

Australian Livestock Export Corporation Limited



ANNUAL REPORT  
2015-16



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## ABOUT LIVECORP

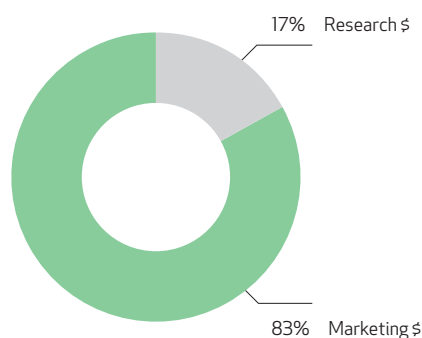
The Australian Livestock Export Corporation Limited (LiveCorp) is the declared livestock export marketing body and livestock export research body under Sections 60(3) and 60 (3A) of the Australian Meat and Industry Livestock Act 1997 (Cth) and is one of the 15 rural Research and Development Corporations (RDCs).

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 - \$6 per head (voluntary)

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

### LiveCorp Levy Allocation



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

### LiveCorp's Strategic Plan 2016-2020

The Strategic Plan sets out LiveCorp's mission, its objectives over a five-year period, the strategies to achieve these objectives, performance indicators to monitor progress towards the objectives and an estimated allocation of expenditure to the strategies.

At the Annual General Meeting (AGM) on 24 November 2016, LiveCorp presented its five-year strategic plan for the period 2016-2020. The strategic objectives developed align with the Meat Industry Strategic Plan (MISP2020) and the Australian Livestock Exporters' Council (ALEC) Industry Strategic Plan and aim to increase opportunities to partner with Meat and Livestock Australia (MLA) through the Livestock Export Program (LEP).

### Mission

LiveCorp will maximise the productivity, sustainability and competitiveness of Australia's livestock export industry by undertaking research, development and extension (RD&E), providing technical services and support, monitoring and communicating programs and issues that facilitate the following:

- Continuous improvement in livestock management, health and welfare throughout the supply chain.
- Improved market access and market development for Australian livestock exporters, which supports global food security for our trading partners.
- Improved efficiency and productivity in the livestock export industry's supply chain capability and performance.
- Collaboration with all stakeholders in the Australian and international livestock export industries including world health and standards organisations

### Strategic Objectives

To deliver against its mission, LiveCorp has five key strategic objectives.

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

LiveCorp does not engage in agri-political activities. Responsibility for policy and advocacy clearly sits with ALEC. This demarcation is not only necessary, it helps to reinforce that LiveCorp's operations are focused on service delivery within the arrangements put in place by the industry.



**It is often said – the only thing that is constant in the livestock export industry, is change. This has most certainly been the theme over the 2015-16 reporting period and an ever changing economic and regulatory environment has truly tested the resilience of exporters.**

Exporters have been challenged by tight livestock supplies, long term freight commitments, the relatively high Australian dollar, strong global competition, market uncertainty and changing approaches to industry regulations. Without doubt, these circumstances have led to one of the most difficult times in recent memory and is an acute reminder that exporters are at the front line of a globally competitive trade.

These challenges led to declines in exports across all livestock classes in 2015-16, although cattle exports remained high from a historical perspective – with 1,245,531 head exported at a new record Free on Board (FOB) value of \$1,543,309,600. However, the volume and FOB value of the cattle exports did not reflect the impact that the significant competition between exporters, processors and re-stockers had on exporter profitability, with the benefits largely being passed down the supply chain to producers.

A particular challenge for exporters in the reporting period was managing long-term vessel charters, customer relationships and demurrage costs against rapidly increasing domestic livestock prices. Having seen out the initial challenges from such a position, some of the vessel commitments will conclude across the next 12 months. This will allow exporters to be better placed to reassess their positions and make decisions that can more effectively reflect the current market pressures.

For LiveCorp, the slowdown in exports reduced the overall levy revenue, but not to the extent budgeted. This placed LiveCorp in a strong position to deliver its 2015-16 Annual Operating Plan (AOP) and additional projects, while also returning a budget surplus of \$1.043 million. This surplus has been placed in reserve and will allow strengthened program offerings to support LiveCorp's members through this continuing difficult period and to prepare the industry to take advantage of the growth opportunities which will lie ahead.

Market access continued to be a program priority in 2015-16, given its potential to offset some of the challenges by providing more diverse choices and opportunities. There were several successes this year, beginning with the significant advancement of the ministerial signing of the feeder and slaughter cattle protocols between Australia and China. This historical achievement provides access to a market of far-reaching, long term potential and LiveCorp is very proud of the role it played in supporting the Australian Government in this success.

While there has been slow activity to China across this year, three air shipments were progressed and the Chinese and Australian participants have steadily worked through aligning operational and implementation expectations and identifying potentially profitable value chains. LiveCorp will continue its central role in supporting the government and exporters in their efforts to develop this exciting trade opportunity.

In addition to the Chinese protocol agreement, new cattle health conditions were established with Mexico, the United States of America (USA) and Papua New Guinea (PNG), with refinements / renegotiations concluded with Egypt and Indonesia (for breeding cattle). Exporters responded quickly to market opportunities, including the first shipment of breeding cattle since 2008 going to Mexico.

This reporting period also saw the first uses of the Cambodian feeder cattle and Lebanese slaughter sheep protocols, which were negotiated in 2014-15.

Exporters' responsiveness in taking advantage of these trade opportunities demonstrates their ongoing desire to diversify and develop markets. It has been immensely satisfying for the market access program – guided by the industry Protocol Committee – to see trade transpire following the collective investment in time and resources of both industry and government to protocol negotiations.

The joint LEP RD&E program also continued to deliver a range of important projects across the year. Of particular significance was the completion of the research into the role of quality assurance and risk assessment systems in assisting exporters to demonstrate compliance with the Exporter Supply Chain Assurance System (ESCAS). Industry initiated projects in this area back in 2012 and has carefully considered the recommendations arising from several phases of research. The research culminated this year – following an extensive consultative process under the guidance of an Industry-Government Consultative Committee – with the delivery of a fully

## CHAIRMAN'S REPORT

implementable conformity assessment and certification program, which has already been piloted successfully in several markets. With its completion, I was pleased to write to ALEC to formally hand over the project and the program – known as the Livestock Global Assurance Program (LGAP) – for consideration through the industry consultation and approval processes.

It was also an important year in maintaining a balanced service delivery focus, with programs and activities targeted not only at the immediate challenges, but also the longer term strategic initiatives for guiding the future growth and success of LiveCorp and the industry.

A key element of this was the finalisation and release of the LiveCorp Strategic Plan 2016-2020 (SP). The SP process involved extensive consultation with the livestock industry and government to ensure its objectives aligned closely with government priorities and industry strategic plans, including the new Red Meat Industry Strategic Plan. The resulting SP will provide the direction for LiveCorp in delivering its services and support to members over the next five years. As such, we are moving quickly to align our programs and integrate it into our planning.

We are looking forward to pursuing our vision of “driving world leading RD&E, supported by innovative services, that underpins the sustainability of the livestock export sector as a trusted, valued and connected contributor to animal health and welfare” across the key strategic objectives of animal welfare, supply chain efficiency and regulatory performance, market access, communications and collaborations.

Finally, in bringing the year to a close, I want to highlight that a key feature of our ability to respond to issues throughout the period 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 Simon Crean, Chairman and Ms Alison Penfold, CEO for their cooperation and support. I would like to make special recognition of the outgoing ALEC CEO, Ms Penfold, who finished her term in July 2016. Ms Penfold's hard work, dedication and stewardship has reshaped the industry's approach to addressing its challenges, with a deeper understanding of community awareness and expectations. On behalf of the LiveCorp board, I would like to wish Ms Penfold every success in the future.

I would like to thank MLA and in particular its Chair, Dr Michelle Allen; Managing Director, Mr Richard Norton; Directors; and staff for their continued support for the joint LEP and RD&E programs. In September 2015, the Boards of both LiveCorp and MLA met to discuss the strategic objectives of the LEP and I am pleased to report both organisations share a common vision and approach to collaboration.

I wish also to thank my fellow Board directors for their commitment, hard work and advice. The strength of your contributions were affirmed this year with the completion of an external performance evaluation which found the LiveCorp board is effective, functional and works well together.

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.

Lastly, I thank our members for their strong engagement with LiveCorp. It is a Board and a LiveCorp priority to focus on member consultation and services. This will drive us forward as we work together to support your businesses to grow and respond to the challenges and opportunities ahead.



David Galvin  
Chairman



### As exporters managed the fluctuations and challenges of 2015-16, LiveCorp maintained its focus on the continuous assessment, adaptation and development of its programs and services to meet the changing needs of its members.

Some of the results of this approach were seen in initiatives such as the development of a new training program to enhance the capacity of contractors and in-market staff involved in ESCAS and the finalisation and circulation of an electronic risk assessment template for exporters.

We also re-aligned our technical input in the regulatory space to support the Department of Agriculture and Water Resources' (DAWR) implementation of Approved Arrangements (AA) for livestock exports. LiveCorp and the LEP provided coordination and consultation support to improve outreach to exporters by the government and provided technical feedback on framework documents. We are now looking at new opportunities to improve the capacity of exporters and their employees to embed the AA system and culture into their businesses.

Market access also continued to be an area of focused attention and we saw significant developments throughout this year in opening new markets and commencing trade with recently opened markets. The finalisation of cattle protocols with China, Mexico and the USA were particular highlights and further information on the market access program has been outlined by the Chairman and are detailed within this Annual Report.

Another fantastic achievement which required an enormous commitment from the LiveCorp team, was the success of the LIVEXconference in Darwin in November 2015, which was supported by the theme – People, Perspectives and Relationships. Yet again, LIVEX exceeded expectations with the conference committee – made up of LiveCorp, ALEC and the Northern Territory Livestock Exporters' Association – delivering a professional event. The program sought to present delegates with a wide range of perspectives from all corners of the globe and provided presentations from interesting and diverse speakers, including the then Director General of the OIE, Dr Bernard Vallat; world renowned animal welfare expert Dr Temple Grandin and the Chief Operating Officer of Minerva Foods, Brazil Beef, Mr Iain Mars.

More than 450 delegates attended the event from Australia and internationally. The event also provided a motivation for industry and exporters to continue to explore new opportunities to improve and grow, with comments such as "the Australian live export industry is light years improved from the videos of 2011" (Dr Grandin) and "What you have done here in Australia in animal welfare in the live business is phenomenal. I was impressed this morning seeing the controls you have in place for animal welfare. Bloody well done Australia, you've done a bloody good job. We (Brazil industry) still have a long way to go, and we are nowhere near the sophistication of the Australian industry" (Mr Mars) – providing great recognition for the incredible hard work that has driven the trade's transformation over the last five years.

2015-16 was also a year where there was significant focus and priority on the future as we looked to develop and finalise our strategic plan. The new strategic plan, which will direct LiveCorp's activities for the next five years, was completed and launched at the AGM in November 2015. It is available on the LiveCorp website.

In line with the Mission Statement and Objectives we will utilise RD&E, technical services and support, monitoring activities and communication to improve the productivity, sustainability and competitiveness of the livestock export industry. We will achieve this by focusing on the revised five strategic objectives.

These objectives re-affirm the importance of our core elements – animal health and welfare, supply chain efficiency and regulatory performance and market access – while also providing for an expanded focus on stakeholder engagement. The introduction of collaboration as a strategic objective provides an exciting opportunity for LiveCorp to identify partnerships to leverage levy dollars and allow for the forming of new connections and pathways to develop ideas.

Further developing upon the strategic focus of this planning, LiveCorp also progressed – often in partnership with MLA and / or ALEC – a number of strategic, future focused projects.

This included the next stage in the multi-year RD&E investment into the development of a quality assurance program for the livestock export industry - LGAP. The LGAP project was the most significant R&D investment for the year and included detailed and extensive consultation and alignment with best practice international conformance program standards. LGAP has been built upon broad objectives focused on encouraging behavioural change, fostering world's best practice in welfare and management of animals and

## CEO'S REPORT

providing strengthened assurances that animal welfare and management standards are being met. We are excited by the opportunities that LGAP could represent for the long-term benefit of the trade in terms of efficiencies, regulatory performance, animal welfare improvements and stability and await the advice of ALEC on the next steps.

We also took a strategic view in the regulatory efficiency space as we critically and technically analysed the future needs of the industry and the limitations of the current regulatory framework for ESCAS in developing our detailed submission to the Productivity Commission's enquiry into Regulation in Agriculture. The submission set out a range of clear, achievable recommendations and principles that we believe set the platform to shape the future regulation of the industry. This submission also highlighted that a key element of any future reforms would be needing to ensure that quality assurance programs that meet appropriate criteria – such as LGAP – can be recognised as delivering key functions within the regulatory framework.

In delivering the above and the multiple services outlined within this Annual Report, LiveCorp has listened closely to its members and continued to identify better and more efficient programs to meet the strategic objectives of the industry and LiveCorp.

This was reflected throughout the year with the ongoing commitment and drive to support continuous change and innovation throughout the supply chain and, while there

were poor outcomes and issues that fell far below the standards required, the learnings were significant and continue to build our knowledge and capacity to do better.

In concluding, I would like to recognise that many of the outcomes delivered could not have been possible without the support and collaboration of my colleagues at MLA, the LEP and ALEC and I thank them sincerely for their input. In particular, I would like to recognise and express my great appreciation to the departing CEO of ALEC – Alison Penfold – for her exceptional leadership and drive which she provided to the industry over a period of considerable change and challenge. In turn, I welcome her successor – Mr Simon Westaway – and look forward to an ongoing and successful partnership into the future. I would also like to sincerely thank the LiveCorp Chairman and Directors for their guidance and oversight. Most importantly, I would like to recognise and thank the team at LiveCorp for their dedication and commitment to delivering outstanding outcomes for the industry and for our members.



Sam Brown  
CEO

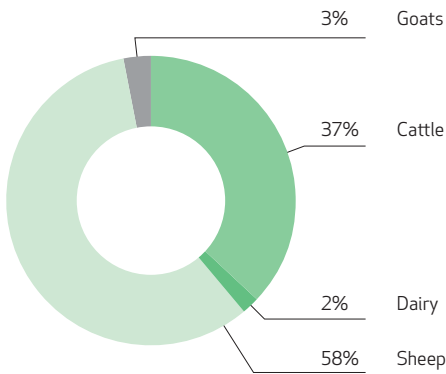


## Volumes and Values

Total livestock export volumes declined 12.7% year-on-year in 2015-16, due to decreased cattle exports as a result of uncertainty in the Indonesian import permit process and decreased sheep exports. Beef breeding cattle exports reported strong growth, largely driven by Chinese demand and trade commencing with Mexico. Dairy cattle exports remained flat. Goat exports declined, with the majority exported to Malaysia. Sheep exports to Europe, Middle East and North Africa (EMENA) also declined in 2015-16, as a result of a number of factors including strong competition from other livestock exporting nations and from chilled/frozen meat imports.

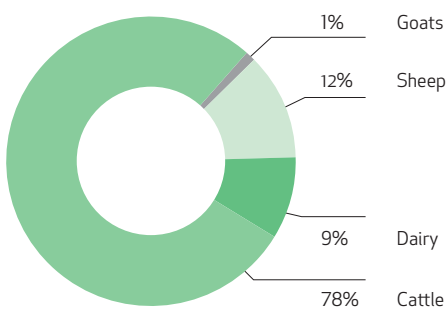
### Export Volume 2015-16 (3,185,720 head)

Source: ABS



### Export Value 2015-16 (\$1.782 billion)

Source: ABS



## Cattle

Over the reporting period, cattle exports reached 1.25 million head, down 9.4% on the previous year, which had been the highest volume on record. Total live cattle exports were valued at \$1.54 billion in 2015-16, up 14% on the previous year.

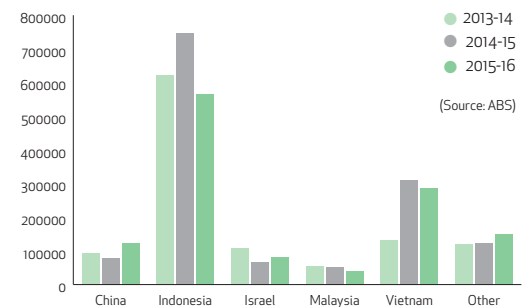
Reduced northern cattle availability and strong buyer competition in the market saw live export cattle prices ex Darwin, peak at \$3.85/kg liveweight. Across the year, the average price for a light steer ex Darwin was \$3.14/kg liveweight, which reflected a significant increase on the 2014-15 average price of \$2.33/kg liveweight and echoed the surging national cattle prices. While the demand and pricing signals are positive, the capacity of northern producers to supply is likely to be tested further with ongoing drought in much of Queensland.

Indonesia continued to demonstrate its importance to the livestock export industry importing 565,050 head in 2015-16 (down 24% year-on-year). Vietnam maintained its position as the second largest cattle export market with exports reaching 286,811 head (down 10% year-on-year). There was growth in Israel, which imported 82,543 head, an increase of 26%. Total cattle exports to the EMENA region increased by 28% to 175,179 head.

Breeding cattle exports to China increased 54%, to 122,116 head in 2015-16 due to a strengthening in the import demand for beef breeders as efforts are directed at herd re-building. Dairy heifer demand decreased for the second consecutive year by 10% in response to decreasing prices from an oversupply in milk and milk powder across the domestic Chinese and global markets.

The smaller volume export markets of Kuwait, Malaysia, Pakistan, Philippines, Sri Lanka and Taiwan continued to increase their dairy cattle imports through 2015-16, providing diversification in the dairy export sector.

### Cattle Exports by Destination





## Sheep

Almost 1.9 million head of live sheep were exported during 2015-16, down 15% on the previous year. Overall export values also decreased 7% year-on-year, to \$228 million. Kuwait remained the dominant market for Australian sheep importing around 692,000 head. This accounted for 37.2% of sheep exports for the year.

Shipments to the EMENA region were on a downward trend, with exports to Bahrain down 69% year-on-year to 115,000 head. There have been no sheep exports to Bahrain since October 2015 as a result of the removal of the import subsidy. Exports to Jordan and the United Arab Emirates (UAE) decreased by 14% and 46% to 156,700 head and 152,825 head respectively.

Israel, Oman and Qatar increased their year-on-year imports, offsetting some of the decline. The first shipment of 12,000 head was sent to Lebanon under the protocol executed in 2014-15.

There are a range of factors that continue to play a role in suppressing further increases in sheep exports to the EMENA region including competition from neighbouring live exporting nations (for example Romania, Somalia), increased imports of chilled/frozen carcasses, the inability to access the Saudi Arabian market and logistical and shipping schedule challenges.

