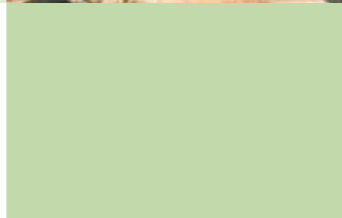
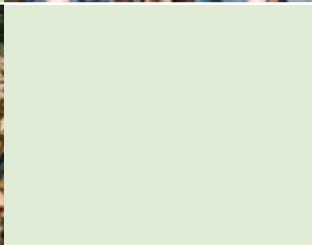
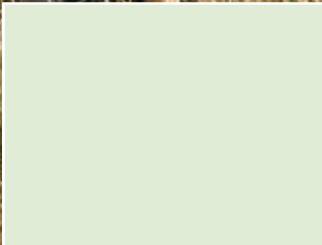
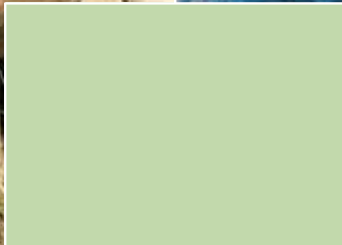


Australian Livestock Export Corporation Limited

ANNUAL REPORT  
2011/12



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## ABOUT LIVECORP

LiveCorp is a not-for-profit industry body owned and funded through contributions by 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.
- Funding and managing research and development to improve industry operations.
- Improving environmental performance.
- Maintaining existing and developing new markets.
- Broadening the skills of our people.
- Ensuring industry's long term sustainability for stakeholders – both within Australia and in overseas markets.

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 and research and development services along the livestock export industry supply chain. These activities and services will help facilitate:

- Continuous improvement to 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 (MLA) in the joint Livestock Export Program (LEP) to deliver animal welfare improvements in Australia and overseas market places funded by Australian producers and exporters. Through the LEP LiveCorp funds programs in:

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

## CHAIRMAN'S REPORT

The past 12 months have been a time of significant challenge, development and opportunity for the livestock export industry. In the aftermath of the temporary closure of the feeder cattle trade to Indonesia, the second half of 2011 spelled significant upheaval for cattle producers and exporters, particularly those operating in northern Australia. With the implementation of the new regulatory framework and the Exporter Supply Chain Assurance System (ESCAS), our industry is now in a stronger position to provide the animal welfare assurances expected by the Australian Government and community.

During this time, LiveCorp has worked alongside its members to support and represent their interests, providing programs to reduce the significant impact of ESCAS on exporter resources. Systems have been developed to ensure a strong and productive industry that continually improves its animal welfare outcomes. In-market programs were largely provided by Meat & Livestock Australia (MLA) through the Livestock Export Program (LEP), placing significant demand on its resources.

ESCAS implementation, first in Indonesia and then in Kuwait, Bahrain, Qatar, and Turkey, has been complex and detailed, and required significant resources from exporters, importers and others throughout the industry. The industry's pledge to implement ESCAS in markets throughout the world by the end of 2012 is evidence of the commitment of exporters to improving their systems and assuring the health and welfare of livestock throughout their supply chains.

ESCAS provides the Australian Government and community with the confidence that animals entering the supply chain will be managed to international standards for animal health and welfare from the time they leave Australian shores to the point of slaughter in overseas markets. Its development and implementation has involved significant levels of negotiation and collaboration from industry groups, all levels of government, importers and other stakeholders who I recognise and thank. The livestock export industry now has the responsibility to maintain these systems and if need be, to further develop them.

The suspension of the cattle trade to Indonesia in June 2011 caused severe impacts upon livestock producers and exporters from which the industry

is still recovering. Producers and exporters faced the cessation of the trade at a critical time of the year when cattle were ready for export and now, in combination with the weight limit restrictions and Indonesia's focus on self-sufficiency, cattle numbers exported to Indonesia have declined significantly. Industry has been seeking additional markets to mitigate the risk of relying on one market which has resulted in increased cattle exports to the Philippines and Vietnam. However, despite these strategies, the number of cattle exported to all markets has decreased over the last two years from 804,945 in 2010/11 to 684,855 head in 2011/12.

A similar picture has emerged with the export of sheep to Middle East markets. The tightening of sheep supply in Australia continues to impact the numbers and price of sheep available for export. This, together with the impact of the implementation of ESCAS, has seen the number of sheep exported over the last three years decline from approximately 3.5 million to 2.6 million.

The steady decline of livestock exports, coupled with the dramatic decrease in 2011/12, has had a major impact on LiveCorp's income. As export numbers have decreased, so has the revenue LiveCorp receives through exporter levies, giving LiveCorp no alternative but to significantly reduce its program expenditure. This ensured LiveCorp's continued viability and enabled it to reshape its budget as export numbers stabilised. Without this decisive action LiveCorp's continued operation would have been placed in jeopardy. Services to exporter members were maintained through LiveCorp's strong partnership with MLA and a commitment to the joint LEP.

As a result of the declining income, the Board instigated a review of the structure of LiveCorp and the way it will provide its services in the future. This has led to a number of changes to reduce salary, Board and office costs. These included:

- Remodelling of staffing requirements and responsibilities of positions.
- Staff reductions.
- Operating efficiencies.
- A reduction in the number of Board Directors and frequency of meetings.
- Co-location of offices to MLA.

Implementation of some of these decisions will take time, but the priority has been to critically examine all costs to identify where savings can be made to allow the rapid resumption of LiveCorp's participation in LEP funding. It is pleasing to note the success of this strategy, with LiveCorp returning a surplus of \$502,321 in 2011/12 after a loss of a similar amount in 2010/11. This will allow a return to some in-market programs in 2012/13.

During this challenging period there were also positive outcomes for industry. The work performed in markets across the Middle East as part of the Eid al Adha program in November 2011 was a great achievement for our industry. The success of this program proved that working collaboratively with all stakeholders across the supply chain can influence change in the marketplace.

During this year LiveCorp had two changes of leadership. With the planned departure of Cameron Hall from LiveCorp's Chief Executive Officer (CEO) position in July 2011, industry lost a dedicated and passionate CEO who led LiveCorp through a number of challenging periods and implemented significant improvements in operations and animal welfare. The Board acknowledges Cameron's contribution to LiveCorp and the livestock export industry. Rob Sutton, who took on the CEO role in July 2011, has since left LiveCorp, but during his tenure he initiated some of the difficult tasks associated with the restructure of LiveCorp's programs and activities. The Board would like to thank Rob for his contribution and wish him well.

LiveCorp was very fortunate to have Sam Brown step into the position of Acting CEO at very short notice. LiveCorp's Industry Capability Manager since 2008, Sam is very well respected by industry and Government and has led LiveCorp through this recent period of change and refinement. Sam's ongoing support and commitment to LiveCorp and the industry is commendable and the Board has now formally appointed Sam to the CEO role.

This year has also seen some changes across the LEP, with MLA's Manager Livestock Exports, Michael Finucan taking up the role of Regional Manager – Korea within MLA. Michael's commitment to the industry and his consistent and focused approach to

delivering industry improvements and support – both day-to-day and during ESCAS implementation – is commended and the Board wishes him the best for his new role. Peter Dundon returned from Bahrain to take on the role of Manager, Livestock Exports, and the LEP's research and Development Manager, David Beatty, replaced Peter Dundon as Livestock Services Manager, Middle East and North Africa based in MLA's Dubai office. Sharon Dundon has now taken on the R&D Manager role. The industry is fortunate to have such high calibre people in these significant and often challenging positions.

On behalf of the LiveCorp Board I would like to acknowledge the great support our industry has received over the past six months from MLA, the Australian Livestock Exporters' Council, the Cattle Council of Australia, the Sheepmeat Council of Australia, the National Farmers' Federation, the Red Meat Advisory Council, the Northern Territory Cattlemen's Association and our State Farming Organisations.

LiveCorp would also like to recognise the significant effort of our import partners in working with us and exporters to implement ESCAS. It is only due to your collaboration and support that we have been able to implement and adapt to the generational change that has been ESCAS. Thank you again for your support and I look forward to building upon this outstanding effort in the new year.

Finally, I would like to thank my fellow directors and the staff of LiveCorp for their advice and commitment during a very challenging year. We look forward to the ongoing improvement of our industry and its contribution to the economic stability of Australia's agricultural industries.



Dr Roly Nieper A.M.  
Chairman



# PLANNING ROADMAP

## 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 2010–14

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 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.

## New regulatory framework for the export of Australian livestock Exporter Supply Chain Assurance System (ESCAS)

During 2011, the Australian Government developed and implemented new rules for the live export trade. These new regulatory requirements operate under the ESCAS and have delivered significant and wide reaching changes aimed at improving the welfare of exported Australian livestock. This new supply chain assurance framework was implemented for cattle to Indonesia in June 2011 and will be applied to all markets that take Australian livestock by the end of 2012.

