

Australian Livestock Export Corporation Limited



ANNUAL REPORT
2013-14

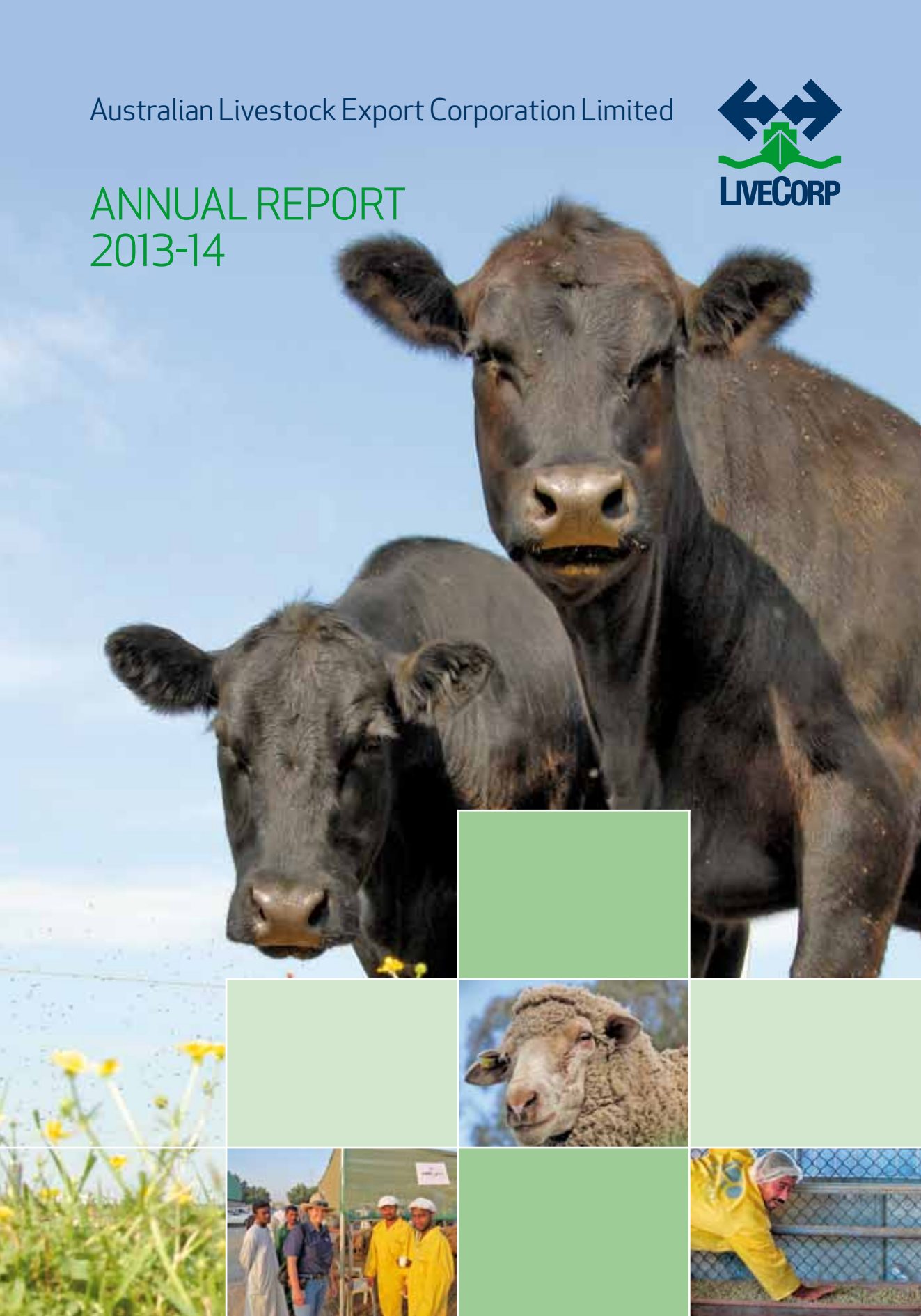


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The Australian Livestock Export Corporation Limited (LiveCorp) is a not-for-profit industry body owned and funded through contributions by livestock exporters. It is primarily funded by statutory levies on exports of beef cattle, sheep and goats. A voluntary levy is also received for dairy cattle exports.

The current levy rates are:

- Beef cattle - \$0.009523 per kg
- Sheep - 60 cents per head
- Goats - 50 cents per head
- Dairy cattle - \$3 per head (voluntary)

Through its investment of these levies, LiveCorp provides research, development and extension (RD&E), marketing, training and communications services to the Australian livestock export industry, working closely with stakeholders to continuously improve industry operations.

LiveCorp's Mission

LiveCorp's mission is to enhance the productivity, sustainability and competitiveness of Australia's livestock export industry by undertaking 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; and
- Improved efficiency and productivity in the livestock export industry's supply chain capability and performance.

LiveCorp's Strategic Objectives

To deliver against its mission, LiveCorp has five key strategic objectives. These strategic objectives align with the Meat Industry Strategic Plan (MISP) and the Australian Livestock Exporters' Council (ALEC) Strategic Plan and aim to increase opportunities to partner with Meat and Livestock Australia (MLA) through the Livestock Export Program (LEP).

The five strategic objectives are:

- Improve animal health and welfare outcomes throughout the supply chain
- Improve supply chain efficiency and regulatory performance
- Enhance market access conditions for existing and new markets
- Enhance communications by providing industry and government with information and services on program progress and current issues
- Improve corporate operations governance, planning, evaluation and review to ensure efficient and effective investment

It has been a year of significant change for LiveCorp at the Board level, with Dr Roly Nieper, Mr David Uebergang and Mr Malcolm Foster finishing their terms after nine, eight and three years of service respectively. On behalf of the Board I sincerely thank them for their outstanding and dedicated service to LiveCorp and wish them all the best for the future.

As a result of a constitutional change previously approved by LiveCorp Members, on 31 October 2013 the LiveCorp Board reduced its numbers from seven to five. We welcomed Ms Lisa Dwyer and Mr Angus Adnam as new board Directors. Mr Peter Kane, Chairman of the Australian Livestock Exporters' Council (ALEC), became an ex-officio member of the Board as a result of the constitutional change.

The reduction in Board Directors was part of LiveCorp's plan to reduce administration costs to improve efficiency and ensure strong allocations towards programs of benefit to our members. As a result of the corporate efficiency reforms, corporate operations are now at 25% of expenditure down from 41% in 2011-12.

LiveEx Conference

The LiveEx Conference held in Townsville in October 2013 attracted over 400 delegates, including a large number of producers and delegates from overseas and across Australia to listen to an excellent group of presenters covering key issues for the industry. My thanks go to the tireless work of the LiveCorp, ALEC and Queensland Livestock Exporters Association personnel who made it such an outstanding success.

A highlight from the conference was the opening address given by the Hon Barnaby Joyce MP, the Australian Minister for Agriculture, who made clear his strong commitment to the livestock export industry. I thank him for his attendance, speech and support.

I also thank all of the other presenters and in particular, Dr Derek Belton, the Head of International Trade at the World Organisation for Animal Health (OIE), who informed "The Australian live export industry has taken animal welfare improvements to the rest of the world and for this it has the OIE's unequivocal support". This is a ringing endorsement from the world leader in animal welfare that has a membership of 177 countries.

Live Export and R&D Programs

The joint Live Export Program (LEP) between LiveCorp and Meat and Livestock Australia (MLA) continued to promote positive animal welfare outcomes across supply chains importing Australian livestock worldwide.

The LEP has trained over 7,000 people worldwide in animal welfare and husbandry since 2011. This has vastly improved the skills and knowledge of those handling and caring for livestock — be it the Middle East and North Africa (MENA) or Southeast Asia (SEA). The LEP is proud that in exporting animal welfare knowledge and skills to the world it has helped to improve not only the welfare of Australian livestock, but also that of local livestock.

The Eid al-Adha program coordinated by the LEP in the MENA region was also successful in 2013, despite some reported leakages from supply chains, by ensuring that OIE animal welfare standards were applied to the vast majority of sheep over that festival period. My congratulations go to the LEP staff, consultants, importers and exporters involved in what can be a very intense period.

LiveCorp's joint Research, Development & Extension (RD&E) program with MLA continued to provide RD&E projects that benefited animal welfare outcomes across the supply chain, as well as projects that delivered more efficient and effective industry outcomes.

Of particular significance in 2013 was the decision by the LiveCorp board – following consultation with industry, MLA, ALEC and the Australian Government – to approve phase 2 of the development of a Quality Assurance (QA) system. This project, which is due for completion in December 2015, will design and test a global QA system encompassing the requirements of the Exporter Supply Chain Assurance System (ESCAS).

The delivery of LiveCorp's RD&E program is underpinned by the strong consultative mechanisms with exporters and key industry councils through the Live Export R&D Advisory Committee (LERDAC), chaired by Dr Richard Trivett. I would like to thank Dr Trivett and LERDAC for its hard work and dedication to this most important work.

I would also like to thank MLA for its continued funding and support for the LEP and R&D program, as well as the hard work of its dedicated staff.

Market Access and Industry Assistance

LiveCorp has continued to drive industry progress on a wide range of market access priorities throughout the year. In particular, the Board has committed significant funds to support progress towards market access for feeder and slaughter cattle to China. As part of this commitment, the LEP funded a high level Chinese delegation on a fact-finding tour to Queensland, the Northern Territory and Victoria in February 2014.

The tour enabled Chinese officials to visit cattle properties, registered export premises, government laboratories and to meet with senior government officials and Ministers. It also built stronger relationships between both countries and in early 2014 a technical delegation from Australia visited China to continue to nurture the cooperative exchange of information and knowledge.

LiveCorp and the LEP also continued to expand our relationships with our long term trading partners and in late 2013, industry worked closely with the Australian Government during the renegotiation of cattle protocols for Indonesia. In a follow up visit, funding and support was provided for the Australian Government to host an Indonesian Government visit across northern Australia.

I would like to take this opportunity to express my thanks to all of those who have supported the industry in its market access activities, particularly the delegations – including the Australian, state and territory governments and all of the stations, farms, feedlots, registered premises, laboratories and more that delegations have visited.

Conclusion

As part of our Statutory Funding Agreement (SFA) that ended on 30 June 2014, the Board was required to conduct an independent review of its operations to examine compliance with the SFA. This entailed interviews with members, industry, government and other stakeholders.

I am pleased to report the review confirmed LiveCorp had met all of the SFA's requirements and the new three year Agreement was endorsed by the Board prior to 30 June 2014. However, more importantly, the stakeholder survey reported high levels of satisfaction in the delivery of services to the industry.

I am also pleased to report that LiveCorp has again successfully delivered on its 2013-14 Annual Operating Plan (AOP), albeit with a larger than expected surplus of \$1.936 million as a result of a resurgent cattle trade in mid to late 2013-14. A feature during the year was the collaboration and hard work between LiveCorp and ALEC in promoting the industry's achievements and best interests. I would like to thank the ALEC Board and particularly Mr Peter Kane, Chairman and Ms Alison Penfold, CEO for their cooperation.

Lastly, I wish to thank my fellow Board directors for their commitment, hard work and advice over the last year. Similarly, I wish to thank LiveCorp's CEO, Mr Sam Brown, and his staff for their tireless efforts in supporting the Board's policies and functions, as well as servicing LiveCorp's Members.



David Galvin
Chairman



As we entered 2013-14, livestock export numbers had declined and LiveCorp's corporate focus was on finalising efficiency improvements across its operations. Re-location and restructures were bedded down and the final strategy for reducing the size of the Board was in train for completion later in the year. These ongoing efficiency activities delivered an overall reduction in corporate operations costs from 41% of expenditure in 2011-12 to 25% in 2013-14 (with further savings forecasted in the 2014-15 budget) LiveCorp's team and resources were focused firmly on delivering programs – in particular the LEP, delivered in collaboration with MLA.

With these programs operating efficiently across animal welfare, supply chain and regulatory performance and market access, the fortunes of LiveCorp and the industry changed rapidly but it was hard to see the pathway that would lead to LiveCorp recording a \$1.9 million surplus.

With a diminished domestic cattle herd across South-East Asia, a shift to more sustainable supply arrangements to address regional demand for red meat was inevitable. As exporters/importers had bedded down ESCAS and animal welfare systems within traditional supply chains, exporters were able to quickly turn their attention to new market opportunities. While there was firm interest in new market opportunities in China, Cambodia and Thailand, the immediate growth came from Vietnam and Indonesia.

Vietnam had imported only 13,000 cattle in the first six months of 2013. In the next six months it imported 54,000 – becoming Australia's equal second biggest cattle market (with the other fast growing Israeli market). With such sudden growth, the work of exporters, importers and the LEP was crucial with risk analyses, training of new supply chains and staff roll out. This was achieved with astonishing responsiveness. The LEP trained 850 people and undertook 68 gap and risk analyses in Vietnam alone in 2013-14.

Even with the strong growth in exports to Vietnam and Israel, Indonesia remained by far our dominant market for cattle. In 2012-13, exports of cattle to Indonesia had been 270,000. During September the Australian and Indonesian Government commenced negotiations for new cattle health protocols. The Industry Capability Program and the LEP Indonesia managers provided full support to the Australian government officials, which resulted in the development of three new and highly workable protocols. The impact was immediate. In December exports almost reached 100,000 head and by

the end of the year almost 625,000 cattle were exported to our most valued partner – more than the levels of our 2012-13 performance. The LEP team and consultants in Indonesia stepped forward to provide further training to more than 683 staff and provided gap and risk analyses across 97% of facilities in Indonesia.

Russia also emerged as a growth market expanding its demand from high value beef breeding cattle to include feeder and slaughter cattle. The delivery of the first two consignments of feeder and slaughter cattle were successful, with the Russian importers firmly embracing the LEP's training and extension services. In June, I was fortunate enough to visit the first class operations with the Australian Ambassador and see the cattle performing in their new environment. It was also a great opportunity to meet with senior management of the various importers.

Sheep exports between 2012-13 and 2013-14 declined slightly despite the reopening of Bahrain and Egypt. More work is required across all levels of government and industry to address the constraints brought about by ESCAS and re-establish demand across the MENA region. The collective knowledge and efforts of exporters, importers and government officials will ensure less and less stands in the way of future prosperity for the live sheep export sector. With opportunities such as Iran, China and Saudi Arabia prospects for the sheep industry remain strong.

