

FUNDING CONTRACT 2017-2021

Parties

**The Minister for Agriculture and Water Resources on behalf of the
Commonwealth of Australia represented by the
Department of Agriculture and Water Resources
(ABN 24 113 085 695)**

and

**Australian Egg Corporation Limited
(ABN 66 102 859 585)**

Date:

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AGREEMENT DATE:

BETWEEN The **MINISTER FOR AGRICULTURE AND WATER RESOURCES, ON BEHALF OF THE COMMONWEALTH OF AUSTRALIA**, represented by the
Department of Agriculture and Water Resources ABN 24 113 085 695, 18
Marcus Clarke Street, Canberra ACT 2601 (**Commonwealth**).

AND **AUSTRALIAN EGG CORPORATION LIMITED**
ABN 66 102 859 585, a Research and Development Corporation having its
registered office at Suite 4.02, Level 4, 107 Mount Street, North Sydney,
NSW 2060 (**AECL**).

BACKGROUND

- A. The Australian Government and Australia's primary producers recognise the need to invest in rural research and development.
- B. Australia's rural research and development corporations (RDCs) are the mechanism by which primary producers and the government co-invest in research and development for industry and community benefits.
- C. A number of industries have also seen value in cooperative marketing and promotion of agricultural produce and the benefit of a single body to guide industry Research and Development and Marketing Activities.
- D. AECL was established to undertake research, development and extension (RD&E) and promotion activities for the benefit of Australian egg producers and the Australian egg industry. AECL also provides services to Industry Representative Bodies on an arms-length basis in a manner consistent with this Agreement.
- E. The Minister declared AECL as the "Industry Services Body" for the purposes of section 6(1) of the *Egg Industry Service Provision Act 2002* (Act).
- F. Section 7 of the Act allows the Commonwealth to enter into a funding contract with the industry services body. The parties have entered into such funding contracts since 2003.
- G. While this Agreement recognises that responsibility for corporate governance including strategic and operational decisions resides with the Board and management of AECL, the Commonwealth has expectations that the AECL Board and management will have in place a framework to ensure good corporate governance.

- H. The Agreement, and funding agreements in similar terms entered into with other RDCs are intended to provide clarity, consistency and transparency across the management and accountability frameworks applicable to all RDCs.
- I. The Agreement also allows for the performance of AECL to be reviewed by the Commonwealth and, in circumstances where issues are identified, the ability for appropriate responses to be developed.
- J. The Commonwealth and AECL have agreed to enter into a further funding contract on the terms and conditions set out in this Agreement.

PART ONE – GENERAL REQUIREMENTS

1. DEFINITIONS

In this Agreement, unless the contrary intention appears:

‘Act’ means the *Egg Industry Service Provision Act 2002 (Cth)*.

‘Activities’ means the specific tasks or projects within the Industry Services Activities, Marketing Activities and/or Research and Development Activities performed as part of a Program.

‘Agreement’ means this funding contract and any schedules and annexures to it.

‘Agreement Date’ means the date on which this Agreement has been signed by both parties.

‘Agreement-related Assets and Liabilities’ means any assets obtained and liabilities incurred by AECL through use of the Funds (including employee liabilities and other contractual commitments incurred by AECL in applying the Funds in accordance with this Agreement).

‘Agri-Political Activity’ means engaging in or financing any form of external or internal political campaigning and/or advocating the adoption of particular public policy and resource allocation decisions, but does not include:

- (a) an activity required or authorised under the *Corporations Act 2001 (Cth)* or another law;
- (b) AECL, or an officer of AECL, recommending a candidate for election to the Board;
- (c) AECL collecting, analysing or communicating information to the Industry, other industries, government, other stakeholders and/or the public in accordance with this Agreement;

- (d) use by an Industry Representative Body or any other person, for the purpose of engaging in Agri-Political Activity, of information collected, analysed and communicated, or financed by AECL in accordance with this Agreement;
- (e) an officer of AECL or an employee of AECL holding a position on the Board of any entity engaging in Agri-Political Activity;
- (f) the use by an officer of AECL or an employee of AECL of his or her own funds to conduct a campaign for election to the Board or the board of any entity engaging in Agri-Political Activity; or
- (g) consultation by AECL with an Industry Representative Body.

‘Annual Operational Plan’ or ‘AOP’ means the plan to implement AECL’s Strategic Plan, developed in accordance with clause 32 of this Agreement.

‘Annual Report’ means a report prepared by the Directors of AECL in accordance with Chapter 2M of the *Corporations Act 2001* (Cth) and clause 33 of this Agreement.

‘Audit Committee’ means the Board committee responsible for providing guidance and recommendations to assist the Board and AECL in fulfilling its responsibilities relating to risk, accounting, reporting and compliance practices of AECL (currently known as the Audit and Risk Committee).

‘Balanced Portfolio’ means a research and development investment portfolio that includes an appropriate balance between long-term and short-term, high-risk and low-risk, and strategic and adaptive research needs including consideration of regional variations and needs.

‘Board’ means the Board of AECL.

‘Commonwealth’ includes (without limitation) the Commonwealth of Australia represented by the Department and/or the Minister acting on behalf of the Commonwealth of Australia.

‘Commonwealth Matching Payments’ means funds paid to AECL consistent with section 7(1)(c) of the Act for eligible Research and Development Activities and for making payments to the Commonwealth under section 8(3) of the Act.

‘Confidential Information’ means information including, but not limited to, Levy Payer Information, for which all of the following requirements are satisfied:

- (a) the information is given by one party (the disclosing party) to the other (the receiving party) for, or in connection with, this Agreement;
- (b) the information is by nature confidential; and
- (c) the disclosing party informs the receiving party that the information is confidential before or when the disclosing party gives the information to the receiving party. This may be by marking a document confidential or otherwise advising the receiving party that the information is confidential;

but does not include information which:

- (d) is or becomes public knowledge other than by breach of the Agreement or by any other unlawful means; or
- (e) is in the possession of the receiving party without restriction in relation to disclosure before being given by the disclosing party; or
- (f) has been independently developed or acquired by the receiving party.

‘Cost Allocation Policy’ means AECL’s policy for allocating direct and indirect costs across its Industry Services, Research and Development and Marketing Activities and Programs.

‘Department’ means:

- (a) the Department of Agriculture and Water Resources which represents the interest of the Commonwealth of Australia in this Agreement; or
- (b) if the Act is administered by a Minister of State other than the Minister for Agriculture and Water Resources – the Department of State administered by that Minister.

