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Vision, Mission & Values

Egg industry vision

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

AECL vision

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

AECL mission

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

AECL values

AECL is passionate about operating to and demonstrating our commitment in the following key result areas which is to be reflected in everything that we do.

Be accountable

AECL will be accountable to all Company stakeholders in the management, delivery and results of all agreed programs.

Show respect

AECL will respect the views and positions of all Company stakeholders in the development of agreed Company programs and industry policies.

Demonstrate leadership

AECL will provide leadership in designing and implementing agreed programs and policies for the long-term benefit of the Australian egg industry.

Create innovation

AECL will deliver innovation through investing in agreed programs adding value and benefits for all Company stakeholders.

Egg Industry Overview

(as at 30 Jun 2015)

| | | | | |
|--|---|-------------------------------|--------------|----|
| Egg production – Australia: (Source: AECL) | 421.3m dozen eggs – 2014/15 FY | | | |
| Flock size: (Source: AECL) | 23.935m (pullets & layers) – as at June, 2015 17.820m (layers) – as at June, 2015 | | | |
| State flock percentage as at June 2014: (Source: ABS, cat. no. 7121) | NSW/ACT: | 31% | WA: | 8% |
| | Queensland: | 29% | SA/NT: | 8% |
| | Victoria: | 24% | Tasmania: | 2% |
| Number of egg farms: (Source: ABS) | 277 – as at June, 2013 | | | |
| Gross value of egg production (farm gate equivalent): (Source: ABS, cat. no. 7503) | \$625.5m – 2013/14 FY | | | |
| Gross value of egg production (wholesale equivalent): (Source: ABS, cat. no. 7503) | \$709.6m – 2013/14 FY | | | |
| Gross value of egg production (grocery equivalent): (Source: AECL) | \$1.836b – 2014/15 FY | | | |
| Egg consumption: (Source: AECL) | 221.3 eggs per capita (MAT) – 2014/15 FY 226.8 eggs per capita (spot) – as at June, 2015 | | | |
| Grocery egg sales value: (Source: AZTEC) | \$846.1m – 2014/15 FY | | | |
| Grocery egg sales volume: (Source: AZTEC) | 194.2m dozen – 2014/15 FY | | | |
| Grocery egg price (average): (Source: AZTEC) | Cage eggs: | \$3.31 per dozen – 2014/15 FY | | |
| | Free Range eggs: | \$5.49 per dozen – 2014/15 FY | | |
| | Barn-Laid eggs: | \$4.81 per dozen – 2014/15 FY | | |
| | Specialty eggs: | \$9.22 per dozen – 2014/15 FY | | |
| Grocery sales farming system market share: 2014/15 FY (Source: AZTEC) | | volume | value | |
| | Cage eggs | 51% | 39% | |
| | Free Range eggs | 39% | 49% | |
| | Barn-Laid eggs | 8% | 9% | |
| | Specialty eggs | 1% | 3% | |
| Grocery sales branding market share: 2014/15 FY (Source: AZTEC) | | volume | value | |
| | Private-label/generic labels | 33% | 28% | |
| | Proprietary labels | 67% | 72% | |
| Grocery sales pack size market share: 2014/15 FY (Source: AZTEC) | | volume | value | |
| | 6 (half dozen) pack | 6% | 9% | |
| | 10 pack | 2% | 3% | |
| | 12 (dozen) pack | 83% | 79% | |
| | 15 pack | 2% | 2% | |
| | 18 pack | 5% | 6% | |
| | 30 (tray) pack | 3% | 2% | |
| Grocery sales pack weight market share: 2014/15 FY (Source: AZTEC) | | volume | value | |
| | <= 350g | 5% | 8% | |
| | 351g – 600g | 22% | 21% | |
| | 601g – 700g | 58% | 54% | |
| | 701g – 800g | 6% | 7% | |
| | >= 801g | 10% | 10% | |
| Egg product exports: (FOB equivalent) 2014/15 FY (Source: ABS) | | volume | value | |
| | Shell eggs | 168mt | A\$0.588m | |
| | Egg pulp/liquid | 140mt | A\$0.398m | |
| | Egg powder | 3mt | A\$0.048m | |
| Egg product imports: (CIF equivalent) 2014/15 FY (Source: ABS) | | volume | value | |
| | Eggs preserved/cooked | 233mt | A\$0.725m | |
| | Egg pulp/liquid | 485mt | A\$1.958m | |
| | Egg powder | 1,087mt | A\$10.630m | |

CY = Calendar Year (Jan to Dec)
FY = Fiscal Year (Jul to Jun)
b = billion

MAT = Moving Annual Total
p = preliminary
A\$ = Australian dollars

FOB = Free On Board
CIF = Cost Insurance Freight
g = grams

m = million
mt = metric tonne
% = percent

Chairman's Message



I have great pleasure in presenting the 2015 AECL Annual Report of the Australian Egg Corporation Limited (AECL) to all stakeholders including egg producers and the Government on behalf of the Australian community.

Unlike previous years, the operating environment for the Australian egg industry over the 14/15 fiscal period has remained a challenging one for all egg producers and industry participants. While there have been no Emergency Animal Disease (EAD) outbreaks reported, there have been continuous food safety concerns; ongoing perceptions of how hens are treated in all farming systems; an increasing number of farm raids; government inquiries into agricultural levies; and egg labelling issues that have come to the fore.

Irrespective of these ongoing challenges, further gains were made in the growth of the egg industry due to increased awareness, demand, sales and consumption of eggs and

increasing adoption of AECL's research, extension and training activities on-farm and throughout the supply chain enhancing industry productivity.

At this juncture, it is important to note the industry's social responsibility to the local community. The values held dear by egg producers are synonymous with consumers. Egg producers care about producing the highest quality, safest product; care about the environment; care about providing choice; care about the health and well-being of our laying hens; and care about feeding our growing population. The industry's capacity to communicate this effectively over time will be critical given the ever-widening city/country divide that minimises the association most consumers have with how food needs to be produced today and the adoption of technology to provide such a great value staple protein food such as eggs.

Despite there being no EAD outbreak during the year in review, the Emergency Animal Disease Response (EADR) Levy was increased from zero to 1.4 cents per chick purchased during the year to pay the egg industry's share of costs associated with the control and eradication of Avian Influenza outbreaks on three farms that occurred over prior periods. At this rate, it is envisaged that costs will be repaid over a 2 year period. This repayment is in line with the industry's commitments under the Emergency Animal Disease Response Agreement (EADRA) of which AECL is a signatory on behalf of the egg industry. It is critical that egg producers maintain good levels of biosecurity or quarantine on-farm to assist mitigate future outbreaks that can have devastating

effects for any egg producer involved. AECL has assisted egg producers implement appropriate biosecurity plans through the recently released Biosecurity Manual and the release of the 2nd edition of the Code of Practice for Biosecurity. The core elements of these resources are now part of the industry's Quality Assurance (QA) scheme.

Increased outbreaks of Salmonellosis in the community being traced back to eggs in recent years is of significant concern to AECL. As a result, AECL introduced the Salmonella Initiative during the year with a dedicated professional resource to progress and help resolve the causes of Salmonellosis; reduce the presence of Salmonella on-farm; and to work with other supply chain partners to assist curtail any outbreaks associated with eggs. The Initiative is about building on and extending completed research that has already been funded by AECL to implement sound practices at different points throughout the supply chain from farm through to use in the kitchen. AECL has been working closely with food authorities, state health departments, other regulators and food service operators as part of the Initiative. The Initiative was addressed through a number of projects during 14/15 and this focus will continue in future years.

The development of the Hen Welfare RD&E Plan has also assisted to prioritise research and extension services to improve hen welfare outcomes in all farming systems. The importance of this Plan is not only reflected in its content but also the collaborative nature of its long term development.

Chairman's Message

All interested stakeholders were consulted in its development and the engagement process will not abate into the new year. Building on previous research, AECL is now investing in a suite of priority hen welfare research questions where there is a lack of science to help inform the development of poultry Standards & Guidelines, a process which will commence in 2016. AECL looks forward to playing its part as the industry's Research & Development Corporation (RDC) to ensure any Standard or Guideline is underpinned or substantiated by independently conducted, replicated and peer reviewed research where possible.

The creation by AECL of the Council for Sustainable Egg Farming (CSEF) has ensured the development of a range of topic papers to assist inform decision makers affecting the egg industry by providing literature reviews and balanced science as it relates to animal well-being, food safety, food affordability, the environment, worker safety and human nutrition. CSEF provides an important resource when a balance of scientific literature is needed to inform the debate and to assist industry and government in policy setting. Our support of the CSEF will continue into the new year. To date, the Council has developed topic papers to inform decision making on food safety and is working closely with government and other stakeholders in the development of hen welfare Standards & Guidelines to ensure decisions are science-based.

While AECL has been active in providing industry-based solutions to challenges throughout the supply chain, we have also been active in building egg consumption.

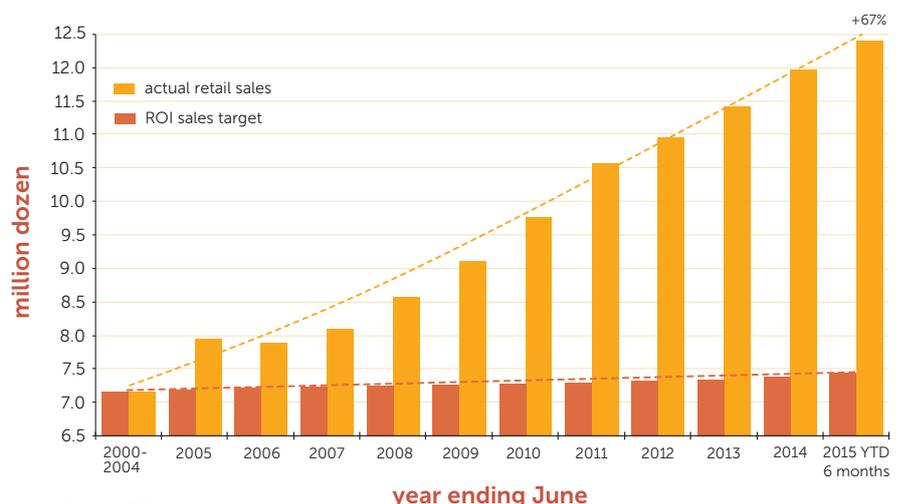
During the year, AECL promoted its Unbeatable Eggs campaign to consumers and continued the work with HealthCare Professionals who shape opinions on food consumption in the community. Our promotional efforts to boost egg consumption are very carefully targeted to ensure maximum return on all levy funds. To this end, we are guided by market research to determine what consuming segments provide the best growth for the least investment. During the year, we provided a 67% return to egg producers for the Egg Promotion Levy invested.

During 14/15, egg production grew by 6% on the previous year to total 421.3 million dozen which equates to 13.8 million eggs being produced every day. Egg production grows in line with population growth and the growth in per capita consumption. To this end, consumption grew by nearly 8 additional eggs per person compared to the previous year to reach 221 eggs per capita in June 2015 representing an increase of 3%.

AECL remains committed to leveraging investments where we can to ensure program expenditure is maximised with minimal use of producer levies. To assist AECL in this regard, we played our role with the cross-sectoral RD&E strategies seeking collaborations with other funding parties and investors such as the Poultry CRC, other RDCs and government agencies. We remain committed to the Council for Rural Research & Development Corporations, to our membership of Animal Health Australia (AHA) and compliance to the Statutory Funding Agreement (SFA) with the Australian Government. Our involvement with government was heightened this year in making a submission to the Senate Committee's inquiry into agricultural levies. AECL supported most of the recommendations provided by the Committee and is willing to work with government to further the interests of egg producers and the services we provide.

AECL's initiative to provide a much needed service to Egg Farmers of

**Return on Egg Promotion Levy investment
– grocery egg sales monthly average basis**



Chairman's Message

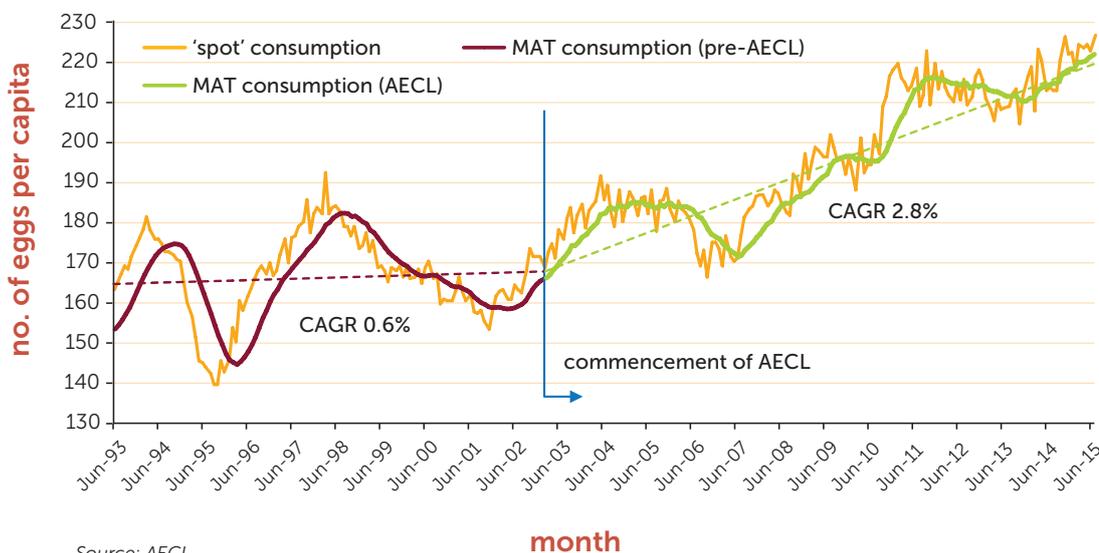
Australia (EFA) has also been paramount to ensure the industry can represent itself at a national level. This capacity is critical if the industry is to effectively engage in the policy making that will affect how and the way we can farm.

In summary, where there are issues being faced by the egg industry, AECL has and will continue to implement programs that assist to minimise barriers and costs and maximise benefits and revenue, thereby reflecting the Mission Statement of AECL.

Finally, I wish to emphasise the contribution my fellow directors and the small AECL staff team make in ensuring we reflect the values of AECL: to be accountable in the management, delivery and results of all programs; show respect to all stakeholders; demonstrate leadership in the design and implementation of programs; and create innovation thereby adding value and benefit for all stakeholders.