Goat and dairy cattle exports are less than 100,000 head of exports annually, while relatively small by volume in comparison to sheep and beef cattle have also experienced notable year on year growth. The value and importance of goat and dairy exports to the long term sustainability for goat and dairy farmers should never be underestimated.

The total value of Australia's livestock exports in 2013-14 was over \$1,240 million, an increase of 56% over 2012-13.

Guided by our 2013-15 Strategic Plan – developed during 2012 in consultation with LiveCorp members, ALEC and broader stakeholders – we sharpened our focus on the productivity, sustainability and competitiveness of the industry.

A core focus of the Strategic Plan is delivery of the RD&E program, the cornerstone of continuous improvement across all levels of the industry. The program maintained its strong focus on animal health and welfare - attracting 71% of the annual budget in line with previous years. The program closed out 14 research projects, with approximately 23 projects carried forward for completion

in 2015 and beyond. Our RD&E outcomes have and will continue to underpin change across the supply chain. To support such change, a wide range of materials were produced in 2013-14, broadening our already comprehensive catalogue of resources. Materials included standard operating procedures, stunning maintenance DVDs, work instructions and training DVDs.

These resources have been translated into various languages, including – Bahasa, Turkish, Arabic, Russian, Farsi, Urdu, Vietnamese, Tagalog, Malaysian and Chinese.

Keeping in step with the latest technologies, the LEP rolled out its first electronic application (App) – ‘The Veterinary Handbook App’. It was launched by the federal Agricultural Minister, the Hon Barnaby Joyce MP on 21 May and received endorsement from the President of the OIE – “OIE congratulates the Australian livestock industries for this initiative to further assure the health and welfare of livestock during transport to their export market destinations. At every stage of an animal’s life early recognition of an emerging animal health or welfare problem is vital for its effective management and control. This App provides stockmen and women with easy access to information that will enable their early recognition of any emerging animal health or welfare problem.”

2013-14 marked a change of government at the Federal level. It also marked the first full financial year where ESCAS had been fully phased-in across our markets. This provided LiveCorp with an opportunity to extend its regulatory reform efforts, with the new government looking for opportunities to reduce costs and minimise regulatory burden on the industry. The LEP continued projects and technical advice to government and through the supply chain. Small changes are already paying dividends by saving exporters regulatory costs without impacting animal welfare. Some of the templates developed by Services and Innovation have resulted in up to 30% cost savings for the regulator. LiveCorp stands ready to further support the industry through any regulatory changes that may occur as a result of the review of ESCAS that occurred during the year.

It is unfortunate that not enough of the general public know that exporters and importers, along with the collective efforts of LiveCorp and the LEP, are driving the most meaningful animal welfare outreach program across the world. In October 2013, LiveCorp and ALEC took an important first step towards telling the public about the excellent work that Australia is leading to drive animal welfare improvement across the globe, and particularly within our region.

Our LIVEXchange conference was a huge success and is only a small step towards showcasing all that is being done to support animal welfare.

The joint LiveCorp/MLA LEP continues to be the fundamental demonstration of collaboration across industries to harness the collective R&D effort to deliver productivity, animal welfare and market access for both livestock exporters and producers. For these partnerships to succeed and deliver meaningful benefits, it is critical that our respective organisations remain in step with the priorities of our levy payers and demonstrate to them the value they are getting for their investment in us. LiveCorp has and will continue to work hard in earning the respect and support of exporters.

In delivering against the wide range of issues and challenges presented in 2013-2014, I would like to thank my colleagues in MLA and the LEP team for their ongoing support – many of the past years outcomes would not have been possible without their support and collaboration.

I would like to thank the LiveCorp Board for its guidance and oversight over 2013-2014, as well as the Directors who finished their term in October 2013. In particular, I would like to join my Chairman in thanking Dr Roly Nieper for his support and service to LiveCorp over the past nine years.

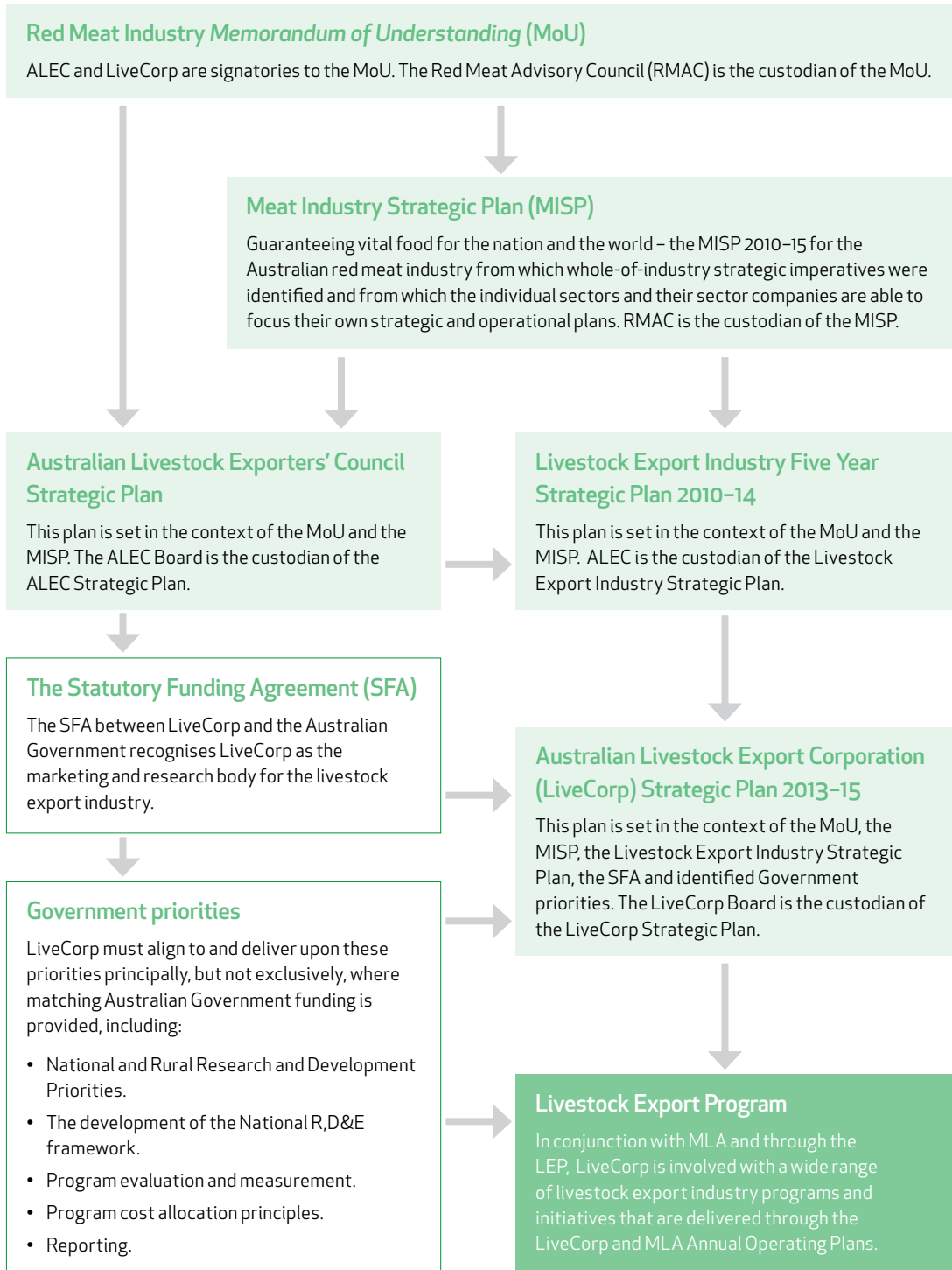
Most importantly, I would like to thank the highly dedicated team at LiveCorp for their tireless efforts. I am very proud and privileged to lead such a team. Your hard work and dedication in pursuit of program outcomes will continue to build and strengthen relationships across the industry. This is a rewarding time to be leading your services company, with the prospects for the industry remaining strong and the challenges of past years behind us.



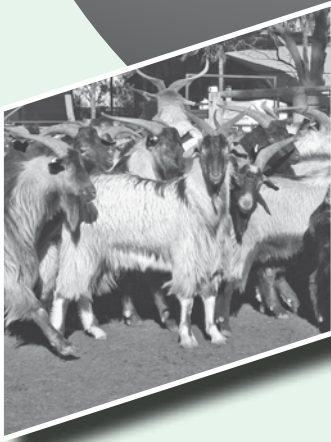
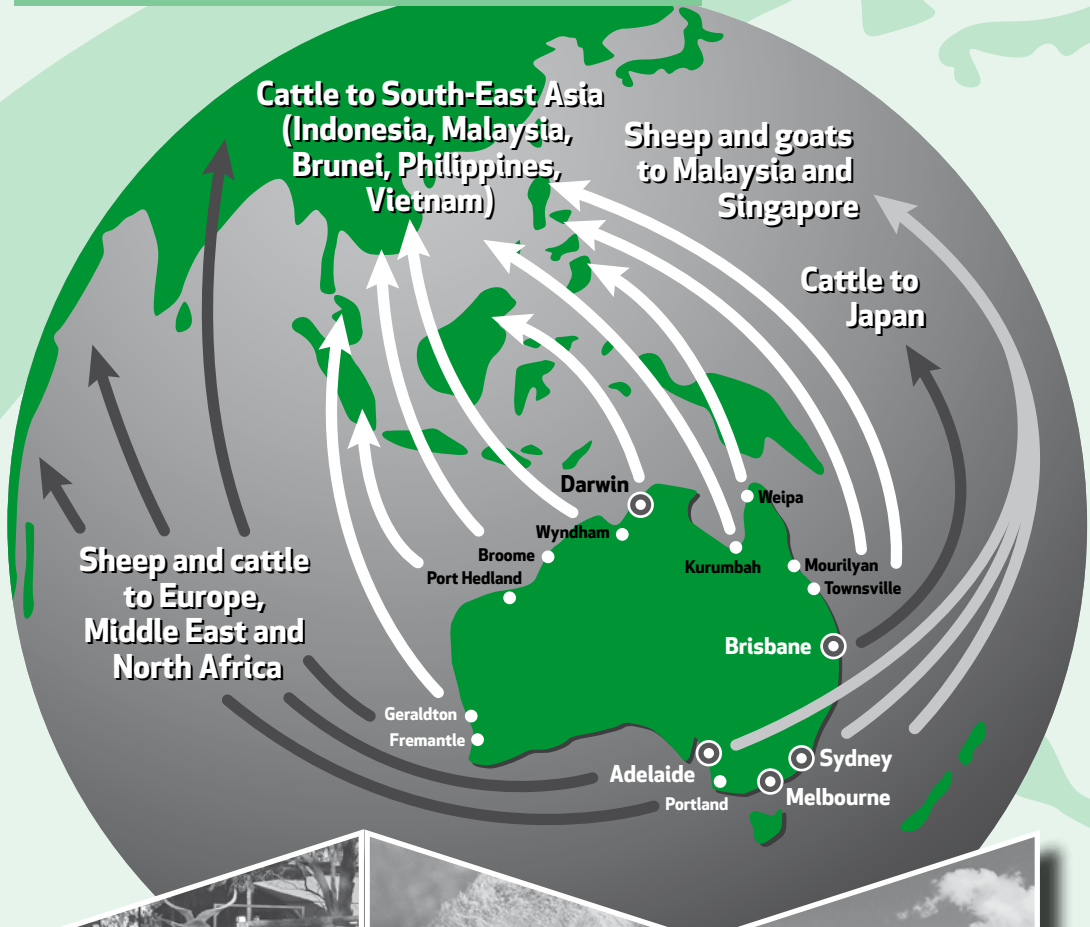
Sam Brown
CEO



PLANNING ROADMAP



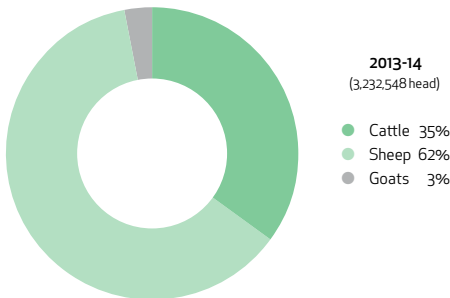
MAPPING OF EXPORTS BY SPECIES



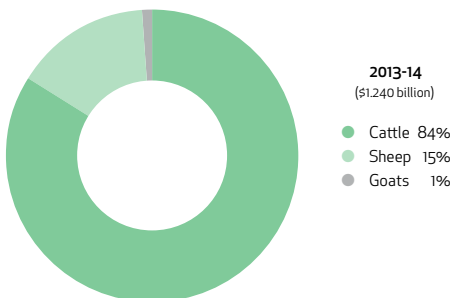
Volumes and Values

Export volumes experienced a rebound in 2013-14 due to a late surge in exports to Indonesia along with continued growth in Vietnam, Malaysia, Russia. Dairy and beef breeding cattle exports also reported steady growth. Goat exports reported consistent growth of which the majority of exports went to Malaysia. Sheep exports to MENA remained flat with a slight year on year decline. This is a result of a number of factors including strong competition from other exporting nations.

Export Volume



Export Value



Cattle

In 2013-14, 1,131,322 head of cattle worth \$1.048 billion were exported live from Australia, representing a 79% increase in volume and a 78% increase in value year-on-year. The increase was a result of the surge in shipments to Indonesia following the increase in import quotas for feeder and slaughter cattle in October 2013.

Exports to Vietnam also experienced a record year on year growth of 723%. The growth was underpinned by a rapidly expanding domestic feedlot sector to support growing consumer demand for red meat along with neighboring markets such as China.

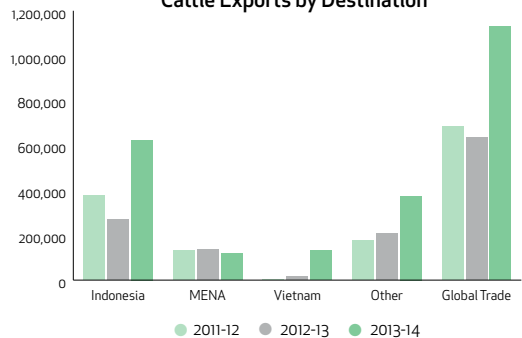
Vietnam's emergence has offered further support to prices and market diversification for exporters and northern cattle producers. The demand is likely to remain robust over the coming years, given the reported depletion of the national cattle herds across the SEA region.

