



Annual Report 2022



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Annual Report 2022

Chair's Report



The 2022 financial year was one in which the egg industry was impacted by the cumulative effects of the Covid-19 and caught a glimpse of our operating environment in a post-Covid world. This was once

again a story of resilience as egg farms struggled with labour shortages and Covid related illness to operate without sufficient staff. While crisis was averted on this front, the mixed market signals provided genuine business planning challenges and we finished the year in the less familiar position of egg supply being short of demand.

Australian Eggs maintained continuity in executing the Annual Operating Plan in the face of ongoing Covid restrictions. This was a credit to the commitment and hard work of the team, some of which had joined in the early stages of Covid and had demonstrated great agility and openness to engage egg farmers and involve them in our activities. As a reward for patience on both sides, the year ended with the return of travel and direct engagement which has been both valuable and enjoyable.

Australian Eggs also took on new compliance responsibilities this year through the Performance Principles framework developed by the Department of Agriculture, Fisheries and Forestry. These principles relate to stakeholder consultation, a balanced innovation portfolio, collaboration, evaluation and governance with the framework requiring

Australian Eggs to report against specific KPIs. While these principles are framed in a way that reflects Australian Eggs current operations, the systematic process of planning, delivering and reporting will drive greater transparency for all stakeholders.

2021-22 also saw further Board renewal through the departure of Frank Pace after an extraordinary twenty years of service which is greatly appreciated. After an election process at the 2021 AGM, it was a pleasure to welcome Grant Dearden to the Board who brings strong industry experience and egg marketing expertise.

As we move into the new year there is a sense across the industry that we have survived the Covid years and now face the challenge of being successful in a new and different operating environment. The Board and team at Australian Eggs are embracing this challenge and will look towards new and better ways to support the industry toward a sustainable and prosperous future.

Finally, I'd like to express my appreciation to the Australian Eggs team who, led by Rowan, have demonstrated commitment and initiative in working towards a stronger and more sustainable industry.

Danny Jones
Chair

A handwritten signature of Danny Jones in black ink, positioned above a horizontal line.

Egg Industry Overview

Egg production - Australia

552.7m

dozen eggs 2022 FY

(Source: Australian Eggs)

Flock size - as at June 2022

28,850,829

pullets and layers

21,187,854

layers

(Source: Australian Eggs)

Gross value of egg production (farm gate equivalent)

\$920.6m

2022 FY

(Source: Commonwealth Government, DAFF,
Gross Value of Production for the Egg Industry 2021-22)

State flock percentages - as at June 2022

35.93%

NSW / ACT

30.61%

QLD

20.50%

VIC

6.77%

WA

4.93%

SA

1.26%

TAS

(Source: ABS, Agricultural Commodities, Australia 2020-21)

Major supermarket grocery chains egg sales volume - 2021 FY

226.569m

million dozens

(Data: IRI MarketEdge)

Major supermarket grocery chains egg sales value

\$A1,068.4m

2022 FY

(Data: IRI MarketEdge)



Major supermarket grocery chains egg sales farming system market share - 2022 FY

(Source: IRI MarketEdge)

	Value	Volume
Cage eggs	24.3%	31.1%
Free Range eggs	61.2%	55.6%
Barn-Laid eggs	10.4%	11.3%
Specialty eggs	4.1%	2.0%

Growth by segment in dozens (000s) and percentage over - 2022 FY

(Source: IRI MarketEdge)

	000s	%
Cage eggs	73359.9	-17.2%
Free Range eggs	131291.4	5.4%
Barn-Laid eggs	26739.5	5.3%
Specialty eggs	4655.8	11.3%

Major supermarket grocery chains egg sales branding market share - 2022 FY

(Source: IRI MarketEdge)

	Value	Volume
Private label	53.8%	47.2%
Proprietary labels	46.2%	52.8%

Major supermarket grocery chains egg sales pack size market share - 2022 FY

(Source: IRI MarketEdge)

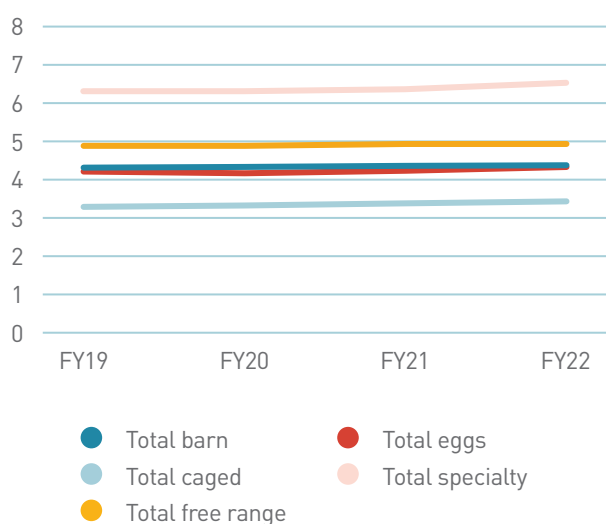
	Value	Volume
6 (half dozen) pack	6.2%	4.0%
10 pack	0.1%	0.1%
12 (dozen) pack	83.3%	86.0%
15 pack	0.8%	0.8%
18 pack	6.9%	6.2%
30 (tray) pack	2.6%	2.8%

Major supermarket grocery chains egg pack weight market share - 2022 FY

(Source: IRI MarketEdge)

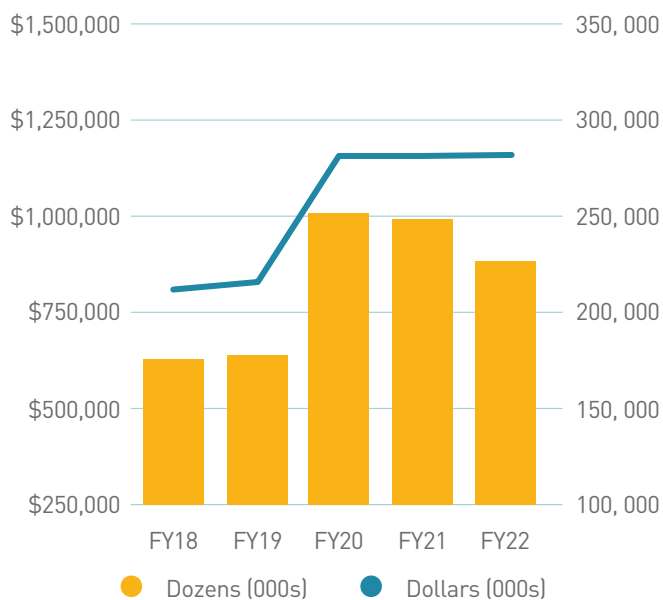
	Value	Volume
0 - 300g	2.6%	1.6%
301 - 350g	3.6%	2.4%
351 - 400g	0.1%	0.1%
401 - 600g	14.9%	16.5%
601 - 700g	58.4%	61.5%
701 - 800g	9.6%	7.8%
800g+	10.8%	10.1%

Nominal Retail Price of Eggs by Segment



(Data: IRI MarketEdge)

Grocery Sales of Eggs - Volume & Value

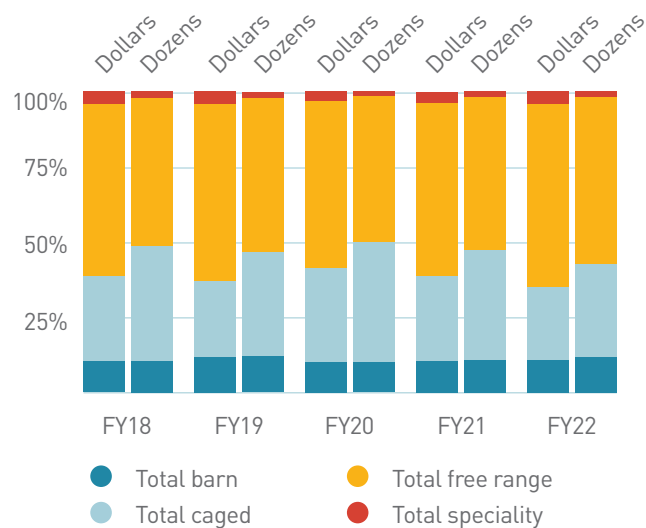


(Data: IRI MarketEdge)

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



(Data: IRI MarketEdge)

Egg product exports (FOB equivalent) - 2022 FY

(Source: ABS) The figures may not reflect commercial experience

	Volume	Value
Shell eggs	467.38mt	\$1.584m
Egg pulp/liquid	266.62mt	\$1.654m
Egg powder	20.46mt	\$0.114m

