has little to no effect on serum cholesterol levels. The research results also show that counselling certain patients on restricting egg consumption is declining.

AECL will continue to explore communication channels to doctors, including print and online advertising and other means of direct marketing to design effective strategies to raise awareness levels with eggs.

The image displays a 3x4 grid of 12 posters, each featuring a brown egg and a headline. The posters are:

- Row 1:
  - egg fiction.**
  - egg fact.**
  - cholesterol myth.**
  - scientific fact.**
- Row 2:
  - assumption.**
  - evidence.**
  - LDL/HDL.**
  - A.O.K.**
- Row 3:
  - cholesterol bomb.**
  - diffused.**
  - hypothesis.**
  - hard facts.**

Each poster includes a small ENAG logo at the bottom.

ENAG PROMOTION

## Beating the cholesterol myth

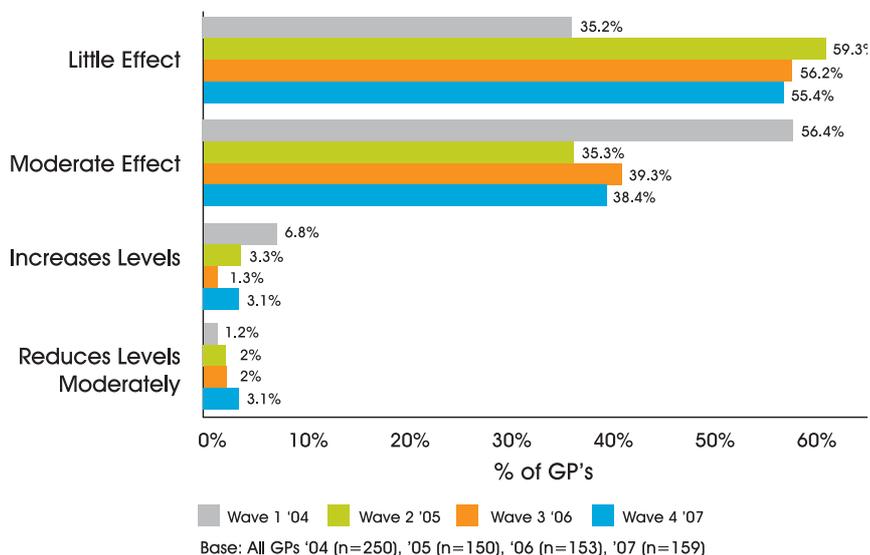
According to Newspoll research commissioned by AECL, Australian egg consumers are responding more rapidly to the message that egg consumption will not influence blood cholesterol levels in most healthy people. The latest survey, conducted in May 2007, shows very encouraging changes in perceptions of egg impact on cholesterol levels.

Among adults aged 40+, the feeling that eggs have "no effect" or "little effect" on cholesterol has risen to almost 5 in 10, up from 4 in 10 since August 2004, and now at the highest level seen since Newspoll began tracking in 2004.

These encouraging findings have been supported by a major Usage and Attitude survey completed early in 2007. This extensive study showed that Australian egg consumers had sharply improved their attitudes towards eggs. Only one third of all egg consumers restrict their egg intake, mainly because of health concerns.

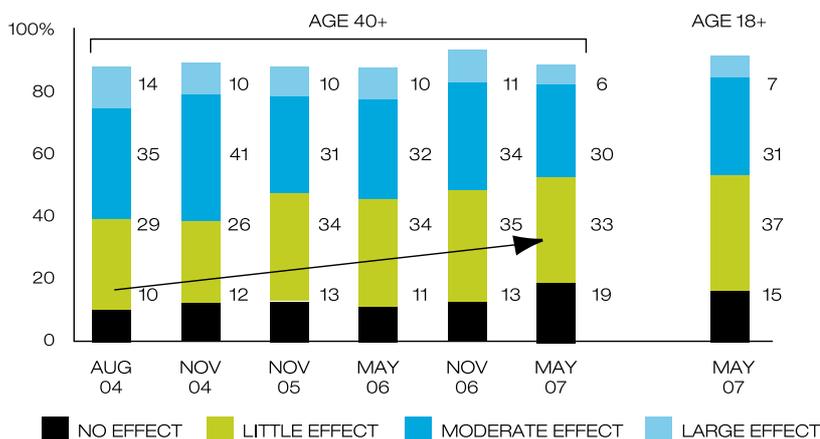
There has been a switch in the behavioural pattern from the last Usage and Attitude survey conducted in 2003. Where 43% of respondents consciously restricted the amount of eggs consumed in 2003, the recent 2006 study shows a drop to 31%.

### OVER HALF OF ALL GP'S BELIEVE THAT EGG INTAKE HAS LITTLE OR NO EFFECT ON CHOLESTEROL LEVELS



SOURCE: Cegedim Strategic Data, Research Wave May 2007

### CONSUMER PERCEPTION OF EGGS' IMPACT ON CHOLESTEROL LEVELS



SOURCE: Newspoll May 2007

# Supply chain enhancement



## Pillar objective

Enhance the effectiveness, transparency and efficient movement of eggs through the supply/demand chain from point-of-lay to the point-of-purchase including logistics and development of value-added propositions to provide product choice for consumers.

## Challenges

The three key challenges of the 2007 program were:

- Ongoing ullage and wastage issue, which reduces the egg producers' ability to make effective returns as costs are 'passed on' to egg producers by retailers
- Difficult category management due to high staff and management fluctuation at retail level and egg distribution facilitated via distribution centres, rather than 'direct to store' and mishandling of eggs throughout the distribution system
- Identification of alternative distribution channels and customer markets to diversify market options.

## Highlights

Two highlights of the 2007 program were:

- Implementation and monitoring of retail category management system into Coles supermarkets in QLD, following VIC and NSW
- Industry's commitment to put ullage-reducing measures into place.

## Objective

Maintain a whole-of-chain approach to improving egg quality and its consistency

Assist to improve the retail environment for egg merchandising

Explore cost effective usage, distribution and packaging options for increasing egg demand

Maintain and build relationships between the egg industry and retailers

Promote utilization of Layer & Egg Forecasting report

## Result

Commenced the investigation on supply chain factors on overall egg quality

Implementation retail category management into Coles supermarkets in Queensland

Confirmation from egg producers on implementation of ullage reducing measures, including new tape for pallet binding, 'fragile' labelling & stack no more than 5 high

Continued dialogue to reduce ullage and wastage on retail end of the distribution chain

6 reports published and distributed with the report now covering 72% of production

## Executive summary

This year, AECL worked to entrench better egg handling practices across the supply chain to reduce egg damage and improve egg quality. The issue of egg labelling, display and branding was also addressed through this pillar in 2007.

## Reducing damage and waste

The biggest issue in the egg supply chain remains the high level of egg damage which continues to occur across the supply chain. AECL established recommendations to address this issue in conjunction with the industry in 2006, which many egg producers have already taken measures to implement. However, damage problems persist because some major retailers have failed to take heed of these recommendations.

Egg retailers have failed to address three crucial egg handling issues. Firstly, egg pallets must be bound with new materials, which don't capture moisture to avoid condensation weakening outer cartons. Retailers also continue to stack pallets too high and don't handle egg boxes as fragile.

The egg industry is working around these issues by using palletising tape and delivering egg boxes in fixed configuration of no higher than 5 rows to the retail distribution centres. Egg producers are also alerting retailers to the fragile nature of the product by placing fragile warnings on the outside of egg boxes.

During 2007, a number of issues were progressed by AECL:

- Upsizing of egg cartons when using an upsized egg: the majority of the industry have increased the carton cell size for 70+ gram eggs
- Back of retail store storage from incorrect store ordering: A Retail Category Management project was conducted in Coles supermarkets in Victoria, New South Wales and Queensland to address correct ordering, storage, handling, stock rotation and hygiene of eggs at store level
- Differently shaped outer boxes making pallets difficult to stack: development of industry standard for both outer and inner packaging has been adopted
- Already damaged egg cartons used during grading process: has been resolved through Egg Corp Assured, the egg quality assurance program
- Damaged product due to grading floor machine errors: has been resolved through Egg Corp Assured, the egg quality assurance program.



## Understanding egg quality along the supply chain

The Egg Quality Program was established in 2006 in response to observations by scientists, industry members and the consuming public of declining egg quality, particularly manifested by albumen runniness (watery whites).

In order to address the perceived egg quality issue, research was conducted last year to determine the characteristics of eggs and to establish the 'ideal egg' from the perspective of Australian consumers. The research confirmed that consumers want brown eggs with a rich orange yolk and firm albumen.

In light of these findings, AECL established the Egg Quality Industry Consultative Committee (ICC), made up of egg producers and egg quality researchers to help guide quality research in this area.

The ICC has subsequently recommended funding two key projects, which commenced during 2007 to address consumer issues of egg quality and to provide egg producers and supply chain partners with the necessary tools to provide quality fresh shell eggs on a consistent basis.

The first project, 'Egg quality testing and identification of quality risk factors', being undertaken by The University of New England (UNE), is a comprehensive, whole-of-industry egg sampling project that will identify and evaluate risk factors associated with reduced quality in eggs at the point of lay.

Complementing the UNE sampling project is the 'Influence of supply chain conditions on egg quality' being undertaken by Food Science Australia (FSA).

The findings of this research will be used to help recommend changes to the egg supply chain from farm to table. Results are expected from mid-2008.