Under the new framework, Australian exporters seeking a permit to export feeder and/or slaughter livestock need to show that:

- animals will be handled and processed through specified supply chains in accordance with the internationally accepted requirements for animal welfare established by the World Organisation for Animal Health (OIE) right through to the point of slaughter;
- they have control of the movement of animals within their supply chain;

- they can track or account for animals throughout the supply chain; and
- they have independent audits of the supply chain, both prior to shipment and throughout post-arrival management of the animals through to the point of processing.

The new framework is being phased into operation, with 75 per cent of the trade covered as of 1 March 2012, 99 per cent to be covered by the end of August 2012 and all markets covered by the end of 2012.

*Tranche 1 (75 per cent by end Feb 2012)*

Kuwait, Bahrain, Qatar and Turkey

*Tranche 2 (99 per cent by end Aug 2012)*

Israel, Japan, Jordan, Malaysia, Oman, Philippines, Saudi, UAE and Singapore

*Tranche 3 (100 per cent by end Dec 2012)*

Brunei, Mauritius, Russia, Vietnam and other markets

### Initial independent audit

- Ensure procedures and systems are in place
- Check OIE animal welfare checklist
- Check traceability system

### Approval of export consignment by DAFF

- Ensure control contracts are in place
- Review initial audit documentation

### Performance audit

- Verify that all the requirements are being met
- Control, traceability, OIE animal standards

### Reporting

- End of process report must be provided to DAFF with the performance audits
- These are to be publicly available on the DAFF website

**For further information visit:**

[www.daff.gov.au/aqis/export/live-animals/escas](http://www.daff.gov.au/aqis/export/live-animals/escas) [www.liveexports.gov.au](http://www.liveexports.gov.au)



# INDUSTRY OVERVIEW

## Volumes and values

During 2011/12 export volumes of both sheep and cattle dropped significantly, with goat volumes and values remaining relatively stable. The decline in cattle volumes to Indonesia and to the Middle East and North Africa (MENA) region are the result of a number of contributing factors including the suspension of the cattle trade to Indonesia, increased competition from exporting nations to markets across the MENA region, the high Australian dollar and the implementation of regulatory changes across exporter supply chains.

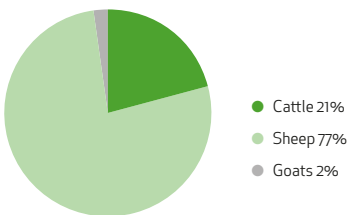
## Cattle

In 2011/12, 684,855 cattle worth \$652 million were exported live from Australia, representing a 15 per cent drop in numbers and a 1 per cent drop in value year-on-year.

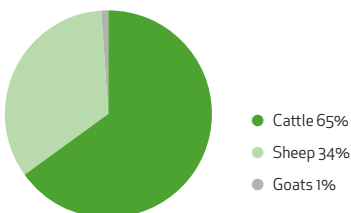
Australian cattle producers in the north suffered immense hardship following the suspension of the trade to Indonesia, compounded by the ongoing 350kg weight limit as part of Indonesia's move towards self sufficiency. Export volumes to Indonesia fell 18 per cent from 2010/11, impacting exporters and reducing the economic return the industry contributes to Australia. This significant decrease in cattle exports to Indonesia has severely impacted northern cattle producers and the livestock export industry alike.

Cattle volumes to Turkey were also down 64 per cent on the previous year due to increased global competition.

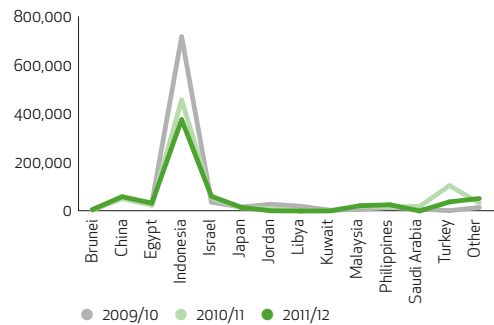
Volume by species 2011/12



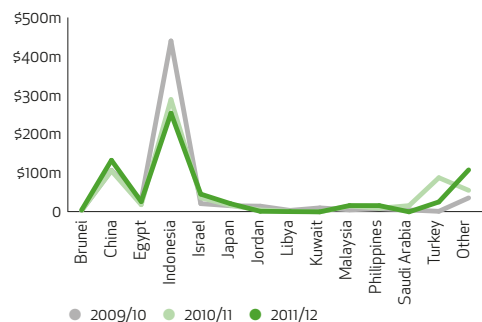
Value by species 2011/12



Cattle export volume 2009-12



Cattle export value 2009-12





## Sheep

2.6 million sheep worth \$344 million were exported live in 2011/12, representing a 12 per cent reduction in number and a 1 per cent reduction in value compared to 2010/11.

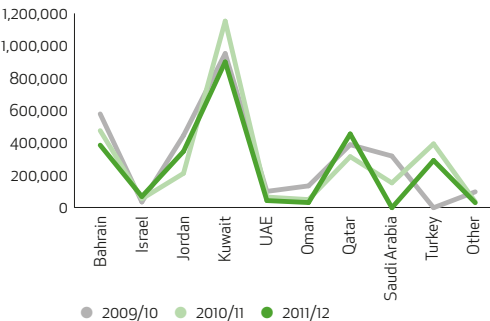
The declines in export sheep numbers have been offset by increases in per head value reflecting the tightening of supply, particularly out of Western Australia.

Sheep exports to Kuwait fell 22 per cent from 1,154,000 to 901,000 head, while Turkey has declined 26 per cent from 395,000 to 293,000 head.

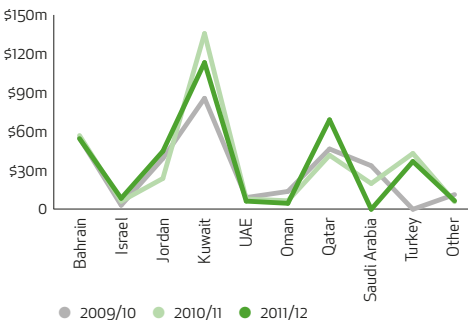
As with cattle, Saudi Arabia did not import any Australian sheep this financial year, down from 154,000 head in 2010/11. The United Arab Emirates is down 33 per cent from 66,000 to 44,000 head, while exports to Oman have also declined 36 per cent from 50,000 to 32,000.

Two markets, however, have increased their imports in 2011/12: Qatar imports have increased 45 per cent from 316,000 to 456,000 head, while sheep numbers to Jordan have increased 64 per cent from 213,000 to 348,000 head.

Sheep export volume 2009-12



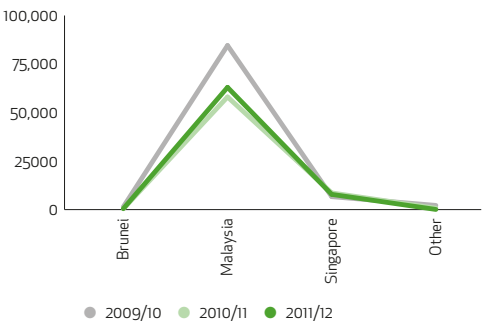
Sheep export value 2009-12



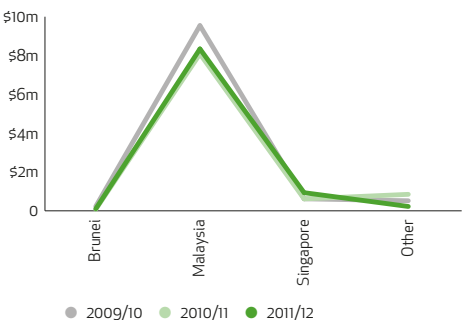
## Goats

In 2011/12 goat exports increased around 5 per cent to 72,000 up from 68,000 in 2010/11. The total value of these exports was \$9,654,000 which was slightly down on the 2010/11 earnings. Malaysia was again the primary market for live goats, taking just over 63,000, followed by Singapore and Brunei.

Goat export volume 2009-12



Goat export value 2009-12



Animal welfare throughout the export supply chain has always been a priority for the Australian livestock export industry. Following the introduction of ESCAS, the LEP committed significant resources to supporting exporters in meeting their ESCAS requirements. The following are some of the activities that were undertaken.

### South East Asia

#### Indonesia

While industry has consistently worked in-market to improve animal welfare in Indonesia, the new regulatory framework provides a Government-endorsed and independently audited system for managing supply chains and animal welfare.

As the first country required to comply with the new regulatory framework, Indonesia has been a focus for ESCAS implementation since the new regulations were introduced in July 2011. LiveCorp and MLA played an important role in assisting exporters and importers interpret the Department of Agriculture, Fisheries and Forestry's (DAFF) Animal Welfare Performance Targets and Measurements Checklist and provided technical advice on the required changes and improvements to assist exporters meet these requirements. At 30 June 2012, there were

approximately 80 ESCAS approved abattoirs in Indonesia that had complied with the third party audit requirements.

LiveCorp worked closely with the Australian Government through the Industry Government Working Group. LiveCorp's role in the developmental stages of ESCAS was to provide exporters with technical information and tailored services to assist in the interpretation of ESCAS and its requirements. LiveCorp liaised with DAFF, exporters and importers to work through the implementation process, the expectations on supply chains as part of the new regulatory framework and the independent auditing requirements.

