



Annual Report 2021



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Annual Report 2021

Chair's Report



The 2021 financial year was one in which the egg industry was significantly impacted by the COVID-19 pandemic. With lockdowns disrupting key food services segments and the border closures having a grinding impact on total consumer

demand, it was extremely challenging for the egg farming business to respond to constant change. Fortunately, the direct threat of COVID-19 outbreaks on farm was not realised and the industry was able to maintain supply continuity throughout the year.

Continuity was also maintained by Australian Eggs which managed to find ways to keep marketing, innovation, public engagement and stakeholder feedback processes on track. This is despite losing the benefit of face-to-face engagement, which is a great credit to both the management team and the egg farmers participating in our processes. Key activities included responding to the reduction in demand by introducing new components to the marketing program as well as extension activities to support egg farmers in dealing with COVID-19 and avian influenza.

Australian Eggs also took steps to improve board and management processes in response to the recommendations of the Independent Performance Review which was concluded in July 2020. This included establishing a new Nominations and Culture Committee to more actively consider board and executive succession as well as culture improvement processes.

This Committee proved timely as 2020 also provided an opportunity for board renewal through the departure of Specialist Marketing Director, Charmaine England, after five years of service. After a thorough selection process, it gave me great pleasure to welcome Liz Rowell to the board. Liz brings deep marketing expertise, a high level of engagement and collegiate approach. We are looking forward to her contribution to our industry.

This renewal process will continue at the 2021 AGM with Frank Pace stepping down after 20 years on the Australian Eggs board. Frank has made a great contribution to the industry through his role as a director, which is not always glamorous, and I look forward to welcoming a new elected director to the board at the AGM.

2021 also saw the finalisation of a new five year strategic plan for Australian Eggs. This blueprint for our activities came through detailed consultation with industry and government stakeholders across 2020, providing confidence and clarity as to stakeholder priorities in the medium term.

The new Strategic Plan has energised the management team and board as we strive to deliver outcomes for the industry in the next phase of our operations. There remain significant challenges and opportunities for our industry and we look forward to working with stakeholders to drive the industry and sector forward.



Danny Jones
Chair

Egg Industry Overview

Egg production - Australia

525.2m

dozen eggs 2021 FY

(Source: Australian Eggs)

Flock size - as at June 2021

29,127,229

pullets and layers

21,947,297

layers

(Source: Australian Eggs)

Gross value of egg production (farm gate equivalent)

\$881.3m

2021 FY

(Source: ABS, cat. no. 7503)

Major supermarket grocery chains egg sales volume - 2021 FY

242.454m

million dozens

(Source: AZTEC)

State flock percentages - as at June 2021

34.70% QLD

29.81% NSW /
ACT

19.22% VIC

8.64% WA

4.96% SA

2.67% TAS

(Source: ABS, cat. no. 7121)

Major supermarket grocery chains egg sales value

\$A1,107.8m

2021 FY

(Source: AZTEC)

Major supermarket grocery chains egg sales farming system market share - 2021 FY

(Source: AZTEC)

	Volume	Value
Cage eggs	36%	28%
Free Range eggs	52%	59%
Barn-Laid eggs	10%	10%
Specialty eggs	2%	4%

Growth by segment in dozens (000s) and percentage over - 2021 FY

(Source: AZTEC)

	000s	%
Cage eggs	86,117.2	-11%
Free Range eggs	126,750.5	1%
Barn-Laid eggs	25,392.3	2%
Specialty eggs	4,193.7	15%

Major supermarket grocery chains egg sales branding market share - 2021 FY

(Source: AZTEC)

	Volume	Value
Private label	50%	45%
Proprietary labels	50%	55%

Major supermarket grocery chains egg sales pack size market share - 2021 FY

(Source: AZTEC)

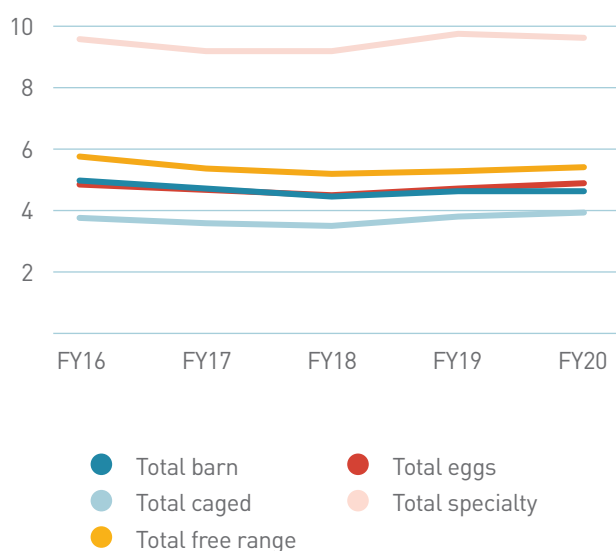
	Volume	Value
6 (half dozen) pack	7%	6%
10 pack	1%	1%
12 (dozen) pack	86%	83%
15 pack	1%	1%
18 pack	4%	6%
30 (tray) pack	1%	3%

Major supermarket grocery chains egg pack weight market share - 2021 FY

(Source: AZTEC)

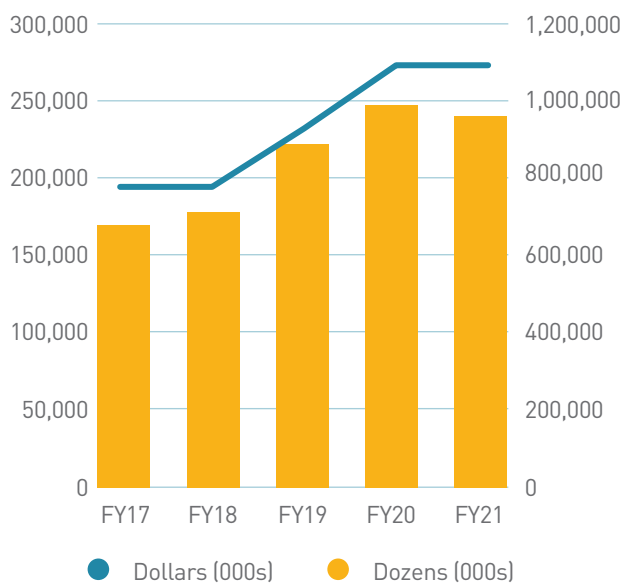
	Volume	Value
<= 350g	7%	6%
351 - 400g	0%	0%
401 - 600g	18%	17%
601 - 700g	62%	58%
701 - 800g	7%	9%
>= 801g	6%	10 %

Nominal Retail Price of Eggs by Segment



(Source: AZTEC)

Grocery Sales of Eggs - Volume & Value

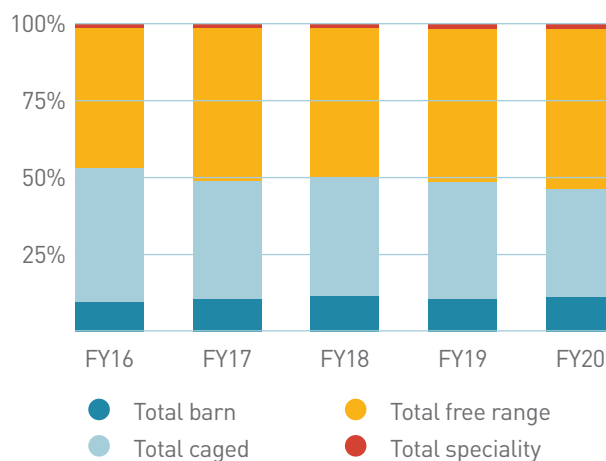


(Source: AZTEC)

FOB = Free On Board
m = million
FY = Fiscal Year (Jul to Jun)
CIF = Cost Insurance Freight

mt = metric tonne
A\$ = Australian dollars
g = grams
% = percent

Grocery Volume Market Share of Eggs By Segment



(Source: AZTEC)

Egg product exports (FOB equivalent) - 2021 FY

(Source: ABS)

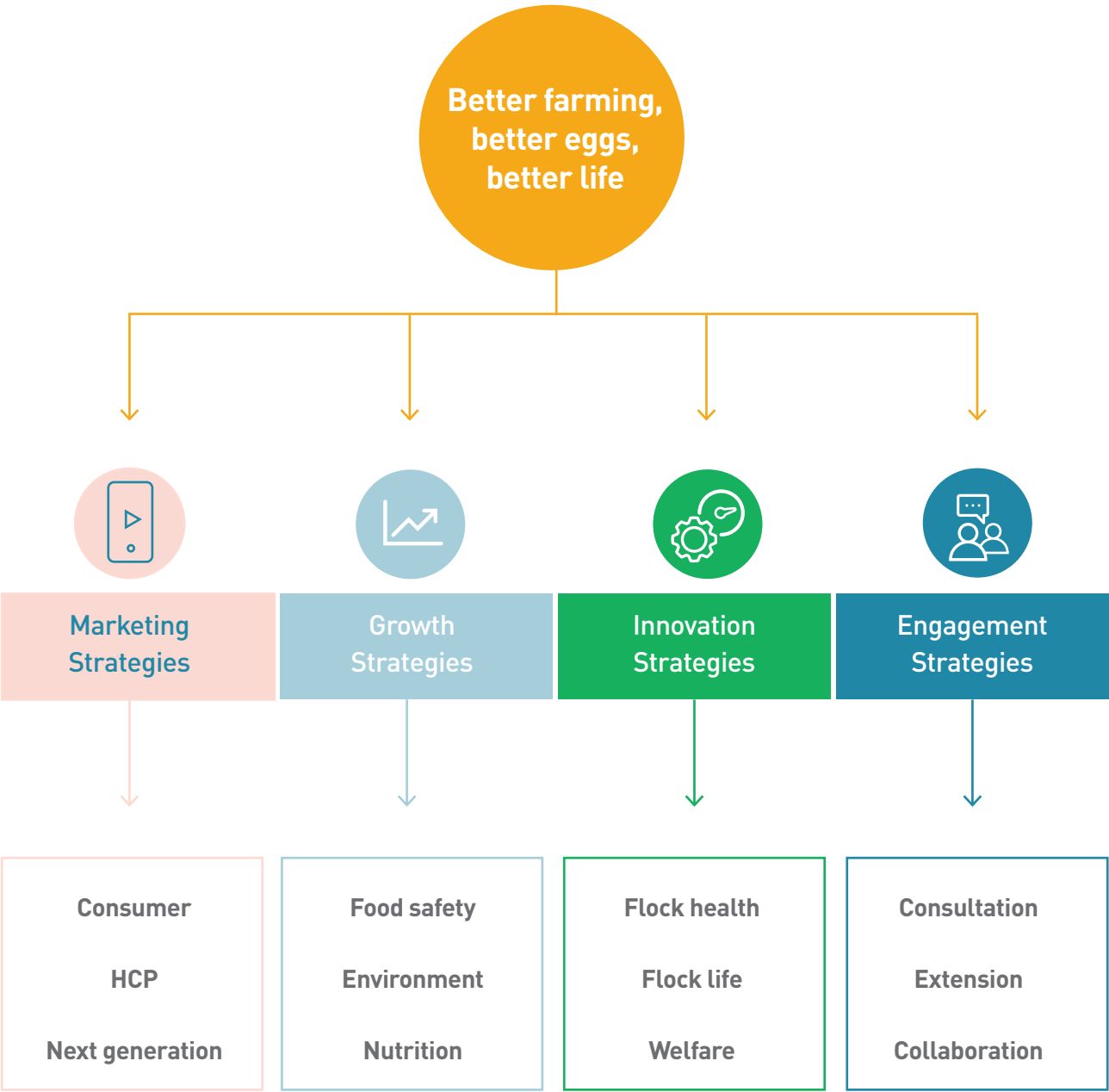
	Volume	Value
Shell eggs	184.40mt	\$0.859m
Egg pulp/liquid	420.32mt	\$1.837m
Egg powder	0.01mt	\$0.003

Egg product imports (CIF equivalent) - 2021 FY

(Source: ABS)

	Volume	Value
Eggs preserved/cooked	468.73mt	\$2.395m
Egg pulp/liquid	634.58mt	\$2.494m
Egg powder	1045.89mt	\$8.012m

Vision and Strategy



Board of Directors



Danny Jones

Chair
Elected Director, GAICD

Danny has had more than 25 years of egg industry experience having acted as Business Manager and Managing Director of Pure Foods Eggs Pty Ltd – Tasmania’s largest egg producer. His egg industry experience covers business administration, pullet rearing, layers, grading, packing, distribution, feed milling and quality assurance.