‘Director’ means a person appointed or elected to the office of director of AECL in accordance with its constitution.

‘Effective Date’ means the date this Agreement becomes effective, being the day after the Agreement Date.

‘Evaluation Framework’ means a framework developed in accordance with clause 31 of this Agreement for AECL to undertake regular evaluation of the efficiency, effectiveness and impact of Industry Services, Marketing and Research and Development Programs and communicate the outcomes.

‘Extension’ means facilitating the adoption of Research & Development by persons or organisations engaged in or with the Industry through activities which educate and inform them about opportunities for change or which develop their capacity to adopt changes.

‘Financial Year’ means each period from 1 July to the following 30 June occurring during the term of this Agreement, or any part of such a period occurring at the beginning or end of the term of this Agreement.

‘Former Agreement’ means the previous statutory funding contract between the Commonwealth and AECL in accordance with section 7(1) of the Act entered into on 9 October 2012.

‘Fraud Control Plan’ means a plan that meets the minimum acceptable compliance levels as stated in the most current version of the Australian Standard for *Fraud and Corruption Control* (AS8001–2008) prepared and maintained by AECL, specifying measures to minimise the risk of fraud within AECL in accordance with clause 25.4.

‘Funds’ means each of the following:

- (a) Promotion Payments;
- (b) Research and Development Payments;
- (c) Commonwealth Matching Payments;
- (d) income earned or derived by AECL from the Promotion Payments, Research And Development Payments or Commonwealth Matching Payments; and
- (e) the proceeds of the sale or other disposition of assets acquired with the Funds referred to in clauses (a) to (d) of this definition.

‘Guidelines’ means each of the following:

- (a) the Rural Research, Development and Extension Priorities;
- (b) the National Science and Research Priorities determined by the Minister for Industry, Innovation and Science;
- (c) other priorities or directions communicated to AECL by the Commonwealth from time to time in writing; and
- (d) the Levy Principles and Guidelines, being the guidelines relating to the introduction of new levies or changes to existing levies.

‘Independent Director’ means a Director who, consistent with the *ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (Third Edition) (2014)*, is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of AECL and its shareholders generally.

‘Industry’ means the Australian egg industry.

‘Industry Representative Body’ means an organisation that represents an Australian industry in undertaking Agri-Political Activity.

‘Industry Services’ means engaging in Activities that provide a benefit for the Industry, including but not limited to:

- (a) collection of information (including through consultation within the Industry, and with other industries, government, other stakeholders and/or the public;
- (b) the balanced analysis of that information in the context of the Industry environment;
- (c) communication of information (including to the Industry, other industries, government, other stakeholders and/or the public);
- (d) collaborating with both Federal and State governments and government departments and agencies, in relation to animal health and welfare, crisis and issues management, regulatory activities and other activities that may be necessary or convenient for the benefit of the Industry.

‘Industry Services Activity’ means an activity that is carried out by AECL or with its support for the purposes of providing Industry Services.

‘Industry Services Body’ means the body declared by the Minister to be the industry services body under section 6 (1) of the Act.

‘Insolvency Event’ means:

- (a) that AECL disposes of the whole or part of its assets, operations or business other than in the ordinary course of business; or
- (b) that AECL ceases to carry on business; or
- (c) that AECL ceases to be able to pay its debts as they become due; or

- (d) any step is taken by a mortgagee to take possession or dispose of the whole or part of AECL's assets, operations or business; or
- (e) any step is taken to enter into any compromise or arrangement between AECL and its creditors or a class of them; or
- (f) any step is taken to appoint a receiver, a receiver and manager, a trustee in bankruptcy, a provisional liquidator, a liquidator, an administrator or other like person of the whole or part of AECL's assets, operations or business.

'Intellectual Property' means all copyright, all rights in relation to inventions (including patents), plant varieties, registered and unregistered trademarks, designs, confidential information (including trade secrets and know how), circuit layouts and all other rights resulting from the intellectual activity in the industrial, scientific, literary or artistic fields.

'Intellectual Property Management Plan' means a plan prepared and maintained by AECL specifying the procedures for management, adoption and commercialisation of Intellectual Property created by AECL in accordance with clause 25.4 of this Agreement.

'Levy' means a levy, tax or charge required to be paid under the Act or Levy Legislation.

'Levy Funds' means Promotion Payments and Research and Development Payments.

'Levy Legislation' means the *Primary Industries (Excise) Levies Act 1999* (Cth), the *Primary Industries (Excise) Levies Regulations 1999* (Cth) and the *Primary Industries Levies and Charges Collections Act 1991* (Cth).

'Levy Payers' means the persons who are required to pay amounts as defined under the Levy Legislation.

'Marketing Activities' means the marketing, advertising or promotion of products of the Industry, but does not include Research and Development.

'Minister' means the Commonwealth Minister who from time to time has responsibility for the Act and includes a delegate of the Minister.

'Nomination Committee' means the committee responsible for recommending to the Board necessary and desirable director candidates for appointment or election.

‘Performance Review’ means a review conducted in accordance with clause 18 of this Agreement.

‘Performance Review Report’ means a report prepared in accordance with clause 18 of this agreement.

‘Program’ means a group of Activities that collectively deliver services or benefits to the Industry or the community in general with the aim of achieving a planned outcome.

‘Promotion Payments’ means funds paid to AECL consistent with section 7(1)(a) of the Act for Marketing Activities and Industry Service Activities.

‘R&D Expenditure’ means expenditure on Activities that qualify as Research & Development Activities.

‘RD&E Framework’ means the National Primary Industries Research, Development and Extension Framework – Statement of Intent.

‘RDCs’ means the statutory and industry-owned research and development corporations declared under the *Primary Industries Research and Development Act 1989* (Cth) and industry specific enabling legislation.

‘Research and Development’ means systematic experimentation and analysis in any field of science, technology, economics, industry leadership or business (including the study of the social or environmental consequences of the adoption of new technology) carried out with the object of:

- (a) acquiring knowledge that may be of use in achieving or furthering an objective of the Industry, including knowledge that may be used for the purpose of improving any aspect of the production, processing, storage, transport or marketing of the Industry’s products or goods that are derived from the Industry’s products; or
- (b) applying such knowledge for the purpose of achieving or furthering such an objective, including through Extension.

‘Research and Development Activity’ means an activity that is carried out by AECL or with its support for the purposes of Research and Development.

‘Research and Development Payments’ means funds paid to AECL consistent with section 7(1)(b) of the Act for Research and Development Activities.