LiveCorp was actively involved in developing processes for operational management including risk identification to streamline operations before and during implementation in overseas markets.

The Indonesian and Australian livestock industries continue to work together to identify potential risks to ESCAS compliance and animal welfare, and to implement mitigation measures and programs to ensure industry's commitment to animal welfare is not compromised. This means an ongoing review program of facilities, operations and systems, identification of potential risks and agreed measures to manage these risks. An importer/exporter Taskforce has been formed to focus on identifying future risks, developing relevant actions to mitigate those risks and providing a protocol for self reporting. LiveCorp, via the LEP, has worked to address priority issues identified by the Taskforce.

Animal handling training and education is a significant undertaking of industry and these programs are providing local workers with the skills to enable them to appropriately manage animal welfare. Through the Research, Development & Extension (RD&E) program, materials including Standard Operating Procedures (SOP), work instructions and support materials have been developed for each market and delivered to each supply chain (see Research, Development and Extension on page 12)

**“LiveCorp was actively involved in assisting exporters and importers interpret ESCAS requirements”**

## Middle East and North Africa (MENA)

As in all markets, the focus of animal welfare related activities in the MENA region has been upon compliance with the new ESCAS regulatory framework and assisting exporters and importers meet these new requirements. The Middle East had four countries in Tranche 1 of the ESCAS implementation program – Kuwait, Bahrain, Qatar and Turkey. The deadline for implementation for these markets was 1 March 2012, and all four Tranche 1 countries had compliant supply chains either before or shortly after the implementation date.

During the transition period to ESCAS implementation, LiveCorp's core activities centred on communicating the new ESCAS arrangements to MENA stakeholders. LiveCorp regularly engaged with DAFF on behalf of exporters and importers regarding the key areas of concern and potential impediments to supply chain implementation. LiveCorp worked closely with MLA and industry representatives to clarify possible issues and roadblocks and to transfer learnings from the Indonesian implementation of ESCAS across to Tranche 1 markets.

Training was provided in each of the Tranche 1 countries to ensure that staff handling, transporting and slaughtering Australian livestock were well

equipped to meet the welfare requirements. The training focused on teaching low stress handling techniques that utilise the animal's natural behaviour and instincts. Assistance was also provided in yard design and technical advice on installation of cattle restraining equipment.

LiveCorp, through the Industry Capability program, assisted in the development of the 2011 Eid Al Adha support program. This program assigned resources to the key markets of Kuwait, Bahrain and Qatar to assist importers deliver improved welfare outcomes. Livestock handling specialists assisted during the planning stages as well as during the four day delivery period of Eid. Despite not being formally required to restrict sales and distribution at that time, importers showed strong resolve to develop and trial systems that would ultimately have to meet the ESCAS requirements. Given the intensity of the Eid period and the associated volume of people wanting to purchase a single sheep, the LEP Eid Program took on a major challenge during this peak religious festival. The outcome in each market was commendable and demonstrated the ability of importers to adapt to the new system.



Over the past 12 months, LiveCorp has represented exporter interests to key stakeholders during the development and implementation of ESCAS . LiveCorp represented exporters on the Industry Government Working and Implementation Groups for both sheep and cattle, where the ESCAS was developed, and assisted exporters engage with in-market stakeholders to explain and negotiate the implementation of ESCAS compliant supply chains.

Through the LEP, LiveCorp worked closely with DAFF and the key exporters to Indonesia to develop a standard approach to submitting ESCAS applications to DAFF. The development and adoption of a common template and system for submitting ESCAS documentation to DAFF gave exporters a standard process for improved administrative management and version control and provides potential for incorporation into future upgrades of TRACE (Tracking Animal Certification for Export). The LEP assisted exporters with the implementation of this document into their standard application processes.

To support the assurance of Australian livestock welfare in overseas markets, over the past 12 months LiveCorp has assisted information flows between industry, stakeholders and Government. Priority was given to issues resolution to enable timely and rapid uptake of the ESCAS in key markets within the required timeframe. Where possible, LiveCorp has supported the LEP's program to assist the commercial supply chains implement the new regulatory requirements. The LEP assisted exporters through:

- Conducting supply chain gap analysis and providing advice on welfare and system gaps.
- Providing technical advice on supply chain infrastructure, systems and procedures.
- Conducting training programs that support the supply chain's ability to implement the ESCAS and increase the capacity of supply chain operators.

Supply chain assistance has been provided across all markets by MLA and joint industry programs, as well as on-going in-market LEP operations. Support has been provided in stages to deliver in-market readiness aligned with the ESCAS implementation timeframe.





## RESEARCH, DEVELOPMENT AND EXTENSION

**In 2011/12, LiveCorp's investment in research, development and extension (RD&E) as part of the joint LEP with MLA was \$435,000. This was the one area of LEP funding that was maintained by LiveCorp due to existing contractual commitments. These funds were combined with MLA and matched by contributions from the Australian Government.**

The LEP RD&E program focused on the three key strategies which form the basis of the Australian livestock export industry's 2010–2014 Strategic Plan:

- Improve animal welfare outcomes.
- Improve industry efficiencies, capabilities and livestock performance through the supply chain.
- Assist and facilitate market access conditions and strengthen demand for Australian livestock.

The industry vision to increase its sustainability and profitability has also driven the RD&E program's investment decisions.

In light of the significant challenges that arose from the introduction of ESCAS, the emphasis for the LEP RD&E program this year was to support exporters in meeting their obligations. The program delivered against this objective by developing a wide range of support materials, including standard operating procedures, work instructions, training manuals and DVDs. In developing and delivering these

materials, the LEP continued to refine its extension capabilities, with the materials tailored to individual markets and translated into local languages. These materials have become vital tools in helping the livestock export industry convey the messages for practice change in overseas markets in support of ESCAS implementation.

While ESCAS was the focus of many RD&E activities in 2011/12, there was also a range of projects targeted at improving animal welfare along each stage of the export supply chain. For example, projects were completed or commenced that focused on inanition, pink eye, salmonella and on-board livestock care.

The wide scope of the portfolio of projects also ensured that all exporters received a benefit from their levy contributions, with projects undertaken of relevance to most of the major markets and levied species (sheep, goats and cattle).

The following is a summary of some of the key programs started or completed during the past 12 months:

### **Dairy – A guide to dairy herd management**

In October 2011 the R&D program developed a guide to dairy herd management for distribution to dairy farmers and organisations in the countries that source Australian dairy heifers. It highlights the important dairy herd management practices required to reduce undue stress on unadapted, high genetic merit dairy heifers once they arrive at their new destinations.

This guide is designed to provide the information needed for good decision-making. Key factors in management include nutrition, cow comfort and reproductive management.

### **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 MENA region during the summer months.

**"The wide scope of the portfolio ensured all exporters received a benefit from their levy contributions"**

### Management of livestock post discharge

New extension materials have been delivered across the South East Asia and MENA regions this year including sheep and cattle SOPs, sheep and cattle work instructions, the Veterinary Disease Handbook and a Guide to Dairy Herd Management.

### Livestock Air Transport Safety Assessment (LATSA) software

The LATSA software has been upgraded and reviewed and is now considered to be a valuable tool for exporters in managing animal welfare on board flights.

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

This project has developed, constructed and installed an electronic tracking system at a commercial feedlot to monitor several groups of sheep over the past 12 months and gather data about eating and drinking behaviour. 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.

### In-water antibiotic medication for the treatment of Infectious Ovine Keratoconjunctivitis (IOK)

The project found that in-feed oxytetracycline (OTC) reduced feed intake but only to a level of normal maintenance when feed was effectively offered ad-lib. In-feed medication improved clinical eye grade significantly and sustainably. The project recommended that in-water OTC medication no longer be considered as a viable option for the treatment of IOK and in-feed OTC be used in a large feedlot trial to determine at which eye grade treatment is no longer effective.

### DAM attenuated salmonella vaccine – scoping study

This project will construct virulence attenuated derivatives of salmonella dam vaccines that improve vaccine safety without compromising efficacy. This initial research is required prior to the development and importation of potential salmonella vaccine strains into Australia, with the aim of developing a salmonellosis vaccine for registration in Australia to prevent disease in commercial livestock production systems, particularly for sheep in live export.





## **Investigating incidence of scabby mouth during live export**

This project reviewed the scabby mouth vaccination protocols in place for sheep travelling to Middle East markets. This report was completed in September 2011 and provides a platform for discussions to amend current scabby mouth vaccination protocols.

## **Live export veterinary disease handbook**

This project has delivered a completed version of The Live Export Veterinary Disease Handbook, providing best practice information and standardised approaches to ensure that veterinarians and stockpersons can achieve optimum and consistent animal health and welfare outcomes for exported animals.

