



ANNUAL REPORT 2009-2010



Australian Livestock Export
Corporation Limited



ABOUT LIVECORP

LiveCorp is a not-for-profit industry services company funded by statutory levies on livestock exporters. It provides research and development, marketing, training and communication services to the Australian livestock export industry, working closely with stakeholders to continuously improve industry operations.

LiveCorp is focused on:

- Delivering enhanced animal welfare outcomes.
- Improving environmental performance.
- Maintaining existing and developing new markets.
- Facilitating the ongoing support of Government and the broader community.
- Broadening the skills of our people.
- Ensuring industry's long term sustainability.

LiveCorp encourages an industry culture of continuous growth, innovation and improvement.

LiveCorp's mission

LiveCorp will enhance the livestock export industry's sustainability and competitiveness by providing support to Australia's livestock exporters through marketing, research and the development of services along the livestock export industry supply chain. These activities and services will help facilitate:

- Continuous improvement in livestock management, health and welfare throughout the supply chain.
- Market access and market development for Australia's livestock exporters.
- Adoption of research and development to enhance the livestock export industry supply chain's capability and risk management profile.

Livestock Export Program

LiveCorp partners with Meat & Livestock Australia in the Livestock Export Program (LEP). Through the LEP LiveCorp delivers programs in:

- Livestock management and welfare.
- Market access and development.
- Supply chain.
- Communication and stakeholder relations.
- Research and development.

CONTENTS

The Australian livestock export industry planning road map	1
Chairman's report	2
Chief Executive Officer's report	4
Key Performance Indicators 2009-10	6
Industry overview	10
Livestock management and animal welfare	12
Supply chain	14
Market access and development	16
Industry Capability	17
LiveCorp Services	18
Communication	20
Research & Development	22
Corporate governance statement	26
Compliance report	29
Membership	30

Financial report	31
Directors' report	32
Auditor's independence declaration	36
Statement of comprehensive income	37
Balance sheet	38
Statement of changes in equity	39
Statement of cash flows	40
Notes to the financial statements	41
Directors' declaration	48
Independent auditor's report	49
Audit compliance report	51
Income statement by program	52

*Front cover images: The MV Ocean Swagman;
Staff at Berrimah export yards; Inspecting cattle in Indonesia;
Using a sheep talker in the Middle East.*

THE AUSTRALIAN LIVESTOCK EXPORT INDUSTRY PLANNING ROAD MAP

Red Meat Industry Memorandum of Understanding (MoU)

The Australian Livestock Exporters' Council (ALEC) and the Australian Livestock Export Corporation (LiveCorp) are signatories to the MoU. The Red Meat Industry Advisory Council (RMAC) is the custodian of the MoU

Red Meat Industry Strategic Plan

Guaranteeing vital food for the nation and the world – the Red Meat Industry Strategic Plan (2010–15) for the Australian red meat industry from which whole-of-industry strategic imperatives were identified and from which the individual sectors and their sector companies are able to focus their own strategic and operational plans. RMAC is the custodian of the Red Meat Industry Strategic Plan.

Australian Livestock Exporters' Council Strategic Plan

This plan is set in the context of the MoU and the Red Meat Industry Strategic Plan. The ALEC Board is the custodian of the ALEC Strategic Plan.

Livestock Export Industry Five Year Strategic Plan 2011–16

This plan is set in the context of the MoU and the Red Meat Industry Strategic Plan. ALEC is the custodian of the Livestock Export Industry Strategic Plan.

The Statutory Funding Agreement (SFA)

The SFA between LiveCorp and the Australian Government recognises LiveCorp as the marketing and research body for the livestock export industry.

Australian Livestock Export Corporation (LiveCorp) Strategic Plan 2011–14

This plan is set in the context of the MoU, the Red Meat Industry Strategic Plan, the Livestock Export Industry Strategic Plan, the Statutory Funding Agreement (SFA) and identified Government priorities. The LiveCorp Board is the custodian of the LiveCorp Strategic Plan.

Government priorities

LiveCorp must align to and deliver upon these priorities principally, but not exclusively, where matching Australian Government funding is provided, including:

- National and Rural Research and Development Priorities.
- The development of the National R,D&E framework.
- Program evaluation and measurement.
- Program cost allocation principles.
- Reporting.

Livestock Export Program (LEP)

In conjunction with Meat & Livestock Australia (MLA) and through the LEP, LiveCorp is involved with a wide range of livestock export industry programs and initiatives that are delivered through the LiveCorp and MLA Annual Operating Plans.

CHAIRMAN'S REPORT

Over the past 12 months our industry has continued to perform with integrity and operational transparency, raising the international benchmark for animal welfare investment and standards through our ongoing programs in Australia and in overseas marketplaces. This year we have worked in a dynamic environment where international trade has been influenced by currency fluctuations, in-market government strategies and increased international competition.

Our results

To combat increased in-market competition, our efforts over the year have focused on building our partnerships with importing countries, maintaining our considerable investment in animal welfare improvements, differentiating Australian livestock for its high quality and disease free status and delivering in-market livestock and meat marketing activities to drive demand and beef consumption.

Within this changing environment, industry export volumes and values fluctuated. Cattle exports of 954,661 worth \$698 million were achieved – a substantial increase on 2008-09. Sheep exports of 3.06 million worth \$298 million and goat exports of 83,448 head worth \$10.7 million were both less than the previous year. These livestock were exported through the 472 sea and 172 air freight consignments that departed Australia.

The livestock export industry remains a critical option for livestock producers around Australia to maximise their income, particularly those in regional and remote areas in Western Australia and the Northern Territory. Livestock export is vital not only to producers' livelihoods, but to underpinning domestic sheep and cattle production around Australia. In February 2010 LiveCorp released a report conducted by Economic Insights which found that the removal of livestock exports in Western Australia would significantly reduce the value of the Western Australian sheep flock.

In both Australia and overseas LiveCorp has implemented new programs to review and improve performance. We have worked closely with the Australian Government and our industry partners to deliver operational and research and development enhancements.

Our planning

Following a review of our previous strategic plan and wide consultation with industry and government, this year LiveCorp delivered its new four year Strategic Plan 2011–2014 which will guide our operations and the company's direction. The plan is closely aligned to the Red Meat Advisory Council's Meat Industry Strategic Plan (MISP 3) to ensure our direction is consistent

with the wider industry. The Australian Government's research and development and other priorities were taken into consideration when developing our initiatives.

Our finances

LiveCorp's financial position continued to strengthen throughout the year. As a result of strong cattle exports, LiveCorp was able to achieve a surplus of \$427,614 for 2009-10 as well as an increase in program expenditure. The Board remains committed to building one years' operating expense as reserves to ensure LiveCorp's future security and sustainability. This year we were able to balance an increase in program expenditure, which was aimed at providing benefits in animal welfare and market access, with an increase in equity to \$2,010,908 at 30 June 2010. The majority of this is represented by liquid investments and cash holdings. During the year we increased the investment fund by \$750,000. The portfolio is a mixture of managed funds, direct shares, fixed interest securities and cash which are redeemable in 10 days if required.

Whilst these figures show LiveCorp is in a strong financial position, changing demands from international markets may impact our future activities necessitating flexibility in the design and delivery of programs that meet the needs of the livestock export industry now and in the future. This will include stringent financial and operational management to ensure the efficient delivery of all our activities, an ongoing priority to support the emergence of alternate export markets and the ability to grow demand from our current trading partners.

Our partnerships

In its 2009-10 budget the Australian Government announced the Live Trade Animal Welfare Partnership (LTAWP) between industry and Government, which builds on the successful Live Animal Trade Program. This continued partnership is welcomed by industry and has assisted in providing significant animal welfare improvements through infrastructure upgrades and training programs in overseas markets including Indonesia, Malaysia, Kuwait, Qatar and Bahrain.

This year through the LTAWP \$850,000 was invested in animal welfare improvements and over the next two years a further \$2 million will be available to improve the welfare of Australian livestock overseas. Ongoing Government support for animal welfare in Australia and overseas is critical for the success of the Australian livestock export industry and I would like to thank the Australian Government on behalf of industry for its ongoing commitment.

LiveCorp's Statutory Funding Agreement (SFA) with the Australian Government expired on 30 June 2010, and a new agreement from 1 July 2010 to 30 June 2014

was negotiated. The key features of the new agreement include:

- A four year agreement (as opposed to a three year agreement in the past).
- Greater Government involvement in the development of strategic and operating plans.
- Clearer alignment with the National Rural Research & Development Priorities.
- Engagement in the National Research, Development and Extension Framework.
- Clear commitment to program evaluation and performance measurement.

A requirement of all SFAs is to conduct a three year review of operations before a new agreement is finalised. LiveCorp's three year review was conducted by AgEconPlus Consulting (2 March 2010) for the period from 1 July 2007–2010. It confirmed that LiveCorp had met all its obligations under the SFA, attained a high level of achievement against all four Strategic Plan objectives and addressed all 19 recommendations from the previous three year review (2007).

Key recommendations and actions included delivering a fraud control plan, benchmarking LiveCorp's overhead expenditure and increasing industry's long term research and development capacity. I am pleased to advise these actions have either been completed or are well underway.

I would like to recognise our peak industry body, the Australian Livestock Exporters' Council (ALEC) for spearheading the Industry Reform Agenda during the year in partnership with the Australian Quarantine and Inspection Service. In September 2009 the Australian Government approved the return to full cost recovery of export certification fees and charges from 1 July 2011, so it is important that the reform agenda delivers efficiencies and savings to limit the resulting financial impacts. Work continues on seven areas to implement the reform agenda via the livestock export regulatory framework including technological enhancement, regulatory reform, performance based regulation, animal welfare, emergency preparation response and contingencies, communication and engagement and market access. LiveCorp is providing support in a number of these important activities and is committed to helping deliver these reforms. The results of this review will deliver operational and performance benefits to hold the livestock export industry in good stead over the coming years.

I would like to thank ALEC for its close and collaborative relationship throughout the year. Ensuring a healthy partnership between the industry policy body, ALEC, and the industry services company, LiveCorp is a priority of both organisations and their respective Boards. Without such a partnership the ongoing improvements for members would not have been possible.

Our future

The outlook for our industry in 2010-11 remains positive but it is essential that we continue to improve animal welfare and grow support for our vital industry by communicating our achievements to Government and the wider community. We must continue to strengthen our trade relations and increase demand for live animals in emerging and existing markets if we are to combat the challenges of the high Australian dollar, increased international competition and uncertainties in the Indonesian marketplace.

In closing, I would like to thank our members and industry partners for their continuing support of LiveCorp's programs and activities, and Meat & Livestock Australia for its ongoing commitment to our industry through the joint Livestock Export Program. I would also like to recognise the valuable contribution of my fellow Directors and LiveCorp Chief Executive Officer, Cameron Hall, and his team for their untiring commitment to our industry.



Roly Nieper
Chairman



Roly Nieper with Sheepmeat
Council of Australia president,
Kate Joseph in the Middle East
2009

CHIEF EXECUTIVE OFFICER'S REPORT

This year LiveCorp and industry continued to achieve significant gains in animal welfare from research and development projects, Government and industry partnerships and the delivery of in-market improvement programs. Our continued focus on improving program delivery and aligning with both industry and Government direction has resulted in continued support from our stakeholders and the community.

Demand for livestock for feeding, slaughter and breeding has continued to be strong in most markets over the year, however, changes in import policy in Indonesia will impact volumes in 2010-11. This will be somewhat offset by the increase in cattle exports to other markets, particularly Egypt, Libya, Saudi Arabia and Turkey. While sheep demand has remained strong our domestic supply has continued to fall, resulting in one of the lowest volumes of exports in the past 20 years.

In order to provide increased rigor around our operations, this year LiveCorp implemented a structured evaluation framework to closely align our Annual Operating Plan (AOP) more efficiently with our Strategic Plan. Key performance indicators were developed and linked to the AOP and the Strategic Plan, providing a planning and reporting framework that enables clearer and simpler performance evaluation and accountability. We believe this framework will advance LiveCorp to a new level of stakeholder interaction and assist in achieving both LiveCorp and industry goals.

In 2009-10 LiveCorp invested \$109,130 into operational reviews and analysis to evaluate and improve its performance and streamline its activities. This work included the SFA review and negotiations, the Productivity Commission review and the review and development of the LiveCorp Strategic Plan 2011-2014.

Improving animal welfare in Australia and overseas

Animal welfare is a driving concern for our industry. Our significant investment in overseas marketplaces shows we are serious about maintaining Australia's position as the leader in building in-market livestock management expertise.

Our commitment to improving the welfare of Australian livestock was highlighted during 2009-10 by independent assessments of feedlots and processing facilities across the Middle East and Indonesia. The results of these assessments show that our trading partners are continually enhancing animal welfare and our training and education programs are being integrated into their local operations.

Our infrastructure upgrades across the Middle East and Asia Pacific as part of our partnership with the Australian Government under the Live Trade Animal Welfare Partnership (LTAWP) have been significant with 106 restraining boxes now operating in facilities in Indonesia, with 10 installed this year. This valuable partnership has also provided and upgraded equipment in feedlot and processing facilities across the Middle East and North Africa region.

To truly make a positive impact on animal welfare we need to combine infrastructure upgrades with training programs that ensure those working in the livestock export supply chain have the appropriate skills and knowledge to effectively care for and manage Australian livestock. This year industry training programs for stockmen and stevedores, on-board veterinarians and in-market feedlot and processing facility staff have increased the level of expertise across the industry. Through the Livestock Export Program (LEP) in excess of 500 people have been trained this year in livestock management and welfare.

