

AUSTRALIAN EGG
CORPORATION LIMITED



ANNUAL REPORT 2014

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Vision, Mission and Values

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 June 2014

Egg production – Australia: <i>(Source: AECL)</i>	397.4 million dozen eggs – 2013/14 FY		
Flock size: <i>(Source: AECL)</i>	22.945 million (pullets & layers) – as at June, 2014 16.556 million (layers) – as at June, 2014		
State flock percentages as at June 2013: <i>(Source: ABS, cat. no. 7121)</i>	NSW/ACT: 33%	WA: 10%	
	Queensland: 26%	SA/NT: 5%	
	Victoria: 25%	Tasmania: 1%	
Number of egg farms: <i>(Source: ABS, cat. no. 7121)</i>	277 – as at June, 2013		
Gross value of egg production (farm gate equivalent): <i>(Source: ABS, cat. no. 7503)</i>	A\$564.2m – 2012/13 FY		
Gross value of egg production (wholesale equivalent): <i>(Source: ABS, cat. no. 7503)</i>	A\$653.0m – 2012/13 FY		
Gross value of egg production (grocery equivalent): <i>(Source: AECL)</i>	A\$1.701b – 2013/14 FY		
Egg consumption: <i>(Source: AECL)</i>	213.3 eggs per capita (MAT) – 2013/14 FY 213.4 eggs per capita (spot) – as at June, 2014		
Grocery egg sales value: <i>(Source: AZTEC)</i>	A\$785.6m – 2013/14 FY		
Grocery egg sales volume: <i>(Source: AZTEC)</i>	183.4m dozen – 2013/14 FY		
Grocery egg price (average): <i>(Source: AZTEC)</i>	Cage eggs	A\$3.35 per dozen – 2013/14 FY	
	Free range eggs	A\$5.34 per dozen – 2013/14 FY	
	Barn-laid eggs	A\$4.80 per dozen – 2013/14 FY	
	Specialty eggs	A\$9.12 per dozen – 2013/14 FY	
Grocery sales farming system market share: 2013/14 FY <i>(Source: AZTEC)</i>		<i>volume</i>	<i>value</i>
	Cage eggs	53%	41%
	Free range eggs	38%	47%
	Barn-laid eggs	8%	9%
	Specialty eggs	1%	2%
Grocery sales branding market share: 2013/14 FY <i>(Source: AZTEC)</i>		<i>volume</i>	<i>value</i>
	Private-label/generic labels	54%	45%
	Proprietary labels	46%	55%
Grocery sales pack size market share: 2013/14 FY <i>(Source: AZTEC)</i>		<i>volume</i>	<i>value</i>
	6 (half dozen) pack	6%	10%
	10 pack	2%	2%
	12 (dozen) pack	82%	78%
	15 pack	2%	2%
	18 pack	5%	5%
	30 (tray) pack	3%	2%
Grocery sales pack weight market share: 2013/14 FY <i>(Source: AZTEC)</i>		<i>volume</i>	<i>value</i>
	←=350g	6%	10%
	351g – 600g	21%	19%
	601g – 700g	57%	54%
	701g – 800g	5%	7%
	→=801g	10%	10%
Egg product exports: (Free on board equivalent) 2013/14 FY <i>(Source: ABS)</i>		<i>volume</i>	<i>value</i>
	Shell eggs	34mt	A\$1.28m
	Egg pulp/liquid	107mt	A\$0.254m
	Egg powder	←1mt	A\$0.001m
Egg product imports: (Cost insurance freight equivalent) 2013/14 FY <i>(Source: ABS)</i>		<i>volume</i>	<i>value</i>
	Eggs preserved/cooked	175mt	A\$0.519m
	Egg powder	564mt	A\$2.446m
	Egg pulp/liquid	1,439mt	A\$13.940m

FY = Fiscal Year (Jul to Jun)
g=gram

b = billion
%=percent

MAT = Moving annual total
A\$=Australian dollars

mt = metric tonne

m = million

Chairman's Message



It gives me great pleasure to present the 2013/14 Annual Report of the Australian Egg Corporation Limited (AECL) to all stakeholders including egg producers and the Government on behalf of the Australian community.

This year has been marred by emergency disease outbreaks; food safety issues; ongoing perceived hen welfare concerns; the egg industry's inability and

constraint to effectively represent Australia's egg producers or layer hen farmers; and the definition of layer farming systems, especially free range. Despite these challenges, it is pleasing to report some positive developments and trends for the Australian egg industry, especially over recent years.

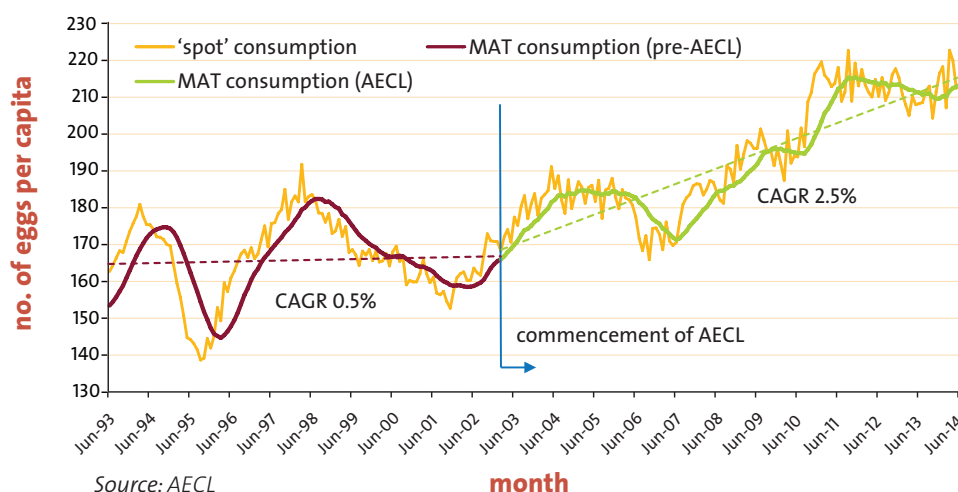
The number of laying hens has increased from 3.4% on average each year since 2001 to 3.6% since 2009. This has reflected trends in egg production which has increased from 3.6% each year on average since 2001 to 4.2% each year since 2009. In terms of grocery egg sales, average annual increases of 6.7% since 2001 have risen to average 10.3% each year since 2009. These rates are well ahead of population growth which has grown by 1.5% on average each year since 2001 and 1.7% since 2009. This trend provides evidence of increasing per capita consumption. To this end, consumption has grown from 163 eggs in 2001 to 213 eggs per capita in 2014 representing an annual average increase of 2.2% or 2.5% since 2009.

This increase in growth over more recent years in the number of laying hens, the volume of egg production, grocery sales and ultimately egg consumption, is indicative of the markets' increasing and growing demand for eggs which has been 'promoted' by AECL investments of egg producer levy funds. As a result, I am pleased to report the continued growth of the Egg Promotion Levy return on investment which grew to reach 60% during the year, an increase in return of 4%. On this score, egg producers can be satisfied that a positive return is being generated from the payment of the Egg Promotion Levy. AECL remains committed to measurement of program outcomes where possible to assist determine and ensure value is generated through levy investments.

As the egg industry's service provider of marketing, Research, Development and Extension (RD&E), it is continually frustrating that AECL is not allowed to also act as the industry's peak representative body. After continual discussions and correspondence with the Australian Government regarding this functional limitation, the Minister encouraged AECL to consult with industry during the year and present a case for consideration by the Australian Parliament. We look forward to addressing this limitation with industry and the Government in the new year. Despite this, AECL provided an opportunity for all state representative bodies, under the auspices of Egg Farmers of Australia, to represent the national egg industry.

We remain an active participant of the Council of Rural R&D Corporations (CRRDC) contributing to a joint or co-ordinated effort through collaborating administratively and through a number of research projects. AECL is

Egg Consumption



Chairman's Message

also a key contributor to the animal welfare RD&E cross-sectoral strategy, chairs the animal biosecurity RD&E strategy, invests in line with the Poultry RD&E strategy and remains a core participant and Board member of the government-approved Poultry Co-operative Research Centre (CRC). Our continued involvement in these strategies and research initiatives is critical to address relevant industry issues as per the Objects of the Corporation contained in the AECL Constitution.

Egg producers over the past year have been both directly and indirectly affected by hen health issues; outbreaks of Emergency Animal Diseases or EADs, such as Avian Influenza; and food safety concerns, especially Salmonellosis. These issues can destroy large or small egg producers of any farming system at any time in any location and does not necessarily distinguish between egg producers with good or not so good biosecurity or overall farm management operations. However as we know, good management practices can assist to reduce risk. To this end, we remain actively engaged with Animal Health Australia, Food Standards Australia & New Zealand and the food authorities in different government jurisdictions to progress measures to mitigate on-farm and through chain risks.

AECL is aware of recent machinations and debate on agricultural levies in the Australian Parliament. The benefits that flow, over time, from investments in agricultural R&D to increase on-farm and through chain productivity are overwhelmingly clear and AECL will continue to demonstrate gains that have been made through these investments in the egg industry. This

includes advances in hen nutrition, hen health, animal welfare, environmental stewardship, on-farm training and farm extension. To this end, AECL has made a conscious decision to move the focus of investments in RD&E from solely the R (research) to now include a lot more of the D (development) and E (extension). This demonstrates levy investment applicability and value for levy payers over the RD&E continuum.

AECL and the egg industry are acutely aware of definitional issues associated with free range layer farming and egg production. It is the understanding of AECL that egg producers, in good faith, have been adhering to the definitions and guidelines contained in the government-endorsed 4th edition of the Model Code of Practice for the Welfare of Animals – Domestic Poultry and the National Standards for Egg Labelling approved by the former federal Minister for Agriculture when describing their farming practices and labelling their eggs. The egg industry needs guidance to ensure we are all operating compliant farming systems now and into the future.

Finally, it is important to note the contributions my fellow directors make to the success of AECL and the loyal, dedicated and committed members of the AECL staff team in delivering positive outcomes for all egg producers through the investment of levy and government funds. We remain close to all of our stakeholders including close and positive relations with government where we report twice each year under the terms of the Statutory Funding Agreement (SFA) on the careful investment of levy dollars, Commonwealth contributions and compliance-related issues.