We remain committed, focussed and diligent in being an effective and efficient provider of marketing and RD&E services for all egg producers no matter their size, location or farming system. To this end, AECL looks forward to working closely with all egg producers in the development of the new strategic plan during the new year to prioritise and maximise levy investments into the future.

Egg Consumption



Source: AECL

Managing Director's Report

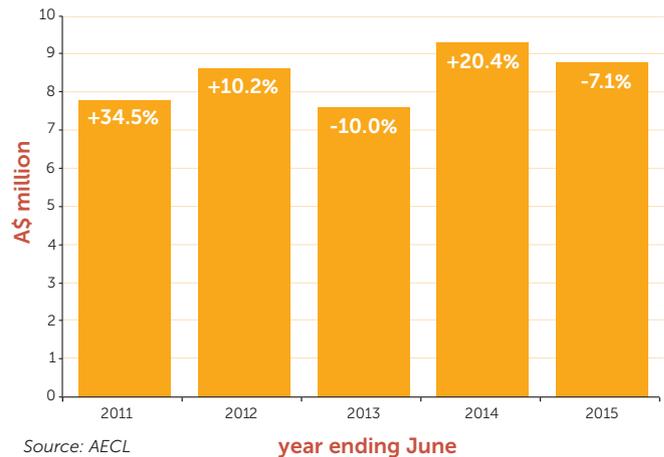
The 2015 fiscal year has been another dynamic and challenging one for the Australian egg industry. While the operating environment is subjected to many externalities out of the control of egg producers, AECL continued to provide a number of services over 12 program areas to assist productivity and market growth from 'farm to fork' for all egg producers and supply chain partners in line with the Statutory Funding Agreement (SFA) AECL has with the Australian Government.

Despite an increase in the number of chicks placed, AECL revenue over the year in review decreased by 7% to total \$8.692 million. This anomaly reflected a timing issue at year end of levies paid by hatcheries and egg producers to the Australian Government and subsequent disbursements made to AECL. Despite this easing, revenue growth since 2011 has increased by 10% on average each year providing solid long term growth for the increased investment in priority program areas.

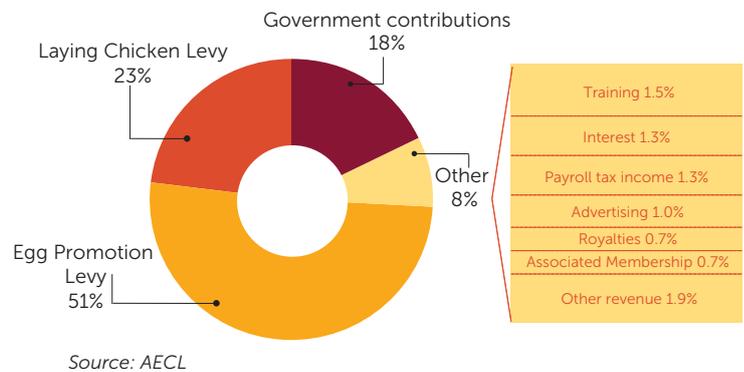
At this juncture, it is worth noting the income sources of total revenue received during the year in review. AECL received 92% of its revenue from the Australian Government of which 74% constituted statutory levies paid by egg producers with the remaining 18% being sourced direct from government to match eligible RD&E expenditure. Only 8% of total revenue was derived from other income sources including training, interest on reserves and advertising. While AECL has been income tax exempt with the Australian Taxation Office since inception, given our not-for-profit status and other eligibility requirements, AECL also applied to the NSW Office of State Revenue for payroll tax exemption during the year which was granted resulting in a net refund of \$112,258 from the NSW Government back-dated to July 2011. This is a one-off income source that will not be reflected in future years. While other RDCs have tried, AECL is the first of all 15 RDCs to be granted an exemption in the state of NSW.

In terms of expenditure, AECL invested \$7.715 million during the year, up by 16% on the previous year with longer term trends in expenditure increasing by nearly 8% per year since 2011. While eligible RD&E investments sourced from the Laying Chicken Levy

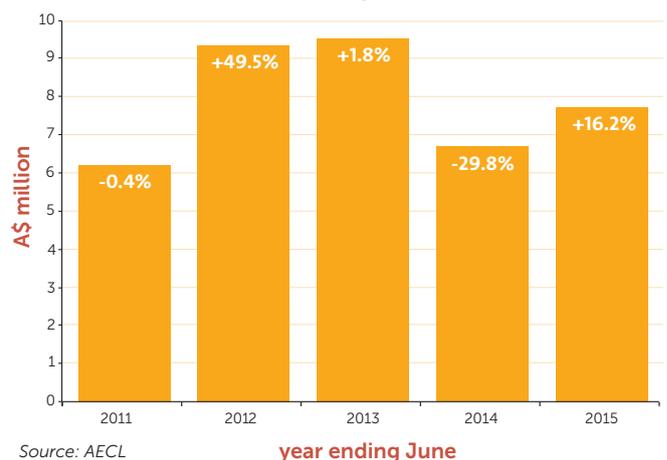
AECL Income



AECL income 2015 - by funding source

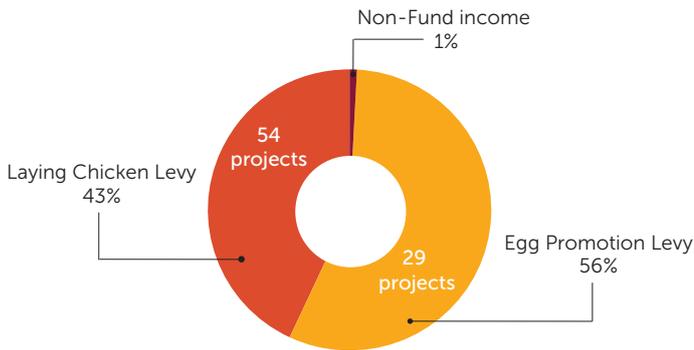


AECL Expenditure



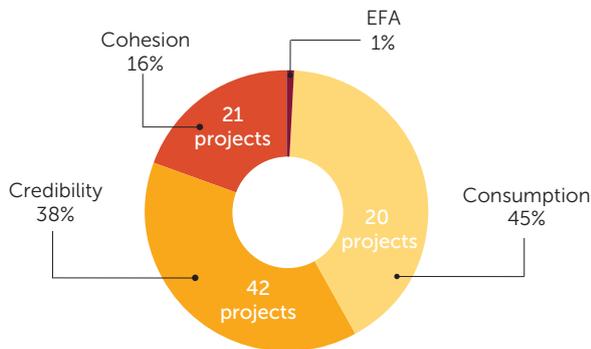
Managing Director's Report

AECL expenditure 2015 – by funding source



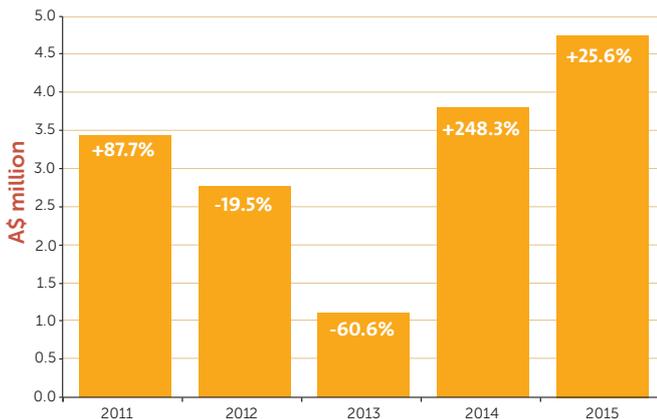
Source: AECL

AECL expenditure 2015 – by pillar



Source: AECL

AECL retained earnings



Source: AECL

as at June

decreased by 7% across 54 projects, investments in marketing, communications, advertising, promotion and Public Relations (PR) sourced from the Egg Promotion Levy increased by 28% across 29 projects.

From the perspective of program outputs, Consumption Pillar investments increased by 26% on the previous years' expenditure across a total of 20 projects to represent 45% of total expenditure during the year with Credibility Pillar expenses decreasing by 3% during 14/15 and representing 38% of total expenditure across 42 projects. In terms of the Cohesion Pillar, expenses represented 16% of total investments across 21 projects with an increase of 6% on the previous year's spend.

In terms of retained earnings, AECL increased the Corporation's cash reserves by 26% to total \$4.788 million at year end. This was due mainly to two unforeseen factors. Firstly, unbudgeted savings in the expenditure of Egg Promotion Levy dollars as advised by industry to postpone egg advertising and secondly, a delay in the finalisation of some project milestones by researchers resulting in Laying Chicken Levy savings. It is also interesting to note that compared to the other 14 RDCs, AECL reserves remain quite low with the average cash reserve being 1.1 to 1.3 times annual revenue. AECL's cash reserves at year end reflect 0.55 times or just over half our annual revenue for the 2015 fiscal period.

Consumption Pillar

The aim of the Consumption Pillar is to increase egg demand and market sales nationally across the whole category irrespective of egg brand, type, weight or size. During the current strategic planning period, AECL wishes to enhance consumer awareness of eggs and educate consumers on the health benefits of consuming eggs leading to an increase in demand, sales and consumption. This was achieved by reinforcing the fact that eggs provide the best start to the day and demonstrating the nutritional benefits of consuming eggs for breakfast, focusing on the eggs' nutrient density, satiety and weight management. The barrier of perceived time constraints was addressed by providing quick and tasty breakfast meal solutions.

Managing Director's Report

During the year, a new creative campaign was developed and launched strategically targeting the breakfast meal occasions. The objective was to reinforce the health and nutrition appeal of eggs for breakfast to the target audience determined earlier through Usage & Attitudinal (U&A) research. Developed following the appointment of a new creative agency in 2014, the campaign launched the new branding 'Unbeatable' and was extended across executions for television, digital online and mobile, Point-Of-Sale (POS) materials and the consumer website and newsletters. Results of the new communication were measured in May 2015 in our national consumer tracking survey research. This research showed that consumer perception of the number of eggs in a healthy weekly diet increased from 5.0 in 2014 to 5.3 following the new campaign. The new advertising rated very strongly for key messages on health with 88% of message take-out being positively perceived as "eggs are good for you/healthy/nutritious/part of a healthy diet".

With the development of a new creative campaign, AECL advertised on mass media channels to achieve national exposure to the preferred target consumer audience. AECL had not been on television since 2004, but from February to May 2015 we screened the new 30 and 15 second advertisements on free-to-air TV in capital cities nationally. This mass exposure achieved the target TARPS with a reach of more than 50% of the target audience.

While AECL efforts to raise awareness of eggs to drive demand among selected consumer segments is essential, we also need to continue

our focus in communicating effectively with Key Opinion Leaders (KOLs) that influence the consumption habits of consumers. First and foremost among these KOLs are HealthCare Professionals (HCPs). This is strategically important given their influence on consumer health concerns and possible diet restrictions of egg consumption. The objective of the HCP campaign is to encourage awareness of the latest medical and health research supporting healthy egg consumption and achieve awareness of the positive benefits of eggs for a wide range of patient groups.

AECL developed a new campaign specifically to promote the positive nutritional benefits of eggs and to gain awareness of the National Heart Foundation approval of a healthy weekly consumption of 7 eggs per week (an egg a day). The campaign was promoted in national General Practitioner (GP) magazines and websites targeted primarily at GPs and Dieticians. The results of the new campaign were monitored by GP tracking research which is undertaken annually by AECL. This latest research wave showed that 34% of GPs now believe that 7 or more eggs per week is a healthy level of egg consumption compared to 24% over the previous two years. This reflects a significant increase in the attitudes GPs have towards the consumption of eggs. After exposure to our HCP advertising, 72% of GPs were more likely to discuss the dietary benefits of eggs with patients. This is a great result and a major shift for the egg industry.

Complementing the new HCP-targeted advertising, key messages on egg nutrition were also delivered to the HCP market with an expanded and

updated range of professional resources for clinical use along with engagement at a series of major GP and dietician conferences during the year. A total of three GP conferences and the national dietician conference were attended with formal presentations and an Egg Nutrition Council (ENC) exhibition. A new range of clinical resources were distributed and HCPs were recruited to the ENC database for regular newsletters. The ENC website was refreshed with 17 position statements being reviewed and updated. Measurement in the latest GP tracking research showed significant increases in GP recommendations for increased egg consumption to patient groups including children, pregnancy, vegetarian and the elderly. All patient groups were targeted in the new ENC clinical resources provided by AECL.

Integrated with the national advertising, AECL also conducted a series of consumer Public Relations (PR) events during the year. These below-the-line efforts aim to keep eggs on the weekly meal planning of consumers and key health and nutrition messages top of mind through the mainstream and social media channels. Objectives are to increase eggs' share of voice in media as well as to build positive relationships with KOLs in the food and health arenas. Events and promotions were executed for World Egg Day, Pancake Day, National Heart Health Week as well as social media activity each week. Results included achieving over 500 media pieces generating 116 million media impressions and 1.5 million blogger impressions. Social media engagement results were evidenced with the doubling of the Eggs Facebook fans from 34,000 to 70,000 throughout the year.

Managing Director's Report

Credibility Pillar

The aim of the Credibility Pillar is to underpin on-farm and through-chain profitability and sustainability of the egg industry leading to an increase in industry and product credibility. This was achieved during the year by the delivery of innovative and commercially-responsive solutions that enhance the skills and knowledge of egg producers thereby ensuring the industry's social license and assisting a culture of continuous product quality improvement and on-farm management.

Research projects completed during the year included: the effects of time off feed and water on the welfare of spent laying hens – behavioural indicators; field application of a *Rispens*-specific qPCR test; dietary available phosphorus requirements of laying hens; effects of rearing on inappropriate conflict behaviours that predispose cannibalism; and public health significance of layer farm or egg associated *Salmonella* isolates. This research will be developed and extended to ensure the availability of project outcomes are able to be adopted within the egg industry.

In order to inform any review of the 4th edition of the Model Code of Practice for the Welfare of Animals – Domestic Poultry (MCoP) and assist in the transition to the development of Standards & Guidelines, AECL facilitated a consultative process to gain support and commitment from a wide range of hen welfare stakeholders in identifying and sharing in the development of an agreed RD&E plan. The process included a series of structured workshops attended by a vast array of representatives including

egg producers, animal advocacy organisations, State and Federal Government regulators, research scientists and avian veterinarians. Research priorities were identified and a Hen Welfare RD&E Plan was developed to guide AECL's investment in RD&E to meet the identified well-being needs of hens. AECL considers that this robust Plan that was published during the year provides the guiding light for investments in hen welfare research for the next 5-8 years thereby reflecting a socially and economically responsive industry.