Maintaining and growing our markets for Australian producers

In-market visits were made by a LiveCorp Board member and the CEO to the Asia Pacific and Middle East to continue to build industry relationships with both government and commercial stakeholders. These visits supported the work undertaken through the LTAWP and the LEP's training and extension programs in animal management.

March 2010 was an exciting month for our industry with the first shipment of just over 16,000 cattle delivered to the new facility in Sokhna, Egypt, following the reopening of the trade. The same month the first consignment of breeding cattle was delivered to Khartoum, Sudan, following the signing of a Memorandum of Understanding. We are impressed with the facilities both at Sokhna and Khartoum, which exceed international animal welfare (OIE) standards.

The Australian livestock export industry has been active in assisting the Russian livestock industry revive its domestic breeding and dairy herds. In 2009-10 dairy, beef breeding and feeder cattle were exported to Russia. Industry has provided technical and animal welfare support to assist cattle induction into the local feedlotting facilities. We see Russia as an important market and we are privileged to supply quality livestock for the re-growth of its local industry.

Domestically this year we have felt the impact of a reduced Australian sheep flock as producers continue to diversify their holdings with many increasing lamb production and cropping. LiveCorp is working closely with Meat & Livestock Australia and our industry partners in Western Australia to highlight the benefits of the livestock export trade to producers to increase future supply.

Supporting our trading partners

When developing in-market improvement programs, LiveCorp is mindful of balancing our objectives with local cultural requirements. Through this approach and our ongoing relationships with in-market representatives, we are making huge gains in implementing programs to improve animal welfare and drive red meat consumption. Our *In the ute, not the boot* program has clearly influenced animal welfare in the Middle East during the peak religious period, Eid al Adha, changing transportation and handling practices in both Bahrain and Qatar. In the Asia Pacific region our meat marketing program has continued to drive beef consumption through programs developed from detailed research and an understanding of factors which may influence regular beef consumption.

Educating our in-market partners about the Australian industry and its operations also makes a significant impact on their understanding of our animal welfare commitment and performance drivers. During the year we hosted a visit by Middle Eastern importers who toured farms, feedlots and local processing facilities, learning more about the Australian supply chain and the extension of industry's animal welfare focus from Australia to the overseas marketplace.

Researching, developing and communicating

Research and development (R&D) projects and outcomes underpin the majority of programs industry provides to improve animal welfare, the supply chain and in-market activities. R&D plays a critical role in industry operations and has continued to deliver improvements for Australia's livestock export and production industries in key areas of animal welfare including onboard stocking densities, assessing mortalities in long haul cattle and strategies to reduce inanition and ovine pink eye.

Continued relationship building with metropolitan and regional media is maintaining the balanced results we are seeing in media reporting of industry news and achievements. We are working to expose journalists to our in-market operations through tours and education programs, to broaden the media's knowledge of the benefits of our animal welfare investment. This year we have continued to embrace new communication tools to increase the factual industry information available online.

Finance and governance

The income from statutory levies was \$4,711,189 as compared to \$5,109,895 in 2008-09 with lower sheep exports more than offsetting the high volume of cattle exported. Overall revenue was \$398,706 less than last year. Dairy exports continue to recover following the global financial crisis with \$149,012 raised from the voluntary levy on dairy cattle.

LiveCorp expenditure on the LEP amounted to \$1,986,361 an increase of \$155,166 compared to 2008-09 and \$53,818 over budget. In particular, program expenditures in trade development and industry capability were significantly higher than 2008-09. Some of the increase in this expenditure can be attributed to this year being the first full year of operations for the LiveCorp services and industry capability functions.

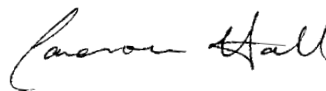
Investment in the LEP R&D program amounted to \$477,371 which was similar to the previous year. Consultancy expense was significantly higher than last year as a result of the SFA review, the Productivity Commission submission and development of the new Strategic Plan for 2011-2014.

Net income was \$4,838,396 and expenditure \$4,410,782 resulting in a surplus for the year of \$427,614.

LiveCorp operations

LiveCorp has been re-certified to the new ISO standard ISO 9001:2008 following an independent audit of our quality systems. It has long been part of the LiveCorp strategy that while our members are audited by Australian Quarantine and Inspection Service we are also independently audited.

I would like to thank our LiveCorp and LEP teams for their continued dedication during the year, and our industry partners and stakeholders for their ongoing and active support of our industry. I look forward to another year of continued improvement and success.



Cameron Hall
Chief Executive Officer



LiveCorp CEO, Cameron Hall, presents animal handling and welfare awards to staff of the Dubai Municipality Abattoir, January 2010

KEY PERFORMANCE INDICATORS 2009-10

1. Livestock management and animal welfare	
1.1 Ongoing improvements to handling and transport	<ul style="list-style-type: none"> • 64 livestock handling training programs delivered to over 330 staff in 39 feedlots. • Infrastructure, tools and training provided to vessel, port, truck, feedlot and abattoir staff in Egypt, Bahrain, Kuwait, Qatar, Indonesia and the Philippines. • 14 feedlots covering over 90 per cent of imported Australian sheep assessed with 77 per cent of facilities improving overall performance. • Completion of best practice crate design for livestock exports by air. • Livestock Air Transport Safety Assessment software upgraded. • Review of the current practices and performance of the live goat export industry; development of best practice guide for the preparation of goats.
1.2 Increasing understanding and capacity by management and staff of exporters, shippers and in-market interests	<ul style="list-style-type: none"> • Development of animal health flip chart guides for feedlot staff. • South east Asian feedlot management manuals developed and released. • Standard operating procedure training conducted at 50 abattoirs in Indonesia. • Animal welfare workshops delivered to the Malaysian Department of Veterinary Services. • Improved feedlot management practices and animal health systems implemented in Bahrain, Kuwait and Qatar. • 2009 annual livestock export industry shipboard performance report completed.
1.3 Ongoing improvements in facilities and infrastructure	<ul style="list-style-type: none"> • 10 new restraining boxes installed in Indonesia. • Independent review identified that restraining boxes in operation substantially improve welfare. • Mk IV restraining box developed and trialled. • Improvements to goat unloading facilities at Kuala Lumpur International Airport; Upgrades to goat processing facilities in Kuala Lumpur. • Technical and animal welfare advice provided for Qatar sea port design. • Upgrades to abattoirs and feedlot facilities in Kuwait, Bahrain, Qatar and Egypt.
1.4 Demonstrated capacity to respond to incidents	<ul style="list-style-type: none"> • Industry Emergency Management Plan linked to AUSVET Emergency Animal Disease plan. • Two desktop trials of EMP conducted. • Ongoing funding of Meat & Livestock Australia meat safety and issues management programs including NLIS, BSE surveillance, LPA and NVD's.

2. Market access and development	
2.1 Maintenance and building of existing markets, improving conditions and efficiency of access and improving understanding of market requirements.	<ul style="list-style-type: none"> • Agreed changes to the Chinese health protocol for breeding cattle. • Hosted Vietnamese delegation for cattle exports. Funded work in Vietnam on Blue Tongue Virus incidence for future protocol negotiations. • Engagement with the Indonesian Government on animal welfare and breeding cattle programs. • Six meetings held with key Indonesian Government departments and APFINDO. • 190 wet market promotions in Indonesia covering 12,000 consumers with 96 per cent inclined to buy more beef as a result. • 65 retail outlet promotions in Indonesia covering 2,900 consumers with 95 per cent inclined to buy more beef as a result. • Support provided for the re-opening and sustainability of the Egyptian live cattle trade. • Support provided to achieving MoU with Sudan and initial shipment. • Livestock testing conducted in Kuwait and Bahrain. • Engagement in the Animal Health Committee working group on Arbovirus Surveillance. • DFAT briefing sessions with in-market government officials.
2.2 Support for additional market options and increasing industry's ability to have ready access to markets.	<ul style="list-style-type: none"> • Saudi vaccinator training and support provided. • Funding of National Arbovirus Monitoring Program through Animal Health Australia. • Progression of the industry life cycle assessment project.
2.3 Improved capacity for industry to manage in-market operational issues	<ul style="list-style-type: none"> • Regular meetings and briefings with Australian ambassadors in the Middle East and Asia. • Middle East feedlot manager and veterinarian tour to Australia

3. Supply chain	
3.1 Increased efficiency in transport and handling from farm to in-market	<ul style="list-style-type: none"> • Review of Australian port charges. • Engagement with onboard veterinarians and stockmen post-arrival in the Middle East. • Engagement of onboard stockman in the Eid Al Adha transport program in Qatar. • Pilot R&D program undertaken linking pre-delivery factors with post delivery feedlot performance of cattle.
3.2 Ongoing improvements in skills and capacity of the supply chain workforce	<ul style="list-style-type: none"> • Revised training strategy to cover stockman and stevedore programs. • 17 on-board stockmen trained. • 60 stevedores trained in WA in association with DAFWA. • Health and nutrition training provided in Indonesia, Philippines, Malaysia, Russia, Kuwait, Bahrain, Qatar, Jordan, Oman, Saudi Arabia and Egypt. • Delivery of post arrival dairy management training in Malaysia, Sudan and Russia. • Beef breeding education programs delivered in Indonesia and Russia; cattle under palms training and dairy workshop delivered in Malaysia. • Meat quality, presentation and hygiene training delivered to butchers in Indonesia. • Consultancy used for engineering, project management and animal handling in Middle East slaughter improvement program.
3.3 Improved capacity to meet market requirements	<ul style="list-style-type: none"> • Input into the ALEC/AQIS reform agenda on animal welfare.
3.4 Reduced cost of regulatory compliance for industry	<ul style="list-style-type: none"> • Technical advice from Technical Working Group to LESAG representatives. • Engagement in the Government's Export Certification working group. • Engagement in the ALEC/AQIS reform agenda projects on animal welfare, emergency management, regulatory review and market access.

4 Communications and stakeholder relationships	
4.1 Increased stakeholder endorsement of the industry (by industry, the Australian community and the Australian Government).	<ul style="list-style-type: none"> • Submission to the Productivity Commission Inquiry into the Australian Government RDC Model. • Briefings with industry and government. • Livestock export industry <i>Year in Review</i> sent to government and industry stakeholders. • Negotiation of the new Statutory Funding Agreement 2010–14 with the Australian Government. • Engagement in the OIE Asia-Pacific working group on animal welfare. • Engagement with the Live Trade Animal Welfare Partnership (LTAWP) program. • Implementation of a social media strategy to balance online livestock export content. • Participation at agricultural shows to educate the community about livestock export. • Ongoing media management of industry issues and proactive communication resulted in 52.9 per cent media favourability.
4.2 Enhanced perceptions by the scientific community of the technical capacity of industry	<ul style="list-style-type: none"> • Engagement in the National RD&E Framework on animal welfare. • R&D forum attended by over 60 government and industry stakeholders. • Establishment of the Vet Student Development Program through the stockman's training course. • R&D presentations to six veterinary schools.
4.3 Stakeholders have confidence in technical advice and analysis undertaken by the LEP	<ul style="list-style-type: none"> • Review and response to ACIL Tasman report on <i>The Value of Live Sheep Exports from Western Australia</i>. (August 2009) • Development of the <i>Sheep Shortage in Western Australia</i> paper.
4.4 Demonstrated industry unity through membership and support for LiveCorp and the LEP	<ul style="list-style-type: none"> • Regular member communication including the annual <i>Year in Review</i>, monthly media summaries, the bi-monthly livestock export e-newsletter and <i>Weekly News Digest</i>. • Peak Council consultation, policy development and implementation. • Regular attendance and briefings at ALEC and State Chapter meetings. • AOP sign-off by industry/ALEC. • Stakeholder perceptions of LiveCorp and the LEP since 2007 increased from an average of 76 per cent to 80 per cent across the 19 categories measured. • Risk management plan reviewed and updated.

INDUSTRY OVERVIEW

In 2009-10 Australia's livestock export industry contributed over \$1 billion to the Australian economy through the export of live sheep, cattle and goats to markets around the world. Global demand for livestock was strong with many of our major trading partners continuing to place increasing importance on food access and food security priorities.

Despite the strong demand for livestock, industry faced a number of challenges during the year including a high Australian dollar, access restrictions in our key cattle market of Indonesia and continued sheep supply shortages due to the reduced Australian sheep flock.

The Australian dollar has traded above US80.00 cents for the majority of the year, significantly impacting the price competitiveness of Australian livestock delivered into overseas marketplaces.

Indonesia's cattle imports have fallen in the last quarter of the year as a result of restricted access due to import protocol revisions and the implementation of an import weight limit of 350kg per head.

Competition from other supplier countries was particularly evident in the Middle East with cattle from Brazil, Uruguay, Romania and Somalia regularly available across the region. Very few Australian cattle were exported to Malaysia where large volumes were received from Thailand. Strong competition has also been experienced in the Russian and Chinese breeding markets from Canada, the US and New Zealand.

In 2009-10, cattle exports increased by over 60,000 to 954,661 and contributed \$698.2 million to the Australian economy. Our key trading partner, Indonesia, imported 714,536 Australian cattle from northern Australia – 74.85 per cent of Australia's total exports – worth \$437.4 million. Significant increases in cattle exports to China and Jordan offset lower volumes to Malaysia, Libya and Saudi Arabia. China imported 53,276 cattle worth \$107.1 million, an increase of 332 per cent on its 2008-09 imports of 16,022. The Middle East remains a significant market for Australian cattle with Israel importing 36,430 cattle worth \$21.2 million and the reopening of the trade to Egypt contributing \$30 million to the Australian economy with 33,665 cattle exported to this reemerging market.