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



Managing Director's Report

It has been another challenging and multifaceted year for the Australian Egg Corporation Limited (AECL) in servicing Australian egg producers and the Australian community. AECL has made careful and planned investments of statutory levy funds, government-matched dollars and other revenue sources in a total of 72 planned projects across the Corporation's three operating pillars. The projects were aligned with our 10 program areas addressing our five strategies and the Australian Government's research priorities all of which are contained in the industry and government-approved AECL Strategic Plan 2012-2016.

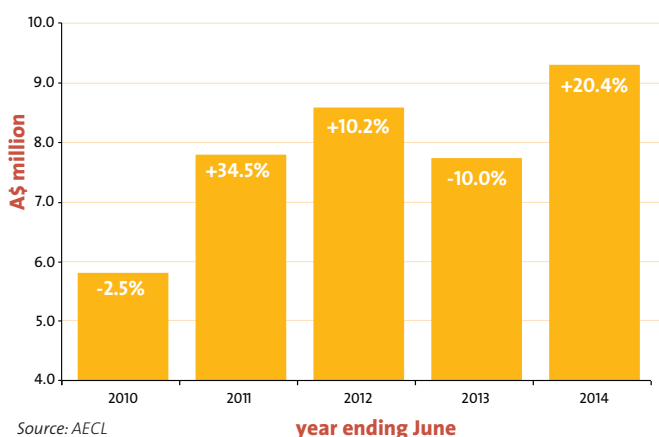
In addition to a number of successful outcomes being achieved, AECL continued to provide a positive return on the investment of the Egg Promotion Levy which represented 52% of total AECL revenue during the year and 69% of levy funds contributed by egg producers to AECL. From a fiscal perspective for the year ended 30 June 2014, AECL revenue totalled \$9.359 million with expenses reaching \$6.642 million resulting in an operating surplus of \$2.717 million increasing total equity to \$3.811 million as at 30 June 2014. This audited result and budget management throughout the year was overseen by the Finance & Audit Board Committee.

From a risk perspective, an action has been brought against AECL and three of its directors by the Australian Competition and Consumer Commission (ACCC) in relation to an alleged attempt to induce the formation of a cartel. AECL is unable to determine the financial effect the action may have on AECL or the likely outcome of the action. To assist mitigate risk, annual reviews are undertaken of AECL's Risk, Fraud Control and Intellectual Property (IP) management plans which are overseen by the Governance & Risk Board Committee which meets twice each year.

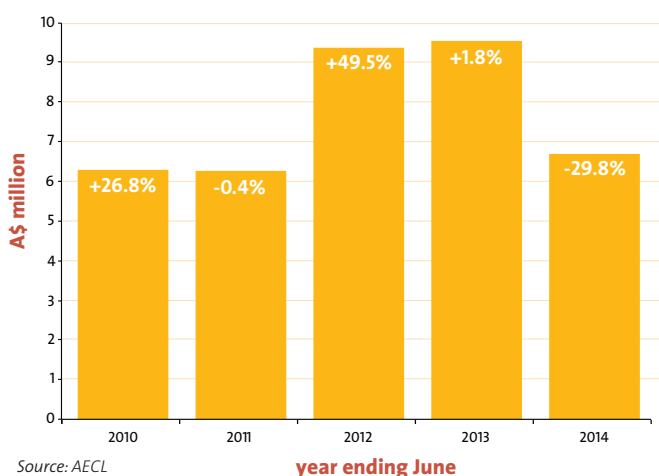
AECL investments of Egg Promotion Levy, Laying Chicken Levy and government-matched dollar proceeds continue to be guided by our suite of Industry Consultative Committees (ICCs) and meetings with egg producers, governments, researchers and other stakeholders. Key project highlights for 13/14 included:

- » Development and launch of an accredited online education module for Health Care Professionals (HCPs) with more than 1,000 completions being recorded in its first year.
- » Instigation of the 10 Minute Breakfast Challenge which proved to consumers that eggs can be a convenient, healthy and tasty choice for breakfast complemented by the development of the MyFoodBook e-publication.

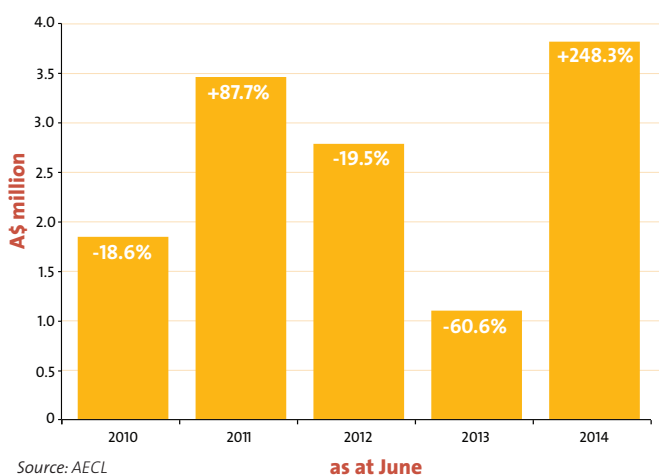
AECL Income



AECL Expenditure



AECL Retained Earnings



Managing Director's Report

- » Development of new TV advertising creative titled 'Unbeatable' to promote increased use of eggs for launch in the new year.
- » Launch of the Council for Sustainable Egg Farming (CSEF), which is an independent expert group with the purpose of maintaining and summarising all available scientific literature and knowledge related to Australian egg production.
- » Commercialisation of AECL's egg identification and provenance research through the provisional registration of Intellectual Property (IP) pertaining to multi-component isotope testing.
- » Graduating 25 students from the accredited Certificate III program; two students from the accredited Diploma course; four students from the Horizon scholarship program; continual sponsorship of the industry's inaugural Nuffield scholar; and sponsorship of the inaugural Egg Farmer of the Year award.
- » Establishing a web-portal for the easy access and translation of Laying Chicken Levy and government -matched dollar investments in more than 100 R&D-related projects and associated outcomes for adoption on-farm and throughout the value chain.

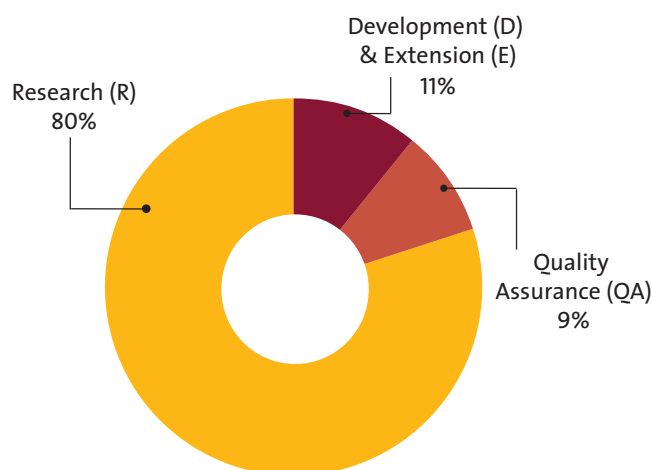
These and other achievements have been made in line with the stakeholder-agreed AECL Strategic Plan 2012-2016 and the Statutory Funding Agreement (SFA) with the Australian Government.

While our investments of the Egg Promotion Levy proceeds continue, there has been a strategic shift over time in Research, Development & Extension (RD&E) expenditure funded through the Laying Chicken Levy and matched Australian Government funds.

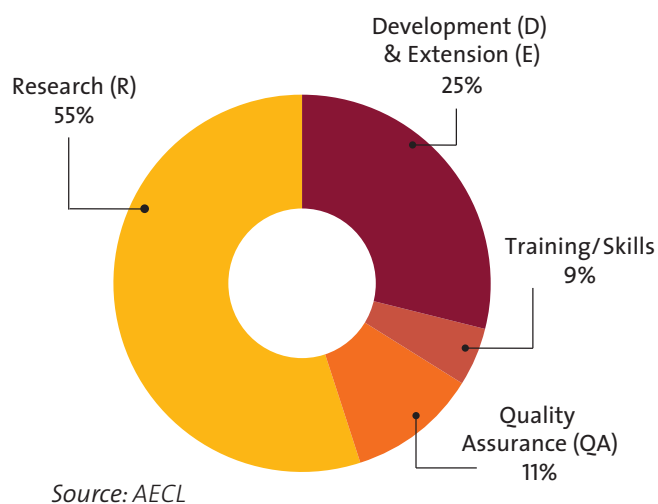
Pillar 1: Consumption – increasing egg demand & market sales

The formation of AECL was promulgated on growing the market for eggs by increasing egg sales and per capita consumption. This is a 'cornerstone' of AECL and an essential focus over the longer term. This is achieved by communicating the many qualities of the egg and its relevance to a diverse market in light of a hyper-competitive food market where eggs need to increase its share-of-stomach and frequency of use as part of a weekly meal or menu repertoire in and out of the home.

AECL RD&E Expenditure – 2009 FY



AECL RD&E Expenditure – 2014 FY



Health Care Professionals program

This program is targeted towards the key influencers of the light consuming market segments by utilising an effective conduit and trusted source of health information and nutritional advice. Research has demonstrated that communicating with and influencing Health Care Professionals (HCPs) about the latest scientific research pertaining to eggs is critical to increasing per capita consumption in the community.

During the year, AECL launched 26 advertorials in Primary Times, Australian Doctor and Medical Observer

Managing Director's Report

publications which reached 95% of GPs nationally. This was supported by online advertising through the Medical Observer website and Friday Facts, a GP e-mail newsletter distributed by Australian Family Physician and a proactive media release campaign profiling the industry's Egg Nutrition Council (ENC) resulting in 6.9 million audience impressions assisting to bolster ENC as a credible source of nutritional information.

ENC also initiated and developed an accredited online education module which focuses on healthy eating and cholesterol, allergies, pregnancy and the elderly to assist debunk long-held myths associated with eggs. The program is accredited for GPs, dietitians, personal trainers and practice nurses to count towards their annual CPD goal. More than 1,000 completions were recorded in the first year of the module being launched. ENC also exhibited and presented at the Australian Practice Nurse Association conference, the Dietitians' Association of Australia conference and at GPCE in Brisbane, Sydney and Melbourne. Over 90% of delegates attended ENC presentations on egg nutrition and an average of 150 new ENC newsletter subscribers were achieved at each conference.