## Marketing workshops

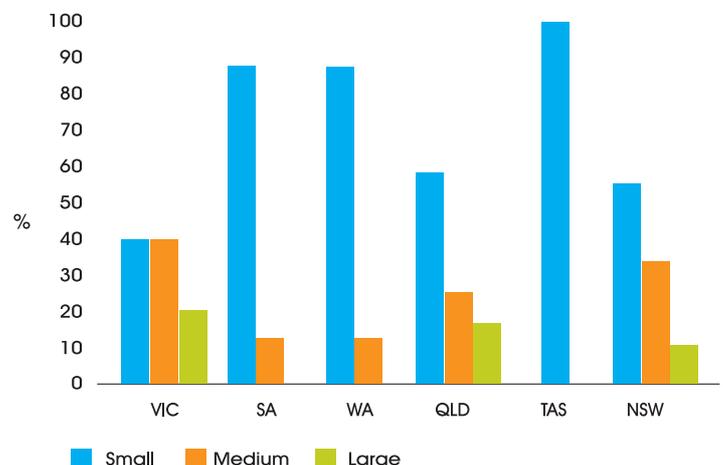
For the egg market to expand, AECL is committed to assisting egg producers understand the core elements and basis of brand management and product marketing to raise the profile and ultimate sales success of their eggs and egg products in the Australian market.

During 2006, AECL applied for and received an Australian Government grant under the Industry Partnerships Programme titled Action Partnerships. The application addressed issues that were identified during the Taking Stock and Setting Directions initiative by the Australian Government. One recommendation from the initiative was the need to generate a greater understanding of the marketing discipline for egg producers to lift the emphasis on product marketing in the Australian egg industry.

During April and May 2007 AECL facilitated a series of marketing training courses for egg producers in major regions of Australia. The workshops provided fundamental marketing training for the 77 egg producers who attended with a range of different sizes, production methods and marketing knowledge represented.

Topics included market orientation, market research, segmentation, targeting, positioning, brand building and private labels. Producers were given recommendations of how to become astute marketers, ensuring the egg industry is promoting a united message to enhance benefits to the egg industry, to each egg producer and for the egg category as a whole.

### SIZE OF EGG PRODUCERS' BUSINESSES ATTENDING WORKSHOPS BY STATE



SOURCE: AECL

## National Heart Foundation of Australia Tick Program

Egg producers have embraced the opportunity to place the National Heart Foundation of Australia 'Tick' of Approval on their packs.

The move to include eggs in the 'Tick' Program is based on scientific evidence showing eggs are a highly nutritious food that can be included in the diet of healthy Australians without increasing their risk of heart disease.

63 egg businesses signed up with AECL as sub-licensees of the 'Tick' program during 2007, more than 400 egg labels have been approved to use the 'Tick'.

As the National Heart Foundation of Australia states, "Consumers are no longer just looking for healthier food choices, they are demanding it". Having the 'Tick' on eggs is a proven and simple way of letting consumers know that eggs meet the strict Heart Foundation of Australia standards, making it clear that eggs are an independently approved healthier

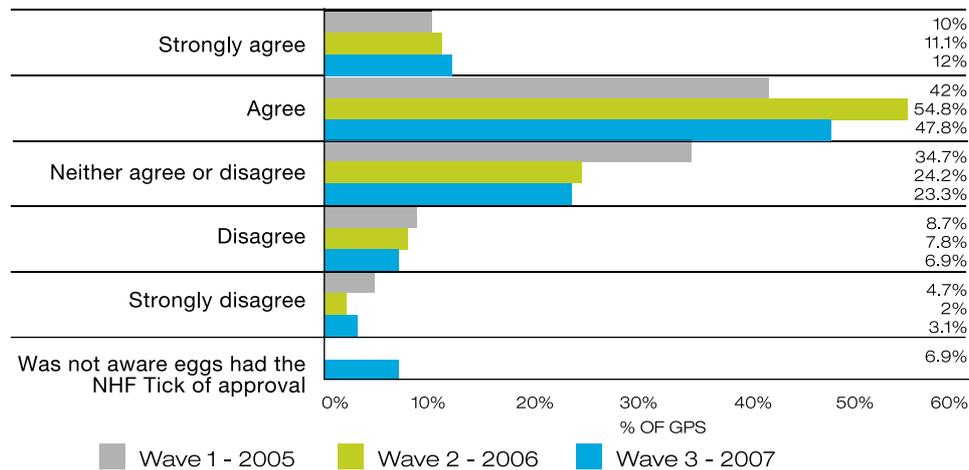
choice. 'Tick' foods meet strict standards for saturated and trans fat, sodium, kilojoules and fibre.

Overall, there has been a rise in awareness among adults aged 40+ that fresh eggs gained the 'Tick' of approval. This has mainly been driven by slight increases among egg "lovers" and "restrictors", with the latter having the highest awareness of all of the segments at between 4 in 10 and 5 in 10.

Also, GP Reach confirmed again that over half of GPs agree (somewhat / strongly) that the 'Tick' of approval for eggs influences their opinion on what they believe to be a healthy level of egg consumption.

### DIETARY BENEFITS OF EGG CONSUMPTION

Over half of all GP's have been positively influenced by the Heart Tick



Base: All GPs 2005 (n=150), 2006 (n=150), 2007 (n=159)

SOURCE: Newspoll May 2007

# Public affairs & stakeholder relations



## Objective

Ensure effective industry communication and policy management to enhance community knowledge and understanding of the egg industry and its associated service delivery programs and outcomes.

## Challenges

The two key challenges of the 2007 program were:

1. Improve the image of the egg industry among the general community by addressing community concerns regarding animal welfare, animal health and truth-in-labelling
2. Increase the knowledge of eggs and egg farming methods among school-aged children and teachers.

## Highlights

Two highlights of the 2007 program were:

1. The development of the Hen Welfare Advisory Group
2. Creation of a suite of education resources for teachers and students about egg production and nutrition.

## Objective

## Result

Improve preparedness for issues that could effect the industry	Food Safety Taskforce established, spokespeople trained, website and advertising campaign primed
Manage media issues as they arise	Two egg price rise media alerts reach a combined audience of 30 million without one negative story
Proactively promote the image of egg producers in the community	Hen Welfare Advisory Group establishes website and communication brochure promoting the image of egg producers in the community. Layer hen housing media campaign reaches 1.8 million Australians
Better involvement and communication with stakeholders	Industry newsletters and communications enhanced with a new focus on face-to-face industry communication

## Executive summary

Through effective industry communication, media planning and policy management, the Egg Corporation worked to enhance community understanding of the egg industry.

## Hen welfare

According to a 2007 AECL survey of egg producers across Australia, the issue of animal welfare was identified as one of the key issues that could negatively impact on the continuing sustainability and profitability of the egg industry.

Research conducted on behalf of the Australian Government confirms that the general public is easily emotionally engaged with the topic of animal welfare, however awareness and knowledge appears to stem largely from media reports on distressing stories of animal cruelty. This research also revealed a certain amount of misinformation in relation to issues, such as farming practices.

In this environment, the egg industry is faced with a major consumer trend for more information about the food that they eat. This is manifested through the growth of the organic movement, improved environmental awareness, increased demand for food sourced locally and the rise of farmers' markets around the country. Consumers want to know more about where their food comes from, how it was produced and if this farming was conducted in a sustainable and welfare-friendly way.

One of the key ways of meeting this challenge is by promoting thoughtful public debate based on current scientific knowledge and supporting useful research and development projects that improve the welfare of hens housed in Australia.

To this end, AECL established the Hen Welfare Advisory Group, a panel of animal welfare, veterinary and egg industry advisors to help guide research and communications on hen welfare for the Australian Egg Corporation.

The Hen Welfare Advisory Group was established in 2007 and is currently involved in conducting a thorough examination of the international scientific literature dealing with all aspects of hen welfare. This objective examination of the literature will look at the advantages and disadvantages of all layer hen housing systems and will form the basis of future communication.

One of the first materials developed the Group was a simple brochure on hen welfare across egg production systems, 'Where do my eggs come from?' The Hen Welfare Advisory Group has also established a new information-based website accessible from [www.eggs.org.au](http://www.eggs.org.au). This interactive website is a crucial component of our strategy to educate consumers about hen welfare in the egg industry.

Most crucially, AECL continues to call on industry to support the national egg quality assurance program, Egg Corp Assured. The increased adoption of Egg Corp Assured is a demonstration of the Australian egg industry's commitment to continued improvement in hen welfare. AECL will continue to promote the industry through this quality assurance scheme.



## Educating our community

In January 2007 AECL launched a Schools Resource Kit to educate children about where their food comes from and work towards bridging the growing divide between the reality of egg farming in Australia and community perception.

The resource kit has been designed to build upon the success of the popular educational book 'Story of Eggs' that was launched in 2005 and has now been distributed to more than 1000 schools throughout Australia. The resource kits have been developed to integrate the 'Story of Eggs' into schools' curriculum to make learning about eggs part of agreed lesson plans.

AECL worked with teachers, industry groups and education consultants across Australia to produce the kit, which contains lesson plans from seven of the eight key learning areas, activity pages and resource sheets. Each lesson is linked to the National Outcome Profiles making it a valuable resource for teachers planning their terms' work.

More than 100 schools purchased the kit in 2007, responding to a promotional campaign to encourage the uptake of the resource kit.

The production of an educational DVD to complement the kit and engage children in the process of egg farming was also completed in 2007. Called 'It All Starts With An Egg', the DVD is the ultimate egg farm excursion, taking students on a journey to learn all about where Australian eggs come from - meeting the hens, their farmers, the baby chicks and even the guard dog. The DVD was distributed free of charge to schools that order the resource kit.

The educational DVD has also given life to a new cartoon egg family created by AECL. The characters: Benedict, Lorraine and their children Flip, Florentine, and baby Googy feature in the DVD and are now immortalized on sticker and activity sheets for AECL communication with schools and children.

The DVD and egg family made a popular appearance at Sydney's Royal Easter Show this year as part of an AECL exhibition at the Food Farm. The theme of the pavilion was 'where does our food come from?'. Eggs proved to be a major draw card with a themed area, video displays and Easter egg painting.