The re-establishment of trade to Saudi Arabia remains a priority for the industry, which in addition to sheep sales could have a positive impact on shipping logistics to the region and allow a significant increase in export volumes.

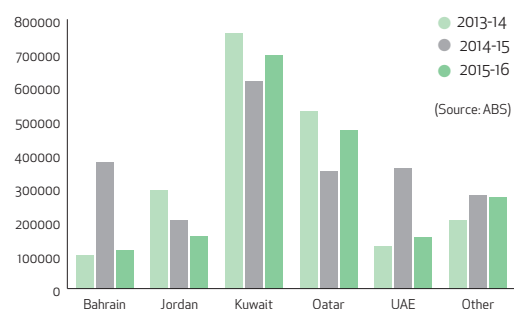
## Goats

In 2015-16 goat exports declined year-on-year by 11% to 80,730 head. The total value of these exports was over \$10.3 million – an increase of 7.4% on 2014-15. Record rangeland goat prices were achieved as a result of reduced supplies and strong processor demand.

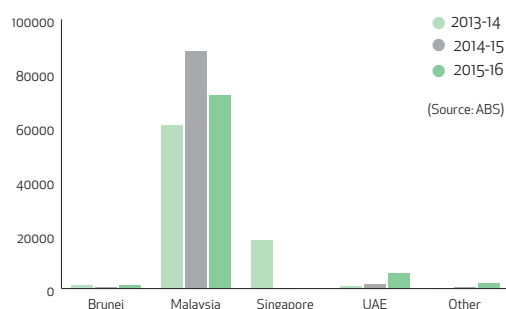
Exports to Malaysia, Australia's largest market for live goats, decreased 18% year-on-year, to 71,800 head. Shortfalls in importer demand for goats was offset by higher live sheep exports in 2015-16 up 36% year-on-year, to 58,971 head.

Encouragingly, shipments to the UAE and Brunei grew two-fold in 2015-16, to 5,589 head and 1,347 head respectively for the year.

Sheep Exports by Destination



Goat Exports by Destination



## DELIVERY OF STRATEGIC OBJECTIVES

Each year LiveCorp develops an AOP to set out the priorities and programs for the year ahead. The AOP defines the deliverables and Key Performance Indicators (KPIs) for each program. These deliverables are developed during the annual planning and industry consultation process to set out a practical, operational framework for managers to deliver against in support of the relevant strategic objectives.

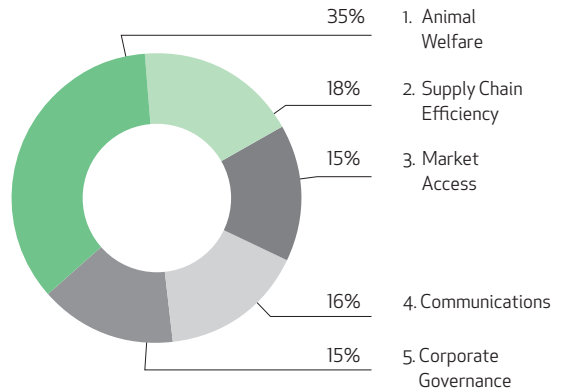
The 2015-16 AOP was developed against LiveCorp's 2013-15 Strategic Plan objectives of:

1. Improving animal health and welfare outcomes across the supply chain.
2. Improving supply chain efficiency and regulatory performance.
3. Enhancing market access conditions for existing and new markets.
4. Enhancing communications, stakeholder engagement and industry planning.
5. Improving corporate operations.

This Annual Report is reporting against the 2015-16 AOP and 2013-15 Strategic Plan.

The chart below shows LiveCorp's 2015-16 expenditure as a percentage against each of those objectives.

**LiveCorp Expenditure by Strategic Objectives**



# DELIVERY OF STRATEGIC OBJECTIVES

## What has been delivered

### Strategic Objective 1:

### Improving animal health and welfare outcomes across the supply chain

#### 2013-15 Strategic Objective Outcomes

- Training programs are undertaken domestically (stevedore / stockperson) and in-market to support improvements in animal welfare and ESCAS implementation.
- Over 85% of Australian livestock exporters, importers and representatives of funding organisations rate the provision of animal welfare technical support by LiveCorp / MLA as adding value to their businesses and adding value to the industry.
- RD&E outcomes that improve animal health and welfare are communicated and extended to industry stakeholders effectively.

#### 2015-16 AOP Outcomes

- People in livestock export supply chains have the skills, knowledge and capacity to deliver quality animal handling, health and welfare.
- Livestock export supply chains use infrastructure that supports good animal welfare outcomes.
- Livestock export supply chains adopt standards, systems and processes that deliver good animal welfare outcomes and are based on sound knowledge and best practice.
- Governments and international organisations understand and collaborate with the livestock export industry to improve animal welfare globally.

#### Investment in 2015-16: \$1.673m

#### What was delivered in 2015-16

- ✓ Two Shipboard Stockperson Accreditation courses were delivered in 2015-16 with 43 people in attendance, including 7 from the DAWR. The courses were cost recovered and positively received by the participants. The Stockperson training and materials were revised during the year and piloted in the second course.
- ✓ The ESCAS Contractor Training course was developed in 2015-16 and will be piloted in July 2016.
- ✓ LiveCorp provided funding to the National Animal Welfare RD&E Strategy (NABRDES) Committee and attended two of the Committee meetings and the annual National Forum.
- ✓ LiveCorp provided funding to the National Animal Biosecurity RD&E Strategy (NAWRDES) and attended the one advisory group meeting.
- ✓ LiveCorp contributed to the LEP RD&E Program through the six Management Committee meetings and three Livestock Export Research and Development Advisory Committee (LERDAC) meetings held in 2015-16.
- ✓ Four LEP in-market programs were delivered and achieved the following attendance at their training activities:
  - EMENA - 116 participants trained over 22 consultant days
  - Indonesia - 520 participants trained over 154 consultant days
  - Vietnam - 646 participants trained over 143 consultant days
  - South East Asia (SEA) - 378 participants trained over 61 consultant days
- ✓ The LEP in-market programs delivered the following gap and risk assessments:
  - EMENA - 19 gap and risk assessments
  - Indonesia - 18 risk assessments and 178 gap analyses
  - Vietnam - 16 risk assessments
  - SEA - 13 gap and risk assessments
- ✓ The Industry Collaborative Animal Welfare Program (ICWP) was delivered in-market with \$635k of funding from the LEP that was matched by the exporters across the regions:
  - EMENA - 2 exporters
  - Indonesia - 6 exporters
  - Vietnam - 7 exporters
  - SEA - 4 exporters
- ✓ The LEP provided technical support during the key festival periods of Eid al Adha and Korban. The Eid al Adha festival occurred between 23 to 25 September 2015 with a combined total of 23 resources from the LEP, exporters and industry present across UAE, Oman, Qatar, Bahrain, Jordan and Kuwait. The Korban festival in Malaysia was supported by 3 LEP consultants.
- ✓ An internal strategic review of the LEP Eid program was undertaken to identify areas where changes have made a difference and what future systems and operational plans could be used to assist in the delivery of the required animal welfare outcomes. The report is being finalised.
- ✓ The following research projects and extension materials were completed in 2015-16. Further information can be found on pages 37 to 41.
  - Measuring heat load and thermal management strategies in sheep exported to EMENA.
  - Backgrounding and feedlot strategies to address inanition in sheep.
  - Investigating cattle morbidity and mortality to the Middle East. The research resulted in two published scientific papers in the Journal of Veterinary Diagnostic Investigation, along with a necropsy DVD and a veterinary handbook.
  - Development and assessment of livestock welfare indicators for the livestock industry.
  - Further improving the environment on livestock vessels leaving Australia.
  - Optimising stunning methods for halal livestock processing.
  - Beef breeder husbandry manual for cold winter climates with training materials.
  - The Planning for the Best Breeding Outcomes – Tropical Climate Breeding Wheel was developed from the Tropical Beef Production Manual and translated into Bahasa for Indonesia.
  - Secured \$1.2 million of MLA Donor Company funding to develop and trial a salmonella vaccine.
  - In partnership with Dairy Australia, the state of the dairy cattle export industry was documented, with the research identifying several areas for consideration at both the policy (ALEC) and services (LiveCorp) level.

# DELIVERY OF STRATEGIC OBJECTIVES

## What has been delivered

### Strategic Objective 2: Improving supply chain efficiency and regulatory performance

#### 2013-15 Strategic Objective Outcomes

- The provision of constructive and timely input into regulatory reviews of ASEL and ESCAS.
- RD&E program delivers new innovations / technical materials that improve the performance of livestock through the export supply chain.
- Peak councils rate LiveCorp / MLA advice on live export regulatory issues as "very valuable" and the Australian Government rate LiveCorp / MLA advice on live export regulatory issues as "valuable" or "very valuable".
- Training programs are undertaken domestically and in-market to support improvements in animal welfare and ESCAS implementation.

#### 2015-16 AOP Outcomes

- Livestock export supply chains are efficient, sustainable and productive.
- People in livestock export supply chains have the skills, knowledge and capacity to deliver quality animal handling, health and welfare.
- Regulatory structures are effective, efficient and minimise red tape and regulatory burden, align with business structures and deliver the intended outcomes.
- Export supply chains have the knowledge, systems, technologies and tools to comply effectively and efficiently with regulatory requirements.

#### Investment in 2015-16: \$0.882m

#### What was delivered in 2015-16

- ✓ In 2015-16 the DAWR commenced the development and implementation of AA for livestock exports. During the development of AA, LiveCorp provided technical input to the guidelines, performance structures, trial arrangements and Export Advisory Notices (EANs). LiveCorp was a member of the trial oversight group and the Industry Roundtable and played a significant role in coordinating and supporting the consultation process with exporters.
- ✓ On 20 November 2015, the Australian Government announced that it would engage the Productivity Commission to conduct an enquiry into the Regulation of Agriculture. The terms of reference for the review specifically mentioned ESCAS and LiveCorp provided a detailed submission on 22 March 2016. The Productivity Commission will deliver their final report in November 2016.
- ✓ LiveCorp developed an electronic version of the LEP risk assessment template. The new risk assessment template is more comprehensive and is designed to deliver efficiencies in reporting, improved usability and remove duplication. The template was released to the LEP and contractors in 2015-16.
- ✓ LiveCorp provided technical support to ALEC as it worked with industry to develop strategies and plans to strengthen accountability, traceability and oversight in Vietnam to address increased reports of animals moving outside of the ESCAS approved supply chains.
- ✓ During the year LiveCorp facilitated two exporter-government meetings to identify and refine export application processes and regulatory and export efficiencies.
- ✓ LiveCorp continued to be a key member of the industry / government roundtables held at various intervals throughout 2015-16. The roundtables provide the consultative mechanism for the DAWR to discuss proposals with livestock export industry bodies, including such items as ESCAS reform, AA, amendments to the Export Control (Animals) Order 2014 and EANs.
- ✓ LiveCorp contributed to the LEP RD&E Program through the six Management Committee meetings and three LERDAC meetings held in 2015-16.
- ✓ The LEP in-market programs achieved an average response rate of 95% to requests for their services.
- ✓ The LEP in-market programs delivered the following technical advice:
  - EMENA - provided 185 days of technical advice across the region, including:
    - extension activities to assist feedlot operators with managing livestock during the hot summer periods
    - working with feedlot veterinarians to develop disease investigation techniques
    - working with feedlots to establish processes of recording key weather indicators
    - assisting in research to identify and develop practical and economically viable management steps that can minimise losses associated with heat stress
  - Indonesia - provided more than 150 days of technical advice, including:
    - the Technical Expert Program with experts conducting industry seminars on breeding, nutrition and palm integration
    - using three specialised consultants to assist and support importer breeding programs covering nutrition, husbandry, fertility, bull selection and palm integration
    - 3 seminars on breeding, nutrition and palm integration attracting more than 170 participants to the Indolivestock Expo in Surabaya in July 2015
  - Vietnam - provided 43 days of technical advice, including:
    - three large seminars in collaboration with the Ministry of Agriculture and Rural Development (MARD) covering the beef and dairy roundtable, beef breeding for profit and commercial cattle production in the Central Highlands. A total of 456 participants from government, importers, exporters, universities and investors attended. The seminars made the importation of Australian live cattle a topic of consideration by the Vietnamese Government to support market access.
  - SEA - provided 12 days of technical advice in Malaysia, Thailand, Cambodia and China.
- ✓ The following research projects and extension materials were completed in 2015-16. Further information can be found on pages 37 to 41.
  - LGAP was completed in March 2016 and formally handed over to ALEC for industry consideration in April 2016.
  - In 2015-16 the electronic Australian Standards for the Export of Livestock (ASEL) handbook app and website were developed. Since its launch at LIVEXchange in November 2015, the ASEL handbook app has been downloaded 451 times on Apple, Android and Blackberry devices.
  - Options for improving traceability in the live export industry.
  - Russian training DVD in low stress animal handling, feedlot and farm husbandry and management.
  - Sheep, cattle and goat yard manual for export markets.



# DELIVERY OF STRATEGIC OBJECTIVES

## What has been delivered

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

#### 2013-15 Strategic Objective Outcomes

- Maintenance of access and access conditions for existing markets.
- Opening of new markets or significant progress in negotiations to open new markets.
- Facilitation of trade delegations to and from Australia in support of market access objectives.
- Peak councils and the Australian Government rate LiveCorp/MLA advice on live export market access issues and the provision of market intelligence as “very valuable”.

#### 2015-16 AOP Outcomes

- Strong relationships and engagement exist between the livestock export industry and its bodies and overseas and Australian governments and industries.
- The livestock export industry is coordinated and united in its priorities and advice on market access issues.
- Australia’s animal health systems and structures are efficient and effective in supporting market access and improving Australia’s animal health reputation.
- Market access activities are underpinned by accurate, timely data, information, expertise and strategies.

#### Investment in 2015-16: \$0.731m

#### What was delivered in 2015-16

- ✓ LiveCorp and the LEP supported six delegations to Australia from China, Indonesia, Thailand and Vietnam.
- ✓ LiveCorp attended and presented at the LEP organized Sino-Australian Live Export Forum in Shanghai on 14 June 2016. LiveCorp also met and presented to Chinese cattle importers during a supply chain visit.
- ✓ LiveCorp attended briefings with the ambassadors of Qatar, Indonesia, Iran, Kuwait and Saudi Arabia.
- ✓ LiveCorp provided funding, representation and advice on the ongoing management of the National Arbovirus Monitoring Program (NAMP).
- ✓ Two face-to-face Protocol Committee meetings were held in 2015-16. The Committee has begun implementation of its Strategic Market Access Work Plan.
- ✓ Key market access achievements in 2015-16:
  - China - July 2015, the feeder and slaughter cattle health protocol
  - Mexico - April 2016, the breeding cattle health protocol
  - USA - April 2016, the feeder cattle health protocol
  - PNG - April 2016, the feeder cattle health protocol
  - Indonesia - in October 2015 productive buffalo were added to the protocol and in February 2016 the productive heifer cattle protocol with Indonesia was renegotiated to include bulls (productive cattle) and to refine the conditions to reduce costs. These cost savings totaled around \$100 - 130 per head
  - Egypt - amendments to the existing cattle protocols were agreed. The protocol refinements continue to maintain equivalent access
  - Turkey - the protocols were re-affirmed
- ✓ A new Chinese Cattle Export Working Group was established by LiveCorp to discuss the Chinese protocol and certification issues. It met 8 times during the year.
- ✓ LiveCorp coordinated 7 meetings of the Breeding Livestock Committee. The Committee provided the opportunity for dairy cattle exporters to discuss issues relating to market access, export certification, pedigree arrangements and RD&E priorities.
- ✓ LiveCorp provided technical advice to DAWR on operational breeding cattle market access issues. This particularly related to the provision of advice regarding exports of breeding cattle to China, engagement with the Australian based China Inspection and Quarantine (CIQ) Working Group and processes/procedures that underpin the export certification of dairy cattle.
- ✓ LiveCorp partnered with the Queensland Department of Agriculture and Fisheries (QDAF) to complete a research project considering Bovine Johne’s Disease (BJD) and market access. The project was funded by QDAF, will inform the Protocol Committee’s Strategic Work Plan and supported industry and government considerations following Japan’s temporary suspension of cattle imports.
- ✓ In late 2015-16, the Japanese Government temporarily suspended the import of Australian breeder and feeder cattle following post arrival testing for BJD. The respective governments engaged in dialogue, with the support of industry, towards understanding the technical concerns and resolving the issues to allow trade to resume. On 26 August 2016 Japan and Australia agreed to the recommencement of the cattle trade.
- ✓ The LEP in-market programs undertook a range of activities to build new, and support ongoing, trade and market access. These included:
  - EMENA - over 20 visits, workshops and meetings with key stakeholders and government authorities in Bahrain, Egypt, Israel, Jordan, Kazakhstan, Kuwait, Lebanon, Oman, Qatar, and Russia. In April 2016, the LEP participated in the Middle East Regional Seminar for OIE National Focal Points on Animal Welfare held in Amman, Jordan.
  - Indonesia - held monthly meetings with the Indonesian Importers’ Association (GAPUSPINDO); organized an annual meeting between Indonesian importers/exporters; delivered the LEP Expo 2016 with 27 exhibitors and more than 500 visitors attending; delivered the breeding seminar with over 150 participants from government, academics, industry and farming groups; and produced breeding guidelines that were presented to Director General Muladno of DGLAHS on 31 May 2016.
  - Vietnam - held several meetings with MARD; organized a delegation of 20 Vietnamese importer representatives to attend the Indonesia LEP Expo 2016; and organised five importer/exporter meetings.
  - SEA - held meetings with key industry and government authorities in Cambodia, Malaysia, Brunei and Thailand; in February 2016 meetings were held in Kuala Lumpur between goat and sheep exporters, and Malaysian importers and goat/sheep farmers; and on 14 June 2016 The LEP co-funded a Sino-Australian Live Export Forum in Shanghai, China. There were over 120 participants including exporters, potential importers and key Chinese government officials.

# DELIVERY OF STRATEGIC OBJECTIVES

## What has been delivered

### Strategic Objective 4: Enhancing communications, stakeholder engagement and industry planning

#### 2013-15 Strategic Objective Outcomes

- Members, peak councils and government rate LiveCorp / MLA advice on live export issues management, communications and market / statistical information as "very valuable".
- Briefings provided to producers, exporters and governments on key issues.
- Circulars or newsletters provided to LiveCorp members on key issues.
- LiveCorp communication strategy revised.
- LiveCorp website redeveloped and provides access to RD&E information.