In 2014, Danny won the inaugural Australian Egg Farmer of the Year award at the ABC Rural and Kondinin Group Australian Farmer of the Year Awards in Melbourne.

Danny has extensive board experience in both roles of Non-Executive Director and Managing Director. He has studied and completed an Advanced Diploma in Business, is a graduate of the Australian Institute of Company Directors and is a Fellow of the Institute of Public Accountants.



Bede Burke AM

Elected Director
B. Sc., Grad. Dip. Bus.

Bede has run a successful grain and livestock farming business, including laying hens and pullet rearing as well as ewes and breeding cattle, with his wife, Narelle, for more than 35 years. The farm not only produces most of its own feed requirements with an on-farm feed mill but has an extensive on-farm compost system as part of the fertiliser program for grain production. In 2009, Bede and Narelle’s farm was awarded the Brownhill Cup for Sustainable Farming, while the couple were also finalists in the same year for the NSW Farmer of the Year awards.

Bede has always been involved in numerous industry and community projects. Until recently he was Chairman of the NSW National Party, Chairman of the NSW Farmers Egg Committee and Chairman of Tamworth Rural, an unlisted public rural merchandising company. He is a Deputy Captain of the Tamworth branch of the NSW Rural Fire Services. Bede is also an active promoter of the industry representative body, Egg Farmers of Australia.

In 2020, Bede was appointed a Member of the Order of Australia (AM) in recognition of his service to the egg production industry, and to the community of Tamworth.



Catherine Cooper

Corporate Governance
Deputy Chair
Specialist Director
/ Audit and Risk Committee Chair
LLB

Catherine has a background in commercial law and business and is an experienced non-executive director and chair. She has extensive experience at management and board level in diverse industries with expertise spanning agribusiness, animal health, biosecurity, food security, finance and audit, together with water, energy, waste management, health and education, research and development, with significant exposure to both domestic production and export markets.

Catherine is a pragmatic director with a strong focus on integrity, transparency and credibility.

Catherine’s executive management experience includes Fosters Brewing Group, Elders Limited, Futuris Corporation, and past positions as chair of SA Fisheries Council and SA Dairy Regulator. Her current roles include Commissioner at Australian Fisheries Management Authority, Director of Wine Australia and Director of Grains Australia.

Catherine has twice been a finalist in the Telstra Business Women’s Awards, and was awarded a position in the AICD ASX 200 Chairs Mentoring Program 2015.



Frank Pace AM

Elected Director

Frank Pace is the founder of Pace Farm Pty Ltd – the largest producer, marketer and distributor of eggs in Australia.

In the past, Frank has been the Honourary 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) in NSW 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).

In 2011, Frank was appointed a Member of the Order of Australia (AM) for his contribution to the egg industry, both domestically and internationally.



Liz Rowell

Marketing Specialist Director
GAICD, BA

Liz Rowell is a non-executive marketing specialist director, who was appointed to the board in June 2021.

Liz has an extensive advertising and marketing background with global and national businesses and brands. She has worked across diverse industries including FMCG, retail, primary industries, health, animal health, travel and tourism, and technology.

Liz is owner, founder and CEO of Red Ark – a creative communications agency working with leading Australian brands as well as a range of Not for Profits for the past 15 years.

She has mentored young women for the past 10 years through Layne Beachley's Aim for the Stars Foundation, Glass Elevator's Walk the Talk, Marketing Women and Mentor Central.



Rowan McMonnies

Managing Director
GAICD LLB, MCom

Rowan has a legal and compliance background and is an experienced executive director in the agriculture sector. As Managing Director of Australian Eggs, he has led the development of a new strategic direction by the board and guided Australian Eggs management team through a comprehensive rejuvenation. Rowan has developed a strong understanding of the nature and structure of the agriculture sector as well as having developed relationships with a range of key stakeholders.

Rowan is a former Commercial Partner at Baker & McKenzie with 20 years' of experience practicing in commercial and regulatory law. Using this experience, he has guided corporates and government agencies through complex regulatory frameworks in a range of industries with a particular focus on the agriculture sector.

Rowan holds a Bachelor of Laws from the University of Technology, Sydney, a Masters of Commerce from the University of Sydney and is a graduate of the Australian Institute of Company Directors. Rowan commenced with Australian Eggs on 31 October 2016.

Managing Director's Report

Introduction



2020/21 was a very difficult year for the egg industry despite beginning optimistically. After working hard to maintain continuity of production in the face of COVID-19 and rapidly shifting supply from food service to retail segments, there was a sense in July that the impact of COVID-19 would be largely neutral.

This perspective was met with the largest avian influenza outbreak in 20 years with devastating impacts for the egg industry. The only positive being that it was able to be contained and eradicated. From here came the slow realisation that the reduced population due to border closures had resulted in an extended imbalance between supply and demand.

Within these challenges, Australian Eggs looked for every opportunity to support the industry. Like the rest of the nation, we quickly learnt how to be effective in the face of rolling lockdowns and provided an important point of connectivity, updates on developments and analysis to better understand the industry operating environment.

The heart of our services across this period was our marketing program which was able to react quickly to change by evolving our primary campaign to reflect the mood and interests of consumers. The success of these programs demonstrated that the timing and touch of execution was highly effective.

While COVID-19 dominated the year, Australian Eggs also maintained a strong focus on its mandate in driving industry sustainability. The Sustainability Framework was conducted across the year with further improvement in community trust achieved. The innovation program then drew on this process, along with egg farmer input to plan a suite of new research projects that reflect the strategic direction.

Finally, Australian Eggs found ways to remain engaged with our industry and government stakeholders in circumstances where our best option of face-to-face engagement was compromised by COVID-19. We will always need these inputs to remain effective and the team is very grateful for the patience and engagement as we collected feedback and provided content through remote means.

While COVID-19 is undoubtedly a source of disruption and frustration, it is comforting that we are able to move towards our new Strategic Plan under a new funding contract with confidence that we can continue to provide valuable services to the Industry.

Avian Influenza Outbreaks



The 2020/21 year began with the avian influenza incidents which first struck the turkey industry in Victoria in late July 2020. Tragically, nearby layer farms were soon impacted with heavy losses incurred. This had been a looming risk on the horizon across the year with the drought breaking to entice an influx of wild birds to egg production areas across the east coast.

Australian Eggs responded to the incidents in three important ways: participating in the Animal Health Australia processes under the Emergency Animal Diseases Response Agreement; extending updates and biosecurity protocols; and supporting Egg Farmers of Australia as industry liaison to the Victorian government in the response and recovery.

These efforts contributed to the best possible outcome in the circumstances with no further layer farms impacted, all sites decontaminated and the EADRA processes successfully negotiated to provide a mechanism for the industry to meet obligations with respect to compensation and response costs.

The remarkable contribution of Melinda Hashimoto from Egg Farmers of Australia (EFA) and poultry veterinarian, Peter Scott, in achieving this outcome should also be noted, along with the contribution of all egg farmers in maintaining the strict biosecurity measures to protect their farms and the broader industry.

Strategic Policy Development



In August 2020, Australian Eggs approached EFA to explore options for sustainable funding of egg industry representation. As a longstanding industry issue, EFA welcomed the process and requested that Australian Eggs engage with the Minister and Department to understand the criteria for an RDC like Australian Eggs to engage in activities relating to policy.

This process led to a detailed proposal which would provide for Australian Eggs to undertake

strategic policy development activities, effectively amalgamating the Australian Eggs and EFA teams, in a manner that reflected the criteria set by the Minister. Industry consultation on the proposal demonstrated strong industry support with egg farmers representing over 75% of the national flock as supportive.

However, the Minister ultimately decided not to approve the proposal and Australian Eggs has continued to work closely with EFA as separate organisations to support the industry

Funding Contract



2021 marked the termination date for Australian Eggs funding contract with the Department requiring the negotiation of new funding arrangements. This process commenced in September 2020 and was influenced by consultation undertaken by the Department in 2019/20 concerning the governance framework for RDCs.

Through an efficient negotiation process, Australian Eggs was able to secure an agreement that met the objectives of the Department, while ensuring that the services of highest priority to the egg industry could continue to be provided.

This included a move to assess Australian Eggs compliance through the lens of Performance Principles addressing key requirements such as stakeholder consultation and cross-sector collaboration.

Importantly, the Funding Contract was for a term of 10 years to 2031 which provides Australian Eggs greater confidence to make investments to support the long-term sustainability of the egg industry, aligning our work plans with the long-term perspective of egg farming businesses.

Managing Director's Report (cont.)

Strategic Plan



2021 also marked the conclusion of the Australian Eggs 2017-2021 Strategic Plan. Consultation was undertaken across 2020 and, after a delay to consider the potential for Australian

Eggs to conduct strategic policy development services, the new Strategic Plan 2021-2026 was released in April 2021.

The consultation with industry stakeholders confirmed that areas into which Australian Eggs had evolved in recent years were supported and should continue. This included the work to promote the long-term sustainability of the industry under the Sustainability Framework which was framed as an independent sustainable growth strategy.

Government stakeholders also recognised the contribution to cross-sector collaboration and encouraged Australian Eggs to develop strategic and operating plans with reference to the Performance Principles under the Funding Contract. This has been actioned in a transparent way in the Strategic Plan and will form an important reference point in the development of operating plans across the period.

COVID-19



The 2020/21 year was unfortunately characterised by the COVID-19 pandemic which presented an ongoing challenge to the industry and forced changes in the way Australian Eggs operated.

It was a great achievement that the industry was able to overcome disruption across the year to maintain continuity of supply with no significant incidents arising in egg farming businesses. This was even more satisfying given the community recognition of the importance of staple food availability that COVID-19 revealed.

Similarly, Australian Eggs found a way to execute on the Annual Operating Plan and achieve improved outcomes despite being precluded from many of our usual processes. This placed additional pressure on the team and it was very satisfying to close out the year with all programs completed on time and budget.

While this is to be celebrated, the real loss arising from COVID-19 was the inability of the Australian Eggs team to travel and directly engage with egg farmers. These farm visits, workshops and forums provide critical opportunities for feedback and transparency over our services, as well as reinforcing the importance of the work we do for levy payers. The sooner we can get back to this direct engagement, the better.

Australian Eggs' Performance



The Evaluation Framework 2021 provides an assessment of Australian Eggs activities across the 2021/21 financial year against performance indicators set out in the Annual Operating Plan.

The Evaluation Framework indicates that consumption increased from 246 to 249 eggs per capita as of June 2021. This is a lower level of consumption growth than the five-year trend but remains a strong outcome where consumption was so heavily disrupted by COVID-19 lockdowns and border closures.

In the Innovation Program, the average benefit/cost assessment for R&D projects was a ratio of 2.89 which is a return to the long-term trend. From a commercial perspective, this means that for every levy and commonwealth matching dollar invested, the completed projects delivered a return of \$2.89.

In the Effective Engagement program, Australian Eggs continued to maintain a feedback loop with industry stakeholders, including 50 engagements with egg industry representative bodies and the distribution of 46 publications to industry stakeholders. The public engagement program achieved a substantial increase in audience reach of over 47 million Australians on the back of the Sustainability Framework .

Australian Eggs also continued the Industry Snapshot survey process in late 2020 which included performance indicators. The Snapshot results included industry average ratings (out of 10) of 7.0 that egg farmers are satisfied with Australian Eggs' performance.

Sustainability Framework



The final phase of the CSIRO community research process was conducted this year with the results available in October 2020. In a pleasant surprise, the results demonstrated a further

increase in community trust, increasing to 64%, from 60% in 2019.

This outcome demonstrated the value of effective and transparent engagement between the egg industry and the community, and supported ongoing investments in this program under the new Strategic Plan 2021-2026.

Once again, the results from the survey were fed into the Sustainability Framework Report released by Australian Eggs in March 2021 to demonstrate the manner in which the egg industry is responding to feedback to meet community expectations.