## **Training DVD – Managing Australian cattle in Indonesia**

This project developed and produced an instructional training DVD to be used as an aid in training Indonesian stockman on managing, handling and processing Australian cattle in Indonesia.

## **Training DVD – On board livestock management**

This project developed and produced an instructional DVD and training material on the management, handling and husbandry of Australia cattle and sheep on board livestock vessels.

## **Development of stunning box design**

The purpose of this project was to modify the design of the existing Mk1 restraining box to allow it to be used for stunning of cattle in the upright position. The prototype design has been successfully installed and tested in an Indonesian abattoir.

## **Development of SOPs for slaughter of Australian sheep and goats**

This project developed and implemented SOPs for the handling, transport, feedlotting and slaughter of Australian sheep and goats in overseas markets.

## **Development of live export training programs for livestock handling and management**

This project will develop and implement a detailed and practical modular training program that can be delivered

in-market for each of the supply chain elements for exported Australian cattle, sheep and goats.

## **Development of work instructions to support the documented SOPs during the pre-slaughter and slaughter management of Australian cattle in overseas markets**

This project will develop practical work instructions and guidance documents to deliver the required animal welfare outcome, assist practical training and act as a tool for competency assessment. This project will also assess the design and operation of the Mark IV cattle restraining box in-market and provide expert technical assistance for filming a DVD for the management of cattle–slaughter module.

## **Training DVD – Managing Australian sheep in overseas markets**

This project will produce an instructional DVD and training material for use in the MENA region to assist in training local stockman on managing, handling, transporting and processing Australian sheep.

## **Development of a meat hygiene and quality guidance booklet**

This project will develop guidance material on meat hygiene and quality for cattle and sheep to complement the existing animal welfare documentation and enable continuous improvement. This material is targeted at overseas facilities processing Australian livestock.

## **Reviewing the risks to animal welfare at slaughter**

This project will conduct a comparative evaluation of different international standards or codes relevant to the management of welfare risks to cattle and sheep at slaughter, review the current knowledge underpinning these standards/codes and prioritise the critical welfare risks.

## **Knife sharpening training DVD**

This project will develop an instructional video to provide guidance to slaughtermen for knife sharpening and maintenance. This will assist exporters ensure that their supply chains comply with DAFF guidance on meeting OIE code animal welfare outcomes.

### Development of work instructions for the pre-slaughter and slaughter management of sheep and goats

SOPs have been developed for the slaughter of sheep and goats in overseas markets and are being implemented throughout supply chains. This project will develop further work instructions to accompany SOPs where required, to aid further training and assessment activities.

## Collaboration

In addition to its close collaboration with MLA in RD&E, LiveCorp has been actively involved in the collaborative development of the National RD&E Framework for animal welfare research, in alignment with the Primary Industries Standing Committee (PISC) and the Standing Council on Primary Industries (SCoPI) strategies. This work aims to increase efficiency and deliver more targeted and effective rural RD&E into animal welfare.

LiveCorp is also a member of the Combined Rural Research and Development Corporations 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 livestock export RD&E program makes a considerable contribution to maintaining technical capability within state government agricultural research organisations and universities through joint projects and education sessions.

The RD&E program collaborated with a range of institutions and state agricultural departments to deliver on the three key RD&E strategies during 2011/12, including the Australian Commonwealth Scientific and Research Organisation (CSIRO), Murdoch University, Sydney University, Melbourne University, and the Department of Agriculture and Food Western Australia.

The RD&E program maintains a general policy of including consultative committees in the management of the larger, highly technical and more difficult RD&E projects. These committees include representation from LiveCorp, MLA, industry, government and other

stakeholders as required. Collaboration with industry organisations in the Asia Pacific and MENA regions is also an increasing priority for the RD&E program. The increased focus on the production of extension materials and training programs has resulted in collaboration with government departments in Indonesia and at the OIE.

The livestock export industry's RD&E is managed by MLA under a contract through the LEP, which includes a Livestock Export RD&E Advisory Committee and an RD&E Management Committee as part of the recommending and decision making process. Industry RD&E initiatives are funded by livestock exporters (25 per cent), livestock producers (25 per cent), and the Australian Government (50 per cent).

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

Where projects give rise to intellectual property (IP), its ownership is managed by the LEP on behalf of stakeholders. At the time of project creation, a plan for commercialisation is also determined to ensure cost effective implementation occurs.

## INDUSTRY CAPABILITY

**LiveCorp's Industry Capability program supports the operations of Australia's livestock export industry and LiveCorp's exporter members. It achieves this by providing industry support to key stakeholders, identifying and proposing areas for improvement in industry standards and operations and providing guidance and support to export partners. Industry Capability also liaises closely with DAFF to facilitate the review and development of health conditions for existing and emerging export markets.**

During 2011/12, a highlight for the Industry Capability program was assisting DAFF with the successful renegotiation of the health certificates for sheep and cattle to Malaysia following a suspension due to concerns associated with Hendra Virus. Industry Capability liaised closely with both the Chief Veterinary Officer's office and Animal Biosecurity section of DAFF to ensure the resumption of the trade to Malaysia and continued to work to find a permanent solution to the ongoing concerns about the Hendra virus.

The program supported livestock exporters and key stakeholders, leading the preparation and development of the joint industry submission with Meat & Livestock Australia to the Independent

Review into Australia's Livestock Export Trade (Farmer Review) and the Senate Committee inquiry into *Animal Welfare Standards in Australia's live export markets*.

LiveCorp assisted on the Industry Government Working and Implementation Groups for sheep and cattle. Over the past 12 months a considerable amount of work was progressed to assist with the development of ESCAS and apply an industry accepted model for addressing animal welfare throughout the supply chain. LiveCorp acted as a vital conduit for the exchange of information between industry stakeholders and the working groups.

LiveCorp worked with industry and MLA in the development of the Eid 2011 animal welfare program, assisting with its implementation in the Middle East.

Livecorp's Industry Capability program also assisted with the exchange of information between industry and Government, liaising with MLA and DAFF to communicate industry concerns and, where possible, propose systems that could create efficiencies or resolve issues.

Livecorp continues to consult with all exporters to seek opinion and feedback on market access and certification activities. Activities undertaken during the year include providing secretariat services to the protocol committee, working with Animal Biosecurity to undertake industry consultation, prioritising key markets based on trade potential and representing industry on a range of the Animal Health Committees including the National Arbovirus Management Program.

**"LiveCorp acted as a vital conduit between industry stakeholders and various Government working groups"**

LiveCorp is the service provider to the Australian livestock export industry. Through its joint venture with Meat and Livestock Australia (the LEP), LiveCorp provides a wide range of industry programs and initiatives. Its programs and initiatives include investments in livestock management and welfare, market access and development, supply chain capability enhancement and communication. Many of these activities are underpinned by research and development. LiveCorp is specifically excluded from involvement in industry agri-political activity.

The Statutory Funding Agreement (SFA) is a contract between the Commonwealth of Australia and LiveCorp for the purposes of the Australian Meat and Industry Livestock Act 1997 (Commonwealth). The SFA enables LiveCorp to receive the statutory levies which are appropriated via the Commonwealth budget to the DAFF portfolio and is designed to ensure that the funds received are spent for the purposes for which they were appropriated.

### Statutory Funding Agreement

The SFA describes the requirements of the LiveCorp constitution and membership, the application of funds, the importance of strategic and annual operating plans, risk management, fraud control and intellectual property plans, annual reports, additional reports and audits. It is also a requirement of the SFA that LiveCorp commission an independent three-year review of its performance. The independent review provides an assessment of whether LiveCorp has performed in accordance with its SFA obligations, prepared appropriate plans and delivered industry and community benefits consistent with its plans.

### Governance arrangements

LiveCorp's governance is underpinned by its Corporate Governance Manual 2007 and the Australian Stock Exchange's (ASX) Corporate Governance Principles. The LiveCorp Corporate Governance Manual details standards for employees and directors, Company responsibilities, Board operations, director requirements, management requirements, performance review processes and the use of committees. LiveCorp complies with the ASX's 10 core corporate governance principles.

LiveCorp's corporate governance processes are comprehensive and appropriate, and meet ASX and Australian Government requirements. The LiveCorp Board meets face-to-face over two days six times per year. Board composition is consistent with the skill set specified in the SFA. Board capacity includes corporate governance, livestock management and welfare, livestock transportation, international market development, product promotion and commercial skills. Management and staff are supported with appropriate human resource systems and reporting lines are documented and clear. Staff roles and responsibilities reflect the requirements of the SFA.

LiveCorp has developed and implemented appropriate risk, fraud control and Intellectual Property (IP) management plans. The risk management plan is updated annually and risks and mitigating actions are reported in the Company's annual report. Suppliers engaged by LiveCorp are selected in accordance with principles detailed in the Company's fraud control plan and a joint IP register is kept with MLA.

Updates on Company issues and achievements are provided to the Minister for Agriculture, Fisheries and Forestry or his representatives in writing and at six monthly face-to-face meetings in Canberra.