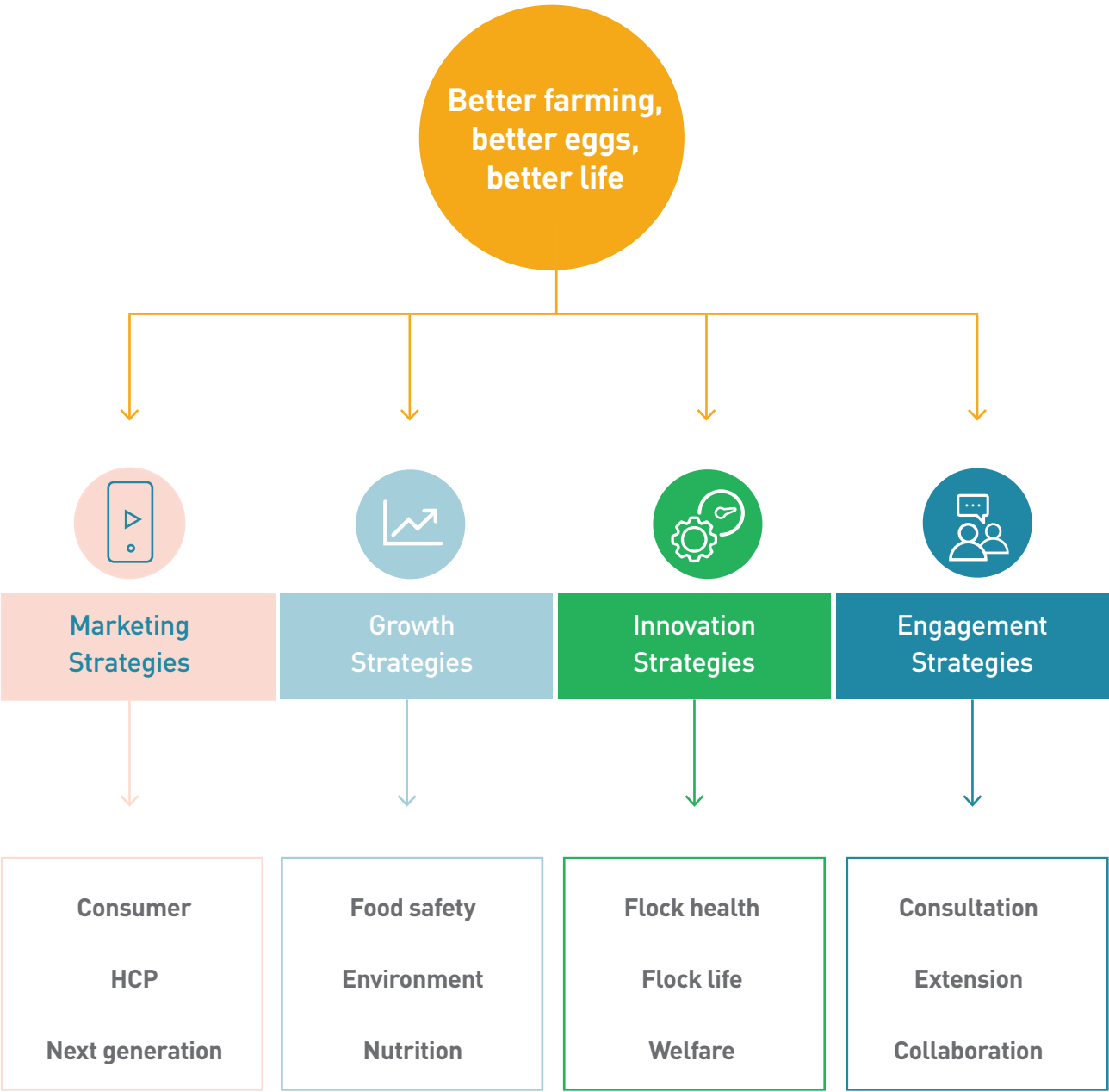
Egg product imports (CIF equivalent) - 2022 FY

(Source: ABS) The figures may not reflect commercial experience

	Volume	Value
Eggs preserved/cooked	523.14mt	\$2.685m
Egg pulp/liquid	643.08mt	\$2.732m
Egg powder	1149.79mt	\$11.214m



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.



Grant Dearden

Elected Director

As the National Sales and Marketing Manager of Pace Farm, Grant Dearden has over 18 years' experience in the Australian egg industry.

Prior to his current role with Pace Farm, Grant worked for multi-national companies in the FMCG industry such as Monsanto and Lion Nathan, to develop and build his business management and marketing skills. These included roles working with brands like Pepsi, Gatorade, H2GO, NutraSweet, Equal and Round Up.

Grant has a deep understanding of major chain and independent retailers, major foodservice operators and ingredient manufacturers, as well as the intricacies of the day to day running of an egg business. His main motivation is to use his experience and proficiency in the egg industry to help facilitate its future growth and success.

Grant has been an active member of the Australian Eggs Marketing Industry Consultative Committee for over 10 years and has also participated in a number of International Egg Commission conferences and meetings.



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 joined Australian Eggs after 20 years experience practicing 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



2021-22 has been a frantic for the egg industry with our operating environment changing rapidly. Any suggestion a post-Covid world would deliver something that resembled 'normal' was abandoned

fairly early in the piece as egg farmers went on a white knuckle-ride that left long term plans in tatters.

The year began in the pit of Covid lockdowns in Sydney and Melbourne as the government raced to vaccinate enough of the population to curb hospitalisation rates. While the closure of cafes and restaurants was offset at a national level through increased retail egg sales the impact was disproportionate, leaving those egg farmers focused on the box market in a very challenging position for an extended period.

Egg farms also had to deal with Covid – knowing full well that a system that can't be turned off would be shut down by health authorities if team members became infected. A number of farms were challenged in this period and it was remarkable that they were able to work through it and maintain supply and business continuity on a skeleton crew. These skills would come in handy later in the year.

By October, the lockdown ended and Covid raced at the industry in two critical ways. Firstly, the consumer reaction was stark and retail egg demand reduced sharply. There was suddenly a huge oversupply of eggs and more commercial pain for an industry that had been hanging in there through the drought and Covid.

Secondly, everyone started to get Covid and egg farms with infected and absent staff became commonplace. This put farming businesses under enormous pressure, at times operating with 40% of labour missing with no buffer to work from after two years of border closures cutting off skilled and unskilled labour.

This dynamic peaked as Covid peaked in January and it was hard to be positive about the new year but as the cases started to subside in February, new dynamics were emerging. The collapse in retail demand had been slowly coming back across summer and all those Covid cases were being driven by consumers getting out and about, making up for lost time at restaurants and cafes.

When Easter came the industry enjoyed the first festive eating occasion that felt like normal since 2019. At the same time, egg farmers realised supply was short, and was going to be short across winter. This came to a head as the year closed with empty shelves in supermarkets and the frustration of having a customer without a product to sell them.

However, it wasn't all bad news as we headed into the new year. Amongst the confusing demand signals across the year and the challenges of winter production in alternative systems, there was another important factor driving shortages: demand was up. The data has ultimately confirmed what egg farmers had seen across the year with retail clawing its way back and food service having a much faster recovery than expected.

So despite a year when most egg farmers didn't know which way was up, there are positive signs going forward. Border closures, wildly oscillating demand and the threat of Covid closures should be a thing of the past and plans should have a lot more meaning from here. Most importantly, the Australian public has continued to value and demand eggs as an important staple food and part of our food culture.

Australian Eggs



The Australian Eggs team is driven by the desire to be commercially valuable to egg farming businesses and we pursued this objective across the year. This wasn't as easy as it could be with the first half of the year involving rolling Covid lockdowns but by this time we had a year of Covid behind us and systems in place to keep things moving.

The flagship marketing and innovation programs had completed their consultation and plans in a virtual world and we were able to maintain momentum in executing the program. This included a substantive Spring marketing campaign and successful World Egg Day celebration, the tracking of innovation programs to their timelines and a virtual extension program that drew common attendance to in-person workshops in the past.

This was a credit to the ability of the Australian Eggs team, our agencies and research partners and egg farmers to simply find a way to get it done and meet the needs of the industry. Almost as a reward for effort, the January Covid peak soon passed and we were granted the freedom to move.

From February on our team was able to make up for lost time visiting farms, attending ESA audits and hosting workshops that provided an invaluable opportunity for direct engagement with egg farmers.

The difference between online and in person engagement was immediately apparent as egg farmers opened up on their challenges in much greater detail, providing valuable feedback on how we shape our services. This was particularly valuable for newer members of the Aus Eggs team that had been starved of opportunities to meet egg farmers in person, let alone an egg farm.

This process culminated in the PIX conference in May with almost the whole Aus Eggs team present. While many farmers couldn't make it due to labour shortages, for those that did it was a lovely moment – providing an opportunity for the industry to come together for the first time since November 2019 and enjoy being part of something good.

Evaluation Framework



The Evaluation Framework 2022 provides an assessment of Australian Egg activities across the 2021-2022 financial year against performance indicators set out in the Annual Operating Plan.

The Evaluation Framework indicates that consumption increased significantly from 249 to 262 eggs per capita as at June 2022. This is a return to the long term trend but is likely to have been impacted by a lag in population growth due to Covid border closures.

In the Innovation Program, the average benefit/cost assessment for R&D projects was a ratio of 3.85 which is an increase of 0.96 on last year and above the long term trend. From a commercial perspective, this means that for every levy or commonwealth

matching dollar invested, the completed projects delivered a return of \$3.85.

In the Effective Engagement program, Australian Eggs continued to maintain a feedback loop with industry stakeholders, including 55 engagements with egg industry representative bodies and the distribution of 36 publications to industry stakeholders. The public engagement program achieved a further increase in audience reach of over 53 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 an industry average ratings (out of 10) of 6.8 that egg farmers are satisfied with Australian Eggs performance.

Managing Director's Report (cont.)

Marketing



The Marketing team worked hard across the 2021-22 year to support the industry in a wildly oscillating market. Australian Eggs continued to deploy the successful 'Get Cracking Australia' campaign

across the year with a continued focus on nutrition.

This was complemented by the Powered by Eggs campaign which sought to harness the Covid driven community interest in health and wellbeing. This campaign was structured to 'meet the moment' with pillars rolled out across the year to complement evolving community interest.

A particular highlight was working with expert dietitian, Dr Joanna McMillan, to promote the role of eggs in maintaining vitamin D levels. This involved promoting the findings of research commissioned by

Australian Eggs that eating a minimum of seven eggs per week is enough to sustain vitamin D levels across winter. This campaign alone generated substantial media coverage, achieving a reach of 48 million.

The 2021-22 year also presented an opportunity to review the marketing program and a number of areas of improvement were identified. Working with the Marketing ICC, a strategy was developed to provide for greater overall investment, less administrative costs, a common reach metric to compare and optimise investments and a more considered approach to content creation so that we remain focused on maximising reach. In addition, some flexibility has also been provided for in forward budgeting so that Aus Eggs is better able to respond to developments in market dynamics.

Engagement



2021-2022 was a strong year for Aus Eggs engagement activities. Not only did we get back our freedom to move but we worked hard to deliver new initiatives to increase the value of our activities to the industry.

Sharing adoptable outcomes from our innovation program remained the heart of the process with a range of meetings, workshops and farm visits conducted across the year to maximise the opportunity for farmers to engage. We also worked to position Aus Eggs as a thought leader on industry developments through an Egg Industry Insights series that drew on bespoke industry analysis and international expertise to provide a deeper understanding of the industry operating environment as it evolved from Covid.