Managing Director's Report (cont.)

Marketing



The Marketing Program managed to move forward in the 2020/21 year despite significant challenges presented by COVID-19 in terms of rapidly evolving consumer sentiment and restrictions on involving consumers via public relations activations.

Australian Eggs continued to deploy the successful 'Get Cracking Australia!' campaign across the year with new elements of focus on nutrition and new channels used to expand the audience.

In response to lockdowns, business closures and restricted trading in food service segments, the team moved quickly to establish a new strategic marketing platform to encourage eating eggs at home and support retail channels. The 'Meal to Remember' campaign sought to tap into the COVID-related theme of spending time together and used celebrity chefs to encourage consumers to share the experience of cooking eggs with family and friends. The campaign was very successful, achieving a reach of over 100 million impressions, and will be continued into the new financial year.

Australian Eggs also recognised the increased consumer focus on health in response to COVID-19 and took the opportunity to develop a strategic campaign highlighting the contribution eggs can make to health and nutrition at every stage of life. The 'Powered by Eggs' campaign was launched in March 2021 and has already achieved a reach of 44 million impressions, demonstrating the value of the program in driving engagement with healthcare professionals and consumers.

In a further demonstration of campaign agility accommodating lockdown, World Egg Day plans were adapted from face-to-face activation to remote-control leverage of resurgence of home cooking as a result of stay-at-home restrictions. The campaign engaged chef celebrity Adam Liaw to develop 12 international egg recipes published through a 12 day consumer engagement campaign through social and digital lifestyle channels, for Aussies to vote for their favourite egg dish. This generated 89.5m media impressions and 519 radio segments, more than doubling the previous year's performance.

Engagement



In 2020/21 Australian Eggs continued to focus on effective engagement as the critical juncture through which our services are guided and have impact.

Egg farmer engagement remained a strong focus to ensure that levies were deployed to the highest priority areas.

A key element of this process was the 46 publications that were prepared and distributed sharing information on our activities and insights generated through our programs. This was coupled with direct engagement opportunities through workshops, webinars, training modules and our annual Forum and AGM which was still strongly attended despite the online format due to COVID-19.

Innovation



Australian Eggs successfully implemented its innovation engagement processes in 2020/21 despite the challenges of COVID-19.

Research updates extending innovation developments were provided via video conference with feedback collected on egg farmer priorities. This feedback was then tested in the Industry Snapshot survey in Spring 2020 with the key issues fed into the Innovation Industry Consultative Committee to be developed into the new suite of innovation projects.

The result was an innovation program that reflects the feedback received in the Strategic Plan consultation in that it is more focused on the highest priority issues and driving valuable outcomes such as the extension of flock life and feed efficiency.

In this way, the Innovation program positioned Australian Eggs to hit the ground running as we launch into a new Strategic Plan. Key projects included 'nutritional strategies for managing pullets and improving late lay egg quality' which explored whether lighter hen weight and high nutrient density diet could have positive impact on feed conversion and flock health. This project has generated significant interest amongst the industry due to the direct impact on profitability.

IP, Commercialization, Subsidiaries and Joint Ventures



Australian Eggs has continued its long-term focus on the development of industry knowledge which is protected through contractual arrangements with research partners.

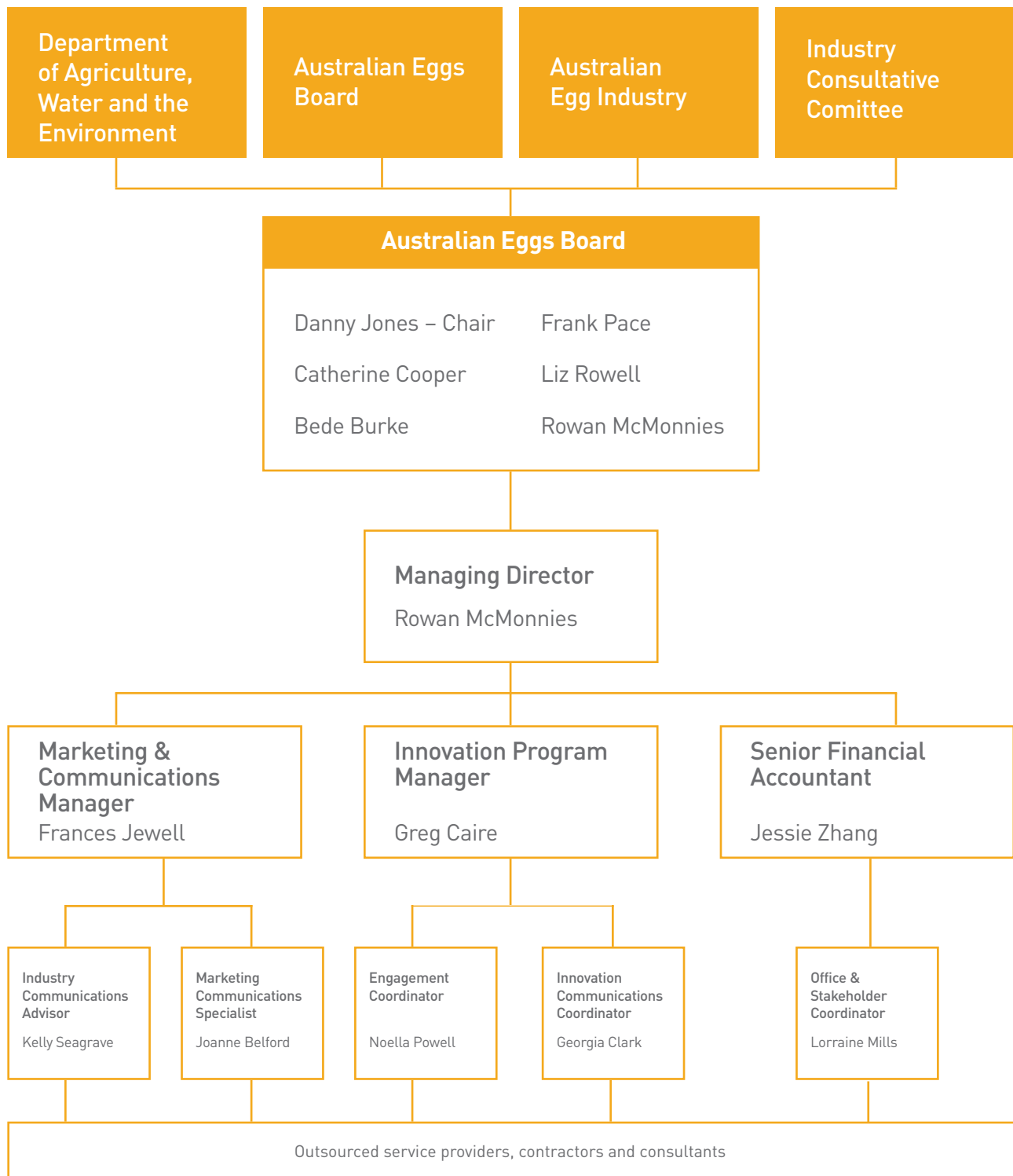
Australian Eggs did not pursue commercialisation of intellectual property or trademark protections in the 2020/21 year although projects were undertaken that may have commercialisation potential in the future.

No subsidiaries or joint ventures were formed by Australian Eggs in 2020/21. There were no directions made by the Minister relating to the egg industry.

Rowan McMonnies
Managing Director



Organisation Structure



Industry Consultative Committees

Marketing ICC	Sustainability ICC	Innovation ICC
Grant Dearden Sarah McLeod Laura Manion Isabelle Dench	Paul Pace Greg Quinn Phil Szepe Anne Andary Ian Wilson Melinda Hashimoto	Phil Szepe Peter Bell Dr Peter Scott Dr Juliet Roberts Dr Rodney Jenner

Expert Groups

Egg Labelling Integrity Panel (ELIP)
Sharon Natoli John Furbank Sarah Dixon Geoffrey Annison Andy Chrysiliou

2021 Australian Eggs Board Calendar

	JAN	FEB	MAR
Date	21	18	18
Day	THURS	THURS	THURS
Location		Sydney	
Note			
Papers distributed		12	
Meeting			
Only if required (OIR)	OIR		OIR
Nomination & Culture Committee		●	
Audit & Risk Committee		●	
Strategy formation			
Board Strategy Session			
Approve AOP			
Review Strategic Plan			
Approve Budgets			
Approve Evaluation Framework Report			
Managing Director			
Assess performance & approve remuneration			
Approve MD's KPIs & review succession plan			
Corporate governance			
Approve audited accounts			
Review Board reporting requirements (calendar)			
Board Performance Self Assessment			
Review Board Committee Charters			
Review Board Charter			
Membership and AGM			
Approval of AGM Advance Notice			
Approval of AGM documentation (notice and director nominations)			
Approve Registration Forms, Return Date and process for member renewals			
2021 AGM (10 November 2021 – Tasmania)			

APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
22	20	24	23	26	23	21	9	16
THURS	THURS	THURS	FRI	THURS	THURS	THURS	TUES	THURS
Sydney	Sydney	Sydney		Sydney		Sydney	Tasmania	Sydney
Easter 2-4 April								Xmas Lunch
16	14	11		20		15	5	10
			OIR		OIR			
						●		
●	●			●				
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Strategic Plan Consultation

Consultation Process





Corporate Governance & Compliance

Australian Eggs is a not-for-profit public company limited by guarantee. Though it is not listed on the Australian Stock Exchange (ASX), Australian Eggs has developed its framework for corporate governance to align with the ASX Corporate Governance Principles and Recommendations – 4th edition 2019. Australian Eggs 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.

1

Lay solid foundations for management and oversight

The Australian Eggs Board charter governs the Board and provides the means for Board oversight of management in the development, execution and evaluation of Australian Eggs agreed strategies.

2

Structure the Board to add value

Australian Eggs Constitution requires the members of the board present a diverse skill mix across egg industry, research, marketing, policy, business, governance and commercial criteria. Furthermore, the Board reviews its performance annually, with an independent external review every three years.

3

Act ethically and responsibly

The Board is committed to conducting all of its dealings in a manner that reflects integrity, fairness and diligence. Australian Eggs has agreed values that reflect this in addition to a set of clear policies that define the expectations of acting ethically and responsibly in all matters

4

Safeguard integrity in corporate reporting

Australian Eggs Audit and Risk Committee oversees the appropriateness and integrity of the reporting regime. This incorporates the regular review of the financial statements, investment performance and cash flows. In addition, the Committee oversees and reviews the performance of the external auditors.

5

Make timely and balanced disclosure

Australian Eggs has enacted systems and processes to ensure that it meets its disclosure requirements in a timely and effective way. In addition to its disclosure requirements under the Corporations Act 2001 to the Australian Securities and Investment Commission (ASIC), it has disclosure requirements to the Commonwealth Government under its Funding Agreement with the Government. These include disclosures relating to its financial performance and compliance with agreed Performance Principles.

6

Respect the rights of shareholders (members)

The members of Australian Eggs are Levy paying Australian Egg producers. The relationship between Australian Eggs and its Members is built on open communication and regular stakeholder engagement. This engagement includes the publication of regular newsletters, forums and regular topic specific video and teleconferences. In addition, the Board strongly encourages member participation at the AGM.

7

Recognise and manage risk

Australian Eggs Audit and Risk Committee ensures strong oversight of risk management. In ensuring this, they review all internal controls and policies, consider the appropriateness of management practices and regularly review the effectiveness of the risk management policies and procedures in delivering a managed risk position for Australian Eggs.