Despite the continuing demand this year, cattle volumes are forecast to fall in the coming year as a result of a reduction in exports to Indonesia. Industry continues to seek and develop new markets for Australian cattle exports.

Sheep volumes from Australia decreased by over 1 million head in 2009-10. Whilst Middle Eastern demand for

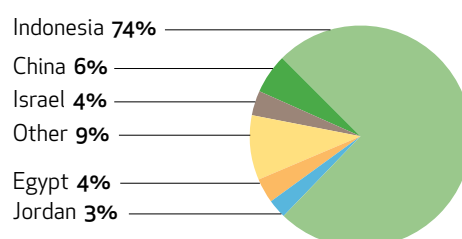
Australian sheep remained strong, the limited domestic sheep flock restricted livestock availability resulting in 3,059,687 sheep exported from Australia, earning \$297.8 million over the year.

Kuwait remained our strongest market for sheep, with 953,587 sheep exported representing 31.17 per cent of total sheep exports and earning \$85.8 million. Bahrain imported 597,983 sheep worth \$55.1 million and Jordan 446,928 sheep worth \$39.2 million. Increased volumes were also delivered to Qatar – up almost 18 per cent to 389,751. Saudi Arabia saw the largest fall-off in supply due to cheaper available live sheep from Georgia, Sudan and Somalia as well as a reduction in vessel availability for Australian livestock following the retirement of the Merino Express.

Goat exports dipped slightly during the year with a slight decrease in volumes to Brunei and Malaysia while all other markets remained steady. 83,488 goats were exported from Australia this year to the four key markets of Malaysia, Singapore, the Philippines and Brunei, earning \$10.7 million. Malaysia takes 90 per cent of all goats exported from Australia, this year importing 72,856 goats worth \$9.3 million. 98 per cent of all goats travelled by air.

The Australian livestock export industry continues to deliver animals to their destination fit and healthy with the industry success rates for all classes remaining above 99 per cent. Cattle performed well during export, with a shipboard success rate of 99.89 per cent, at similar levels to the previous years' result. 99.14 per cent of sheep exported arrived fit and healthy at their destination, a slight drop of 0.07 per cent on the 2008-09 performance. Only a small number of goats were exported by sea with a success rate of 99.56 per cent.

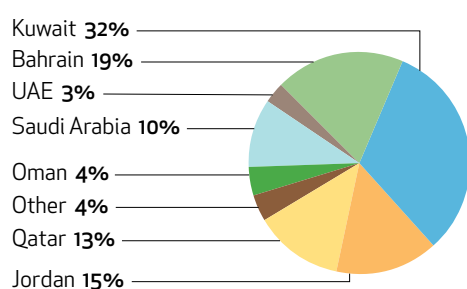
Cattle Markets 2009-10



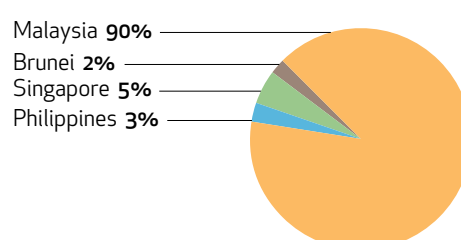
		2008 -09		2009 -10	
		Volume	Value \$m	Volume	Value \$m
Cattle	Indonesia	701,413	\$452.4	714,536	\$437.4
	China	16,022	\$37.1	53,276	\$107.1
	Japan	17,534	\$14.8	15,826	\$15.6
	Philippines	10,705	\$7.2	13,698	\$7.1
	Russian Federation	13,836	\$37.5	9,230	\$23.1
	Malaysia	23,363	\$18.1	7,171	\$5.3
	Other Asia Pacific	3,887	\$4.7	4,571	\$4.9
	Total Asia Pacific	786,760	\$571.7	818,308	\$600.5
	Israel	27,710	\$9.8	36,430	\$21.2
	Libya	25,496	\$13.2	19,269	\$10.2
	Egypt	0	\$0.0	33,665	\$30.1
	Saudi Arabia	24,931	\$18.9	7,668	\$4.8
	Jordan	9,965	\$10.1	27,542	\$14.7
	Kuwait	4,985	\$9.1	2,956	\$3.7
	Other ME / N Africa	11,230	\$13.3	8823	\$13.0
	Total Middle East	104,317	\$74.3	136,353	\$97.7
	Total cattle	891,077	\$646.0	954,661	\$698.2
Sheep	Kuwait	923,870	\$69.5	953,587	\$85.8
	Bahrain	776,315	\$65.5	579,983	\$55.1
	Jordan	314,406	\$22.2	446,928	\$39.2
	Qatar	331,507	\$38.4	389,751	\$46.6
	Saudi Arabia	943,016	\$79.9	319,487	\$33.7
	Oman	562,249	\$47.5	135,024	\$13.8
	UAE	146,892	\$11.0	101,153	\$9.1
	Other	68,871	\$6.2	133,774	\$14.5
	Total sheep	4,067,126	\$340.1	3,059,687	\$297.8
Goats	Malaysia	73,863	\$9.0	70,714	\$9.3
	Brunei	6,109	\$0.7	1,557	\$0.3
	Singapore	4,640	\$0.5	3,726	\$0.6
	Other	2,895	\$0.2	2,280	\$0.5
	Total goats	87,507	\$10.4	78,277	\$10.7

Source ABS and AQIS

Sheep Markets 2009-10



Goat Markets 2009-10



LIVESTOCK MANAGEMENT AND ANIMAL WELFARE

Improving and maintaining high level awareness and commitment to animal welfare in Asia Pacific export markets is a priority of the Livestock Export Program (LEP). The LEP provides investment, training and education to improve animal welfare at every step of the supply chain from pre-export to processing, with particular focus on the humane and appropriate processing of Australian cattle in the marketplace.

Restraining box standard operating procedure training, Indonesia



This year LEP in-market animal welfare programs continued to deliver strong results. As part of industry and Government's Live Trade Animal Welfare Partnership (LTAWP) 10 new restraining boxes were installed in processing facilities across Indonesia, bringing the total number of boxes to 106. Standard operating procedure training was also conducted at 50 locations where restraining boxes are used.

The LTAWP has enabled the ongoing development of the restraining box program with industry and Government each funding 50 per cent of program costs.

Industry recognises the importance of continually improving the equipment provided to local processing facilities. During the year a Mk II restraining box was trialed and following its review and subsequent improvements, a Mk IV is now undergoing trials in a processing facility in Lampung, Indonesia.

The LEP also supported a post-arrival study by the Department of Agriculture, Forestry and Fisheries (DAFF) into slaughter goats exported to Malaysia. As a result of the findings, the LEP implemented a LTAWP project to provide improvements to both the discharge facilities at Kuala Lumpur International Airport – upgrading the discharge ramp and holding pens – and improving the equipment at a Kuala Lumpur processing facility.



Construction of new port panels in Kuwait



In the ute, not the boot – livestock transport program, Doha, Qatar

An independent animal welfare group visit to Indonesia was conducted as part of the LTAWP program. The group inspected a range of facilities from port through to processing and provided insight into areas for further enhancement of LEP animal welfare activities.

As part of our commitment to strengthening Meat & Livestock Australia (MLA) and LiveCorp's presence in the Indonesian market an animal welfare manager has been appointed and will commence in mid 2010.

In the Middle East and North Africa (MENA) region LEP technical expertise was provided to upgrade meat processing facilities and improve feedlot infrastructure and management practices in the major markets of Kuwait, Bahrain and Qatar. As part of the LTAWP, LEP staff assessed facilities and designed improved yards, slaughter equipment and ramps that resulted in better low stress animal handling and processing procedures.

New equipment was supplied in Qatar and Kuwait with a new V-restrainer for an abattoir in Doha and sheep/cattle portable panels for Shuwaikh Port in Kuwait. The installation and use of this equipment has improved livestock handling and facilitated smoother stock flow.

Under the LTAWP funding new sheep slaughter equipment was designed, fabricated and installed in Kuwait processing facilities and has resulted in improvements in handling and processing. A sheep V-restrainer was also refurbished in Bahrain and installed in the central abattoir. This has greatly improved the flow of sheep and reduced the degree of handling required in lairage.

A comprehensive program of livestock handler training that built upon previous years' programs continued to return significant benefits. LEP handling specialists targeted ports, ships, trucks, feedlots and abattoirs,

with a mixture of formalised workshops and on-the-job training. These activities were combined with ongoing monitoring of key facilities that receive, transport and process Australian livestock.

Maintenance and improvement of core infrastructure including receival/loading ramps, races, feedlot pens and transport vehicles was achieved as part of the monitoring process. New receival and feedlot animal health systems were introduced in Bahrain to further support the long-term sustainability of livestock exports. This includes early identification of sick and injured animals and associated emergency slaughter procedures, resulting in improved welfare. More *sheep talker* handling aids were made and distributed throughout the region and were incorporated into the livestock handler training program.

The *In the ute, not the boot* initiative to improve animal handling and transport in Bahrain, through the Bahrain Livestock Company, was extended to Qatar with the strong support of Qatar's major importer, Mawashi Company. The program, specifically promoted through the Eid Al Adha festival, supports local importers to implement strict guidelines that ensure the transport of sheep in suitable motor vehicles. Both companies have embraced the principle of improved and appropriate transport and are applying the standard for the entire year.

This outcome is a significant achievement for the LEP's MENA operations and is a direct result of our ongoing relationships with importers and feedlot operators, and our commitment to working alongside these partners to effectively influence historic norms and deliver change.

As part of annual evaluations for the MENA Livestock Export Awards, independent assessments of feedlots and processing facilities were conducted across the Middle East. All factors that impact animal welfare were assessed and evaluated through a quantitative scoring system, including health and welfare, feeding and nutrition management, infrastructure and facilities, handling and processing, disease control and bio-security. Assessments indicated continual improvements are being achieved and that new technologies and methods of caring for Australian livestock are being effectively applied.



Stockmen with sheep talkers in Sudan

SUPPLY CHAIN

In the Middle East and North Africa (MENA) region trade support activities targeted quantifying the performance of Australian livestock in destination markets and developing customised animal husbandry and management strategies to improve welfare and productivity. Exporter support and stakeholder communication were key priorities in further strengthening the relationship between Australian suppliers and MENA importers.

Government and industry delegations were hosted during the year and witnessed the improvements to facilities and systems provided by industry through LEP and Government investment.

Nine feedlot managers and veterinarians from the MENA region visited Australia in May 2010 to expand their knowledge and understanding of the livestock export trade and to view the Australian processes that ensure high quality, healthy livestock are supplied to their countries.

Highlights of the tour included visits to farms, feedlots, pre-embarkation quarantine facilities, a viewing of a vessel loading at Fremantle Port and presentations from Australian Government and industry organisations associated with servicing the trade. Significant industry benefits were gained from the tour including strengthened trade relationships and the adoption of new ideas in animal welfare and production to be applied in the Middle East.

The LEP provided input into new abattoir planning and design in Kuwait, where a new processing plant is nearing final government approval. Ensuring modern design and compliance with international animal welfare (OIE) standards is critical in the Middle East region and importers are committed to constructing new world class meat processing facilities.

The LEP also provided technical and animal welfare advice to consultants tasked with the design of the new sea port in Qatar. Extensive information was provided in relation to shed design, pen space allocation and water and shade requirements, ensuring livestock holding and quarantine facilities fully cater for animal welfare, particularly in the summer months.

The LEP regularly engaged on-board vets and stockmen, meeting with them on livestock vessels and hosting them in-market, including visits to feedlots and abattoirs. This allowed identification and discussion of opportunities for improvements during the voyage from Australia and assisted in further identifying opportunities for improvements and better discharge systems in destination ports. Additional use was made of their skills during Eid Al Adha in Qatar, where a Wellard Rural Exports stockman contributed significantly to the implementation of the improved transport policy.

Timely and efficient use has been made of in-market engineering expertise, particularly in relation to the delivery of abattoir renovations and upgrades in Kuwait. Raed Hijazi from Jordan has contributed significantly to assessing existing facilities and in the design and construction of new yards, handling and processing equipment.

The Middle East program has continued to develop its pool of consultants with additional members being added to the team this year, both from Australia and countries located closer to the Middle East. It is important that we have people with a range of skills and backgrounds available to deliver the programs in the region, and where possible we engage local people or those located near the Middle East to ensure scheduled program costs are maintained.

The LEP co-funded a specialist dairy veterinarian to stay at the new dairy farm near Khartoum in Sudan for three weeks to ensure the successful induction of 930 dairy cows from Australia. The veterinarian provided technical and practical assistance to staff at the dairy and helped with installation and commissioning of new cattle handling and milking equipment.

The Asia Pacific trade support program focuses on point-of-sale promotional activities in traditional wet markets and retail outlets in Indonesia.

It is estimated that 90 per cent of beef from Australian cattle is sold through wet markets in Indonesia. Wet market promotions continued during 2009-10 on a weekly basis, with over 190 promotions covering 88 Indonesian locations held during the year. These promotions aimed to increase demand for beef by highlighting its nutritional benefits and freshness, and included point-of-sale materials, recipe giveaways and cooking demonstrations. The material features the brand Daging Sapi Kita (our beef), supported by taglines stating that the beef is fresh from feedlots and processed overnight. Over 12,000 consumers were surveyed during these promotions with 96 per cent stating they were encouraged to buy more beef. Fifty-four per cent felt that the promotional recipe books would encourage them to buy more beef in the future.

