



ANNUAL REPORT
2011 // 2012

Contents

Our Values	02
Egg Industry Overview	03
Chairman's Message	04
AECL Board of Directors	06
Managing Director's Report	08
Situation Analysis	17
Australian Government RD&E Priorities	18
Corporate Governance/Compliance	20
AECL Organisational Structure	25
AECL Business/Planning Cycle	26
Financial Report	27
Project/Activity Report	53
AECL Industry Consultative Committees and Expert Groups	62
Glossary	64

Vision & Mission

EGG INDUSTRY VISION

A cohesive, profitable and growing Australian egg industry meeting the needs of consumers while operating in a socially and environmentally sustainable fashion.

AECL VISION

A responsible and proactive industry service provider supporting the Australian egg industry to achieve its vision.

AECL MISSION

To develop and drive integrated on-farm solutions and through chain and market services that maximise benefits and revenue for the Australian egg industry and the community while minimising barriers and costs for Australian egg producers.



Egg Industry Overview

Production – Australia: <i>(Source: AECL)</i>	392 million dozen eggs per annum – 2011		
Flock size: <i>(Source: AECL)</i>	22.522 million (pullets & layers) – as at 31 December, 2011 16.508 million (layers) – as at 31 December, 2011		
Number of egg farms: <i>(Source: ABS, cat. no. 7121)</i>	339 – as at 30 June, 2011		
Gross value of production at farm gate: <i>(Source: ABS, cat no. 7503)</i>	\$572.2m per annum – 2010/11		
Gross value of production at market: <i>(Source: AECL)</i>	\$1.595b – 2011		
Egg consumption: <i>(Source: AECL)</i>	213.5 eggs per capita (MAT) – December 2011		
Retail prices (average): <i>(Source: Aztec)</i>	Cage eggs	\$3.11 per dozen – 2011	
	Free range eggs	\$5.34 per dozen – 2011	
	Barn-laid eggs	\$4.73 per dozen – 2011	
Grocery/retail sales value: <i>(Source: Aztec)</i>	\$523.5m – 2011		
Grocery/retail sales volume: <i>(Source: Aztec)</i>	128.432m dozen – 2011		
Grocery/retail production market share 2011: <i>(Source: Aztec)</i>	Cage eggs	volume	value
	Free range eggs	55%	42%
	Barn-laid eggs	34%	44%
	Organic eggs	9%	10%
		2%	4%
Grocery/retail branding market share 2011: <i>(Source: Aztec)</i>	Private-label/generic labels	volume	value
	Proprietary labels	52%	39%
		48%	61%
Grocery/retail pack size market share 2011: <i>(Source: Aztec)</i>	6 (half dozen) pack	volume	value
	10 pack	9%	13%
	12 pack	2%	3%
	15 pack	85%	80%
	other pack size	2%	2%
		1%	1%
Grocery/retail pack weight market share 2011: <i>(Source: Aztec)</i>	<= 350g	volume	value
	351g – 600g	8%	13%
	601g – 700g	18%	19%
	701g – 800g	66%	60%
	>= 801g	4%	5%
		4%	4%
Egg product exports – 2011: (FOB equivalent) <i>(Source: ABS)</i>	Egg powder	volume	value
	Egg pulp	13mt	\$0.088m
	Shell eggs	429mt	\$0.832m
		87mt	\$1.962m
Egg product imports – 2011: (CIF equivalent) <i>(Source: ABS)</i>	Egg powder	volume	value
	Egg pulp	844mt	\$5.892m
	Eggs preserved/cooked	384mt	\$1.112m
		686mt	\$2.129m

Chairman's Message



The 2012 AECL Annual Report represents our tenth report to members and stakeholders of AECL. As we approach the Corporation's tenth year anniversary, we can reflect on the achievements accomplished by AECL for the direct benefit of egg producers and the community in which we operate.

Since February 2003, the Corporation's commencement date, egg consumption has grown from 165 eggs per capita to 214, an increase of 30%. This has been through an increase in egg production of 44% despite the Australian population only growing by 14% over the same period. The market value of the egg industry has also grown from \$856 million to \$1.62 billion representing an increase of 89%. Over this time, the Return On Investment (ROI) for our egg promotions has averaged 26% each year and as at June 2012, the ROI was 52%. These metrics reflect proud achievements for the egg industry and are well ahead of growth trends in other food categories.

The egg industry experienced continued growth in 2012 with the number of laying chicks hatched totalling 14.3 million, up by 0.9% on 2011 levels and up by 12% on the 5-year average. The average number of chicks hatched each month during the year totalled 1.2 million reflecting a 1% increase on 2011 levels but significantly up on prior years. In terms of chickens (layers & pullets), at year end the flock totalled 22.6 million which is up by 0.9% on 2011 levels and up by 14% on the 5-year average. This growth in hatchings and hen numbers impacted on egg production that increased to total 393 million dozen, up by 3.2% on 2011 levels and up by 19% on the 5-year average. Subsequently, retail egg volumes rose by 4% on 2011 levels and up by 19% on the 5-year average with retail egg sales increasing by 6% on 2011 and up by 23% on the 5-year average. These metrics add to the continued and healthy growth path being experienced by the egg industry.

The operating environment over the 2012 financial year has been characterised by continued market pressures, as prices remain subdued due to prolonged retailer 'price wars'; ongoing

investments in new capital infrastructure, principally in non-cage or alternative farming systems such as free range; increasing operating costs, particularly associated with feed and utilities; continued activism by interest groups in the community, principally relating to perceived hen welfare; and a high Australian dollar impacting on the industry's ability to export surplus eggs in product form at an appropriate price. Despite these challenges, the AECL Board and management team remained focussed on playing its part by investing in program areas that directly reflect the wishes of industry as per the industry-agreed AECL Strategic Plan. This was exercised by ensuring AECL continues to be a responsible and proactive industry service provider as per the Corporation's Vision statement.

The egg industry has at its heart the preservation and continual improvement in hen welfare, environmental stewardship, food safety and animal health. AECL assisted this process through investments in new science and programs to educate consumers using new media channels and messaging to assist inform an increasingly discerning and inquisitive market.

While we have an ongoing and central commitment to expanding the total market for the egg category through our market awareness and market education programs, we also maintained our holistic approach to the supply chain investing in areas from farm to plate over the 2012 period. This is reflected by our supply chain efforts but more importantly our investments on-farm through training, extension and education of egg producers; commitments to evidence-based product quality improvements reflected in the industry's Quality Assurance (QA) program; and our suite of research efforts up and down the supply chain. This whole-of-chain approach is critical to ensure improvements are made to not only increase the size of the market, and hence create additional market opportunities for all egg producers, but also to increase productivity and efficiency on-farm.

Our collaborative efforts with other Research & Development Corporations (RDC) remained in

Chairman's Message

place given our continued involvement in not only the national poultry RD&E strategic framework with the Poultry CRC and the chicken meat industry but also with the Council of Rural Research & Development Corporations (CRRDC) as it relates to cross sectoral RD&E strategies where we were involved in the development of the animal welfare and food and nutrition strategy. On behalf of the Council, AECL also took a lead role with Animal Health Australia (AHA) assisting develop the animal biosecurity strategy which will be completed in the new year. In a similar vein, we were engaged with all three levels of government; with state farmer organisations, principally through Egg Farmers of Australia Inc.; and internationally with the International Egg Commission providing regular and active links to other egg industries world-wide. These collaborative efforts in R&D, marketing and policy development are essential to ensure we remain efficient and effective in delivering outcomes for the egg industry.

AECL communications were enhanced this year with changes to the quarterly *Eggstra Eggstra* magazine and improvements to the *EggCorp EggsPress* fortnightly newsletter. We continue to convene our industry forums and have initiated the commencement of AECL Board forums allowing egg producers to converse with AECL directors on industry and AECL matters directly. I believe our suite of communications is essential to keep egg producers informed of AECL project outcomes and industry issues on a regular basis and I am proud to say that AECL 'punches above its weight' in communicating with our stakeholders.

During the year, AECL invited industry to take part in our third strategic planning process in a consultative manner with all known egg producers. This process elicited a suite of key industry issues and program priorities for AECL moving forward. The process commenced with egg producers completing a questionnaire as part of an initial survey followed by a strategic planning workshop held prior to the 16th AECL Industry Forum and 2011 AECL AGM. The revised and now industry-agreed AECL Strategic Plan 2012-2016 provides a comprehensive 'road map'

for AECL investments over the next 4-5 years given the priorities enunciated by egg producers. I commend the Plan to you.

The AECL Board maintained its focus on corporate governance and compliance to the Corporation's regulatory framework during 2012. This included the AECL Constitution, Statutory Funding Agreement with the Australian Government and the Corporations Act 2001 while providing oversight of AECL management through its Finance & Audit Committee and Governance & Risk Committee work programs on top of our regular Board meetings. Our process for selecting, appointing, managing and assessing contractual arrangements with third parties ensured a robust and competitive framework and this will continue into the 2013 operating year. Further to this process, I wish to thank all Industry Consultative Committee (ICC) participants, members of appointed Expert Groups and contributions received from state egg committees for their efforts in assisting to develop AECL programs and grow the egg industry.

In concluding, I would like to recognise the efforts of all AECL directors given the industry commitment they have shown to AECL throughout the year. They are all passionate in ensuring our income is invested wisely and for the sole benefit of a sustainable operating environment for all egg producers no matter their size, location or farming system. In a similar vein, while all AECL directors provide guidance and oversight, it is the AECL management team that develops, implements and monitors the investments in agreed program areas and their focus and resolve remained resolute during the year despite the challenges that continue to confront AECL and the egg industry generally.

AECL Board of Directors



Jeff Ironside
FAICD

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).

In 2010 Jeff was elected a Financial Controller of the International Egg Commission (IEC).

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
LL.M. (Hons.) FAICD

AECL Deputy Chairman

Russell Ware is a non-executive 'specialist' director, AECL Deputy Chairman and Chairman of the Finance & Audit and Governance & Risk Committees, fulfilling the requirements of the Corporation's agreement with the Commonwealth 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. Currently he is a non-executive director of the Greater Building Society Ltd, one of the largest building societies in Australia, and Chairman of Greyhounds Australasia Ltd, the peak body of greyhound racing in Australia and New Zealand.

Russell also consults to and advises business owners, specialising in succession and strategic planning for family-owned businesses, particularly in the agribusiness sector.



Frank Pace
AM

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 Honorary President of the International Egg Commission (IEC) and was the Chairman of the IEC from 2007-2010. He was honoured as the recipient of the 2010 Lindsay Bell award in recognition of his tireless work in both the Australian and International egg industries, and was 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 was also a member of the Agriculture Ministerial Advisory Council (AMAC).

Most recently, Frank was appointed a Member of the Order of Australia (AM) for of his contribution to the egg industry, both in Australia and internationally.

AECL Board of Directors



Zelko Lendich
B Ec (Hons), MBA

AECL Director

Zelko Lendich is a non-executive 'elected' director of AECL and is the Managing Director of Farm Pride Foods Limited, the only publicly listed egg producer in Australia.

During his 18 years experience in the egg industry, Zelko has held several directorship positions including the W.A. Egg Marketing Board, West Coast Eggs, NOVO Foods as well as Executive Chairman of Farm Pride Foods Limited.

Zelko also offers wide ranging experience in commerce, government and the education sector both within Australia and internationally. He has held senior positions at the University of Western Australia's Management Development Institute, Australian Leather Holdings, Jennings Industries Ltd, Wilson Parking International Pty Ltd, McKinsey and Co and with Asea Brown Boveri in the U.K., Sweden and Canada. Whilst with the Western Australian Government he was the principal advisor to the Minister for Transport and a key economic advisor to the Premier of Western Australia.

Zelko has an Economics Degree and a Masters of Business Administration from the University of Western Australia.



John O'Hara
B.Bus (Comm.). MAICD

AECL Director

John O'Hara is a non-executive 'specialist' director of AECL.

John had accumulated over twenty five years in senior management, marketing and sales in the food industry. He has worked with some of the largest food companies in Australia, including Nestle, Dairy Farmers and National Foods.

John specialises in strategic planning, company restructuring and marketing. He has been recognised both nationally and internationally for marketing excellence and brand building over many years.

John is a member of the Australian Institute of Company Directors and has had previous roles as The Chair and as a director of The Heart Research Institute Queensland Association and as a Vice Patron of Surf Life Saving Queensland.

He is currently the Managing Director of Sunny Queen Pty Ltd, a leading marketer and distributor of eggs in Australia.



James Kellaway B App Sci (Agr),
GDMM, MBA, GAICD, ACIS, AFAIM

AECL Managing Director

James Kellaway is the sole executive director of the AECL Board and has extensive agribusiness experience in brand management, business development and product marketing with organisations including Horticulture Australia Limited, the former Australian Horticultural Corporation, Meat & Livestock Australia, the former Australian Meat & Livestock Corporation and the NSW Meat Industry Authority. James has been responsible for implementing marketing, communication, R&D, operations and investor relations programs. These roles had a key focus on delivering commercial results to all company stakeholders.