8

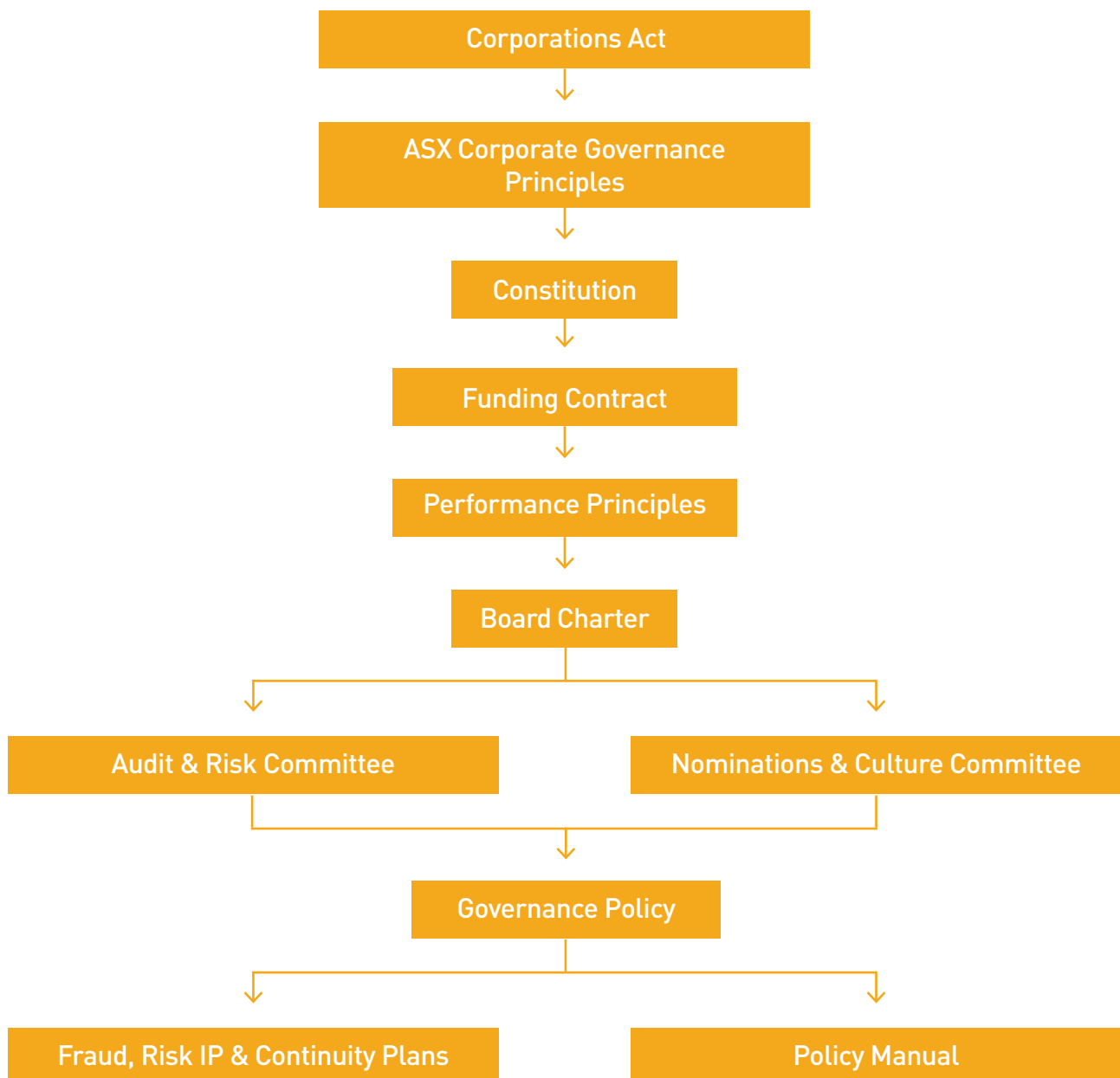
Remunerate fairly and responsibly

The remuneration for key executives at Australian Eggs is informed by a combination of reasonable market comparisons and annual performance reviews against agreed objectives. The total remuneration of non-executive directors is set within its Constitution and can only be increased through member consent.

Corporate Governance & Compliance (cont.)

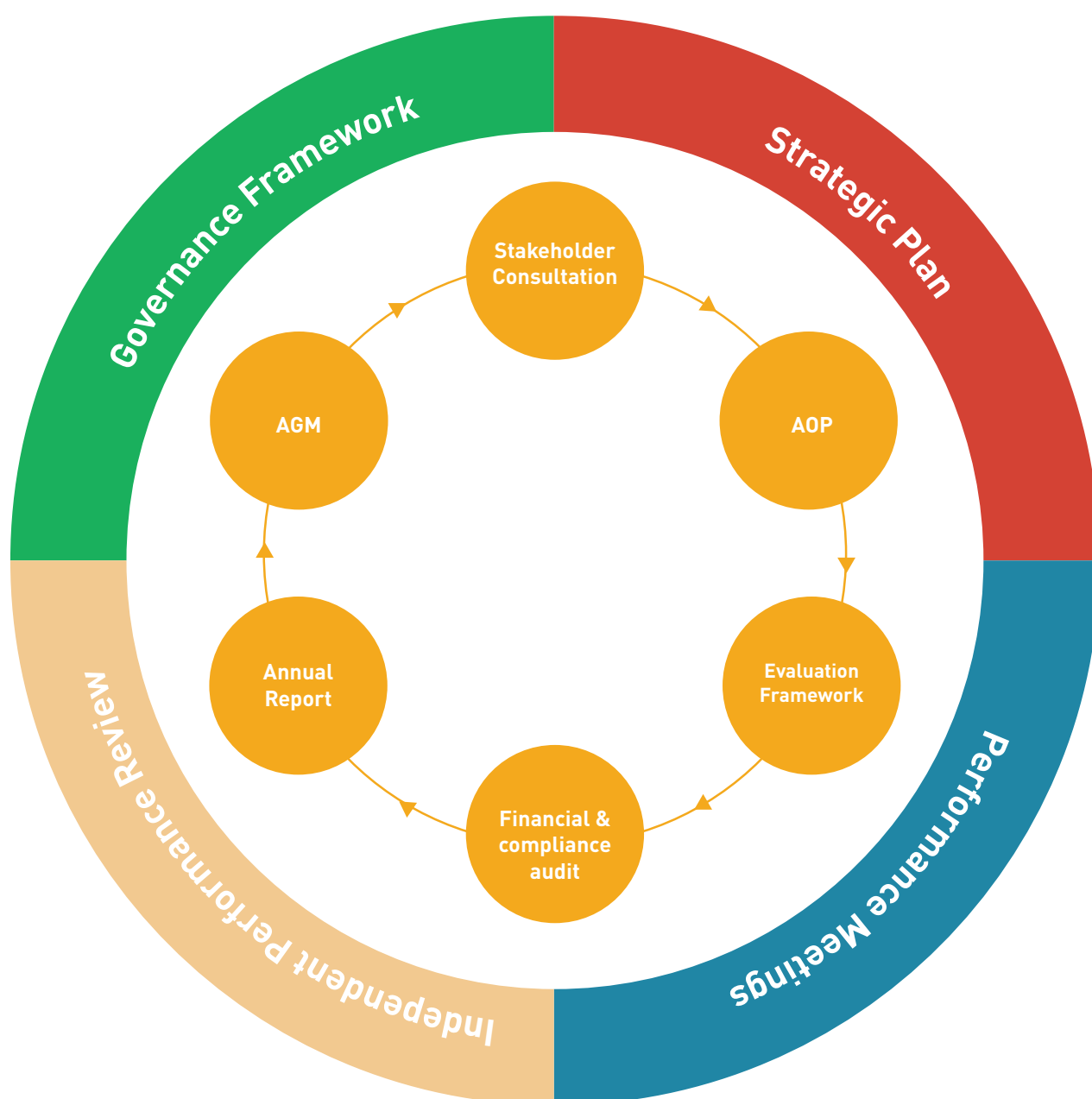
Australian Eggs is committed to conducting its business in a way that is open and accountable to all stakeholders. Corporate governance describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled with corporations. It encompasses the mechanisms by which companies, and those in control, are held to account. Australian Eggs is committed to effective governance and ongoing improvements.

Australian Eggs' governance framework is reflected in the flow chart below. This identifies the enabling legislation and documents that define Australian Eggs' accountabilities across legislative, member, government and internal operations.



Governance Cycle

The Governance Cycle as reflected within the operations of the Funding Contract with the Commonwealth Government is visually represented by the diagram below. This reflects the importance of engagement, planning, accountability and evaluation in governing the operations of and services provided by Australian Eggs to its members and other stakeholders.



Annual Operating Plan

Strategy	Program
Marketing	• Consumer • Health Care Professionals • Next Generation
Sustainable Growth	• Nutrition • Environment • Food Safety • Sustainability Framework
Innovation	• Flock Health • Flock Life • Welfare
Engagement	• Consultation • Collaboration • Extension
Corporate & Governance	• Efficient Team • Governance and Reporting

Collaboration

Collaboration is undertaken to fund research and development which addresses the Australian Government's Rural RD&E Priorities and delivers cross-sectoral research projects, agricultural promotion or services for industry in a more efficient and effective way. Australian Eggs' contribution, as a percentage, is calculated by reference to cash contribution and does not include allocation of in-kind contributions. Collaborative projects for the 2020-21 year are tabled below.

Project Name	Expenditure 2020/21	Partners	Australian Eggs
National Animal Welfare RD&E Strategy	\$14,875	AgriFutures Australia, MLA, AWI, AMPC, APL, DA, LiveCorp	6.3%
Animal Industries Antimicrobial Stewardship RD&E Strategy	\$1,644	MLA, DA, AgriFutures Chicken Meat, APL	1%
Climate Resilience Strategy for the Primary Industries	\$10,000	RIRDC, AMPC, APL, AWI, CRDC, DA, GRDC, Wine, MLA, SRA, Western Australian Agriculture Authority, Minister for Agriculture and Fisheries SA, DPI TAS, DPI NSW, DJPR, Department of Ag QLD, DPI NT, DAWE, CSIRO	4.2%
Joint RDC Community Trust Program	\$35,000	AgriFutures Australia, APL, CRDC, DA, FRDC, GRDC, MLA	14.8%
Rural Safety and Health Alliance	5,000	APL, MLA, GRDC, DA, AgriFutures Australia, Pork CRC, SFMCA	10%
Horizon Scholarship Program	\$10,000	APL, CRDC, GRDC, AgriFutures Australia, HIAL, MLA, DAFF	4.2%
Agricultural Innovation Australia	\$38,000	All Australian Rural Research and Development Corporations	16%
Black Soldier Fly technology to convert agricultural waste into high quality fertilisers and soil improvers	\$30,000	APL, AgriFutures, DA, AMPC, DAF QLD, FRDC, Future Green Solutions, UWA	12.7%
Decontamination for the Australian Poultry Industries	\$20,000	AgriFutures Chicken Meat Program	8.4%
Carbon and environmental impact of poultry production: 2020 and beyond	\$56,590	AgriFutures Chicken Meat Program	24%

Innovation Project List

Sustainable Growth - Nutrition

Project Name	Outcomes	Funding
Choline Intakes in Pregnancy	Quantification of the contribution that egg choline makes to pregnant women	Layer Chick
Vitamin D	Quantification of the benefit of eating eggs on Vitamin D levels	Layer Chick
Eggs as a meat substitute	Explore the potential for eggs to contribute to reduced meat diets	Layer Chick
Eggs, microbiome and cognition	Quantification of the benefit of eating eggs on gut microbiota	Layer Chick

Sustainable Growth - Environment

Project Name	Outcomes	Funding
Carbon impacts of poultry production	Pathway to carbon reduction for poultry industries	Layer Chick
Black Solider Fly Technology to convert food and fertiliser	Reduce carbon footprint and develop revenue stream by investing in new technology for waste management	Layer Chick
Regeneration of layer hen ranges	Better informed industry on range regeneration options	Layer Chick

Sustainable Growth - Food Safety

Project Name	Outcomes	Funding
Traceability	Increases industry capacity to improve traceability coverage	Commonwealth Grant
Traceability pilot	Increased awareness and adoption of traceability systems	Commonwealth Grant
Off label vaccines	Complete vaccination program and observe ongoing responses to vaccination	Commonwealth Grant

Sustainable Growth - Sustainability Framework

Project Name	Outcomes	Funding
Sustainability Framework	Improve and maintain community trust in the egg industry	Layer Chick

Innovation - Flock Health

Project Name	Outcomes	Funding
Alternatives to antibiotics	An improved understanding of alternatives to antibiotics for the reduction of bacterial disease	Layer Chick
Disease benchmarking survey	Provide current data on the disease burden in layers and improve disease control strategies	Layer Chick
Microbiota seeding and gut health	Improved understanding of probiotic impact on hen gut health	Layer Chick
Epidemiology of spotty liver disease	Better management of spotty liver disease through the identification and management of risk factors	Layer Chick

