

# LIVECORP ANNUAL REPORT 2017/18

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# VISION

Driving world leading Research, Development & Extension, supported by innovative services, that underpins the sustainability of the livestock export sector as a trusted, valued and connected contributor to animal health and welfare

The Australian Livestock Export Corporation Limited (LiveCorp) was established in April 1998 and operates under the Australian Meat and Livestock Industry Act 1997 (Cth) (AMLI Act) to deliver marketing and research, development and extension (RD&E) outcomes on behalf of Australia's livestock exporters.

LiveCorp does not engage in agri-political activities. Responsibility for policy and advocacy is with the Australian Livestock Export Council (ALEC). This demarcation is a requirement of the AMLI Act and helps to reinforce that LiveCorp's operations are focused on service delivery within the industry.



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## CHAIRMAN'S REPORT

It has been a significant and defining year for LiveCorp and the live export industry on many levels. At a Board level, the 2017 AGM saw the farewell of Mr David Galvin having completed the maximum nine-year term on the Board, which included the last four years as Chairman. On behalf of the Board, I sincerely thank David for his outstanding and dedicated service to LiveCorp and wish him well in the future. We also welcomed Ms Melissa Holzberger to the Board as an independent skills based Director. I would also like to thank my Board colleagues for their confidence in electing me as Chairman of the LiveCorp Board and their collective input and support throughout the year.

At an industry level, we experienced enormous and unprecedented challenges following the 60 Minutes program which depicted appalling animal welfare during a high mortality sheep shipment to the Middle East. In responding to the incident, the regulator (the Department of Agriculture and Water Resources) suspended and then cancelled the licences of two exporters. The Federal Government also commissioned a range of reviews and implemented various immediate measures to restore confidence in the broader trade, such as the placement of independent observers on all livestock vessels. These actions resulted in a quantum shift in the planning, preparation and oversight of sheep exports to the Middle East.

During this period, LiveCorp delivered strongly against its objectives by supporting its members to adjust to new welfare regulations and in ensuring that there has been a strong awareness and understanding of our research and development projects – past and present. This effort has been particularly important and it is pleasing that a wide suite of industry research has been referenced and used by the different review committees and policy bodies to inform their considerations and decisions. LiveCorp has also acted quickly in this period to reassess our research portfolio and fast-track projects of relevance and initiate new streams, where required – particularly those supporting improved transparency and benchmarking and improvements to the heat stress risk assessment model. Now more than ever, the availability and focus of our dedicated livestock export research program and the role of LiveCorp are proving critical – this is the Research and Development Corporation (RDC) model at work.

Despite the upheaval, the overall export activity increased marginally with cattle and sheep both experiencing slight increases – a reminder of the importance of the live export sector for producers and in meeting the global demand for livestock. For cattle, Indonesia remained unrivalled in volume terms although exports were slightly down year-on-year, while Vietnam stabilised at 171,000 head. The trade in slaughter cattle to China experienced a modest, but significant, jump forward with a 34.5% increase in slaughter and breeder beef cattle reaching 69,000 head. In the sheep trade, Turkey returned as a significant market taking 444,000 head, which offset the slight decline in export activity across the traditional markets in the Arabian Gulf. Unfortunately, goat exports declined year-on-year by 35.3% to 19,184 head. However, the total value of these exports increased by 1.6% on the 2016-17 value to \$4.8 million.

With relatively stable export activity, LiveCorp continued to demonstrate its strengths in program delivery through its capacity to respond to industry priorities – both consistent with, and above and beyond those outlined in the 2017-18 Annual Operating Plan.

Examples of the additional priorities that arose in 2017-18 included:

- In October 2017, the Australian Livestock Export Council's (ALEC) Members requested LiveCorp scope out the development of an improved control and traceability framework for inclusion within the Livestock Global Assurance Program (LGAP) to better align ownership and responsibility across the supply chain for feeder and slaughter livestock. This project was provided to ALEC in February 2018.
- In May 2018, LiveCorp commenced an open innovation program to identify existing, new and developing technologies from across the global innovation and technology ecosystem that may address the significant challenge of heat stress of sheep during export in the northern hemisphere summer. This project will report in September 2018.
- In March 2018, LiveCorp delivered two Scabby Mouth Vaccinator training courses in Western Australia. These courses were at the request of industry following a successful delegation from the Kingdom of Saudi Arabia in early 2018.
- In May 2018, LiveCorp commissioned Mecardo to undertake an economic analysis of the live cattle export value chain and the value of the trade at a regional level across the nation. In June 2018, a series of 'special edition' webinars and LiveCorp's first podcast were released to ensure industry stakeholders are equipped to discuss and communicate the benefit of the live cattle trade.

These projects not only demonstrated LiveCorp's strong focus on meeting the additional needs of its exporter members, but also its capacity to deliver these services against difficult timelines, and under budget – resulting in LiveCorp returning a modest budget surplus of \$807,607. This surplus will be critical in supporting LiveCorp's activities for the year ahead as we reforecast the sheep export activity to accommodate for adjustments to the regulations and conditions for trade during the northern hemisphere summer period.

As we look to the future, LiveCorp recognises the need for the industry to urgently build stronger, more transparent foundations. This includes fast tracked research into welfare indicators that extend beyond mortality, automation of data collection and development of benchmarking and performance reporting structures. However, and above all, the industry needs to unite on its longer term reform and vision for the future.

In terms of overseas activities, the industry has worked tirelessly for many years in driving practical welfare outcomes towards meeting the Exporter Supply Chain Assurance System (ESCAS) requirements and in identifying and working to overcome the remaining challenges, such as control / leakage.



## CHAIRMAN'S REPORT

The benefits that ESCAS has delivered for welfare are unquestionable, however it has also created commercial barriers and challenges in its application across diverse markets and cultures. The industry – by a vote of ALEC members – made a significant and proactive decision in 2018 to unanimously support the implementation of LGAP.

LGAP represents more than six years of research and development, and provides an independent conformity assessment program and assurance structure that will strengthen the assurances that feeder and slaughter livestock are being managed and treated in accordance with ESCAS standards. This milestone not only marks a major step forward for the industry in seeking to improve itself, but also the full adoption of a research project developed under the joint Meat and Livestock Australia (MLA) / LiveCorp R&D Program.

*LGAP is an exciting opportunity for the industry – it is at the starting line of where programs like Aus-Meat, Aus-Qual and the National Feedlot Accreditation Scheme stood at their commencement. Their achievements stand as a reminder of what hard work and collaboration can achieve for the live export industry.*

In recognising the need to further engage with stakeholders and the value in drawing on broader learnings, the industry held its major LIVEXchange Conference in Perth over 13-17 November 2017, with the theme of "Taking stock: Adaptability – Sustainability – Accountability". Additional forums to inform producers were also held at Beef Australia 2018. These events were well attended and I thank producers and stakeholders for their open engagement with LiveCorp and the industry.

In closing, I would like to thank the ALEC Board and particularly the Hon. Simon Crean, Chairman for their cooperation and support.

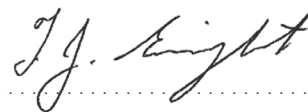
I acknowledge MLA Chair, Dr Michelle Allen; Managing Director, Mr Richard Norton and MLA staff for their continued support for the joint Livestock Export Program and RD&E Program.

Under the outstanding leadership of CEO Sam Brown, LiveCorp has continued to work tirelessly to support the industry and I am deeply impressed with what the small, but highly focused team has been able to achieve under such extraordinary pressure.

I am proud of our achievements and of the critical role played by LiveCorp in driving the right kind of change in the industry, through research, development and responding to the needs of live exporters in their operations and animal welfare compliance.

*We are highly focused and singular in our drive and effort for this industry – LiveCorp, 100 per cent live export.*

And finally, I thank our members and the state and territory exporter associations for their strong engagement with LiveCorp.



Terry Enright  
Chairman





## CEO'S REPORT

It has been a time of tremendous upheaval, change and uncertainty in the livestock export industry following the 60 Minutes footage of poor animal welfare with sheep en-route to the Middle East during the Northern Hemisphere summer. I can assure you that the shock and concern felt within the community was equally felt by all staff members of LiveCorp. There is no doubt the live sheep trade has been called to account over this incident, and that it is acutely aware that it needs to step forward and demonstrate to the community that it can meet their expectations for ensuring good animal welfare, while also contributing economically to Australia and supporting farmers.

As a result, there is a significant shift taking place on multiple fronts with initiatives / steps being taken by the industry, the regulator (the Department of Agriculture and Water Resources) and the Minister for Agriculture and Water Resources. Reform is something that the industry must get right for the sustainable future of the trade and it is something that the industry and every exporter needs to own and carry forward. We must all work together to create a new narrative based on transparency and accountability.

Together with the industry, LiveCorp takes its responsibility for good animal welfare seriously. We are committed to working closely with exporters to improve standards, and in regaining the community's trust through on-going research, development and extension to improve and verify that expectations of animal welfare are being met.

There are a multitude of complex issues that we need to understand and work through in order to make the necessary adjustments to better manage, measure and report animal welfare outcomes now and into the future.

Over the reporting period, important progress has been made across a range of new and innovative approaches to address the issue of heat stress on-board sheep vessels, along with new methods and technologies to monitor, record and report animal welfare measures. This saw the commencement of LiveCorp's first Open Innovation project to explore the existence and feasibility of new and emerging technology solutions to manage the on-board environment. The project is fast paced and has identified a range of potential technology solutions including rapid cooling, dehumidification, environmental monitoring, enhanced voyage route optimisation and artificial intelligence. We have been encouraged by the level of interest and technology available and look forward to exploring the effectiveness and applicability of these solutions for the industry.

LiveCorp also continued work in close partnership with the joint Livestock Export Program (LEP) to progress a wide range of industry support and research projects. A key research priority within the animal welfare space has been the large-scale project to determine methods of measuring and recording the welfare of livestock on ships. This includes the development of scientific animal welfare indicators and a fast-tracked industry welfare data collection project for both sheep and cattle. Aligned with these projects has been work to identify, scope and trial potential technologies to support the introduction of automation for data collection. These work streams will also continue to inform possible opportunities to refine the industry Heat Stress Risk Assessment (HSRA) Model, which will be key in

determining the best way to meet the recommendations of the Government's independent review into the Conditions for the Export of Sheep to the Middle East during the Northern Summer, conducted by Dr McCarthy.

As noted in the Chairman's Report, the industry also recently committed to the implementation of the Livestock Global Assurance Program (LGAP) which will improve animal welfare, control and traceability within the livestock export supply chain. LGAP is the outcome of many years of industry research. It is a purpose built program to provide animal welfare outcomes that are equivalent to or improve upon those provided by the Federal Government's Exporter Supply Chain Assurance System, but seeks to drive greater efficiencies and effectiveness in delivering its objectives by extending accountability to the facilities in the supply chain, so those that actually own the livestock share the responsibility for ensuring their welfare. Seeing the full adoption of such a significant and transformational body of work by the industry is both an achievement and rewarding outcome for the LEP R&D program.

It is important that I also note that the research conducted by the LEP, such as those outlined above, would not be possible without the matching funds invested by the Australian Government in eligible RD&E projects. The RD&E Program along with the wide range of projects directly undertaken by LiveCorp aim to drive the right kind of change in the livestock export industry through targeted, credible and evidence based research.

In bringing the year to a close, I would like to acknowledge the effort and commitment of the highly dedicated team and Board at LiveCorp. This has been a period of significant change for the industry, and the support and collaboration of my colleagues at MLA, the LEP and ALEC has been equally significant. In particular, I would like to recognise Mr Allister Lugsdin, the LEP Livestock Services Manager for Asia Pacific who retired after 41 years of service to MLA (of which, 11 years was served in the LEP). Allister's exceptional knowledge and market insights have been highly regarded by the industry. On behalf of LiveCorp and the livestock export industry, I wish him all the best in retirement.

Finally, LiveCorp recognises that industry has a lot of work ahead of it in order to rebuild trust and demonstrate its ability to reliably deliver good animal welfare during shipments (i.e. demonstrating what 'normal' shipments are like) and its commitment to continuously improve animal welfare throughout the supply chain. LiveCorp is ready to provide the platform of research, development, extension, innovation and support that the industry and exporters need to achieve such an outcome.



Sam Brown

CEO





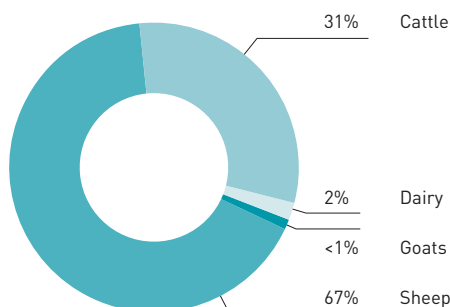




# INDUSTRY OVERVIEW

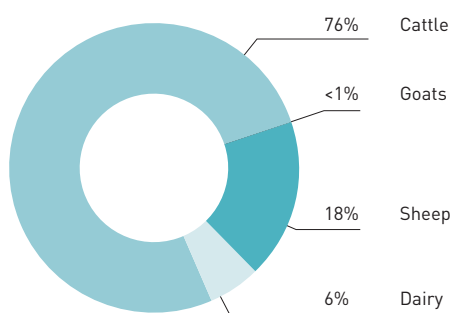
## VOLUMES AND VALUES

Total livestock export volumes increased 6.4%, with a 7.2% uplift in livestock export values year-on-year in 2017-18. With a slight easing in the cattle prices (from the 2016-17 record highs of \$3.75/kg liveweight delivered Darwin), the trading environment has improved. However, the overall business confidence across the key trading regions remains low as importing governments continue to focus on policies around food security, red meat affordability and herd rebuilding. The sheep export trade experienced some considerable adjustments with all markets across the Arabian Gulf taking less live sheep, however the re-entry of Turkey and emergence of Russia offset the decline to report a 6.6% increase in volume terms.



2017-18 Export Volume (2,698,305 head)

Source: ABS



2017-18 Export FOB Value (\$1.529 billion)

Source: ABS

## CATTLE

Over the reporting period, cattle exports reached 0.97 million head, up 7.2% on the previous year. Total live cattle exports were valued at \$1.27 billion in 2017-18, up 6.5% on the previous year.

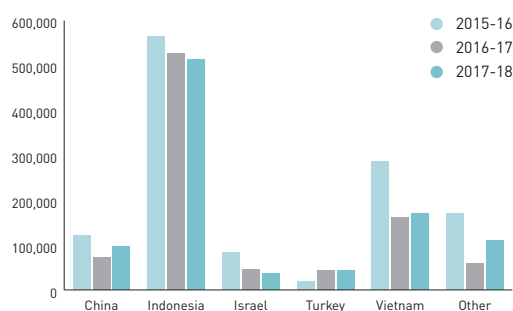
The start of 2017-18 was a continuation from the prior year of restricted supply, especially in the north, with high cattle prices and ongoing uncertainty around import policies. As the year progressed however, poor rainfall across many parts of Australia subdued the herd rebuilding efforts and resulted in higher than expected turn-off, pushing the cattle prices down. Across the year, the average price for a light steer ex-Darwin was \$3.12/kg liveweight, down on the 2016-17 average of \$3.53/kg liveweight, and a return to the 2015-16 average price of \$3.14 /kg liveweight.

Indonesia continues to demonstrate its importance to the livestock export industry, importing 514,000 head in 2017-18 (down 2.5% year-on-year). The Indonesian Government's agricultural policy goal to achieve self-sufficiency by 2026 and their on-going price stabilisation methods (including the establishment of Indian buffalo meat into the wet markets across the country) are the prominent factors that have disrupted the Indonesian importers' traditional business model. Further uncertainty continues as the deadline for the 5:1 feeder for breeder cattle policy audit in December 2018 approaches.

Vietnam maintained its position as the second largest cattle export market with exports reaching 171,000 head (up 5.4% year-on-year). Australian cattle sales were relatively subdued due to the availability of local cattle, competition from alternative protein sources and the lower profit margin of Australian cattle.

Overall cattle exports to China increased 34.5%, to 97,000 head in 2017-18. The majority of the exports, 69,000 head, were slaughter and breeder cattle compared to 13,000 in 2016-17. The China dairy heifer trade experienced a 51.9% decrease year-on-year with 28,000 head exported.

Russia returned to the market in 2017-18, taking 43,000 head of cattle over two consignments in February and April 2018. All other markets across South East Asia (SEA) and the Middle East remained static.



Cattle Exports By Destination

Source: ABS



## INDUSTRY OVERVIEW

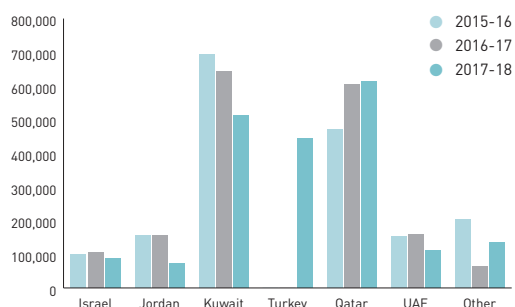
### SHEEP

Almost 2 million head of live sheep were exported during 2017-18, up 6.6% on the previous year. Total live sheep export values increased 10.9% year-on-year, to \$259 million.

Qatar was the dominant market for Australian sheep importing 614,000 head, an increase of 1.8% year-on-year which accounted for 31.1% of total sheep exports for the year. This was followed by Kuwait, importing 513,000, a decrease of 20.4% year-on-year. Turkey was the significant new comer to the market for Australian sheep, importing 444,000 head as the Turkish government seeks to address increasing prices as domestic production falls behind demand.

Exports to Israel, Jordan, Oman and United Arab Emirates declined by 36% year-on-year from 541,000 head to 347,000 head. Exports to SEA also reflected a decline of 33.7% year-on-year from 64,000 head to 43,000 head. Russia was the exception, importing 16,000 head following the successful completion of the Eurasian Economic Union breeder sheep and goats protocol at the start of 2018.

The sheep trade experienced a slight uplift in volume this financial year despite there being a range of factors that continue to apply downward pressure on sheep exports to the EMENA and SEA regions. These factors included supply being impacted by the retention of more ewe lambs for flock rebuilding, high wool prices, and favourable seasonal conditions in much of Western Australia providing both an incentive and opportunity for producers to retain Merino wethers. Malaysian importers shifted their focus to sourcing sheep and goats from suppliers across Thailand and Myanmar following the Australian industry's policy decision to cease exports for a six week period in the lead-up to the Korban religious festival. Competition from neighbouring live exporting nations increased imports of chilled/frozen carcasses and logistical and shipping schedule challenges have and will continue to place pressure on Australian live sheep exports.



Sheep Exports By Destination

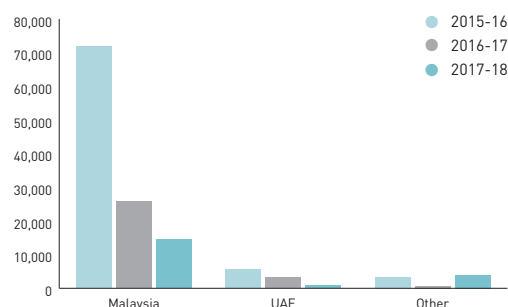
Source: ABS

### GOATS

In 2017-18 goat exports declined year-on-year by 35.3% to 19,184 head. However, the total value of these exports increased by 1.6% on the 2016-17 value to \$4.8 million.

Exports to Malaysia, Australia's largest market for live goats, decreased 44% year-on-year, to 14,443 head. The volatile supply of rangeland goats and high domestic prices of Australian slaughter goats has resulted in Malaysia sourcing cheaper goats from Thailand and Myanmar, and other substitute products for goat meat.