The purpose of the Hen Welfare RD&E Plan is not only to guide investments in hen welfare research and to inform the development of Standards & Guidelines but also to improve those Standards & Guidelines over the longer term as new scientific knowledge becomes available and to continuously enhance on-farm and animal husbandry skills in all layer farming systems.

AECL also delivered the Through-Chain *Salmonella* Risk Identification Report as one result from the implementation of the AECL *Salmonella* Initiative in 2015. The aim of the Initiative is to coordinate, review, identify and disseminate comprehensive yet coherent information regarding *Salmonella* and *Salmonella* risk identification and management through-chain. Collaborating with the Poultry CRC, AECL offered an internship to Dr Kylie Hewson to advance the Initiative among all stakeholders during the year. The comprehensive and thorough Report presents a risk identification table and includes minimum considerations for managing each risk. It is not feasible to expect a raw animal product that comes out of the hen through the

same opening as the faecal matter could ever be sterile, so the risk of *Salmonella* will always be present. Therefore, the ultimate aim is to reduce the *Salmonella* load through chain. The AECL *Salmonella* Initiative identified what efforts need to be made to ensure all stakeholders through-chain could better identify, and therefore better manage, their *Salmonella* risks to reduce the incidence of human salmonellosis linked to the use and consumption of egg products.

As part of the Initiative, AECL funded eight workshops across four States to assist determine the future development of *Salmonella* control strategies in the egg industry. These workshops delivered current and coherent knowledge in *Salmonella* epidemiology, control and virulence to food and health authorities, regulators and egg producers for the purpose of improving communication among these groups and to help understand the needs of respective authorities for the future development of *Salmonella* intervention strategies in the food chain. This extension-based project also gathered information from participants about their understanding of issues which will help AECL focus on particular areas that need to be addressed as a priority discussion/collaboration through the outputs of the *Salmonella* Initiative in future years.

AECL continued to build and develop its training offering to the egg industry during the year with a move from federally co-ordinated and funding courses to state-based training through accredited and AECL-appointed Registered Training Organisations (RTOs). The materials for AECL's Certificate III in Agriculture have continued to be contextualised for

Managing Director's Report

the Australian egg industry with the successful delivery of Certificate III training. During the year in review, 15 students gained a qualification adding to the many others trained in previous years. This increased 'knowledge bank' now engaged and operating in the egg industry is directly increasing on-farm productivity and sustainability of egg farms through the adoption of contemporary knowledge in the workplace. This training enhances the adoption of new and enhanced skills and knowledge among egg producers and their staff, thereby upskilling the egg industry to adopt modern and efficient farming and animal husbandry practices. Commencement of training in Victoria also occurred with another 15 students enrolled.

During the year AECL published the 2nd edition of the Biosecurity Code of Practice for the egg industry and in collaboration with Animal Health Australia (AHA), published the Biosecurity Technical Manual which provides a more instructive set of procedures to mitigating biosecurity or disease threats on-farm for egg producers. The Code provides information to enable egg producers to develop biosecurity plans based on risks to their businesses. Different farms may require different plans based on defined risks to their particular farm. The Manual on the other hand stipulates minimum biosecurity measures to mitigate disease outbreaks and supports the industry's obligation as a signatory to the Emergency Animal Disease Response Agreement (EADRA). These two different approaches allow for flexibility for different producers and should be treated as complimentary resources to one another.

Our focus on offering a voluntary Quality Assurance (QA) scheme did not abate during 2015. In fact, our efforts to ensure the scheme is meaningful, robust, credible and consistent in its implementation increased. AECL made some structural changes to the scheme during the year which included the outsourcing of the scheme's administration, logistics and operations to Scheme Support Services.

We also commenced reviewing the QA standards and auditing procedure. To be launched in the new year, I am excited about the enhancements being made to the scheme in close consultation with the QA Industry Consultative Committee (ICC) and industry customers such as retailers. I look forward to reporting on the many achievements being made to QA in the new year.

It is interesting to note the increased investment away from pure research to include development, commercialisation, training and extension as part of our investments

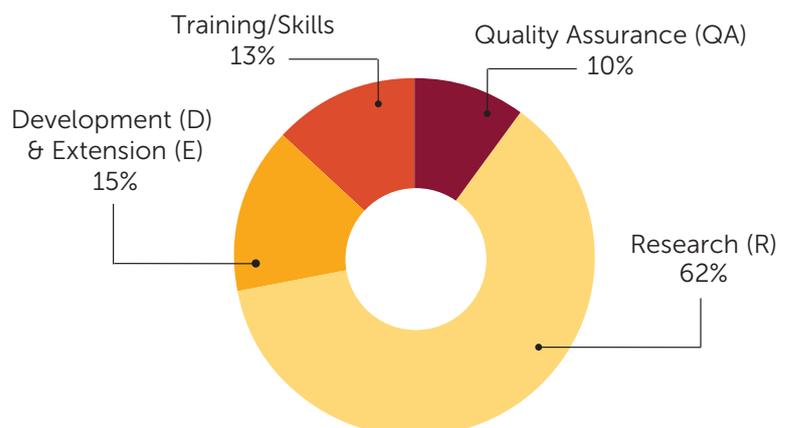
in the Credibility Pillar which is largely funded through the Laying Chicken Levy. Pure research only constituted 62% of investments during the year with the remainder being used to ensure adoption of research throughout the supply chain through development, extension and training.

AECL commercialised no additional research during the year in review and dissolved the subsidiary arrangement established with TSW Analytical Pty Ltd to move towards a better delivery mechanism and operating model of previous R&D for the benefit of the egg industry.

Cohesion

The aim of the Cohesion pillar is to help provide all egg producers with certainty in their operating environments, where industry cohesion, credibility and the social license to operate for layer hen farming is protected and enhanced. This was achieved by communication activities that promote the credibility of new

AECL RD&E expenditure 2015



Source: AECL

Managing Director's Report

and existing science and values-based farm management practises of Australian egg producers to relevant internal and external stakeholders during the year.

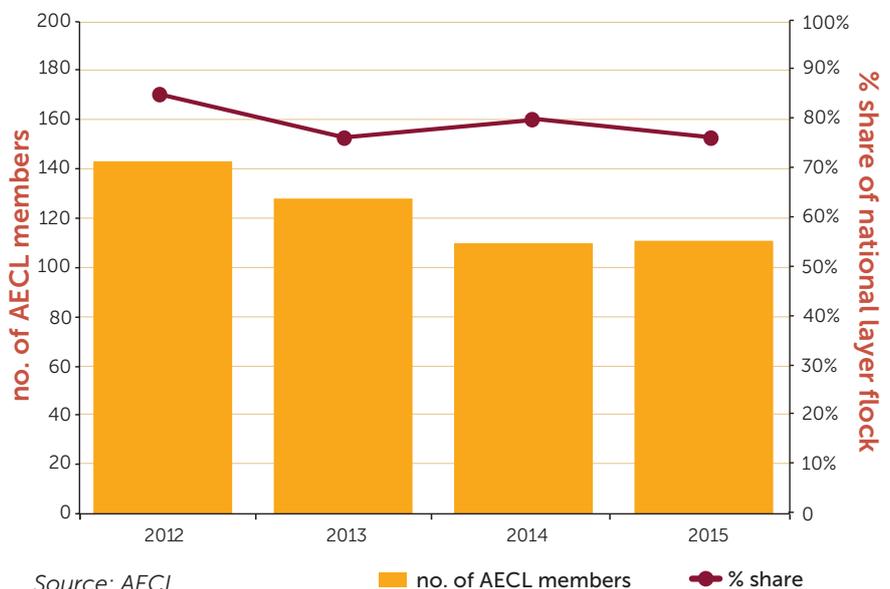
AECL's sponsorship of the inaugural Egg Farmer of the Year Award was a spectacular success for the egg industry. Not only did the sponsorship lead to much positive media coverage about the egg industry and AECL, it also fostered a sense of pride and cohesion within the industry. Tasmanian egg producer Danny Jones, won the Award and Brian Ahmed, an egg farmer from Victoria, won the Diversification Farmer of the Year Award. These awards were appropriate recognition for the great farmers and stories behind Australia's eggs from all farming systems and AECL will continue to sponsor these awards in the new year. The Awards complement our other efforts with the Horizon scholarships, in collaboration with the Rural Industries Research & Development Corporation (RIRDC) and other RDCs and the Nuffield Scholarship program.

AECL industry forums continue to improve mainly due to the increasing attention being paid to feedback received from egg producers. The 20th AECL Industry Forum held during the year in Canberra was the best attended ever and the positive feedback was phenomenal. The dinner was held in the Museum of Australian Democracy (old Parliament House) and a good range of relevant speakers and entertainment kept those in attendance interested, engaged and amused. Forums provide an important occasion for egg producers and suppliers to the industry to engage, converse and progress the egg industry.

The quarterly and much-improved *Eggstra Eggstra* magazine continues to be a trusted source of news and information about AECL and the egg industry. In particular, it serves the important purpose of informing egg producers about new research results that can contribute to improving hen welfare, farm productivity and the environment as well as informing egg producers about AECL's investments in marketing and promotional campaigns. Advertising in *Eggstra Eggstra* has earned an additional income source for AECL with the magazine now available on-line through the AECL website. Additionally, the fortnightly e-newsletter, *EggCorp EggsPress* underwent a transformation during the year. A new delivery system was established and an improved design adopted to help engagement among all recipients. This publication remains an important source of what's on, AECL project outputs and business opportunities for egg producers.

While AECL is proud of its content and quality of communications within the industry, we also provide communications to the broader community on egg industry matters. Our videos on contemporary issues continue to attract attention on social media sites and the AECL website. This year videos were produced profiling free range egg farmers as well as a video on AECL-commissioned research that found that egg production has one of the lowest carbon footprints of the main protein foods. Videos were also developed on eggs and cholesterol and eggs being the affordable nutrition. Videos of AECL industry forum presentations continue to receive a relatively significant number of views allowing egg producers who cannot attend a forum to view the presentations at their leisure afterwards. This is a great example of how AECL is extending the knowledge of its research and promotional results to egg producers. Videos uploaded to

AECL Members



Managing Director's Report

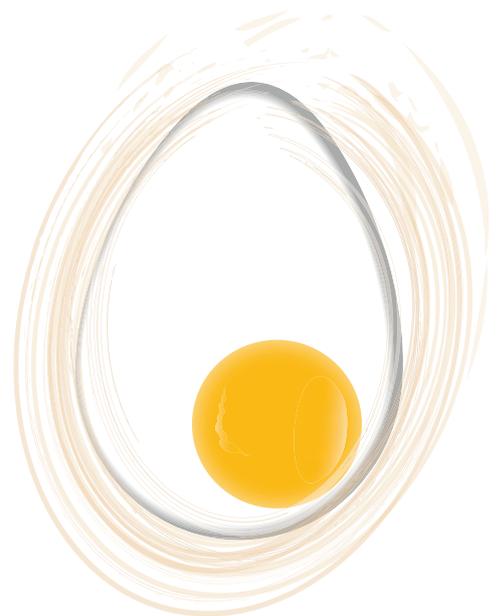
AECL's YouTube channel have been viewed more than 17,000 times and we continued to maintain and add comments to our Facebook page and Twitter accounts as well.

Egg Farmers of Australia is an AECL initiative to allow all state-based representative bodies to come together under a national umbrella to discuss, resolve policy matters and converse with government to ensure a viable Australian egg industry. This service offered by AECL and paid for with non-levy funds has grown to help ensure the industry becomes cohesive, constructive and responsive. EFA has evolved to have a national media spokesperson, a website and social media sites. In June 2015, EFA agreed to a new definition of free range layer hen farming that it took to the Australian government and media.

