



# ANNUAL REPORT

2016-17

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

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

## VISION

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

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# CHAIRMAN'S REPORT

In closing out my nine years of service to the LiveCorp Board, I am deeply impressed by the industry's resilience and immensely proud of the role LiveCorp has been able to play in supporting exporters throughout this period of enormous change.

## Reflections

As a Director and Chairman, many achievements and milestones warrant reflection and acknowledgement:

- » From the collapse in community confidence following the temporary suspension of the live cattle trade to Indonesia in 2011, to the rapid development and global rollout of the Export Supply Chain Assurance System (ESCAS), the first and still the only system, designed to regulate animal welfare outcomes throughout the supply chain across international borders.
- » The program of research across animal welfare and supply chain efficiency that has resulted in innovative and world-class projects recognised by international agencies such as the World Organisation for Animal Health (OIE), for its contribution to global animal welfare.
- » The highly respected partnership between industry and government in achieving unprecedented levels of market access across the globe, leading to records being made and broken in terms of both cattle exports and overall livestock value.
- » In order to support industry throughout this period, LiveCorp has undertaken a restructure and transformation of its own. A cost cutting and outcomes-focused culture has been established which, when combined with improved decision-making, has lifted LiveCorp's performance and accelerated service delivery to members.

In summary, change continues unabated across the sector.

## Trends and drivers

In terms of 2016-17, historically high Australian livestock prices continue to test the commercial competitiveness of the feeder and slaughter trade to all major export destinations. As a result, industry is currently facing significant challenges as importers seek alternative sources of red meat protein and / or importing Governments turn their attention to policies that support domestic breeding programs in an effort to address red meat affordability. Coupled

with escalating exchange rates and the need to sustain long-term customer relationships, exporters now confront some of the most difficult economic conditions in the industry's history.

As a result, cattle exports declined by 27% to 835,657 head with a value \$1.1 billion. Sheep exports remained steady at 1,852,600 head, however goat exports experienced the most dramatic decline of 63% to just over 29,000 head reflecting high demand from the domestic processing sector.

Unfortunately, rainfall across the major livestock production regions remained below average, slowing the herd and flock rebuilding efforts of producers, which will prolong the tight supply of livestock over the medium term. However, on the positive side, sea freight rates have eased over the reporting period as more capacity has come on-line providing some much needed commercial relief for exporters.

For LiveCorp, the slowdown in exports reduced the overall levy revenue year-on-year, but management was quick to respond to the market signals and reforecast the budget to align with the reduction in export numbers. This placed LiveCorp in a strong position to deliver its 2016-17 Annual Operating Plan (AOP) along with additional projects, while also returning a budget surplus of \$0.4 million.

The surplus has been placed in reserve and will allow for ongoing services to support LiveCorp's members through this continuing difficult period and to prepare the industry to take advantage of growth opportunities and program needs that lie ahead.

## Market access

At a program and issues management level there has been a diverse mix of high priorities during 2016-17. The focus within the market access program expanded from capturing new market opportunities to dedicating substantial time and resources to market maintenance activities - with particular attention to our major feeder and slaughter markets of Indonesia and Vietnam.

Indonesia continues to demonstrate its importance as our largest cattle trading partner and, without doubt, our mutual prosperity is linked. Sustained and historically high Australian cattle prices coupled with Indonesia's strong focus on beef affordability (particularly during key festival periods), along with its long standing commitment to achieve self-sufficiency, resulted in a range of sweeping policy



changes in August 2016. In close succession, Indonesia's Ministry for Trade announced two key policy changes:

- » New import conditions allowing beef and buffalo imports from countries that are not free from foot and mouth disease (FMD) – i.e. Indian Buffalo Meat; and
- » New import conditions requiring a ratio of one breeder to five feeder cattle be imported.

Adding to the complexities of understanding and adjusting to the policy changes, the Indonesian Ministry for Trade ceased issuing import permits while it consulted importers on its proposal. This resulted in a halt to trade for a period longer than the temporary trade suspension in 2011. As a consequence, considerable uncertainty was generated across the commercial sector.

At short notice, LiveCorp was requested by the Australian Federal Minister for Trade, Tourism and Investment to be a part of a small industry delegation to meet with the Indonesian Minister for Trade and discuss the practical challenges and implications of such policies.

The LiveCorp Board fully supported the CEO's involvement in this delegation. The successful first meeting with the Indonesian Minister for Trade resulted in a high level Australia - Indonesian Working Group being established to discuss and address information gaps and limitations of the proposed policies.

Reflecting on the importance of the Working Group, LiveCorp redirected considerable time and resources to develop extensive briefing and support materials to communicate the immediate and long term risks of pursuing such policies.

As a result of numerous meetings, the Working Group was able to successfully shift the focus to areas of the supply chain that could deliver more direct cost savings and efficiencies to stabilise beef prices for Indonesian consumers. This proved to be an important investment for LiveCorp, as the Working Group was able to significantly advance Australia's relationship with Indonesia and in doing so, delivered the introduction of annual permits and changes to the minimum weight limit (350kg to 450kg).

Notwithstanding the need to continue to support future high-level discussions to better define breeder

policy objectives, I am very proud of LiveCorp's responsiveness and level of focus in supporting the Working Group achieve these outcomes under such difficult timeframes and circumstances.

Throughout this period, LiveCorp was also preparing to support the Australian Government renegotiate the cattle feeder and slaughter protocol to Vietnam following increased concerns associated with Blue Tongue Virus (BTV). Through the unified efforts of exporters, importers, in-market LEP resources and Government the need to renegotiate the protocol was not realised. However, the importance of preparing well-articulated scientific cases to underpin the existing arrangements remains a valuable investment for exporters to this market.

While there has been only one sea shipment to China, its success is a credit to the exporter, it will form the basis of further learnings and is an important step towards improving our understanding of the opportunities of this market. LiveCorp will continue its central role in supporting Government and exporters to develop this potentially significant market.

Although challenging, market access creates the single greatest opportunity for exporters to capture the best possible global prices for Australian livestock. It is immensely satisfying to see outcomes delivered within this important area of investment. It proves LiveCorp has the right focus and balance of skills to achieve such outcomes in partnership with the Government.

### **Supply chain efficiency**

In the area of supply, LiveCorp invested heavily in the Productivity Commission (PC) Inquiry into Regulation of Australian Agriculture, particularly as the inquiry specifically referenced the regulatory cost and arrangements governing animal welfare for live exports. Following the PC's exposure draft in August 2016, LiveCorp backed up its original submission to the inquiry with a 16 page supplementary letter reaffirming the opportunity and need to improve regulations governing the livestock export industry.

It was deeply disappointing the final PC's report did not adopt the proposals put forward to address inefficiencies in ESCAS, which the Government had firmly placed as part of its remit. LiveCorp put forward a view that 'a business as usual' approach maintains serious inefficiencies and is ultimately untenable for the long-term viability of the industry.

However, LiveCorp's investment within this area has had far wider benefits as the industry continued to explore the potential risks and benefits of adopting the Livestock Global Assurance Program (LGAP). At ALEC's request, in January 2017, the LGAP Implementation Steering Committee (LISC) was established to examine financial, regulatory and planning issues associated with operationalising LGAP.

With LISC due to report to ALEC in early October 2017, the industry will be better placed to make an informed decision on whether to implement LGAP and, if so, the form it should take. If the barriers to implementation can be appropriately addressed, LGAP offers the industry a unique opportunity to reduce unnecessary or inefficient regulatory burden and improve the operation of the current framework. It will also provide a way forward for industry to take control of its own future while meeting community expectations, regulatory requirements and demonstrating its animal welfare credentials.

#### **International markets**

During my term on the LiveCorp Board, I have had the enormous privilege of travelling to all major export destinations. This year, I had the pleasure of opening the first Beef and Dairy Livestock Exhibition in Vietnam. The enthusiasm of importers and their appetite for information on how to grow and develop the long-term sustainability of this important market was extremely encouraging for the industry.

For the fifth year I have visited the major markets of the Middle East and supported exporters' efforts during the busy festival period of Eid al-Adha, and yet again I am impressed with the level of commitment of the people within the supply chain. What they have achieved is nothing short of remarkable and stands as an example of what can be achieved when we work together with our stakeholders and stay on the positive side of change.

#### **Governance**

I would like to welcome the re-election of both Lisa Dwyer and Terry Enright as Directors of LiveCorp. The Board values their knowledge and contribution. I feel privileged to have led such a professional Board of Directors with a keen focus on the industry's needs. The Board has a clear vision and understanding of the role LiveCorp can play in delivering effective change for the industry and I wish it every success in the future.

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

I would like to thank MLA Chair, Dr Michelle Allen; Managing Director, Mr Richard Norton; Directors (particularly Mr Geoffrey Maynard and Mr Allan Beckett); and staff for their continued support for the joint LEP and RD&E programs. I am pleased to report both organisations share a common vision and approach to collaboration.

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. Their focus and responsiveness to supporting exporters deliver effective change is an asset to the industry.

I thank our members for their strong engagement with LiveCorp. This will drive us forward as we work together to support your businesses to grow and respond to the challenges and opportunities ahead.

#### **Final remark and looking to the future**

I have seen the transformation of this industry, as a result of the tenacity and adaptability of exporters and their businesses - this is an attribute that should never be underestimated. There is no greater stage than the global market place; stepping out onto the global market requires skill and dedication and the opportunities and competition should not be lost on anyone in the livestock production sector.

It has been an immense pleasure to get to know the exporters who work under enormous pressure in fast moving markets and businesses. Today, the industry is a highly professional and modernised, it is delivering jobs, prosperity and growth to regional Australia. It has a strong future based on a reputation of reliability, consistent quality, and a firm focus on animal welfare. I encourage the industry to continue in this direction and to never be complacent in pushing itself to improve and grow as opportunities and challenges present themselves into the future.



**David Galvin** Chairman



# CEO'S REPORT

Throughout 2016-17, exporters continued to navigate their way through the most difficult and prolonged downturn in economic conditions experienced in recent times and had to work extremely hard to hold their market share.

This difficult trading environment saw cattle exports fall by 27% in 2016-17. Sheep exports held firm at close to 1.8 million head, while goat exports declined by 63% as a result of increased domestic demand and high prices.

## Regulation

With reduced revenue in 2016-17, LiveCorp remained focused and responsive to the needs of the livestock export industry by targeting its resources towards program priorities of greatest impact. This saw significant resources directed to researching the financial, regulatory and planning issues associated with operationalising the Livestock Global Assurance Program (LGAP).

LiveCorp's role focused on providing technical and representative support required by the LGAP Implementation Steering Committee (LISC). The LISC was requested to comprehensively analyse the risks, benefits and hurdles of implementing LGAP and considering the pathway that would be required to put LGAP into practice. The report to ALEC and its members will be a key component in ensuring the industry is best placed to make an informed decision on whether to implement LGAP.

As industry considers future regulatory models, LiveCorp will continue to investigate structures and systems that reduce red tape, regulatory burden and better align with ever evolving business structures.

## Market access

Market access also remained a critical area of investment with considerable progress to report. As noted by the Chairman, LiveCorp was invited to be part of a small industry delegation to meet with the Indonesian Minister for Trade and discuss the practical challenges and implications of a range of policy changes announced by the Indonesian Ministry.

The opportunity to work closely with a group of key stakeholders was invaluable in building our understanding of the issues and was fundamental to the mutual successes achieved. Looking forward, LiveCorp and the Livestock Export Program (LEP) will need to continue to deepen its understanding of the goals of the Indonesian Government and improve its ability to effectively communicate the opportunities and challenges of supporting them.

During 2016-17, a range of other market access priorities were also progressed. These included a possible feeder and slaughter sheep and goat

protocol with China. While considerable progress was made, further work will be required in the year ahead to finalise the protocol. The work of the Industry Capability Program continued to deliver highly valued market access outcomes for members and demonstrates the level of responsiveness and collaboration between industry and government.

LiveCorp also continued to invest in international relationships, with directors and senior Executives travelling to Iran, Lebanon, the United Arab Emirates, Indonesia and Vietnam. These visits allowed LiveCorp to meet, face-to-face, with potential customers, stakeholders and governments to talk about the value proposition live exports presents to their businesses, food security needs and communities.

Delegations to and from Australia continue to be powerful opportunities to share firsthand experiences and build partnerships and supporting these will remain a key priority for the year ahead.

## Communications

Another fantastic achievement, requiring an enormous commitment from both LiveCorp and ALEC, was the success of the 2016 LIVEX forum held in Canberra. In supporting the conference theme: Striking the Social Balance: Regulatory accountability and profitability, the program sought to present the audience with a wide range of perspectives. The event provided insights and perspectives for industry and exporters to continue to explore new approaches in delivering their regulatory and compliance obligations.

## Board and Staff

In concluding, I would like to recognise that many of the outcomes delivered could not have been possible without the highly dedicated team at LiveCorp. Their responsiveness and commitment to delivering outstanding outcomes is an asset to the industry. I would also like to acknowledge the support and collaboration of my colleagues at MLA, the LEP and ALEC and I thank them for their valuable input.

Finally, I would like to thank the LiveCorp Chairman and Directors for their guidance and oversight. Most importantly, I would like to sincerely thank the retiring Chairman for his leadership and dedication to LiveCorp and the industry. On behalf of the LiveCorp staff and Board, I wish him all the success in the future.



**Sam Brown** CEO



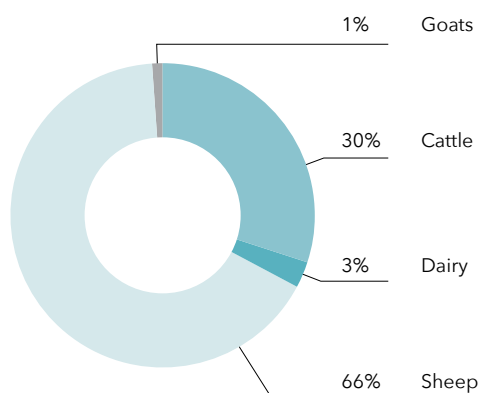
# INDUSTRY OVERVIEW

## VOLUMES AND VALUES

Total livestock export volumes declined 12.4%, with a 19.9% decline in livestock export values year-on-year in 2016-17. The restricted supply and record high 2016-17 prices across cattle, sheep and goats, coupled with the strength of the Australian dollar has Australia competing globally at a cost disadvantage. The cattle trading environment has been further impacted by importing government policies focused on food security, price controls and herd rebuilding.

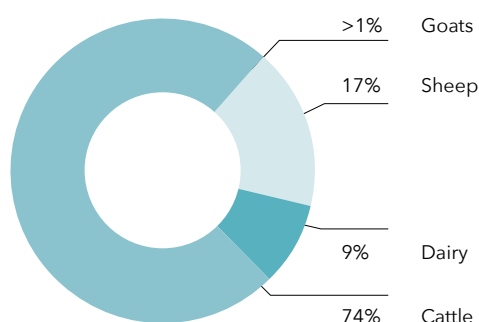
### Export Volume 2016-17 (2,790,715 head)

Source: ABS



### Export Value 2016-17 (\$1.427 billion)

Source: ABS



## CATTLE

Over the reporting period, cattle exports reached 0.9 million head, down 27.1% on the previous year. Total live cattle exports were valued at \$1.19 billion in 2016-17, down 23% on the previous year.

Reduced northern cattle availability and strong buyer competition in the market saw live export cattle prices ex-Darwin maintain a record high of \$3.75/kg liveweight for 12 weeks from December

2016 through to February 2017. Across the year, the average price for a light steer ex-Darwin was \$3.53/kg liveweight, which was a further increase on the 2015-16 average price of \$3.14 /kg liveweight and a significant increase on the 2014-15 average price of \$2.33/kg liveweight.

Indonesia continued to demonstrate its importance to the livestock export industry, importing 527,000 head in 2015-16 (down 6.7% year-on-year). The Indonesian Government's agricultural policy goal to achieve self-sufficiency by 2026 in some basic commodities including beef, along with price stabilisation, resulted in significant changes to its import regulations over 2016-17 and included:

- » Ministerial Regulation 59/2016 - new import conditions opening the market to beef and buffalo imports from non-foot and mouth disease (FMD) free countries or zones, such as India;
- » Ministerial Regulation 49/2016 - new import conditions requiring a ratio of breeder cattle to feeder cattle be imported to build Indonesia's cattle breeding herd (1:5 breeder to feeder ratio for commercial feedlots and 1:10 for small holder cooperatives); and
- » Ministerial Regulation 02/2017 - improving import conditions for feeder cattle by increasing the weight limit from 350 kg (average) to 450 kg (average), increasing the age limit from 30 to 48 months and increasing import permit validity period from 4 months to 12 months.

Uncertainty in the live export trade with Indonesia has intensified following these policies and the Indonesian government's efforts to stabilise beef prices by intervening with price control measures and closely scrutinising and penalising businesses for alleged cartel behaviour and profiteering.

Vietnam maintained its position as the second largest cattle export market with exports reaching 163,156 head (down 43% year-on-year) due to an industry supported regulatory shut down of several facilities, market instability, poor profitability and competition from alternative protein sources.

Overall cattle exports to China decreased 41%, to 72,192 head in 2016-17. The China dairy heifer trade experienced a 5% increase year-on-year with 59,109 head exported. However, beef breeder exports declined dramatically by 80% from 65,971 head in



2015-16 to just 13,083 head in 2016-17 due, in part, to concerns of a rapidly expanding feeder/slaughter cattle trade from Australia and the perceived negative impact this would create for breeding operations.

Turkey, which imported 43,166 head, was the only market to record notable growth in 2016-17, with an increase of 137% year-on-year. Total cattle exports to the Europe, Middle East and North Africa (EMENA) region decreased by 44% to 97,951 head (in particular Egypt, Israel, Jordan and Russia).

## SHEEP

Almost 1.9 million head of live sheep were exported during 2016-17, unchanged from the previous year. Total live sheep export values increased 2% year-on-year, to \$234 million.