After a steady upward trajectory for the most part of four years, over-the-hook goat price indicators peaked in July 2017 at \$7 per kilo carcase weight (kg cwt) and since then have fallen. Across the year, the average price for a 20+ kilogram goat was \$4.94/kg cwt down on the 2016-17 average of \$6.16/kg cwt.



Goat Exports By Destination

Source: ABS

## THE ROLE OF LIVECORP

LiveCorp is the rural Research and Development Corporation (RDC) for the Australian livestock export industry. LiveCorp's role is to promote Australian livestock overseas and invest in RD&E to enhance the productivity, sustainability and competitiveness of the livestock export industry for the benefit of Australia's livestock exporters.

As a recipient of export levies regulated under the legislative framework, LiveCorp is party to a Funding Agreement (FA) with the Commonwealth of Australia represented by the Department of Agriculture and Water Resources (the Department) which sets out provisions on the use of levy funds as well as associated reporting and accountability obligations.

To deliver its programs, LiveCorp continually monitors its operating environment, and in consultation with its members and key stakeholders, regularly considers and reviews its priorities and activities.

The review and consultation process is represented in the diagram below:





## PROGRESS AGAINST LIVECORP'S STRATEGIC PLAN 2016-2020

The 2017-18 financial year marked LiveCorp's second year of operation under the 2016-2020 Strategic Plan.

The LiveCorp 2016-2020 Strategic Plan sets the aims, objectives, outcome statements and key performance indicators to direct investment of levy payer funds to meet defined Livestock Export Industry needs.

The Strategic Objectives developed align with the Meat Industry Strategic Plan (MISP2020) and the ALEC Industry Strategic Plan, and aim to increase opportunities to partner with Meat and Livestock Australia (MLA) through the joint Livestock Export Program (LEP).

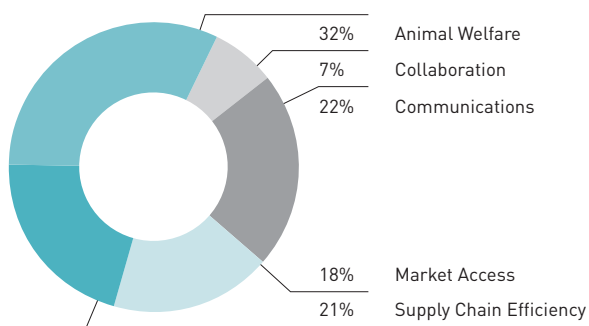
The Strategic Plan identifies five Strategic Objectives:

- Achieve continuous improvement in animal health and welfare across the supply chain.
- Improve supply chain efficiencies and regulatory performance.
- Enhance market access and conditions for both existing and new markets.
- Develop and deliver targeted exporter, government and other stakeholder communications that serve to secure, promote and inform the activities of the livestock export sector.
- Maximise collaboration with key Australian and international stakeholders involved in the livestock export industry.

To deliver against the Strategic Objectives, LiveCorp develops an Annual Operational Plan (AOP) to identify the priorities for the year ahead and fund programs to undertake activities in pursuit of the agreed outcomes. The AOP defines the deliverables and Key Performance Indicators (KPIs) for each program.

This Annual Report is reporting against the 2017-18 AOP.

The chart below represents LiveCorp's 2017-18 expenditure as a percentage against each of the Strategic Objectives.



LiveCorp Expenditure by Strategic Objectives

## ACHIEVEMENTS AGAINST THE 2017-18 AOP

The table on the following pages shows LiveCorp's achievements against the 2017-18 AOP and deliverables against the Strategic Plan as of 30 June 2018.

# STRATEGIC OBJECTIVE 1

## Achieve continuous improvement in animal health and welfare across the supply chain

Objectives and Outcomes	Performance in 2017-18
<p><b>2016-20 Strategic Objective Outcomes</b></p> <ul style="list-style-type: none"> <li>● The provision of animal welfare technical support is identified through market research as adding significant value to exporters' businesses and the Australian livestock export industry.</li> <li>● Training programs are undertaken domestically and in-market with demonstrable improvements in animal welfare and implementation of regulatory requirements.</li> <li>● Increased adoption of training and support programs is evidenced through reduced animal health and welfare issues reported.</li> <li>● R&amp;D outcomes that improve animal health and welfare are extended and communicated to industry stakeholders effectively.</li> </ul> <p><b>2017-18 AOP Outcomes</b></p> <ul style="list-style-type: none"> <li>● People in livestock export supply chains have the skills, knowledge, capacity and access to resources to deliver good animal health and welfare outcomes.</li> <li>● Livestock export supply chains use infrastructure that supports good animal health and welfare outcomes.</li> <li>● Livestock export supply chains understand and implement Australian animal welfare regulatory requirements.</li> <li>● RD&amp;E projects that support improved animal health and welfare are commissioned.</li> </ul>	<ul style="list-style-type: none"> <li>● One Shipboard Stockperson's Accreditation course was delivered to 18 attendees. Feedback was very positive with over 90% of participants rating the course as 'very good' to 'excellent' and all identifying improvement in their livestock handling skills.</li> <li>● Two Scabby Mouth Vaccinator Courses were delivered to 35 participants following an update to the training materials. All attendees successfully completed the course and obtained certification.</li> <li>● LiveCorp successfully delivered the Australian Accredited Veterinarians (AAV) Forum in November 2017. The Forum was recognised by the Australian Veterinary Association (AVA) as a professional development activity and was attended by 15 AAVs.</li> <li>● Delivery and rapid rollout of the industry welfare data collection project and development of the associated LIVEX-Collect app.</li> <li>● The four LEP in-market programs supported training in the areas of: <ul style="list-style-type: none"> <li>● animal health and welfare</li> <li>● low-stress animal handling</li> <li>● induction, feedlot and silage management</li> <li>● breeding, nutrition and reproduction management for cattle</li> <li>● slaughter theory and technique</li> <li>● stunner use and maintenance</li> <li>● butcher training with advanced knowledge on meat cuts and packaging</li> <li>● knife sharpening</li> <li>● standard operating procedures (SOPs), risk templates and identifying abattoir risks</li> <li>● value adding, meat quality, meat safety and hygiene</li> <li>● Exporter Supply Chain Assurance System (ESCAS)</li> <li>● supply chain streamlining for profitability</li> </ul> <p>The training was very well received by participants and highly rated amongst exporters for the support provided.</p> </li> <li>● Support to Indonesian facilities for the 5:1 feeder-breeder policy, focusing on breeding management, nutrition improvement, animal welfare best practice for feeders and breeders, commercial breeding models with smallholders or integration with palm/coconut plantations.</li> <li>● LEP Indonesia is continuing to improve skills and knowledge available to the industry through the Technical Expert Program.</li> <li>● LEP assisted with the development and delivery of a \$1.4 million Managing Abattoirs, Training and Exchange of Skills (MATES) program to train Vietnamese abattoir workers.</li> <li>● The Collaborative Funding Program was delivered with 30 in-market projects receiving \$560k of LEP funding that was matched by the exporters.</li> <li>● The LEP provided technical support during the key festival periods of Eid al Adha, Eid al Fitr, Ramadan and Korban.</li> <li>● LiveCorp continued its support to the National Animal Welfare RD&amp;E Strategy (NAWRDES) Committee and the National Animal Biosecurity RD&amp;E Strategy (NABRDES) Committee.</li> <li>● LiveCorp contributed to the LEP RD&amp;E Program through the five Management Committee meetings and three Livestock Export Research and Development Advisory Committee (LERDAC) meetings.</li> <li>● Research projects and extension materials underway or completed can be found on pages 65 to 69.</li> </ul>

### Investment in 2017-18:

**\$1,248,000 (M\$931,000, R\$317,000)\***

● On target to deliver
● In progress
● Not on target to deliver  
● Achieved
● Not achieved
\* Unmatched Research \$








## STRATEGIC OBJECTIVE 2

### Improve supply chain efficiencies and regulatory performance

Objectives and Outcomes	Performance in 2017-18
<p><b>2016-20 Strategic Objective Outcomes</b></p> <ul style="list-style-type: none"> <li>Improved regulatory systems are adopted by industry and the level of red tape is reduced.</li> <li>Peak Councils and the Australian Government regard LiveCorp's advice on livestock export industry issues as significantly valuable.</li> <li>Improvements to skills development, infrastructure, port facilities, registered premises and other supply chain elements are identified to support supply chain efficiencies.</li> <li>R&amp;D input and support for the development and improvement of key regulatory or industry standards and systems (e.g. ASEL, ESCAS) leads to a more co-regulatory process.</li> <li>The RD&amp;E program outcomes are adopted and deliver new innovations and technical materials improving the performance of livestock throughout the Australian livestock export supply chain.</li> </ul> <p><b>2017-18 AOP Outcomes</b></p> <ul style="list-style-type: none"> <li>Livestock export regulatory processes are improved and align with business processes and red tape and regulatory burden is reduced.</li> <li>People in export supply chains have the knowledge, skills and tools to improve control, traceability, sustainability, productivity and comply effectively and efficiently with regulatory requirements.</li> <li>Livestock throughput capacity at facilities and ports is evaluated and logistical bottlenecks are identified for improvement.</li> <li>RD&amp;E projects that support ongoing improvements to existing regulation and industry QA are commissioned.</li> </ul>	<ul style="list-style-type: none"> <li>Throughout the operation of the Livestock Global Assurance Program (LGAP) Implementation Steering Committee (LISC) in 2017-18 LiveCorp provided secretariat and technical support. Following completion of the LISC report in October 2017, ALEC members requested further work to develop an improved control and traceability (C&amp;T) framework which LiveCorp undertook and delivered in February 2018.</li> <li>In April 2018, ALEC members unanimously voted in favour of implementing LGAP.</li> <li>In June 2018, LiveCorp established the LGAP Company which included working with the Founding Members to prepare the Constitution, appoint independent skills-based non-executive directors and register the new company.</li> <li>Developed a submission to the Australian Standards for the Export of Livestock (ASEL) Review, in consultation with ALEC, and provided it to the Department in March 2018.</li> <li>LiveCorp supported ALEC in developing and making a submission to the public consultation on the Export Legislation Review.</li> <li>Developed a submission to the McCarthy Review into the conditions for the export of live sheep to the Middle East during the Northern Hemisphere summer in April 2018.</li> <li>Developed a submission to the Moss Review into the regulatory capability and culture of the Department, as the regulator of live animal exports in June 2018.</li> <li>LiveCorp continued to be a key member of the industry / government roundtables held at various intervals throughout 2017-18. The roundtables provide the consultative mechanism for the Department to discuss proposals with livestock export industry bodies.</li> <li>The LEP undertook feedlot and abattoir infrastructure reviews and recommendations to improve the flow of livestock and point of slaughter outcomes.</li> <li>The LEP in-market programs delivered technical advice on the following: <ul style="list-style-type: none"> <li>systems to improve compliance with ESCAS, initiate corrective actions and close out non-compliances</li> <li>on-going research to identify and develop practical and economically viable management steps that can minimise losses associated with heat stress</li> <li>improve the design of facilities and SOPs in new and established supply chains to improve supply chain efficiency and animal welfare outcomes</li> <li>the development of closed-loop supply chains that can disrupt traditional, unregulated trading models</li> <li>breeder nutrition, husbandry and reproduction management</li> <li>a joint Young Applied Ruminant Nutrition Network (YARNN) program looking at theoretical and practical applied nutrition training.</li> </ul> </li> <li>Research projects and extension materials underway or completed can be found on pages 65 to 69.</li> </ul>

#### Investment in 2017-18:

**\$828,000 (M\$708,000, R\$120,000)\***

 On target to deliver
 In progress
 Not on target to deliver  
 Achieved
 Not achieved
\* Unmatched Research \$

## STRATEGIC OBJECTIVE 3

### Enhance market access and conditions for both existing and new markets

Objectives and Outcomes	Performance in 2017-18
<p><b>2016-20 Strategic Objective Outcomes</b></p> <ul style="list-style-type: none"> <li>Industry and government confirm their support of LiveCorp market access activities.</li> <li>Maintain and improve access activities to existing markets and assist with the opening of new markets.</li> <li>Facilitation of trade delegations to and from Australia in support of market access objectives is increased.</li> <li>RD&amp;E projects are conducted to facilitate continued access to existing markets and the opening of new markets.</li> </ul> <p><b>2017-18 AOP Outcomes</b></p> <ul style="list-style-type: none"> <li>Strong relationships and on-going engagement exist between the livestock export industry and overseas and Australian governments that establish market priorities and monitor in-market conditions.</li> <li>The livestock export industry is coordinated and united in its priorities and advice on market access issues and support for delegations.</li> <li>Australia's animal health systems and structures are efficient and effective in supporting market access and improving Australia's animal health reputation.</li> <li>RD&amp;E projects that facilitate continued and new access to markets are conducted.</li> </ul>	<ul style="list-style-type: none"> <li>In February 2018 LiveCorp participated in the Indonesian Ministry of Agriculture delegation to Australia to discuss the importation of Australian breeding heifers.</li> <li>In March 2018 LiveCorp supported a Saudi Arabian delegation to Australia.</li> <li>LiveCorp attended briefings with the ambassadors of Morocco, Saudi Arabia, Kuwait, Iraq, Indonesia and Qatar.</li> <li>Two face-to-face Protocol Committee meetings were held. The Committee is continuing with its implementation of the Strategic Market Access Work Plan.</li> <li>Key new market access developments in 2017-18: <ul style="list-style-type: none"> <li>China slaughter sheep and goats;</li> <li>Indonesia breeder sheep and goats;</li> <li>Mexico slaughter cattle; and</li> <li>The Eurasian Economic Union breeder sheep and goats.</li> </ul> </li> <li>Key market access maintenance in 2017-18: <ul style="list-style-type: none"> <li>Japan – negotiations are continuing to progress towards an agreement of the Japan breeder and feeder cattle protocols.</li> <li>China – dialogue continues on the additional pre-export requirements applied by China on the feeder and slaughter cattle protocol.</li> </ul> </li> <li>The LEP in-market programs undertook a range of activities to build new, and support ongoing, trade and market access. These included: <ul style="list-style-type: none"> <li>Over 25 visits, workshops and meetings with key stakeholders and government authorities across the EMENA region.</li> <li>Monthly meetings with the Indonesian Importers' Association (GAPUSPINDO) to discuss trade issues and government policies.</li> <li>Developing animal welfare risk mitigation strategies to manage the planned importation of 6,000 breeders as part of the Government of Indonesia's smallholder-breeding program.</li> <li>Providing briefings and information to the Australian Government as part of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA).</li> <li>Attended and presented at the From Farm to Table Expo and hosted the LEP Expo and Conference with more than 750 delegates over two days in Indonesia.</li> <li>On-going engagement with the Vietnamese Government in the Ministry of Agriculture and Rural Development (MARD) to improve animal welfare and training and support to Vietnamese abattoir owners. This allowed the LEP to assist with the development and delivery of a \$1.4 million Managing Abattoirs, Training and Exchange of Skills (MATES) program. Funding is being provided by the Australian Department of Foreign Affairs and Trade (DFAT) over two years to support the training of Vietnamese abattoir workers.</li> <li>In-market visits to Malaysia, Thailand, Brunei, Sabah, Singapore, the Philippines, and China covering high-level market access, seminars and meetings with key industry and government authorities.</li> </ul> </li> <li>Research projects and extension materials underway or completed can be found on pages 65 to 69.</li> </ul>

#### Investment in 2017-18:

**\$712,000 (M\$678,000, R\$34,000)\***

● On target to deliver
● In progress
● Not on target to deliver  
● Achieved
● Not achieved
\* Unmatched Research \$



## STRATEGIC OBJECTIVE 4

Develop and deliver targeted exporter, government and other stakeholder communications that serve to secure, promote and inform the activities of the livestock export sector

Objectives and Outcomes	Performance in 2017-18
<p><b>2016-20 Strategic Objective Outcomes</b></p> <ul style="list-style-type: none"> <li>● LiveCorp communications are delivered to target audiences in a timely, accessible and professional manner.</li> <li>● Annual reviews of the effectiveness of LiveCorp communications are held with key stakeholder groups.</li> <li>● R&amp;D programs and the benefits that they provide are reported to exporters and the Australian community via managed LiveCorp, ALEC and MLA channels.</li> <li>● Briefings are provided to producers, exporters and governments on key issues.</li> </ul> <p><b>2017-18 AOP Outcomes</b></p> <ul style="list-style-type: none"> <li>● The livestock export industry and government are appropriately and effectively informed of LiveCorp and LEP activities and the changing environment the industry operates in.</li> <li>● Extension of R&amp;D that improves animal health and welfare is communicated to the industry, exporters and the community.</li> <li>● The local community and international stakeholders are aware and understand the livestock export industry's actions and commitment to achieving the reform strategy.</li> <li>● The community is aware and understands the outcomes delivered by LiveCorp and the LEP and the contribution made by industry to improving animal welfare practices.</li> </ul>	<ul style="list-style-type: none"> <li>● LIVEXchange 2017, held in Perth on 13-17 November 2017 was attended by over 400 delegates under the theme of "Taking stock: [Business] Adaptability – [Industry] Sustainability – [Community] Accountability".</li> <li>● At Beef Australia 2018, LiveCorp held two seminars entitled "Linking live exports to your commercial success - what is driving price?" and "Animal welfare - a journey, not a destination". Both sessions were very well received by producers, exporters and other industry stakeholders in attendance.</li> <li>● LiveCorp developed and published the bi-annual LEP RD&amp;E Update.</li> <li>● LiveCorp invested in the use of 360-degree video footage to document the livestock export journey and enable people to visually 'experience' the export process.</li> <li>● Following the success of the 'Understanding the Cattle Export Journey' flyers for beef cattle, sheep and dairy cattle versions of the flyer were developed to communicate and explain the logistics, planning, industry processes and regulations involved in exporting livestock overseas. The materials were made available on the website and distributed to various supply chain participants.</li> <li>● Other communication activities included: <ul style="list-style-type: none"> <li>● technical advice to support ALEC in responding to media inquiries and general issues such as country briefings, protocol negotiations, incident management and contingency planning;</li> <li>● regular coordination of teleconferences with members and relevant stakeholders to facilitate the sharing of industry information and discussion;</li> <li>● developed and published an AAV focused newsletter to continue to support on-going AAV engagement and constructive dialogue; and</li> <li>● presented at and attended industry functions and producer forums such as the AgForce Forum in Hughenden, Queensland; the LEP Sheep Producer's Field Day in Western Australia; the Northern Territory Cattleman's Association (NTCA) Conference; and the 2017 MLA Red Meat Conference and AGM in Alice Springs.</li> </ul> </li> </ul>

Investment in 2017-18:  
**\$838,000 (M\$838,000, R\$nil)\***

● On target to deliver
● In progress
● Not on target to deliver  
● Achieved
● Not achieved
\* Unmatched Research \$






## STRATEGIC OBJECTIVE 5

Maximise collaboration with key Australian and international stakeholders involved in the livestock export industry

Objectives and Outcomes	Performance in 2017-18
<p><b>2016-20 Strategic Objective Outcomes</b></p> <ul style="list-style-type: none"> <li>Key projects involving collaboration with Australian and livestock export related, health or welfare organisations including aid programs are investigated and developed.</li> <li>Linkages with major international organisations with an interest in collaborating on animal health and welfare projects are investigated and developed.</li> <li>Collaboration is achieved at a national level with RDCs, research providers and the Australian livestock export industry delivering RD&amp;E and marketing services.</li> </ul> <p><b>2017-18 AOP Outcomes</b></p> <ul style="list-style-type: none"> <li>Relationships developed with livestock export industry stakeholders and international organisations to identify collaborative projects that leverage LiveCorp and LEP investments in animal health and welfare.</li> <li>A collaborative investment strategy, framework and process is developed to ensure collaborative projects identified are relevant, efficient and effective.</li> <li>Projects presented by Australian and international livestock or livestock export organisations are investigated and developed in accordance with the LiveCorp/LEP collaboration strategy.</li> <li>National RD&amp;E and marketing collaboration is developed with other RDCs, research providers and industry participants.</li> </ul>	<ul style="list-style-type: none"> <li>LiveCorp is contributing to the following collaborative project under the National Animal Welfare RD&amp;E Strategy: "Monitoring public attitudes to livestock industries and livestock welfare."</li> <li>LiveCorp is participating in a three year Australian Research Council (ARC) Linkage Grants program with the University of Sunshine Coast on the 'Development of new tools for surveillance of chlamydial infections in sheep.'</li> <li>Developed a relationship and shared knowledge with Professor Kristen Stilt from Harvard University Law School on Islamic law and Halal slaughter practices in Australia's livestock export markets.</li> <li>LiveCorp provided funding, representation and advice on the ongoing management of the National Arbovirus Monitoring Program (NAMP).</li> <li>The LEP RD&amp;E Program entered into a four year Project Partnership with the University of New England (UNE) as a pathway to strengthen ties with scientific institutions to enable investment in infrastructure and resources that will support the continuity and outputs of research.</li> </ul>

Investment in 2017-18:

**\$253,000 (M\$238,000, R\$15,000)\***

 On target to deliver 
  In progress 
  Not on target to deliver  
 Achieved 
  Not achieved 
 \* Unmatched Research \$







## PROGRAMS

LiveCorp focuses its RD&E and marketing activities across two program streams to deliver on its strategies:

1. The LiveCorp Programs
2. The LEP

Below is a summary of each program's purpose with further detail of the activities and outcomes completed within the programs for 2017-18 provided on pages 54 to 69.

