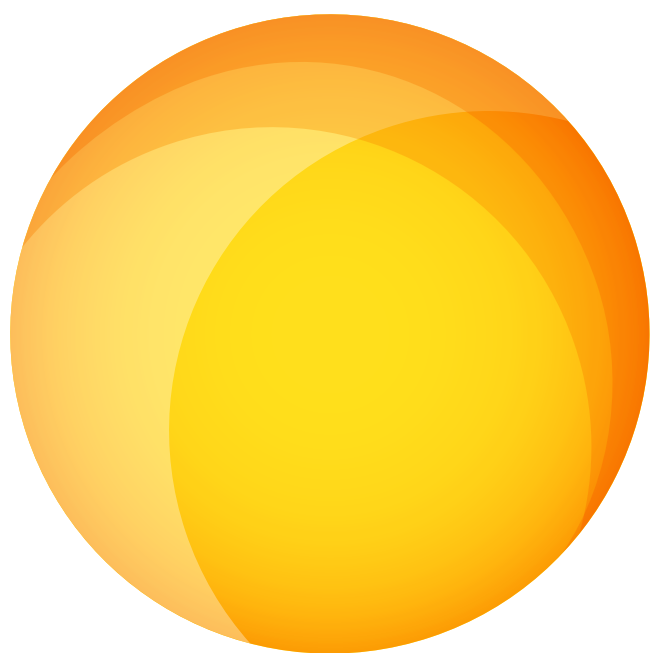


ANNUAL OPERATING PLAN

2018–19



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The AOP seeks
to build on the
improvements
achieved to date

ANNUAL OPERATING PLAN

PRIORITIES

The Australian Eggs Annual Operating Plan 2018-19 (**AOP**) is the second AOP under the Australian Eggs Strategic Plan 2017-18 (**Strategic Plan**) and seeks to build on the improvements achieved to date.

The key changes under the Strategic Plan were to:

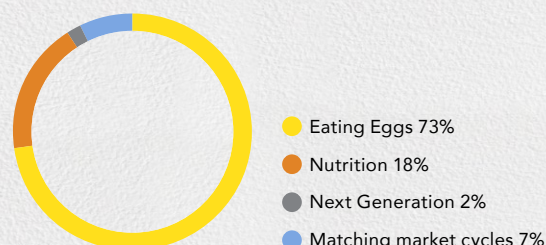
- refine the responsiveness of our marketing activities to drive increased consumption;
- conduct more focused research and development outputs that are farm transferable;
- place greater emphasis on the extension activities required to get outputs to market; and
- improve engagement between Australian Eggs, the industry and the public.

The AOP further emphasises this strategic direction by:

- creating a more focused marketing program which targets separate consumer segments (Millennials, Families and Baby Boomers);
- conducting more commercial R&D driven by egg farmer input;
- bringing more structure to our extension activities to increase the transfer of know-how to egg farmers; and
- a significant increase in our public engagement activities, underpinned by the Australian Egg Industry Sustainability Framework.

BALANCE OF FUNDING

MARKETING



RESEARCH, DEVELOPMENT & EXTENSION



STAKEHOLDER FOCUS

The AOP has been structured to provide for transparency over Australian Eggs activities with 27 programs sitting under the Goals and Key Focus Areas of the Strategic Plan. The outcomes identified for each program are clearly set out in the AOP so that all stakeholders can maintain a clear sense of our activities and provide feedback.

The AOP was developed with reference to feedback received from stakeholders across the previous financial year. This included engagement with Industry Representative Bodies as well as Australian Eggs Marketing and R&D Industry Consultative Committees, along with the new Sustainability Industry Consultative Committee.

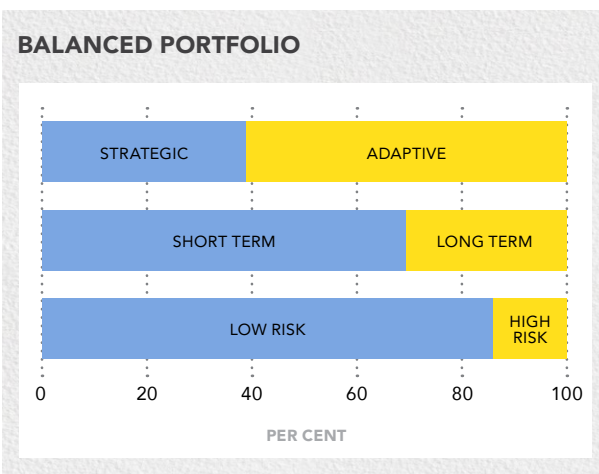
Australian Eggs has also received input from external stakeholders including the Department of Agriculture and Water Resources, research and development corporations across the agriculture sector and peak agriculture representative bodies.