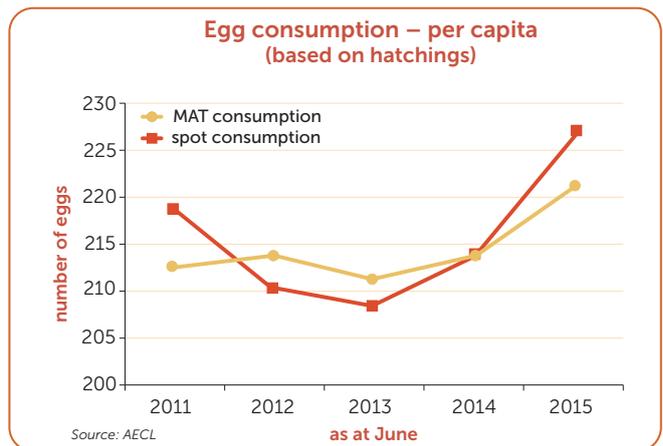
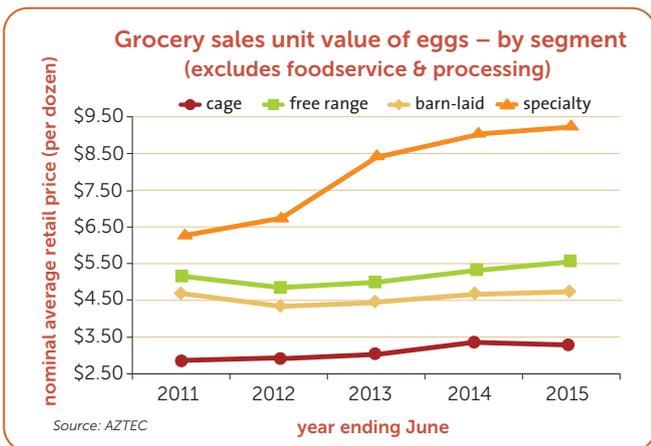
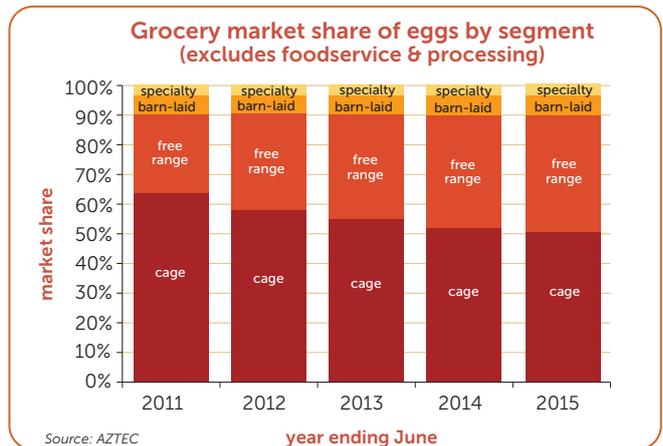
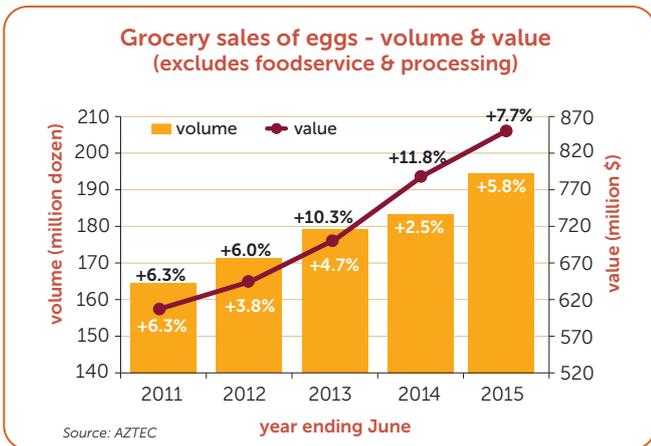
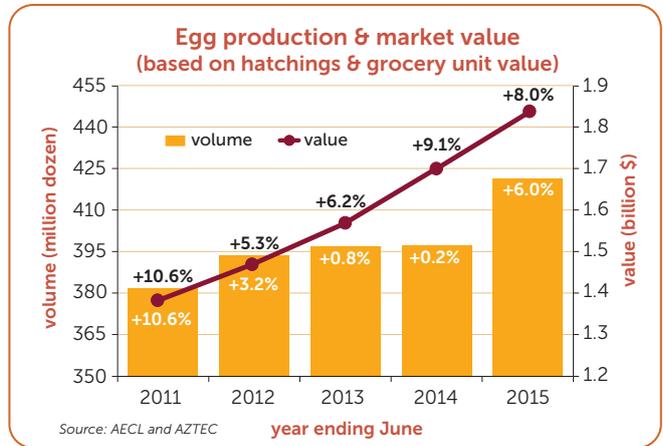
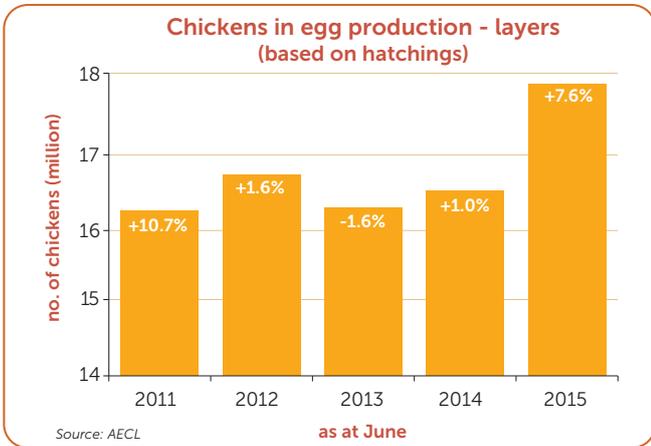
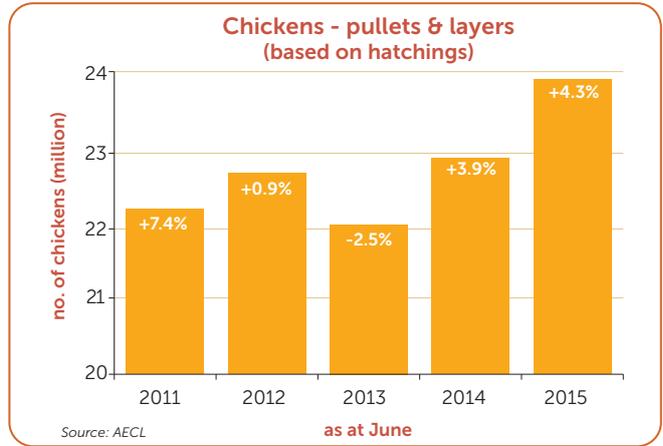
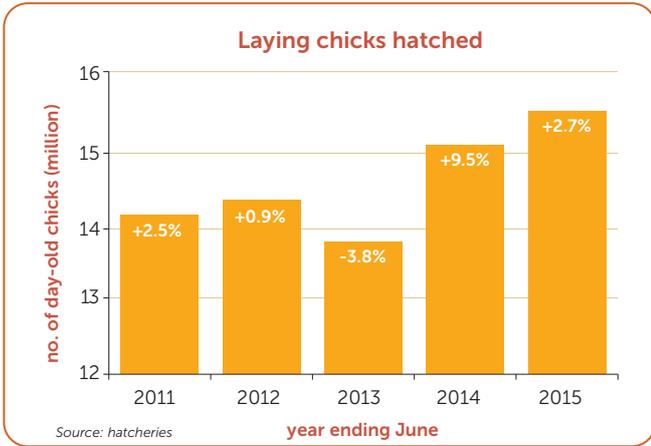
In terms of AECL members, the number of full members at year end totalled 110, up by one on the previous year with these members representing 76% of the national layer flock. While these members have prescribed rights under the terms of the AECL Constitution, AECL provides services to all levy payers. In terms of associate members, AECL subscribed 41 associates which is up on the previous year.

Finally, I wish to thank the unwavering support provided by all AECL directors and the staff team engaged at AECL. All stakeholders can be comforted in the knowledge that the AECL Board acts in the best interests of the Corporation and all levy payers by ensuring all investments are prudently targeted, programs carefully planned and projects effectively implemented to ensure maximum return on the invested funds for all egg producers no matter their size, location or

farming system. This is achieved with the total commitment and support of a dedicated small staff team to whom I thank for their continued support and commitment to their duties throughout the year.



Situation Analysis



Collaboration

Many of AECL's projects are undertaken in collaboration with industry, other research providers and other Rural Development Corporations (RDCs). Collaboration is undertaken in order to fund research

and development to address the national & Rural Research Development Priorities and to deliver research and development or promotions services in a more efficient and effective manner. The AECL percentage contribution

tabled are the cash contribution but does not include allocation of in-kind contributions.

Collaborative projects for the 2014-15 year are tabled below:

| Code | Project Name | Expenditure 2014/2015 | Partners | AECL % |
|--------|--|-----------------------|--|--------|
| 1GR091 | Feedgrain partnership | \$7,703 | APL, DA, GRDC, MLA, RIRDC, Pork CRC, SFMCA | 10% |
| 1NRDE | National poultry RD&E strategy | \$74,891 | RIRDC, UNE, UM | 20% |
| 1PCRC | Poultry Cooperative Research Centre (CRC) | \$351,409 | RIRDC, UNE, UM, DEEDI, CSIRO, Bioproteries, 21 non-essential participants | 17% |
| 1RD121 | Salmonella initiative – development of tools to effectively manage Salmonella in the supply chain | \$45,517 | Poultry CRC | 50% |
| 1RI101 | Horizon scholarship: primary industries undergraduate scholarship program | \$20,608 | APL, CRDC, GRDC, GWRDC, RIRDC, HIAL, MLA, DAFF, AWI, Woolworths, SRA, ANZ Bank | 15% |
| 1UN112 | Pullet and layer flock uniformity: an epidemiological industry-based approach to improve feed efficiency | \$27,128 | UNE, UA | 67% |
| 1US111 | Effects of rearing on inappropriate conflict behaviours that predispose cannibalism | \$51,912 | US, UM | 60% |

Australian Government RD&E Priorities

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

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

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

To help guide the egg industry's investment in RD&E, government rural RD&E priorities have been identified that address the broader national research priorities of government which map the challenges to be faced over the medium to longer term by the

agribusiness sector. For the egg industry, the priorities focus on the following challenges:

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

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

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

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

Australian Government RD&E Priorities

| 2015 STRATEGIC RESEARCH PRIORITY | RURAL RD&E PRIORITY | RD&E FOCUS | |
|--|---|------------|-------------|
| | | PROJECTS | INVESTMENT |
| SRP 1 <i>"Living in a changing environment"</i> | 1. Productivity and adding value Improve the productivity and profitability of existing industries and support the development of viable new industries. | 40 | \$1,865,651 |
| | 2. Supply chain and markets Better understand and respond to domestic and international market and consumer requirements and improve the flow of such information through the whole supply chain, including to consumers. | 33 | \$1,584,229 |
| SRP 2 <i>"Promoting population health and wellbeing"</i> | 3. Natural resource management Support effective management of Australia's natural resources to ensure primary industries are both economically and environmentally sustainable. | 5 | \$125,807 |
| | 4. Climate variability and climate change Build resilience to climate variability and adapt to and mitigate the effects of climate change. | 8 | \$126,606 |
| SRP 3 <i>"Managing our food and water assets"</i> | 5. Biosecurity Protect Australia's community, primary industries and environment from biosecurity threats. | 8 | \$169,326 |
| | 6. Innovation skills Improve the skills to undertake research and apply its findings. | 18 | \$402,943 |
| SRP 4 <i>"Securing Australia's place in a changing world"</i> | 7. Technology Promote the development of new and existing technologies. | 5 | \$146,464 |
| | 8. Maintaining & improving international market access opportunities Combat pests & diseases that can potentially be obstructive to trade & to guide production decisions in accordance with the requirements of consumers. | N/A | N/A |
| | 9. Diversity Build strong leadership capacity in the sector & encourage a diversity of people in primary industries including a greater role for Indigenous Australians, women and young people. | 15 | \$268,426 |
| SRP 5 <i>"Lifting productivity and economic growth"</i> | 10. Collaboration Develop, implement & monitor the national RD&E plans for each sector. | 19 | \$352,336 |
| | 11. Evaluation Support the joint RDC evaluation process to demonstrate returns on investments made and to assist guide future investments. | 3 | \$40,170 |

Corporate Governance/Compliance

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

PRINCIPLE #1:

Lay solid foundations for management and oversight

The AECL Board is responsible for ensuring that the management of AECL is conducted in a manner that ensures the long term benefit of levy paying egg producers and more broadly, all stakeholders, consistent with the AECL Constitution, the Statutory Funding Agreement (SFA) with the Australian Government and the Egg Industry Service Provision Act 2002. The Board strives to create member value by constructively engaging with management to ensure the appropriate development, execution and monitoring of the Company's agreed strategies in line with the AECL industry-agreed Strategic Plan.

The AECL Board's functions include:

- » Providing leadership and setting the strategic objectives of AECL;
- » Approving operating budgets and major capital expenditure;
- » Overseeing management's implementation of AECL's strategic objectives and its performance generally;
- » Ensuring AECL acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- » Ensuring that AECL has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- » Ensuring AECL operates within the requirements of the Company's Constitution, the Corporations Act 2001, the SFA with the Australian Government and the Egg Industry Service Provision Act 2002;

- » Appointing or removing the Managing Director;
- » Approving AECL's remuneration framework;
- » Monitoring the effectiveness of AECL's governance practices; and
- » Appointing the Chair and Deputy Chair.

The AECL Board meets at least nine times a year, to perform its duties and requires a quorum of a majority of directors eligible to vote. Each director has one vote. To meet operational needs, the Board may convene by using electronic methods.

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

PRINCIPLE #2:

Structure the Board to add value

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

'Specialist' directors are sought by a selection committee and appointed by the AECL Board then ratified by members at the first available General Meeting of the Company. Appointments are made to ensure a balance of skills and expertise in accordance with the criteria set out in the AECL Constitution and Statutory Funding Agreement between the Australian Government and AECL.

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

Corporate Governance/Compliance

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

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

The AECL Board has two standing committees to assist in carrying out its responsibilities:

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

When a vacancy arises the AECL Board the AECL Nominations Committee will meet. This committee is constituted with a majority of independent directors.

PRINCIPLE #3:

Act ethically and responsibly

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

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

All AECL staff and directors are bound by the AECL Code of Conduct.

Acting ethically and responsibly goes beyond mere compliance with legal

obligations. As a good "corporate citizen" AECL strives to:

- » Respect the human rights of employees;
- » Creates a safe non-discriminatory workplace; and
- » Deal honestly and fairly with suppliers and stakeholders.

PRINCIPLE #4:

Safeguard integrity in corporate reporting

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

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

The role and responsibilities of the Finance and Audit Committee include:

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

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

Appointment of External Auditor – The Committee reviews the scope

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

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

PRINCIPLE #5:

Make timely and balanced disclosure

AECL is not a publicly listed company and is not subject to ASX Listing Rule disclosure requirements. It does however, report to its members and the Australian Securities and Investments Commission (ASIC) in the form required by the Corporations Act 2001. AECL undertakes regular disclosure of current business matters to its stakeholders by way of its fortnightly newsletter, *EggCorp EggsPress*, the quarterly publication of *Eggstra Eggstra* and the AECL Report and at least annually holds AECL industry forums rotating through all State jurisdictions.

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

Corporate Governance/Compliance

PRINCIPLE #6:

Respect the rights of shareholders

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

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

AECL communicates regularly with its members and all known egg producers using bi-weekly newsletters, a quarterly industry magazine, the Annual Report including the statutory financial statements and provides member access to the Company's website. AECL seeks stakeholder input to inform its strategic planning process and its corporate performance review.

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

PRINCIPLE #7:

Recognise and manage risk

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

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

- » Adherence to all relevant Australian Accounting Standards.
- » Development and adoption of a strategic plan covering a period of 3 to 5 years.
- » Development of a framework to identify and manage risk via the implementation of a risk management plan in accordance with Australian Standards.
- » Development and implementation of a fraud control plan.
- » Development and implementation of an intellectual property management plan.
- » Development and compliance with annual operating plans.
- » Measurement of organisational performance against specified strategic actions/outcomes and annual key performance measures.
- » Adoption of best practice in human resource and diversity management.
- » Adoption of best practice in managing compliance with legislative and regulatory requirements.