AECL also updated its suite of HCP and patient leaflets which included the 'Egg-cyclopeadia' publication, a breakfast info-graphic and four HCP one-pagers and patient handouts. AECL's ENC Twitter profile is now reaching over 200 influential HCPs keeping them up-to-date with the latest nutritional research regarding eggs.

During the year, AECL launched a major piece of research delving into the HCP market to determine and prioritise ongoing messaging, best targets, timing

of communication and appropriate channels. This research has assisted to refine AECL's HCP strategy for 14/15 and beyond to further enhance return on invested funds in this program.

AECL continued its market monitoring and tracking of GP attitudes in 13/14 with six out of 10 GPs now believing patients can consume five or more eggs per week, with 40% of GPs saying six or more eggs per week is fine. This is a positive change compared to previous years. Also, 70% of GPs now believe that egg intake has little to no effect on serum cholesterol levels, which is a positive shift of 20% within a year. Most importantly, there has been a shift of close to 40% in instances where GPs actively tell patients to increase their egg intake, especially for malnourished patients, those seeking to gain muscle, children, elderly, vegetarian and pregnant or lactating women. These long term trends provide a key metric and positive outcome to AECL's investment in communicating with HCPs.

Consumer Awareness program

A program targeted towards communicating with the light consuming market segments to build product relevance. Eggs are positioned as being versatile, easy to prepare for every meal occasion through a range of simple, healthy and quick egg recipes complementing every culinary repertoire no matter how busy different lifestyles may be and nutrient dense containing the essential vitamins and minerals that are necessary for life thereby building product relevance and consumption.

During the year, AECL carefully developed a new creative campaign titled 'Unbeatable' for TV, on-line and mobile devices. The development of this campaign was based on results from ongoing consumer tracking studies, our latest national Usage & Attitudinal market research outcomes and collaboration with AECL's creative, PR and media strategy partners. We look forward to launching the 'Unbeatable' campaign in 14/15 to further drive egg consumption.

AECL continued to promote and offer the National Heart Foundation Tick trademark for eggs to all egg producers with 38 active sub-licensees utilising the Tick on-pack with whole egg product being added to the Tick program during the year. According to research, the Tick is essential in assisting the egg industry bust the cholesterol myth and build egg consumption.

Egg grocery
sales grew by
2.5% during
the year.

Managing Director's Report

Media Relations program

A program targeted towards those editors, journalists, publishers and bloggers who all lead and shape opinions and trends among the light consuming market segments including both 'foodie' and nutrition or health-related messaging. These activities largely constitute below-the-line PR opportunities relevant to key food and community events throughout the year.

This program included 12 recipe-based media releases and activities around World Egg Day, Pancake Day and the Ten Minute Breakfast Challenge. During the year, AECL focussed on the following key messages: eggs are delicious, healthy, versatile and simple to prepare; eggs are a nutrient-dense food containing 11 essential vitamins and minerals; and the Australian Dietary Guidelines maintain that the everyday consumption of eggs can be included as part of a healthy, balanced diet. This activity resulted in 230 published articles with a reach of 53.3 million.

For World Egg Day, we commissioned research to uncover the true egg boiling habits and abilities of Australians. Released on World Egg Day, the research results were used in conjunction with the launch of the 'boil an egg' hotline and a standardised recipe for creating hard, medium and soft-boiled yolks. AECL appointed an ENC member and accredited practicing dietitian as an ambassador for the campaign to add credibility. The campaign was also supported by social media content resulting in 47 positive media clippings with a total reach of 11.9 million.

Pancake Day is a relatively new AECL initiative which provides different opportunities and angles for promoting eggs each year. In 13/14, we provided an opportunity to launch the search for Australia's national pancake. Kicking off the conversation, our social community was challenged to submit a true Aussie pancake dish. For credibility and relationship building, food editors were engaged to help select the winner. Key influencers were also engaged to host giveaways and create their own recipes to celebrate Pancake Day. Content was developed to encourage and reward the community for participating and interaction with the wider community was promoted through announcing the finalists. This web-based post performed well above industry benchmarks in terms of click-through-rates and the People's Choice Award enabled fans to have a voice in the competition. This activity resulted in 74 pieces of coverage with 25.4 million impressions.

The 10 Minute Breakfast Challenge, a new initiative for 13/14, was developed to prove to consumers that eggs can be a convenient, healthy and tasty choice for breakfast. The Challenge took the form of a consumer competition to trial new egg recipes for breakfast every day for a week and share their creations via social media using the campaign hashtag. We used a celebrity cook and personal trainer as the campaign ambassador to create seven recipes for the Challenge and to be the spokespersons. Weekly winners were selected as well as one overall winner who received the 'money-can't-buy' experience of breakfast cooked at home by the appointed celebrity cook. Interaction with our social community was promoted through: recipe content from our celebrity cook; announcements of weekly, category and overall winners; and the development of an e-cookbook featuring seven of the celebrity cook's favourite breakfast recipes which was developed together with our campaign partner MyFoodbook. The e-cookbook was downloaded close to 10,000 times and the campaign resulted in 136 articles being published with more than 24 million audience impressions.

Our media relations program and associated activities were undertaken to ensure eggs are kept front-of-mind for consumers. The program also serves to present consumers with easy usage suggestions for eggs to increase product usage. All campaigns were also heavily promoted through AECL's Facebook page which led to a 28% increase in fans that now total close to 37,000.

Again, AECL continued its market tracking during the year and results revealed a similar trend to consumer attitudes of 12 months ago. From the standpoint of change, the most noteworthy issue related to contradictory trends about restricting egg consumption. On one hand, the 2014 wave provides further evidence of continued, gradual softening in attitudes concerning the need to limit egg consumption for health or weight reasons among the broader community. On the other hand, there are a few pointers to a subtle growth in concerns about cholesterol and fat when eating eggs. Of those who restrict their consumption of eggs, a quarter say they were recommended to do so, with recommendations being made most commonly by doctors, nutritionists, dietitians and to a lesser extent, family or friends. This assists support our ongoing focus on targeting HCPs in our communication and the ongoing work of the ENC.

Managing Director's Report

Pillar 2: Credibility – enhancing industry & product credibility

Egg industry credibility is essential to maintain and build consumer trust and product loyalty. Customers need to have confidence in the product and the supply chain to ensure ongoing or repeat purchase while key decision makers and 'influencers' including government, Non-Government Organisations (NGOs) and community groups need assurances that industry systems and processes ensure a pathway of continuous improvement on-farm. This remained a core focus during the year through building skills, knowledge and capacity within industry and facilitating the adoption of research outcomes to increase on-farm productivity, through chain efficiencies and increased product quality.

Hen Welfare & Best Practice Farming Systems program

A program targeted towards generating environmentally and economically sustainable egg production in all systems covering the key scientific research and development disciplines relating to hen welfare and hen health including disease management, nutrition, uniformity, feed availability and environmental stewardship.

A number of projects were completed during the year. One such project, 'Importance of space and nests for

laying hens in cages', analysed the effects of floor space during rearing and adulthood and access to a nest box during adulthood of laying hens. The study found that there were no consistent effects of floor space during rearing or adulthood on measures of stress. Another completed study, 'Available phosphorus requirement of laying hens', indicated that the available phosphorus requirement is approximately 1.5g/kg for hens fed wheat and sorghum-based diets. Other projects included 'optimising ventilation and egg production in environmentally-controlled sheds'. Outcomes from these research studies are available on the newly-developed R&D section of the AECL website which currently houses more than 100 different egg-related research projects completed in recent times.

During the year, AECL launched the Council for Sustainable Egg Farming (CSEF) which is an independent expert group with the purpose of maintaining and summarising all available literature and knowledge related to Australian egg production. To date, two groups of the Council in the disciplines of hen welfare or wellbeing and food safety have been formed. The main focus of the Council is to maintain a large database of knowledge and produce summary topic papers and key statements on key egg production areas. As knowledge changes when new research findings become available, the Council will update literature reviews and topic papers. It is the role of the Council's Chairman to ensure the Council remains independent and adheres to the approved Charter. More information can be found on the CSEF website, www.csef.org.au.

The engagement strategy of AECL's scientific review and development of a hen welfare RD&E plan continued in 13/14. AECL made contact with regulatory stakeholders to update on progress, to review the new institutional arrangements within government, possible timing of a review of the 4th edition of the Model Code of Practice for the Welfare of Animals – Domestic Poultry and seek insight into RD&E priorities. AECL will continue investing in appropriate research questions to assist inform any future review whilst maintaining a civil dialogue with all stakeholders.

An R&D highlight was the further commercialisation of AECL's egg identification and provenance project through the provisional registration of Intellectual Property (IP) pertaining to multi-component isotope testing. Out of the 12 pieces of IP owned by AECL, royalty payments flowed from three during the year.

AECL delivered
a 60% return
on investment
for the Egg
Promotion Levy
in 13/14.

Managing Director's Report

Skills & Knowledge Development program

A program targeted towards school-aged children and the egg industry providing resources and teaching aids promoting the virtues of eggs and enhancing the credibility of the egg industry while building industry capacity through extension, training and communication of R&D outcomes to undertake best practice egg production thereby improving on-farm and through chain productivity.

Skills and Knowledge development and capacity building for the egg industry remained a core feature of the Credibility pillar. It is well understood that even though modern genetics and good farming systems are practiced in the Australian egg industry, productivity and sustainability depend on knowledgeable people that have been upskilled and have access to new and continuous knowledge. AECL continues to assist egg producer capability on-farm and throughout the supply chain via the skills and knowledge development program. The program saw the graduation of another 25 students from the accredited Certificate III program with two students graduating from the accredited Diploma course. The program also supports the Horizon scholarship, with four undergraduate students interacting with the egg industry, and the Nuffield scholarship program to help develop future leaders for the industry such as Kate Mason from Western Australia, the industry's inaugural Nuffield Scholar.