Exporters ability to respond quickly to the demand in Indonesia and across SEA resulted in the live cattle price ex Darwin moving from \$1.75 in October 2013 to a peak of \$2.30 by early 2014.

Across the Middle East and North Africa (MENA), Israel has remained the dominant market and is forecast to remain a sizable market for live cattle – noting regional unrest may play a factor going forward.

Traditionally a breeding cattle market, exports to Russia also surged with two shipments of feeder and slaughter cattle to support its rapidly expanding beef production programs. Subject to broader political relations, Russia remains a steady growth market for Australian beef cattle with potential exports of 150,000 head per year.

Cattle Exports by Destination



Sheep

Just over 2 million sheep worth \$185 million were exported live in 2013-14, representing a 2% fall in volume and an 8% decline in value compared to 2012-13.

Whilst ESCAS has played a role in suppressing sheep exports (as importing countries work through the details and reporting obligations), the reopening of Bahrain and Egypt, along with growth in exports to the UAE has offset the decline in exports to Jordan and Turkey. While the re-establishment of trade to Saudi Arabia remains a priority, shipping logistics have also been disrupted and Gulf markets prefer to receive small but regular consignments.

While drought conditions will continue to plague parts of NSW, one of the best autumn breaks followed by a wet start to winter was very well received by southern sheep producers, including Western Australia. Concerns about the potential dry finish to the year (2014), with low on-farm water supplies could have a significant impact on producers' expectations and plans heading into 2015 and beyond.

However, the positive outlook for lamb demand over the medium term and potential opportunities in Iran and Saudi Arabia represent significant prospects for increasing export volumes moving forward.

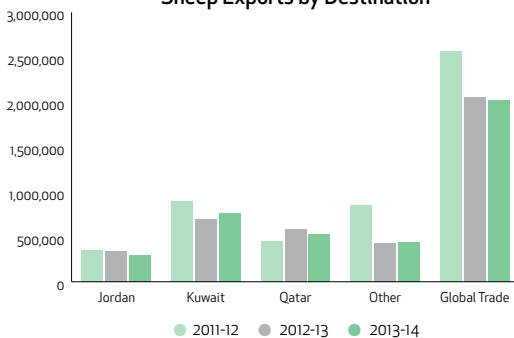
Goats

In 2013-14 goat exports increased by 31% to 81,167 head. The total value of these exports was \$8.1 million which is an increase of 13% on the 2012-13 earnings.

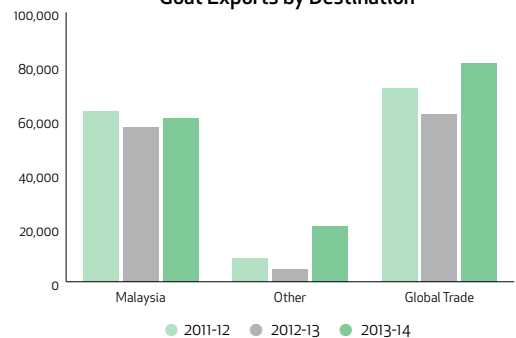
Malaysia was again the primary market for live goats, followed by Singapore and Brunei. Goat exporters report strong demand fundamentals as a result of low domestic goat numbers within the SEA region (Thailand and Myanmar).

“Exporters’ have responded quickly to the strong demand for cattle across Indonesia and SEA – resulting in a rapid upward trend in price.”

Sheep Exports by Destination



Goat Exports by Destination



How LiveCorp delivers against its Strategic Objectives

LiveCorp invests levy funds into key program areas to deliver against the strategic objectives set in the LiveCorp Strategic Plan 2013-15 and 2013-14 AOP. Each year LiveCorp and MLA, in close consultation with exporters and the relevant peak councils, prepare and finalise the LEP – AOP to ensure that LEP activities align with each organisation's strategic objectives.

Within the LEP, activities are delivered through three core programs:

In-market supply chain efficiency, animal health/welfare and market access programs

There are three in-market programs that deliver animal health and welfare services, technical and market access support overseas. They are Indonesia, SEA and EMENA.

The Indonesia program is delivered through the MLA Jakarta office which is jointly funded through the MLA meat and livestock export programs. The office is headed by a Regional Manager, with the LEP animal welfare program overseen by the Indonesia Animal Welfare Manager.

The MENA Livestock Services Manager is located in Dubai, while the SEA Livestock Services Manager is based in Sydney.

Industry Capability Program

The Industry Capability Program is responsible for domestic supply chain activities, including working with government and industry to provide advice and support on regulatory matters and operational issues. It also works closely with the Australian Government to pursue market access protocol developments, including through the coordination of the industry/government Protocol Committee.

RD&E Program

Outputs from the LEP RD&E program deliver directly against LiveCorp's Strategic Objectives (1-3), as well as enabling and supporting other LEP/LiveCorp programs to deliver against these objectives.

Through the joint investment in the RD&E program, LiveCorp and MLA achieve efficiencies by using the existing MLA research framework and systems. The RD&E program coordinates the management and completion of a range of projects targeted at industry priorities.

The priorities for the RD&E program are set in the LiveCorp Strategic Plan and focus on projects that will address key areas of risk or hazard across the program areas (animal health and welfare, supply chain efficiency and regulatory performance and market access).

RD&E projects are assessed and prioritised through LERDAC which is composed of representatives from LiveCorp, MLA R&D, the LEP, the Cattle Council of Australia (CCA), the Sheepmeat Council of Australia (SCA), LiveShip and ALEC. An independent technical advisor also provides specialist advice to LERDAC on projects and research proposals.

In addition to the LEP, LiveCorp also invests in the provision of the following services and programs in support of its strategic objectives:

Communications

LiveCorp's communications activities focus on the effective transfer of information to and between exporters and key industry stakeholders, including government. LiveCorp provided this through its website and other mechanisms such as the industry circular.

The LEP also has its own communications program through which LiveCorp conducts most of its communications activities. Communications with the media and the public are primarily through the industry's representative body, ALEC.

LiveCorp Services and Innovation Program

LiveCorp's Services and Innovation Program supports industry to increase its capacity to meet and exceed existing standards, regulation and reporting obligations. It achieves this by providing training in livestock handling and compliance requirements to on board stockpersons.

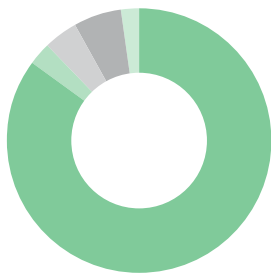
The Services and Innovations Program also provides services to assist in the development of improved information management systems to enhance communication and create regulatory efficiencies.

Corporate Governance

LiveCorp's corporate governance activities support the efficient and effective management of levy revenue and its operations. The program ranges from day to day operations and activities in delivering LiveCorp and LEP programs, administrative obligations under the SFA, ASIC requirements, the Board and associated committees, and oversight of management accounts and general industry obligations (AGM etc).

How LiveCorp Invested 2013-14 Levies

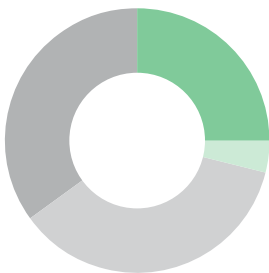
Revenue Streams



Revenue
(\$5.199 million)

Statutory Levies	85%
Dairy Levies	3%
Investment Income	4%
Grant Funds	6%
Other Income	2%

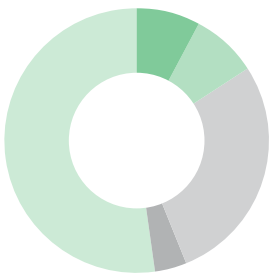
Expenditure



Expenditure
(\$3.277 million)

Corporate Operations	25%
Services & Innovations	4%
Exporter Programs	36%
MLA LEP	35%

MLA LEP Program Expenditure



LiveCorp LEP Contribution
(\$1.150 million)

Market Access	8%
Supply Chain	8%
Animal Welfare	28%
Communications	4%
R&D	52%



Strategic Objective 1: Improve animal health and welfare outcomes throughout the supply chain

Facilitating and supporting ongoing improvements in animal health and welfare within the livestock export supply chain is a strategic objective for LiveCorp and the LEP. Delivery against this objective is further supported by the activities categorised as Supply Chain Efficiency and Regulatory Performance, many of which also have strong animal welfare outcomes.

In 2013-14, animal health and welfare activities were delivered in accordance with the AOP by the RD&E Program and the three in-market programs.

For the RD&E program, detailed projects are outlined on pages 22-23. However, key priorities in 2013-14 included salmonella, inanition, pink eye, pneumonia/respiratory diseases, heat stress and the development, refinement and evaluation of training materials (in management, handling, slaughter and more). The RD&E program also extended its involvement in animal welfare to include longer term projects targeting quality assurance systems, benchmarking and indicators of animal welfare.

In 2013-14 the in-market programs continued to target their activities in three key areas – training, gap analysis and risk analysis, consistent with previous years. Additional activities to support awareness and understanding of ESCAS and its animal welfare requirements were also delivered by the in-market programs across existing and new markets.

The performance highlights of the in-market programs are summarised below.

Training

A key output from the RD&E program in 2012-13 was the development and piloting of standardised animal welfare training materials/programs for cattle and sheep. These training programs focused on delivering consistent training against Standard Operating Procedures (SOPs) across each component of the supply chain. The SOPs and the training programs are key tools in supporting animal handling and welfare improvements and ESCAS implementation/compliance. DVDs and other visual aids form a key component of the training program developed.

In 2013-14, the SOP training materials continued to be refined with additional videos/DVDs developed for other markets (to widen from the original focus on Indonesia and MENA) and a goat specific program is under development. The finalisation of the training program also allowed translation of the materials into a wide range of languages, with partial funding from the Australian Animal Welfare Strategy.

These materials will continue to form the basis for the LiveCorp/LEP animal welfare efforts in market and their continued refinement and review will be critical to ensure they are effective and their messages are being adopted. A key gap identified in 2013-14, following the finalisation of the training packages, was the need for objective data to evaluate the impact and effectiveness of the animal welfare training on participants.

In mid – late 2013-14, the RD&E program engaged Charles Sturt University and the Animal Welfare Science Centre to undertake a project to assess the impact and effectiveness of the animal welfare SOP training packages. The project commenced in Indonesia and will include assessments in supply chains within EMENA and SEA. The final report is expected to be delivered in mid 2015 and will provide an objective evaluation of the training to allow continued improvement in its extension.

Throughout 2013-14, the in-market programs have implemented training across their regions including the growing extension of the standard training packages (since their completion and translation). This training is targeted at key supply chains at the request of exporters and importers and is delivered by a number of qualified consultants. Further in-market training with animal welfare benefits have also been delivered under the Supply Chain Efficiency and Regulatory Performance strategic objective – for example, the feedlot training in Russia described on page 24.

Since the implementation of ESCAS, the LEP in-market programs have delivered training to more than 7,255 participants, which have attended LEP coordinated and funded training activities. Training activities includes 2,906 in Indonesia, 2,693 in MENA and 1,656 in SEA.

In 2013-14, the in-market programs achieved the following successful outputs from their training activities:

EMENA

A combination of both formal and hands on training were delivered to over 900 participants over 180 consultant days.

Indonesia

Over 419 consultant days of training were supplied to industry, with over 221 individual activities conducted and over 683 industry employees trained.

South East Asia

Training was provided to 850 participants across the SEA region.

Gap and risk analysis

Gap and risk analyses continued to form key components of the LiveCorp/LEP ESCAS and animal welfare extension efforts into supply chains in 2013-14. The gap analysis targeted new supply chains and played an important role in helping exporters and importers establish facilities/supply chains in key markets across the regions. This included established markets (Indonesia), growing markets (Vietnam) and re-opened markets (Egypt/Bahrain).

The purpose of the gap analysis 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 standards. In-market assessments in 2013-14 were conducted widely throughout the regions and materials to support the adoption of exporter/importer driven risk assessments (developed within the LEP) were communicated to support continual risk management efforts.

MENA

Over 50 gap and risk analyses were completed during 2013-14 at the request of exporters and/or importers. The risk assessments proved particularly useful tools for the LEP, exporters and importers to gauge the potential risks within supply chains and to guide mitigation activities.

Indonesia

During 2013-14, an estimated 97 percent of facilities in Indonesia undertook a risk assessment. Risk assessments are well regarded by the industry and regularly used as management tools by importers and exporters. Training was also conducted within supply chains to assist facility managers and Animal Welfare Officers to identify and manage risks through the supply chains on an ongoing basis.

South East Asia

68 gap and risk analyses were completed in 2013-14 across Vietnam, Malaysia and Singapore. These assessments helped exporters to manage risk and meet the rapid increase in demand in Vietnam in particular. The LEP technical advice and training program in Vietnam includes assistance from the Northern Territory Department of Primary Industries and Fisheries technical staff, contracted by the LEP. The LEP has provided training support to make regular in-market visits to assist the development of supply chains during the past three years.

Industry Collaborative Animal Welfare Program

The LEP continued to providing funding through the in-market programs to support the Industry Collaborative Animal Welfare Program (ICWP) which is 50/50 funding by the LEP and exporters on in market to engage supply chain managers/animal welfare officers in markets to support animal welfare improvements.

The program has allowed exporters/importers to provide animal welfare and technical support in addition to LEP driven programs. The following describes the ICWP activities within the LEP in 2013-14:

MENA

Two ICWP consultants were contracted for 2013-14 and delivered on ESCAS animal welfare improvements across their respective supply chains.

In addition to the animal welfare and ESCAS responsibilities of the ICWP consultant, examples of initiatives undertaken by the consultant based in Kuwait include:

- Part time placement of two Charles Sturt University veterinary students to assist with Eid and general feedlot animal health and welfare support;
- Engaging a specialist pathologist to assist with standardising an approach to disease identification;
- Gaining importer support for LEP in-market R&D projects and coordinating project activities.

Indonesia

Three of the six main exporters took up the funding in 2013-14 with a higher uptake expected for the 2014-15 financial year due to increases in cattle numbers and the expected increase in supply chains to accommodate these numbers.

ANIMAL HEALTH AND WELFARE

South East Asia

The ICWP for SEA enabled exporters' staff and consultants to develop animal welfare programs in Vietnam, Malaysia and the Philippines during 2013-14.