James has a Master of Business Administration (MBA) from the Graduate School of Business at the University of Technology Sydney, a Graduate Diploma in Marketing Management from the Graduate School of Management at Macquarie University 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, a Graduate of the Chartered Secretaries of Australia and an Associate Fellow of the Australian Institute of Management.

James is a non-executive director of the Australian Poultry Co-operative Research Centre (CRC), where he is also a member of the Audit & Risk Committee, and a Board member of the International Egg Commission (IEC). He also is the current Chairman of the Marketing Committee of the IEC. He is the past Chairman of the Animal Health Australia (AHA) Industry Forum and a previous director of the Australian Livestock Export Corporation where he was also a member of the Finance, Audit & Risk Committee.

Managing Director's Report

Given our focus on the total market and the whole egg category for all egg producers during 2012, AECL maintained its strategy building on the achievements generated in previous years in order to meet the Company's mission statement "...to develop and drive integrated on-farm solutions and through-chain market services that maximise benefits and revenue for the Australian egg industry and the community while minimising barriers and costs for Australian egg producers." Our operating plan for the year continued to address the seven core strategies of the Company's Strategic Plan with AECL implementing programs along the operating pillars of market awareness; market education; supply chain enhancement; on-farm innovation & efficiency; and public affairs & stakeholder relations.

Projects commissioned during the year ranged from on-farm services and solutions boosting productivity and sustainability for egg producers to penetrating agreed markets with new information to drive egg consumption through raising consumer awareness, seeking attitudinal and behavioural change and increasing purchase or egg sales.

With feedback and assistance obtained from the eleven Industry Consultative Committees (ICCs) and Expert Groups, AECL has been able to ensure programs continue to be designed and executed in a commercially responsive manner effectively addressing and balancing industry and market priorities over the 2012 operating period.

2012 operating results

Some key operating results for the 2012 fiscal year show continued business growth.

- » Operating income increased by 10.2% during the year to total \$8.6 million as a result of larger chick placements and increased revenue from non-levy income sources, please see figure 1. Operating expenditure increased by 49.5% to total \$9.3 million during the year due largely to planned increases in marketing awareness and public affairs & stakeholder relations programs and unbudgeted or unforeseen costs that were not planned at the beginning of the year, please see figure 2.
- » Retained earnings declined by 19.5% at year end to total \$2.8 million as a result of an operating loss due to increases in expenditure despite an increase in income being realised during the year. However, retained earnings still remain above acceptable levels representing 32% of operating income in 2012, please see figure 3.
- » Return On Investment (ROI) for the Egg Promotion (marketing) Levy increased to total 52.6% as at June YTD, up from the 2011 ROI of 46.0%. Returns generated since the inception of AECL from this income source average 26% each year, please see figure 4 (results of econometric model developed by Professor John Freebairn at the University of Melbourne).

Figure 1

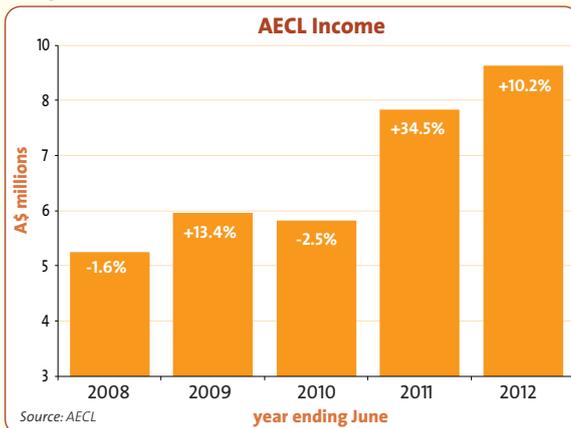
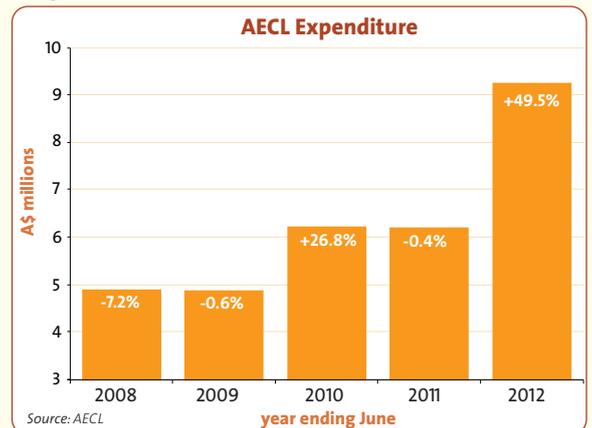


Figure 2



Managing Director's Report

- » Evaluation of the Laying Chicken (R&D) Levy project cluster on flock health & disease management at a discounted rate of 5% provided a Net Present Value (NPV) of \$0.76 million with a Benefit Cost Ratio (BCR) of 6.67 and an Internal Rate of Return (IRR) of 40% (results of the economic evaluation conducted by AgEconPlus Pty Ltd in line with the agreed CRRDC framework). This follows from previous project cluster evaluations on animal welfare and environmental sustainability.
- » Egg consumption on an MAT per capita basis at year end totalled 215 eggs per person, up on 2011 levels of 212 eggs and up on the previous 5-year average of 190 eggs, please see Situation Analysis section.

While operating pillar successes and achievements for all 71 projects are reported on a quarterly basis in the *AECL Report* distributed to egg producers with the *Eggstra Eggstra* magazine, some of the highlights for 2012 are below.

Market Awareness

During 2012, AECL continued with its successful promotional strategy and national headline campaign 'Eggs Easy As' which is now in its fourth year. The campaign targets the 'Sharon' audience which consists of busy at home mums with school-aged children. Through research tracking, AECL has learnt that this audience increases its egg consumption by receiving achievable inspiration which is the development platform for all 'Eggs Easy As' promotions.

This year, AECL created three new 'Eggs Easy As' executions featuring a hamburger, pizza and fast frittata meal solution which was chosen to showcase eggs as being more than just a centre-of-the-plate breakfast item. We continually aim to expand the meal repertoire to include eggs as a lunch, dinner and snack option as either a meal in itself or an ingredient for some other meal solution. This product expansion for eggs is critical to achieving increased egg consumption in and out of the home and to ensure eggs have a permanent place in the fridge in all households thereby increasing frequency and usage. The recipe executions are very simple with three steps featuring five to seven readily available ingredients. All campaign creative was also Heart 'Tick' approved to take away any health concerns that the 'Sharon' audience may have had in regards to eating more eggs each week.

Our messages and creative were communicated using a multi-faceted media approach consisting of print, radio, Point-Of-Sale (POS) and a more heavily weighted online component. Additionally, and for the first time since 2004, we complemented these forms of media with television. All above-the-line promotions were supported by an integrated PR component and an in-store presence during key oversupply periods. This approach to the market allowed the 'Sharon' audience to gain exposure of our key messages at several touch-points which is critical to change shopping behaviour.

Figure 3

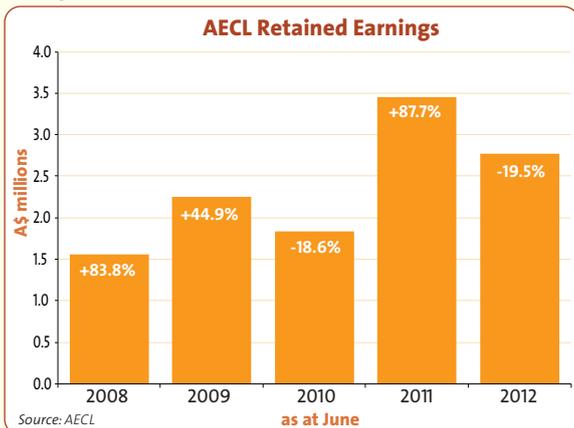


Figure 4



Managing Director's Report

The new television campaign utilised the 'What's New' TV format on both free-to-air and subscriber TV channels and was broadcast more than 1,750 times in a three month period. The commercial was aired in seven of the top ten TV shows on two syndicated networks resulting in over 80% of our target audience seeing the advertisement at least once, with over 70% seeing the advertising multiple times.

While television is effective at reaching a mass audience, the national print campaign educated our 'Sharon' audience through advertisements in seven national women and lifestyle magazines. A total of 22 Full Page Colour (FPC) advertisements were placed which meant that over 70% of our target audience saw one of our print advertisements at least five times.

Based on the previous year's successful foray into the digital media space and the growing importance of this medium for reaching our target audience, AECL invested heavily in digital advertising during the year working predominantly with taste.com.au and yahoo.com.au which are most often frequented by our target audience. Our combination of static and dynamic advertisements increased the number of visitors to eggs.org.au adding to the number of subscribers receiving our monthly recipe e-mail newsletter. The online campaign was viewed 18 million times and as a result, eggs.org.au attracted an additional 40,000 unique visitors.

During the oversupply period, AECL had its first point-of-sale campaign in over five years. More than 300 shopping centres nationally featured 'Eggs Easy As' posters and this was supported by 700 supermarkets with a recipe leaflet offer. AECL also printed a QR code on both the posters and recipe cards leading to a PDA-optimised version of eggs.org.au with thousands of consumers visiting the mobile website.

The last form of media that AECL used was radio with over half of our 'Sharon' target audience hearing our radio advertisements. Our media buy was a combination of pre-recorded advertisements using the AECL brand

ambassador Fast Ed (the chef known from the TV show Better Homes & Gardens) and live-reads undertaken by radio presenters such as The Circle in the afternoon time-slot.

To support our above-the-line campaign, AECL also had a very busy twelve months in regards to Public Relations with 12 monthly PR releases being distributed; consumer activation campaigns being placed around World Egg Day and Pancake Day; reaching out to bloggers for the first time; and finishing the year on a high with a media tour.

For World Egg Day, AECL created the Egg-Head campaign which constituted sending a number of radio and TV presenters nationally a caricature painted on an egg. This created a great media buzz around World Egg Day securing media editorial coverage on television, radio and on-line. In addition to this, we also undertook a consumer competition where the 'Sharon' audience could win a babysitter, cleaner or groceries for an entire year to help make her life easier. We received over 6,000 entries and over 4,000 new subscriptions to our e-mail recipe newsletter.

On Pancake Day, AECL broke the world record for pancake flipping in another very successful PR event coinciding with our second consumer competition for the year. This activation was on-line and entrants could win holiday accommodation vouchers through playing a Stack 'n' Win game. About 8,000 consumers entered with over half signing up for the e-mail recipe newsletter and 10% became fans of Stack 'n' Win on Facebook.

AECL interacted with 'mummy bloggers' for the first time with the help of our brand ambassador Fast Ed. We hosted a lunch where bloggers were invited to cook together with Fast Ed and ask any questions relating to cooking with eggs and egg nutrition and good health. This event created over 30 positive egg blogs online and a positive relationship with some very influential 'mummy bloggers'.

After a 4 year hiatus, the 'omelette-king' Howard Helmer visited our shores again. Howard went on a national media tour visiting the Gold

Managing Director's Report

Coast, Brisbane, Melbourne, Perth, Hobart and Sydney. As always, Howard proved to be great talent and created a media buzz everywhere he went. We achieved over 40 pieces of coverage with a circulation of almost 26 million reminding viewers of the versatility and convenience of eggs for all meal situations.

All these PR activities together with the recipe-based media release campaign led to an overwhelmingly successful 'Eggs Easy As' campaign. We created 1,131 positive media stories with a total circulation of 212 million which represents a 50% increase on the previous year.

2012 was a busy year for egg promotions building on previous successes and laying the foundations for the future given our long term growth strategy for the egg category.

Market education

Our priority market segment as it relates to communicating nutritional messages about eggs is 'Walter & Nancy'. This suite of programs were largely aimed at communicating to the target audience through a range of HealthCare Professionals (HCP). To assist us with this task, we engaged the technical expertise of the enhanced Egg Nutrition Council (ENC), a council of experts initiated by AECL.

With the assistance of ENC, we reviewed the AECL healthcare strategy for 2012 which included our media buy among HCP trade publications; the trade events program; public relations; membership of the Dieticians Association of Australia (DAA); advertising and advertorial creative; Point-Of-Sale (POS) material; our online presence through enc.org.au; and distributing a monthly ENC e-mail newsletter.

ENC attended two General Practitioner (GP) conferences and the Australian Practising Nurse Association (APNA) conference, Australia's largest nurse conference. ENC's latest addition and GP, Dr Egger, spoke in Melbourne about the change in diets over the last 100 years reaching around 50 GPs who were educated about a healthy diet with a focus on eggs. Meanwhile Dr Grant, a leading worldwide paediatrician,

educated an audience of around 40 GPs about eggs and allergy and when to introduce eggs to babies to minimise the change of an allergic reaction to egg consumption.

At all conferences ENC had a trade booth where GPs could pick up the six newly-developed GP and patient hand-out kits. These kits covered the most asked about topics to do with eggs such as cholesterol, pregnancy, children, older adults and allergies. These kits were also dispatched to 2,800 GPs interested in nutrition on a national level.