#### 2015-16 AOP Outcomes

- The community is aware, understands and supports the livestock export industry.
- The community is aware and understands the outcomes delivered by LiveCorp and the LEP.
- Exporters (members) and stakeholders are engaged and aware of LiveCorp and LEP activities and their outcomes.
- LiveCorp strategic and operational plans meet exporter priorities.

#### Investment in 2015-16: \$0.786m

#### What was delivered in 2015-16

- ✓ The 2015 LIVEXconference held in Darwin on 25 and 26 November 2015 was attended by over 450 delegates under the theme of People, Perspectives and Relationships.
- ✓ Dr Temple Grandin, a world renowned animal welfare expert, undertook a tour of the live cattle export supply chain, from paddock in Australia to plate in Indonesia. The purpose of the visit was to equip and inform Dr Grandin of the nature and magnitude of the live export industry and its significance in contributing to both Australia's livestock industries, as well as Indonesia's food security.
- ✓ The LGAP R&D project was supported with ongoing stakeholder information and engagement activities, including: content in the fortnightly LEP updates; an LGAP R&D summary document; website updates; support and materials throughout the consultation process with livestock exporters, peak councils, state chapters and government at forums, meetings and webinars; a final report summary document and infographics; and printing, editing and distribution of the final report.
- ✓ A LEP Update was produced and provided to exporters and stakeholders on a fortnightly basis outlining LiveCorp and LEP activities and their outcomes.
- ✓ During 2015-16, the Livestock Export Journey - Get the Facts flyer for cattle was developed.
- ✓ China Trade Infographics were developed following the finalization of the China feeder and slaughter cattle health protocol, communicating the details of the protocol for exporters, producers and stakeholders.
- ✓ The inaugural LEP Indonesia Feedlot Steer Competition was held in April 2016 with the results announced at the LEP Expo in Indonesia.
- ✓ The 'Tell Your Animal Welfare Story' competition was screened in November 2015 at the LIVEXconference. Participants were required to produce a short three-minute film documenting their experiences and approach to achieving good animal welfare.
- ✓ The LiveCorp website continued to effectively provide access to information on LiveCorp activities and RD&E, following its re-development in 2014-15.
- ✓ LiveCorp provided communication and engagement activities in 2015-16 that included:
  - Technical advice to support ALEC in responding to media inquiries and critical incidents such as market related issues (Japan and Vietnam) and general issues such as country briefings, protocol negotiations, incident management, contingency planning and the Productivity Commission submission.
  - Three face to face meetings with exporter members across Australia.
  - Participated in the monthly DAWR Live Animal Exports teleconferences with members and relevant stakeholders.
  - Attended State Livestock Export Association chapter meetings.
  - Presented at the LIVEXconference Producer Forum.
  - Engaged with members and stakeholders in the development of the LiveCorp Strategic Plan 2016-2020 and 2015-16 AOP.
  - Contributed and engaged in the development of the Red Meat Industry Strategic Plan and the MLA performance evaluation.
  - Presented at key conferences including the Angus Australia Conference and the Commonwealth Bank of Australia Corporate Affairs Conference.
  - Distributed the fortnightly LEP Update to members and stakeholders.
  - The RD&E public facing document has been in development through the year and is near completion. The aim of the material is to provide broader community stakeholders a greater understanding of the identified animal welfare hot spots through the supply chain and the RD&E that is occurring to address the risks.

# DELIVERY OF STRATEGIC OBJECTIVES

## What has been delivered

### Strategic Objective 5: Improving corporate operations

#### 2013-15 Strategic Objective Outcomes

- Compliance with the SFA.
- Annual accounts and operations meet required compliance levels.
- Endorsement of strategic plans and annual operating plans by industry.
- Assessment of investment outcomes.
- Increased collaboration between LiveCorp and other livestock bodies and organisations.

#### 2015-16 AOP Outcomes

- LiveCorp's Board and Committee operate efficiently and effectively providing corporate governance and leadership under the terms of the Constitution, Governance Manual and SFA.
- LiveCorp is compliant with the conditions of the Constitution, SFA and Corporations Act in meeting the reporting requirements.
- LiveCorp operates as a going concern with expenditure managed in line with the SFA and AOP through reporting and budgeting procedures.
- LiveCorp maintains efficient accounting systems, processes and controls.

#### What was delivered in 2015-16

- ✓ In 2015-16 an external Board performance evaluation concluded that the LiveCorp Board is performing well, is functional and effective, and that Directors have good knowledge of the industry and the issues it faces.
- ✓ The Board held seven Board meetings and four Finance, Audit and Remuneration meetings during 2015-16.
- ✓ LiveCorp and the DAWR held the six monthly SFA review meetings on 4 December 2015 and 13 May 2016. At both meetings the DAWR confirmed LiveCorp is meeting its commitments under the SFA.
- ✓ LiveCorp auditors, Nexia Australia, provided a clean audit report for the year ended 30 June 2015 and confirmed LiveCorp's compliance with the funding requirements of the SFA.
- ✓ The 2014-15 Annual Report was prepared and provided to members, DAWR and Australian Securities and Investment Commission (ASIC) by 27 October 2015.
- ✓ The AGM was held in Darwin on 24 November 2015.
- ✓ LiveCorp developed its LiveCorp Strategic Plan 2016-2020 in consultation with ALEC, members and stakeholders and launched it at the 2015 AGM.
- ✓ The 2016-17 AOP was prepared in consultation with member and stakeholders and submitted to the Minister on the 28 June 2016.
- ✓ The Intellectual Property Plan was reviewed and submitted to the Minister on 28 June 2016.
- ✓ The Chairman and CEO attended Senate Estimate hearings.
- ✓ All staff participated in annual performance and remuneration reviews in August 2015.
- ✓ The Board received monthly management reports, monitoring income and expenditure activity against budget.

Investment in 2015-16:  
\$0.712m

# DELIVERY OF STRATEGIC OBJECTIVES

## Programs

LiveCorp delivers against its strategic objectives through the following program areas. Further detail of activities and outcomes completed within each program is provided on pages 29 to 45.

### Exporter Program

The Program provides services that are of direct benefit to LiveCorp's members and the livestock export industry. Its objective is to deliver priority, time critical projects such as developing industry plans, conducting consultation, driving specific animal welfare related initiatives, and preparing and responding to government inquiries or reviews. It is also the main source for regular consultation with ALEC on industry issues, planning, policy support and implementation.

### Services and Innovation Program

The 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.

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

### Industry Capability Program

The 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.

### Communications Program

The Program focuses on the effective transfer of information to and between exporters and key industry stakeholders, including government. LiveCorp provides this through its website and other mechanisms such as the industry circular. The LEP also has its own communications program through which LiveCorp conducts communications activities. Communications with the media and the public are primarily through ALEC.

### Dairy Cattle Export Program

The Program is funded by contributions from the voluntary dairy levy. The activities under this program include providing advice and support for market access through the Protocol Committee, conducting RD&E for

dairy cattle and funding, representation and advice on NAMP to underpin market access opportunities. It does not include any in-market programs.

### Livestock Export Program

Since it was established in 1998, LiveCorp has worked in partnership with MLA through the LEP. The LEP is widely recognised as the most efficient mechanism for delivering RD&E and in-market technical support to the livestock export industry. This collaborative arrangement maximises the delivery of an integrated whole of supply chain approach, while at the same time limiting duplication of effort to ensure significant administrative efficiencies are achieved.

### LEP RD&E Program

Through the joint investment in the Program, LiveCorp and MLA achieve efficiencies by using the existing MLA research framework and systems. The Program coordinates the management and completion of a range of projects targeted at industry priorities. The priorities for the Program focus on projects that will address key areas of risk or hazard across the areas of animal health and welfare, supply chain efficiency, regulatory performance and market access.

LEP 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.

### LEP In-Market Programs

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

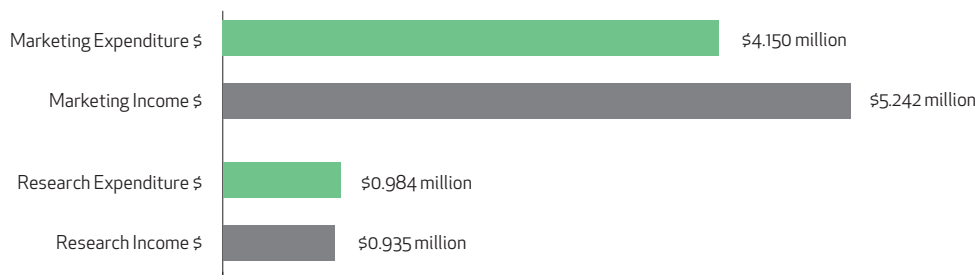
The Programs target their activities in three key areas of training, gap analysis and risk analysis. Additional activities include supporting awareness and understanding of ESCAS and its animal welfare requirements, technical support during festivals and technical animal welfare advice.



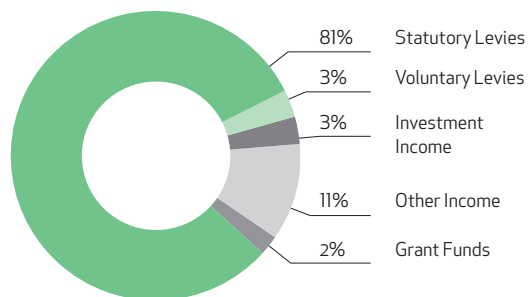
# INVESTMENT OF LEVIES

## LiveCorp Investment of 2015-16 Levies

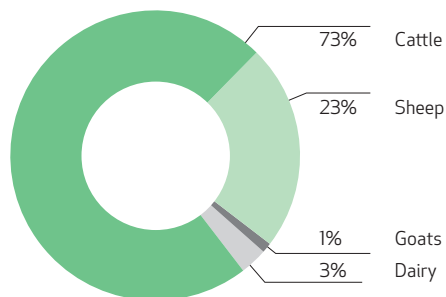
### Allocation across Marketing and Research Activities



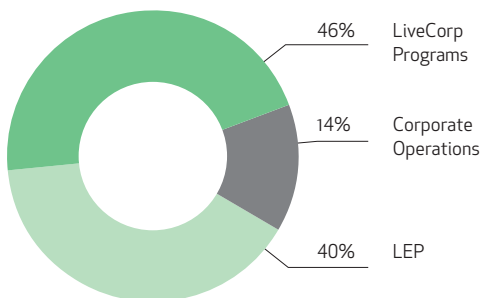
### Sources of Income (\$6.177 million)



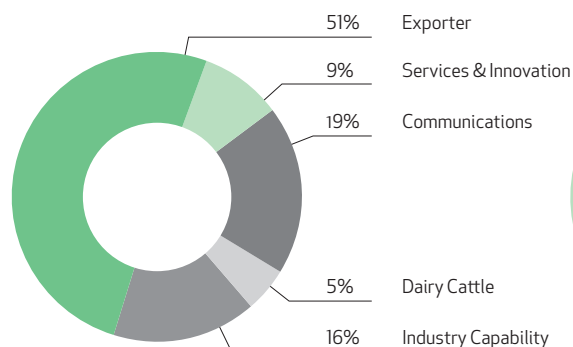
### Levy Income (\$5.163 million)



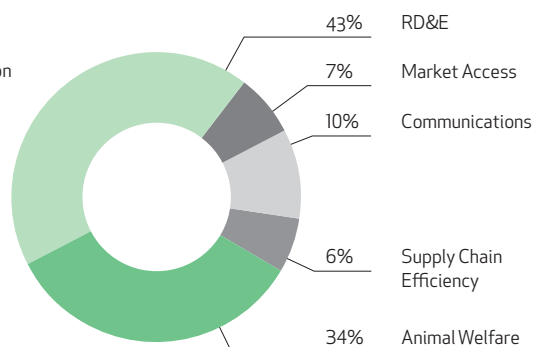
### Total Expenditure (\$5.134 million)



### LiveCorp Program Expenditure (\$2.358 million)



### LEP Expenditure (\$2.064 million)



## The Livestock Export Program

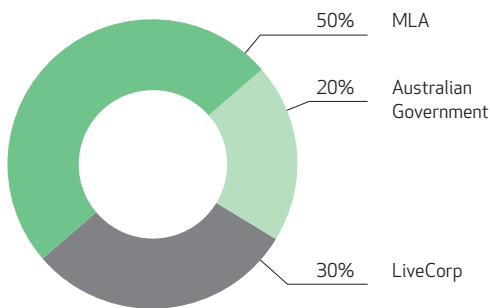
In recognition of the benefit of livestock exports to businesses throughout the entire supply chain, including producers, much of LiveCorp's investment occurs in partnership with MLA, through the joint LEP. Funding for the LEP is paid to MLA as administrator of the LEP.

In 2015-16, LiveCorp invested \$2,064,000 - 40% of its expenditure (2014 - 15 \$2,385,000 - 43%) in the LEP. This investment was in line with LiveCorp's 2013-15 Strategic Plan and 2015-16 AOP.

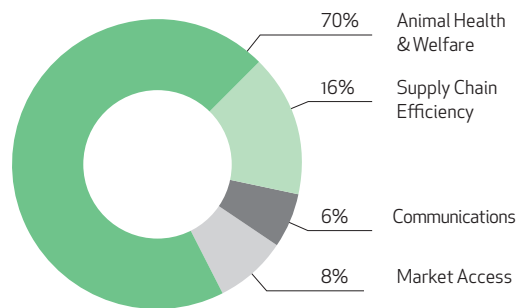
LiveCorp maintains a balance between management and investment of its contribution to the LEP through close communications, collaborative planning processes and leadership (the LiveCorp CEO and the MLA Livestock Exports Manager co-manage the LEP). MLA continues to be the majority partner in the LEP, particularly in relation to in-market services. LiveCorp is appreciative of MLA's ongoing commitment to the livestock export industry.

## LEP Investment in 2015-16

**Sources of LEP Funding  
(\$6.95 million)**



**LEP Investment by Strategic Objective  
(\$6.95 million)**



## Collaboration – Other

In 2015-16, LiveCorp continued to identify opportunities for further RD&E collaborations with RDCs, industry and other research providers.

LiveCorp has also been engaged in the priority cross-sectoral RD&E strategies under the National Primary Industries RD&E Framework, particularly where issues align with industry priorities and demonstrate value for money for livestock exporters. To date, focus has been on the Animal Welfare RD&E Strategy and Animal Biosecurity RD&E Strategy. These efforts allow for a more effective research focus by removing the risk of duplication, better sharing information and ultimately understanding where new work across research agencies should be targeted.

### National Animal Bio-security RD&E Strategy (NABRDES)

The NABRDES is one of eight agreed cross-sectoral strategies under the National Primary Industries RD&E Framework. This strategy aims to provide the Australian livestock industries with innovative and integrated ways of preparing for, responding to and recovering from disease, pest and weed incursions. It has the engagement from all nine animal based RDCs, Animal Health Australia (AHA) and the Australian Government. LiveCorp continued its commitment and support for this strategy.

### National Animal Welfare RD&E Strategy (NAWRDES)

The NAWRDES is a component of the National Primary Industries RD&E Framework. Its purpose is to deliver strong collaboration amongst existing RD&E provider groups and effective partnership between investors and research providers to address the seven strategic themes of:

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

LiveCorp continued its commitment and support for this strategy and maintained its membership on the NAWRDES Steering Committee.

### National Arbovirus Monitoring Program (NAMP)

Since 1989, the NAMP has provided industry and government with valuable information to support international market access for Australian livestock and to provide early warning of potential changes to insect-borne (arboviral) livestock diseases. There continues to be a growing interest in Australia's bluetongue virus (BTV) status and monitoring from overseas countries, particularly China.

LiveCorp continues to support and provide funding for this valuable program along with the CCA, SCA, Wool Producers of Australia, Goat Industry Council of Australia, Australian Dairy Farmers, Australian Lot Feeders' Association and ALEC.

### Council of Rural Research and Development Corporations (CRR&DC)

LiveCorp maintained a strong and active involvement in the CRR&DC, of which the LiveCorp Chairman is a member.

Along with the other 14 RDCs, LiveCorp actively participated in the regular chairperson, CEO and manager meetings that were held through the year.

### Queensland Department of Agriculture and Fisheries

In 2015-16 LiveCorp welcomed the support and collaboration of the Queensland Department of Agriculture and Fisheries (QDAF) in the delivery of a BJD research project. The BJD project was funded by QDAF and managed by LiveCorp and focused on assessing the strategic market access implications of BJD for livestock export. The research report and its findings were delivered to QDAF in April 2016 and considered by the Protocol Committee at its June 2016 meeting and will play an important role in guiding strategic activities in this area.

## ALIGNMENT WITH GOVERNMENT PRIORITIES

LiveCorp operates under a Statutory Funding Agreement (SFA) with the DAWR which sets out provisions relating to the receipt and use of levy funds as well as appropriate reporting and accountability arrangements.

The DAWR provides matching of research levy funds, up to a cap, to support RDCs research investment and as part of the governance framework, RDCs are required to align their strategic objective outcomes with the Australian Government's Research Priorities.

On 28 January 2016, the Minister for Agriculture and Water Resources wrote to all rural RDCs to advise them of the new Rural RD&E Priorities and Science and Research Priorities, and that they would come into effect from 1 July 2016.

LiveCorp has reported against the new Rural RD&E Priorities and Science and Research Priorities in this Annual Report.

The table below shows alignment of LiveCorp's strategic objectives to the Government's priorities:

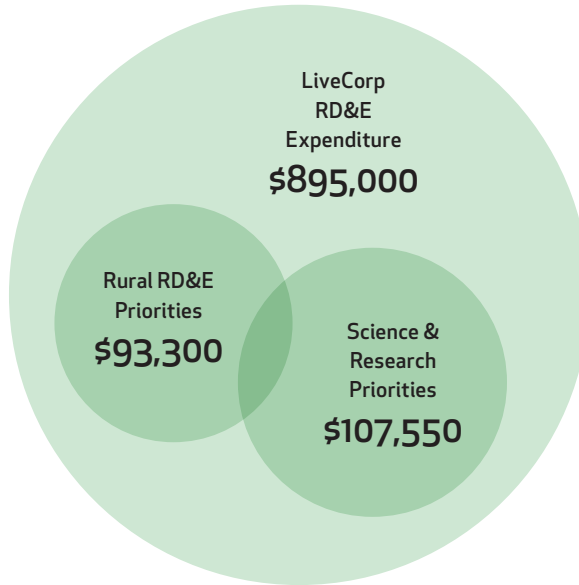
Rural RD&E Priorities	LiveCorp Objectives
<b>Farming Smarter</b>	
1. Adoption of R&D: Flexible delivery of extension services	1 & 2
2. Biosecurity: Minimise biosecurity threats and improve market access	3
3. Advanced technology: Enhance innovation of products, processes and practices across supply chains through technology	1 & 2
4. Soil, water and managing natural resources	
Science and Research Priorities	LiveCorp Objectives
<b>Food</b>	
1. Knowledge of global and domestic demand, supply chains and the identification of country specific preferences for food Australia can produce.	2 & 3
2. Knowledge of the social, economic and other barriers to achieving access to healthy Australian foods.	1, 2 & 3
3. Enhanced food production through: <ul style="list-style-type: none"> <li>better management and use of waste and water; increased food quality, safety, stability and shelf life.</li> <li>genetic composition of food sources appropriate for present and emerging Australian conditions.</li> <li>protection of food sources through enhanced biosecurity.</li> <li>novel technologies, such as sensors, robotics, real-time data systems and traceability, all integrated into the full production chain.</li> </ul>	1, 2 & 3

The primary objective of LiveCorp and LEP RD&E investment is into areas that improve and implement best practice animal health and welfare outcomes as directed by LiveCorp's Constitution and SFA. The Government's Research Priorities do not have animal welfare as a key requirement, therefore within the scope of research outside of animal welfare or that has a complementing outcome, investment is made to align with the Government's Research Priorities.