Kuwait remained the dominant market for Australian sheep importing around 644,000 head, which accounted for 34.7% of sheep exports for the year. This was closely followed by Qatar, importing around 603,000, an increase of 28% year-on-year.

Exports to the EMENA region were steady despite no shipments to Bahrain in 2015-16 following the Bahrain Government's removal of import subsidies, which resulted in Australian sheep no longer being a competitive alternative to locally sourced sheep and chilled product. The increase in exports to Qatar has balanced this trade loss out.

The sheep trade held steady this financial year despite there being a range of factors that continue to apply downward pressure on sheep exports to the EMENA region. These factors included supply, impacted by unfavourable seasonal conditions and the planned retention of more ewe lambs for flock rebuilding, competition from neighbouring live exporting nations (for example Romania and Somalia), increased imports of chilled/frozen carcasses, the continuing inability to access the Saudi Arabian market and logistical and shipping schedule challenges.

## GOATS

In 2016-17 goat exports declined year-on-year by 63% to 29,647 head. The total value of these exports was over \$4.7 million - a decrease of 54% on 2015-16.

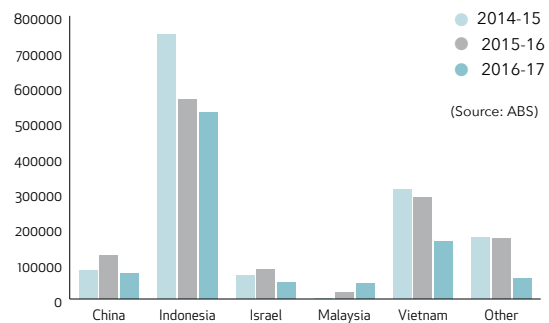
Exports to Malaysia, Australia's largest market for live goats, decreased 64% year-on-year, to 25,786 head.

The extremely tight supply and high domestic prices of Australian slaughter goats has resulted in Malaysia sourcing cheaper goats from Thailand and Myanmar.

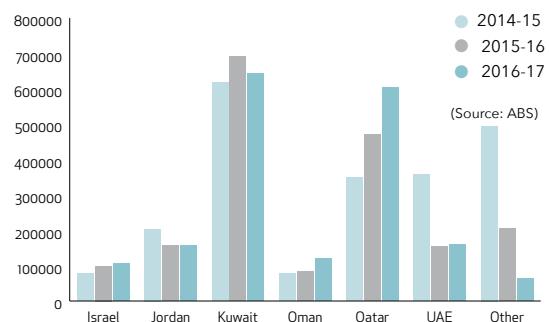
Availability of rangeland goats for live export was restricted by sustained growth in demand for goat meat both in Australia and internationally, which sent goat prices to a record high in 2016-17 of \$7 per kilo carcase weight (kg cwt). Across the year, the average price was \$6.16/kg cwt, a significant increase on the 10 year average to 2013-14 of \$2.30/kg cwt.

## EXPORTS BY DESTINATION

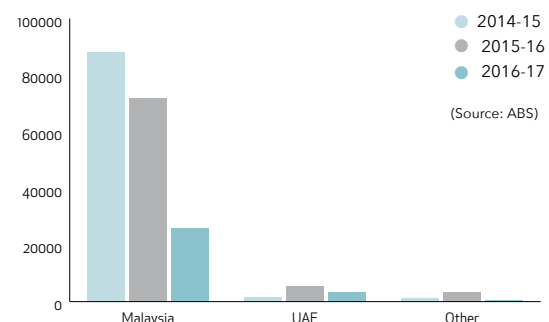
### Cattle Exports by Destination



### Sheep Exports by Destination



### Goat Exports by Destination



# LIVECORP'S ROLE

LiveCorp is a not-for-profit industry body owned and funded through levies from Australian livestock exporters and is one of the 15 Australian rural Research and Development Corporations (RDCs).

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

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

The FA requires LiveCorp to continually review its operating environment, and in consultation with its key stakeholders, regularly consider its priorities, activities and programs.

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



# PROGRESS AGAINST LIVECORP'S STRATEGIC PLAN 2016-2020

The 2016-17 financial year marked LiveCorp's first year of operation under the 2016-2020 Strategic Plan.

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

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

The Strategic Plan identifies five Strategic Objectives:

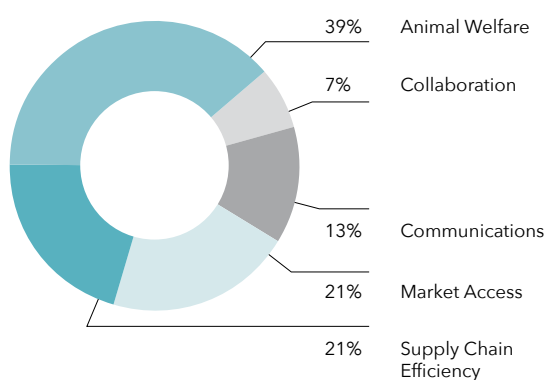
1. Achieve continuous improvement in animal health and welfare across the supply chain.
2. Improve supply chain efficiencies and regulatory performance.
3. Enhance market access and conditions for both existing and new markets.
4. Develop and deliver targeted exporter, government and other stakeholder 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.

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

This Annual Report is reporting against the 2016-17 AOP.

The chart below represents LiveCorp's 2016-17 expenditure as a percentage against each of the Strategic Objectives.

**LiveCorp Expenditure by Strategic Objective**



The tables on the following pages show LiveCorp's achievements against the 2016-17 AOP and progress against the Strategic Plan as of 30 June 2017.

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

2016-20 Strategic Objective Outcomes		Performance in 2016-17
1	The provision of animal welfare technical support is identified through market research as adding significant value to exporters' businesses and the Australian livestock export industry.	<ul style="list-style-type: none"> <li>» Two Shipboard Stockperson Accreditation courses were delivered to 40 attendees. The materials, course structure and delivery method were reviewed and updated in 2016-17. Feedback was very positive with over 90% of participants rating the course as 'very good' to 'excellent' and all identifying improvement in their livestock handling skills.</li> <li>» The Advanced Stockperson Masterclass course was developed and piloted. It was very well received by the participants, of which more than 80% reported gaining valuable insights.</li> <li>» LiveCorp successfully delivered the Australian Accredited Veterinarians (AAV) Consultation Workshop in December 2016 with significant engagement and interest from the AAV community.</li> <li>» The four LEP in-market programs provided training to 1,029 people in the areas of: <ul style="list-style-type: none"> <li>• animal health and welfare</li> <li>• induction, feedlot and silage management</li> <li>• low stress animal handling</li> <li>• breeding cattle under palm and in feedlots</li> <li>• slaughter theory and technique</li> <li>• stunner use and maintenance</li> <li>• knife sharpening</li> </ul> </li> <li>• standard operating procedures (SOPs), risk templates and identifying abattoir risks</li> <li>• Value adding, meat quality, meat safety and hygiene</li> <li>• Exporter Supply Chain Assurance System (ESCAS)</li> </ul> <p>The training was very well received by participants and highly rated amongst exporters for the support provided.</p> <ul style="list-style-type: none"> <li>» The Collaborative Funding Program was delivered with 20 in-market projects receiving \$434k of LEP funding that was matched by the exporters.</li> <li>» The LEP provided technical support during the key festival periods of Eid al Adha, Eid al Fitr and Korban.</li> <li>» LiveCorp continued its support to the National Animal Welfare RD&amp;E Strategy (NAWRDES) Committee and the National Animal Biosecurity RD&amp;E Strategy (NABRDES) Committee.</li> <li>» LiveCorp contributed to the LEP RD&amp;E Program through the five Management Committee meetings and three Livestock Export Research and Development Advisory Committee (LERDAC) meetings.</li> <li>» Research projects and extension materials underway or completed can be found on pages 70 to 76.</li> </ul>
2	Training programs are undertaken domestically and in-market with demonstrable improvements in animal welfare and implementation of regulatory requirements.	
3	Increased adoption of training and support programs is evidenced through reduced animal health and welfare issues reported.	
4	R&D outcomes that improve animal health and welfare are extended and communicated to industry stakeholders effectively.	
2016-17 AOP Outcomes		
1	People in livestock export supply chains have the skills, knowledge, capacity and access to resources to deliver good animal health and welfare outcomes.	
2	Livestock export supply chains use infrastructure that supports good animal health and welfare outcomes.	
3	Livestock export supply chains understand and implement Australian animal welfare regulatory requirements.	
4	RD&E projects that support improved animal health and welfare are commissioned.	

**Progress Key:** ● Achieved ● On target to deliver ● In progress ● Not on target to deliver ● Not achieved

**Investment in 2016-17: \$1.447m**



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

2016-20 Strategic Objective Outcomes	Performance in 2016-17
<p><b>1</b> Improved regulatory systems are adopted by industry and the level of red tape is reduced.</p>	<p>» The Livestock Global Assurance Program (LGAP) Implementation Steering Committee (LISC) was established in February 2017 with representation from ALEC, LiveCorp, MLA, CCA, SCA, GICA, the Department, and exporters. LISC met on five occasions in 2016-17 to analyse and advise on key implementation concerns for ALEC – particularly the financial viability and the arrangements that would apply between LGAP and the Australian Government.</p>
<p><b>2</b> Peak Councils and the Australian Government regard LiveCorp's advice on livestock export industry issues as significantly valuable.</p>	<p>» Implementation of Approved Arrangements for livestock exports became a mandatory pre-requisite for livestock exports on 1 January 2017. With its implementation, 2016-17 achieved a 45% reduction in time spent by the Department on certifications, equating to a \$200 - \$1,000 saving on each consignment for the industry.</p>
<p><b>3</b> Improvements to skills development, infrastructure, port facilities, registered premises and other supply chain elements are identified to support supply chain efficiencies.</p>	<p>» LiveCorp developed training materials and tools to help build the capability of exporters, their staff and contractors in meeting the new regulatory requirements under Approved Arrangements.</p>
<p><b>4</b> R&amp;D input and support for the development and improvement of key regulatory or industry standards and systems (e.g. ASEL, ESCAS) leads to a more co-regulatory process.</p>	<p>» In 2016-17 twenty-four gap and risk analyses were completed by the LEP in-market programs, a significant decrease in the requests as exporters have successfully transitioned the assessment tools and processes into their supply chain operations.</p> <p>» 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.</p>
<p><b>5</b> The RD&amp;E program outcomes are adopted and deliver new innovations and technical materials improving the performance of livestock throughout the Australian livestock export supply chain.</p>	<p>» LiveCorp continued to be a key member of the industry / government roundtables held at various intervals throughout 2016-17. The roundtables provide the consultative mechanism for the Department to discuss proposals with livestock export industry bodies.</p> <p>» The LEP in-market programs delivered technical advice on the following:</p>
<p><b>2016-17 AOP Outcomes</b></p>	
<p><b>1</b> Livestock export regulatory processes are improved and align with business processes and red tape and regulatory burden is reduced.</p>	<ul style="list-style-type: none"> <li>• systems to improve compliance with ESCAS, initiate corrective actions and close out non-compliances</li> <li>• extension activities to assist feedlot operators with managing livestock during the hot summer periods</li> <li>• on-going research to identify and develop practical and economically viable management steps that can minimise losses associated with heat stress</li> </ul>
<p><b>2</b> People in export supply chains have the knowledge, skills and tools to improve control, traceability, sustainability, productivity and comply effectively and efficiently with regulatory requirements.</p>	<ul style="list-style-type: none"> <li>• improving knowledge of factors affecting meat quality prior to and post slaughter</li> <li>• nutrition and silage management to increase efficiency and productivity in feedlots</li> <li>• breeder nutrition, husbandry and reproduction management</li> </ul>
<p><b>3</b> Livestock throughput capacity at facilities and ports is evaluated and logistical bottlenecks are identified for improvement.</p>	<p>» The LEP is working with the Indonesian Directorate General of Livestock and Animal Health Services and the Meat Sellers Association on a 12 month Wet Market Hygiene and Sanitation pilot project to showcase a workable model for the implementation of good hygiene and sanitation in abattoirs and wet markets using the materials developed under the R&amp;D project 'ESCAS, Meat Quality, Food Safety and Hygiene'.</p>
<p><b>4</b> RD&amp;E projects that support ongoing improvements to existing regulation and industry QA are commissioned.</p>	<p>» Research projects and extension materials underway or completed can be found on pages 70 to 76.</p>

**Progress Key:** ● Achieved ● On target to deliver ● In progress ● Not on target to deliver ● Not achieved

**Investment in 2016-17: \$0.783m**

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

2016-20 Strategic Objective Outcomes	Performance in 2016-17
1 Industry and government confirm their support of LiveCorp market access activities.	» LiveCorp participated in a business delegation to Iran on 27-28 September with Minister for Trade, Tourism and Investment, the Hon Steven Ciobo MP.
2 Maintain and improve access activities to existing markets and assist with the opening new markets.	» In November 2016 LiveCorp facilitated a visit by the Indonesian Minister for Trade, Enggartiasto Lukita to the Elders Killara feedlot to learn first-hand of the Australian livestock industry from industry representatives.
3 Facilitation of trade delegations to and from Australia in support of market access objectives is increased.	» LiveCorp was invited by Assistant Minister to the Deputy Prime Minister, the Hon. Luke Hartsuyker MP on a trip to Juang Jaya Abdi Alam feedlot in Lampung, Indonesia in March 2017 to learn more about Australian agricultural trade and cooperation with Indonesia and the experiences of the Australian live cattle industry.
4 RD&E projects are conducted to facilitate continued access to existing markets and the opening of new markets.	» In October 2016 the Australian/Indonesian Working Group was established to seek a resolution to the release of the third trimester live cattle import permits and the Trade Minister's proposal to require 1 breeder to be imported for every 5 feeder cattle. The Working Group held four face-to-face meetings which resulted in the following outcomes for industry: <ul style="list-style-type: none"> <li>• Import permit validity increased from 4 months to 12 months,</li> <li>• Increased feeder cattle age from maximum of 30 months to 48 months, and</li> <li>• Increased feeder cattle weight specification from maximum average weight of 350kg to 450kg with no minimum weight limit.</li> </ul>
2016-17 AOP Outcomes	
1 Strong relationships and on-going engagement exist between the livestock export industry and overseas and Australian governments that establish market priorities and monitor in-market conditions.	» LiveCorp attended briefings with the ambassadors of Iran, Kuwait, the Kingdom of Saudi Arabia, Lebanon and Turkey.
2 The livestock export industry is coordinated and united in its priorities and advice on market access issues and support for delegations.	» Two face-to-face Protocol Committee meetings were held. The Committee is continuing with its implementation of the Strategic Market Access Work Plan.
3 Australia's animal health systems and structures are efficient and effective in supporting market access and improving Australia's animal health reputation.	» Key new market access developments in 2016-17: <ul style="list-style-type: none"> <li>• Canada breeder sheep and goats.</li> <li>• Cambodia breeder cattle.</li> </ul>
4 RD&E projects that facilitate continued and new access to markets are conducted.	» Key market access maintenance in 2016-17: <ul style="list-style-type: none"> <li>• Japan - on 26 August 2016 Japan and Australia agreed to recommence the cattle trade following a temporary suspension due to Bovine Johne's Disease (BJD) being detected. The cattle protocols are being renegotiated.</li> <li>• Malaysia - the cattle protocols were successfully renegotiated. A particular benefit from this process was the removal of an unnecessary bovine tuberculosis test from the breeding cattle protocol.</li> <li>• China - dialogue continues on the additional pre-export requirements applied by China on the feeder and slaughter cattle protocol. Further, LiveCorp liaised between the Department and the exporter China Breeding Cattle Working Group to provide advice and distribute information concerning the introduction of new pedigree requirements for breeding cattle imports to China.</li> </ul> » The LEP in-market programs undertook a range of activities to build new, and support ongoing, trade and market access. These included: <ul style="list-style-type: none"> <li>• Over 25 visits, workshops and meetings with key stakeholders and government authorities across the EMENA region. In November 2016, the LEP participated in the United Arab Emirates' First National Conference on Animal Welfare.</li> <li>• Monthly meetings with the Indonesian Importers' Association (GAPUSPINDO) to discuss trade issues and government policies and attendance at the Indolivestock Expos in July 2016 and May 2017 with presentations on breeding, breeding nutrition and palm integration.</li> <li>• On-going engagement with the Vietnamese Government in the Ministry of Agriculture and Rural Development (MARD) to improve animal welfare and traceability in Vietnam.</li> <li>• The development of two model abattoirs in Vietnam to provide training on animal handling, slaughter and meat processing techniques and show-case abattoir systems that can value-add and sell Australian cattle and beef more profitably.</li> <li>• Delivered the Beef and Dairy Livestock Expo and Conference in Ho Chi Minh City with 40 exhibitors and 610 participants over 2 days.</li> <li>• Visited China in September 2016 to meet with Australian Embassy officials, importers of Australian slaughter cattle, quarantine, feedlots and abattoirs and presented at the World Meat Industry Development Conference 2016 in Beijing on the value of imported livestock.</li> </ul>

**Progress Key:** ● Achieved ● On target to deliver ● In progress ● Not on target to deliver ● Not achieved

**Investment in 2016-17: \$0.771m**

## Strategic Objective 4:

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

2016-20 Strategic Objective Outcomes		Performance in 2016-17
1	LiveCorp communications are delivered to target audiences in a timely, accessible and professional manner.	<ul style="list-style-type: none"> <li>» The LIVEX Forum, held in Canberra on 26-27 October 2016, was attended by over 240 delegates under the theme of "Striking the Social Balance: Regulation, Accountability and Profitability".</li> <li>» To support the livestock trade discussions held with the Australian/ Indonesian Working Group a number of infographics and PowerPoint presentations were developed to communicate the value created by importing Australian livestock and the challenges associated with breeding cattle in feedlots.</li> <li>» LiveCorp invested in the innovative use of 360-degree video footage to document the livestock export journey and enable people to visually 'experience' the export process.</li> <li>» 'Understanding the Livestock Export Journey' flyers continued to be developed and refined to communicate a typical livestock export vessel and explain the logistics, planning, industry processes and regulations involved in exporting cattle overseas. The materials were made available on the website and distributed to various supply chain participants.</li> <li>» LiveCorp provided communication and engagement activities in 2016-17 that included: <ul style="list-style-type: none"> <li>• Two rounds of face-to-face meetings with exporter members across Australia.</li> <li>• Participation in the Department's monthly Live Animal Exports teleconferences with members and relevant stakeholders.</li> <li>• Attended State Livestock Export Association chapter meetings.</li> <li>• Presented at the LIVEX Forum Producer Briefing.</li> <li>• Engaged with members and stakeholders in the development of the 2016-17 AOP.</li> <li>• Distributed the fortnightly LEP Update to members and stakeholders.</li> </ul> </li> </ul>
2	Annual reviews of the effectiveness of LiveCorp communications are held with key stakeholder groups.	
3	R&D programs and the benefits that they provide are reported to exporters and the Australian community via managed LiveCorp, ALEC and MLA channels.	
4	Briefings are provided to producers, exporters and governments on key issues.	
<b>2016-17 AOP Outcomes</b>		
1	The livestock export industry and government are appropriately and effectively informed of LiveCorp and LEP activities and the changing environment the industry operates in.	
2	Extension of R&D that improves animal health and welfare is communicated to the industry, exporters and the community.	
3	The local community and international stakeholders are aware and understand the livestock export industry's actions and commitment to achieving the reform strategy.	
4	The community is aware and understands the outcomes delivered by LiveCorp and the LEP and the contribution made by industry to improving animal welfare practices.	

