

# LiveCorp

Performance Review

October 2020



2016-  
2020



## Report statement

The Performance Review has been prepared specifically for LiveCorp as the client. The Performance Review and its contents are not to be referred to, quoted or used by any party in any statement or application, other than by LiveCorp without written approval from SED.

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## Executive summary

The Australian Livestock Export Corporation (LiveCorp) is a rural research and development corporation (RDC) for the livestock export industry in Australia. As a recipient of statutory levies from the Commonwealth government for investment in industry development activities, it is governed by a Funding Agreement that sets out a range of requirements that LiveCorp must comply with. One of these requirements is to undertake an independent review of the previous four years to assess its performance against specific funding criteria.

### Compliance

SED Advisory (SED) has completed a detailed documentary review supported with consultation findings and targeted interviews. SED has formed an opinion that LiveCorp operations from 2016 to 2020 have been compliant with the terms and conditions of its Funding Agreement with the Commonwealth, the LiveCorp Constitution and the Australian Meat and Livestock Industry Act 1997.

### Performance

Assessment of performance is more subjective. SED offers a view that this can only be answered in context of the operating environment. Given the time line of events, the level of resources at its disposal and the body of work it has undertaken over the review period, together with the restrictions surrounding its operational environment, SED is of the view that LiveCorp has performed effectively in light of the circumstances.

### Environmental context

The review assessment was mapped and contextualised taking into account LiveCorp's operating environment during the review period.

Over this period a number of "touchstone" moments occurred whereby the criterion the trade operated under was considered by some to be outdated. For example, one specific incident was the Awassi footage aired on *60 Minutes* in 2018; it was the catalyst for proposed legislative changes to industry practice, a number of inquiries, reports and reviews, culminating in significant changes to the regulatory framework under which the industry will be required to operate.

With regard to LiveCorp's operational performance, SED understands that LiveCorp does not operate in a vacuum; rather it is a complex and contested environment that faced significant challenges and underwent profound change over the review period. Many of these challenges have been confronting for all industry participants, including LiveCorp's members and the Department of Agriculture, Water and the Environment. This has forced industry participants to address industry relationships, their roles and responsibilities, the way they interact and embrace a "new normal" business model.

Also, during this time, there were a number of other industry-related reports as to the function and effectiveness of industry RDCs, reviews and a white paper on the restructure of the red meat industry. These required an industry response. LiveCorp, as the interface between industry and the Commonwealth, has had to bear much of the resultant workload.

Comparative analysis of the differing operational environments encountered by other industry RDCs, and the relative certainty of their ongoing levels of industry and Commonwealth support, provides a positive perspective as to LiveCorp's performance.

Understanding that LiveCorp does not receive matching Commonwealth funding for RD&E purposes, yet has to comply with the same regulatory burden as those RDCs that do, further increases its relative workload. While it is clear that LiveCorp is required to do more with less, SED also acknowledges that there is a commensurate impact on the level of benefit they provide to their members as a result.

In assessing performance, SED also encountered a further complication that arises from the crowded environment that LiveCorp is required to operate in. This increases the challenge of gaining line of sight from cause to effect, that is, matching the identified LiveCorp drivers to industry outcomes on behalf of its members. LiveCorp, particularly by virtue of its Funding Agreement and the Red Meat MoU, is obliged to outsource member service provision to a much larger RDC, creating a situation where it is dependent on the performance of another organisation to provide value to its members.

This structure becomes problematic when there is a perceived conflict of members' interests between the organisations, resulting in different interpretations of operational responsibilities, a loss of objective alignment and the market dysfunction impacting member interests that occurred over the review period. By the virtue of the disparate size and level of control, such dependency limits LiveCorp's capacity to deliver value-for-money outcomes to its members.

SED also acknowledges the challenges of the review period, particularly in respect to animal welfare and the changing regulatory environment, and the leadership role that LiveCorp and the Australian Livestock Exporters Council (ALEC), have taken. We also note, however, there is an implicit vulnerability within the industry due to the relatively small pool of active exporters that underpin the industry's operational capability. The long-term cost impacts of exposure to ongoing regulatory reforms on industry viability need to be monitored if the risk to future industry operations is to be understood and managed.

## Summary

The review period covers a time that encountered extraordinary depth of inquiry and examination of the industry, where LiveCorp appears to have acted as point on behalf of the industry. LiveCorp's judgement and balance appear to have served the interests of members well.

Acknowledging the challenges of the review period, particularly in respect to animal welfare, LiveCorp has taken an industry leadership role, along with ALEC, in addressing the issue and has, with ALEC's assistance, been able to negotiate significant change within the industry over the period.

Also noted are the aspects of LiveCorp's operations that set it apart from most other RDCs, often not readily understood across the industry and stakeholders, including some arms of government. Given the environmental context, modest resourcing, the volatility and contentious nature of the industry it represents, together with the subsequent increased workload and demand on its services as a result, the performance of LiveCorp as the smallest, least resourced RDC, with the most volatile income stream, is commendable.

## Methodology

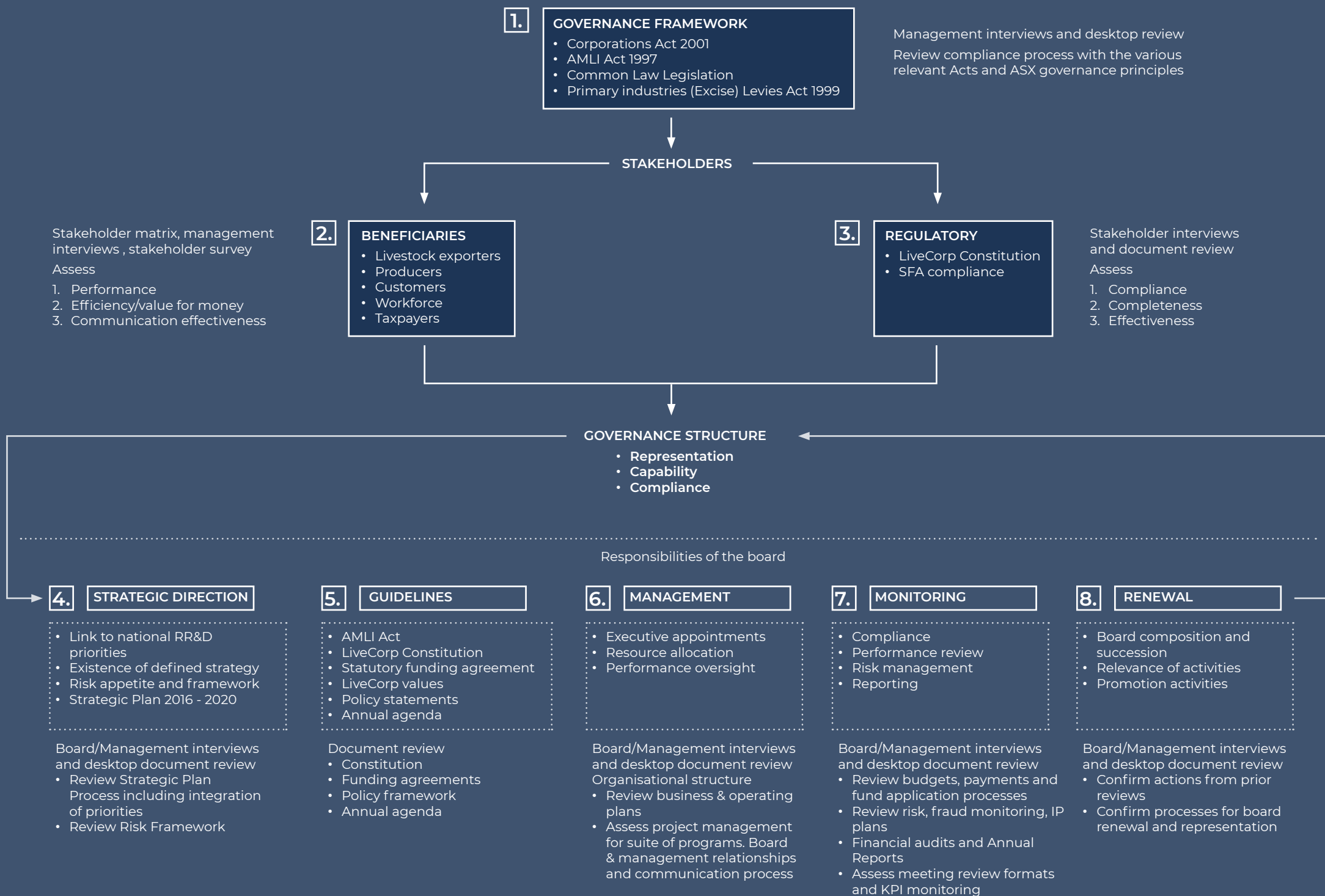
To ensure application of governance principles to the Performance Review and provide a direct line of sight to the Terms of Reference, SED has segmented the report broadly into two sections.

The first sections (2-4) provide an overview of LiveCorp's regulatory environment. This mapping was completed prior to undertaking a detailed assessment of compliance of LiveCorp's Funding Agreement with the Commonwealth and its own constitution. These assessments were undertaken using interviews and documentary review to verify compliance.

The remaining sections (5-8) present as a review of LiveCorp's operational performance over the period. It provides context to the activity and volatility of the operational environment that LiveCorp had to navigate. This is complemented by feedback from the process of canvassing the views of members and other stakeholders as to their rating of LiveCorp's work, its achievements, industry interactions and benefit to members. This phase extends to assessing effectiveness of the manner in which LiveCorp delivers projects and their relative benefit, noting any matters that affect such delivery.

This analysis is mapped to the board governance model outlined in Figure 1. This framework validates assessment and review of the adequacy of planning and reporting processes including strategic plans, annual operating plans, annual reports, performance monitoring, risk management, fraud control and IP management plans.

It is noted that the review process focuses on assessment of whether members receive value-for-money and issues pertaining to members' equity. SED undertook review of performance in context of overall operation rather than at a detailed activity level. The role of SED is not to evaluate or second-guess decisions made in real time, but rather to ascertain whether, on balance, they were in member's interests.



**Figure 1** - Governance model

## Recommendations arising from the review

SED has formulated recommendations from this review within two distinct categories of compliance and performance and mapped in accordance with the governance model outlined in Figure 1.

Recommendations represent a response to any process or structural impediment identified that may impact LiveCorp's ability to meet ongoing compliance or limit the effectiveness of its performance in providing value for members. With strong compliance and effective performance identified, there are four recommendations.

During the period under review, LiveCorp has undertaken several separate performance reviews, including a Board and R&D performance reviews. A number of recommendations were made from these reviews. SED has reviewed LiveCorp's response to all proposed actions and determined that they have been addressed to the standard required. As a consequence, there are, as expected fewer gaps and therefore a reduced number of new recommendations in this report.

Where recommendations reinforce and support findings from other reviews, including the Board performance review, these have been clearly referenced.

All recommendations are cross referenced to the relevant section in the report for further context.

Where potential improvements to process were observed through the course of the review, suggested improvements have been included in the body of the report for LiveCorp's consideration only. It is reinforced however, that these are not recommendations.

A summary of the review's highlighted recommendations, suggestions and observations are as follows:

Section / Heading	Status	Description
3.5 Board	Recommendation	Governance matters;  Address the completion of recommendations relating to board terms and stakeholder mapping as identified in the Board performance review
4.5 Performance monitoring	Recommendation	Documentary control  Consider ensuring for the purposes of consistency and review, that all relevant documents, including, but not limited to, the FA, submissions, reports, reviews etc are dated; whether it be the date of execution, agreement, creation, received, or, when it was published.
4.6 Risk Management Plan	Recommendation	Risk Management Plan  Build a more defined connection between the strategic development process and Board risk appetite using an industry risk hierarchy model.
8.6 Resourcing	Recommendation	Regulatory burden  In light of the demonstrated disparity of funding, the fact LiveCorp does not have to account for Commonwealth RD&E funds and the red meat industry arrangements as recognised in the FA; Consideration be given to proportionate compliance according to the prescribed relationship with ML on R&D and the level of respective autonomy, management and control, to leverage existing oversight on the use of funds, governance and compliance e.g. external annual audit.
3.6.2 Monitoring	Suggestion	Strategic management and oversight would benefit from strategic performance measures rather than KPI indicators.  Appropriateness measures would be established at the outset, with progress versus outcome measures adopted, preferably using a dashboard. SED has provided a sample framework for strategic performance measures in section 10.3.4 for consideration by LiveCorp.