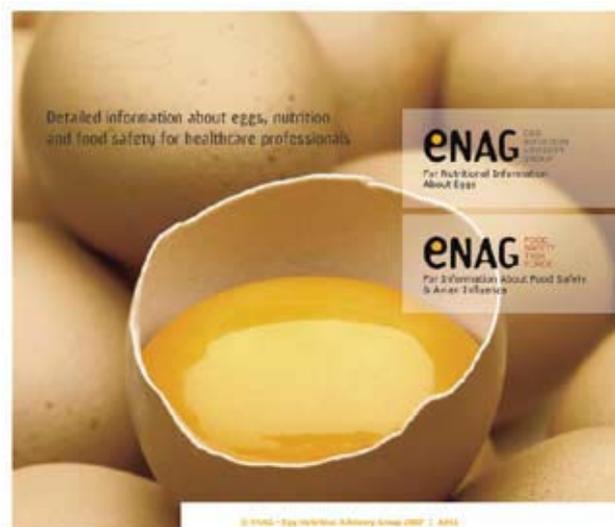
## Influenza preparedness

During 2006, AECL established the ENAG Food Safety Taskforce to ensure the industry was in a position to credibly inform public opinion and awareness about bird flu and eggs, with the ultimate goal of minimising the impact on sales in the context of an outbreak.

The ENAG Food Safety Taskforce is a key component of the industry's contingency preparations. This Taskforce brings cutting edge scientific knowledge, analysis and interpretation of the current scientific literature on food safety, with respect to avian influenza and eggs. The Taskforce also provides independent, unbiased and accurate information to healthcare professionals, consumers and the media on food safety, with respect to avian influenza and eggs.

During 2007 the taskforce completed the core objectives for which the group was established. These include an independent scientific position statement on bird flu and eggs; a key messages document; advertising copy for both consumers and healthcare professionals for use in an outbreak scenario; and a range of supporting information and facts from which to produce future communication materials.

Thanks to the Taskforce, the egg industry is well prepared for an Avian Influenza incursion into Australia. The Taskforce has been briefed to serve as spokespeople for their field of expertise and a new website has been established. Retail and industry response kits were also prepared and an advertising campaign is ready to go.



[www.enag.org.au](http://www.enag.org.au)

## Food safety

The number of cases of food-borne illnesses in Australia, particularly Salmonella, has recently skyrocketed.

While there are a number of foods that can carry Salmonella, eggs are increasingly under the spotlight as posing a significant risk. Of the 8000 cases reported in Australia each year, over 60% of victims say they had eaten eggs in the previous 7 days. Several major Salmonella outbreaks were linked to eggs – one in Tasmania in 2005, one in Victoria in 2006 and another in New South Wales this year – have also helped heighten public awareness of the food safety risks associated with eggs.

This increased focus on food safety and eggs coincides with the development of a new Primary Production and Processing Standard for Eggs (PPP) by Food Standards Australia New Zealand (FSANZ). Some of the issues FSANZ is currently examining include cracked and dirty eggs, the hygienic handling of eggs and the storage of eggs at room temperatures.

AECL has reminded all egg producers to remain vigilant in their approach to food safety and actively encouraged egg producers to adopt the food safety provisions of

Egg Corp Assured, the national egg quality assurance program.

During 2007, AECL commenced an education process for the retail and food sector about the importance of food safety when handling, storing or selling eggs. For example, food safety flyers were printed and distributed nationally. These are designed for egg producers to place on egg boxes and pallets distributed to the food service industry.

AECL also sought the expertise and knowledge of the ENAG Food Safety Taskforce – a panel of experts in food safety and human health – to provide independent guidance and advice on key food safety issues affecting the egg industry.

AECL is now working with government on a possible public information campaign on egg handling. This is expected to coincide with the release of the draft PPP in 2007/2008.



# On-farm innovation & efficiency



## Pillar objective

Innovate commercially responsive and production efficient solutions to enhance industry and stakeholder competitiveness and sustainability of egg businesses.

## Challenges

1. Increasing activities within the R&D program targeted towards returning benefits to producers in the short term
2. Enhancing the R&D program to better meet the needs of all stakeholders including egg producers, the Australian Government and the wider community.

## Highlights

1. Increased uptake of the industry's environmental management system implemented through Egg Corp Assured (ECA), the national egg quality assurance program
2. Increased extension activities for the egg industry with the introduction of the Australian Poultry CRC Poultry Extension Officer.

## Objective

## Result

Improve preparedness for issues that could effect the industry	Completed flock uniformity and productivity studies involving eight Victorian producers and commenced national composting trials involving 10 egg producers
Increase adoption of Egg Corp Assured	132 ECA licenses issued representing 44% of egg businesses registered with AECL and 77% of the egg industry flock
Improve the Australian egg industry's environmental performance	Implemented the industry's environmental management system as a mandatory component of Egg Corp Assured
Evaluate welfare issues and enhance layer hen welfare	Continued research on behavioural requirements of hens/ use of nest boxes & established Hen Welfare Advisory Group (HWAG) to guide future welfare research
Enhance relationships with egg producers to improve R&D uptake, communications and transfer of knowledge to industry	Established the Australian Poultry CRC Extension Officer position and completed over 40 face to face visits with egg producers on-farm
Invest in 'traditional' long term research activities in key areas of disease management, nutrition and welfare	Continued support as a core partner with the Australian Poultry CRC investing in over 30 research projects

## Executive summary

During 2007, the AECL on-farm innovation and efficiency pillar adapted to meet the changing priorities of the Government, egg producers and the community with a renewed focus on the environment, quality assurance and direct on-farm improvements.

## Improving environmental performance

Australian egg producers are being called upon to demonstrate their environmental credentials in response to growing public and government expectation of responsible environmental management by industry.

In 2007, AECL completed a major environmental management project supported by the Australian Government through the Natural Heritage Trust 'Pathways to Industry EMS Program'. The primary goal of the project was to develop, implement and drive the uptake of an Environmental Management System (EMS) to improve the environmental performance of the Australian egg industry.

Under the project 'Pathways to Environmental Assurance for the Egg Industry in Australia', AECL has now provided egg producers with the tools necessary to assess the potential environmental threats of their operation and introduce measures to minimise the risk of environmental threats. This was achieved by the development of a practical set of national environmental guidelines and its implementation through the existing framework of Egg Corp Assured (ECA), the national egg quality assurance program.

The industry Environmental Management System (EMS) was adopted by egg producers throughout 2007 as a mandatory component of Egg Corp Assured. The EMS directs sound management practices to reduce both community amenity impacts and impacts on natural resources (surface water, ground water, soils and vegetation). In addition, the project has delivered training and information resources to ensure the responsible and appropriate use of egg industry by-products such as manure, litter and egg wastes.

## Quality assurance in the egg industry

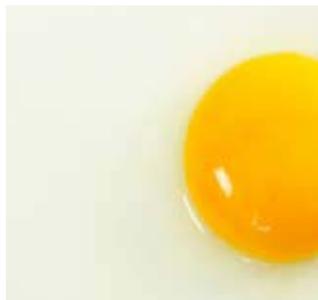
Egg Corp Assured is the only national quality assurance program designed specifically for Australian egg producers. Based on the reliable HACCP approach, Egg Corp Assured addresses all the key production issues: food safety, biosecurity, hen welfare, egg labelling and environmental management.

This year, AECL published a promotional kit that shows how a range of egg farmers across the country have benefited by becoming Egg Corp Assured. This brochure kit highlights the benefits for each of the key areas and incorporates case studies from all Australian states and each of the three major production systems. The kits have been distributed to all egg producers to encourage uptake of this valuable program.

Established in 2004, industry uptake of Egg Corp Assured (ECA) continued apace over 2007 with 132 Certificates of License being issued. This number represents 44.1% of egg businesses registered with AECL and 77% of the egg industry flock.

Training days for egg producers on the ECA program took place in all states early in 2007. The training days also acted as an open forum for egg producers, giving them the opportunity to contribute to the program content and structure from a practical perspective. The ECA program continued to evolve, taking consideration of new legislation, standards and regulative requirements.

The quality mark will be actively promoted to consumers from 2008.



## Improving our grain stock

The Premium Grains for Livestock Program (PGLP), of which AECL has been a key partner since 2000/2001, finished during 2007.

The Program was established in 1996 as a jointly funded grain and animal industries project to address concerns from these industries about a reliable supply of quality grains.

The most important outcomes from the Program have been: an understanding that the grain characteristics most suitable for production vary widely between animal types and; the development of a tool – near infra-red spectroscopy (NIR) calibrations – to measure these characteristics to predict the impact of grain type on animal performance.

Long-term, the findings of the PGLP could lead to the development of an animal grains industry based on the measurement of quality and appropriate payment for this quality. This type of trading of grains would provide rewards to both the grain growers and livestock producers, including Australian egg producers.

## Controlling disease

The control of infectious poultry diseases is critical to the long term sustainability and profitability of the Australian egg industry and this year AECL continued to support research projects aimed at understanding disease characteristics and enhancing disease control measures.

A recently completed project “Characterisation and modulation of virulence of endemic IBDV strains using reverse genetics” undertaken by CSIRO Livestock Industries was funded by AECL and the Rural Industries Research and Development Corporation. This project has resulted in the discovery of important information regarding gene mutations of IBDV (Infectious Bursal Disease Virus) for the Australian poultry industry.

While monitoring circulating IBDV strains within Australian poultry flocks over the last four years, the researchers discovered a large number of genetic changes in the virus. The project has given the industry valuable insight into the importance of specific mutations in relation to the virulence of endemic strains, which could result in new and improved vaccines in the future. The project has also confirmed that Australia remains free of very virulent IBDV strains that are of major economic significance to poultry industries in many other parts of the world.

A further project “Development of a real-time PCR test to quantify infectious bronchitis virus in tissues of Chickens” commenced this year and is being undertaken by the University of New England. Although the Australian egg industry employs widespread vaccination against infectious bronchitis virus (IBV), there are still problems with reduced performance in layers that are suspected to be caused by IBV.