A demonstration of egg industry training, on-farm services offered and products developed was showcased at the high-performance egg production workshop initiated by AECL after the PIX conference during the year. Entitled 'achieving the next 5%', the workshop focused on using AECL-developed products and services that have been commercialised to affect on-farm productivity. These tools included Hen Support, Integrated Egg Biz and the extension support service. A number of egg producers have since taken up the opportunity to further develop their systems and are making use of the business development service being provided by AECL including those services offered by our Farm Services Manager who visited a number of farms to assist in trouble-shooting production issues during the year. These services and other training and extension initiatives provide a direct link to delivering a return on the Laying Chicken Levy investment for egg producers.

Now in its second year, AECL continued to develop and roll-out the All About Eggs student education initiative among Kindergarten to Year 6 primary school students migrating the service from being incursion-based to on-line therefore making it more cost effective and broadening the program to have a national reach. During its initial phase, the program visited over 60 schools, educating more than 15,000 students about eggs and the egg industry. The website was launched during the year which has been developed in line with the criteria of Education Services Australia and is linked to the national curriculum addressing core capabilities such as Mathematics and English. The website launch has been very successful with the website attracting around 400 unique visitors per month.

Quality Assurance (QA) program

A program targeted towards increasing adoption and improvement of the industry's quality assurance program in the scopes of food safety, hen health, farm quarantine & biosecurity, environmental management, egg labelling and hen welfare to help ensure high-quality egg production, continual market access and industry credibility.

AECL commissioned a review of the industry-based QA scheme in 13/14 to determine its future. The review wished to answer the following questions: does the egg industry want a QA Scheme; and if the answer was "yes", who should own and/or manage the scheme; and finally, what are the resources and structure required to effectively operate the QA scheme? It was determined appropriate to outsource the day-to-day operations and administration of the QA scheme, with AECL accepting this recommendation which will be progressed in the new year. EggCorp Assured (ECA) has maintained strong egg industry support throughout 2014, with 160 farms being licensed among and 60 egg producers, representing 78% of the national flock, up by 8% on 2013. AECL looks forward to this continued support and participation.

Over the last year, AECL continued to provide the Egg Labelling Integrity Panel service for egg producers with the Panel providing feedback on 49 egg labels. The Panel assists egg producers by providing feedback on their egg carton labels. This is seen to be an important service and initiative of AECL.

Managing Director's Report

Pillar 3: Cohesion – building industry cohesion & unity

Compared to other food industries, the Australian egg industry is relatively small. This increases the need for an industry that is internally and externally cohesive and united to assist ensure effective partnerships and achievement of outcomes with key industry 'influencers' and stakeholders such as government, Non-Government Organisations (NGOs) and community groups. This was achieved in 13/14 by AECL offering tailored solutions, on-farm tools and market opportunities thereby nurturing all commercial egg producers to help ensure the viability of egg farms, raise the integrity of egg producers and sustainability of the Australian egg industry over the longer term.

Stakeholder Communications program

A program targeted towards creating solid and reliable communication channels between AECL and egg producers, state egg representatives or committees, government and other stakeholders to ensure the egg industry is well informed about key activities leading to growth and industry cohesion.

AECL made improvements to its communication channels during the year. Enhancements to the content of the 24 *EggCorp EggsPress* fortnightly

e-newsletters published and the four special editions totalling more than 200 articles led to an increase in the average open rate from 50% to 58% among the 306 recipients. Further enhancements are planned in the year ahead, which will include refinements to the e-newsletter's design and delivery.

Meanwhile *Eggstra Eggstra* continues to be a quarterly magazine that informs 970 key stakeholders about AECL's successful marketing and RD&E investments as well as providing readers with relevant information about the egg industry. AECL has utilised *Eggstra Eggstra* to make a concerted push to engage egg producers of all sizes and other supply chain partners both locally and internationally and will continue to build on this approach into the future. *Eggstra Eggstra* continues to generate revenue from advertising that helps offset its production costs.

AECL's industry forums and other events continued to grow from strength to strength. The 19th AECL Industry Forum convened in Perth was a record in terms of the number of attendees but it also received a lot of positive feedback. The 'best-ever' Forum in Perth was attended by 150 people, up from the 133 who attended the 18th AECL Industry Forum in Queensland the previous year. AECL also had a well-attended display at the Poultry Information Exchange (PIX) on the Gold Coast showcasing the best of AECL's marketing and RD&E activities.

PIX 2014 featured approximately 10 from a total of 12 egg-related presentations that were directly associated with AECL funded RD&E activities. This was a good outcome for AECL as PIX is the premier extension (on-farm) forum in Australia. The exposure of AECL-funded projects is a terrific measure of the success of AECL strategies and subsequent investments in industry-relevant R&D topics.

The inaugural AECL sponsorship of the Egg Farmer of the Year award was an enormous success, generating considerable positive publicity for the egg industry. There were three finalists from across Australia who owned cage and free range layer farming systems, including Kate Mason from Western Australia, Brian Ahmed from Victoria and Danny Jones from Tasmania, who won the award at a gala event in Melbourne to plaudits from his peers and media while Brian Ahmed won the Diversification Farmer of the Year award and was a finalist in the overall Farmer of the Year award. AECL congratulates all finalists and the other nine egg producers who entered.

Egg
consumption
increased to
reach 213 eggs
per capita as at
June 2014.

Managing Director's Report

Corporate Communications program

A program targeted towards maintaining and revitalising AECL communications and hosted events to ensure they remain engaging, informative and relevant allowing AECL to communicate effectively with all stakeholders, the community and consumers thereby ensuring the uptake, adoption and implementation of program outcomes on-farm and throughout the supply chain and a deeper understanding and knowledge of egg industry issues that builds consumer confidence.

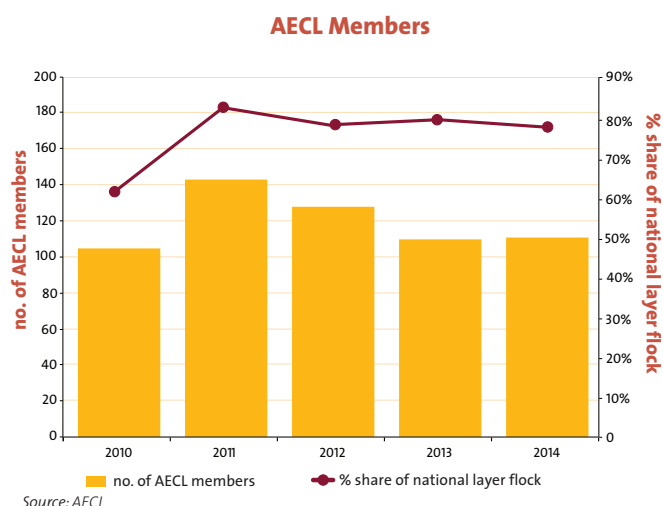
AECL made further improvements to the corporate website during 2014 including a new media section which allows greater accessibility and engagement with media stakeholders; the provision of photos and videos of contemporary layer farming systems that media can download and use in their stories; and an outputs page for all R&D-based projects. The new outputs page was launched at the 19th AECL Industry Forum which demonstrated its ease of use and search capability on over 100 completed project reports commissioned through the investment of the Laying Chicken Levy. Essentially, R&D information in the egg industry is now more readily available assisting adoption or transfer of new knowledge on-farm and throughout the supply chain. The AECL corporate website complements all other AECL-owned websites with content applicable to their target audience.

The growing engagement with AECL's "Your Eggs, Your Choice" social media communities has provided worthwhile new channels to engage with those interested in egg industry issues. With AECL making

regular posts and interactions on AECL project outputs, the social media sites have now become trusted sources of information about the egg industry for a cross section of the community. It has been pleasing to note the increasing take up of social media by egg producers and those interested in the egg industry.

In terms of AECL members, the number of full members for the year reached 110, up by one on the previous year with these members representing 77% 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 35 associates which is up by two on the previous year.

In closing, I wish to thank the AECL Board for the direction provided and confidence shown in the AECL management team and dedicated staff who remain focussed in the prudential management and oversight of statutory levy fund investments in a broad range of projects for the benefit of the egg industry and Australian community.

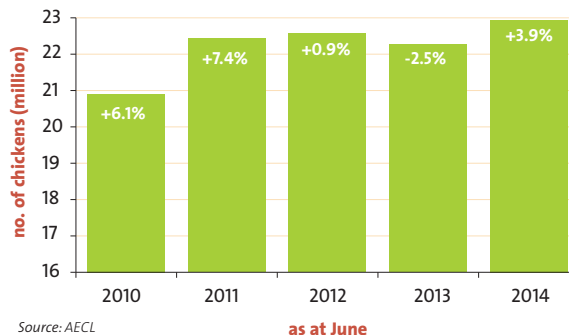


Situation Analysis

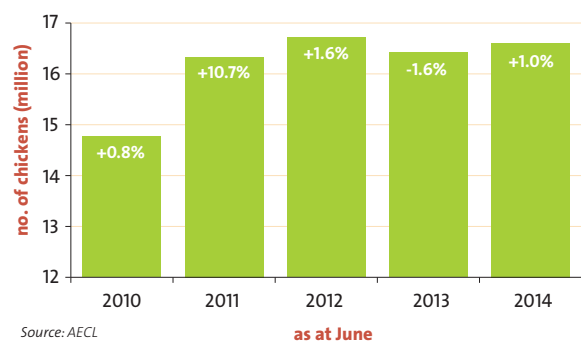
Laying chicks hatched



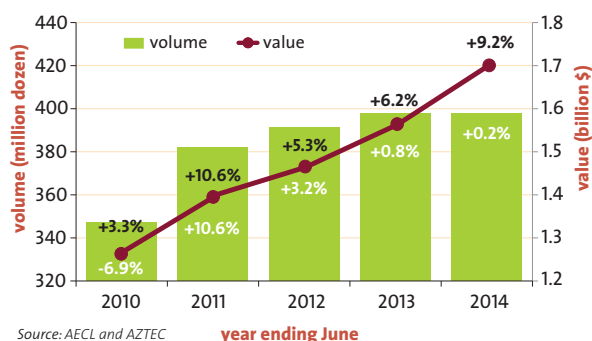
Chickens – pullets & layers (based on hatchings)