3.6.3	Strategy development	Suggestion	<p>This process could be facilitated by using game theory, scenario modelling, threat assessment, risk mitigation and acute response planning. Alternatively, it could be managed through relatively informal presentation sessions with identified people, experienced and knowledgeable, from both:</p> <ul style="list-style-type: none"> <li>· Outside the industry, in related matters such as emergency/crisis management, military strategy, logistics and supply chains, vessel charter and operation etc.</li> <li>· Within the industry to provide clarity around specific aspects of the supply chain; prominent and experienced producers and exporters, representatives of LiveShip, those with exposure to specific market intelligence etc. This allays inferences about lack of visibility in the development of strategic priorities.</li> </ul> <p>Reports are useful, however understanding nuances, being able to personally pursue lines of questioning and develop and construct scenarios through the eyes of those with the most exposure to issues, provide a greater level of clarity and understanding for strategy development.</p> <p>SED has provided a sample priority project model in section 10.3.3 as an example for consideration in reporting and monitoring of priority projects.</p>
7.4	Dairy cattle export program	Suggestion	<p>From a member equity perspective; SED would suggest a cessation of the program be considered until related revenues increase.</p>
8.1.1	Limited authority / capacity to act	Suggestion	<p>LiveCorp could consider better defining and articulating LiveCorp's specific roles and responsibilities to members and what LiveCorp can and can't do. This could be implemented through a stakeholder communications strategy developed around the role and activities that LiveCorp is directly responsible for, to better manage expectations.</p>
8.4.1	Member correspondence	Suggestion	<p>LiveCorp may consider utilising designing correspondence with colour-coding features to allow members to quickly identify communications priority and relevance by; level of importance, species, category and subject matter.</p>
8.8.1	Representation and levy flow	Suggestion	<p>SED would encourage Industry and Government to consider the merit of producers having the option to direct their transactional levies towards the RDC that best represents their interests and the appropriate structure to do so.</p>
8.8.2	In-market activities	Suggestion	<p>Given that product sold in these markets is either boxed or live, it would appear rational, that these services would more appropriately be aligned to either LiveCorp, or, AMPC, depending on the RDC whose members are active in those markets, as opposed to MLA whose members only have an arms-length relationship at best. Furthermore, the general objects stated in LiveCorp's constitution, make it the most appropriate RDC to provide the relevant services in live export markets.</p>
4.4	Annual reports	Observation	<p>SED notes the considerable work involved for the small LiveCorp team in preparing and documenting the annual report, which in effect is for small membership base of around 45 members.</p> <p>It represents a governance compliance tool, complying with stipulations outlined in the FA. However, as a hindsight review document, the "member value" question should be continually revisited as to the resources put to this activity relative to other member communication options.</p>
7.6	LGAP	Observation	<ul style="list-style-type: none"> <li>· AniMark, not LiveCorp, is now responsible for LGAP's implementation and operation.</li> <li>· Fear of change and unknown outcomes is to be expected.</li> <li>· While the independence of the auditor is critical to governance of QA systems, there is no such requirement for the same entity, the auditor, to be responsible for the system design. From a governance perspective, there is a view that separation of system design from the</li> </ul>

			<p>auditing process is preferable in order to avoid the perception that those who make the law, enforce the law.</p> <ul style="list-style-type: none"> <li>• The success or otherwise of LGAP's implementation will ultimately be determined by its utility. This will largely be a function of its initial settings and the use of continual improvement for education and training purposes.</li> </ul>
8.1.2	Role of the regulator	Observation	<p>As mentioned, the Department has reviewed its role as industry regulator and has accommodated a mechanism for community expectation to be included in the regulatory process, namely the industry oversight role of the Inspector General of Live Exports.</p> <p>This development to the regulatory framework should assist with understanding governance arrangements and provide clarification of the regulatory roles and reporting responsibilities of all industry participants.</p>
8.8.2	In-market activities	Observation	<p>This lack of focus becomes more evident, as was the case during the review period, when faced with the challenge of introducing increasing regulatory requirements in overseas jurisdictions which, by their nature, require active management and test such trading relationships between both trading partners and governments, including handling commercially sensitive information such as customer data bases etc.</p> <p>The role of an RDC, particularly when operating in foreign regulatory environments, should be to educate, encourage, advise on and facilitate change, it should not be to enforce foreign sanctions or report non-conformance, as, in SED's view, that is a fundamental misunderstanding of their purpose; it is counterproductive, it destroys the implicit trust of trading relationships, raises internal RDC governance concerns, creates market confusion, and can only lead to systemic dysfunction. In this respect, SED welcomes the introduction of the Inspector General of Live Animal Exports and the possible clarity of roles and responsibilities it should provide.</p>

Governance Element	Summary Comments	Recommendations
1. Governance Framework	<p><u>Process</u>  <i>Review via management interviews and desktop review</i></p> <ul style="list-style-type: none"> <li>▶ Compliance processes with relevant Acts and governance principles</li> <li>▶ Corporations Act 2001</li> <li>▶ AMLI Act 1997</li> <li>▶ Common law legislation</li> </ul> <p><u>Review comment</u>  Compliant with established processes to provide assurance</p>	<p>Compliant</p> <p>No recommendations</p>
2. Beneficiaries	<p><u>Process</u>  <i>Stakeholder matrix assessment, management interviews and stakeholder survey</i></p> <p>Assessment of:</p> <ol style="list-style-type: none"> <li>1. Performance</li> <li>2. Efficiency/value for money</li> <li>3. Communication effectiveness</li> </ol> <p><u>Review comment</u>  Considerable levels of engagement with stakeholders, but its effectiveness is impacted by other industry partners.</p>	<p>Compliant</p> <p>2.1 Performance recommendation</p> <p>Address the completion of recommendations relating to board terms and stakeholder mapping as identified in the Board performance review (refer section 3.5)</p>
3. Regulatory	<p><u>Process</u>  <i>Stakeholder interviews and document reviews</i></p> <p>Assessment of:</p> <ol style="list-style-type: none"> <li>1. Compliance</li> <li>2. Completeness</li> <li>3. Effectiveness</li> </ol> <p><u>Review comment</u>  Operationally sound and compliant.  Resources impacted by:</p> <ul style="list-style-type: none"> <li>• demand to present industry submissions</li> <li>• departmental personnel changes</li> <li>• industry structure and reliance on industry partners reporting</li> </ul>	<p>Compliant</p> <p>3.1 Performance recommendation  Documentary control:</p> <p>Ensure for the purposes of consistency and review, that all relevant documents, including but not limited to the Funding Agreement, submissions, reports, reviews etc., are dated; whether it be the date of execution, agreement, creation, received or, when it was published (refer section 4.5.2).</p>

Governance Element	Summary Comments	Recommendations
4. Strategic Direction	<p><u>Process</u></p> <p><i>Board/Management interviews and desktop document review:</i></p> <ul style="list-style-type: none"> <li>▶ Review SP 2016-2020 process including integration of priorities.</li> <li>▶ Link to national rural R&amp;D priorities.</li> <li>▶ Existence of defined strategy.</li> <li>▶ Risk appetite and framework.</li> </ul> <p><u>Review comment</u></p> <p>Adherence to FA and a sound planning approach evident. Effectiveness of priority setting is dependent on peak industry council feedback and engagement.</p>	<p>Compliant</p> <p>4.1 Performance recommendation: Build a more defined connection between strategic development process and Board risk appetite using an industry risk hierarchy model (refer section 4.6)</p>
5. Guidelines	<p><u>Process</u></p> <p><i>Desktop document compliance review:</i></p> <ul style="list-style-type: none"> <li>▶ LiveCorp Constitution.</li> <li>▶ Primary Industries (Excise) Levies Act 1999</li> <li>▶ Funding Agreement</li> </ul> <p><u>Review comment</u></p> <ul style="list-style-type: none"> <li>• FA compliance &amp; reporting is effective.</li> <li>• Sound management practices through the secretarial function.</li> </ul>	<p>Compliant</p> <p>5.1 Performance recommendation: Regulatory Burden</p> <p>In light of the disparity in funding, and arrangement as recognised in FA, consider proportionate compliance according to prescribed relationship with MLA on R&amp;D and the level of respective autonomy, management and control, to leverage existing oversight on the use of funds, governance and compliance (refer section 8.6)</p>
6. Management	<p><u>Process</u></p> <p><i>Board/Management interviews and desktop document review:</i></p> <ul style="list-style-type: none"> <li>▶ Executive appointments &amp; structure.</li> <li>▶ Resource allocation &amp; AOP.</li> <li>▶ Mgt performance oversight.</li> <li>▶ Board/Mgt r/ship &amp; communication</li> </ul> <p><u>Review comment</u></p> <p>Effective Board and management relationship with appropriate oversight. Board papers structure and content are sound.</p>	<p>Compliant</p> <p>No recommendations</p>

## Governance Element

## Summary Comments

## Recommendations

### 7. Monitoring

#### Process

#### *Board/Management interviews and desktop document review*

- ▶ Budgets, payments and fund application processes
- ▶ Risk, fraud monitoring, IP plans
- ▶ Financial audits & annual reports
- ▶ Meeting format, KPI monitoring
- ▶ Compliance
- ▶ Performance Review 2016

#### Review comment

Generally effective monitoring and thorough reporting  
All 2016 recommendations complete

Compliant

No recommendations

### 8. Renewal

#### Process

#### *Board interviews, stakeholder survey and document review*

- ▶ Board composition and succession
- ▶ Relevance of activities
- ▶ Confirm actions from prior reviews
- ▶ Board renewal and representation (nominations committee)

#### Review comment

While processes are adequate, this function could be formalised and enhanced.

Compliant

No recommendations

# 1. Introduction

## 1.1 Purpose of the review

### 1.1.1 Project scope

The specific scope was outlined in the Terms of Reference document issued to SED on 2 March 2020. In essence it required analysis and submission of an independent report reviewing compliance with regulatory and legislative requirements and performance of LiveCorp against its strategic and annual operating (business) plans, contextualised within a value for money assessment.

To ensure rigour and line of sight for these matters, SED applied a framework of governance principles and structure to assess the effectiveness or otherwise of LiveCorp's performance in discharging its responsibility.

### 1.1.2 Specific requirements

SED has cross referenced in Table 1 below, the specific elements contained in the terms of reference with the relevant sections within this performance review report.

Term of reference		Review section
The terms of reference of the Performance Review must take into account LiveCorp's performance in:		
1.	Meeting its obligations under the Funding Agreement with Commonwealth of Australia represented by the Department of Agriculture, Water and the Environment and the Australian Meat and Live-stock Industry Act 1997 (Cwlth) (Act);	Section 2, 3 & 4
2.	Progressing recommendations from its past performance reviews;	Section 4.
3.	Implementing governance arrangements and practices for ensuring proper use and management of the Marketing and Research & Development funds, including consideration of board performance, and the development and implementation of probity policies for making funding decisions and managing intellectual property;	Sections 3 & 4.
4.	Meeting the planned outcomes and targets of its Strategic Plan 2016-2020;	Section 7 & 8.
5.	Delivering grants and programs funded by the Australian Government that are in addition to activities delivered under the Funding Agreement;	Section 7 & 8.
6.	Delivering the dairy cattle export program and the voluntary dairy cattle export charge;	Section 7.
7.	Delivering benefits to members, Levy Payers, industry and the broader community;	Section 7 & 8.
8.	Satisfying the Research & Development and Marketing interests and meeting the needs of members, Levy Payers and the industry;	Sections 6, 7 & 8
9.	Managing and investing funds under the Donor Arrangement with Meat & Livestock Australia, including progressing implementation of the recommendations from the 2018 Noetic Group Review; and	Section 7
10.	Consulting with Levy Payers and Prescribed Industry Bodies and other stakeholders.	Sections 5 & 6

Table 1 – Terms of reference – Referenced review section

## 1.2 Framework for review

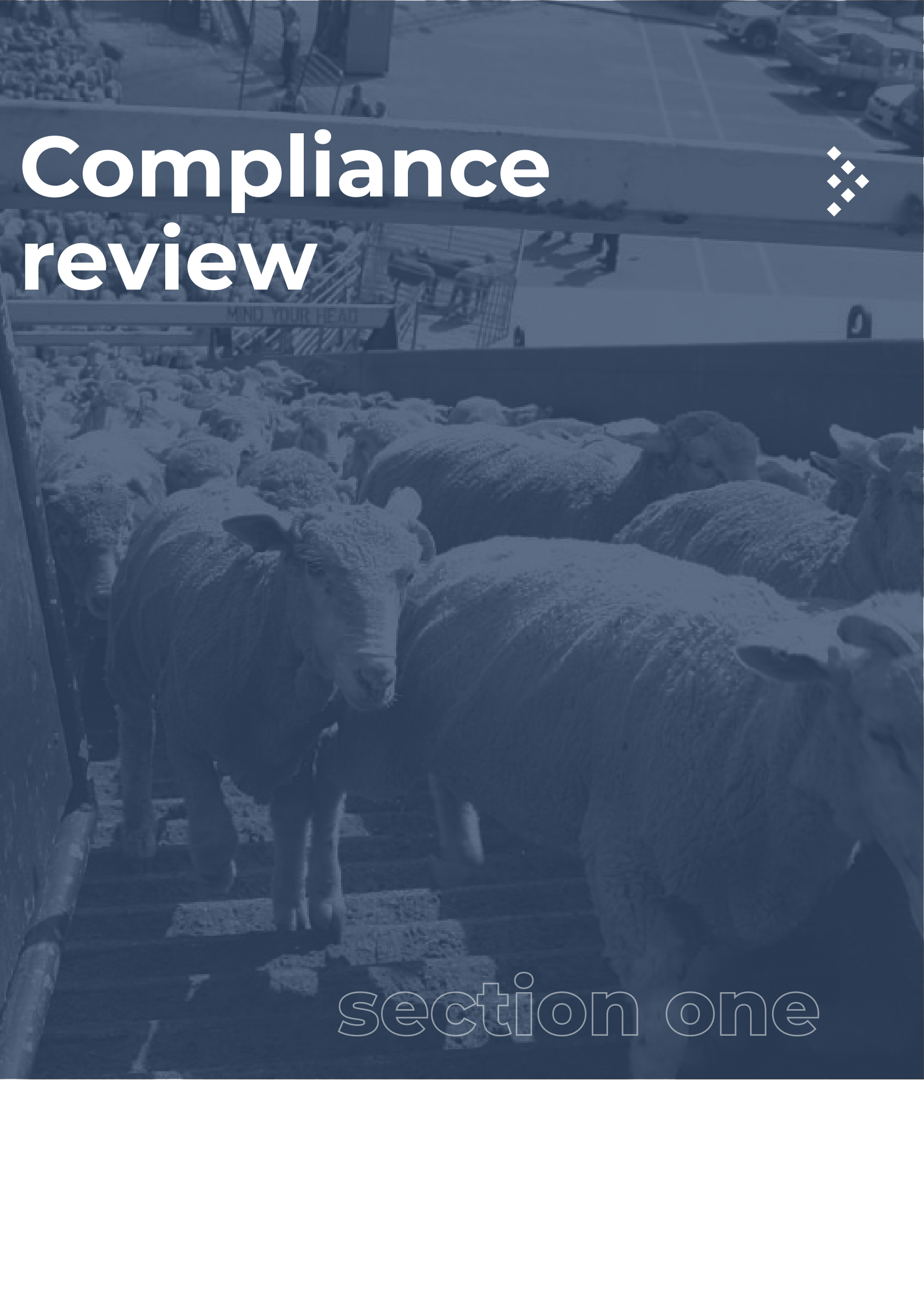
SED conducted this performance review through the governance framework outlined in Figure 1 in the methodology. All key information was mapped to this framework to assess the appropriateness of delivering to LiveCorp's stakeholder needs and the effectiveness of delivery of these services.

It has also enabled context for recommended improvements to LiveCorp's performance in delivering research, development and extension (RD&E) and marketing services.

The review was undertaken in three stages, as outlined in Figure 2:



Figure 2 – Review framework



# Compliance review



section one

## 2. Overview of LiveCorp's regulatory environment

### 2.1 Role of LiveCorp

"Australian Livestock Export Corporation Ltd (LiveCorp) was declared under the Australian Meat and Live-stock Industry Act (1997) (AMLI Act) as the live-stock export marketing body and the live-stock export research body for the Australian livestock export industry on 17 December 2004, with effect from 1 January 2005.

LiveCorp was incorporated as a national, member-funded public company on 18 February 1998, and was declared as a donor company under the AMLI Act on 7 July 1998, with effect from that date.

LiveCorp's mission is to enhance the productivity, sustainability and competitiveness of Australia's livestock export industry by undertaking RD&E, providing technical support/services, and monitoring and reporting on programs and issues.