‘Risk Management Plan’ means the plan prepared and maintained by AECL specifying the measures to be implemented to manage its material, commercial, legal and administrative risks in accordance with clause 25.4 of this Agreement.

‘Strategic Plan’ means the plan developed by AECL in accordance with clause 30 of this Agreement.

‘Voluntary Contributions’ means payments received by AECL for the purpose of Research and Development and excludes amounts of Levy and Commonwealth Matching Payments.

2. INTERPRETATION

2.1 In this Agreement, except where the contrary intention is expressed:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph or schedule is to a clause or paragraph of, or schedule to, this Agreement;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, \$A, dollar or \$ is to Australian currency;
- (f) a reference to time is to Canberra, Australia time;
- (g) a reference to a party is to a party to this Agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assignees and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;

- (k) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this Agreement or any part of it;
- (l) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (m) headings are for ease of reference only and do not affect interpretation.

3. TERM AND OPERATION OF THIS AGREEMENT

3.1 This Agreement:

- (a) takes effect on the Effective Date, and expires four years after the Agreement Date;
- (b) constitutes the entire agreement between the parties as to its subject matter; and
- (c) subject to clause 3.3, in relation to its subject matter, supersedes any prior understanding or agreement between the parties and any prior condition, warranty, indemnity or representation imposed, given or made by a party.

3.2 The parties agree that the Former Agreement terminates immediately before this Agreement commences.

3.3 The termination of the Former Agreement does not affect the rights or liabilities of a party which accrued on or before the termination of the Former Agreement.

3.4 The parties must, at least six months before the expiry of this Agreement, commence renegotiation of the Agreement in good faith with a view to entering into a new agreement relating to the subject matter of this Agreement on terms and conditions as agreed by the parties. If the parties are unable to agree on the terms of a new Agreement to replace this Agreement within that six month period, then the parties agree that this Agreement will continue in full force and effect for an additional six months, or such other period as agreed between the parties, unless one of the parties notifies the other party in writing that it does not wish to extend this Agreement.

3.5 Unless otherwise agreed, this Agreement may only be altered by an agreement in writing signed by both parties.

4. ACCESS TO RECORDS AND USE OF INFORMATION

Access by the Commonwealth

- 4.1 The Commonwealth or its representative may, for the purpose of monitoring compliance by AECL with this Agreement and the Act, at reasonable times and on giving reasonable notice:
- (a) access premises occupied by or under the control of AECL;
 - (b) require the provision by AECL of data, records, accounts and other financial material (in a data format and storage material accessible by the Commonwealth) and any property of the Commonwealth in the possession or under the control of AECL, its officers, employees or agents; and
 - (c) inspect and copy documentation, books and records, however stored, in the possession or under the control of AECL, its officers, employees, or agents.
- 4.2 AECL must co-operate fully with the Commonwealth or its representative to enable them to exercise their rights under clause 4.
- 4.3 The rights of the Commonwealth under clause 4.1 apply equally to the Auditor-General or a delegate of the Auditor-General, or the Australian Information Commissioner or a delegate of the Australian Information Commissioner, for the purpose of performing the Auditor-General's or Australian Information Commissioner's statutory functions or powers.

Confidential Information

- 4.4 Each party must, in respect of Confidential Information given by the other party:
- (a) use that Confidential Information only for the purposes of administering or enforcing this Agreement or the Act; and
 - (b) not disclose that Confidential Information to any person (other than employees or advisers of that party with a need to know such Confidential Information for the purposes of administering or enforcing this Agreement or the Act) without the prior approval in writing from the other party and subject to any reasonable conditions or restrictions imposed by the other party in giving approval.
- 4.5 A party will not be in breach of this clause to the extent that it is legally obliged to make a particular use or disclosure of Confidential Information.

- 4.6 The Commonwealth will not be in breach of clause 4.4 in respect of Confidential Information given by AECL and held by the Commonwealth where:
- (a) a request is made by Parliament (including a committee of Parliament) for that information to be given to Parliament, provided that the Commonwealth notifies Parliament of the confidential nature of the information and requests Parliament hold and deal with that information on an in camera basis; or
 - (b) the Department shares the Confidential Information with another Commonwealth entity, where this serves the Commonwealth's legitimate interests, provided that the Department notifies the other Commonwealth entity of the confidential nature of the information and requests the same to hold and deal with that information on an in camera basis.

Use of Reports

- 4.7 AECL grants the Commonwealth a permanent, irrevocable, royalty-free worldwide non-exclusive licence to use, reproduce, distribute, communicate and publish all or part of any report or plan provided to the Commonwealth under this Agreement, excluding:
- (a) any Confidential Information (except to the extent permitted by clause 4.4); and
 - (b) any material, including any image or text, identified by AECL as being material in which a third party owns all or part of the copyright.
- 4.8 If AECL includes any material in which a third party owns all or part of the copyright in any report or plan provided to the Commonwealth under this Agreement, AECL must use its best endeavours to obtain from that third party, at AECL's own cost, a licence of such material for the Commonwealth on terms equivalent to those set out in clause 4.7.
- 4.9 Where AECL is unable to obtain such a licence for the Commonwealth, AECL must:
- (a) notify the Commonwealth where third party copyright is included in any report or plan provided to the Commonwealth under this Agreement; and
 - (b) clearly identify third party copyright in any report or plan provided to the Commonwealth under this Agreement.

5. INDEMNITY

- 5.1 AECL indemnifies the Commonwealth, its officers and agents against all expenses, losses, damages and costs (on a solicitor and own client basis and whether incurred by or awarded against the person claiming the indemnity) sustained or incurred as a result, whether directly or indirectly, of:
- (a) any breach of this Agreement by AECL;
 - (b) any loss of or damage to any property or injury to or death of any person caused by any negligent act or omission or wilful misconduct of AECL or its officers employees or agents; or
 - (c) a claim, action or proceeding that the use by the Commonwealth of material for which it has a licence under this agreement infringes the rights (including any Intellectual Property Rights) of any person.
- 5.2 The amount payable under an indemnity under clause 5.1 is reduced to the extent that the expenses, losses, damages and costs concerned were caused or contributed to by a breach of this Agreement by, or a negligent act or omission of the Commonwealth, or a negligent act or omission or wilful misconduct of an officer or agent of the Commonwealth.
- 5.3 AECL agrees that a person indemnified under clause 5.1 may recover a payment under an indemnity in this Agreement before the person makes the payment in respect of which the indemnity is given.
- 5.4 The indemnities in this Agreement are irrevocable and survive the termination of this Agreement.
- 5.5 AECL agrees that the Commonwealth holds the benefit of an indemnity under clause 5 in favour of an officer or agent of the Commonwealth in trust for the officer or agent.