Through research, ENC discovered that practice nurses play a much larger part in advising patients in matters related to diet than GPs do, which led ENC to the decision to attend its first APNA conference. ENC was represented by Dr Noakes who delivered the keynote presentation at the APNA conference which was attended by over 400 practice nurses. ENC also launched a new HCP booklet at APNA called *Let them have eggs* which addresses the misconception about eggs and cholesterol and is also filled with great, healthy recipes. The Heart Foundation approved booklet was co-authored by Dr Noakes and Ms Natoli, ENC's dietician.

ENC presence at the three conferences resulted in an additional 600 HCPs subscribing to the monthly ENC nutritional update e-mail.

We also refreshed all the information on the enc.org website during the year and placed advertorials in three medical trade journals: *Australian Doctor*, *Medical Observer* and *Primary Times*. These well-referenced advertorials were titled 'the latest nutrition news on Australian eggs' and featured ENC members qualified in clinical lipidology, cardiology and endocrinology. The aim of the advertorials was to bust the myths around eggs and nutrition by providing factual statements and recommendations to HCPs written by fellow peers.

ENC also continued its associate partnership with DAA allowing AECL to distribute *The Good Egg* publication increasing its frequency to bi-monthly to more than 3,800 dieticians, an increase on 2011.

Managing Director's Report

Following a three year review, the all important *Australian Dietary Guidelines* were updated by the NH&MRC. Thanks to ENC, updates included favourable comments for eggs resulting in the following advice: consumption of eggs every day is not associated with increased risk of coronary heart disease. The serving size of an egg has also increased in the Guidelines from two medium-size eggs to two large eggs. This is good news for the Australian egg industry.

To assist further position ENC as an authoritative voice around nutrition, AECL identified a media opportunity to maximise coverage about the nutritional value of eggs in a healthy well-balanced diet. Dr Noakes was the spokesperson and coverage was achieved across regional and national media.

Overall, the HCP campaign is making slow in-roads into the mindset of GPs, dieticians and practice nurses to reach our 'Walter & Nancy' target audience by debunking the most prevalent health myths in regards to the number of eggs to eat each week. This focus will continue into the new year.

Our second largest investment in market education is the 'All about eggs' primary school incursion program. The feedback conducted independently on the pilot was extremely positive with the vast majority of teachers strongly agreeing on the quality of the course content, delivery, merchandising, support, resources, promotion and pricing. All pilot schools re-booked for the 2012 year and the program now reaches 14 schools and just under 4,000 students. In addition to this, all resources are available on-line on both eggs.org.au and primezone.edu.au. All lesson material has also been updated and a teacher manual with leave-behind lesson plans has also been developed.

To assist generate leads for the program, AECL attended the NSW Primary School Principals conference and as a result, term 3 and 4 of the 2013 fiscal year have been completely booked.

Through the 'All about eggs' program, AECL has joined the Primary Industries Education Foundation (PIEF) which is a one-stop-shop for

all teacher resources associated with primary industries and is also a part of the Poultry CRC Education Committee. In so doing, we have been able to influence the new national curriculum being put together by the Australian Curriculum Assessment & Reporting Authority (ACARA).

Even though the prevalence of the cholesterol myth is decreasing, it is of the utmost importance to keep educating consumers on both the nutritional goodness of eggs and teach them how to use more eggs, more often during more meal occasions thereby minimising barriers to consumption and creating stronger motivation to consume eggs at all stages of life.

Supply chain enhancement

While AECL has a key objective of promoting the egg category, it is also necessary to collaborate with the egg industry's supply chain to help ensure our market services are translated to increased sales in a productivity, efficiency and sustainable fashion. In so doing, AECL reviewed our activities and developed a long term supply chain strategy for the egg industry.

Our meetings with both large and small customers were regular, informing and updating them on egg industry promotional programs, opportunities and current issues. AECL maintained a close working relationship with these supply chain partners to increase the efficient movement of eggs throughout the supply chain while promoting key messages about the use and presentation of the product.

We commenced designing our next phase of ullage research and developed an on-line course in close consultation with Vocational Education Training (VET) providers. Other projects included the maintenance of the Egg Labelling Integrity Panel (ELIP); the Layer & Egg Supply Forecast report; and egg differentiation and provenance research.

The Egg Labelling Integrity Panel (ELIP) has been operating in excess of two years and in that time has offered an advisory service to the egg industry on egg carton labelling, a key issue when it comes to industry integrity, trust and

Managing Director's Report

accountability. AECL developed an on-line program during the year which has greatly assisted the provision of an efficient label advisory service for the egg industry to complement the *Egg Labelling Guide* which is updated on an as-needs basis. Membership of ELIP was also confirmed during the year with an experienced panel of experts reviewing and providing advice on over 100 carton labels.

Our Layer & Egg Supply Forecast reporting service continued during the year with a slight increase in egg producer subscribers to the service. This service is an essential tool for egg producers to assist make informed decisions on chick orders and likely market ramifications on egg production.

AECL procured the Licence for the Heart Foundation 'Tick' logo again for the 2012 year with AECL entering into 61 agreements with egg producers interested in displaying the 'Tick' logo on-pack. Given consumer research, the ongoing use of the 'Tick' is essential in communicating to consumers the heart-friendly nature of eggs. This program and awareness of eggs having the 'Tick' of approval is a key driver to increasing egg consumption.

On-Farm Innovation & Efficiency

Investment during 2012 continued the trend of delivering research outcomes applicable on-farm by identifying and responding to egg producer needs and challenges through research, training, education and extension. Investment in longer term research continued through our ongoing relationship with the Poultry Co-operative Research Centre (CRC) and cross-industry joint investments as per the Research, Development & Extension (RD&E) strategic framework with the chicken meat industry.

2012 resulted in new projects commissioned which included: Phase II of Egg differentiation and provenance; Field application of Rispsens-specific qPCR tests; Effects of rearing on inappropriate conflict behaviours that predispose cannibalism; Optimising ventilation and egg production in environmentally controlled sheds; and Pullet and layer flock uniformity an epidemiological,

industry-based approach. These projects seek to strengthen the industry's ability to manage hen health, welfare and performance whilst protecting investment and industry reputation.

Funding continued for other projects such as work on calcium and phosphorus aiming to enhance the profitability of egg production by ensuring optimum hen nutrition whilst reducing feed costs and environmental pollution. Also a review of available vaccine regimes for decreasing the prevalence of Salmonellae in commercial egg layer flocks. It is important to note that all projects undertaken are competitively assessed, contracted and upon completion as per the agreed milestones, the results are peer reviewed and finally published. 2012 saw the development of a web portal which will be launched in the new year. The portal will house all project reports and include short summaries and interviews with the researchers who describe the science and benefits for egg producers and the industry allowing access to technical information.

The poultry industries RD&E strategy and associated investments have a long-term aim that is imperative for the sustainability of the egg industry. During the year, the industry has benefited from the co-funded positions and research projects in hen welfare and nutrition. Needs in these areas were identified previously during a capabilities audit of researcher talent in a range of fields that revealed some worrying trends relating to ongoing researcher availability and critical resource capacity. The result was the ability to co-fund the costs associated with engaging researchers from overseas which AECL was able to attract during the year. The industry now supports key positions in the nutrition and animal welfare disciplines that will help meet future research challenges.

2012 also saw the commercial development of egg provenance technology to provide certainty in the market place with respect to truth-in-labelling. This tool strengthens the industry's Quality Assurance (QA) program and will be instituted into audits and supply arrangement in the new year. AECL also developed an on-farm program titled Hen Support which is aimed at

Managing Director's Report

improving industry skills with respect to flock performance and provide more accessible communication with technical experts in critical hen husbandry areas. These are exciting times for AECL as we launch new electronic tools and enlarge access to current and previous research outcomes.

Industry development and capacity building has also continued to strengthen with AECL successfully applying for and receiving additional funds to subsidise training for egg producers and their employees. Approximately \$450,000 was secured to provide 30 places in our Australian Egg Industry Certificate III in Agriculture course and 15 places for the Diploma in Agriculture course. The feedback from course participants has been extremely positive with AECL striving to provide the egg industry with resources directly related to contemporary egg production while up-skilling egg producers and farm staff. A long-term training solution is being established to ensure training needs of the egg industry are met into the future to generate more energetic, loyal and motivated employees.

To complement this new learning culture, 2012 saw the first Nuffield scholar being awarded to an egg producer. This was highly contested with five quality applicants competing for the scholarship. AECL looks forward to our first scholar reporting back after their travels to share with us their learning outcomes.

In terms of capacity building throughout other parts of the education continuum, AECL has increased support and sponsorship of projects for high school students. The aim of this support is to increase awareness of the industry and potential career opportunities. AECL has partnered with local branches of the World Poultry Science Association (WPSA) and the Royal Agricultural Society (RAS) to actively engage students in egg production-related projects to gain important industry exposure. This year saw the inaugural RAS student egg laying competition in NSW where participating schools were judged on egg quality and laying performance across a number of classes

including commercial breeds. AECL is hopeful that such activities will grow and welcome any support from egg producers to encourage participation and engagement from their local community.

Our extension program with egg producers further developed ensuring a more holistic and integrated program is dovetailed into the suite of AECL services and total farm solutions for egg producers which includes training and QA implementation on-farm. AECL extension now provides egg producers with an effective advisory consultancy at no additional cost to assist increase productivity through the adoption of technology, application of developed tools and new research outcomes.

Over the 2012 period, the evolution of the egg industry's QA scheme continued. The Technical Advisory Committee (TAC), Egg Corp Assured Industry Consultative Committee (ECA ICC) and egg producers provided on-going input into the content of the enhanced industry QA scheme with a total of 27 expert persons participating in its continued development which now covers hen welfare, food safety, farm quarantine & biosecurity, environmental stewardship, egg labelling and hen health. In excess of 30 independent auditors have now been trained with a smaller selection of these to be accredited to audit against the minimum standards contained in the QA scheme.

AECL continues to invest significant energy and resources into the ongoing development of the QA scheme in light of many challenges that at times provide a turbulent road as we attempt to balance the desires and wishes of the market and the reality of producing eggs every day. However, the continual development and evolution of 171 minimum standards that constitute the QA scheme and adoption of them on-farm is vital for a sustainable industry that operates with integrity and effective compliance systems.

Given the robust, transparent and independence of the egg industry QA scheme, AECL continues to work alongside other regulatory and supplier

Managing Director's Report

QA schemes with the aim of consolidating audits for the egg industry to save cost and time for egg producers. At year end, there were 163 licensed facilities represented by 75 egg producers constituting 67% of the national flock.

Once the new QA scheme is launched, AECL will work with egg producers and provide assistance to become part of a robust audit framework. This will include our Farm Extension Officer assisting egg producers with adoption and implementation of the QA scheme on-farm and a subsidised audit program for the first three years.

Public Affairs & Stakeholder Relations

In regards to Public Affairs and Stakeholder Relations, 2012 has been a rewarding and challenging one for AECL.

AECL issued numerous media releases, statements and facts sheets in the course of the year addressing issues on a timely basis. Numerous media interviews about a range of topics were also conducted for TV, radio and print media. These issues included the ongoing use of cage egg farming systems, particularly in Tasmania; our new QA scheme with particular regard to outdoor stocking densities in free range farming systems; research outcomes such as hen stress level research and other science that has demonstrated that egg production has one of the lowest carbon footprints of all protein foods. There was also media interest in the issues of the impact of the US drought on Australian egg prices towards the end of the year.

During 2012, AECL produced a number of high quality videos to help educate people about the egg industry. These videos showcased the integrity of Australian egg farmers as well as informed viewers about the different egg farming systems employed in Australia. Some of the videos produced were of free range egg farms stocked at the maximum outdoor stocking density which were used to provide viewers with a 360 degree view of these and other videos were placed on the AECL website and YouTube channel attracting more than 5000 views.

AECL also published peer-reviewed, qualitative and quantitative consumer research about general egg issues and free range stocking densities. The two pieces of research demonstrated that the egg industry is servicing a highly-varied market where there is a range of views about many issues. AECL wishes to share these results with egg producers to assist inform the development of minimum standards for the QA scheme and other activities.

AECL has improved its publications in the course of the year. *Eggstra Eggstra* and the *AECL Report* were outsourced and now carries advertising with the goal of becoming 80% self-funding in 2013. A total of 39 new-look *EggCorp EggsPress* editions were issued and distributed to all known egg producers with *EggCorp EggsPress* special editions proving to be an effective way to inform egg producers of timely issues and events as they arise between the standard fortnightly edition.

Improving stakeholder relations has been an important part of AECL activities this year. Egg producer consultation meetings about the new QA scheme were held across the country during the year. Meetings with organisations concerned about egg production issues as well as other food producing associations, governments and government departments were also held. Numerous meetings with State farmer organisations were also held under the auspices of Egg Farmers of Australia which became an incorporated association during 2012.

Regarding events, AECL convened its 16th AECL Industry Forum in Tasmania during November with our attendance at the Poultry Information Exchange (PIX) in May substituting what would otherwise have been another Industry Forum event. It is pleasing to note that attendance by egg producers at our industry forums are on the increase with 130 people attending the 16th Industry Forum convened prior to the 2011 AECL AGM. The quality of the industry forums have improved providing egg producers with an excellent opportunity to hear the latest about AECL projects and industry issues in a relaxed and convivial environment.