### LIVECORP PROGRAMS

#### Exporter Program

To provide and coordinate technical advice, support and activities that directly benefit LiveCorp members and the Australian livestock export industry, including issues management, time critical projects, consultation, driving specific animal welfare related initiatives, and preparing and responding to government inquiries or reviews. It is also the main source for regular consultation with ALEC on industry issues, planning, policy support and implementation.

#### Industry Capability Program

To gain access to new markets, maintain markets and improve existing market protocols to ensure market diversity and increase opportunities for Australian exporters and producers. It supports regulatory reform and improvements in supply chain activities by identifying and implementing efficiencies that are government and exporter priorities.

#### Services and Innovation Program

To support industry in enhancing its knowledge, skills, capacity and capability through the delivery of training services that aim to meet or exceed standards and support compliance and reporting obligations for the Australian livestock export industry. It also develops improved and / or innovative information systems and tools to create deeper understanding, enhance communication methods, increase uptake and create regulatory efficiencies.

#### Communications Program

To provide for the effective transfer of information and knowledge to exporters and key industry stakeholders, including governments, on research and marketing activities undertaken by LiveCorp and the LEP to enhance the transparency and accountability of industry's commitment to improving animal welfare outcomes.

#### Dairy Cattle Export Program

LiveCorp receives a voluntary contribution on exports of live dairy cattle and receipts can therefore vary significantly. Consequently, LiveCorp monitors program expenditure against receipts and refines export dairy cattle activities and deliverables accordingly.

The activities under this program include providing advice and support for market access, conducting RD&E for dairy cattle and funding representation and advice on the National Arbovirus Monitoring Program (NAMP) to underpin market access opportunities. It does not include any in-market programs.

### JOINT LIVESTOCK EXPORT PROGRAM

In recognition of the intrinsic benefit the livestock export industry provides to both producers and national businesses throughout the supply chain, LiveCorp invests in partnership with MLA, into the co-managed LEP. MLA is the administrator of the LEP.

#### LEP In-Market Programs

There are four in-market programs that deliver animal health and welfare services, technical and market access support overseas. They are EMENA, Indonesia, Vietnam and South East Asia (SEA).

They target their activities based on the issues and priorities of the market. Activities include supporting awareness and understanding of ESCAS and its animal welfare requirements, technical support during festivals, technical animal welfare advice, trade relations and market intelligence.

#### LEP RD&E Program

Provides the outputs that underpin LiveCorp's and the LEP's ability to deliver against the strategic objectives of animal health and welfare, supply chain efficiencies and market access through the generation of information, new knowledge, analysis, data and project reports.

The research is targeted at progressively identifying, understanding and seeking to resolve key animal welfare risks, market access issues or supply chain inefficiencies. This is achieved through investment in projects to gather and analyse data, build knowledge, increase productivity and fill gaps in understanding, and develop, trial and implement practical extension outputs.



## COLLABORATION

LiveCorp works in partnership with other RDCs, industry bodies and research providers to achieve strategic outcomes for the industry and leverage higher returns for investments that demonstrate value for money for livestock exporters.

### THE LIVESTOCK EXPORT PROGRAM

Since its establishment in 1998, LiveCorp has worked in partnership with MLA through the LEP. This collaborative arrangement maximises the delivery of an integrated whole-of-supply-chain approach, while at the same time limiting duplication of effort to ensure significant administrative efficiencies are achieved.

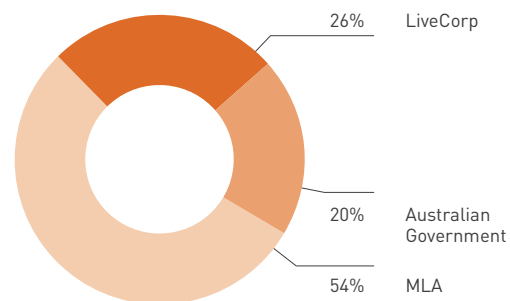
LiveCorp partners with MLA in the LEP to deliver animal welfare improvements in Australia and overseas markets that are funded by Australian producers, exporters and the Australian Government.

In 2017-18, LiveCorp invested \$1,255,000 or 27% of its expenditure (2016-17 \$1,586,000 - 34%) in the LEP. Overall LEP expenditure for 2017-18 was \$4,796,730, unchanged on 2016-17.

LiveCorp maintains a balance between management and investment of its contribution to the LEP through close communications, collaborative planning processes and leadership (the LiveCorp CEO and MLA's General Manager - International Markets co-manage the LEP).

MLA continues to be the majority financial partner in the LEP, particularly in relation to in-market services. LiveCorp is appreciative of MLA's ongoing commitment to the livestock export industry and its acknowledgement of the contribution live exports deliver to livestock producers nationally. In turn, MLA recognises the considered project planning and management expertise of LiveCorp which is a reflection of the extremely close working relationship LiveCorp has with its members.

### LEP INVESTMENT IN 2017-18



Sources of LEP Funding (\$4.80 million)





## COLLABORATION

### NATIONAL ARBOVIRUS MONITORING PROGRAM (NAMP)

Since 1989, Animal Health Australia (AHA) through the NAMP has monitored the distribution of arboviruses (insect-borne viruses) of ruminant livestock and associated insect vectors in Australia. This has provided industry and government with valuable information to support international market access for Australian livestock and to provide early warning of potential changes to arboviral livestock diseases.

There continues to be a growing interest in Australia's bluetongue virus (BTV) status and monitoring from overseas countries, particularly China. LiveCorp provides funding and support for this valuable program along with Cattle Council of Australia (CCA), Sheep Producers Australia (SPA), Wool Producers of Australia, Goat Industry Council of Australia (GICA), Australian Dairy Farmers, Australian Lot Feeders' Association and ALEC.

### NATIONAL ANIMAL WELFARE RD&E STRATEGY (NAWRDES)

The NAWRDES is one of eight cross-sectoral strategies under the National Primary Industries RD&E Framework. The purpose is to deliver strong collaboration to address the seven strategic themes of:

- animal welfare assessment;
- pain assessment and management;
- management, housing and husbandry;
- transport, euthanasia and slaughter;
- public attitudes, social science and community;
- education, training and extension; and
- policy and market access.

LiveCorp is contributing to the following NAWRDES project that was initiated in the current financial year:

Monitoring public attitudes to livestock industries and livestock welfare		Project Value: \$104,665
Description	Partners	
Development of a tool to identify public attitudes, knowledge and behaviour relating to livestock practices and animal welfare in the Australian livestock industries, and will assist in the development of communication strategies designed to inform the community on welfare related developments in these industries.  The project is due for completion in June 2019.	AgriFutures Australia Australian Meat Processor Corporation Australian Pork Limited Meat and Livestock Australia	

### NATIONAL ANIMAL BIOSECURITY RD&E STRATEGY (NABRDES)

The NABRDES is the other cross-sectoral strategy LiveCorp supported in 2017-18 through the continued provision of funding and representation on the committee. This strategy aims to provide Australian livestock industries with innovative and integrated ways of preparing for, responding to and recovering from disease, pest and weed incursions. It has engagement from all nine animal based RDCs, AHA and the Australian Government. NABRDES has the following key areas of focus:

- prevention;
- preparedness;
- eradication;
- containment;
- management; and
- communication, community attitudes and awareness.

## COLLABORATION

### AUSTRALIAN GOVERNMENT GRANTS

LiveCorp works in partnership with the Australian Government, fellow RDCs and research providers on grant projects. Projects in progress or completed during 2017-18 were:

<b>China-Australia Bluetongue Virus (BTV) collaboration 2017</b>		<b>On-going</b>
Project lead: LiveCorp Supported by: the Department, Elizabeth Macarthur Agricultural Institute and the Australian Animal Health Laboratory		
A three year project that aims to increase market access for BTV sensitive commodities including live ruminants and genetic material to achieve greater export trade with China and strengthen the scientific basis for government to government protocol negotiations.		
<b>Grant Type</b>	<b>Total project value</b>	
Agricultural Trade and Market Access Cooperation (ATMAC) program	\$278,450*	
<b>Development of new tools for surveillance of chlamydial infections in sheep</b>		<b>On-going</b>
Project lead: University of the Sunshine Coast Supported by: LiveCorp, University of Technology Sydney, University of Tasmania, the Department, McGarvie Smith Institute and Department of Primary Industries		
A three year project that aims to improve health in sheep and reduce on-farm losses for Australian producers and loss of trade in the live export industry by evaluating existing chlamydia tests, developing new serological tests for chlamydial infections in sheep and taking initial steps to understanding vaccine possibilities.		
<b>Grant Type</b>	<b>Total project value</b>	
Australian Research Council (ARC) Linkage Grants program	\$1,207,083*	
<b>Accelerating precision agriculture to decision agriculture</b>		<b>Completed</b>
Project lead: Cotton Research Development Corporation Supported by: all rural RDCs, Data to Decisions CRC, the University of New England, Australian Farm Institute, Griffith University, University of the Sunshine Coast and CSIRO		
A two year project supported by all 15 rural RDCs. The project aimed to design a solution for the use of big data in agriculture to improve decision making and to identify the most appropriate data rules, systems, sources and communications to utilise agricultural data and enhance profitability while protecting producer's rights.		
The project was completed in November 2017 and delivered 13 key recommendations that if implemented could shift Australian agriculture into the digital age and benefit producers across all agricultural sectors, potentially unlocking production gains of up to 25%.		
<b>Grant Type</b>	<b>Total project value</b>	
Rural R&D for Profit program	\$3,557,976*	

\*the total project values include both cash and in-kind contributions.

## RD&E PROCESS

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LiveCorp is committed to ensuring it invests, manages and participates in a balanced portfolio of RD&E activities that is appropriate to meeting the industry's needs and providing a positive benefit from investment for members and levy payers. In order to attract Commonwealth matching payments and maximise the return on research dollars received from levies, LiveCorp directs its investment through MLA's R&D framework, via the LEP RD&E Program.

The LEP RD&E Program has well established governance, systems and processes that have evolved over time to support the delivery of RD&E. These systems include a representative advisory committee - Livestock Export Research and Development Advisory Committee (LERDAC) and an industry body management committee - the LEP R&D Management Committee, which operate in concert with MLA R&D administrative, management and governance structures.

The primary objectives of LERDAC and the Management Committee are to provide structured decision-making to ensure the transparent, independent and robust review of all RD&E projects funded by LiveCorp, MLA and the Government. In this way, all projects are selected for investment based on merit, as well as against industry and government priorities.

In delivering a balanced portfolio of RD&E activity, LERDAC and the Management Committee undertake to:

- Identify short, medium and longer-term projects for funding, on merit, against industry priorities, government priorities and LiveCorp's Strategic Plan;
- Address current gaps in the existing research portfolio;
- Increase industry return on research investment;
- Focus on industry benefit and the adoption of research outputs;
- Evaluate the risk profile of research projects against the risk appetite;
- Foster high-quality, relevant research which delivers benefits across multiple timeframes; and
- Increase industry participation in research, development and adoption activities.

The figure on page 65 reflects the investment of the LEP RD&E Program for 2017-18.

In 2016-17 an external performance review of LiveCorp and the LEP recommended an independent review of the LEP RD&E arrangements, with particular focus on governance, decision-making and processes to ensure the RD&E structure continues to meet the research needs of levy payers and stakeholders. In 2017-18, the Noetic Group undertook the review and in August 2018 provided their final report, which includes nine recommendations around four broad design principles of clarity, reach, structure and knowledge.

Though 2018-19 the LEP RD&E Program will use the report as a basis to implement changes that strengthen the decisions and management of R&D.

## INTELLECTUAL PROPERTY AND THE COMMERCIALISATION OF RD&E

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Intellectual property (IP) and its ownership is decided and clearly defined at the time of project establishment. LiveCorp's aim is to maintain an ownership position in relation to IP that is appropriate to the level of LiveCorp's investment in the creation of that project IP and the intended commercialisation/adoption pathway. MLA negotiates, administers and manages any agreement that provides for the commercialisation of IP from the LEP RD&E Program. There were no commercialisation agreements in 2017-18.



## RESEARCH PRIORITIES

The primary objective of LiveCorp and LEP RD&E investment is to improve and implement best practice animal health and welfare outcomes as directed by LiveCorp's Constitution and FA. Investment is made, where possible, into areas that align with the Australian Government's Rural RD&E Priorities and Science and Research Priorities that came into effect from 1 July 2016. In the tables below, the LEP RD&E Program undertook research in the priority areas that are highlighted.

### RURAL RD&E PRIORITIES

The Australian Government developed clear, farmer-oriented priorities to target rural RD&E funding to deliver tangible and sizeable on-farm benefits that improve farm gate returns. The Rural RD&E Priorities are designed to complement the national Science and Research Priorities. While these agriculture priorities do not cover all of the important issues facing primary industries, they are the highest priority research areas.

<b>Adoption of RD&amp;E</b>	Focus on flexible delivery of extension services that meet primary producers' needs and recognise the growing role of private service delivery.
<b>Advanced technology</b>	Enhance innovation of products, processes and practices across the food and fibre supply chains through technologies such as robotics, digitisation, big data, genetics and precision agriculture.
Biosecurity	Improve understanding and evidence of pest and disease pathways to help direct biosecurity resources, minimising biosecurity threats and improving market access for primary producers.
<b>Soil, water and natural resources</b>	Manage soil health, improve water use efficiency and certainty of supply, sustainably develop new production areas and improve resilience to climate events and impacts.

LEP RD&E investment in 2017-18: **\$0.76m**

### NATIONAL SCIENCE AND RESEARCH PRIORITIES

The Government has established a set of national Science and Research Priorities, and corresponding Practical Research Challenges designed to ensure that appropriate levels of public funding are allocated to research that addresses the most immediate and critical areas of importance to Australia.

<b>Food</b>	Develop internationally competitive, sustainable, profitable, high-intensity and high-production capacity in new and existing food products and maintain Australia's reputation for clean, safe and quality-controlled food production.
Soil and water	Focus on Australia's critical soil and water assets, build capacity for improved accuracy and precision in predicting change to enable better decision-making.
<b>Transport</b>	Develop low-cost, reliable, resilient and efficient transport systems that respond to Australia's changing urban, regional and remote communities and meet business needs.
Cybersecurity	Position Australia as a leader in cutting-edge cybersecurity research and innovation to safeguard the country's security, enhance resilience and enable economic growth.
Energy	Enable the Australian energy sector to improve efficiency and reduce emissions, integrate diverse energy sources into the electricity grid and, as a result, create jobs, growth and export opportunities.
Resources	Support the exploration of traditional resources, rare earth elements and groundwater, and develop new technologies and knowledge to allow safe, environmentally sensitive and economically viable resource extraction.
Advanced manufacturing	Develop and support existing industries while enabling the development of a new and advanced manufacturing sector.
<b>Environmental change</b>	Build Australia's capacity to respond to environmental change and integrate research outcomes from biological, physical, social and economic systems.
Health	Build healthy and resilient communities throughout Australia by developing treatments, solutions and preventative strategies to improve physical and mental well-being and improve the efficiency and effectiveness of Australia's health care system.

LEP RD&E investment in 2017-18: **\$0.70m**

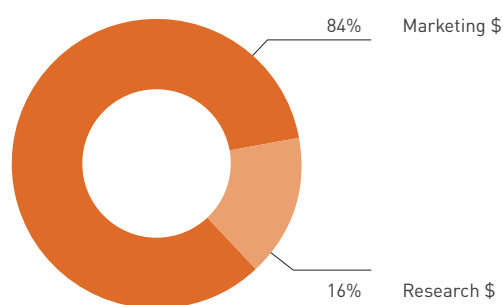
## INVESTMENT OF LEVIES

LiveCorp is primarily funded by statutory levies on exports of beef cattle, sheep and goats. A voluntary contribution is also received for dairy cattle exports. The current levy rates are:

	Marketing \$	Research \$	Total \$
Beef cattle	\$0.007936 / kg	\$0.001587 / kg	\$0.009523 / kg
Sheep	\$0.50	\$0.10	\$0.60
Goats	\$0.40	\$0.10	\$0.50
Dairy cattle (voluntary)	\$4.80	\$1.20	\$6.00

## ALLOCATION OF 2017-18 LEVIES

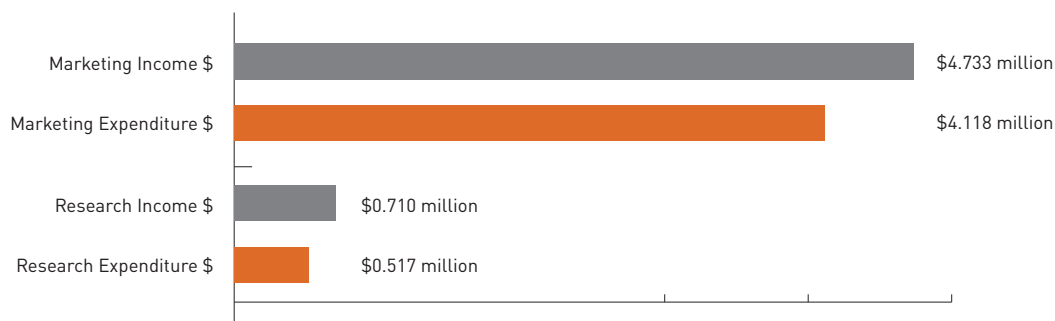
The levy rates are divided into a marketing and a research component as presented in the chart below:



Levy Allocation

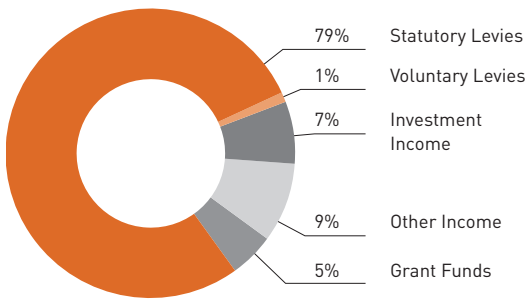
## INVESTMENT OF 2017-18 LEVIES

The majority of the levy funding received by LiveCorp is marketing dollars and in accordance with the Cost Allocation Policy, the ratio of levy income informs LiveCorp's allocation of expenditure across research and marketing activities.