### The Livestock Export Program

The LEP is a formal unincorporated joint venture between LiveCorp and MLA. The LEP receives levies from both organisations which are then matched with funding from the Australian Government for the purposes of R&D. The SFA defines R&D as any

systematic experimentation or analysis in any field of science, technology, economics or business carried out with the object of acquiring or applying knowledge to further the objectives of the livestock export industry. LiveCorp and MLA provide equal funding to LEP programs.

The LEP operates under four key strategic imperatives which align with the LiveCorp Strategic Plan:

- Ongoing improvement in animal welfare outcomes.
- Improve industry efficiencies, capabilities and livestock performance through the supply chains.
- Build Government and community support for the industry and increase stakeholder awareness and satisfaction.
- Improve market access conditions and build demand for Australian livestock.

As a generalisation, MLA has sponsored or managed the R&D components of LEP programs while LiveCorp has been responsible for exporter supply chain relationships – ensuring that the R&D program is relevant and that communication in relation to the industry is balanced. This sharing of responsibilities plays to each organisations strengths and ensures rapid R&D adoption.

### LiveCorp Performance Review 2010

The most recent review of LiveCorp's performance found that LiveCorp had performed in accordance with its obligations under the SFA (AgEconPlus 2010). The Company had prepared and executed strategic and annual operating plans that met industry and Government expectations and had delivered benefits to the livestock export industry foreshadowed in its plans. Its reporting to Government had been of an appropriate standard, audits had been completed and compliant six monthly financial statements



were provided to DAFF. LiveCorp was found to have allocated its resources to agreed industry and Government priorities, managed its funds prudently, and appropriately discharged its responsibilities in relation to Australian Corporation's law and agri-political activity.

The independent review found that LiveCorp had developed and implemented an appropriate four-year Strategic Plan covering the period 2010–2014. The four-year Strategic Plan was driven by the same strategic imperatives as the Australian Livestock Export Industry's Five Year Plan and was consistent with the Meat Industry Strategic Plan. The Strategic Plan aligned with the Australian Government's National Research and Development Priorities and Rural Research and Development Priorities.

LiveCorp Annual Operating Plans provide specific projects and activities and serve as a 'blueprint' for the Company's management. Key Performance Indicators, used to monitor and evaluate strategic plan delivery, are consistent with best practice.

The Company was found to have operated ethically throughout the review period. Consultation completed for the independent review revealed that stakeholders, including the RSPCA, believed that LiveCorp adopted a professional approach to discharging its responsibilities and both the Australian Veterinary Association and the RSPCA report a constructive relationship with the Company.

## In summary

The operation of the livestock export industry results in a net gain for the Australian economy. The most recent statutory review of LiveCorp concluded that the Company's culture was one of accountability and continuous improvement and that it had invested its resources in line with its stakeholder agreed plans. LiveCorp has been focussing on what is important to industry and the Australian community – the welfare of exported animals right through the supply chain from Australian farm to the point of slaughter. LiveCorp has made positive progress in relation to this objective consistent with the resources available to it for this purpose.

During 2011/12 MLA, LiveCorp, ALEC and the relevant producer peak industry councils reviewed the industry communications strategy. This part of the LEP has been rewritten with peak industry councils taking the lead in industry communications and MLA & LiveCorp playing a support role. LiveCorp would like to thank Meat & Livestock Australia, the National Farmers' Federation, the Cattle Council of Australia, the Sheepmeat Council of Australia, the Northern Territory Cattlemen's Association, industry peak councils and the State Farming Organisations for their

ongoing, professional and collaborative management of industry communication following the suspension of the trade to Indonesia.

In 2012/13, LiveCorp intends to improve its communication activities to members by sharing industry messages and actions and maintaining open communication with key stakeholders and the Australian community on behalf of Australia's livestock export industry.

### Submission to the Senate Inquiry into animal welfare standards for Australia's live export markets.

In July 2011 LiveCorp, on behalf of its export members, presented a submission to the *Senate Inquiry into animal welfare standards for Australia's live export markets*. This submission argued the economic and social benefits of the livestock export trade, the dependence of communities and businesses in northern and western Australia upon it for survival, and the vast impacts of the trade across a range of areas including livestock prices, producer profitability and stability, regional and indigenous employment, land and herd management.

Key to the submission was the following arguments in support of the continuance of the trade. These elements remain fundamental to the ongoing success of the trade, and the benefits outlined continue to be delivered while the trade is in operation.

- The live cattle, sheep and goat industry makes a significant contribution to the Australian economy and livestock industry, particularly in regional areas where livestock are sourced. The industry contributes an average of \$1 billion annually in export earnings, with nearly three-quarters flowing back to livestock producers.
- Over 75 per cent of properties in the northern live export zone are partially or completely reliant on live cattle receipts (ABARE, 2007).
- Over three-quarters of livestock exports depart from northern and western Australia (ABARE 2008), and the majority of goat exports originate from New South Wales and South Australia (33 and

27 per cent, respectively). The continuation of this trade is vital to the future of these regions.

- The livestock export industry employs around 13,000 people (Hassall & Associates 2006), predominately in remote and regional areas of Australia. The industry contributes \$1.8 billion to gross domestic product annually and pays wages and salaries totalling nearly \$1 billion annually (Hassall & Associates 2006). The higher on-farm net returns received by livestock exporters (compared to alternative enterprises) have flow on effects to local communities through increased producer spending and consequently local employment.
- AgEconPlus et al 2007 estimated the short, medium and long term impacts of a cessation of the live export trade on employment. The analysis indicated that 5,800 full time equivalent jobs (direct and indirect) would be lost within the first year. The net losses from a cessation of live exports will continue to be significant in the medium to longer term, with losses of 4,700 in year five and 3,700 in year 10.
- The live export industry is a significant employer of indigenous people across northern Australia, where alternative employment opportunities are scarce.
- The livestock export industry plays a key role in underpinning Australian livestock prices and producer profitability, both nationally and in livestock export regions.



- If live exports were banned, the overall impact on the gross value of production of the red meat and livestock industry – taking into account reduced livestock prices and higher production and exports – is estimated to be \$209 million or 2.3 per cent lower per year. In terms of net farm income (value added), the reduction would be \$99 million. Of the \$247 million in lost GVP to the farm sector, 68 per cent would be lost in the live export regions (CIE 2011).
- The live export trade provides access to markets that the Australian chilled and frozen meat industry could not sell into. In the absence of live exports from Australia, other countries would be able to fill the gap in demand for live animals, at an overall cost to Australia's export income and livestock producers returns.
- A significant benefit of the live cattle trade that emerged in the late 1980s – through improved and more stable livestock prices – has been the investment in herd management practices, animal genetics, animal husbandry techniques, feeding and veterinary care and increased focus on landscape sustainability and biodiversity stewardship.
- Over the past decade there has been a steady increase in land values in both southern and northern beef properties. This period coincides with a period of considerable investment in the live export industry. According to CIE, the increase in the acquisition of land, which has driven the increase in land values, is likely to be, in part, the result of the increased productivity and expected returns in the live export industry.
- The live trade has fundamentally changed the nature of the northern production system from one of "wild harvesting" of bullocks for export meat processing to one that turns off younger cattle for live export. As a result, producers are better able to match annual turnoff to available feed supply and avoid forced sales of unfinished bullocks at reduced prices when feed becomes scarce (CIE 2011).
- Cattle operations in northern Australia have been built around the live cattle trade to Indonesia. These operations revolve around carrying a high number of breeders and turning steers and heifers off at light weights (less than 330kgs). Continued turnoff is necessary to sustain the number of breeders that are carried on northern properties.
- Our trading partners benefit from higher levels of live exports from Australia, namely:
  - Improvement in social and economic wellbeing
  - Access to protein and ensuring meat satisfies religious and traditional needs.
  - Economic benefits through the opportunity to add value to imported feeder cattle through fattening. This brings financial returns to the owners of feedlots as well as providing increased employment opportunities in situations typically
- A significant element of the MLA/LiveCorp Livestock Export Program (LEP) is directed at addressing specific marketing and technical problems in customer countries. These changes have delivered:
  - Improvements in animal welfare through reduced stress in handling, appropriate watering and feeding, and in more humane slaughter in local meat processing operations;
  - Higher quality meat products for consumers;
  - Lower production costs for producers; and
  - Breeding programs through jointly funded projects with the Australian Centre for International Agricultural Research
- Through the LEP's country specific ongoing R&D and advisory activities and its periodic delivery of short term technical support, it has improved the capacity of 'in country' researchers, extension support processes and individual businesses to better address animal welfare and production issues (CIE 2011).