The LiveCorp board is accountable to its members through the Corporations Act 2001 and to the Minister for Agriculture through relevant Funding Agreements (FA's) for the expenditure of monies appropriated by Parliament."<sup>1</sup>

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<sup>1</sup> DAWE Website; <https://www.directory.gov.au/portfolios/agriculture-water-and-environment/department-agriculture-water-and-environment/australian-livestock-export-corporation-ltd> - Viewed August 2020

## 2.2 Legal framework

### 2.2.1 Australian Meat and Live-stock Industry Act 1997 (AMLI Act 1997)

The AMLI Act 1997 is the legislative instrument that allows for the formation of LiveCorp as an entity or body, referred to as a Research and Development Corporation (RDC), able to be a recipient of levies from industry participants engaged in certain specific activities, generally associated with the export of livestock.

Furthermore, it outlines LiveCorp's scope of operations as the appropriate Industry Services Body (ISB), and approved donor organisation for industry RD&E and marketing purposes relating to the use of levies and how such funds are to be applied. An important distinction from other RDCs is that LiveCorp is **not** a recipient of matching Commonwealth funding for RD&E purposes.

The Minister for Agriculture and the Department of Agriculture, Water and Environment (DAWE) are responsible for the Act's administration.

The Red Meat industry is comprised of several entities and advisory groups. For the purposes of clarity, the industry structure schematic is provided in Figure 3 below with clear definition of the study area for this review.

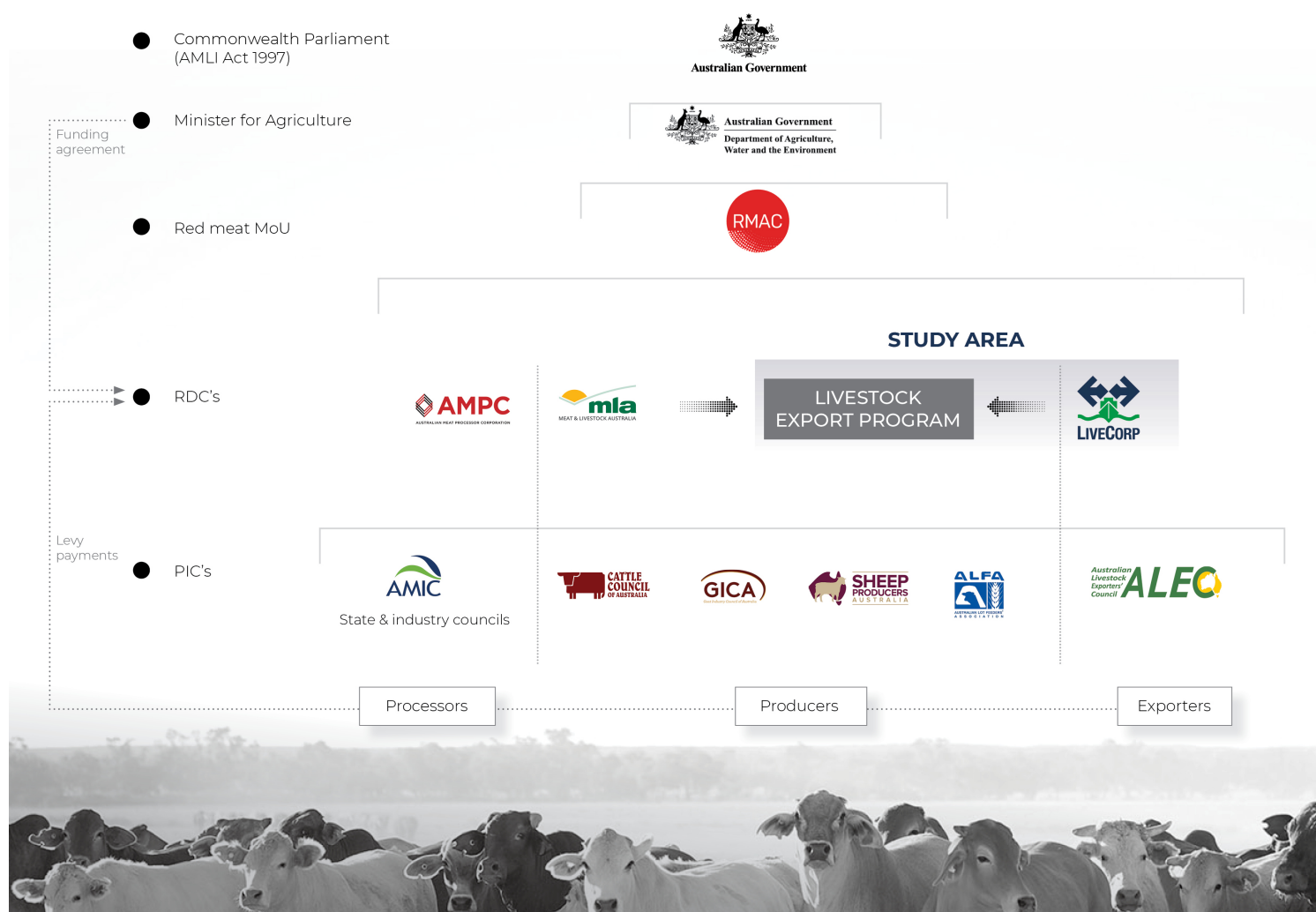


Figure 3 - Schematic representation of Red Meat Industry governance structure

### 2.2.2 Peak Industry Councils (PICs)

Peak Industry Councils are the representative bodies of specific and identified industry sectoral entities. They provide leadership, formulate policies, set strategic imperatives and agree overall levels of expenditure through prescribed processes.

While there is collaboration and cooperation within the industry that provide different PICs the opportunity to influence different industry sectors, in the case of the livestock export sector the Australian Livestock Exporters Association (ALEC) is the recognised industry PIC.

### 2.2.3 The Red Meat Advisory Council (RMAC)

The Red Meat Advisory Council (RMAC), works collaboratively with the PICs in the interests of the industry. It is the Commonwealth-recognised peak industry policy body responsible for industry advice on red meat matters 'from paddock to plate'.

It is specifically responsible for the Meat Industry Strategic Plan (MISP) and the Red Meat Memorandum of Understanding (Red Meat MoU), or MoU.

Operationally, the MoU details how the different industry sectors will cooperate and collaborate within a red meat industry framework, with specific roles and responsibilities allocated amongst industry participants. With regard to LiveCorp operations, and similarly for those of AMPC, the MoU stipulates that Meat and Livestock Australia is largely responsible for management of most of its RD&E, as well as its overseas market access activities.

The arrangements outlined in the MoU are also reflected in the FA's between the Commonwealth and the various red meat RDCs. For LiveCorp, RD&E is conducted under a joint program managed by MLA. In LiveCorp's case, this is undertaken under the Livestock Export Program, or LEP. As such LiveCorp does not receive matching Commonwealth funding; rather, this is directed to MLA as the manager of the program. The area of interest for this report is indicated in Figure 3 as the "Study Area".

### 2.2.4 Industry Research and Development Corporations (RDCs)

There are currently 15 RDCs appointed by the Commonwealth to represent various agricultural industries and interests, of which five are statutory bodies and ten are industry-owned companies that manage RD&E expenditure, marketing activities and other member services.

LiveCorp, as described in Section 2.1, is the post farm gate RDC for livestock export industry. Under the Red Meat MoU, it also collaborates with other red meat industry RDCs; Meat and Livestock Australia (MLA), representing livestock producers, and the Australian Meat Processor Corporation (AMPC), representing the processing sector.

### 3. Compliance review: Corporate governance and operations

#### 3.1 Introduction

As outlined in section 1.2 framework for review, stage 1 of this performance review assessed LiveCorp's compliance to the requirements imposed under the Funding Agreement and its adherence to their constitution as the protection mechanism for its member stakeholders.

#### 3.2 Statutory funding

LiveCorp is a national, member-funded public company, and a declared donor company under the AMLI Act.

There is currently a Funding Agreement in place between the Minister for Agriculture and Water Resources on behalf of the Commonwealth of Australia represented by the Department of Agriculture and Water Resources (ABN 24 113 085 695) and Australian Livestock Export Corporation Limited (ABN 88 082 408 740).

The compliance phase of this review assessed adherence to the conditions outlined in the Funding Agreement 2017 – 2021. LiveCorp received additional project funding through this period under review. The specific assessment for these funds is outlined in section 7 Performance review – Delivery of Projects.

Table 2 – Funding agreement assessment

Assessment		Status
2017-2021	Funding agreement conditions	Compliant
Internal	Controls and reporting	Effective
External	Resources	Challenged

SED review assesses LiveCorp as fully compliant with effective controls and reporting as per Funding Agreement requirements. We further note that this outcome has been achieved in an environment where LiveCorp's limited resources are challenged. These limited resources impact due to its small relative size, its heavy responsibility for involvement in industry-related matters including formal inquiries, reviews and submissions. The FA imposes similar requirements to those of all RDCs, which therefore imposes a disproportionate reporting compliance obligation on a small organisation.

***Refer to Appendix 10.4 for a detailed assessment of compliance with each element of the Funding Agreement***

### 3.3 Constitution

#### 3.3.1 LiveCorp Constitution review summary

The Constitution of Australian Livestock Export Corporation Limited ACN 082 408 740 (amended June 2013) outlines the purpose, objects and governs the powers vested to members and the Board for the way in which it can pursue achievement of the listed objects.

The compliance phase of this review assessed adherence to each clause outlined in the Constitution during the review period 2016 – 2020.

Table 3 – Consultation assessment

Assessment		Status
2016-2020	Constitution	Compliant
Internal	Controls and review	Effective
External	Independent assessments	Completed

SED review assesses LiveCorp as fully compliant with its constitutional powers, is supported by effective governance structure, effective guidelines, process controls and reporting, together with the conduct of external and independent assessments through sub-committees and organisational audits.

## 3.4 Management

### 3.4.1 Organisational structure

The implementation of LiveCorp's strategy is the responsibility of ten employees (including the Chief Executive Officer), three of which are part-time as outlined in the organisational chart in Figure 4.

It is evident that a clear line of sight exists from the Strategic Plan to the Annual Operating Plans (AOP) through to individual responsibilities. Each employee has a detailed position description outlining responsibilities and conditions of service. The roles reflect the requirements of the Strategic Plan and the AOPs, though it is acknowledged that in a limited resourced team, there is often the need to provide cover to other roles.

Interviews conducted with the CEO and the Company Secretary confirmed a strong industry and technical grasp of their respective roles, the regulatory framework, the organisation's expectations, its direction and the operating environment.

There was strong evidence of active involvement in the process of planning, priority setting, delivery and measurement of each function.

Observation through the desktop review and consultation did identify the issue of disproportionate time allocation to compliance and regulatory matter, relative to its size. This adds operational risk to the organisation (through risk of key personnel departure with long tenure and possessing considerable corporate knowledge) and it potentially challenges the "member best interest" obligation.

Investment in systemising compliance activities, more critical assessment of key measures, may help to assist to calibrate this. Further, it warrants discussion in the negotiation of the next funding agreement as to shared obligations for RDC work with MLA.

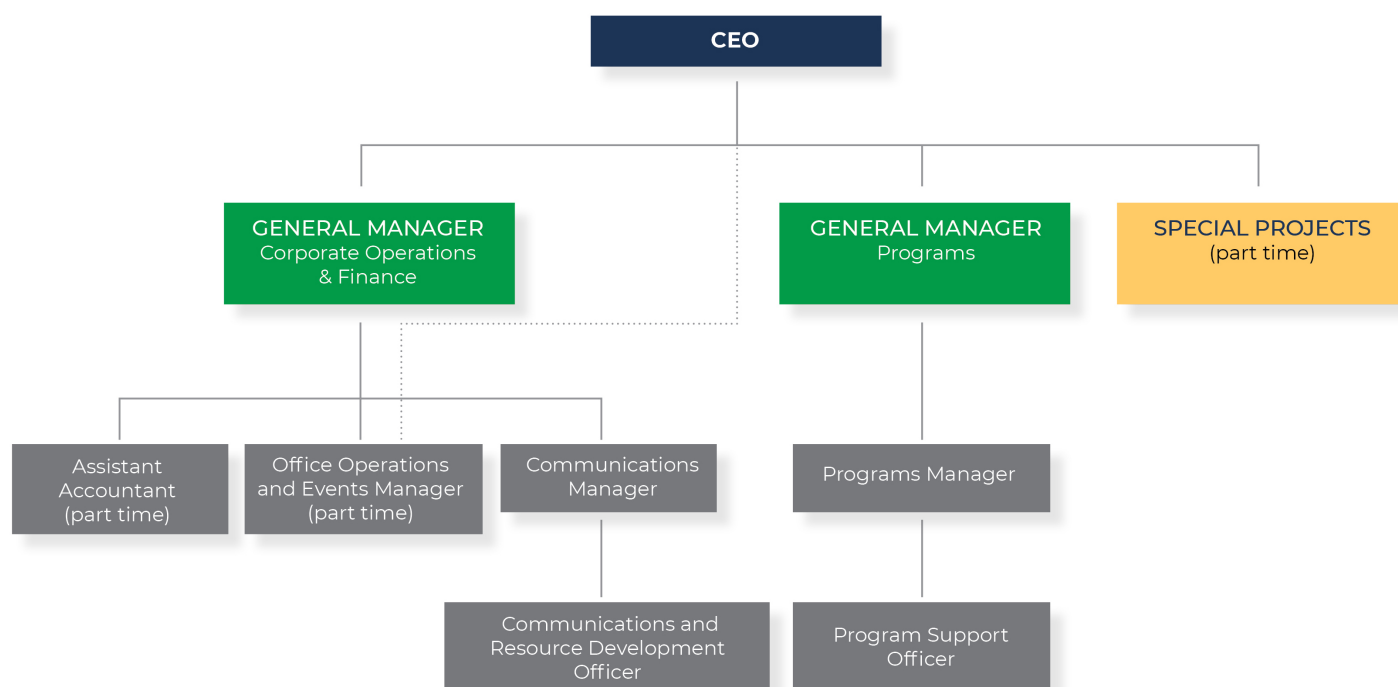


Figure 4 – LiveCorp organisational chart

### 3.5 Board

The LiveCorp Board is charged with the responsibility of governing the company effectively for the benefit of stakeholders. Governance is more than compliance, it is a way of thinking and acting on behalf of stakeholders, and assessing and managing the balance between strategic, compliance and operational focus in discharging responsibilities.

While this review has not intended to undertake a formal and thorough Board review, it has nonetheless made assessments and observations consistent with best practice guidelines for government-funded operations.