## Egg producers get involved

The Egg Producer Research Innovation and Development (EPRID) Program was introduced by AECL in 2006 giving egg producers the power to initiate and be directly involved in research and development activities designed to address on-farm production issues and return benefit to their enterprises in the shorter term. This year, the EPRID Program supported a number of key projects involving producers from across Australia, representing a range of business sizes and covering all production systems.

The group "World Class Flock Uniformity" has examined the influence of pullet flock uniformity on productivity, eggshell quality and bird welfare. Led by Dr Greg Parkinson (DPI Victoria), the project involved participation from eight Victorian producers involving ten egg farms and has demonstrated an association between uniformity in flock body weights, higher peak and better persistency of production and increased eggshell quality. The extension of husbandry concepts arising from the project has the potential to reduce the proportion of emaciated and obese osteoporotic birds while significantly increasing the economic longevity of first cycle flocks and sustaining shell quality. Improving shell quality will lead to a reduction in ullage along the supply chain with cost benefits to producers and improved food safety outcomes for the consumer.

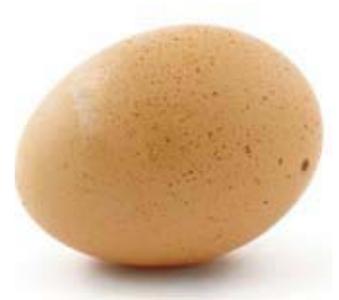
Another EPRID project commenced this year is evaluating different composting practices and involving the efforts of ten egg producers across five states. The major objective of the project is the optimisation of best composting practice for the recycling of waste by-products of egg production including everyday mortalities, culls, manure, egg wastes and litter.

## Addressing producer needs

Due to a recognised need in the poultry industry for traditional extension specialists, Geof Runge was appointed to the position of Australian Poultry CRC Extension Officer in October 2006 for a period of 12 months. Geof has over 40 years of poultry extension experience with the Queensland Department of Primary Industries and Fisheries.

In 2007, Geof spent much of his time in face-to-face meetings with egg producers on their farms, gaining an understanding of issues that are relevant to them, driving the uptake of R&D outcomes and raising awareness of AECL's R&D and other program activities.

For the majority of on-farm visits, Geof will be seeing small to medium egg producers, who have indicated a commitment to stay in the industry beyond 2008 and who do not regularly participate in AECL activities. This is an attempt to reach producers who are relatively unknown to AECL and might not have a good understanding of the services that AECL offers the industry.



## Australian Government R&D priorities

The Australian egg industry recognises that continual investment in Research & Development (R&D) and industry/product innovation is vital for ongoing growth and improvement in the profitability and sustainability of the egg industry.

R&D embraced by the egg industry delivers benefits to egg producers and other industry stakeholders, to the operating environment and the wider Australian community. The industry's commitment to R&D and innovation is demonstrated by the higher productivity growth that has been occurring as a result of long term investment in R&D at the farm level, throughout the supply chain and in developing the market. To sustain productivity gains continual investment, coordination and linkage of R&D throughout the supply chain and marketing system is critical.

To help guide the egg industry's investment in R&D, new government priorities have been identified which map the challenges to be faced over the next five to ten years by the agribusiness sector. The priorities focus on five challenges:

- Boosting industry productivity and adding value.
- Effective operation of supply chains and markets for existing and new products.
- Supporting effective natural resource management.
- Building resilience to climate variability and climate change.
- Protecting Australia from biosecurity threats.

To meet these challenges and support the research effort, continued investment must also be made in building skills and advancing technology throughout rural industries.

## 2006/07 R&D FOCUS

NATIONAL RESEARCH PRIORITY	RURAL R&D PRIORITY	PROJECTS	INVESTMENT
Promoting and maintaining good health (through strengthening Australia's social and economic fabric and preventive healthcare – healthy food production)	Productivity and adding value (Improve the productivity and profitability of existing industries and support the development of viable new industries.)	18	\$568,681
	Supply chain and markets (Better understand and respond to domestic and international market and consumer requirements and improve the flow of such information through the whole supply chain, including to consumers.)	12	\$1,038,201
An environmentally sustainable Australia	Natural resource management (Support effective management of Australia's natural resources to ensure primary industries are both economically and environmentally sustainable.)	2	\$277,895
	Climate variability and climate change (Build resilience to climate variability and adapt to and mitigate the effects of climate change.)	0	0
Safeguarding Australia	Biosecurity (Protect Australia's community, primary industries and environment from biosecurity threats.)	7	\$154,745

## SUPPORTING THE RURAL RESEARCH AND DEVELOPMENT PROCESS

Frontier Technologies for Building and Transforming Australian Industries	Innovation skills (Improve the skills to undertake research and apply its findings.)	1	\$60,000
	Technology (Promote the development of new and existing technologies.)	0	0

# Corporate governance

The Australian Egg Corporation Limited (AECL) is committed to conducting its business in a way that is open and accountable to all stakeholders. Corporate governance is the system of management and controls exercised in the stewardship of AECL. AECL is a public company limited by guarantee and is not listed on the Australian Stock Exchange but has developed its framework for corporate governance in line with the 'Principles of Good Corporate Governance and Best Practice Recommendations' as developed by the ASX Corporate Governance Council. AECL believes its corporate governance practices are rigorous and of a high standard.

## AECL's responsibilities to stakeholders

AECL's task is to achieve the delivery of stakeholder value through the sustainable and efficient operation of the company in achieving its objectives of growing demand for eggs in the Australian market, and enhancing the competitiveness of stakeholder businesses.

Sound reporting and risk management practices are the mechanisms to measure achievement of strategic business objectives.

Directors will use their best efforts to ensure the company is properly managed so as to protect and enhance members' interests and to meet the company's obligations to all parties.

## Membership of AECL

A person is eligible to be a member of AECL if they are an Australian egg producer and a levy payer and the owner of laying hens over the age of 18 weeks, owned at the end of the previous financial year, for the purposes of the production of eggs for human consumption. Members have the number of votes determined by the number of laying hens over the age of 18 weeks and may vote at any General Meeting on any resolution, including the election of directors, the ratification of specialist director appointments, and the total remuneration payable to the elected directors of the company.

## The AECL Board

The Board is responsible for ensuring that the management of the company is conducted in a manner that ensures the long term benefit of levy paying egg producers and more broadly, all stakeholders, consistent with the Statutory Funding Agreement with the Australian Government and the company Constitution. It strives to create member value by constructively engaging with management to ensure the appropriate development, execution and monitoring of the company's agreed strategies in line with the Strategic Plan.

The AECL Board's functions include:

- Setting company policies
- Approving major strategies, plans and budgets
- Responding to management recommendations on major initiatives, including significant investments, capital and funding proposals, senior appointments, executive remuneration and succession plans, financial results, performance against plans, and issues relating to internal controls and the management of risk
- Approving significant capital expenditure
- Ensuring the company acts legally and responsibly on all matters and that the highest ethical standards are maintained
- Ensuring the company operates within the requirements of the Statutory Funding Agreement with the Australian Government.

The AECL Board carries out its functions in accordance with the Australian Institute of Company Directors (AICD) Code of Conduct.

## Composition of the AECL Board

The AECL Board comprises up to four elected directors, and up to a maximum of three Specialist directors, one of whom will be the Managing Director. Specialist directors are appointed by the AECL Board to ensure a balance of skills and expertise in accordance with the criteria set out in the Statutory Funding Agreement between the Australian Government and AECL and the company Constitution.

## Board remuneration

Total remuneration for all non-executive directors has been set in the company's Constitution at a maximum of \$150,000 per annum. Aggregate Board remuneration can only be increased with the consent of the company's members. AECL's Constitution also provides for non-executive directors to be paid additional remuneration where they perform services outside the scope of ordinary duties of an AECL Director.

## AECL Board meetings

The AECL Board meets monthly or as otherwise required to perform its duties and requires a quorum of a majority of directors eligible to vote. Each director has one vote. To meet operational needs, the Board may convene by using electronic methods.

## AECL committees

In addition to the AECL Board, the Audit Committee was constituted to review the financial information that will be provided to members and others, the systems of risk management and internal controls that management and the Board have established, and the audit process including the independence of the auditor.

## AECL Board performance

The AECL Board conducts regular review of its performance in the following areas:

- Roles and responsibilities
- Timeliness of advice and direction to management
- Effectiveness of Board meetings
- Interaction with management
- Contribution to the ongoing performance of the company.

Resources will be provided where appropriate and approved by the AECL Board to enable directors to update their professional skills and knowledge as company directors.

## Business approach

The AECL Board has put in place appropriate systems and controls to ensure that AECL acts within the law at all times, avoids conflict of interest and acts honestly and ethically in all business activities. AECL has developed key corporate controls, including risk management, fraud control and intellectual property management programs.

## Conflict of interest

Relevant interests of all directors are reviewed on an annual basis, as well as notified as and when they arise in relation to any issues.

## Independent advice

After consultation with the Chairman, directors may obtain independent professional advice on matters arising in the course of their Board duties. Such advice would be made available to all directors.

## Consultation with stakeholders

A stakeholder is defined as any business, including government, that invests with AECL. The majority of funds are sourced from levy-paying egg producers and as a result, this stakeholder group is the core focus for AECL consultation.



## Recognition and alignment with government's R+D priorities

The Australian Government provides matching contributions to AECL for eligible R+D expenditure to a limit of 0.5% of the industry's gross value of production. As a result, the Australian Government is a key stakeholder of AECL.

Components of the AECL strategic plan are consistent with a number of the government's national and rural R&D funding priorities. The plan reflects the dynamic and competitive nature of the Australian egg market and recognises the emergence of new developments and trends in research and production, quality assurance, vertically integrated supply chains and an increasing consumer emphasis on product quality and integrity.

Ongoing program development will be cognisant of all government R&D priorities as they pertain to the issues prevalent in the Australian egg industry.

The investment of AECL in the Poultry Cooperative Research Centre (CRC) supports the efforts of government authorities and commercial partners in improving disease preparedness, biosecurity, animal welfare, education and training for the Australian egg industry.