6. AUTHORISATION OF PERSONS TO ACT

- 6.1 The rights, functions and powers of the Commonwealth under this Agreement may be exercised and performed on behalf of the Commonwealth by the Minister or a delegate of the Minister or the Department.
- 6.2 Performance of an obligation of the Commonwealth under this Agreement by the Minister or a delegate of the Minister or the Department is taken to be performance of the obligation by the Commonwealth.

7. RELATIONSHIP

- 7.1 This Agreement does not create a relationship of employment, agency or partnership between the parties.

8. ASSIGNMENT

- 8.1 AECL must not assign or novate this Agreement or any right or obligation under this Agreement unless AECL:
- (a) is not in breach of this Agreement; and
 - (b) obtains the prior written consent of the Commonwealth; and
 - (c) ensures that the assignee agrees to be bound by all of AECL's obligations under this Agreement.

9. WAIVER

- 9.1 Waiver of any provision of or right under this Agreement:
- (a) must be in writing signed by the party entitled to the benefit of that provision or right; and
 - (b) is effective only to the extent set out in any written waiver.

10. SEVERABILITY

- 10.1 Part or all of any provision of this Agreement that is illegal or unenforceable may be severed from this Agreement and the remaining provisions of this Agreement continue in force.

11. GOVERNING LAW AND JURISDICTION

- 11.1 This Agreement is governed by the law applicable in the Australian Capital Territory.
- 11.2 Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the Australian Capital Territory in relation to matters arising in connection with this Agreement.

12. RESOLUTION OF DISPUTES

- 12.1 Except where a party seeks urgent interlocutory relief, the parties agree to deal with a dispute arising under this Agreement in accordance with Clause 12 before commencing any legal proceedings.
- 12.2 The party claiming that there is a dispute will send the other party a written notice setting out the nature of the dispute.

- 12.3 During the 10 Business Days (or such longer period agreed to in writing by the parties to the dispute) after a notice is given under Clause 12.2 each party to the dispute must use reasonable efforts to resolve the dispute through a meeting of representatives of each party.
- 12.4 If the dispute is not resolved by the parties at the meeting referred to in clause 12.3 the parties must refer the dispute to mediation, which must be conducted in Canberra (or elsewhere as agreed in writing between the parties), in accordance with the Institute of Arbitrators and Mediators of Australia Mediation Rules (in operation from time to time).
- 12.5 Despite the existence of a dispute, both parties must, unless requested in writing by the other party not to do so, continue to perform their respective obligations under this Agreement.
- 12.6 If there is no resolution of the dispute within 20 Business Days of the commencement of the mediation (or such extended time as the parties may agree in writing before the expiration of that period), then either party may commence legal proceedings in respect of the dispute. Unless otherwise agreed by the parties the mediation will be deemed to commence on the appointment of the mediator.

13. NOTICE

- 13.1 A party giving notice or notifying under this Agreement must do so in writing or by Electronic Communication:

- (a) directed to the recipient's address specified in this clause, as varied by any notice; or
- (b) hand delivered or sent by prepaid post or Electronic Communication to that address.

- 13.2 The parties' addresses are:

Commonwealth	The Secretary Department of Agriculture and Water Resources GPO Box 858 CANBERRA CITY ACT 2601 Email: Daryl.Quinlivan@agriculture.gov.au cc RDCGovernance@agriculture.gov.au
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Australian Egg Corporation Limited	Managing Director AECL Suite 4.02, Level 4, 107 Mount Street, North Sydney, NSW 2060 Email: rowan@aecl.org
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13.3 A notice given in accordance with clause 13.1 is taken to be received if:

- (a) hand delivered — on delivery; or
- (b) if sent by prepaid post — 5 business days after the date of posting; or
- (c) if sent by facsimile — when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice unless, within one Business Day after that transmission, the recipient informs the sender that it has not received the entire notice; or
- (d) if sent by Electronic Communication — at the time that would be the time of receipt under the *Electronic Transactions Act 1999 (Cth)*.

PART 2 – MANAGEMENT AND GOVERNANCE OF AECL

14. CORPORATE GOVERNANCE

14.1 AECL must maintain, implement and regularly review a framework of good corporate governance practice to ensure proper use and management of the Funds, which should draw on better practice guides, including guidelines provided by the Commonwealth and the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) (2014)*.

14.2 The framework under Clause 14.1 must include a governance policy which includes a clear statement of AECL's commitment to effective governance and ongoing improvements, and cover:

- (a) Board charter;
- (b) matters reserved for the Board;
- (c) Board delegations of authority;
- (d) charter of the Audit Committee and Nomination Committee;
- (e) Board appointments, composition (including AECL's requirements and policies for diversity and Independent Directors), renewal and succession planning; and

- (f) code of conduct for Directors and senior management;
- (g) processes for regularly assessing the performance of the board.

AECL Board

14.3 AECL must establish a skills based board of directors which can demonstrate collective expertise against each of the following:

- (a) legal, compliance and corporate governance;
- (b) production and/or processing in the egg Industry;
- (c) finance and business management;
- (d) Marketing and market development; and
- (e) Research and Development administration and commercialisation.

14.4 The Nomination Committee and the Audit Committee must each comprise a majority of Independent Directors.

Disclosure of Pecuniary Interests

14.5 If a person is appointed as a member of an AECL committee or panel concerned with the selection and funding of Industry Services, Research and Development Activities and/or Marketing Activities and has a pecuniary interest that relates to the affairs under consideration by the committee or panel, that person must disclose that interest in accordance with any instructions given by AECL.

15. ROLE OF COMPANY

15.1 AECL must ensure that it effectively represents and reflects the interests of its members and Levy Payers in undertaking Industry Services Activities, Marketing Activities and/or Research and Development Activities.

15.2 AECL must ensure Levy Payers who are not members of AECL are advised of their entitlements to become, and how they may become, members of AECL.

15.3 AECL must not use Funds to:

- (a) engage in Agri-Political Activity
- (b) act as, or imply it is, an Industry Representative Body; or
- (c) encourage or support a campaign for the election of a candidate, person or party for public office.