Weekly beef promotions were also held in leading retail outlets for chilled beef processed in Indonesia from Australian cattle. In-store demonstrations were held cooperatively with two Indonesian brands, Santori and Sterling, again highlighting beef's nutritional benefits. Sixty-five retail promotions were held in 43 retail outlets and included cooking demonstrations and point-of-sale and support materials such as cookbooks. Of the almost 2,900 consumers surveyed during these promotions, 95 per cent stated that the promotion had encouraged them to buy more beef in the future.

Promotional activities were also held at 10 Indonesian schools to highlight the nutritional value of beef for children.

The LEP's technical support program delivers assistance to importers and feedlot operators across the Asia Pacific region to assist their production of well managed livestock. Technical support to importers of Australian livestock typically covers nutrition, animal health and breeding. The LEP coordinates visits to the region by technical experts who conduct workshops and training with local staff to improve the performance of Australian cattle and goats in-market.

During the year, Australian experts in nutrition, breeding and livestock handling delivered 64 training programs to 39 feedlots across Indonesia, Malaysia, the Philippines and Russia. Over 330 feedlot staff and livestock managers were engaged in these programs.

In Indonesia, technical support was provided to APFINDO (Indonesian Feedlot Operators' Association) and non-member cattle importers through nutrition, cattle handling and breeding education and training. Materials developed in conjunction with the LEP's research and development team are used during the training sessions. Simple, practical materials such as 'flip cards' were produced to assist in long-term awareness and management of feedlot induction health issues.

In Sabah, Malaysia, technical experts conducted a workshop with the Malaysian Department of Veterinary Services (DVS) for breeding 'cattle under palm' and a dairy workshop was held with the DVS for dairy farmers with small holdings. These workshops were given by experts who, with the LEP's research and development team, had developed the technical support materials provided to all attendees.

The LEP also provided technical support to Russian importers of Australian breeding and dairy cattle. Australian breeding cattle are helping to re-establish the Russian herd, and the Australian livestock export industry has worked closely with importers to ensure animal welfare management is provided throughout the export chain. Australian nutritionists provided support to importers, tightly managing animal welfare post-arrival and the induction of cattle into local

facilities. This commitment from the LEP and the Australian livestock export industry is resulting in the successful transition and integration of Australian cattle into Russian breeding herds. In September 2009 a consignment of Australian dairy cattle was delivered to Russia by air and featured in a livestock export story on ABC TV's *Landline*.

In anticipation of the Vietnam live cattle export market opening, a number of visits were made to the market to review the local feedlot and abattoir development. Technical advice has also been provided to two leading feedlot operators in the Philippines during the year.



*Wet market
beef promotion,
Indonesia*



*Middle East and North Africa
tour group, Western Australia*



Retail beef promotion, Indonesia

MARKET ACCESS AND DEVELOPMENT

In January 2010 the Indonesian Government placed greater scrutiny on import volumes and reduced the number of permits issued. This move was aimed to restrict the import of heavier slaughter cattle.

The Livestock Export Program (LEP) worked closely with Australian exporters and Indonesian importers regarding the reduction in import permits and the 350kg weight limit enforcement. The LEP liaised closely with the Australian livestock industry regarding these issues and identifying alternative cattle markets for Australian producers as anticipated export volumes to Indonesia were substantially reduced.

During the year LEP representatives continued regular market visits to key Asia Pacific livestock destinations. In-market visits provide the opportunity to review animal welfare programs, improve the Australian industry's market knowledge, establish and promote Australia's presence in the region, gather market information and strengthen ties with partner countries.



*Australian
cattle in
Sudan*



*Asia Pacific
market visit*

The LEP has continued to engage with stakeholders across the region, sharing information and responding to market issues. Briefings with government and key stakeholders are invaluable in ensuring industry in both the exporting and importing countries is apprised of the latest market intelligence and aware of upcoming changes and developments in trade relations, livestock demand, competition, animal welfare and marketing programs.

A significant move to further strengthen Australia's presence in the region and provide greater support to our Indonesian partners was the opening of a Meat & Livestock Australia (MLA) office in Jakarta. This office will enable a permanent presence for Australia's livestock export industry in partnership with MLA's meat team and will officially begin operation in mid-2010.

During 2009-10 market access activities in the Middle East and North Africa region focused on consultation and liaison with foreign governments, the Australian Government, importers and regional stakeholders to consolidate and expand trade opportunities for Australian livestock.

This strategic relationship-based approach to consolidating support for the livestock export trade was successful in maintaining existing markets and servicing the two additional markets of Sudan and Egypt which both received shipments of cattle in 2010.

The Egyptian market was successfully re-opened in March 2010 with the new closed feedlot/abattoir arrangement ensuring complete traceability of the 16,460 cattle exported. A workable system that met the expectations of the Australian Government, industry and stakeholders was delivered and provided assurance for successful further shipments in a market that maintains strong demand for Australian cattle. The LEP supported the reopening by assisting with the livestock discharge, providing animal handling support and overseeing the implementation of industry audit software.

A new Memorandum of Understanding (MoU) was signed between the Australian and Sudanese Governments for breeding cattle and in March 2010, 930 Friesian-Holstein cows arrived in excellent condition. A new dairy farm was constructed near Khartoum by the DAL Group with facilities far exceeding minimum international animal welfare (OIE) requirements and ensuring the well-being of improved livestock. Industry assisted with the facility approval process as part of MoU finalisation and with the discharge process, including provision of a new port discharge ramp.

Assistance with livestock testing was provided in Bahrain and Kuwait, confirming that Australian livestock were disease free and maintaining high level confidence in our disease-free status.

INDUSTRY CAPABILITY

LiveCorp's industry capability function provides technical support to enhance export standards, reviews domestic infrastructure, liaises with stakeholders to improve industry practices, fosters industry and government relationships and delivers timely resolution of industry issues.

Throughout the year the Industry Review and Technical Working Group (IR&TWG) has provided expert advice on papers and submissions to Government and industry committees. These include the revision of ASEL version 2.2, the Australian Quarantine and Inspection Service (AQIS) high mortality investigation process, the standards for the minimum weight of cattle exported by air, the long-haul export of camels and the use of portable livestock units. Industry and stakeholders have recognised the improvement in the quality of industry papers and advice brought about by the newly formed IR&TWG.

During 2009-10 Industry Capability initiated a project to identify efficiency drivers for the livestock export industry across key Australian livestock export ports. The review focused on the cost of exporting livestock through Australian ports, pricing models, performance indicators and management and governance structures. The review aims to improve stakeholder knowledge of the inter-port charges imposed on livestock exporters and will help industry develop strategies to ensure its future position at key ports.

In 2009-10 Industry Capability assumed responsibility for the coordination of the Livestock Export Industry Protocol Committee. This industry and government committee consists of representatives from the Department of Agriculture, Fisheries and Forestry (DAFF) and industry representatives from key export regions with expertise in various livestock species, export modes and destinations.

The Industry Capability program provides secretariat services, coordinates industry consultation, assists in maintaining DAFF protocol priorities and provides updates on protocol negotiations for the Committee. Key activities for the Committee involve maintaining market access and negotiations for priority markets including Indonesia, Vietnam, Egypt, Jordan, Bahrain, Kuwait, Oman and Qatar.

In August and October 2009 two reports by ACIL Tasman on the livestock export industry were released. *The value of live sheep exports from Western Australia* was commissioned by the RSPCA and *The economic analysis of the Australian live sheep and sheep meat trade* was commissioned by the World Society for the Protection of Animals.

In response, Industry Capability managed a detailed review of the data and research principles applied by ACIL Tasman in both reports, with Economic Insights Pty

Ltd undertaking the reviews to ensure the process was credible and independent. Both reviews concluded that ACIL Tasman had based its findings on outdated and unverified data along with an inadequate application of research methodology to establish an unrealistic assessment of farmer income, production costs and economic contributions to the Western Australian economy. The results of these reviews negated the claims outlined in the ACIL Tasman reports and confirmed the value of the livestock export trade to Western Australia and the nation.

Industry's response and accompanying reports have been used to correct misleading claims by activist groups and provided to the Australian Livestock Exporters' Council (ALEC). The report was also posted on the LiveCorp website and distributed to members and key stakeholders.

Throughout the year Industry Capability provided assistance to industry with the preparation of submissions and information papers including regulatory reform and animal welfare for the ALEC/AQIS Reform Agenda. Whilst this work is ongoing, the major area of contribution involves communicating the outcomes of past projects and activities that investigated systems and processes to mitigate animal welfare risks at the pre-export phase of the export supply chain.

In response to concerns that the current decline in sheep numbers across key export producing regions of Western Australia has been a result of producers exiting the sheep industry in favour of other agricultural enterprises such as cropping, Industry Capability developed a research paper to investigate possible reasons for the reduction in the national sheep flock. This included a comparative analysis of the current flock breakdown, livestock export industry profitability relative to other agricultural sectors, impacts of farm debt and the impact of the current sheep turnoff rate on the future flock size.

The report found that changing trends in flock demographics indicate the move away from wool production towards lamb production will continue, leading to a further decline in the availability of merino wethers – the traditional 'priority product' sourced for the livestock export trade. Industry Capability is developing a program to address these findings including greater engagement with Meat & Livestock Australia's (MLA) awareness campaigns, closer liaison with the Pastoralist & Graziers Association of Western Australia and the Western Australian Farmers Federation, and greater distribution of support material including MLA publications *Prime Time* and *Making More from Merinos*.

Industry Capability also provided planning assistance to the Northern Territory Livestock Exporters' Association, developed a sea and air guidelines best practice paper for the International Air Transport Association and submitted a successful application for the Australia China Agricultural Cooperation Agreement for an industry delegation to travel to China in late 2010 to assess market opportunities.

LIVECORP SERVICES

LiveCorp Services provides value to members and the wider livestock export industry by delivering training programs, risk management strategies and industry liaison to enhance LiveCorp's internal and member operations.

During 2009-10, LiveCorp Services focused on improving industry knowledge and expertise through a revised training strategy covering animal welfare and livestock management from the port of loading through to the voyage completion. Training programs were conducted for stevedores, stockmen and feedlot operators.

This year, a two year accreditation scheme for all stockman's courses was introduced to ensure qualified participants are regularly reassessed and trained in up-to-date methods of animal welfare and management. Participants now also contribute to the cost of the program with a 25 per cent fee payable on course admission, helping industry cover the total cost of operation and ensuring those attending the courses are committed to utilising the qualifications received.

In October 2009, 17 stockmen attended the industry stockman training course in Darwin, learning animal welfare and handling techniques to provide stress-free animal management during the export process. Successful participants were accredited in stock handling and management and are qualified to accompany livestock on overseas voyages.

Five stevedore courses were held in Western Australia during the year, with 60 attendees including port stevedores, feedlot and station staff completing the training. As stevedores are responsible for ensuring the correct and stress-free loading of sheep and cattle onto vessels, their training is a critical step in ensuring good animal welfare is maintained during loading. Stevedore training was coordinated by the Department of Agriculture & Food WA with LiveCorp contributing 50 per cent of the course operation costs. The course received excellent feedback from stevedore management and positive coverage in Western Australian print and broadcast media.

The industry Emergency Management Plan (EMP) has been reviewed and refined over the year. A research and development (R&D) project provided recommendations for best practice management of risk scenarios which



Stockman training course

were incorporated into the plan. As part of the broad industry reform agenda, further work is progressing on the EMP with key stakeholder industry bodies including LiveShip.

Industry's EMP is now linked to the AUSVET Emergency Animal Disease plan to ensure a broad industry approach to consistently managing risks to animal welfare, market access and trade relations during issue situations. It was successfully trialled during the year, with industry and Government participation and oversight from three independent observers.

Ongoing liaison with industry members and organisations is a critical role of LiveCorp Services. Liaison includes assisting with trade enquiries, providing training updates, statistics, airfreight processes and compliance programs such as Saudi scabby mouth vaccination.

During 2009-10 LiveCorp Services supported exporters with programs to improve voyage outcomes. Ongoing support was provided to exporters on using the Heat Stress Risk Assessment Analysis software which suggests load plans to mitigate the risk of heat stress in livestock during ocean voyages. The software provides recommendations from inputs such as the time of year, type and makeup of the livestock consignment and the ventilation efficiency of the livestock vessel. This year, LiveCorp Services provided technical support to exporters on new sea routes to Russia and Turkey.

The aircraft ventilation software developed last year to ensure aircraft assigned to carry livestock had adequate ventilation was reviewed following feedback from exporters. The review determined that several enhancements were required to take into account the use of differing crate structures and exporting multiple species within a consignment. A web-based software program to ensure automatic software updates as new aircraft or airlines become available, is expected to be distributed in September 2010.

A review of the infrastructure available at Australian livestock export ports to ensure the appropriate equipment for livestock export is available and meets animal welfare requirements is underway, with the six ports of Fremantle, Geraldton, Port Hedland, Broome, Karumba and Wyndham reviewed to-date. The review will identify ways to manage and improve livestock loading in relation to future port development strategies and includes assessment of restrictions in loading due to tidal conditions, swell surges, design constraints and competition from other commodities such as oil, gas and minerals. This review is due for completion in June 2011 and will encompass ports in Queensland, the Northern Territory, Victoria and Western Australia.



Support staff during Eid al Adha, Middle East

COMMUNICATION

Communication to highlight the livestock export industry's commitment to animal welfare, trade relations and industry operations is an essential function of LiveCorp's services to industry and the broader community. The primary objective of LiveCorp's communication is to educate and inform government, industry and the community about industry operations and defend the trade through strategic issues management.

Proactive communication

Throughout the year industry maintained support through programs targeting the general community, secondary schools and metropolitan and regional media.