Innovation - Flock Life

Project Name	Outcomes	Funding
Impacts of UV on ranging behaviour	Improved strategies to encourage hen ranging	Layer Chick
Extending layer life	Whole of life experiment to generate late layer information on egg quality and feed efficiency	Layer Chick
Optimising production performance	Improved feed efficiency and egg quality performance and adoption	Layer Chick
Genetic restoration	Exploring potential for genetically resistant poultry and potential commercialising of technology	Layer Chick

Innovation - Welfare

Project Name	Outcomes	Funding
Causes of smothering on-farm	Reduction in mortalities due to smothers	Layer Chick
Machine vision on free range farms	Explore automated detection system for abnormal flock behaviour	Layer Chick
Automated monitoring of flock behaviour	Develop system for remote monitoring of birds in sheds and explore commercialisation	Layer Chick
National Animal Welfare RD&E Strategy	Collaboration between commodities on key welfare issues	Layer Chick

Marketing and Communications Project List

Increase consumption - Consumer

Project name	Outcomes	Funding
Advertising Media	Engage consumers to improve knowledge of egg benefits & keep eggs top of mind to increase weekly consumption, both in home & out of home.	Egg Promotion
Advertising Creative Content	Advertising assets that inspire the consumption of eggs, aligned with advertising strategy.	Egg Promotion
PR & Social Media	Support & amplify advertising campaigns, extend reach & frequency of key marketing & nutritional messages, & contribute to overall consumer awareness, knowledge & inspiration around eggs to increase consumption.	Egg Promotion
World Egg Day	Celebrate eggs & encourage increased consumption & life long enjoyment of eggs.	Egg Promotion
Recipe Development	To encourage & entice consumers with inspirational & new recipes to increase egg consumption in their weekly repertoire of meals & snack occasions. To encourage usage of dietary specific recipes & meal plans including eggs into regular consumption.	Egg Promotion
Recipe Amplification	To remind & inspire consumers to introduce more ways of eating eggs into their weekly repertoire of meals & snack occasions by placing recipes in key search channels & publications.	Egg Promotion
Cooking Merchandising	To provide marketing collateral for use in home & to support consumption driving campaigns.	Egg Promotion
Retail Scan Data Analysis	Track & understand household purchasing behaviour & market trends as an input to marketing campaigns & adjustments.	Egg Promotion
Marketing ICC	Ensure advice from egg farmers informs decisions on major marketing campaigns & adjustments.	Egg Promotion
Consumer & Campaign Analytics	Maintain effectiveness of marketing & public engagement activities through ongoing consumer research. Auditing & measurement of campaign performance to drive investment optimisation.	Egg Promotion

Increase consumption - Health Care Professionals (HCPs)

Project name	Outcomes	Funding
HCP Advertising	Increase HCP knowledge & positive influence on nutrition advice related to eggs in everyday diets.	Egg Promotion
HCP PR & Communications	Improve top of mind awareness of eggs & provide contemporary nutritional resources to HCPs.	Egg Promotion

Increase consumption - Next Generation

Project name	Outcomes	Funding
Powered By Eggs	Educating consumers about specific life stage nutritional benefits of eggs & inclusive behaviour to increase egg consumption.	Egg Promotion
Meal to Remember	Increasing & improving household behaviours & attitudes towards cooking together & increasing egg consumption behaviour.	Egg Promotion

Engagement - Consultation

Project name	Outcomes	Funding
Farmer Engagement	Increase farmer awareness, knowledge & appreciation of Australian Eggs programs. Provision of opportunities for levy payer views, concerns and priorities to be heard.	Layer Chick

Engagement - Extension

Project name	Outcomes	Funding
Agricultural Activations	Direct engagement with family members of the public with interactive experiences that educate about egg farming & cooking with eggs.	Layer Chick

Sustainable Growth - Nutrition

Project name	Outcomes	Funding
Nutrition Analysis	Ensure marketing & extension have accurate and current nutritional information.	Layer Chick

Sustainable Growth - Sustainability Framework

Project name	Outcomes	Funding
Public Engagement	Extend industry initiatives on environmental sustainability & human nutrition in response to community survey.	Layer Chick
On Pack Messaging	Establish new ESA logo & build awareness of its meaning to target audiences.	Layer Chick

Third Party Agreements

During the reporting period, Australian Eggs' key third party agreements for research and development and marketing and communications services were as follows:

Key Innovation Contracts

Third Party	Services
University of Sydney	Flock life, health and welfare research
University of New England	Flock health and welfare research
University of Melbourne	Flock health and welfare research
University of South Australia/SARDI	Flock health and environmental sustainability research
Kimberlin	Education resource development
AusMeat/ICS	Food safety
VoconiQ	Community engagement research

Key Marketing & Communications Contracts

Third Party	Services
Universal McCann	Advertising media strategy, planning and buying
The Haus	Public relations, communications, social media, activations and promotions
Banjo	Advertising creative, content development and production
Whisk	Recipe development, production and amplification
Soul & Wolf	Digital marketing
Food & Nutrition Australia	Nutrition analysis, research curation and consultation



Evaluation Framework

In the year 2020-2021
Australian Eggs invested:

\$4,858,398

in marketing activities

\$2,107,004

in research and development activities

\$2,256,727

in engagement and extension

\$1,331,720

in value for money projects

181.5% increase in
website page views
(4,935,219 overall page views)

32.7% increase in time
spent on website
(2mins 9 sec time on site)

157,478 page views of
content about egg
farming and the
egg industry
(up 60.39% on last year)



3,094,747

website recipe page views

The Appetite Stimulation Program provides inspiring and enticing egg recipes to increase the number of egg dishes cooked and eaten at home. 140.52% increase from last year

Egg consumption per capita

249.2

22 Egg farmer
engagement
opportunities

7 Workshops

In the year 2020-21
Australian Eggs had

16

RD&E projects on foot

35%

key campaign message recall

Australian Eggs' Market Insights Program maximises the effectiveness of marketing activities to improve responsiveness to market developments and target audiences.

3.5%

growth for 2020-21

The Consumer Research Program aims to increase the level of retail grocery and non-retail volume growth. This is achieved through the identification of growth opportunities, combined with a better understanding of consumer behaviours and attitudes. Information is systematically collected and analysed providing market information and insights.

19%

 families

15%

 baby boomers

25%

 millennials

The Families, Baby Boomers & Millennials Programs aim to promote the life-long enjoyment of eggs across each of these specific market segments. It is measured by the percentage of Families, Baby Boomers and Millennials aware of the campaign.

64,474

engagements with school students on farming practices

Australian Eggs aims to engage and educate school children on the nutritional benefits of eggs as well as egg farming via the All About Eggs Program.

56%

 HCPs believe
you can eat
eggs daily

The Health Care Professionals Program seeks to ensure key opinion leaders have awareness and contemporary research on the nutritional benefits of eggs. It is measured by the level of Health Care Professional awareness that eggs can be eaten every day.

81%

 positive
coverage

The Nutrition Research Program aims to provide contemporary nutritional research to support health benefits of eggs and remove barriers to consumption. It is measured by the percentage of news media coverage related to egg nutrition that is 'positive'.

Evaluation Framework (cont.)

70% industry satisfaction

The aim of the **Farmer Engagement Program** is to engage in two-way communication with egg farmers and distribute relevant content about Australian Eggs' marketing and RD&E activities. It is measured through a survey of industry engagement and satisfaction.

46 publications

6.4/10 engagement satisfaction

47.8m people reached

The **Public Engagement Program** is designed to create and distribute information about the egg industry to the public. It is measured by the number of publications, engagement and reach.



Industry participation in engagement activities

- 46% Workshops
- 31% Forum and AGM
- 34% webinars
- 26% Training modules

143 training course participants

participants in training courses developed by Australian Eggs in 2020-21

Australian Eggs' **Capacity Building Program** seeks to build capacity in the egg industry by providing a school program, workforce

94% favourable media coverage

Overall of the Australian Egg industry (64% positive and 30% neutral).

6.7/10

industry satisfaction

Over the past year, Australian farmers have faced several significant developments that have and continue to impact businesses.

The **Response to Incident Support** provides communications, information and resources to assist farmers in managing the impacts of these significant developments.

50

IRB engagements

The objective of the **Industry Analysis Program** is to support the egg industry with industry analysis to assist long-term planning.

It is measured by the number of farmer engagements with industry analysis outputs.

78% covered
by ESA

Laying hens covered by ESA compared to total layers.

The objective of the **Quality Assurance Program** is to enable the egg industry to demonstrate food safety, animal welfare and biosecurity outcomes to customers and the public. It is measured by the proportion of egg production covered by ESA.

64.2% community
trust

Percentage of community who trust in the egg industry

The **Australian Eggs Community Trust Program** focuses on increasing community understanding of farming. It is measured by the level of community trust in the egg industry.

National Science & Research priorities

The Government has established a set of Science and Research Priorities, and corresponding Practical Research Challenges, designed to increase investment in areas of immediate and critical importance to Australia and its place in the world.

Priority	Number of Projects	Investment
Food Optimising food and fibre production and processing, enhancing food safety and minimising waste. This research will also be critical in preserving our hard-won reputation for clean, safe and sustainable production.	15	\$1,223,762
Soil and Water Focusing on critical assets such as the Great Barrier Reef, Northern Australia, key agricultural regions, aquifers and urban catchments, and building capacity for improved accuracy and precision in predicting change. This research will lead to better decision-making strategies in the context of potentially conflicting demands between development, the environment and landscape management.	3	\$152,268
Environmental Change Building Australia's capacity to respond to environmental change. This requires the integration of research outcomes from biological, physical, social and economic systems.	2	\$191,590
Health This research is essential in building healthy and resilient communities throughout Australia. It will capitalise on Australia's strengths in science and technology to generate wider economic benefits through improved knowledge translation and commercialisation, and partnerships with industry.	2	\$78,141

Rural RD&E priorities

The Australian Government has developed clear, farmer-oriented priorities to target rural research, development and extension (RD&E) funding. These were published in the 2015 Agricultural Competitiveness White Paper.

Priority	Number of Projects	Investment
Advanced technology To enhance innovation of products, processes and practices across the food and fibre supply chains through technologies such as robotics, digitisation, big data, genetics and precision agriculture.	4	\$331,886
Biosecurity To improve understanding and evidence of pest and disease pathways to help direct biosecurity resources to their best uses, minimising biosecurity threats and improving market access for primary producers.	5	\$294,245
Soil, water & managing natural resources To manage soil health, improve water use efficiency and certainty of supply, sustainably develop new production areas, and improve resilience to climate events and impacts.	5	\$208,858
Adoption of R&D Focusing on flexible delivery of extension services that meet primary producers' needs and recognise the growing role of private service delivery.	6	\$646,231

Performance Principles

Principles and Guidelines

Australian Eggs Funding Contract requires Australian Eggs to align its activities with a new principles-based approach to ensuring performance and these principles have been incorporated into the consultation and development of the Annual Operating Plan.

The performance principles encourage Australian Eggs to maintain a balanced innovation portfolio with a blend of issues of national importance based on government and levy-payer priorities that balances the term, strategic focus and risk profile of innovation investments.

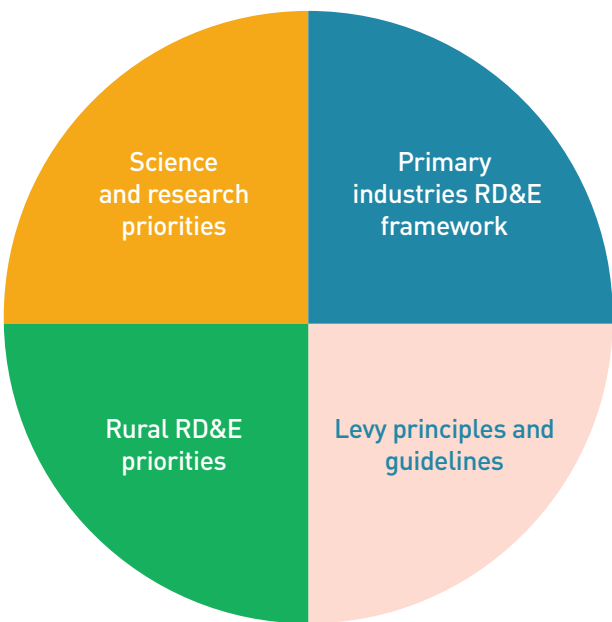
The Funding Contract also requires Australian Eggs to align its activities with guidance on sector-wide research priorities set to ensure cohesiveness and collaboration across the innovation system. These guidelines include the Australian Government's Rural Research, Development and Extension Priorities and the Australian Government's Science and Research Priorities.