Company Constitution

15.4 AECL must ensure that its Constitution remains appropriate to a body performing the functions of the declared Industry Services Body and is consistent with this Agreement and must:

- (a) discuss any proposed changes to its Constitution with the Commonwealth; and
- (b) give the Commonwealth a copy of each notice of a resolution to modify its Constitution, at the same time as it gives notice of the resolution to its members; and
- (c) as soon as practicable after any modification of the Constitution is made, give the Commonwealth notice setting out the modification and explaining its effect.

16. NOTIFICATION OF SIGNIFICANT ISSUES

16.1 AECL must give reasonable notice to the Commonwealth if it becomes aware of any issues that will materially affect or have affected AECL or any of its subsidiaries ability to achieve the objectives stated in its Strategic Plan or comply with its obligations under this Agreement or the Act.

17. CONFLICT OF INTEREST

- 17.1 AECL warrants that, at the Agreement Date, no conflict of interest exists or is likely to arise in the performance of its obligations under this Agreement.
- 17.2 If a conflict of interest, or risk of a conflict of interest, arises in the performance of AECL's obligations under this Agreement, AECL must notify the Commonwealth of that conflict or risk and take steps acceptable to the Commonwealth to resolve or avoid the conflict.

18. REVIEW OF PERFORMANCE

- 18.1 AECL must complete a Performance Review and deliver the final Performance Review Report to the Commonwealth at least six months before the expiry of this Agreement, but no more than 12 months before the expiry of this Agreement without the agreement of the Commonwealth.
- 18.2 AECL must agree the terms of reference for the Performance Review with the Commonwealth at least six months before the Performance Review commences.
- 18.3 AECL must engage an independent organisation to undertake the Performance Review and prepare the Performance Review Report. The organisation engaged to undertake

the Performance Review must not, within the previous four years, have carried out any corporate governance activity or reviews, performance audit or similar reviews of AECL.

18.4 The terms of reference for the Performance Review must take into account AECL's performance in:

- (a) meeting its obligations under this Agreement and the Act;
- (b) implementing governance arrangements and practices for ensuring proper use and management of the Funds;
- (c) meeting the planned outcomes and targets of its Strategic Plan;
- (d) delivering benefits to members, Levy Payers, Industry and the broader community and meeting the needs of members, Levy Payers and the Industry;
- (e) consulting with Levy Payers and their representative bodies; and
- (f) any other matters consistent with AECL's Strategic Plan and the Act, which the Commonwealth requires the Performance Review to cover.

18.5 AECL must provide the Commonwealth with a copy of the draft Performance Review Report at the same time as AECL receives a copy; and provide the final Performance Review Report to the Commonwealth within 14 days of it being provided to the Board.

18.6 AECL must develop a response to the final Performance Review Report and a proposed implementation plan including dates and milestones for the implementation of recommendations within one month of the Board's acceptance of the Performance Review Report; and provide the response to the Commonwealth within 30 days of the Board's acceptance of that response.

18.7 The Parties must take the outcomes of the latest Performance Review Report into account when negotiating renewal of this Agreement.

18.8 AECL must publish the latest Performance Review Report on its public website, no later than 10 days after the report is finalised.

19. PERFORMANCE MANAGEMENT

19.1 Notwithstanding any other provision in this Agreement and in addition to routine communications between the Parties, the Commonwealth may review AECL's performance and compliance with this Agreement or the Act, at any time during the term of this Agreement.

- 19.2 In reviewing AECL's performance and compliance with this Agreement or the Act, the Commonwealth will consult with AECL and may have regard to any information available to it. The Commonwealth may also request additional reports or explanations relating to management and expenditure of the Funds from AECL, including an audit report or opinion to inform its consideration.
- 19.3 AECL must give the Commonwealth any additional reports or explanations that the Commonwealth requests as soon as reasonably practicable.
- 19.4 The Minister may request an audit report or opinion on any matter relevant to AECL's performance or compliance with this Agreement or the Act; AECL must at its own expense:
- (a) promptly obtain the audit report or opinion from AECL's auditor; or
 - (b) if, in the opinion of the Commonwealth, the audit report or opinion cannot be properly given by AECL's auditor, promptly engage another auditor to conduct an audit and give the audit report or opinion; and
 - (c) give a copy of the audit report or opinion to the Commonwealth within 14 days after AECL receives it.
- 19.5 The Commonwealth may
- (a) issue a notice, requiring AECL to take actions in relation to the outcomes or recommendations of any review under clause 19 within a reasonable timeframe or within the timeframe (if any) specified in the notice. Before issuing a notice under clause 19.5 the Commonwealth will provide AECL an opportunity to review and comment on performance issues raised in the review; or
 - (b) provide a report of a review (or extract of its recommendations) to AECL for its consideration and response. AECL must:
 - (i) within 30 days of receiving the report, provide a notice to the Commonwealth detailing the actions it intends to undertake to address the recommendations of the report;
 - (ii) within 60 days of receiving the report, negotiate in good faith with the Commonwealth any recommendations of the report or review that AECL has not agreed to implement; and

- (iii) within 90 days of receiving the report, provide the Commonwealth with a written report detailing progress and substantiating the actions it has taken in implementing the recommendations of the report.

19.6 In each Annual Report AECL must include a written report detailing progress and substantiating the actions it has taken in implementing the recommendations of the report until all the recommendations, that AECL has agreed to implement under clause 19.5(b) or the Commonwealth has directed AECL to implement under clause 19.5(a) are implemented to the satisfaction of the Commonwealth.

20. REDUCTION, SUSPENSION OR TERMINATION OF THE AGREEMENT

20.1 Without limiting any other rights or remedies the Commonwealth may have against AECL arising out of or in connection with this Agreement, the Commonwealth may terminate this Agreement effective immediately, by giving notice to AECL, if:

- (a) an Insolvency Event occurs; or
- (b) AECL ceases to be the Industry Services Body under the Act; or
- (c) there has been a material breach by AECL or its officers or its Directors of this Agreement, the Act, the *Corporations Act 2001* or another law; or
- (d) there has been a change to AECL's Constitution which the Commonwealth considers to be in conflict with this Agreement or the Act.

20.2 Without limiting any other rights available to the Commonwealth, if:

- (a) an event has occurred which would entitle the Commonwealth to terminate the Agreement under clause 20.1; and/or
- (b) there has been a change in Commonwealth policy relating to raising or spending of the Funds;

then subject to clause 20.3, the Commonwealth may, by providing notice to AECL:

- (i) direct AECL to deal with all or any of the Funds in a certain way; and/or
- (ii) reduce the amount of payment of the Funds that would otherwise be made; and/or
- (iii) suspend payment of any or all of the Funds.