- » Development of internal policies and procedures in key areas such as Equal Employment Opportunities (EEO), Workplace Health and Safety (WHS) and privacy

PRINCIPLE #8:

Remunerate fairly and responsibly

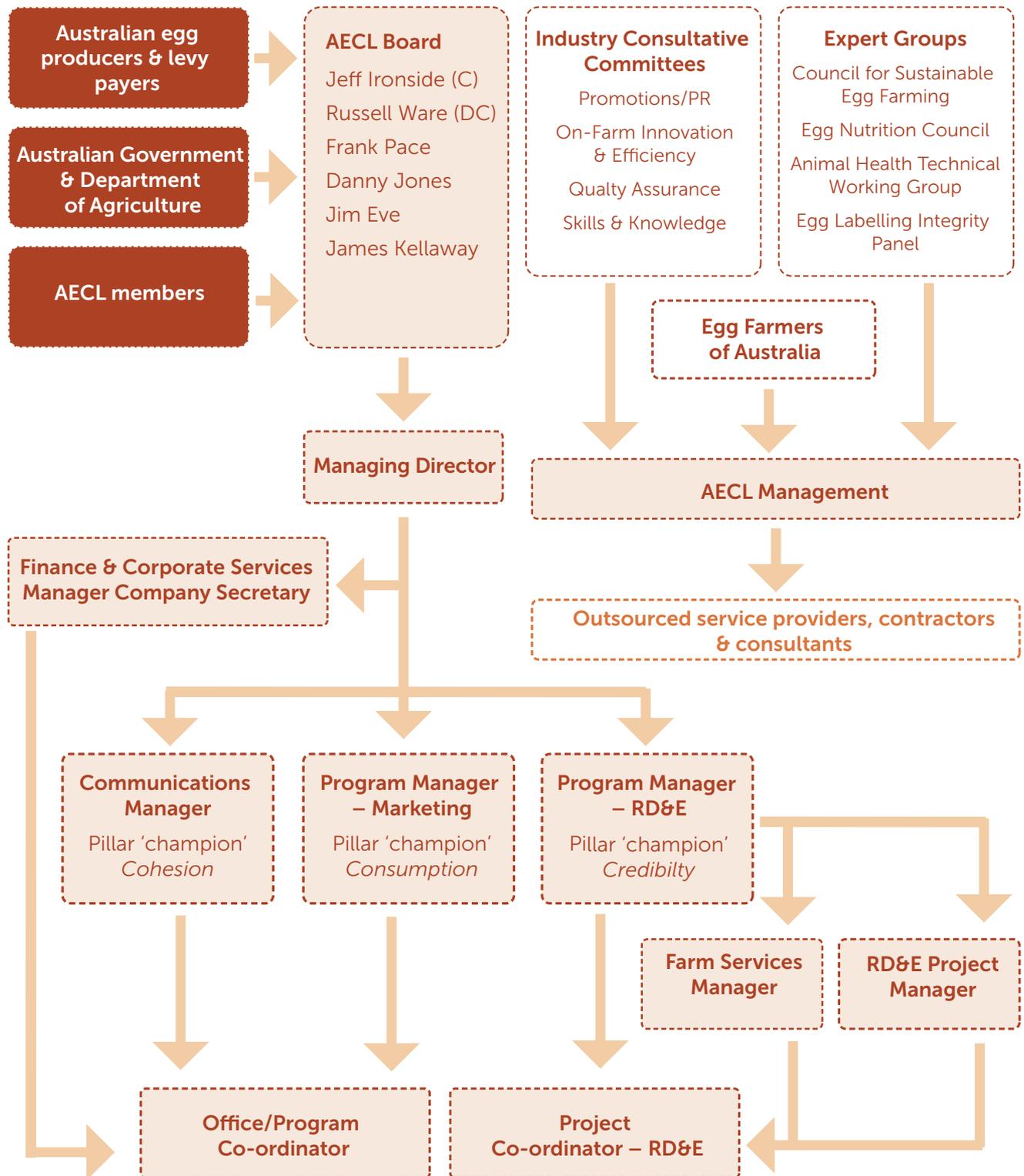
AECL conducts annual performance appraisals and goal setting for all staff which assists in determining remuneration levels for all staff which is reviewed once each year.

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

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

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

AECL Organisational Structure (as at 30 Jun 2015)



AECL Business/Planning Calendar 2014/15

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
|--|-----|-----|-----|-----|---------------------|-----|-----|-----|-----|-----|---------------------|-----|
| Board/Management planning | | | | | | | | | | | | |
| Board meetings | √ | √ | | √ | √ | √ | | √ | | √ | √ | √ |
| Additional Board meeting (Only if required) | | | √ | | | | √ | | √ | | | |
| Finance & Audit Committee meetings | | √ | | | | | | √ | | | √ | |
| Governance & Risk Committee meetings | | √ | | | | | | | | √ | | |
| Review & Renew - Annual planning workshop | | | | | | √ | | | | | | |
| Strategic planning workshop | | | | √ | | | | | | | | |
| Approve AOP | | | | | | | | | | | √ | |
| Approve budgets | | | | | | | | | | | √ | |
| Approve MD performance KPIs | | | | √ | | | | | | | | |
| Assess MD performance | | √ | | | | | | √ | | | | |
| Review succession planning | | | | √ | | | | | | | | |
| Approve total remuneration expense | | | | √ | | | | | | | | |
| Review board reporting requirements | | | | √ | | | | | | | | |
| “Review terms of reference F&A, G&R Committee” | | | | | | | | | | √ | | |
| Review Board Charter | | | | √ | | | | | | | | |
| Board performance review | | | | √ | | | | | | | | |
| EFA meetings | | | | | | | | | | | | |
| | | | | | | √ | | | | | | √ |
| R&D planning | | | | | | | | | | | | |
| Research priorities | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| PRPs | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| FRPs | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Communications strategy | | | | | | | | | | | | |
| Eggstra Eggstra | | √ | | | √ | | | √ | | | √ | |
| Conferences/meetings | | | IEC | | AECL Industry Forum | | | | IEC | | AECL Industry Forum | |
| | | | | | AECL AGM | | | | | | | |
| Stakeholder visits | | √ | | √ | | | | √ | | | | |

AECL Board of Directors



Jeff Ironside
FAICD

AECL Chairman

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

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

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

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

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



Russell Ware
LL.M. (Hons.) FAICD

AECL Deputy Chairman

Russell Ware is a non-executive 'specialist' director who was appointed to the AECL Board in 2003. He is also the AECL Deputy Chairman and Chairman of the Finance & Audit and Governance & Risk Committees, fulfilling the requirements of the Corporation's agreement with the Commonwealth that "the board specifically include a director who can demonstrate from his or her experience that he or she is highly skilled in corporate governance".

A former Sydney commercial lawyer and now living on a farm, Russell is a professional company director who was chairman of three publicly listed companies over a twelve year period. Currently he is a non-executive director of the Greater Building Society Ltd, one of the largest building societies in Australia, and Chairman of Greyhounds Australasia Ltd, the peak body of greyhound racing in Australia and New Zealand.

Russell also consult to and advised business owners, specialising in succession and strategic planning for family-owned business, particularly in the agribusiness sector. Russell has a number of property interests in Sydney and Newcastle as well as a retirement village complex near Lake Macquarie in New South Wales.

After fourteen years of service on AECL Board, Russell has announced that he will complete his current term in November 2015 and then will retire to pursue other personal interests including travel.



Frank Pace
AM

AECL Director

Frank Pace is a founding non-executive 'elected' director of AECL and is the founder of Pace Farm Pty Ltd – the largest producer, marketer and distributor of eggs in Australia.

Frank is the Honorary President of the International Egg Commission (IEC) and was the Chairman of the IEC from 2007-2010. He was honoured as the recipient of the 2010 Lindsay Bell award in recognition of his tireless work in both the Australian and International egg industries, and was awarded the Dennis Wellstead Memorial Trophy for International Egg Person of 2004.

Frank Pace was previously the Chairman of the Seven Hills branch of the Livestock and Grain Producers Association (LGPA) and a member of the NSW Farmers' Association Egg Committee. He was also a previous committee of management member and Vice President of the former Australian Egg Industry Association (AEIA). Frank was also a member of the Agriculture Ministerial Advisory Council (AMAC).

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

AECL Board of Directors



Danny Jones
FIPA, GAICD

AECL Director

Danny Jones was elected to the AECL Board in November 2014. He is a member of the AECL Finance & Audit Committee and the Governance & Risk Committee.

Danny has 25 years egg industry experience having acted as business manager and then 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.

Danny has extensive board experience in non-executive director and managing director roles. He holds an Advanced Diploma in Business, is a graduate of the Australian Institute of Company Directors and a Fellow of the Institute of Public Accountants

Danny has been actively involved in the wider aspects of the Australian egg industry and is Vice President of the Tasmanian Commercial Egg Producers Association, a member of AECL Skills and Training Industry Consultative Committee (ICC), a member of the Poultry CRC End Users Committee and a member of the TGFA livestock forum. Danny has contributed to the work of Egg Farmers of Australia.

Recently, Danny received acclaim when he was awarded as the winner of Kondinin & ABC Rural 2014 Egg Farmer of the Year.



Jim Eve
B Sci (Agricultural Economics), GAICD

AECL Director

Jim Eve is a non-executive 'specialist' director of AECL, who was appointed to the Board in 2013. He is a member of the AECL Finance & Audit Committee and the Governance & Risk Committee.

He is currently a non-executive director of Brown Brothers (a significant international wine business) and has previously been a non-executive director of the Central Coast Business Enterprise Centre and the Central Coast Research Foundation.

As the General Manager/CEO of MasterFoods Australia for four years, Jim made significant achievements, including consistent profit improvements, continuing strong growth and brand development and doubling the percentage return on investment.

Jim is a graduate of the Australian Institute of Company Directors Course, and completed its Strategic Financial Skills and Strategic Board programs. He has also attended the Executive Leadership course at the Centre for Creative Leadership in Colorado and the Mars Incorporated General Manager School developed with Harvard University.

He has previously been the President of the Pet Food Manufacturers' Association of Australia and a member of the Public Affairs Committee of the Australian Food and Grocery Council. He graduated with a Bachelor of Science (Agricultural Economics) from the University of Sydney.



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

AECL Managing Director

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

James has a Master of Business Administration (MBA) from the Graduate School of Business at the University of Technology Sydney, a Graduate Diploma in Marketing Management from the Graduate School of Management at Macquarie University and a Bachelor of Applied Science in Agriculture from the University of Western Sydney. James is also a Graduate Member of the Australian Institute of Company Directors, a Graduate of the Chartered Secretaries of Australia and an Associate Fellow of the Australian Institute of Management.

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

Financial Report

Financial Statements for the Year Ended 30 June 2015

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Directors' Report

Your directors submit their report for the year ended 30 June 2015.

Directors

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

Jeff Ironside

Russell Ware

Frank Pace

Zelko Lendich
(retired 20 November 2014)

Danny Jones
(elected 20 November 2014)

Jim Eve

James Kellaway

Directors' Qualifications

Directors' qualifications are detailed in the Annual Report.

Directors' Report

Meetings of Directors

During the year to 30 June 2015 there were ten meetings of directors, three Finance & Audit committee meetings and two Governance & Risk committee meetings.

The number of meetings attended by each director was:

| | Board Meetings | | Finance & Audit Committee Meetings | | Governance & Risk Committee Meetings | |
|----------------|----------------|-----------|------------------------------------|-----------|--------------------------------------|-----------|
| | 2014-2015 | 2013-2014 | 2014-2015 | 2013-2014 | 2014-2015 | 2013-2014 |
| Jeff Ironside | 10 | 14 | 3 | 4 | 2 | 2 |
| Russell Ware | 10 | 10 | 3 | 4 | 2 | 2 |
| Frank Pace | 10 | 14 | 3 | 4 | 2 | 2 |
| Zelko Lendich | 5 | 14 | 1 | 4 | 1 | 1 |
| Cheryl Hayman | 0 | 5 | 0 | 2 | 0 | 1 |
| Jim Eve | 10 | 7 | 3 | 2 | 2 | 2 |
| Danny Jones | 5 | 0 | 2 | 0 | 1 | 0 |
| James Kellaway | 10 | 14 | 3 | 4 | 2 | 2 |

Corporate Information

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

The registered office of the company is:
Suite 4.02
Level 4, 107 Mount Street
North Sydney, N.S.W., 2060

The company employed 7 employees at 30 June 2015 (2014:8).

Principal Activities

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

The principal activities of AECL are in line with the objects of the Company as described in Section 2 of the AECL Constitution.

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

Results and Performance Indicators

The surplus of the Company for the year ended 30 June 2015 was \$977,259 (2014: surplus \$2,716,773).

All projects undertaken by AECL including their purpose, funding and measurement criteria are approved in the AECL Annual Operating Plan (AOP) by the Australian Government Department of Agriculture. AECL reports on the progress of all projects in the quarterly AECL Report which is widely distributed with the AECL publication *Eggstra Eggstra*, in twice yearly meetings with the Department of Agriculture and in the AECL Annual Report.

Directors' Qualifications

The AECL constitution s13.1 states that AECL may have up to four elected directors and three specialist directors, one of whom will be the Managing Director. In accordance with s 13.4(h) of the AECL Constitution, the AECL Board consists of three elected and 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 holds a Bachelor of Science in Agriculture, a Master of Business Administration degree as well as post-graduate qualifications from the Australian Institute of Company Directors and the Governance Institute of Australia.

Directors' qualifications are further detailed in the Annual Report.

Directors' Report

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company during the year.