This process was complemented by a broad range of communications channels used to

distribute information on our activities and insights generated through our programs. This included the quarterly Eggstra magazine, the monthly Aus Eggs Update e-newsletter, the for farmers portal on the website and hardcopy mail outs of corporate and extension materials.

Australian Eggs also continued to undertake public engagement as part of the Sustainability Framework to drive a deeper understanding of the industry. This included activities to demonstrate industry initiatives on priority issues identified by the community, distribution of content about egg farming through the website and 'All about eggs' schools program and agricultural activations through the return of the Sydney Royal Easter Show.

The benefits of this process were proved once again through the Sustainability Framework community survey results demonstrating strong recognition of industry responsiveness.

Innovation



Australian Eggs implemented its innovation engagement processes in 2021-22 and continued to generate commercially valuable knowledge for egg farming businesses.

Eight projects were completed and independently assessed as generating an average benefit cost ratio of 3.85, meaning that for every dollar invested, \$3.85 of value was created. Given the inherent risks involved in innovation this reflected a strong outcome, above the long term average, and reflected the industry driven focus of the program on adoptable outcomes.

Of particular note was carbon assessment project which concluded in late 2021 which was of high strategic value to the industry. With the environment and carbon foot print consistently identified by public

and government stakeholders as a priority area it was important that the industry had a current basis to assess performance and drive improvement. The project delivered this by demonstrating that the carbon foot print of the industry remains relatively low as well as identifying the greatest opportunities for reductions. Some of these opportunities correlate with cost savings and have been the subject of extension activities to assist egg farmers in considering their implementation.

The Innovation team also conducted a thorough consultation process across the year to determine the future direction of the program. This included drawing down priority issues from research update extension activities, testing them in the Industry Snapshot survey and developing robust research projects in conjunction with the Innovation Industry Consultative Committee.

IP, Commercialization, Subsidiaries and Joint Ven-



Australian Eggs has continued its long term focus in 2021-22 on the development of industry applicable knowledge which is protected through contractual arrangements with research partners.

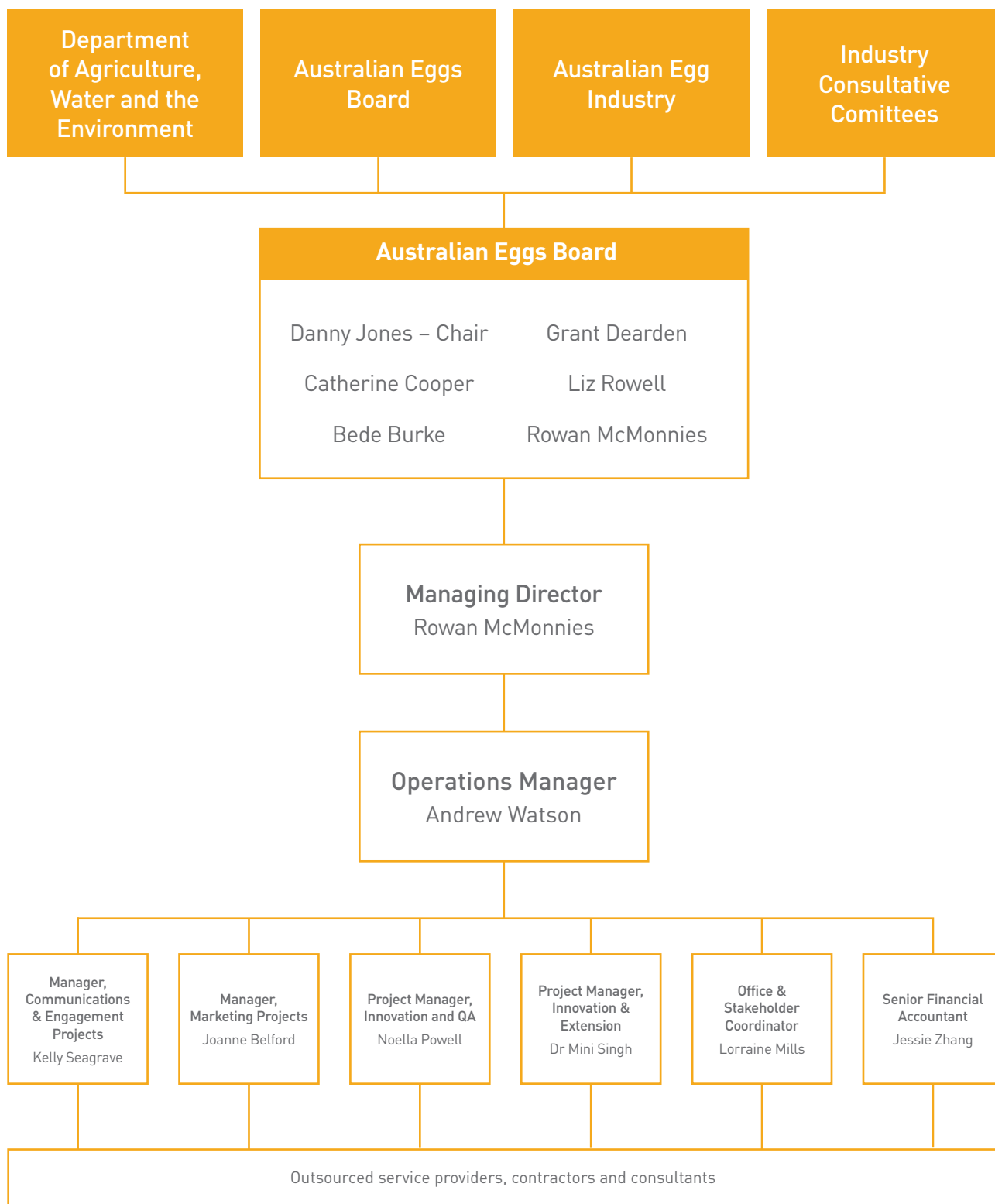
Australian Eggs commenced the early stages of commercialisation of intellectual property through a pilot study on a process to determine the gender of chicks in ovo. The initial findings were encouraging and further development will be carried out in the next financial year.

No trade mark protections were pursued in the 2021-22 year and no subsidiaries or joint ventures were formed by Australian Eggs. 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
David Pearson	Greg Quinn	Phil Szepe
Sarah McLeod	Phil Szepe	Peter Bell
Laura Manion	Anne Andary	Dr Peter Scott
Isabelle Dench	Ian Wilson	Dr Juliet Roberts
	Melinda Hashimoto	Dr Rodney Jenner
		Jess Spencer

Expert Groups

Egg Labelling Integrity Panel (ELIP)
Sharon Natoli
John Furbank
Geoffrey Annison
Lincoln Chrysiliou

2022 Australian Eggs Board Calendar

	JAN	FEB	MAR
Date	20	17	17
Day	THURS	THURS	THURS
Location		Sydney	
Note			
Papers distributed		11	
Meeting			
Only if required (OIR)	OIR	●	OIR
Audit & Risk Committee		●	
Nominations & Culture			
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			
2022 AGM TBA			

APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
21	19	23	21	25	22	20	8	15
THURS	THURS	THURS	THURS	THURS	THURS	THURS	TUES	THURS
Sydney	Sydney	Sydney		Sydney		Sydney	Tasmania	Sydney
Easter 15-17 April	PIX 15-17 May							Xmas Lunch
15	13	17		19		14	4	9
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Stakeholder Consultation Plan

Australian Eggs implements a cycle of engagement with each of its three key stakeholder groups as part of a structured consultation plan. The objective of the consultation plan is to ensure that our services remained aligned with stakeholder expectations and priorities.

These processes have been developed to align with the six consultation principles set out in the Best Practice Guide for Stakeholder Consultation issued by the Department of Agriculture, Fisheries and Forestry which ensure consultation remains:

- Transparent
- Accessible
- Well planned
- Straight forward
- Fit for purpose
- Responsive

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. These processes are a complement to regular, ongoing informal engagement through which stakeholders are able to access and shape Australian Eggs services.

The centrepiece of Australian Eggs farmer consultation process relates to the innovation program development. To ensure projects remain commercial relevant and are effective in targeting industry priorities, a process of collating farmer feedback through extension updates and project panels is undertaken across the year. This feedback is then collated in an industry Snapshot Survey and tested against a broader industry audience. The outcome is used to frame a request for research proposals that is tested through two ICC Innovation meetings before projects are finally approved and commenced.

Australian Eggs' cycle of engagement with government is principally driven by the Fundings Contract which provides a framework for informal engagement, an Annual Performance Meeting and transparent reporting on performance through industry and corporate publications. 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.

Through these consultation processes, Australian Eggs ensures it is well positioned to meet the Key Performance Indicators under the Guidelines for Statutory Funding Agreements issued by the Department which require that:

- Australian Eggs applies best practice consultation processes
- Stakeholder engagement on innovation priorities and activities can be clearly demonstrated
- Stakeholder feedback is incorporated in innovation programs with transparency in circumstances where this is not possible.

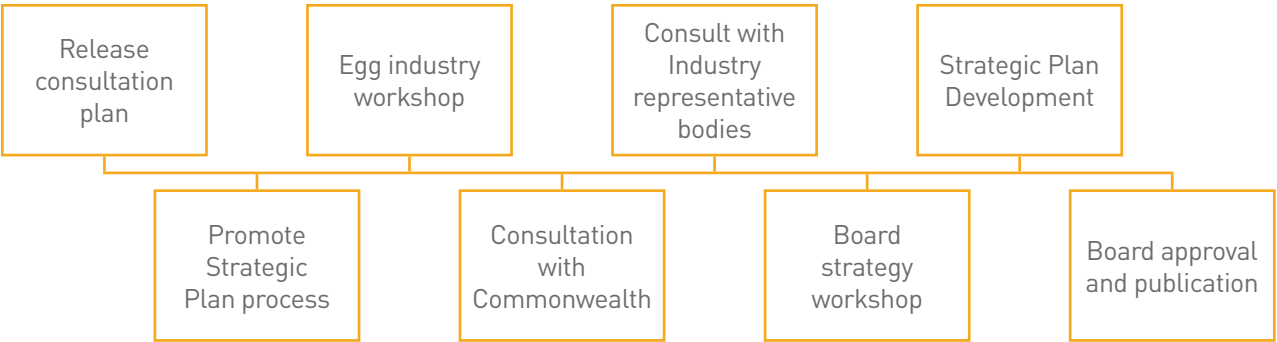
The objective of the consultation plan is to ensure that our services remain aligned with stakeholder expectations and priorities.