Technical support during festival periods

The LEP in-market programs also provided additional technical support for key festival periods and included key activities for Ramadan, Korban and Eid al Adha. Further detail on the Eid al Adha program is provided in the highlight box, below.

Other highlights

Meat quality and welfare seminar series - MENA

In early May 2014, the LEP delivered 11 meat quality and food safety seminars in the Middle East region (including Jordan, Israel, Kuwait, Qatar, Oman, Abu Dhabi and Dubai). The seminars were delivered by staff and consultants from the LEP and the Australian Government Agricultural Counsellor for the Middle East.

The events focused on the Australian meat production supply chain and general factors that influence meat quality. A particular emphasis was also placed on the links between good animal welfare and low stress animal handling and improved meat quality.

Attendees at the seminars included government authorities, industry bodies and interested importers. The seminars provided an excellent opportunity to reinforce relationships (both for Government and the LEP) with importing country government representatives.

Technical advice – MENA/Indonesia/SEA

The provision of additional technical animal welfare advice was also provided across areas including:

- Lairage and abattoir design;
- Feedlot design and nutrition;
- Breeding livestock management and health;
- Repairs, maintenance and infrastructure (including on the operation of pneumatic stunners in the Philippines and Malaysia); and
- Food safety, hygiene and productivity.

The SEA program provided 122 days of technical advice across the region with a particular focus on Vietnam and Malaysia. More information on technical advice delivered in 2013-14 is described under Supply Chain Efficiency and Regulatory Performance, on page 24.

Eid al Adha 2013

Planning for the LEP's Eid al Adha 2013 program commenced several months before the festival, reflecting the greater emphasis on assisting supply chains to build livestock handling and management systems and encourage increased exporter involvement during the festival. Reflecting the planning efforts of LEP MENA, the 2013 Eid program was delivered successfully with programs and resources provided in Kuwait, Qatar, Jordan, Oman and UAE. 26 people participated in the Eid program, 12 LEP staff and consultants and 14 exporter representatives.

A new initiative for the 2013 Eid program was the support provided to exporter supply chains in Kuwait and Oman in the form of two Charles Sturt University veterinary students. These students were not only active during Eid but also provided exceptional feedlot support over the three week period. In addition to the LEP staff and consultants, the delivery of the 2013 Eid plan was also supported by two LiveCorp Directors (David Galvin, now Chairman and Terry Enright) as well as the LiveCorp CEO. The Eid program again worked collaboratively with importers in Qatar to implement a carcass-only sales policy which greatly reduces risk of ESCAS animal welfare non-compliances. The LEP will look to extend this into Oman next year.

Planning for the 2014 Eid Program has already commenced and the LEP has instigated a joint working group with importers, Jordanian Government authorities and the Princess Alia Foundation. This group will continue to meet regularly to identify and develop opportunities to improve systems and minimize risks during Eid al Adha.

Strategic Objective 2: Improve supply chain efficiency and regulatory performance

Supply chain efficiency and improved regulatory performance were key focuses for the LEP in 2013-14 across the in-market, RD&E, Industry Capability and Services and Innovation programs.

Delivery against this objective through the LEP in-market programs was focused on the provision of technical support relating to breeding livestock management and health, animal performance (e.g. nutrition and heat management) and infrastructure/facility performance and productivity (e.g. abattoir throughput and employee safety improvements). The following key activities were undertaken across the key programs throughout the year:

Indonesia

LEP is continuing to improve skills and knowledge available to the industry through a technical expert program. The technical expert program was undertaken for the first time in 2013-14 with experts in breeding, nutrition, pasture improvement and palm integration entering the market. Industry seminars were conducted by these experts on nutrition, palm integration and an R&D material launch was also coordinated to support awareness and adoption of the LEP program's RD&E materials.

Four specialised consultants were also made available in 2013-14 to assist and support breeding programs undertaken by importers. This included the provision of small farm holder programs and traditional breedlot programs in relation to husbandry, fertility, bull selection and palm integration.

South East Asia

Supply chain efficiency programs in SEA in 2013-14 included the provision of nutrition advice in cattle supply chains in Vietnam and a goat breeding program in Brunei. As feeding needs have increased in Vietnam, LEP consultant advice has helped in over 10 feedlots develop cost effective rations using locally available resources. Additionally in Vietnam, technical advice regarding infrastructure developments was provided to five importers to increase the capacity of feedlots

and abattoirs to handle and process cattle. In Brunei, the Ministry of Industry And Primary Resources was engaged through an in-market review and workshop that provided insights to local farmers on management practices for improving pregnancy rates through maintaining high body scores, achieved through a balanced feeding program.

EMENA

The LEP has also been undertaking numerous activities in the region to improve supply chain efficiency, including:

Four, one-week pilot training workshops were delivered by LEP consultants to Russia's largest importer of breeder livestock. Feedback from the importer, exporter and 80 participants was positive with a greater understanding of feedlot management, animal husbandry and low stress animal handling being identified as the major benefits from the training. This successful program also allowed the development of a relationship with Russia's largest importer of beef cattle, who had previously imported over 75,000 head of breeder livestock. This will be valuable given the recent importation of feeder/slaughter cattle, which over the short to medium term is estimated to be over 50,000 head per year. Relationships developed through exporter and LEP support will allow for continued involvement in ESCAS implementation, with SOP training and technical advice being identified as priorities.

Technical advice was also provided in Bahrain and Qatar in the form of expert consultants to advise on abattoir design, repairs and maintenance, food safety, hygiene, and productivity. Consultants were contracted to assist Bahraini importers in their endeavours to improve hygiene throughout processing and meat distribution. The project delivered detailed recommendations for upgrades to existing facilities rather than the building of a new facility.

For the Qatari importers, the LEP consultant presented design options for upgrades to abattoirs which will increase slaughter capacity of the abattoir to 4,000 head per day.

Industry Capability Program

With government regulation forming an increasingly significant component of the costs for livestock exports, the Industry Capability Program's objective was to identify and develop advice on opportunities to reduce the impact that inefficient regulation is having on the industry's productivity and its international competitiveness.

Animal welfare was a key component within these activities, with several opportunities identified where it could be improved by simple refinements to compliance/regulatory activities.

To support the efficient and effective operation of regulation and cost-effective compliance, our Industry Capability Program developed a number of templates and systems (further details of several of these are identified in the Services and Innovation Program summary, on page 25).

In early 2013-14, the focus of the program continued to be in the implementation of the Farmer Review recommendations with technical input and RD&E advice provided in relation to the reviews of the Australian Standards for the Export of Livestock (ASEL), Marine Order 43 and the Australian Government's development and implementation of the breeding livestock policy. While these processes are in various stages of developments, the LEP maintains the ability to provide advice through its Industry Capability and RD&E programs as required.

The LEP also liaised with exporters and the DoA in short and long term ESCAS implementation and improvement activities. This included providing technical input into the DoA's performance auditing schedule and the review of the Mark IV processing box. The Mark IV review and the implementation of its recommendations represented a significant convergence across the LEP programs with key review and implementation roles played by the RD&E, Industry Capability, Services and Innovation and in-market programs.

In mid-late 2013-14, the DoA also indicated an intention to implement the recommendation of the Farmer Review to assess the operation of ESCAS. The LEP, through the Industry Capability and Innovation and Services Programs, commenced a detailed review of the ESCAS and broader regulatory framework and consulted widely with exporters to identify inefficiencies and opportunities in support of the Government's review.

Technical proposals and papers were developed across each of these inefficiencies and will provide the basis for future engagement towards improving the livestock export regulatory system.

RD&E

21 percent of the RD&E program was dedicated to supply chain efficiency and regulatory performance in 2013-14. Key projects are outlined on pages 22-27, however, two projects of particular relevance to this strategic objective are listed below.

Development of an ESCAS Awareness Program for auditors

Through the DoA's AAWS program, funding was provided to develop standardised materials to support ESCAS auditors. The materials focused on continually improving the awareness and understanding of animal welfare, livestock and ESCAS among auditors, to ensure consistency and calibration across all markets. The program was trialled in UAE, Malaysia and Indonesia and will form an important part of ensuring the continued success of ESCAS.

Quality Assurance consideration and development

In 2013-14, the LEP commenced a research project to investigate the feasibility of a risk management/QA system for the livestock export industry – in line with the recommendation of the Farmer Review. The objectives of the project were to:

- Identify all existing systems and resources being utilised to achieve ESCAS compliance and assess the strengths and weaknesses of such systems
- Identify, review and document risk management and QA models in place in other industries and sectors
- Examine the cost of compliance with the current ESCAS framework
- Consider the relevance of an industry-initiated risk management and QA program or management solution, conformance with which would meet or exceed ESCAS compliance
- Make recommendations for the development of such a program.

The report was completed in June 2013 and on 30 October that year it was endorsed by ALEC, who also agreed to implement the next phase of research which will deliver a design and implementation plan, timeline and costings for a risk management/QA system. The delivery of the second phase of the risk management/QA system for further industry consideration will be a focus for the LEP in 2014-15 and it is likely to have implications for the operation and efficiency of the regulatory framework.

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

2013-14 presented new opportunities for the livestock export industry and significant market access was achieved by the DoA.

The market access activities for the LEP and LiveCorp were delivered primarily through the Industry Capability Program (ICP) and in-market programs. The ICP's scope of activity focused on coordinating input into technical protocol negotiations and access issues for priority markets identified by the Livestock Export Industry Protocol Committee. The Protocol Committee (for which the ICP provides secretariat and technical support) continues to provide an effective mechanism for consultation between the livestock export industry and the DoA. The Protocol Committee has membership which includes exporter representatives, peak councils, the LEP and the DoA.

In 2013-14, two meetings of the Committee were held with significant out of session consultation coordinated between the DoA and industry members. While the ICP coordinated and developed technical input into the Australian Government negotiations, the in-market programs provided critical communication and market negotiation support within country to relevant government, industry and commercial parties. The efforts of state and territory governments in 2013-14 have also been significant in helping to stimulate market demand in support of protocol negotiation activities. Through the cooperative and collaborative efforts of a range of parties, but particularly the DoA Animal Biosecurity team, 2013-14 was a year of significant successes for the livestock export industry. These included:

Indonesia

Negotiations to revise the feeder cattle protocol and to establish new productive heifer and slaughter cattle protocols were successfully completed in late 2013. As a result of these agreements, trade with Australia's largest live cattle market increased significantly.

Vietnam

Negotiations were completed for a feeder/slaughter buffalo protocol providing a key market for Northern Territory buffalo producers. The Northern Territory Government invested significant time and resources in supporting the DoA's protocol negotiations.

Egypt

Discussions were completed allowing the recommencement of trade with Egypt. As a result of the government to government discussions, Egypt embraced ESCAS and revised/new protocols were agreed for slaughter cattle and sheep. Protocols for breeder cattle, sheep and goat were subsequently agreed later in 2013-14.

Bahrain

Negotiations with Bahrain for cattle, sheep and goat protocols were completed allowing shipments to commence in April 2014. Industry bodies and the LEP MENA manager were instrumental in securing assurances that both countries were committed to reestablishing a stable trade.

Iran

In early 2014, negotiations were concluded with Iran for feeder/slaughter cattle, sheep and goats.

Thailand

Throughout much of 2013-14, Thailand and Australia held respectful and friendly discussions towards establishing a feeder/slaughter cattle trade. A delegation is planned for early 2014-15 and it is hoped that the necessary protocol arrangements will be agreed in order to ensure a beneficial trade can be commenced in 2014-15.

China

Market access for livestock exports to China continued to be a priority for the industry and the LEP played a key role in coordinating and supporting a DoA hosted visit by Chinese officials in February 2014. The Industry Capability Program and DoA technical experts also visited China in May 2014 as part of the technical cooperation and exchange on bluetongue science.

Hormone Growth Promotants (HGP)

In 2013-14 as a result of heightened sensitivities associated with HGP some markets requested additional requirements to demonstrate HGP freedom for feeder/slaughter cattle.

Hormone Growth Promotants (HGP) cont.

HGP Freedom Assurance measures were developed to assist exporters in meeting the additional requirement in revised health conditions. SOPs, work instructions and producer awareness materials were also developed for this purpose.

Russia/Customs Union

Negotiations with the Customs Union towards breeding and feeder cattle, sheep and goats continued in 2013-14 and will extend into 2014-15. The Australian, Russian and Kazakhstan Governments are also engaged in constructive discussions to overcome difficulties in meeting protocol certification requirements as a result of the removal of a respiratory virus vaccine from the Australian market.

In-market market access activities

In addition to the technical support provided to protocol negotiations, the in-market programs undertook a range of activities to support ongoing, and build new, trade relationships.

These included:

- The development of "The Indonesia/Australia Partnership on Food Security in the Red Meat & Cattle Sector": The project was instigated by the MLA Indonesia office, with the first meeting held in Indonesia in April 2014. This program is well supported by industry and government in both countries and has the potential for long-term market access benefits and ongoing improved industry relations.
- Over 40 visits to countries in the EMENA region. This included specific high level market access visits, workshops and meetings with key government authorities in Russia, Turkey, Mauritius, Jordan, Dubai and Egypt.
- 11 visits to markets in the SEA region. This included meeting with government and trade officials in Vietnam, Malaysia, Thailand and Papua New Guinea during 2013-14.

Delegations

Indonesian Delegation

A delegation from the Indonesian Government's Director General of Livestock and Animal Health Services travelled to Australia between 6 and 15 March 2014 to meet with the Australian Government and visit quarantine facilities (registered premises) across northern Australia. The focus of the visit was to pursue recognition of Australia's animal health and certification systems and build relationships between respective officials. The visit was positive and thanks to the support of registered premise operators, exporters and state governments the delegation was able to visit a wide range of farms, quarantine facilities and laboratories.