Significant Events after the Balance Date

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

Future Developments and Results

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

Environmental Regulation and Performance

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

Indemnification and Insurance of Directors

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

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

Proceedings on behalf of the Company

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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



Jeff Ironside
Chairman

Dated 29 September 2015

Auditor's Declaration of Independence



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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

As lead auditor of Australian Egg Corporation Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Arthur Milner
Partner

BDO East Coast Partnership

Sydney, 29 September 2015

Directors' Declaration

Directors' Declaration

In the opinion of the directors:

- » the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- » the attached financial statements and notes hereto give a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;
- » there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

On behalf of the directors,



Jeff Ironside

Chairman

Dated 29 September 2015

Statement of Comprehensive Income

| | Notes | 30 June 2015 \$ | 30 June 2014 \$ |
|---|-------|--------------------|--------------------|
| Revenue | 2 | 8,692,399 | 9,358,603 |
| Expenditure | | | |
| Consumption | 3a | (2,988,275) | (2,380,478) |
| Credibility | 3b | (2,563,528) | (2,645,437) |
| Cohesion | 3c | (1,107,828) | (1,043,770) |
| Corporate Costs | 3d | (983,278) | (488,432) |
| Levy Collection Costs | 3e | (32,725) | (33,192) |
| Egg Farmers of Australia | | (39,506) | (50,521) |
| Total Expenses | | (7,715,140) | (6,641,830) |
| Surplus for the year | | 977,259 | 2,716,773 |
| Other Comprehensive Income for the year, net of tax | | – | – |
| Total Comprehensive Income for the year | 10 | 977,259 | 2,716,773 |

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

Statement of Financial Position

| | Notes | 30 June 2015 \$ | 30 June 2014 \$ |
|---|-------|--------------------|--------------------|
| Current Assets | | | |
| Cash & Cash Equivalents | | 5,695,829 | 3,698,703 |
| Trade & Other Receivables | 4 | 347,754 | 1,063,009 |
| Total Current Assets | | 6,043,583 | 4,761,712 |
| Non-Current Assets | | | |
| Investments accounted for using the equity method | 5 | – | 55,311 |
| Property, Plant and Equipment | 6 | 74,913 | 82,835 |
| Total Non-Current Assets | | 74,913 | 138,146 |
| Total Assets | | 6,118,496 | 4,899,858 |
| Current Liabilities | | | |
| Trade & Other Payables | 7 | 1,201,490 | 926,353 |
| Employee Benefits | 8 | 98,292 | 115,456 |
| Total Current Liabilities | | 1,299,782 | 1,041,809 |
| Non-Current Liabilities | | | |
| Employee Benefits | 9 | 30,568 | 47,162 |
| Total Non-Current Liabilities | | 30,568 | 47,162 |
| Total Liabilities | | 1,330,350 | 1,088,971 |
| Net Assets | | 4,788,146 | 3,810,887 |
| Equity | | | |
| Retained Surplus | 10 | 4,788,146 | 3,810,887 |
| Total Equity | | 4,788,146 | 3,810,887 |

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

Statement of Changes of Equity

| | Notes | Retained Surplus \$ | Total Equity \$ |
|---|-------|------------------------|--------------------|
| Balance as at 1 July 2013 | | 1,094,114 | 1,094,114 |
| Total comprehensive income for the year | 10 | 2,716,773 | 2,716,773 |
| Balance as at 30 June 2014 | | 3,810,887 | 3,810,887 |
| Balance as at 1 July 2014 | | 3,810,887 | 3,810,887 |
| Total comprehensive income for the year | 10 | 977,259 | 977,259 |
| Balance as at 30 June 2015 | | 4,788,146 | 4,788,146 |

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

Statement of Cash Flows

| | Notes | 30 June 2015 | 30 June 2014 |
|---|-----------|------------------|------------------|
| | | \$ | \$ |
| Cash Flows from Operating Activities | | | |
| Receipts from funding and other sources (inclusive of GST) | | 9,556,932 | 9,211,593 |
| Payments to suppliers and employees (inclusive of GST) | | (7,678,495) | (7,210,057) |
| Interest received | | 118,689 | 72,861 |
| Net Cash Flows from Operating Activities | | 1,997,126 | 2,074,397 |
| Cash Flows from Investing Activities | | | |
| Advances to related parties | | – | (1) |
| Investment in Joint Venture | | – | (55,310) |
| Purchase of property, plant and equipment | | – | (8,744) |
| Net Cash Flows from Investing Activities | | – | (64,055) |
| Net (Decrease)/Increase in Cash & Cash Equivalents | | 1,997,126 | 2,010,342 |
| Cash & Cash Equivalents at the beginning of the year | | 3,698,703 | 1,688,361 |
| Cash & Cash Equivalents at the end of the year | 11 | 5,695,829 | 3,698,703 |

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Note 1. Significant accounting policies

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

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 29 September 2015. The directors have the power to amend and reissue the Financial Report.

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards

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

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

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

The company has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments).

The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

Basis of preparation

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

Historical cost convention

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

a Cash and Cash Equivalents

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

b Receivables

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

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

c Recoverable Amount

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

d Property, Plant and Equipment

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

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

Useful lives

| | |
|------------------------|---------------|
| Office Equipment | 2 – 10 yrs |
| Leasehold Improvements | Term of Lease |

Notes to Financial Statements

e Trade and Other Payables

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

f Operating Leases – Rental Premises and Photocopier

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

The Company renewed its operating lease regarding its premises at Level 4, 107 Mount Street, North Sydney NSW 2060, commencing 1 November 2012. Under the terms of the lease agreement, the entity was entitled to receive a fitout to the value of \$50,000 plus a rental rebate to the value of \$50,000 in years 2 to 5 of the lease. A lease incentive liability has been entered to reflect both tranches of the lease incentive. Lease payments are allocated between the rental expense and the reduction liability over the lease term (5 years). This lease expires on 31 October 2017. Rental payments will be expensed in the financial year in which they occur. Contingent rentals for the year end 30 June 2015 are recognised as an expense in the financial year incurred.

g Provisions

Provisions are recognised when the Company has a legal, equitable or constructive obligation to make a future sacrifice of economic

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

h Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Australian Government Matching Funds

The Australian Government matches funding on a dollar for dollar basis on approved research and development funded projects, up to a level of 0.5% of the gross value of the industry's production, and not exceeding the cumulative amount of contributions provided by the industry. Government matching funds are recognised as revenue upon incurring the eligible research and development program expenditure.

Levy Receipts

The Levies Revenue Service of the Department of Agriculture collects statutory levies (research and development levies and promotion levies) on behalf of the Company. Revenue from levies are recognised as revenue upon accrual of the levy amounts.

Application of Funds

In accordance with the Statutory Funding Agreement between the Government and the Company, the Company must spend the statutory levies collected in a manner that is consistent with the Strategic Plan and Annual Operating Plans approved by the Australian Government.

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

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

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

Interest Revenue

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

Other Revenue

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

i Income Taxes

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

Notes to Financial Statements

j Goods and Services Tax (GST)

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

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

k Employee Benefits

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

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

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

l Economic Dependency

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

m Critical Accounting Estimates and Judgements

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

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

n Comparatives

Where required by the Accounting Standards and/or for improved presentation purposes, comparative figures have been adjusted to conform to changes in presentation for the current year.

o Joint Ventures

Investments in joint ventures are recognised at cost less provision for impairment.

p Winding Up

As per s4 of the AECL Constitution, in the event of the Company being wound up, each member is liable for the Company's debts and liabilities for an amount not exceeding \$1.

Notes to Financial Statements

| | Notes | 30 June 2015 | 30 June 2014 |
|---|-------|------------------|------------------|
| | | \$ | \$ |
| 2. Revenue from Operating Activities | | | |
| Egg Promotion Levies | | 4,394,059 | 4,848,642 |
| Laying Chicken (R & D) Levies | | 2,029,458 | 2,194,111 |
| Government Contributions | | 1,541,195 | 1,948,279 |
| Other Revenue | 2a | 727,687 | 367,571 |
| Total | | 8,692,399 | 9,358,603 |

2a. Other Revenue

| | | |
|--------------------------|----------------|----------------|
| Advertising | 90,828 | 22,934 |
| Associate Membership | 59,603 | 47,503 |
| Co-Funder payments | 10,000 | - |
| Interest | 113,376 | 82,714 |
| Royalties | 59,704 | 1,795 |
| Training | 126,889 | 121,539 |
| Functions | 48,880 | 13,820 |
| Licence Fees | 29,146 | 17,127 |
| Other | 77,003 | 60,139 |
| Payroll tax refund (net) | 112,258 | - |
| Total | 727,687 | 367,571 |

Notes to Financial Statements

| Notes | 30 June 2015 | 30 June 2014 |
|-------|--------------|--------------|
| | \$ | \$ |

3. Program Expenses by Operating Pillar

3a. Consumption

The programs run within the Consumption pillar are:

Consumer awareness program

Consumer education program

Media Relations program

Health Care Professionals program

The strategic purpose of these programs is to enhance market awareness of eggs and educate consumers on the health benefits of consuming eggs leading to an increased demand, sales and consumption. This is achieved by reinforcing the fact the eggs provide the best start to the day and demonstrating the nutritional benefits of consuming eggs for breakfast, focusing on eggs' nutrient density, satiety and weight management. The barrier of perceived time constraints will be addressed by providing quick and tasty breakfast meal solutions.

| | | |
|--------------------------|------------------|------------------|
| Projects/activities | 2,696,443 | 2,097,907 |
| Project travel | 19,106 | 10,703 |
| Program management costs | 272,726 | 271,868 |
| Total | 2,988,275 | 2,380,478 |

3b. Credibility

The programs run within the Credibility pillar are:

Hen welfare & best practice productions systems

Product quality program

Skills & knowledge development program

QA program

The strategic purpose of these programs is to underpin on-farm and through chain credibility and sustainability of the egg industry leading to an increase in industry and product credibility. This is to be achieved by the delivery of innovative and commercially-responsive solutions that enhance the skills and knowledge of industry through its stakeholders thereby ensuring the industry's rights to farm or social licence and assisting a culture of continuous product quality improvement and on-farm management.

| | | |
|--------------------------|------------------|------------------|
| Projects/activities | 2,003,553 | 2,091,484 |
| Project travel | 42,735 | 38,342 |
| Program management costs | 517,240 | 515,611 |
| Total | 2,563,528 | 2,645,437 |

Notes to Financial Statements

| | Notes | 30 June 2015 | 30 June 2014 |
|--|-------|--------------|--------------|
| | | \$ | \$ |

3c. Cohesion

The programs run within the Cohesion pillar are:

Stakeholder communications program

Corporate communications program

The strategic purpose of these programs is to provide all egg producers with certainty in their operating environments where industry cohesion, credibility and the social licence to operate for layer hen farming is protected and enhanced. This is to be achieved by communication activities that promote the credibility of new and existing science and values-based farm management practices of Australian egg products to relevant internal and external stakeholders.

| | | |
|--------------------------|------------------|------------------|
| Projects/activities | 629,587 | 572,966 |
| Project travel | 90,782 | 84,565 |
| Program management costs | 387,459 | 386,239 |
| Total | 1,107,828 | 1,043,770 |

3d. Corporate Costs

| | | |
|-------------------------------|----------------|----------------|
| Accounting and Administration | 87,575 | 74,769 |
| Legal fees | 479,213 | – |
| Premises | 35,858 | 34,591 |
| Board/AGM expenses | 58,090 | 54,271 |
| Employment expenses | 322,541 | 324,801 |
| Total | 983,278 | 488,432 |

3e. Levy Collection Costs

| | | |
|--|---------------|---------------|
| Levy Collection Cost – Egg Promotion Levy | 22,357 | 22,307 |
| Levy Collection Cost – Laying Chicken Levy | 10,368 | 10,885 |
| Total | 32,725 | 33,192 |

Notes to Financial Statements

| | Notes | 30 June 2015 | 30 June 2014 |
|---|-------|----------------|------------------|
| | | \$ | \$ |
| 3f. Reserch & Development Expenditure | | | |
| Aggregate research and development expenditure includes all project expenditure funded by the Laying Chicken Levy and Corporate overheads applicable to those projects. | | | |
| Aggregate research and development expenditure | | 3,082,390 | 3,000,785 |
| 3g. Net Surplus | | | |
| The net surplus has been arrived at inclusive of these items: | | | |
| Depreciation | | 7,922 | 14,191 |
| Employee costs | | 1,201,409 | 1,217,684 |
| Lease expenses | | 104,152 | 102,484 |
| 4. Trade & Other Receivables (Current) | | | |
| Trade Receivables | | 195,102 | 906,425 |
| Other Receivables | | 18,552 | 23,840 |
| Lease Incentive Receivable | | 32,708 | 42,708 |
| Prepayments | | 30,374 | 19,018 |
| Security Deposit | 18 | 70,280 | 70,280 |
| | | 347,016 | 1,062,271 |
| Amounts other than trade debts receivable from related parties | | | |
| Related Entity: | | | |
| Australian Egg Industry Association | | | |
| | | 738 | 738 |
| Total | | 347,754 | 1,063,009 |

5. Investments accounted for using the equity method

Investments

| | | |
|-------------------------------------|----------|---------------|
| Source Science & Technology Pty Ltd | – | 55,311 |
| Total | – | 55,311 |

On 20 November 2013, Australian Egg Corporation Limited entered into a joint venture with TSW Analytical Pty Ltd to commercialise the egg provenance technology. The Australian Egg Corporation Limited owned a 50% share in Source Science & Technology Pty Ltd (SST). On 26 June 2015, AECL divested its shares in SST to TSW Analytical. AECL retains an agreement with SST to provide service to the Australian egg industry at agreed rates.

Notes to Financial Statements

| | Notes | 30 June 2015 | 30 June 2014 |
|--|-------|---------------|---------------|
| | | \$ | \$ |
| 6. Property, Plant and Equipment | | | |
| Office Equipment | | | |
| At Cost | | 61,244 | 61,244 |
| Write offs/disposals | | (30,378) | – |
| Accumulated Depreciation | | (16,458) | (42,866) |
| | | 14,408 | 18,378 |
| Leasehold Improvements | | | |
| At Cost | | 69,762 | 69,762 |
| Accumulated Depreciation | | (9,257) | (5,305) |
| | | 60,505 | 64,457 |
| Total Property, Plant and Equipment | | | |
| At Cost | | 100,628 | 131,006 |
| Accumulated Depreciation and Amortisation | | (25,715) | (48,171) |
| Total Written Down Amount | | 74,913 | 82,835 |
| Reconciliations | | | |
| Office Equipment | | | |
| Carrying Amount at Beginning | | 18,378 | 23,355 |
| Additions | | – | 5,262 |
| Disposals | | – | – |
| Depreciation | | (3,970) | (10,239) |
| | | 14,408 | 18,378 |
| Leasehold Improvements | | | |
| Carrying Amount at Beginning | | 64,457 | 68,408 |
| Additions | | – | – |
| Disposals | | – | – |
| Depreciation | | (3,952) | (3,951) |
| | | 60,505 | 64,457 |

Notes to Financial Statements

| | Notes | 30 June 2015 | 30 June 2014 |
|--|-------|------------------|------------------|
| | | \$ | \$ |
| 7. Trade & Other Payables (Current) | | | |
| Trade Payables | | 1,119,843 | 823,758 |
| Other Payables | | 34,981 | 35,929 |
| Lease Incentive Liability | | 46,666 | 66,666 |
| | | 1,201,490 | 926,353 |
| 8. Employee Benefits (Current) | | | |
| Employee Benefits | | 98,292 | 115,456 |
| | | 98,292 | 115,456 |
| 9. Employee Benefits (Non-Current) | | | |
| Employee Benefits | | 30,568 | 47,162 |
| | | 30,568 | 47,162 |
| 10. Equity | | | |
| Retained Surplus | | | |
| Balance at Beginning of Year | | 3,810,887 | 1,094,114 |
| Net Surplus | | 977,259 | 2,716,773 |
| Balance at End of Year | | 4,788,146 | 3,810,887 |

Notes to Financial Statements

| | Notes | 30 June 2015 \$ | 30 June 2014 \$ |
|---|-------|--------------------|--------------------|
| 11. Cashflow Information | | | |
| (a) Reconciliation of net cash flows from operations | | | |
| Net Surplus | | 977,259 | 2,716,773 |
| Non-cash Items | | | |
| Depreciation of non-current assets | | 7,922 | 14,190 |
| Loss on disposal of fixed assets | | 55,311 | 3,481 |
| Changes in Assets and Liabilities | | | |
| (Increase)/decrease in trade and other receivables | | 715,255 | (491,973) |
| Increase/(decrease) in trade and other payables | | 403,994 | (180,953) |
| Increase/(decrease) in employee benefits | | (162,615) | 12,879 |
| Net cashflow from operating activities | | 1,997,126 | 2,074,397 |
| (b) Reconciliation of Cash | | | |
| Cash balance comprises: | | | |
| Cash on hand | | 250 | 250 |
| Cash at bank | | 5,695,579 | 3,698,453 |
| Closing Cash Balance | | 5,695,829 | 3,698,703 |

12. Expenditure Commitments

Lease expenditure commitments

Operating Leases (non-cancellable)

Minimum lease payments

| | | |
|---|---------|---------|
| – not later than one year | 114,407 | 113,330 |
| – later than one year and not later than five years | 35,246 | 149,652 |

| | | |
|---|----------------|----------------|
| Aggregate lease expenditure contracted for at balance date | 149,653 | 262,983 |
|---|----------------|----------------|

Notes to Financial Statements

| Notes | 30 June 2015 | 30 June 2014 |
|-------|--------------|--------------|
| | \$ | \$ |

13. Contingent Liabilities

An action has been brought against the Company and several of the Company's directors by the Australian Consumer and Competition Commission (ACCC) in relation to an alleged attempt to induce the formation of a cartel. The Company is unable, at the time of reporting, to determine the financial effect the action may have on the Company. The Company is also unable to come to a view on the likely outcome of the action.