#### References:

- AgEconPlus, EconSearch, Warwick Yates and Associates, 2007, *The Live Export Industry: Assessing the Value of the Livestock Export Industry to Regional Australia*
- Australian Bureau of Agriculture and Resource Economics (ABARE): 2007, *Live Cattle Export Trade: Importance to Northern and Southern Australian Beef Industries*, Canberra; 2008, *Live animal exports: a profile of the Australian industry*; 2009, *Financial Performance of Beef Producing Farms 2006-07 to 2008-09*
- Centre for International Economics (CIE) 2011, *The Contribution of the Australian live export industry*
- Hassall & Associates, 2006, *The Live Export industry: Value, Outlook and Contribution to the Economy*

# CORPORATE GOVERNANCE STATEMENT

In August 2007 the Australian Stock Exchange Corporate Governance Councils updated its *Principles of good corporate governance and best practice recommendations*. The ten core principles are recommendations that apply to listed companies. Although LiveCorp is not a listed company and does not have any obligation to report on these principles, LiveCorp is committed to good corporate governance, and is therefore committed to these principles. This statement provides details of 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 when 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 2011/12 the Board had in place two standing committees to assist it in carrying out its responsibilities:

- Finance, Audit, and Risk Committee; and
- Governance and Remuneration Committee.

In addition, the Company has, together with its Livestock Export Program partner, Meat and Livestock Australia, Research and Development Advisory Committee comprising producer and exporter stakeholders to provide advice on:

- The strategic direction and principal components of the Livestock Export Program;
- The design and management of R,D&E projects, to ensure the full capture of benefits of such projects; and
- 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 established 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 that 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 will 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; and
- 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 and 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 Finance 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 and Risk (FAR) Committee, comprising three non-executive directors all with appropriate experience.

The Chief Executive Officer and Finance 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 the FAR Committee's 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.

# CORPORATE GOVERNANCE STATEMENT

**Appointment of external auditor** – The Committee reviews the performance of the external auditor annually, and recommends 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** – The FAR Committee reviews 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 ASX 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 Commonwealth 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 every six months 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, monthly 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; and
- Member access to communications and tools is also available via the LiveCorp website [www.livecorp.com.au](http://www.livecorp.com.au).

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 and 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.

It 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 some work is still required in some areas to mitigate risk, the Company is ISO:9001 accredited where its operational procedures and policies are audited. 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 reelection 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 and Remuneration Committee and do not exceed that stipulated in the Constitution of the Company.

LiveCorp, being limited by guarantee, none of the directors holds an interest. Each representative director, as a member of LiveCorp, is liable to the extent outlined in the Constitution upon winding up.

### 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; and
- Continuous improvement of livestock management, health and welfare in the supply chain.

## LiveCorp's current Statutory Funding Agreement (SFA) commenced on 1 July 2010 and is now in operation.

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

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

- a) The Operations reports included elsewhere in this report 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 Research and Development;
  - Intellectual property creations; and
  - Agreements entered into relating to Research and Development.
- c) At the Annual General Meeting held in Adelaide on 27 October 2011 Mr David Glavin and Dr Raoul Nieper were re-appointed as skills based directors and Mr David Uerbergang was re-appointed as the ordinary full member director. There were no material changes to the Membership of LiveCorp.
- d) LiveCorp did not form any subsidiary companies during the year. It did however continue to operate the Livestock Export Program (LEP) in conjunction with Meat and 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.
- h) During the year the following reports and plans were presented to the Minister and the Department of Agriculture, Fisheries and Forestry:
  - The compliance certificate in respect to LiveCorp meeting the requirements of the SFA for the year ended 30 June 2011, as per clause 17.4, was signed by the Chairman on 11 November 2011 and forwarded to the Department;
  - 350 copies of the Annual report, as per clause 12.2, were forwarded the Department of Agriculture, Fisheries and Forestry on 2 November 2011; and
  - The half yearly Financial reports including statements of Financial position clause 12.5(b) and statements of Financial performance clause 12.5(a) were forwarded to the Department of Agriculture Fisheries and Forestry on 16 January 2012.

## Exporter Members and Associate Members

AAA Livestock Services Pty Ltd  
Agricon Services (Aust) Pty Ltd  
Atlas Exports Pty Ltd  
Austock Rural Pty Ltd  
Australian Livestock Exports Pty Ltd  
Australian Rural Exports (AUSTREX) Pty Ltd  
Bonégilla Exports Pty Ltd  
Central Pacific Livestock Pty Ltd  
Chevredor / L and R Bere-Streeter  
Dairy Livestock Exports  
DW Moyle, Basin Exports 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  
Landmark Global Exports Pty Ltd  
Landmark Operations Limited  
Lembiru Livestock Pty Ltd  
Livestock Australian Exports Pty Ltd  
Livestock Shipping Services Pty Ltd  
Mariah Hill Alpaca and Exports  
North Australian Cattle Co Pty Ltd  
Oceanic Cattle Stations Aust Pty Ltd  
P&D Exports Pty Ltd  
Samex Australian Meat Co Pty Ltd  
South East Asian Livestock Services  
Stockair Pty Ltd  
Success Pastoral Co  
Sugarbag (QLD) Pty Ltd  
Surburton Livestock Export Pty Ltd  
Total Livestock Genetics  
Viscount Agricultural Developments Pty Ltd  
Wellard Rural Exports Pty Ltd

## Associate Members

Rural Export and Trading (WA) 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





# DIRECTORS' REPORT

Your directors present their report on LiveCorp for the financial year ended 30 June 2012.

## Directors

The following persons were directors and officers of LiveCorp at any time during the year. The directors and officers held their positions for the whole of the year and to the date of this report unless otherwise stated.

### **Dr Raoul Nieper A.M.**

Chairman (Non-executive)

#### Qualifications

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

#### Experience

Dr Nieper has considerable experience in Board positions, and has extensive experience at the interface between government and industry. He is a former Chairman of Animal Health Australia and Director General of the Queensland Department of Primary Industries. Dr Nieper is a veterinarian with a demonstrated commitment to animal welfare issues and a sound understanding of the live export industry.

#### Special responsibilities

Dr Nieper is the Chairman of the Governance & Remuneration Committee.

### **David Galvin**

Non-executive director

#### Qualifications

M Int Dev Studies, BA

#### Experience

Mr Galvin comes from an extensive rural background and has studied at the University of Queensland, Deakin University and in the United States. Mr Galvin is the CEO of the Indigenous Land Corporation, a beef producer and has considerable pastoral holdings and pastoral 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. Mr Jarvie is a member of Biosecurity Council of Western Australia and a member of management Committees of Biosecurity Industry Funding Schemes for sheep, goats and cattle in Western Australia.

#### Special responsibilities

Mr Jarvie was a member of the Governance and Remuneration Committee and is currently a member of the Finance, Audit & Risk Committee.

## DIRECTORS' REPORT

### **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. Presently he consults to the livestock export sector on new and developing markets.

#### **Special responsibilities**

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

### **Malcolm Foster**

Non-executive director

#### **Qualifications**

B Tech Mech Eng, Grad Dip in Bus Admin, FAICD

#### **Experience**

Mr Foster has been associated with the meat and livestock industry for over 35 years. During this time he has managed feedlots and meat processing plants in South Australia, New South Wales and Queensland. He has been associated with the production, processing and the marketing of Australian grainfed beef in Asia, particularly Japan, for over 20 years.

In 2009, he retired from the position of Managing Director of Rangers Valley Cattle Station, a position he held for nearly 18 years. He has been a director of the Australian Lot Feeders' Association since 1993 and served as its President twice. He is currently Chairman of the National Feedlot Accreditation Scheme.

#### **Special responsibilities**

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

### **Terry Enright**

Non-executive director

#### **Experience**

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

Mr Enright was chairman of the Albany Port Authority for 10 years and served as Chairman of the WA Port and Marine Authorities Association for three years. Mr Enright has experience in Government and stakeholder relations, industry strategic planning and animal production. He retains a number of industry positions including Director of the Crawford Fund associated with international agricultural research in the developing world.

#### **Special responsibilities**

Mr Enright is Chairman of the Finance, Audit & Risk Committee.

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**Peter Kane**

Non-executive director

**Qualifications**

B Comm

**Experience**

Mr Kane retired in 2009 after nearly 20 years with Austrade. During that time he was Senior Trade Commissioner at five overseas posts – Seoul, Toronto, New Delhi, Milan and Kuala Lumpur. He also held a number of management positions in Australia.

In the late 1980's Mr Kane was Dalgety Australia's European Manager, based in Hamburg. He has been Chairman of the Australian Livestock Exporters' Council since 2010.

**Sam Brown**

Acting CEO (commenced on 19 March 2012)

**Qualifications**

B Ag Sc (University of Melbourne), Leadership Excellence Program in Department of Agriculture, Fisheries and Forestry

**Experience**

Sam joined LiveCorp in October 2008 as the Industry Capability Manager of the joint Livestock Export Program. He brought with him over six years of experience from within the Australian Government Department of Agriculture, Fisheries and Forestry, where he held various roles across a broad range of agricultural industries. These roles provided Sam broad exposure to both federal and state legislative development and policy cycles across a wide range of sectors, including grain, horticulture, meat, wool, dairy, AUSVET plan, and the Australian Quarantine and Inspection Service.