20.3 If an event outlined in clause 20.2(b) occurs, the Commonwealth may terminate this Agreement by undertaking the following steps in order:

- (a) provide an explanation to AECL of its intention to terminate and consult with AECL in relation to that explanation;
- (b) issue a notice to AECL advising AECL it has not less than three months to respond to the explanation provided in clause 20.3(a);
- (c) have regard to any matters raised by AECL in response (including, but not limited to, matters related to any long term commitments of AECL); and
- (d) issue a notice of termination, specifying the date on which such termination shall be effective, provided that such date is not earlier than six months after the issue of the notice.

20.4 Where a termination notice has been issued, AECL must prepare a plan for cessation of operations of AECL as the Industry Services Body, including arrangements for:

- (a) the repayment or transfer of the Funds to, or as directed by, the Commonwealth; and
 - (b) the payment of employee entitlements and other commitments and expenses;
- by the termination date specified in that notice, or within such other period as the parties agree.

21. REPAYMENT OF FUNDS ON TERMINATION

21.1 If this Agreement is terminated, the Commonwealth may, by notice to AECL, require AECL to repay to the Commonwealth, by the date specified in the notice, all or any part of the Funds held by AECL, excluding those Funds required by AECL to meet liabilities properly incurred in accordance with this Agreement or the Act.

21.2 Amounts payable by AECL in accordance with clause 21.1 are a debt due to the Commonwealth.

22. AGREEMENT-RELATED ASSETS AND LIABILITIES

22.1 Notwithstanding any other clause in this Agreement, and subject to any other applicable Australian law, in the event that AECL is no longer the declared Industry Services Body or this Agreement is terminated, the Commonwealth may, by notice to AECL, direct AECL to deal with both its Agreement-related Assets and Liabilities in a manner determined by the Commonwealth.

22.2 AECL must ensure that it has appropriate contractual or other rights enabling it to deal with its Agreement-related Assets and Liabilities in the manner determined by the Commonwealth in accordance with clause 22.1.

22.3 For the purposes of clause 22.1, the Commonwealth may request a list of all Agreement-related Assets and Liabilities from AECL. The list must be provided to the Commonwealth within 10 Business Days of receiving the request.

22.4 Where this Agreement is terminated clause 22 survives termination of this Agreement.

23. CONSULTATIONS WITH THE COMMONWEALTH

23.1 The Chair of the Board, or in the Chair's absence, a Director nominated by the Chair of the Board must meet with the Commonwealth at not more than six-monthly intervals from the Effective Date or at any other time requested by the Commonwealth on reasonable notice, to brief the Commonwealth on AECL's performance of its functions including:

- (a) progress on implementing AECL's Annual Operational Plan and Strategic Plan and the other plans referred to in clause 25.4;
- (b) progress on the implementation of the relevant sectoral and cross-sectoral strategies under the RD&E Framework;
- (c) consultation with Levy Payers and their representative bodies;
- (d) measures taken to enhance corporate governance in accordance with clause 14;
- (e) progress in developing and implementing the Evaluation Framework;
- (f) progress on implementing the recommendations from the most recent Performance Review; and
- (g) the development and implementation of additional systems, processes and controls necessary to meet the requirements of this Agreement.

23.2 Notwithstanding clause 23.1, AECL may, at any time, seek consultations with the Commonwealth in relation to any matter connected with this Agreement.

Changes to the Guidelines

23.3 The Commonwealth may vary the Guidelines provided that the Commonwealth:

- (a) consults with AECL prior to the variation; and
- (b) gives AECL a reasonable period to implement the variation.

- 23.4 Where the Board considers that the proposed variation to the Guidelines may, if issued:
- (a) require the Directors to act, or omit to act, in a manner that may breach any duty owed by the Directors to any person;
 - (b) cause the contravention of any law;
 - (c) be likely to prejudice commercial activities carried on by or on behalf of AECL; or
 - (d) be contrary to the public interest
- then the Directors must notify the Commonwealth.

PART THREE – ACTIVITIES AND FUNDING

24. PAYMENT OF FUNDS

- 24.1 The Commonwealth must pay to AECL Research and Development Payments, Marketing Payments and Commonwealth Matching Payments by a method agreed by both parties.
- 24.2 The Commonwealth must pay the Levy Funds amounts to AECL as soon as reasonably practicable after the Commonwealth receives the Levy Funds in cleared funds.
- 24.3 Any unmatched Research and Development excess will be rolled over into the following financial years in accordance with section 8(5) of the Act.
- 24.4 The Commonwealth must give AECL a non-binding estimate of the amount of costs incurred by the Commonwealth in relation to the collection, recovery and administration of the Levy.
- 24.5 AECL must provide a non-binding estimate of the amount of the Levy Funds and Commonwealth Matching Payments to be paid to AECL for the current and forward Financial Years upon request by the Commonwealth.
- 24.6 Subject to applicable limits under the Act, the Commonwealth must use its reasonable endeavours to pay the Commonwealth Matching Payments to AECL as soon as practicable after receiving from AECL:
- a) a valid claim for payment and
 - b) evidence satisfactory to the Commonwealth that AECL has spent the amount that forms the basis of the claim on Research and Development Activities.
- 24.7 For the purposes of clause 24.6(b) certificate signed by the Chief Executive Officer (or equivalent), the Chief Financial Officer or the Secretary of AECL, certifying that AECL

has spent a particular amount on Research and Development, is satisfactory evidence in the absence of any evidence to the contrary.

24.8 The final claim for a Financial Year must be supported by an independent audit report which confirms:

- (a) the amount of R&D Expenditure expended for the relevant Financial Year; and
- (b) that claims for Commonwealth Matching Payments under clause 24.6 and the declared R&D Expenditure for that Financial Year are accurate and in accordance with the Act and this Agreement.

25. MANAGEMENT OF THE FUNDS

25.1 AECL must establish and maintain systems, procedures and controls to ensure:

- (a) Funds are spent only in accordance with this Agreement and the Act;
- (b) all dealings with the Funds are properly authorised, conducted and accounted for; and
- (c) an auditor is able to readily verify that the Funds have been used only in accordance with this Agreement and the Act.

25.2 AECL must notify the Commonwealth of the details of the systems, procedures and controls established in accordance with clause 25.1 on request.

25.3 AECL must not delegate or outsource the responsibility for the management, allocation, or investment of Funds to third parties, including to Industry Representative Bodies.