Managing Director's Report

AECL also finalised the break-even assessment of our promotional programs with the research supporting the initial econometric research conducted in 2003 which provided a Return On Investment (ROI) target for AECL. To date, we have always exceeded this providing a significant return to egg producers for the investments they make in AECL promotions. We will continually monitor our performance against this ROI target and report to industry accordingly. Similar metrics are also used to assess our investments in scientific research such as hen health, flock health and environmental management as per the CRRDC evaluation model.

Our project planning remained disciplined for the 2012 year with all projects having a stated outcome, suite of KPIs or outputs, a known budget and person responsible and an identified funding source. Where appropriate, AECL also indicates the 'strategic fit' with the rural research priorities according to the Australian Government and the AECL strategy each project addresses as per the AECL Strategic Plan. During 2012, AECL took stock and reviewed then renewed the AECL Strategic Plan with direct assistance and guidance provided by egg producers during

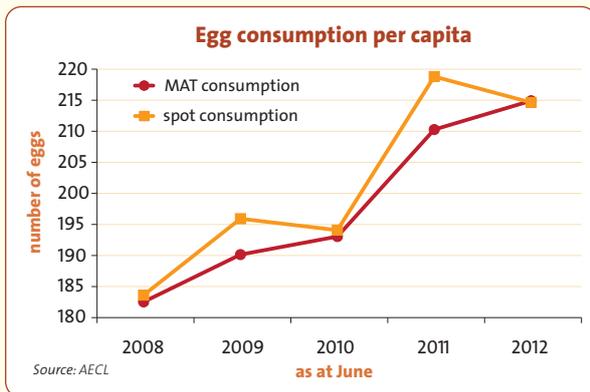
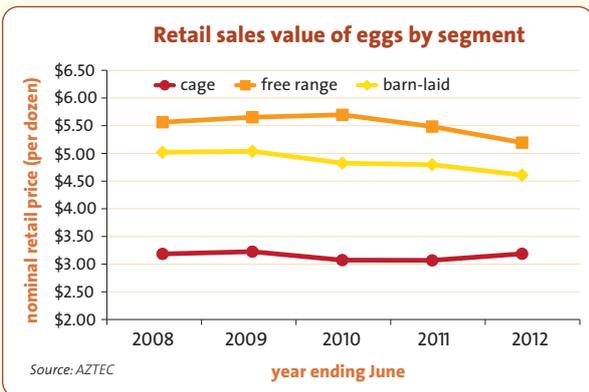
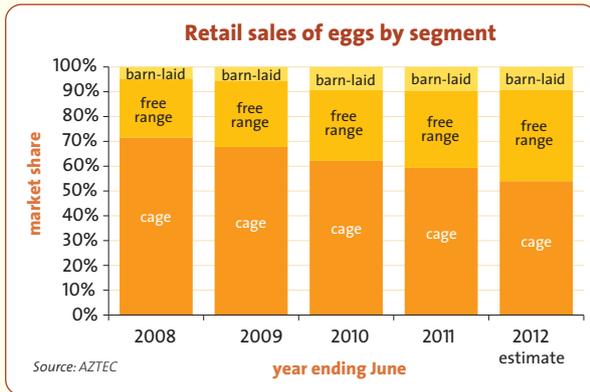
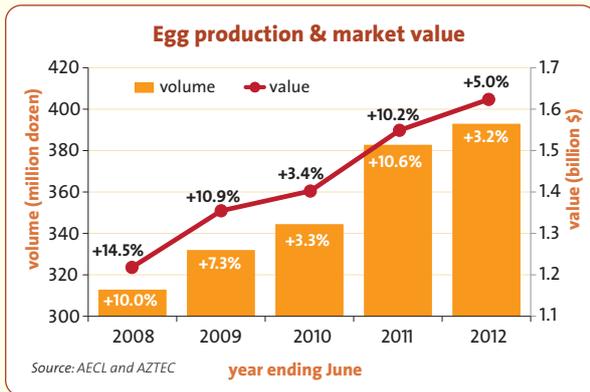
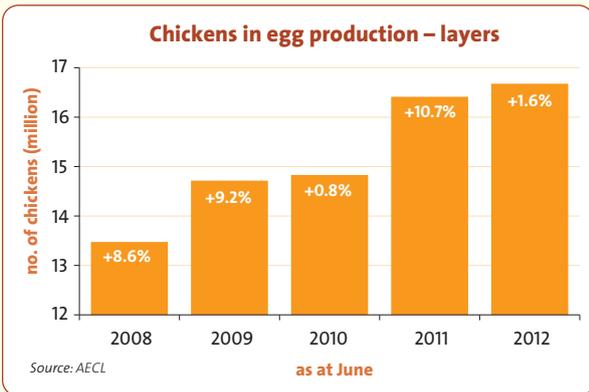
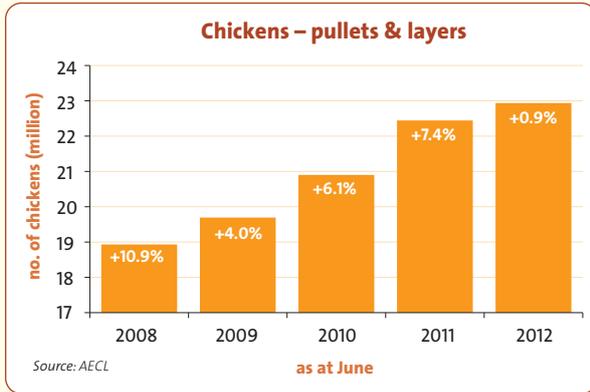
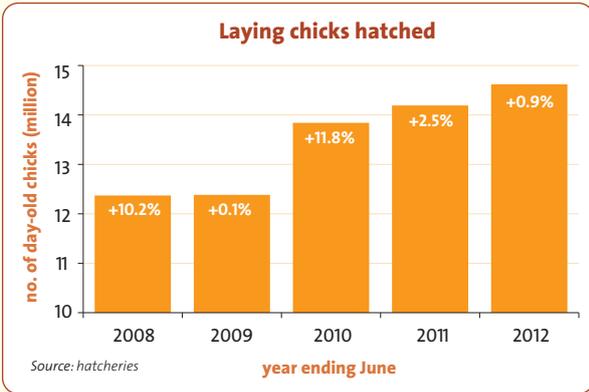
the survey process and the planning workshop convened prior to the AECL 2011 AGM. This new plan provides a 'road map' for investments moving forward and will be reviewed each year.

2012 has been a challenging year for AECL and the egg industry but the successes have been many across the scope of market promotions, the supply chain, on-farm and within the community. AECL will stay the course for the benefit of all egg producers over the longer term.

Finally, I wish to thank all AECL staff who work tirelessly to deliver maximum return to all egg producers. They go 'above and beyond' in their efforts ensuring all projects are undertaken in a cost effective and efficient manner while covering a broad range of issues on a regular basis. This multi-tasking by what is a small team is testament to their skill and expertise in their program areas. I would also like to thank the AECL Board for their vision, guidance and support resulting in prudent program management and corporate oversight for the benefit of all egg producers and the Australian community. We look forward to building on the achievement of 2012 for the egg industry and the communities in which we operate.



Situation Analysis



Australian Government RD&E Priorities

Investment in Research, Development & Extension (RD&E) capacity is critical to meet egg industry needs over the longer term and Australian Government R&D priorities. RD&E assists build productivity on-farm and throughout the supply chain and hence sustains a healthy and viable egg industry into the future.

More specifically, investments in RD&E help overcome production challenges and decreases the costs of production through innovation and technology transfer. RD&E embraced by the egg industry delivers benefits to layer and egg industry stakeholders operating within the broader environment and the wider Australian community. The egg industry's commitment to RD&E and innovation is demonstrated by the higher productivity growth that has been occurring as a result of investments in RD&E at the farm level, throughout the supply chain and in developing the market. To sustain productivity gains, continual investment, coordination and linkage of RD&E throughout the supply chain and marketing system is critical.

AECL is cognisant of the Australian Government being a key funding partner matching Laying Chicken (R&D) Levy funds collected from egg producers. As part of the Australian Government's broader RD&E policy, the egg industry currently receives one government dollar for every industry dollar invested in eligible RD&E projects/activities.

To help guide the egg industry's investment in RD&E, government rural RD&E priorities have been identified that address the broader national research priorities of government which map

the challenges to be faced over the medium to longer term by the agribusiness sector. For the egg industry, the priorities focus on the following challenges:

- » Boosting industry productivity and adding value.
- » Effective operation of supply chains and markets for existing and new products.
- » Protecting Australia from biosecurity threats.
- » Ensuring innovation and enriching the workforce through targeted education, skills development and diversification of employment.
- » Promoting cross-sectoral collaboration, innovation and efficiency of RD&E investments throughout the supply chain.

To meet these industry challenges and support RD&E business efforts, continued investments must be made by AECL for the benefit of egg producers and the Australian community.

AECL is also an active participant in the Council of Rural Research & Development Corporations which enables the egg industry to share information and outcomes through collaborating across industry groups seeking opportunities to co-invest in broader industry research, development and extension initiatives.

AECL will report against the national research and rural R&D priorities on an annual basis as part of the Company's ongoing commitment to measurement of program outcomes.



Australian Government RD&E Priorities

NATIONAL RESEARCH PRIORITY	RURAL RD&E PRIORITY	2011-2012 RD&E FOCUS	
		PROJECTS	INVESTMENT
Promoting and maintaining good health (through strengthening Australia's social and economic fabric and preventive healthcare – healthy food production)	1. Productivity improvement & adding value Improve the productivity and profitability of existing industries and support the development of viable new industries.	26	\$514,579
	2. Supply chain, markets and value chain effectiveness & efficiency 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.	15	\$250,491
An environmentally sustainable Australia	3. NRM and sustainable environmental resource management Support effective management of Australia's natural resources to ensure primary industries are both economically and environmentally sustainable.	5	\$112,095
	4. Climate variability & climate change Build resilience to climate variability and adapt to and mitigate the effects of climate change.	4	\$51,081
Safeguarding Australia	5. Biosecurity Protect Australia's community, primary industries and environment from biosecurity threats.	10	\$91,607
Frontier Technologies for Building and Transforming Australian Industries	6. Innovation, workforce, skills & education Improve the skills to undertake research and apply its findings.	15	\$221,780
	7. Technology Promote the development of new and existing technologies.	5	\$142,675
Ministerial advice – 1 Feb, 2010	8. Maintaining & improving international market access opportunities Combat pests & diseases that can potentially be obstructive to trade and to guide production decisions in accordance with the requirements of consumers.	N/A	N/A
	9. Diversity Build strong leadership capacity in the sector and encourage a diversity of people in primary industries, including a greater role for Indigenous Australians, women and young people.	12	\$264,629
	10. Collaboration Develop, implement & monitor the national RD&E plans for each sector.	19	\$394,407
	11. Evaluation Support the joint RDC evaluation process to demonstrate returns on investments made and to assist guide future investments.	8	\$191,048

Corporate Governance/Compliance

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, oversight and controls exercised in the stewardship of AECL. AECL is a public company limited by guarantee and as a result, is not listed on the Australian Stock Exchange (ASX) but has developed its framework for corporate governance in line with the Corporate Governance Principles and Recommendations as developed by the ASX Corporate Governance Council. AECL believes its corporate governance practices are rigorous and of a high standard and as a result is willing to report against the recognised principles of corporate governance on an annual basis.

PRINCIPLE #1:

Lay solid foundations for management and oversight

The AECL Board is responsible for ensuring that the management of AECL 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 (SFA) with the Australian Government and the Egg Industry Service Provision Act 2002. The Board 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 AECL Strategic Plan.

The AECL Board's functions include:

- » Setting company policies and procedures;
- » Approving major strategies, plans, work programs and budgets;
- » Responding to management recommendations on major initiatives, including significant investments, capital and funding proposals, senior appointments, executive remuneration, succession plans, financial results, performance against plans, issues relating to internal controls and the management of risk;

- » Approving significant capital expenditure;
- » Ensuring AECL acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- » Ensuring AECL operates within the requirements of the Company's Constitution, the Corporations Act 2001, the SFA with the Australian Government and the Egg Industry Service Provision Act 2002; and
- » Appointing or removing the Managing Director.

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.

In addition, the Board has two standing Committees to assist it in carrying out its responsibilities.

- » Finance & Audit Committee
- » Governance & Risk Committee

The Board delegates responsibility for the implementing of the strategic direction and for managing the day-to-day operations of the Company to the Managing Director.

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

PRINCIPLE #2:

Structure the Board to add value

As per the AECL Constitution, the AECL Board comprises up to four 'elected' directors, and up to three 'specialist' directors, one of whom is the Managing Director.

'Specialist' directors are sought by a selection committee and appointed by the AECL Board and ratified by members at the first available General Meeting of the Company. Appointments are made 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.

Corporate Governance/Compliance

The Board includes at least one director who can demonstrate that they are highly skilled in corporate governance.

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.

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.