Consultation Approach

Consultation Principle	Approach
Transparent	- Consistently promote close engagement through communications channels - Actively encourage feedback through a wide range of engagement options - Demonstrate the incorporation of feedback into activities through engagement activities
Accessible	- Inclusive processes providing an opportunity for all to participate - Efficient consultation processes to reduce time barriers to participation - Communicate flexibly with multiple levels of detail to suit a broad audience
Well planned	- Established, transparent and predictable cycle of engagement - Timely engagement with multiple opportunities as the forward work program is developed - Ongoing evaluation and refinement of preferred stakeholder consultation options
Straight forward	- Clear and concise communication through multiple channels - Reiteration of feedback to confirm and refine priorities - Commercially focused issues and engagement with reference to specific outcomes
Fit for purpose	- Wide range of engagement options to meet the differing preferences of stakeholders - Customised communications driven by stakeholder preferences and interests - Focus on opportunity for direct engagement created by industry structure
Responsive	- Combination of informal assessment and structured data driven refinement to engagement processes - Publication of engagement preferences and outcomes to drive accountability - Innovate processes by drawing on developments in best practice
Measurement	- Demonstrated compliance with Key Performance Indicators under Guidelines for Funding Contracts - Program performance measures reported in Evaluation Framework - Stakeholder Snapshot Survey testing stakeholder priorities and engagement preferences - Publication of Snapshot survey outcomes

Strategic Plan

Australian Eggs conducts a detailed strategic plan consultation in the year preceding the release of new Strategic Plans.



Industry Consultative Committees

Australian Eggs Industry Consultative Committees play an important role in guiding program development and are composed of industry participants and experts.

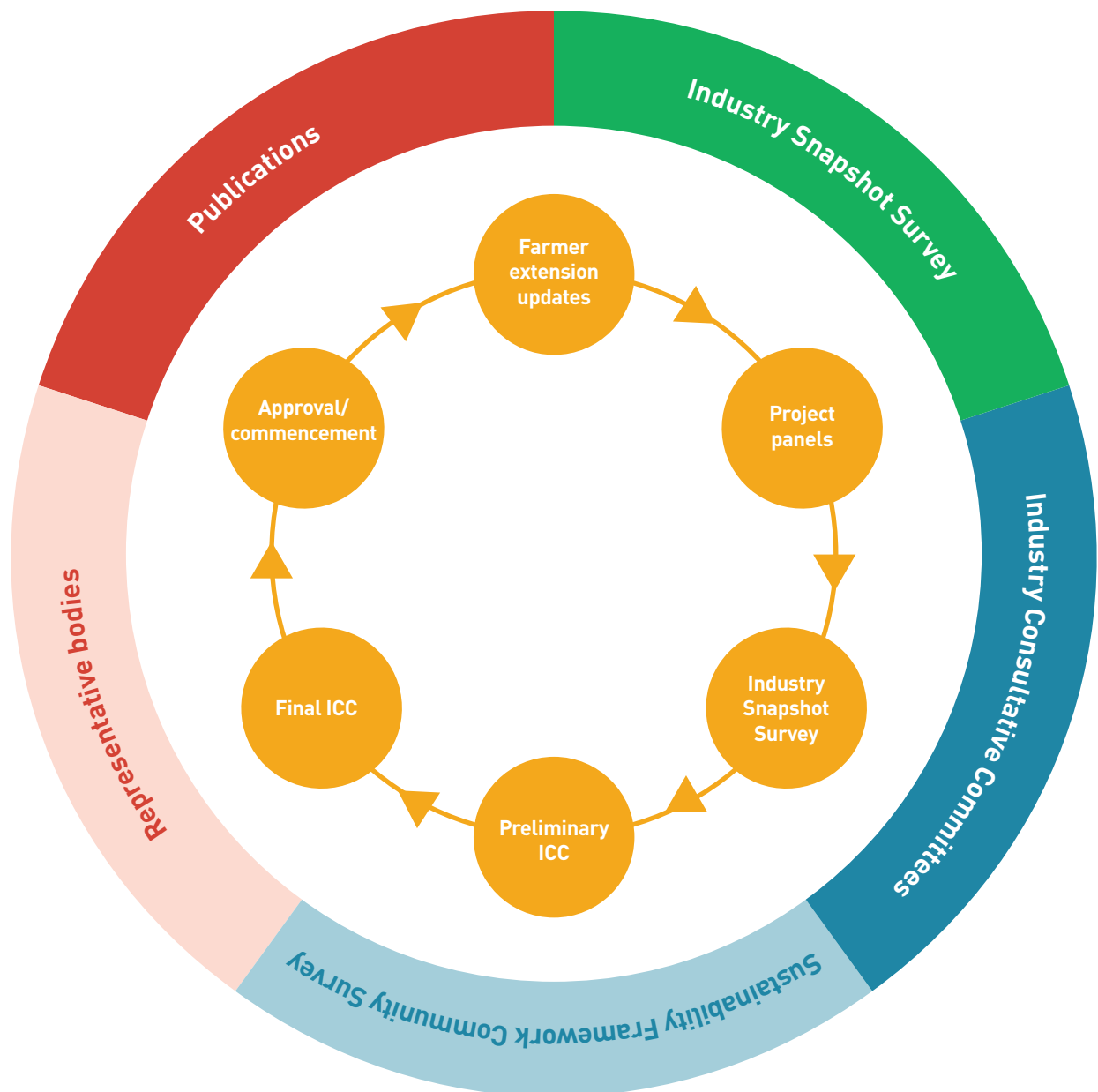
Marketing ICC	Sustainability ICC	Innovation ICC
David Pearson Sarah McLeod Laura Manion Isabelle Dench	Paul Pace Greg Quinn Phil Szepe Anne Andary Ian Wilson Melinda Hashimoto	Phil Szepe Peter Bell Dr Peter Scott Dr Juliet Roberts Dr Rodney Jenner

Key Publications

Australian Eggs maintains a comprehensive suite of publications to provide transparency over activities and demonstrate stakeholder priorities and value.

- Strategic Plan
- Monthly Aus Eggs Update
- Program overviews
- Evaluation Framework
- Quarterly Magazine
- Innovation extension content
- Annual Operating Plan
- Annual Report

Consultation Process Overview



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

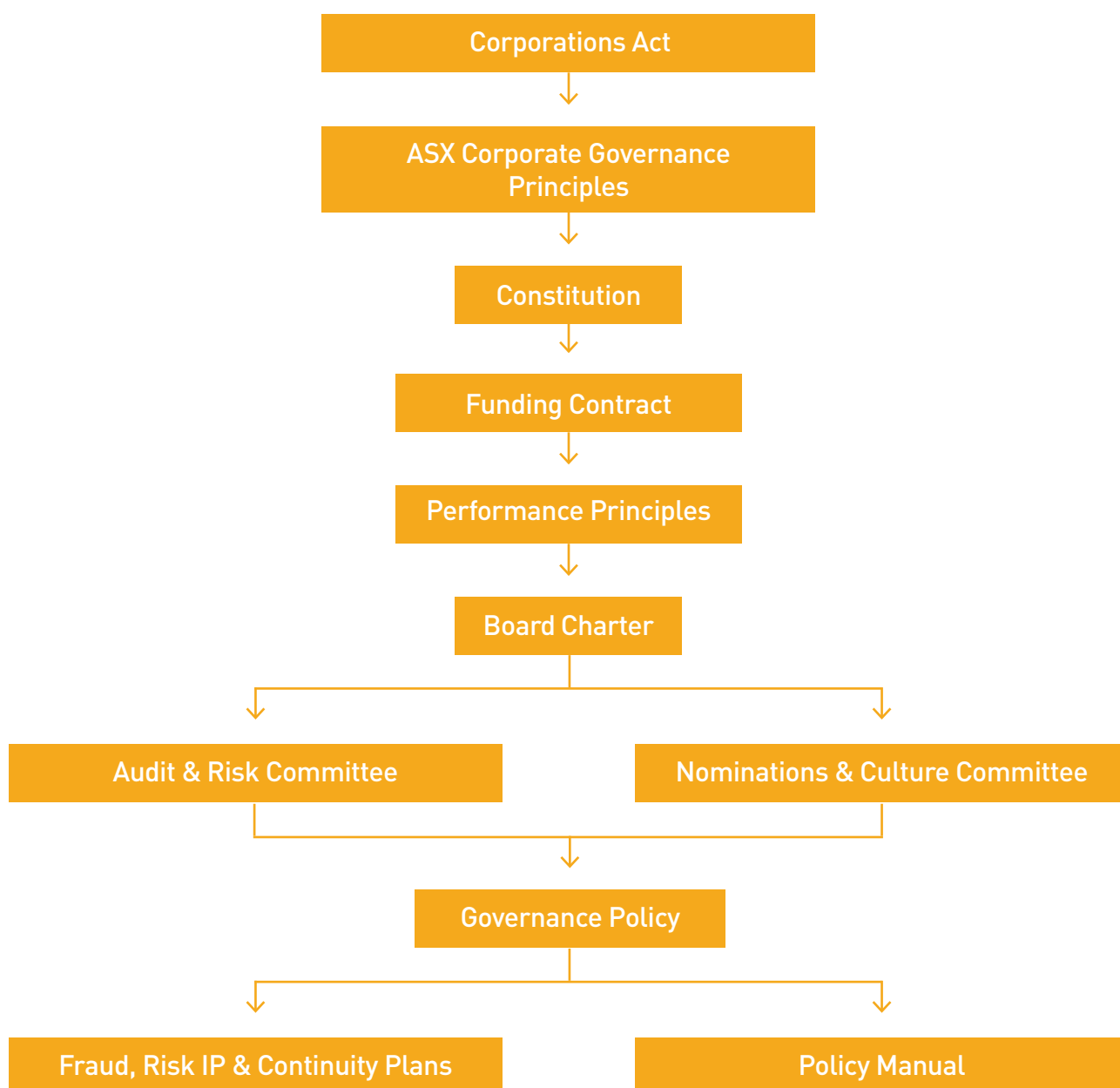
Remunerate fairly and responsibly

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.)