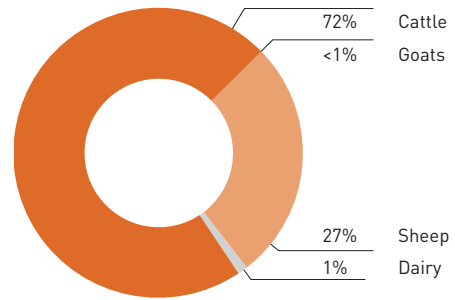


Allocation across Marketing and Research Activities

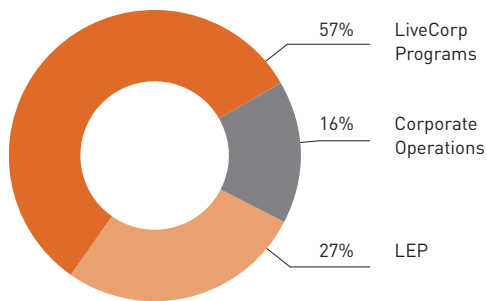
## INVESTMENT OF LEVIES



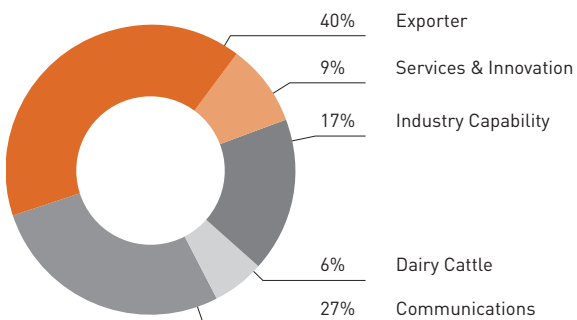
Sources of Income (\$5.44 million)



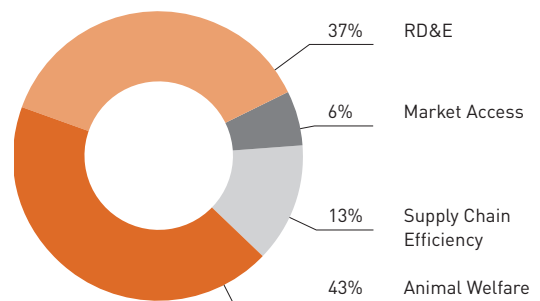
Levy Income (\$4.35 million)



Total Expenditure (\$4.64 million)



LiveCorp Program Expenditure (\$2.62 million)



LEP Expenditure (\$1.25 million)



## CORPORATE GOVERNANCE

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LiveCorp's corporate governance framework is set by the Board having regard to the best interests of members, the values of the company, obligations set out under the FA, and in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

This framework has been implemented to ensure that LiveCorp remains accountable to its stakeholders. LiveCorp's governance arrangements are reviewed regularly to reflect industry developments, stakeholder expectations and regulation.

- approving annual reports, financial statements and budgets;
- approving and monitoring policies, procedures and internal controls to manage business and financial risk;
- ensuring the integrity of accounting and corporate reporting systems and controls, including the external audit and legal and regulatory compliance; and
- overseeing management, including the CEO, performance assessment and approving the remuneration framework.

### BOARD COMPOSITION

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LiveCorp has a six member Board, consisting of three skills based independent Directors nominated by the Selection Committee, two exporter representative Directors nominated by members and an Ex-officio Director appointed by ALEC.

Directors are appointed at LiveCorp's Annual General Meeting (AGM) for a three-year term, after which time a director may reapply. Each director can serve no longer than nine consecutive years. The Chair of the Board is an independent Director and was elected by Members in 2010 and appointed as Chair by the Directors in 2017.

### BOARD MEMBERS

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The LiveCorp Board at 30 June 2018:

1. Mr Terry Enright, Chairman
2. Mrs Lisa Dwyer, Non-executive Director
3. Ms Melissa Holzberger, Non-executive Director
4. Mr Angus Adnam, Non-executive Director
5. Mr Michael Gordon, Non-executive Director
6. Mr Simon Crean, Ex-officio Non-executive Director (ALEC)

### RESPONSIBILITIES OF NON-EXECUTIVE DIRECTORS

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The roles and responsibilities of directors are set out in the Governance Manual which underpins the conduct of the Board.

Functions include:

- providing leadership and setting the strategic directions, targets and performance indicators;
- establishing the values and ethical standards of the Company;
- ensuring long term viability through adequate financial resources and safeguarding the assets;
- overseeing management's implementation of the strategic objectives and monitoring performance of the Company;

### BOARD EVALUATION

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An independent external performance evaluation of the Board is undertaken periodically. The last external review was conducted in 2015 and the next one is planned for 2019.

### EXPERTISE

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The LiveCorp Board is a skills-based board, with directors collectively bringing expertise and experience in export; transportation; livestock husbandry, management and welfare; international markets and trade; business and financial management; legal, compliance and risk management; and research and development. The Board includes at least one director who can demonstrate that they are highly skilled in corporate governance.

Directors may obtain independent legal and professional advice at LiveCorp's expense to enable them to discharge their duties effectively, subject to approval from the Chair, in consultation with the Board and CEO.

### INDUCTION

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Following appointment to the Board, each director is provided with an appropriate level of information about LiveCorp, its operations and current environment, and the rights, responsibilities and obligations of directors.

The induction process is tailored to the needs of the new directors and may include an in-market visit for the skills based directors to meet operators and see facilities for a comprehensive overview of activities and practices outside of Australia.

### INDEPENDENCE

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The Board considers each director's independence regularly. Directors are considered to be independent if they are not a member of management and are free of any business or other relationship that materially interferes with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board has determined that a majority of the Board are independent and all three skills based non-executive Directors are currently independent.

## CORPORATE GOVERNANCE

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### CONFLICTS OF INTEREST

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In accordance with the requirements of the Corporations Act 2001 (Cth) and LiveCorp's conflict of interest policy, a director who considers that he or she may have a direct or indirect pecuniary or non-pecuniary interest in a matter to be discussed by the Board must disclose the existence and nature of the interest before the discussion.

All disclosures are recorded in the minutes of the meeting and, depending on the nature and significance of the interest, directors may be required to absent themselves from the Board's deliberations.

Further, at the time of appointment each director is required to provide disclosure about their business and other interests and the Board has a standing notice of director's interests that is tabled and reviewed at each meeting.

### BOARD MEETINGS

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The Board planned and convened six meetings during 2017-18. Meeting agendas are formulated in preparation for each meeting and also incorporate items from an annual agenda to ensure regular review of key aspects of the business. The Board continually strives to ensure its meetings are conducted efficiently to enable sufficient discussion and contribution from all directors.

### BOARD COMMITTEE

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The Board operated the Finance, Audit and Remuneration Committee (the FAR Committee) in 2017-18. The primary role of the FAR Committee is to ensure LiveCorp's financial reporting is a true and fair reflection of its financial transactions.

The FAR Committee has oversight responsibility of LiveCorp's financial reporting, internal control structure, remuneration structure and the external audit function. In keeping with the ASX Corporate Governance Principles, the Chair of the FAR Committee is an independent Director and is not the Chair of the Board. The FAR Committee is required to meet at least three times a year and meets separately with the external auditor at least once each year. The FAR Committee is responsible for making recommendations to the Board for the approval of the annual audit plan and annual financial statements. The FAR Committee oversees remuneration practices across LiveCorp and reviews the policies and systems in place for managing remuneration and expenditure to ensure they are appropriate and consistent with LiveCorp's objectives and values.

The Chair of the FAR Committee was Terry Enright until November 2017 and he was replaced by an independent skills based Director, Lisa Dwyer. Lisa Dwyer is supported on the FAR Committee by Michael Gordon and Melissa Holzberger (from November 2017), with the CEO and Commercial Manager/Company Secretary attending all committee meetings by invitation. The FAR Committee met four times during 2017-18.

The Chair of the FAR Committee provides a verbal update of each meeting to the Board and minutes of FAR Committee meetings are available to the Board.

The external auditor is Nexia Australia and the FAR Committee holds discussions with the external auditors and management before the annual financial statements are submitted to the Board. The Committee oversees the relationship with Nexia Australia, including:

- making recommendations to the Board about the appointment of the auditors based on their qualifications, independence, engagement, fees and performance;
- reviewing and assessing the performance, independence and objectivity of Nexia Australia; and
- reviewing Nexia Australia's proposed annual audit scope and audit approach.

### SELECTION COMMITTEE

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The Board established the Selection Committee in 2017-18 as one of the independent skills-based directors' term was due to expire at the 2017 AGM.

The role of the Selection Committee is to review the Board for appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The Selection Committee nominates independent skills based director candidates for consideration by the Board and election as a director at annual general meetings.

The Selection Committee consists of:

- three people elected by livestock export associations;
- one person appointed by ALEC; and
- one person appointed by the Board (non-voting).

LiveCorp's Constitution sets out the requirements for the proceedings of the Selection Committee and the qualifications and skills of candidates in nominated fields which the Selection Committee must consider. The Selection Committee assesses candidates against a range of criteria, including experience and skills, personal qualities and their available time commitment. In accordance with good governance practice, appropriate checks of each candidate are undertaken before each nominee is put forward to members as a candidate for election as a director.

### REMUNERATION

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The total annual limit for directors' remuneration, in aggregate, is \$250,000. This limit was determined by members at the 2013 AGM when the LiveCorp Constitution was amended. There was no increase to directors' remuneration in the financial year ended 30 June 2018.

The remuneration arrangements for each member of staff, including the CEO, are reviewed each year to ensure the remuneration structure aligns management effort with organisational objectives and attracts, retains and motivates quality personnel.

# CORPORATE GOVERNANCE

## DIVERSITY AND EQUAL EMPLOYMENT OPPORTUNITY

LiveCorp is committed to a merit-based, non-discriminatory recruitment policy where directors and staff are identified and chosen strictly according to their skills and qualifications for the job.

LiveCorp also recognises the importance of gender, as well as the need to focus on other areas of diversity such as age, ethnicity and disability, and further work in the area of flexibility for care givers.

The Selection Committee is directed by the Board to ensure that its selection practices are appropriately structured so that a diverse range of candidates are considered and that conscious or unconscious biases that might discriminate against certain candidates on matters of age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity are minimised or eliminated.

At 30 June 2018 LiveCorp director and staff gender diversity was:

	Directors	Employees
Male	4	3
Female	2	5
<b>Total</b>	<b>6</b>	<b>8</b>
Full Time	—	5
Part Time	6	3
<b>Total</b>	<b>6</b>	<b>8</b>

## CODE OF BUSINESS CONDUCT AND ETHICS

LiveCorp Directors and employees are required to:

- act honestly, with integrity and in a way that upholds LiveCorp's values and reputation at all times;
- act legally, professionally, ethically and responsibly in the performance of duties;
- treat everyone with respect, courtesy, and without harassment and bullying;
- act with due care and use LiveCorp's resources appropriately;
- promote active, honest and effective communication;
- protect confidential information;
- disclose and take appropriate steps to avoid any conflict of interest (real or apparent) or business interests that may conflict with their employment;
- be accountable to stakeholders;
- create a safe, non-discriminatory workplace;
- act responsibly in relation to safety, health and the environment; and
- comply with and promote best practice in corporate governance.

The code also establishes a framework to enable employees to report any breach of the code. A copy of the code is provided to all new directors and employees on commencement.

## REPORTING FRAMEWORK

LiveCorp is not a publically listed company and is not subject to ASX listing rule disclosures. However, it does however report to members and the Australian Securities and Investments Commission (ASIC) in the form required by the Corporations Act 2001 (Cth).

LiveCorp also operates under a FA with the Commonwealth of Australia. In April 2017 a new FA was entered into for the period 2017-21. The FA sets out the requirements for LiveCorp's expenditure of levy funds and provides a framework under which LiveCorp must report to the Department.

Key reporting obligations include:

- the Strategic Plan which sets out LiveCorp's objectives, performance indicators and resource allocations;
- the AOP which covers intended operations of LiveCorp for the current year and R&D and marketing programs and activities to be undertaken;
- the Annual Report which covers sources of income and expenditure and progress against the Strategic Plan and AOP key performance indicators;
- six monthly meetings with the Department to report on LiveCorp's performance against the FA and any significant matters;
- the Risk Management Plan which specifies measures to manage risk;
- the Fraud Control Plan which sets out measures to minimise the risk of fraud and corruption within LiveCorp; and
- the Intellectual Property Management Plan which specifies procedures for the management, adoption and commercialisation of intellectual property.

## RISK MANAGEMENT

Due primarily to the small size of the Board, it does not operate a separate risk committee as the Directors' maintain the view that oversight of the company's risk management is a whole of Board responsibility and forms part of each Board meeting agenda. The Directors review the adequacy and effectiveness of internal controls, including its policies and procedures, to assess, monitor and manage business risk and compliance.

LiveCorp's risk management policies and assessments are documented in the Risk Management Plan. Individual risks are identified, assessed, categorised and entered into a risk register, which forms part of the plan. During 2017-18 several reviews of the risk management framework and risk register were undertaken.



## CORPORATE GOVERNANCE

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### MEMBERS

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A person is eligible to be a member of LiveCorp if they have a valid Australian livestock export licence, apply in writing to the Board and supply the required supporting documentation.

A person is eligible to be a Member of LiveCorp in the following classes:

- Exporter Member;
- Associate Member; or
- Industry Member

provided they meet the criteria outlined in the LiveCorp Constitution.

Two types of Exporter Member categories are available:

1. Active Member (those that have paid levies in the past four quarters and are not in arrears by more than one month), and
2. Inactive Exporter Member.

Only Active Exporter Members are eligible to vote on resolutions at general meetings. Ordinary Resolutions are considered on one vote per Active Member and Special Resolutions are determined by one vote for every \$100 of levy paid by the Active Exporter Member in the past four quarters.

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

During 2017-18 LiveCorp's membership remained unchanged at 38 members.

### REVIEWS

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In 2016-17 an independent performance review was undertaken by Agriplus Consulting of the services LiveCorp provides to its members and the effectiveness of its communications with them. As a result of the tailored nature of this review, the respondents chosen were only members of LiveCorp and those who were known to have exported livestock during the previous 12 months. No other industry stakeholders were invited to participate on this occasion.

In general, exporters rated LiveCorp's responsiveness to industry and individual company issues as "good" to "very good", were supportive of LiveCorp's role and activities within the industry and without exception, were very appreciative of the efforts of all the staff with whom they interacted. Stability of LiveCorp's employees over the past few years has assisted the development of strong, positive relations between the Company and its members.

The report identified 15 recommendations which LiveCorp has been working to address and implement, with the majority now complete. This is a biennial performance review with the next one due to be undertaken in 2018-19.

### MINISTERIAL DIRECTIONS

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LiveCorp complies with all Ministerial directions and legislative requirements of the Australian Government that it has been able to ascertain.

LiveCorp received no Ministerial directions during 2017-18.

### COMPANY CHANGES

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LiveCorp did not form any subsidiary companies or joint ventures during the year.





# FINANCIAL STATEMENTS

## DIRECTORS' REPORT

The Board of Directors present their report on LiveCorp for the financial year ended 30 June 2018.

### Directors

The following persons were directors of LiveCorp during the financial year and up to the date of this report:

Terry Enright	<b>Chairman (Non-Executive)</b>
	<p><b>Qualifications</b> Hon Doctorate of Science in Agriculture, GAICD</p> <p><b>Experience</b> Mr Enright is a Western Australian primary producer and as well as operating a successful farming operation with sheep, beef cattle and grain, he maintains a leading role in the administration of agricultural research in the grains industry. Mr Enright has served in a number of agriculture-related positions including as Chairman of the Grains Research and Development Corporation, Chairman of the Council of Rural Research Corporations, a commissioner of the Export Wheat Commission, a Director of Barley Australia and Chairman of the Albany Port Authority. Mr Enright is currently a Director of the Western Australia Crawford Fund, Chairman of the Australian Export Grains Innovation Centre, Chairman of the Advisory Board for the Institute of Agriculture at the University of WA, Chairman of Future Seed Technology Company and Chairman of the Grains, Legumes and Nutritional Council.</p>
Lisa Dwyer	<b>Non-Executive Director</b>
	<p><b>Qualifications</b> GCert (AgrBus), AdvDip(Agr), GAICD, ARLF, GCert Australian Rural Leadership</p> <p><b>Experience</b> Mrs Dwyer is a primary producer in Hawkesdale in western Victoria, operating a successful dairy operation together with a beef and dairy heifer export enterprise. She is a dairy industry leader with extensive experience in the engagement and representation of multiple groups and concentrates on strong governance, animal welfare and strategic input. Mrs Dwyer was a Director of Dairy Australia Limited and is currently a Director of Murray Goulburn Co-operative Co Ltd, Managing Director of Kangertong Farming Pty Ltd and a member of the Victorian Government's Regional Development Partnership.</p> <p><b>Special Responsibilities</b> Mrs Dwyer is the Chair of the Finance, Audit and Remuneration Committee.</p>
Angus Adnam	<b>Non-Executive Director</b>
	<p><b>Experience</b> Mr Adnam is an Australian livestock exporter with an extensive background in the red meat and livestock sector, trade finance and international marketing and government relations. Mr Adnam was a Director of the Australian Livestock Exporters' Council (ALEC), Director of Beef Australia Ltd., Chairman of Flinders Land Access Advisory Board, President of the Queensland Livestock Export Association and President of the Northern Territory Livestock Export Association. He is currently Managing Director of AAA Livestock Services Pty Ltd and Vice President of the Royal National Agricultural and Industrial Association of Queensland Council.</p>
Michael Gordon	<b>Non-Executive Director</b>
	<p><b>Qualifications</b> Diploma of Export</p> <p><b>Experience</b> Mr Gordon has over 35 years' experience as an exporter, feedlot and ship operator, principally to Middle Eastern markets. Mr Gordon is the General Manager and Executive Director of Rural Export and Trading (WA) Pty Ltd, a wholly owned subsidiary of Kuwait importer and ship owner, Livestock Transport and Trading Co. He is currently a Director for the Australian Livestock Export Reserve Fund and an industry representative on the Livestock Export Research and Development Advisory Committee.</p> <p><b>Special Responsibilities</b> Mr Gordon is a member of the Finance, Audit and Remuneration Committee.</p>

## FINANCIAL STATEMENTS

### Melissa Holzberger



### Non-Executive Director – Appointed 14 November 2017

#### Qualifications

LLM (Distinction) (Scotland), Dip. International Law (Hons) (France), LLB(Adel), BA (Adel), GDLP, GAICD, FGIA

#### Experience

Ms Holzberger is a commercial lawyer with over 18 years' experience in advising highly regulated entities on legal, strategic and commercial aspects of projects and business operations, including international trade, business development, marketing of commodities, logistics, stakeholder engagement, corporate governance, compliance and risk management. Ms Holzberger is currently a director of Tyre Stewardship Australia and Chair of the Governance and Risk Committee; a member of the Federal Government's Australian Radiation Protection and Nuclear Safety Agency's Radiation Health and Safety Advisory Council; and Principal of Sloan Holzberger Lawyers.

#### Special Responsibilities

Ms Holzberger is a member of the Finance, Audit and Remuneration Committee.

### David Galvin



### Chairman (Non-Executive) – Resigned 14 November 2017

#### Qualifications

Bachelor of Arts, Masters Degree in International Development Studies

#### Experience

Mr Galvin comes from an extensive rural background in the Northern Territory and overseas. He is the former CEO of Indigenous Land Corporation (ILC), a position that he held for nearly 12 years before standing down in 2012. The ILC is a major beef producer and has considerable pastoral holdings and pastoral enterprise agreements on the Indigenous held land across Northern Australia to Tasmania. Mr Galvin was a Director of Voyages Indigenous Tourism Australia Pty Ltd and is currently a Managing Director of Tubarao Investments Pty Ltd and a Director of Paga Hill Development Company (PNG) Ltd, both property investment companies.