**Progress Key:** ● Achieved ● On target to deliver ● In progress ● Not on target to deliver ● Not achieved

**Investment in 2016-17: \$0.644m**

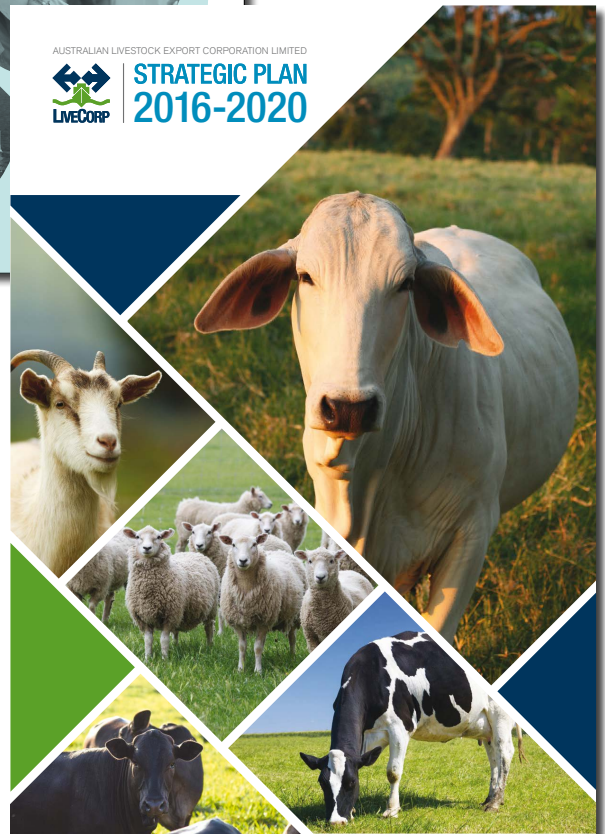
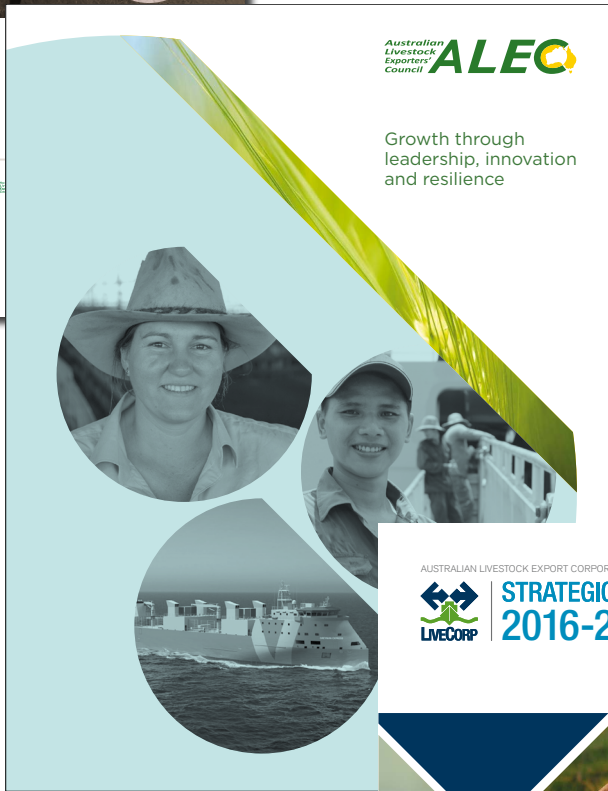
## Strategic Objective 5: Maximise collaboration with key Australian and international stakeholders involved in the live-stock export industry

2016-20 Strategic Objective Outcomes		Performance in 2016-17
1	Key projects involving collaboration with Australian and international livestock and livestock export related, health or welfare organisations including aid programs are investigated and developed.	<ul style="list-style-type: none"> <li>» LiveCorp contributed to the following collaborative projects under the National Animal Welfare RD&amp;E Strategy:               <ul style="list-style-type: none"> <li>• Capability and Gaps Analysis</li> <li>• Toolkit to Guide Livestock Animal Welfare Contingency Planning</li> <li>• Australian Animal Welfare Public Views - Collaborative Project</li> </ul> </li> <li>» LiveCorp was awarded funding under the Agricultural Trade and Market Access Cooperation (ATMAC) program for a 'China-Australia Bluetongue Virus (BTV) collaboration 2017' project.</li> <li>» LiveCorp is participating in a three year Australian Research Council (ARC) Linkage Grants program with the University of Sunshine Coast on the 'Development of new tools for surveillance of chlamydial infections in sheep'.</li> <li>» LiveCorp is participating in a two year Rural R&amp;D for Profit program 'Accelerating precision agriculture to decision agriculture' led by Cotton Research Development Corporation.</li> <li>» LiveCorp provided funding, representation and advice on the ongoing management of the National Arbovirus Monitoring Program (NAMP).</li> </ul>
2	Linkages with major international organisations with an interest in collaborating on animal health and welfare projects are investigated and developed.	
3	Collaboration is achieved at a national level with RDCs, research providers and the Australian livestock export industry delivering RD&E and marketing services.	
2016-17 AOP Outcomes		
1	Relationships developed with livestock export industry stakeholders and international organisations identify collaborative projects that leverage LiveCorp and LEP investments in animal health and welfare.	
2	A collaborative investment strategy, framework and process is developed to ensure collaborative projects identified are relevant, efficient and effective.	
3	Projects presented by Australian and international livestock or livestock export organisations are investigated and developed in accordance with the LiveCorp/LEP collaboration strategy.	
4	National RD&E and marketing collaboration is developed with other RDCs, research providers and industry participants.	

**Progress Key:** ● Achieved ● On target to deliver ● In progress ● Not on target to deliver ● Not achieved

**Investment in 2016-17: \$0.247m**





# PROGRAMS

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

1. LiveCorp Programs
2. LEP

Below is a summary of each program's purpose with further detail of the activities and outcomes completed within the programs for 2016-17 provided on pages 56 to 75.

## LIVECORP PROGRAMS

### Exporter Program

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

### Industry Capability Program

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

### Services and Innovation Program

To support industry enhance its knowledge, skills, capacity and capability, through the delivery of training services, to meet and exceed standards, compliance and reporting obligations for the Australian livestock export industry. It also develops improved and / or innovative information systems and tools to create

deeper understanding, enhance communication methods, increase uptake and create regulatory efficiencies.

### Communications Program

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

### Dairy Cattle Export Program

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

The activities under this program include providing advice and support for market access, conducting RD&E for dairy cattle and funding representation and advice on NAMF to underpin market access opportunities. It does not include any in-market programs.





## LEP

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

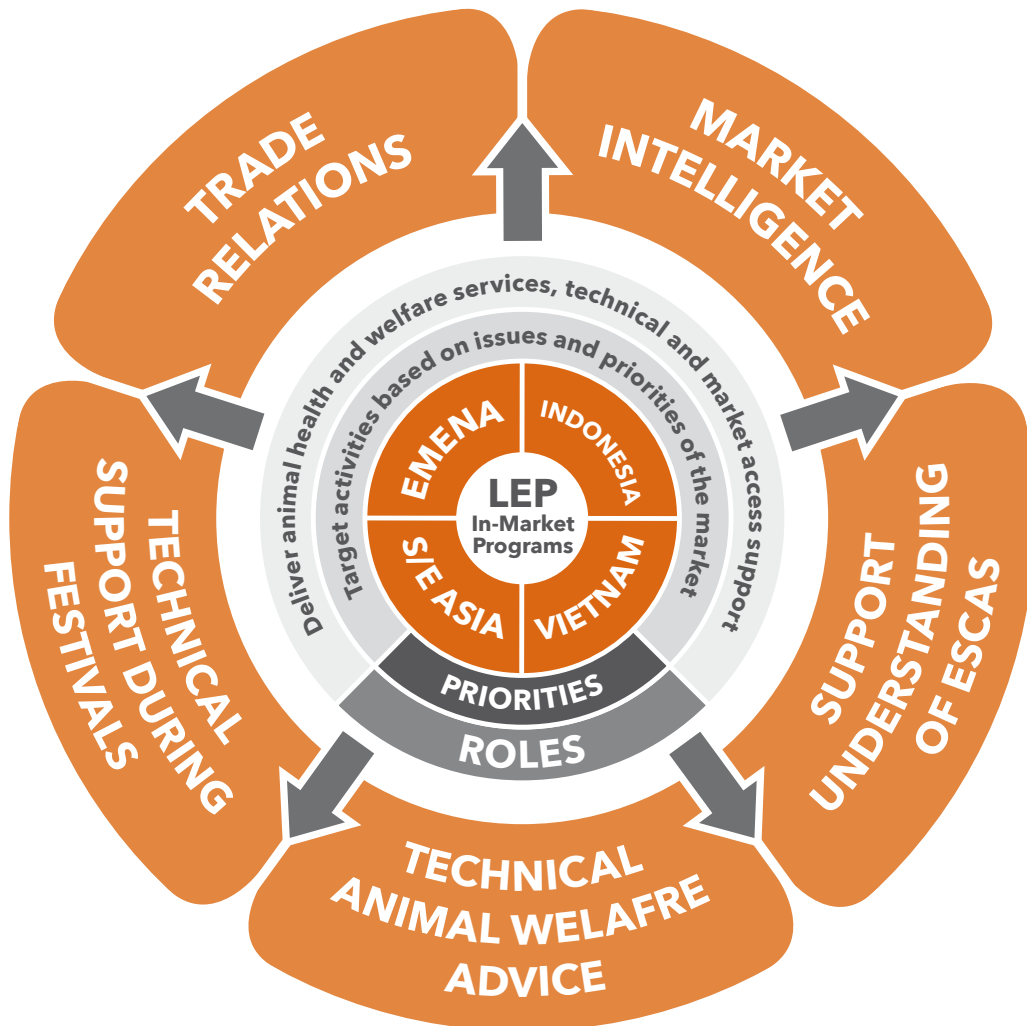
### LEP In-Market Programs

There are four in-market programs that deliver animal health and welfare services, technical and market access support overseas. See graphic below for information on their roles and responsibilities.

### LEP RD&E Program

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

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



The roles and priorities of LEP In-Market Programs

# COLLABORATION

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

## THE LEP

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

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

In 2016-17, LiveCorp invested \$1,586,000 or 34% of its expenditure (2015-16 \$2,064,000 - 40%) in the LEP. Overall LEP expenditure for 2016-17 was \$4,811,540, a decrease of 31% on 2015-16 due to the decline in export activity and the transition of traditional LEP services into exporters' operations.

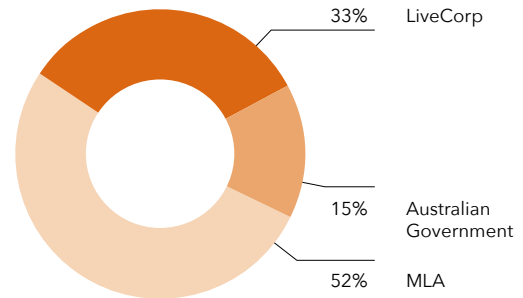
LiveCorp maintains a balance between management and investment of its contribution to the LEP through close communications, collaborative planning processes and leadership (the LiveCorp CEO and MLA's General Manager - International Markets co-manage the LEP).

MLA continues to be the majority financial partner in the LEP, particularly in relation to in-market services. LiveCorp is appreciative of MLA's ongoing commitment to the livestock export industry and its acknowledgement of the contribution live exports deliver to livestock producers nationally.

In turn, MLA recognises the considered project planning and management expertise of LiveCorp which is a reflection of the extremely close working relationship LiveCorp has with its members.

## LEP Investment in 2016-17

Sources of LEP Funding (\$4.81 million)



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

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

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

LiveCorp contributed to the following NAWRDES projects that were completed in the current financial year:

Capability and Gaps Analysis Project Value: \$38,660	
Description	Partners
Undertake a detailed analysis of current and future Livestock Animal Welfare RD&E capability and infrastructure, identify current and emerging gaps, and develop recommendations and strategies to address the gaps identified.	Australian Eggs Limited (AEL) Australian Meat Processor Corporation (AMPC) Australian Pork Limited (APL) Australian Wool Innovation (AWI) Dairy Australia Limited (DA) Meat and Livestock Australia (MLA) Rural Industries Research and Development Corporation (RIRDC)

Australian Animal Welfare Public Views - Collaborative Project Project Value: \$13,407	
Description	Partners
Development of a web-based forum for social engagement on key topics relating to animal welfare, led by Animal Welfare Science Centre at the University of Melbourne.  One of the aims is to inform government and industry in the development of animal welfare policy or future research, through the provision of science-based information and education.	AEL DA MLA RIRDC

Toolkit to Guide Livestock Animal Welfare Contingency Planning Project Value: \$10,500	
Description	Partners
Development of a contingency planning process document, guidelines, risk assessment templates, support material and communications plan to promote and enable individual production animal businesses to identify possible risks, especially in relation to animal welfare, and develop effective operational and contingency plans to reduce, mitigate and address the likelihood of welfare issues occurring on their property.	AEL AMPC AWI DA MLA



# COLLABORATION CONT.

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

The NABRDES is the other cross-sectoral strategy LiveCorp supported in 2016-17 through the continued provision of funding and representation on the committee. This strategy aims to provide Australian livestock industries with innovative and integrated ways of preparing for, responding to and recovering from disease, pest and weed incursions.

It has engagement from all nine animal based RDCs, Animal Health Australia (AHA) and the Australian Government. NABRDES has the following key areas of focus:

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

## AUSTRALIAN GOVERNMENT GRANTS

LiveCorp works in partnership with the Australian Government, fellow RDCs and research providers on grant projects. New projects in 2016-17 were:

### China-Australia Bluetongue Virus (BTV) collaboration 2017

**Project lead: LiveCorp**

**Supported by: the Department, Elizabeth MacArthur Agriculture Institute and Australian Animal Health Laboratory**

A three year project that aims to increase market access for BTV sensitive commodities including live ruminants and genetic material to achieve greater export trade with China and strengthen the scientific basis for government to government protocol negotiations.

Grant Type	Total Project Value
Agricultural Trade and Market Access Cooperation (ATMAC) program	\$278,450*

### Development of new tools for surveillance of chlamydial infections in sheep

**Project lead: University of the Sunshine Coast**

**Supported by: LiveCorp, University of Technology, University of Tasmania, the Department, McGarvie Smith Institute and Department of Primary Industries**

A three year project that aims to improve health in sheep and reduce on-farm losses for Australian producers and loss of trade in the live export industry by evaluating existing chlamydia tests, developing new serological tests for chlamydial infections in sheep and taking initial steps to understanding vaccine possibilities.

Grant Type	Total Project Value
Australian Research Council (ARC) Linkage Grants program	\$1,207,083*

### Accelerating precision agriculture to decision agriculture

**Project lead: Cotton Research Development Corporation**

**Supported by: all rural RDCs, Data to Decisions CRC, the University of New England, Australian Farm Institute, Griffith University, University of the Sunshine Coast and CSIRO**

Development of a contingency planning process document, guidelines, risk assessment templates, support material and communications plan to promote and enable individual production animal businesses to identify possible risks, especially in relation to animal welfare, and develop effective operational and contingency plans to reduce, mitigate and address the likelihood of welfare issues occurring on their property.

Grant Type	Total Project Value
Rural R&D for Profit program	\$3,557,976*

\*the total project value includes both cash and in-kind contributions.

## NATIONAL ARBOVIRUS MONITORING PROGRAM (NAMP)

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

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

## COUNCIL OF RURAL RESEARCH AND DEVELOPMENT CORPORATIONS (CRRDC)

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LiveCorp is one of the 15 rural RDCs that come together under the banner of the CRRDC to coordinate efforts, collaborate and co-invest in projects. These efforts allow for a more effective research focus by removing the risk of duplication, better sharing of information, maximising the impact of research outcomes and ultimately understanding where new work across research agencies should be targeted.



# RD&E PROCESS

LiveCorp is committed to ensuring it invests, manages and participates in a balanced portfolio of RD&E activities that is appropriate to meeting the industry's needs and providing a positive benefit from investment for members and levy payers.