**Czes Staciwa**

Company Secretary (resigned 10 May 2012)

**Qualifications**

M App Fin (Mac), B Fin Admin (UNE), WDA, FCPA, GAICD

**Experience**

Mr Staciwa has an extensive background in the Food and Agriculture business 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 with extensive experience in financial governance matters.

**Danielle McDonald**

Finance Analyst/Company Secretary

**Qualifications**

B Bus (Accounting), Adv Dip Accounting

**Experience**

Ms McDonald started her career in financial accounting in both small and large companies including AMP and Tricon Restaurants. Over the past 10 years her focus has been in the health and construction industries in the areas of senior finance management, business analysis, contract negotiation and supervision.

## Objectives and strategies

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

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

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

These strategies are underpinned by R,D&E.

## Principal activities

The principal activities during the financial year were as follows.

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

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

- Trade Support and Market Access.
- Animal Welfare programs in-market.
- Communications – Incident management and market intelligence.
- Research, development and extension.

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 livestock 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 \$502,321 (2011: Loss of \$416,059).

## Performance measures

The strategic plan for 2012–2015 has been completed.

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

- a) The performance of LiveCorp in meeting its obligations under the SFA.

- b) The implementation of annual operating plans and strategic plans and the effectiveness of LiveCorp in meeting the targets and budgets set out in those plans; and
- c) The delivery of benefits to the industry foreshadowed in those plans.

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

## 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	7	7			1	1
David Uebergang	7	7			1	1
David Jarvie	7	6	3	3		
David Galvin	7	7	3	3		
Terry Enright	7	6	3	3		
Malcolm Foster	7	7			1	1
Peter Kane	7	7				

## Significant staff changes

On 19 March 2012, Sam Brown replaced Robert Sutton as Acting Chief Executive Officer.

## Post-balance date events

Indonesia is still subject to restrictions for live cattle exports. Other markets will also be implementing ESCAS in 2012/13 which has the potential to suppress export volumes over the medium term as exporters implement the required changes and ensure understanding and acceptance by their customers.

## Dividends paid or recommended

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

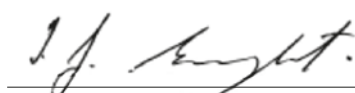
## Auditor's Independence Declaration

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

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



Dr Raoul Nieper A.M.  
Director



Terry Enright  
Director

Dated this 23rd day of August 2012

# AUDITOR'S INDEPENDENCE DECLARATION



Accountants | Business and Financial Advisers

## AUSTRALIAN LIVESTOCK EXPORT CORPORATION LIMITED

ABN 88 082 408 740

### 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 2012, I declare that to the best of my knowledge and belief there have been:

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

A handwritten signature in black ink, appearing to read 'D K Swindells', written in a cursive style.

D K Swindells  
Partner

23 August 2012

**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](mailto:mailbox@hlbnsw.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenues from continuing operations	2	3,477,667	4,221,888
Direct costs		(80,508)	(84,346)
		<b>3,397,159</b>	4,137,542
Consultancy expense		(554,056)	(473,187)
Depreciation and amortisation expense		(52,685)	(32,136)
Director and staff related expenses		(1,129,361)	(1,275,140)
Joint program expenses	3	(448,910)	(2,097,596)
Occupancy expense		(224,420)	(86,368)
Other expenses from ordinary activities		(219,470)	(242,060)
Travel costs		(265,936)	(347,114)
Profit (loss) before income tax		<b>502,321</b>	(416,059)
Income tax expense	1(b)	-	-
Profit (loss)		<b>502,321</b>	(416,059)
Other comprehensive income		-	-
Total comprehensive income		<b>502,321</b>	(416,059)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# BALANCE SHEET

As at 30 June 2012

	Note	2012 \$	2011 \$
<b>Current assets</b>			
Cash and cash equivalents	5	578,870	457,724
Trade and other receivables	6	641,391	731,696
Other current assets	7	30,668	45,615
<b>Total current assets</b>		<b>1,250,929</b>	<b>1,235,035</b>
<b>Non-current assets</b>			
Financial assets	8	1,355,061	1,931,496
Property, plant and equipment	9	23,579	61,902
Other non-current assets	7	58,760	58,760
<b>Total non-current assets</b>		<b>1,437,400</b>	<b>2,052,158</b>
<b>Total assets</b>		<b>2,688,329</b>	<b>3,287,193</b>
<b>Current liabilities</b>			
Trade and other payables	10	516,365	1,601,298
Employee entitlements	11	30,746	37,418
<b>Total current liabilities</b>		<b>547,111</b>	<b>1,638,716</b>
<b>Non-current liabilities</b>			
Employee entitlements	11	9,048	28,628
Make-good provision		35,000	25,000
<b>Total non-current liabilities</b>		<b>44,048</b>	<b>53,628</b>
<b>Total liabilities</b>		<b>591,159</b>	<b>1,692,344</b>
<b>Net assets</b>		<b>2,097,170</b>	<b>1,594,849</b>
<b>Equity</b>			
Retained earnings		2,097,170	1,594,849
<b>Total equity</b>		<b>2,097,170</b>	<b>1,594,849</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Retained earnings \$
<b>Balance at 30 June 2010</b>	2,010,908
Total comprehensive loss	(416,059)
<b>Balance at 30 June 2011</b>	1,594,849
Total comprehensive income	502,321
<b>Balance at 30 June 2012</b>	<b>2,097,170</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,778,207	4,155,498
Payments to suppliers and employees		(4,315,896)	(4,350,843)
Dividends received		56,640	44,003
Interest received		40,122	82,961
<b>Net cash provided by (used in) operating activities</b>	15(a)	<b>(440,927)</b>	<b>(68,381)</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment		(14,362)	(2,007)
Purchase of investments		576,435	-
<b>Net cash provided by (used in) investing activities</b>		<b>562,073</b>	<b>(2,007)</b>
Repayment of borrowings			
Net increase /(decrease) in cash held		121,146	(70,388)
Cash and cash equivalents at the beginning of the year		457,724	528,112
<b>Cash and cash equivalents at the end of the year</b>	5	<b>578,870</b>	<b>457,724</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

## 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 – Reduced Disclosure Requirements, Australian Accounting Interpretations and the *Corporations Act 2001*. Australian Livestock Export Corporation Limited is a company limited by guarantee.

#### *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 LiveCorp complies with Australian equivalents to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### (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 asset are:

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

### (d) Financial instruments

#### **Recognition**

#### *Financial assets at fair value through profit or loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

### *Held-to-maturity investments*

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

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

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

### **Fair value**

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

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

Fair value for all financial assets at fair value through profit or loss is determined 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 is recognised as an expense when incurred.

### **(g) Employee benefits**

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

### *Provision for long-term employee benefits*

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

### **(h) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid



investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(i) Revenue**

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

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

Dividend revenue is recognised when it is received.

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

**(j) Goods and Services Tax (GST)**

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

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

**(k) Comparative figures**

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

**(l) Trade receivables**

Trade receivables are generally due for settlement within 30 days.

**(m) Trade and other payables**

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>2. REVENUE</b>			
<b>Revenue</b>			
Statutory levies	2(a)	3,365,686	3,862,009
Dividends received		56,640	44,003
Interest received		40,122	82,961
Other revenue	2(b)	15,219	232,915
<b>Total revenue</b>		<b>3,477,667</b>	<b>4,221,888</b>
<b>(a) Statutory levies</b>			
Marketing levies		2,793,535	3,217,899
R&D levies		572,151	644,110
		<b>3,365,686</b>	<b>3,862,009</b>

The further reduction in statutory income in 2012 was due to the limitation of import permits, the ongoing enforcement of the 350kg weight limit and the suspension of the cattle trade to Indonesia by the Minister for Agriculture, Fisheries and Forestry

## **(b) Other revenue**

Voluntary dairy levies	95,796	133,014
Revaluation of investments	(98,676)	86,881
Other income	18,099	13,020
	<b>15,219</b>	<b>232,915</b>

## 3. PROFIT BEFORE INCOME TAX

### **Expenses**

Live Export Program		
Market Access	23,022	142,373
Trade Development	-	296,122
Animal Welfare	-	707,643
Communications	-	327,306
Industry Capability	-	83,983
Research and Development	425,888	540,169
	<b>448,910</b>	<b>2,097,596</b>

	2012 \$	2011 \$
<b>4. AUDITORS' REMUNERATION</b>		
Remuneration of HLB Mann Judd (NSW Partnership) for auditing or reviewing the financial report	20,000	18,000
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at Bank	578,870	457,724
<b>6. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	115,579	512,881
Other receivables	525,812	218,815
	641,391	731,696
<b>7. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	30,668	45,615
<b>Non-current</b>		
Rental guarantee deposit	58,760	58,760
<b>8. FINANCIAL ASSETS</b>		
At fair value through profit or loss:		
Shares in listed corporations	623,335	181,229
Investments in managed funds	173,352	897,878
Term deposits and other fixed interest securities	455,851	490,841
At cost:		
Cash deposits	102,523	361,548
	1,355,061	1,931,496