PRINCIPLE #3:

Promote ethical and responsible decision-making

AECL wishes to conduct all its business ethically and responsibly. Equally important is the encouragement of ethical conduct by example from all involved in AECL. It is the Board's objective that all its dealings with staff, stakeholders, regulatory authorities and the community should be conducted with integrity, fairness and diligence.

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.

PRINCIPLE #4:

Safeguard integrity in financial reporting

The Finance & Audit Committee meets four times each year. The Managing Director and Finance & Corporate Services Manager/Company Secretary attend all committee meetings at the invitation of the Committee. The Committee also meets privately with the external auditor without AECL management present.

The minutes of all committee meetings are reviewed at the subsequent meeting of the Board and the resolutions of the Committee are reviewed and considered by the Board for endorsement.

The role and responsibilities of the Finance Audit Committee include:

Financial Statements – reviews AECL's financial statements, effectiveness and compliance with accounting policies and standards, adequacy of disclosures and reconciliation of all bank accounts.

Investments – reviews matters relating to the investment of assets in line with AECL policy. The Committee obtains advice from external investment advisors when necessary.

Appointment of External Auditor – reviews the performance of the external auditor annually, and can recommend to the Board any changes to the appointment it deems appropriate. The external auditor may attend member meetings and may be available to answer questions from members about the conduct of the audit and the preparation and content of the audit report and AECL's accounts.

Audit – reviews the auditors' performance, the professional independence of the auditors, audit policies, procedures and reports, as a direct link between the Board and the Company's auditors.



Corporate Governance/Compliance

PRINCIPLE #5:

Make timely and balanced disclosure

AECL is not a publicly listed company and is not subject to ASX Listing Rule disclosure requirements. It does however, report to its members and the Australian Securities and Investments Commission (ASIC) in the form required by the Corporations Act 2001 and discloses significant information on a continuous basis as detailed in Principle # 6.

Under the Statutory Funding Agreement (SFA) with the Australian Government, AECL is required to present a financial report to the Department of Agriculture, Fisheries & Forestry every six months. In addition, the Chairman and Managing Director meet bi-annually with the Minister, or his nominated delegate, to report on the Company's performance against the SFA. Any significant matters are to be reported to the Department.

PRINCIPLE #6:

Respect the rights of shareholders

AECL does not have shareholders, it has members as defined in Section 231 of the Corporations Act 2001.

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 motion, including the election of directors, the ratification of 'specialist' director appointments and the total remuneration payable to the directors of the Company.

AECL communicates regularly with its members, and all known egg producers using bi-weekly newsletters, a quarterly industry magazine report, the Annual Report including the Statutory Financial and provides member access to the Company's website.

The AECL Board encourages full participation of members and other stakeholders at the Annual General Meeting (AGM) to ensure a high level of accountability and understanding of the Company's strategy, goals and achievements. In the event that a member is unable to attend the AGM they are encouraged to appoint proxies to express their views at the AGM by completing and lodging a Proxy Form.

PRINCIPLE #7:

Recognise and manage risk

AECL has established a Governance & Risk Committee to review all internal control and policies, the practice of good governance, management procedures employed and the systems of risk management employed by the Company.

AECL 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 operating 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.

Corporate Governance/Compliance

- » Development of internal policies and procedures in key areas such as Equal Employment Opportunities (EEO), Occupational Health and Safety (OH&S) and privacy.

PRINCIPLE #8:

Encourage enhanced performance

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

- » Roles and responsibilities;
- » Timeliness of advice and direction to management;
- » Effectiveness of Board meetings;
- » Interaction with management; and
- » 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 of their fiduciary duties as company directors.

PRINCIPLE #9:

Remunerate fairly and responsibly

AECL conducts annual performance appraisal and goal setting for all staff which assists in determining remuneration levels for all staff which is reviewed once each year.

Total remuneration for 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 the ordinary duties of an AECL director.

Total remuneration for the Managing Director comprises of short term benefits (cash salary and an at-risk bonus) and post-employment benefits (statutory superannuation entitlement).

The AECL Board reviews the performance of the Managing Director on an annual basis in line with outcomes delivered and of the achievements made across the Company.



Corporate Governance/Compliance

PRINCIPLE #10:

Recognise the legitimate interests of 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 AECL is properly managed so as to protect and enhance members' interests and to meet the Company's obligations to all parties.

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 will be the core focus for



AECL consultation. The Australian Government is also a major stakeholder on behalf of the wider community.

The Australian Government provides matching contributions to AECL for eligible R&D expenditure to a limit of 0.5% of the egg industry's Gross Value of Production (GVP).

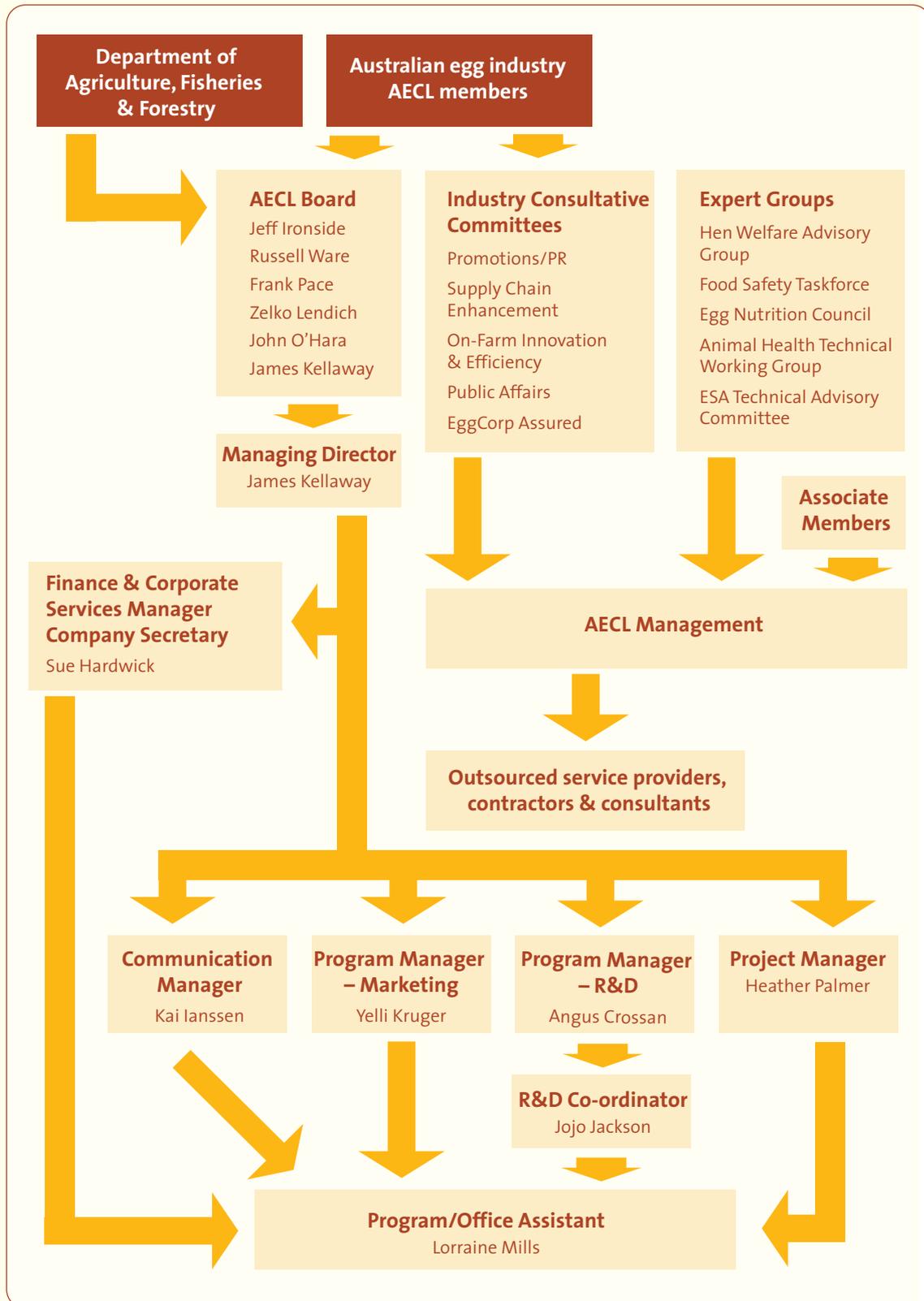
Components of the AECL Strategic Plan are consistent with a number of the government's national and rural R&D funding priorities. The Plan reflects the dynamic and competitive nature of the Australian egg market and recognises the emergence of new developments and trends in research and production, quality 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 by AECL in the Poultry Cooperative Research Centre (CRC) supports the efforts of government authorities and commercial partners in improving disease preparedness, bio-security, 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.

AECL Organisational Structure



AECL Business/Planning Cycle



Financial Report

Financial Statements for the Year Ended 30 June 2012

Directors' Report	28
Auditor's Independence Declaration	30
Directors' Declaration	31
Statement of Comprehensive Income	32
Statement of Financial Position	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Notes to the Financial Statements	36
Independent Auditor's Report	51

Directors' Report

Directors' Report

Your directors submit their report for the year ended 30 June 2012.

Directors

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

Jeff Ironside
 Frank Pace
 Zelko Lendich
 Russell Ware
 John O'Hara
 James Kellaway

Directors Qualifications

Directors qualifications are detailed in the Annual Report.

Meetings of Directors

During the year to 30 June 2012 there were 14 meetings of directors, four Finance & Audit committee meetings and two Governance & Risk committee meetings.

The number of meetings attended by each director was:

	Board Meetings		Finance & Audit Committee Meetings		Governance & Risk Committee Meetings	
	2011–2012	2010–2011	2011–2012	2010–2011	2011–2012	2010–2011
Jeff Ironside	14	14	4	4	2	2
Russell Ware	14	14	4	4	2	2
Frank Pace	13	12	4	3	2	2
John O'Hara	14	14	4	4	2	2
Zelko Lendich	14	13	4	4	2	2
James Kellaway	14	14	4	4	2	2

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 company employed 9 employees at 30 June 2012 (2011:7).

Directors' Report

Principal Activities

The principal activities during the year were the provision of marketing and research and development 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 deficits of the company for the year ended 30 June 2012 was \$665,051 (2011: surplus \$1,614,184).

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.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the corporations Act 2001.



Jeff Ironside
Chairman

Auditor's Independence Declaration



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Sydney NSW 2000

Australia

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF AUSTRALIAN EGG CORPORATION LIMITED

As lead auditor of Australian Egg Corporation Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Arthur Milner

Partner

BDO East Coast Partnership

Sydney

29 August 2012

Directors' Declaration

Australian Egg Corporation Limited

Directors' Declaration

In the opinion of the directors:

- » the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- » the attached financial statements and notes hereto give a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date;
- » there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Jeff Ironside
Chairman

Statement of Comprehensive Income

Australian Egg Corporation Limited

	Notes	30 June 2012 \$	30 June 2011 \$
Revenue	2	8,632,799	7,831,963
Expenditure			
Market Awareness	3a	(3,498,863)	(1,621,337)
Market Education	3b	(976,958)	(1,010,719)
Supply Chain Enhancement	3c	(387,294)	(111,072)
On-Farm Innovation & Efficiency	3d	(1,978,729)	(1,799,807)
Public Affairs & Stakeholder Relations	3e	(1,827,057)	(1,123,659)
Corporate Costs	3f	(528,908)	(456,130)
Levy Collection Costs	3g	(100,041)	(95,055)
Total Expenses		(9,297,850)	(6,217,779)
(Deficit)/Surplus for the year		(665,051)	(1,614,184)
Other Comprehensive Income for the year, net of tax		–	–
Total Comprehensive Income for the year	10	(665,051)	1,614,184

The above Statement of Comprehensive Income should be read in conjunction with accompanying notes.

Statement of Financial Position

Australian Egg Corporation Limited

	Notes	30 June 2012 \$	30 June 2011 \$
Current Assets			
Cash & Cash Equivalents		3,179,212	3,654,339
Trade & Other Receivables	4	1,218,115	927,582
Total Current Assets		4,397,327	4,581,922
Non-Current Assets			
Financial Assets (AEEL)	5	1	1
Property, Plant and Equipment	6	47,256	57,944
Total Non-Current Assets		47,257	57,945
Total Assets		4,444,584	4,639,867
Current Liabilities			
Trade & Other Payables	7	1,526,792	1,074,742
Employee Benefits	8	105,478	43,055
Total Current Liabilities		1,632,270	1,117,797
Non-Current Liabilities			
Employee Benefits	9	23,436	68,141
Total Non-Current Liabilities		23,436	68,141
Total Liabilities		1,655,706	1,185,938
Net Assets		2,788,878	3,453,930
Equity			
Retained Surplus	10	2,788,878	3,453,929
Total Equity		2,788,878	3,453,929

The above Statement of Financial Position should be read in conjunction with accompanying notes.

Statement of Changes of Equity

Australian Egg Corporation Limited

	Notes	Retained Earnings \$	Total Equity \$
Balance as at 1 July 2010		1,839,745	1,839,745
Total comprehensive income for the year	10	1,614,184	1,614,184
Balance as at 30 June 2011		3,453,929	3,453,929
Balance as at 1 July 2011		3,453,929	3,453,929
Total comprehensive income for the year	10	(665,051)	(665,051)
Balance as at 30 June 2012		2,788,878	2,788,878

The above Statement of Changes in Equity should be read in conjunction with accompanying notes.