AOP GUIDELINES

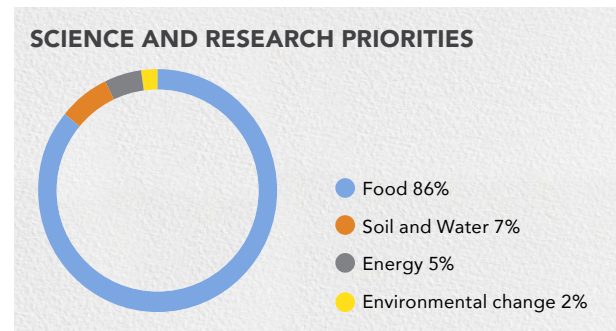
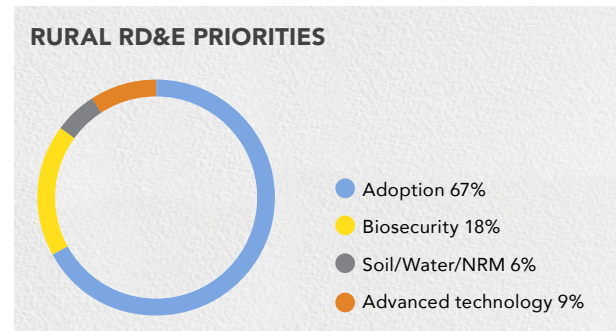
BALANCED PORTFOLIO


The AOP takes into account the requirements under the Australian Eggs Funding Contract 2017-21 with the Department of Agriculture and Water Resources (**Funding Contract**) as it relates to investing in a balanced portfolio of research projects. The balance of the research program is demonstrated by the charts below which display the proportion of research, development and extension projects under the AOP in the following research categories.



RESEARCH PRIORITIES


We have also had regard to the Science and Research Priorities and the Rural RD&E Priorities set by the Federal Government. The charts below set out the proportion of our research, development and extension projects that align with the research priorities.





We have also
had regard to the
Science and Research
Priorities and the
Rural RD&E Priorities
set by the Federal
Government