During the year the Livestock Export Program (LEP) attended the Royal Darwin Show, the Perth Royal Show and the Northern Territory Cattlemen's Association national conference. At each event an industry information booth provided videos, fact sheets, promotional materials and giveaways to attendees. Industry spokespeople attended each event and reached out to the community by providing information and answering questions about animal welfare and industry operations.

A case study on the livestock export industry was included in *The Australian Financial Review Case Studies with Business News* publication this year. This publication is distributed to every school, TAFE, private business college and university in Australia and New Zealand and is also available online, reaching over 600,000 secondary students.

The livestock export industry's *youtube* channel continues to be a popular online source of industry information. Since its inception in February 2009 the channel has received over 48,000 visits, with 40,000 this year alone. Stories on the MV Becrux, dairy cattle export and the livestock export supply chain have been the most popular with viewers.

This year, the LEP also implemented an online search engine optimisation program that has increased factual livestock export content on blog, video and article sharing websites and improved industry's position in Google search results. This work has significantly increased the likelihood that online searches for Australia's livestock export industry will be met with factual industry information.

Media briefings with key metropolitan and rural journalists were held in Sydney, Perth, Adelaide and Darwin from December 2009 to April 2010 to inform journalists about the trade. In April 2010 briefings were also held with journalists in Victoria and Western Australia as part of the Middle East and North Africa

livestock importer tour of Australia. Existing media relationships have also been fostered and maintained to ensure balanced reporting of industry news.

In February 2010, *Farm Weekly* editor Travis King attended an industry media education tour in the Middle East with MLA/LiveCorp Manager Livestock Services – Middle East and Africa, Peter Dundon. Following this tour a series of balanced articles outlining industry investment and animal welfare activities in the region were published in *Farm Weekly* and other Rural Press publications.

Other industry media highlights included positive front page stories in *The Land* on live air export, the *Stock & Land* on cattle exports to Russia and a feature on the Indonesian live cattle trade in the June/July issue of *Outback* magazine.

Stakeholder communication

Ensuring stakeholders are informed of industry activities is a critical function of the communication role. The annual *Year in Review*, monthly media updates, the bi-monthly livestock export e-newsletter, *Weekly News Digest* and regular communication and support is provided to industry and government stakeholders.

This year, meetings were held with industry and government stakeholders in Western Australia, South Australia and the Northern Territory including briefings with exporters, state farming organisations and government representatives. The communication manager represents industry on the Council of Rural Research and Development Corporations' communication group and the Australian Animal Welfare Strategy communication working group and provides communication counsel to the industry Emergency Management Plan working group.

To maintain our collaborative and transparent relationship with industry stakeholders on research and development (R&D) activities, status and achievements, the LEP held an information day in Canberra in June 2010. Over 60 representatives from government agencies, animal welfare and industry bodies attended and were briefed on the key programs R&D is delivering to improve animal welfare from farm to overseas marketplace.

During the year, LEP staff, in-market welfare consultants and peak council representatives were provided with media training to enable them to confidently promote and defend the trade. Exporters, producers, peak councils and industry groups have provided invaluable support through their timely and informed responses to media enquiries.

Issues management

Despite a number of coordinated actions and campaigns by activist groups, media coverage of anti-industry programs was limited throughout the year.

Industry responded to all campaigns with measured and balanced information. This involved working with exporters, peak councils and state farming organisations to provide united and targeted responses following the release of two ACIL Tasman reports commissioned by the RSPCA and the World Society for the Protection of Animals (WSPA) in August and October 2009 advocating the cessation of livestock exports. Industry's response included press releases, media interviews, letters to the editor and advertising highlighting the inaccuracies of the reports. The result was balanced media coverage and a clear demonstration of the support for the trade in Western Australia.

In March 2010, LEP staff and representatives from NSW Farmers' Sheepmeat section attended the WSPA/Australasian Meat Industry Employees Union anti-livestock export forum in Sydney and spoke to members of the audience and media about the work the industry is doing to improve animal welfare in the Middle East. Following the forum, The Body Shop launched a month long in-store anti-livestock export campaign. Information on industry's commitment to animal welfare was provided to The Body Shop through a briefing with the Values Manager by the LiveCorp Chief Executive Officer, Cameron Hall.

Advertisements highlighting the importance of the livestock export industry to the Western Australian community were placed in key Western Australian media following news that Fremantle Council would vote on a motion to lobby for a phase-out of the livestock export industry in May 2010. Following the passing of the motion, media interviews were provided by a range of industry representatives to ensure balanced coverage. Support for the industry was also provided by two Members of Parliament.

This balanced approach to managing issues in the media has ensured fair and consistent reporting as evidenced by the results of the 2009-10 Media Monitors report which assessed industry media coverage as having an average favourability of 52.9 per cent. Throughout the year the leading message in media reporting was that the livestock export industry is good for the Australian economy.



The Australian Financial Review case study



Middle East educational tour with Farm Weekly editor, Travis King

Industry advertising in The West Australian

RESEARCH & DEVELOPMENT

In 2009-10 LiveCorp's investment in research and development (R&D) as part of the joint Livestock Export Program (LEP) with Meat & Livestock Australia (MLA) was \$477,371, which was matched with funds from the Australian Government.

R&D projects operate on-farm, through the pre-export process, on-board livestock vessels and aircraft and into overseas marketplaces. These projects are delivering critical advancements in animal welfare for the livestock export industry and domestic livestock production through a consolidated and strategic program.

During the year the livestock export R&D program continued to focus on three key strategies that form the basis of the *Australian livestock export industry's strategic plan 2007-2011*. These three strategies and their objectives are:

- Livestock management and welfare [65 per cent]
 - Deliver continuous improvements in animal welfare standards throughout the export chain.
 - Deliver livestock management and welfare outcomes that meet stakeholder expectations.
- Industry capability [30 per cent]
 - Enhance the livestock export industry's supply chain capability and risk management profile.
 - Continuously improve industry's capability to meet the requirements of the livestock export supply chain.
- Market access and development [5 per cent]
 - Build access advantage for Australian livestock.
 - Support the development and maintenance of new and existing markets.

R&D projects are driven by these objectives and the industry vision of sustainability and profitability. It is recognised that many projects are integral to all three strategic areas.

Whilst its overarching focus is on improving animal welfare across the entire livestock export supply chain, the LiveCorp R&D program has also taken into consideration the Australian Government's Rural Research and Development Priorities (RR&DP) and has aligned major projects into the following RR&DP categories:

- Productivity and adding value.
- Supply chain and markets.
- Climate variability and climate change.

Industry's R&D contribution to the RR&DP for 2009-10 is summarised as follows:

Productivity and adding value

Managing heat stress in Middle East feedlots

This project will develop best practice guidelines for pen stocking densities and water, feed trough and shade structure availability to manage the welfare of Australian livestock in the Middle East and North Africa region during the summer months. Recommendations will be delivered in 2011.

Cattle restraining box program:

The Mk I restraining box model is currently in use in the Middle East and North Africa region and Asia Pacific and in 2009-10 the Mk II and III restraining boxes were designed, developed, and assessed. To confirm industry's commitment to animal welfare, an independent animal welfare review of all LEP R&D designed restraining boxes was undertaken and concluded that the restraining boxes provide significant improvements on traditional slaughter practices. Following further independent testing, industry commissioned the development of the Mk IV restraining box to better meet industry welfare standards and operational requirements.

Management of livestock post discharge – south east Asia:

Extension materials have been delivered to managers and staff in south east Asian feedlots. The cattle feedlot treatment guide is a flip card publication aimed at improving identification and management of sick livestock. South east Asian training modules have been developed and printed in both English and Bahasa Indonesian and have been provided to in-market animal managers for ongoing reference and support. The modules in this manual and the dairy production manual have been used by LEP consultants to deliver specific workshops such as cattle breeding and nutrition.

Supply chain and markets

Feasibility of developing a salmonella vaccine:

Inanition and salmonellosis impact the health and wellbeing of livestock and contribute to mortality rates on-board vessels. The feasibility of developing a salmonella vaccine was investigated during 2009-10. The resulting report supported a recommendation to proceed with the research and development of a vaccine against salmonella that can be delivered orally through drinking water.

Detection, identification and treatment of ovine pink eye:

Infectious Ovine Keratoconjunctivitis (IOK) or, ovine pink eye, impacts the availability of sheep for livestock export and thus the Australian feedlot and livestock export industries. This study aimed to determine the flora and sensitivity to antibiotics of eyes showing clinical signs of IOK. The study found a possibility of successful

treatment of IOK with orally administered antibiotics and the potential for the development of a vaccine against viruses that contribute to the development of pink eye in sheep.

Backgrounding and feedlotting strategies to reduce inanition in sheep:

In 2009-10 an AUD \$1.24 million project to reduce inanition in sheep was contracted to Murdoch University. The outcomes of this critical project may enable the livestock export industry to further reduce on-board mortalities of sheep through improved management pre-export.

Linking pre-delivery factors to post delivery performance of cattle:

This project is piloting a methodology to examine factors that contribute to the performance of cattle exported from Darwin to Indonesia. It will specifically investigate factors which may influence cattle liveweight changes from property of origin to processing in Indonesia. This project is currently progressing and three pilot voyages have been completed. Further planned work in this area will be dependent on the results of this project.

Quantitative assessment of cattle behaviour on-board ship:

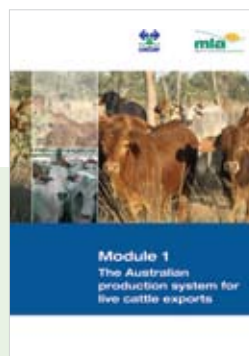
This project studied the interaction of horned and non-horned animals and mixtures of the two in pens on board vessels. The study provided a useful snapshot of behaviours exhibited by animals during live export and found no outward or obvious signs that livestock behaviours change overtly during export. The methodologies developed in this project can be used in future studies to interpret animal behaviours during export.

HotStuff review:

The Heat Stress Risk Assessment software (HotStuff) was produced in 2003 to enable livestock exporters to assess the risk of heat stress mortality occurring during a voyage.

During the year an independent review of the HotStuff methodology was conducted. The panel concluded that: *"the methodology and assumptions underpinning the HotStuff model are sound, reasonable and supported by scientific literature. The model developers have followed well-defined and logical principles of adaptive management in the presence of uncertainty"*.

The key recommendation from the review was the need for validation of existing assumptions and monitoring of the model's predictions against actual aggregated voyage data. The process for validating actual shipment data has commenced.



Mk IV restraining box



Weighing sheep in Bahrain

Best practice design of crates for live export:

This project recommended design guidelines for the manufacture of air freight livestock crates to minimise animal welfare risks. Guidelines align with existing requirements and include the appropriate provision of space, light and airflow, the secure containment of livestock and the structural build of livestock crates. The project also recommended a self regulation program. This research is being utilised by LiveCorp and industry body LiveAir to improve crate designs and better equip industry to regulate the air transport of livestock.

Livestock Air Transport Safety Assessment (LATSA) software:

The original LATSA software assessed the ventilation capabilities of aircraft to ensure they were capable of transporting different types of animals at appropriate stocking densities. The current LATSA 2.0 project is in progress and will update and improve the software in order to allow mixed species of differing weights to be transported in single, double or triple tier crates on-board assessed aircraft.

Investigating incidence of scabby mouth:

This project is examining the vaccination programs adopted by sheep producers both in western and eastern Australia and investigating the incidence of scabby mouth in sheep prior to departure and at arrival in both Gulf and Saudi ports. The outcome of this project will assist in ensuring that exported Australian sheep remain free of scabby mouth.

Climate variability and climate change

Lifecycle assessment of the livestock export industry:

This project will provide a lifecycle assessment detailing the total greenhouse gas emissions, energy and water use associated with the live export of feeder cattle to south east Asia and sheep to the Middle East. On-farm and post-farm data collection has been finalised, with the lifecycle assessment for the merino sheep supply chain completed and the cattle supply chain 50 per cent completed. It is anticipated the final report from this project will be available in early 2011.

Collaboration

In addition to close collaboration with MLA in R&D management, LiveCorp has been actively involved in the collaborative development of the National Research, Development and Extension Framework for animal welfare research in alignment with the Primary Industries Standing Committee and the Primary Industries Ministerial Council strategies to increase efficiency and deliver targeted and effective rural R&D. LiveCorp is a member of the Council of Rural Research and Development Corporations (CRRDC) group which facilitates whole of industry collaboration on research issues such as climate change, and operational issues such as delivery, efficiency, evaluation and cross-industry harmonisation.

The R&D program is involved in the CRRDC evaluation program for 2010 as well as undertaking evaluation of previous levy investment and the resulting benefits.



Specifically, R&D has delivered two projects through reviews undertaken by *QualDATA* and the *Centre for International Economics*. The first developed a robust reporting framework for evaluation of all LiveCorp activities against its key performance indicators, and a data capture system to reduce duplication and increase reporting detail. The second project calculated the net benefits delivered through MLA and LiveCorp's investment in industry research and development through the evaluation period 2003–2015. The total payoff from R&D, as measured by the benefit cost ratio, was conservatively estimated to be 7.9 to 1 for LiveCorp and MLA through the LEP. This is without including many potential spillover benefits that flow onto other industries and the wider community in Australia and overseas.

The livestock export R&D program makes a considerable contribution to maintaining technical capability within state government agricultural research organisations and universities through joint projects and education sessions. Strategically, the program is developing a tertiary scholarship program to continue to educate students about livestock management and welfare and maintain industry's R&D capability. In 2009-10 the R&D manager presented to six of the seven veterinary schools in Australia on industry's commitment to animal welfare during the livestock export process and will maintain close relationships with tertiary veterinary science departments.