Statement of Cash Flows

Australian Egg Corporation Limited

	Notes	30 June 2012	30 June 2011
		\$	\$
Cash Flows from Operating Activities			
Receipts from funding and other sources (inclusive of GST)		9,079,945	7,986,355
Payments to suppliers and employees (inclusive of GST)		(9,729,885)	(6,766,604)
Interest received		189,621	165,477
Net Cash Flows from Operating Activities		(460,319)	1,385,228
Cash Flows from Investing Activities			
Advances to related parties		(296)	(702)
Purchase of property, plant and equipment		(14,512)	(18,602)
Net Cash Flows from Investing Activities		(14,808)	(19,304)
Net (Decrease)/Increase in Cash & Cash Equivalents		(475,127)	1,365,924
Cash & Cash Equivalents at the beginning of the year		3,654,339	2,288,415
Cash & Cash Equivalents at The End of The Year	11	3,179,212	3,654,339

The above Statement of Cash Flows should be read in conjunction with accompanying notes.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Note 1. Significant accounting policies

The financial report covers Australian Egg Corporation Limited as an individual entity. The Financial report is presented in Australian dollars, which is Australian Egg Corporation Limited's functional and presentation currency.

Australian Egg Corporation Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia.

The financial report was authorised for issue, in accordance with a resolution of directors, on 29 August 2012. The directors have the power to amend and reissue the financial report.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2012. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual improvements Project

The company has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The company has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 124 Related Party Disclosures (December 2009)

The company has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

Notes to the Financial Statements

AASB 1054 Australian Additional Disclosures

The company has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project

The company has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian and New Zealand Standards. The amendments removed certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

a 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.

b Cash and Cash Equivalents

Cash on hand and in banks is stated at nominal value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank.

c 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.

d 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.

e Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any identified impairment loss.

Property, plant and equipment is depreciated on a straight line basis over its useful life.

Depreciation

	2012	2011
Office Equipment	2 - 10 yrs	2 - 10 yrs
Leasehold Improvements	Term of Lease	Term of Lease

Notes to the Financial Statements

f 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 company.

g Operating Leases – Rental Premises and Photocopier

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 Company renewed its operating lease regarding its premises at Level 4, 107 Mount Street, North Sydney NSW 2060, commencing 1 October 2008. Under the terms of the lease agreement, the entity was entitled to receive the first three months of the lease term free from rent. A lease incentive liability has been raised to record the rental expense payable in relation to the rent free period. Lease payments are allocated between the rental expense and the reduction of the lease incentive liability over the lease term (5 years). This lease expires on 30 September 2013. Rental payments will be expensed in the financial year in which they occur. Contingent rentals for the year end 30 June 2012 are recognised as an expense in the financial year incurred.

h Provisions

Provisions are recognised when the company 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.

i Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Australian Government Matching Funds

The Australian 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. Government matching funds are recognised as revenue upon incurring the eligible research and development program expenditure.

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. Revenue from levies are recognised as revenue upon accrual of the levy amounts.

Application of Funds

In accordance with the Statutory Funding Agreement between the Government 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 Australian Government.

Research and Development payments and Government 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 Government 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 Government and tracked via the accounting system.

Co-Funder Contributions

Revenue from Co-Funder Contributions is recognised when an invoice is raised, in accordance with the terms specified in contracts with co-funding partners.

Notes to the Financial Statements

Interest Revenue

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to the asset.

j Income Taxes

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

k Goods and Services Tax (GST)

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

- » 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 Statement of Financial Position.
- » cash flows are included in the Statement of Cash Flows 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.

l Employee Benefits

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.

m Economic Dependency

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

n Critical Accounting Estimates and Judgements

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

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

Notes to the Financial Statements

	Notes	30 June 2012	30 June 2011
		\$	\$
2. Revenue from Operating Activities			
Promotion Levies		4,327,833	4,340,828
Research and Development (R & D) Levies		1,893,646	1,581,138
Government Contributions		1,893,646	1,581,139
Other Revenue	2a	517,674	328,857
Total		8,632,799	7,831,963

2a. Other Revenue

Associate Membership		42,476	40,363
Co-Funder payments		20,000	20,000
Interest		199,726	158,879
Royalties		39,176	21,873
Training		91,959	26,500
Functions		14,295	24,750
Licences Fees		18,240	16,450
Other		91,802	20,042
Total		517,674	328,857

3. Program Expenses by Operating Pillar

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 markets by positively reinforcing the fact that eggs provide a tasty, quick and easy meal solution. Demonstrating that eggs are an essential part of a modern, healthy lifestyle in order to convert light users into heavy users.

Projects/activities		3,338,350	1,484,828
Project travel		52,298	592
Program management costs		108,215	135,917
Total		3,498,863	1,621,337

Notes to the Financial Statements

Notes	30 June 2012	30 June 2011
	\$	\$

3b. Market Education

The programs run within the Market Education pillar are:

Consumer program

Media Relations program

Health Care Professionals program

Student Educational program

QA 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 actively limiting egg consumption. Giving permission to enjoy more eggs more often and thereby demonstrating that eggs are an essential part of a modern, healthy and balanced eating plan in order to convert light users to heavy users.

Projects/activities	853,236	865,065
Project travel	5,669	9,737
Program management costs	118,053	135,917
Total	976,958	1,010,719

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 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.

Projects/activities	313,517	28,578
Project travel	4,913	944
Program management costs	68,864	81,550
Total	387,294	111,072

Notes to the Financial Statements

	Notes	30 June 2012	30 June 2011
		\$	\$

3d. On-Farm Innovation and Efficiency

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

Hen Welfare & Elite Production Systems program

Product Quality program

Sustainability, QA and Technology Transfer 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.

Projects/activities	1,541,038	1,431,383
Project travel	34,345	33,161
Program management costs	403,346	335,263
Total	1,978,729	1,799,807

3e. Public Affairs & Stakeholder Relations

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

Government Relations program

Corporate Communications program

Issues Management program

The strategic purpose of these programs is to ensure effective industry communication, media relations and policy engagement to optimise the industry operating environment, community awareness and understanding of the egg industry and its associated service delivery programs and outcomes.

Projects/activities	1,358,755	686,699
Project travel	55,118	56,389
Program management costs	413,184	380,571
Total	1,827,057	1,123,659

3f. Corporate Costs

Accounting and Administration	59,724	41,838
Premises	40,746	34,993
Board/AGM expenses	64,558	58,046
Employment expenses	363,880	321,253
Total	528,908	456,130

Notes to the Financial Statements

	Notes	30 June 2012	30 June 2011
		\$	\$
3g. Levy Collection Costs			
Levy Collection Cost – Promotion		70,245	65,205
Levy Collection Cost – R&D		29,796	29,850
Total		100,041	95,055

3h. Net (Deficit)/Surplus

The net (deficit)/surplus has been arrived at inclusive of these items:

Depreciation	25,200	19,922
Employee costs	1,197,618	1,155,880
Lease expenses	113,159	109,119
Bad debt expense	2,119	0

4. Trade & Other Receivables (Current)

Trade Receivables	1,011,642	726,411
Other Receivables	39,771	29,665
Prepayments	29,997	35,098
Security Deposit	18	132,000
	1,213,410	923,174

Amounts other than trade debts receivable from related parties

Wholly owned Subsidiary:

AEEL	4,499	4,203
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Related Entity :

AEIA	206	206
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	4,705	4,409
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Total	1,218,115	927,583
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5. Other Financial Assets

Controlled Entities – unlisted

AEEL	1	1
Total	1	1

As at 30 June 2012 Australian Egg Corporation Limited owned 100% of the capital in Australian Egg Export Pty Ltd being 1 fully paid ordinary share (2011:1)

Notes to the Financial Statements

	Notes	30 June 2012	30 June 2011
		\$	\$
6. Property, Plant and Equipment			
Office Equipment			
At Cost		106,153	91,640
Accumulated Depreciation		(72,190)	(55,851)
		33,963	35,789
Leasehold Improvements			
At Cost		88,620	88,620
Accumulated Depreciation		(75,327)	(66,465)
		13,293	22,155
Total Property, Plant and Equipment			
At Cost		194,773	180,260
Accumulated Depreciation and Amortisation		(147,517)	(122,316)
Total Written Down Amount		47,256	57,944

Reconciliations

Office Equipment			
Carrying Amount at Beginning		35,789	28,353
Additions		14,513	18,602
Disposals		–	(9,825)
Depreciation		(16,339)	(11,061)
Adjustment of Depreciation on Disposals		–	9,720
		33,963	35,789
Leasehold Improvements			
Carrying Amount at Beginning		2,2155	31,015
Additions		–	–
Depreciation		(8,862)	(8,860)
		13,293	22,155

Notes to the Financial Statements

	Notes	30 June 2012	30 June 2011
		\$	\$
7. Trade & Other Payables (Current)			
Trade Payables		1,339,091	698,916
Other Payables		105,803	363,250
Lease Incentive		6,988	12,577
Unearned revenue		74,910	–
		1,526,792	1,074,742
8. Employee Benefits (Current)			
Employee Benefits		105,478	43,055
		105,478	43,055
9. Employee Benefits (Non-Current)			
Employee Benefits		23,436	68,141
		23,436	68,141
10. Equity			
Retained Surplus			
Balance at Beginning of Year		3,453,929	1,839,745
Net (Deficit)/Surplus		(665,051)	1,614,184
Balance at End of Year		2,788,878	3,453,929

Notes to the Financial Statements

Notes	30 June 2012	30 June 2011
	\$	\$

11. Cashflow Information

(a) Reconciliation of net cash flows from operations

Net (Deficit)/Surplus	(665,051)	1,614,184
Non-cash Items		
Depreciation of non-current assets	25,200	19,922
Changes in Assets and Liabilities		
(Increase)/decrease in trade and other receivables	(290,236)	(459,203)
Increase/(decrease) in trade and other payables	452,050	184,270
Increase/(decrease) in employee benefits	17,718	25,951
Net cashflow from operating activities	(460,319)	1,385,124

(b) Reconciliation of Cash

Cash balance comprises:		
Cash on hand	250	250
Cash at bank	3,178,962	3,654,089
Closing Cash Balance	3,179,212	3,654,339

12. Expenditure Commitments

Lease expenditure commitments

Operating Leases (non-cancellable)		
Minimum lease payments		
– not later than one year	118,200	113,585
– later than one year and not later than five years	26,248	142,625
Aggregate lease expenditure contracted for at balance date	144,448	256,209

Notes to the Financial Statements

Notes	30 June 2012	30 June 2011
	\$	\$

13. Contingent Liabilities

There are no contingent liabilities as at 30 June 2012 and 30 June 2011.

14. Subsequent Events

There have been no significant events that have occurred since 30 June 2012 that require separate disclosure.

15. Remuneration of Key Personnel

Income paid or payable, or otherwise made available, in respect of the financial year to 30 June 2012, to all directors and key management personnel of Australian Egg Corporation Limited, directly or indirectly, from the company or any related party.

Remuneration – Short-term Benefits	471,127	491,748
Remuneration – Post-employment Benefits	23,263	19,085
	494,390	510,833

16. Remuneration of Auditors

Amounts received by PKF for:		
– audit of the financial statements	17,500	17,000
– other services	0	3,410
Total	17,500	20,410

Notes to the Financial Statements

Notes	30 June 2012	30 June 2011
	\$	\$

17. Related Party Disclosures

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

Jeff Ironside
 Frank Pace
 Zelko Lendich
 Russell Ware
 John O'Hara
 James Kellaway

Disclosures relating to remuneration of directors and key management personnel are set out in Note 15.

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

Amounts loaned to Australian Egg Export Pty Limited	296	496
Amounts loaned to Australian Egg Industry Association	–	206
	296	702

18. 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
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19. Segment Information

Segment products and locations

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

20. Financial Risk Management Policies

The company's financial instruments comprise cash, cash equivalents, receivables and payables.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk.

The company does not hold financial instruments denominated in foreign currencies and does not use derivative instruments to manage risks associated with its financial instruments. The company is not exposed to fluctuations in foreign currency.

Notes to the Financial Statements

Notes	30 June 2012	30 June 2011
	\$	\$

The company's policies for managing each of these risks are summarised below. The policies are approved by the Board and are reviewed regularly.

Interest rate risk

The company is exposed to interest rate fluctuations on its cash at bank and cash on deposit. The company actively monitors interest rates for cash at bank and on deposit to maximise interest income.

The company maintains cash reserves to a level considered prudent to offset any fluctuations in interest rates received.

Sensitivity Analysis

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results which could result in a change to these risks.

At 30 June 2012, the effect on interest received, with all other variables remaining constant would be as follows:

	Surplus	Equity
	\$	\$
Year ended 30 June 2012		
– Increase in interest rate by 2%	63,584	63,584
– Decrease in interest rate by 2%	(63,584)	(63,584)
Year ended 30 June 2011		
– Increase in interest rate by 2%	73,087	73,087
– Decrease in interest rate by 2%	(73,087)	(73,087)

Liquidity risk

The company manages liquidity by monitoring forecast cash flows and ensuring that adequate liquid funds are maintained.