### Simon Crean



### Ex-Officio Director

#### Qualifications

Bachelor of Economics and Bachelor of Law

#### Experience

Mr Crean served as the Member for Hotham in the Australian Parliament from 1990 to 2013. During this time he was leader of the Australian Labor Party and Federal Leader of the Opposition and held various ministerial portfolios, including as Minister for Primary Industries and Energy, Minister for Trade and most recently, Minister for Regional Australia, Regional Development and Local Government. Prior to joining politics, Mr Crean worked in a number of trade unions and was President of the Australian Council of Trade Unions (ACTU) from 1985 to 1990.

### Meetings of Directors

During the period 1 July 2017 to 30 June 2018 the LiveCorp Board held six meetings of directors. The attendances of the directors at meetings of the Board and its committee were:

Directors	Director's Meetings		Finance, Audit and Remuneration Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Terry Enright	6	6	2	2
Lisa Dwyer	6	6	4	4
Angus Adnam	6	6	–	–
Michael Gordon	6	5	4	3
Melissa Holzberger	4	4	2	2
David Galvin	2	2	–	–
Simon Crean	6	4	–	–

# FINANCIAL STATEMENTS

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## Objectives and Strategies

LiveCorp's mission is to enhance the productivity, sustainability and competitiveness of Australia's livestock export industry by undertaking research, development and extension (RD&E), providing technical services/support and monitoring and reporting on programs and issues that facilitate:

- Continuous improvement in livestock management, health and welfare throughout the supply chain.
- Improved market access and market development for Australian livestock exporters.
- Improved efficiency and productivity in the livestock export industry's supply chain capability and performance.
- Through engagement, education and communication, build government and community acceptance of the industry and increase stakeholder awareness and satisfaction.
- Build member and stakeholder confidence and deliver value through strong governance, planning, evaluation and review.
- Compliance with the Funding Agreement (FA), which provides the major revenue source for the company.

## Principal Activities

The principal activities of LiveCorp during the financial year comprised undertaking livestock export industry services to among other things, promote Australian livestock overseas, undertake industry research and development, and provide services for the benefit of Australian livestock exporters.

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

## Operating Result

The surplus of LiveCorp for the financial year amounted to \$807,604 (2017: Surplus of \$420,767). This was significantly greater than the budgeted deficit of \$469,606 forecast for the financial year ended 30 June 2018. The variation is primarily attributable to \$749,921 more in operating revenue as a result of the increase in livestock exports and a \$295,221 underspend of LiveCorp funds in the Livestock Export Program (LEP).

## Matters Affecting Future Financial Performance

In the fourth quarter of 2017-18, the trade of live sheep was impacted by new changes to the regulatory environment. This may result in a significant downwards adjustment of sheep export volumes which will have a direct financial impact on LiveCorp's levy income in 2018-19.

## Performance Measure

LiveCorp is committed to achieving continuous performance improvement, accountable through the survey of stakeholder satisfaction and external performance review that is undertaken every two years. The next review is due in 2018-19.

LiveCorp undertook an external performance evaluation of member services and communication in 2016-17. The report concluded that LiveCorp's role, activities and responsiveness within the industry is recognised and appreciated and there is a strong relationship with its members. The report also identified dissatisfaction with in-market activities delivered through the jointly funded LEP and the level of communication on the LEP RD&E program. The report concluded with fifteen recommendations for LiveCorp to consider.

LiveCorp's performance against its Strategic Plan and Annual Operating Plan (AOP) takes into account:

- The performance of LiveCorp in meeting its obligations under the FA which is reviewed twice annually by the Department of Agriculture and Water Resources. At both times LiveCorp was confirmed to be meeting its commitments under the FA;
- The development and implementation of the AOP measured by the effectiveness of LiveCorp in meeting the targets and budgets. Member feedback in 2016-17 showed a level of high satisfaction.
- Independent performance reviews of delivery of benefits to the industry.
- Increased collaboration between LiveCorp, MLA and other Research and Development Corporations (RDCs); and
- Adoption of RD&E outcomes and industry services.

Key performance indicators (KPI's) have been developed to monitor performance against the strategic themes.

## Members' Guarantee

LiveCorp is a company limited by guarantee. If LiveCorp is wound up, the constitution states that each member is required to contribute a maximum of \$100 towards any outstanding obligations of LiveCorp. At 30 June 2018 the number of members was 38 (2017: 38) and the maximum amount which could be contributed is \$3,800 (2017: \$3,800).

## Company Secretary

The company secretary during the year and to the date of this report is Liesel Alexander - BCompt (South Africa), ACMA, CGMA, CPA.



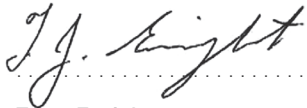
## FINANCIAL STATEMENTS

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### Auditor's Independence Declaration

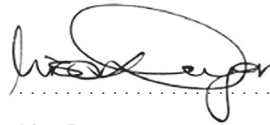
A copy of the Auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 34.

Signed in accordance with a resolution of the Board of Directors:



**Terry Enright**

Chairman



**Lisa Dwyer**

Director

Dated this: 23 August 2018

To the Board of Directors of Australian Livestock Export Corporation Limited

**Auditor's Independence Declaration under section 307C of the Corporations Act 2001**

As audit partner for the audit of the financial statements of Australian Livestock Export Corporation Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a. the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b. any applicable code of professional conduct in relation to the audit.

Yours sincerely



Nexia Sydney Partnership



Mark Boyle  
Partner

Dated this: 23 August 2018, Sydney

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## FINANCIAL STATEMENTS

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2018	Note	2018 [\$]	2017 [\$]
Revenues from continuing operations	2(a)	5,294,078	5,004,144
Other income	2(c)	150,016	42,899
<b>Total revenue</b>		<b>5,444,094</b>	<b>5,047,045</b>
Stakeholder communication program		(717,022)	(386,446)
Exporter program		(1,058,864)	(994,660)
Industry capability program		(447,068)	(423,667)
Services and innovation program		(238,630)	(313,847)
Dairy export program		(162,667)	(185,693)
Joint program	3	(1,254,779)	(1,585,647)
Corporate costs		(757,460)	(736,318)
<b>Total expenditure</b>		<b>(4,636,490)</b>	<b>(4,626,278)</b>
<b>Net surplus from continuing operations</b>		<b>807,604</b>	<b>420,767</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>807,604</b>	<b>420,767</b>

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2018	Note	2018 [\$]	2017 [\$]
<b>Current Assets</b>			
Cash and cash equivalents	5	3,389,025	2,375,397
Trade and other receivables	6	947,725	927,575
Other current assets	7	61,470	25,888
<b>Total Current Assets</b>		<b>4,398,220</b>	<b>3,328,860</b>
<b>Non-Current Assets</b>			
Financial assets	8	5,926,439	4,462,752
Property, plant and equipment	9	10,615	13,321
<b>Total Non-Current Assets</b>		<b>5,937,054</b>	<b>4,476,073</b>
<b>Total Assets</b>		<b>10,335,274</b>	<b>7,804,933</b>
<b>Current Liabilities</b>			
Trade and other payables	10	962,634	565,260
Other liabilities	11	1,288,827	-
Employee entitlements	12	146,254	69,480
<b>Total Current Liabilities</b>		<b>2,397,715</b>	<b>634,740</b>
<b>Non - Current Liabilities</b>			
Employee entitlements	12	25,073	65,311
<b>Total Non - Current Liabilities</b>		<b>25,073</b>	<b>65,311</b>
<b>Total Liabilities</b>		<b>2,422,788</b>	<b>700,051</b>
<b>Net Assets</b>		<b>7,912,486</b>	<b>7,104,882</b>
<b>Equity</b>			
Statutory Marketing accumulated funds	13(a)	7,004,196	6,389,508
Statutory R&D accumulated funds	13(b)	908,290	715,374
<b>Total Equity</b>		<b>7,912,486</b>	<b>7,104,882</b>



# FINANCIAL STATEMENTS

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## STATEMENT OF CHANGES IN EQUITY

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For the Year Ended 30 June 2018

Retained Earnings [\$]

Balance at 30 June 2016

6,684,115

Total comprehensive income

420,767

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Balance at 30 June 2017

7,104,882

Total comprehensive income

807,604

---

Balance at 30 June 2018

7,912,486

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# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2018	Note	2018 [\$]	2017 [\$]
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		6,977,857	5,719,736
Payments to suppliers and employees		(4,687,164)	(4,825,838)
<b>Net cash flows from operating activities</b>	15(a)	<b>2,110,693</b>	<b>893,898</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(2,644)	-
Net payments for investments		(1,313,670)	(70,303)
Dividends received		208,631	232,955
Interest received		10,618	13,232
<b>Net cash flows from investing activities</b>		<b>(1,097,065)</b>	<b>175,884</b>
Net increase in cash held		1,013,628	1,069,782
Cash and cash equivalents at beginning of the year		2,375,397	1,305,615
<b>Cash and cash equivalents at end of the year</b>	5	<b>3,389,025</b>	<b>2,375,397</b>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2018

### 1. Statement of Significant Accounting Policies

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### Reporting Basis and Conventions

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### b. Income Tax

LiveCorp is exempt from income tax under section 50-40 item 8.2 of the Income Tax Assessment Act 1997.

#### c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Office Equipment is depreciated on a straight line basis. Leasehold improvements are depreciated on a straight line basis over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Computer Equipment and Plant and Equipment is depreciated on a diminishing value basis.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	20%
Office Equipment	20%
Computer Equipment	37.5%
Plant and Equipment	25%

#### d. Financial Instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are initially measured at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

# FINANCIAL STATEMENTS

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## NOTES TO THE FINANCIAL STATEMENTS CONT.

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### **d. Financial Instruments cont.**

#### Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at Fair Value Through Profit or Loss (FVTPL)
- Held-To-Maturity (HTM) investments
- Available-For-Sale (AFS) financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Different criteria to determine impairment are applied for each category of financial assets, which are described below. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

#### Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss (FVTPL), that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

### **e. Impairment of Assets**

At each reporting date, LiveCorp reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

### **f. Research and Development**

Expenditure on research is recognised as an expense when incurred.



# FINANCIAL STATEMENTS

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## NOTES TO THE FINANCIAL STATEMENTS CONT.

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### **g. Employee Benefits**

Provision is made for LiveCorp's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

### **h. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **i. Revenue**

Revenue from the collection of levies is recognised upon the export of livestock.

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

Dividend revenue is recognised when it is received.

Export Marketing Development Grant revenue is recognised on an accrual basis when the qualifying expenses are incurred, to the extent that it is probable that the grant will be received and the amount of the grant income can be reliably measured. Receipt of the grant is probable when a license has been granted by Austrade, and qualifying expenditure has been incurred during the licensed period. The grant is reliably measurable up to the initial payment ceiling when this is announced by the Minister for Trade and Investment, and the balance of the grant is recognised when notification of final distributions is received.

The Livestock Global Assurance Program grant revenue is recognised as services are performed. Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction until the service is delivered.

All revenue is stated net of the amount of goods and services tax.

### **j. Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **k. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### **l. Trade Receivables**

Trade receivables are recognised at the amount invoiced and are generally due for settlement within 30 days.

### **m. Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

# FINANCIAL STATEMENTS

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## NOTES TO THE FINANCIAL STATEMENTS CONT.

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### **n. Deferred Income**

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve (12) months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve (12) months after the reporting date or the conditions will only be satisfied more than twelve (12) months after the reporting date, the liability is discounted and presented as noncurrent.

### **o. Significant Management Judgement in Applying Accounting Policies and Estimation Uncertainty**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### Accrued levy revenue

Management uses the most up to date information available in determining the number of livestock exported to determine the year end accrual. Uncertainties related to data provided by Australian Quarantine and Inspection Service and the time delay of payments made by exporters.

#### Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

#### Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### **p. New or Amended Accounting Standards and Interpretations Adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2018

Note

2018 [\$]

2017 [\$]

### 2. Revenue

#### a) Revenue from continuing operations

Statutory levies	2b)	4,316,065	3,927,097
Voluntary contributions		38,892	78,942
Dividends received		208,631	232,955
Interest received		10,618	13,232
Grant funding		256,511	168,064
Event income		295,610	150,777
LEP project management fees		133,980	283,980
Other revenue		33,771	149,100
		<b>5,294,078</b>	<b>5,004,146</b>

#### b) Statutory Levies

Marketing levies	3,611,824	3,287,422
R&D levies	704,241	639,674
	<b>4,316,065</b>	<b>3,927,096</b>

#### c) Other Income

Revaluation of investments	150,016	42,899
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### 3. Joint Program Expenses

#### Livestock Export Program

Animal welfare	541,127	651,095
Communications	-	144,889
Market access	78,421	131,880
Research and development	470,542	490,723
Supply chain efficiency	164,691	167,060
	<b>1,254,781</b>	<b>1,585,647</b>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2018	Note	2018 [\$]	2017 [\$]
<b>4. Auditor's Remuneration</b>			
Remuneration of Nexia Sydney Partnership for auditing the financial report		19,995	21,134
<b>5. Cash and Cash Equivalents</b>			
Cash at bank		3,389,025	2,375,397
<b>6. Trade and Other Receivables</b>			
Trade receivables		653,390	557,589
Other receivables		-	95,013
Other receivables - statutory levy accrual		294,335	274,973
		947,725	927,575
<b>7. Other Current Assets</b>			
Prepayments		61,470	25,888
<b>8. Financial Assets</b>			
Designated as at fair value through profit and loss:			
Fixed interest securities		2,231,629	1,702,996
Managed funds		3,424,810	2,519,756
Term deposits		270,000	240,000
		5,926,439	4,462,752
<b>9. Property, Plant and Equipment</b>			
Office and computer equipment			
At cost		55,290	52,646
Accumulated depreciation		(44,675)	(39,325)
Total Property, plant and equipment		10,615	13,321



# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2018	Note	2018 [\$]	2017 [\$]	
		Office and Computer Equipment	Plant and Equipment	Total
		\$	\$	\$
Movements in carrying amounts:				
Balance at 1 July 2016		21,937	237	22,174
Additions		-	-	-
Disposals		(490)	(148)	(638)
Depreciation expense		(8,126)	(89)	(8,215)
Balance at 30 June 2017		13,321	-	13,321
Additions		2,644	-	2,644
Disposals		-	-	-
Depreciation expense		(5,350)	-	(5,350)
Carrying amount at 30 June 2018		10,615	-	10,615

### 10. Trade and Other Payables

Payables and accrued expenses	342,749	251,079
Unearned income	40,904	-
Other liabilities	578,981	314,181
	<b>962,634</b>	<b>565,260</b>

### 11. Other Liabilities

Deferred income	1,288,827	-
	<b>1,288,827</b>	<b>-</b>

Deferred income consists of government grants received in advance for services to be rendered by the Company. Deferred income is amortised over the life of the contract.

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2018	Note	2018 [\$]	2017 [\$]
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### 12. Employee Entitlements

#### Current

Annual leave	87,874	69,480
Long service leave	58,380	-
	<b>146,254</b>	<b>69,480</b>

#### Non-current

Long service leave	<b>25,072</b>	<b>65,311</b>
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### 13. Accumulated Funds

#### a) Statutory Marketing funds

The Marketing funds records surpluses contributed by the Marketing portion of the exporter levy in accordance with the Statutory Funding Agreement 2017-2021:

Movements during the financial year:

Opening balance	<b>6,389,508</b>	<b>6,119,440</b>
Allocation of current year surplus	<b>614,688</b>	<b>270,068</b>
	<b>7,004,196</b>	<b>6,389,508</b>

#### b) Statutory R&D funds

The R&D funds records surpluses contributed by the R&D portion of the exporter levy in accordance with the Statutory Funding Agreement 2017-2021:

Movements during the financial year:

Opening balance	<b>715,374</b>	<b>564,675</b>
Allocation of current year surplus	<b>192,916</b>	<b>150,699</b>
	<b>908,290</b>	<b>715,374</b>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2018

Note

2018 [\$]

2017 [\$]

### 14. Capital and Leasing Commitments

#### a) Operating lease commitments

Minimum lease payments payable:

- Within 12 months	36,963	32,123
- Later than 12 months but not later than 5 years	163,240	139,539
- Later than 5 years	14,797	51,596
	<b>215,000</b>	<b>223,258</b>

Commitments include a sub-lease of premises.

The sub-lease has an expiry date of 31 October 2023.

Lease expenses during the year amounted to \$38,645 (2017: \$33,736)

#### b) Other commitments

Service agreement - ALEC

- Within 12 months	310,800	306,250
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#### c) Research and development expenditure commitments

Livestock Export Program

- Within 12 months	600,000	550,000
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#### d) Marketing expenditure commitments

Livestock Export Program

- Within 12 months	1,000,000	1,000,000
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# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2018	Note	2018 [\$]	2017 [\$]
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### 15. Cash Flow Information

#### a) Reconciliation of cash flows from operations with surplus after income tax

Surplus after income tax	807,604	420,767
Depreciation	5,350	8,215
Revaluation of investments	(150,016)	(42,899)
Investment income recognised in surplus or deficit	(219,249)	(246,187)
Loss on disposal of property, plant and equipment	-	638
(Increase)/decrease in trade debtors	(20,151)	441,801
(Increase)/decrease in other current assets	(35,582)	(4,365)
Increase/(decrease) in trade creditors	397,374	304,693
Increase/(decrease) in deferred income	1,288,827	-
Increase/(decrease) in provisions	36,536	11,235
Cash flows from operations	2,110,693	893,898

#### b) Credit standby facilities

LiveCorp has a facility within investments held to enable a cash recall as required within 10 working days.

### 16. Key Management Personnel Compensation

Remuneration paid to key management personnel	724,927	669,589
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Key management of the Company are the members of LiveCorp's Board of Directors and senior management.

### 17. Capital Management

LiveCorp's capital is its retained earnings. The capital is managed by the Board, which acts to ensure that LiveCorp has sufficient capital to fund its progress, program commitments and debts as they fall due.

### 18. Post-reporting Date Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

### 19. Contingent Liabilities

The company had no contingent liabilities as at 30 June 2018 and 30 June 2017.

### 20. Company Details

The registered office and principal place of business of LiveCorp are at:

Australian Livestock Export Corporation Limited  
Level 1, 40 Mount Street  
North Sydney NSW 2060



# FINANCIAL STATEMENTS

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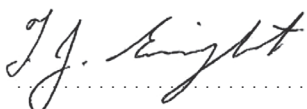
## DIRECTORS' DECLARATION

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In the Directors' opinion:

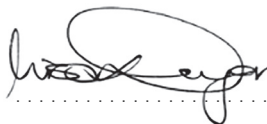
- a) The financial statements and notes, as set out on pages 35 to 48, are in accordance with the Corporations Act 2001, including:
- complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; and
  - giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the period ended on that date; and
- b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**Terry Enright**

Chairman



**Lisa Dwyer**

Director

Dated this: 23 August 2018, Sydney

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN LIVESTOCK EXPORT CORPORATION LIMITED REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

### **Opinion**

We have audited the financial report of Australian Livestock Export Corporation Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

1. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
2. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in Australian Livestock Export Corporation Limited's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

### **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 - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**Auditor's responsibility for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_files/ar4.pdf](http://www.auasb.gov.au/auditors_files/ar4.pdf). This description forms part of our auditor's report.