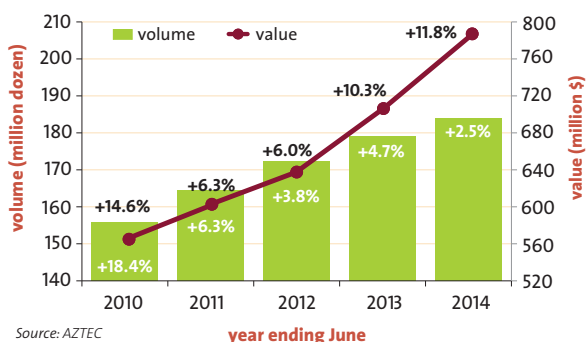
Chickens in egg production – layers (based on hatchings)



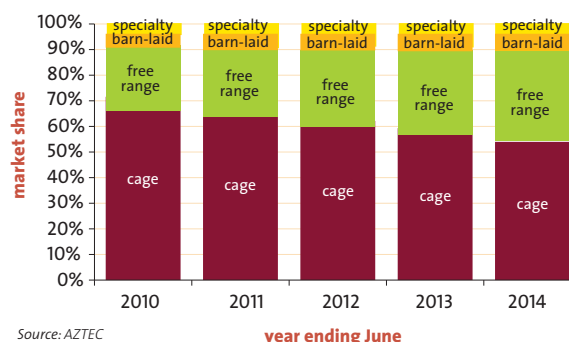
Egg production & market value (based on hatchings)



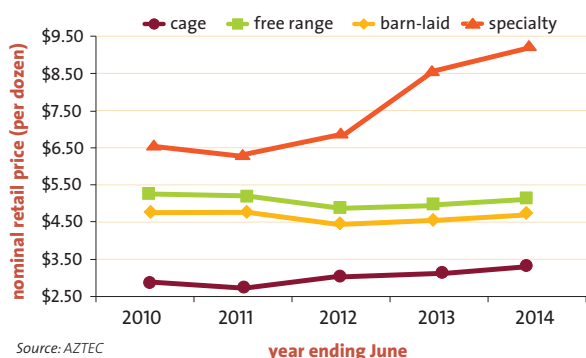
Grocery sales of eggs – volume & value



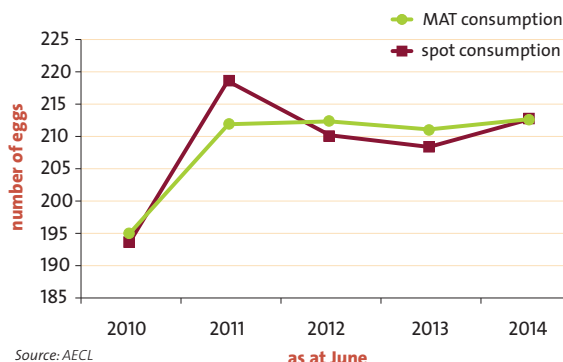
Grocery market share of eggs by segment



Grocery sales value of eggs – by segment



Egg consumption – per capita



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 2013-14 year are tabled below:

Code	Project Name	AECL %	Partners	Expenditure 2013/14
1SK131	Egg Industry Training initiative	15%	Egg producers, DIISRTE, Agrifood Skills	\$100,000
1RI101	Horizon scholarship: Primary industries undergraduate scholarship program	15%	APL, CRDC, GRDC, GWRDC, RIRDC, HAL, MLA, DAFF, Woolworths	\$40,000
1US111	Effects of rearing on inappropriate conflict behaviours that predispose cannibalism	60%	US, UM	\$121,600
1GR091	Feedgrain partnership	–	APL, DA, GRDC, MLA, RIRDC, Pork CRC, SFMCA	\$6,000
1NRDE	National Poultry RD&E strategy	20%	RIRDC, UNE, UM	\$101,084
1PCRC	Poultry cooperative research centre	17%	RIRDC, UNE, UM, DEEDI CSIRO, Bioproperties, 21 non-essential participants	\$352,000
1UQ101	Dietary available phosphorus requirements of laying hens	45%	UQ, Hy-line, Ridley, Feedworks	\$74,000
1UN112	Pullet and layer flock uniformity: an epidemiological industry-based approach	67%	UNE, UA	\$125,300
1RD122	Carbon Farming Initiative (CFI); manure management consortium	5%	APL, DA, RIRDC, MLA, UWA, QDPI, DAFF, FSA Consulting	\$27,779
1SK121	Delivery of Skill & Knowledge via the NWDF (continued)	10%	Egg producers, DIISRTE, Agrifood Skills	\$36,000
1IECP	IEC – FAO lifecycle analysis for poultry	15%	IEC members	\$2,000
1UN111	Field application of Rispens – specific qPCR test (continued)	44%	UNE	\$21,498

Australian Government RD&E Priorities

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

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

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

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

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

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

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

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

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

Australian Government RD&E Priorities

NATIONAL RESEARCH PRIORITY	RURAL RD&E PRIORITY	2013-2014 RD&E FOCUS	
		PROJECTS	INVESTMENT
Promoting and maintaining good health (through strengthening Australia's social and economic fabric and preventive healthcare – healthy food production)	1. Productivity improvement & adding value Improve the productivity and profitability of existing industries and support the development of viable new industries.	27	\$682,433
	2. Supply chain, markets and value chain effectiveness & efficiency Better understand and respond to domestic and international market and consumer requirements and improve the flow of such information through the whole supply chain, including to consumers.	21	\$509,559
An environmentally sustainable Australia	3. NRM and sustainable environmental resource management Support effective management of Australia's natural resources to ensure primary industries are both economically and environmentally sustainable.	10	\$136,025
	4. Climate variability & climate change Build resilience to climate variability and adapt to and mitigate the effects of climate change.	5	\$73,240
Safeguarding Australia	5. Biosecurity Protect Australia's community, primary industries and environment from biosecurity threats.	8	\$22,805
Frontier Technologies for Building and Transforming Australian Industries	6. Innovation, workforce, skills & education Improve the skills to undertake research and apply its findings.	16	\$238,913
	7. Technology Promote the development of new and existing technologies.	5	\$104,733
Ministerial advice – 1 Feb, 2010	8. Maintaining & improving international market access opportunities Combat pests & diseases that can potentially be obstructive to trade and to guide production decisions in accordance with the requirements of consumers.	N/A	N/A
	9. Diversity Build strong leadership capacity in the sector and encourage a diversity of people in primary industries, including a greater role for Indigenous Australians, women and young people.	13	\$354,058
	10. Collaboration Develop, implement & monitor the national RD&E plans for each sector.	21	\$310,954
	11. Evaluation Support the joint RDC evaluation process to demonstrate returns on investments made and to assist guide future investments.	7	\$159,311

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:

- » Setting company policies and procedures;
- » Approving major strategies, plans, work programs and budgets;
- » Responding to management recommendations on major initiatives, including significant investments, capital and funding proposals, senior appointments, executive remuneration, succession plans, financial results, performance against plans, issues relating to internal controls and the management of risk;
- » Approving significant capital expenditure;
- » Ensuring AECL acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- » Ensuring AECL operates within the requirements of the Company's Constitution, the Corporations Act 2001, the SFA with the Australian Government and the Egg Industry Service Provision Act 2002; and
- » Appointing or removing the Managing Director. The Board also has the power to remove the Managing Director.

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.

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

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

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

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 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.

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.

Corporate Governance/Compliance

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

PRINCIPLE #3:

Promote ethical and responsible decision-making

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

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

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

PRINCIPLE #4:

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

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

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 States.

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.

PRINCIPLE #6:

Respect the rights of shareholders

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

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,

Corporate Governance/Compliance

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.

The AECL 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 practices, including adherence with relevant Australian Standards and leading organisational management models. Key aspects include:

- » Adherence to all relevant Australian Accounting Standards.
- » Development and adoption of a strategic plan covering a period of 3 to 5 years.
- » Development and implementation of a risk management plan in accordance with Australian Standards.
- » Development and implementation of a fraud control plan.
- » Development and implementation of an intellectual property management plan.

- » Development and compliance with annual operating plans.
- » Measurement of organisational performance against specified strategic actions/outcomes and annual key performance measures.
- » Adoption of best practice in human resource and diversity management.
- » Adoption of best practice in managing compliance with legislative and regulatory requirements.
- » Development of internal policies and procedures in key areas such as Equal Employment Opportunities (EEO), Occupational Health and Safety (OH&S) and privacy.

PRINCIPLE #8:

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.