SED has relied upon an external Board Performance Assessment conducted in 2019 by *Board Matters – S Cullen, the follow up LiveCorp implementation plan status* and mapped to eight standard governance dimensions within the overall governance framework. LiveCorp's Board and management have been active in the implementation of all 36 recommendations, with 23 recommendations completed as at June 2020.

Table 4 – External board performance assessment

Dimension	Assessment criteria	2019 Review recommendation status
Strategy and Purpose	Direction, Plans, Policies, Values, Government priorities	2019 Report section 1.1 5 complete, 2 in progress
Structure	Size, roles, responsibilities, clarity and representation	2019 Report section 3.3 and 3.4 0 complete, 3 in progress
People	Capability, capacity, duties, development and induction	Covered section 3.2 4 complete, 2 in progress
Processes	Agendas, timetables, Board information	Covered section 2 11 complete, 2 in progress
Dynamics	Relationships, behaviours and decision making	Covered section 3.1 3 complete, 0 in progress
Stakeholders	Engagement with ministers, departments, staff, members	2019 Report 1.2 0 complete, 1 in progress
Accountability and results	Ethics, measuring, monitoring, risk management	2019 Report 1.2 and 1.3 0 Complete 3 in progress
Compliance and Reporting	Legislative, governance and audit activities	Covered section 3.3 0 complete, 1 in progress

To support this work, SED performed a sample review of consecutive sets of board papers and concluded that they represent a logical layout with appropriate content to enable the Board members to discharge their responsibilities under the Governance model outlined in Figure 1, namely:

- Governance matters
- Stakeholder representation
- Strategic issues including strategic risk and industry matters
- Setting guidelines and controls for oversight
- Management performance
- Monitoring performance, compliance and risk
- Focus on Board Governance annual work program and renewal

The review supports Board performance review recommendations as follows:

- Initiate LiveCorp stakeholder communications mapping matrix including engagement type and develop future communications to levy payers on the role and activities of LiveCorp to better manage their expectations.
- Assess constitutional and industry implications for staggering board terms for better alignment with effective Board succession planning.

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***Recommendation: Governance matters***

*Address the completion of recommendations relating to board terms and stakeholder mapping as identified in the Board performance review*

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## 3.6 Application of funds

The review of application of funds is required to assess confidence that application is appropriate and guided by the rigour of the budget process. The review confirmed the process undertaken is appropriate, rigorous and consistent with guidelines.

### 3.6.1 Budget development

The budget development commences early in the year, finalised with the AOP development process from April. The logic follows an appropriate balance between a top-down strategic path, focussed on meeting organisational objectives and a bottom up validation check from an operational level and implementation implications.

### 3.6.2 Monitoring

The review confirmed the existence of monitoring of expenditure and activity through performance measures, including to members through the annual report. In addition, there are effective and disciplined processes in place for monitoring:

- Application and sources of member and levy funds
- Internal performance, including routine follow-up of the 2016 Performance Review Implementation Plan and ongoing monitoring of Strategic Plan

As previously noted, LiveCorp operates in a “limited people resources” environment. As such, productivity requirements dictate a strong need to prioritise activity to optimise results. This requires an effective approach to measurement of strategic outcomes. The review identified:

- Regular and extensive reporting of KPI measures. These measures constituted a mixture of activity indicators and output indicators. While these measures may be valuable at operational levels for resource allocation, the benefit diminishes as these are reported at Board level. The end result is that there are too many measures to provide a true line of sight to the strategic objective.
- Strategic effectiveness measures by exception would prove more effective. Effective KPI measurement should drive innovation and organisational priorities. Strategic management and oversight would benefit from strategic performance measures rather than KPI indicators. Appropriateness measures would be established at the outset, with progress versus outcome measures adopted, preferably using a dashboard. SED has provided a sample framework for strategic performance measures in section 10.3.4 for consideration by LiveCorp.
- Management noted that quantitative program evaluation measures are difficult for some programs and projects given their time horizon and “speculative” nature. This should be factored into the measurement setting process. For example: What does success look like? At a granular level:
  - It may be bringing a project in on-time and on-budget.
  - It may be achieving policy success through a written submission.
  - Gaining access to a new market through the agreement of a health protocol.
  - It is also possible that the greatest achievement may not be anything new; that, despite a volatile environment, the trade continues to support the communities that rely on it.

### 3.6.3 Strategy development

The terms of reference required specific review of the process for strategy development.

From a review of the Board Papers and the timeline of events over the review period, it is evident that the LiveCorp board had to deal with a number of acute issues. Such circumstances, by their nature, require prompt and sometimes reactive responses to ensure the focus is on where to apply limited resources to greatest effect.

Consultation feedback indicates a view the Board and senior management have successfully acted in this respect. By virtue of its position in the industry, LiveCorp has often appeared to assume a leadership role. This requires the need to tread a line between its role and ALEC. LiveCorp’s constitution is clear in its requirement to represent and look after members as an R&D organisation.

That the industry operates in a fluid and volatile environment with many drivers and layers of complexity, is demonstrably the case. As one interviewed put it:

*“The only constant in the livestock export industry, is change.”*

This environment impacts on strategic planning and development. There is no reason to believe that this scenario will alter in the future, although periods of relative calm can arise. During these periods the board should use strategy sessions to proactively identify possible future threats and opportunities and develop possible strategies according to the perceived level of risk and/or benefit attached.

This process could be facilitated by using game theory, scenario modelling, threat assessment, risk mitigation and acute response planning. Alternatively, it could be managed through relatively informal presentation sessions with identified people, experienced and knowledgeable, from both:

- Outside the industry, in related matters such as emergency/crisis management, military strategy, logistics and supply chains, vessel charter and operation; and
- Within the industry to provide clarity around specific aspects of the supply chain; prominent and experienced producers and exporters, representatives of LiveShip, those with exposure to specific market intelligence. This would allay inferences about lack of visibility in the development of strategic priorities.

Reports are useful, however understanding nuances, being able to personally pursue lines of questioning and develop and construct scenarios through the eyes of those with the most exposure to issues, provide a greater level of clarity and understanding for strategy development.

SED has provided a sample priority project model in section 10.3.3 as an example for consideration in reporting and monitoring of priority projects.

## 4. Compliance review: Planning and reporting

### 4.1 Introduction

Further to the strategy development requirements of the FA outlined in 3.6.3, this section assessed the process that LiveCorp undertakes in the development of its strategic plan. This process is assessed in line with the requirements set out by the FA, as well as those considered to be effective strategic plan practices within representative organisations in contemporary Australia.

### 4.2 Strategic plan

#### 4.2.1 Strategic plan summary

##### Vision

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

##### Mission

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

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

##### Strategic Objectives

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

##### Alignment

- Science and Research priorities and its Rural R&D priorities, specifically:
- Red Meat Industry Strategic Objectives as identified in the MISP 2020

##### LiveCorp Programs

The following programs enable LiveCorp to deliver against its key strategic objectives:

- LEP RD&E Program
- LEP in-Market Programs (SEA Vietnam, Indonesia and EMENA)
- LiveCorp Industry Capability Program
- LiveCorp Exporter Program
- LiveCorp Services and Innovation Program
- LiveCorp Dairy Cattle Export Program
- LiveCorp Communications Program
- LiveCorp Corporate Governance Program

#### 4.2.2 Strategic plan compliance summary

The review has concluded that LiveCorp's strategic planning has been conducted in accordance with the practices identified in the FA. For the full text regarding the FA clauses and LiveCorp's performance review, please refer to Appendix 10.4, a summary of which is outlined in Table 5 – Strategic Plan – FA compliance summary Table 5.

Table 5 – Strategic Plan – FA compliance summary

FA Clause No.	Subject	Complied with
28.1	Consultation with Industry	Yes
28.2	Consultation with Industry	Yes
29.1	Information on Activities	Yes
29.2	Information on Activities	Yes
30.1	Strategic Plan	Yes
30.2	Strategic Plan	Yes
30.3	Strategic Plan	Yes
30.4	Strategic Plan	Yes
30.5	Strategic Plan	Yes
30.6	Strategic Plan	Yes
30.7	Strategic Plan	Yes

## 4.3 Annual Operational Plan

### 4.3.1 Annual Operational Plan

As required by the FA, LiveCorp adopts a thorough, appropriate and compliant AOP process. The process cycle is undertaken around April each year; it is then reviewed by the Board and put to members. Review of AOPs conclude that they contain a detailed industry overview and profile, a planning framework as outlined in Figure 5 and are integrated into an ongoing measurement and monitoring system.

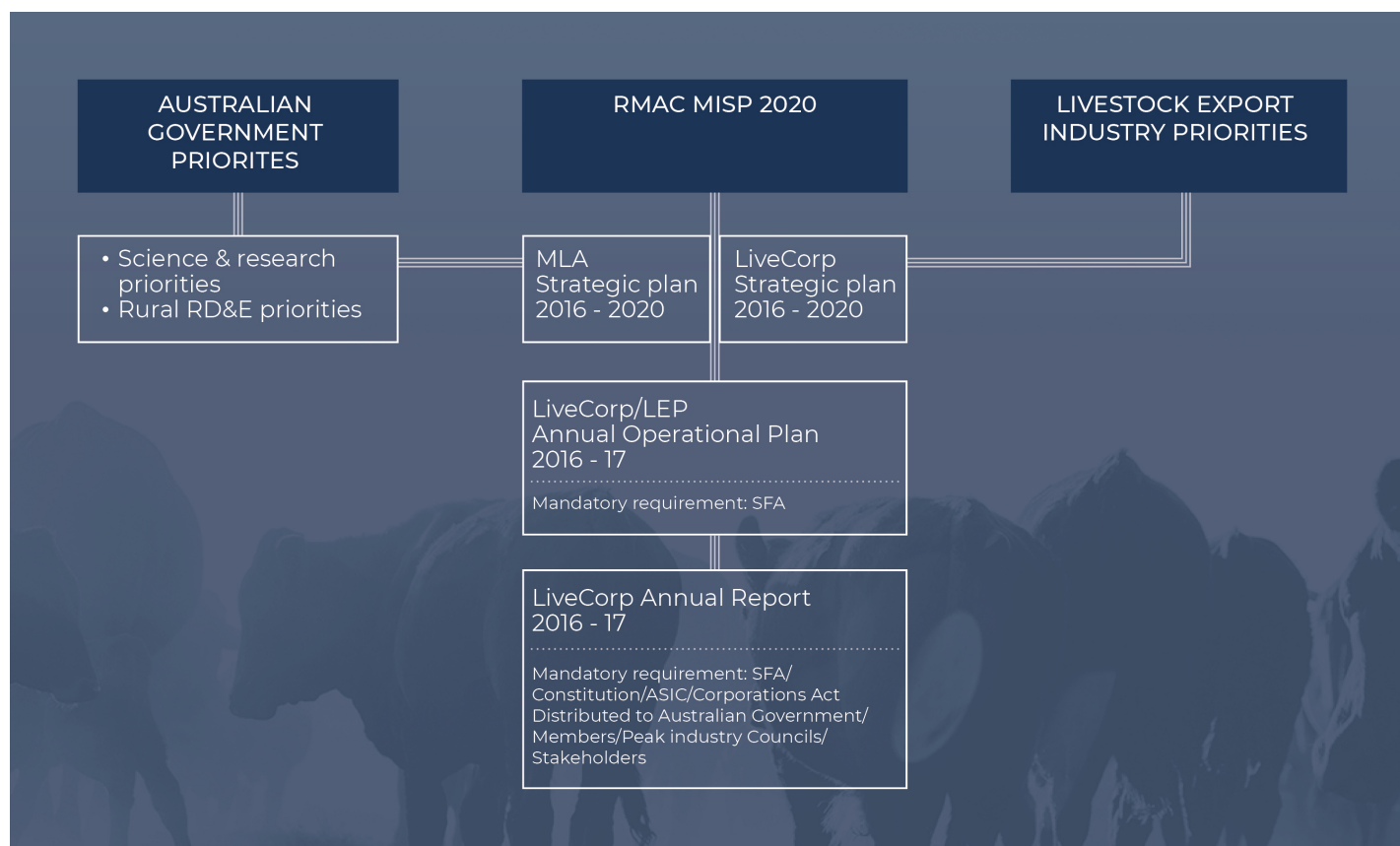


Figure 5 - Schematic representation of the AOP Process [Source 2016 / 17 AOP]

### 4.3.2 Annual Operational Plan compliance summary

As with the Strategic Plan, the Annual Operational Plan is a requirement of the FA and compliance with the relevant clauses are summarised in Table 6.

Table 6 – Annual Operational Plan – FA compliance summary

FA Clause No.	Subject	Complied with
32.1	Annual Operational Plan	Yes
32.2	Annual Operational Plan	Yes

## 4.4 Annual reports

The annual report represents the ultimate accountability report of the Board to its constitution members, Commonwealth of Australia and other stakeholders. It is imperative that the communication tool is effective and compliant with reporting standards.

SED undertook a desktop review of four annual reports spanning financial years 2015 to 2019 inclusive. Our observations conclude that they are of high professional standard, transparent, compliant and informative. These conclusions are formed based on confirmation of the following reporting elements:

- **Informative:** Provision of informative content about activities conducted, their current status and the industry operating environment, is provided. Includes well designed summaries of RD&E programs, collaboration projects, use of levies and research priorities.
- **Disclosure:** Clear and transparent reporting of governance activities is evident. As those appointed by members to act in their organisation's best interests, it is important that their approach and activities are clearly explained, including composition, selection, conflict management, workload and remuneration. These are all reported.
- **Compliant:** Financial reports are prepared in accordance with Australian Accounting Standards and are provided with supporting easy-to-read graphical representation of uses of funds by program and activity.
- **Independent validation:** Through the provision of the Auditor statements provided by *Nexia Australia*, noting unqualified reports to members and the disclosure of a separate report to the Commonwealth of Australia.

As a final comment and observation only, SED notes the considerable work involved for the small LiveCorp team in preparing and documenting the annual report, which in effect is for small membership base of around 45 members.

It represents a governance compliance tool, complying with stipulations outlined in the FA. However, as a hindsight review document, the "member value" question should be continually revisited as to the resources put to this activity relative to other member communication options.

## 4.5 Performance monitoring

SED acknowledges the number and scope of reports initiated by Government, Industry and LiveCorp over the review period. Where these reports affect LiveCorp operations, SED has referenced them accordingly. SED does not view its role is to review the findings of each report, unless they impact LiveCorp's ability to fulfill their remit. The fact that they have been commissioned to address specific issues as identified is evidence LiveCorp have acted sufficiently to meet the appropriate standard.