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

	2012 \$	2011 \$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
Furniture and fittings:		
At cost	87,100	139,837
Accumulated depreciation	(65,000)	(98,338)
	<b>22,100</b>	41,499
Plant and equipment:		
At cost	9,462	9,462
Accumulated depreciation	(7,983)	(7,096)
	<b>1,479</b>	2,366
Leasehold improvements		
At cost	90,218	113,966
Accumulated depreciation	(90,218)	(95,929)
	<b>-</b>	18,037
Total plant and equipment	<b>23,579</b>	61,902

	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 2010	63,757	4,732	23,542	92,031
Additions	2,007	-	-	2,007
Disposals	-	-	-	-
Depreciation expense	(24,265)	(2,366)	(5,505)	(32,136)
Balance at 30 June 2011	41,499	2,366	18,037	61,902
Additions	14,362	-	-	14,362
Disposals	-	-	-	-
Depreciation expense	(33,761)	(887)	(18,037)	(52,685)
Carrying amount at 30 June 2012	<b>22,100</b>	<b>1,479</b>	<b>-</b>	<b>23,579</b>

	2012 \$	2011 \$
<b>10. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Unsecured liabilities		
Payables and accrued expenses	255,161	1,558,186
Other liabilities	119,893	1,924
Termination of lease	114,280	–
Lease incentive in advance	27,031	41,188
	<b>516,365</b>	<b>1,601,298</b>

## 11. EMPLOYEE ENTITLEMENTS

### Current

Annual leave	30,746	37,418
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### Non-current

Long service leave	9,048	28,628
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## 12. TERMINATION OF LEASE

A decision was made prior to 30 June 2012 to move premises. This liability represents the remaining rent payable by the company for premises it will not occupy.

## 13. MEMBERS' GUARANTEE

Australian Livestock Export Corporation Limited is a company limited by guarantee. If LiveCorp is wound up, the constitution states that each member is required to contribute a maximum of \$100 towards any outstanding obligations of LiveCorp. At 30 June 2012 the number of members was 41 (2011: 45) and the maximum amount which could be contributed is \$4,100 (2011: \$4,500).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

	2012 \$	2011 \$
--	------------	------------

## 14. CAPITAL AND LEASING COMMITMENTS

### (a) Operating lease commitments

Minimum lease payments, payable:

- within 12 months	47,256	157,208
- later than 12 months but not later than five years	17,567	143,732
	<b>64,823</b>	<b>300,940</b>

*Operating lease*

Commitments include a sub-lease of premises. The sub-lease has no fixed term. The commitment disclosed is for the period of the lessor's lease for the premises.

### (b) Other commitments

Service agreement - ALEC

- within 12 months	231,250	231,250
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Publication

- within 12 months	-	67,200
- later than 12 months but not later than five years	-	-
	<b>231,250</b>	<b>298,450</b>

### (c) Research & Development expenditure commitments

Payable:

- within 12 months	600,000	388,698
- later than 12 months but not later than five years	-	44,273
	<b>600,000</b>	<b>432,971</b>

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

	2012 \$	2011 \$
<b>15. CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash flows from operations with profit after income tax</b>		
Profit (loss) after income tax	502,321	(416,059)
Profit (loss) on reserve	-	-
Depreciation	52,685	32,136
Unrealised loss/(gain) on investments	-	(177,604)
(Increase)/decrease in trade debtors	90,305	(423)
(Increase)/decrease in other assets	14,947	(13,870)
Increase/(decrease) in trade creditors	(1,074,933)	564,776
Increase/(decrease) in provisions	(26,252)	(57,337)
Cash flows from operations	(440,927)	(68,381)

**(b) Credit standby facilities**

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

**16. CAPITAL MANAGEMENT**

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

**17. COMPANY DETAILS**

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

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



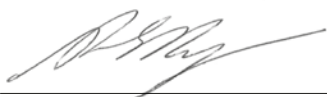
## DIRECTORS' DECLARATION

In the directors' opinion:

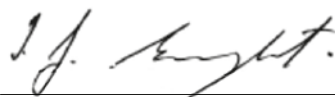
1. The financial statements and notes, as set out on pages 29 to 47, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the financial position of the company as at 30 June 2012 and of its performance for the period ended on that date;
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

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



Dr Raoul Nieper A.M.  
Director



Terry Enright  
Director

Dated this 23rd day of August 2012

# INDEPENDENT AUDITOR'S REPORT



Accountants | Business and Financial Advisers

**AUSTRALIAN LIVESTOCK EXPORT CORPORATION LIMITED**  
**ABN 88 082 408 740**

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Australian Livestock Export Corporation:

We have audited the accompanying financial report of Australian Livestock Export Corporation ("the company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Australian Livestock Export Corporation, as set out on pages 29 to 48.

### **Directors' Responsibility for the Financial Report**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 that gives a true and fair view 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 opinion.

**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](mailto:mailbox@hlbnsw.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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AUSTRALIAN LIVESTOCK EXPORT CORPORATION LIMITED  
ABN 88 082 408 740

## 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 on 23 August 2012, 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, the financial report of Australian Livestock Export Corporation is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB MANN JUDD  
Chartered Accountants

A handwritten signature in black ink that reads 'D K Swindells'.

D K Swindells  
Partner

Sydney  
23 August 2012

# AUDIT COMPLIANCE REPORT



Accountants | Business and Financial Advisers

**AUSTRALIAN LIVESTOCK EXPORT CORPORATION LIMITED**  
**ABN 88 082 408 740**

## **AUDIT COMPLIANCE REPORT**

To the members of Australian Livestock Export Corporation Limited

### **Scope**

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

We have conducted a compliance audit in relation to the year ended 30 June 2012 for the purposes of the Funding Agreement ("the Agreement") commencing 1 July 2011 between the Commonwealth of Australia ("the Commonwealth") and Australian Livestock Export Corporation Limited ("LiveCorp") and acknowledge that our report will be relied upon by the Commonwealth.

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

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

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

### **Auditor's Opinion**

In our opinion, Australian Livestock Export Corporation Limited has complied with its obligations under Clauses 7 and 8 of the Agreement during the year ended 30 June 2012.

A handwritten signature in black ink, appearing to read 'HLB Mann Judd', written over a horizontal line.

HLB MANN JUDD  
Chartered Accountants

**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](mailto:mailbox@hlbnsw.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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# UNAUDITED INCOME STATEMENT (BY PROGRAM)

For the year ended 30 June 2012

	Marketing \$	R&D \$	Other \$	Total \$
<b>Revenue</b>				
Statutory levies	2,793,535	572,151		3,365,686
Dairy levies			95,796	95,796
Other income	16,185			16,185
Direct costs	(53,949)	(13,273)	(13,286)	(80,508)
<b>Net revenue</b>	<b>2,755,771</b>	<b>558,878</b>	<b>82,510</b>	<b>3,397,159</b>
<b>Expenses</b>				
Animal welfare				
Programs	285,589			285,589
Process improvement	13,869			13,869
Training	52,841			52,841
Market development				
Trade access	115,041	14,018		129,060
Planning strategy and review	269,247			269,247
Supply chain	11,844			11,844
Communications	168,809			168,809
Livestock Export Program (with MLA)				
Market access	23,022			23,022
Trade development				
Animal welfare				
Communications				
Industry capability				
Research and development		425,887		425,887
Governance	338,660			338,660
Administration	841,384	210,346	124,280	1,176,010
<b>Total expenditure</b>	<b>2,120,306</b>	<b>650,252</b>	<b>124,280</b>	<b>2,894,838</b>
<b>Operating surplus</b>	<b>635,465</b>	<b>(91,374)</b>	<b>(41,770)</b>	<b>502,321</b>

# LIVECORP STAFF AND CONTACTS

## Chief Executive Officer

Sam Brown  
B Ag Sc, Melbourne University

## Finance

Danielle McDonald  
Finance Analyst/Company Secretary  
B Bus – Accounting & HR  
Adv Dip Accounting

## Industry Capability and Supply Chain

Wayne Collier  
Manager, Industry Capability  
B Law, Monash University  
B App Sc, Deakin University

## Research & Development

Sharon Dundon  
Manager, Livestock Export Research & Development  
B Rural Sc, M Rural Sc, University of New England

## Trade Support & Market Access – Asia Pacific

John Ackerman  
Chief Representative – Indonesia  
B Sc (First Class Honours), Doctorate in B Sc (Hons I), Ph D

Cameron McDonald  
Assistant Chief Representative  
Animal Welfare Manager – Indonesia  
Dip Farm Mgmt (Marcus Oldham Farm Management College)

## Trade Support & Market Access – Middle East & Africa

David Beatty  
Manager Livestock Services – Middle East & Africa  
BVMS, BSc, Ph D

## Membership & Administration

Doris Starr  
Executive Assistant  
Dip Bus Admin

## Auditor

HLB Mann Judd (NSW partnership)

## Solicitor

Allens Arthur Robinson

## Bank

National Australia Bank Ltd

## Investment Manager

Minchin Moore Private Wealth Pty Ltd