## ALIGNMENT WITH GOVERNMENT PRIORITIES

The diagram below shows the proportion of LiveCorp's 2015-16 RD&E expenditure in the LEP RD&E Program that aligns with the Australian Government's Rural RD&E Priorities and the Science and Research Priority - Food.



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

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

## The Board composition

The Board comprises six Directors with a broad range of skills, experience and expertise necessary to guide LiveCorp. Three skills based independent Directors are nominated through the Selection Committee, with two exporter representative Directors nominated by members. ALEC nominates the Ex-officio Director. Directors are appointed at LiveCorp's AGM for a three year term under LiveCorp's constitution, after which time a Director may reapply. Each Director can serve no longer than nine consecutive years. The Chair of the Board was re-elected in 2014 and is an independent Director.

## Board members

The names and details of the Directors in office during the financial year and until the date of this annual report are listed on pages 48 to 49 of the annual financial statements. All Directors were in office for the entire year unless otherwise stated.

## Board roles and responsibilities

The roles and responsibilities of the Board are formalised in the Governance Manual which underpins the conduct of the Board.

The Board's responsibilities include:

- providing leadership and setting organisational strategic objectives along with key performance indicators;
- ensuring long term viability through adequate financial resources and safeguarding the assets;
- overseeing management's implementation of LiveCorp's strategic objectives and its performance generally;
- providing input into and approval of annual reports, annual financial statements for management strategies, budgets, programs and policies;
- ensuring there is an appropriate risk management framework and risk appetite within which the Board expects management to operate;
- overseeing the integrity of LiveCorp's accounting and corporate reporting systems and controls, including the external audit and legal and regulatory compliance;
- overseeing management, including the appointment of the CEO, performance assessment and approving the remuneration framework.

## Board meetings

The Board planned and convened seven meetings during 2015-16. Meeting agendas are formulated in preparation for each meeting and also incorporate items from an annual agenda to ensure regular review of key aspects of the business. The Board continually strives to ensure its meetings are conducted efficiently to enable sufficient discussion and contribution from all Directors.

## Board evaluation

The Chairperson of the Board evaluates its performance through an annual performance review. In 2015-16 an external Board performance evaluation was carried out and the report concluded that the LiveCorp Board is performing well, is functional and effective, and that Directors have good knowledge of the industry and the issues it faces.

## Independence

The Board considers each Director's independence on an annual basis. Directors are considered to be independent if they are not a member of management and are free of any business or other relationship that materially interferes with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board has determined that all of the non-executive Directors are independent.

## Conflicts of interest

In accordance with the requirements of the Corporations Act 2001 (Cth) and its conflict of interest policy and procedures, Directors must declare any conflict of interest they may have, and must follow the procedures set out in the policy. The procedures include in certain circumstances, abstaining from participating in any discussion or voting on matters in which they have a material personal interest. At the time of their appointment and as notified from time to time, each Director provides to the Board information about their business and other interests. The Board records such notifications and maintains a register.

## Board committee

There was one Board Committee that met during the year, the Finance, Audit and Remuneration (FAR).

It comprised solely of non-executive directors, with management attending committee meetings by invitation.

A program of committee meetings is developed at the beginning of each year and the Committee can also meet throughout the year to consider issues which may arise.

The Chair of the Committee provides a verbal update of each meeting to the Board and minutes of Committee meetings are available to the Board. The role of the Committee is set out in the charter, which is regularly reviewed. Its members, together with their attendance at meetings, is set out in the Directors' Report on page 50.

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

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

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

## Selection Committee

The role of the Selection Committee is to review and make recommendations to the Board on the suitability of candidates for re-election or election as a Director at annual general meetings.

The Selection Committee consists of:

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

LiveCorp's constitution sets out the requirements for the proceedings of the Selection Committee and the qualifications and skills of candidates in nominated fields which the Selection Committee must consider. The Selection Committee assesses candidates against a range of criteria, including experience and skills, personal qualities and their available time commitment. In accordance with good governance practice, appropriate checks of each candidate are undertaken before each nominee is put forward to members as a candidate for election as a director. In 2015-16 the Selection Committee met once in May 2016.

## Diversity

The Board implements a company-wide diversity policy. LiveCorp also recognises the importance of gender, as well as the need to focus on other areas of diversity such as age, ethnicity and disability, and further work in the area of flexibility for care givers.

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

As at 30 June 2016, 66.6 per cent of LiveCorp's staff were women. One director on the LiveCorp Board is female and the remaining four LiveCorp Board Directors are men.

## Remuneration

The total limit for directors' remuneration is \$250,000. This limit was determined by members at the 2013 AGM when the LiveCorp Constitution was amended. There was no increase to directors' remuneration in the financial year ended 30 June 2016. The remuneration arrangements for each member of staff, including the CEO, are reviewed each year to ensure the remuneration structure aligns management effort with organisational objectives and attracts, retains and motivates quality personnel.

## Financial and risk management

LiveCorp's risk management policies and assessments are documented in the Risk Management Plan. During 2015-16 a full review of the plan and risk management framework was undertaken. In November 2015 the Board set its risk appetite. Individual risks have been identified, assessed, categorised and entered into a risk register, which forms part of the plan.

## Code of business conduct and ethics

The Board endorsed the updated Code of Conduct and standards contained in the Corporate Governance Manual, which embodies LiveCorp's values. It sets out the principles which must be met to ensure that LiveCorp meets its commitments to all stakeholders.

Key principles outlined in the code are:

- acting with integrity, honesty and fairness;
- acting with due care and using LiveCorp's resources appropriately;
- protecting confidential information;
- acting responsibly and respectfully towards individuals;
- acting responsibly in relation to safety, health and the environment;
- avoiding conflicts of interest;
- integrity in dealing with governments and in business;
- integrity in financial reporting;
- acting responsibly to the environment, members, stakeholders, competitors and the community; and
- complying with the law.

The code also establishes a framework to enable employees to report any breach of the code. A copy of the code is provided to all new employees on commencement. As part of annual training, fraud, anti-bribery and corruption training was provided to all staff.

## Reporting framework

LiveCorp is operating under the 2010-14 SFA with the Commonwealth of Australia. The SFA sets out the requirements for LiveCorp's expenditure of levy funds and provides a framework under which LiveCorp must report to the DAWR.

Key reporting obligations include:

- The Strategic Plan which sets out LiveCorp's objectives, performance indicators and resource allocations;
- The AOP which covers intended operations of LiveCorp for the current year and R&D and marketing programs and activities to be undertaken;
- The Risk Management Plan which specifies measures to manage risk;
- The Fraud Control Plan which sets out measures to minimise the risk of fraud within LiveCorp; and
- The Intellectual Property Plan which specifies procedures for the management, adoption and commercialisation of intellectual property.

# CORPORATE GOVERNANCE

## Comparison of LiveCorp's Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations (3rd edition)

Recommendation	ASX Corporate Governance Principles and Recommendations (3rd edition)	LiveCorp's Corporate Governance Principles
<b>Principle 1: Lay solid foundations for management and oversight</b>		
1.1	A listed entity should disclose: <ul style="list-style-type: none"> <li>a) the respective roles and responsibilities of its board and management; and</li> <li>b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	This is outlined in the Board Charter contained in the Corporate Governance Manual.
1.2	A listed entity should: <ul style="list-style-type: none"> <li>a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	As part of the Selection Committee process in relation to Director selection, appropriate background checks are undertaken. Candidates are shortlisted by reference to the selection criteria that act as terms of reference for the committee to ensure there is an appropriate mix of skills in the candidates nominated for election. Candidates' biographical details are included in the AGM Notice of Meeting and are prepared from the material submitted through the Selection Committee process.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	LiveCorp has written engagement letters for directors and employment contracts with all members of staff.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary is accountable to the Board through the Chair on all matters related to the proper functioning of the Board.
1.5	A listed entity should: <ul style="list-style-type: none"> <li>a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>b) disclose that policy or a summary of it; and</li> <li>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them.</li> </ul>	<p>LiveCorp has set the following measurable objectives for gender diversity:</p> <ul style="list-style-type: none"> <li>• Selection Committee requested to interview at least one suitable female candidate</li> <li>• Board to have at least 20 per cent female representation</li> <li>• At least one female be on the FAR Committee</li> <li>• Staff proportion to contain at least 40 per cent female representation.</li> </ul> <p>Disclosure as at 30 June 2016 is made under the Corporate Governance heading of Diversity on page 21.</p>
1.6	A listed entity should: <ul style="list-style-type: none"> <li>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	The Board evaluates its performance through an annual performance review, which is periodically facilitated by an external specialist. As part of the Board's review process in 2015-16 it had an external consultant evaluate performance and provide recommendations for further improvement.

# CORPORATE GOVERNANCE

## Comparison of LiveCorp's Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations (3rd edition)

Recommendation	ASX Corporate Governance Principles and Recommendations (3rd edition)	LiveCorp's Corporate Governance Principles
1.7	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ol>	<p>The Board conduct an annual assessment of the performance of the CEO against agreed KPIs. In accordance with the annual work plan the performance evaluation process for the CEO has been undertaken.</p>

### Principle 2: Structure the board to add value

2.1	<p>The board of a listed entity should:</p> <ol style="list-style-type: none"> <li>have a nomination committee which: <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors;</li> <li>is chaired by an independent director; and</li> <li>disclose: the charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> <li>if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ol>	<p>LiveCorp's Constitution and operation of the Selection Committee reflects this requirement. Refer also to the section in Corporate Governance under the heading of Selection Committee on page 21.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Biographical details of directors are published in the Directors Report in the Financial Statements and on the LiveCorp website.</p>
2.3	<p>A listed entity should disclose:</p> <ol style="list-style-type: none"> <li>the names of the directors considered by the board to be independent directors;</li> <li>if a director has an interest, position, association or relationship relevant to assessing the independence of that director but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>the length of service of each director.</li> </ol>	<p>The LiveCorp Board considers the independence of its directors on an annual basis. Refer also to the section about Director Independence under Corporate Governance. Length of service for directors is included on page 20.</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	<p>Three of the five the directors are independent. All directors are non-executive.</p>
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The roles of the Chair and the CEO are not performed by the same person. The Chair is an independent director.</p>



# CORPORATE GOVERNANCE

## Comparison of LiveCorp's Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations (3rd edition)

Recommendation	ASX Corporate Governance Principles and Recommendations (3rd edition)	LiveCorp's Corporate Governance Principles
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	LiveCorp has a program for inducting new directors and provides appropriate professional development.
<b>Principle 3: Act ethically and responsibly</b>		
3.1	A listed entity should: <ol style="list-style-type: none"> <li>have a code of conduct for its directors, senior executives and employees; and</li> <li>disclose that code or a summary of it.</li> </ol>	LiveCorp has a Code of Conduct which sets the expectation for the Board and all staff. A summary of the Code of Conduct is included in the Corporate Governance on page 22.
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
4.1	The board of a listed entity should: <ol style="list-style-type: none"> <li>have an audit committee which:               <ol style="list-style-type: none"> <li>has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>is chaired by an independent director, who is not the chair of the board, and</li> <li>disclose: the charter of the committee; the relevant qualifications and experience of the members of the committee; and in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> <li>if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ol>	<p>The Board has established a FAR Committee which is structured so it:</p> <ul style="list-style-type: none"> <li>consists of only non-executive directors, of which two directors are independent;</li> <li>is chaired by an independent director who is not chair of the Board; and</li> <li>consists of at least three members of the Board.</li> </ul> <p>Biographical details of directors are published in the Directors Report along with meeting attendance in the Financial Statements which are published on the LiveCorp website.</p> <p>Refer also to the section in Corporate Governance under the heading of Board Committee on page 21.</p>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The role of the FAR Committee includes the recommendation to the Board whether the Company's financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company; and the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements.

# CORPORATE GOVERNANCE

## Comparison of LiveCorp's Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations (3rd edition)

Recommendation	ASX Corporate Governance Principles and Recommendations (3rd edition)	LiveCorp's Corporate Governance Principles
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>The Corporations Act 2001 provides that shareholders can submit written questions to the auditor before an AGM provided that they relate to the auditor's report or the conduct of the audit.</p> <p>Any written questions submitted by members are provided to the auditors no later than five business days before the AGM.</p>

### Principle 5: Make timely and balanced disclosure

5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>b) disclose that policy or a summary of it.</li> </ul>	As LiveCorp is an unlisted public company it is not an ASX disclosing entity but does report annually to members on its operations and financial results.
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### Principle 6: Respect the rights of security holders

6.1	A listed entity should provide information about itself and its governance to investors via its website.	LiveCorp provides information about itself and its governance framework on its website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	LiveCorp has a Communications program to promote effective two-way communication with members and stakeholders.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Information about how LiveCorp facilitates and encourages members participation at general meetings is contained in the Constitution.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Members can elect to receive and send communications electronically.

### Principle 7: Recognise and manage risk

7.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>i) has at least three members, a majority of whom are independent directors; and</li> <li>ii) is chaired by an independent director; and</li> <li>iii) disclose: the charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	<p>The Board does not have a separate risk committee as in the directors' view, given the Board's size, this is a whole of Board responsibility and forms part of each Board agenda.</p> <p>Refer also to the section in Corporate Governance under the heading of Financial and Risk Management on page 22.</p>
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# CORPORATE GOVERNANCE

## Comparison of LiveCorp's Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations (3rd edition)

Recommendation	ASX Corporate Governance Principles and Recommendations (3rd edition)	LiveCorp's Corporate Governance Principles
7.2	<p>The board or a committee of the board should:</p> <ol style="list-style-type: none"> <li>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>disclose, in relation to each reporting period, whether such a review has taken place.</li> </ol>	Refer to the section in Corporate Governance under the heading of Financial and Risk Management on page 22.
7.3	<p>A listed entity should disclose:</p> <ol style="list-style-type: none"> <li>if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</li> </ol>	LiveCorp does not have an internal audit function. The FAR Committee and Board review the adequacy and effectiveness of internal controls, including the company's policies and procedures, to assess, monitor and manage business risk and compliance. This review includes monitoring the implementation of LiveCorp's Risk management plan, Fraud control plan and Intellectual property plan.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Refer to the section in Corporate Governance under the heading of Financial and Risk Management on page 22.

### Principle 8: Remunerate fairly and responsibly

8.1	<p>The board of a listed entity should:</p> <ol style="list-style-type: none"> <li>have a remuneration committee which: <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director, and</li> <li>disclose: the charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> <li>if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ol>	<p>The Board has established a FAR Committee which is structured so it:</p> <ul style="list-style-type: none"> <li>consists of only non-executive directors, of which two directors are independent;</li> <li>is chaired by an independent chair who is not chair of the Board; and</li> <li>consists of at least three members of the Board.</li> </ul> <p>Biographical details of directors are published in the Directors Report along with meeting attendance in the Financial Statements which are published on the website.</p> <p>Refer also to the section in Corporate Governance under the heading of Board Committee on page 21 and Remuneration on page 22.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Refer to the section in Corporate Governance under the heading of Remuneration on page 22.
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ol style="list-style-type: none"> <li>have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>disclose that policy or a summary of it.</li> </ol>	Not applicable as LiveCorp does not have an equity based remuneration scheme.

Through 2015-16 LiveCorp has continued to operate under the 2010-2014 SFA. The DAWR will commence negotiations with LiveCorp on a new SFA in 2016-17.

In accordance with the reporting requirements of the SFA, the Board wishes to advise that during the year the following reports and plans were presented to the Minister for Agriculture and the DAWR:

- a) Per clause 14.1, the 2014-15 Annual Report was submitted on 27 October 2015, with 125 copies of the Annual Report being forwarded on 20 November 2015. The Annual Report was tabled in Parliament on 2 February 2016.
- b) Per clause 17.1, the Compliance Audit Report for the year ended 30 June 2015 prepared by LiveCorp's auditors, Nexia Court & Co., was submitted on 27 October 2015.
- c) Per clause 17.3, the Certification Report for the year ended 30 June 2015 signed by the Chairman and the Chief Executive Officer of LiveCorp was submitted on 27 October 2015.
- d) Per clause 12.5, the AOP for 2016-17 was submitted on the 28 June 2016.
- e) Per clause 13.1(c), the Intellectual Property Plan was submitted on 28 June 2016.

The Board wishes to confirm that the Annual Report for the year ended 30 June 2016 has been prepared in accordance with Schedule 2 of the SFA, noting the following:

- a) The financial statements included in the 2015-16 Annual Report comply with the reporting requirements of the Corporations' Act 2001 (Cth).
- b) The sources of income provide separate identification of marketing and research and development funds.
- c) The Annual Report provides disclosure of the significant activities undertaken in the year and the actions and outcomes of LiveCorp in relation to the KPIs included in the Strategic Plan and AOP.
- d) The RD&E program report includes commercialisation of RD&E, intellectual property creation and agreements entered into relating to RD&E.
- e) Collaboration with other RDCs, industry and other research organisations.
- f) Contribution to the National Science and Rural Research and Development Priorities.
- g) LiveCorp continued to operate the LEP in conjunction with MLA and did not form any subsidiary companies during the year.

At the AGM held in Darwin on 24 November 2015 there were no changes made to the Board of LiveCorp and no material changes to the Membership.

Per clause 14.2, the LiveCorp Chairman and the DAWR held the six monthly review meetings on 4 December 2015 and 13 May 2016.