Australian Eggs has incorporated this guidance into its Strategic Plan and Governance Framework to ensure that these inputs are considered as part of the process of engaging with stakeholder and the planning, development and execution of each Annual Operating Plan.

Performance Principles



Guidelines



Stakeholder Engagement

Australian Eggs implements a cycle of engagement with each of its three key stakeholder groups to ensure that our services remained aligned with stakeholder expectations and priorities.

Industry engagement is a major focus with every effort made to involve egg farmers in the development and delivery of our services. Structured engagement is conducted through three Industry Consultative Committees, Innovation, Sustainability and Marketing. Australian Eggs also conducts an industry Snapshot Survey each year to obtain feedback from egg farmers and monitor stakeholder satisfaction. These processes are a complement to regular, ongoing informal engagement through which stakeholders are able to access and shape Australian Eggs services.

Australian Eggs' cycle of engagement with government is principally driven by the Fundings Contract which provides a framework for informal engagement, transparent reporting on performance and an Annual Performance Meeting. This is in addition to Australian Eggs' participation in CRRDC processes which provide an opportunity for all RDCs to engage and collaborate on government priorities.

Finally, Australian Eggs undertakes a structured engagement process with public stakeholders through the Egg Industry Sustainability Framework. This process is centred around a large-scale community survey of Australians to explore priority issues for the Australian public. Through stakeholder engagement and support, these priorities are then incorporated into Australian Eggs work program and reported on as part of an annual cycle.

Case study – Industry snapshot

The primary objective of the Australian Eggs Industry Snapshot survey is to identify levy payer needs from Australian Eggs' innovation, marketing and public engagement programs. Using feedback obtained informally over time, input is obtained on what Australian Eggs' priorities should be in the short and medium term and how industry stakeholders would like to engage with our activities.

The survey also provides an evaluation function by testing levy payer satisfaction with Australian Eggs' performance. Through analysis of other aspects of the survey it is possible to determine the drivers of stakeholder satisfaction and invest time and resources in more closely aligning with levy payer expectations.

Finally, the Snapshot provides an opportunity to obtain information on the performance of Australian Eggs' activities in driving positive change. Through questions focused on real world outcomes, Australian Eggs is able to record how its strategies are improving on-farm performance across productivity and sustainability measures to demonstrate impact and identify new industry issues to be considered.

Performance Principles (cont.)

Balanced Portfolio

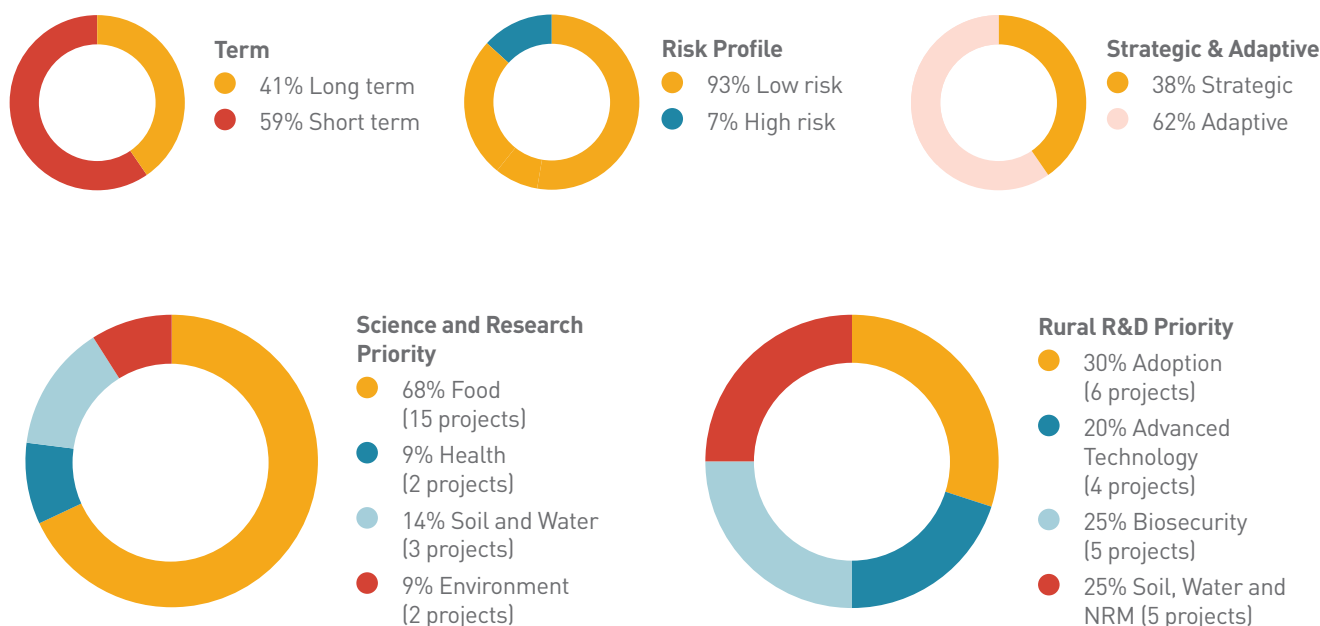
Australian Eggs maintains a balanced portfolio of innovation projects which is developed with reference to industry and government stakeholder priorities. The balance struck between strategic and adaptive, high and low risk and short- and long-term investments under operating plans is ultimately driven by stakeholder consultation and the nature of issues facing the egg industry.

During the stakeholder consultation for Australian Eggs current and previous Strategic Plans, levy payers expressed a preference for adaptive, shorter term and lower risk innovation projects that have the capacity to deliver benefits in a commercially relevant timeframe.

While this is a clear preference, engagement with levy payers in developing and executing operation plans has demonstrated a preparedness to also support longer term and more strategic investments. This generally arises in circumstances where complex industry issues, such as productivity improvements or biosecurity challenges, need to be explored through foundational research at first instance before adaptive projects with adoptable outputs can be undertaken.

Australian Eggs also ensures that its innovation activities are developed with reference to the Government Science and Research priorities (food, health, soil and water and energy) and the Rural R&D priorities (adoption, advanced technology, biosecurity, soil water and NRM).

This stakeholder input has been reflected in operating plans over the last five years with the 2021 Annual Operating Plan having a balanced portfolio as follows:



Case study – In-ovo gender determination

The In-ovo gender determination project is an example of a strategic and higher risk project currently being undertaken within Australian Eggs Innovation Program. The aim of the in-ovo project is to improve welfare outcomes and avoid wasted resources by avoiding the incubation and hatching of male chicks. The project will investigate a methodology to differentiate the gender of chickens prior to hatching, non-invasively, based on optical imaging.

The issue of chick gender determination has been the subject of enormous global investment and it has not yet been possible to arrive at a commercially feasible solution to chick gender determination. While it is in its early stages, this novel approach represents an opportunity for the Australian industry to lead the world through commercialisation of a much needed viable solution.

Engagement with levy payers in developing and executing operating plans has demonstrated a preparedness to also support longer term and more strategic investments.

Performance Principles (cont.)

Collaboration

As one of the smaller RDCs, Australian Eggs has always recognised the power of cross sector collaboration to leverage resources and expand the impact of activities for our stakeholders. For this reason, Australian Eggs has taken a leadership position in driving the development of more structured collaboration process within the innovation system, including the creation of a new investment vehicle to identify collaboration opportunities, Agriculture Innovation Australia.

Participation in AIA as part of a system-wide approach to RDC collaboration begins with Council of Rural RDC's role in engaging with government stakeholders to identify innovation priorities. The practical steps to pursue opportunities and avoid duplication at a program level are then examined through AgriFuture's Emerging National Rural Issues process, as well as ad hoc partnerships. Australian Eggs is also participating in AgriFutures' GrowAg platform to ensure our innovation outcomes are promoted to commercial investors.

In addition to these processes, AIA will drive cross-sector transformational innovation that has previously been challenging to identify and progress. This will include engaging with the newly established Innovation Hubs to ensure a critical mass of cohesive innovation investments can be established in regional areas where the greatest extension opportunity exists. Australian Eggs looks forward to exploring collaboration opportunities that AIA is able to identify as a complement to ongoing program level collaborative investments.

Case study – Carbon project

In response to the challenge of improving the climate resilience of agricultural industries, Australian Eggs has supported the development of a climate initiative through the CRRDC. The initiative has been developed through consultation with RDCs and broader stakeholders with the aim of improving the cohesiveness and efficiency of climate focused innovation.

In addition to complementing egg industry projects, the collaborative approach will deliver greater impact across the sector than Australian Eggs has the capacity to pursue in circumstances where egg farmers are reliant upon outcomes in grain industries for their sustainability.

The Climate Initiative is in the process of establishing governance arrangements and it is possible this will be carried forward by AIA to provide a structure for participation of all RDCs.

Governance

In the context of the new Funding Contract 2021-31, Australian Eggs has developed a Governance Framework that incorporates the compliance measures previously overseen by the Department of Agriculture, Water and the Environment, along with the new Performance Principles.

The Governance Framework is monitored by the Board and Board Committees, which are currently the Audit & Risk and Nominations and Culture Committee. The Audit & Risk Committee in particular plays a critical role in monitoring Australian Eggs Governance Framework and compliance activities.

A significant focus of the Committee is the financial audit which ensures accountability and transparency over the way Australian Eggs deploys levy payer and public funds. The Audit & Risk Committee also oversees the evolution of the risk management, fraud control and IP management plans and compliance with the Funding Contract and Corporation Act. The Committee meets four to five times a year and is composed of all non-executive directors.

These internal measures are complemented with a cycle of transparent reporting that allows all stakeholders to understand how Australian Eggs operates and investments are made. Through the Strategic Plan, Annual Operating Plan, Evaluation Framework, Financial Reports, Annual Report and periodic Independent Performance Reviews, industry, government and public stakeholders can access Australian Eggs' short and long term plans, reporting on outcomes and improvements implemented over time.

Case study – Nominations & Culture Committee

An Independent Performance Review was conducted in 2020 under the Funding Contract to assess all aspects of Australian Eggs' operations and compliance. As part of implementing each of the recommendations of the review, the Board moved immediately to establish a Nominations and Culture Committee that could oversee Australian Eggs values, director succession processes and culture initiatives.

The Committee proved timely as it enabled greater focus to be placed on maintaining a positive culture in a challenging period in which the management team was frequently separated by COVID-19. The Committee was also able to respond to a Board vacancy through the Specialist Marketing director standing down after five years of service, as well as providing greater transparency over the elected director process.

Performance Principles (cont.)

Monitoring and Evaluation

As part of Australian Eggs governance cycle and engagement processes, a range of steps are taken to ensure effective monitoring and evaluation mechanism are in place.

This begins with the five-year Strategic Plan which identifies bold outcomes to work towards and the strategies that will be implemented to pursue them. These strategies are incorporated to Annual Operating Plans with strategies and program performance indicators defined at the commencement of the AOP, including the CRRDC Benefit Cost Analyses methodology being applied on all completed research projects.

This process is then mirrored at the end of the financial year with the publication of an Evaluation Framework Report which provides for transparent reporting of performance against targets. This compliance requirement under Australian Eggs' previous funding contract is no longer mandatory but has been continued under the ongoing governance framework to provide for transparent and accessible engagement with stakeholders on outcomes achieved in each financial year.

Separately, Australian Eggs conducts an annual Snapshot Survey of industry stakeholders which assists in monitoring Australian Eggs performance in terms of levy payer satisfaction and impact (explained further under Stakeholder Engagement).