### 4.5.1 2013 Performance review

SED has reviewed the 2013 performance review undertaken by AgEconPlus, the report's recommendations and the LiveCorp implementation plan. The appropriate actions have been addressed and completed and, where applicable, ongoing actions are in-place to address more complex and intractable issues. SED is satisfied that the necessary measures have been implemented and notes that, to an extent, subsequent events and industry actions have superseded some recommendations, for example the implementation of the Noetic report.

### 4.5.2 2016 Performance review

Under the FA, LiveCorp is required by the Commonwealth to undertake a performance review between six and 12 months prior to the expiry of the current Agreement on 5 April 2021, being four years after the date of signing of the current FA.

It is our understanding that the last Performance Review (2016) was undertaken between the expiry of the previous FA and when the currently executed FA was agreed and, as such, is not required to strictly comply with the terms of the current FA. We also understand that the Commonwealth is aware of these circumstances.

That said, we have reviewed the previous report and its recommendations and the process LiveCorp has used to address the issues raised and the implementation plan it put in place in response. Furthermore, during our documentary review, a number of ongoing activities related to the recommendations were observed through various Board Papers, ongoing AOP activities and also referenced elsewhere in other documentation.

SED is satisfied that LiveCorp has taken the necessary actions to review and address the recommendations of the 2016 Performance Review. A copy of the 2016 performance review implementation plan has been included in Appendix 10.6.

### 4.5.3 2018 Noetic Group LEP RD&E review

SED also notes that LiveCorp commissioned a review into the LEP RD&E program. This review recommended a number of changes to the way RD&E projects are selected, managed and reported. Some of these refer to those currently being implemented.

For clarity, SED has viewed LiveCorp's implementation plan, and with the corroboration provided through consultations with industry, we are satisfied that the report has been properly considered.

We note however for ease of referencing that LiveCorp review referencing and consider

- Whether all plans should cite the full title of the document they are addressing.
- Referencing the date that detailed actions are completed.
- Whether they should also indicate the date when they were last reviewed or, if fully implemented, indicate the date when the final action/s were finalised and the project signed-off / completed.

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**Recommendation - For the purpose of providing context to any documentary review:**

#### **Documentary control**

*Consider ensuring for the purposes of consistency and review, that all relevant documents, including, but not limited to, the FA, submissions, reports, reviews etc., are dated; whether it be the date of execution, agreement, creation, received or, when it was published.*

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## 4.6 Risk Management Plan, Fraud Control Plan and IP Management Plan

### 4.6.1 Compliance

SED sought evidence and reviewed all requirements outlined in the FA. The reports reviewed included:

- LiveCorp Risk Management Plan (approved 18 June 2015) and last reviewed 21 June 2018
- Fraud Control plan (approved 18 June 2015) and last reviewed 31 October 2018
- Intellectual Property Management Plan (approved 16 June 2016) and last reviewed 21 June 2018. This also includes the Intellectual Property commercialisation plan.
- LiveCorp Delegations and Limit of Authority, as outlined in the Corporate Governance Manual (October 2018)

SED confirms compliance with requirements of the Funding Agreement.

Table 7 – Review of risk management compliance

FA Requirements	Compliance
Risk Management Plan	Effective and compliant with <u>AS/NZS ISO 31000:2009</u> Key risks are outlined but represent a “static point in time” assessment.
Fraud Control Plan	Compliant as per Australian Standard for Fraud and Corruption Control (AS8001-2008).
IP Management Plan	Comprehensive and clear guidelines articulated
Delegations and Authority Limits	Comprehensive cover and assessed in the External audit by sample checking

LiveCorp operates in an industry that is subject to multiple and unpredictable external impacts. Line of sight for the Board from its risk, to strategic priorities to controls is important for effective governance. To assist with ongoing performance reporting, adoption of an industry risk hierarchy model would be useful.

Within the risk management framework, LiveCorp could also consider initiating a process of alignment between risk appetite, policy (controls) and its implications for strategy development. This can support the CEO to focus reporting on Board priority strategic risk items within the context of the Strategic plan.

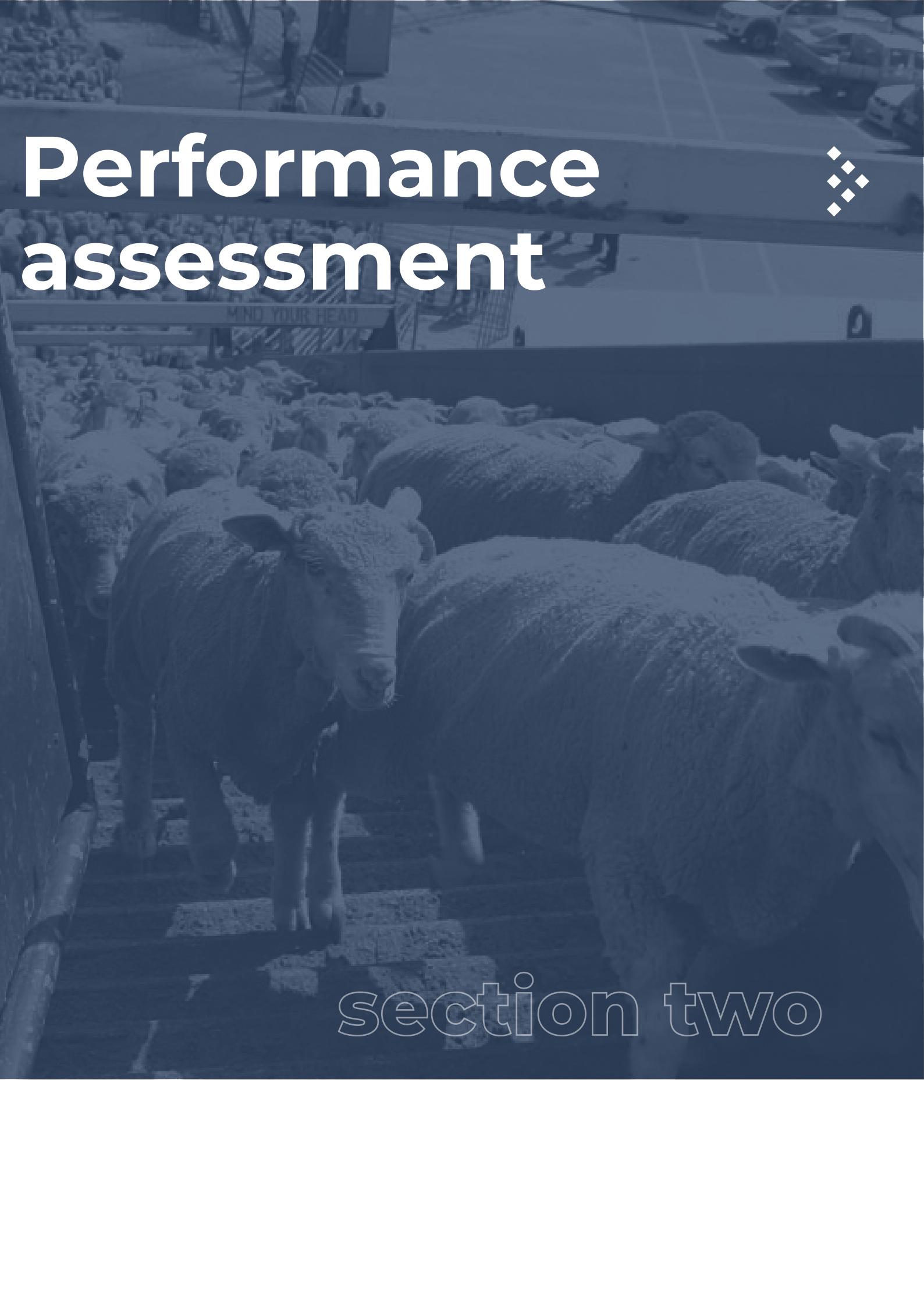
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#### **Recommendation:**

##### ***Risk Management Plan***

*Build a more defined connection between strategic development process and Board risk appetite using an industry risk hierarchy model*

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# Performance assessment



section two

## 5. Overview of LiveCorp's operational environment

LiveCorp's activities may be summarised, among other duties, as:

- Providing advice on behalf of the Live Export Industry, within the limits of relevant Acts, Constitution and FA.
- Market access through negotiated health protocols and the provision of inter-governmental communication and advice
- RD&E activities and developed expertise for both domestic and in-market purposes
- As an industry resource providing a repository of industry knowledge, education and information for the wider community
- Providing submissions and regulatory advice to the Australian Government, including departmental backgrounding and correspondence.
- Member services through provision of industry advice, including crisis management.
- Maintaining internal governance and administration functions.

To effectively understand the scope of LiveCorp's responsibilities, SED deemed it important to understand the operational environment in which LiveCorp was involved over the review period, as it represents a salient factor in determining the organisation's overall performance.

### 5.1 Context - The period in review

#### 5.1.1 A timeline of significant events

##### 2015/16

- Volumes decreased by 12.7% year-on-year; cattle as a result of uncertainty with Indonesian import permits, sheep due to the removal of subsidies and increased competition from other exporting countries, and goat exports also decreased. Breeding cattle demand increased, mainly as a result of demand from Mexico and China, while dairy exports were flat.
- Competition between exporters, processors and re-stockers affected exporter profitability, with the benefits largely being passed on to producers.
- LGAP handed over to ALEC for industry consideration and consultation.
- Development of a new ESCAS training program to enhance the capacity of contractors and in-market staff.
- Circulation of an electronic risk assessment template for exporters.
- Supported the Department of Agriculture and Water Resources' (DAWR) implementation of Approved Arrangements (AA) for exporters.
- Cattle health protocols with China, Mexico, PNG and the USA finalised.
- New 4-year Strategic Plan released.
- Alison Penfold steps down as CEO of ALEC in July. Simon Westaway appointed as her replacement.

##### 2016/17

- Total livestock export volumes declined a further 12.4% year-on-year. Historically high Australian domestic livestock prices and a lack of rain, coupled with the strength of the Australian dollar, has Australia competing globally at a cost disadvantage that continues to test the commercial competitiveness of the feeder and slaughter trade to all major export destinations.
- Cattle volumes declined by 27%, mainly as a result of a cessation in issuing Indonesian import permits, sheep numbers remained steady, while goat numbers fell drastically by 63% as a result of increased domestic processor demand.
- The Indonesian Ministry for Trade announced two key policy changes: New import conditions allowing beef and buffalo imports from countries that are not foot and mouth disease (FMD) free – e.g. Indian Buffalo Meat; and, new import conditions requiring a ratio of one breeder to five feeder cattle be imported.
- LiveCorp participated in a Departmental Government trade delegation resulting in a high-level Australia – Indonesian Working Group being established. Through the Working Group, LiveCorp was able to significantly advance Australia's relationship, including the introduction of annual permits and changes to the maximum weight limit (350kg to 450kg).
- Directors and senior executives travelled to Iran, Lebanon, the United Arab Emirates, Indonesia and Vietnam.
- First sea shipment to China.
- LGAP Implementation Steering Committee (LISC) established.
- Dr David Jarvie retired from the Board of LiveCorp; Michael Gordon was appointed as his replacement. Lisa Dwyer and Terry Enright were both re-elected.

## 2017/18

- Export cattle and sheep numbers increased marginally year-on-year.
- October 2017, Barnaby Joyce steps down as Federal Minister for Agriculture after 4-years replaced by the PM Malcolm Turnbull.
- December 2017, Malcolm Turnbull steps down as Minister for Agriculture by David Littleproud.
- In April 2018, footage from a high-mortality Awassi Express voyage was aired on *60 Minutes*.
- Two exporters subsequently had their licences suspended, then cancelled.
- A range of reviews were commissioned by the Commonwealth as a result.
- In May 2018, Liberal MP Sussan Ley introduced a private member's Bill to phase out long-haul exports of live sheep and lambs to the Middle East.
- The ALP indicated support for the Bill, with Shadow Minister for Agriculture, Joel Fitzgibbon, announcing that, if elected, a Labor Government would develop a transition plan to end live sheep exports.
- On May 24, in his second reading speech for the Bill, Minister Littleproud reaffirmed support for the live trade, stating: "The calls to ban live-stock exports disregard the value of this trade to our farmers and others in rural and regional Australia. Banning, or even suspending, live-stock exports at this time is simply a 'knee-jerk' reaction, and would be a poorly considered decision."
- The McCarthy review was publicly released on 17 May 2018; it made a number of recommendations for reform, including reductions of stocking densities and movement from a heat stress risk assessment based on mortality to assessment based on animal welfare.
- In response, the Department accepted most of the recommendations, but announced that it would not implement a revised heat stress risk assessment model until further public and expert consultation is undertaken.
- LiveCorp's resources tested supporting members and reassessing, redirecting and fast-tracking relevant R&D projects during this difficult time.
- LiveCorp delivered to ALEC its request to scope out the development of an improved control and traceability framework for inclusion of LGAP.
- In 2018 ALEC members make a significant decision to unanimously support the implementation of LGAP.
- LiveCorp issued an open invitation to collaborate in modelling to address the significant challenge of heat stress of sheep during export in the northern hemisphere summer.
- Two Scabby Mouth Vaccinator training courses delivered in Western Australia.
- David Galvin steps down as LiveCorp Chair after completing his 9-year tenure as a director. Terry Enright is appointed as the new Chair,
- Melissa Holzberger is elected as a skills-based Director of LiveCorp.

## 2018/19

- Devastating floods impacted the Queensland cattle industry and an estimated half a million head were lost, while continued drought in other areas continued to bite, leading to record female slaughter levels and further destocking.
- An industry-led voluntary moratorium on live sheep shipments through the northern summer was mandated by the regulator, suspending shipments from June to October. This had a profound effect on both the trade and customers.
- As a result, total livestock export volumes dropped by almost 22%, although values increased almost 17% year-on-year.
- With a decreased number of shipments and lower stocking rates, export sheep numbers dropped below one million head, down 47% on the previous year.
- Ongoing drought across large parts of Australia resulted in further turn-off, and live cattle exports increased more than 29% on the previous year. Indonesia and Vietnam continued as the key destinations, both up more than 30%.
- The dairy heifer trade to China increased 164% year-on-year.
- Exports of breeder goats to China made up almost half of the number of goats exported, pushing up value by 49% despite a slight decline in volume to 18,650 head.
- In June 2019 a DAWE report outlined two critical ESCAS non-conformances relating to the leakage of 1,500 head of cattle and 99 buffalo from the Vietnam supply chain by two different exporters.
- A number of on-going government reviews continue.
- In September 2018, the private member's bill to ban live sheep exports failed by two votes in the Lower House.
- On 18 March 2019, Mr Ross Carter commenced as the Interim Inspector-General of Live Animal Exports.
- In the May 2019 election, the Federal Coalition was returned to Government, allowing live sheep shipments to continue.
- On 3 October 2019, the Inspector-General of Live Animal Exports Act 2019 came into effect.