## EXPORTER PROGRAM

### Key Priorities

The Program continued to work with exporters, industry, peak councils, government, the DAWR, trade ambassadors and relevant international organisations to deliver the 2015-16 AOP. It includes the functions and activities associated with the co-management of the LEP (in partnership with MLA); LiveCorp's representation on LEP research committees such as LERDAC, the LEP RD&E Management Committee and relevant consultative committees; consultation with ALEC (through the Services Agreement) and other livestock export stakeholders; industry memberships to SAFEMEAT and AHA (NABRDES and NAWRDES); and LiveCorp projects requiring input from across the organisation and which are generally high priority and time critical projects.

### Program Highlights

#### Technical Support

The Exporter Program provides technical advice and support to ALEC on industry issues, planning and policy development and implementation. It also responds where unforeseeable priorities of industry significance arise throughout the year where technical input and advice is required. Some of the priorities in 2015-16 are noted below:

- LiveCorp provided technical support to ALEC as it worked with industry to develop strategies and plans to strengthen accountability, traceability and oversight in Vietnam to address increased reports of animals moving outside of the ESCAS approved supply chains.
- In late 2015-16, the Japanese Government temporarily suspended the import of Australian breeder and feeder cattle following issues during post arrival testing for BJD. The respective governments engaged in dialogue, with the support of industry, towards understanding the technical concerns and working towards resolving the issues to allow trade to resume. The Australian Minister for Agriculture and Water Resources announced on 26 August 2016 that Japan and Australia had agreed to the recommencement of the cattle trade.
- LiveCorp has continued to work closely with exporters, ALEC and DAWR to investigate, inform and assess opportunities for re-establishing the live sheep trade to Saudi Arabia (which ceased following the introduction of ESCAS), which would ensure that animal welfare outcomes are addressed.

#### LERDAC

Throughout the year, the Program continued to enable LiveCorp to make significant contributions to the RD&E Program operated through the LEP. This included the development of R&D proposals and terms of reference and the provision of oversight, input and review through the Management Committee and LERDAC. A particular focus of the 2015-16 LEP RD&E Program was LGAP. The LGAP project was completed in March 2016 and formally handed over to ALEC for industry consideration in April 2016. Direct support of the process of LGAP consultation was provided by the Program through engagement with exporters, industry peak councils and other industry stakeholders, including RSPCA Australia.

#### Delegations

The Program works closely with various Federal, State and Territory Government agencies to facilitate and coordinate the logistical organisation for delegations to Australia. The successful delivery of these delegation visits requires extensive administrative support from LiveCorp, the LEP and the generous contribution of time and access to facilities from a wide range of industry stakeholders. In 2015-16, the Program supported four delegations from China and Indonesia.

#### Consultation and engagement

Through close consultation, the Program provides communications support to ALEC and a wide range of stakeholders as well as regular engagement with exporters. Key activities in 2015-16 included:

- service agreement management with ALEC;
- industry issue management, planning, and policy direction implementation;
- industry round table discussions;
- continued implementation of the livestock export industry reform strategy;
- ambassador briefings with Qatar, Indonesia, Iran, Kuwait and Saudi Arabia;
- attendance at State Livestock Export Association chapter meetings; and
- presentations at key conferences including the Angus Australia Conference and the Commonwealth Bank of Australia Corporate Affairs Conference.

#### National Arbovirus Monitoring Program (NAMP)

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

## SERVICES AND INNOVATION PROGRAM

### Key Priorities

The Program supports industry to increase its capacity to meet and exceed existing standards, regulation and reporting obligations. It achieves this by providing a range of training services to the industry, in livestock handling and compliance requirements to on board stockpersons, which are highly valued and in some cases required under regulations (ASEL/Export Orders), as well as undertaking other activities in response to industry requirements.

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

### Program Highlights

#### Shipboard Stockperson Accreditation Course

Two stockperson accreditation courses were delivered in 2015-16 to support the understanding and continuous improvement of livestock management, health and welfare. The courses were attended by a total of 43 people, including participants from DAWR. The courses were cost recovered and positively received by the participants.

To continuously enhance and develop the course and training materials to represent best practice techniques, the LEP funded an R&D project to review and update the course structure, delivery and training materials. The updated materials were piloted in the second course.

Since the implementation of ESCAS in 2011, LiveCorp has delivered on-board stockperson training to 201 participants achieving an average 90% pass rate for the final examination. Of the 201 trained stockpersons, 91 currently have valid accreditation.

#### ESCAS Contractor Training Course

In response to industry's needs and changes within the regulatory environment, an opportunity was identified for a structured training and development course for live export contractors and industry employees to ensure consistency of experience and background. Previously, the formal frameworks were not in place to ensure industry representatives working in-market have the skills and knowledge essential for industry sustainability and adaptability to ongoing regulatory and business developments.

The course structure, delivery method and training materials were developed in 2015-16 and are set to be piloted in the 2016-17 financial year and then extended to industry.

#### ASEL Handbook app

ASEL was introduced and implemented by the Australian Government in 2004. Compliance with ASEL is a regulatory requirement and it is critical that there is a strong understanding of and adherence to ASEL throughout the livestock export supply chain.

The development of the electronic ASEL handbook app and website enables increased awareness and compliance with the regulation and allows for portable access by participants throughout the live export supply chain: on-farm, in registered premises, land transport and on-board vessels. The app includes a comprehensive calculator derived from the formulas and requirements within ASEL that addresses the estimation of stocking densities, fodder, water and bedding (if applicable) requirements for a vessel/consignment.

Since its launch at the LIVEX conference in November 2015, the ASEL handbook app has been downloaded 451 times on Apple, Android and Blackberry devices.

#### Planning for the Best Breeding Outcomes

Extending on the Tropical Beef Production Manual, the Planning for the Best Breeding Outcomes – Tropical Climate Breeding Wheel was developed to support overseas stakeholders to effectively understand and link the in-market cattle breeding cycle with the Australian cattle breeding cycle to achieve the best possible outcomes for breeding and animal welfare.

It successfully communicates a complex system by providing users with an engaging, interactive and easy to understand tool. It illustrates how to plan for best breeding outcomes, including the best times to calve, optimal weaning period, optimal import period and when nutrition levels should be increased.

The Tropical Breeding Wheel has been translated into Bahasa and further wheels are under development (generic breeding wheel, temperate climate breeding wheel and an electronic computer and mobile app) for release in 2016-17.



# PROGRAM DELIVERY & OUTCOMES

## In-market electronic risk assessment template

In line with the range of LEP services provided in-market, LiveCorp (on behalf of the LEP) developed an electronic version of the LEP risk assessment template. The new risk assessment template is more comprehensive and is designed to deliver efficiencies in reporting, improved usability and remove duplication. The template includes inbuilt calculators for auto-generation of summary reports and data export functionality. The template was released to the LEP and contractors in 2015-16.

## Livestock Export Facts

During 2015-16 the Services and Innovation Program developed The Livestock Export Journey - Get the Facts flyer for cattle, to visually communicate a typical livestock export vessel and explain the logistics, planning, industry processes and regulations involved in exporting livestock overseas.

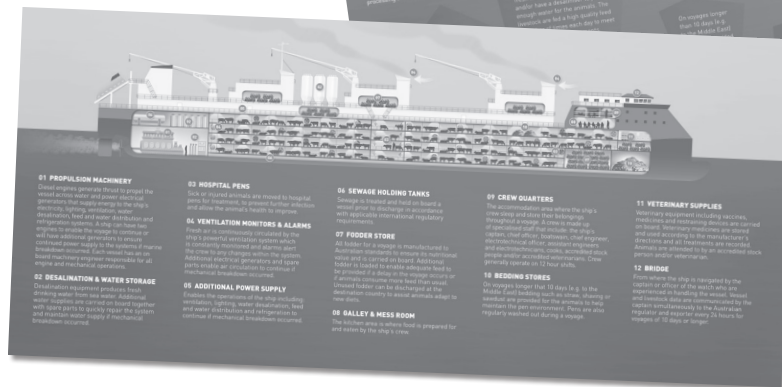
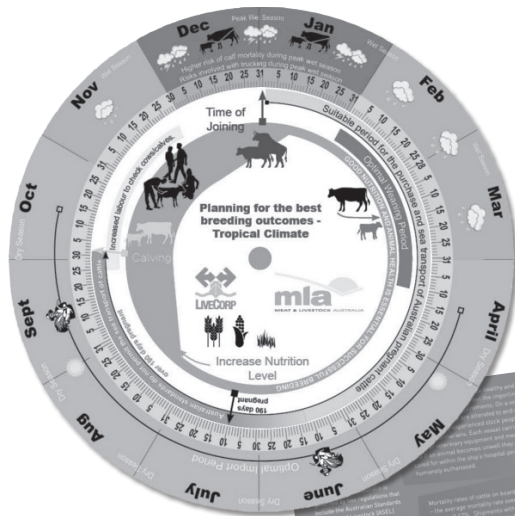
Similar 'Get the Facts' flyers are under development for sheep export and air freight and are expected to be available in 2016-17.

## China Trade Infographics

Following the successful signing of the China feeder and slaughter cattle health protocol in July 2015, a range of supporting materials were developed, including infographics communicating the details of the protocol for exporters, producers and stakeholders.

## Exporter-Government meetings

During the year the Services and Innovation Program facilitated exporter-government meetings to identify and refine export application processes and regulatory and export efficiencies.



## INDUSTRY CAPABILITY PROGRAM

### Key Priorities

The Program supports industry to improve its domestic supply chain efficiency, regulatory performance and to pursue market access developments. It achieves this by working closely with exporters, industry and the DAWR to provide technical advice and support on regulatory and operational issues that could deliver improved animal welfare outcomes, while also reducing costs lost to inefficiencies within the regulatory structures and operations. It also coordinates the industry/DAWR Protocol Committee and is responsible for supporting the DAWR and exporters to expand market access.

### Program Highlights

#### Approved Arrangements

In 2014-15, LiveCorp, the LEP and ALEC developed a whole of supply chain reform proposal, including the streamlining of the administration of certification and export approvals. In 2015-16, the DAWR adopted some of these reform proposals when it commenced the development and implementation of AA for livestock exports. This process will bring livestock exports in-line with the certification systems used for other commodities such as dairy and meat.

During the development of AA, LiveCorp provided technical input to the guidelines, performance structures, trial arrangements and EANs. LiveCorp was a member of the trial oversight group and the Industry Roundtable overseeing the various processes. The Program also played a significant role in coordinating and supporting the consultation and engagement process with exporters. This included holding exporter forums in key states and territories where the DAWR presented on how to develop AA and has made webinars on this topic available through the LiveCorp website. The DAWR is now implementing AA, with all exporters required to have entered the system by 1 January 2017.

#### Productivity Commission

On 20 November 2015, the Australian Government announced that it would be engaging the Productivity Commission to conduct an enquiry into the Regulation of Agriculture. The terms of reference for the review and supporting materials specifically mentioned ESCAS and LiveCorp recognised the opportunity to engage with a detailed submission.

With Ernst Young completing costings in support of the submission, LiveCorp, in close consultation with ALEC, prepared a comprehensive document detailing key concepts and technical recommendations under the headings of:

- fundamental features of good regulation;
- the importance of risk appetite;
- enabling the regulator (recognising quality assurance and equivalence);
- noncompliance and enforcement; and
- self-reporting.

LiveCorp estimated that if the recommendations of its submission were adopted, conservative estimates indicated that savings for the industry would be at least \$15 million per annum, and most likely around or in excess of \$25 million per year in direct, indirect and delay costs (without compromising animal welfare). A significant impact of those savings would in turn be transferred from regulatory costs to industry profitability.

The Productivity Commission will deliver their final report and recommendations to the Australian Government in November 2016.

#### Government – Industry Meetings and Discussions

LiveCorp continued to be a key contributor and member of the industry / government roundtables held at various intervals throughout 2015-16. The roundtables provide the consultative mechanism for the DAWR to discuss proposals with livestock export industry bodies, including in relation to such items as ESCAS reform, Approved Arrangements, amendments to the Export Control (Animals) Order 2014 and EANs.

#### Protocol Committee

Two face-to-face Protocol Committee meetings were held in 2015-16, with key representatives from the DAWR, exporters and industry bodies attending. The meetings provided the opportunity to review the industry's market access priorities and discuss relevant technical issues. The Committee has begun implementation of its Strategic Market Access Work Plan, discussing and initiating projects to better understand potential or developing technical market access issues in the global livestock trade.

In addition to the face-to-face meetings, the Program provides for ongoing out-of-session consultation between the DAWR and the Committee, as well as contributing technical advice to progress identified priority markets and issues.

## PROGRAM DELIVERY & OUTCOMES

The following is a summary of key market access progress achieved in 2015-16:

### New Markets

#### China

In July 2015, the LEP supported the Australian Government to host a senior delegation from China's Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) to finalise the feeder and slaughter cattle protocol negotiations. The Australian Minister for Agriculture and Water Resources, the Hon Barnaby Joyce MP signed the health protocol, which was then returned to China and signed by the Chinese Minister for Agriculture, Han Changfu.

Subsequent to the signing of the protocol, discussions have continued between government and industry officials regarding the interpretation of operational requirements and further Chinese quarantine measures. These items have the potential to place additional costs on the trade and need to be practical in order to support trade establishment and expansion. Over the course of the year, three air shipments of slaughter cattle were received in China and discussions have been continuing between exporters and importers.

A new Chinese Cattle Export Working Group was established by LiveCorp to bring together existing breeding and potential feeder / slaughter cattle exporters to China to discuss protocol and certification issues. It met frequently during the year and was critical in providing responsive engagement, consultation and communication for LiveCorp and government market access and certification activities.

#### Mexico, the United States of America and Papua New Guinea

New protocols were agreed with a number of markets, including breeding cattle to Mexico and feeder cattle to the USA and PNG. While exports are yet to commence to the USA or PNG, Australian exporters sent around 6,000 head of breeding cattle to Mexico shortly after finalisation of the protocol.

### Existing Markets

#### Indonesia

The productive heifer protocol with Indonesia was renegotiated to include bulls (productive cattle) and to refine the conditions to reduce unnecessary costs which were inhibiting exports. These cost savings totalled around \$100 - 130 per head. Arrangements for post arrival quarantine measures to be completed pre-export were also negotiated with Indonesian quarantine authorities.

Additional to the protocol negotiations, the Indonesian Government updated its approved quarantine premise list for the first time in several years which will allow for expanded opportunities for several northern Australian quarantine yards.

In support of the productive heifer breeder protocol discussions and relationship development, the LEP provided technical input, coordination and logistical support for three Australian Government hosted delegations from the Indonesian Government. These delegations were effective in helping to expand the understanding of the northern production system and the key elements towards successful breeder cattle exports. State and territory governments, as well as industry organisations provided significant support to all the delegations in 2015-16 which was appreciated.

#### Egypt and Turkey

Amendments were proposed by Egyptian authorities to their existing cattle protocols and through cooperative discussions between the Egyptian and Australian officials, mutually beneficial protocols were agreed. The protocol refinements continue to maintain equivalent access. Protocols with Turkey were also re-affirmed through the year.

### Other markets

There were a number of initial steps commenced during the year to start negotiations with a range of markets in Asia and Eurasia towards access for sheep and goats, particularly breeders.

## COMMUNICATIONS PROGRAM

### Key Priorities

LiveCorp is increasingly looking for opportunities to proactively engage with its stakeholders to keep them informed of developments and activities within LiveCorp and the LEP. Research into animal welfare risk communication strategies has been under development over the course of the financial year, with the aim of improving the awareness and understanding of the livestock export industry within the Australian community.

### Program Highlights

#### Livestock Global Assurance Program

The LEP RD&E Program continued work to investigate the implementation of a global conformity assessment program across industry which could be applicable to any market. The R&D for LGAP was completed on 31 March 2016 when the final project report was delivered to ALEC and industry for consideration.

The Communications Program supported the LGAP R&D project with ongoing stakeholder information and engagement activities. This included: content in the fortnightly LEP updates; an LGAP R&D summary document; website updates; support and materials throughout the consultation process with livestock exporters, peak councils, state chapters and government at forums, meetings and webinars; a final report summary document and infographics; and printing, editing and distribution of the final report.

#### Temple Grandin tour

An invitation was extended from LERDAC to Dr Temple Grandin, a world renowned animal welfare expert, to undertake a tour of the live cattle export supply chain, from paddock in Australia to plate in Indonesia. The tour was undertaken from 16 to 27 November 2015 and included an in-market trip of feedlots and abattoirs in Indonesia, as well as a sample of Northern Territory cattle stations, showcasing large scale broad-acre breeding and production systems.

The tour encompassed a cross section of the live export industry, to demonstrate both the challenges and achievements of the industry; in particular the role that RD&E has played in improving animal welfare outcomes. The purpose of the visit was to equip and inform one of the world's pre-eminent animal handling/welfare

experts of the nature and magnitude of the live export industry and its significance in contributing to both Australia's livestock industries, as well as Indonesia's food security.

"The Australian live export industry is light years improved from the videos of 2011. I was informed that a high percentage of cattle in Indonesia are stunned. To provide food, the vast lands of the Australian outback must be used to raise livestock. Fattening cattle in Indonesia on palm oil and coconut by products is converting material that used to be thrown away into food. From a sustainability standpoint, fattening and slaughter of the cattle in Indonesia makes sense."

Temple Grandin  
LIVEXconference 2015, Darwin

#### LIVEXconference 2015

The LIVEXconference, held in Darwin on 25 and 26 November 2015, was attended by over 450 delegates under the theme of People, Perspectives and Relationships. The conference focused on the industry in northern Australia, specifically acknowledging the industry's relationship with Indonesia.

Attendees heard from a range of key international speakers including Mr Iain Mars, the Chief Operating Officer for Brazil Beef, Minerva Foods; Dr Bernard Vallat, the Director General of the OIE; and Dr Temple Grandin. The conference provided delegates with the opportunity to share information about the livestock export trade and discuss the future directions for the industry.

#### Indonesia Feedlot Steer Competition

The inaugural LEP Indonesia Feedlot Steer Competition was held in April 2016. The Competition was open to all ESCAS-approved Indonesian feedlots that import Australian cattle, with cattle to be fed for 120 days and then judged liveweight on daily weight gain and visual assessment.

Four Indonesian feedlots participated entering 80 cattle into the event. The cattle were sourced from Newcastle Waters station, Stuart Plains and CPC's Wine Glass station in Australia and the breeds included Brahman-cross, Charbray and Limousin-cross.

The winner, Agro Giri Perkasa Feedlot in Lampung, was announced during the LEP Expo in Indonesia in April 2016.