Nexia Sydney Partnership



Mark Boyle

Partner

Dated this: 23 August 2018, Sydney

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## INDEPENDENT AUDITOR'S REPORT TO THE COMMONWEALTH OF AUSTRALIA

### Opinion

We have undertaken a reasonable assurance engagement on Australian Livestock Export Corporation Limited's (the 'company') compliance, in all material respects, with clauses 25 and 26, as evaluated against the Statutory Funding Agreement 2017-2021 between the Commonwealth of Australia, represented by the Department of Agriculture and Water Resources and Australian Livestock Export Corporation Limited (the 'agreement'), for the year ended 30 June 2018. This Statement will accompany our report, for the purpose of reporting to the Commonwealth of Australia.

In our opinion, the company has complied with clauses 25 and 26 (other than specific requirements not to engage in or finance Agri-Political Activity and to apply funds in a manner that is efficient, effective and ethical, which we are specifically not required to form an opinion on), in all material respects, fairly presented as evaluated against the agreement between the Commonwealth of Australia and Australian Livestock Export Corporation Limited for the year ended 30 June 2018.

### Basis for Opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements issued by the Auditing and Assurance Standards Board.

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

### Directors' Responsibilities

The directors of the company are responsible for:

- Providing a Statement with respect to the outcome of the evaluation of the compliance activity against clauses 25 and 26 of the agreement, which accompanies this independent assurance report;
- Identification of clauses 25 and 26 of the agreement if not identified by law and regulation;
- The compliance activity undertaken to meet clauses 25 and 26 of the agreement; and
- Identification and implementation of controls which will mitigate those risks that prevent the clauses 25 and 26 of the agreement being met and monitor ongoing compliance.

### Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements in undertaking this assurance engagement.

### Auditor's Responsibilities

Our responsibility is to express a conclusion on compliance with clauses 25 and 26, in all material respects as evaluated against the agreement between the Commonwealth of Australia and the company for the year ended 30 June 2018. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether the company's compliance with clauses 25 and 26, in all material respects, fairly presented as evaluated against the agreement for the year ended 30 June 2018.

An assurance engagement to report on the company's compliance with clauses 25 and 26 involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the agreement between the Commonwealth of Australia and the company. The procedures selected depend on our judgement, including the identification and assessment of risks of material misstatements in the company's compliance are likely to arise.

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Nexia Sydney Partnership



Mark Boyle  
Partner

Dated this: 23 August 2018, Sydney

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# EXPORTER PROGRAM

## INDUSTRY REFORM

Following the 60 Minutes program in April 2018 of footage showing poor animal welfare during a sheep export voyage to the Middle East in August 2017, the Minister for Agriculture and Water Resources, the Hon. David Littleproud MP, set a clear expectation that the livestock export industry should take proactive steps and measures to ensure the industry is accountable for its actions and transparent in its operations.

The Minister also announced the following:

- An independent review of the conditions for the export of live sheep to the Middle East during the northern hemisphere summer. This review was conducted by Dr Michael McCarthy over a four week period and delivered to the Minister in May 2018. The report put forward twenty-three recommendations that were accepted by the Department.
- A review into the regulatory capability and culture of the Department, as the regulator of live animal exports. This review, being conducted by Mr Philip Moss AM, is expected to be released in September 2018.

LiveCorp provided submissions to both of these reviews as part of their consultation processes.

Upon the release of the McCarthy Review recommendations, LiveCorp engaged with researchers and consultants to support ALEC and industry in its submission to the Department's consultation on the Heat Stress Risk Assessment (HSRA) specific recommendations.

The McCarthy Review also recommended that all vessels transporting livestock to, or through, the Middle East have their ventilation systems (pen air turnover rates) independently verified, as it is a component of the HSRA model. Through the LEP RD&E Program, LiveCorp, in coordination with the Department, developed the audit guidelines and arrangements for delivery.

During this time, ALEC made a number of commitments and industry resolutions which LiveCorp worked extensively with ALEC to achieve. These included the delivery and rapid rollout of the industry welfare data collection project and development of the associated LIVEX-Collect app.

## LIVESTOCK GLOBAL ASSURANCE PROGRAM (LGAP)

The LGAP research project was completed and the final report delivered to ALEC in 2015-16. In late 2016, ALEC and its members provided in-principle support for the implementation of LGAP and established the LGAP Implementation Steering Committee (LISC) in February 2017.

Throughout its operation, LiveCorp provided secretariat and technical support to LISC through the LGAP Implementation Technical Committee (LITC). The LITC prepared papers and analysed issues in detail for each LISC meeting, addressing LGAP implementation budgets, risks, benefits, communications, rollout / implementation plan and the government / LGAP interface.

The LISC presented its LGAP Implementation Report to ALEC in October 2017, where ALEC members endorsed the implementation of LGAP subject to further work to develop an improved control and traceability (C&T) framework.

LiveCorp immediately commenced the necessary R&D to develop the C&T framework for LGAP and supported ALEC in consultation on this work. In February 2018, LiveCorp delivered the C&T framework research report to ALEC. In April 2018 ALEC Members unanimously voted in favour of implementing LGAP.

LiveCorp has, since the April 2018 ALEC resolution, established the LGAP Company which included working with the Founding Members to prepare the Constitution, appoint independent skills-based non-executive directors and register the new company.



## MARKET ACCESS

### Australian/Indonesian Working Group

In late 2016, the Indonesian Government expressed its aspiration to build its breeding herd in order to improve food security and reduce the price of beef. Australian exporters have been supportive of assisting Indonesia increase its agricultural capability, but challenges have remained in meeting the requirements of the 5:1 feeder-breeder policy, along with the displacement of fresh beef from the supply chain by the establishment of Indian buffalo meat into the market.

During a delegation visit in February 2018 the Indonesian Ministry of Agriculture (MoA) proposed an initiative to import 15,000 productive heifers from Australia to be distributed across 182 locations in Indonesia. The Australian Government and industry discussed this proposal with the MoA but also provided advice on the potential animal welfare risks of importing significant volumes of breeding cattle.

Since February 2018, the number of breeding cattle under this initiative has decreased to 6,000 head and there has been ongoing discussion at both industry and government level to gain clarity on the chain-of-custody for breeders to ensure that Australian animal welfare requirements are met.

LiveCorp has continued to contribute technical expertise and knowledge to the Working Group discussions and engage with exporters on this issue.

## EXPORTER PROGRAM

### TRADE DELEGATIONS

#### Uruguay

In September 2017, a senior Uruguayan delegation met with LiveCorp and MLA to discuss animal welfare issues and standards associated with the export of livestock from Australia.

#### Kingdom of Saudi Arabia (KSA)

KSA officials visited Australia in March 2018 to conduct a familiarisation tour of Australian pre-export facilities. LiveCorp provided significant logistical support and coordination to the Australian Government and industry to host the delegation and industry was very pleased with the outcomes.

### TECHNICAL SUPPORT

#### KSA

LiveCorp has continued to work closely with exporters and ALEC to investigate, inform and assess opportunities for re-establishing the live sheep trade to KSA (which ceased following the introduction of ESCAS). Several pathways were identified and LiveCorp worked closely with the Australian Chief Veterinary Officer (ACVO) and the World Organisation for Animal Health (OIE) to address a range of concerns relating to sovereignty.



### VIETNAM CONTROL AND TRACEABILITY PROJECT

Following a request from ALEC and its Vietnam Exporter Working Group, in early 2017 LiveCorp commenced a project focused on the C&T systems in Vietnam. The project was designed on a two-phase approach:

- Phase 1: A review of exporters' existing systems used to trace and control cattle in Vietnam.
- Phase 2: The development of a draft set of industry standards for managing control and traceability at the exporter and industry level.

The phase one report was completed in October 2017 and provided to ALEC and industry for consultation prior to commencing the next phase. However, phase two of the research was placed on hold as industry was discussing the future of LGAP and ALEC directed LiveCorp to undertake R&D to develop the C&T framework for LGAP.

### CONSULTATION AND ENGAGEMENT

A key focus of the Program is to engage with Australian and international diplomats to build capability and enable improved understanding of Australian livestock systems and the livestock export supply chain.

In 2017-18 the following meetings were held:

- Ambassador to Morocco - Berenice Owen Jones
- Ambassador to Saudi Arabia - Ralph King
- Ambassador to Kuwait - Warren Hauch
- Ambassador to Iraq - Dr Joanne Loundes
- Ambassador to Indonesia - Gary Quinlan
- Incoming Ambassador to Saudi Arabia - Ridwaan Jadwat
- Ambassador to Qatar - Axel Wabenhorst

### LERDAC

Throughout the year, the Program continued to enable LiveCorp to make significant contributions to the LEP RD&E Program. This included the development of R&D proposals and terms of reference and the provision of oversight, input and review through the Management Committee and LERDAC.

### NATIONAL ARBOVIRUS MONITORING PROGRAM (NAMP)

The Program provides partial funding, representation and advice on the ongoing management of the NAMP to support market access. The ongoing promotion of NAMP to exporters, importing country governments/officials and funding partners is critical in maintaining and improving

# INDUSTRY CAPABILITY PROGRAM

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## AUSTRALIAN STANDARDS FOR THE EXPORT OF LIVESTOCK (ASEL) REVIEW

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In July 2017, the Australian Government announced its review of ASEL and sought nominations for the Technical Advisory Committee (TAC) that would lead the process. In early 2018, the Australian Government released the phase one draft standards for public consultation.

LiveCorp developed its submission to the ASEL Review, in consultation with ALEC, and provided it to the Department in March 2018. On 24 May 2018, the Minister, Hon. David Littleproud MP announced the acceleration of the ASEL Review to be completed by December 2018 rather than December 2019.

## EXPORT LEGISLATION REVIEW

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In late 2017, the Department announced its Export Legislation Review and merging of the key Acts governing the livestock export industry – the Export Control Act 1982 (Cth) and the AMLI Act. LiveCorp supported ALEC in developing a submission to this Review. The new Export Control Bill 2017 was introduced into the Parliament on 7 December 2017.

## OPEN INNOVATION – ON-BOARD HEAT STRESS MITIGATION

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In response to the recent developments in the live sheep export industry, LiveCorp has been exploring various ways to support exporters improve the sustainability of the live trade and address animal welfare issues and concerns related to heat stress.

In May 2018, LiveCorp commenced an open innovation program to identify existing, new and developing technologies from across the global innovation and technology ecosystem that may address the significant challenge of heat stress of sheep during export.

An initial workshop was held with sheep exporters in Perth on 28 May 2018 to define the fundamental problem statement to be addressed by the project. The consultants conducted a broad sweep of technology providers and selected five to pitch at a second workshop in August 2018. This is a novel process for LiveCorp but has thus far yielded promising results, with strong support from exporters and industry stakeholders.

## LIVESTOCK EXPORT INDUSTRY PROTOCOL COMMITTEE

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Two face-to-face Protocol Committee meetings were held in 2017-18, with key representatives from the Department, exporters and industry bodies attending.

The meetings provided the opportunity to review the industry's market access priorities and discuss relevant technical issues. The Protocol Committee has continued utilising and reviewing its Strategic Market Access Work Plan, discussing and initiating projects to understand

potential or developing technical market access issues in the global livestock trade.

In addition to the face-to-face meetings, the Program provides ongoing out-of-session consultation between the Department and the Protocol Committee, as well as contributing technical advice to progress identified priority market access negotiations and issues.

## MARKET ACCESS DEVELOPMENT

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In 2017-18, LiveCorp worked closely with the Department to progress negotiations with several new markets. Successful agreements were reached for the following protocols:

- China slaughter sheep and goats;
- Indonesia breeder sheep and goats;
- Mexico slaughter cattle; and
- The Eurasian Economic Union breeder sheep and goats.

Discussions are ongoing with negotiations progressing for the following protocols:

- Thailand breeder cattle;
- The Philippines breeder cattle; and
- Iran slaughter sheep.

Furthermore, technical advice has been provided on Iraq cattle, Sri Lanka cattle and Taiwan cattle protocol negotiations.

## MARKET ACCESS MAINTENANCE

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### Japan

An Australian Government delegation travelled to Japan in September 2017 to meet with Japanese Government officials and progress the renegotiation of the feeder and breeder cattle protocols. The meeting was constructive and strengthened the relationship between the two governments.

Throughout this process, the Program has provided comprehensive technical and consultative support to the Department and the Protocol Committee.

### China

Since the completion of the China feeder and slaughter cattle protocol in July 2015, a key ongoing concern from Australian exporters has been the additional pre-export requirements applied by China, particularly in relation to the 'all-in, all-out' use of Registered Premises and seven-day spelling requirements.

An Australian Government delegation travelled to China in September 2017 to meet with the Chinese General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) officials to discuss the additional pre-export requirements and progress negotiation of the slaughter sheep and goat protocol. Agreement to the China slaughter sheep and goat health conditions protocol was made in November 2017.

## SERVICES AND INNOVATION PROGRAM

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### SHIPBOARD STOCKPERSON'S ACCREDITATION COURSE

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One Shipboard Stockperson's Accreditation Course was delivered in 2017-18 to support the understanding and continuous improvement of livestock management, health and welfare. The course was attended by 18 individuals including participants from the Department and was cost recovered.

Prior to the September 2017 course being held, the course material was reviewed to ensure that the content was up to date and reflected best practice techniques.

Since the implementation of ESCAS in 2011, LiveCorp has delivered shipboard stockperson training to 259 participants achieving an average 90% pass rate for the final examination. Of the 259 trained stockpersons, 120 currently have valid accreditation.

### ONLINE TRAINING PLATFORM

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LiveCorp initiated the development of an online platform to assist in the administration and delivery of its training courses. The platform is expected to be piloted at the next Shipboard Stockperson's Accreditation Course in early 2019.

### SCABBY MOUTH VACCINATOR COURSE

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The LiveCorp Scabby Mouth Vaccinator Course, last delivered in 2013, was reviewed and the materials and certification process updated in early 2018. As part of the process, the Saudi Livestock Export Program (SLEP) was determined to be no longer required. This amendment was supported by the Department.

Two Scabby Mouth Vaccinator training courses were successfully delivered in March 2018 in Western Australia at the request of industry and in response to the successful KSA delegation visit earlier in the month. It attracted 35 participants (both new and previously certified vaccinators) with all attendees successfully completing the course and obtaining certification.

### AUSTRALIAN ACCREDITED VETERINARIANS (AAV) RD&E FORUM

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Alongside LIVExchange in November 2017, a RD&E Forum was held for AAVs to provide an opportunity for a two-way exchange of information on RD&E – obtaining feedback on current activities, identifying future priorities, and improving extension outcomes. The Forum was recognised by the Australian Veterinary Association (AVA) as a professional development activity and was attended by 15 AAVs from across Australia and the industry supply chain.

The event was highly valued by all AAVs and reiterated the critical role that they play in the livestock export supply chain and LiveCorp's commitment to ongoing engagement.

### 'UNDERSTANDING THE LIVESTOCK EXPORT JOURNEY' FLYERS

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Following the success of the 'Understanding the Cattle Export Journey' flyers for beef cattle, sheep and dairy cattle versions of the flyer were developed in collaboration with SPA, Holstein Australia and DataGene, respectively.

The flyers were developed to visually communicate a typical livestock export vessel and explain the logistics, planning, industry processes and regulations involved in exporting livestock overseas.

Subsequently, the beef cattle flyer has also been translated into Mandarin to improve its accessibility and use in the Chinese market.

### REVIEW OF THE VETERINARY HANDBOOK FOR CATTLE, SHEEP AND GOATS

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In 2017-18, LiveCorp commenced a review of the printed Veterinary Handbook, website and associated apps to reflect advances in information and knowledge about conditions affecting livestock during the export process and changes in the monitoring of animal health and welfare during export. The updated content was made available online in July 2018 with the printed handbook expected to be completed in late 2018.

### TRADE AND MARKET ACCESS SUPPORT

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Following advice from industry of the need for resources and tools to support cattle breeding programs in Indonesia, LiveCorp investigated the concept of increasing the value of the Tropical Cattle Breeding Wheel by creating an electronic breeding wheel / breeding planning app. LiveCorp has commenced development of the app which will also include support for diagnosis of diseases and syndromes and animal welfare due diligence management. Key outputs from the app include a breeding management plan outline, veterinarian assistance request form and animal welfare due diligence checklist.

To support ongoing cattle supply discussions with importing countries, an infographic and accompanying PowerPoint presentation was developed to assist importing countries better understand the Australian cattle production cycle and its impact on the price of cattle.

In preparation for LiveCorp's attendance at Beef Australia 2018, an interactive cube was developed as a market access extension tool targeted at producers. It provides health protocol and animal specification requirements for key cattle markets, as well as information on biosecurity, export rejection criteria and the producer's role in the livestock export supply chain. The cube is accompanied by a small market card that includes further detail of market specifications including weight, breed, gender, age and dentition of cattle.



# COMMUNICATIONS PROGRAM

## LIVEXCHANGE 2017 CONFERENCE

LIVEXchange 2017 was held in Perth on 13-17 November 2017, under the theme of "Taking stock: [Business] Adaptability – [Industry] Sustainability – [Community] Accountability". The event was well attended with over 400 delegates including Ministers, international delegates, government officials, exporters, producers, and other industry stakeholders and supply chain members. The conference provided delegates with the opportunity to share information about the livestock export trade and discuss future directions for the industry.

As part of the conference, an international delegate tour program was developed together with a supporting package that included a welcome letter from the LiveCorp CEO, Chinese translated cattle vessel flyer, dairy herd management manuals and a current market report.

## BEEF AUSTRALIA 2018

LiveCorp took the opportunity to sponsor a trade stand at Beef Australia 2018 to showcase the livestock export industry and engage with Australian beef producers and strengthen the relationships along the supply chain.

Additionally, LiveCorp held two seminars entitled "Linking live exports to your commercial success - what is driving price?" and "Animal welfare - a journey, not a destination". Both sessions were very well received by producers, exporters and other industry stakeholders in attendance.

## RD&E UPDATE

The first 2017 edition (Summer) of the bi-annual RD&E Update publication was released at LIVEXchange 2017 and focused on sheep and goat related research projects. The second edition (Winter) focused on the northern Australia beef export supply chain and was released at Beef Australia 2018.



## 360 DEGREE VIDEO FOOTAGE

In 2016-17, LiveCorp investigated the innovative use of 360-degree video footage to document the livestock export journey and enable people to visually 'experience' the export process. This emerging technology has provided the ability for users to immerse themselves in the journey of livestock from a registered premise to on-board a vessel through the use of a virtual reality headset. The footage has been used widely by LiveCorp as a valuable communication tool at industry events both nationally and internationally (e.g. Vietnam trade shows, the LEP Expo in Indonesia and LIVEXchange 2017 in Perth).

Following the success of the 360-degree footage with cattle, similar footage was taken of a sheep export consignment (including pilot filming during the voyage), and of on-farm cattle mustering and yard work. The latter project was a collaboration between Consolidated Pastoral Company (CPC) and LiveCorp and presented the opportunity to refine the use of 360-degree cameras on moving objects.

LiveCorp intends to capture the entire livestock export supply chain from farm to processing in-market.

## COMMUNICATIONS SUPPORT ACTIVITIES

Other ongoing communications support activities that LiveCorp undertook during the year included:

- technical advice to support ALEC in responding to media inquiries and general issues such as country briefings, protocol negotiations, incident management and contingency planning;
- regular coordination of teleconferences with members and relevant stakeholders to facilitate the sharing of industry information and discussion;
- distribution of a fortnightly LEP Update to members and stakeholders outlining the latest industry developments, statistical information, events, trade, market access and media updates and the progress of industry programs and RD&E;
- an AAV focused newsletter was developed and published to continue to support on-going AAV engagement and constructive dialogue; and
- presenting at and attending industry functions and producer forums such as the AgForce Forum in Hughenden, Queensland; the LEP Sheep Producer's Field Day in Western Australia; the Northern Territory Cattleman's Association (NTCA) Conference; and the 2017 MLA Red Meat Conference and AGM in Alice Springs.