- LiveCorp continued to provide ongoing industry advice with respect to the McCarthy review, making submissions to the Heat Stress Risk Assessment (HSRA) review, responding to the draft report from the ASEL review and ensuring Pen Air Turnover audits were carried out on vessels.
- LiveCorp managed \$4 million of Commonwealth Government grants, including research into the possibilities offered by onboard dehumidification.
- AniMark, an independent, not-for-profit company to deliver LGAP, was established with grant assistance from the Commonwealth.
- Similarly, separate monitoring work was provided around health and welfare advice and reporting to support an Indonesian government program providing breeding cattle to small holders with grant assistance.
- There were two industry reviews undertaken by RMAC, one related to the Meat Industry Strategic Plan (MISP) 2030, and the other a white paper which recommended significant structural change in the MoU and the relationship between peak bodies and R&D Corporations.
- As part of the MoU review, members of ALEC voted to explore the potential for amalgamation with LiveCorp.
- Through its services agreement with ALEC, LiveCorp has supported ALEC's industry re-set program, including the establishment of a Code of Conduct Committee.
- Independent review of the LiveCorp board undertaken.
- Richard Norton departs as CEO of MLA to be replaced by Jason Strong.
- Brett Ponting replaces Simon Westaway as CEO of ALEC in January 2018
- Brett Ponting resigns as CEO of ALEC and is replaced by Mark Harvey-Sutton

## 2019/20

- May 2019; David Littleproud steps down as Minister for Agriculture, replaced by Bridget McKenzie
- February 2020; Bridget McKenzie steps down as Minister for Agriculture, replaced by the current incumbent, David Littleproud.
- Terry Enright steps down as LiveCorp Chair after completing his 9-year tenure as a director. Troy Setter is appointed as LiveCorp chair.
- David Galvin replaces Simon Crean as Chairman of ALEC and ex-officio Board member of LiveCorp
- Melissa Holzberger resigns as Director of LiveCorp.

Table 8 - Significant industry events

The review period is notable for the quantity and intensity of the challenges the industry faced. Apart from the significant and ongoing domestic weather events of drought and flood materially impacting supply, the 'Awassi incident' and evidence of leakage from the Vietnamese supply chain contributed to a number of fundamental changes to the way that the industry is required to operate into the future.

LiveCorp, as the industry RDC, was relied on by both its members and the Commonwealth for advice as to navigate the way forward when the trade was clearly under threat. The acuteness of many of the issues and the resultant actions that LiveCorp was required to deal with over the review period was, by most measures, demonstrably greater than those of the other RDCs, many of which are endowed with greater resources.

A further indication of LiveCorp's workload over the period was the level of obligatory written responses, essential to provide representation of members' interests and arbitrate industry outcomes according to evidence-based reasoning.

### 5.1.2 Industry inquiries, papers and reports,

As indicated, there were a number of Commonwealth and industry-led reports and reviews undertaken, much of which either was accepted or influenced regulatory change. As the industry RDC, LiveCorp was required to be across the detail and application of these listed reviews:

Table 9 – Significant industry inquiries, papers and reports

Subject	Author	Year
Regulation of Australian Agriculture Inquiry Report	Productivity Commission	2016
Live Sheep Export – Brief Report	Mercado for WA Farmers / SPA	2018
Independent Review of Conditions for the Export of Sheep to the Middle East During the Northern Hemisphere Summer	Dr Michael McCarthy	2018
Review of the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports	LiveCorp Submission	2018

Subject	Author	Year
Review of the Red Meat Industry MoU Green Paper	LiveCorp Submission	2018
Review of the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports	Mr Philip Moss AM	2018
Heat Stress Risk Assessment – Draft report	Independent Heat Stress Risk Assessment Technical Reference Panel	2018
Agricultural Innovation - A National Approach to Grow Australia's Future: Full report	EY	2019
RMAC White Paper	Red Meat MoU Review Taskforce	2019
Marine Order 43 (Cargo and cargo handling — livestock) 2018	AMSA	2019
Regulator Performance Framework 2018-19 self-assessment for Agriculture – Live Animal Exports	DAWE	2019
Meat Industry Strategic Plan MISP-2030	RMAC	2019
Modernising the Research and Development Corporation system - Discussion paper	DAWE	2019
Review of the Australian Standards for the Export of Livestock (ASEL): Sea Transport	Technical Advisory Committee - DAWE	2019
Community Trust in Australia's rural Industries -A national survey 2020	Voconiq / AgriFutures	2020
Monitoring and reporting during livestock export voyages	Inspector-General, Live Animal Exports	2020
Regulation impact statement - Live sheep exports to, or through, the Middle East—Northern Hemisphere summer	Technical Advisory Committee, DAWE	2020

### 5.1.3 LiveCorp responses on behalf of the industry

Similarly, LiveCorp was required to supply written submissions relating to these and other issues over the review period:

Table 10 – Summary of LiveCorp written responses

LiveCorp authored submission and responses
Submission to the Productivity Commission's inquiry into Regulation in Agriculture
An issues paper on sea exports as part of the review of the Australian Standards for the Export of Livestock ('ASEL')
Input into the review of the conditions for the export of sheep to the Middle East during the Northern Hemisphere Summer (McCarthy)
Input into the review of the Department's regulatory capability and culture (Moss)
An issues paper on the assessment of heat stress in animals as part of the review of the same name
A draft report on sea exports as a contribution to the review of the Australian Standards for the Export of Livestock ('ASEL')
Response to the expert panel presiding over the heat stress risk assessment
A response to the memorandum of understanding review relating to the RMAC's Green Paper
A response regarding the air export of livestock as part of the review of the Australian Standards for the Export of Livestock ('ASEL')
Input into the review of regulation for the export of sheep to the Middle East during September and October 2019
Participation into the online survey surrounding the format of the Australian Standards for the Export of Livestock ('ASEL')
Monitoring and reporting activities associated with the IIGLAE's study of livestock export voyages
Preparation of an information package for the Export Control bills tabled in the Australian Parliament
Comments on a discussion paper concerning the regulation of live sheep exports to the Middle East
An analysis of the memorandum of understanding review relating to the RMAC's White Paper

## 6. Performance review: Consultation with stakeholders

SED undertook a number of interviews remotely by electronic means, primarily with LiveCorp Board members, management, ALEC and MLA. It is important to note that the consultation process was altered from the conventional method of undertaking face-to-face interviews with a representative sample of stakeholders, to one where we have relied on previous stakeholder statements made to a number of reviewers and other sources that we have been able to reference.

The reason for this change is twofold:

- First, LiveCorp is cognisant of the significant and substantial consultation recently undertaken of industry with respect to a number of different reviews and inquiries, the most recent canvassing many similar issues in the process of developing the LiveCorp Strategic Plan 2025. Given the size of the pool of members and the level of recent activity, an assessment was made that there was sufficient information on record for the purposes of this review, supplemented by follow-up one-on-one interviews where required.
- Secondly, an effective and efficient face-to-face consultative process would have proven difficult in the current Covid-19 environment that includes border closures, quarantine and self-isolation provisions and restrictions of assembly.

*A consultation list of those SED interviewed can be found in Appendix 10.3*

SED, to some extent due to the current COVID-19 restrictions, had to take advice from these records of interviews at face value, without in person meetings. LiveCorp provided full access to any reports, records as requested by SED.

### 6.1 Industry consultation

A number of recent reports and related consultation notes undertaken with industry levy payers and members have been accessed and reviewed with this report, with the most recent being the Trudeau report.<sup>2</sup>

This report has been summarised, with consultation undertaken via SED interviews and findings from the 2016 Performance Review all used to provide context to the longevity of some of the issues, mainly in relation to the LEP, as well as additional findings from the consultation phase of the Noetic review.

*The consultation summary of the Trudeau report and SED interviews are attached in Appendix 10.5*

#### 6.1.1 Industry Consultation Summary - Trudeau and Associates

From the consultation as outlined, it would appear that members are generally satisfied with LiveCorp's performance. From selected comments, it is apparent that LiveCorp's role is valued and appreciated, however some who commented hold reservations in a couple of key areas:

- The management and operation of the LEP, and
- LiveCorp's capacity to scope and deliver major industry initiatives, specifically LGAP and its potential cost to the industry.

It would appear that the LEP, both in its RD&E and in-market functions, draw most criticism and remain major areas of concern to levy payers and members, mostly in relation to project selection and in-market trading relationships.

What seems to be overlooked by their members is that LiveCorp is heavily dependent on MLA for the effectiveness and performance of the LEP RD&E and In-market programs. It would appear that they either don't acknowledge, understand, or, empathise, possibly as they view their relationship is with LiveCorp, not MLA.

SED notes that with respect to concerns expressed around the RD&E program, LiveCorp both initiated the Noetic Review<sup>3</sup> and is currently implementing its findings in response to such criticism. Furthermore, LiveCorp is heavily dependent on MLA to deliver both RD&E and in-market programs.

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<sup>2</sup> Trudeau and Associates, June 2020, Performance Review 2020, Independent Report on Items (g), (h) and (j) of the Terms of Reference for the LiveCorp Performance Review 2020

<sup>3</sup> Noetic Group, August 2018, The LEP RD&E Systems Review

### 6.1.2 2016 Performance report – Agriplus Consulting

It is apparent that the LEP has been a point of discussion and argument for some time as industry consultation undertaken for the 2016 LiveCorp performance report<sup>4</sup> would appear to validate:

"There is clear dissatisfaction amongst most respondents with aspects of the LEP, particularly in regard to MLA's activities in-market. It would appear that over the last few years, MLA's in-market personnel have changed from being a useful resource, valued by exporters and importers alike, to appearing to be an extension of DAWR in finding and reporting supply chain irregularities. This has led to many exporters and importers no longer using the LEP resources and bringing into question the level of LiveCorp's expenditure commitments to this program. Clearly, this is an area that needs to be addressed by LiveCorp going forward, if it is intending to continue the current investment in the LEP. A number of respondents were also critical of the LEP as being seen as an MLA activity with little acknowledgement made to the significant funding from the live export industry. There is also a level of dissatisfaction with some of the MLA personnel employed by the LEP.

The area of research & development under the LEP, is the area of LiveCorp's activities that came under the most stringent criticism, even from some exporters who were closely associated with the Live Export Research & Development Advisory Committee (LERDAC) process. The level of understanding of the R&D program amongst most exporters consulted was very poor and this was blamed mostly on a lack of communications from LiveCorp or LEP staff. However, it must be said, that several exporters did indicate that there was plenty of communication about the R&D program and most exporters just failed to take the time to read it. There were in fact four R&D updates issued over the past 12 months, giving a summary of progress on selected projects. The projects selected appeared to be somewhat repetitive and were obviously not read by all exporters. Most exporters were critical of the choice of projects, the choice of researchers, the lack of identifiable benefits to the industry from the projects undertaken and the lack of extension activities. Many exporters were unclear about the LERDAC committee and how the R&D program was managed."

### 6.1.3 The Noetic Group report into the LEP RD&E program

With regard to the LEP RD&E Program, similar specific shortcomings were identified in the consultation undertaken by the Noetic review<sup>5</sup> of the program:

"... it appears that the RD&E program is aligned and directly contributes to LiveCorp's strategic objectives. However, when focusing on the RD&E Program's research projects, there did not appear to be a rationale for undertaking the identified projects. It is reasonable that this cannot always be explicitly communicated, but our engagement with industry stakeholders, particularly those working for exporters, indicated that the rationale is also not clear to them.

A large proportion of exporters we interviewed suggested that there was not adequate justification for the projects funded by the RD&E Program and that the Program's engagement with industry did not communicate a link to overarching strategic objectives. This has led to a lack of interest from industry, which is a significant barrier to extension of RD&E outcomes,

Overall, we were informed that the LEP finds it difficult to engage industry due in part to the lack of visibility of the Program, but also due to time constraints on industry members. Individuals involved in the livestock export industry are often required to react to business issues at short notice and cannot commit time to whole-of-industry events. Our interviews with exporters and other industry participants reflected this. Many individuals stated they do not, or cannot, engage properly with the RD&E Program as they often have more pressing business priorities. Many interviewees acknowledged that the RD&E Program frequently updates but that they are not widely read or used as a point of engagement.

Additionally, we found that program documentation and communication did not describe how industry formally engaged with the RD&E Program. LEP

Industry members, R&D partners, LiveCorp and MLA staff all conveyed frustration with the pace of project development, such as project approvals and contracting. Additionally, the Program appears unable to react quickly to pressing industry issues that would significantly aid the industry."

### 6.1.4 SED industry interviews

The interviews highlighted a number of issues:

- Dissatisfaction with the LEP and its shortcomings, both in RD&E and market access programs, is recognised across the industry.
- Communications and consultation, while functional, are a work-in-progress.
- As a function of the MoU and FA, LiveCorp is reliant on the MLA to sustainably continue to fulfil its current scope of operations and responsibilities.
- This dependency diminishes LiveCorp's authority and ability to manage or control any resultant process for which, as the receiver of industry levy payments, it is held to account by its members.

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<sup>4</sup> Agriplus Consulting, October 2016, LiveCorp Performance Review – Member Services and Communication

<sup>5</sup> Noetic Group, August 2018, The LEP RD&E Systems Review

- As is the case when organisations are exposed to intense scrutiny, relationships are tested and may become strained.
- It appears ALEC went through a period of self-introspection, whereby its membership was fractured and the organisation was, for a time, less effective. This period appears to have passed and ALEC is largely fully-functional, assisted by the appointment of a new CEO.
- There has been a fundamental change in the relationship between LiveCorp and the MLA as a result of the decision to report market non-conformances by the previous MD of MLA.
- The relevant levels of industry demand for its services compared to available resources means that LiveCorp has to do more with less.