25.4 AECL must maintain, implement and regularly review a Risk Management Plan, a Fraud Control Plan and an Intellectual Property Management Plan. AECL must provide any material variations or updates to the Risk Management Plan, Fraud Control Plan and Intellectual Property Management Plan, to the Commonwealth within 30 days of the variations or updates being adopted by AECL.

25.5 The accounting systems, processes and controls to manage the Funds with clause 25.1 must take into account the Risk Management Plan, Fraud Control Plan and Cost Allocation Policy.

25.6 AECL must:

- (a) keep complete and detailed accounts and records of receipt, use and expenditure of the Funds in accordance with good accounting practice including all applicable Australian accounting standards;
- (b) keep the accounts and records referred to in clause 25.6(a) separately in relation to Promotional, Research and Development and Commonwealth Matching Payments and Voluntary Contributions; and
- (c) keep accounts and records referred to in clause 25.6(a) to enable disclosure of the full costs of the Research and Development and Marketing Activities.

26. APPLICATION OF THE FUNDS

26.1 AECL must only spend the Funds:

- (a) in accordance with the Act and this Agreement; and
- (b) in a manner that is consistent with:
 - (i) its current Strategic Plan and AOP; and
 - (ii) the Guidelines

26.2 The Funds may only be applied by AECL as follows:

- (a) in the case of Promotion Payments, to Marketing Activities and/or Industry Services Activities related to the Industry, for the benefit of the Industry;
- (b) in the case of Research and Development Payments, to Research and Development Activities and/or Industry Services Activities related to the Industry, for the benefit of the Industry; and
- (c) in the case of Commonwealth Matching Payments, to Research and Development Activities related to the Industry, for the benefit of the Industry or the Australian community generally or to make payments to the Commonwealth under section 8(3) of the Act.

26.3 AECL must not spend the Funds on making payments to Industry Representative Bodies. This does not preclude:

- (a) payments by way of membership fees where that membership contributes to AECL pursuing the objects of the Act;
- (b) payments to procure goods or services in accordance with AECL's procurement policy, and when all of the following conditions are met:

- (i) the procurement process is open, transparent and, competitive;
- (ii) the conditions of the transaction between AECL and the relevant body are the same as they would be for an arm's length transaction with any third party providing those goods or services; and
- (iii) the arrangement for goods and services incorporates appropriate measures to demonstrate the performance of the relevant body undertaking the task. This assessment must be provided to the Commonwealth on request.

26.4 If AECL spends the Funds other than in accordance with this Agreement or the Act, the Commonwealth may, by written notice to AECL, require AECL to repay all or a part of those Funds to the Commonwealth within the timeframe specified in the notice.

26.5 AECL must publish a copy of any written notice under clause 26.4 in its next annual report.

27. ACKNOWLEDGEMENT OF FUNDING

27.1 Unless otherwise agreed with the Commonwealth, AECL must ensure that all significant publications and publicity by AECL in relation to matters on which Commonwealth Matching Payments are expended acknowledge the provision of the Commonwealth Matching Payments by the Commonwealth.

28. CONSULTATIONS WITH INDUSTRY

28.1 AECL must communicate directly with Levy Payers and members to:

- (a) review priorities for Industry Services Activities, Research and Development Activities and Marketing Activities; and
- (b) report on AECL's performance against the Strategic Plan and the Annual Operational Plan.

28.2 AECL must engage with relevant Industry Representative Bodies at not more than six-monthly intervals to:

- (a) review industry priorities for Research and Development and marketing investments, including any regional equity considerations; and
- (b) report on AECL's performance against the Strategic Plan and the Annual Operational Plan.

29. INFORMATION ON ACTIVITIES

29.1 AECL must ensure the following is available on its public website:

- (a) this Agreement;
- (b) AECL's governance policy developed in accordance with clause 14.2.
- (c) AECL's Strategic Plan, including the consultation plan developed in accordance with clause 30.3;
- (d) AECL's Annual Report;
- (e) the Performance Review Report and AECL's response to its recommendations;
- (f) AECL's Evaluation Framework and evaluation outcomes;
- (g) an overview of AECL's Annual Operating Plan, including:
 - (i) the priorities used by AECL to determine which projects it will fund;
 - (ii) an overview of planned outcomes and Programs to achieve those outcomes; and
 - (iii) key Research and Development Activities (including Extension), Marketing Activities and Industry Services Activities which AECL is funding.
- (h) details of industry consultation including feedback received:
 - (i) from Industry Representative Bodies through consultation conducted under clause 28; and
 - (ii) on the development of AECL's strategic plan under clause 30.

29.2 The information to be published under the preceding subclause shall not include information of the following kinds:

- (a) personal information as defined in the *Privacy Act 1988*, unless permitted by the *Privacy Act 1988*;
- (b) information about the business, commercial, financial or professional affairs of any person if it would be unreasonable to publish that information, such as Confidential Information;
- (c) information which would, or could reasonably be expected to damage:
 - (i) AECL;
 - (ii) the Industry; or
 - (iii) the national interest.

29.3 Where AECL spends the Funds to make grants, AECL must provide feedback on the outcomes of funding applications to all applicants.

30. STRATEGIC PLAN

30.1 AECL must maintain a Strategic Plan covering a three to five year period and must:

- (a) review and, if necessary, update the Strategic Plan at least once every year;
- (b) obtain the Commonwealth's endorsement of any proposed new or amended draft Strategic Plan before the Strategic Plan comes into effect;
- (c) provide the Commonwealth with a copy of any new or amended Strategic Plan within 30 days of Board approval;
- (d) publish the Strategic Plan on its public website within 30 days of approval; and
- (e) consult with the Commonwealth during the term of this Agreement to ensure its Strategic Plan has regard to the Guidelines.

30.2 The Strategic Plan must include:

- (a) AECL's roles and responsibilities as the declared industry services body under the Act including AECL's:
 - (i) mutual obligations as partner with the Commonwealth in delivering services to members and Levy Payers; and
 - (ii) responsibilities for proper use and management of the Funds;
- (b) an overview of the priorities and outcomes identified by levy payers and their representative bodies during consultations, including an explanation on the extent to which these priorities are reflected in the Strategic Plan;
- (c) key investment priorities and planned outcomes for the period of the Strategic Plan;
- (d) details of the Programs that AECL intends to deliver Industry Services Activities, Research and Development Activities and Marketing Activities, to achieve the planned outcomes, including details of key activities under those Programs;
- (e) key deliverables and performance indicators that clearly set out how planned outcomes will be achieved;
- (f) details of planned evaluation activities to demonstrate the extent to which planned outcomes have been delivered;
- (g) details on how the Programs link, and give effect, to the Guidelines;

- (h) planned collaboration with other RDCs on priority Research and Development issues;
- (i) planned contributions to the implementation of relevant industry sector and cross-sectoral strategies under the National Primary Industries RD&E Framework;
- (j) details on how Extension, technology transfer, and commercialisation of Research and Development will be addressed and demonstrating that Extension and adoption are incorporated into the planning and approval processes;
- (k) estimates of income and expenditure for the life of the plan including broad estimates of expenditure separately for the Research and Development Programs and Marketing Activities; and
- (l) an overview of AECL's approach to ensuring a Balanced Portfolio of investment appropriate to the Industry.