## DAIRY CATTLE EXPORT PROGRAM

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The Program continued to be financially constrained due to a further decline in the voluntary dairy cattle contributions by industry. For 2017-18 the contributions received represented 14% collection rate. This limitation inhibits planning and resourcing for the Program.

ALEC continued to progress the introduction of a statutory dairy cattle levy which industry voted in favour of implementing in December 2017. The statutory Dairy Cattle Export Charge has been submitted to the Minister for Agriculture and Water Resources and the earliest it is likely to be introduced into legislation is July 2019.



### BREEDING LIVESTOCK COMMITTEE

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LiveCorp continued to coordinate and provide support for regular meetings of the Breeding Livestock Committee. The Committee provided the opportunity for dairy cattle exporters to discuss issues relating to market access, export certification, pedigree arrangements and RD&E priorities.

### TECHNICAL SUPPORT

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The Program continued to provide technical advice to the Department on operational breeding cattle market access issues. The technical support provided included the coordination and collation of exporter views to inform the Department's considerations regarding exports of breeding cattle (e.g. to China and Japan) and processes/procedures that underpin the export certification of dairy cattle.

### MARKET ACCESS

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The Protocol Committee and Industry Capability Program worked closely with the Department throughout the year on a range of dairy cattle market access issues. Of particular importance was the technical input provided towards the negotiation of the breeder cattle protocol with Japan and support for consignments in the interim. Japan is a long-term and important trading partner for Australia in dairy cattle and the Department's support for the trade and exporters during these extended and technically complex negotiations was highly valued.

Negotiations are continuing for the establishment of new breeder cattle protocols for Thailand and the Philippines.

### BIOSECURITY

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The Program provides partial funding, representation and advice on the ongoing management of the NAMP to support market access. The ongoing promotion of NAMP to exporters, importing country governments/officials and funding partners is critical in maintaining and improving market access to BTV sensitive markets.

In October 2017, the Victorian Department of Economic Development, Jobs, Transport and Resources confirmed what it believed to be exposure (transmission) of BTV in dairy cattle sourced for live export in northern Victoria.

As a result, the Australian BTV zone map was updated to incorporate a temporary transmission zone, which consisted of a Possible Transmission Zone of 50 km and a further Buffer Zone of 50 km, around the property of detection situated near Echuca. There was no evidence of clinical disease associated with the case.

The expansion of BTV Possible Transmission and Buffer Zones meant that producers within these zones were not able to provide exporters with live animals to a number of countries that require freedom from BTV as part of their import requirements, for example China, Japan, Israel, Turkey, Russia and Taiwan.

Following extensive surveillance activities and analysis of laboratory results, the temporary zone was lifted in December 2017.

As part of Australia's commitment to providing strong assurances to trading partners, the decision to remove the zone was supported by additional BTV sentinel herds and vector trapping in northern Victoria until June 2018.

Following the lifting of the temporary NAMP BTV zone, LiveCorp has worked with ALEC to support an independent review of the processes and procedures that led to the zone's establishment.

The Chinese Government has requested an invitation to visit Australia to conduct an audit of NAMP and LiveCorp has offered its full support to the Department for any delegation.

## LEP IN-MARKET PROGRAMS

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Through 2017-18 there were four LEP in-market programs covering EMENA, Indonesia, Vietnam and SEA. The programs target their activities across training, technical support and advice, trade relations and market intelligence to address issues specific to the regions.

### TRAINING

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The in-market programs have conducted training across the regions including extension of the standard training packages and a more recent development to training programs being co-designed with stakeholders to assist within individual company development (through the Collaborative Funding Program) or strategic industry development.

Training is delivered by qualified staff and consultants and includes:

- animal health and welfare
- low-stress animal handling
- induction, feedlot and silage management
- breeding, nutrition and reproduction management for cattle under palm and in feedlots
- slaughter theory and technique
- stunner use and maintenance
- butcher training with advanced knowledge on meat cuts and packaging
- knife sharpening
- SOPs, risk templates and identifying abattoir risks
- value adding, meat quality, meat safety and hygiene
- ESCAS
- supply chain streamlining for profitability

The training, delivered through technical advice, courses, seminars and practical sessions received a positive response from the supply chain operators, and many interested participants are looking forward to further training which is highly rated amongst exporters for the support provided.

Since the implementation of ESCAS in 2011, the LEP in-market programs have delivered training to more than 12,166 participants.

### GAP AND RISK ANALYSIS

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The purpose of gap analyses is to assess new supply chains against animal welfare guidelines, SOPs and ESCAS materials to identify possible improvements that will help minimise and/or remove animal welfare hazards and risks.

Risk analysis activities target existing supply chains and are focused on supporting continual compliance and improvement over and above ESCAS requirements.

In Indonesia the LEP provided 22 consultant days for the review of three abattoirs in the Greater Jakarta area to capture the rate of re-stunning in livestock and identify possible causes. Ninety examples of stunning were

observed in each abattoir with analysis undertaken of the width, depth and point of impact in the skull of stuns delivered; the capability and training of stunning operators; the history of stunner gun maintenance; and the availability of power loads. The consultants observed that all facilities complied with ESCAS standards, but greater attention was required to ensure that procedures complied with halal standards.

### COLLABORATIVE FUNDING (CO-FUNDING) PROGRAM

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The LEP continued to provide funding through the in-market programs to support the Co-Funding Program. The Program is funded on a dollar-for-dollar basis by the LEP and exporters for in-market initiatives and activities designed to engage supply chain managers and animal welfare officers, in supporting animal welfare improvements.

In 2017-18, seven Australian livestock exporters participated in 30 projects including:

- Training and 'Train-the-Trainer' programs covering:
  - low-stress animal handling
  - feedlot design
  - feeding and nutrition management
  - husbandry and breeding monitoring
  - slaughter and emergency slaughter techniques
  - stunner maintenance
  - post-slaughter meat processing and hygiene
  - use of traceability equipment; and
  - ESCAS monitoring and compliance.
- Assistance to importers with system design and processes to improve accountability and traceability of livestock.
- Feedlot and abattoir infrastructure reviews and recommendations to improve the flow of livestock and point of slaughter outcomes.
- Risk assessments.
- Development and implementation of SOPs in multiple languages with pictorial versions.
- Support to Indonesian facilities for the 5:1 feeder-breeder policy, focusing on breeding management, nutrition improvement, animal welfare best practice for feeders and breeders, commercial breeding models with smallholders or integration with palm/coconut plantations.
- Development of nutrition and breeding tools.
- Technical support and preparation in-market during festival periods.

The LEP provided \$0.56m towards these projects that was matched by the exporters to increase the investment under the program to \$1.13m.

## LEP IN-MARKET PROGRAMS

### TECHNICAL SUPPORT DURING FESTIVAL PERIODS

The LEP in-market program provided additional technical support for the key festival periods of Eid al-Adha, Eid al-Fitr, Ramadhan and Korban.

#### EMENA

The Eid al-Adha religious festival occurred between 1 and 4 September 2017. The LEP Eid al-Adha program focused on providing high-level support to industry with the most notable difference this year being the LEP not having dedicated staff or consultants stationed in facilities delivering hands-on support. The exporters delivered this with the LEP's assistance through the Collaborative Funding Program.

With LEP strategic support and co-funding arrangements, technical consultants were deployed in the lead up and during Eid al-Adha to mitigate the risk of ESCAS non-compliance. Resources were present in Qatar, Kuwait, Turkey, the United Arab Emirates (UAE), Oman and Jordan. Compliance across all EMENA markets during the festival was higher than in previous years with issues only identified and reported to the Australian Government in the UAE and Oman markets.

#### Indonesia

The Eid al-Fitr religious festival occurred on 15-16 June 2018 following the month of Ramadhan. The LEP provided monitoring in high-risk abattoirs during the peak period with 13 consultant days undertaken to monitor 12 facilities for ESCAS compliance.

#### SEA

The Korban festival occurred on 1-3 September 2017. Pre-Korban meetings were held with importers and exporters in Australia, Singapore and Malaysia over June and July 2017 to determine the market risks and discuss supply chain risk mitigation plans. Exporter and importer staff were present in-market to ensure supply chain integrity and the LEP provided assistance from 28 August to 2 September 2017.

### TECHNICAL ADVICE AND SUPPORT

The provision of technical advice was provided across the four regions and included:

#### EMENA

The EMENA in-market program provided 95 days of technical advice across the region with a particular focus on Iran, Kuwait, Oman and the UAE.

The LEP conducted extension activities in the region to assist exporters:

- improve systems to ensure ongoing compliance with ESCAS requirements;
- identify key supply chain staff and provide them with the skills required to ensure supply chain integrity, animal handling and point-of-slaughter training and to initiate

corrective actions and close out non-compliances;

- identify strategies to implement supply chain efficiency;
- assist in ongoing research to identify and develop practical and economically viable management steps that can minimise livestock losses associated with heat stress; and
- improve the design of facilities and standard operating procedures in new and established supply chains to improve supply chain efficiency and animal welfare outcomes.

#### Indonesia

The Indonesia in-market program provided 54 days of technical advice on breeding management, animal health and nutrition.

The LEP is continuing to improve skills and knowledge available to the industry through a Technical Expert Program. In 2017-18 two experts were engaged to provide three separate projects to assist and support importer-breeding programs.

- A series of Animal Welfare and Breeding Workshops were delivered across two major cities in Indonesia. These attracted 103 participants with seven experts presenting on nutrition technology, reproduction management, animal health and welfare and ESCAS standards. Workshop surveys on knowledge of ESCAS confirmed a 3% increase in Jakarta and a 20% increase in Lampung. With a confidence level of 95%, using statistical analysis, there was no significant difference between pre-test and post-test scores in the Jakarta, as opposed to Lampung, where a significant difference was seen between pre-test and post-test scores. New methods will be considered for the extension of information to the Jakarta audience in future events.
- A twelve-month Intensive Breeding Project was delivered across five feedlots to 253 participants. The focus was on improving breeding and nutrition management with emphasis on rectal palpation, pregnancy diagnosis, sterility control, evaluation of facilities for breeding, artificial insemination, evaluation and monitoring of cattle reproduction status and the nutritional requirements of cattle during the breeding cycle. The results indicated that participating feedlots improved their skills in reproduction evaluation and in providing sufficient nutrition for the different stages of breeding. Learnings from this program have been used to inform the development of the Commercial Cattle Breeding Training Course under the Indonesia-Australia Red Meat and Cattle Partnership.
- The LEP worked with the Indonesian Meat Sellers Association on a twelve-month Wet Market Hygiene and Sanitation pilot project from May 2017. The project involved seven meat stalls from five wet markets in Jakarta to showcase a workable model for the implementation of good hygiene and sanitation in abattoirs and wet markets using the materials developed under the R&D project 'ESCAS, Meat Quality, Food Safety and Hygiene'. The LEP delivered 13 consultant days to

## LEP IN-MARKET PROGRAMS

assist the meat sellers in providing better stall displays, labelling the product for price segmentation, and hygiene and sanitation. The pilot project highlighted the challenges of working in a traditional market setting and has been discontinued.

### Vietnam

The 2017-18 year marked a significant turning point in the way technical support activities were provided in Vietnam. This market has moved away from being completely reliant on producing beef suitable for traditional channels, and shifting towards an improved quality product to appeal to increasing demand for improved fresh products by Vietnamese consumers.

By June 2018 four key Australian cattle importer supply chains had developed new capability for producing chilled beef products and selling them into high-value sections of the retail market. The technical support provided has facilitated the development of closed-loop supply chains that can disrupt traditional, unregulated trading models.

Technical advice for this program was delivered through various models including direct program support by LEP consultants and funding from an Australian Government Department for Foreign Affairs and Trade program - Aus4Skills. Ongoing programs are being delivered collaboratively with exporters. The capability training components have resulted in improved skills, including animal handling and slaughter, at abattoirs involved in the program.

A similar technical skills delivery approach was applied to feedlot nutrition in Vietnam through an initial feasibility study and a joint Young Applied Ruminant Nutrition Network (YARNN) program. YARNN brought together 18 feedlot managers and staff over a 21 day period of intensive theoretical and practical applied nutrition training. A three month nutrition trial is providing a commercial platform for the application of the newly acquired skills and knowledge from this training.

### SEA

The SEA in-market program did not provide any technical advice during 2017-18. Technical training and support in the region was provided through collaborative projects with exporters.

## TECHNICAL RELATIONS AND MARKET ACCESS

The in-market programs undertook a range of activities to build new, and support ongoing trade and market access. These included:

### EMENA

Over 25 visits to countries in the EMENA region included high-level market access visits, workshops and meetings with key stakeholders and government authorities in Bahrain, Israel, Jordan, Kuwait, Turkey, Oman and Qatar. The LEP also facilitated a number of in-market visits for a range of Australian based stakeholders.

The LEP participated in the Advisory Committee on

Animal Welfare in Israel alongside Australian Government representation. The Committee heard from the Australian Agriculture Consul (with input from the LEP), Israeli Government, representatives of the European Union trade, Israeli importers and farmers and animal welfare Non-Governmental Organisations. The Committee discussed recommendations for improving and continuing the livestock import/export trade. Australia's presence was well received and guided six recommendations formed by the Israel Ministry of Agriculture to continue imports.

The LEP initiated discussions with the Turkish Government on the facilitation of trade with Australia and the potential supply of Australian breeder sheep and cattle. Relationships were formed with key government stakeholders responsible for livestock importation and animal health protocols.

In May 2018, the LEP facilitated a visit to the UAE, Kuwait and Qatar by the Australian Minister for Agriculture and Water Resources, the Hon. David Littleproud MP.

Throughout 2017-18, the LEP established strong working relationships with the Australian Embassy/Consulate in the UAE and Ambassadors in Kuwait, Qatar, Saudi Arabia and Turkey. The LEP promoted relationships between Australian Government officials and key industry contacts around the region.

The LEP continued to work with industry and government entities in the region, particularly the UAE, Kuwait and Israel, to discuss and develop mechanisms to implement animal handling and welfare guidelines and strategies that meet international animal welfare standards. This work, which draws on the existing extension material developed by the LEP during the implementation of ESCAS as well as the skill and expertise of LEP staff, will over time, improve the animal welfare outcomes for all livestock, including those of Australian origin, in the region.

### Indonesia

The LEP held monthly meetings with GAPUSPINDO to discuss ongoing trade relations including current market access issues, government regulations and market strategy. Key priorities included:

- Working through the Government of Indonesia's (GoI) 5:1 feeder-breeder policy, led by GAPUSPINDO. The LEP supported three key meetings between industry delegations and GAPUSPINDO to discuss the feasibility of the 5:1 feeder-breeder policy and supported multiple government-to-government policy dialogues. The LEP delivered presentations and briefings on Australia's cattle production cycle, breeder supply and market trends. The first compliance audit under the 5:1 feeder-breeder policy is due to take place in December 2018.
- Developing animal welfare risk mitigation strategies to manage the planned importation of 6,000 breeders as part of the GoI smallholder-breeding program. This program was initiated in February 2018 and based on lessons learned and experiences from the 2016 breeding projects, the LEP has put together a suite of documents, including cattle breeding importation plans, cattle breeding guidelines and practical field manuals

## LEP IN-MARKET PROGRAMS

to support exporters and importers deliver breeders to smallholders. The Indonesia-Australia Red Meat and Cattle Partnership and the Indonesia-Australia Commercial Cattle Breeding Program are being involved to support the program.

- The finalisation of the Indonesia-Australia Comprehensive Economic Partnership Agreement to be finalised in 2018. The LEP has provided briefings and information to the Australian Government as part of the negotiations.

The From Farm to Table (FFTT) Expo on 6-9 December 2017 brought together both domestic and international companies from the agriculture industry, specifically in the areas of new technology in farming. The LEP presented at the Expo to showcase Australia's beef and cattle to the broader Indonesian agricultural industry.

Fifty-two participants at the FFTT Expo were surveyed by the LEP to gather insights into Indonesian beef consumption (particularly the Greater Jakarta areas). The results showed that consumers prefer beef compared to other red meat (like goat and buffalo) with consumption rates at less than five times a month. Participants typically purchased their meat at the traditional market, with quality being a determining factor over halal certification or price.

The Feeder Steer Competition (FSC) 2017 was delivered with the participation of five feedlots, resulting in PT Juang Jaya Abdi Alam (Lampung) as the winner with a total score of 88.89/100 and PT Elders Indonesia as runner-up, with the best cost of weight gain (COG). There was a significant increase in average daily weight gain (ADG) from the previous competition (from 1.4/kg/day to 2.0/kg/day) and this has shown an increase in the productivity of feedlot participants. The COG captured during the competition showed that Indonesian feedlots are very efficient in utilising feed for cattle growth (COG below IDR 25,000/kg).

As part of the FSC, six Indonesian workers from the winning feedlot were given the opportunity to visit Australian cattle stations during an eight-day tour from 2-10 May 2018. The tour ended with a two-day visit to Beef Australia 2018 in Rockhampton. The visit aimed to recognise the feedlots' excellent management of Australian cattle and to showcase Australia's livestock industry to Indonesian feedlots workers.

The LEP Expo and Conference was held from 10-11 April 2018 at the Indonesia Convention and Exhibition BSD City and brought more than 20 participating companies; 25 speakers and more than 750 visitors together over the two days. The Expo was covered by sixteen media outlets with a positive response from the exhibitors and visitors. The transfer of knowledge during the seminars was substantial as the LEP presented on various topics around breeding, animal welfare, financing, and market trends. Exhibitors achieved their goals in introducing their products to the Indonesian market and meeting potential customers.

### Vietnam

The LEP focused on developing strategic alignment of Australian industry stakeholders and the Australian Government in relation to business development, trade

relationships, supporting diplomacy efforts, and delivering training and support to Vietnamese abattoir owners.

This allowed the LEP to assist with the development and delivery of a \$1.4 million Managing Abattoirs, Training and Exchange of Skills (MATES) program. This funding is over two years to support the training of Vietnamese abattoir workers and to send a delegation of Vietnamese commercial business people to Australia and Indonesia to explore business development options. These programs were funded and run by DFAT under the Aus4Skills program and developed under a program of work between the LEP and the Vietnamese Ministry of Agriculture and Rural Development (MARD).

The LEP funded a review of the first intake of the MATES program which will likely result in a re-alignment of the DFAT program to ensure maximum return on investment to the Australian industry and Vietnamese stakeholders.

The Vietnamese Government, at both National and Provincial levels, is very supportive of the LEP and the activities it provides to improve food safety, animal welfare and trade transparency.

The LEP supported and facilitated several Australian Government official visits to Vietnam, including the Minister for Agriculture and Water Resources the Hon. David Littleproud MP and Senator Anne Ruston, Deputy Minister for Agriculture and Water Resources.

The LEP is working with the Vietnamese Government and industry to provide technical support and information on the animal welfare outcomes at the point of slaughter as a result of stunning and to encourage consideration of the legalisation of captive bolt devices for use in cattle abattoirs.

### SEA

LEP in-market managers visited Malaysia, Thailand, Brunei, Sabah, Singapore, the Philippines, and China in 2017-18 covering high-level market access, seminars and meetings with key industry and government authorities. The following is a summary of some of those activities:

- In February 2018, exporters agreed to nullify the Malaysian Exporter/Importer Agreement, as it was not achieving its aims, and agreed that sheep and goats would not be delivered to Malaysia within the six weeks of Korban to minimise the risk of poor animal welfare outcomes for Australian livestock.
- Travelled to Malaysia in March and May 2018 to meet with the Australian Agriculture Counsellor, Austrade and Malaysian Department of Veterinary Services to discuss Government priorities and market access issues and risks leading up to Korban.
- Presented at the Chinese Ruminant Animal Conference in Shijiazhuang, Hebei, China on the Australian sheep and cattle industry.
- Provided an update to the Brunei High Commissioner during a mid-term briefing on the potential for further trade to Brunei.
- Travelled to Thailand and met with the Counsellor for Agriculture and Department of Livestock Development



## LEP IN-MARKET PROGRAMS

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to present on Australian exports and to understand the Thai Government's priorities.