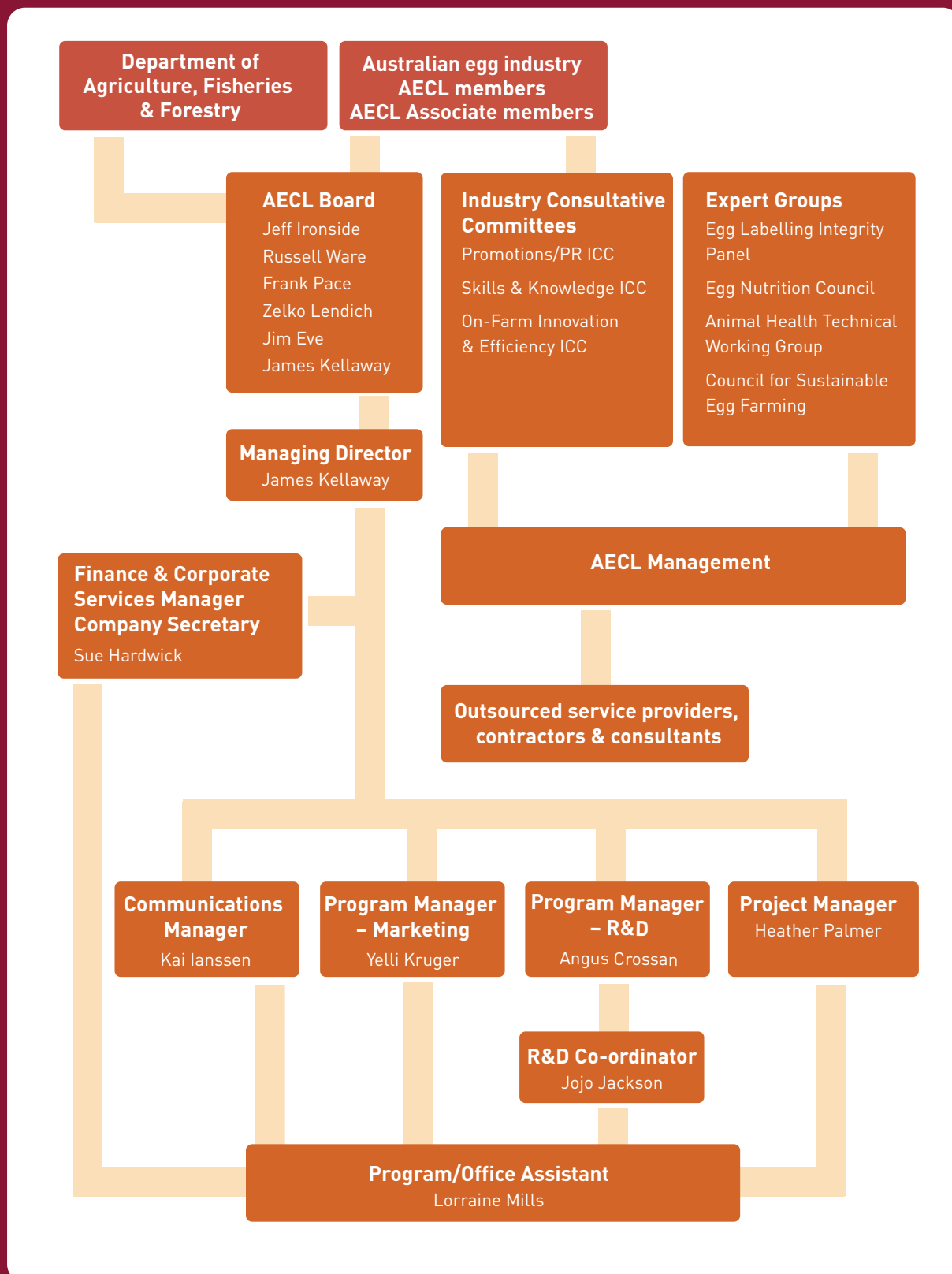
Total remuneration for non-executive directors has been set in the Company's Constitution at a maximum of \$150,000 per annum. Aggregate Board remuneration can only be increased with the consent of the Company's members. AECL's Constitution also provides for non-executive directors to be paid additional 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 AECL 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 June 2014)



AECL Business/Planning Calendar

	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	Service contract commence	Review										
PRPs			Call for PRPs		PRPs reviewed							
FRPs							Call for FRPs		FRPs reviewed		FRPs approved	
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 18th November 2002.

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

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

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

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



Russell Ware

LL.M. (Hons.) FAICD

AECL Deputy Chairman

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

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

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



Frank Pace

AM

AECL Director

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

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

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

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

AECL Board of Directors



Zelko Lendich
B Ec (Hons), MBA

AECL Director

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

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

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

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



Jim Eve
B Sci (Agricultural Economics)

AECL Director

Jim Eve is a non-executive 'specialist' director, who was appointed to the AECL Board on 20 December 2013. He is a member of the AECL Finance and Audit Committee and the Governance and Risk Committee.

Jim adds to the skills base of the AECL Board as a highly experienced company director and international business leader with a proven track record in strategy development, business growth and profit improvement. He also brings a wealth of experience in food marketing to the Board.

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.

He has had extensive experience driving expansion in Asia, as General Manager, South East Asia, of Mars Incorporated.

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, AFAIM

AECL Managing Director

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

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

James is a non-executive director of the Australian Poultry Co-operative Research Centre (CRC), where he is also a member of the Audit & Risk Committee, and a Board member of the International Egg Commission (IEC). He 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 2014

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Directors' Report

Directors' Report

Your directors submit their report for the year ended 30 June 2014.

Directors

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

Jeff Ironside

Frank Pace

Zelko Lendich

Russell Ware

Jim Eve (Appointed 21 December 2013)

Cheryl Hayman (Appointed 18 March 2013)

James Kellaway

Directors' Qualifications

Directors qualifications are detailed in the Annual Report.

Meetings of Directors

During the year to 30 June 2014 there were 14 meetings of directors, four Finance & Audit committee meetings and two Governance & Risk committee meetings.

The number of meetings attended by each director was:

	Board Meetings		Finance & Audit Committee Meetings		Governance & Risk Committee Meetings	
	2013–2014	2012–2013	2013–2014	2012–2013	2013–2014	2012–2013
Jeff Ironside	14	14	4	4	2	2
Russell Ware	10	14	4	4	2	2
Frank Pace	14	13	4	4	2	2
John O'Hara	–	9	–	3	–	1
Zelko Lendich	14	14	4	4	1	2
Cheryl Hayman	5	3	2	1	1	1
Jim Eve	7	–	2	–	2	–
James Kellaway	14	14	4	4	2	2

Directors' Report

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 8 employees at 30 June 2014 (2013:8).

Principal Activities

The principal activities during the year were the provision of marketing, research and development and policy 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 2014 was \$2,716,773 (2013: deficit \$1,694,764).

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 on 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 balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Future Developments and Results

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

Environmental Regulation and Performance

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

Indemnification and Insurance of Directors

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

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

Proceedings on behalf of the Company

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

Auditor's Independence Declaration

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

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



Jeff Ironside
Chairman

Dated 13 October 2014

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 2014, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Arthur Milner', is written over a light blue horizontal line.

Arthur Milner

Partner

BDO East Coast Partnership

Sydney

13 October 2014

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Directors' Declaration

Australian Egg Corporation Limited

Directors' Declaration

In the opinion of the directors:

- » the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- » the attached financial statements and notes hereto give a true and fair view of the company's financial position as at 30 June 2014 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 13 October 2014

Statement of Comprehensive Income

Australian Egg Corporation Limited

	Notes	30 June 2014 \$	30 June 2013 \$
Revenue	2	9,358,603	7,773,049
Expenditure			
Consumption	3a	(2,380,478)	(3,961,013)
Credibility	3b	(2,645,437)	(3,455,380)
Cohesion	3c	(1,043,770)	(1,448,597)
Egg Farmers of Australia		(50,521)	–
Corporate Costs	3d	(488,432)	(584,128)
Levy Collection Costs	3e	(33,192)	(18,695)
Total Expenses		(6,641,830)	(9,467,813)
Surplus for the year		2,716,773	(1,694,764)
Other Comprehensive Income for the year, net of tax		–	–
Total Comprehensive Income for the year	10	2,716,773	(1,694,764)

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

Statement of Financial Position

Australian Egg Corporation Limited

	Notes	30 June 2014 \$	30 June 2013 \$
Current Assets			
Cash & Cash Equivalents		3,698,703	1,688,361
Trade & Other Receivables	4	1,063,009	571,034
Total Current Assets		4,761,712	2,259,395
Non-Current Assets			
Financial Assets	5	55,311	1
Property, Plant and Equipment	6	82,835	91,763
Total Non-Current Assets		138,146	91,764
Total Assets		4,899,858	2,351,159
Current Liabilities			
Trade & Other Payables	7	926,353	1,107,306
Employee Benefits	8	115,456	115,313
Total Current Liabilities		1,041,809	1,222,619
Non-Current Liabilities			
Employee Benefits	9	47,162	34,426
Total Non-Current Liabilities		47,162	34,426
Total Liabilities		1,088,971	1,257,045
Net Assets		3,810,887	1,094,114
Equity			
Retained Surplus	10	3,810,887	1,094,114
Total Equity		3,810,887	1,094,114

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

Statement of Changes of Equity

Australian Egg Corporation Limited

	Notes	Retained Surplus \$	Total Equity \$
Balance as at 1 July 2012		2,788,878	2,788,878
Total comprehensive income for the year	10	(1,694,764)	(1,694,764)
Balance as at 30 June 2013		1,094,114	1,094,114
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

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

Statement of Cash Flows

Australian Egg Corporation Limited

	Notes	30 June 2014 \$	30 June 2013 \$
Cash Flows from Operating Activities			
Receipts from funding and other sources (inclusive of GST)		9,211,593	8,928,619
Payments to suppliers and employees (inclusive of GST)		(7,210,057)	(10,459,598)
Interest received		72,861	130,044
Net Cash Flows from Operating Activities		2,074,397	(1,400,935)
Cash Flows from Investing Activities			
Advances to related parties		(1)	(531)
Investment in Joint Venture		(55,310)	–
Purchase of property, plant and equipment		(8,744)	(89,385)
Net Cash Flows from Investing Activities		(64,055)	(89,916)
Net (Decrease)/Increase in Cash & Cash Equivalents		2,010,342	(1,490,851)
Cash & Cash Equivalents at the beginning of the year		1,688,361	3,179,212
Cash & Cash Equivalents at the end of the year	11	3,698,703	1,688,361

The above Statement of Cash Flows should be read in conjunction with 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 1 October 2014. 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.

Notes to Financial Statements

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 life

	2014	2013
Office Equipment	2 – 10 yrs	2 – 10 yrs
Leasehold Improvements	Term of Lease	Term of Lease

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 2014 are recognised as an expense in the financial year incurred.

Notes to Financial Statements

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 s 4 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 2014	30 June 2013
		\$	\$

2. Revenue from Operating Activities

Egg Promotion Levies		4,848,642	3,731,809
Laying Chicken (R & D) Levies		2,194,111	1,757,722
Government Contributions		1,948,279	1,757,722
Other Revenue	2a	367,571	525,796
Total		9,358,603	7,773,049

2a. Other Revenue

Associate Membership		47,503	45,588
Co-Funder payments		–	11,182
Interest		82,714	104,121
Royalties		1,795	43,996
Training		121,539	215,521
Functions		13,820	38,051
Licences Fees		17,127	25,839
Other		83,073	41,498
Total		367,571	525,796

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. This is to be achieved by positively reinforcing the fact the eggs provide a tasty, quick and easy meal solution at any time of day. Also, demonstrating that eggs are an essential part of a modern, healthy and balanced eating plan in order to convert light users into heavy users.

Projects/activities	2,097,907	3,698,391
Project travel	10,703	8,156
Program management costs	271,868	254,466
Total	2,380,478	3,961,013

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

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	2,091,484	2,891,404
Project travel	38,342	63,819
Program management costs	515,611	500,157
Total	2,645,437	3,455,380

3c. Cohesion

The programs run within the Cohesion pillar are:

Stakeholder communications program

Corporate communications program

The strategic purpose of these programs is inclusiveness among all egg industry stakeholders leading to a united and cohesive egg industry. This is to be achieved by providing egg producers with meaningful services, information and standards from which egg producers can autonomously progress their business while providing timely egg industry messages to media, government and other stakeholders that inspire growth, dissolve conflict, build trust and grow confidence in the egg industry.