Chinese delegation

Between 16 and 23 February 2014 the Australian Government and the Australian livestock export industry (through LiveCorp and the LEP) hosted a visit of senior officials from China's AQSIQ (quarantine and biosecurity department). The purpose of the visit was to progress feeder/slaughter cattle protocol discussions and to explore opportunities to improve access for breeding cattle, sheep and goats. The delegation undertook visits to export yards, feedlots, cattle properties and laboratories. Technical protocol and operational discussions were also held between the DoA and the Chinese officials. The week-long visit was supported by state LEAs, state and federal departments, exporters, producers and registered premise operators. Feedback from the visit was positive and the delegation expressed a strong interest in increasing technical exchanges and collaboration between the two countries and developing a workable protocol capable of sustaining long term and large scale trade. Importantly, the visit provided the opportunity for Australian and Chinese government officials to form strong relationships which will support discussions and cooperation in the future. Follow up activities from the delegation, including reciprocal visits, technical exchanges and a research project have been completed or are underway. The LEP and the DoA will be working closely together to follow up and pursue opportunities to strengthen relationships and continue technical discussions on industry priorities.

Strategic Objective 4: Enhance communication

Communication has been an important focus of LiveCorp activities during 2013-14.

LiveCorp's communications activities have focused on stakeholder engagement in several areas including:

- Providing technical advice to support ALEC, to respond to media inquiries and critical incidents such as vessel breakdowns, ESCAS performance auditing policy, Mark IV box review and market related issues (Indonesia, Bahrain, Egypt and Saudi Arabia) and general issues such as the ASEL review, country briefings, protocol negotiations, incident management and contingency planning, various submissions and matters concerning the industry's social licence to operate implementation plan.
- LiveCorp supported ALEC to develop and implement the industry reform strategy.
- Regularly coordinating teleconferences with members and relevant stakeholders to facilitate the sharing of industry information and discussion.
- Distributing a fortnightly LEP Update to members providing regular market and media updates, statistical information and outlining the latest industry developments, events, trade and market access updates and the progress of industry programs as well as RD&E.
- Presenting at industry functions and producer forums and attending Senate Estimates hearings.

Social Licence to Operate

In October 2013 ALEC supported the Social Licence to Operate (SLO) industry reform strategy which has been funded by LiveCorp and LEP. The strategy has been progressed through ALEC as the manager and the Governance Committee comprising LiveCorp, ALEC Directors and a MLA representative. It has also included the development of an RD&E project to benchmark welfare indicators throughout the livestock export supply chain.

LIVEXchange 2013

The inaugural 2013 LIVEXchange conference in Townsville brought together over 400 stakeholders from across the trade to address and challenge key issues confronting the Australian livestock export sector.

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The conference provided a chance to highlight recent initiatives developed by the Australian export sector in cooperation with Governments here and abroad.

Some key highlights included comments from:

Dr Derek Belton

Head of International Trade Department
World Organisation for Animal Health (OIE)

"(Through live exports) Australia has taken animal welfare improvements to the rest of the world and for this has the OIE's unequivocal support."

"The live export trade (in Australia) is leading the world in animal welfare and providing benchmarking."

"Many developing countries (who are OIE signatories) need support and capacity building and the efforts of the live export industry have the full support of the OIE and we are confident that together we can successfully address societal expectations of animal welfare."

Dr Lisha Hewitt

Adjunct Lecturer, Murdoch University

"It is an industry that does need a pat on the back. We have taken the OIE code, and have encouraged our trading partners to implement levels of animal welfare at a much faster rate in much greater detail than would have happened without the live export industry."

"The live export industry has definitely improved the level of OIE implementation, it has definitely improved the levels of animal welfare standard development and implementation, and it has definitely improved animal welfare outcomes in our trading partner countries."

Strategic Objective 5: Enhance corporate governance

Performance Review

In accordance with the SFA and the LiveCorp Strategic Plan, a review of the performance of LiveCorp was undertaken. The Minister for Agriculture reviewed and approved the terms of reference. The review addressed the performance of LiveCorp in meeting its obligations under the SFA, the provision of plans and reports, implementation of plans to deliver benefits to industry and the effectiveness of measures implemented by LiveCorp.

The review found that the constitution, funding allocation and general SFA compliance requirements have all been met.

LiveCorp successfully fulfilled its obligations with respect to the provision of strategic plans, AOP, annual reports and budgets.

As LiveCorp invests in its own programs and jointly in the LEP with MLA, industry and the Australian Government to deliver industry benefits, it was not possible to attribute benefit to individual entities. However, those consulted during the performance review, including senior DoA officers, were firmly of the opinion that industry outcomes, especially in relation to animal health and welfare, would not have been achieved in the absence of LiveCorp's contribution. Stakeholders point to the networks and knowledge LiveCorp brought to the development, rollout and refinement of ESCAS that were not available to either the DoA or MLA.

The review found the implementation of LiveCorp strategic plans has delivered benefits to industry including: lower levels of ship-board morbidity and mortality; partnering in the development of ESCAS, analysis and coordination to lower the cost to industry of ESCAS compliance, provision of technical information and research to inform reviews of the ASEL; and the opening of additional livestock export markets.

The review concluded that LiveCorp has not been wasteful or inefficient in preparing or giving effect to its plans and does not conduct any wasteful or low priority activities. LiveCorp was considered a lean outcomes focused operation. The stakeholder survey reported that LiveCorp's programs and services were rated between 'good to excellent'.

The Performance Review report provided 14 recommendations that the Board provided in-principle support for.

Annual Operating Plan

The AOP for 2014-15 was completed and provided to the Minister for Agriculture on 30 June 2014. The AOP is a confidential document that is used for allocating yearly funding against the programs and strategic objectives outlined in the Strategic Plan.

Annual General Meeting

The 2013 AGM was held in October in Townsville alongside the LIVEXchange Conference. Co-operation with the Queensland Livestock Exporters Association was central to the event's success.

"The review concluded that LiveCorp has not been wasteful or inefficient in preparing or giving effect to its plans and does not conduct any wasteful or low priority activities"

WHAT'S SO GOOD?

FACT SHEET

13,000 JOBS

The Livestock export industry employs approx. 13,000 jobs each year. These jobs are predominantly in rural and regional areas, with the benefits of employment flowing on to families and remote communities. [Centre for International Economics, 2011; Hassell & Associates, 2006]

The industry provides significant employment opportunities for indigenous communities, especially in areas where remoteness and access to other work alternatives make job options difficult. Indigenous cattle producers and land holdings like the Indigenous Land Corporation benefit greatly from live export in the northern beef industry. "Improving the longer term economic and environmental sustainability of Indigenous owned pastoral properties across northern Australia". [The Northern Australia Land & Water Taskforce Report, 2009]

75% of northern farmers depend on live export

The remoteness of rural and regional communities means that there are few alternative employment opportunities for the people involved in the industry. ABARES reports that over 75% of properties in Australia are partially or completely reliant on live cattle receipts. [ABARES, 2007]

Supporting farmers & the price

The livestock export industry increases livestock prices across the live export. Live export contributes approx. \$110 Million at farm level and price of domestic meat.

The gross value of the red meat industry would be \$209 Million less in Northern Australia cattle prices would fall 24% for cattle. In WA

7,522 people trained

Of the 109 countries exporting livestock globally, Australia is the only one where significant work is being done through LiveCorp and MLA in training practices on the ground in destination countries.

The live export industry runs training programs on livestock to train the trainer programs to develop and pass on the skills. Manuals have been made and translated into more than 10

23% refrigeration

Indonesia is Australia's largest livestock export market. Without live export, this means that local people have to swap to chilled meat (ABARE, 2008).

If livestock exports were stopped demand for Australian beef and fewer incomes would be able to afford beef of an

An argument sometimes used against exporting live livestock to Indonesia, this is simply not possible.

Fighting food insecurity

Food security is a central reason why countries export livestock and internal stability to grow enough protein to

Of Australia's export markets, one third are on the list of countries which is a major cause of food insecurity. The

Exporting Animal Welfare to the world

VISIT LIVECORP.COM.AU FOR MORE INFORMATION ABOUT ANIMAL WELFARE, RESEARCH & DEVELOPMENT

WHAT'S SO GOOD ABOUT LIVE EXPORT?

HELPING AT HOME:



13,000 JOBS

contributed to the economy each year through live export: more opportunities for remote and indigenous employment



75% of farmers in Northern Australia rely partially or wholly on live export



Supporting ALL farmers

Without live export the domestic meat market would decline by \$200 million and WA sheep prices would fall 46%

HELPING OVERSEAS:



7,522 people trained in Animal Welfare through Live Export initiatives around the globe since July 2011



Just 23% of homes in Indonesia have refrigeration to store boxed meat



Fighting hunger

A third of the countries Australia exports to are on the Global Hunger Index

Exporting Animal Welfare to the world

VISIT LIVECORP.COM.AU FOR MORE INFORMATION ABOUT ANIMAL WELFARE, RESEARCH & DEVELOPMENT AND PROGRAMS



Research Development and Extension: Other program outcomes.

The LEPRD&E program focuses on three key strategies that form the basis of LiveCorp's 2013-2015 Strategic Plan:

- Animal health and welfare
- Supply chain efficiency and regulatory performance
- Market access and trade development

The largest area of investment for the RD&E program for 2013-14 was animal health and welfare (71%), which is consistent with previous years.

The program has continued to focus on projects to address key priority areas such as: heat stress, respiratory diseases and salmonella/inanition.

It remains committed to investment in supporting exporters to meet ESCAS requirements through the translation of numerous training and resource materials such as Standard Operating Procedures, Stunning Maintenance DVDs, Work Instructions, and Training DVDs. The resources developed have been translated into various languages, including Turkish, Russian, Farsi, Urdu, Vietnamese, Tagalog, Malaysian and Chinese.

A summary of some of the key projects that have commenced or that were completed in the last year are outlined below in the three strategic areas:

Animal health and welfare

Measuring heat load and thermal management strategies in sheep

The purpose of these two projects was to collate and analyse data on heat load in sheep exported to MENA. Data is currently being collected on vessels, in feedlots and in climate controlled laboratory situations in Australia.

A key component of the project will be the development of strategies and designs for managing the risks of heat load.

Monitoring and evaluation of the HotStuff model

The objective of this project was to collate and assess relevant retrospective on-board data sets in sheep exported for MENA in order to validate HotStuff predictions. The findings of this project are in the final stages of analysis.

Backgrounding and feedlot strategies to address inanition in sheep

This project has electronically tracked and monitored the feeding and drinking patterns of approximately 10,500 sheep, from September 2011 to May 2014. The overall mortality for the sheep monitored is 0.89%. A key finding of the project to date is that a sheep that eats for less than 30 minutes a day is at high risk of not eating at all. However, after four days on a pelleted ration over 90% of sheep are eating for periods greater than 30 minutes (Figure A). This project is due for completion in early 2015.

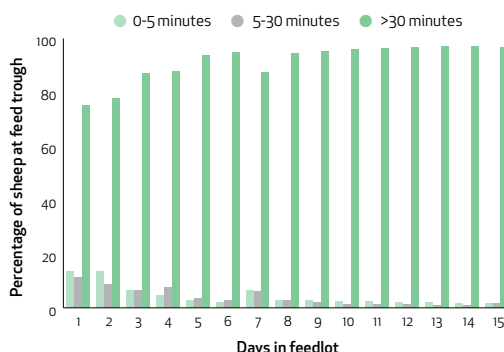


Figure A. Percentage of sheep eating 0-5 minutes, 5-30 minutes, >30 minutes per day for the 15 days at a feedlot (all pens Sept, Jan, Feb and June).

DAM Attenuated Salmonella Vaccine

This project has constructed virulence-attenuated derivatives of salmonella DAM vaccines that improve vaccine safety, without compromising efficacy. Additional attenuating mutations have been introduced into the modified live Salmonella DAM vaccine to reduce the risk of reversion of virulence and to assist in regulatory approval to bring the vaccines into Australia for further large animal research.

Regulatory approval to bring the vaccines into Australia for further large animal vaccine research requires rigorous studies that demonstrate a high level of vaccine safety and efficacy with minimal toxicity. The overall goal of the project is to develop a modified live Salmonella vaccine that is safe, well-tolerated, and which confers robust cross-protection in vaccinated animals.

Livestock Air Transport Safety Assessment (LATSA) software

LATSA software provides estimates of environmental hold conditions such as heat, moisture and carbon dioxide in freighter and passenger aircraft transporting livestock in or out of Australia. The project aims to collect empirical data during consignments of livestock transported by air to further analyse and validate the predictions of the LATSA 2.0 software.

Developing data collection systems for cattle

This ongoing project has produced valid and credible descriptions of causes of death in long-haul cattle exported from Australia, and has developed systems that can be implemented by industry to describe and record causes of death on an ongoing basis.

An important resource from this project has been information for the Veterinary Handbook for the Live Export Industry. A key R&D extension outcome for 2013-14 has been the development of the Veterinary Handbook content into a mobile application (app) that is available within the iTunes and Google Play stores for download.

Within crate ventilation on-board aircraft

Ventilation conditions experienced by animals inside live animal air export crates are virtually unknown. The objective of this project is to investigate the ventilation conditions (e.g. carbon dioxide, ammonia, temperature and relative humidity) within animal crates during air transport. The expected outcome from this project will be a set of recommendations for air-freighted livestock that will significantly reduce the risk of mortalities during air transport.

Alternative sheep restraint devices

This project will consider existing sheep restraining systems in use in Australia and internationally, with the aim of designing, or modifying existing restraint devices to deliver improved animal welfare and operator safety that aligns with ESCAS and OIE requirements. The project will focus on devices that are relatively 'low-tech' and simple to retro-fit into existing facilities where power supplies may be intermittent. The restraining systems will be promoted in our sheep export destinations, in particular in new markets that are converting from traditional manual slaughter methods to ESCAS-compliant procedures.

Premature lactation

This project aims to test the hypothesis that Zearalenone (ZEN) may contaminate pelletised

feed fed to dairy cattle before and/or during long-haul transport, and investigate the suitability of equipment and methodologies for the analysis of ZEN in feedstuffs that is practical for use on vessels used for exporting livestock.

Pinkeye on long-haul cattle voyages

Severe eye diseases may sometimes be a significant problem in *Bos taurus* cattle on long-haul voyages. The objectives of this project are to review current literature and gather epidemiological data from recent outbreaks. The aim is to identify micro organisms associated with the disease and develop prevention strategies to improve animal health and welfare.

Further improving the environment on livestock vessels leaving Australia

This review is being undertaken to identify innovations or developments that have the potential to continuously improve the environment within livestock vessels and facilities. The comprehensive literature review will identify best practice recommendations, new developments and assist in the development of future research and development.