## PROGRAM DELIVERY & OUTCOMES

### RD&E public facing document

The RD&E public facing document has been in development through the year and is near completion. The aim of the material is to provide broader community stakeholders a greater understanding of the identified animal welfare hot spots through the supply chain and the RD&E that is occurring to address the risks. Areas that are being covered in the document include respiratory disease in cattle, salmonellosis in sheep and goats, stocking density, heat stress, handling at port, and point of slaughter.

### Tell Your Animal Welfare Story

The 'Tell Your Animal Welfare Story' competition was screened in November 2015 at the LIVEXconference. Participants were required to produce a short three-minute film documenting their experiences and approach to achieving good animal welfare.

This was the second time this initiative had been offered to members in the past twelve months, which although saw reduced participation compared to 2014-15, drew positive attention and an increased usage of the new and past participant stories.

Other ongoing communications support activities that LiveCorp provided include:

- technical advice to support ALEC in responding to media inquiries and critical incidents such as market related issues (Japan and Vietnam) and general issues such as country briefings, protocol negotiations, incident management, contingency planning and the Productivity Commission submission;
- regular coordination of teleconferences with members and relevant stakeholders to facilitate the sharing of industry information and discussion;
- distribution of a fortnightly LEP Update to members and stakeholders outlining the latest industry developments, statistical information, events, trade, market access and media updates and the progress of industry programs and RD&E;
- presenting at and attending industry functions, producer forums and Senate Estimates hearings; and
- review of the RD&E reports hosted on the LiveCorp website to ensure all final research reports were up to date and available.





## PROGRAM DELIVERY & OUTCOMES

### DAIRY CATTLE EXPORT PROGRAM

#### Key Priorities

The Program is focused on the efficient and effective investment of the voluntary levy contributions for live dairy cattle exports. The priorities for this investment are identified and coordinated by LiveCorp, with consultation and advice from the Breeding Livestock Committee. The Program's priorities were animal health and welfare, supply chain efficiency and regulatory performance and market access.

#### Program Highlights

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

The Program has continued to direct investment to RD&E, including a partnership with Dairy Australia to document the state of the dairy cattle export industry. The research identified several areas for consideration at both the policy (ALEC) and services (LiveCorp) level. A key finding was also that a statutory dairy levy was required to support such activities – a process which ALEC has commenced.

Work continued to refine existing resources on animal health and welfare and supply chain efficiency including the commencement of a review and update of the Guide to Dairy Herd Management.

A key activity undertaken by the Program was the provision of technical advice to the DAWR on operational breeding cattle market access issues. This included the coordination and collation of exporter views to inform DAWR's considerations. This particularly related to the provision of advice regarding exports of breeding cattle to China, engagement with the Australian based CIQ Working Group and processes/procedures that underpin the export certification of dairy cattle.

The Protocol Committee and Industry Capability Program worked closely with the DAWR towards agreement for a breeder cattle protocol with Mexico. The re-opening of this market, which in the past has taken large numbers of dairy cattle, was finalised in early 2016.

The Program also benefitted from the market access efforts to refine the productive cattle breeder protocol with Indonesia. The revised protocol reduced costs by around \$130 per head by removing unnecessary requirements.

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





## LEP RD&E PROGRAM

### Key Priorities

A key priority project for the LEP RD&E program was the development and delivery of LGAP. Other key project areas included:

- securing MLA Donor Company (MDC) funding of \$1.2 million to develop and trial a salmonella vaccine;
- monitoring the eating and drinking patterns of approximately 16,000 sheep throughout the inanition project;
- identification of animal welfare indicators through the supply chain; and heat management in the Middle East; and
- completion of the Beef Breeder Manual for Cold Winter Climates was a key program deliverable.

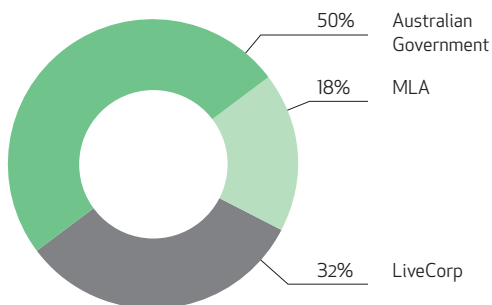
The LEP RD&E Program focuses on three key strategies:

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

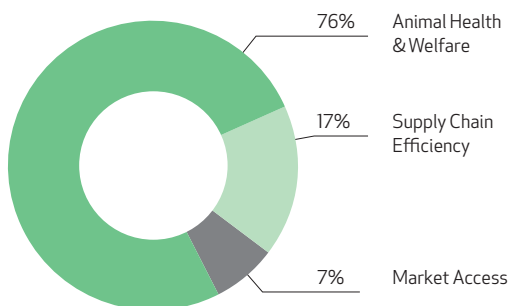
The largest area of investment for the RD&E Program continues to be delivery of animal health and welfare improvements (76%), which represents a 5% increase in contribution compared to previous years. Supply chain efficiency and regulatory performance received 17% of the funding and the remaining 7% was allocated to market access research.

The Beef Breeder Manual for Cold Winter Climates with complimentary technical notes and a 'train the trainer' power-point presentation has been a key extension output of the LEP RD&E Program this financial year. The materials will be used to support the export of breeding cattle to markets such as Russia and China and will therefore undergo translation into Russian and Chinese in 2016-17.

### Sources of LEP RD&E Funding (\$2.84 million)



### LEP RD&E Expenditure (\$2.84 million)



### Program Highlights

A summary of some of the key research and extension projects that commenced or were completed in 2015-16 are outlined below:

#### Research & development

##### Livestock Global Assurance Program (LGAP) (complete)

The objective of the LGAP project was to develop, pilot and deliver a certified, independent conformance program for the Australian livestock export industry to enhance the long-term sustainability of the live export trade, while maintaining high levels of animal welfare. This project was started in 2014-15.

It represents an ongoing effort, and has been subject to extensive consultation and consideration by many local and international stakeholders, to demonstrate the industry's commitment to animal welfare through more effective and direct accountability measures throughout the supply chain.

Designed to improve upon the ESCAS regulatory framework, LGAP was piloted in Jordan (stunned sheep), Malaysia (non-stunned goats), Indonesia (non-stunned and stunned cattle) and Australia (exporters and importers) with the research project completed on 31 March 2016.

To find more information about LGAP refer to: [www.livestockglobalassurance.org](http://www.livestockglobalassurance.org)

##### Measuring heat load and thermal management strategies in sheep (complete)

The purpose of ongoing research into heat management is to collate and analyse data on heat load in sheep exported to EMENA. Data has been collected on vessels sailing to EMENA and in feedlots under different shade types combined with increased air movement and ground wetting.

Cooling interventions such as additional shade, increased air movement, and ground wetting were tested. There was a greater decrease in rumen temperature for sheep under double shade with fans and ground wetting compared to the control sheep kept under single shade. Environmental conditions were monitored at several Middle East feedlots and indicated the need for further direct comparison and evaluation of different shade structures and interventions, which may potentially cool the sheep.

A key component of the project is a 'tips and tools' document that summarises the strategies developed from the research for managing the risks of heat load. This document continues to be refined as more data is collected.

##### Backgrounding and feedlot strategies to address inanition in sheep (complete)

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

Using Radio Frequency Identification (RFID) technology, the researchers recorded the individual eating and drinking habits of approximately 16,000 sheep fed on ships' rations in the pre-embarkation depot. They found that more than 90% of animals adapted quickly, eating and drinking for more than 30 minutes a day. However, the remainder were much slower to adapt to the conditions and subsequent ration. Sheep reluctant to feed were not attracted to various appetisers either.

The study concluded that more research should be invested in producing more robust sheep or looking at strategies that can be applied on-farm to build sheep resilience. It also concluded that the 8-10% of sheep that are slower to adapt and do not eat and drink for more than 30 minutes a day prior to the voyage were considered high risk and may therefore be more susceptible to salmonella and/or not eating at all throughout the shipping phase. Of the remaining sheep, there are approximately 2% in the groups that do not spend adequate time feeding per day. The full synopsis of results will be condensed into a tips and tools for industry in 2016-17.

The impact of shearing prior to export was also investigated. In this study, 600 sheep were fitted with RFID tags, to determine time and frequency of feed and water trough attendance. The sheep were shorn on day 1, 2, 3, 4 or 5, and compared to the unshorn control group. Ethograms were generated through analysis of video footage of the sheep taken one hour after shearing. There was no difference in time spent at feed or water troughs between any treatment groups on any day, and minimal behavioural changes. This suggests that shearing may occur on any day during the pre-embarkation feedlot period, and that current management practices do not disrupt time spent feeding.

This guidance will assist any potential improvements to export preparation practices and ASEL.

## PROGRAM DELIVERY & OUTCOMES

### Investigating cattle morbidity and mortality to the Middle East (complete)

The objectives of the study were to produce valid and credible descriptions of the causes of death in cattle exported from Australia to the Middle East and to gain a better understanding of the causes of morbidity and mortality on long haul voyages.

The project was completed and the final report and appendices are available on the LiveCorp and MLA websites.

The findings from this project will contribute to the development of mitigation strategies to reduce bovine respiratory disease (BRD) risk during export as this was found to be the major cause of death (from 20 voyages, respiratory disease accounted for 50% of all deaths that were studied). The findings reinforce the view that BRD epidemiology in export cattle is the same disease process as is seen in land-based feedlot cattle. A short document is being prepared for best practice preparation prior to going into feedlots, quarantine and/or on board vessels.

### Development and assessment of livestock welfare indicators for the livestock industry (complete)

The aim of this project was to identify internationally accepted and currently used indicators of animal welfare for sheep, cattle and goats and to develop key animal welfare indicators relevant to each point along the livestock export supply chain.

As a result, the research team have reviewed a total of 54 potential animal welfare indicators of which 20 specific measures are already carried out under current practice (ASEL & ESCAS).

The indicators identified from the project will support the social license to operate strategy to:

- increase industry transparency and evidence commitment to welfare;
- enable proactive management of critical and emerging issues along the supply chain;
- track progress and benchmark performance on welfare; and
- support improved engagement and responsiveness to industry stakeholders.

The list of key welfare indicators will be considered and prioritised by industry to determine the most practical, economical and quantifiable indicators to measure livestock welfare along the export supply chain. Once the prioritised indicators have been agreed, the next step will be to pilot them through various supply chains.

A method to benchmark current performance was also developed via this project and to identify areas of improvement (such as husbandry and management) using an integrated welfare assessment that measures performance using environmental, physical, physiological and behavioural indicators. This benchmarking will enable data collection, provide continuous feedback and suggest remedial procedures that can be implemented immediately.

### Further improving the environment on livestock vessels leaving Australia (complete)

This was a review based on innovations or developments in bedding and air quality that have the potential to continuously improve the environment within livestock vessels and facilities. The comprehensive literature review has identified best practice recommendations, new developments and prioritised areas of further research and development.

Terms of reference are currently under development for on board environmental monitoring and potential ammonia mitigation strategies.

### Optimising stunning methods for halal livestock processing (complete)

The objective of the project was to undertake a literature review of stunning methods for halal processing to identify knowledge gaps and challenges that may contribute to in-market resistance to the uptake of stunning and to determine areas for further research.

Terms of reference for further work are currently under consideration by industry.

### Options for improving traceability in the live export industry (complete)

The objective of the project was an extensive desk top review to examine existing commercially available identification and traceability procedures, systems and technologies for cattle, sheep and goats in Australia and overseas markets to assess their suitability and relevance for Australian livestock exports. The review also looked at identification and traceability procedures, systems and technologies that are used in industries other than livestock.

The report highlights a significant proportion of traceability options available to industry and their pros/cons which is currently being developed into an extension resource.

## PROGRAM DELIVERY & OUTCOMES

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

The overall goal of the project is to develop a commercial modified live salmonella vaccine that is safe, well tolerated and confers robust cross-protection in vaccinated animals.

The project has constructed derivatives of salmonella DAM vaccines that reduce the risk of the vaccine resulting in clinical disease in vaccinated animals by improving safety without compromising effectiveness. The vaccine will be administered in drinking water to allow mass medication of animals at the point of entry into export facilities and will provide rapid protection. Rigorous studies have been undertaken that demonstrate a high level of vaccine safety and efficacy with minimal toxicity.

Regulatory approval to return the biological material to Australia from the United States has been granted and an industry partner will undertake large animal studies with the aim of producing a commercial vaccine that can be delivered orally for sheep. This will occur via a \$1.2M MDC project. The terms and conditions between the respective parties are in the process of being finalised. The aim is to have a commercially available vaccine by 2019.

### 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 short and long haul 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. This project is due for completion early to mid 2017.

### Pinkeye on long-haul cattle voyages

Severe eye disease is a significant problem in Bos Taurus cattle on long-haul and medium-haul voyages. The economic impact is high owing to the cost of treating affected animals, death of severely affected animals and possibly the loss of business resulting from a perceived lack of confidence by importers in the quality of the product. Additionally, there are significant animal welfare concerns associated with high numbers of cattle suffering from painful eye disease for long periods on board.

The objectives of this project are to review current literature, identify micro-organisms associated with the disease and develop prevention strategies to improve animal health and welfare on long haul voyages to destination markets. This project is due for completion mid 2017.

### Standards and performance benchmarking the livestock export industry

The objectives of this study are to compare the welfare standards of the Australian livestock export industry throughout the export supply chain with other exporting countries. The Australian export standards will also be compared with Australian domestic standards. The scope of the study includes: policy and planning; personnel; animal health; facilities and equipment; handling; feed and water; environmental conditions; journey length; stunning and slaughter; and monitoring. The project will also make recommendations for improvements in the content, scope, structure, implementation and verification of Australian livestock export supply chain standards. This report is in the final review stages and will be complete in 2016-17.

### Extension

#### Investigating cattle morbidity and mortality to the Middle East (complete)

This project originated in part from concerns over BRD as a cause of mortality in cattle exported from Australia to the Middle East.

The final report and appendices are available on the LiveCorp and MLA websites. A number of extension resources were produced throughout the duration of this project. The necropsy DVD and the veterinary handbook which has been transposed into an App are two of the key outputs. In addition, there are two published scientific papers that appear in the Journal of Veterinary Diagnostic Investigation.

#### Beef breeder husbandry manual for overseas markets (complete)

As beef breeder markets continue to expand to destinations such as Russia and China, there is a need to support exports of these cattle with highly relevant and customised materials, particularly for cold winter climates. The Beef Breeding Manual is an addition to industry's suite of resources that contribute to improved animal welfare outcomes in overseas markets. It will provide highly relevant and customised technical and training materials and further add to the productivity and efficiency of Australia's beef breeder customers. This resource is being translated into Chinese and Russian.

#### Russian training video (complete)

Following previous LEP activities in Russia and recent feedback from in market visits, a Russian language training DVD resource in low stress animal handling, feedlot and farm husbandry and management of cattle and horses has been completed.

## PROGRAM DELIVERY & OUTCOMES

### The ASEL handbook app and website development (complete)

The ASEL handbook has now been developed into an app and website that includes stocking density calculators for feed, fodder and water and will provide participants throughout the live export supply chain with a portable, readily accessible resource that is well suited to on-farm, feedlot, land transport and on-board conditions. The ASEL handbook app will assist to increase awareness and compliance with the regulations and ultimately support improved animal welfare. The app is available for download through the Apple and Google Play stores for free and the full content is on the web at [www.aselhandbook.com.au](http://www.aselhandbook.com.au).

### Meat quality, food safety and hygiene fact sheets

The advantages and benefits of the ESCAS pathway from production systems through to the point of slaughter and beyond to meat quality, safety and hygiene are extensive. The primary focus of this research project was the impact of ESCAS on meat quality, food safety and hygiene.

Twelve fact sheets have been developed that demonstrate the advantages of adopting and

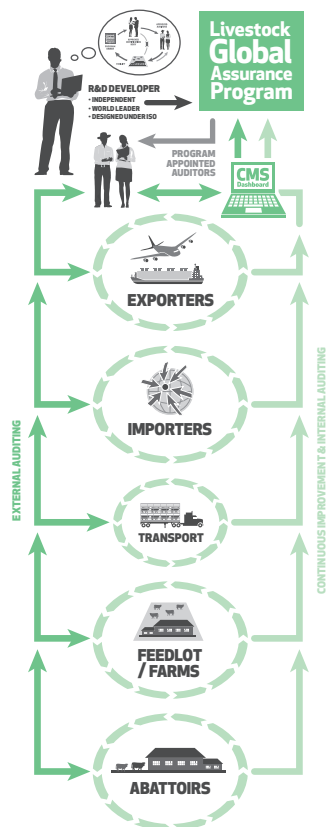
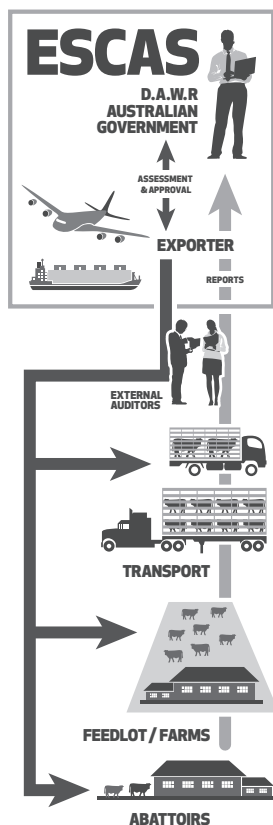
implementing the ESCAS pathway on meat quality, safety and hygiene for importers, government organisations, processors and consumers. The fact sheets are in the desk top publication phase and are scheduled for release in October 2016.

### Sheep, cattle and goat yard manual

The aim of this project has been 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 livestock export trade. The manual is in the desk top publication phase and will be made available electronically towards the end of 2016.

### Intellectual property and the commercialisation of RD&E

Intellectual property and its ownership is decided and clearly defined at the time of project establishment. 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.



### LEP IN-MARKET PROGRAMS

Through 2015-16 there were four LEP in-market programs covering EMENA, Indonesia, Vietnam and SEA.

#### Program Highlights

The programs continued to target their activities in three key areas of training, gap analysis and risk analysis, and technical support consistent with previous years, achieving an average of 95% of LEP service requests from exporters being met.

Additional activities to support awareness and understanding of ESCAS and its animal welfare requirements were also delivered across existing and new markets.

#### Training

The in-market programs have conducted training across the regions including increased 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 qualified consultants.

Since the implementation of ESCAS in 2011, the LEP in-market programs have delivered training to more than 10,827 participants. The allocation of those participants across the regions was 3,526 in EMENA, 3,866 in Indonesia, 810 in Vietnam and 2,625 in SEA.

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 116 participants over 22 consultant days.

##### Indonesia

Over 154 consultant days of training and technical advice were supplied to industry, with over 156 individual activities conducted and 520 industry employees trained.