Projects/activities	572,966	1,003,332
Project travel	84,565	67,953
Program management costs	386,239	377,312
Total	1,043,770	1,448,597

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

3d. Corporate Costs

Accounting and Administration	74,769	101,887
Premises	34,591	35,967
Board/AGM expenses	54,271	69,404
Employment expenses	324,801	376,870
Total	488,432	584,128

3e. Levy Collection Costs

Levy Collection Cost – Egg Promotion Levy	22,307	11,023
Levy Collection Cost – Laying Chicken Levy	10,885	7,672
Total	33,192	18,695

3f. Research & Development Expenditure

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

Aggregate research and development expenditure	3,000,785	4,270,101
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3g. Net Surplus

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

Depreciation	14,191	29,349
Employee costs	1,217,684	1,219,666
Lease expenses	102,484	108,900

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

4. Trade & Other Receivables (Current)

Trade Receivables		906,425	427,992
Other Receivables		23,840	15,025
Lease Incentive Receivable		42,708	50,000
Prepayments		19,018	7,000
Security Deposit	18	70,280	70,280
		1,062,271	570,297

Amounts other than trade debts receivable from related parties

Related Entity:

Australian Egg Industry Association

	738	737
Total	1,063,009	571,034

5. Investments accounted for using the equity method

Investments

Source Science & Technology Pty Ltd	55,311	–
Australian Egg Export Pty Ltd	–	1
Total	55,311	1

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 owns a 50% share in Source Science & Technology Pty Ltd. Source Science & Technology Pty Ltd did not trade in the year, making no profit or loss. The carrying amount of this investment reflects the funds invested in Source Science & Technology Pty Ltd during the year by the Company.

Australian Egg Export Pty Ltd was voluntarily deregistered on 17 July 2013 as the Company had remained inactive for seven years. The Australian Egg Corporation Limited owned 100% of the capital of the Australian Egg Export Pty Ltd.

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

6. Property, Plant and Equipment

Office Equipment

At Cost	61,244	59,463
Accumulated Depreciation	(42,866)	(36,108)
	18,378	23,355

Leasehold Improvements

At Cost	69,762	69,762
Accumulated Depreciation	(5,305)	(1,354)
	64,457	68,408

Total Property, Plant and Equipment

At Cost	131,006	129,225
Accumulated Depreciation and Amortisation	(48,171)	(37,462)
Total Written Down Amount	82,835	91,763

Reconciliations

Office Equipment

Carrying Amount at Beginning	23,355	33,963
Additions	5,262	15,129
Disposals	–	(6,603)
Depreciation	(10,239)	(19,134)
	18,378	23,355

Leasehold Improvements

Carrying Amount at Beginning	68,408	13,293
Additions	–	69,762
Disposals	–	(4,432)
Depreciation	(3,951)	(10,215)
	64,457	68,408

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

7. Trade & Other Payables (Current)

Trade Payables	823,758	954,823
Other Payables	35,929	65,817
Lease Incentive Liability	66,666	86,666
	926,353	1,107,306

8. Employee Benefits (Current)

Employee Benefits	115,456	115,313
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9. Employee Benefits (Non-Current)

Employee Benefits	47,162	34,426
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10. Equity

Retained Surplus		
Balance at Beginning of Year	1,094,114	2,788,878
Net Surplus/(Deficit)	2,716,773	(1,694,764)
Balance at End of Year	3,810,887	1,094,114

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

11. Cashflow Information

(a) Reconciliation of net cash flows from operations

Net Surplus (Deficit)	2,716,773	(1,694,764)
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Non-cash Items

Depreciation of non-current assets	14,190	29,349
Loss on disposal of fixed assets	3,481	15,529

Changes in Assets and Liabilities

(Increase)/decrease in trade and other receivables	(491,973)	647,612
Increase/(decrease) in trade and other payables	(180,953)	(419,487)
Increase/(decrease) in employee benefits	12,879	20,826
Net cashflow from operating activities	2,074,397	(1,400,935)

(b) Reconciliation of Cash

Cash balance comprises:

Cash on hand	250	250
Cash at bank	3,698,453	1,688,111
Closing Cash Balance	3,698,703	1,688,361

12. Expenditure Commitments

Lease expenditure commitments

Operating Leases (non-cancellable)

Minimum lease payments

– not later than one year	113,330	117,822
– later than one year and not later than five years	149,652	400,722
Aggregate lease expenditure contracted for at balance date	262,983	518,544

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

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.

14. Subsequent Events

There have been no significant events that have occurred since 30 June 2014 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 2014, 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	448,282	443,576
Remuneration – Post-employment Benefits	20,205	20,324
	468,487	463,900

16. Remuneration of Auditors

Amounts received by BDO for:

– audit of the financial statements	18,000	17,500
– other services	–	–
Total	18,000	17,500

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

17. Related Party Disclosures

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

Jeff Ironside
 Frank Pace
 Zelko Lendich
 Russell Ware
 Cheryl Hayman (Resigned 20 November 2013)
 Jim Eve (Appointed 21 December 2013)
 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 (forgiven)/loaned to Australian Egg Export Pty Limited	0	296
Amounts loaned to Australian Egg Industry Association	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
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19. Segment Information

Segment products and locations

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

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

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 2014, the effect on interest received, with all other variables remaining constant would be as follows:

	Surplus \$	Equity \$
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)
Year ended 30 June 2013		
– Increase in interest rate by 2%	2,106	2,106
– Decrease in interest rate by 2%	(2,106)	(2,106)

Notes to Financial Statements

	Notes	30 June 2014	30 June 2013
		\$	\$

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	859,687	1,020,640
6 months to 1 year	–	–
1 year to 2 years	–	–
	859,687	1,020,640

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 2014	0-30 days	31-60 days	61+ days
Total Trade Receivables	906,425	897,760	3,516	5,149
	30 June 2013	0-30 days	31-60 days	61+ days
Total Trade Receivables	430,111	424,945	2,778	2,388

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



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

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 (the company), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Independent Auditor's Report



Independence

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

Opinion

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BDO East Coast Partnership

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

Arthur Milner

Partner

Sydney

13 October 2014

Project/Activity Report

STRATEGY 1

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

Outcome

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

Project/Activity	Outcome	AECL Pillar	R&D Priority
Consumer focus group research (new)	Testing of new consumer creative to ensure cut-through and measurable growth in consumption of eggs by using the selected creative.	Consumption	2, 11
Consumer attitudes & behaviour tracking research – Newspoll (continue)	Shifts in consumer behaviour and attitudes to eggs analysed and benchmarked to assist in future campaign development.	Consumption	2, 11
Market Research – AZTEC retail scan data (continue – under contract)	Purchasing behaviour of the low consuming target market segments identified to better target campaigns, maximise ROI and measure program/sales performance.	Consumption	2, 11
Mapping of egg supply chain (new)	Egg supply chain mapped across all market channels to assist better target campaigns and hence promotional investments thereby increasing overall egg demand and return on invested funds.	Consumption	2, 11
GP market research (continue)	Shift in HCPs attitudes to eggs analysed and benchmarked to assist in future campaign development.	Consumption	2, 11
Immunological changes when egg allergic kids eat baked egg (continue – under contract)	Increased usage of eggs among children with an egg allergy through the removal of existing barriers to egg consumption.	Consumption	2, 11



Project/Activity Report

STRATEGY 2

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

Outcome

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

Project/Activity	Outcome	AECL Pillar	R&D Priority
Australian Centre for Food Integrity (new)	Egg industry better informed of consumer views and market better educated on animal agriculture and where their food comes from.	Cohesion	2, 10
Consumer advertising creative development (continue)	Increased egg consumption of the low consuming target market segments by shortening the purchase cycle and increasing top-of-mind awareness of eggs.	Consumption	1, 2
Consumer advertising digital campaign (continue)	Increased egg consumption of the low consuming target market segments by shortening the purchase cycle and increasing top of mind awareness of eggs.	Consumption	1, 2
Consumer advertising media buy (continue)	Increased egg consumption of the low consuming target market segments by shortening the purchase cycle and increasing top of mind awareness of eggs.	Consumption	1, 2
Consumer promotions & POS campaign (continue)	Increased egg consumption of the low consuming target market segments by shortening the purchase cycle and increasing top of mind awareness of eggs.	Consumption	1, 2
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
Nutrition advice & dietetics review (continue)	Increased health and nutritional knowledge about eggs known and communicated to HCPs and KOLs.	Consumption	1, 2
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 balanced diet.	Consumption	2
HealthCare Professions (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 prescribed to patients as part of a healthy eating plan.	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 prescribed to patients as part of a healthy eating plan.	Consumption	1, 2
HealthCare Professionals (HCP) creative & POS material (continue)	Increased awareness of eggs among HCPs as a great source of nutrition thereby debunking the cholesterol myth and ensuring eggs are prescribed to patients as part of a healthy eating plan.	Consumption	1, 2

Project/Activity Report

STRATEGY 2 CONTINUED...