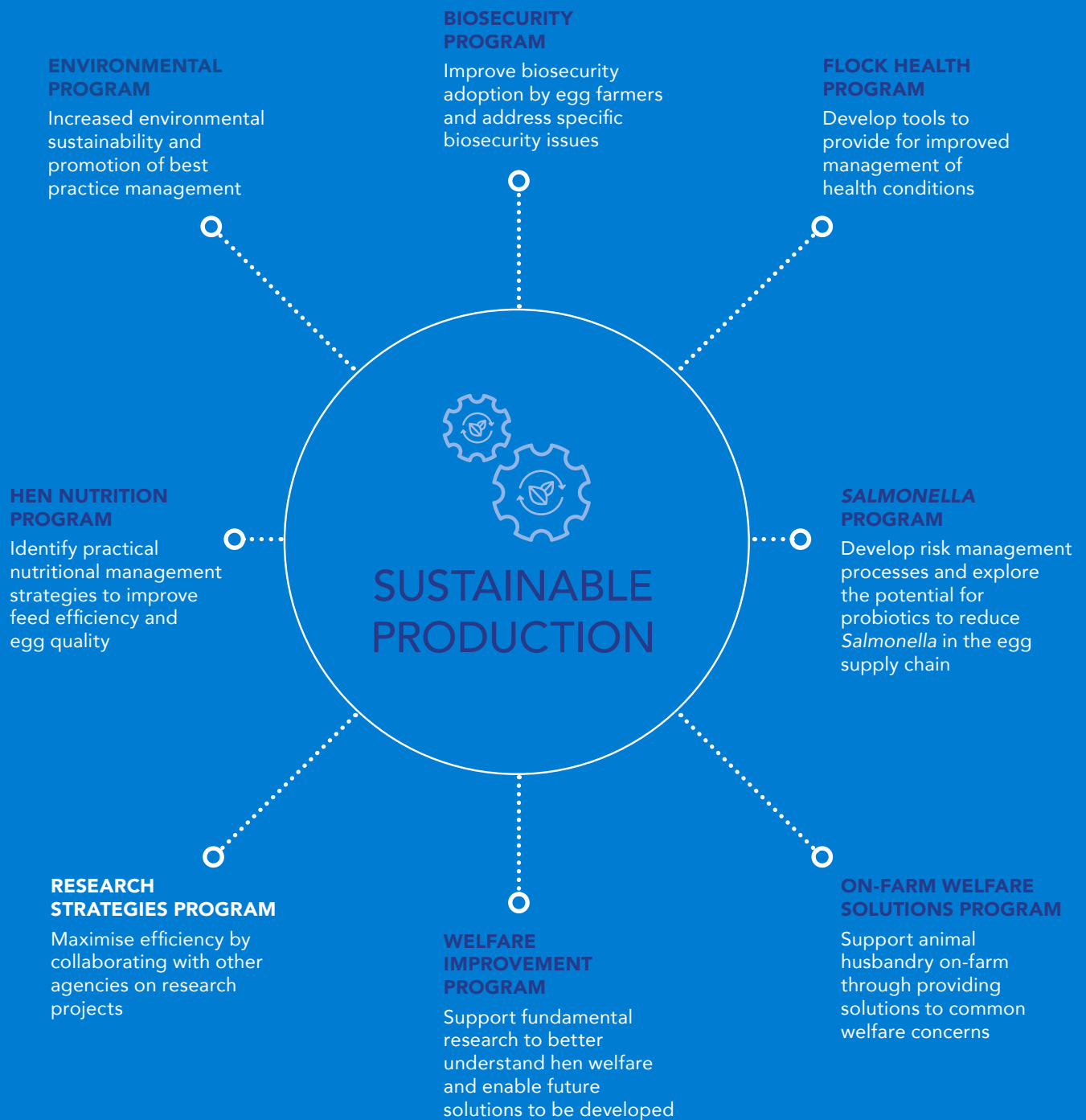
PROGRAM STRUCTURE

GOAL	KEY FOCUS AREA	PROGRAM
Increased consumption 	Matching market cycles	Market insights program
		Consumer research program
	Next generation	Joy of eggs program
	Nutrition	Health Care Professionals program
		Nutrition research program
	Eating eggs	Families program
		Baby boomers program
		Millennials program
Sustainable production 	Flock Health/Biosecurity	Biosecurity program
		Flock health program
	Food safety	<i>Salmonella</i> program
	Hen Welfare	On-farm welfare solutions program
		Welfare improvement program
	Research collaborations	Research strategies program
		Hen nutrition program
		Environmental program
Effective engagement 	Farmer consultation	Farmer engagement program
		Public engagement program
	Proactive extension	Capacity building program
		Extension and adoption program
		Quality assurance program
		Community trust program
	Market development	Food service program
	IRB consultation	IRB consultation program
Value for Money 	Stakeholder focus	Stakeholder focus program
	Efficient, well-resourced team	Efficient, well-resourced team
	Clear work program	Clear work program