The company does not hold overdraft facilities.

The majority of amounts receivable from trade receivables are under a Statutory Funding Agreement with the Australian Government.

The company maintains cash reserves to a level considered prudent to offset any fluctuations in the Government's collection of and distribution to the company of levy funds.

Trade and other payables are expected to be paid as follows:

Less than 6 months	1,444,894	1,074,741
6 months to 1 year	–	–
1 year to 2 years	–	–
	1,444,894	1,074,741

Notes to the Financial Statements

	Notes	30 June 2012	30 June 2011
		\$	\$

Credit risk

Credit risk arises from exposures to customers as well as through deposits with financial institutions.

The company is exposed to two main sources of credit risk - amounts receivable in respect of levy funds collected and distributed to the company by the Australian Government and funds on deposit with banks.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties.

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only in respect of banks that hold an A rating from Standard and Poor's or an equivalent rating from another reputable ratings agency.

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.

Ageing of trade receivables is as follows:

	30 June 2012	0-30 days	31-60 days	61+ days
Total Trade Receivables	1,013,760	985,129	26,373	2,258
	30 June 2011	0-30 days	31-60 days	61+ days
Total Trade Receivables	7,264,101	712,592	11,052	2,767

Price Risk

The company is not exposed to any material commodity price risk.

Net Fair Values

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

Independent Auditor's Report



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 Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Australian Egg Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian Egg Corporation Limited (the company), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Independent Auditor's Report



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Egg Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'BDO' followed by a stylized signature.

A handwritten signature in black ink, appearing to read 'Arthur Milner'.

Arthur Milner

Partner

Sydney

29 August 2012

Project/Activity Report

STRATEGY 1

Monitor, analyse, understand and address market attitudes, behaviour, consumption and preferences of eggs and perceptions of the egg industry in the Australian market.

Outcome

Industry is aware of and addressing consumer attitudes, behaviour and preferences for eggs while the community respects and recognises all egg production systems and minimal food safety risks associated with egg consumption.

Project/Activity	Outcome	AECL Pillar	R&D Priority
Consumer Attitudes and Behaviour Tracking Research	Annual benchmark to track shifts in consumer behaviour and attitudes to eggs, to ensure campaign results and assist in future campaign development.	Market Awareness	2, 11
Market Research – AZTEC scan data	Understand and track the purchasing behaviour of the two identified market segments to better target campaigns, maximise ROI and measure program/sales performance.	Market Awareness	2, 11
GP Reach– research	Benchmark outcomes from previous research to quantify and qualify shifts in attitudes and opinions in HCPs as it relates to eggs and nutrition.	Market Education	2, 11
CARMA media analysis – research	Improve tracking of issues, program success and media perceptions incorporating results into issues management response and ongoing program development.	Public Affairs & Stakeholder Relations	2, 11



Project/Activity Report

STRATEGY 2

Execute integrated and market-responsive product marketing campaigns to assist raise awareness, demand, purchase and consumption of eggs in the Australian market among identified target market segments.

Outcome

Continual growth in egg sales as per the outcomes of the 'Freebairn model' providing an effective return on invested funds and positive growth trend in egg sales each year.

Project/Activity	Outcome	AECL Pillar	R&D Priority
National consumer advertising campaign: "Eggs, as easy as".	Increase egg consumption of the two identified target audiences; Sharon and Walter and Nancy. This will be achieved by shortening the purchase cycle and increasing top of mind awareness of eggs in these two audience segments. The key message for the campaign will be Everyday Eggs. To be achieved by effective and innovative creative development of advertising.	Market Awareness	2, 11
National consumer digital advertising campaign: "Eggs, as easy as".	Increase egg consumption of the two identified target audiences by creating an inspiring and educational website, informative eDMs, digital promotions and interactive digital activities.	Market Awareness	2
National consumer media and public relations	Increase egg consumption behaviour of the two defined target audiences by positively impacting the purchase cycle by increasing the knowledge of food writers, editors and journalists about eggs. To be achieved through the effective creation of inspiring media releases, positive relationships with key opinion leaders and educational information being dispatched effectively.	Market Awareness	2
Campaign POS/Promotions	Increase egg consumption behaviour of the two defined target segments and positively impact the purchasing cycle by influencing the purchase decision at point of sale thereby adding another consumer touch point to the campaign.	Market Awareness	2
National Consumer media-buy (ATL)	Increase egg consumption behaviour of the two defined market segments and positively impact the purchase cycle by reinforcing the fact that eggs should be part of a nutritious diet and are easy, versatile and tasty. This will be achieved by an innovative and effective media buy.	Market Awareness	2
National HCP PR Campaign	Increased awareness of the nutritional qualities of eggs and the role eggs play in maintaining a healthy diet.	Market Education	2
Student Education	Educating primary school aged children, teachers and parents how eggs are healthy, tasty, fun and easy to use so that this natural nutrient dense food is demanded during crucial childhood development.	Market Education	2
Nutrition advice and dietetics review	Help influence egg endorsements and communication to HCPs and KOLs on food choice.	Market Education	2

Project/Activity Report

Project/Activity	Outcome	AECL Pillar	R&D Priority
Egg Nutrition Council (ENC)	Create and update scientific positioning statements on the health and nutritional benefits of eggs to increase the demand for eggs.	Market Education	2
QA Program – consumer launch	Help influence egg endorsements and communications to KOLs, media and consumers. Position QA approved eggs as the product of choice.	Market Education	1, 2
Tolerance in raw egg allergy on consumption of cooked egg	Information regarding the form of egg product and allergic sensitivity. Potential decrease in raw-egg allergic children.	Market Education	1, 2, 10
National HCP creative and POS material	To have a better informed HCP sector that does not advise patients to limit egg consumptions and provides up to date and relevant nutritional information in regards to eggs and diets to both patients and peers.	Market Education	2
National HCP events campaign	Influence egg endorsement and recommendation by HCPs by promoting the health and nutritional benefits of eggs as it relates to their patients and peers at selected events.	Market Education	2
National HCP media campaign	Active egg restrictors are positively influenced through effectively communicating the role go eggs in a healthy and balanced diet increasing the frequency of egg consumption among this market segment.	Market Education	2
How and when to introduce eggs to avoid egg allergies	Optimal timing information regarding introduction of eggs into infant diets associated with egg allergy through evidence to allay fears of including eggs in infant diets.	Market Education	1, 2, 10
NHF 'Tick' licence program	Greater awareness of positive health benefits arising from the consumption of eggs while ensuring cost effective access and use of the NHF 'Tick' trademark by egg producers (Sub-licencees) and ensuring consistency of use.	Public Affairs & Stakeholder Relations	2
Food safety reputation	Improved consumer awareness of eggs and food safety and improved industry preparedness to deal effectively with a food safety or exotic disease outbreak. Ensure best practice on farm aims to reduce potential food safety risks.	Public Affairs & Stakeholder Relations	2
Dieticians Association Australia (DAA)	Influence egg endorsement and recommendation by HCPs by promoting the health and nutritional benefits of eggs as it relates to their patients and peers at selected events.	Market Education	1, 2
Egg industry welfare strategy	Improved positive perception of the Australian egg industry and increased understanding of role and importance in the Australian economy among key media and consumers, particularly by improving consumer and stakeholder awareness of facts around animal welfare.	Public Affairs & Stakeholder Relations	2

Project/Activity Report

STRATEGY 3

Enhance egg distribution channels and the merchandising environment to drive supply efficiencies throughout the value chain.

Outcome

Greater level of transparency throughout the supply/demand chain is achieved with enhanced product merchandising and management of the egg category at the Point-Of-Sale (POS).

Project/Activity	Outcome	AECL Pillar	R&D Priority
Review of ullage research	Reduction of ullage/wastage by the uptake and adoption of measurements suggested in the 2006 research.	Supply Chain Enhancement	1, 2, 6, 11
Training materials	Reduction in ullage or wastage by uptake and adoption of developed training materials among retailers.	Supply Chain Enhancement	1, 2, 6
Feedgrains Partnership	Partnership and collaboration with respect to ensuring suitable quality and supply of feedgrain is maintained.	On-Farm Innovation & Efficiency	1, 3, 4, 5, 10
Egg Labelling Integrity Panel	To implement and maintain rigor in the process of the approval of egg labelling and promotional material as it relates to the egg quality assurance Standard and HFT Tick logo's.	Supply Chain Enhancement	2
Layer and egg supply forecasting model enhancement and report	Egg producers informed of industry trends and market movements for better business planning and market stability.	Supply Chain Enhancement	1, 2



Project/Activity Report

STRATEGY 4

Identify, measure and address inefficiencies in the Australian egg production and supply chain through benchmarking, research and analysis.

Outcome

On-farm and supply chain inefficiencies understood, monitored and addressed through consultation with egg producers and resolved or minimised through the application and adoption of research.

Project/Activity	Outcome	AECL Pillar	R&D Priority
Egg industry extension program development and communication	Improved dissemination of R&D information and transfer/adoption of new science and program outcomes.	On-Farm Innovation & Efficiency	1, 2, 6
EggBiz: Egg production software	Value adding and ongoing support and development of the second version of a flock management software package for egg producers to increase on-farm management efficiency.	On-Farm Innovation & Efficiency	6, 7
Egg industry RD&E business development service	Better informed egg industry of R&D outcomes and application on-farm while providing feedback and ensuring direct input into future priority areas.	On-Farm Innovation & Efficiency	1, 2, 6
Scoping a civil society governance scheme for egg production systems	A review of the benefits and challenges of introducing an independent certification system with multi-lateral stakeholder participation	Public Affairs & Stakeholder Relations	1, 2, 6, 10
Egg differentiation	Commercial development of egg differentiation technology and protection of egg markets.	Supply Chain Enhancement	1, 2, 7



Project/Activity Report

STRATEGY 5

Initiate the development and uptake of innovations and industry information that will enhance industry competitiveness and sustainability.

Outcome

Industry information and innovation needs identified, researched and adopted to provide a more competitive and sustainable egg industry.

Project/Activity	Outcome	AECL Pillar	R&D Priority
Non-invasive assessment of stress in commercial housing systems	Industry information on the relative effects of production system on physiological stress indicators.	On-Farm Innovation & Efficiency	1
Salmonella control in commercial layer flocks	Determination of the most appropriate regimes of use for the available Salmonella vaccines for decreasing the prevalence of Salmonellae in commercial egg layer flocks.	On-Farm Innovation & Efficiency	1, 2, 5, 10
Dietary available phosphorus requirement of laying hens	Updated information regarding available phosphorous with respect to calcium, phytase and vitamin D. Enhanced egg production in terms of economics, hen wellbeing and environmental pollution.	On-Farm Innovation & Efficiency	1, 3, 10
Determine the cause and methods of control for Spotty Liver Syndrome (Fixed research costs)	Improved productivity both in level and reliability of commercial layers placed in alternative systems by controlling Spotty Liver Syndrome (SLS) without the need for antibiotics	On-Farm Innovation & Efficiency	1, 5, 10
Importance of space and nests for laying hens in cages	Information on space and nests in cages for industry policy positions regarding revisions to codes of practice and legislating animal welfare standards.	On-Farm Innovation & Efficiency	1, 10
Industry development, collaboration and R&D related policy management	Promotion and defence of industry needs and influence with respect to on-farm innovation and efficiency via R&D activities.	On-Farm Innovation & Efficiency	1, 6, 7, 9
Field application of Rispens-specific qPCR test	An effective field test for measuring vaccination success following vaccination with Rispens CV1988 and effective methods for detecting MDV breaks in vaccinated flocks.	On-Farm Innovation & Efficiency	1, 5, 10
Effects of rearing on inappropriate conflict behaviours that predispose cannibalism	Recommended practices for rearing that reduces the risk of injurious pecking to improve welfare and flock performance and uniformity.	On-Farm Innovation & Efficiency	1, 10
Optimising ventilation and egg production in environmentally controlled sheds	Provide industry with a practical guideline on how to optimise shed ventilation.	On-Farm Innovation & Efficiency	1

Project/Activity Report

Project/Activity	Outcome	AECL Pillar	R&D Priority
Pullet and layer flock uniformity: an epidemiological, industry-based approach	Benchmarking of flock uniformity and performance. Best practice guidelines for persistency and longevity of lay.	On-Farm Innovation & Efficiency	1, 10
Optimising calcium formulation in modern laying hens	Lower diet costs and improved performance (production and FCR) for commercial hen production.	On-Farm Innovation & Efficiency	1
Nuffield Scholarship	Improved industry capacity, knowledge and business outcomes through adoption of global innovations.	On-Farm Innovation & Efficiency	6, 9
Egg Corp Assured (ECA) national egg quality assurance program	Differentiate egg producers by identifying egg producers who comply to 'best management practice' and gain uptake by egg businesses.	On-Farm Innovation and Efficiency	2
Climate change research strategy (CCRSPI)	Participation in a cross sector research strategy to maximise return on investment in relation to climate change information, research and adaptation.	On-Farm Innovation & Efficiency	3, 4, 10
Development of diagnostics and communication tool	Development of a farm management tool. Improved flock management, knowledge transfer and farm profitability.	On-Farm Innovation & Efficiency	6, 7
Egg Standards Australia (ESA)	Differentiate egg producers by identifying egg producers who comply to 'best management practice' and gain uptake by egg businesses.	On-Farm Innovation & Efficiency	1, 2, 5
Poultry Co-operative Research Centre (CRC)	Maintain and enhance the egg industry's investment in R&D as it relates to hen nutrition, health, welfare, food safety, egg quality and the environment for community benefit.	On-Farm Innovation & Efficiency	1, 3, 4, 6, 7, 9, 10



Project/Activity Report

STRATEGY 6

Build industry resources to deliver stakeholder-responsive programs and information in a timely manner.