## 6.2 Government

Consultation was undertaken by SED via telephone with members of the Department of Agriculture, Water and Environment. The responses are summarised below:

1.	Interaction within the Department is segmented according to function, with different personnel responsible for defined areas of operation, including: Funding Agreements, Policy (Live Export Division), Animal Welfare
2.	The relevant governance issues to the Department are set out in the Funding Agreement and Red Meat MoU
3.	LiveCorp fulfils its responsibilities according to their Funding Agreement. There are two formal meetings per year, as well as communication on an informal, iterative ad hoc basis.
4.	Regarding the Department's view as to how well LiveCorp services industry: <ul style="list-style-type: none"> <li>• It is an industry owned company and its personnel chooses what they respond to.</li> <li>• Anecdotal evidence suggests that LiveCorp has serviced industry as well as it could.</li> </ul>
5.	The Department has a relatively narrow focus; its functions are specified under legislation, although Government may engage on a range of matters.
6.	LiveCorp effectively communicates with the Department. At times, given the level of LiveCorp's resources, it is acknowledged that the Department's expectations may be unrealistic.
7.	The Department also regularly engages with LiveCorp on animal welfare matters: <ul style="list-style-type: none"> <li>• Through the FA and R&amp;D funding in the R&amp;D space, the Department has observer status on LERDAC that determines industry priorities and individual animal welfare projects.</li> <li>• The LEP is where it's driven from, although there's an issue with timing versus expectation.</li> <li>• Moving away from mortality to animal welfare measures. Onboard data collection is of interest.</li> <li>• Department auspices meetings of Livestock Exports Animal Welfare Advisory Group (LEAWAG) that provides the opportunity to have full and frank discussions with a range of community groups. Convened and established by the Department, it meets every six months.</li> <li>• Have had specific interest in a number of animal welfare initiatives, including; the Technical Panel for the current ASEL review LIVEXCollect and onboard monitoring/reporting.</li> </ul>
8.	The Department is also interested in: Recommendations from the Noetic Review, the nature of efficiency and effectiveness of LEP relationship with MLA and the performance of the dairy industry and the voluntary levy.
9.	With regard to the Department's current position on: <ul style="list-style-type: none"> <li>• Modernising RDC's Discussion Paper; it needs further discussion</li> <li>• The RMAC white paper; it is an industry paper/issue.</li> </ul>
10.	It is also the Commonwealth's position to support a sustainable live export trade that meets community expectations.

While the responses outlined above are relatively measured, it is apparent that the Department, as well as the industry, have similarly been challenged and have undergone a significant and profound change process over the review period.

In an address to the industry, Dr Melissa McEwen, Principal Regulatory Officer, Live Animal Exports, Department of Agriculture, gave context to the changes:<sup>6</sup>

"There were also reviews that looked at the broader aspects of the industry and the Moss Review in particular, which was very much about us as a regulator, rather than you as an industry necessarily, was very much about how do we look at and regulate the whole system. The ASEL review also goes beyond a review of these heat stress settings and into, again, how do we manage animal welfare issues more broadly.

"It has also been that we have been trying to manage change and manage an approach and a difference within ourselves and within the industry, at the same time where's there a lot happening. So, you know, it's like trying to play chess when

<sup>6</sup> Presentation to LIVEXchange Conference, 30-31 October 2019, Townsville, Queensland, viewed August 2020, [<https://livexchangeconference.com.au/livexchange2019/speaker-presentations/>]

you have people throwing bricks at you at the same time. It's very hard to concentrate on what's going on while you're being forced into constant levels of defending yourself, making things happen differently, dealing with the media; I don't think I've been in a place where almost every day we have articles in the media and that, as a public servant, can be quite challenging and ends up taking a lot of time.

"We are changing though, we are changing what we regulate for a start. Essentially, the key change out of all of this, is that animal welfare has to be part of what we do and it has to be part of what we think about and part of how we make our decisions. As a regulator, we need to reflect what public concerns and sentiments are out there. That's just a fact, otherwise we lose our legitimacy as a regulator and while your industry was very much under attack in terms of what happened last year, we as a regulator, were very much under attack. Our legitimacy as a regulator and the public faith in us, has been seriously eroded and the changes that have come out of the Moss Review and the reflections on that have had to make us think very deeply about what we do and how we do it. For your industry to maintain its legitimacy, we need to be seen as a legitimate regulator."

The changes in the regulatory environment over the review period have added to the complexity of the overall environment and has necessitated significant LiveCorp involvement in providing advice on the changes in regulation to both the Commonwealth and industry.

The extent to which LiveCorp members understand the role that LiveCorp plays as a resource to the Department of Agriculture for advice on industry matters is unclear. Specifically, the impact of the time and resources required to do so, particularly when profound changes are mandated to industry practice and the continuity of responsible officers within the department requires continual reaffirmation of relevant information and educational understanding.

## 7. Performance review – Delivery of projects that benefit industry

### 7.1 Delivery of the 2016 – 2020 Strategic Plan

The Strategic Plan, as adopted, set out a number of Key Strategic Priorities with specific allocation of funds according to project forecast revenues:

Table 11 – Key Strategic Priorities

Key Priorities		forecast expenditure (\$'s)	Allocated weighting	Actual expenditure (\$'s)	Final weighting
SO1.	Achieve continuous improvement in animal health and welfare across the supply chain	6,402,851	30%	6,114,418	32%
SO2.	Improve supply chain efficiencies and regulatory performance	6,402,851	30%	4,310,516	23%
SO3.	Enhance market access and conditions for both existing and new markets	4,268,567	20%	3,965,777	21%
SO4.	Develop and deliver targeted exporter, government and other stakeholder communications that serve to secure, promote and inform the activities of the livestock export sector	2,134,284	10%	3,520,437	19%
SO5.	Maximise collaboration with key Australian and international stakeholders involved in the livestock export industry	2,134,284	10%	940,927	5%
Total forecast /actual funding:		21,342,837	100%	18,852,075	100%

Comparing forecast against actual expenditures across the review period indicates, that while total expenditures were slightly lower, by around 12%, there was significant variance of expenditures made according to the identified strategic objects.

These variances were as a result of redefining priorities necessary to address significant industry issues arising over the review period.

### 7.2 Delivering market access through agreed health protocol arrangements

Often not well understood outside the industry, the agreements between Australia and its trading partners of agreed health status criteria and subsequent testing requirements for livestock exports, can be critical to not only access to a market, but also the commercial viability of the trade to that market.

LiveCorp's work in facilitating health protocol arrangements with other countries appears well recognised and appreciated by its members and industry in general.

## 7.3 Delivering programs under Commonwealth grant funding

### 7.3.1 Overview

Over the review period, LiveCorp identified certain responses to industry animal welfare issues that required quick and effective action. Following consultation with the Department, three special or specific service grants were provided, in addition to the programs delivered under the FA and the industry arrangements contained in the Red Meat MoU. These grants are listed in Table 12.

Table 12 – List of projects undertaken with Commonwealth grant funding

Project title and description	Grant amount	Funds Used/ Returned to C'wth
<b>AniMark</b> The grant was for the establishment of AniMark as an independent entity responsible for the implementation, auditing and management of LGAP. It is understood that LGAP will commence operations later this year.	\$1,400,000	\$707,000 (51% used) \$693,000 (Returned)
<b>Indonesian Breeding Heifers</b> LiveCorp became aware of a potential animal welfare issues associated with an Indonesian Government program to import breeding stock for small farmers. LiveCorp undertook an in-country assessment of the livestock and provided advice to both farmers and relevant government authorities.	\$400,000	\$353,000 (88% used) \$47,000 (Returned)
<b>Dehumidification Trial</b> The trial was set up to research scalable solution for managing the on-board vessel environment to mitigate heat stress risk for animals. It was undertaken on-board a vessel berthed in Dubai in late June 2019. There were significant risk factors to be managed, including the climate and the timing of the trial, the site and cost of the trial being a commercial vessel and undertaken in a foreign sovereign state on the other side of the world to name a few.	\$1,600,000	\$1,042,000 (65% used) \$558,000 (Returned)

This one-off funding represented a significant increase in resourcing for LiveCorp over the relevant 3-year period.

Table 13 – Grant funding in relation to LiveCorp levy revenue

Source of funds	2017-18		2018-19		2019-20		3 year total	
LiveCorp levies	4,316,065	76%	4,545,007	79%	4,901,340	86%	13,762,412	80%
Commonwealth grants	1,400,000	24%	1,180,454	21%	807,727	14%	3,388,182	20%
<b>Total</b>	<b>5,716,065</b>	<b>100%</b>	<b>5,725,461</b>	<b>100%</b>	<b>5,709,067</b>	<b>100%</b>	<b>17,150,594</b>	<b>100%</b>

The difference between the animal welfare projects executed under grant funding and those undertaken by the LEP appears stark. All the grant projects were completed on, or under budget and on, or before time, even the high-risk and complex dehumidification trial.

Furthermore, the benefits received would not have been possible without the one-off grant funding, as the money would not have been available from traditional LiveCorp revenue sources. That is, the significant benefit derived from these three projects would not otherwise have been achieved at the same cost efficiency, nor would they likely have been delivered in a timeframe commensurate with the priority that was attached to them.

## 7.4 Delivering the dairy cattle export program

Table 14 – LiveCorp programs

	2016 -17		2017 -18		2018 -19		2019 -20	
<b>Sources of funds</b>								
LiveCorp Levies	3,927,096		4,316,065		4,545,007		4,901,340	
Voluntary contributions (Dairy)	78,942	2%	38,892	1%	15,132	0%	5,940	0%
<b>Application of funds</b>								
LiveCorp programs	2,304,313		2,624,251		3,873,009		4,038,881	
Dairy cattle program	185,693	8%	162,667	6%	154,783	4%	0	0%

From Table 14 it is apparent that voluntary contributions in the form of dairy levies have been in decline from a low base of around 2% of levies received from other livestock exports to a negligible amount. By comparison, expenditure as a percentage of LiveCorp programs has been disproportionately high over past years,

Our understanding is that legislation enabling the introduction of mandatory levies for dairy cattle has recently passed Parliament. In principle, LiveCorp should apportion expenditure in accordance receipts from industry to provide equity amongst its members. From a member equity perspective; SED would suggest a cessation of the program be considered until related revenues increase.

## 7.5 Delivering the Livestock Export Program

Consultation confirms that this is perhaps the greatest source of dissatisfaction with LiveCorp's performance by its members; that it is an intractable and ongoing issue and, due to the multifaceted causal linkages with the Commonwealth and wider red meat industry, will prove difficult and be problematic to resolve.

There are a number of factors to consider:

### 7.5.1 Industry structure

Unlike other agricultural sector RDCs that are relatively free to determine how they manage and operate their programs; the red meat industry is 'locked in' to a structure under the MoU where certain roles and responsibilities lie outside the different participating RDCs' control.

The rationale for the MoU appears sound, in that it provides LiveCorp access to producer levies from where the industry sources its animals to leverage its resources, while reducing unnecessary duplication of recurrent expenditure on related service provision.

However, in practice, due to the relative size of the RDCs, their regulated environment, operating cultures and the different agenda priorities of the constituencies they service, a lack of program focus often results. Livestock exports are a relatively small part of MLA's remit, whereas they are the LiveCorp members' raison d'être.

### 7.5.2 Funding leverage

Engaging in the LEP RD&E process has an important benefit for LiveCorp members, as it allows them to significantly leverage both their market access and RD&E investments:



Figure 6 - Schematic representation of funding arrangements under the red meat MoU

### 7.5.3 LEP RD&E

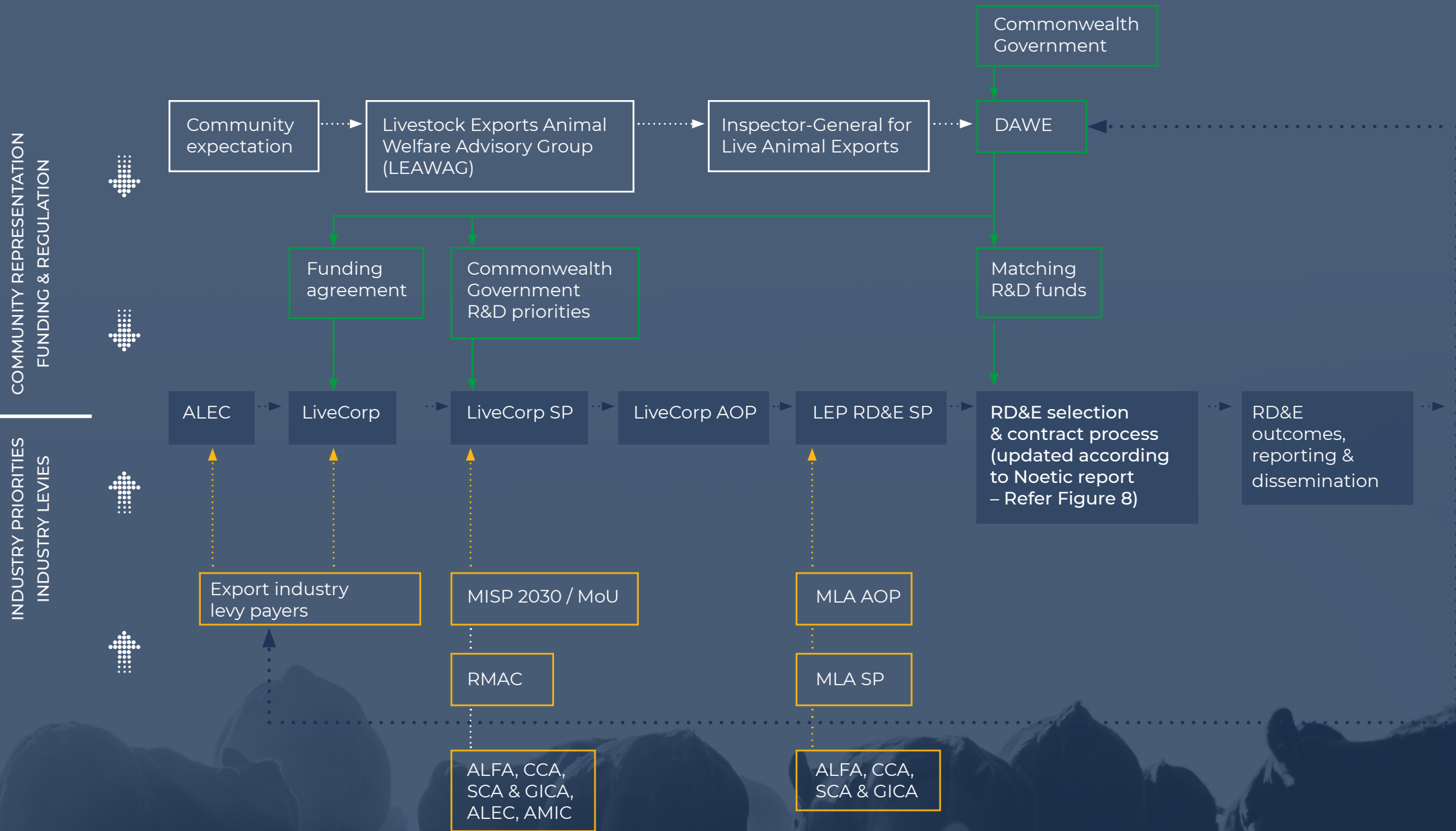
Under LiveCorp's FA, in accordance with the AMLI Act and industry MoU, LiveCorp does not receive any matching funding from the Commonwealth for RD&E purposes. This service is provided under the LEP RD&E Program that is operated and managed by MLA. This does not, however, preclude LiveCorp from initiating or influencing RD&E content, although it does delegate control of the process.