Finally, Australian Eggs' Funding Contract provides for an Independent Performance Review to be conducted periodically by governance experts and made publicly available. This process provides for an in-depth examination of Australian Eggs' operations to ensure the right systems are in place internally and externally to meet stakeholder expectations. This process regularly involves recommendations being made which can be considered in the context of ongoing improvement.

Case study - Evaluation Framework

The Evaluation Framework is no longer a specific requirement under Australian Eggs Funding Contract but has been retained as part of the governance framework as it has proven an effective mechanism for providing transparency over our investments and performance.

The Evaluation Framework provides for reporting against Key Performance Indicators for each of the four Strategies as well as more specific program performance indicators, each of which are set out in the preceding Annual Operating Plan.

Importantly, the Evaluation Framework Report provides an opportunity to set out a narrative that demonstrates the linkages between our strategies, activities and outcomes. As with all Australian Eggs publications, the Report is intentionally concise and accessible to a broad audience.



Financial Statements

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Directors' Report

Your directors submit their report, together with the financial statements of Australian Eggs Limited ("the Company") for the year ended 30 June 2021.

Directors

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

- Frank Pace
- Charmaine England
(resigned on 19 March 2021)
- Elizabeth Rowell
(appointed on 26 June 2021)
- Danny Jones
- Bede Burke
- Catherine Cooper
- Rowan McMonnies

Meeting of directors

During the year to 30 June 2021 there were 8 meetings of directors. During the year to 30 June 2021 the Audit & Risk Committee met 4 times. The number of meetings attended by each director was:

	Board Meetings 2020 - 2021		Audit & Risk Committee Meetings 2020 - 2021	
	Attended	Eligible	Attended	Eligible
Frank Pace	8	8	4	4
Danny Jones	8	8	4	4
Catherine Cooper	7	8	4	4
Rowan McMonnies	8	8	4	4
Charmaine England	5	5	2	2
Bede Burke	8	8	4	4

Directors' Report (cont.)

Objectives, Principal Activities, Strategies for achieving objectives

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

The principal activities of Australian Eggs are in line with the objects of the Company as described in Section 2 of the Company's Constitution. The long term objective of the Company is to provide leadership in Industry Service Provision including, Promotion and R&D services that advance the interest of the Australian Egg Industry.

The objectives are carried out via short term programs and projects. Programs in marketing across a range of media both to consumers and to healthcare professionals. The principal measure of the success of promotion activities is increased egg consumption. Other measures and performance indicators are found on the Company's website, in the Annual Operating Plan and the Evaluation Framework.

Research and Development programs and projects are selected for their value of contribution towards the goal of sustainable production in Australian egg farms.

The Australian Eggs Limited surplus for the year ended 30 June 2021 was \$381,612 (2020: deficit of \$1,334,720).

All projects undertaken by the Company including their purpose, funding and measurement criteria are approved in the Australian Eggs Annual Operating Plan (AOP) by the Australian Government Department of Agriculture, Water and the Environment.

Australian Eggs reports on the progress of all projects annually in the Evaluation Framework on the Australian Eggs website in the Australian Eggs publication Eggstra!, in twice yearly meetings with the Department of Agriculture, Water and the Environment and in the Company's Annual Report.

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The Company has minimal assets where the value may be impacted by COVID-19. At the date these financial statements were approved by the directors the extent of the impact that COVID-19 may have on the Company's future operations cannot be reasonably estimated at this time.

While the COVID-19 situation has created economic uncertainty, the directors consider that the Company will be able to continue as a going concern as it has as at 30 June 2021 net assets of \$4,754,240 (2020: \$4,372,628), working capital of \$4,445,416 (2020: \$4,029,006) and cash & cash equivalents of \$2,217,049 (2020: \$2,926,979).

Directors' qualifications

The Company's constitution s13.1(c) states that the Company may have up to four elected directors and three specialist directors, one of whom will be the Managing Director. In accordance with s13.4(h) of the Company's Constitution, the Company's Board consists of three elected and three specialist directors who have demonstrated skills in egg production, the three specialist directors who have demonstrated skills in egg production, the processing of egg products, product promotion and business and financial management, with at least one director highly skilled in corporate governance.

The Managing Director, Rowan McMonnies, holds a Bachelor of Laws degree, a Master of Commerce and is a graduate of the Australian Institute of Company Directors.

The Chair, Danny Jones, has over 25 years' experience in the egg industry and holds an Advanced Diploma in Business. He is a graduate of the Australian Institute of Company Directors and a Fellow of Institute of Public Accountants.

Frank Pace has many years of experience in the egg industry and was a former Chair of the International Egg Commission. Frank was appointed a Member of the Order of Australia ("AM") for his contribution to the egg industry, both in Australia and internationally.

Bede Burke has been a partner in a successful mixed farming, including egg, business for many years. He holds a Bachelor of Science degree and a Graduate Diploma of Business. Bede was appointed a Member of the Order of Australia ("AM") for significant service to the egg production industry.

Catherine Cooper has a Bachelor of Laws degree and is a Fellow of the Australian Institute of Company Directors.

Charmaine England holds a Bachelor of Business degree, specialising in marketing. She is a graduate of the Australian Institute of Company Directors. She resigned on 19 March 2021.

Elizabeth Rowell holds a Bachelor of Arts (Honours, Economic History), a Business Management Certificate and has completed the AICD Governance for Not-for-Profit Directors course.

Directors' qualifications are further detailed in the Annual Report.

Company secretary

Carron Elvin has held the role of Company Secretary from 19 December 2018 to 9 October 2020. She is a member of the Governance Institute of Australia (GIA).

April Thomas has held the position of Company Secretary since 9 October 2020. She holds a Bachelor of Commerce Law and a Master of Laws.

Directors' Report (cont.)

Corporate Information

Australian Eggs Limited is a company limited by guarantee that is incorporated and domiciled in Australia.

Australian Eggs Limited employed 9 employees at 30 June 2021 (2020: 8).

Contributions on winding up

As per Rule 4 of the Company's Constitution, in the event of the Company's being wound up, each member is liable for Australian Eggs Limited debts and liabilities for an amount not exceeding \$1.

At 30 June 2021 Australian Eggs Limited had 85 members (2020: 81). Were Australian Eggs Limited to have been wound up on that date, members would be liable to contribute a total of \$85 (2020: \$81).

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



D Jones

Director

26 August 2021

Sydney, NSW



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Australian Eggs Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

Anthony Travers
Partner

Sydney, NSW

Dated: 26 August 2021

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Statement of Surplus or Deficit and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	3	11,033,919	11,643,214
Expenses			
Value for money	4	(1,331,720)	(1,644,944)
Increase consumption	4	(4,858,398)	(5,293,942)
Sustainable production	4	(2,107,004)	(2,893,391)
Effective engagement	4	(2,256,727)	(3,058,355)
Levy collection costs	4	(23,458)	(7,106)
Egg farmers of Australia	4	(75,000)	(80,196)
Surplus/(deficit) before income tax		381,612	(1,334,720)
Income tax			-
Surplus/(deficit) after income tax for the year		381,612	(1,334,720)
Other comprehensive income for the year, net of tax			-
Total comprehensive surplus/(deficit) for the year		381,612	(1,334,720)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position

As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	6	2,217,049	2,926,979
Trade and other receivables	7	1,668,469	1,335,841
Other current assets	8	1,780,000	1,540,330
Total current assets		5,665,518	5,803,150
Non-current assets			
Trade and other receivables	7	86,086	86,086
Right-of-use asset	9	180,000	320,790
Property, plant and equipment	10	168,965	210,859
Intangible assets	11	24,106	33,146
Total non-current assets		459,157	650,881
Total assets		6,124,675	6,454,031
Liabilities			
Current liabilities			
Trade and other payables	12	979,680	1,508,106
Lease liabilities	13	153,172	136,846
Employee benefits	14	87,250	129,192
Total current liabilities		1,220,102	1,774,144
Non-current liabilities			
Lease liabilities	13	61,132	214,303
Employee benefits	14	55,461	59,216
Provisions	15	33,740	33,740
Total non-current liabilities		150,333	307,259
Total liabilities		1,370,435	2,081,403
Net assets		4,754,240	4,372,628
Equity			
Retained surpluses		4,754,240	4,372,628
Total equity		4,754,240	4,372,628

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of changes in equity

For the year ended 30 June 2021

	Retained surpluses \$	Total Equity \$
Balance at 1 July 2020	4,372,628	4,372,628
Surplus after income tax expense for the year	381,612	381,612
Other comprehensive income for the year, net of tax	-	-
Total comprehensive surplus for the year	381,612	381,612
Balance at 30 June 2021	4,754,240	4,754,240

	Retained surpluses \$	Total Equity \$
Balance at 1 July 2019	5,707,348	5,707,348
Deficit after income tax for the year	(1,334,720)	(1,334,720)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive deficit for the year	(1,334,720)	(1,334,720)
Balance at 30 June 2020	4,372,628	4,372,628

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		11,964,993	13,164,242
Payments to suppliers and employees (inclusive of GST)		(12,236,733)	(13,201,513)
		(271,740)	(37,271)
Interest received		3,375	91,415
Interest paid		(18,845)	(105,764)
Net cash used in operating activities		(287,210)	(51,620)
Investing activities:			
Purchase of property, plant and equipment	10	(46,205)	-
Payments for term deposits		(239,670)	(1,540,330)
Net cash used in investing activities		(285,875)	(1,540,330)
Financing activities:			
Repayment of lease liabilities		(136,845)	(123,122)
Net cash used in financing activities		(136,845)	(123,122)
Net increase/(decrease) in cash and cash equivalents held		(709,930)	(1,715,072)
Cash and cash equivalents at beginning of year		2,926,979	4,642,051
Cash and cash equivalents at end of financial year	6	2,217,049	2,926,979

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Notes to the financial statements

30 June 2021

The financial statement covers Australian Eggs Limited ("the Company") as an individual entity. The financial statement is presented in Australian dollars, which is Australian Eggs Limited's functional and presentation currency.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 2021. The directors have the power to amend and reissue the financial statements.

1. Summary of significant accounting policies

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.

1(a) New or amended Accounting Standards and Interpretations adopted

Australian Eggs Limited ("the Company") has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

1(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the 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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1(c) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

1. Summary of significant accounting policies (cont.)

1(c) Revenue recognition (cont.)

Australian government matching funds

The Australian Government matches funding on a dollar basis on approved research and development funded projects, up to a level of half of the total expenditure on research and development or up to 0.5% of the industry's gross 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, Water and the Environment collects statutory levies (Laying Chicken levies and Egg Promotion levies) on behalf of the Company. Revenue from levies is recognised as revenue upon accrual of the levy amounts.

Application of funds

In accordance with the Statutory Funding Agreement between the Commonwealth of Australia and the Company, the Company must spend levies collected in a manner that is consistent with the Strategic Plan and annual operating plans approved by the Australian Government.

Laying Chicken levies and Government matching payments may only be applied by Australian Eggs Limited 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 expenses and other expenses. This distinction is noted via the annual operating plans approved by the Government and tracked via the accounting system.

Government grants

A number of the Company's projects are supposed by grants received from the government. If conditions are attached to a grant which must be satisfied before the Company is no longer required to repay the grant, recognition of the grant as revenue is deferred until the conditions are satisfied.

Interest revenue

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

1(d) Income tax

Australian Eggs Limited is exempt from company income taxation.

1(e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised

Notes to the financial statements (cont.)

Current and non-current classification (cont.)

within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

1(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1(g) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less any allowance for expected credit losses. An allowance for doubtful debts is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

1(h) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any identified impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

Fixed asset class	Useful lives
Office equipment	2 - 10 years
Leasehold improvements	Term of lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses between the carrying amount and the disposal proceeds are taken to surplus or deficit.

1(i) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

1. Summary of significant accounting policies (cont.)

1(i) Right-of-use assets (cont.)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

1(j) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating group.

1(k) Trade and other payables

Liabilities for trade creditors and other amounts 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.

1(l) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Notes to the financial statements (cont.)

1(l) Lease liabilities (cont.)

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.

1(m) Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

1(n) 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 and inclusive of associated on-costs.

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 and inclusive of associated on-costs.