##### Vietnam

A combination of workshops, seminars and training sessions were conducted involving 646 participants over 143 consultant days.

##### SEA

During 2015-16, animal handling and point of slaughter training was conducted in Cambodia, China, Malaysia and Thailand to 378 participants over 61 consultant days.

#### Gap and risk analysis

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

Gap and risk analyses continued to form key components of the LEP ESCAS and animal welfare extension efforts into supply chains. 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, Egypt, Oman and Bahrain), and growing markets (Vietnam).

Risk analysis activities target existing supply chains and are focused on supporting continual compliance and improvement over and above ESCAS standards. In-market assessments were conducted widely throughout the regions and materials to support the adoption of exporter/importer driven risk assessments (developed within the LEP) were provided to support continual risk management efforts.

##### EMENA

Nineteen gap and risk analyses were completed 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

Eighteen facilities from the existing Indonesian supply chains undertook a risk assessment. Risk assessments are well regarded by the industry and are regularly used as management tools by importers and exporters. The low number of risk assessments completed in 2015-16 was due to the low cattle numbers exported during the first six months when the quarterly quota number announced by the Indonesian Government was significantly reduced.

As part of the LEP support for Indonesia's breeding project, the LEP provided 178 gap analyses across the small holders in East Kalimantan that were to be recipients of the first shipment of 2,000 Australian heifers into 131 facilities.

##### Vietnam

During early 2015-16 there was a move away from exporters using LEP risk assessments as a management and monitoring tool and as a result only 16 were



## PROGRAM DELIVERY & OUTCOMES

performed. This was in part a response to the complexity of multiple use facilities and user agreements in Vietnam.

### SEA

Thirteen gap and risk analyses were completed in SEA. Additionally, risk and gaps were identified during training and technical advice visits. The gap and risk advice helped exporters and importers manage risk in their supply chains.

### Industry Collaborative Animal Welfare Program

The LEP continued to provide 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 in-market to engage supply chain managers and animal welfare officers to support animal welfare improvements.

The ICWP has allowed exporters and importers to provide animal welfare and technical support in addition to LEP driven programs. The following describe the ICWP activities:

#### EMENA

Two exporters participated in the ICWP and delivered ESCAS animal welfare improvements across their respective supply chains.

#### Indonesia

Six out of seven main exporters received funding. The high uptake from the exporters is due to the increase in the number of supply chains and to accommodate animal welfare improvements into those supply chains.

#### Vietnam

There was participation by seven exporters in the ICWP for Vietnam. The Program also supported the increased presence of exporters in supply chains in early 2015 as a result of the introduction of the Vietnam Six-Point Plan.

### SEA

There was a growing investment in the ICWP by exporters to the SEA region which led to participation by four exporters in SEA during 2015-16. The program enabled exporters' staff and consultants to extend the delivery of animal welfare programs in Malaysia, Brunei, Thailand, the Philippines, China, and Cambodia.

### Technical support during festival periods

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

The Eid Al Adha religious festival occurred between 23 and 25 September 2015 with the LEP Eid program providing a critical role in planning advice, control and traceability risk assessments, and 'on-the-ground' support during the festival. The LEP Eid program worked collaboratively with importers in Qatar, Bahrain, Oman and Kuwait to continue the carcass-only sales policy.

With a focus on continuous improvement over and above ESCAS standards, a combined total of 23 resources from the LEP, exporters and industry were present in 12 approved slaughter facilities across UAE, Oman, Qatar, Bahrain, Jordan and Kuwait for the duration of Eid al Adha. Importer representatives were also active participants in many markets.

An internal strategic review of the LEP Eid program was also undertaken to identify areas where changes have made a difference and what future systems and operational plans could be used to assist in the delivery of the required animal welfare outcomes. The report is being finalised.

A LEP Korban program was conducted in Malaysia in September 2015 to assist with sheep and goat animal welfare issues during this peak religious slaughter period. Three LEP consultants provided training for various goat and sheep supply chains and encouraged importers to guard against leakage.

On Korban day, LEP assistance was provided at the Malaysian Department of Veterinary Services, Shah Alam Abattoir where 150 goats were processed for attendees from a local mosque.

### Technical advice and support

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

- lairage and abattoir design;
- feedlot design, nutrition and management of livestock during adverse climatic conditions;
- breeding livestock management and health;
- repairs, maintenance and new infrastructure; and
- food safety, hygiene and productivity.

#### EMENA

The EMENA in-market program provided 185 days of technical advice across the region with a particular focus on Kuwait, Jordan, Israel, Bahrain, Oman, Qatar and the UAE.

## PROGRAM DELIVERY & OUTCOMES

The LEP has been undertaking extension activities in the region to assist feedlot operators with managing livestock during the hot summer periods, including:

- working with feedlot veterinarians to develop disease investigation techniques, including post-mortem, laboratory sample collection and record keeping;
- working with feedlots to establish processes of recording key weather indicators to identify critical 'risk' periods that enable feedlot management to minimise the impact of heat events; and
- assisting in research to identify and develop practical and economically viable management steps that can minimise losses associated with heat stress.

### Indonesia

The Indonesia in-market program provided more than 150 days of technical advice in breeding, animal health and nutrition.

The LEP is continuing to improve skills and knowledge available to the industry through a Technical Expert Program. The Technical Expert Program continued with experts conducting industry seminars on breeding, nutrition and palm integration.

Three specialised consultants were available to assist and support importer breeding programs. This included the provision of small farm holder and traditional breed lot programs covering nutrition, husbandry, fertility, bull selection and palm integration.

The LEP joined the Indolivestock Expo in Surabaya in July 2015 to provide 3 seminars on breeding, nutrition and palm integration attracting more than 170 participants.

### Vietnam

The Vietnamese in-market program provided 43 days of technical advice through supply chains in the form of seminars and workshops.

Three large seminars were organised in collaboration with MARD, Australia New Zealand bank and Bank for Investment and Development of Vietnam. The three seminars covered topics on the beef and dairy roundtable, beef breeding for profit and commercial cattle production in the Central Highlands.

The seminars attracted a total of 456 participants from government, importers, exporters, universities and investors. The seminars made the importation of Australian live cattle a topic of consideration by the Vietnamese Government to support market access.

### SEA

The SEA in-market program provided 12 days of technical advice in Malaysia, Thailand, Cambodia and China.

### Trade relations and market access

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

### EMENA

Over 20 visits to countries in the EMENA region included high level market access visits, workshops and meetings with key stakeholders and government authorities in Bahrain, Egypt, Israel, Jordan, Kazakhstan, Kuwait, Lebanon, Oman, Qatar, and Russia. The LEP also facilitated a number of in-market visits for a range of Australian based stakeholders.

In April 2016, the LEP participated in the Middle East Regional Seminar for OIE National Focal Points on Animal Welfare held in Amman, Jordan. A key focus of the seminar was the consideration of the Middle East OIE Regional Animal Welfare Strategy Draft Implementation Plan.

The overall objective of the Plan is to improve animal welfare in the Middle East region and to progressively advance the implementation of the OIE standards on animal welfare. The LEP had opportunity to provide input into and comment on the Plan, which was adopted on 23 May 2016 by the OIE Regional Commission for the Middle East.

### Indonesia

The LEP held monthly meetings with GAPUSPINDO to discuss ongoing trade relations including current market access issues, LGAP and ESCAS reform.

The annual Indonesian importer/exporter meeting was held on 6 April 2016 with representatives from the seven main exporters and their importing partners. Discussion included: the increasing beef price in Indonesia; the importation from non-foot and mouth disease free countries/zones; and the importation of secondary cuts not only by State Operated Enterprises, but also private companies.

In April 2016, the LEP delivered the second LEP Expo following the success of the inaugural event in 2015. The LEP Expo 2016 was held at the Hotel Atria Gading Serpong in Indonesia, with 27 exhibitors and more than 500 visitors attending. The exhibitors varied from livestock companies, abattoir equipment suppliers and designers, animal health and feed products, feedlot

## PROGRAM DELIVERY & OUTCOMES

software and construction, traceability systems, banking and human resources. Visitors to the exhibition included government officials from Indonesia and Australia, importers, exporters, universities and industry bodies from the region.

The breeding seminar at the LEP Expo was well-attended by about 150 people including government representatives, academics, industry and farming groups. Discussions included the Indonesian Government's plan to import 50,000 breeders, breeder management and commercial viability of breeding in Indonesia. Meanwhile, the Indonesian importer/exporter meeting covered regulatory changes, pricing, and breeder support for the Indonesia Government program.

Meetings with East Kalimantan Dinas and the South Sulawesi Government were held to discuss issues and arrangements regarding the Indonesian Government's productive heifer importation initiative. The Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector has continued with support from industry and government in both countries.

The LEP provided support for a delegation visit from the Directorate General of Livestock and Animal Health Services to the Northern Territory and Queensland. The purpose of the delegation was to seek information on availability and price of productive heifers.

As part of the support from the Australian industry to the Indonesian breeding program, the LEP and MLA's market access team produced breeding guidelines that were presented to Director General Muladno of DGLAHS on 31 May 2016.

### Vietnam

To improve communication with the Vietnamese Government, the LEP held several meetings with the MARD, to discuss collaboration programs and methods to improve consistency of messaging regarding animal welfare. The meetings included high level officials in the Department of Animal Health and the Department of Livestock Production.

The LEP provided support for a Vietnamese delegation visit to the LIVEXconference in Darwin in November 2015 and also facilitated a range of in-market visits by Australian based stakeholders.

A delegation of 20 Vietnamese importer representatives was organised by the LEP to attend the Indonesia LEP Expo 2016. The delegation tour included a site visit to the TUM abattoir and feedlot, an importer/

exporter meeting, a meeting with GAPUSPINDO, as well as exposure to technologies and techniques used in Indonesian feedlots and abattoirs.

Five importer/exporter meetings were held in Vietnam in 2015-16 to provide opportunities to discuss in-market issues to ensure that Vietnamese importers were receiving a consistent message from Australian exporters on animal welfare and to facilitate concerns in a formal manner.

### SEA

The LEP provided logistical and technical support for the AQSIQ delegation from 19 to 25 July 2015. The LEP also facilitated and briefed various Chinese delegations and potential importers in Australia.

Since the China feeder/slaughter health protocol was signed in July 2015, there has been 3 airfreight consignments of approximately 450 slaughter cattle. The health protocol is relatively complex compared to other feeder/slaughter protocols and there are additional costs relating to the preparation of cattle consignments in Australia. As result, the development of a sea freight trade with China has been slower to commence than initially anticipated.

With the Western Australia Department of Agriculture and Food in Perth, the LEP participated in a delegation visit from Thailand on 25 and 26 October 2015.

The LEP has made regular visits to countries in the SEA region covering high level market access visits, workshops and meetings with key industry and government authorities in Cambodia, Malaysia, Brunei and Thailand.

In February 2016 meetings were held in Kuala Lumpur between goat and sheep exporters, Malaysian importers and goat/sheep farmers. Control and traceability issues were discussed and measures were agreed to improved control along supply chains. During the trip, a workshop was conducted with the Department of Veterinary Services.

The LEP co-funded a Sino-Australian Live Export Forum in Shanghai, China on 14 June 2016. There were over 120 participants including exporters, potential importers and key Chinese government officials. The forum provided opportunity to discuss Australia's capacity to supply cattle, ESCAS and China's internal requirements regarding imports of Australian feeder/slaughter cattle.

## Exporter Members

AAA Livestock Services Pty Ltd  
AH & R Schmidt Pty Ltd  
Atlas Exports Pty Ltd  
Austock Rural Pty Ltd  
Australasian Global Exports Pty Ltd  
Australian Livestock Exports Pty Ltd  
Australian Rural Exports Pty Ltd (AUSTREX)  
Ausvision Rural Services Pty Ltd  
Capricorn Pastoral (Davies Lander) Pty Ltd  
Central Pacific Livestock Pty Ltd  
CharterAir Pty Ltd  
Cluny LiveStock Exports Pty Ltd  
Dairy Livestock Exports Pty Ltd  
Edwards Livestock Company 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 Northern Pty Ltd  
Global Cattle & Beef Exports Pty Ltd  
Global Livestock Corporation (Aus) Pty Ltd  
Global Livestock Marketing Pty Ltd  
Halleen Australasian Livestock Traders Pty Ltd  
Hedley John Exporters Pty Ltd  
HXA Pty Ltd  
International Livestock Export Pty Ltd  
Jamie McMillan Brown  
Kennedy Creek Livestock Exports Pty Ltd  
Landmark Operations Ltd  
Lembiru Livestock Pty Ltd  
Livestock Air Corporation Pty Ltd  
Livestock Australian Exports Pty Ltd  
Livestock Shipping Services Pty Ltd  
North Australian Cattle Company Pty Ltd  
Oceanic Cattle Stations Aust Pty Ltd  
Oryx Australia Pty Ltd  
P&D Exports Pty Ltd  
Phoenix Exports Pty Ltd  
Premier Meats Australia Pty Ltd  
Purcell Brothers Pty Ltd  
South East Asian Livestock Services Pty Ltd (SEALS)  
Sugarbag (Qld) Pty Ltd  
Total Livestock Genetics  
Vickstock Pty Ltd  
Viscount Agricultural Developments Pty Ltd  
Wellard Rural Exports Pty Ltd  
ZhonguoAudlia Meats Pty Ltd

## Associate Members

BB Manufacturing Co Pty Ltd  
Cavalier Livestock Equipment Pty Ltd  
EBM Insurance Brokers Pty Ltd  
IDEXX Laboratories Pty Ltd  
JK & CL McLoughlin  
Kentmaster Equipment Australia Pty Ltd  
Lampung Livestock Pty Ltd  
Minderoo Group Pty Ltd  
National Indigenous Pastoral Enterprises Pty Ltd  
PT Global Compliance Asia  
Rural Export & Trading (WA) Pty Ltd  
Thompson Longhorn (Innovative Design & Manufacturing Pty Ltd)

## Industry Members

Australia Livestock Exporters Council  
Northern Territory Livestock Exporters Association  
Queensland Livestock Exporters Association  
South East Australia Livestock Exporters Association  
Western Australia Livestock Exporters Association





# ANNUAL FINANCIAL STATEMENTS

## Directors' Report

The Board of Directors present their report on LiveCorp for the financial year ended 30 June 2016.

### Directors

The following persons were directors of LiveCorp during 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 currently a Director of Tubarao Investments Pty Ltd a property investment company.



**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, Chairman of the Industry Advisory Board for the Institute of Agriculture at University of WA and Director of Barley Australia associated with barley industry activities.

**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**

Mr Jarvie is a Veterinarian with 40 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 Wellard Feed Pty Ltd. Mr Jarvie is a member of Biosecurity Council of Western Australia and Chairman of management Committee of Biosecurity Industry Funding Schemes for Cattle in Western Australia.

**Special Responsibilities**

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



## Directors' Report



**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 previously held the position of Director of 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

GCert (AgrBus), AdvDip(Agr), Grad AICD, ARLF, GCert Australian Rural Leadership

### Experience

Mrs Dwyer has over 12 years of experience in operating a dairy farm, beef and dairy heifer export 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 is currently a non-executive director with Dairy Australia. She has also recently been appointed to the Great South Coast Regional Partnership, reporting directly to the Victorian Government.

### Special Responsibilities

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



**Simon Crean**

Ex-Officio Director

### Qualifications

Bachelor of Economics and Bachelor of Law

### Experience

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

# ANNUAL FINANCIAL STATEMENTS

## Directors' Report

### Meetings of Directors

During the period 1 July 2015 to 30 June 2016 the LiveCorp Board held seven meetings of directors. The attendances of the directors at meetings of the Board and its committee were:

Directors	Directors' Meetings		Finance, Audit & Remuneration Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Galvin	7	7	-	-
Terry Enright	7	7	4	4
David Jarvie	7	7	4	4
Angus Adnam	7	5	-	-
Lisa Dwyer	7	7	4	4
Simon Crean	7	7	-	-

### Objectives and Strategies

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.
- Improved efficiency and productivity in the livestock export industry's supply chain capability and performance.
- Through engagement, education and communication, build government and community acceptance of the industry and increase stakeholder awareness and satisfaction.
- Build member and stakeholder confidence and deliver value through strong governance, planning, evaluation and review.
- Compliance with the SFA, which provides the major revenue source for the company..

### Principal Activities

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

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

### Operating Result

The surplus of LiveCorp for the financial year amounted to \$1,042,572 (2015: Surplus of \$1,251,120). This was significantly greater than the budgeted deficit of \$217,422 forecast for the financial year ended 30 June 2016. The variation is primarily attributable to higher than expected cattle exports and \$336,000 in surplus funds returned from the LEP.

### Performance Measures

LiveCorp undertook an external performance evaluation of the Board in 2015-16 and the report concluded that the LiveCorp Board is performing well, is functional and effective, and that Directors have good knowledge of the industry and the issues it faces.

# ANNUAL FINANCIAL STATEMENTS

## Directors' Report

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

- a) The performance of LiveCorp in meeting its obligations under the SFA which is reviewed twice annually by the Department of Agriculture and Water Resources, and at both times LiveCorp was found to be meeting its commitments under the SFA;
- b) The development and implementation of the AOP measured by the effectiveness of LiveCorp in meeting the targets and budgets. Stakeholder feedback in 2015-16 showed a level of strong satisfaction, rating the provision of services by LiveCorp as adding value to their business.
- c) Independent performance reviews of delivery of benefits to the industry.
- d) Increased collaboration between LiveCorp, MLA and other Research and Development Corporations (RDCs); and
- e) 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 improve its monitoring and measurement of progress against individual projects and programs.

LiveCorp is committed to achieving continuous performance improvement, accountable through the survey of stakeholder satisfaction and the external performance review that is undertaken every three years. These outcomes are communicated to the members and stakeholders.

## 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 2016 the number of members was 49 (2015: 52) and the maximum amount which could be contributed is \$4,900 (2015: \$5,200).

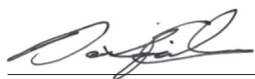
## Company Secretary

The company secretary during the year and to the date of this report is Liesel Alexander.

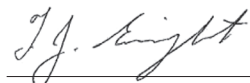
## Auditor's Independence Declaration

A copy of the Auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 52.

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



David Galvin  
Director



Terry Enright  
Director

Dated this 18th day of August 2016

## 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 auditor for the audit of the financial report of Australian Livestock Export Corporation Limited for the year ended 30 June 2016, 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 'Nexia Court &amp; Co'.