Strategies to address sustainable management and maintenance of Australia's natural resources remain a priority. Poultry farms have a smaller more intensive environmental 'footprint' than many other more extensive agricultural enterprises in Australia and environmental impacts are closely regulated by both State and local governments. As part of a holistic production strategy, AECL continues to assist develop environmental operating guidelines in close consultation with all regulators.

## Business best practice

AECL as an organisation adopts best business practice, including adherence with relevant Australian standards and leading organisational management models. Key aspects include:

- Adherence to all relevant Australian accounting standards
- Development and adoption of a strategic plan covering a period of 3 to 5 years
- Development and implementation of a risk management plan in accordance with Australian standards
- Development and implementation of a fraud control plan
- Development and implementation of an intellectual property management plan
- Development and compliance with annual operation plans
- Measurement of organisational performance against specified strategic actions/outcomes and annual key performance measures
- Adoption of best practice in human resource and diversity management
- Adoption of best practice in managing compliance with legislative and regulatory requirements
- Development of internal policies and procedures in key areas such as Equal Employment Opportunities (EEO), Occupational Health and Safety (OHS) and privacy.



# Financial report

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# Directors' report

Your directors submit their report for the year ended 30 June 2007.

## Directors

The names of the directors of the entity in office during the financial year and until the date of this report were :

Jeff Ironside  
Frank Pace  
Philip Steel  
Russell Ware  
John O'Hara  
James Kellaway

## Directors qualifications

Directors qualifications are detailed in the Annual Report.

## Directors meetings

During the year to 30 June 2007 there were 12 meetings of directors and 4 audit committee meetings

	Board meetings		Audit committee meetings	
	2006/2007	2005/2006	2006/2007	2005/2006
Jeff Ironside	12	12	4	3
Frank Pace	12	12	4	3
Phillip Steel	12	11	4	3
Russell Ware	12	12	4	3
John O'Hara	12	12	4	3
James Kellaway	12	12	4	3

## Corporate information

Australian Egg Corporation Limited is a company limited by guarantee that is incorporated and domiciled in Australia. The registered office of the company is :

Suite 4.02  
Level 4  
107 Mount Street  
North Sydney, N.S.W., 2060

The entity employed 7 employees at 30 June 2007 (2006 : 6).

## Principal activities

The principal activities during the year were the provision of marketing and research and development activities and policy services on behalf of the egg industry in Australia.

There have been no significant changes in the nature of these activities during the year.

## Results

The surplus of the entity for the year ended 30 June 2007 was \$nil (2006 : \$nil).

## Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company during the period.

## Significant events after the balance date

There have been no significant events occurring after balance date which may affect either the company's operations or results of those operations or the company's state of affairs.

## Future developments and results

The company does not expect changes to the principal activities in the coming year.

## Environmental regulation and performance

The company is not subject to any particular or significant environmental regulation.

## Indemnification and insurance of directors

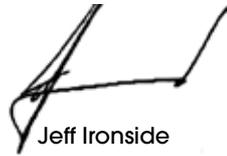
During the financial year the company has paid premiums in respect of a contract to indemnify the directors and insure against liability for the costs or expenses to defend legal proceedings.

The company is not permitted to disclose information regarding indemnification and insurance for directors and officers as it is prohibited under the terms of the insurance contract.

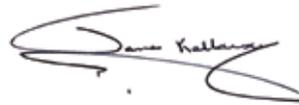
## Auditor's independence declaration

The Auditor's Independence Declaration for the year ended 30 June 2007 has been received and can be found following the Directors' Report.

Signed in accordance with a resolution of the directors.



Jeff Ironside  
Chairman



James Kellaway  
Managing Director

Sydney  
Date : 18 October 2007



Chartered Accountants  
& Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF AUSTRALIAN EGG CORPORATION LIMITED:**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**PKF**

**Arthur Milner  
Partner**

**Sydney, 18 October 2007**

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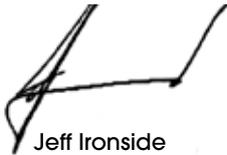
## Directors' declaration

In accordance with a resolution of the directors of Australian Egg Corporation Limited, we state:

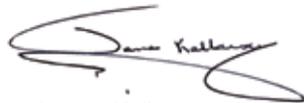
In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including :
  - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Jeff Ironside  
Chairman



James Kellaway  
Managing Director

Sydney

Date : 18 October 2007

# Income statement

## Income statement

	Notes	30 June 2007	30 June 2006
Revenues from Operating Activities	2	5,851,732	5,810,190
<b>Expenditure</b>			
Market Awareness	3a	1,015,326	1,013,345
Market Education	3b	1,534,093	1,861,414
Supply Chain Enhancement	3c	753,476	761,772
Public Affairs & Stakeholder Relations	3d	596,207	910,393
On-Farm Innovation & Efficiency	3e	1,400,100	751,473
Corporate Costs	3f	552,530	511,793
<b>Total Expenses</b>		<b>5,851,732</b>	<b>5,810,190</b>
<b>Net Surplus</b>	<b>10</b>	<b>-</b>	<b>-</b>

## Balance sheet

	Notes	30 June 2007	30 June 2006
<b>Current Assets</b>			
Cash & Cash Equivalents		713,779	1,698,854
Trade & Other Receivables	4	599,832	593,519
<b>Total Current Assets</b>		<b>1,313,611</b>	<b>2,292,373</b>
<b>Non-Current Assets</b>			
Financial Assets (AEEL)	5	1	1
Property, Plant and Equipment	6	93,384	114,027
<b>Total Non-Current Assets</b>		<b>93,385</b>	<b>114,028</b>
<b>Total Assets</b>		<b>1,406,996</b>	<b>2,406,401</b>
<b>Current Liabilities</b>			
Trade & Other Payables	7	1,344,375	2,364,123
Provisions	8	35,375	27,109
<b>Total Current Liabilities</b>		<b>1,379,750</b>	<b>2,391,232</b>
<b>Non-Current Liabilities</b>			
Provisions	9	27,246	15,169
<b>Total Non-Current Liabilities</b>		<b>27,246</b>	<b>15,169</b>
<b>Total Liabilities</b>		<b>1,406,996</b>	<b>2,406,401</b>
<b>Net Assets</b>		-	-
<b>Equity</b>			
Retained Surplus	10	-	-
<b>Total Equity</b>		-	-

# Cashflow statement

## Cashflow statement

	Notes	30 June 2007	30 June 2006
<b>Cash Flows from Operating Activities</b>			
Receipts from funding and other sources		5,245,785	5,646,474
Payments to Suppliers and Employees		(3,874,838)	(5,219,839)
Interest Received		107,604	128,188
Research and Development expenditure		(2,459,918)	(1,583,301)
<b>Net Cash Flows used in Operating Activities</b>		<b>(981,367)</b>	<b>(1,028,478)</b>
<b>Cash Flows from Investing Activities</b>			
Advances to Related Parties		(200)	(9,847)
Purchase of Property, Plant and Equipment		(3,508)	(1,699)
<b>Net Cash Flows used in Investing Activities</b>		<b>(3,708)</b>	<b>(11,546)</b>
<b>Cash Flows from Financing</b>			
Proceeds from Lease Incentive		-	-
<b>Net Cash Flows from Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net (Decrease) in Cash Held</b>		<b>(985,075)</b>	<b>(1,040,024)</b>
Add opening cash brought forward		1,698,854	2,738,878
<b>Cash &amp; Cash Equivalents Carried Forward</b>	<b>11</b>	<b>713,779</b>	<b>1,698,854</b>

## 1. Summary of significant accounting policies

The financial report is a general purpose financial report which has been drawn up in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial report covers the Australian Egg Corporation Limited as an individual entity.

The financial statements of Australian Egg Corporation Limited have been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS).

This financial report has been prepared on an historical cost basis with the exception of financial assets and liabilities to which the fair value basis of accounting has been applied.

A number of standards and amendments were available for early adoption, however, in the opinion of the directors, none of these standards and amendments are expected to have a significant impact on the financial results and have not been applied by the company.

### Principles of Consolidation

The company holds 100% of the issued ordinary shares in Australian Egg Export Pty Limited. The directors have elected not to prepare consolidated accounts due to materiality of this company to the group. The directors believe that there would be no benefit to the users in preparing consolidated financial statements at this stage.

### Classification of Expenses

For the year ended 30 June 2007 the directors have elected to reclassify expenses in order to give more information about the nature of expenditure incurred. The classification structure chosen reflects the strategies and operating pillars developed to implement the programs undertaken and generate outcomes as detailed in the AECL Annual Operating Plan each year. Salary, employee benefits and administration costs continue to be allocated across each of the expense pillars, based upon each employee's relative utilisation in that function.

### Cash and Cash Equivalents

Cash on hand and in banks are stated at nominal value.

For the purposes of the Cashflow Statement, cash includes cash on hand and at bank.

### Receivables

Trade receivables are recognised and carried at original invoice amount less any allowance for doubtful debts. An allowance for doubtful debts is recognised when

collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

### Recoverable Amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount and where carrying values exceed this recoverable amount, assets are written down.

### Plant and Equipment

Plant and equipment is measured at cost less accumulated depreciation and any identified impairment loss. Plant and equipment is depreciated on a straight line basis over its useful life.

### Depreciation

	2007	2006
Office Equipment	2 - 6 yrs	2 - 6 yrs
Leasehold Improvements	Term of Lease	Term of Lease

### Trade and Other Payables

Liabilities for trade creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the entity.

### Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised and are expensed on a straight line basis.

The lease incentive liability in relation to the non-cancellable operating lease is being reduced on an imputed interest basis over the lease term (5 years) at the interest rate implicit in the lease.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

### Provisions

Provisions are recognised when the entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. They are also recognised when it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

### Revenue Recognition

Revenue is recognised when the company has established the right to receive the revenue. Interest revenue is recognised on a proportional basis taking into account interest rates applicable to the asset.