Outcome

An adequately resourced egg industry and service provider thereby allowing the provision of technical, market and production-based skills to be engaged on demand.

Project/Activity	Outcome	AECL Pillar	R&D Priority
National RD&E strategies	A secure co-contribution strategy between the poultry industry and research providers to ensure sustained access to critical research and development skills and resources to enhance egg production and productivity in the future.	On-Farm Innovation & Efficiency	1, 6, 9, 10
ENC Website Development	Increased awareness of ENC and the independent and credible role they play in making scientific statements about eggs.	Market Education	2, 7
Primary industries undergraduate scholarship program	Sponsorship and promotion of careers in the egg industry.	On-Farm Innovation & Efficiency	6, 9, 10
Research seminar, conference study tours and grants.	Improved communication and dissemination of egg industry R&D results and professional development of industry stakeholders.	On-Farm Innovation & Efficiency	6, 9
Technical Advisory Committee (TAC)	To accurately identify all issues that need to be controlled in relation to the development and on-going content of the Egg Quality Assurance Standard.	On-Farm Innovation & Efficiency	N/A
Corporate communications	AECL will create and build the egg industry profile by telling great "stories" that humanise the egg industry for internal and external stakeholders using modern communication tactics, AECL will also create engaging stories that clearly and consistently explain the egg industry's technical details, policies, research, corporate information and standards to a wide range of audiences. Effective internal communication policies will be created.	Public Affairs & Stakeholder Relations	N/A
Egg industry issues and crisis management	AECL will create a nimble issues management strategy that enable effective whole-of-industry reactions to emerging crises in the media, political or other arenas.	Public Affairs & Stakeholder Relations	2
Egg Industry Communications	To tell the Australian community the stories behind the eggs they eat.	Public Affairs & Stakeholder Relations	2
Public Affairs ICC	Informing AECL with stakeholder and expert feedback and managing industry expectations.	Public Affairs & Stakeholder Relations	N/A

Project/Activity Report

Project/Activity	Outcome	AECL Pillar	R&D Priority
AECL R&D program evaluation	Knowledge, awareness and return on the investment of R&D dollars across the suite of R&D-funded projects.	Public Affairs & Stakeholder Relations	11
On-Farm Innovation & Efficiency ICC	Better informed AECL from stakeholder & expert feedback & management of industry expectations.	Public Affairs & Stakeholder Relations	1, 2, 6, 9
Animal Health ICC & TWG	Stakeholder & expert feedback to AECL to enable informed management of industry and on-farm efficiency issues.	Public Affairs & Stakeholder Relations	9
PR & Promotions ICC	Advice and industry input in all marketing initiatives.	Public Affairs & Stakeholder Relations	N/A
Liaison with Animal Health Australia (AHA)	Better informed egg industry on animal health matters with secure funding arrangements under the Emergency Animal Disease Response Agreement (EADRA).	Public Affairs & Stakeholder Relations	5, 10
Council of Rural Research and Development Corporations (CRRDC)	Maintain the egg industry's consultation and relationship with government on R&D matters to assist demonstrate community benefit as per the SFA and government R&D priorities.	Public Affairs & Stakeholder Relations	10, 11
Meetings with the Federal Minister and DAFF	Better informed Australian Government regarding the programs and activities of AECL and the Australian egg industry as per the SFA.	Public Affairs & Stakeholder Relations	N/A
Egg industry meetings & conferences	Better informed AECL, egg producers and service providers through exposure to international markets, industries, concepts and ideas.	Public Affairs & Stakeholder Relations	N/A
Stakeholder relations – egg producers	Egg industry involvement in AECL activities and full knowledge on program outcomes and levy investments to appease stakeholder issues as they relate to AECL operations.	Public Affairs & Stakeholder Relation	N/A
Break even Analysis Promotion	Accurate ROI measurement on the Promotions Levy through reviewing and updating the break-even assessment for the Promotion Levy.	Public Affairs & Stakeholder Relation	11
Egg industry training initiative	Recognised industry training for transfer of skills through the development of a single-source, industry relevant training scheme.	On-Farm Innovation & Efficiency	6, 9, 10
Supply Chain ICC	Advice and industry input in all supply chain initiatives.	Public Affairs & Stakeholder Relation	2

AECL Industry Consultative Committees and Expert Groups

MEMBERSHIP

Consultative Committees:

Public Affairs

Mr Bruce DeLacy
Farm Pride Foods Ltd

Mr Paul Pace
Pace Farms Pty Ltd

Mr John Groenewold
Groenewold Poultry

Ms Meg Parkinson
Jamoney Pty Ltd

Mr Mick Warner
Australian Poultry CRC

PR & Promotions

Ms Julie Proctor
Sunny Queen Pty Ltd

Mr Ian Savenake
Novo Foods Ltd

Mr Grant Dearden
Pace Farm Pty Ltd

Mr Peter High
High Marketing

Mr David Thomason
Independent Consultant

Supply Chain

Mr Paul Pace
Pace Farm Pty Ltd

Mr Gerry Vullings
Novo Foods Ltd

Mr Phil Szepe
Kinross Farm Pty Ltd

Mr Phil Porter
Sunny Queen Pty Ltd

Mr Geoff Sondergeld
Darling Downs Fresh Eggs

Egg Corp Assured

Ms Shelly Green
Green Eggs

Mr Bede Burke
Glenwarrie Partnership

Mr Rogue Isemonger
Pace Farm Pty Ltd

Mr Lawrie Coutts
Farm Pride Foods Ltd

Mr Dennis Green
Golden Egg Farms

Mr Michael Brown
NCS International Pty Ltd

Ms Sheryle Rogers
Sheryle Rogers Consulting

On-farm Innovation and Efficiency

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Kinross Farms Pty Ltd

Mr Peter Bell
AAA Farms

Mr Ken Bruerton
Protea Park Enterprises

Mr Geof Runge
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Dr Greg Parkinson
Independent Consultant

Dr Peter Scott
University of Melbourne/
Scolexia Pty Ltd

Dr Greg Underwood
Hy-Line Australia

Skills and Knowledge

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Farm Pride Foods Ltd

Mr John Rohde
Rohde's Free Range Eggs

Ms Meg Parkinson
Jamoney Pty Ltd

Mr Danny Jones
Pure Foods Eggs

Mrs Narelle Burke
Glenwarrie Partnership

Mr David May
Sunny Queen Pty Ltd

Mr Geoff Stewart
Consultant

Mr Geof Runge
AECL

Mr Michael Bourke
TAFE NSW

Mr Abe Moses
AECL

Mr Ross Brown
CHM Alliance

Mr Kevin McLeod
West Australian Farmers
Federation

Mr Ross Ord
AgriFood Skills

AECL Industry Consultative Committees and Expert Groups

MEMBERSHIP

Expert Groups:

Animal Health Technical Working Group

Dr Peter Scott
University of Melbourne/
Scolexia Pty Ltd

Dr Peter Groves
University of Sydney/
Zootechny Pty Ltd

Dr Clive Jackson
Biological Technology
Transfer Pty Ltd

Egg Nutrition Council

Ms Sharon Natoli
Food & Nutrition Australia

A/Prof Manny Noakes
CSIRO

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University of Brisbane

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Dr Cameron Grant
Ass. Professor, Paediatrics,
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University of Melbourne/
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Food Science Australia

Dr Julian Cox
University of Sydney

Dr Dominic Dwyer
Westmead Hospital, Sydney

Prof Peter Curson
University of Sydney

Egg Labelling Integrity Panel

Ms Sharon Natoli
Food Nutrition Australia

Mr John Furbank
Retail Compliance

Mr Andros Chrysiliou
Chrysiliou IP

Dr Geoffrey Annison
Australian Food & Grocery
Council

ESA Technical Advisory Committee (TAC)

Mr Malcolm Peacock AM
Independent Chairperson

Dr Peter Scott
University of Melbourne/
Scolexia Pty Ltd

Dr Margaret Sexton
PIRSA

Dr Patricia Desmarchelier
Food Science Australia

Ms Sheryle Rogers
Sheryle Rogers Consulting

Dr Barbara Butow
Food Standards Australia
New Zealand

Mr Franko Pirovic
Pirovic Enterprises

Mr Bill Weeks
Happy Hens Egg Farm

Mr Noel Kratzmann
Greenmount Poultry Farm/
D A Hall & Co

Mr Max Alexander
Fraser Coast Free Range

Hen Welfare Advisory Group

Prof Paul Hemsworth
University of Melbourne

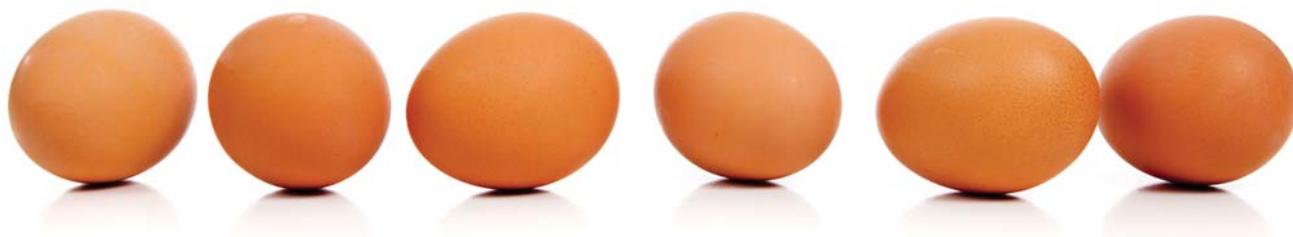
Dr Clive Jackson
Biological Technology
Transfer Pty Ltd

Mr Phil Szepe
Kinross Farms Pty Ltd

Prof Tina Widowski
University of Guelph, Canada

Glossary

AAWS	Australian Animal Welfare Strategy	HCP	HealthCare Professionals
ABS	Australian Bureau of Statistics	HWAG	Hen Welfare Advisory Group
ACARA	Australian Curriculum Assessment & Reporting Authority	ICC	Industry Consultative Committee
AECL	Australian Egg Corporation	IEC	International Egg Commission
AEIA	Australian Egg Industry Association	IP	Intellectual Property
AGM	Annual General Meeting	IPP	Industry Partnerships Program
AHA	Animal Health Australia	IRR	Internal Rate of Return
AI	Avian Influenza	KPI	Key Performance Indicator
AICD	Australian Institute of Company Directors	LCA	Life Cycle Assessment
AOP	Annual Operating Plan	MAT	Moving Annual Total
ASIC	Australian Securities and Investments Commission	NAHIS	National Animal Health Information System
ASX	Australian Securities Exchange	NH&MRC	National Health & Medical Research Council
BCR	Benefit Cost Ratio	NPV	Net Present Value
CIF	Cost Insurance Freight	OHS	Occupational Health & Safety
CRC	Co-operative Research Centre	PDA	Personal Digital Assistant
CRRDC	Council of Rural Research & Development Corporations	PIEF	Primary Industries Education Foundation
CSIRO	Commonwealth Scientific and Industrial Research Organisation	PIRSA	Primary Industries and Regions South Australia
DAFF	Department of Agriculture, Fisheries and Forestry	PIX	Poultry Information Exchange
DPI	Department of Primary Industries	POS	Point-Of-Sale
ECA	Egg Corp Assured	PR	Public Relations
EEO	Equal Employment Opportunity	PRP	Preliminary Research Proposal
EFA	Egg Farmers of Australia Inc	QA	Quality Assurance
ELG	Egg Labelling Guide	QR	Quick Response (matrix barcode)
ELIP	Egg Labelling Integrity Panel	RAS	Royal Agricultural Society
EMS	Environmental Management Systems	R&D	Research and Development
ENAG	Egg Nutrition Advisory Group	RD&E	Research Development and Extension
ENC	Egg Nutrition Council (previously ENAG)	RDC	Research and Development Corporation
FOB	Free On Board	RSPCA	Royal Society for the Prevention of Cruelty to Animals
FPC	Full Page Colour	SFA	Statutory Funding Agreement
FRP	Full Research Proposal	TAC	Technical Advisory Committee
FSANZ	Food Standards Australia New Zealand	TWG	Technical Working Group
FSTF	Food Safety Task Force	VET	Vocational Education Training
GP	General Practitioner	WSPA	World Society for the protection of Animals
		YTD	Year To Date





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