In order to attract Commonwealth matching payments and maximise the return on research dollars received from levies, LiveCorp directs its investment through MLA's R&D framework, via the LEP RD&E Program.

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

LERDAC is composed of representatives from LiveCorp, MLA R&D, LEP, CCA, SCA, LiveShip and ALEC. An independent technical advisor also provides specialist advice to LERDAC on projects and research proposals.

The primary objectives of LERDAC and the Management Committee are to ensure transparent, independent and robust review of all RD&E projects funded by LiveCorp, MLA and the Government.

In this way, all projects are selected for investment based on merit, as well as against industry and government priorities.

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

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

The figure on page 70 reflects the investment of the LEP RD&E Program for 2016-17.

In 2016-17 an external performance review of LiveCorp and the LEP recommended an independent review of the RD&E arrangements, with particular focus on governance, process and extension. Consequently, LERDAC agreed to the review as it is appropriate to evaluate the structure to ensure it continues to meet the research needs of levy payers and stakeholders. The review is planned for 2017-18.



# RESEARCH PRIORITIES

The primary objective of LiveCorp and LEP RD&E investment is to improve and implement best practice animal health and welfare outcomes as directed by LiveCorp’s Constitution and FA.

Investment is made, where possible, into areas that align with the Australian Government’s Rural RD&E Priorities and national Science and Research Priorities that came into effect from 1 July 2016.

## RURAL RD&E PRIORITIES

The Australian Government developed clear, farmer-oriented priorities to target rural RD&E funding to deliver tangible and sizeable on-farm benefits that improve farm gate returns.

The Rural RD&E Priorities are designed to complement the national Science and Research Priorities.

While these agriculture priorities do not cover all of the important issues facing primary industries, they are the highest priority research areas.

## NATIONAL SCIENCE AND RESEARCH PRIORITIES

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

LEP RD&E investment that aligns with the Rural RD&E Priorities and national Science and Research Priorities, as summarised in the tables below:

LEP RD&E investment that aligns with the Rural RD&E Priorities			
	Animal Health & Welfare	Supply Chain Efficiency	Market Access
<b>LEP RD&amp;E Investment in 2016-17: \$0.531m</b>			
<b>1. Adoption of RD&amp;E</b> Focus on flexible delivery of extension services that meet primary producers’ needs and recognise the growing role of private service delivery.	✓	✓	✓
<b>2. Advanced technology</b> Enhance innovation of products, processes and practices across the food and fibre supply chains through technologies such as robotics, digitisation, big data, genetics and precision agriculture.	✓	✓	
<b>3. Biosecurity</b> Improve understanding and evidence of pest and disease pathways to help direct biosecurity resources, minimising biosecurity threats and improving market access for primary producers.	✓	✓	
<b>4. Soil, water &amp; natural resources</b> Manage soil health, improve water use efficiency and certainty of supply, sustainably develop new production areas and improve resilience to climate events and impacts.	✓		

# RESEARCH PRIORITIES CONT.

LEP RD&E investment that aligns with Science and Research Priorities			
	Animal Health & Welfare	Supply Chain Efficiency	Market Access
<b>LEP RD&amp;E Investment in 2016-17: \$0.610m</b>			
<b>1. Food</b> Develop internationally competitive, sustainable, profitable, high-intensity and high-production capacity in new and existing food products and maintain Australia's reputation for clean, safe and quality-controlled food production.	✓	✓	✓
<b>2. Soil and water</b> Focus on Australia's critical soil and water assets, build capacity for improved accuracy and precision in predicting change to enable better decision-making.	✓		
<b>3. Transport</b> Develop low-cost, reliable, resilient and efficient transport systems that respond to Australia's changing urban, regional and remote communities and meet business needs.	✓	✓	
<b>4. Cybersecurity</b> Position Australia as a leader in cutting-edge cybersecurity research and innovation to safeguard the country's security, enhance resilience and enable economic growth.			
<b>5. Energy</b> Enable the Australian energy sector to improve efficiency and reduce emissions, integrate diverse energy sources into the electricity grid and, as a result, create jobs, growth and export opportunities.			
<b>6. Resources</b> Support the exploration of traditional resources, rare earth elements and groundwater, and develop new technologies and knowledge to allow safe, environmentally sensitive and economically viable resource extraction.			
<b>7. Advanced manufacturing</b> Develop and support existing industries while enabling the development of a new and advanced manufacturing sector.			
<b>8. Environmental change</b> Build Australia's capacity to respond to environmental change and integrate research outcomes from biological, physical, social and economic systems.			
<b>9. Health</b> Build healthy and resilient communities throughout Australia by developing treatments, solutions and preventative strategies to improve physical and mental well-being and improve the efficiency and effectiveness of Australia's health care system.			



# INTELLECTUAL PROPERTY AND THE COMMERCIALISATION OF RD&E

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

LiveCorp's preference is to maintain an ownership position in relation to IP that is appropriate to the level of LiveCorp's investment in the creation of that project IP and the intended commercialisation/adoption pathway. MLA negotiates, administers and manages any agreement that provides for the commercialisation of IP from the LEP RD&E Program.

There were no commercialisation agreements in 2016-17.



# INVESTMENT OF LEVIES

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

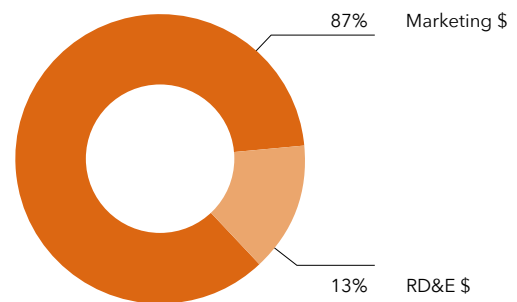
Export Levy Rates			
Export Industry	Marketing (\$)	Research (\$)	Total (\$)
Beef cattle	\$0.007936 / kg	\$0.001587 / kg	\$0.009523 / kg
Sheep	\$0.50	\$0.10	\$0.60
Goats	\$0.40	\$0.10	\$0.50
Dairy cattle (voluntary)	\$4.80	\$1.20	\$6.00

## ALLOCATION OF 2016-17 LEVIES

The levy rates are divided into a marketing and a research component.

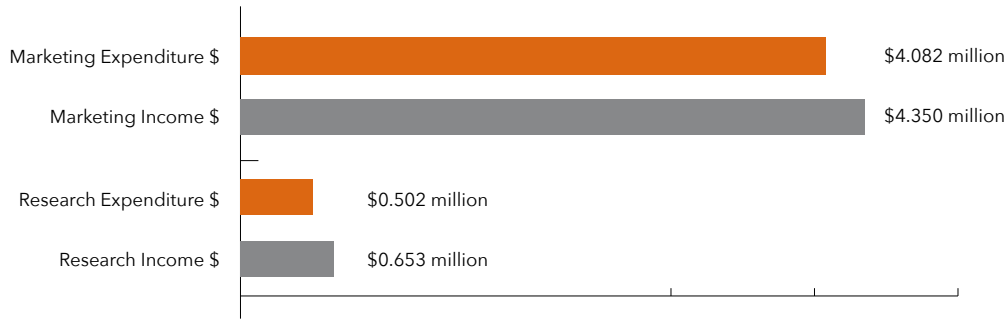
The majority of the levy funding received by LiveCorp is marketing dollars and in accordance with the Cost Allocation Policy, the ratio of levy income informs LiveCorp's allocation of expenditure across research and marketing activities.

LiveCorp Levy Allocation

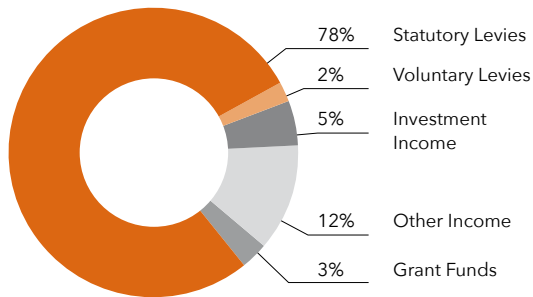


## INVESTMENT OF 2016-17 LEVIES

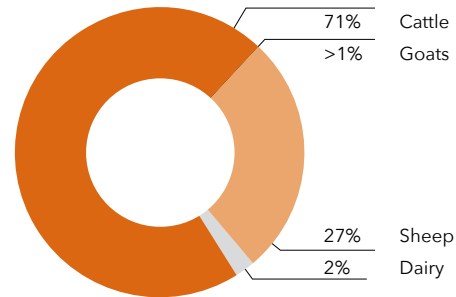
### Allocation across Marketing and Research Activities



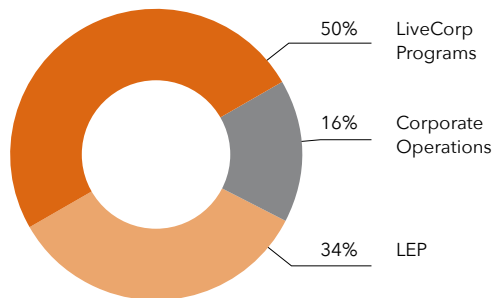
### Sources of Income (\$5.047 million)



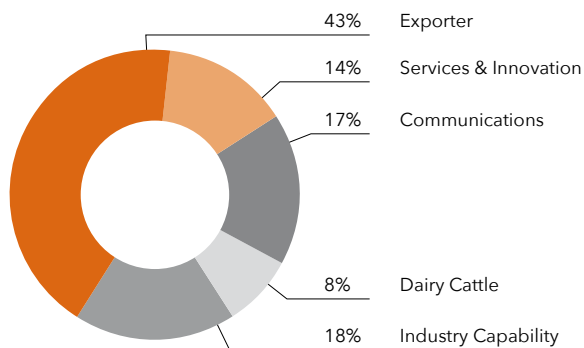
### Levy Income (\$4.006 million)



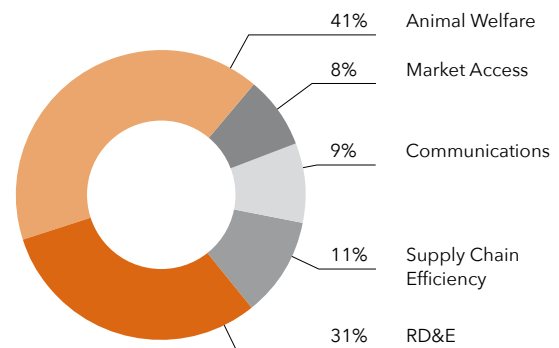
### Total Expenditure (\$4.626 million)



### LiveCorp Program Expenditure (\$2.304 million)



### LEP Expenditure (\$1.586 million)



# CORPORATE GOVERNANCE

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

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

## BOARD COMPOSITION

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

Directors are appointed at LiveCorp's Annual General Meeting (AGM) for a three-year term, after which time a director may reapply. Each director can serve no longer than nine consecutive years. The Chair of the Board is an independent Director and was re-elected by the Directors in 2014.

## BOARD MEMBERS

The LiveCorp Board at 30 June 2017:

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

## RESPONSIBILITIES OF NON-EXECUTIVE DIRECTORS

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

Functions include:

- » providing leadership and establishing strategic directions and targets;
- » ensuring long term viability through adequate financial resources and safeguarding the assets;
- » monitoring and evaluating the needs of industry against the strategic objectives and ensuring LiveCorp's programs are performing against those needs;
- » approving policies, plans, performance information and budgets;
- » monitoring policies, procedures and internal controls to manage business and financial risk;
- » ensuring the integrity of accounting and corporate reporting systems and controls, including the external audit and legal and regulatory compliance;
- » overseeing management, including the appointment of the CEO, performance assessment and approving the remuneration framework.

## BOARD EVALUATION

The Chairperson conducts an annual internal evaluation of the Board's performance and periodically an external performance review is carried out. The last external review was conducted in 2015-16.

## EXPERTISE

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

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



## INDUCTION

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

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

## INDEPENDENCE

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The Board considers each director's independence 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 LiveCorp's conflict of interest policy, a director who considers that he or she may have a direct or indirect pecuniary or non-pecuniary interest in a matter to be discussed by the Board must disclose the existence and nature of the interest before the discussion.

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

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

## BOARD MEETINGS

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The Board planned and convened six meetings during 2016-17. Meeting agendas are formulated in preparation for each meeting and also incorporate items from an annual agenda to ensure regular review of key aspects of the business.

The Board continually strives to ensure its meetings are conducted efficiently to enable sufficient discussion and contribution from all directors.

## BOARD COMMITTEE

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The Board operated the Finance, Audit and Remuneration Committee (the FAR Committee) in 2016-17. The primary role of the FAR Committee is to ensure LiveCorp's financial reporting is a true and fair reflection of its financial transactions.

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

The Chair of the FAR Committee was Terry Enright, supported by Lisa Dwyer, David Jarvie (to October 2016) and Michael Gordon (from October 2016) with the CEO and Commercial Manager/Company Secretary attending all committee meetings by invitation. The FAR Committee met four times during 2016-17.

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

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



# CORPORATE GOVERNANCE CONT.

## SELECTION COMMITTEE

The Board established the Selection Committee in 2016-17 as two of the independent skills-based directors terms were due to expire at the 2016 AGM.

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

The Selection Committee consists of:

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

LiveCorp's constitution sets out the requirements for the proceedings of the Selection Committee and the qualifications and skills of candidates in nominated fields which the Selection Committee must consider.

The Selection Committee assesses candidates against a range of criteria, including experience and skills, personal qualities and their available time commitment. In accordance with good governance practice, appropriate checks of each candidate are undertaken before each nominee is put forward to members as a candidate for election as a director.

## REMUNERATION

The total annual 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 a 1% increase to directors' remuneration in the financial year ended 30 June 2017.

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.

## DIVERSITY AND EQUAL EMPLOYMENT OPPORTUNITY

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

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

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

At 30 June 2017 LiveCorp director and staff gender diversity was:

	Directors	Staff
Male	4	3
Female	1	5
Total	5	8
Full Time	-	5
Part Time	5	3
Total	5	8

## CODE OF BUSINESS CONDUCT AND ETHICS

LiveCorp Directors and staff are required to:

- » act with integrity, honesty and fairness;
- » act legally, ethically, professionally and responsibly in the performance of duties;
- » act with due care and use LiveCorp's resources appropriately;
- » promote active, honest and effective communication;
- » protect confidential information;
- » be accountable to stakeholders;
- » create a safe, non-discriminatory workplace;

- » act responsibly in relation to safety, health and the environment; and
- » comply with and promote best practice in corporate governance.

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

## REPORTING FRAMEWORK

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

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

Key reporting obligations include:

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

## RISK MANAGEMENT

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

LiveCorp's risk management policies and assessments are documented in the Risk Management Plan. During 2016-17 a review of the plan and risk management framework was undertaken. Individual risks are identified, assessed, categorised and entered into a risk register, which forms part of the plan.

## MEMBERS

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

Two types of exporter membership categories are available:

1. active (those that have paid levies in the past four quarters and are not in arrears), and
2. inactive.

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

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

During 2016-17 LiveCorp's membership declined by 27%, the majority of which were inactive members who did not maintain their Australian livestock export licences. Consequently, they lost their membership eligibility due to various reasons, including

# CORPORATE GOVERNANCE CONT.

the mandatory implementation of Approved Arrangements on 1 January 2017, changes to export licence fees and charges, the poor economic environment for livestock exports and business closures.

## REVIEWS

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

From the exporters interviewed, it was apparent that those who were more involved with industry wide activities through ALEC or LiveCorp, had a better understanding of what LiveCorp does and in general gave better ratings in terms of performance than those who were less engaged.

In general, exporters rated LiveCorp's responsiveness to industry and individual company issues as "good" to "very good", were supportive of LiveCorp's

role and activities within the industry and without exception, were very appreciative of the efforts of all the staff with whom they interacted.

Stability of LiveCorp's employees over the past few years has assisted the development of strong positive relations between the Company and its members.

The ratings given to LiveCorp's performance in its key areas of operation were mostly good, although the activities within the LEP and the associated R&D program came under some criticism.

The report identified 15 recommendations which are being addressed through an implementation plan.

## MINISTERIAL DIRECTIONS

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LiveCorp complies with all Ministerial directions and legislative requirements of the Australian Government that it has been able to ascertain. LiveCorp received no Ministerial directions during 2016-17.

## COMPANY CHANGES

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







# FINANCIAL STATEMENTS

## DIRECTORS' REPORT

The Board of Directors present their report on LiveCorp for the financial year ended 30 June 2017.

### Directors

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

#### David Galvin

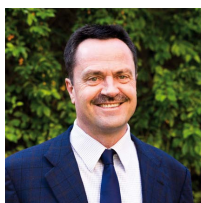
##### Chairman (Non-Executive)

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



#### Terry Enright

##### Non-Executive Director

##### Experience

Mr Enright is a Western Australian primary producer and as well as operating a successful farming operation with sheep, beef cattle and grain, he maintains a leading role in the administration of agricultural research in the grains industry.

Mr Enright has served in a number of Agriculture-related positions including as Chairman of the Grains Research and Development Corporation, Chairman of the Council of Rural Research Corporations, a commissioner of the Export Wheat Commission, a Director of Barley Australia and Chairman of the Albany Port Authority.

Mr Enright is currently a Director of the Western Australia Crawford Fund, Chairman of the Australian Export Grains Innovation Centre, Chairman of the Advisory Board for the Institute of Agriculture at the University of WA, Chairman of Future Seed Technology Company and Chairman of the Grains, Legumes and Nutritional Council.



##### Special Responsibilities

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

#### Lisa Dwyer

##### Non-Executive Director

##### Qualifications

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

##### Experience

Mrs Dwyer is a primary producer in Hawkesdale in Western Victoria and as well as operating a successful dairy operation with a beef and dairy heifer export enterprise, she is a dairy industry leader with extensive experience in the engagement and representation of multiple groups and concentrates on strong governance, animal welfare and strategic input.