## **Commonwealth Matching Funds**

The Commonwealth Government matches funding on a dollar for dollar basis on approved research and development funded projects, up to a level of 0.5% of the gross value of the industry's production, and not exceeding the cumulative amount of contributions provided by the industry.

A claim on the Commonwealth may only be made when the Company has already spent the amount that forms the basis of the claim.

## **Levy Receipts**

The Levies Revenue Service of the Department of Agriculture, Fisheries and Forestry Australia collects statutory levies (research and development levies and promotion levies) on behalf of the company.

## **Application of Funds**

In accordance with the funding agreement between the Commonwealth and the Company the Company must spend the statutory levies collected in a manner that is consistent with the Strategic Plan and Annual Operating Plans approved by the Commonwealth.

Research and Development payments and Commonwealth matching payments may only be applied by the Company for research and development activities related to the Industry, for the benefit of the Industry and in the case of the Commonwealth Matching Funds, also for the benefit of the Australian community generally.

The Company must ensure there is a clear distinction between expenditure on research and development activities and other activities.

This distinction is noted via the Annual Operating Plans approved by the Commonwealth and tracked via the accounting system.

## **Taxes**

### **Income Taxes**

The Australian Egg Corporation Limited is exempt from company income taxation.

### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- the net amount of GST recoverable from, or payable to, the taxation authority is included as part of other assets or other liabilities in the Balance Sheet
- cash flows are included in the Cashflow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### **Employee entitlements**

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee entitlement expenses and revenues arising in respect of the following categories : wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and other types of employee entitlements are charged against profits on a net basis in their respective categories.

### **Economic Dependency**

The company is economically dependent on levies received from the egg industry and Commonwealth Government contributions.

## 2. Revenue from operating activities

	Notes	30 June 2007	30 June 2006
<b>Revenues from Operating Activities</b>		<b>\$</b>	<b>\$</b>
Promotion Levies		2,946,278	3,895,386
Commonwealth Contributions		828,815	799,889
Research and Development (R & D) Levies		1,718,066	854,692
Other Income	2a	456,632	351,544
		<b>5,949,790</b>	<b>5,901,511</b>
<b>Less</b> Levy Collection Costs (R & D)		23,118	16,302
<b>Less</b> Levy Collection Costs (Promotion)		74,940	75,019
<b>Total Revenue</b>		<b>5,851,732</b>	<b>5,810,190</b>
<b>2a. Other Income</b>			
Associate Membership		3,298	23,203
Government Grants		303,163	150,000
Interest		107,604	128,188
Project Refunds		-	25,140
Royalties		35,916	21,094
Sales Publications		6,650	3,919
<b>Total</b>		<b>456,632</b>	<b>351,544</b>

## 3. Program expenses by strategy

### 3a. Market Awareness

The programs run within the Market Awareness pillar are:

- Consumer program
- Media Relations program

The strategic purpose of these programs is to raise awareness, demand and consumption levels of eggs among the target market by positively reinforcing the fact that eggs provide a creative meal & snack solution and are an essential part of a modern, healthy lifestyle in order to convert light-medium users into heavy users.

	<b>30 June 2007</b>	<b>30 June 2006</b>
Projects / activities	879,051	879,671
Project travel	7,680	26,686
Other	5,295	470
Program management costs	123,300	106,518
<b>Total</b>	<b>1,015,326</b>	<b>1,013,345</b>

### 3b. Market Education

The programs run within the Market Education pillar are:

- Consumer Program
- Health Care Professionals program
- Media Relations program

The strategic purpose of these programs is to educate the target markets by reinforcing the good health benefits of eggs while qualifying misconceptions associated with limiting egg consumption, giving permission to eat more eggs more often and thereby demonstrating how eggs are an essential part of a modern, healthy lifestyle and balanced eating plan in order to convert light-medium users to heavy users.

	1,409,319	1,738,777
Projects / activities	1,409,319	1,738,777
Project travel	1,046	16,119
Other	428	-
Program management costs	123,300	106,518
<b>Total</b>	<b>1,534,093</b>	<b>1,861,414</b>

### 3c. Supply Chain Enhancement

The programs run within the Supply Chain Enhancement pillar are:

- Retail Services program
- Supply Chain program

The strategic purpose of these programs is to enhance the effectiveness, transparency and efficient movement of eggs throughout the supply/demand chain from point-of-lay to the point-of-purchase including logistics and development of value-added propositions to provide product choice for consumers.

	639,473	642,862
Projects / activities	639,473	642,862
Project travel	9,034	18,345
Other	221	(1,973)
Program management costs	104,748	102,538
<b>Total</b>	<b>753,476</b>	<b>761,772</b>

### 3d. Public Affairs & Stakeholder Relations

The programs run within the Public Affairs & Stakeholder Relations pillar are:

- Government Relations program
- Corporate Communications program

The strategic purpose of these programs is to ensure effective industry communication, media relations and policy formulation/management to enhance the operating environment, community knowledge and understanding of the egg industry and its associated service delivery programs and outcomes.

	<b>30 June 2007</b>	<b>30 June 2006</b>
Projects / activities	359,937	679,167
Project travel	51,362	73,753
Other	-	(2,618)
Program management costs	184,908	160,091
<b>Total</b>	<b>596,207</b>	<b>910,393</b>

### 3e. On-Farm Innovation and Efficiency

The programs run within the On-Farm Innovation and Efficiency pillar are:

- Basic and Applied Research program
- Egg Quality program
- Egg Producer Research, Innovation & Development program
- Poultry CRC program

The strategic purpose of these programs is to innovate commercially-responsive and production efficient solutions to enhance industry and stakeholder competitiveness and sustainability of egg businesses and communities over the short and long term.

	1,167,304	565,687
Projects / activities	1,167,304	565,687
Project travel	65,886	43,962
Other	470	2,495
Program management costs	166,440	139,329
<b>Total</b>	<b>1,400,100</b>	<b>751,473</b>

### 3f. Corporate Costs

Accounting & Audit Fees	17,636	19,984
Administration	28,553	20,813
Premises	77,496	68,373
Board/AGM expenses	186,495	176,201
Employment expenses	242,350	226,422
<b>Total</b>	<b>552,530</b>	<b>511,793</b>

## 4. Receivables (current)

	Notes	30 June 2007	30 June 2006
Trade Debtors		460,658	457,042
Other Debtors		4,563	2,066
Security Deposit	19	132,000	132,000
		<b>597,221</b>	<b>591,108</b>
<b>Amounts other than trade debts receivable from related parties :</b>			
Wholly owned Subsidiary :			
AEEL		2,611	2,411
Related Entity :			
AEIA		-	-
		2,611	2,411
<b>Total</b>		<b>599,832</b>	<b>593,519</b>

## 5. Other financial assets

<b>Controlled Entities - unlisted</b>			
AEEL		1	1
		1	1

As at 30 June 2007 Australian Egg Corporation Limited owned 100% of the capital in Australian Egg Export Pty Ltd being 1 fully paid ordinary share (2006 : 1)

## 6. Property, plant and equipment

<b>Office Equipment</b>			
At Cost		85,964	86,888
Accumulated Depreciation		(50,181)	(39,325)
		<b>35,783</b>	<b>47,563</b>
<b>Leasehold Improvements</b>			
At Cost		88,619	88,619
Accumulated Depreciation		(31,018)	(22,155)
		<b>57,601</b>	<b>66,464</b>
<b>Total Property, Plant and Equipment</b>			
At Cost		174,583	175,507
Accumulated Depreciation and Amortisation		(81,199)	(61,480)
<b>Total Written Down Amount</b>		<b>93,384</b>	<b>114,027</b>
<b>Reconciliations</b>			
<b>Office Equipment</b>			
Carrying Amount at Beginning		47,563	61,186
Additions		3,508	1,700
Depreciation		(15,288)	(15,323)
		<b>35,783</b>	<b>47,563</b>
<b>Leasehold Improvements</b>			
Carrying Amount at Beginning		66,464	75,327
Additions		-	-
Depreciation		(8,863)	(8,863)
		<b>57,601</b>	<b>66,464</b>

## 7. Trade and other payables (current)

	Notes	30 June 2007	30 June 2006
Trade Creditors		197,825	602,666
Other Payables		171,239	207,805
Unearned Income - R & D		215,177	108,744
Unearned Income - Promotion Levy		633,122	64,482
Unearned Income - EIDF Transfer		-	180,508
Unearned Income - RIRDC Transfer		-	986,793
Unearned Income - Government Grant		93,887	155,000
Lease Incentive		33,125	58,125
		<b>1,344,375</b>	<b>2,364,123</b>

## 8. Provisions (current)

Employee Entitlements	12	35,375	27,109
		<b>35,375</b>	<b>27,109</b>

## 9. Provisions (non-current)

Employee Entitlements		27,246	15,169
	<b>12</b>	<b>27,246</b>	<b>15,169</b>

## 10. Equity

Retained Surplus			
Balance at Beginning of Year		-	-
Net Surplus		-	-
<b>Balance at End of Year</b>		<b>-</b>	<b>-</b>

## 11. Cashflow information

### (a) Reconciliation of net cash flows from operations

Net Surplus		-	-
<b>Non-cash Items</b>			
Depreciation of non-current assets		24,150	24,185
<b>Changes in Assets and Liabilities</b>			
(Increase)/decrease in trade and other receivables		(6,314)	(144,024)
Increase/(decrease) in trade and other payables		(1,019,748)	(914,679)
Increase/(decrease) in provisions		20,343	6,040
<b>Net cashflow used in operating activities</b>		<b>(981,569)</b>	<b>(1,028,478)</b>

### (b) Reconciliation of Cash

Cash balance comprises :			
Cash on hand		250	249
Cash at bank		713,529	1,698,605
<b>Closing Cash Balance</b>		<b>713,779</b>	<b>1,698,854</b>

## 12. Employee entitlements

	30 June 2007	30 June 2006
<b>Employee Entitlements</b>		
Provisions (Current)	35,375	27,109
Provisions (Non-Current)	27,246	15,169
	<b>62,621</b>	<b>42,278</b>

## 13. Expenditure commitments

<b>Lease expenditure commitments</b>		
Operating Leases (non-cancellable)		
Minimum lease payments		
-not later than one year	94,121	94,121
-later than one year and not later than five years	18,055	112,176
<b>Aggregate lease expenditure contracted for at balance date</b>	<b>112,176</b>	<b>206,297</b>

## 14. Contingent liabilities

There are no contingent liabilities as at 30 June 2007.