Beef breeder husbandry manual for overseas markets

As beef breeder markets continue to expand, there is a need to complement exports of these cattle with highly relevant and customised support materials. The Beef Breeding Manual will be an addition to industry's suite of resources that contribute to improved animal welfare outcomes in overseas markets. The manual will provide highly relevant and customised support materials, especially for cold climates and further add to the productivity and efficiency of Australia's beef breeder customers.

"An important resource from this project has been information for the Veterinary Handbook for the Live Export Industry"

Supply Chain Efficiency

Contingency planning review

This project has reviewed the risks and contingency options that are available to the livestock export industry during shipment. The project has developed a contingency manual that will aid exporters in developing individual Consignment Risk Management Plans (CRMP's).

ASEL review scoping study

This project provided detailed information to support industry's input into the Australian Government's ASEL review. This included the published milestone report detailing current research and knowledge relating to the export of sheep to the Middle East from southern ports.

LiveCorp training services review – stockman and stevedores

Education and training is a focal point of the industry to ensure long-term sustainability and continuous improvement. The existing courses provided by LiveCorp are currently being reviewed and refined to ensure that they meet the requirements of ASEL and industry participants and are consistent with ESCAS and OIE requirements. This project will be ongoing in 2014-15.

ESCAS risk management and quality assurance program development

This project considered the feasibility and potential structure/requirements of a risk management and quality assurance program to complement ESCAS. It reviewed existing risk management and quality assurance systems and recommended a livestock export industry QA program be developed.

The recommendations of the report were supported by industry and led to the development of the project entitled: Development of a QA program for the Livestock Export Industry, that will commence in 2014.

Sheep, cattle and goats yard manual

The aim of this project is to produce a manual of livestock handling facility designs that are suitable for ports, farms/feedlots and abattoirs in export markets.

Truck specific designs for pens, gates, side and flooring options will also be included. The manual will be a 'one-stop-shop' of facility designs for the live export trade.

Market access and trade development

China market access scoping study

This project gathered information on the technical market access, trade and regulatory issues that are relevant to the export of feeder/slaughter cattle to China. It produced a scoping document that has assisted industry to develop a strategy for working with parties in Australia and China to establish a beneficial trade.

Saudi vaccinator course review

LiveCorp provides a range of training services to the industry which includes the Saudi Vaccinator Training course. These training services are highly valued by industry and in some cases, are required under regulations (ASEL/Export Orders). The Vaccinator Training Program must produce trained and accredited vaccinators for the Saudi Livestock Export Program to enable the export of Australian sheep to Saudi Arabia. Currently there are no systems in place to ensure the skills of previously accredited vaccinators are maintained by means of refresher training. The current course structure, delivery, training materials and accreditation process of vaccinators is being reviewed to ensure the ongoing training of vaccinators and the provision of training materials outlining best practice techniques.

Economic benefit cost analysis of live camel exports

Anecdotally there is strong demand for feeder and slaughter camels from importers in MENA and Malaysia. This demand can only be met if the export process is commercially viable under ESCAS. The purpose of this project is to clearly define and describe the camel live export supply chain from property of origin in Australia through to the point of slaughter in MENA and Malaysia. Once defined, the project will undertake a cost/benefit analysis. The project will also alter/refine the cattle and buffalo ESCAS checklist for camels for all elements of the supply chain.

Intellectual property and the commercialisation of RD&E

Intellectual property and its ownership is decided and clearly defined at the time of project set-up. This is managed by the LEP on behalf of stakeholders. A plan for commercialisation and extension of key outcomes of projects is determined to ensure that deliverables are disseminated.

LiveCorp Services and Innovation

The Services and Innovations program aims to support industry to increase its ability to meet and exceed existing standards, regulation and reporting requirements. It also provides training in livestock handling and compliance requirements to on-board stockpersons and undertakes activities in response to industry requirements.

Major activities for 2013-14 are detailed in the sections below. Other activities undertaken during the year include providing secretariat services to the breeding livestock committee, providing support for the development and delivery of R&D extension materials, participating in the Protocol Committee, assisting with the development of the AOP and the planning and coordination of the LiveCorp AGM and industry conference.

Infrastructure Grants Program

In 2013-14, an Infrastructure Grants Program was developed as part of the Australian Animal Welfare Strategy (AAWS) funding that was made available to industry to undertake animal welfare and capacity building projects. The objective was to assist ESCAS compliance capacity within new, emerging and existing supply chains through reimbursing exporters' investments for eligible infrastructure (capital only). A funding ratio of 75:25 (government: industry) was made available to exporters for infrastructure that increased and/or strengthened their compliance capacity and animal welfare performance.

Applications for infrastructure improvements were assessed by a skills-based independent advisory panel (which included NSW RSPCA CEO Steve Coleman, veterinary specialist Paul Cusack, and former Managing Director of MLA and current Director of AHA, David Palmer) against the following criteria: animal welfare improvement, communal benefit of the infrastructure, likelihood of delivery within the timeframe and value for money. Funding was released to approved projects following the submission of a final report and evidence of the infrastructure upgrade, payment, installation and Departmental ESCAS approval.

A total of \$282,853.07 was invested in infrastructure within emerging and existing markets to increase ESCAS capacity and animal welfare throughout the supply chain. The program has a strong focus on upgrades at the point of slaughter with a emphasis on the promotion of stunning.

Stockperson Training Course

Two stockperson training courses were delivered in 2013-14 to support the understanding and continuous improvement of livestock management, health and welfare. The courses were attended by a total of 50 participants which included participants from the DoA. To continuously enhance and develop the course and training materials, the LEP funded a RD&E project to review LiveCorp's training services and accreditation processes (for stockpersons, stevedores and Saudi vaccinators) which is ongoing. The two courses run in 2013-14 were both cost recovered and reported positive feedback from participants.

Exporter-Government meetings and templates

LiveCorp facilitated exporter-Government meetings to identify and refine export application processes, regulatory and export efficiencies. LiveCorp developed numerous templates to assist exporters in creating the identified efficiencies and include: basis of certification templates for numerous markets, ESCAS application templates, due diligence declarations, investigation reporting and self-reporting templates.

Mark IV type restraint box coordination

The Australian Government undertook a review of modified and copy Mark IV type restraint boxes in approved ESCAS supply chains. The report recommended (Recommendation 7) that all Mark IV type boxes should be audited and assessed and where necessary, upgraded.

To minimise duplication LiveCorp liaised with the DoA and exporters and coordinated a review schedule of the Mark IV boxes for exporters. The coordination identified 18 instances of duplication and reduced the number of reviews by that number resulting in a potential cost saving of US \$27,000 to exporters.

Audit Duplication Project

This project aimed to identify the extent of audit duplication under the current ESCAS arrangements, propose a more efficient auditing system and develop a blueprint for a cost-recovered independent service provider or model. The project will consist of four phases, the first which will be funded jointly by the LEP.

In consultation with stakeholders, analysis identified that 34% of Performance Audits of in-market abattoirs and feedlots in a two-year cycle are duplicated. This duplication is estimated to cost the industry more than US\$1.9 million over the two-year audit cycle.

Dairy Industry Program

LiveCorp receives a voluntary levy of \$3 per head for exported dairy cattle. The levy income received was \$149,578 which is estimated to be a collection rate of 54%. LiveCorp continued to support the sector, with regular communication throughout the year with the sector, industry and government departments to identify developing issues and market access priorities and progress these through the Protocol Committee, with provision of follow up technical support, R&D materials and market access activities.

Key market access activities delivered by the Industry Capability Program through the Protocol Committee and Breeding Cattle Committee included coordinating and contributing industry advice to the DoA to further protocol negotiations in Asia and MENA.

Other market priorities included LiveCorp developing and coordinating work plans to enable ongoing China Inspection and Quarantine (CIQ) working group visits and dairy cattle exports to China. In mid 2013, the Triangle 4 vaccination became unavailable due to a supply issue that caused problems for exports to Russia and Kazakhstan which require vaccination using Triangle 4 as part of their protocol requirements. As a result of the joint efforts all shipments proceeded.

The dairy program also provides funding, representation and advice on the ongoing management of the National Arbovirus Monitoring Program (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 markets access to Bluetongue sensitive markets.

Delegations were also a key area of market access development for 2013-14. The 2014 Chinese AQSIQ delegation had strong breeder cattle and dairy focus. LiveCorp coordinated and facilitated a meeting with breeding cattle exporters and the AQSIQ delegation to discuss protocol and further explore opportunities to improve access for breeder and dairy cattle, as well as to further communicate the suitability of breeds for export. A follow-up LEP-led technical visit to China in May 2014 also had a strong dairy cattle focus and included discussions with the Chinese Ministry of Agriculture and visits to dairy facilities to progress market access/operational activities in support of the Chinese dairy heifer trade.

LiveCorp together with the LEP, ALEC and an exporter representative participated in the Dairy Export Pedigree Oversight Group with Dairy Australia, Australian Dairy Herd Improvement Scheme and Holstein Australia.

RD&E continued to be delivered through the LEP and has continued to research premature lactation and pinkeye. The Dairy Stock take Review Project is a joint partnership with LiveCorp, MLA and Dairy Australia that will identify the current value of the trade and identify future opportunities, issues and sensitivities. This project will be ongoing in 2014-15. LiveCorp acknowledges that the voluntary levy contributions are a reflection of the value and commitment the exporters make and see in the dairy export trade.



The Livestock Export Program

LiveCorp partners with MLA in the LEP to deliver animal welfare improvements in Australia and overseas markets funded by Australian producers, exporters and the Australian Government. The LEP is widely recognised by LiveCorp members as the most efficient mechanism for the delivery of in-market services and RD&E in support of LiveCorp's strategic objectives.

In 2013-14, LiveCorp invested \$1,150,000 – 35% of its expenditure – in the LEP. This investment was in line with LiveCorp's 2013-15 Strategic Plan and 2013-14 AOP. The ongoing commitment to the LEP in 2013-14 allowed LiveCorp to continue to match MLA's funding contribution to the LEP RD&E Program and increase its investment across the in-market programs.

LiveCorp maintains a good balance between management and investment of its contribution to the LEP through close communications, collaborative planning processes and leadership (the LiveCorp CEO and the MLA Livestock Exports Manager co-manage the LEP). MLA continues to be the majority 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 strong partnership with exporters and producers.

Collaboration – Other

In 2013-14, LiveCorp continued to identify opportunities for further RD&E collaborations with Research and Development Corporation (RDCs) through the LEP. A key example was a joint collaboration with Dairy Australia on a dairy heifer trade scoping study through the LEP RD&E program.

LiveCorp also collaborated jointly with the Rural RDCs as host of the Meeting of the G20 Agricultural Chief Scientists in June 2014. The meeting allowed LiveCorp to demonstrate the successes of the RD&E program to global leaders in agricultural science and promoted key outputs of international relevance and significance, including the SOP training materials and the live export veterinary handbook app.

LiveCorp also maintained its commitment towards priority cross-sectoral RD&E strategies under the Primary Industries Ministerial Council RD&E Framework, particularly where issues aligned with industry priorities and budget availability.

In 2013-14, LiveCorp's cross-sectoral RD&E involvement included:

- Continuing its membership on the Animal Welfare RD&E Strategy Steering Committee.
- Agreeing to support Animal Health Australia in the development of the Animal Biosecurity RD&E Strategy.
- A strong and active involvement in the Council of Rural Research and Development Corporations (CRR&DC), of which the LiveCorp Chairman is a member.

The Veterinary Handbook for Cattle, Sheep and Goats App

The LiveCorp and LEP developed Veterinary Handbook app was launched in May 2014 by the Minister for Agriculture, Barnaby Joyce. The Hon Barnaby Joyce welcomed the development of a new App for those working in the livestock industries and congratulated LiveCorp and MLA on building such an innovative tool for industry.

"The Veterinary Handbook for cattle sheep and goats App is a great resource for the whole industry, and will provide information on the diagnosis, treatment and prevention of diseases commonly seen during the transportation of livestock at the touch of a button. This App is a comprehensive, mobile resource aimed to assist the whole industry, from livestock handlers and animal health professionals to livestock producers, and veterinary and agricultural students."

The launch of the app also received global recognition with Dr Bernard Vallat, Director General, World Organisation for Animal Health (OIE), noting that this initiative will further assure the health and welfare of livestock during transport to their export market destinations.

"OIE congratulates the Australian livestock industries for this initiative to further assure the health and welfare of livestock during transport to their export market destinations."

The app is available on iTunes and Google Play for download onto iPhone, iPad or Android phone or tablet, and is available online at the following website: www.veterinaryhandbook.com.au.

Compliance Report

LiveCorp's current SFA expired on 30 June 2014 and a new agreement from 1 July 2014 to 30 June 2018 is awaiting Ministerial approval.

In accordance with schedule 2 of the Agreement, the Board wishes to advise:

The Annual Report provides disclosure of the actions and outcomes of the company in relation to the key performance indicators included in the Strategic and Operating Plans. Specific reports include:

- a) The operations reports included elsewhere in this report provides information on performance against goals outlined under the strategic and operating plans.
- b) The R&D report includes:
 - The extent to which our R&D activities contribute to the Australian Government's priorities for expenditure on R&D projects and the achievement of public benefits;
 - Collaboration with industry and other research organisations;
 - Commercialisation of R&D;
 - Intellectual property creation; and
 - Agreements entered into relating to R&D.
- c) At the General Meeting of 12 June 2013, the LiveCorp board received a requisition from members calling for an election of the Ordinary Exporter and Special Exporter Directors. As a result, the LiveCorp board undertook the required processes in calling for nominations and held a postal vote for the individual nominees put forward for each position with an outcome of one re-appointment and one new appointment to the Board of LiveCorp.
- d) At the Annual General Meeting held in Townsville 30 October 2013 there were two resignations, one re-appointment and one new appointment to the Board of LiveCorp with no material changes to the Membership of LiveCorp.
- e) LiveCorp did not form any subsidiary companies during the year. It did however continue to operate the LEP in conjunction with MLA.
- f) The Advisory Services Agreement was renegotiated with ALEC.
- g) During the year the following reports and plans were presented to the Federal Minister for Agriculture and the DoA:
 - The compliance certificate in respect to LiveCorp meeting the requirements of the SFA for the year ended 30 June 2013, as per clause 17.4, was signed by the Chairman on 30 September 2013 and forwarded to the Department;
 - 325 copies of the Annual Report, as per clause 12.2, were forwarded to the DoA on 21 October 2013; and
 - The half yearly financial reports, which included statements of financial position (clause 12.5(b)) and statements of financial performance (clause 12.5(a)) were provided to the DoA on 29 November 2013.