Collaboration exists between industry sectors with the LEP currently co-funding a project with the Western Australian Department of Agriculture and Food to investigate the Western Australian sheep supply shortage and develop strategies to increase the domestic sheep flock. In addition, this year Dairy Australia provided input to the dairy training workshop materials developed by the LEP and delivered to the Malaysian Department of Veterinary Services. The R&D program also collaborates with a range of institutions and other state agricultural departments to deliver on the three key R&D strategies with partners including the Australian Commonwealth Scientific and Research Organisation (CSIRO), Murdoch University, Sydney University, The University of Queensland, the Queensland Department of Employment, Economic Development and Innovation and Bristol University.

The R&D program maintains a general policy of including consultative committees in the management of the larger, highly technical and more difficult R&D projects. These committees include representation from LiveCorp, MLA, industry, government and other stakeholders as required. Collaboration with industry organisations in the Asia Pacific and Middle East and North Africa regions is also an increasing priority for the R&D program. Projects to install cattle restraining boxes in abattoirs and traceability systems in destination markets have made a significant contribution to increasing animal welfare in these markets.

Intellectual property and the commercialisation of R&D

Projects that develop intellectual property [IP] will negotiate the ownership of that IP with the joint LiveCorp/MLA program which manages ownership on behalf of stakeholders. At the time of project creation, a plan for commercialisation is also determined to ensure cost effective implementation occurs.

CORPORATE GOVERNANCE STATEMENT

In August 2007 the Australian Stock Exchange Corporate Governance Council updated its *Principles of good corporate governance and best practice recommendations for listed companies*. Although LiveCorp is not a listed company is not obligated to report on these principles, LiveCorp is committed to good corporate governance and is therefore committed to these principles. This statement provides details of LiveCorp's conformance with these principles during the reporting period.

Principle 1: Lay solid foundations for management and oversight

The Board's responsibilities are encompassed in the Company's Governance Manual. The major responsibilities to members and the community are to:

1. Provide strategic direction of the Company.
2. Engage actively in the strategic decision making and policy decisions of the Company.
3. Ensure adequate financial resources.
4. Safeguard the assets of the Company to ensure continuity of business activities.
5. Approve budgets and other performance indicators, review performance against them and initiate corrective action as required.
6. Ensure compliance with applicable laws.
7. Ensure adequate systems and procedures to identify, assess and manage risks are in place.
8. Ensure appropriate policies and systems to ensure compliance are in place.
9. Ensure the Board structure and composition is effective.
10. Foster an appropriate corporate culture.
11. Select, evaluate and develop the Chief Executive Officer (CEO).
12. Approve the remuneration of the CEO and remuneration policy and succession plans for the CEO.
13. Ensure an appropriate focus on the interests of all stakeholders.

In 2009-10 the Board had in place two standing committees to assist it in carrying out its responsibilities:

- Finance, Audit & Risk Committee.
- Governance & Remuneration Committee.

In addition, the Company has, together with its Livestock Export Program (LEP) partner, Meat & Livestock Australia (MLA), established a Research and Development (R&D) Advisory Committee comprising producer and exporter stakeholders to provide advice on:

- The strategic direction and principal components of the LEP.
- The design and management of R&D projects, to ensure the full capture of benefits of such projects.
- Communication of results to industry.

The Board delegates responsibility for implementing the strategic direction and for managing the day-to-day operations to the CEO. There are clear lines of communication between the Chairman and the CEO to ensure responsibilities and accountabilities are understood.

The CEO has a service contract outlining their responsibilities, conditions of service and termination entitlements.

Principle 2: Structure the Board to add value

The Board comprises up to four skills based directors and three industry representative directors. There are no executive directors.

The Board is balanced in its composition with each current director bringing a range of complementary skills and experience as outlined in the Constitution of the Company. The directors of the Company at any time during the financial year, or since, are listed in the directors section of this report with a brief description of their qualifications, experience and responsibilities.

The Board has adopted a number of measures to ensure independent judgement is achieved and maintained. Directors are entitled to seek independent advice, at the cost of the company, subject to prior approval of the Board and company policy.

An independent Selection Committee has been established to review and appoint skills based directors. The Selection Committee will ensure the directors collectively have an appropriate balance of skills and experience as set out in the Constitution. The Committee comprises:

- Independent Chairman.
- Northern Territory Livestock Exporters' Association/ Queensland Livestock Exporters' Association nominee.
- Western Australian Livestock Exporters' Association/South Australian Livestock Exporters' Association nominee.
- NSW Livestock Exporters' Association/Victorian Livestock Exporters' Association nominee.
- Independent industry representative.

The Board includes at least one director who can demonstrate from his or her experience that he or she is highly skilled in corporate governance.

Principle 3: Promote ethical and responsible decision-making

LiveCorp is committed to conducting its business ethically and responsibly. It has an established Business Code of Conduct for Board, management and employees.

Equally important is the encouragement of ethical conduct by example from all involved in the Company. It is the Board's objective that all dealings with staff, members, regulatory authorities and the community should be conducted with integrity, fairness and diligence.

The Board will use best endeavours to seek consensus in its decision-making.

The Company complies with all federal, state and local government laws and regulations, as well as common-law obligations, and requires all employees to do the same.

Principle 4: Safeguard integrity in financial reporting

The CEO and Commercial Manager provide a written undertaking to the Board providing assurances that the Company's financial reports present a true and fair view, in all material respects, and are reported in accordance with the Australian International Financial Reporting Standards (AIFRS).

The Board has established a Finance, Audit & Risk (FAR) Committee, comprising three non-executive directors all with appropriate experience. They are Michael Nugent (Chairman), James Kellaway, and David Galvin. Their qualifications are disclosed in the directors section of this annual report.

The CEO and Commercial Manager attend all committee meetings at the discretion of the FAR Committee. The FAR Committee can also meet privately with the external auditor without management present.

The minutes of each FAR Committee meeting are reviewed at the subsequent meeting of the Board and the Chairman of the Committee reports on conclusions and recommendations. The FAR Committee meets a minimum of twice a year and the number of meetings held is disclosed in the directors section of this annual report.

The role and responsibilities of the FAR Committee include:

Audit – Review the auditors' performance, the professional independence of the auditors, audit policies, procedures and reports and act as a direct link between the Board and the auditors.

Financial statements – Review the Company's financial statements, the effectiveness and compliance with accounting policies and standards, and adequacy of disclosures.

Appointment of external auditor – Review the performance of the external auditor annually, and recommend to the Board any changes to the appointment it deems appropriate. The external auditor may attend member meetings and may be available to answer questions from members about the conduct of the audit and the preparation and content of the audit report and the Company's accounts. The appointment of the auditor is conducted by members at the Annual General Meeting (AGM).

Investment – Review matters relating to the investment of assets in line with Company policy. The FAR Committee obtains advice from an external investment advisor to ensure the Company's investments are appropriate.

Principle 5: Make timely and balanced disclosure

LiveCorp is not a publicly listed company and is therefore not subject to Australian Stock Exchange listing rule disclosure requirements. The Company does however report to its members in the form required by the Corporations Act and discloses significant information on a continuous basis as detailed in Principle 6.

Under the Statutory Funding Agreement between LiveCorp and the Australian Government, LiveCorp is required to present a financial report to the Department of Agriculture Fisheries and Forestry every six months. In addition the Chairman and CEO meet annually with the Minister, or nominated delegate, to report on performance against the Statutory Funding Agreement. Any significant matters are to be reported to the Department.

Principle 6: Respect the rights of members

LiveCorp does not have shareholders, it has members. The Company's member communication policy advocates communication with members and other stakeholders in an open, regular and timely manner to ensure members have sufficient information to make informed decisions on the operations of the Company. Mechanisms employed are:

- Weekly digests, weekly and quarterly publications, regular updates on standards, regulation and protocols, circulars and press releases.
- The Annual and Statutory Financial report is circulated to members prior to the AGM. Members are given the opportunity at the AGM to question the Board.

- Annual Operating Plan developed in association with a Planning Working Group/Taskforce comprising members nominated by the Australian Livestock Exporters' Council (ALEC) from each state and representing both cattle and sheep Peak Industry Councils. The final Annual Operating Plan is available to members on the LiveCorp website.
- Member access to communications and tools is also available via the LiveCorp website.

The Board encourages full participation of members at the Company AGM to ensure a high level of accountability and understanding of the Company's strategy and goals. In the event they cannot attend the AGM, members are encouraged to appoint proxies to express their views at the AGM by forwarding the Proxy Form.

Principle 7: Recognise and manage risk

Any company faces a variety of risks depending upon the nature of its operations. This function is undertaken by the Finance, Audit & Risk Committee which reviews policies and reports on all major categories of risk including, but not limited to, overall business risk in the Company's operations, financial, procurement, insurance and litigation.

The Committee monitors compliance and ensures an effective compliance program covering, but not limited to, the Company's statutory obligations (including occupational health and safety laws and trade practices laws) and formal written policies (including code of business conduct).

The output of this committee includes the LiveCorp Risk Management Plan which consists of a formal risk analysis and processes for risk mitigation.

While all risks have been identified and assessed, the review and management of risk is ongoing. The Company is ISO:9001 accredited where its operational procedures and policies are audited twice a year. Regular internal audits or controls are part of the scope of ISO and are performed at pre-stated intervals.

Principle 8: Encourage enhanced performance

Each year the Board allocates time to the consideration of broad governance matters including continuing relevance of committees and Board performance.

The Board adopts internal and external processes to measure its performance and the performance of its committees during each financial year. As part of the re-election of directors the Selection Committee reviews the composition and skill mix of the Board. In addition to internal assessments of performance the Board undertakes an independent external performance review every three years.

In order to obtain corporate governance best practice, the Board keeps all areas of LiveCorp governance under review. It particularly monitors areas of business risk and ensures appropriate control strategies are in place and properly managed.

Subject to normal privacy requirements, directors have access to Company records and information, to the Company Secretary and other relevant senior management. They receive regular detailed reports on financial and operational aspects of the Company and may request elaboration or explanation of those reports.

Providing leadership to senior management is a priority of the Board and is a key strategy within LiveCorp's governance program.

Principle 9: Remunerate fairly and responsibly

A program of regular performance appraisals and goal setting for senior management and other staff is in place.

Directors receive remuneration as set by the Governance & Remuneration Committee and do not exceed that stipulated in the Constitution of the Company.

As LiveCorp is limited by guarantee, none of its directors holds an interest. If LiveCorp is wound up each director is liable to the extent outlined in the Constitution.

Principle 10: Recognise the legitimate interest of stakeholders

LiveCorp's mission is to undertake activities to enhance the livestock export industry. These activities facilitate:

- Market access and market development.
- Completion and adoption of research and development to enhance supply chain capability and risk management.
- Continuous improvement of livestock management, health and welfare in the supply chain.

COMPLIANCE REPORT

LiveCorp's Statutory Funding Agreement (SFA) expired on 30 June 2010 and a new agreement from 1 July 2010 to 30 June 2014 is now in operation.

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

- a) The operational reports included elsewhere in this report provide information on performance against goals outlined under the strategic and operating plans.
- b) The research and development (R&D) report includes:
 - The extent to which our R&D activities contribute to the Commonwealth's priorities for expenditure on R&D projects and the achievement of public benefits.
 - Collaboration with industry and other research organisations.
 - Commercialisation of R&D.
 - Intellectual Property creations.
 - Agreements entered into relating to R&D.
- c) During the year there were no other material changes to the Board or membership of LiveCorp.
- d) The Company did not form any subsidiary companies during the year. It did however continue to operate the Livestock Export Program in conjunction with Meat & Livestock Australia.
- e) The Advisory Services Agreement was renegotiated with the Australian Livestock Exporters' Council.
- f) There were no changes to the Constitution of LiveCorp during the year.
- g) As required under the SFA a review was undertaken to ascertain LiveCorp's performance under that agreement. The report was forwarded to the Minister on 3 May 2010.
- h) During the year the following reports and plans were presented to the Minister and the Department of Agriculture, Fisheries and Forestry:
 - The Annual Operating Plan for 2009 was forwarded to the Minister on 3 July 2009. This is required under clause 12.1.
 - The Compliance Certificate in respect to LiveCorp meeting the requirements of the SFA for the year ended 30 June 2009, as per Clause 17.4, was signed by the Chairman and the CEO on 23 November 2009 and forwarded to the Minister.
 - 350 Copies of the Annual Report, as per Clause 12.2, were forwarded the Department of Agriculture, Fisheries and Forestry on 10 November 2009.
 - The half yearly Financial Reports including Statements of Financial Position CI 12.5(b) and Statements of Financial Performance CI 12.5(a) were forwarded to the Department of Agriculture Fisheries and Forestry on 2 February 2010.