## 15. Subsequent events

There have been no significant events that have occurred since 30 June 2007 that require separate disclosure.

## 16. Remuneration of directors and key management personnel

Income paid or payable, or otherwise made available, in respect of the financial year to 30 June 2007, to all directors and key management personnel of Australian Egg Corporation Limited, directly or indirectly, from the entity or any related party.

<b>Remuneration - Short-term Benefits</b>	<b>365,421</b>	<b>357,869</b>
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## 17. Remuneration of auditors

Amounts received by PKF for :

-an audit or review of entity	17,636	18,402
-other services	-	890
	<b>17,636</b>	<b>19,292</b>

## 18. Related party disclosures

**(a) The directors of Australian Egg Corporation Limited during the financial year were :**

Jeff Ironside  
Frank Pace  
Philip Steel  
Russell Ware  
John O'Hara  
James Kellaway

**(b) Interests in subsidiaries**

As at balance date Australian Egg Corporation Limited owned 100% of the issued capital in Australian Egg Export Pty Limited being 1 ordinary share fully paid at \$1 (2006 : 1).

**(c) The following related party transactions occurred during the financial year :**

(i) Wholly owned group transactions

<b>Amounts loaned to Australian Egg Export Pty Limited</b>	<b>200</b>	<b>492</b>
(ii) Transactions with other related entities		
<b>Repayment of amounts loaned to Australian Egg Industry Association</b>	<b>-</b>	<b>(10,339)</b>

## 19. Receivables - security deposit

Australian Egg Corporation Limited is obliged to maintain a security deposit for the rental of the business premises at Mount Street, North Sydney. Accordingly, these funds are not available for general use.

**132,000**                      **132,000**

## 20. Segment information

### Segment products and locations

The company operates predominantly in a single industry and geographical segment, being the provision of research and development and marketing programs for the egg industry within Australia.

## 21. Financial instruments

### (a) Interest Rate Risk

The entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the reporting date, are as follows:

Financial instruments	Floating interest rate		Non-interest bearing		Total carrying amount		Weighted Av Effective Interest Rate	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	%	%
<b>(i) Financial assets</b>								
Cash	845,779	1,830,854	-	-	845,779	1,830,854	6.87	5.60
Trade & other receivables	-	-	467,831	461,518	467,831	461,518	N/A	N/A
Shares in subsidiary	-	-	1	1	1	1	N/A	N/A
<b>Total Financial Assets</b>	<b>845,779</b>	<b>1,830,854</b>	<b>467,832</b>	<b>461,519</b>	<b>1,313,611</b>	<b>2,292,373</b>	<b>-</b>	<b>-</b>
<b>(ii) Financial Liabilities</b>								
Trade & other creditors	-	-	1,344,375	2,364,123	1,344,375	2,364,123	N/A	N/A
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,344,375</b>	<b>2,364,123</b>	<b>1,344,375</b>	<b>2,364,123</b>		

### (b) Terms, conditions and accounting policies

Trade and other receivables are recognised at the nominal amounts due. Trade and other creditors are recognised at the nominal amounts, being the amounts at which the liabilities will be settled.

### (c) Net fair values of financial instruments

The net fair values of all financial instruments approximates their carrying values.

### (d) Credit risk exposure

The company's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of these assets in the balance sheet.



Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REPORT

To the members of Australian Egg Corporation Limited

We have audited the accompanying financial report of Australian Egg Corporation Limited (the company), which comprises the balance sheet as at 30 June 2007, the income statement, and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### *Directors' Responsibility*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Auditor's Opinion*

In our opinion the financial report of Australian Egg Corporation Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

*PKF*

**PKF**

A handwritten signature in black ink, appearing to read 'AM', with a stylized flourish at the end.

**Arthur Milner**  
**Partner**

**Sydney, 18 October 2007**



## Objective 1: GROWING DEMAND FOR EGG IN THE AUSTRALIAN MARKET Strategy: PROMOTE EGGS AND THE AUSTRALIAN EGG INDUSTRY

Strategic Actions	Projects / Activities	Outcome	AECL Pillar
1.1	Understand & comprehend consumer perceptions, usage & attitudes towards eggs & the egg industry in the Australian market.	National consumer Usage & Attitudinal (U&A) research	Market Awareness
1.2	Execute an integrated consumer responsive product marketing campaign to assist in raising demand for eggs in the Australian market among identified market segments.	National Through-The-Line (TTL) market awareness consumer campaign	Market Awareness
1.3	Assist to improve the retail environment for egg merchandising.	Media Relations – market awareness Retail Category Management (RCM) – Coles/BI-Lo Queensland Retail Category Management (RCM) – Woolworths	Market Awareness Supply Chain Enhancement
1.4	Increase consumer knowledge of health benefits & nutritional value of eggs in a balanced diet.	National Above-The-Line (ATL) market education consumer campaign Media Relations – market education	Market Education Market Education
1.5	Monitor & analyse consumer purchasing behaviour & consumption of eggs on an ongoing basis.	Heart health benefits of eggs in weight control in overweight people with type 2 diabetes. Market research – ACNielsen 'Homescan' data Market research – ACNielsen Market Information Digest GP Reach – research	Market Education Market Awareness Market Awareness Market Education

Strategic Actions	Projects / Activities	Outcome	AECL Pillar
	Consumer attitudes – research (Newspoll)	Benchmark outcomes from previous research to quantify and qualify shifts in attitude of consumer market segments so as to better target promotional & PR campaigns.	Market Awareness
	CARMA media analysis – research	Improve tracking of issues & media perceptions to be incorporated into issues management response.	Market Awareness
1.6	Influence perceptions of the Australian community & government towards the egg industry.	Increase demand for eggs nationally while educating kids about the egg industry and the health & nutritional benefits of eggs through parents and teachers.	Market Education
	Kids video	Production and distribution of a video highlighting by egg 'idoling' facts providing the ultimate farm excursion for school aged children	Market Education
	Avian Influenza (AI) & food safety activities	Improved consumer awareness of the facts about Avian Influenza (AI) and eggs and improved industry preparedness to deal effectively with an outbreak	Public Affairs & Stakeholder Relations
	Egg industry welfare reputation	Improved positive perception of the Australian egg industry and increased understanding of role and importance in the Australian economy amongst key media and consumers, particularly by improving consumer and stakeholder awareness of facts around animal welfare.	Public Affairs & Stakeholder Relations
	Egg industry issues management	Protection (and where possible, enhancement) of the reputation of the Australian egg industry through the timely identification and effective management of egg industry issues.	Public Affairs & Stakeholder Relations
	EggCorp Assured (ECA) national egg quality assurance program	Differentiate egg producers by identifying egg producers who comply with a community-responsive egg QA system and gain uptake by egg businesses.	On-Farm Innovation & Efficiency

## Strategy: IDENTIFY AND FACILITATE ALTERNATIVE MARKET OPPORTUNITIES FOR EGGS

1.7	Understand & comprehend food industry & 'opinion leader' perceptions, usage & attitudes towards eggs.	Influence egg endorsement and recommendation by promoting the health and nutritional benefits of eggs as it relates to their patients.	Market Education
	National HCP KOLs education campaign	Help influence egg endorsements and communications to HCPs.	Market Education
	Nutrition advice and dietetics review	Create scientific positioning statements on the health and nutritional benefits of eggs to increase the demand for eggs.	Market Education
	Egg Nutrition Advisory Group (ENAG)	Increase demand for eggs among the food service trade (up-scale) while educating key opinion leaders who will in turn inspire consumers on product usage.	Market Awareness
	Food media events – food service	Helping families prevent childhood obesity by consuming more eggs.	Market Education
	Westmead Children's Hospital obesity sponsorship		