Exporter Members and Associate Members

AAA Livestock Services Pty Ltd
Agricon Services (Aust) Pty Ltd
AH & R Schmidt Pty Ltd
Atlas Exports Pty Ltd
Austock Rural Pty Ltd
Australian Livestock Exports Pty Ltd
Australian Rural Exports (AUSTREX) Pty Ltd
Capricorn Pastoral (Davies Lander Pty Ltd)
Carpenter International Pty Ltd
Central Pacific Livestock Pty Ltd
CharterAir
Dairy Livestock Exports
DW Moyle, Basin Exports Pty Ltd
Elders International Australia Ltd
Emanuel Exports Pty Ltd
EMS Rural Exports Pty Ltd
Expo-Trade Pty Ltd
Flinders International Pty Ltd
Frontier International Agri Pty Ltd
Frontier International Northern Pty Ltd
Global Livestock Corporation (Aus) Pty Ltd
Global Livestock Marketing Pty Ltd
Grant Agri (Australia) Pty Ltd
Halleen Australasian Livestock Traders Pty Ltd
Hassad Australia Operations Company Pty Ltd
Hedley John Exporters Pty Ltd
HXA Pty Ltd
Independent Livestock Services
International Livestock Export Pty Ltd
Landmark Global Exports Pty Ltd
Landmark Operations Limited
Lembiru Livestock Pty Ltd
Livestock Air Corporation Pty Ltd
Livestock Australian Exports Pty Ltd
Livestock Shipping Services Pty Ltd
Mariah Hill Alpaca and Exports
North Australian Cattle Co Pty Ltd
Oceanic Cattle Stations Aust Pty Ltd
P&D Exports Pty Ltd
Samex Australian Meat Co Pty Ltd
South East Asian Livestock Services
Success Pastoral Co
Sugarbag (QLD) Pty Ltd
Total Livestock Genetics
Viscount Agricultural Developments Pty Ltd
Wellard Rural Exports Pty Ltd

Associate Members

JK & CL McLoughlin
LiveAir
Minderoo Group Pty Ltd
Rural Export and Trading (WA) Pty Ltd
Zoetis

Industry Members

Australian Livestock Exporters' Council
New South Wales Livestock Exporters Association
Northern Territory Livestock Exporters Association
Queensland Livestock Exporters Association
South East Australian Livestock Exporters Association
Western Australian Livestock Exporters Association



DIRECTORS' REPORT

Your directors present their report on LiveCorp for the year ended 30 June 2014.

Directors

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

David Galvin

Chairman (Non-Executive)

Qualifications

Masters Degree in International Development Studies, Bachelor of Arts

Experience

Mr Galvin comes from an extensive rural background in the Northern Territory and overseas. He studied at the University of Queensland, Deakin University and in the United States. 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 Director of Tubarao Investments Pty Ltd a property investment company.

Special Responsibilities

Mr Galvin was a member of the Finance, Audit and Risk Committee.

Terry Enright

Non-Executive Director

Experience

Mr Enright is a primary producer in the south of Western Australia and as well as operating a successful farming operation with sheep, beef cattle and grain, he has played a leading role in the administration of agricultural research in the Grains industry. He chaired the Grains Research and Development Corporation for five years to 2007 and chaired the Council of Rural Research Corporations for four years.

Mr Enright was chairman of the Albany Port Authority for ten years and has experience in development of Government policy and port planning. Mr Enright has experience in government and stakeholder relations, industry strategic planning and animal production. He retains a number of industry positions including Director of the Crawford Fund associated with international agricultural research in the developing world, Chairman of the Australian Export Grains Innovation Centre and Chairman of the Industry Advisory Board for the Institute of Agriculture at University of WA.

Special Responsibilities

Mr Enright is the Chairman of the Finance, Audit and Remuneration Committee.

Dr David Jarvie

Non-Executive Director

Qualifications

B.VSc (Hons)

Experience

Dr Jarvie is a Veterinarian with 38 years experience in livestock export, meat and stockfeed manufacturing industries, initially with Metro Meat Ltd as Live-export Manager and Divisional Manager for a regional abattoir in Geraldton, and later as supervising export veterinarian with AQIS in Victoria. He is currently Group Veterinarian with Wellard Rural Exports and General Manager Feeds and Animal Production.

Dr Jarvie is a member of Biosecurity Council of Western Australia and the Chairman of the management Committee of Biosecurity Industry Funding Schemes for Cattle in Western Australia.

Dr David Jarvie cont.**Special Responsibilities**

Dr Jarvie is a member of the Finance, Audit and Remuneration Committee

Angus Adnam

Non-Executive Director

Experience

Mr Adnam has over 35 years' experience in the red meat and livestock sector through both practical experience and government representative roles. Mr Adnam is currently Managing Director of AAA Livestock Services Pty Ltd with extensive experience and background across Asian markets (including China). He was a Director of the Australian Livestock Export Council (ALEC) between 1999-2006 and 2007-10. In both capacities Mr Adnam has developed strong working relationships with Australian livestock exporters, producers and importers of Australian livestock in key overseas markets.

Lisa Dwyer

Non-Executive Director

Qualifications

AdvDip(Agr.), Grad AICD, Cert IV OHS & RBM, ARLF, Graduate Certificate Australian Rural Leadership, Graduate Certificate Agribusiness.

Experience

Mrs Dwyer has over 10 years of experience in operating a dairy farm, beef and export dairy enterprise. Prior to that role she undertook the role of Region Services Manager for Racing Victoria Limited. Mrs Dwyer 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 has recently completed an advanced diploma in agribusiness with the University of Melbourne and is a recent graduate of the Australian Rural Leadership Program. Mrs Dwyer is currently Chairman of WestVic Dairy, the Regional Development Program representing in excess of 1400 dairy businesses in southern Victoria. She is also an advisory committee member to the State Minister for Agriculture and Food Security on animal welfare and a member of the Victorian Farmers' Federation Animal Welfare Committee.

Special Responsibilities

Mrs Dwyer is a member of the Finance, Audit and Remuneration Committee.

Peter Kane

Ex-Officio Director

Qualifications

B.Comm

Experience

Mr Kane retired in 2009 after nearly 20 years with Austrade. During that time he was Senior Trade Commissioner at five overseas posts – Seoul, Toronto, New Delhi, Milan and Kuala Lumpur. He also held a number of management positions in Australia. In the late 1980's Mr Kane was Dalgety Australia's European Manager, based in Hamburg. He has been Chairman of ALEC since 2010.

Dr Raoul Nieper A.M.

Chairman (Non-Executive) (Resigned 30/10/2013)

Qualifications

B.VSc (Hons), Grad. Dip. Bus. Admin, FAICD, FAIM

Dr Raoul Nieper A.M. cont.**Experience**

Dr Nieper has considerable experience in board positions. Until recently, he was Chairman of Animal Health Australia and formerly Director General of Queensland DPI. He is a veterinarian who has extensive experience at the interface between government and industry. Dr Nieper has a demonstrated commitment to animal welfare issues and a sound understanding of the live export industry.

Special Responsibilities

Dr Nieper was Chairman of the Governance & Remuneration Committee.

David Uebergang

Non-Executive Director (Resigned 11/09/2013)

Experience

Mr Uebergang has had a life-long career in the agribusiness sector. He has over 40 years senior management experience in the Elders Group of Companies at national and international levels. He has spent the last 20 years as Livestock Export Manager for Elders International Australia Limited. Presently he consults to the Livestock Export sector on new and developing markets.

Special Responsibilities

Mr Uebergang was a member of the Governance & Remuneration Committee.

Malcolm Foster

Non-Executive Director (Resigned 30/10/2013)

Qualifications

Bachelor of Technology in Mechanical Engineering, Graduate Diploma in Business Administration, FAICD.

Experience

Mr Foster has been associated with the meat and livestock industry for over 35 years. During this time he has managed feedlots and meat processing plants in South Australia, New South Wales and Queensland. Mr Foster has been associated with the production, processing and the marketing of Australian grainfed beef in Asia, particularly Japan, for over 20 years. In 2009, Mr Foster retired from the position of Managing Director of Rangers Valley Cattle Station, a position he held for nearly 18 years.

Mr Foster was a director of the Australian Lot Feeders Association for 20 years and served as its President twice. He is currently Chairman of the National Feedlot Accreditation Scheme and the President of the Australian Registered Cattle Breeders Association.

Special Responsibilities

Mr Foster was a member of the Governance & Remuneration Committee.

Objectives and Strategies

LiveCorp's objective is to enhance the livestock export industry's sustainability and competitiveness by providing support to Australia's livestock exporters through marketing and R&D services along the livestock export industry supply chain.

LiveCorp's short and long term strategies are as follows:

- Ongoing improvement in animal welfare outcomes.
- Improve industry efficiencies, capabilities and livestock performance through the supply chain.
- Through education and communication, build government and community acceptance of the industry and increase stakeholder awareness and satisfaction.
- Assist and facilitate market access conditions and strengthen demand for Australian livestock.
- Deliver member and stakeholder confidence and value through strong governance, planning, evaluation and review.
- Comply with the Statutory Funding Agreement ("SFA"), which provides the major revenue source for the company.

These strategies are underpinned by Research and Development.

Principal Activities

The principal activities during the financial year were as follows.

1. Livestock Export Program (LEP) in conjunction with Meat and Livestock Australia (MLA).

This includes funding and management of agreed joint venture activities covering:

- Trade Support & Market Access.
- Animal Welfare programs in market.
- Communications – Incident management & market intelligence
- Research and Development.

2. Other Corporate Functions

- Corporate Communications and Relationship Management – with industry, government and other stakeholder groups.
- Corporate Management – further development of LiveCorp's membership, funding and administrative arrangements.
- Application of corporate governance and compliance with the SFA.

3. Issues Management

The focus of industry resources on issues of critical importance to the future of the livestock export trade, in consultation with the industry peak policy body, the Australian Livestock Exporters' Council.

Operating Result

The surplus of LiveCorp for the financial year amounted to \$1,936,413 (2013: Surplus of \$356,839).

Performance Measures

The strategic plan for 2013-2015.

LiveCorp's performance against its strategic and operating plans takes into account:

- The performance of LiveCorp in meeting its obligations under the SFA.
- The implementation of annual operating plan (AOP) and strategic plans and the effectiveness of LiveCorp in meeting the targets and budgets set out in those plans; and
- The delivery of benefits to the industry foreshadowed in those plans.
- Increased collaboration between LiveCorp, MLA and other Research and Development Corporations (RDCs).
- Greater adoption of RD&E outcomes and industry services

KPI's have been developed to monitor performance against the strategic themes. In addition over the planning period, LiveCorp will increase its information and data collection activities to further bolster its monitoring and measurement of progress against individual projects and programs.

LiveCorp's overall performance takes into account the delivery of the below:

- The performance of LiveCorp in meeting its obligations under the SFA – reviewed twice annually by the Department of Agriculture, including in 2014, and at both times LiveCorp was found to have complied with the SFA.
- The development and implementation of the AOP – measured by adherence to budget and stakeholder survey. Stakeholder feedback in 2013/14 showed a level of strong satisfaction, rating the provision of services as adding value to their businesses.
- The maintenance of strategic plans – measured by stakeholder and government signoff. The 2013 – 2015 strategic plan was completed with Minister signoff in early 2013. This plan replaces the 2010 – 2014 strategic plan.
- Independent performance reviews of delivery of benefits to the industry foreshadowed in the above plans.

LiveCorp is constantly improving its performance. The key measures include regular surveys of stakeholder satisfaction and external performance review that are undertaken every three years. These outcomes are communicated to the members and stakeholders.

Meetings of Directors

Directors	Directors' Meetings		Committee Meetings				Governance & Remuneration	
			Finance, Audit & Risk		Finance, Audit & Remuneration			
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Galvin	6	6	1	1	-	-	-	-
Terry Enright	6	6	1	1	2	2	-	-
David Jarvie	6	5	1	1	2	2	-	-
Angus Adnam	4	4	-	-	-	-	-	-
Lisa Dwyer	4	4	-	-	2	2	-	-
Peter Kane	6	6	-	-	-	-	-	-
Raoul Nieper	2	2	-	-	-	-	1	1
Malcolm Foster	2	1	-	-	-	-	1	1
David Uebergang	1	1	-	-	-	-	1	1

Significant Staff Changes

The 2013 AGM completed LiveCorp's restructure with Constitutional amendments passed by LiveCorp members on 12 June 2013, which reduced the size of the LiveCorp Board from seven to five, plus one Ex-Officio Director.

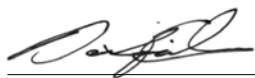
Members' Guarantee

Australian Livestock Export Corporation Limited 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 2014 the number of members was 46 (2013: 42) and the maximum amount which could be contributed is \$4,600 (2013: \$4,200).

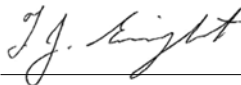
Auditor's Independence Declaration

A copy of the Auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 33.

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



David Galvin
Director



Terry Enright
Director

Dated this 21st day of August 2014

AUDITOR'S INDEPENDENCE DECLARATION



To the Board of Directors of Australian Livestock Export Corporation Limited

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Livestock Export Corporation Limited.

As lead auditor for the audit of the financial report of Australian Livestock Export Corporation Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in black ink, appearing to read 'AH', followed by a long horizontal line.

Andrew Hoffmann
Partner

A handwritten signature in black ink, appearing to read 'Nexia Court & Co'.

Nexia Court & Co
Chartered Accountants

Sydney

21 August 2014

Sydney Office

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Independent member of Nexia International



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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenues from continuing operations	2	4,654,097	3,233,912
Other income	2(b)	593,098	398,115
Direct costs		(48,536)	(59,147)
		5,198,659	3,572,880
Consultancy expense		(586,972)	(583,396)
Depreciation and amortisation expense		(10,845)	(11,070)
Director & staff related expenses		(1,002,597)	(912,875)
Joint program expenses	3	(1,150,000)	(1,180,000)
Occupancy expense		(35,461)	(53,872)
Travel costs		(208,304)	(158,104)
Other expenses from ordinary activities		(268,067)	(316,724)
Profit before income tax		1,936,413	356,839
Income tax expense	1(b)	-	-
Profit for the year		1,936,413	356,839
Other comprehensive income		-	-
Total comprehensive income		1,936,413	356,839

The accompanying notes form part of these financial statements.