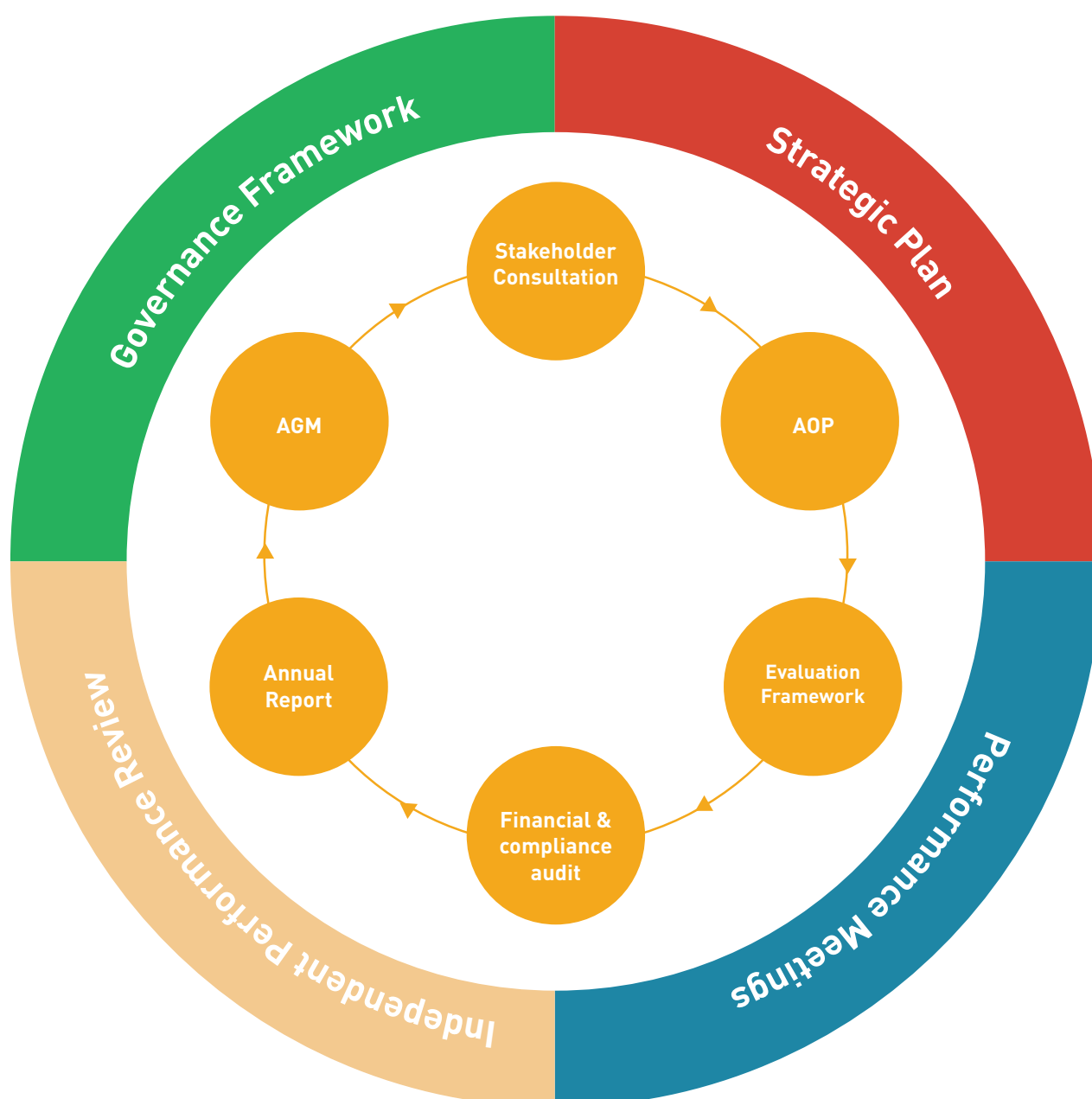
Australian Eggs is committed to conducting its business in a way that is open and accountable to all stakeholders. Corporate governance describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled with corporations. It encompasses the 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 2021-22 year are tabled below.

Project Name	Expenditure 2021/22	Partners	Australian Eggs
National Animal Welfare RD&E Strategy	\$1,340	AgriFutures Australia, MLA, AWI, AMPC, APL, DA, LiveCorp	0.4%
Animal Industries Antimicrobial Stewardship RD&E Strategy	\$16,000	MLA, DA, AgriFutures Chicken Meat, APL	5.4%
The effect of AM/PM diets on feed efficiency, egg quality and welfare parameters for free range layer hens	\$34,240	Poultry Hub	11.5%
Alternative protein-rich ingredients for Australian pigs and laying hens	\$12,500	ALP	4.2%
Rural Safety and Health Alliance	\$20,000	APL, MLA, GRDC, DA, AgriFutures Australia, Pork CRC, SFMCA	6.7%
Horizon Scholarship Program	\$10,000	APL, CRDC, GRDC, AgriFutures Australia, HIAL, MLA, DAFF	3.3%
Agricultural Innovation Australia	\$100,000	All Australian Rural Research and Development Corporations	33.5%
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	10%
Designing the integration of extension into research projects	\$10,000	HIAL, CRDC, Wine Australia, FRDC, DA, AgriFutures Australia, LiveCorp, NSW DPI	3.3%
Carbon and environmental impact of poultry production: 2020 and beyond	\$40,151	AgriFutures Chicken Meat Program	13.4%
People in Agriculture	\$9,000	DA, GRDC, MLA, APL, CRFC	3%
Development of a poultry specific AMS module	\$15,000	AMR Vet Collective, AgriFutures Chicken Meat Program	5%

Innovation Project List

Sustainable Growth - Nutrition

Project Name	Outcomes	Funding
Eggs to improve pregnancy choline intake	Quantification of the contribution that egg choline makes to pregnant women	Layer Chick
Effect of eggs on Vitamin D in adults	Quantification of the benefit of eating eggs on Vitamin D levels	Layer Chick
Eggs: protein for people and the planet	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
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 promoting productive hen gut health throughout life	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
Managing pullets for extended layer life	Whole of life experiment to generate late layer information on egg quality and feed efficiency	Layer Chick
Optimising production through management	Improved understanding of the management factors affecting free range production	Layer Chick
Genetic restoration to protect Australian poultry	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 & 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

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
Scolexia Pty Ltd	Flock health research
University of Adelaide	Flock health research
University of Southern Queensland	Hen welfare research
Deakin University	Human nutrition research
Monash University	Human nutrition research
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
Whisk	Recipe development, production and amplification
Soul & Wolf	Digital marketing
Food & Nutrition Australia	Nutrition analysis, research curation and consultation



Evaluation Framework

In the year 2021-2022
Australian Eggs invested:

\$4,598,185

in marketing activities

\$1,493,510

in sustainable growth activities

\$1,558,323

in engagement and extension

\$1,460,342

in innovation projects

\$1,044,210

in corporate and governance projects

Egg consumption per capita

262.5

33

**Egg farmer
engagement
opportunities**

3,020,458

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

9.4%

increase in
website page views
(5,524,274 overall page views)

12.46%

increase in time
spent on website
(2 mins 27 sec time on site)

190,508

page views of
content about egg
farming and the
egg industry
(up 19.9% on last year)

7

Workshops

23

**RD&E projects
on foot**

28%

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%

growth for 2021-22

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.

25%

 families

24%

 baby boomers

34%

 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.

190,525

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.

39%

 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.

88%

 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.)

6.8/10 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.

140 training course participants

participants in training courses developed by Australian Eggs in 2021-22

Australian Eggs' **Capacity Building Program** seeks to build capacity in the egg industry by providing a school program, workforce development, scholarships and research expertise.

7.2/10
engagement satisfaction

90% favourable media coverage

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

53m
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.

36
publications

8.4/10

importance

There was a strong endorsement of the concept of an industry services body for the Australian egg industry.

55

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.

80%

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.

65%

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	21/22 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.	13	\$1,027,395
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.	5	\$242,505
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.	1	\$120,853
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.	3	\$170,004
Energy Improve efficiency, reduce emissions and integrate diverse sources into the grid.	1	\$19,151

Innovation Priorities

In 2021, the Australian Government developed clear, farmer-oriented priorities to target rural innovation funding which have been factored into Australian Eggs forward work program.

Priority	22/23 Projects	Investment
Digital Agriculture Drive the development and uptake of digital technologies in the Australian agriculture	13	\$1,285,637
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.	11	\$1,463,436
Climate resilience Champion climate resilience to increase the productivity, profitability and sustainability of the agricultural sector	3	\$220,381
Trust Provide market and consumers confidence in the provenance, quality and safety of Australian products	14	\$2,238,935

Project expenditure exceeds total expenditure due to overlapping priorities

Performance Principles

Principles and Guidelines

Australian Eggs Funding Contract requires Australian Eggs to align its activities with a principles-based approach to ensuring performance and these principles are set out in the Guideline for Statutory Funding Agreements provided by the Department of Agriculture, Fisheries and Forestry.

The performance principles require Australian Eggs to focus on five fields of activity: stakeholder engagement, maintaining a balanced innovation portfolio, cross-sectoral collaboration, best practice governance and demonstrating outcomes. Each of these principles is directed towards defined outcomes and includes specific Key Performance Indicators through which compliance can be demonstrated.