Mrs Dwyer was a Director of Dairy Australia Limited and is currently a Director of Murray Goulburn Co-operative Co Ltd, Managing Director of Kangertong Farming Pty Ltd and a member of the Victorian Government's Regional Development Partnership.



##### Special Responsibilities

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



## David Jarvie

**Non-Executive Director (Resigned 26 October 2016)**

### Qualifications

B.VSc (Hons)

### Experience



Mr Jarvie is a Veterinarian with 40 years' experience in livestock export, meat and stock-feed 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 was a member of the Finance, Audit and Remuneration Committee

## Angus Adnam

**Non-Executive Director**

### Experience

Mr Adnam is an Australian livestock exporter with an extensive background in the red meat and livestock sector, trade finance and international marketing and government relations.



Mr Adnam was a Director of the ALEC, Director of Beef Australia Ltd., Chairman of Flinders Land Access Advisory Board, President of the Queensland Livestock Export Association and President of the Northern Territory Livestock Export Association. He is currently Managing Director of AAA Livestock Services Pty Ltd and Vice President of the Royal National Agricultural and Industrial Association of Queensland Council.

## Michael Gordon

**Non-Executive Director (Appointed 26 October 2016)**

### Experience



Mr Gordon has over 35 years' experience as an exporter, feedlot and ship operator, principally to Middle Eastern markets. Mr Gordon is the General Manager and Executive Director of Rural Export & Trading (WA) Pty Ltd, a wholly owned subsidiary of Kuwait importer and ship owner, Livestock Transport and Trading Co.

He is currently a Director for the Australian Livestock Export Reserve Fund and an industry representative on the LERDAC.

### Special Responsibilities

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

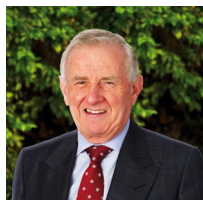
## Simon Crean

**Ex-Officio Director**

### Qualifications

Bachelor of Economics and Bachelor of Law

### Experience



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

# FINANCIAL STATEMENTS

## Meetings of Directors

During the period 1 July 2016 to 30 June 2017 the LiveCorp Board held six meetings of directors. The attendances of the directors at meetings of the Board and its committee were:

DIRECTORS	DIRECTORS' MEETINGS		FINANCE, AUDIT AND REMUNERATION COMMITTEE MEETINGS	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Galvin	6	5	-	-
Terry Enright	6	6	4	4
David Jarvie	3	3	2	2
Angus Adnam	6	6	-	-
Lisa Dwyer	6	5	4	3
Michael Gordon	3	3	2	2
Simon Crean	6	3	-	-

## 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 FA, which provides the major revenue source for the company.

## Principal Activities

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

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

## Operating Result

The surplus of LiveCorp for the financial year amounted to \$420,767 (2016: Surplus of \$1,042,572). This was significantly greater than the budgeted deficit of \$27,864 forecast for the financial year ended 30 June 2017. The variation is primarily attributable to \$560,000 less in operating revenue as a result of the decline in livestock exports and a \$1.1 million underspend of LiveCorp funds in the LEP.

## Performance Measures

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

LiveCorp's performance against its Strategic Plan and AOP takes into account:

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

KPI's have been developed to monitor performance against the strategic themes.

LiveCorp is committed to achieving continuous performance improvement, accountable through the survey of stakeholder satisfaction and the external performance review that is undertaken every two 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 2017 the number of members was 38 (2016: 49) and the maximum amount which could be contributed is \$3,800 (2016: \$4,900).

## Company Secretary

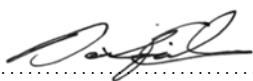
The company secretary during the year and to the date of this report is Liesel Alexander.

## Auditor's Independence Declaration

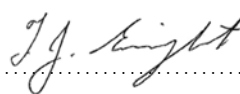
A copy of the Auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 38.

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

David Galvin .....  
Director



Terry Enright .....  
Director



Dated this 24 August 2017

To the Board of Directors of Australian Livestock Export Corporation Limited

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

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

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

*Nexia Aust 16*

Yours sincerely



**Nexia Sydney Partnership**

**Andrew Hoffmann**

Partner

Dated: 24 August 2017, Sydney

**Sydney Office**

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# FINANCIAL STATEMENTS

## STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2017	Note	2017 (\$)	2016 (\$)
Revenues from continuing operations	2(a)	5,004,146	6,184,433
Other income	2(c)	42,899	(7,545)
<b>Total revenue</b>		<b>5,047,045</b>	<b>6,176,888</b>
Communications program		(386,446)	(680,106)
Exporter program		(994,660)	(860,868)
Industry capability program		(423,667)	(440,120)
Services and innovation program		(313,847)	(198,641)
Dairy export program		(185,693)	(178,760)
Joint program	3	(1,585,647)	(2,064,000)
Corporate costs		(736,318)	(711,821)
<b>Total expenditure</b>		<b>(4,626,278)</b>	<b>(5,134,316)</b>
<b>Net surplus from continuing operations</b>		<b>420,767</b>	<b>1,042,572</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>420,767</b>	<b>1,042,572</b>

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2017	Note	2017 (\$)	2016 (\$)
<b>Current Assets</b>			
Cash and cash equivalents	5	2,375,397	1,305,615
Trade and other receivables	6	927,575	1,369,376
Other current assets	7	25,888	21,523
<b>Total Current Assets</b>		<b>3,328,860</b>	<b>2,696,514</b>
<b>Non-Current Assets</b>			
Financial assets	8	4,462,752	4,349,550
Property, plant and equipment	9	13,321	22,174
<b>Total Non-Current Assets</b>		<b>4,476,073</b>	<b>4,371,724</b>
<b>Total Assets</b>		<b>7,804,933</b>	<b>7,068,238</b>
<b>Current Liabilities</b>			
Trade and other payables	10	565,260	260,567
Employee entitlements	11	69,480	77,395
<b>Total Current Liabilities</b>		<b>634,740</b>	<b>337,962</b>
<b>Non - Current Liabilities</b>			
Employee entitlements	11	65,311	46,161
<b>Total Non - Current Liabilities</b>		<b>65,311</b>	<b>46,161</b>
<b>Total Liabilities</b>		<b>700,051</b>	<b>384,123</b>
<b>Net Assets</b>		<b>7,104,882</b>	<b>6,684,115</b>
<b>Equity</b>			
Statutory Marketing accumulated funds	12(a)	6,389,508	6,119,440
Statutory R&D accumulated funds	12(b)	715,374	564,675
<b>Total Equity</b>		<b>7,104,882</b>	<b>6,684,115</b>

## STATEMENT OF CHANGES IN EQUITY

---

For the Year Ended 30 June 2017

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	Retained Earnings
	\$
<b>Balance at 30 June 2015</b>	<b>5,641,543</b>
Total comprehensive income	1,042,572
	<hr/>
<b>Balance at 30 June 2016</b>	<b>6,684,115</b>
Total comprehensive income	420,767
	<hr/>
<b>Balance at 30 June 2017</b>	<b>7,104,882</b>

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2017	Note	2017 (\$)	2016 (\$)
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		5,719,736	6,441,189
Payments to suppliers and employees		(4,825,838)	(5,917,816)
<b>Net cash flows from operating activities</b>	14(a)	<b>893,898</b>	523,373
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		-	-
Net payments for investments		(70,303)	(1,216,273)
Dividends received		232,955	178,236
Interest received		13,232	19,427
<b>Net cash flows from investing activities</b>		<b>175,884</b>	(1,018,610)
Net increase/(decrease) in cash held		1,069,782	(495,237)
Cash and cash equivalents at beginning of the year		1,305,615	1,800,852
<b>Cash and cash equivalents at end of the year</b>	5	<b>2,375,397</b>	1,305,615



## NOTES TO THE FINANCIAL STATEMENTS

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### 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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
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.

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

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### *Held-to-maturity investments*

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

### *Available-for-sale financial assets*

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

### **Fair value**

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

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

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

- i. Listed fixed interest securities: at published bid prices ie Level 1.
- ii. Investments in unlisted managed funds: at exit prices published by fund managers ie Level 2.
- iii. 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.

## NOTES TO THE FINANCIAL STATEMENTS CONT.

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### **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.

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.

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

### *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.

For the Year Ended 30 June 2017	Note	2017 (\$)	2016 (\$)
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## 2. REVENUE

### a) Revenue from continuing operations

Statutory levies	2b)	3,927,096	4,998,666
Voluntary contributions		78,942	164,358
Dividends received		232,955	178,236
Interest received		13,232	19,427
Grant funding		168,064	119,926
Event income		150,777	350,293
LEP project management fees		283,980	283,980
Other revenue		149,100	69,547
		5,004,146	6,184,433

### b) Statutory Levies

Marketing levies		3,287,422	4,170,896
R&D levies		639,674	827,770
		3,927,096	4,998,666

### c) Other Income

Revaluation of investments		42,899	(7,545)
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## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2017	Note	2017 (\$)	2016 (\$)
<b>3. JOINT PROGRAM EXPENSES</b>			
Livestock Export Program			
Animal welfare		651,095	706,100
Communications		144,889	197,910
Market access		131,880	137,300
Research and development		490,723	895,000
Supply chain efficiency		167,060	127,690
		<b>1,585,647</b>	<b>2,064,000</b>
<b>4. AUDITORS' REMUNERATION</b>			
Remuneration of Nexia Sydney Partnership for auditing the financial report		21,134	20,656
<b>5. CASH AND CASH EQUIVALENTS</b>			
Cash at bank		2,375,397	1,305,615
<b>6. TRADE AND OTHER RECEIVABLES</b>			
Trade receivables		557,589	433,155
Other receivables		95,013	455,926
Other receivables - statutory levy accrual		274,973	480,295
		<b>927,575</b>	<b>1,369,376</b>
<b>7. OTHER CURRENT ASSETS</b>			
Prepayments		25,888	21,523

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2017	Note	2017 (\$)	2016 (\$)	
<b>8. FINANCIAL ASSETS</b>				
Designated as at fair value through profit and loss:				
Fixed interest securities		1,702,996	1,746,916	
Managed funds		2,519,756	2,434,634	
Term deposits		240,000	168,000	
		4,462,752	4,349,550	
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>				
<b>Office and computer equipment</b>				
At cost		52,646	55,944	
Accumulated depreciation		(39,325)	(34,007)	
		13,321	21,937	
<b>Plant and equipment</b>				
At cost		-	9,462	
Accumulated depreciation		-	(9,225)	
		-	237	
<b>Total Property, plant and equipment</b>		<b>13,321</b>	<b>22,174</b>	
		Office and Computer Equipment	Plant and Equipment	
		\$	\$	
		Total	\$	
Movements in carrying amounts:				
<b>Balance at 1 July 2015</b>		34,632	379	35,011
Additions		-	-	-
Disposals		-	-	-
Depreciation expense		(12,695)	(142)	(12,837)
<b>Balance at 30 June 2016</b>		<b>21,937</b>	237	22,174
Additions		-	-	-
Disposals		(490)	(148)	(638)
Depreciation expense		(8,126)	(89)	(8,215)
<b>Carrying amount at 30 June 2017</b>		<b>13,321</b>	-	13,321

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2017	Note	2017 (\$)	2016 (\$)
---------------------------------	------	-----------	-----------

### 10. TRADE AND OTHER PAYABLES

Payables and accrued expenses		251,079	202,786
Other liabilities		314,181	57,781
		<u>565,260</u>	<u>260,567</u>

### 11. EMPLOYEE ENTITLEMENTS

#### Current

Annual leave		<u>69,480</u>	<u>77,395</u>
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#### Non-current

Long service leave		<u>65,311</u>	<u>46,161</u>
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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 Funding Agreement 2017-2021:

#### Movements during the financial year:

Opening balance		6,119,440	5,027,831
Allocation of current year surplus		270,068	1,091,609
		<u>6,389,508</u>	<u>6,119,440</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 Funding Agreement 2017-2021:

#### Movements during the financial year:

Opening balance		564,675	613,712
Allocation of current year surplus/(deficit)		150,699	(49,037)
		<u>715,374</u>	<u>564,675</u>

# FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2017	Note	2017 (\$)	2016 (\$)
---------------------------------	------	-----------	-----------

### 13. CAPITAL AND LEASING COMMITMENTS

#### a) Operating lease commitments

Minimum lease payments payable:

- Within 12 months	32,123	34,796
- Later than 12 months but not later than 5 years	139,539	145,120
- Later than 5 years	51,596	95,785
	<u>223,258</u>	<u>275,701</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 (2016: \$33,736) representing the minimum lease payments.

#### b) Other commitments

Service agreement - ALEC

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

Livestock Export Program

- Within 12 months	550,000	750,000
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#### d) Marketing expenditure commitments

Livestock Export Program

- Within 12 months	1,000,000	1,950,000
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## NOTES TO THE FINANCIAL STATEMENTS CONT.

For the Year Ended 30 June 2017	Note	2017 (\$)	2016 (\$)
---------------------------------	------	-----------	-----------

### 14. CASHFLOW INFORMATION

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

Surplus after income tax	420,767	1,042,572
Depreciation	8,215	12,837
Revaluation of investments	(42,899)	7,545
Investment income recognised in surplus or deficit	(246,187)	(197,663)
Loss on disposal of property, plant and equipment	638	-
(Increase)/decrease in trade debtors	441,801	(131,144)
(Increase)/decrease in other current assets	(4,365)	(15,167)
Increase/(decrease) in trade creditors	304,693	(215,997)
Increase/(decrease) in provisions	11,235	20,390
Cash flows from operations	<u>893,898</u>	<u>523,373</u>

#### 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	<u>669,589</u>	<u>655,432</u>
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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



# FINANCIAL STATEMENTS

## DIRECTORS' DECLARATION

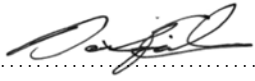
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In the Directors' opinion:

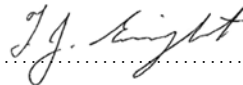
- a. The financial statements and notes, as set out on pages 8 to 21, are in accordance with the Corporations Act 2001, including:
  - » complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; and
  - » giving a true and fair view of the company's financial position as at 30 June 2017 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 24 August 2017

## **Independent Auditor's Report to the Members of Australian Livestock Export Corporation Limited**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Australian Livestock Export Corporation Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

1. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
2. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

#### **Basis for opinion**

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

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

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information in Australian Livestock Export Corporation Limited's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

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**Directors' responsibility for the financial report**

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

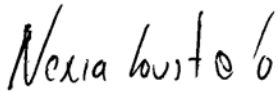
In preparing the financial report, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or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

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

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Nexia Sydney Partnership****Andrew Hoffmann**

Partner

Dated: 24 August 2017, Sydney

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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 25 and 26 of the Statutory Funding Agreement 2017-2021 between the Commonwealth of Australia, represented by the Department of Agriculture and Water Resources and Australian Livestock Export Corporation Limited (the 'agreement') for the year ended 30 June 2017.

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 25 & 26 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 25 & 26 of the agreement.

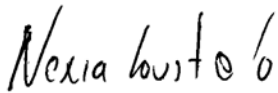
Our audit involves performing procedures to obtain audit evidence about compliance with clauses 25 & 26 of the funding agreement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with the relevant terms of the funding agreement, whether 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 2017-2021. 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 25 & 26 (other than specific requirements not to engage in or finance Agri-Political Activity and to apply funds in a manner that is efficient, effective and ethical, which we are specifically not required to form an opinion on) of the agreement between the Commonwealth of Australia and Australian Livestock Export Corporation Limited for the year ended 30 June 2017.



### **Nexia Sydney Partnership**



### **Andrew Hoffmann**

Partner

Dated: 24 August 2017, Sydney

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# EXPORTER PROGRAM

The Exporter Program provides technical advice and support to exporters and ALEC on industry issues, planning, management 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. The following key projects were prioritised in 2016-17:

## MARKET ACCESS

### Australian/Indonesian Working Group

In October 2016 the Minister for Trade Tourism and Investment, the Hon Steven Ciobo MP requested LiveCorp's participation in an industry delegation to Indonesia to seek a resolution to the impasse between the Indonesian Government and importers on the release of the third trimester live cattle import permits and the Indonesian policy proposal to require 1 breeder to be imported for every 5 feeder cattle (5:1 policy).

The Australian delegation met with the Indonesian Minister for Trade, Enggartiasto Lukita on 24 October 2016 and discussed Indonesia's aspiration to build its breeding herd in order to improve food security and reduce the price of beef. The Australian delegation expressed their desire to assist Indonesia in increasing its agricultural capability and also raised the challenges being presented to industry by the 5:1 policy.

At the meeting, the Australian delegation was able to effectively communicate the significant business and commercial risks the proposed policy presented.

The result of this initial discussion was the establishment of a Working Group composed of the Director Generals from the Indonesian Ministries of Trade and Agriculture and Dr Richard Trivett (Australian Rural Exports Chairman), Mr Troy Setter (ALEC Director and CEO of Consolidated Pastoral Company) and Mr Sam Brown (LiveCorp CEO).

LiveCorp worked diligently to develop a comprehensive briefing and alternative policy options to present at the first meeting of the Working Group on 25-26 October 2016. As a result, there was strong agreement from the Director Generals to continue to discuss outstanding questions and concerns.

The Working Group continued its engagement over the next eight months and met in November 2016,

December 2016, March 2017 with the following outcomes achieved:

- » Import permit validity increased from 4 months to 12 months,
- » Increased feeder cattle age from maximum of 30 months to 48 months, and
- » Increased feeder cattle weight specification from maximum average weight of 350kg to 450kg with no minimum weight limit.

## TRADE DELEGATIONS

### Iran

In August 2016 the Minister for Trade, Tourism and Investment the Hon Steven Ciobo MP invited LiveCorp to accompany a targeted business delegation to Tehran, Iran on 27-28 September 2016 to explore opportunities for Australian trade and investment following the lifting of sanctions against Iran.