The Australian Taxation Office has assessed AECL for income tax. AECL Directors believe this to be erroneous and have lodged an objection.

14. Subsequent Events

There have been no significant events that have occurred since 30 June 2015 that require separate disclosure.

15. Remuneration of Key Personnel

Income paid or payable, or otherwise made available, in respect of the financial year to 30 June 2015, to all directors and key management personnel of Australian Egg Corporation Limited, directly or indirectly, from the company or any related party.

| | | |
|---|----------------|----------------|
| Remuneration – Short-term Benefits | 455,114 | 448,282 |
| Remuneration – Post-employment Benefits | 31,050 | 20,205 |
| | 486,164 | 468,487 |

16. Remuneration of Auditors

Amounts received by BDO for:

| | | |
|-------------------------------------|---------------|---------------|
| – audit of the financial statements | 18,500 | 18,000 |
| – other services | – | – |
| Total | 18,500 | 18,000 |

Notes to Financial Statements

| Notes | 30 June 2015 | 30 June 2014 |
|-------|--------------|--------------|
| | \$ | \$ |

17. Related Party Disclosures

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

Jeff Ironside
 Russell Ware
 Frank Pace
 Zelko Lendich (retired 20 November 2014)
 Danny Jones (elected 20 November 2014)
 Jim Eve
 James Kellaway

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

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

| | | |
|---|------------|------------|
| Amounts loaned to Australian Egg Industry Association | 738 | 482 |
| | 738 | 482 |

18. Receivables – Security Deposit

Australian Egg Corporation Limited is obliged to maintain a security deposit for the rental of the business premises at Mount Street, North Sydney.

| | |
|---------------|---------------|
| 70,280 | 70,280 |
|---------------|---------------|

19. Segment Information

Segment products and locations

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

Notes to Financial Statements

| Notes | 30 June 2015 | 30 June 2014 |
|-------|--------------|--------------|
| | \$ | \$ |

20. Financial Risk Management Policies

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

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

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

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

Interest rate risk

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

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

Sensitivity Analysis

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

At 30 June 2015, the effect on interest received, with all other variables remaining constant would be as follows:

| | Surplus \$ | Equity \$ |
|-----------------------------------|---------------|--------------|
| Year ended 30 June 2015 | | |
| – Increase in interest rate by 2% | 2,268 | 2,268 |
| – Decrease in interest rate by 2% | (2,268) | (2,268) |
| Year ended 30 June 2014 | | |
| – Increase in interest rate by 2% | 1,633 | 1,633 |
| – Decrease in interest rate by 2% | (1,633) | (1,633) |

Notes to Financial Statements

| | Notes | 30 June 2015 | 30 June 2014 |
|---|-------|------------------|----------------|
| | | \$ | \$ |
| Liquidity risk | | | |
| The Company manages liquidity by monitoring forecast cash flows and ensuring that adequate liquid funds are maintained. The Company does not hold overdraft facilities. | | | |
| The majority of amounts receivable from trade receivables are under a Statutory Funding Agreement with the Australian Government. | | | |
| The Company maintains cash reserves to a level considered prudent to offset any fluctuations in the Government's collection of and distribution to the company of levy funds. | | | |
| Trade and other payables are expected to be paid as follows: | | | |
| Less than 6 months | | 1,154,824 | 859,687 |
| 6 months to 1 year | | – | – |
| 1 year to 2 years | | – | – |
| | | 1,154,824 | 859,687 |

Credit risk

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

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

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

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

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

Ageing of trade receivables is as follows:

| | 30 June 2015 | 0-30 days | 31-60 days | 61+ days |
|-------------------------|--------------|-----------|------------|----------|
| Total Trade Receivables | 195,102 | 149,280 | 39,644 | 6,178 |
| | 30 June 2014 | 0-30 days | 31-60 days | 61+ days |
| Total Trade Receivables | 906,425 | 897,760 | 3,516 | 5,149 |

Price Risk

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

Net Fair Values

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

Independent Auditor's Report



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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Australian Egg Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian Egg Corporation Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report



Independence

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

Opinion

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

- (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'AM', written over the printed name of Arthur Milner.

Arthur Milner
Partner

Sydney, 29 September 2015

Project Report

STRATEGY 1

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

Outcome

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

| Project | Outcome | AECL Pillar | R&D Priority |
|---|--|-------------|--------------|
| GP market research (continue) | Shift in HCPs attitudes to eggs analysed and benchmarked to assist in future campaign development and assess campaign performance. | Consumption | 2, 11 |
| Market Research – AZTEC retail scan data (continue) | Purchasing behaviour of consumer target market segments identified to better target campaigns, maximise ROI and measure program/sales performance. | Consumption | 2, 11 |
| Healthcare Professionals Focus Group Research (new) | Cut-through and measurable change in HCPs attitudes and beliefs towards eggs achieved through using approved creative that has been tested. | Consumption | 2, 11 |
| Consumer attitudes and behaviour tracking research – NewsPoll (continue) | Shifts in consumer behaviour and attitudes towards eggs analysed and benchmarked to assist in future campaign development and assess campaign performance. | Consumption | 2, 11 |

Project Report

STRATEGY 2

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

Outcome

Year-on-year growth in egg awareness, demand and sales realised providing and effective return on invested funds and positive growth trend in egg sales each year.

| Project | Outcome | AECL Pillar | R&D Priority |
|--|---|-------------|--------------|
| Consumer PR Campaign (continue) | Increased egg consumption by the two identified market segments by shortening the purchase cycle, increase the Average Weight of Purchase (AWOP) and increasing top of mind awareness of eggs. | Consumption | 1, 2 |
| Consumer advertising – media buy (continue) | Increased egg consumption of the two identified market segments by shortening the purchase cycle, increasing average weight of purchase and increasing top of mind awareness of eggs. | Consumption | 1, 2 |
| Nutrition advice and dietetics review (continue) | Increased health and nutritional knowledge about eggs known and communicated to HCPs and KOLs. | Consumption | 1, 2, 11 |
| Dietitians Association of Australia (continue) | Increased awareness of eggs among HCPs as a great source of nutrition thereby debunking the cholesterol myth and ensuring eggs are promoted as part of a healthy and balanced diet. | Consumption | 2 |
| Consumer advertising – digital campaign (continue) | Increased egg consumption of the two identified market segments by shortening purchase cycle and increasing top of mind awareness of eggs. | Consumption | 1, 2 |
| Healthcare Professionals (HCP) events campaign (continue) | Increased awareness of eggs among HCPs as a great source of nutrition thereby debunking the cholesterol myth and ensuring eggs are subscribed to patients as a part of a healthy eating plan. | Consumption | 1, 2 |
| ENC website development (continue) | Increased awareness of eggs among HCPs as a great source of nutrition thereby debunking the cholesterol myth and ensuring eggs are subscribed to patients as part of a healthy eating plan and balanced diet. | Consumption | 1, 2 |
| Healthcare Professionals (HCP) Media Campaign (continue) | Increased awareness of eggs among HCPs as a great source of nutrition thereby debunking the cholesterol myth and ensuring eggs are subscribed to patients at part of a healthy eating plan and balanced diet. | Consumption | 1, 2 |

Project Report

STRATEGY 2 CONTINUED...

| Project | Outcome | AECL Pillar | R&D Priority |
|--|---|-------------|--------------|
| Consumer advertising creative development (continue) | Increased egg consumption of the two identified consumer segments by shortening the purchase cycle and increasing top-of-mind awareness of eggs. | Consumption | 1, 2 |
| Healthcare Professionals (HCP) creative and POS material (continue) | Increased awareness of eggs among HCPs as a great source of nutrition thereby debunking the cholesterol myth and ensuring eggs are subscribed to patients as part of a healthy eating plan and balanced diet. | Consumption | 1, 2 |
| Consumer Promotions and POS campaign (continue) | Increased egg consumption by the two identified market segments by shortening purchase cycle, increase Average Weight of Purchase (AWOP) and increasing top of mind awareness of eggs. | Consumption | 1, 2 |
| Healthcare Professionals (HCP) PR Campaign (continue) | Increased awareness of eggs among HCPs as a great source of nutrition, thereby debunking the cholesterol myth and ensuring eggs are subscribed to patients as part of a healthy eating plan. | Consumption | 1, 2 |
| Egg Nutrition Council (ENC) (continue) | Increased awareness of eggs among HCPs as a great source of nutrition thereby debunking the cholesterol myth and ensuring eggs are subscribed to patients as part of a healthy balanced diet. | Consumption | 2, 9 |
| 'All about eggs' student education (continue) | Primary school students informed about how eggs are nutritious, great value, great tasting and produced in an ethical and appropriate manner. | Credibility | 2, 6, 9 |
| National Heart Foundation (NHF) 'Tick' licence (continue) | Greater awareness of positive health benefits from the consumption of eggs through cost effective access and consistent use of the NHF 'tick' Certification Trade Mark by egg producers (sub-licensees). | Consumption | 2 |
| Advancing the egg industry's social license (new) | The egg industry's social license to operate improved thereby ensuring the long-term sustainability and growth of the Australian egg industry. | Cohesion | 6, 10 |
| Media and Government (new) | AECL's reputation enhanced with Australian media, governments and others engaged in egg industry issues through the effective communication of AECL projects and activities. | Cohesion | 2, 6, 9, 11 |
| Australian Centre for Food Integrity (continue) | Egg industry better informed of consumer views and market better educated on animal agriculture and where their food comes from. | Cohesion | 2, 10 |

Project Report

STRATEGY 3

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

Outcome

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

| Project | Outcome | AECL Pillar | R&D Priority |
|--|--|-------------|----------------|
| Feedgrain partnership (continue) | A secure and quality supply of feedgrain enhanced through effective partnerships and industry collaborations achieved. | Credibility | 1, 3, 4, 5, 10 |
| Salmonella initiative – development of tools to effectively manage Salmonella in the supply chain (new) | Effective response and management of salmonella challenges in the egg industry developed to defend the egg category, increase the strength of the egg brand and facilitate access to new markets through collaboration with the Poultry CRC to develop expertise and capacity with the egg industry. | Credibility | 1, 2, 6 |
| Public health significance of layer farm or egg associated Salmonella isolates (new) | Improved understanding of the public health significance of Salmonella serovars and extent of invasiveness and virulence. | Credibility | 1, 2 |
| Behavioural and physiological characterisation of 'outdoor' and 'indoor' hens (continue) | Egg production, health and egg quality implications addressed through characterisation of the effects of the use of the outdoor range on behaviour and physiology of free-range hens. | Credibility | 1, 2 |
| Understanding the physiology of shell pigmentation and colour deterioration in laying hens (continue) | Quantitative information concerning the location of pigment in the layers of the egg shell and identification of sites of pigment synthesis in the oviduct. | Credibility | 1, 2 |
| Dietary available phosphorus requirements of laying hens (continue) | Egg production enhanced with respect to bird nutrition, feed costs and environmental pollution. | Credibility | 1, 3, 10 |
| Nutrient specific appetite as a driver for feather pecking in hens (continue) | Links between nutrient receptors, appetite and feather pecking behaviour in hens understood | Credibility | 1, |
| Effects of rearing on inappropriate conflict behaviours that predispose cannibalism (continue) | Cannibalistic pecking reduced thereby improving animal welfare, flock performance and uniformity. | Credibility | 1, 10 |
| Optimising calcium formulation in modern laying hens (continue) | Lower diet costs and improved performance (production and FCR) for commercial hen production achieved | Credibility | 1 |

Project Report

STRATEGY 4

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

Outcome

Industry information and innovation needs identified, researched and adopted to provide a more credible industry that is competitively positioned in the market.

| Project | Outcome | AECL Pillar | R&D Priority |
|--|---|-------------|--------------|
| Salmonella control strategies and industry extension (new) | The risk of Salmonella outbreaks related to egg production minimised through the development and uptake of a Salmonella Sp. extension and control program. | Consumption | 2, 6 |
| Implementation of a net energy (NE) system for laying chickens | Development of a net energy (NE) feed formulation system for laying hens to reduce feed costs | Credibility | 1, 3, 10 |
| Are eggs good for people with type 2 diabetes? (continue) | Increased usage of eggs among people with type 2 diabetes through the removal of existing barriers to egg consumption | Consumption | 1, 2 |
| Carbon Farming Initiative: manure management consortium (continue) | Improved environmental profile of egg production with respect to greenhouse gas emissions. Access to manure management opportunities with respect to the Carbon Farming Initiative. | Credibility | 3, 4, 10 |
| Pullet and layer flock uniformity: an epidemiological industry-based approach to improve feed efficiency (continue) | Benchmarking of flock uniformity and performance regarding persistency and longevity of lay achieved. | Credibility | 1, 10 |
| Egg industry RD&E business development service (continue) | Better informed egg industry of R&D outcomes and application on-farm while providing feedback and ensuring direct input into future investments. | Credibility | 1, 2, 6 |
| R&D information extension and dissemination (continue) | Improved dissemination of R&D information and transfer/ adoption of new science and program outcomes. | Credibility | 1, 2, 6, 9 |
| NWDF Certificate III Training 2014 (continue) | Recognised industry training for transfer of skills through the development of a single-source, industry relevant training scheme. | Credibility | 6, 9, 10 |

Project Report

STRATEGY 5

Build and maintain industry resources and capacity to deliver stakeholder-responsiveness programs, research, extension and information in a timely manner.