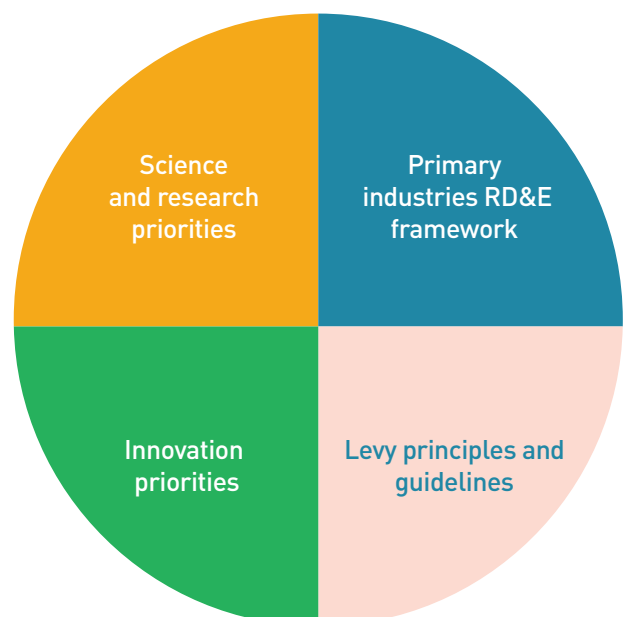
Australian Eggs has published a Performance Principles Framework which sets out an overview of how its activities will progress each of the Performance Principles as well as how compliance with each of the Key Performance Indicators will be demonstrated.

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.

Performance Principles



Guidelines





Stakeholder Engagement

Engage stakeholders to identify RD&E activities that provide industry benefits

Australian Eggs implements a cycle of engagement with each of its three key stakeholder groups as part of a structured consultation plan. The objective of the consultation plan is to ensure that our services remained aligned with stakeholder expectations and priorities. These processes have been developed to align with the six consultation principles set out in the Best Practice Guide for Stakeholder Consultation issued by the Department of Agriculture, Fisheries and Forestry which ensure consultation remains: Transparent; Accessible; Well planned; Straight forward; Fit for purpose and Responsive.

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. These processes are a complement to regular, ongoing informal engagement through which stakeholders are able to access and shape Australian Eggs services.

The centrepiece of Australian Eggs farmer consultation process relates to the innovation program development. To ensure projects remain commercial relevant and are effective in targeting industry priorities, a process of collating farmer feedback through extension updates and project panels is undertaken across the year. This feedback is then collated in an industry Snapshot Survey and tested against a broader industry audience. The outcome is used to frame a request for research proposals that is tested through two ICC Innovation meetings before projects are finally approved and commenced.

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 – Sustainability Community Survey

Australian Eggs invests in a large scale community research program to track public views on the impacts and contributions of the egg industry. For the fifth consecutive year Australian Eggs asked the public to take part in a large-scale research study to inform a national conversation about the future of the egg industry. More than 33,000 Australians have contributed to this research program since its inception, providing a deeper understanding on what the community values in and from the egg industry.

Key Performance Indicators

Strategy development includes appropriate consultation plans	• Stakeholder Consultation Plan published on website detailing thorough cycle of engagement, consistent with Best Practice Guideline • Consultation processes identified in Strategic and Annual Operating Plans
Demonstrated stakeholder engagement in the identification of RD&E priorities	• Informal feedback collated and reflected in Industry Snapshot survey • Industry Snapshot survey results published identifying issues facing the industry, areas of continued investment and areas of new investment • 55 industry representative body engagements • Egg farmer satisfaction rating with engagement opportunities 7.0 • 5,000 Australians surveyed as part of Sustainability Framework community survey and result released publicly
Incorporation of industry stakeholder feedback on RD&E priorities and activities	• Industry Snapshot survey results form the basis of innovation program requests for proposals and Innovation ICC meetings • Sustainability Framework community priorities form the basis of Sustainable Growth innovation projects • Stakeholder feedback reflected in all key publications: Strategic Plan, Monthly Aus Eggs Update, Program overviews, Evaluation Framework, Quarterly Magazine, Innovation extension content, Annual Operating Plan and Annual Report

7.05/10

Snapshot survey satisfaction rating

Balanced Portfolio

Ensure RD&E is strategic, collaborative and targeted through a 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 'on the ground' 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 Innovation Priorities (trust, climate resilience, biosecurity, digital agriculture).

Case study – Egg Industry Traceability

As part of a Commonwealth grant project, Australian Eggs developed and launched EggTrace, a new tool designed to help egg farmers trace eggs back from point of purchase to the date and location that the eggs were laid. EggTrace is intended to drive improved food safety and security across the agriculture sector by creating full visibility on the path an egg takes from lay to despatch, egg farmers now have the ability to more easily and efficiently identify any quality or health issues affecting eggs, ensuring a safer and more reliable egg supply chain.

Key Performance Indicators

Investments align with strategic plans and have demonstrated outcomes	• Annual Operating Plan structure demonstrates clear links between strategies under Strategic Plan, programs and projects • Outcomes identified for all projects and detailed in Annual Report • Benefit cost criteria applied in Innovation Consultative Committee project selection criteria and in published BCA's for all finalised innovation projects
Levy payers gain new knowledge to improve productivity	• Average benefit cost assessment ratio of 3.85 • 33 farmer engagement opportunities • 36 publications distributed
Levy payers are or intend to make changes	• 46% industry participation in innovation workshops • 34% industry participation in webinars • 64% of egg farms currently implementing changes to improve environmental footprint • Average on-farm flock mortality reduced to 4.8%

Innovation projects that have the capacity to deliver benefits 'on the ground' in a commercially relevant timeframe

Collaboration

Strategic and sustained collaboration that addresses shared challenges

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 adopts a system-wide approach to RDC collaboration begins which involves both exploring innovation opportunities that could most efficiently be pursued on a collaborative basis as well as identifying areas in which collective investment is necessary to pursue opportunities beyond the egg industry.

Australian Eggs works closely with the Council of Rural RDC's in engaging with government stakeholders to identify innovation priorities at a cross-sector level

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. This includes Australian Eggs regularly collaborating with the Agrifutures Chicken Meat program on issues that impact both poultry industries. Australian Eggs is also participating in AgriFutures' GrowAg platform to ensure our innovation outcomes are available to all participants in the innovation system, including potential commercial investors overseas.

In addition to these processes, Australian Eggs has joined with other RDCs to form Agriculture Innovation Australia to drive drive cross-sector transformational innovation that has previously been challenging to identify and progress. This will include engaging with the eight regional 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 is already working with AIA and will explore collaboration opportunities that AIA is able to identify as a complement to ongoing program level collaborative investments.

Case study – Biotechnology partnership

Research has commenced into biotechnology that utilises Black Soldier Fly for soil improvement as part of a partnership with Australian Pork Limited. This joint project will provide a novel solution for utilising Black Soldier Flies to convert agricultural waste into high quality fertiliser and soil improvers. It will also investigate whether Black Solider Fly can outcompete Stable Fly as a biosecurity measure and allow for manure spreading in currently prohibited areas.

Key Performance Indicators

Completed R&D and commercialisation opportunities are accessible through the GrowAg platform

- All completed projects listed on the GrowAg platform
- 36 projects listed
- 1 commercial opportunity
- 3 stories and content
- 6 enquiries

Number and quantum of cross-industry and cross-sector RD&E investments

- 10 collaborative projects
 - \$420,000 committed to collaborative projects and initiatives
 - 8% of innovation program co-invested
 - AIA/CSIRO Agri-Climate Outlook project commenced
-

Australian Eggs has always recognised the power of cross sector collaboration to leverage resources and expand the impact of our activities for our stakeholders

Monitoring and Evaluation

Demonstrate positive outcomes and continuous improvement

As part of Australian Eggs Governance Cycle and Stakeholder Consultation Plan, 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.

Separately, Australian Eggs conducts an annual Industry Snapshot Survey which assists in monitoring Australian Eggs performance in terms of levy payer satisfaction and impact. 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.

Case study – Industry Snapshot survey

The Industry Snapshot Survey began as a measure of stakeholder satisfaction but has evolved to include important industry benchmarks that go directly to Australian Eggs performance in driving positive industry change. Through questions focused on the primary outcomes identified in the Strategic Plan such as extending flock life and health, Australian Eggs is able to track how its activities are improving on-farm performance across productivity and sustainability measures.

Key Performance Indicators

Impact assessment undertaken	• BCA conducted on all eight completed R&D projects • Ongoing assessment of marketing campaign performance • Cost benefit ratio of innovation projects of 3.85 • Annual egg consumption increased to 262 eggs per capita • Average on-farm mortality reduced to 4.8%
Responsive to outcomes of monitoring and evaluation	• Structured incorporation of ICC feedback into program execution • Structured incorporation of industry snapshot survey to innovation program development • Incorporation of Industry Snapshot Survey and Evaluation Framework outcomes into strategy and AOP development
Transparent communication of benefits	• Public engagement on research outcomes as part of Sustainability Framework • Publication of Evaluation Framework showing progress against Strategic Plan goals • Publication of Industry Snapshot survey results showing industry perspectives on activities and priorities

**Every dollar invested in innovation projects
derived a return of \$3.85**

Governance

Fulfil legislative requirements and align with best practice

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, Fisheries and Forestry, along with the new Performance Principles.

The Governance Framework is monitored by the Board and Board Committees, which are currently the Audit & Risk Committee and the Nominations and Culture Committee.

A significant focus of the Audit & Risk Committee is the financial audit which ensures accountability and transparency over the way Australian Eggs deploys levy payer and public funds. The 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 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.