As part of the delegation program, Austrade's office in Tehran arranged a series of meetings, business briefings and networking opportunities for the delegation to meet with Iranian Government and industry representatives to discuss business opportunities in Iran.

Recognition of the opportunities and benefits for Iran in establishing a trade in Australian livestock was achieved, including entire carcase / offal / skins; employment; modernisation of farming systems (particularly feedlotting); training and skills transfer and corresponding positive economic impact.

### Indonesia

In November 2016 the Indonesian Minister for Trade, Enggartiasto Lukita and Investment Board Chairman Thomas Lembong visited Australia to meet with the Australian Minister for Trade, the Hon Steven Ciobo MP to discuss the Indonesia-Australia Comprehensive Economic Partnership (IA-CEPA). During the visit, Minister Lukita visited the Elders Killara feedlot and learned first-hand of the Australian livestock industry from industry representatives.

In February 2017 the Assistant Minister to the Deputy Prime Minister, the Hon. Luke Hartsuyker MP invited LiveCorp to accompany him on a trip to Juang Jaya Abdi Alam feedlot in Lampung, Indonesia on 6



March 2017 to learn more about Australian agricultural trade and cooperation with Indonesia and the experiences of the Australian live cattle industry.

The trip was co-ordinated with the Indonesia Australia Business Week in Jakarta from 6 to 9 March 2017 which was hosted by the Trade Ministers of Australia and Indonesia.

## **TECHNICAL SUPPORT**

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### **Kingdom of Saudi Arabia (KSA)**

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

### **Vietnam Control and Traceability project**

Following a request from ALEC and its Vietnam Exporter Working Group, in early 2017 LiveCorp commenced a project focused on the control and traceability systems in Vietnam. The project is scheduled to be completed in the first half of 2017-18 and will include a two-step approach:

Step 1: A review of exporters' existing systems used to trace and control cattle in Vietnam

Step 2: The development of a draft set of industry standards for managing control and traceability at the exporter and industry level.

The project will support exporters, the industry and LiveCorp / LEP to further their efforts and investment in the area of control and traceability.

## **CONSULTATION AND ENGAGEMENT**

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Through close consultation, the Program provides communications support to ALEC and a wide range of stakeholders as well as regular engagement with exporters. In 2016-17 a key focus was engagement with Australian and foreign diplomats to build relationships, knowledge and an improved understanding of Australian livestock and systems, including ESCAS.

In 2016-17 the following meetings were held:

- » Trade Commissioner to Iran - Lino Strangis
- » Ambassador to Kuwait - Warren Hauck
- » Ambassador to KSA - Ralph King
- » Ambassador to Lebanon - Glen Miles
- » Ambassador to Turkey - Mark Innes Brown
- » Counsellor (Agriculture) Australian Embassy in Dubai - James Wallner
- » Counsellor (Agriculture) Australian Embassy in Indonesia - Laura Timmins
- » Minister Counsellor (Agriculture) Australian Embassy in Indonesia - Dean Merrilees
- » In-coming Counsellor (Agriculture) Australian Embassy in Indonesia - Trish Gleeson
- » Mission of Trade Bangkok - Octavia Borthwick

## **LERDAC**

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

## **NATIONAL ARBOVIRUS MONITORING PROGRAM**

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

# INDUSTRY CAPABILITY PROGRAM (ICP)

## LIVESTOCK GLOBAL ASSURANCE PROGRAM (LGAP)

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

LISC consists of representatives from ALEC, LiveCorp, MLA, CCA, SCA, GICA, the Department, and exporters. Its objectives were to analyse and advise on key implementation concerns for ALEC - particularly the financial viability and the arrangements that would apply between LGAP and the Australian Government.

Between February and June 2017, six LISC meetings were held and a report on progress was made to ALEC at its General Meeting in April 2017.

The activities of LISC are expected to conclude around September / October 2017.

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

communications, roll-out / implementation plan and the government / LGAP interface.

## APPROVED ARRANGEMENTS

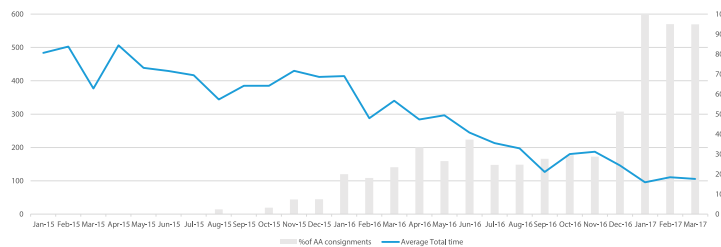
Approved Arrangements commenced on 1 April 2016 and became a mandatory pre-requisite for livestock exports on 1 January 2017. Across 2016-17, LiveCorp continued to provide consultative support and technical advice to exporters and the Department to support implementation and refinements to the system. This included reviewing guidelines, performance structures and Export Advisory Notices (EANs).

The introduction of Approved Arrangements by the Department was the culmination of a number of reform proposals developed in a LiveCorp / LEP / ALEC paper in 2015 aimed at reducing unnecessary costs and improving efficiencies for certification of consignments. With its implementation, 2016-17 achieved a 45% reduction in time spent by the Department on certifications, equating to a \$200 - \$1,000 saving on each consignment for the industry.

The graph below shows the savings achieved over the last few years as the industry's reform proposals have been implemented, including the separation of the Notice of Intention and ESCAS approval and the introduction of a risk based ESCAS auditing regime.

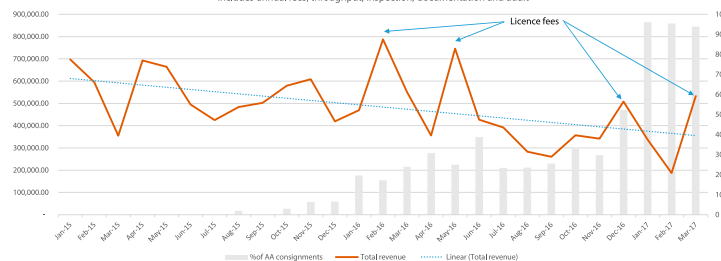
### Approved arrangements have saved time.....

Average monthly service times- all livestock consignments does not include Japan, South America, Mexico



### ...and the bills have gone down too

Total revenue collected from livestock exporters by month includes annual fees, throughput, inspection, documentation and audit



Source: The Department

## **PRODUCTIVITY COMMISSION ENQUIRY AND THE EXPORT LEGISLATION REVIEW**

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In November 2015, the Australian Government announced the Productivity Commission enquiry into the Regulation of Agriculture, within which ESCAS was specially identified for consideration. LiveCorp provided a comprehensive submission outlining a range of potential improvements and their potential cost and regulatory burden savings to the Commission.

Following the release of the draft Commission Report in July 2016, LiveCorp prepared a supplementary submission to expand on certain points and to highlight the priority opportunities in the following areas:

- » The need for substantive review of the legislative framework and regulatory expectations for ESCAS to increase clarity, certainty and transparency and to reduce costs and improve efficiency;
- » Provision of a framework for recognising quality assurance programs; and
- » Recognition of equivalence in other countries or systems.

In November 2016, the Commission finalised its Report which noted LiveCorp's contribution and made a number of recommendations specifically in relation to livestock export.

Separate to the Productivity Commission enquiry, the Department also indicated it was preparing to review and merge the key Acts governing the livestock export industry - the Export Control Act 1982 and the AMLI Act. This review will provide further opportunities to pursue logical reform to the efficiency and effectiveness of the legislation, many of which were outlined in the Productivity Commission submission.

## **PROTOCOL COMMITTEE (PC)**

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Two face-to-face PC meetings were held in 2016-17, with key representatives from the Department, exporters and industry bodies attending. The meetings provided the opportunity to review the industry's market access priorities and discuss relevant technical issues. The PC has continued utilising and

reviewing 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 Department and the Protocol Committee, as well as contributing technical advice to progress identified priority markets and issues.

## **MARKET ACCESS DEVELOPMENT**

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In 2016-17, LiveCorp worked closely with the Department to progress negotiations with several new markets with successful agreements reached for protocols with:

- » Canada for breeder sheep and goats; and
- » Cambodia for breeder cattle.

Discussions are on-going with negotiations progressing for the following protocols:

- » Eurasian Economic Union for breeder sheep and goats;
- » China for slaughter sheep and goats;
- » Indonesia for breeder sheep and goats; and
- » Mexico for feeder and slaughter cattle.

## **MARKET ACCESS MAINTENANCE**

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### **Japan**

In mid-2016, Japan temporarily suspended the import of Australian cattle due to false positive test results for Bovine Johne's Disease (BJD).

The Australian and Japanese Governments reviewed and resolved the issue promptly and trade recommenced later in the year under interim arrangements, while the cattle protocols were renegotiated.

These protocol negotiations are ongoing as the respective governments and industries work through the complexities as well as develop effective and agreed arrangements. Throughout the process, the ICP provided comprehensive technical and consultative support to the Department and the PC.

### **Malaysia**

In 2016-17, Malaysia requested the renegotiation of its cattle protocols with Australia. Through a strong

and positive process, these protocols were reviewed, refined and concluded resulting in continued access to this \$29 million market. A particular benefit from this process was the removal of an unnecessary bovine tuberculosis test from the breeding cattle protocol, recognising Australia's long freedom from the disease.

## **China**

Since the completion of the China feeder and slaughter cattle protocol in July 2015, three air shipments and one sea shipment of slaughter cattle have been received in China. Australia and China continue to meet to discuss key matters of relevance between the countries.

A key ongoing concern from Australian exporters has been the additional pre-export requirements applied by China on the feeder and slaughter cattle trade. As interest in the trade develops, the complexities and costs of these requirements continue to be restrictive in establishing efficient supply chains.

LiveCorp has liaised between the Department and the exporter China Breeding Cattle Working Group to provide advice and distribute information concerning the introduction of new pedigree requirements for breeding cattle imports to China.

## **COLLABORATION**

LiveCorp continues to look for opportunities to develop technical partnerships and collaborations. Consistent with the LiveCorp Strategic Plan 2016-2020, the ICP monitored and developed opportunities for collaboration during 2016-17, particularly in the area of market access and trade development. While several possible partnerships were investigated, the following two opportunities in particular were pursued with grant applications submitted and awarded.

### **Agricultural Trade and Market Access Cooperation (ATMAC) grants program**

China is a key trading partner following many years of breeding cattle exports and the agreement to a slaughter and feeder cattle protocol in 2015 has further expanded these opportunities. Throughout the relationship, Australia and China have sought to work closely on issues relating to BTV. It continues to be a very important issue for trade and one where China and Australia – as countries on either end of

the south-east Asian BTV epizootic – are well placed to expand the sharing of expertise, experience and technology for many years.

LiveCorp has received approval for funding through the ATMAC grants program for a China – Australia BTV Collaboration project that will seek to progress further technical collaboration on BTV awareness and surveillance, in support of ongoing improvements in market access arrangements for both countries. The total value of the project is \$ 278,450 with ATMAC approved funding of \$137,950. The project is proposed to be completed by mid-2019.

### **Australian Research Council (ARC) Linkage grants program**

LiveCorp was party to a successful bid by the University of Sunshine Coast (USC) for funds in the 2017 ARC Linkage grants for an industry collaborative project to develop new tools for the detection of chlamydial infections in sheep. It will be a three year project valued at \$1.2m and is expected to provide reputational benefits to Australia, support biosecurity efforts and improve the testing available for live exports.

LiveCorp will contribute \$45,000 over three years to the project, which will be led by the USC's Centre for Animal Health Innovation. Other partners in the project include the University of Technology Sydney, University of Tasmania, NSW Department of Primary Industries, the Department and the McGarvie Smith Institute.

# SERVICES AND INNOVATION PROGRAM

## SHIPBOARD STOCKPERSON ACCREDITATION COURSE

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Two stockperson accreditation courses were delivered in 2016-17 to support the understanding and continuous improvement of livestock management, health and welfare. The courses were attended by a total of 40 people, including participants from the Department and were cost recovered. Over 90% of participants rated the course as 'very good' to 'excellent' and all participants identified improvement in their livestock handling skills.

To continuously enhance and develop the course, as well as training materials to represent best practice techniques the materials, course structure and delivery method were reviewed, updated and rolled out in 2016-17.

Since the implementation of ESCAS in 2011, LiveCorp has delivered on-board stockperson training to 241 participants achieving an average 90% pass rate for the final examination. Of the 241 trained stockpersons, 99 currently have valid accreditation.

## STOCKPERSON ADVANCED MASTERCLASS

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This project was initiated in response to the Farmer Review recommendation that industry consider enhanced training and mentoring programs for stockpeople. It was developed in alignment with industry's need to continuously improve the health, welfare and management of exported Australian livestock.

A specialised professional development program was designed and piloted to enhance engagement with, and education of, accredited stock-people through the provision of continuous learning and training in best practice animal welfare, handling and husbandry on-board and during the loading and discharge of livestock vessels. The intensive two-day pilot program featured facilitated group discussions and peer-based learning through a wide variety of complex scenarios and case studies, an overview of relevant research and development, and up-to-date and effective drug use for livestock.

Over thirty expressions of interest were received for the pilot course from which twelve were selected. The course was very well received by the participants, of which more than 80% reported gaining valuable

insights from the diversity of experience of their peers in a unique format for individuals that often work in isolation from one another.

LiveCorp is currently assessing the most appropriate content and delivery method of an on-going Stockperson Masterclass.

## AUSTRALIAN ACCREDITED VETERINARIANS (AAV) CONSULTATION WORKSHOP

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In August 2016, ALEC requested LiveCorp commission a consultation process with AAVs as part of ALEC's public commitments following a story televised on ABC's current affairs program, the 7:30 Report with Dr Lynn Simpson.

The consultation process was successfully delivered with significant engagement and interest from the AAV community. Forty nine AAVs from across the country and supply chain participated in a preliminary online survey and of those, twenty-one were interviewed and nineteen attended the Melbourne workshop in December 2016.

The consultation process with the AAVs identified thirty-seven technical issues within five key areas of:

- » standards (the Australian Standards for the Export of Livestock and Marine Order 43);
- » preparation and loading;
- » on-board management;
- » industry culture and oversight; and
- » the AAV accreditation program.

LiveCorp and ALEC have commenced an implementation plan to address and/or progress the issues identified in the project.

The project encouraged a future focussed approach and identified how stakeholders can work together in a technical sense to improve and strengthen the livestock export industry. With strong support for ongoing AAV engagement, LiveCorp is developing opportunities to continue constructive dialogue.

## APPROVED ARRANGEMENTS TRAINING

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LiveCorp funded a project aimed at developing training materials and tools to help build the capa-



bility of exporters, their staff and contractors in meeting the new regulatory requirements under Approved Arrangements which became mandatory (other than those with a 'small and infrequent exporter' exemption) on 1 January 2017.

LiveCorp piloted its Approved Arrangements training course in March 2017 in Darwin, with ten exporters and two officers from the Department participating.

Participants in the pilot were presented with information on establishing and operating under an Approved Arrangement in accordance with the three pillars of governance, operations and quality assurance. The course was well received and the feedback provided was carefully considered to improve the final training package.

LiveCorp will look to hold further training sessions in 2017-18.

## UNDERSTANDING THE LIVESTOCK EXPORT JOURNEY FLYERS

The 'Understanding the Cattle Export Journey' flyer continued to be developed and refined to visually communicate a typical livestock export vessel and explain the logistics, planning, industry processes and regulations involved in exporting cattle overseas.

A similar 'Export Journey' flyer tailored to dairy cattle was also developed in collaboration with Holstein Australia and DataGene.

To complete the series of information flyers, sheep export and airfreight versions are planned for release in 2017-18.

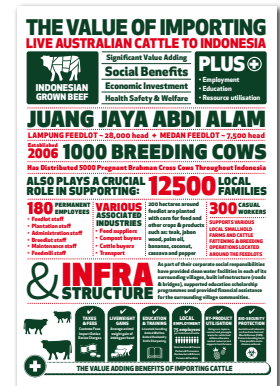
## TRADE AND MARKET ACCESS SUPPORT

To support the livestock trade discussions held with the Australian/Indonesian Working Group a number of infographics and PowerPoint presentations were developed to communicate the value added of importing Australian livestock and the challenges associated with breeding cattle in feedlots.

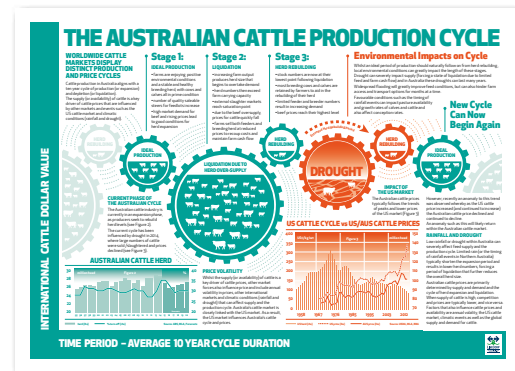
A breeding simulation of the timeline and potential cattle herd increase that could result from the importation of breeder cattle was developed along with an instructional presentation detailing how to use the 'breeding wheel' for tropical climates.

The materials and infographics focused on the benefits of importing Australian cattle to Indonesia and included:

- » a summary poster of the Indonesian beef and cattle value chain,
- » an overview of costs and value creation within the beef and cattle supply chain,
- » proposed improvements to the import efficiency within the cattle and beef supply chain,
- » proposed amendments to the Indonesian Productive Cattle Protocol, and
- » a summary document of the Indonesia - Australia partnership.



Additional infographics developed in 2016-17 included:



- » Cattle Production Cycle - an infographic to assist importing countries better understand the Australian cattle production cycle and how it impacts price.
- » China Feeder / Slaughter Cattle Protocol Costings - this document outlines and provides case studies detailing the additional costs associated with the nine requirements included in the health protocol annex.
- » Livestock Export Competitiveness Project - an infographic was developed to accompany and clearly communicate the LEP RD&E report - Livestock Export Competitiveness Report by the Australian Farm Institute.