BALANCE SHEET

As at 30 June 2014

	Note	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	5	1,189,013	719,187
Trade and other receivables	6	752,268	716,280
Other current assets	7	19,349	38,135
Total Current Assets		1,960,630	1,473,602
Non-Current Assets			
Financial assets	8	2,729,271	1,704,357
Property, plant and equipment	9	11,938	19,117
Other Non-Current assets	7	-	58,760
Total Non-Current Assets		2,741,209	1,782,234
Total Assets		4,701,838	3,255,836
Current Liabilities			
Trade and other payables	10	223,779	719,228
Employee entitlements	11	62,642	47,599
Make-good provision		-	35,000
Total Current Liabilities		286,421	801,827
Non-Current Liabilities			
Employee entitlements	11	24,995	-
Total Non-Current Liabilities		24,995	-
Total Liabilities		311,416	801,827
Net Assets		4,390,422	2,454,009
Equity			
Retained earnings		4,390,422	2,454,009
Total Equity		4,390,422	2,454,009

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Retained Earnings \$
Balance at 30 June 2012	2,097,170
Total comprehensive income	356,839
Balance at 30 June 2013	2,454,009
Total comprehensive income	1,936,413
Balance at 30 June 2014	4,390,422

STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts from customers		5,456,389	3,291,189
Payments to suppliers and employees		(4,178,153)	(2,891,539)
Dividends received		57,677	63,651
Interest received		30,521	34,447
Net cash provided by (used in) operating activities	13(a)	1,366,434	497,748
Cash Flows from Investing Activities			
Purchase of property plant & equipment		(3,666)	(8,135)
Proceeds from sale of investments		(892,942)	(349,296)
Net cash provided by (used in) investing activities		(896,608)	(357,431)
Repayment of borrowings			
Net increase in cash held		469,826	140,317
Cash and cash equivalents at the beginning of the year		719,187	578,870
Cash and cash equivalents at the end of the year	5	1,189,013	719,187

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

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 non-current assets, financial assets and financial liabilities. 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 & equipment	25%

d) Financial Instruments

Recognition

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

Held-to-maturity investments

These investments have fixed maturities, and it is LiveCorp's intention to hold these investments to maturity. Held-to-maturity investments are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are recognised at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair value

The company has complied with Accounting Standard AASB7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurements hierarchy:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2), and
- (iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value for all financial assets at fair value through profit or loss is determined as follows:

- (i) Listed fixed interest securities: at published bid prices ie Level 1.
- (ii) Investments in unlisted managed funds: at exit prices published by fund managers ie Level 2.
- (iii) Cash and term deposits: at cost
- (iv) Other fixed interest securities: at exit prices published by fund managers ie Level 2.

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.

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. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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.
- 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 & 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.

	Note	2014 \$	2013 \$
--	------	------------	------------

2. REVENUE

Revenue

Statutory levies	2(a)	4,416,321	3,002,490
Dividends received		57,677	63,651
Interest received		30,521	34,447
Other revenue		149,578	133,324
Total Revenue		4,654,097	3,233,912

a) Statutory Levies

Marketing Levies		3,576,687	2,508,829
R&D Levies		839,634	493,661
		4,416,321	3,002,490

b) Other revenue:

Revaluation of Investments		131,972	95,481
Other income		461,126	302,634
		593,098	398,115

3. PROFIT BEFORE INCOME TAX

Expenses

Live Export Program			
Market Access		90,880	62,400
Trade Development		91,920	72,000
Animal Welfare		321,600	416,800
Communications		45,600	28,800
Research & Development		600,000	600,000
		1,150,000	1,180,000

4. AUDITORS' REMUNERATION

Remuneration of HLB Mann Judd (NSW Partnership) for auditing the financial report		-	21,750
Remuneration of Nexia Court & Co for auditing the financial report		18,000	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014 \$	2013 \$
--	------------	------------

5. CASH AND CASH EQUIVALENTS

Cash at Bank	1,189,013	719,187
--------------	-----------	---------

6. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	283,807	358,319
Other receivables	468,461	357,961
	<u>752,268</u>	<u>716,280</u>

7. OTHER ASSETS

Current

Prepayments	19,349	38,135
-------------	--------	--------

Non-Current

Rental guarantee deposit	-	58,760
--------------------------	---	--------

8. FINANCIAL ASSETS

At fair value through profit or loss:

Listed fixed interest securities	858,444	379,948
Unlisted managed funds	941,975	1,054,359
Cash unlisted fixed interest securities and term deposits	928,852	270,050
	<u>2,729,271</u>	<u>1,704,357</u>

	2014 \$	2013 \$
--	------------	------------

9. PLANT AND EQUIPMENT

Office and computer equipment

At cost	91,136	87,470
Accumulated depreciation	(79,776)	(69,277)
	<u>11,360</u>	<u>18,193</u>

Plant and equipment

At cost	9,462	9,462
Accumulated depreciation	(8,884)	(8,538)
	<u>578</u>	<u>924</u>

Total plant and equipment	<u>11,938</u>	<u>19,117</u>
----------------------------------	---------------	---------------

	Furniture and Fittings \$	Plant and Equipment \$	Total \$
--	---------------------------------	------------------------------	-------------

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment:

Balance at 1 July 2013	22,100	1,479	23,579
Additions	8,135	-	8,135
Disposals	(1,527)	-	(1,527)
Depreciation expense	(10,515)	(555)	(11,070)
Balance at 30 June 2014	<u>18,193</u>	<u>924</u>	<u>19,117</u>
Additions	3,666	-	3,666
Disposals	-	-	-
Depreciation expense	(10,499)	(346)	(10,845)
Carrying amount at 30 June 2014	<u>11,360</u>	<u>578</u>	<u>11,938</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014 \$	2013 \$
--	------------	------------

10. TRADE AND OTHER PAYABLES

Current

Unsecured Liabilities

Payables and accrued expenses	146,009	664,912
Other liabilities	77,770	33,538
Termination of lease	-	20,778
	<u>223,779</u>	<u>719,228</u>

11. EMPLOYEE ENTITLEMENTS

Current

Annual leave	<u>62,642</u>	<u>47,599</u>
--------------	---------------	---------------

Non-Current

Long service leave	<u>24,995</u>	<u>-</u>
--------------------	---------------	----------

2014
\$

2013
\$

12. CAPITAL AND LEASING COMMITMENTS

a) Operating Lease Commitments

Minimum lease payments, payable:

- Within 12 months	33,736	26,388
- Later than 12 months but not later than five years	4,195	37,135
	<u>46,623</u>	<u>63,523</u>

Operating Lease

Commitments include a sub-lease of premises.

The sub-lease has no fixed term.

The commitment disclosed is for the period of 12 months.

b) Other Commitments

Service agreement – ALEC

- Within 12 months	231,250	231,250
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Publication

- Within 12 months	-	-
- Later than 12 months but not later than five years	-	-
	<u>231,250</u>	<u>231,250</u>

c) Research & Development Expenditure Commitments

Payable:

- Within 12 months	635,000	600,000
- Later than 12 months but not later than five years	-	-
	<u>635,000</u>	<u>600,000</u>

The Research & Development expenditure commitments are LiveCorp's future contribution to the LEP as agreed with MLA.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2014	2013
\$	\$

13. CASH FLOW INFORMATION

a) Reconciliation of Cash Flows from Operations with Profit after Income Tax

Profit after income tax	1,936,413	356,839
Depreciation	10,845	11,070
Revaluation of investments	(131,972)	-
(Increase)/decrease in trade debtors	22,772	(74,889)
(Increase)/decrease in other assets	18,786	(7,467)
Increase/(decrease) in trade creditors	(455,410)	202,863
Increase/(decrease) in provisions	(35,000)	7,805
Loss on disposal of property, plant and equipment	-	1,527
Cash flows from Operations	1,366,434	497,748

b) Credit Standby Facilities

LiveCorp has a facility within investments held to enable a cash recall as required within 3 working days.

14. KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel of the company during the year are as follows:

Key management personnel compensation	539,287	575,608
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14. 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.

15. COMPANY DETAILS

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

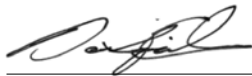
Australian Livestock Export Corporation Limited
Level 1, 40 Mount Street
North Sydney NSW 2060

DIRECTORS' DECLARATION

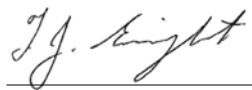
In the directors' opinion:

- a) The financial statements and notes, as set out on pages 38 to 50, are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2014 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.



David Galvin
Director



Terry Enright
Director

Dated at Sydney this 21st day of August 2014

INDEPENDENT AUDITOR'S REPORT



To the members of Australian Livestock Export Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian Livestock Export Corporation Limited ("the company"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report 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.

Auditor's Responsibility

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

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

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

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INDEPENDENT AUDITOR'S REPORT (continued)



Independence

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

Opinion

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

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

A handwritten signature in dark ink, appearing to read 'Nexia Court & Co'.

Nexia Court & Co

Chartered Accountants

A handwritten signature in dark ink, appearing to read 'Andrew Hoffmann'.

Andrew Hoffmann

Partner

Sydney

21 August 2014

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AUDIT COMPLIANCE REPORT

To the members of Australian Livestock Export Corporation Limited

Scope

This audit opinion is a supplement to the audit opinion issued on pages 52 and 53.

We have conducted a compliance audit in relation to the year ended 30 June 2014 for the purposes of the Funding Agreement ("the Agreement") commencing 1 July 2011 between the Commonwealth of Australia ("the Commonwealth") and Australian Livestock Export Corporation Limited ("LiveCorp") and acknowledge that our report will be relied upon by the Commonwealth.

Our audit was conducted to enable us to express an opinion to the Members of LiveCorp and to the Commonwealth. We disclaim any assumption of responsibility for any reliance on this report to anyone other than the Members of LiveCorp and to the Commonwealth.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence as to whether LiveCorp has complied with its obligations under Clauses 7 and 8 of the Agreement during the year, and included a review of the efficiency of the accounting systems, processes and controls contemplated by Clause 7.

The audit opinion expressed in this report has been formed on the above basis.

Auditor's Opinion

In our opinion, Australian Livestock Export Corporation Limited has complied with its obligations under Clauses 7 and 8 of the Agreement during the year ended 30 June 2014.



Nexia Court & Co

Chartered Accountants



Andrew Hoffmann

Partner

Sydney

21 August 2014

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LIVESTOCK EXPORTS BY DESTINATION 2013-14

COUNTRY	VOLUME				MARKET %			
	Cattle	Dairy	Sheep	Goat	Cattle	Dairy	Sheep	Goat
Argentina			6				0.0	
Bangladesh	10	59			0.0	0.1		
Bahrain			100,225				5.0	
Brunei	4,893			1,427	0.5			1.78
Canada				5				0.0
Chile				5				0.0
China	15,315	78,775	16,345		1.5	85.3	0.8	
Egypt	8,000				0.8			
Indonesia	622,887	800		16	60.0	0.9		0.0
Israel	107,696		101,608		10.4		5.0	
Japan	11,225	345			1.1	0.4		
Jordan	2,900		293,553		0.3		14.5	
Kazakhstan	4,847				0.5			
Kuwait			758,944				37.6	
Malaysia	54,160	1,110	30,919	60,662	5.2	1.2	1.5	74.7
Mauritius	6,000				0.6			
New Zealand	1		43	7	0.0		0.0	0.0
Oman			62,000				3.1	
Pakistan		6,425				7.0		
Philippines	19,623	4			1.9	0.0		
Qatar	950		526,897		0.1		26.1	
Russian Federation	46,485	3,595			4.5	3.9		
Ship & Aircraft Stores	1,400				0.1		-	
Singapore			4,662	17,855			0.2	22.0
Sri Lanka	4				0.0			
Taiwan		554				0.6		
Thailand	233	204	22	94	0.0	0.2	0.0	0.1
UAE	1,767	29	124,833	1,081	0.2	0.0	6.2	1.3
USA			2				0.0	
Vietnam	130,586	440		15	12.6	0.5		0.0
Total	1,038,982	92,340	2,020,859	81,167				

TOTAL BY REGION	VOLUME				MARKET %			
	Cattle	Dairy	Sheep	Goat	Cattle	Dairy	Sheep	Goat
Asia	236,035	81,432	51,948	80,053	22.72	88.19	2.57	98.63
Indonesia	622,887	800	-	16	59.95	0.87	-	0.02
EMENA	172,645	10,049	1,968,060	1,081	16.62	10.88	97.43	1.33
Other	7,415	59	51	17	0.71	0.06	0.0	0.02
	1,038,982	92,340	2,020,859	81,167				

LIST OF ABBREVIATIONS

AGM	Annual General Meeting
ALEC	Australian Livestock Exporters' Council
AOP	Annual Operating Plan
AQSIQ	Administration of Quality Supervision, Inspection and Quarantine
ASEL	Australian Standard for the Export of Livestock
CCA	Cattle Council of Australia
CIQ	China Inspection and Quarantine
CRR&DC	Council of Rural Research & Development Corporations
DoA	Department of Agriculture
ESCAS	Exporter Supply Chain Assurance System
ICWP	Industry Collaborative Welfare Program
IGIG	Industry Government Implementation Group
IOK	Infectious Ovine Keratoconjunctivitis
LiveCorp	Australian Livestock Export Corporation Limited
LATSA	Livestock Air Transport Safety Assessment
LEP	Livestock Export Program
LEIPC	Livestock Export Industry Protocol Committee
LERDAC	Livestock Export Research and Development Advisory Committee
MENA	Middle East and North Africa
MISP	Meat Industry Strategic Plan
MLA	Meat and Livestock Australia
MOU	Memorandum of Understanding
NAMP	National Arbovirus Monitoring Program
OIE	World Organisation for Animal Health
R&D	Research and Development
RD&E	Research, Development and Extension
RDC	Research and Development Corporation
RMAC	Red Meat Advisory Council
SEA	South-East Asia
SCA	Sheepmeat Council of Australia
SFA	Statutory Funding Agreement
SOP	Standard Operating Procedures