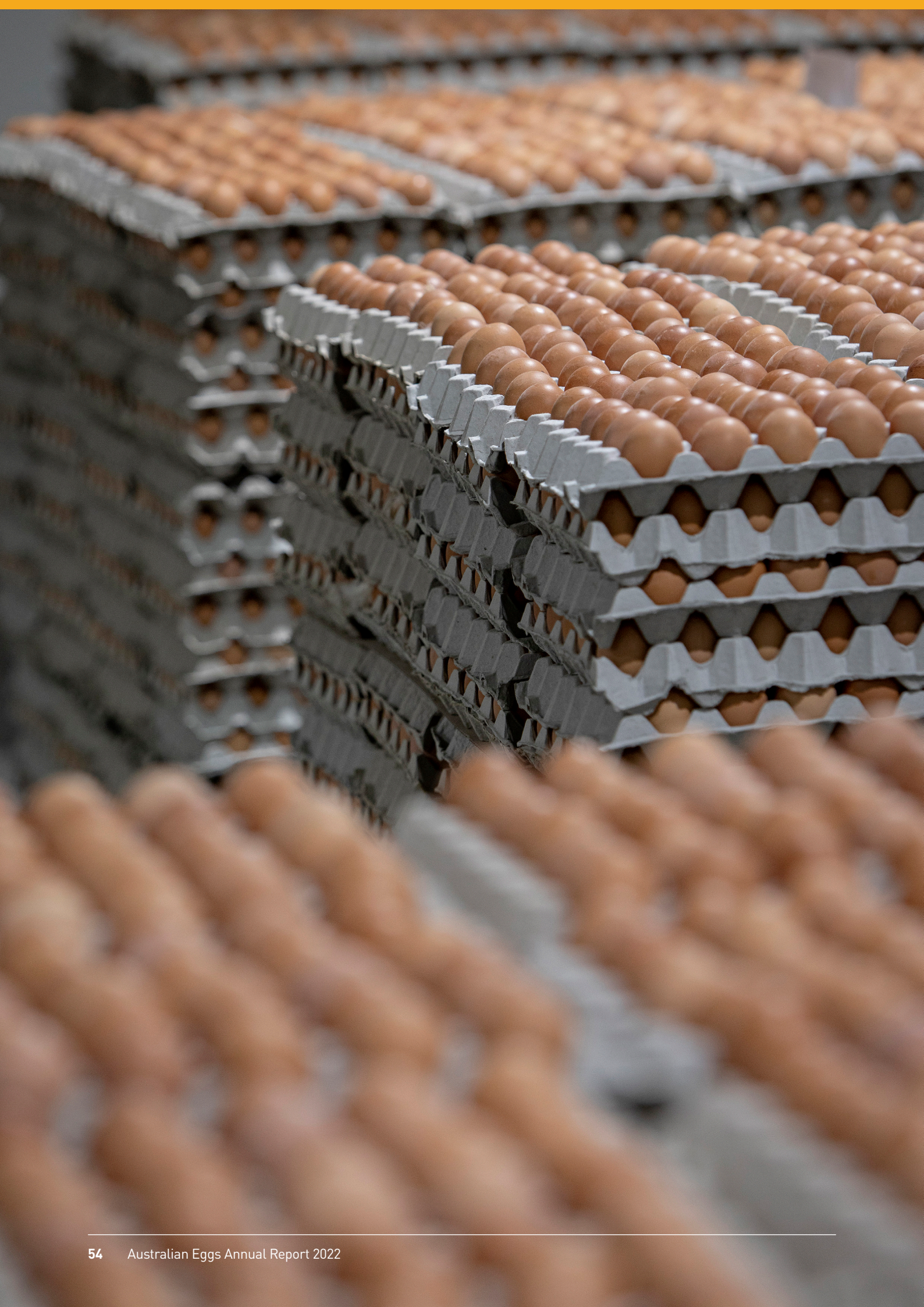
Case study – Internal audit

Australian Eggs has undertaken an internal audit of compliance with the Funding Contract with the Department of Agriculture, Fisheries and Forestry. Using external expertise, the process proved valuable in confirming that our current governance arrangements meet compliance requirements and areas where improvement could be made to more clearly demonstrate this.

Key Performance Indicators

Oversight, planning and reporting of investment activities	• Financial reforecast and independent audit reviewed by Audit & Risk Committee • Board and Audit & Risk Committee review and approval of AOP development • Board oversight of Evaluation Framework and Annual Report
Management of financial and non-financial risks	• Risk Management Plan in operation and reviewed by Audit & Risk Committee annually • Fraud Control System in operation and reviewed by Audit & Risk Committee annually • Business Continuity Plan in operation and reviewed annually by Audit & Risk Committee • Comprehensive insurances in place and reviewed annually
Policies and procedures in operation	• Comprehensive Policy Manual in operation with regular reviews by management • People policies reviewed annually by Nominations and Culture Committee • Governance policies review annually by Audit & Risk Committee • Board approval of all policies annually
Non-financial resources implemented effectively	• People and Culture Plan in operation with performance monitored by Nominations and Culture Committee • IT capability, security and redundancy monitored under Business Continuity Plan reviewed annually by Audit & Risk Committee • IP Management Plan operating and reviewed annually by Audit & Risk Committee

Internal measures are complemented by
a cycle of transparent reporting



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 2022.

Directors

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

- Danny Jones
- Catherine Cooper
- Bede Burke
- Elizabeth Rowell
- Rowan McMonnies
- Grant Dearden
(appointed on 10 November 2021)
- Frank Pace
(resigned on 10 November 2021)

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 2022 was \$94,925 (2021: \$381,612).

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 meeting 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

Objectives, Principal Activities, Strategies for Achieving Objectives (cont.)

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 definitively 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 2022 net assets of \$4,849,165 (2021: \$4,754,240), working capital of \$4,664,190 (2021: \$4,445,416) and cash & cash equivalents of \$2,576,894 (2021: \$2,217,049).

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 as 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. He resigned as a director on 10 November 2021.

Grant Dearden is as the National Sales and Marketing Manager of Pace Farm, Grant Dearden has over 18 years' experience in the Australian egg industry. Grant has a deep understanding of major chain and independent retailers, major foodservice operators and ingredient manufacturers, as well as the intricacies of the day to day running of an egg business.

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.

Directors' Report (cont.)

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

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

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.

Meeting of Directors

During the year to 30 June 2022 there were 8 meetings of directors. During the year to 30 June 2022 the Audit & Risk Committee met 4 times. During the year to 30 June 2022 there were 2 meetings of Nominations and Culture.

	Full Board		Audit & Risk Committee		Nominations & Culture	
	Attended	Held	Attended	Held	Attended	Held
Danny Jones	8	8	4	4	2	2
Catherine Cooper	8	8	4	4	2	2
Bede Burke	7	8	3	4	2	2
Elizabeth Rowell	8	8	4	4	2	2
Rowan McMonnies	8	8	4	4	2	2
Grant Dearden	5	5	3	3	1	1
Frank Pace	3	3	1	1	1	1

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 2022 (2021: 9).

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 2022 Australian Eggs Limited had 82 members (2021: 85). Were Australian Eggs Limited to have been wound up on that date, members would be liable to contribute a total of \$82 (2021: \$85).

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



Danny Jones

Chair

25 August 2022

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 2022, 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

Peter Kanellis
Partner

Sydney, NSW
Dated: 25 August 2022

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General Information

The financial statements cover Australian Eggs Limited ("the Company") as an individual entity. The financial statements are 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. Its registered office and principal place of business is:

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

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2022. The directors have the power to amend and reissue the financial statements.

Statement of Surplus or Deficit & Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	3	10,806,334	11,033,919
Expenses			
Corporate and governance	4	(1,269,607)	(1,331,720)
Marketing	4	(4,634,715)	(4,838,401)
Innovation	4	(1,533,014)	(1,273,867)
Sustainable growth	4	(1,481,974)	(1,433,181)
Engagement	4	(1,707,477)	(1,676,680)
Levy collection costs	4	(14,622)	(23,458)
Egg farmers of Australia		(70,000)	(75,000)
Surplus before income tax		94,925	381,612
Income tax expense			-
Surplus after income tax for the year		94,925	381,612
Other comprehensive income for the year, net of tax			-
Total comprehensive surplus for the year		94,925	381,612

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

Statement of Financial Position

As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	6	2,576,894	2,217,049
Trade and other receivables	7	1,648,200	1,668,469
Other current assets	8	1,780,000	1,780,000
Total current assets		6,005,094	5,665,518
Non-current assets			
Trade and other receivables	7	86,086	86,086
Right-of-use asset	9	406,746	180,000
Property, plant and equipment	10	71,613	168,965
Intangible assets	11	15,066	24,106
Total non-current assets		579,511	459,157
Total assets		6,584,605	6,124,675
Liabilities			
Current liabilities			
Trade and other payables	12	1,102,411	979,680
Lease liabilities	13	121,633	153,172
Employee benefits	14	116,860	87,250
Total current liabilities		1,340,904	1,220,102
Non-current liabilities			
Lease liabilities	13	294,815	61,132
Employee benefits	14	65,981	55,461
Provisions	15	33,740	33,740
Total non-current liabilities		394,536	150,333
Total liabilities		1,735,440	1,370,435
Net assets		4,849,165	4,754,240
Equity			
Retained surpluses		4,849,165	4,754,240
Total equity		4,849,165	4,754,240

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 2022

	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 2021	4,754,240	4,754,240
Deficit after income tax for the year	94,925	94,925
Other comprehensive income for the year, net of tax	-	-
Total comprehensive surplus for the year	94,925	94,925
Balance at 30 June 2022	4,849,165	4,849,165

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 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		11,977,282	11,964,993
Payments to suppliers and employees (inclusive of GST)		(11,468,906)	(12,236,733)
		508,376	(271,740)
Interest received		14,046	3,375
Interest and other finance costs paid		(9,087)	(18,845)
Net cash from/(used in) operating activities		513,335	(287,210)
Cash flows from Investing activities			
Payments for property, plant and equipment	10	-	(46,205)
Payments for term deposits		-	(239,670)
Net cash used in investing activities		-	(285,875)
Cash flows from Financing activities			
Repayment of lease liabilities		(153,490)	(136,845)
Net cash used in financing activities		(153,490)	(136,845)
Net increase/(decrease) in cash and cash equivalents held		359,845	(709,930)
Cash and cash equivalents at beginning of year		2,217,049	2,926,979
Cash and cash equivalents at end of financial year	6	2,576,894	2,217,049

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

Notes to the Financial Statements

1. 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The Company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

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) Income tax

Australian Eggs Limited is exempt from company income taxation.