30.3 In developing or varying the Strategic Plan, AECL must develop a consultation plan including, details of proposed consultations with:

- (a) Levy Payers;
- (b) the Commonwealth;
- (c) Industry Representative Bodies; *and*
- (d) other RDCs as appropriate; *and*

30.4 The consultation plan must include provision for feedback to be provided through the AECL website.

30.5 The consultation plan must be discussed with Industry Representative Bodies representing Levy Payers and agreed by the Commonwealth before consultation on development or variation of the Strategic Plan commences.

30.6 For minor variations to an existing Strategic Plan, AECL may request approval from the Commonwealth not to develop a consultation plan.

31. EVALUATION FRAMEWORK

31.1 AECL must develop an Evaluation Framework within six months of the Effective Date. The Evaluation Framework must:

- (a) be consistent with AECL's Strategic Plan;

- (b) ensure that key performance related information is routinely collected and monitored;
- (c) include a structured plan for the systematic evaluation of the efficiency, effectiveness and impact of AECL's key investments; and
- (d) include a means of publishing and disseminating relevant Research and Development outcomes and the outcomes of evaluations.

31.2 AECL must:

- (a) consult with the Commonwealth in preparing the Evaluation Framework;
- (b) participate in any evaluation project relevant to AECL's operations which is established for all RDCs; and
- (c) apply the Evaluation Framework to Programs on a regular basis and report on evaluation outcomes.

31.3 The Evaluation Framework must be published on its public website within 30 days of being adopted by AECL.

32. ANNUAL OPERATIONAL PLAN

32.1 Before 1 July each year, AECL must provide the Commonwealth with an Annual Operational Plan to implement its Strategic Plan during the next Financial Year. The AOP must set out:

- (a) all activities to be funded by AECL during the next Financial Year
- (b) performance indicators, key deliverables, timetables and milestones for AECL's proposed Industry Services, Marketing and Research and Development Activities and expenditure which demonstrate progress being made towards planned outcomes; and
- (c) estimates of all income and expenditure for the Financial Year separately detailed and
- (d) detailed information on how AECL intends to implement a Balanced Portfolio for the next Financial Year.

32.2 AECL must provide any material variations or updates to the Annual Operating Plan, to the Commonwealth within 30 days of the variations or updates being adopted by AECL.

33. ANNUAL REPORT

33.1 AECL must prepare its Annual Report in accordance with the requirements of Chapter 2M of the *Corporations Act 2001* and this Agreement and provide four copies of its Annual Report to the Commonwealth by December each year.

33.2 The Annual Report prepared in accordance with clause 33.1 should include comprehensive coverage of:

- (a) sources of all income separately identified;
- (b) the full cost of the marketing, Research and Development and Industry Services Programs, with costs being allocated in accordance with the Cost Allocation Policy;
- (c) progress against key performance indicators specified in the Strategic Plan and Annual Operating Plan;
- (d) key Industry Services, Marketing and Research and Development Programs deliverables and associated outcomes achieved;
- (e) Intellectual Property creation and protection, including management of Intellectual Property, arising from Research and Development Activities or acquired with the Funds;
- (f) subsidiaries and joint ventures formed;
- (g) collaboration with Industry and other research providers;
- (h) directions given by the Minister;
- (i) consultation undertaken with stakeholders referred to in clause 30.3 on AECL's Strategic Plan, Annual Operational Plan, Programs and Activities;
- (j) details of senior executive and board remuneration;
- (k) the rationale for the mix of projects included in the Balanced Portfolio; and
- (l) any other relevant matters notified to AECL by the Commonwealth.

33.3 Additional comprehensive information beyond the requirements of the Corporations Act can be included in the Annual report or provided separately to the Minister at the same time as providing AECL's Annual Report.

34. COMPLIANCE AUDIT REPORT

34.1 AECL must, within five months after the end of its Financial Year, give the Commonwealth a report (**Compliance Audit Report**) providing an audit opinion on

whether AECL has complied with its obligations under clauses 25 and 26 during the financial year. The Compliance Audit Report must:

- (a) be prepared in accordance with relevant Australian Auditing and Assurance Standards; and
- (b) include a review of the efficacy of the accounting systems processes and controls required under clause 25.1; and
- (c) include any qualifications to the Compliance Audit Report and any material incidences of non-compliance; and
- (d) contain a detailed explanation of any incidence of material non-compliance.

34.2 The Compliance Audit Report must include a statement that it has been prepared for the Commonwealth for the purposes of this Agreement.

35. CERTIFICATION REPORT

35.1 AECL must, within five months after the end of the Financial Year, give the Minister a report (**Certification Report**) from AECL's Board of Directors, signed by the Chair of the Board and the Chief Executive Officer of AECL:

- (a) certifying whether AECL has complied with its obligations under the Act and this Agreement during the financial year;
- (b) confirming that the Audit Committee has carried out all of its functions/responsibilities in accordance with its charter;
- (c) detailing any material non-compliance and providing an explanation of the non-compliance; and
- (d) containing an acknowledgement that the Certification Report will be relied upon by the Commonwealth.

SIGNING PAGE

EXECUTED as an agreement

SIGNED for and on behalf of the
COMMONWEALTH OF AUSTRALIA

by

the Hon. Barnaby Joyce MP

Minister for Agriculture and Water
Resources


Signature

in the presence of

27-02-2017
Date


Signature of witness

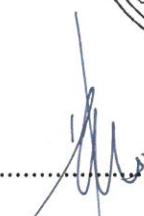
Juliana Maroni
Name of witness

SIGNED for and on behalf of
Australian Egg Corporation Limited
by

DANNY JONES
Name of signatory

CHAIRMAN
Position of signatory





Signature

03-03-2017
Date

in the presence of

JOANNE STIRLING
Name of witness


Signature of witness