Project/Activity	Outcome	AECL Pillar	R&D Priority
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 prescribed to patients as part of a healthy eating plan.	Consumption	1, 2
Consumer PR campaign (continue)	Increased egg consumption by the low consuming target market segments by shortening the purchase cycle 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 prescribed to patients as part of a healthy eating plan.	Consumption	1, 2
Are eggs good for people with Type 2 diabetes? (continue – under contract)	Increased usage of eggs among people with Type 2 diabetes through the removal of existing barriers to egg consumption.	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 prescribed to patients as part of a healthy balanced diet.	Consumption	2, 9
'All about eggs' student education incursion (continue)	School students informed about how eggs are nutritious, great value, versatile, great tasting and produced in an ethical and appropriate manner.	Credibility	2, 9



Project/Activity 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/Activity	Outcome	AECL Pillar	R&D Priority
Dietary available phosphorus requirements of laying hens (continue – under contract)	Egg production enhanced with respect to bird nutrition, feed costs and environmental pollution.	Credibility	1, 3, 10
Effects of rearing on inappropriate conflict behaviours that predispose cannibalism (continue – under contract)	Cannibalistic pecking reduced thereby improving animal welfare, flock performance and uniformity.	Credibility	1, 10
Feedgrain partnership (continue)	A secure and quality supply of feedgrain enhanced through effective partnerships and industry collaborations achieved.	Credibility	1, 3, 4, 5, 10
Field application of Rispens-specific qPCR test (continue – under contract)	Vaccination success and effective methods for detecting MDV outbreaks in vaccinated flocks.	Credibility	1, 5, 10
Behavioural and physiological characterisation of 'outdoor' and 'indoor' hens (continue – under contract)	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
Nutrient specific appetite as a driver for feather pecking in hens (continue – under contract)	Links between nutrient receptors, appetite and feather pecking behaviour in hens understood.	Credibility	1
On-farm euthanasia of spent hens (continue – under contract)	Building strength and capacity within the egg industry to more effectively manage the change of practices associated with flock depopulation, euthanasia, processing, and composting. Euthanising of spent hens.	Credibility	1, 3, 5, 7
Optimising calcium formulation in modern laying hens (continue – under contract)	Lower diet costs and improved performance (production and FCR) for commercial hen production achieved.	Credibility	1
Effects of time off feed and water on the welfare of spent laying hens. Phase 2: Behavioural indicators (continue – under contract)	Welfare implications of different times off feed and water among spent hens known with improvements in industry policies resulting.	Credibility	1, 3, 7
Egg differentiation and provenance (continue)	Deceptive and misleading conduct minimised through the adoption of technology that determines the provenance of eggs.	Credibility	1, 2, 7

Project/Activity Report

STRATEGY 3 CONTINUED...

Project/Activity	Outcome	AECL Pillar	R&D Priority
Public health significance of layer farm or egg associated Salmonella isolates (continue – under contract)	Improved understanding of the public health significance of Salmonella serovars and extent of invasiveness and virulence.	Credibility	1, 2
Understanding the physiology of shell pigmentation and colour deterioration in laying hens (continue – under contract)	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
Layer & egg supply forecasting model enhancement & report (continue)	Egg producers informed of industry trends and market movements leading to better business planning.	Cohesion	1, 2



Project/Activity 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/Activity	Outcome	AECL Pillar	R&D Priority
Nutrition Information Panel (NIP) review (new)	Nutritional assessment and profile of Australian eggs updated and information used in the NIP for egg cartons.	Consumption	2
Pullet and layer flock uniformity: an epidemiological industry-based approach (continue – under contract)	Benchmarking of flock uniformity and performance regarding persistency and longevity of lay achieved.	Credibility	1, 10
Carbon Farming Initiative: manure management consortium (continue – under contract)	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
Industry development, collaboration and R&D-related policy management (continue)	Promotion and defence of industry needs and influence with respect to on-farm innovation and efficiency.	Credibility	1, 6, 7, 9
Delivery of skills and knowledge via the National Workforce Development Fund (NWDF 2011) (continue – under contract)	Capacity and capability of the egg industry enhanced through the delivery of skills and knowledge to egg producers and their employees driving farm efficiency and productivity.	Credibility	6, 9, 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
Egg industry extension and dissemination (continue)	Improved dissemination of R&D information and transfer/ adoption of new science and program outcomes.	Credibility	1, 2, 6, 9



Project/Activity Report

STRATEGY 5

Build and maintain industry resources and capacity to deliver stakeholder-responsive 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/Activity	Outcome	AECL Pillar	R&D Priority
Delivery of skills and knowledge via the Enterprise-Based Productivity Places Program (EBPPP) (continue – under contract)	Delivery of skills and knowledge to egg producers and their employees through building the capacity and capability of the industry to ensure hen welfare, production efficiency and productivity.	Credibility	6, 9, 10
Horizon Scholarship: primary industries undergraduate scholarship program (continue – under contract)	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
National poultry RD&E strategy (continue – under contract)	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
Quality Assurance (QA) development and training (new)	Auditor skills enhanced and QA program efficiency improved through the development of auditing technology and templates.	Credibility	3, 5, 6, 7, 8
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
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 Department of Agriculture (continue)	Better informed Australian Government regarding Australian egg industry issues, the operations and governance of AECL and AECL programs and investments.	Cohesion	N/A
Stakeholder relations – corporate (continue)	Egg industry involvement in AECL projects/activities and knowledge on program outcomes and levy investments with stakeholders supporting AECL operations.	Cohesion	N/A
Skills and Knowledge ICC (continue)	Better informed AECL from stakeholder and expert feedback ensuring maximum impact on program development and execution.	Cohesion	9

Project/Activity Report

STRATEGY 5 CONTINUED...

Project/Activity	Outcome	AECL Pillar	R&D Priority
Promotions/PR ICC (continue)	Better informed AECL from stakeholder and expert feedback ensuring maximum impact of program development and execution.	Cohesion	9
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
Public Affairs ICC (continue)	Better informed AECL from stakeholder and expert feedback ensuring maximum impact of program development and execution.	Cohesion	9
Council of Rural Research and Development Corporations (CRRDC) (continue)	Collaborative R&D efforts and efficiency in communication across RDCs maximised as per the SFA and government R&D priorities.	Cohesion	10, 11
AECL publications and websites (continue)	Informed egg industry stakeholders with dynamic, engaging and relevant publications, fact sheets and websites.	Cohesion	N/A
AECL industry events (continue)	Informed egg producers about the latest R&D and marketing news from AECL as well as relevant industry news and technologies from around the country and the world.	Cohesion	N/A
Egg industry and AECL program videos (continue)	Stakeholders and the community better informed and educated thereby increasing industry credibility and community knowledge.	Cohesion	N/A
IEC – FAO lifecycle analysis for poultry (continue – under contract)	Development of an internationally-recognised LCA model to measure GHG emissions in the poultry industry and to benchmark poultry performance against other livestock species.	Credibility	3, 4, 10
AECL R&D program evaluation (continue)	Knowledge, awareness and return on the investment of R&D dollars across the suite of R&D funded projects.	Credibility	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
Development of research knowledge and expert group (new)	AECL and egg industry aware of latest science through expert advice and insight to ensure best practice on-farm and throughout the supply chain is maintained.	Credibility	1, 2, 5, 6, 9
Integrated EggBiz – egg production software (continue)	Increased on-farm efficiency and hen productivity through the adoption of integrated flock management software.	Credibility	6, 7
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
High school education and capacity building (continue)	Improved careers and industry information provided to high school students through the development of curriculum-specific resources for high schools.	Credibility	6

Project/Activity Report

STRATEGY 5 CONTINUED...

Project/Activity	Outcome	AECL Pillar	R&D Priority
Egg Standards Australia – national egg quality assurance program (continue)	The egg industry differentiated and those eggs complying to BMP identified by consumers as being the eggs of choice through the adoption of an internationally accredited QA program.	Credibility	1, 2, 5
Egg Corp Assured (ECA) national egg quality assurance programme (continue)	QA program maintained and egg producer licenses migrated to the ESA program.	Credibility	1, 2, 3, 4, 5
Egg Labelling Integrity Panel (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) (continue – under contract)	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, 9, 10



AECL Industry Consultative Committees and Expert Groups (as at 30 June 2014)

MEMBERSHIP

Consultative Committees:

Promotions & PR

Ms Julie Proctor
Sunny Queen Pty Ltd

Mr Ian Savenake
Novo Foods Ltd

Mr Grant Dearden
Pace Farm Pty Ltd

Mr David Thomason
Independent Consultant

Mr Darren Letton
Glenview Poultry

Mrs Shelley Green
Green Eggs

On-farm Innovation and Efficiency

Mr Phil Szepe
Kinross Farms Pty Ltd

Mr Peter Bell
AAA Farms

Mr Ken Bruerton
Protea Park Enterprises

Mr Geof Runge
Skills & Knowledge Training
Development

Dr Greg Parkinson
Independent Consultant

Dr Peter Scott
University of Melbourne/
Scolexia Pty Ltd

Dr Greg Underwood
Bioproperties Pty Ltd

Mr Greg Mills
Council for Sustainable Egg Farming

Mr Abe Moses
Farm Extension Services Manager

Skills and Knowledge

Mr Ian Claxon
AAA Egg Farm – Claxon Farm

Ms Meg Parkinson
Jamoney Pty Ltd

Mr Danny Jones
Pure Foods Eggs Pty Ltd

Ms Narelle Burke
Glenwarrie Partnership

Mr David May
D A Hall Pty Ltd

Mr John Rohde
Ruradene Pty Ltd

Mr Kevin Mcleod
Wanneroo Egg Farm

Mr Ross Brown
CHM Alliance (RTO)

Mr Ross Ord
AgriFood Skills – Workforce
Development

Mr John Michael
TAFE NSW – New England Tafe (RTO)

Mr Geof Runge
Industry Specialist – S & K Course
Developer

Mr Abe Moses
Farm Extension Services Manager

Expert Groups:

Council for Sustainable Egg Farming

Greg Mills

Animal Health Technical Working Group

Dr Peter Scott
University of Melbourne/
Scolexia Pty Ltd

Dr Peter Groves
University of Sydney/
Zootechny Pty Ltd

Dr Clive Jackson
Biological Technology
Transfer Pty Ltd

Egg Nutrition Council

Ms Sharon Natoli
Food & Nutrition Australia

Dr Manny Noakes
CSIRO

Prof Karam Kostner
University of Brisbane

Dr Tania Markovic
Royal Prince Alfred Hospital,
Sydney

Dr David Lim
Medical Practice

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

Egg Labelling Integrity Panel

Ms Sharon Natoli
Food Nutrition Australia

Mr John Furbank
Retail Compliance

Mr Andros Chrysiliou
Chrysiliou IP

Dr Geoffrey Annison
Australian Food & Grocery Council

Glossary

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



AUSTRALIAN EGG CORPORATION LIMITED

ABN 66 102 859 585

Suite 4.02, Level 4
107 Mount Street
North Sydney NSW 2060

PHONE (02) 9409 6999

FAX (02) 9954 3133

EMAIL enquiries@aecl.org

WEBSITE www.aecl.org