## Objective 2: ENHANCING THE COMPETITIVENESS OF STAKEHOLDER BUSINESSES

### Strategy: DRIVE THE UPTAKE OF INNOVATIONS THAT ENHANCE THE EFFICIENCY AND PRODUCTIVITY OF AUSTRALIA'S EGG INDUSTRY

Strategic Actions	Projects / Activities	Outcome	AECL Pillar
2.1	Identify inefficiencies in the Australian egg production & value chain through benchmarking, research & analysis.	Egg Producer Research, Innovation & Development (extended & ongoing)	On-Farm Innovation & Efficiency
		Egg grade assessment report	Supply Chain Enhancement
		Food Standards	On-Farm Innovation & Efficiency
		Industry Partnerships Program (IPP) – Action Partnerships	On-Farm Innovation & Efficiency
		Development of a real-time PCR test to quantify infectious bronchitis virus in tissues of chickens	On-Farm Innovation & Efficiency
2.2	Initiate the development of innovations that will enhance industry competitiveness.	Egg Quality (EQ) program (extended & ongoing)	Supply Chain Enhancement
		EggMaster software (extended)	On-Farm Innovation & Efficiency
		Rapid identification & pathotyping of virulent IBDV, NDV & AI isolates (extended)	On-Farm Innovation & Efficiency
		Molecular evaluation of responses to vaccination & challenge by Marek's disease viruses (extended)	On-Farm Innovation & Efficiency
		Reduction of dust emissions from broiler & caged layer sheds (extended)	On-Farm Innovation & Efficiency
		Molecular techniques for monitoring Marek's viraemias in broilers & layers (extended)	On-Farm Innovation & Efficiency
		The assessment & development of best management practice techniques for Australian laying hens housed in conventional & alternative laying systems (extended)	On-Farm Innovation & Efficiency
		Establish pro-active involvement of egg producers in R&D levy-funded initiatives driving the uptake of producer initiated innovations to increase egg producer & industry competitiveness.	On-Farm Innovation & Efficiency
		Assess relative benefits of changing the egg grades to increase the utilisation of all eggs and price points of all grades.	Supply Chain Enhancement
		Developing a commercially realistic and consumer responsive food safety plan that addresses risks associated with eggs	On-Farm Innovation & Efficiency
		Enhance the capacity, training, education and research prevalent in the egg industry in response to outcomes identified during the Taking Stock and Setting Directions IPP project	On-Farm Innovation & Efficiency
		Development of a fully quantitative diagnostic test to improve the ability to distinguish between vaccine and challenge strains of Infectious Bronchitis Virus (IBV).	On-Farm Innovation & Efficiency
		Progress report on the production, distribution & sale of consistent egg quality that addresses known consumer sensory concerns.	Supply Chain Enhancement
		Development and uptake of the second version of a flock management software package for egg producers.	On-Farm Innovation & Efficiency
		Identify efficient testing apparatus to easily type AI, Newcastle disease & IBDV.	On-Farm Innovation & Efficiency
		Improve vaccine/s for Marek's disease virus for egg industry use.	On-Farm Innovation & Efficiency
		Identify means to effectively reduce dust emissions.	On-Farm Innovation & Efficiency
		Improve techniques to monitor different strains of Marek's disease.	On-Farm Innovation & Efficiency
		Improved ability to optimise management and design in free range, barn and cage production systems.	On-Farm Innovation & Efficiency

Strategic Actions	Projects / Activities	Outcome	AECL Pillar
	Reduce the use of animal by-product meals in layer diets – use of phytase in layer diets (extended)	Identify effective, cheaper alternative plant-derived feed-stuffs in feed formulations and eliminate the use of animal by-product meals.	On-Farm Innovation & Efficiency
	Pathways to environmental assurance for the Australian egg industry (ongoing)	Manage egg production and farm management practices to ensure environmental sustainability of the egg industry.	On-Farm Innovation & Efficiency
	Poultry Co-operative Research Centre (CRC) (ongoing)	Maintain the egg industry's long term 'blue sky' R&D program for community benefit.	On-Farm Innovation & Efficiency
	Characterisation and modulation of virulence of endemic IBDV strains using reverse genetics (ongoing)	Improve the egg industry's knowledge regarding gene mutations of IBDV (Infectious Bursal Disease Virus).	On-Farm Innovation & Efficiency
	Improved control measures for infectious bursal disease virus	Improve the egg industry's knowledge regarding gene mutations of IBDV (Infectious Bursal Disease Virus).	On-Farm Innovation & Efficiency
	Improvement of lupins and lathyrus for egg layers by enzyme treatment	Improve usefulness of lupins and lathyrus as an ingredient in poultry diets.	On-Farm Innovation & Efficiency
	Benchmarking layer production in cage & alternative housing systems (ongoing)	Benchmark the performance, egg quality, health & welfare of laying hens housed in a variety of production systems world-wide.	On-Farm Innovation & Efficiency
	The importance of nests for the welfare of laying hens (ongoing)	Improve industry knowledge about hen welfare in relation to the use & adoption of nests for laying hens.	On-Farm Innovation & Efficiency
	Hen welfare research development	Identify key research priorities pertaining to the investigation and improvement of layer hen welfare and assess welfare research institutions and capital resources.	On-Farm Innovation & Efficiency
<b>2.3</b>	Ensure appropriate commercialisation of innovations or dissemination of information to optimise uptake by stakeholder businesses.	Inform egg businesses of industry forecasts so that they can make better decisions on flock replacements & egg supply thereby minimising volume & price variations.	Supply Chain Enhancement
<b>2.4</b>	Monitor, analyse & measure industry efficiencies gained on an ongoing basis.	Determine the intent of egg producers & businesses to comply with the 4th edition of the Model Code of Practice for the Welfare of Animals – Domestic Poultry.	Public Affairs & Stakeholder Relations
<b>Strategy: FACILITATE ACCESS TO BUSINESS INPUTS AT COMPETITIVE PRICES</b>			
<b>2.5</b>	Facilitate & enhance industry buying power that enables stakeholder access to inputs at competitive prices.	Ensure cost effective use of the NHF 'Tick' trademark by egg producers (sub-licensees) while ensuring consistency of use.	Supply Chain Enhancement

## Objective 3: CREATING & NURTURING THE CAPABILITY OF AECL Strategy: DEVELOP SKILLED AND MOTIVATED RESOURCES SUPPORTED BY STREAMLINED SYSTEMS

Strategic Actions	Projects / Activities	Outcome	AECL Pillar
3.1	Train dedicated people with appropriate functional capabilities and skill sets	Local scientific & research seminar & conference support	Improved dissemination of egg industry R&D results & professional development of local researchers.
		Travel grants for scientific conference attendance or study tours	Communication of AECL funded R&D outcomes & improving knowledge & network base of local researchers and stakeholders.
<p><b>Strategy: CREATE APPROPRIATE TOOLS &amp; PROCESSES TO FOSTER PRODUCTIVE LINKAGES WITH STAKEHOLDERS, GOVERNMENT &amp; THE COMMUNITY</b></p>			
3.2	Enable effective communication & relations by establishing appropriate tools & processes.	Promotions & PR ICC	Better informed AECL from stakeholder & expert feedback & management of industry expectations.
		Supply Chain Enhancement ICC	Better informed AECL from stakeholder & expert feedback & management of industry expectations.
		Egg Quality ICC	Better informed AECL from stakeholder & expert feedback & management of industry expectations.
		On-Farm Innovation & Efficiency ICC	Better informed AECL from stakeholder & expert feedback & management of industry expectations.
		Public Affairs ICC	Better informed AECL from stakeholder & expert feedback & management of industry expectations.
		Animal Welfare ICC	Better informed AECL from stakeholder & expert feedback & management of industry expectations.
		Animal Health ICC & TWG	Better informed AECL from stakeholder & expert feedback & management of industry expectations.
			Market Awareness
			Supply Chain Enhancement
			Supply Chain Enhancement
			On-Farm Innovation & Efficiency
			Public Affairs & Stakeholder Relations
			Public Affairs & Stakeholder Relations
			Public Affairs & Stakeholder Relations

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Strategic Actions	Projects / Activities	Outcome	AECL Pillar
	Strategic Plan	Establishment of strategic plan based on egg producers feedback and prioritisation of egg industry's issues and challenges	Public Affairs & Stakeholder Relations
	3 Year Performance Review	Stocktake of company progress in line with inaugural strategic plan and assessment of company operations, finance and governance procedures	Public Affairs & Stakeholder Relations
	AECL industry forums	Best practice industry communications & portal for communicating AECL outcomes (ROI), achievements, program developments & industry issues.	Public Affairs & Stakeholder Relations
	Electronic communication & website	Best practice communication with industry, stakeholders & consumers boosting consumer awareness & sales of eggs by linking promotions to an effective website for further product usage & health information.	Public Affairs & Stakeholder Relations
	'The Story of Eggs' in Australia – teachers' resource kit (ongoing)	A resource kit for schools ready to be distributed & pro-actively taken up by schools around Australia to demonstrate the importance of eggs in the diet, the production process & the egg industry as a whole appealing concerns & amending misconceptions.	Market Education
	Stakeholder relations	Egg industry involvement in AECL activities & full knowledge on program outcomes & levy investments to appease stakeholder issues as they relate to AECL operations.	Public Affairs & Stakeholder Relations
	Media Relations – egg industry	Enhance media understanding of egg industry issues & relationship with industry & AECL.	Public Affairs & Stakeholder Relations
	Publications & subscriptions	Keep informed of egg industry, market trends & relevant information on a global & local level while gaining egg industry intelligence & knowledge.	Public Affairs & Stakeholder Relations
	Egg industry meetings & conferences	Better informed AECL, egg producers & service providers through exposure to international markets, industries, concepts & ideas.	Public Affairs & Stakeholder Relations
	AECL corporate image	Best practice egg industry communications with stakeholders ensuring program awareness, adoption & effective business outcomes.	Public Affairs & Stakeholder Relations
	Meetings with the federal Minister & Parliamentary Secretary for Agriculture, Fisheries & Forestry (DAFF)	Better informed Australian Government regarding the programs & activities of AECL & the Australian egg industry as per the Statutory Funding Agreement.	Public Affairs & Stakeholder Relations
	Rural R&D Chairs Committee (RRDCC)	Maintain the egg industry's consultation & relationship with government on R&D matters.	Public Affairs & Stakeholder Relations

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Strategic Actions	Projects / Activities	Outcome	AECL Pillar
<p><b>3.3</b> Disseminate appropriate levels of market &amp; industry information to all stakeholders in a timely manner.</p>	<p>AECL corporate &amp; industry publications</p>	<p>Inform egg producers on AECL programs &amp; activities maintaining &amp; enhancing stakeholder relationships in addition to improving access to products &amp; publications designed to enhance business opportunities.</p>	<p>Public Affairs &amp; Stakeholder Relations</p>
	<p>Liaison with Animal Health Australia (AHA)</p>	<p>Better informed egg industry with secure funding arrangements under the Emergency Animal Disease Response Agreement (EADRA).</p>	<p>Public Affairs &amp; Stakeholder Relations</p>
	<p>Livestock Feed Grain Users Group</p>	<p>Progress towards the security &amp; availability of feed grain at internationally competitive prices.</p>	<p>Public Affairs &amp; Stakeholder Relations</p>
	<p>Egg industry annual statistical publication</p>	<p>Inform stakeholders &amp; community on the size &amp; scope of the Australian egg industry.</p>	<p>Public Affairs &amp; Stakeholder Relations</p>

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