Outcome

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

| Project | Outcome | AECL Pillar | R&D Priority |
|---|--|-------------|--------------|
| National poultry RD&E strategy (continue) | A secure co-contribution strategy between the poultry industry and research providers to ensure sustained access to critical research and development skills and resources to enhance egg production and productivity in the future delivered. | Credibility | 1, 6, 10 |
| Research seminar, conference study tours and grants (continue) | Improved communication and dissemination of egg industry R&D results and professional development of industry stakeholders. | Credibility | 6, 9, 10 |
| Horizon Scholarship: primary industries undergraduate scholarship program (continue) | Greater adoption of new skills and talent attracted to and sustained within the egg industry due to increased awareness of career opportunities at the graduate level. | Credibility | 6, 9, 10 |
| Layer and egg supply forecasting report and industry data (continue) | Layer and egg supply forecasting report and industry data. | Cohesion | 1, 2 |
| Egg industry meetings and conferences (continue) | Better informed AECL, egg producers and service providers through exposure to international markets, community trends, production concepts and ideas. | Cohesion | N/A |
| Council of Rural Research and Development Corporations (CRRDC) (continue) | Collaborative RD&E efforts and efficiency in communication across RDCs maximised as per the SFA and government R&D priorities. | Cohesion | 10, 11 |
| IEC Corporate Social Responsibility (continue) | Australia recognised by international egg industries for contributing to the global development of an egg industry through the sharing of knowledge and skills | Cohesion | 2, 9 |
| Skills and Knowledge ICC (continue) | Better informed AECL from stakeholder and expert feedback ensuring maximum impact on program development and execution. | Cohesion | 9 |
| AECL publications, websites and social media (continue) | Informed egg industry stakeholders through up-to-date and appropriate publications, fact sheets, websites, social media and other communication tools. | Cohesion | N/A |

Project Report

STRATEGY 5 CONTINUED...

| Project | Outcome | AECL Pillar | R&D Priority |
|--|--|-------------|-------------------|
| Egg industry scope and demography (continue) | AECL stakeholders informed about the contribution of the Australian egg industry to the Australian economy and community. | Cohesion | 6 |
| Egg Quality Assurance (continue) | The standard of egg production improved and certified reflecting BMP on-farm by all licensees to an approved QA scheme. | Credibility | 1, 2, 5, 7 |
| Egg Labelling Integrity Panel (ELIP) (continue) | Perceived misleading conduct minimised through the use of an expert panel to review and provide feedback on egg carton labels. | Credibility | 1, 2, 9 |
| Poultry Cooperative Research Centre (CRC) | R&D investments leveraged and maximised in hen nutrition, bird health, animal welfare, food safety, egg quality and the environment for community benefit. | Credibility | 1, 3, 4, 6, 7, 10 |
| Industry RD&E development and management (continue) | Promotion and defence of industry needs and influence with respect to on-farm innovation and efficiency. | Credibility | 1, 6, 7, 9, 10 |
| AECL R&D program evaluation (continue) | Knowledge and awareness of the return on the investment of R&D dollars across the suite of R&D funded projects. | Credibility | 11 |
| High school education and capacity building (continue) | Improved understanding of the egg industry and career pathways known among high school students to assist ensure new young talent entering and being part of the egg industry. | Credibility | 16 |
| Integrated EggBiz – egg production software (continue) | Increased egg output per hen and business efficiency through the adoption of integrated flock management online software. | Credibility | 6, 7 |
| Nuffield scholarship – egg industry (continue) | Improved egg industry capacity, knowledge and business outcomes through adoption of global innovations and learnt activities. | Credibility | 1, 6, 9 |
| Council for Sustainable Egg Farming (continue) | Improved dissemination of key messages from R&D activity through the development of an independent expert group, literature reviews and topics papers.. | Credibility | 1, 9, 10, 11 |
| Animal health Technical Working Group (TWG) (continue) | AECL and egg industry better informed through expert animal health feedback and advice ensuring biosecurity measures are maintained and project execution maximised. | Credibility | 1, 5, 9 |

Project Report

STRATEGY 5 CONTINUED...

| Project | Outcome | AECL Pillar | R&D Priority |
|--|---|-------------|--------------|
| QA development and training (continue) | Auditor skills enhanced and QA program efficiency improved through the development of auditing technology, templates and resources. | Credibility | 2, 5, 6 |
| Egg industry training initiative (continue) | Recognised industry training for transfer of skills through the development of a single-source, industry relevant training scheme. | Credibility | 6, 9, 10 |
| Events (continue) | Informed egg producers about the latest RD&E and marketing news from AECL as well as relevant industry news and technologies from around the country and the world. | Cohesion | N/A |
| Egg Farmers of the Year awards (continue) | The egg industry promoted and egg producers recognised in the media and the community creating industry leaders. | Cohesion | 6 |
| Promotions and PR ICC (continue) | Better informed AECL from stakeholder and expert feedback ensuring maximum impact of program development and execution. | Cohesion | 9, 10 |
| On Farm Innovation and Efficiency ICC (continue) | Better informed AECL from stakeholder and expert feedback ensuring maximum impact of program development and execution. | Cohesion | 9 |
| Egg industry and AECL program videos (new) | Stakeholders and the community better informed and educated thereby increasing industry credibility and community knowledge. | Cohesion | 2, 6 |
| Liaison with Animal Health Australia (AHA) (continue) | Better informed egg industry on animal health matters with secure funding arrangements under the Emergency Animal Disease Response Agreement (EADRA). | Cohesion | 5, 10 |
| Meetings with the Federal Minister and DA (continue) | Better informed Australian Government regarding Australian egg industry issues, the operations and governance of AECL and AECL programs and investments. | Cohesion | 11 |

AECL Industry Consultative Committees and Expert Groups 2015

MEMBERSHIP

Consultative Committees:

Promotions & PR

Ms Julie Proctor
Sunny Queen Farms Pty Ltd

Mr Ian Savenake
Novo Foods Ltd

Mr Grant Dearden
Pace Farm Pty Ltd

Mr Darren Leyton
Glenview Poultry Pty Ltd

Mrs Shelley Green
Green Eggs Pty Ltd

On-farm Innovation & Efficiency

Mr Phil Szepe
Kinross Farms

Mr Peter Bell
AAA Egg Company Pty Ltd

Mr Ken Bruerton
Protea Park Enterprises

Mr Geof Runge
Industry Specialist – S & K Course
Developer

Dr Greg Parkinson
Independent Consultant

Dr Peter Scott
Scolexia/University of Melbourne

Dr Greg Underwood
Hy-Line Australia

Mr Greg Mills
Council for Sustainable Egg Farming

Skills & Knowledge

Mr Ian Claxon
AAA Egg Company Pty Ltd

Ms Narelle Burke
Glenwarrie Partnership

Mr David May
D A Hall & Company Pty Ltd

Mr Ross Brown
CHM Alliance (RTO)

Mr Ross Ord
AgriFood Skills – Workforce
Development

Ms Robyn Richards
4 Up Skilling (RTO)

Mr Geof Runge
Industry Specialist – S & K Course
Developer

Quality Assurance

Mr Abe Moses
Farm Services Manager – AECL

Ms Sue Byrne
RD&E Co-ordinator – AECL

Ms Sheryle Rogers
Sheryle Rogers Consulting

Mr Rogue Isemonger
Pace Farm Pty Ltd

Mr Daniel Cantarella
McLeans Farms

Mr Darron Wand
DJ&JA Wand Pty Ltd

Dr Margaret Sexton
Biosecurity SA/PIRSA

Mr Andre Kings
Sunny Queen Farms Pty Ltd

Mr Tony Davis
Farm Pride Foods

Mr Gerry Vullings
Egg Industry Consultant

Expert Groups:

Animal Health Technical Working Group

Dr Peter Scott
University of Melbourne/
Scolexia Pty Ltd

Dr Peter Groves
University of Sydney/Zootechny Pty Ltd

Dr Clive Jackson
Biological Technology Transfer Pty Ltd

Egg Nutrition Council (ENC)

Ms Sharon Natoli
Food & Nutrition Australia

Prof Karam Kostner
University of Brisbane

Dr Tania Markovic
Royal Prince Alfred Hospital, Sydney

Dr Cameron Grant
Ass. Professor, Paediatrics, University
of Auckland

Egg Labelling Integrity Panel (ELIP)

Ms Sharon Natoli
Food & Nutrition Australia

Mr John Furbank
Retail Compliance Pty Ltd

Mr Andros Chrysiliou
Chrysiliou IP

Mr Geoffrey Annison
Australian Food & Grocery Council

Council for Sustainable Egg Farming (CSEF)

Mr Greg Mills

Glossary

| | | | | | |
|---------|--|-------|---|--------|--|
| AASB | Australian Accounting Standards Board | EADR | Emergency Animal Disease Response | NH&MRC | National Health & Medical Research Council |
| AAWS | Australian Animal Welfare Strategy | EADRA | Emergency Animal Disease Response Agreement | NHF | National Heart Foundation |
| ABS | Australian Bureau of Statistics | ECA | Egg Corp Assured | NIP | Nutrition Information Panel |
| ACARA | Australian Curriculum Assessment & Reporting Authority | EEO | Equal Employment Opportunity | NPV | Net Present Value |
| ACCC | Australian Competition and Consumer Commission | EFA | Egg Farmers of Australia | NWDF | National Workforce Development Fund |
| AECL | Australian Egg Corporation Limited | ELG | Egg Labelling Guide | PDA | Personal Digital Assistant |
| AEIA | Australian Egg Industry Association | ELIP | Egg Labelling Integrity Panel | PIEF | Primary Industries Education Foundation |
| AGM | Annual General Meeting | EMS | Environmental Management Systems | PIRSA | Primary Industries and Regions South Australia |
| AHA | Animal Health Australia | ENAG | Egg Nutrition Advisory Group | PIX | Poultry Information Exchange |
| AI | Avian Influenza | ENC | Egg Nutrition Council | POS | Point-Of-Sale |
| AICD | Australian Institute of Company Directors | F&A | Finance & Audit | PR | Public Relations |
| AM | Order of Australia | FCR | Feed Conversion Ratio | PRP | Preliminary Research Proposal |
| AMAC | Agriculture Ministerial Advisory Council | FOB | Free On Board | QA | Quality Assurance |
| AOP | Annual Operating Plan | FPC | Full Page Colour | QDPI | Queensland Department of Primary Industries |
| APL | Australian Pork Limited | FRP | Full Research Proposal | QR | Quick Response (matrix barcode) |
| ASIC | Australian Securities and Investments Commission | FSANZ | Food Standards Australia New Zealand | RAS | Royal Agricultural Society |
| ASX | Australian Securities Exchange | FSTF | Food Safety Task Force | R&D | Research and Development |
| AWI | Australia Wool Innovation | GP | General Practitioner | RD&E | Research, Development and Extension |
| AWOP | Average Weight of Purchase | GPCE | General Practitioner Conference & Exhibition | RDC | Research and Development Corporation |
| BCR | Benefit Cost Ratio | G&R | Governance & Risk | RIRDC | Rural Industries Research & Development Corporation |
| BMP | Best Management Practice | GRDC | Grains Research & Development Corporation | ROI | Return On Investment |
| CAGR | Compound Annual Growth Rate | GST | Goods and Services Tax | RSPCA | Royal Society for the Prevention of Cruelty to Animals |
| CIF | Cost Insurance Freight | GWRDC | Grape and Wine Research & Development Corporation | RTO | Registered Training Organisation |
| CPD | Continuing Professional Development | HAC | Horticulture Australia Council | SFA | Statutory Funding Agreement |
| CRC | Co-operative Research Centre | HCP | HealthCare Professionals | SFMA | Stock Feed Manufacturers Council of Australia |
| CRDC | Cotton Research & Development Corporation | HIAL | Horticulture Innovation Australia | S&K | Skills & Knowledge |
| CRRDC | Council of Rural Research & Development Corporations | HWAG | Hen Welfare Advisory Group | SRA | Sugar Research Australia |
| CSEF | Council for Sustainable Egg Farming | ICC | Industry Consultative Committee | SST | Source Science & Technology Pty Ltd |
| CSIRO | Commonwealth Scientific and Industrial Research Organisation | IEC | International Egg Commission | TAC | Technical Advisory Committee |
| CTR | Click Through Rate | IP | Intellectual Property | TARPS | Target Audience Rating Points |
| DAA | Dietitians Association of Australia | IPP | Industry Partnerships Program | TV | Television |
| DAFF | Department of Agriculture Forestry and Fisheries | IRR | Internal Rate of Return | TWG | Technical Working Group |
| DA | Dairy Australia | KOL | Key Opinion Leader | U&A | Usage & Attitudinal |
| DEEDI | Department of Employment, Economic Development and Innovation | KPI | Key Performance Indicator | UA | University of Adelaide |
| DIISRTE | Department of Industry Innovation Science Research and Tertiary Production | LCA | Life Cycle Assessment | UM | University of Melbourne |
| DPI | Department of Primary Industries | LGPA | Livestock & Grain Producers Association | UNE | University of New England |
| EAD | Emergency Animal Disease | MAT | Moving Annual Total | UQ | University of Queensland |
| | | MCoP | Model Code of Practice | US | University of Sydney |
| | | MD | Managing Director | UWA | University of Western Australia |
| | | MLA | Meat and Livestock Australia | VET | Vocational Education Training |
| | | NAHIS | National Animal Health Information System | WHS | Workplace Health & Safety |
| | | NE | Net Energy | WSPA | World Society for the Protection of Animals |
| | | NGO | Non Government Organisation | YTD | Year To Date |



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