- In June 2018 travelled to Brunei, Sabah and the Philippines to understand the current market situation and potential for each of the markets and their priorities moving forward.

### MARKET INTELLIGENCE

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At the request of exporters and stakeholders, the in-market programs undertake a range of activities to improve market knowledge and to build data profiles of the regions to support trade and market access. These include:

#### EMENA

The LEP has been working to identify and form relationships with key government stakeholders across the EMENA region to work towards gathering accurate import numbers for meat and livestock. Market analysts have been engaged to deliver reports on consumer preferences and trends in the region demonstrating a sustained demand for 'fresh' meat, often associated with locally slaughtered animals.

#### Indonesia

In December 2017 the LEP started the second of its twelve-month Cattle and Beef Trade Monitoring project to cover six major cities around Indonesia. The objective is to capture information on the cattle and beef trade, including prices, customer profiles, consumption trends, sales, competitors, market trends and the impact of Indian buffalo meat in wet markets and build a year-on-year market profile.

Weekly updates of key market access issues were provided to stakeholders, along with monthly monitoring of cattle retail prices.

#### Vietnam

A local agricultural statistics company, AgroMonitor, was engaged to run ongoing monitoring of the official and unofficial movements of cattle into and out of Vietnam. While the objective of the study was to understand the impact of unofficial trade in the market, it was determined the data that could be obtained was not reliable or credible. However, the monitoring program was able to identify trends in Australian cattle movement into the market and allow the LEP insights into key clients and supply chain activities.

### OTHER PROJECTS

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#### Vietnam

The high-risk region of Bai Do was investigated by a Vietnamese anthropologist, supported by the Australian National University. This investigation provided a more informed understanding of the characteristics and drivers for change within the village. The report provided a benchmark analysis of the issues facing small commune-style slaughter villages, including environmental and social impacts. These impacts can be re-analysed in subsequent years to demonstrate the effects of the Australian cattle industry and imported livestock in a developing foreign market.

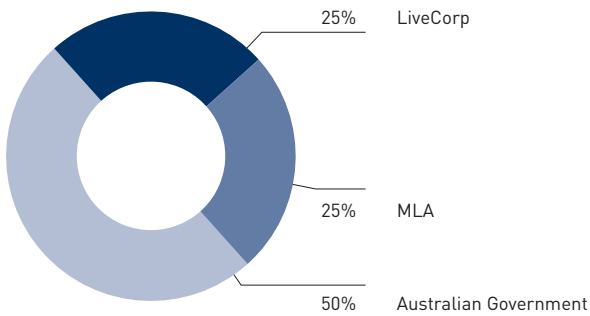


## LEP RD&E PROGRAM

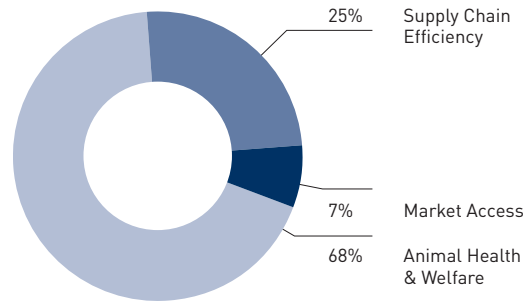
The LEP RD&E Program focuses on three key strategies:

- Improve animal health and welfare outcomes across the supply chain
- Improve supply chain efficiency and regulatory performance
- Enhance market access conditions for existing and new markets

The largest area of investment for the RD&E Program continues to be delivery of animal health and welfare improvements (68%), which represents a 3% decrease in contribution compared to the prior year. Supply chain efficiency and regulatory performance received 25% of the funding and the remaining 7% was allocated to market access research.



Sources of LEP RD&E Funding (\$1.89 million)



LEP RD&E Expenditure (\$1.89 million)

LiveCorp would like to acknowledge the contribution from the Commonwealth of Australia to research and development undertaken in the LEP RD&E Program.

In 2018 the LEP RD&E Program entered into a four year Project Partnership with the UNE as a pathway to strengthen ties with scientific institutions to enable investment in infrastructure and resources that will support the continuity and outputs of research.

The principal objectives of the partnership are to:

- Research bedding and ammonia management to develop practical predictive tools and interventions to identify and manage risks; and
- Conduct scientific research into stocking densities to understand animal needs and behaviours to inform policy and industry improvements (e.g. ASEL Review).

# LEP RD&E PROGRAM

## RESEARCH, DEVELOPMENT & EXTENSION PROJECTS

**Strategic Objective 1:** Achieve continuous improvement in animal health and welfare across the supply chain

**Outcome:** Improve the skills, knowledge and capability of people and encourage increased adoption/improvement of infrastructure in livestock export supply chains to support the delivery of good animal health and welfare outcomes and deliver against Australian animal welfare regulatory requirements.

### Backgrounding and feedlot strategies to address inanition in sheep

A research project on inanition in live sheep exports focused on recommendations for improved practices in preparing animals for sea voyages. The project investigated the leading causes of sheep deaths while at sea, including salmonella and inanition (not eating), and possible prevention strategies.

The five-year study has been extended through to June 2018 to research strategies that can be applied on-farm to build sheep resilience

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
03/2010	–	Complete	Murdoch University	W.LIV.0142

### DNA Adenine Methylase (DAM) attenuated salmonella vaccine

The overall goal of the project is to develop a commercial modified live salmonella vaccine that will be administered in drinking water to allow mass medication of animals at the point of entry into export facilities and will provide rapid protection.

The biological material developed in the United States is in the process of being returned to Australia. Once the biological material arrives large animal studies will be initiated with an industry partner via MLA's Donor Company. The aim is to have a commercially available vaccine by 2020-21.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
06/2012	–	Open	University of California	W.LIV.0168

### Pinkeye on long-haul cattle voyages

Severe eye disease is a significant problem in Bos Taurus cattle on long-haul and medium-haul voyages. The objective of this project is to identify micro-organisms associated with the disease and develop prevention strategies to improve animal health and welfare on long haul voyages.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
03/2014	20,000	Open	Murdoch University	W.LIV.0181

### Environmental and heat risk assessment for the Northern Territory

Through the acquisition of independent data ascertain the environmental risks (including heat stress) associated with live export facilities in northern Australia and provide mitigation and management recommendations for best practice year round.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
10/2016	66,156	Complete	EnviroAg	W.LIV.0191

### Identifying opportunities for continued improvement of the live export feed ration

A review of previous research "Review of fodder quality and quantity in the livestock export trade" to identify reasons for non-adoption of some recommendations, confirm the ongoing validity of adopted recommendations and update recommendations against developments in the last seven years. It will also investigate the quality and delivery mechanism of the pelleted feed during the voyage to minimise pellets turning to powder.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
02/2018	50,000	Open	Dr Michael McCarthy	W.LIV.0298

## LEP RD&E PROGRAM

### RESEARCH, DEVELOPMENT & EXTENSION PROJECTS CONT.

#### Live export industry transport mortality report 2017

A comprehensive analysis of the performance of the livestock export industry in terms of mortality levels of sheep, cattle and goats exported by sea and air from Australia during 2017.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
11/2017	63,000	Open	DPIRD	W.LIV.0297

#### Upgrade the shipboard mortality database (version 2)

The objectives of the version 2 upgrade are to ensure secure website hosting and increase security of the data and improve the system interface for automated data entry direct from the vessel and improved data retrieval.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
01/2017	48,000	Open	AUSVET	W.LIV.0295

#### Determining temperature/ humidity thresholds for sheep exported from Australia to the Middle East

The objective of this project is to determine the thermal thresholds for Australian sheep in the Middle East in an effort to reduce heat stroke related mortality. The climate controlled lab work will focus on sheep thermoregulatory ability and what impact high heat has on immune function.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
06/2013	52,625	Complete	University of Queensland	W.LIV.3017

#### Sheep, cattle and goat yard manual (E)

This project will produce a comprehensive manual containing a variety of livestock handling and facility designs. The designs are intended to be used for ports, farms/feedlots and abattoirs in livestock export markets. The manual also includes truck specific designs for components such as pens, gates and flooring. Once completed the final manual will be available for download.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
05/2014	–	Complete	AMAL Services Pty Ltd	W.LIV.3022

#### Heat management in the Middle East - phase three

The effects of different shade structures in feedlots on the thermal load of sheep, and tests whether using fans and ground wetting in a humid environment will alter the internal rumen temperature of sheep exposed to those interventions.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
09/2016	68,000	Open	Murdoch University	W.LIV.3044

#### Animal Welfare Indicators Pilot for the Live Export Industry

The project will pilot and record animal welfare indicators through the supply chain and develop an industry dashboard for collecting data that will contribute towards benchmarking the industry.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
07/2017	228,985	Open	Murdoch University	W.LIV.3047

#### LGAP ITS Holding/Storage

The centralised management system which has been developed as part of LGAP and draws together all components of the system.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
10/2017	125,646	Complete	Compliance Experts	W.LIV.3050

#### LGAP implementation – Company Establishment, Control and Traceability

The establishment of the LGAP company and further work towards one centralized industry C&T system to align with LGAP requirements.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
02/2018	198,220	Complete	MRAG ~ Oliver Doam ~ Gaal Creative	W.LIV.3051

## LEP RD&E PROGRAM

### Strategic Objective 2: Improve supply chain efficiencies and regulatory performance

**Outcome:** Support and encourage the efficiency, sustainability and productivity of Australian livestock export supply chains with the necessary knowledge, skills, systems, technologies and tools to comply effectively and efficiently with regulatory requirements and support industry led quality assurance systems.

#### Development of a best practice quarantine premises and biosecurity manual

Development of a reference manual and a suite of best practice materials covering biosecurity, quarantine, environmental, animal welfare and other relevant regulations, importing country requirements and operational obligations for the planning, establishment and operation of livestock export Registered and Approved Premises.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
05/2017	97,400	Complete	AgSTAR Projects	W.LIV.0192

#### Stockperson's manual for export of livestock by air (E)

A step-by-step guide for operators and stockpersons involved in air exports of livestock, to assist in the planning and safe completion of each stage of the export process. Tips, tools and benchmarks have been included to give specific advice and outline compulsory regulatory standards.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
12/2015	–	Complete	EnviroAg	W.LIV.0289

#### Development of a Global Index for the Live Export Industry

In order to assess the productivity and global competitiveness of the Australian livestock export industry, a comparison of costs versus returns of other exporting countries needs to be undertaken along with cost of delivery of the required welfare standards.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
07/2017	116,536	On hold	Euromonitor	W.LIV.3048

#### Capacity constraints and inefficiencies in the Live Export Supply Chain

Undertake a detailed analysis of the beef and sheep livestock supply chains between property, export depot, export port and overseas receipt port to identify current and potential logistics and infrastructure/operational bottlenecks by time of year, which create critical delays, increase costs or restrict supply.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
07/2017	128,025	Open	CSIRO Land and Water	W.LIV.3049



## LEP RD&E PROGRAM

### Strategic Objective 3: Enhance market access conditions for both existing and new markets

**Outcome:** Overseas governments' policies and in-market conditions are monitored to determine potential changes in demand which could materially affect Australian livestock exports and initiating action to manage the effects of the changes.

#### Review of black organs (acquired visceral melanosis)

Acquired Visceral Melanosis is a naturally occurring black pigmentation of the liver, often with concurrent lung and kidney discolouration. The condition has caused carcass condemnations at slaughter of affected sheep exported to the Middle East.

The project is a review of research to better understand the extent to which ingested liver pigment is absorbed and how it is metabolised to demonstrate any side effects from consumption.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
02/2013	9,000	Complete	DPIRD	W.LIV.0173

#### Meat quality, food safety and hygiene fact sheets (E)

Factsheets are being developed to educate and inform supply chain participants of the contribution of ESCAS to meat quality, safety and hygiene.

The series of twelve factsheets include details of: how the implementation of ESCAS can reduce dark cutting, the effects of stress on meat quality, how to reduce bruising of animals and meat, the benefits of improved infrastructure, and water and feed quality.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
12/2014	–	Open	Murdoch University	W.LIV.3033

#### Alternative options to power captive bolt devices

Assessment of alternative options for powering captive bolt stunning devices, specifically for the Vietnam market.

Start Date	2017-18 Investment	Status at 30/6/18	Researcher	Project Code
11/2016	81,023	Open	Herd Health	W.LIV.3045

## LIVESTOCK EXPORTS BY DESTINATION 2017-18

COUNTRY	VOLUME				MARKET %			
	Cattle	Dairy	Sheep	Goats	Cattle	Dairy	Sheep	Goats
Argentina	-	-	6	-	-	-	0.0%	-
Bangladesh	-	75	157	129	-	0.2%	0.0%	0.7%
Brunei	4,394	-	-	-	0.5%	-	-	-
Canada	-	-	18	-	-	-	0.0%	-
China	68,664	28,448	-	1,280	7.4%	60.6%	-	6.7%
Indonesia	509,723	4,118	-	678	55.0%	8.8%	-	3.5%
Israel	37,504	-	87,681	-	4.0%	-	4.4%	-
Japan	11,730	2,936	130	-	1.3%	6.3%	0.0%	-
Jordan	1,630	-	72,508	-	0.2%	-	3.7%	-
Kuwait	763	-	512,678	-	0.1%	-	25.9%	-
Malaysia	33,193	2,201	38,400	14,443	3.6%	4.7%	1.9%	75.3%
Nepal	-	-	-	1,165	-	-	-	6.1%
New Zealand	-	15	4	12	-	0.0%	0.0%	0.1%
Oman	-	-	75,274	-	-	-	3.8%	-
Pakistan	-	5,620	-	-	-	12.0%	-	-
Philippines	7,632	-	63	495	0.8%	-	0.0%	2.6%
Qatar	1,618	-	614,000	-	0.2%	-	31.1%	-
Russia	30,822	-	16,003	-	3.3%	-	0.8%	-
Singapore	-	-	3,980	-	-	-	0.2%	-
Sri Lanka	3,030	246	-	-	0.3%	0.5%	-	-
Taiwan	100	1,813	-	36	0.0%	3.9%	-	0.2%
Thailand	812	210	-	106	0.1%	0.4%	-	0.6%
Turkey	43,290	-	443,757	-	4.7%	-	22.5%	-
United Arab Emirates	1,615	275	111,067	840	0.2%	0.6%	5.6%	4.4%
Uruguay	-	-	3	-	-	-	0.0%	-
Vietnam	169,957	958	-	-	18.3%	2.0%	-	-
<b>Total</b>	<b>926,477</b>	<b>46,915</b>	<b>1,975,729</b>	<b>19,184</b>				
<b>FOB Value \$</b>	<b>1,178,010,555</b>	<b>87,115,611</b>	<b>259,150,166</b>	<b>4,817,706</b>				

TOTAL BY REGION	VOLUME				MARKET %			
	Cattle	Dairy	Sheep	Goats	Cattle	Dairy	Sheep	Goats
EMENA	86,420	5,895	1,916,965	840	9.3%	12.6%	97.0%	4.4%
Indonesia	509,723	4,118	-	678	55.0%	8.8%	-	3.5%
SEA	126,525	35,683	42,730	16,489	13.7%	76.1%	2.2%	86.0%
Vietnam	169,957	958	-	-	18.3%	2.0%	-	-
Other	33,852	261	16,034	1,177	3.7%	0.6%	0.8%	6.1%
<b>Total</b>	<b>926,477</b>	<b>46,915</b>	<b>1,975,729</b>	<b>19,184</b>				

## LIST OF ABBREVIATIONS

<b>AAV</b>	Australian Accredited Veterinarian	<b>IA-CEPA</b>	Indonesia-Australia Comprehensive Economic Partnership Agreement
<b>ABS</b>	Australian Bureau of Statistics	<b>IP</b>	Intellectual Property
<b>ACVO</b>	Australian Chief Veterinary Officer	<b>KPI</b>	Key Performance Indicator
<b>ADG</b>	Average daily weight gain	<b>KSA</b>	Kingdom of Saudi Arabia
<b>AGM</b>	Annual General Meeting	<b>LEP</b>	Livestock Export Program
<b>AHA</b>	Animal Health Australia	<b>LERDAC</b>	Livestock Export Research and Development Advisory Committee
<b>ALEC</b>	Australian Livestock Exporters' Council	<b>LGAP</b>	Livestock Global Assurance Program
<b>AMLI Act</b>	Australian Meat and Livestock Industry Act 1997 (Cth)	<b>LISC</b>	LGAP Implementation Steering Committee
<b>AOP</b>	Annual Operating Plan	<b>LITC</b>	LGAP implementation Technical Committee
<b>AOSIQ</b>	Chinese General Administration of Quality Supervision, Inspection and Quarantine	<b>LiveCorp</b>	Australian Livestock Export Corporation Limited
<b>ARC</b>	Australian Research Council	<b>MARD</b>	Vietnamese Ministry of Agriculture and Rural Development
<b>ASEL</b>	Australian Standards for the Export of Livestock	<b>MATES</b>	Managing Abattoirs, Training and Exchange of Skills
<b>ASIC</b>	Australian Securities and Investments Council	<b>MISP2020</b>	Meat Industry Strategic Plan 2016-2020
<b>ATMAC</b>	Agricultural Trade and Market Access Cooperation	<b>MLA</b>	Meat and Livestock Australia
<b>AVA</b>	Australian Veterinary Association	<b>MoA</b>	Indonesian Ministry of Agriculture
<b>BTv</b>	Bluetongue Virus	<b>NABRDES</b>	National Animal Biosecurity RD&E Strategy
<b>C&amp;T</b>	Control and Traceability	<b>NAMP</b>	National Arbovirus Monitoring Program
<b>CCA</b>	Cattle Council of Australia	<b>NAWRDES</b>	National Animal Welfare RD&E Strategy
<b>CEO</b>	Chief Executive Officer	<b>NTCA</b>	Northern Territory Cattleman's Association
<b>COG</b>	cost of weight gain	<b>OIE</b>	World Organisation for Animal Health
<b>CPC</b>	Consolidated Pastoral Company	<b>R&amp;D</b>	Research and Development
<b>Department</b>	Department of Agriculture and Water Resources	<b>RD&amp;E</b>	Research, Development and Extension
<b>DFAT</b>	Department of Foreign Affairs and Trade	<b>RDC</b>	Research and Development Corporation
<b>DVS</b>	Malaysian Department of Veterinary Services	<b>SPA</b>	Sheep Producers Australia
<b>EMENA</b>	Europe, Middle East and North Africa	<b>SEA</b>	South East Asia
<b>ESCAS</b>	Exporter Supply Chain Assurance System	<b>SLEP</b>	Saudi Livestock Export Program
<b>FA</b>	Funding Agreement	<b>SOP</b>	Standard Operating Procedure
<b>FAR Committee</b>	Finance Audit and Remuneration Committee	<b>TAC</b>	Technical Advisory Committee
<b>FFTT</b>	From Farm to Table	<b>UAE</b>	United Arab Emirates
<b>FSC</b>	Feeder Steer Competition	<b>UNE</b>	University of New England
<b>GAPUSPINDO</b>	Indonesian Importers' Association	<b>USC</b>	University of Sunshine Coast
<b>GICA</b>	Goat Industry Council Australia	<b>YARNN</b>	Young Applied Ruminant Nutrition Network
<b>GoI</b>	Government of Indonesia		
<b>HRSA</b>	Heat Stress Risk Assessment		

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