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 surplus or deficit on a net basis in their respective categories.

1(o) Economic dependency

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

1(p) Goods and services tax (GST)

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

- the 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 authorities 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.

1. Summary of significant accounting policies (cont.)

1(q) Comparative figures

Comparatives figures have been adjusted to conform to changes in presentation for the current financial year where required by Accounting Standards or as a result of changes in accounting policy.

2. Critical accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, management is required to make judgments, 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 judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the 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 (cont.)

3. Revenue

	2021 \$	2020 \$
Revenue from operating activities		
Egg Promotion Levies	5,544,651	5,384,794
Laying Chicken (R&D) Levies	2,520,470	2,365,906
Government Contributions	2,520,408	3,223,265
	10,585,529	10,973,965
Other revenue		
Advertising	31,673	57,667
Associate Membership	75,703	75,206
Functions	-	15,977
Grant Income	133,775	182,000
Interest	3,375	91,415
Reimbursed Expenses Income	96,194	143,331
Royalties	99,528	89,534
Training	1,858	4,828
Other	6,284	9,291
	448,390	669,249
Total	11,033,919	11,643,214

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Type of revenue

Levies and government contributions	10,585,529	10,973,965
-------------------------------------	------------	------------

Geographical regions

Australia	10,585,529	10,973,965
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Timing of revenue recognition

Goods transferred at a point in time	10,585,529	10,973,965
--------------------------------------	------------	------------

4. Program expense by operating goal

4(a) Value of money

The Key Focus Areas within the Value for Money goal are:

	2021 \$	2020 \$
Accounting and Administration	225,027	498,089
Premises	54,900	178,135
Board/AGM expenses	173,564	173,875
Employment expenses	878,229	794,845
	1,331,720	1,644,944

4(b) Increase consumption

The Key Focus Areas with the Increased Consumption goal are:

Matching Market Cycles

Next Generation

Nutrition

Eating Eggs

	2021 \$	2020 \$
Projects / activities	4,298,912	4,957,385
Project travel	1,491	11,021
Program management costs	557,995	325,536
	4,858,398	5,293,942

Notes to the financial statements (cont.)

4(c) Sustainable production

The Key Focus Areas within the Sustainable Production goal are:

Flock Health and Biosecurity	Food Safety	Hen Welfare	Research Collaboration
		2021	2020
		\$	\$
Projects / activities		1,612,665	2,440,379
Project travel		-	18,366
Program management costs		494,339	434,646
		2,107,004	2,893,391

4(d) Effective engagement

The Key Focus Areas within the Effective Engagement goal are:

Farmer Consultation	Proactive Extension	Market Development	IRB Consultation
		2021	2020
		\$	\$
Projects / activities		1,889,613	2,666,159
Project travel		3,519	108,847
Program management costs		363,595	283,349
		2,256,727	3,058,355

4. Program expense by operating goal (cont.)

4(e) Levy collection costs

	2021 \$	2020 \$
Levy Collection Cost - Egg Promotion Levy	17,108	5,884
Levy Collection Cost - Laying Chicken Levy	6,350	1,222
	23,458	7,106

Research & Development Expenditure

Aggregate research and development expenditure includes all project expenditure funded by the Laying Chicken Levy and Corporate overheads applicable to those projects.

	2021 \$	2020 \$
Aggregate research and development expenditure	4,979,522	7,234,018

5. Net surplus/(deficit)

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

	2021 \$	2020 \$
Depreciation and Amortisation	238,823	225,137
Employee Costs	1,731,667	1,688,590
Interest Expense	18,845	105,764
	1,989,335	2,019,491

Notes to the financial statements (cont.)

6. Cash and cash equivalents

	2021 \$	2020 \$
Cash on hand	250	250
Cash at bank	2,216,799	2,926,729
	2,217,049	2,926,979

7. Trade and other receivables

	2021 \$	2020 \$
Current assets		
Trade receivables	395,044	375,853
Other receivables	1,101,964	953,210
Prepayments	171,461	6,778
	1,668,469	1,335,841
Non-current assets		
Security Deposit	86,086	86,086

Australian Eggs Limited is obliged to maintain a security deposit for the rental of the business premises at Arthur Street, North Sydney. The security deposit will be returned on the end of the lease on 31 October 2022.

8. Other current assets

	2021 \$	2020 \$
Current assets		
Term deposits	1,780,000	1,540,330

9. Right-of-use assets

	2021 \$	2020 \$
Land and building		
Land and building - right-of-use	439,095	439,095
Less: Accumulated depreciation	(269,536)	(131,729)
	169,559	307,366
Office Equipment		
Office equipment - right-of-use	14,916	14,916
Less: Accumulated depreciation	(4,475)	(1,492)
	10,441	13,424
Total	180,000	320,790

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and building \$	Office equipment \$	Total \$
Balance at 1 July 2021	307,366	13,424	320,790
Depreciation expense	(137,807)	(2,983)	(140,790)
Balance at 30 June 2021	169,559	10,441	180,000

Notes to the financial statements (cont.)

10. Property, plant and equipment

	2021 \$	2020 \$
Office equipment		
At cost	88,090	58,989
Accumulated depreciation	29,057	(25,052)
	59,033	33,937
Leasehold improvements		
At cost	405,414	393,160
Accumulated amortisation	(295,482)	(216,238)
	109,932	176,922
	168,965	210,859

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Office Equipment \$	Leasehold Improvements \$	Total \$
Balance at 1 July 2021	33,937	176,922	210,859
Additions	33,950	12,255	46,205
Disposals	894	-	894
Depreciation expense	(9,748)	(79,245)	(88,993)
Balance at 30 June 2021	59,033	109,932	168,965

11. Intangibles

	2021 \$	2020 \$
Web Application		
At cost	45,200	45,200
Accumulated amortisation	(21,094)	(12,054)
	24,106	33,146

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Web Application \$
Year ended 30 June 2021	
Balance at 1 July 2020	33,146
Amortisation	(9,040)
Balance at 30 June 2021	24,106

12. Trade and other payables

	2021 \$	2020 \$
Current liabilities		
Trade payables	668,765	1,237,361
Accruals	36,862	36,533
Deferred grant income	154,288	168,000
GST and other payables	119,765	66,212
	979,680	1,508,106

Notes to the financial statements (cont.)

13. Lease liabilities

	2021 \$	2020 \$
Current liabilities		
Lease liability	153,172	136,846
Non-current liabilities		
Lease liability	61,132	214,303

14. Employee benefits

	2021 \$	2020 \$
Current liabilities		
Annual leave	74,735	113,495
Long service leave	12,515	15,697
	87,250	129,192
Non-current liabilities		
Long service leave	55,461	59,216

15. Provisions

	2021 \$	2020 \$
Non-current liabilities		
Lease make good	33,740	33,740

16. Financial risk management

The company is not exposed to any significant financial risks in respect to the financial instruments that it held at the end of the reporting period.

The board of directors have the overall responsibility for identifying and managing operational and financial risks.

The company's financial instruments consist mainly of deposits with banks, trade receivables, trade payables and lease liabilities.

The carrying amounts for each category of financial statements are as follows:

	2021 \$	2020 \$
Financial assets		
Cash and cash equivalents	2,217,049	2,926,979
Trade and other receivables	1,754,555	1,421,927
Other current assets	1,780,000	1,540,330
	5,751,604	5,889,236
Financial liabilities		
Trade and other payables	979,680	1,508,106
Lease liabilities	214,304	351,149
	1,193,984	1,859,255

17. Remuneration of key management personnel

Income paid or payable, or otherwise made available to all directors and key management personnel of Australian Eggs Limited, directly or indirectly, from Australian Eggs Limited or any related party.

	2021 \$	2020 \$
Total key management personnel compensation	614,687	602,407

Notes to the financial statements (cont.)

18. Contingencies

In the opinion of the directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: None).

19. Commitments

The Company had no commitments for expenditure as at 30 June 2021 and 30 June 2020.

20. Related parties

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

Frank Pace	Danny Jones	Catherine Cooper	Rowan McMonnies
Charmaine England (resigned on 19 March 2021)	Bede Burke	Elizabeth Rowell (appointed on 26 June 2021)	

Key management personnel

Disclosures relating to key management personnel are set out in note 17.

(b) Transactions with related parties

i) Australian Eggs Limited has business transactions with Pure Foods Eggs Pty Ltd, where director Danny Jones is a director of the company. Transactions with Pure Foods Eggs Pty Ltd relate to travel reimbursements for Danny Jones to attend Board Meetings during the financial year. The transactions during the financial year with Pure Foods Eggs Pty Ltd amounted to \$1,554 (2020: \$4,384).

ii) Australian Eggs Limited has business transactions with Egg Farmers of Australia Limited, where director Bede Burke is a director of the company. Egg Farmers of Australia Limited provides biosecurity coordination services to Australian Eggs Limited.

The transactions during the financial year with Egg Farmers of Australia Limited amounted to \$144,300 (2020: 80,000)

(c) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

21. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by the auditors of the Company.

	2021 \$	2020 \$
Remuneration of the auditor RSM Australia Partners, for:		
Audit of financial report	20,000	-
Preparation of the financial report	5,000	-
	25,000	-
Remuneration of the auditor HLB Mann Judd Assurance (NSW) Pty Ltd, for:		
Audit of financial report	-	26,500
Non-assurance services	-	4,500
		31,000

22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

23. Impact of COVID-19

The Coronavirus disease 2019 ("COVID-19") has been declared a pandemic by the World Health Organisation and has had a significant impact on domestic and global markets and economies. The impact of the COVID-19 pandemic which continues to evolve on a daily basis has significantly affected market volatility, exchange rates, supply chains, consumer demand, liquidity and credit conditions and unemployment rates and in a bid to curtail the spread of COVID-19, travel, trade and social restrictive measures have been imposed by the Australian Government.

In addressing and implementing the necessary changes to ensure the Company complies with these measures, the Board and Management are continually monitoring the situation, however the extent of the impact COVID-19 may have on the Company's future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated.

Notes to the financial statements (cont.)

23. Impact of COVID-19 (cont.)

It is anticipated that COVID-19 will have minimal, if any, impact on the revenue streams of the organization. Management will continue to monitor and review the impacts of COVID-19 on an ongoing basis, making and communicating adjustments accordingly.

The Australian Federal, NSW and Local Governments have also released monetary and fiscal stimulus packages to minimise the adverse economic impact of COVID-19 on the Australian economy, the efficacy of which is not yet certain. The Company continues to assess its eligibility and apply for available Government relief packages which, as at the date of this report, continue to evolve.

As a result of COVID-19, the ability of the Company to continue as a going concern depends on generating sufficient revenue and other cash inflows to cover all expenses, and/or reducing expenses so that these are less than revenue and other cash inflows generated. The Company is implementing plans to carefully monitor cashflow and the Company is working towards implementing these and other actions.

However, should these revenues and other cash inflows not be generated, and/or expenses not be reduced below revenue and other cash inflows, there is a material uncertainty as to the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors and Management are continually monitoring and managing the Company's operations closely in response to COVID-19 however the extent of the impact COVID-19 may have on the Company's future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated at the date these financial statements were issued.

Other than the matter described above, since the end of the reporting period, there were no other matters or circumstances that have arisen which have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had any material impact on the Company as per 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is frequently changing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

24. Statutory information

The registered office and principal place of business of the Company is:

Australian Eggs Limited
Suite 602, Level 6 / 132 Arthur Street
North Sydney NSW 2060

Directors' Declaration

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 24 are in accordance with the Corporations Act 2001, and
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date of the Company.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to s295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'D Jones', is written over a horizontal line.

D Jones

Director

26 August 2021

Sydney, NSW

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT To the Members of Australian Eggs Limited

Opinion

We have audited the financial report of Australian Eggs Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Independent Auditor's Report (cont.)



Responsibilities of the Directors 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes 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.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A stylized signature of 'RSM' in blue ink.

RSM Australia Partners

A handwritten signature in blue ink that reads 'Anthony Travers'.

Anthony Travers
Partner

Sydney, NSW
Dated: 26 August 2021



Australian Eggs Limited

Suite 602, Level 6, 132 Arthur Street, North Sydney NSW 2060

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