MEMBERSHIP

Exporter Members and Associate Members

AAA Livestock Services Pty Ltd
ABB Grain Ltd – T/as ABB Livestock
Agricon Services (Aust) Pty Ltd
Amred Exports Pty Ltd
Aspen Exports Pty Ltd
Atlas Exports Pty Ltd
Austock Rural Pty Ltd
Australian Rural Exports (AUSTREX)
Auststeer Exports Pty Ltd
Bonegilla Exports Pty Ltd
Central Pacific Livestock Pty Ltd
Crispin Bennett Intl' Livestock Transport Pty Ltd
Dogtainers
DW Moyle, Basin Exports Pty Ltd
Edwards Management Consultants Pty Ltd
Elders International Australia Ltd
Emanuel Exports Pty Ltd
EMS Rural Exports Pty Ltd
Flinders International Pty Ltd
Global Livestock Corporation (Aus) Pty Ltd
Global Livestock Marketing Pty Ltd
Halleen Australasian Livestock Traders Pty Ltd
Hedley John Exporters Pty Ltd
Hunter Livestock Export Services
HXA Pty Ltd
Independent Livestock Services
International Livestock Export Pty Ltd
James Spilsbury
L & R Beere-Streeter
Landmark Global Exports Pty Ltd
Landmark Operations Limited
Lembiru Livestock Pty Ltd
Livestock Australian Exports Pty Ltd
Livestock Shipping Services
Livexport Pty Ltd
Mariah Hill Alpaca & Exports
North Australian Cattle Co Pty Ltd
Oceanic Cattle Stations Aust Pty Ltd
P&D Exports Pty Ltd
Primac Exports Pty Ltd
Roberts Limited
Rural Export & Trading (WA) Pty Ltd
Samex Australian Meat Co Pty Ltd
South East Asian Livestock Services
Success Pastoral Co
Sugarbag (QLD) Pty Ltd
Surburton Livestock Export Pty Ltd
Sustainable Agroindustry Services Pty Ltd
Total Livestock Genetics
Wellard Rural Exports Pty Ltd

Industry Members

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

AUSTRALIAN LIVESTOCK EXPORT CORPORATION LIMITED

ABN 88 082 408 740
(Trading as LiveCorp)

FINANCIAL REPORT 30 JUNE 2010

DIRECTORS' REPORT	32
AUDITOR'S INDEPENDENCE DECLARATION	36
STATEMENT OF COMPREHENSIVE INCOME	37
BALANCE SHEET	38
STATEMENT OF CHANGES IN EQUITY	39
STATEMENT OF CASH FLOWS	40
NOTES TO THE FINANCIAL STATEMENTS	41
DIRECTORS' DECLARATION	48
INDEPENDENT AUDITOR'S REPORT	49
AUDIT COMPLIANCE REPORT	51
INCOME STATEMENT BY PROGRAM	52

The financial report was authorised for issue by the directors on 19 August 2010. The company has the power to amend and reissue the financial report.

DIRECTORS' REPORT

Your directors present their report on LiveCorp for the financial year ended 30 June 2010.

Directors

The following persons were directors and officers of LiveCorp at any time during, or since the end of, the year:

Dr Raoul Nieper AM	Chairman (Non-executive)
Qualifications	B VSc (Hons), Grad Dip Bus Admin, FAICD, FAIM
Experience	Dr Nieper is Chairman of Animal Health Australia and formerly Director General of the Queensland Department of Primary Industries. He is a veterinarian who has extensive experience with government and industry relations. Dr Nieper has a demonstrated commitment to animal welfare issues and a sound understanding of the livestock export industry.
Special Responsibilities	Dr Nieper is the Chairman of the Governance & Remuneration Committee.
David Galvin	Non-executive director
Qualifications	Masters Degree in International Development Studies, Bachelor of Arts
Experience	Mr Galvin has studied at the University of Queensland, Deakin University and in the United States and is currently General Manager of the Indigenous Land Corporation (ILC). The ILC is a beef producer with considerable pastoral holdings and enterprise agreements on indigenous held land across Northern Australia and Tasmania.
Special Responsibilities	Mr Galvin is a member of the Finance, Audit & Risk Committee.
David Jarvie	Non-executive director
Qualifications	B VSc (Hons)
Experience	Mr Jarvie is a veterinarian with 34 years experience in livestock export, meat and stockfeed manufacturing industries. He is currently Group Veterinarian with Wellard Rural Exports and General Manager Wellard Feeds Pty Ltd.
Special Responsibilities	Mr Jarvie is a member of the Governance & Remuneration Committee.
James Kellaway	Non-executive director
Qualifications	B App Sci (Ag), GDMM, MBA, GAICD, AFAIM
Experience	Mr Kellaway is the inaugural Managing Director of the Australian Egg Corporation Limited. He has extensive experience in rural commodity and product marketing, business development, international trade, stakeholder and government relations with industry organisations including Meat and Livestock Australia and the NSW Meat Industry Authority.
Special Responsibilities	Mr Kellaway is a member of the Finance, Audit & Risk Committee
Ian Mclvor AM	Non-executive director
Experience	Mr Mclvor is the current Chairman of the Australian Livestock Exporters' Council (ALEC) and Chairman of Red Meat Advisory Council 2008–2010. Mr Mclvor was previously a director of The Australian Wool Exchange, The Australian Wheat Board, Dalgety Futures Ltd, Port Phillip Wool Processing Ltd and Dalgety Germany GmbH, and Chairman of the NSW Livestock Exporters Association.

Michael Nugent	Non-executive director
Qualifications	F CPA, AICD
Experience	Mr Nugent brings wide skills in corporate management to the Board and strong industry experience in food and agriculture including involvement in livestock exports. Mr Nugent is a former Managing Director of Elders Agribusiness and Chief Executive of Goodman Fielder Limited. His areas of expertise include corporate strategy, general management, marketing and finance.
Special Responsibilities	Mr Nugent is Chairman of the Finance, Audit & Risk Committee.
David Uebergang	Non-executive director
Experience	Mr Uebergang has over 40 years senior management experience in the Elders Group of Companies at national and international levels. He has spent the last 20 years as Livestock Export Manager for Elders International Australia Limited.
Special Responsibilities	Mr Uebergang is a member of the Governance & Remuneration Committee.
Cameron Hall	Chief Executive Officer (CEO)
Qualifications	Adv Dip Farm Management, Grad Cert Rural Science
Experience	Mr Hall started his career in the livestock industry as a Jackaroo and moved onto farm management. He was a member of the Elders Graduate program and State Livestock Manager – Victoria prior to becoming fully involved with the live export trade as principal exporter through Elders International and Fares Exports.
Czes Staciwa	Company Secretary
Qualifications	M App Fin (Mac), B Fin Admin (UNE), WDA, F CPA, GAICD
Experience	Mr Staciwa has an extensive background in the Food and Agribusiness sectors and was previously CFO and Company Secretary of Windsor Farm Foods. He has also had senior financial management experience with OSI International, Elders and the NSW Barley Board. His experience is focused on financial management, controls and monitoring and financial governance.

Objectives and strategies

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

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

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

These strategies are underpinned by R&D.

Principal activities

The principal activities during the financial year were as follows.

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

Funding of agreed joint venture activities covered:

- Trade support and market access:
 - Middle East and North Africa.
 - Asia and Pacific rim.
- Animal welfare:
 - Partnership with the Australian Government in the Live Trade Animal Welfare Partnership.
 - Improving infrastructure in undertaking education and training programs in the Middle East, North Africa, Asia and the Pacific rim.
 - Industry Capability
 - Continual assessment and revision of the Australian Standards for the Export of Livestock.
 - Industry risk management.
 - Undertaking stockman, stevedore and animal handler training.
- Research and Development:
 - Livestock management and welfare
 - Investigating mortalities in export sheep including programs focusing on inanition and salmonellosis.
 - Investigating stocking density onboard ship.
 - Investigation of pre-shipment factors that impact post arrival performance.
 - Development of training manuals and management tools to assist in improving animal health and welfare standards throughout the export supply chain.
- Communication: incident management and market Intelligence.

LiveCorp has negotiated direct involvement in service delivery of these LEP programs with MLA.

2. Other corporate functions

- Corporate communications and relationship management – with industry, government and other stakeholder groups.
- Corporate management – Further development of LiveCorp's membership, funding and administrative arrangements.
- Application of corporate governance and compliance with the Statutory Funding Agreement.

3. Issues management

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

Operating result

The profit of LiveCorp for the financial year amounted to \$427,614.

Performance measures

- (i) During 2009-10 the Company commissioned a performance review in accordance with the requirements of the Statutory Funding Agreement. The reviewers concluded that LiveCorp is meeting all its' current SFA obligations and has developed plans and reports that deliver the benefits sought by industry".
- (ii) LiveCorp has undertaken a process to develop a strategic plan, which is nearing completion. This strategic plan is expected to include an update of current performance measures.

Meetings of directors

DIRECTORS	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			FINANCE, AUDIT & RISK		GOVERNANCE & REMUNERATION	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Raoul (Roly) Nieper	6	5			4	3
Ian McIvor	6	5			1	1
Michael Nugent	6	5	2	2		
David Uebergang	6	5			4	4
David Jarvie	6	6			4	4
James Kellaway	6	5	2	2		
David Galvin	6	6	2	2		

Post-balance date events

Nil.

Dividends paid or recommended

As LiveCorp is a company limited by guarantee it is precluded from making distributions to members.

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 36.

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

Director



Dr Raoul Nieper AM

Director



Michael Nugent

Dated this 19th day of August 2010

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Australian Livestock Export Corporation Limited

As the lead auditor for the audit of Australian Livestock Export Corporation Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, during the year there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



D K Swindells
Partner

19 August 2010

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4010 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Revenues from ordinary activities	2	4,898,867	5,312,069
Direct costs		(60,471)	(149,088)
Income		4,838,396	5,162,981
Consultancy expense		(492,501)	(357,375)
Depreciation and amortisation expense		(81,455)	(70,832)
Director and staff related expenses		(1,200,294)	(971,494)
Joint program expenses		(1,986,361)	(1,831,195)
Occupancy expense		(78,337)	(74,899)
Other expenses from ordinary activities		(292,134)	(540,506)
Travel costs		(279,700)	(190,962)
Profit prior to transfer		427,614	1,125,718
Transfer to Livestock Export Reserve Fund Limited		-	(1,189,609)
Profit (loss) before income tax		427,614	(63,891)
Income tax expense	1(b)	-	-
Profit (loss) attributable to members of the entity		427,614	(63,891)
Other comprehensive income (loss):			
Profit (loss) of Voluntary Reserve Fund		-	(121,280)
Total comprehensive income		427,614	(185,171)

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	6	528,112	476,397
Trade and other receivables	7	731,273	1,010,998
Other current assets	8	39,545	76,649
TOTAL CURRENT ASSETS		1,298,930	1,564,044
NON-CURRENT ASSETS			
Financial assets	9	1,753,892	1,000,229
Property, plant and equipment	10	92,031	109,276
Other non-current assets	8	50,960	50,960
TOTAL NON-CURRENT ASSETS		1,896,883	1,160,465
TOTAL ASSETS		3,195,813	2,724,509
CURRENT LIABILITIES			
Trade and other payables	11	1,036,522	1,021,228
Employee entitlements	12	55,917	39,244
TOTAL CURRENT LIABILITIES		1,092,439	1,060,472
NON-CURRENT LIABILITIES			
Employee entitlements	12	67,466	50,515
Lease incentive		-	5,228
Make-good provision		25,000	25,000
TOTAL NON-CURRENT LIABILITIES		92,466	80,743
TOTAL LIABILITIES		1,184,905	1,141,215
NET ASSETS		2,010,908	1,583,294
EQUITY			
Retained earnings		2,010,908	1,583,294
TOTAL EQUITY		2,010,908	1,583,294

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Retained earnings \$	Voluntary reserve fund \$	Total \$
Balance at 30 June 2008	457,576	1,310,889	1,768,465
Total comprehensive income	(63,891)	(121,280)	(185,171)
Transfer to (from) Voluntary Reserve Fund	1,189,609	(1,189,609)	-
Balance at 30 June 2009	1,583,294	-	1,583,294
Total comprehensive income	427,614	-	427,614
Balance at 30 June 2010	2,010,908	-	2,010,908

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,250,220	5,239,007
Payments to suppliers and employees		(4,346,109)	(4,313,884)
Transfer to Livestock Export Reserve Fund Limited		-	(1,189,609)
Dividends received		16,989	-
Interest received		1,356	48,490
Net cash provided by (used in) operating activities	15(a)	922,456	(215,996)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(64,210)	(79,108)
Purchase of investments		(806,531)	(1,126,873)
Proceeds from sale of investments		-	1,324,141
Net cash provided by (used in) investing activities		(870,741)	118,160
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Net increase/(decrease) in cash held		51,715	(97,836)
Cash at beginning of year		476,397	574,233
Cash at end of year	6	528,112	476,397

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

Note 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 report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards, including other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Compliance with IFRS

The financial report of Australian Livestock Export Corporation Limited complies with Australian equivalents to International Financial Reporting Standards (AIFRS).

(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 plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from 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 is depreciated on a diminishing value basis.

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

Class of fixed asset	Depreciation rate
Leasehold improvements	20%
Office equipment	20%
Computer equipment	37.5%
Plant and equipment	25%

(d) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and 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 the income statement in the period in which they arise.

Held-to-maturity investments

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

Note 1: Statement of significant accounting policies (continued)

(d) Financial Instruments (continued)

Available-for-sale financial assets

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

Fair value

The Company has adopted the amendment to Accounting Standard AASB7 *Financial Instruments: Disclosures* which requires disclosures 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 based on current bid prices for all quoted investments i.e. Level 1. The Company has no other financial assets at fair value.

(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 and development is recognised as an expense when incurred.

(g) Employee benefits

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

Provision for long-term employee benefits

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

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(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 (GST).

(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.