**Nexia Court & Co**  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Andrew Hoffman'.

**Andrew Hoffman**  
Partner

**Sydney**  
31 August 2016

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Independent member of Nexia International



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# ANNUAL FINANCIAL STATEMENTS

## Statement of Surplus or Deficit and Other Comprehensive Income

	Note	2016 \$	2015 \$
Revenues from continuing operations	2(a)	6,184,433	6,794,850
Other income	2(c)	(7,545)	69,306
<b>Total revenue</b>		<b>6,176,888</b>	<b>6,864,156</b>
Stakeholder communication program		(680,106)	(469,573)
Exporter program		(860,868)	(1,243,985)
Industry capability program		(440,120)	(393,600)
Services and innovation program		(198,641)	(205,120)
Dairy export program		(178,760)	(131,694)
Joint program	3	(2,064,000)	(2,385,000)
Corporate costs		(711,821)	(784,064)
<b>Total expenditure</b>		<b>(5,134,316)</b>	<b>(5,613,036)</b>
<b>Net surplus from continuing operations</b>		<b>1,042,572</b>	<b>1,251,120</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>1,042,572</b>	<b>1,251,120</b>

The accompanying notes form part of these financial statements.

# ANNUAL FINANCIAL STATEMENTS

## Statement of Financial Position

	Note	2016 \$	2015 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	1,305,615	1,800,852
Trade and other receivables	6	1,369,376	1,238,232
Other current assets	7	21,523	6,356
<b>Total Current Assets</b>		<b>2,696,514</b>	<b>3,045,440</b>
<b>Non-Current Assets</b>			
Financial assets	8	4,349,550	3,140,822
Property, plant and equipment	9	22,174	35,011
<b>Total Non-Current Assets</b>		<b>4,371,724</b>	<b>3,175,833</b>
<b>Total Assets</b>		<b>7,068,238</b>	<b>6,221,273</b>
<b>Current Liabilities</b>			
Trade and other payables	10	260,567	476,564
Employee entitlements	11	77,395	64,531
<b>Total Current Liabilities</b>		<b>337,962</b>	<b>541,095</b>
<b>Non-Current Liabilities</b>			
Employee entitlements	11	46,161	38,635
<b>Total Non-Current Liabilities</b>		<b>46,161</b>	<b>38,635</b>
<b>Total Liabilities</b>		<b>384,123</b>	<b>579,730</b>
<b>Net Assets</b>		<b>6,684,115</b>	<b>5,641,543</b>
<b>Equity</b>			
Statutory Marketing accumulated funds	12(a)	6,119,440	5,027,831
Statutory R&D accumulated funds	12(b)	564,675	613,712
<b>Total Equity</b>		<b>6,684,115</b>	<b>5,641,543</b>

The accompanying notes form part of these financial statements.



# ANNUAL FINANCIAL STATEMENTS

## Statement of Changes in Equity

	Retained Earnings \$
<b>Balance at 30 June 2014</b>	<b>4,390,423</b>
Total comprehensive income	<u>1,251,120</u>
<b>Balance at 30 June 2015</b>	<b>5,641,543</b>
Total comprehensive income	<u>1,042,572</u>
<b>Balance at 30 June 2016</b>	<b><u>6,684,115</u></b>

# ANNUAL FINANCIAL STATEMENTS

## Statement of Cash Flows

	Note	2016 \$	2015 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		6,441,189	6,572,376
Payments to suppliers and employees		(5,917,816)	(5,744,269)
<b>Net cash flows from operating activities</b>	14(a)	<b>523,373</b>	<b>828,107</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		-	(41,095)
Net payments for investments		(1,216,273)	(1,101,097)
Dividends received		178,236	130,847
Interest received		19,427	36,225
<b>Net cash flows from investing activities</b>		<b>(1,018,610)</b>	<b>(975,120)</b>
Net (decrease)/increase in cash held		(495,237)	(147,013)
Cash and cash equivalents at beginning of the year		1,800,852	1,947,865
<b>Cash and cash equivalents at end of the year</b>	5	<b>1,305,615</b>	<b>1,800,852</b>

## Notes to the Financial Statements

### 1. Statement of Significant Accounting Policies

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

#### a) Basis of Preparation

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

#### *Reporting Basis and Conventions*

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

#### b) Income Tax

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

#### c) Property, Plant and Equipment

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

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

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

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20%
Office equipment	20%
Computer equipment	37.5%
Plant & 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.

## Notes to the Financial Statements

### 1. Statement of Significant Accounting Policies (continued)

#### *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) 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.

#### **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.

## Notes to the Financial Statements

### 1. Statement of Significant Accounting Policies (continued)

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

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

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

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

#### k) Comparative Figures

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

#### l) Trade Receivables

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

#### m) Trade and Other Payables

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

#### n) Significant Management Judgement in Applying Accounting Policies and Estimation Uncertainty

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

##### *Estimation uncertainty*

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

##### *Accrued levy revenue*

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

##### *Useful lives of depreciable assets*

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

##### *Fair value of financial instruments*

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

# ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

	Note	2016 \$	2015 \$
<b>2. Revenue</b>			
<b>a) Revenue from continuing operations</b>			
Statutory levies	2b)	4,998,666	5,819,630
Non statutory levies		164,358	176,436
Dividends received		178,236	130,847
Interest received		19,427	36,225
Grant funding		119,926	118,755
Event income		350,293	166,927
LEP project management fees		283,980	283,980
Other revenue		69,547	62,050
		<b>6,184,433</b>	<b>6,794,850</b>
<b>b) Statutory Levies</b>			
Marketing levies		4,170,896	4,817,526
R&D levies		827,770	1,002,104
		<b>4,998,666</b>	<b>5,819,630</b>
<b>c) Other Income</b>			
Revaluation of investments		(7,545)	69,306
		<b>(7,545)</b>	<b>69,306</b>
<b>3. Joint Program Expenses</b>			
<b>Livestock Export Program</b>			
Animal welfare		706,100	1,215,000
Communications		197,910	284,000
Market access		137,300	184,000
Research and development		895,000	635,000
Supply chain efficiency		127,690	67,000
		<b>2,064,000</b>	<b>2,385,000</b>
<b>4. Auditors' Remuneration</b>			
Remuneration of Nexia Court & Co for auditing the financial report		20,656	18,000



# ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

	2016 \$	2015 \$
<b>5. Cash and Cash Equivalents</b>		
Cash at Bank	1,305,615	1,800,852

## 6. Trade and Other Receivables

Trade receivables	433,155	562,157
Other receivables	455,926	-
Other receivables - statutory levy accrual	480,295	676,075
	<b>1,369,376</b>	<b>1,238,232</b>

## 7. Other Current Assets

Prepayments	21,523	6,356
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## 8. Financial Assets

### Designated as at fair value through profit and loss:

Fixed interest securities	1,746,916	1,217,688
Managed funds	2,434,634	1,758,134
Term deposits	168,000	165,000
	<b>4,349,550</b>	<b>3,140,822</b>

# ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

	2016 \$	2015 \$
<b>9. Plant and Equipment</b>		
<b>Office and computer equipment</b>		
At cost	55,944	55,944
Accumulated depreciation	(34,007)	(21,312)
	<u>21,937</u>	<u>34,632</u>
<b>Plant and equipment</b>		
At cost	9,462	9,462
Accumulated depreciation	(9,225)	(9,083)
	<u>237</u>	<u>379</u>
<b>Total Property, plant and equipment</b>	<u>22,174</u>	<u>35,011</u>

	Office and Computer Equipment \$	Plant and Equipment \$	Total \$
<b>Movement in the carrying amounts</b>			
<b>Balance at 1 July 2014</b>	11,360	578	11,938
Additions	41,095	-	41,095
Disposals	(4,623)	-	(4,623)
Depreciation expense	(13,200)	(199)	(13,399)
<b>Balance at 30 June 2015</b>	<u>34,632</u>	<u>379</u>	<u>35,011</u>
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	(12,695)	(142)	(12,837)
<b>Carrying amount at 30 June 2016</b>	<u>21,937</u>	<u>237</u>	<u>22,174</u>

# ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

	2016 \$	2015 \$
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### 10. Trade and Other Payables

Payables and accrued expenses	202,786	375,694
Other liabilities	57,781	100,870
	<u>260,567</u>	<u>476,564</u>

### 11. Employee Entitlements

#### Current

Annual leave	77,395	64,531
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#### Non-current

Long service leave	46,161	38,635
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### 12. Accumulated Funds

#### a) Statutory Marketing funds

The Marketing funds records surpluses contributed by the Marketing portion of the exporter levy in accordance with the Statutory Funding Agreement 2010-2014:

##### Movements during the financial year:

Opening balance	5,027,831	3,923,707
Allocation of current year surplus	1,091,609	1,104,124
	<u>6,119,440</u>	<u>5,027,831</u>

#### b) Statutory R&D funds

The R&D funds records surpluses contributed by the R&D portion of the exporter levy in accordance with the Statutory Funding Agreement 2010-2014:

##### Movements during the financial year:

Opening balance	613,712	466,716
Allocation of current year surplus	(49,037)	146,996
	<u>564,675</u>	<u>613,712</u>

# ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

	2016 \$	2015 \$
<b>13. Capital and Leasing Commitments</b>		
<b>a) Operating lease commitments</b>		
Minimum lease payments payable:		
- Within 12 months	34,796	33,736
- Later than 12 months but not later than 5 years	145,120	2,222
- Later than 5 years	95,785	-
	<u>275,701</u>	<u>35,958</u>

Commitments include a sub-lease of premises.

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

Lease expenses during the year amounted to \$33,736 (2015: \$33,736) representing the minimum lease payments.

### **b) Other commitments**

Service agreement - ALEC

- Within 12 months	<u>306,250</u>	<u>306,250</u>
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### **c) Research & development expenditure commitments**

Livestock Export Program

- Within 12 months	<u>750,000</u>	<u>895,000</u>
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### **d) Marketing expenditure commitments**

Livestock Export Program

- Within 12 months	<u>1,950,000</u>	<u>1,505,000</u>
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# ANNUAL FINANCIAL STATEMENTS

## Notes to the Financial Statements

	2016 \$	2015 \$
<b>14. Cash Flow Information</b>		
<b>a) Reconciliation of cash flows from operations with surplus after income tax</b>		
Surplus after income tax	1,042,572	1,251,120
Depreciation	12,837	13,399
Revaluation of investments	7,545	(69,306)
Investment income recognised in surplus or deficit	(197,663)	(167,072)
Loss on disposal of property, plant and equipment	-	4,623
(Increase)/decrease in trade debtors	(131,144)	(485,964)
(Increase)/decrease in other current assets	(15,167)	12,993
Increase/(decrease) in trade creditors	(215,997)	252,785
Increase/(decrease) in provisions	20,390	15,529
<b>Cash flows from operations</b>	<b>523,373</b>	<b>828,107</b>

### b) Credit Standby Facilities

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

## 15. Key Management Personnel Compensation

Remuneration paid to key management personnel	655,432	688,623
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Key management of the Company are the members of LiveCorp's Board of Directors and senior management.

## 16. 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.

## 17. Post-reporting Date Events

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

## 18. 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

# ANNUAL FINANCIAL STATEMENTS

## Directors' Declaration

In the directors' opinion:

- a) The financial statements and notes, as set out on pages 53 to 65, 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 2016 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 18th day of August 2016



## Independent Auditor's Report



### 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 2016, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### 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.

#### Sydney Office

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## Independent Auditor's Report



### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* 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 2016 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*.

**Nexia Court & Co**

Chartered Accountants

**Andrew Hoffman**

Partner

**Sydney**

31 August 2016

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## Audit Compliance Report



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

We have audited Australian Livestock Export Corporation Limited's (the 'company') compliance with clauses 7 and 8 of the Statutory Funding Agreement 2010-2014 between the Commonwealth of Australia, represented by the Department of Agriculture and Australian Livestock Export Corporation Limited (the 'agreement') for the year ended 30 June 2016.

We are not required to form an opinion on whether the company has engaged in or financed Agri-Political Activity or applied the funds in a manner that is efficient, effective and ethical.

#### Respective Responsibilities

The directors of the company are responsible for maintaining compliance with the funding agreement and for such internal control as the directors determine is necessary to enable compliance with the requirements of the funding agreement, whether due to fraud or error.

Our responsibility is to express a conclusion on compliance with clauses 7 and 8 of the agreement, in all material respects. Our audit has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE 3100 Compliance Engagements) to provide reasonable assurance that the company has complied with clauses 7 and 8 of the agreement.

Our audit involves performing procedures to obtain audit evidence about compliance with clauses 7 and 8 of the funding agreement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with the relevant terms of the funding agreement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's compliance with the relevant terms of the funding agreement in order to design audit procedures that are appropriate in the circumstances.

#### Use of Report

This compliance audit report has been prepared for the Commonwealth of Australia in accordance with Statutory Funding Agreement 2010-2014. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Commonwealth of Australia, or for any purpose other than that for which it was prepared.

#### Opinion

In our opinion, the company has complied, in all material respects, with clauses 7 and 8 (other than specific requirements not to engage in or finance Agri-Political Activity and to apply funds in a manner that is efficient, effective and ethical, which we are specifically not required to form an opinion on) of the agreement between the Commonwealth of Australia and Australian Livestock Export Corporation Limited for the year ended 30 June 2016.

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

**Nexia Court & Co**  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Andrew Hoffman'.

**Andrew Hoffman**  
Partner

#### Sydney

31 August 2016

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# LIVESTOCK EXPORTS BY DESTINATION 2015-16

COUNTRY	VOLUME				MARKET %			
	Cattle	Dairy	Sheep	Goat	Cattle	Dairy	Sheep	Goat
Argentina	-	-	41	-	-	-	0.0	-
Bangladesh	-	70	50	-	-	0.1	0.0	-
Bahrain	-	-	115,000	-	-	-	6.2	-
Brunei	4,569	-	1,131	1,347	0.4	-	0.1	1.7
Cambodia	2,800	-	-	-	0.2	-	-	-
China	65,971	56,145	5,355	-	5.6	78.1	0.3	-
Egypt	18,500	-	9,500	-	1.6	-	0.5	-
Fiji	-	-	77	75	-	-	0.0	0.1
Indonesia	563,743	1,307	-	211	48.0	1.8	-	0.3
Israel	82,543	-	98,920	-	7.0	-	5.3	-
Japan	8,670	303	-	-	0.7	0.4	-	-
Jordan	2,033	-	156,700	-	0.2	-	8.4	-
Kazakhstan	-	-	7	-	-	-	0.0	-
Korea	30	-	-	-	0.0	-	-	-
Kuwait	350	3,204	692,016	-	0.0	4.5	37.2	-
Laos	930	-	-	-	0.1	-	-	-
Lebanon	-	-	12,000	-	-	-	0.6	-
Malaysia	38,196	2,132	58,971	71,800	3.3	3.0	3.2	88.9
Mexico	6,677	-	-	-	0.6	-	-	-
Nepal	-	-	-	116	-	-	-	0.1
New Zealand	-	-	5	8	-	-	0.0	0.0
Oman	-	-	84,304	-	-	-	4.5	-
Pakistan	-	3,507	-	-	-	4.9	-	-
Philippines	26,751	240	359	905	2.3	0.3	0.0	1.1
Qatar	1,071	39	470,148	-	0.1	0.1	25.3	-
Russian Federation	44,964	-	-	-	3.8	-	-	-
Singapore	-	-	1,980	-	-	-	0.1	-
Sri Lanka	-	1,317	-	-	-	1.8	-	-
Taiwan	-	628	-	-	-	0.9	-	-
Thailand	3,062	-	-	-	0.3	-	-	-
Turkey	18,209	-	-	-	1.6	-	-	-
UAE	499	260	152,825	5,589	0.0	0.4	8.2	6.9
Uruguay	-	-	70	-	-	-	0.0	-
Vietnam	284,056	2,755	-	679	24.2	3.8	-	0.8
<b>Total</b>	<b>1,173,624</b>	<b>71,907</b>	<b>1,859,459</b>	<b>80,730</b>				
<b>FOB Value \$</b>	<b>1,386,740,727</b>	<b>156,568,873</b>	<b>228,049,839</b>	<b>10,326,507</b>				

TOTAL BY REGION	VOLUME				MARKET %			
	Cattle	Dairy	Sheep	Goat	Cattle	Dairy	Sheep	Goat
EMENA	168,169	7,010	1,791,420	5,589	14.3	9.7	96.3	6.9
Indonesia	563,743	1,307	-	211	48.0	1.8	-	0.3
SEA	150,979	60,835	67,846	74,052	12.9	84.6	3.6	91.7
Vietnam	284,056	2,755	-	679	24.2	3.8	-	0.8
Other	6,677	-	193	199	0.6	-	0.0	0.2
	<b>1,173,624</b>	<b>71,907</b>	<b>1,859,459</b>	<b>80,730</b>				

## LIST OF ABBREVIATIONS

AA	Approved Arrangements
AGM	Annual General Meeting
AHA	Animal Health Australia
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
BJD	Bovine Johne's Disease
BRD	Bovine Respiratory Disease
BTV	Bluetongue Virus
CCA	Cattle Council of Australia
CEO	Chief Executive Officer
CIQ	China Inspection and Quarantine
CRR&DC	Council of Rural Research & Development Corporations
DAM	DNA Adenine Methylase
DAWR	Department of Agriculture and Water Resources
DGLAHS	Directorate General of Livestock and Animal Health Services
EANs	Export Advisory Notices
EMENA	Europe, Middle East and North Africa
ESCAS	Exporter Supply Chain Assurance System
FAR	Finance, Audit and Remuneration
FOB	Free on Board
GAPUSPINDO	Indonesian Importers' Association
ICWP	Industry Collaborative Welfare Program
KPI	Key Performance Indicator
LiveCorp	Australian Livestock Export Corporation Limited
LEP	Livestock Export Program
LERDAC	Livestock Export Research and Development Advisory Committee
LGAP	Livestock Global Assurance Program
MARD	Ministry of Agriculture and Rural Development
MDC	MLA Donor Company
MISP2020	Meat Industry Strategic Plan 2016-2020
MLA	Meat and Livestock Australia
NABRDES	National Animal Bio-security RD&E Strategy
NAMP	National Arbovirus Monitoring Program
NAWRDES	National Animal Welfare RD&E Strategy
NLIS	National Livestock Identification System
OIE	World Organisation for Animal Health
PNG	Papua New Guinea
QDAF	Queensland Department of Agriculture and Fisheries
R&D	Research and Development
RD&E	Research, Development and Extension
RDC	Research and Development Corporation
RFID	Radio Frequency Identification
SCA	Sheepmeat Council of Australia
SEA	South East Asia
SFA	Statutory Funding Agreement
SOP	Standard Operating Procedure
SP	Strategic Plan
UAE	United Arab Emirates
USA	United States of America