PROGRAMS AND OUTCOMES



PROGRAMS AND OUTCOMES



PROGRAMS AND OUTCOMES



PROGRAMS AND OUTCOMES

CLEAR WORK PROGRAM

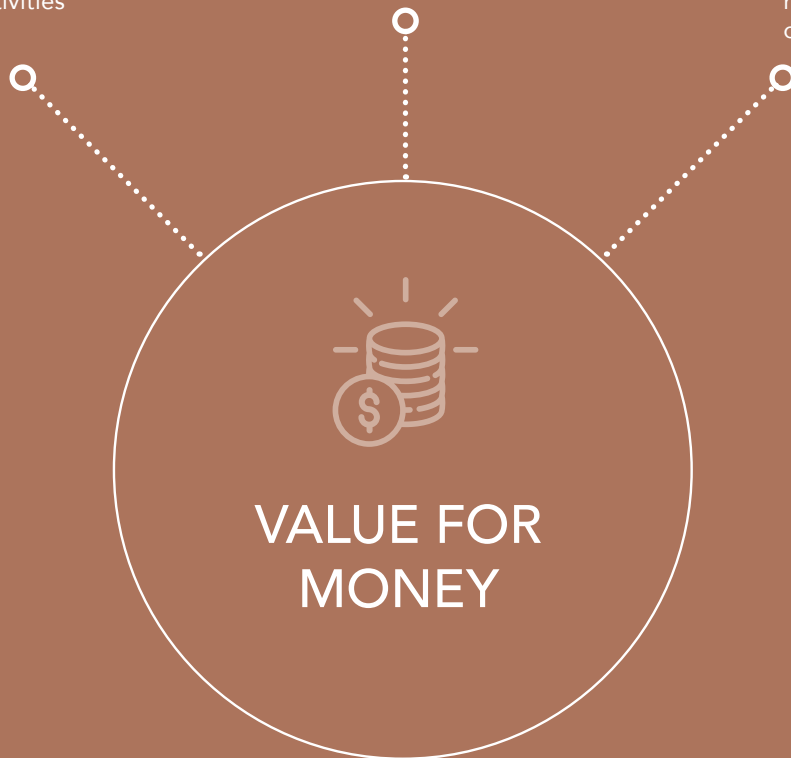
Provide robust decision making processes and evaluation of activities

STAKEHOLDER FOCUS PROGRAM

Ensure a broad range of stakeholders are considered

EFFICIENT, WELL RESOURCES TEAM PROGRAM

Ensure appropriate resources to deliver on the work program



A photograph of a conveyor belt in an egg processing facility. The belt is red with a metal grate and is filled with brown eggs. The background is slightly blurred, showing more of the facility.

Ensure a broad
range of stakeholders
are considered

KEY PROJECTS

INCREASED CONSUMPTION

PROJECT	PROGRAM	KEY FOCUS AREA	PURPOSE	OUTCOME
Consumer Tracking Research	Consumer research program	Matching market cycles	Maintain effectiveness of marketing activities through ongoing consumer research	<ul style="list-style-type: none"> • Tracking Survey on consumer awareness of advertising, attitudes towards eggs, and consumption behaviour • Ad hoc surveys to investigate specific insights for input into marketing strategy
Joy of eggs	Joy of Eggs	Next Generation	Educate young people on the benefits of eggs and awareness of egg farming	<ul style="list-style-type: none"> • Develop Journey of an Egg ebook and app • Chef ambassadorship to encourage creative use of eggs • 'All about eggs' schools program
Choline Research	Nutrition research program	Nutrition	Provide evidence to support a health claim for eggs	<ul style="list-style-type: none"> • Understand the average choline intake of the Australian population • Support a health claim for choline in eggs
Families Advertising	Families program	Eating eggs	Engage families to encourage improved knowledge of the benefits of eggs	<ul style="list-style-type: none"> • Launch new Families advertising campaign • Implement campaign strategy across Families channels



KEY PROJECTS

SUSTAINABLE PRODUCTION

PROJECT	PROGRAM	KEY FOCUS AREA	PURPOSE	OUTCOME
Antimicrobial stewardship	Flock Health	Flock health/ biosecurity	Demonstrate and guide good management of anti-microbials	<ul style="list-style-type: none"> • Evidence to confirm low use of antimicrobials • Roll out of egg industry AMS framework
Study of gut microbiota of laying hens	Flock Health	Flock health/ biosecurity	Develop understanding of gut health and improve hen welfare, health and productivity	<ul style="list-style-type: none"> • Understanding the role of gut microbiota in colonisation of enteric pathogens • Establishment of baseline of gut microbiota to optimise dietary requirements
Causes of smothering on-farm	On-farm welfare solutions	Hen Welfare	Identify causes of smothers and propose practical solutions	<ul style="list-style-type: none"> • Behavioural observation study to identify triggers for smothers • Test strategies on-farm • Provide practical solutions
New technologies to measure and manage stress	Welfare improvement	Hen Welfare	Exploration of new technologies to allow on-farm stress testing	<ul style="list-style-type: none"> • Progress research into MircoRNA as a biomarker of both positive and negative affective states • Develop into on-farm assessment tool