Note 2: Revenue

	Note	2010 \$	2009 \$
Revenue			
Statutory levies	2(a)	4,711,189	5,109,895
Dividends received		16,988	–
Interest received		54,224	48,490
Other revenue	2(b)	116,466	153,684
Total revenue		4,898,867	5,312,069
(a) Statutory levies			
Marketing levies		3,916,300	4,277,012
R&D levies		794,889	832,883
		4,711,189	5,109,895
(b) Other revenue			
Profit (loss) on disposal of plant and equipment		–	–
Voluntary dairy levies		149,012	62,811
Revaluation of investments		(52,868)	1,150
Other income		20,322	89,723
		116,466	153,684

Note 3: Profit before income tax

Expenses

Live Export Program		
Market access	161,548	209,702
Trade development	355,761	293,264
Animal welfare	588,390	587,126
Communications	236,295	271,718
Industry capability	166,996	93,448
Research and development	477,371	487,830
	1,986,361	1,943,089
Research and development costs – other	368,131	272,841
Employment costs	820,925	745,096
Transfer to Livestock Export Reserve Fund Limited	–	1,189,609

Note 4: Key management personnel compensation

The key management personnel of LiveCorp that are considered responsible for the strategic direction and management of the Company are the Directors and the Chief Executive Officer.

	Salary and fees \$	Superannuation \$	Other \$	Total \$
2010				
Total compensation	469,634	79,054	30,559	579,247
2009				
Total compensation	463,909	81,048	29,572	574,529

Note 5: Auditors' remuneration

	2010 \$	2009 \$
Remuneration of HLB Mann Judd for:		
Auditing or reviewing the financial report	16,865	29,337
Taxation services	-	-
Accounting services	-	-
	16,865	29,337

Note 6: Cash and cash equivalents

CURRENT

Cash on hand	104	100
Cash at Bank	528,008	476,297
	528,112	476,397

Note 7: Trade and other receivables

CURRENT

Trade receivables	446,491	572,606
Other receivables	284,782	438,392
	731,273	1,010,998

Note 8: Other assets

CURRENT

Prepayments	39,545	76,649
	39,545	76,649

NON - CURRENT

Rental Guarantee Deposit	50,960	50,960
	50,960	50,960

Note 9: Financial assets

At fair value through profit or loss:

Shares in listed corporations	164,530	-
Investments in managed funds	882,734	-
Term deposits and other fixed interest securities	550,089	51,500

At cost:

Cash deposits	156,539	948,729
	1,753,892	1,000,229

Note 10: Property, plant and equipment

	2010 \$	2009 \$
Office furniture and fittings:		
At cost	188,774	125,581
Accumulated depreciation	(125,017)	(88,147)
	63,757	37,434
Plant and equipment:		
At cost	9,462	9,462
Accumulated depreciation	(4,730)	(2,365)
	4,732	7,097
Leasehold improvements		
At cost	113,966	112,949
Accumulated depreciation	(90,424)	(48,204)
	23,542	64,745
Total plant and equipment	92,031	109,276

	Furniture and fittings \$	Plant and equipment \$	Leasehold improvements \$	Total \$
Movements in carrying amounts				
Movement in the carrying amounts for each class of property, plant and equipment:				
Balance at 1 July 2008	16,974	–	84,026	101,000
Additions	46,915	9,462	22,731	79,108
Disposals	–	–	–	–
Depreciation expense	(26,455)	(2,365)	(42,012)	(70,832)
Balance at 30 June 2009	37,434	7,097	64,745	109,276
Additions	63,193	–	1,017	64,210
Disposals	–	–	–	–
Depreciation expense	(36,870)	(2,365)	(42,220)	(81,455)
Carrying amount at 30 June 2010	63,757	4,732	23,542	92,031

Note 11: Trade and other payables

	2010 \$	2009 \$
CURRENT		
UNSECURED LIABILITIES		
Trade payables	952,580	750,620
Sundry payables and accrued expenses	81,307	249,920
Other liabilities	(2,593)	(223)
Lease incentive in advance	5,228	20,911
	1,036,522	1,021,228

Note 12: Employee entitlements

	2010 \$	2009 \$
Current – Annual leave	55,917	39,244
Non-current – Long service leave	67,466	50,515
	123,383	89,759

Note 13: Members' guarantee

LiveCorp is a company limited by guarantee. If LiveCorp is wound up, the Constitution states that each member is required to contribute a maximum of \$100 towards any outstanding obligations of LiveCorp. At 30 June 2010 the number of members was 49 (2009: 49) and the maximum amount which could be contributed is \$4,900 (2009: \$4,900).

Note 14: Capital and leasing commitments**(a) Operating lease commitments**

Payable – minimum lease payments:

– not later than 12 months	104,653	105,632
– between 12 months and five years	215,820	18,310
	320,473	123,942

(b) Capital commitments

Nil

Note 15: Cash flow information**(a) Reconciliation of cash flows from operations with profit after income tax**

Profit (loss) after income tax	427,614	(63,891)
Profit (loss) on reserve	-	(121,280)
Depreciation	81,455	70,832
Unrealised loss/(gain) on investments	52,868	(1,150)
(Increase) in trade debtors	279,725	(73,062)
Decrease in other assets	37,104	(62,818)
Increase/(decrease) in payables	15,294	41,274
Increase/(decrease) in lease incentive	(5,228)	(20,911)
Increase/(decrease) in provisions	33,624	15,010
Cash from operations	922,456	(215,996)

(b) Credit standby facilities

The Company has a bank overdraft amounting to \$ 200,000 (2009: \$ 200,000). This may be terminated at any time at the option of the bank. At 30 June 2010, this facility was not used (2009: \$ Nil.) Interest rates are variable.

Note 16: Financial risk management

The company's Finance, Audit & Risk Committee has responsibilities for identifying and managing the Company's risks.

(a) Liquidity risk

LiveCorp manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash is, or will be, available.

(b) Credit risk

The maximum exposure to credit risk is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. LiveCorp's activities do not expose it to significant credit risk.

(c) Market risk

(i) Interest rate risk

Interest rate risk, when applicable, is managed with a mixture of fixed and floating rate assets. At 30 June 2010 LiveCorp did not have any short or long term borrowings and as such was not exposed to interest rate risk, other than in relation to investments.

	Weighted average effective interest rate		Floating interest rate		Non-interest bearing		Total	
	2010 %	2009 %	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial assets								
Cash at bank	4.50	3.00	528,112	476,297	-	-	528,112	476,297
Deposits	5.35	5.00	50,960	50,960	-	-	50,960	50,960
Investments at market value	-	-	-	-	1,046,764	-	1,046,764	-
Other cash deposits	5.82	2.35	706,628	1,002,229	-	-	706,628	1,002,229
Trade receivables			-	-	731,273	1,010,998	731,273	1,010,998
			1,285,700	1,527,486	1,778,037	1,010,998	3,063,737	2,538,484
Financial liabilities								
Trade payables			-	-	1,036,522	1,021,228	1,036,522	1,021,228

(ii) Foreign currency risk

LiveCorp is not exposed to fluctuations in foreign currencies.

(iii) Price risk

LiveCorp is not exposed to any material commodity price risk.

Note 17: Capital management

LiveCorp's capital includes its retained earnings and reserves. The capital is managed by the Board, who act to ensure that LiveCorp has sufficient capital to fund its progress and to pay its debts as and when they fall due.

Note 18: Company details

The registered office of LiveCorp is:

Australian Livestock Export Corporation Limited
Chandler MacLeod House
Suite 202, 32 Walker Street
NORTH SYDNEY NSW 2060

The principal place of business is:


Australian Livestock Export Corporation Limited
Chandler MacLeod House
Suite 202, 32 Walker Street
NORTH SYDNEY NSW 2060

DIRECTORS' DECLARATION

The directors of LiveCorp declare that:

1. The financial statements and notes, as set out on pages 37 to 47, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position of the company as at 30 June 2010 and of its performance for the year ended on that date;
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that LiveCorp 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 Board of Directors.

Director 
Dr Raoul Nieper AM

Director 
Michael Nugent

Dated this 19th day of August 2010

AUSTRALIAN LIVESTOCK EXPORT CORPORATION LIMITED
ACN 88 082 408 740

INDEPENDENT AUDITOR'S REPORT

To the members of Australian Livestock Export Corporation Limited:

We have audited the accompanying financial report of Australian Livestock Export Corporation Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of Australian Livestock Export Corporation Limited, as set out on pages 37 to 48.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements of Australian Livestock Export Corporation Limited comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4010 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Livestock Export Corporation Limited on 19 August 2010, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's opinion

In our opinion:

- (a) the financial report of Australian Livestock Export Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(a).

HLB MANN JUDD
Chartered Accountants

D K Swindells
Partner

Sydney
19 August 2010

AUDIT COMPLIANCE REPORT

To the members of Australian Livestock Export Corporation Limited

Scope

This audit opinion is a supplement of the audit opinion issued on pages 49 and 50.

We have conducted a compliance audit for the purposes of the statutory funding agreement ("the Agreement") commencing 1 July 2007 between the Commonwealth of Australia and Australian Livestock Export Corporation Limited ("LiveCorp") for the purposes of the Australian Meat and Live-stock Industry Act 1997 ("the Act") and acknowledge that our report will be relied upon by the Commonwealth.

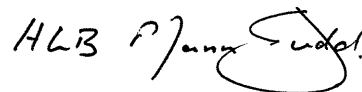
Our audit was conducted to enable us to express an opinion to the Members of LiveCorp. We disclaim any assumption of responsibility for any reliance on this report to anyone other than the Members of LiveCorp.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis of evidence as to whether LiveCorp has complied with its obligations under clauses 6 and 7 of the Act during the year.

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

Auditor's opinion

In our opinion, Australian Livestock Export Corporation Limited has complied with its obligations under clauses 6 and 7 of the Act during the year ended 30 June 2010.



HLB MANN JUDD
Chartered Accountants

Sydney
19 August 2010

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4010 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

INCOME STATEMENT (BY PROGRAM)

FOR THE YEAR ENDED 30 JUNE 2010

	Marketing \$	R&D \$	Other \$	Total \$
Revenue				
Statutory levies	3,916,300	794,889		4,711,189
Dairy levies			149,012	149,012
Other income	38,666			38,666
Direct costs	(50,651)	(9,820)		(60,471)
Net revenue	3,904,315	785,069	149,012	4,838,396
Expenses				
Animal welfare				
Programs	214,032	35,043		249,075
Process improvement	122,528	3,711		126,239
Training	164,425			164,425
Market development				
Trade access	401,549	78,653	18,975	499,177
Planning strategy and review	139,949	34,794	4,221	178,964
Supply chain	50,536			50,536
Exporter assistance	160,692			160,692
Industry and government liaison	341,637	85,409		427,046
Livestock Export Program (with MLA)				
Market access	161,548			161,548
Trade development	355,761			355,761
Animal welfare	582,746	5,644		588,390
Communications	236,295			236,295
Industry capability	155,773	11,223		166,996
R&D		477,371		477,371
Administration	454,613	113,654		568,267
Total expenditure	3,542,084	845,502	23,196	4,410,782
Surplus	362,231	(60,433)	125,816	427,614

CORPORATION STAFF AND CONTACTS

EXECUTIVE

Cameron Hall – Adv Dip Farm Management, Grad Cert Rur Sc
Chief Executive Officer

LIVECORP SERVICES

Peter Stinson – Dip Tech Sc (NSWIT)
Grad Cert Strat Mkt (IMIA) (CQE)
Manager, Technical Services

COMMERCIAL, FINANCE & ADMINISTRATION

Czes Staciwa – M App Fin (Mac), B Fin, Admin (UNE),
Dip Ag (Wagga), FCPA, GAICD
Commercial Manager & Company Secretary

INDUSTRY CAPABILITY & SUPPLY CHAIN

Sam Brown – B Ag Sc, (Melb Uni)
Manager, Industry Capability

RESEARCH & DEVELOPMENT

David Beatty – BVMS, BSc, PhD
MLA, Manager Livestock Export Research & Development

TRADE SUPPORT & MARKET ACCESS – ASIA PACIFIC

Allister Lugsdin – B Ag Ec (UNE)
MLA, Manager Livestock Services – Asia Pacific

TRADE SUPPORT & MARKET ACCESS – MIDDLE EAST & AFRICA

Peter Dundon – B Ag Ec (UNE), Post Grad Cert Rur Sc,
MLA, Manager Livestock Services – Middle East & Africa

COMMUNICATIONS & PUBLICATIONS

Anna Inglis – B Int Comm (Mac)
Livestock Export Program, Communication Manager

ADMINISTRATION

Verity Gilbertson – B Animal Sc (UWS)
Livestock Export Program, Administration Assistant

MEMBERSHIP

Doris Starr – Dip Bus Admin

Auditor

HLB Mann Judd (NSW partnership)

Solicitor

Allens Arthur Robinson

Bank

National Australia Bank Ltd

Investment manager

Prescott Securities Pty Ltd



LiveCorp Board

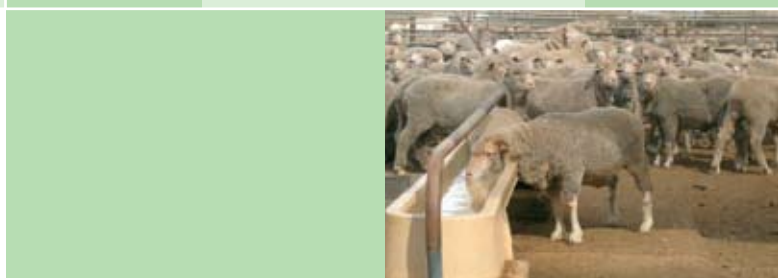
L-R:

Michael Nugent
David Uebergang
James Kellaway
David Jarvie
Raoul Nieper
David Galvin
Ian McIvor



Australian Livestock Export Corporation Limited

ABN 88 082 408 740



Suite 202, 32 Walker Street
North Sydney NSW 2060
Telephone: +61 2 9929 6755
Facsimile: +61 2 9929 6733
Email: livecorp@livecorp.com.au
Web: www.livecorp.com.au