1(d) 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 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(e) 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 unit.

1(f) Economic dependency

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

1(g) 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(h) 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.

Notes to the Financial Statements (cont.)

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

	2022	2021
	\$	\$
Revenue from operating activities		
Egg Promotion Levies	5,243,370	5,544,651
Laying Chicken (R&D) Levies	2,446,436	2,520,470
Government Contributions	2,446,312	2,520,408
	10,136,118	10,585,529
Other revenue		
Advertising	46,536	31,673
Associate Membership	71,845	75,703
Grant Income	204,550	133,775
Interest	14,046	3,375
Reimbursed Expenses Income	77,868	96,194
Royalties	73,260	99,528
Training	-	1,858
Other	182,111	6,284
	670,216	448,390
Total	10,806,334	11,033,919

Disaggregation of revenue

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

Type of revenue		
Levies and government contributions	10,136,118	10,585,529
Geographical regions		
Australia	10,136,118	10,585,529
Timing of revenue recognition		
Goods transferred at a point in time	10,136,118	10,585,529

Notes to the Financial Statements (cont.)

Accounting policy for 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.

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

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.

4. Program Expense by Operating Goal

4(a) Corporate and governance

The Key Expense Areas within the Corporate and Governance goal are:

	Efficient Team	Governance
	2022 \$	2021 \$
Accounting and Administration	456,892	225,027
Premises	52,863	54,900
Board/AGM expenses	174,317	173,564
Employment expenses	585,535	878,229
	1,269,607	1,331,720

4(b) Marketing

The Key Focus Areas with the Marketing goal are:

	Consumer	Health Care Professionals	Next Generation
	2022 \$	2021 \$	
Projects / activities	4,098,988	4,278,915	
Project travel	2,425	1,491	
Program management costs	533,302	557,995	
	4,634,715	4,838,401	

Notes to the Financial Statements (cont.)

4(c) Innovation

The Key Focus Areas with the Innovation goal are:

Flock Health	Flock Life	Welfare	
		2022	2021
		\$	\$
Projects / activities		1,087,467	997,939
Program management costs		445,547	275,928
		1,533,014	1,273,867

4(d) Sustainable growth

The Key Focus Areas with the Sustainable Growth goal are:

Nutrition	Environment	Food Safety	Sustainability Framework
		2022	2021
		\$	\$
Projects / activities		1,281,731	1,184,890
Project travel		626	229
Program management costs		199,617	248,062
		1,481,974	1,433,181

4(e) Engagement

The Key Focus Areas within the Engagement goal are:

		Consultation	Collaboration	Extension
			2022	2021
			\$	\$
Projects / activities			1,337,899	1,339,446
Project travel			14,323	3,290
Program management costs			355,255	333,944
			1,707,477	1,676,680

4(f) Levy collection costs

	2022	2021
	\$	\$
Levy Collection Cost - Egg Promotion Levy	8,587	17,108
Levy Collection Cost - Laying Chicken Levy	6,035	6,350
	14,622	23,458

Notes to the Financial Statements (cont.)

Research & Development, Marketing and Industry Services Expenditure

Research and development, marketing and industry services expenditure includes all project expenditure funded by the Laying Chicken Levy, Egg Promotion Levy and Corporate overheads applicable to those projects.

	2022 \$	2021 \$
Research and development expenditure	2,487,786	2,181,644
Marketing expenditure	4,634,715	4,838,401
Industry services expenditure	2,234,678	2,202,082
	9,357,179	9,222,127

5. Net Surplus

The net surplus has been arrived at inclusive of these items:

	2022 \$	2021 \$
Depreciation and amortisation	235,280	238,823
Employee costs	1,805,751	1,731,667
Interest expense	9,087	18,845
	2,050,118	1,989,335

6. Cash & Cash Equivalents

	2022 \$	2021 \$
Current assets		
Cash on hand	250	250
Cash at bank	2,576,644	2,216,799
	2,576,894	2,217,049

Accounting policy for 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.

7. Trade and other Receivables

	2022 \$	2021 \$
Current assets		
Trade receivables	405,161	395,044
Other receivables	986,022	1,101,964
Prepayments	257,017	171,461
	1,648,200	1,668,469
Non-current assets		
Security Deposit	86,086	86,086
Total trade and other receivables	1,734,286	1,754,555

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 2025.

Accounting policy for 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.

Notes to the Financial Statements (cont.)

8. Other Current Assets

	2022	2021
	\$	\$
Current assets		
Term desposits	1,780,000	1,780,000

9. Right-of-use assets

	2022	2021
	\$	\$
Non-current assets		
Land and building - right-of-use	794,729	439,095
Less: Accumulated depreciation	(395,441)	(269,536)
	399,288	169,559
Office Equipment		
Office equipment - right-of-use	14,916	14,916
Less: Accumulated depreciation	(7,458)	(4,475)
	7,458	10,441
Total	406,746	180,000

Reconciliations

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

	Land and buildings \$	Office equipment \$	Total \$
Balance at 1 July 2021	169,559	10,441	180,000
Additions	355,634	-	355,634
Depreciation expense	(125,905)	(2,983)	(128,888)
Balance at 30 June 2022	399,288	7,458	406,746

Accounting policy for 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.

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.

Notes to the Financial Statements (cont.)

10. Property, Plant and Equipment

	2022 \$	2021 \$
Non-current assets		
Leasehold improvements - at directors valuation	405,414	405,414
Less: Accumulated depreciation	(376,565)	(295,482)
	28,849	109,932
Office equipment		
Office equipment - at cost	88,090	88,090
Less: Accumulated depreciation	(45,326)	(29,057)
	42,764	59,033
	71,613	168,956

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	59,033	109,932	168,965
Depreciation expense	(16,269)	(81,083)	(97,352)
Balance at 30 June 2022	42,764	28,849	71,613

Accounting policy for 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.

11. Intangibles

	2022 \$	2021 \$
Non-current assets		
Web application - at cost	45,200	45,200
Less: Accumulated amortisation	(30,134)	(21,094)
	15,066	24,106

Reconciliations

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

	Web Application \$	Total \$
Year ended 30 June 2022		
Balance at 1 July 2021	24,106	24,106
Amortisation expense	(9,040)	(9,040)
Balance at 30 June 2022	15,066	15,066

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Notes to the Financial Statements (cont.)

12. Trade and Other Payables

	2022 \$	2021 \$
Current liabilities		
Trade payables	930,740	668,765
Accruals	111,808	36,862
Deferred grant income	53,374	154,288
GST and other payables	6,489	119,765
	1,102,411	979,680

Accounting policy for 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.

13. Lease Liabilities

	2022 \$	2021 \$
Current liabilities		
Lease liability	121,633	153,172
Non-current liabilities		
Lease liability	294,815	61,132
	416,448	214,304
Future lease payments are due as follows:		
Within one year	138,645	162,642
One to five years	311,681	62,544
	450,326	225,186

Note 13. Lease liabilities cont.

Accounting policy for 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.

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.

Notes to the Financial Statements (cont.)

14. Employee Benefits

	2022 \$	2021 \$
Current liabilities		
Annual leave	102,819	74,735
Long service leave	14,041	12,515
	116,860	87,250
Non-current liabilities		
Long service leave	65,981	55,461
Total employee benefits	182,841	142,711

Accounting policy for 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, nonmonetary 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.

15. Provisions

	2022 \$	2021 \$
Non-current liabilities		
Lease make good	33,740	33,740

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Company at the end of the respective lease terms.

Accounting policy for 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.

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:

	2022 \$	2021 \$
Financial assets		
Cash and cash equivalents	2,576,894	2,217,049
Trade and other receivables	1,734,286	1,754,555
Other current assets	1,780,000	1,780,000
	6,091,180	5,751,604
Financial liabilities		
Trade and other payables	1,102,411	1,508,106
Lease liabilities	416,448	351,149
	1,518,859	1,859,255

Notes to the Financial Statements (cont.)

17. Key Management Personnel Disclosures

Income paid or payable, or otherwise made available to all directors and key management personnel of Australian Eggs

	2022 \$	2021 \$
Aggregate compensation	598,712	614,687

18. Contingent Liabilities

In the opinion of the directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

19. Commitments

The Company had no commitments for expenditure as at 30 June 2022 and 30 June 2021.

20. Related Party Transactions

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

- Danny Jones
- Elizabeth Rowell
- Grant Dearden
(appointed on 10 November 2021)
- Catherine Cooper
- Rowan McMonnies
- Frank Pace
(resigned on 10 November 2021)
- Bede Burke

Key management personnel

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

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 \$nil (2021: \$1,554).

(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 \$142,218 (2021: \$144,300).

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 RSM Australia Partners, the auditor of the Company:

	2022 \$	2021 \$
Audit services - RSM Australia Partners		
Audit of the financial statements	21,000	20,000
Other non-assurance services - RSM Australia Partners		
Other non-assurance services	50,250	5,000
	71,250	25,000

Notes to the Financial Statements (cont.)

22. Events After the Reporting Period

No matter or circumstance has arisen since 30 June 2022 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.

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 2022, 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. Non-cash Investing and Financing Activities

	2022 \$	2021 \$
Additions to the right-of-use assets	355,634	-

Directors' Declaration

In the directors' opinion:

1. the attached financial statements and notes comply with the Corporations Act 20001, 1, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
3. 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

25 August 2022

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 statement of financial position as at 30 June 2022, the statement of surplus or deficit and other 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 Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 Company 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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Independent Auditor's Report (cont.)



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 in accordance with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company 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 handwritten signature in black ink that reads 'RSM'.

RSM Australia Partners

A handwritten signature in black ink that reads 'PKanellis'.

Peter Kanellis
Partner

Sydney, NSW
Dated: 25 August 2022



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