KEY PROJECTS

EFFECTIVE ENGAGEMENT

PROJECT	PROGRAM	KEY FOCUS AREA	PURPOSE	OUTCOME
Dissemination of research outcomes	Extension and adoption program	Proactive Extension	Provision of quality research outcomes to farmers through a variety of channels	<ul style="list-style-type: none"> • Workshops and discussion groups and peer to peer case studies for farmers • Collation of R&D to create posters, fact sheets, infographics, videos
Community trust in Australian rural industries	Community trust	Proactive Extension	Monitor and respond to changes in community sentiment	<ul style="list-style-type: none"> • Provision of baseline longitudinal data about community trust • Improve understanding and capacity within industry of community trust over time
Sustainability Framework	Community Trust	Proactive Extension	Support engagement between the industry and its stakeholders and demonstrate accountability	<ul style="list-style-type: none"> • Identify issues of public interest and explore underlying values • Facilitation of more productive engagement with stakeholders
Administration of ESA program	Quality assurance program	Proactive Extension	Unified quality assurance program for the egg industry	<ul style="list-style-type: none"> • Administration of ESA including, database operation and certification management • ESA implementation support

Provide relevant and engaging information about the Australian egg industry



KEY PROJECTS

VALUE FOR MONEY

PROJECT	PROGRAM	KEY FOCUS AREA	PURPOSE	OUTCOME
Stakeholder engagement	Stakeholder focus	Stakeholder focus	Provide a structure for governance and reporting the use of funds in activities	<ul style="list-style-type: none"> • Reporting on compliance • Cross-sector memberships and engagement • Contribute to CRRDC initiatives
Corporate management	Efficient, well-resourced team	Efficient, well-resourced team	Ensure Australian Eggs management have resources to work efficiently	<ul style="list-style-type: none"> • Provision of office premises, IT, equipment and resources • Financial/management accounting information
Project Evaluation	Clear work	Clear work program	Perform evaluation on key Australian Eggs programs	<ul style="list-style-type: none"> • Assessment of performance against Evaluation Framework • BCA analysis on specific research projects • Reporting to stakeholders



EVALUATION FRAMEWORK

OVERVIEW

The Funding Contract requires Australian Eggs to develop an evaluation framework which:

- ensures that key performance related information is routinely collected and monitored;
- includes a structured plan for the systematic evaluation of the efficiency, effectiveness and impact of Australian Eggs' key investments; and
- includes a means of publishing and disseminating relevant Research and Development outcomes and the outcomes of evaluations.

Australian Eggs' Evaluation Framework was released in 2017 and will a report on activities under the 2017-18 Annual Operating Plan will be made available in July 2018. Australian Eggs has maintained the structure of its Evaluation Framework for this AOP to reflect our work program and provide a practical basis for stakeholders to scrutinise our activities, including:

- key performance indicators applied to each Goal to test Australian Eggs primary objectives; and
- performance measures for each Australian Eggs Program.

KEY PERFORMANCE INDICATORS

GOAL	KPI	CALCULATION
Increased consumption	Egg consumption per capita	This is calculated by using hatchery information and production assumptions to determine the level of egg industry production, accounting for egg exports and dividing by the Australian population
Sustainable production	Average benefit cost ratios achieved for selected R&D projects	This is calculated by applying Benefit Cost Analysis to completed projects based on the Council of Rural Research Development Corporations Impact Assessment Guidelines and averaging outcomes
Effective engagement	Number of effective engagements with stakeholders	This is calculated by tracking the number of engagements with the egg industry from which positive feedback has been collected
Value for money	Ratio of administration services to Program expenses	This is calculated based on the ratio of total corporate and program administration costs over total program area expenses



Increase the future capacity of the egg industry

INCREASED CONSUMPTION PERFORMANCE INDICATORS

PROGRAM	OUTCOME	PERFORMANCE INDICATOR
Market insights program	Maximise the effectiveness of marketing activities to improve our responsiveness to market developments & target audiences	Percentage consumer recall and attitudes for key campaign messages
Consumer research program	Understand consumer behaviours & attitudes by systematically collecting & analysing market information & insights	Grocery retail egg volume growth
Joy of eggs program	Engage and educate young people on the benefits of eggs and awareness of egg farming	Number of engagements with young people on farming practices
Health Care Professionals program	Ensure key opinion leaders, HCP gatekeepers & advisors have awareness and latest information on the benefits of eggs	Level of HCP awareness that eggs can be eaten everyday
Nutrition research program	To provide up to date information to support health benefits of eggs and remove barriers, such as egg allergies, to consumption	Percentage of news media coverage related to egg nutrition that is 'positive'
Families program	Promote the knowledge of nutritional value & life-long enjoyment of eggs by Australian families	Percentage of families aware of campaign
Baby boomers program	Educate Baby Boomers on the value & appropriateness of egg inclusion in their diets, & promote the life-long enjoyment of eggs	Percentage of Baby Boomers aware of campaign
Millennials program	To educate Millennials on the versatility, affordability & ease of egg inclusion in their meals, & promote the life-long enjoyment of eggs	Percentage of Millennials aware of campaign