# COMMUNICATIONS PROGRAM

## LIVEX FORUM 2016

The LIVEX Forum, held in Canberra on 26 and 27 October 2016, was attended by over 240 delegates under the theme of “Striking the Social Balance: Regulation, Accountability and Profitability”. The Forum focused on the global outlook for live export, the impact of regulation and the difference transparency and accountability can make to an industry.

The Forum provided delegates with the opportunity to share information about the livestock export trade and discuss future directions for the industry.

## RD&E UPDATE

The semi-annual RD&E Update publication was refreshed in 2016-17, with the March 2017 edition focusing on beef and breeding cattle related projects. The publication included more imagery throughout the livestock export supply chain with the aim of enhancing its readability and appeal to a broader audience.

## 360 DEGREE VIDEO FOOTAGE

In 2016-17 LiveCorp investigated the innovative use of 360-degree video footage to document the livestock export journey and enable people to visually ‘experience’ the export process. This emerging technology provided the ability for users to immerse themselves in the journey of cattle from a registered premise to on-board a vessel through the use of a virtual reality headset.

The Northern Territory Cattlemen’s Association Conference in March 2017 provided an opportunity to present the footage to industry and the feedback from the delegates was extremely positive with a request from Angus Australia to have the materials available to participants at their conference in Ballarat in May 2017.

LiveCorp aims to capture similar footage and record the loading, on-board, and discharge of a sheep vessel in 2017-18. The material will further enhance LiveCorp’s training services and its understanding of future R&D needs as well as providing an innovative means of extending and communicating completed R&D in a broader and more engaging way.

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; and
- » presenting at and attending industry functions and producer forums.



# DAIRY CATTLE EXPORT PROGRAM

The Program continued to be financially constrained due to a further decline in the voluntary dairy cattle contributions by industry. This limitation inhibits planning and resourcing for the Program. ALEC continued to progress the introduction of a statutory dairy cattle levy.

## BREEDING LIVESTOCK COMMITTEE

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.

Key items considered by the Committee in 2016-17 were the ALEC Commercial and Small Holder Breeder Livestock policies, RD&E proposals and a range of market access issues.

## TECHNICAL SUPPORT

In late 2016, the Chinese Ministry of Agriculture revised the breeder cattle pedigree requirements for tariff waivers. This policy change took effect on 1 January 2017 and, coupled with changed market conditions in China for dairy cattle, has had a negative impact on the volume of breeder cattle exported to China in 2016-17. The Program provided support and technical advice to the Department during the China - Australia Dairy Talks in November 2016, where the issue regarding dairy cattle pedigree was raised.

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

## MARKET ACCESS

The PC and ICP worked closely with the Department throughout the year on a range of dairy cattle market access issues. Of particular importance was the technical input provided towards the resolution of the trade suspension of cattle exports to Japan and the protocol negotiations and support for consignments in the interim period. Japan is a long term

and important trading partner for Australia in dairy cattle and the Department's support for the trade and exporters during these extended and technically complex negotiations was highly valued.

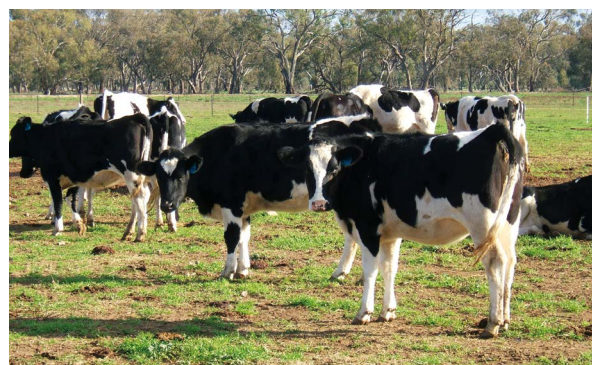
The Program also provided technical support to maintain continuity of shipments of breeder cattle to Malaysia while the negotiations were completed for new cattle protocols to the market. The new protocols resulted in the successful removal of an unnecessary bovine tuberculosis test (as Australia is free of this disease). This improvement reflected the strong relationship between the countries and a willingness to introduce mutually beneficial changes.

## RESEARCH AND DEVELOPMENT

The Program continued to guide investment in RD&E - although dairy specific funding is limited by low levy income and the inability to access substantive R&D matching funds from the government through MLA. Key projects of relevance to dairy cattle in 2016-17 included ongoing pinkeye research and the extension and progress, as funds allowed, of the recommendations from the research conducted in 2015-16 that documented the state of the dairy cattle export industry. ALEC has been leading this process with Australian Dairy Farmers, Dairy Australia and LiveCorp support.

## BIOSECURITY

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.



# LEP IN-MARKET PROGRAMS

Through 2016-17 there were four LEP in-market programs covering EMENA, Indonesia, Vietnam and SEA. The programs target their activities across training, technical support and advice, trade relations and market intelligence to address issues specific to the regions.

## TRAINING

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The in-market programs have conducted training across the regions including increased extension of the standard training packages and information materials. This training is delivered, at the request of exporters and importers, by qualified staff and consultants and includes:

- » animal health and welfare
- » induction, feedlot and silage management
- » low stress animal handling
- » breeding cattle under palm and in feedlots
- » slaughter theory and technique
- » stunner use and maintenance
- » knife sharpening
- » SOPs, risk templates and identifying abattoir risks
- » Value adding, meat quality, meat safety and hygiene
- » ESCAS

The training, delivered through, technical advice, courses, seminars and practical sessions, was well received by participants and highly rated amongst exporters for the support provided.

Since the implementation of ESCAS in 2011, the LEP in-market programs have delivered training to more than 11,856 participants. The allocation of those participants across the regions was 3,662 in EMENA, 4,359 in Indonesia, 1,033 in Vietnam and 2,802 in SEA.

## GAP AND RISK ANALYSIS

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

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

requirements. Risk analyses are well regarded by the industry to gauge the potential risks within supply chains and to guide mitigation activities.

In 2016-17 twenty four gap and risk analyses were completed by the LEP. This has seen a significant decrease in the requests from the LEP, from previous years, as exporters have transitioned the assessment tools and processes into the management of their supply chain operations.

## COLLABORATIVE FUNDING PROGRAM

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

In 2016-17 eight Australian livestock exporters participated in 20 projects including:

- » Training and 'train the trainer' programs covering:
  - » low stress animal handling
  - » feedlot design
  - » feeding and nutrition management
  - » husbandry and breeding monitoring
  - » slaughter and emergency slaughter techniques
  - » stunner maintenance
  - » post-slaughter meat processing and hygiene
  - » use of traceability equipment
  - » ESCAS monitoring and compliance
- » Assistance to importers with system design and processes to improve accountability and traceability of livestock
- » Feedlot and abattoir infrastructure reviews and recommendations to improve flow of livestock and point of slaughter outcomes
- » Risk assessments
- » Development and implementation of SOPs in multiple languages with pictorial versions
- » Development of nutrition and breeding tools

The LEP provided \$0.43m towards these projects that were matched by the exporters to increase the investment under the program to over \$0.87m.



# LEP IN-MARKET PROGRAMS CONT.

## TECHNICAL SUPPORT DURING FESTIVAL PERIODS

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

### EMENA

The Eid al-Adha religious festival occurred between 12 and 15 September 2016 with the LEP Eid program providing an important 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 Kuwait, Jordan, United Arab Emirates (UAE), Qatar and Oman as part of a focussed effort to mitigate risk of ESCAS non-compliance in the lead up to and during Eid.

With a focus on continuous improvement over and above ESCAS requirements, a combined total of 23 resources from the LEP, exporters and industry were present in supply chains in Kuwait, Oman, Jordan, Qatar and the UAE for the duration of Eid al-Adha. Importer representatives were also active participants in many markets.

### Indonesia

The Eid al-Fitr religious festival occurred on 25-26 June 2017 following a month of Ramadhan. LEP Indonesia provided monitoring in high risk abattoirs during the peak season of Ramadhan between 22-23 May 2017 and 21-23 June 2017 with 13 consultant days to monitor 17 facilities for ESCAS compliance.

### SEA

A LEP Korban program was conducted in Kuala Lumpur, Malaysia from 7-13 September 2016 to provide handling and slaughter training at the Malaysian Department of Veterinary Services (DVS) Shah Alam abattoir and seven mosques prior to Korban and to assist with sheep and goat animal welfare issues during this peak religious slaughter period.

On Korban day, LEP assistance was provided at the DVS and the Shah Alam abattoir where 200 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:

### EMENA

The EMENA in-market program provided 100 days of technical advice across the region with a particular focus on Kuwait, Jordan, Israel, Oman, Qatar and the UAE.

The LEP has been undertaking extension activities in the region to:

- » assist exporters:
  - » improve systems to ensure ongoing compliance with ESCAS requirements;
  - » identify key supply chain staff and provide them with the skills required to ensure supply chain integrity, animal handling and point-of-slaughter training and to initiate corrective actions and close out non-compliances;
  - » identify strategies to implement supply chain efficiency; and
  - » assist in ongoing research to identify and develop practical and economically viable management steps that can minimise livestock losses associated with heat stress.
- » implement supply chain efficiency and value-adding workshops aimed at:
  - » improving knowledge of factors affecting meat quality prior to and after slaughter, and how to minimise these effects;
  - » improving knowledge of consumer expectations in regards to product range and eating quality; and
  - » improving knowledge on the methods and benefits of adding value to meat derived from imported Australian livestock.

### Indonesia

The Indonesia in-market program provided more than 91 consultant 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. In 2016-17 three experts were engaged to provide three separate projects to assist and support importer breeding programs:

- » A series of Nutrition and Breeding Workshops were delivered across four major cities in Indonesia. These attracted 223 participants with 10 experts presenting on nutrition technology, reproduction management and animal health.



Workshop surveys identified a 16.3% increase in participants' knowledge of the issues as a result of attendance.

- » A twelve month Feedlot Nutrition Advice Project was delivered through a series of training sessions at four feedlots. The focus was technical advice in feeding and nutrition management, including silage systems, to improve efficiency and increase productivity within the feedlots. The results indicated the participating feedlots improved their average daily gain from 1.34 kg to 1.40kg and where the feed conversion ratio ranged from 6.5 to 8.3 - which is well within normal parameters. Two of the four facilities have implemented the recommendations of silage management to prolong its use.
- » In April 2017 a three year Intensive Breeding Assistance project commenced which will work with five feedlots covering nutrition, husbandry, fertility, bull selection and palm integration.

The LEP is working with the Directorate General of Livestock and Animal Health Services and the Indonesian Meat Sellers Association on a 12 month Wet Market Hygiene and Sanitation pilot project. It commenced in May 2017 and is working with 14 meat stalls from 11 wet markets in Jakarta to showcase a workable model for the implementation of good hygiene and sanitation in abattoirs and wet markets using the materials developed under the R&D project 'ESCAS, Meat Quality, Food Safety and Hygiene'.

## **Vietnam**

The Vietnamese in-market program provided 41 days of technical advice through supply chains in the form of seminars and workshops.

Through 2016-17 the LEP Vietnam program has been working on a strategy to improve the ability for abattoirs to market and sell Australian cattle and beef more profitably. A feasibility study on the profitability of processing Australian cattle compared to either processing local cattle or importing meat was developed. The study identified the need to provide education and training on improving the efficiency of abattoir systems and the need for abattoirs to develop value-adding strategies to meat distribution instead of continuing to sell whole carcasses.

This work and in collaboration with Department of Food Processing and Marketability has resulted in the

development of two model training abattoirs - one in the north and one in the south of Vietnam - that are designed to showcase improved animal handling, slaughter and meat processing techniques.

Other technical advice and training was offered on enhancing productivity through the use of improved silage systems, feed budgeting and ration quality, the use of SOP manuals for abattoirs and introductory courses into meat science and meat cuts was delivered.

## **SEA**

The SEA in-market program provided 15 days of technical advice in Malaysia, Thailand, Cambodia and China on ESCAS requirements, low stress catching, holding and slaughter principles, knife sharpening, good hygiene practices and cattle under palm breeding management.

## **TRADE RELATIONS AND MARKET ACCESS**

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

### **EMENA**

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

The LEP participated in the UAE's First National Conference on Animal Welfare held 2-3 November 2016. The conference included presenters from the UAE Ministry of Climate Change and Environment, Abu Dhabi and Dubai Municipalities, the OIE, the International Fund for Animal Welfare, the Department, and the Emirates Animal Welfare. Representatives from Egypt, Lebanon and Jordan also participated. The LEP provided a presentation on the animal welfare requirements in transportation and slaughterhouses, and together with the Australian Agricultural Consul, facilitated working group sessions covering mechanisms for collaboration between governmental institutions and non-governmental organisations and the application of animal welfare principles during transportation and slaughterhouses.

# LEP IN-MARKET PROGRAMS CONT.

The LEP continued to work with industry and government entities in the region, particularly the UAE, Kuwait and Israel, to discuss and develop mechanisms to implement animal handling and welfare guidelines and strategies that meet international animal welfare standards.

This work, which draws on the existing extension material developed by the LEP during the implementation of ESCAS as well as the skill and expertise of LEP staff, will, over time, improve the animal welfare outcomes for all livestock, including those of Australian origin, in the region.

## Indonesia

The LEP held monthly meetings with the Indonesian Importers' Association (GAPUSPINDO) to discuss ongoing trade relations including current market access issues, government regulations and market strategy. The LEP also supported four key meetings between industry delegations and GAPUSPINDO to work through the technical detail of the Indonesian Government's 1:5 policy and the beef price stabilisation strategies.

With support from the LEP, GAPUSPINDO engaged a research company to conduct a feasibility study and impact analysis of the 1:5 policy and the importation of Indian buffalo meat from a technical, socio-economic and legal perspective which it will use to communicate to the Indonesian Government the challenges and impact the policies are having to local beef and cattle businesses, the industry and the economy.

A delegation of GAPUSPINDO members attended the LEP Vietnam Beef and Cattle Expo in March 2017 to present on current market trends and the feedlot industry in Indonesia. The delegation also visited wet markets and supply chains to get a better understanding of the improvements in the Vietnamese supply chains.

The LEP is working with the Indonesia-Australia Commercial Cattle Breeding Program to review and undertake a stocktake of the LEP's current breeding manuals available for eight cattle under-palm sites and smallholders.

In July 2016 the LEP participated in the Indolivestock Expo 2016 in Jakarta. More than 300 delegates visited the LEP display booth and over 100 participants attended the LEP breeding seminars presented with the Indonesian Cattle Breeders Association.

In May 2017 the LEP joined the Indolivestock Expo in Surabaya and provided three seminars covering breeding, breeder nutrition and palm integration, including information on the Indonesia Comprehensive Cattle Breeding program's SSKA project. More than 84 participants attended the seminars and approximately 130 delegates visited the LEP trade stand.

The Feeder Steer Competition 2016 - Supply Chain Tour was held on 1-8 August 2016 as an opportunity for six Indonesian feedlot workers to learn and share information about the Australian livestock supply chain, cattle and feeding management. The Indonesian's visited Newcastle Waters Station and Australian Agricultural Company (AACo) abattoir in the Northern Territory and Nolan's backgrounding and feedlot facilities as well as the EKKA Royal Queensland show in Queensland.

## Vietnam

The LEP has continued to work closely with the Vietnamese Government in the Ministry of Agriculture and Rural Development (MARD) on addressing some significant ongoing and emerging market access concerns. This included at least quarterly meetings with a Deputy or Director General of the Department of Livestock Production and/or the Department of Animal Health. Other MARD departments were also engaged leading to the development of projects with the National Agriculture Extension Centre and Institute of Policy Strategy and Rural Development to improve animal welfare and traceability in Vietnam.

Work has continued with the Australian Embassy and Department of Foreign Affairs and Trade to progress alignment of Australian Government, industry and university projects with Vietnam to be more strategic in agricultural, including cattle and beef, growth opportunities, particularly in areas of capacity building for sustainable agriculture.

Vietnam market access was challenged in 2016-17 with the Animals Australia report in June 2016 of Australian cattle being leaked from ESCAS supply chains and killed by sledgehammer; and the potential trade suspension in response to the Australian Government's six month ban of Vietnamese prawns due to 'white spot' disease in January 2017. The LEP Vietnam provided considerable in market knowledge on both issues and was able to support and provide timely updates for meetings with

the Australian Embassy Hanoi, MARD, exporters and other industry stakeholders. This included supporting a visit from Livecorp and ALEC to meet with importers and the MARD officials.

The LEP manager attended a meeting with the Assistant Minister for Trade, the Hon Keith Pitt MP, to understand the Australian perspective of improving the trade relationship between the two nations.

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

In March 2017 the LEP delivered the Beef and Dairy Livestock Expo and Conference which had 40 exhibitors and 610 participants over a 2 day program of workshops and field visits. The event provided an opportunity for university, government, and commercial parties to integrate in a common setting to hear from experts on nutrition, herd health, trade dynamics in SEA, traceability and product marketing. There was also a half day visit to a feedlot and abattoir near Ho Chi Minh City which allowed participants to understand the current potential of the Vietnamese system.

The LEP also facilitated stakeholder engagement through several visits from supply chain participants to Vietnam, including a tour of six Australian producers in December 2016. The producers from three Queensland beef businesses visited ESCAS feedlots and abattoirs around Ho Chi Minh City, traditional breeder and feeder operations in the Mekong Delta and wet markets and supermarkets to gain valuable insights into the conditions and performance of Australian cattle in Vietnam and a greater understanding of the cattle supply chain.

## SEA

LEP in-market manager visited Malaysia, Thailand, Cambodia and China in 2016-17 covering high level market access visits, workshops and meetings with key industry and government authorities. The following is a summary of some of those activities:

- » Travelled to China from 17-30 September 2016 and visited Beijing, Zhengzhou, Ningbo, Shanghai, Xuanhan County, Fengdu and Chongjing and met with Australian Embassy officials, importers of Australian slaughter cattle, quarantine, feedlots, abattoirs and other potential

importers. During the visit the LEP attended the World Meat Industry Development Conference 2016 in Beijing and presented to delegates on the value of imported livestock.