SUSTAINABLE PRODUCTION PERFORMANCE INDICATORS

PROGRAM	OUTCOME	PERFORMANCE INDICATOR
Biosecurity program	Improve biosecurity adoption by egg farmers and address specific biosecurity issues	Average benefit cost ratios achieved for R&D projects
Flock health program	Develop tools to provide for improved management of health conditions	Average benefit cost ratios achieved for R&D projects
Salmonella program	Develop risk management processes and explore the potential for probiotics to reduce <i>Salmonella</i> in the egg supply chain	Average benefit cost ratios achieved for R&D projects
On-farm welfare solutions program	Support animal husbandry on-farm through providing solutions to common welfare concerns	Average benefit cost ratios achieved for R&D projects
Welfare improvement program	Support fundamental research to better understand hen welfare and enable future solutions to be developed	Average benefit cost ratios achieved for R&D projects
Research strategies program	Maximise efficiency by collaborating with other agencies on research projects	Proportion of R&D projects attracting co-investment
Hen nutrition program	Identify practical nutritional management strategies to improve feed efficiency and egg quality	Average benefit cost ratios achieved for R&D projects
Environmental program	Increased environmental sustainability and promotion of best practice management	Average benefit cost ratios achieved for R&D projects

EFFECTIVE ENGAGEMENT PERFORMANCE INDICATORS

PROGRAM	OUTCOME	PERFORMANCE INDICATOR
Farmer engagement program	Engage with egg farmers and distribute relevant content about our marketing and RD&E activities, ensuring it reflects industry priorities	Number of publications distributed
Public engagement program	Create and distribute engaging content about the egg industry to the public	Number of publications and engagements
Capacity building program	Build capacity in the egg industry by providing workforce development, scholarships and research expertise	Number of participants in Australian Eggs developed training courses
Extension and adoption program	Increase adoption of research outputs by farmers and regulators through focused extension	Number of engagements with egg farmers on R&D outputs
Quality assurance program	Enable the egg industry to demonstrate food safety, animal welfare and biosecurity outcomes to customers and the public	Proportion of egg production covered by ESA
Community trust program	Increasing community understanding of farming	Number of engagements with the public on farming practices
Food service program	Support the egg industry in exploring domestic and export market growth opportunities	Level of non-retail domestic growth
IRB consultation program	Work cohesively with representative bodies and obtain input to the development and implementation of activities	Number of engagements with IRBs

VALUE FOR MONEY PERFORMANCE INDICATORS

PROGRAM	OUTCOME	PERFORMANCE INDICATOR
Stakeholder focus program	Ensure the perspectives of a broad range of stakeholders is considered in undertaking activities	Number of engagements with non-farmer stakeholders
Efficient, well resourced team program	Ensure appropriate resources to deliver on the work program	Ratio of non-staff corporate expenses to Program costs
Clear work program	Provide robust decision making processes and evaluation of activities	Level of compliance with applicable ASX Corporate Governance principles

INCOME AND EXPENDITURE

FINANCIAL YEAR	2018/19
Cash Reserves Opening Balance	\$6,317,371
OPERATING INCOME	
Egg Promotion Levy	\$6,037,339
Layer Chick Levy	\$2,507,818
Commonwealth Contribution	\$3,978,790
Assoc. Membership Subscriptions	\$82,440
Interest Income	\$137,131
Grant income	\$25,000
Royalties	\$41,000
Training income	\$12,800
Other Income	\$144,800
sub-total	\$12,967,117
less levy collection costs	\$31,365
	\$12,935,752
OPERATING EXPENDITURE	
Value for Money	\$1,823,957
Increased Consumption	\$5,894,446
Sustainable Egg Production	\$2,762,313
Effective Engagement	\$3,076,664
Egg Farmers of Australia	\$65,000
	\$13,622,380
Operating surplus/ Deficit	-\$686,628
Capital Purchases	\$85,000
Cash reserves Closing Balance	\$5,545,744



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