- » The LEP provided a market briefing to the new Australian High Commissioner to Brunei, Ms Nicola Rosenblom.
- » In January 2017 the LEP in-market manager travelled to Malaysia to meet with livestock importers, the DVS and the Australian High Commission to discuss the current market situation, the outlook for 2017 and development of LEP projects. The Malaysian market for Australian cattle and goats was impacted by high Australian prices, strong competition from Thai cattle and Myanmar goats and depressed economic conditions.
- » In March 2017 the LEP in-market manager visited Thailand to meet the recently appointed Australian Agricultural Counsellor and Austrade.

## MARKET INTELLIGENCE

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

### Indonesia

In December 2016 the LEP started a 12 month Cattle and Beef Trade Monitoring project to cover six major cities around Indonesia. The objective is to capture information on the cattle and beef trade, including prices, customer profiles, consumption trends, sales, competitors, market trends and the impact of Indian buffalo meat in wet markets.

### Vietnam

A local agricultural statistics company, Agromonitor, was engaged to do a baseline analysis of the Vietnam supply chain, including all supply chain participants. The report, completed in December 2016, has provided a good benchmark and a record into the supply chain capacity and development potential of the Vietnamese cattle sector. It has also identified areas within the value chain that are not well understood or require more data. This study has permitted the development of more robust monitoring for the regional supply of cattle and movement of beef into and out of Vietnam.

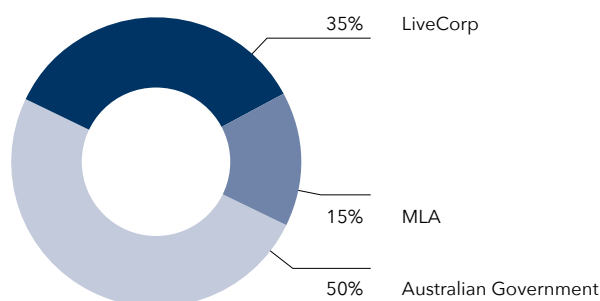
# LEP RD&E PROGRAM

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

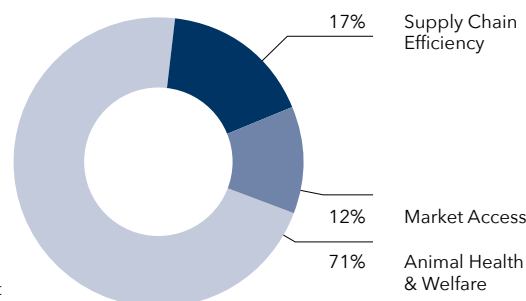
1. Improve animal health and welfare outcomes across the supply chain
2. Improve supply chain efficiency and regulatory performance
3. Enhance market access conditions for existing and new markets

The largest area of investment for the RD&E Program continues to be delivery of animal health and welfare improvements (71%), which represents a 5% decrease in contribution compared to the prior year. Supply chain efficiency and regulatory performance received 17% of the funding and the remaining 12% was allocated to market access research.

Sources of LEP RD&E Funding (\$1.42 million)



Sources of LEP RD&E Expenditure (\$1.42 million)



## RESEARCH, DEVELOPMENT & EXTENSION PROJECTS

### Strategic Objective 1:

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

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

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

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

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

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
03/2010	-	Open	Murdoch University	W.LIV.0142

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

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

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

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
06/2012	-	Open	University of California	W.LIV.0168

<b>Veterinary handbook for the live export industry - App development</b>				
Development of an app of the veterinary handbook with all text, tables and images for the diagnosis, treatment and prevention of associated syndromes and diseases in cattle, sheep and goats.				
The Veterinary Handbook app can be downloaded at the iTunes, Google Play and Blackberry app stores and accessed online at: <a href="http://www.veterinaryhandbook.com.au">www.veterinaryhandbook.com.au</a>				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
12/2013	\$18,600	Complete	Newton Green	W.LIV.0180

<b>Pinkeye on long-haul cattle voyages</b>				
Severe eye disease is a significant problem in Bos Taurus cattle on long-haul and medium-haul voyages. The objective of this project is to identify micro-organisms associated with the disease and develop prevention strategies to improve animal health and welfare on long haul voyages.				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
03/2014	-	Open	Murdoch University	W.LIV.0181

<b>Update of the veterinary handbook for cattle, sheep and goats</b>				
The Veterinary Handbook includes information on the diagnosis, treatment and prevention of associated syndromes and diseases in cattle, sheep and goats. This is a significant update of the content of the handbook and introduction of a suite of photos to help identify syndromes and diseases. The initial update is expected to go live by late 2017.				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
08/2015	\$11,610	Complete	AUSVET	W.LIV.0188

<b>Environmental and heat risk assessment for the Northern Territory</b>				
Through the acquisition of independent data ascertain the environmental risks (including heat stress) associated with live export facilities in northern Australia and provide mitigation and management recommendations for best practice year round.				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
10/2016	\$133,634	Open	EnviroAg	W.LIV.0191

<b>Preventing Bovine Respiratory Disease (BRD) - tips and tools</b>				<b>EXTENSION</b>
BRD is a significant cause of morbidity and mortality in cattle on long-haul sea voyages and as a result extensive research of the disease has been undertaken by the livestock export industry for over ten years.				
To support the implementation of preventative strategies, factsheets and tips and tools have been developed and outline the practices that producers, exporters and quarantine facilities should follow.				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
05/2009	-	Complete	AUSVET	W.LIV.0252

<b>Within crate ventilation on-board aircraft</b>				
The objective of this project is to investigate and gather data on the ventilation conditions (e.g. carbon dioxide, ammonia, temperature and relative humidity) within animal crates during short and long haul air transport.				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
12/2013	\$20,487	Open	EnviroAg	W.LIV.0289

<b>Further improving the environment on board</b>				
Review of research from the past 15 years into air quality and bedding management for improving environmental conditions on livestock vessels to review and update best practice guidelines.				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
03/2014	\$14,400	Complete	USQ	W.LIV.0290



# LEP RD&E PROGRAM

## Live export industry transport mortality report 2016

A comprehensive analysis of the performance of the livestock export industry in terms of mortality levels of sheep, cattle and goats exported by sea and air from Australia during 2016.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
08/2015	\$63,980	Open	DAFWA	W.LIV.0291

## Upgrade the shipboard mortality database (version 1)

Historically very little of the routine data generated by the livestock export process has been available for analysis to identify trends and patterns, and support new research projects by providing regular, reliable data.

In 2016 the shipboard mortality database application was updated from a 1980's style dedicated application to a modern secure web-based system.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
11/2015	-	Complete	AUSVET	W.LIV.0293

## LEP online training platform

Deliver a comprehensive online training and assessment package that has the capacity to modernise the delivery of industry run training courses and meet the demand for easily accessible material online.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
12/2016	\$50,000	Open	Newton Green	W.LIV.0294

## Upgrade the shipboard mortality database (version 2)

This is a follow on from W.LIV.0293. The objectives of the version 2 upgrade are to ensure secure website hosting and increase security of the data and improve the system interface for automated data entry direct from the vessel and improved data retrieval.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
01/2017	\$73,400	Open	AUSVET	W.LIV.0295

## Stockperson Advanced Masterclass

The development of an advanced training program for accredited stockpersons that provides continuing education and professional development for experienced stock people responsible for managing the health and welfare of export live-stock during sea transport.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
01/2017	\$78,000	Complete	Harris Park Group	W.LIV.0296

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

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

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
06/2013	\$109,245	Open	University of Queensland	W.LIV.3017

## Beef breeding wheel for cold winter climates

**EXTENSION**

The tropical beef breeding wheel was adapted for cold winter climates to allow it to be used around the world. The beef breeding wheel for cold climates has been translated into Russian.

The development of an online electronic version of the breeding wheel is underway and is expected to be completed by late 2017.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
09/2014	\$2,000	Open	Quantum Marketing	W.LIV.3030

Sheep, cattle and goat yard manual				EXTENSION
<p>This project will produce a comprehensive manual containing a variety of livestock handling and facility designs. The designs are intended to be used for ports, farms/feedlots and abattoirs in livestock export markets.</p> <p>The manual also includes truck specific designs for components such as pens, gates and flooring. Once completed the final manual will be available for download.</p>				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
05/2014	-	Open	AMAL Services Pty Ltd	W.LIV.3022

Heat management in the Middle East - phase two				
<p>Monitoring environmental conditions and animal responses under different shade types with additional measures to attempt to cool sheep.</p>				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
07/2015	\$16,575	Complete	Murdoch University	W.LIV.3038

Heat management in the Middle East - phase three				
<p>The effects of different shade structures in feedlots on the thermal load of sheep, and tests whether using fans and ground wetting in a humid environment will alter the internal rumen temperature of sheep exposed to those interventions.</p>				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
09/2016	\$115,635	Open	Murdoch University	W.LIV.3044

Breeding sheep & goat live export welfare stock-take				
<p>Investigation of potential or current issues facing the live sheep and goat breeding export industry together with information about the adoption of international welfare guidelines (breeding livestock are not included in ESCAS). There is also a need to develop an improved understanding of the animal welfare training and support required throughout the supply chain.</p>				
Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
12/2016	\$29,500	Complete	Harris Park Group	W.LIV.3046

# LEP RD&E PROGRAM

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

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

### Standards and performance benchmarking of the livestock export industry

The project has compared the welfare standards of the Australian livestock export industry throughout the supply chain against Australian domestic standards and international live export competitors. The study has reviewed internationally recognised and accepted standards of animal welfare for cattle, sheep and goats and included policy and planning, personnel, animal health facilities and equipment, handling, feed and water, environmental conditions, journey length, stunning and slaughter and monitoring.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
09/2014	-	Complete	CSIRO Livestock Industries	W.LIV.0186

### The Australian livestock export industry - competitiveness report

This project was initiated to provide a detailed analysis of Australia's livestock export industry and a broad-ranging review of its global competitiveness. The report is in the stages of finalisation and extension materials are currently being produced.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
09/2015	\$29,435	Open	Australian Farm Institute	W.LIV.0189

### National Livestock Identification System (NLIS) work instructions (WI) and standard operating procedures (SOP) EXTENSION

Development of SOPs and WIs for livestock exporters and approved live export quarantine premise operators that meet the requirements of NLIS under State / Territory legislation.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
09/2016	\$15,400	Complete	Ag Innovate	W.LIV.0190

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

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

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
05/2017	\$23,731	Open	AgStar Projects	W.LIV.0192

### Stockperson's manual for export of livestock by air EXTENSION

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

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
12/2017	-	Open	EnviroAg	W.LIV.0289

### LGAP implementation, extension and communications EXTENSION

Communicating the implementation plan, mechanics, operations and benefits of the program to industry.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
02/2017	\$75,000	Open	Schuster Consulting	W.LIV.1705

### LGAP implementation steering committee (LISC) EXTENSION

LISC support to prepare and deliver technical briefings, program management, analysis, consultation and coordination of expert advice to present industry with a viable implementation plan for the livestock assurance program.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
05/2017	\$68,640	Open	Oliver Doam	W.LIV.1706

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

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

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

Acquired Visceral Melanosis is a naturally occurring black pigmentation of the liver, often with concurrent lung and kidney discolouration. The condition has caused carcass condemnations at slaughter of affected sheep exported to the Middle East. The project is a review of research to better understand the extent to which ingested liver pigment is absorbed and how it is metabolised to demonstrate any side effects from consumption.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
02/2013	-	Open	DAFWA	W.LIV.0173

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

**EXTENSION**

Factsheets are being developed to educate and inform supply chain participants of the contribution of ESCAS to meat quality, safety and hygiene. The series of twelve factsheets include details of: how the implementation of ESCAS can reduce dark cutting, the effects of stress on meat quality, how to reduce bruising of animals and meat, the benefits of improved infrastructure, and water and feed quality.

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
12/2014	-	Open	Murdoch University	W.LIV.3033

**Alternative options to power captive bolt devices**

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

Start Date	2016-17 Investment	Status at 30/6/17	Researcher	Project Code
11/2016	\$153,908	Open	Herd Health	W.LIV.3045

# LIVESTOCK EXPORTS BY DESTINATION 2016-17

COUNTRY	VOLUME				MARKET %			
	Cattle	Dairy	Sheep	Goats	Cattle	Dairy	Sheep	Goats
Argentina	-	-	38	-	-	-	0.0%	-
Bangladesh	-	49	150	356	-	0.1%	0.0%	1.2%
Brunei	5,588	-	-	-	0.7%	-	-	-
China	13,083	59,109	7,956	-	1.6%	81.2%	0.4%	-
Indonesia	525,796	1,203	24	7	62.9%	1.7%	0.0%	0.0%
Israel	45,831	-	104,679	-	5.5%	-	5.7%	-
Japan	10,423	197	81	-	1.2%	0.3%	0.0%	-
Jordan	100	-	157,000	-	0.0%	-	8.5%	-
Kuwait	404	255	643,675	-	0.0%	0.4%	34.7%	-
Malaysia	24,134	1,346	54,069	25,786	2.9%	1.8%	2.9%	87.0%
Nepal	-	-	-	93	-	-	-	0.3%
New Zealand	-	-	11	8	-	-	0.0%	0.0%
Oman	-	-	119,670	-	-	-	6.5%	-
Pakistan	-	6,502	-	-	-	8.9%	-	-
Philippines	4,176	240	-	-	0.5%	0.3%	-	-
Qatar	1,300	-	603,000	-	0.2%	-	32.5%	-
Singapore	-	-	2,100	-	-	-	0.1%	-
Taiwan	185	1,793	-	-	0.0%	2.5%	-	-
Thailand	1,035	-	-	-	0.1%	-	-	-
Turkey	43,166	-	-	-	5.2%	-	-	-
United Arab Emirates	15	378	160,120	3,247	0.0%	0.5%	8.6%	11.0%
United Kingdom	-	-	22	-	-	-	0.0%	-
Uruguay	-	-	5	-	-	-	0.0%	-
United States of America	-	4	-	-	-	0.0%	-	-
Vietnam	160,421	1,735	-	150	19.2%	2.4%	-	0.5%
<b>Total</b>	<b>835,657</b>	<b>72,811</b>	<b>1,852,600</b>	<b>29,647</b>				
<b>FOB Value \$</b>	<b>1,061,316,335</b>	<b>126,974,446</b>	<b>233,574,981</b>	<b>4,743,021</b>				

TOTAL BY REGION	VOLUME				MARKET %			
	Cattle	Dairy	Sheep	Goats	Cattle	Dairy	Sheep	Goats
EMENA	90,816	7,135	1,788,144	3,247	10.9%	9.8%	96.5%	11.0%
Indonesia	525,796	1,203	24	7	62.9%	1.7%	0.0%	0.0%
SEA	58,624	62,734	64,356	26,142	7.0%	86.2%	3.5%	88.2%
Vietnam	160,421	1,735	-	150	19.2%	2.4%	-	0.5%
Other	-	4	76	101	-	0.0%	0.0%	0.3%
<b>Total</b>	<b>835,657</b>	<b>72,811</b>	<b>1,852,600</b>	<b>29,647</b>				



# LIST OF ABBREVIATIONS

AAV	Australian Accredited Veterinarian	GICA	Goat Industry Council Australia
ABS	Australian Bureau of Statistics	ICP	Industry Capability Program
ACVO	Australian Chief Veterinary Officer	IP	Intellectual Property
AECL	Australian Egg Corporation Limited	KPI	Key Performance Indicator
AGM	Annual General Meeting	KSA	Kingdom of Saudi Arabia
AHA	Animal Health Australia	LEP	Livestock Export Program
ALEC	Australian Livestock Exporters' Council	LERDAC	Livestock Export Research and Development Advisory Committee
AMLI Act	Australian Meat and Livestock Industry Act 1997 (Cth)	LGAP	Livestock Global Assurance Program
AMPC	Australian Meat Processor Corporation	LISC	LGAP Implementation Steering Committee
AOP	Annual Operating Plan	LITC	LGAP implementation Technical Committee
APL	Australian Pork Limited	LiveCorp	Australian Livestock Export Corporation Limited
ARC	Australian Research Council	MARD	Vietnamese Ministry of Agriculture and Rural Development
ASIC	Australian Securities and Investments Council	MISP2020	Meat Industry Strategic Plan 2016-2020
ATMAC	Agricultural Trade and Market Access Cooperation	MLA	Meat and Livestock Australia
AWI	Australian Wool Innovations	NABRDES	National Animal Biosecurity RD&E Strategy
BJD	Bovine John's Disease	NAMP	National Arbovirus Monitoring Program
BRD	Bovine Respiratory Disease	NAWRDES	National Animal Welfare RD&E Strategy
BTV	Bluetongue Virus	NLIS	National Livestock Identification System
CCA	Cattle Council of Australia	OIE	World Organisation for Animal Health
CEO	Chief Executive Officer	PC	Protocol Committee
CRRDC	Council of Rural Research & Development Corporations	R&D	Research and Development
DA	Dairy Australia Limited	RD&E	Research, Development and Extension
Department	Department of Agriculture and Water Resources	RDC	Research and Development Corporation
DVS	Malaysian Department of Veterinary Services	RIRDC	Rural Industries Research Development Corporation
EANs	Export Advisory Notices	SCA	Sheepmeat Council of Australia
EMENA	Europe, Middle East and North Africa	SEA	South East Asia
ESCAS	Exporter Supply Chain Assurance System	SOP	Standard Operating Procedure
FA	Funding Agreement	UAE	United Arab Emirates
FAR Committee	Finance Audit and Remuneration Committee	USC	University of Sunshine Coast
FMD	Foot and Mouth Disease	WI	Work Instructions
GAPUSPINDO	Indonesian Importers' Association		

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