Furthermore, there are a number of Commonwealth priorities and wider industry imperatives that also need to be accommodated in the process through both the FA, the MISP and MoU:

Figure 7 (following page) indicates a relatively crowded landscape, where multiple stakeholder interests are required to be represented. The architecture of the system also provides an appreciation of circumstances that may not necessarily be well understood by LiveCorp members; there are competing interests that need to be accommodated by the system that are beyond LiveCorp's control and which may dilute its level of influence, particularly with regard to program outcomes.

While this may be the case, industry consultation and the subsequent Noetic Review would appear to confirm that the program's performance has been sub-optimal. We acknowledge that LiveCorp has responded to members' criticisms of the LEP's RD&E processes by commissioning the review, specifically around how projects are selected, prioritised, managed and monitored:

# The LEP RD&E Process



**Figure 7** - Schematic representation of the LEP RD&E process

# Project life cycle



**Figure 8** - Schematic representation of the Noetic LEP RD&E review recommendations

LiveCorp has accepted the review's findings and is currently implementing its recommendations, including recently approving the LEP Blueprint 2020 - 25 as recommended by the Noetic review. It is too early to understand the effect these changes will have on the attitudes of members to the program.

It is also worth noting that, while a significant sum of money, the LEP RD&E program expenditure is around \$2M. This is a lot less than most other industry RD&E programs. As such, it is a relatively modest sum that needs to be aligned to stakeholder expectations and be well targeted in order to provide value-for-money in return.

#### 7.5.4 LEP market access

Under the terms of the MoU, market access was originally established to provide mainly in-country marketing activities on behalf of the live export industry, jointly funded by LiveCorp and the MLA. Again, the latter was the service provider, primarily responsible for the operational management of all overseas offices and activities.

While conceptually this should be a 'sweet spot' for collaboration, industry consultation indicates that this aspect is a particular bone of contention with LiveCorp's members. They question its efficacy and whether or not it provides value for their investment. The general tenor of the comments made by those with exposure to in-market operations characterises the system as being "broken".

While recognising that the remit of the overseas representations extends beyond livestock exports, that they are only one of a number of priorities is germane; consultation with industry would indicate there is a common view that the program is counterproductive to their interests.

This is attributed as a function of the decisions and actions of those responsible for the program's management being, at times, precipitous and viewed as often taken without due regard to process or adequate consultation with those that fund their activities. The decision to report non-conformances in overseas markets could be characterised as a significant departure moment and one that changed a basic tenet of the MLA - LiveCorp relationship.

#### 7.5.5 The utility of the LEP to LiveCorp members

As the landscape of the industry continues to change with higher levels of scrutiny and regulation, particularly around animal welfare, so too will stakeholder views around the functions, priorities and selection of projects to be undertaken by the LEP. As indicated, while LiveCorp may reflect its members' views, other stakeholders will also have influence through both the FA and MoU. It is a reflection of how the industry is structured.

From the consultation, SED understands that LiveCorp is cognisant of its members views and it would appear this is reflected in the breakdown of LiveCorp program expenditures, decreasing from 34% to 23% over the review period.

Table 15 – LiveCorp program expenditure 2016 - 2020.

LiveCorp programs	2016 -17		2017 -18		2018 -19		2019 -20	
LEP programs	1,585,646	34%	1,254,781	27%	1,648,986	26%	1,522,263	23%
LiveCorp programs	2,304,313	50%	2,624,251	57%	3,873,009	60%	4,038,881	62%
Corporate operations	736,318	16%	757,460	16%	884,137	14%	985,137	15%
Total LiveCorp expenditure	4,626,277	100%	4,636,492	100%	6,406,132	100%	6,546,281	100%

SED understands that LiveCorp will continue to participate in the LEP where it sees opportunities to realise value for its members.

It is worth noting that expenditure on in-house programs has increased proportionally over the period, indicating that LiveCorp view alternative programs as better value-for-money than the LEP, despite not having the advantage of being able to leverage its investment.

## 7.6 Delivering the Livestock Global Assurance Program (LGAP)

LGAP is primarily a quality assurance framework that exporters can utilise as a tool to demonstrate compliance with ESCAS. Its lengthy development appears to be both a source of frustration and a subject of debate within the industry and among members.

Predominantly sponsored by LiveCorp, LGAP had its beginnings in 2011 as an RD&E project. In the years since it has been, quite appropriately, subject to wider industry consultation and committee processes outside of LiveCorp's control. Progress has been slow but with grant funding from the Commonwealth, LiveCorp established an independent entity, AniMark, to manage the scheme, and LGAP should commence operations before year's end.

While SED understands that the industry has indicated its support for LGAP, there still appears to be a level of angst among industry participants around its implementation, with commentary indicating concerns about:

- The cost, estimated by some to be substantial, and who will be required to pay and its effect on industry's competitiveness;
- The difficulty in achieving uniform agreement from customers in disparate, culturally diverse markets with their own sovereign regulatory system;
- Whether the necessary level of communication and in-market sophistication will be sufficient to successfully implement LGAP; and
- Whether a 'perfect score' will be required as a 'pass' mark.

It is also important to note that while many within the industry question the cost and practicality of LGAP, others view it as an important and necessary measure of accountability required to counter industry criticism.

SED has only undertaken a high-level review of the system consistent with the review's terms of reference; however, we observed:

- AniMark, not LiveCorp, is now responsible for LGAP's implementation and operation.
- Fear of change and unknown outcomes is to be expected.
- While the independence of the auditor is critical to governance of QA systems, there is no such requirement for the same entity, the auditor, to be responsible for the system design. From a governance perspective, there is a view that separation of system design from the auditing process is preferable in order to avoid the perception that those who make the law, enforce the law.
- The success or otherwise of LGAP's implementation will ultimately be determined by its utility. This will largely be a function of its initial settings and the use of continual improvement for education and training purposes.

## 8. Performance review – Matters affecting the delivery of benefits to industry

### 8.1 Industry structure

#### 8.1.1 Limited authority / capacity to act

As previously indicated, the red meat industry RDCs operate differently to other agriculture industry RDCs in that their scope of operation, roles and activities are interrelated and defined by the terms agreed under the Red Meat MoU. These arrangements are further embedded into industry practice by the relevant Commonwealth FA's that, apart from reinforcing the MoU, also require governmental priorities be addressed.

As such, LiveCorp has defined areas where it is primarily responsible for determining how it services its members. Then there are other areas of operation, where LiveCorp's authority is more constrained, requiring the organisation to act in a limited capacity, one whereby its role is to influence, rather than direct.

In light of its dependent relationships, it is unrealistic to expect LiveCorp to manage what it does not control. From an external perspective, the distinction between control and influence does not always appear to be appreciated by LiveCorp's members.

LiveCorp could consider better defining and articulating LiveCorp's specific roles and responsibilities to members and what LiveCorp can and can't do. This could be implemented through a stakeholder communications strategy developed around the role and activities that LiveCorp is directly responsible for, to better manage expectations.

#### 8.1.2 Role of the regulator

As mentioned, the Department has reviewed its role as industry regulator and has accommodated a mechanism for community expectation to be included in the regulatory process, namely the industry oversight role of the Inspector General of Live Exports.

This development to the regulatory framework should assist with understanding governance arrangements and provide clarification of the regulatory roles and reporting responsibilities of all industry participants.

### 8.2 LiveCorp's role as 'change agent'

Constant and continual change within the live export industry has been a feature for a number of years. LiveCorp has played a major role in that process, largely as an industry mediator, to both its membership and the Commonwealth.

The mediator role, especially in contested environments, requires both leadership and great situational awareness in order to prioritise measured, effective and meaningful responses, while communicating the need for such responses so as to maintain the patronage of its constituents. In this respect, as recognised in interviews, this is a whole-of-industry response requiring LiveCorp to bring change, while working with ALEC to secure the appropriate member response.

It is important to recognise the challenges that come with change, particularly when it is fundamental change, driven by a rigorous process and requiring the industry to continually have to justify its worth in often-hostile forums. Unfortunately, it is inevitable at times that tension and fatigue manifest in response.

It is also important to understand the role of industry mediator is a reflection of standing, rather than appointment. It necessitates that the parties involved place a degree of trust in the mediator; there is an implicit expectation that it will act in good faith on their behalf. While there have been instances where LiveCorp has been sidelined by political imperative, there is a general perception that the organisation is an effective "éminence grise" on behalf of the industry, able to successfully moderate outcomes for industry, while agreeing to initiate mutually acceptable and genuine change in return.

### 8.3 Understanding the animal welfare challenge

As the timeline of events described in Section 5.1 indicate, the live export trade has come under intense scrutiny in relation to graphic footage reinforcing the perception of ongoing poor animal welfare outcomes within the industry. There have been further reviews and inquiries leading to increased regulatory oversight, including lower pen densities and seasonal shipping moratoriums to certain markets as a result.

The animal welfare issue remains the headline challenge industry needs to address. It remains one of LiveCorp's primary responsibilities, reinforced both in its Constitution and FA, the same documents that give equal weight to its obligations to the industry and the membership it represents.

These responsibilities are not by any means mutually exclusive; however, there will be situations where the best method for achieving a desired outcome may need resolution with an informed understanding of the relevant priorities at play.

From SED's review of the period, it is our view that LiveCorp has provided industry leadership and demonstrated sound environmental awareness in driving real change in response to this particular industry challenge. In this respect, to some extent, it has had to lead, rather than follow, its members through the process.

Environmental awareness is important to understand the scope and depth of the challenge around the community's expectation. In this respect, LiveCorp has commissioned work in relation to gauging community sentiment and, in return, an assessment of the value the industry provides to the community.

A further key factor in striking the right balance, is understanding the organisation's role, to whom it is primarily responsible and the industry governance structure under which it operates. Figure 7 provides a schematic industry representation of the roles and responsibilities within the industry.

While LiveCorp remains cognisant of the need to address animal welfare issues, industry governance arrangements mandate that it does so specifically through its FA with the Commonwealth; this is reflected by LiveCorp's strategic planning process. Furthermore, following the Moss report, there are additional processes in place for the Department to consider community views when setting policy and providing oversight.

With these processes in place, community expectation has been accommodated within the industry governance framework. For such a framework to operate effectively, it is necessary each participant understand their reporting responsibilities and the constituencies they represent, particularly when dealing with the expenditure of members levies.

## 8.4 Communications

Consultations with stakeholders indicate communication within the industry can at times be problematic. Primarily, this appears to relate to the selection and reporting of RD&E projects, as well as communicating industry achievements.

SED has reviewed various project documentation published and available to LiveCorp members on its website that appears to be both comprehensive in subject and scope.

### 8.4.1 Member correspondence

Industry commentary also indicates an understanding that criticism for the lack of communication does not solely rest with LiveCorp, but also relates to the limited capacity for the time poor respondent stakeholders to quickly identify the scope and subject matter of the communication and scan the correspondence for relevance to their individual businesses.

LiveCorp may consider utilising designing correspondence with colour-coding features to allow members to quickly identify communications priority and relevance by; level of importance, species, category and subject matter.

### 8.4.2 Dissemination of RD&E

We have reviewed a number of publications and information resources available to members online. The scope of publications is broad and, in many cases, particularly when RD&E reports and updates are provided, while detailed and comprehensive, they are likely to be of greater value to a defined and/or specific audience. Given the volume of information generated, there is a possibility of information overload.

RD&E is expensive and to gain full value, they need to be readily identifiable and accessible to be of benefit. With regard to RD&E reports, we note there are 156 different research documents in the RD&E report library. There is also appropriately a search engine to help define reports of interest.

Furthermore, with regard to reporting on RD&E projects SED notes and supports the implementation of the Noetic Review by LiveCorp that is specifically designed to remedy stakeholder communications. SED also notes that, with respect to RD&E, the LiveCorp/MLA LP RD&E Blueprint 2020-25 was released on 3 February 2020. It is too early to assess its impact however should form part of the next four-year performance review.

### 8.4.3 Communicating industry achievements

Communicating the "right" message is always challenging, particularly in the brave new world of social media, forum agendas, trending, influencers and special interest groups skilled in the medium compared to an often disparate and socially distanced industry that rely on the trade, who are not. The challenge, while

possibly more acute for the trade, is also symptomatic of a widening city / country divide being experienced by agriculture generally.

SED notes that LiveCorp has appointed a Communications Manager over the review period to manage its messaging in order to reach a broader audience and we understand that MLA is looking to fill a similar role for the LEP RD&E program.

Similarly, we view LIVEXchange as an important vehicle to promote and share industry outcomes and it provides an important forum to discuss and inform participants.

## 8.5 Collaboration

Collaboration is both a requirement of the FA and an objective of the Strategic Plan. It is understood that the incumbent minister is encouraging greater collaboration and cooperation between RDCs.

As evidenced previously, LiveCorp, possibly more so than any other RDC, by virtue of its size and the MoU, collaborates daily at an operational level and relies on another RDC to provide RD&E and market access services to its members. Figure 7 further illustrates the level of these interactions and alignment with the Australian Government's Science and Research priorities and its Rural R&D priorities.

The Strategic Plan further highlights LiveCorp is an active participant in the Council of Rural Research and Development Corporations (CRRDC), a body that enables information and outcomes to be shared across industry groups, as well as providing opportunities to co-invest in broader industry aligned and cross-sectoral research initiatives. It also incorporates the Strategic Objectives of the Meat Industry Strategic Plan (MISP).

## 8.6 Resourcing

By comparison with any other RDC, none have had to deal with the same level of industry complexity, nor the sustained focus and level of service support that LiveCorp is required to provide to its members over the period of review, yet other RDCs are backed by significantly higher levels of funding and are able to better resource their activities. Furthermore, it is unlikely that the levy income of other RDCs is as volatile as that of LiveCorp, demonstrating a need for its sustainability to be supported.

To illustrate the point, there are 15 RDCs in total, of which MLA is the largest by turnover (\$270m) and LiveCorp is the smallest, with just \$7M:

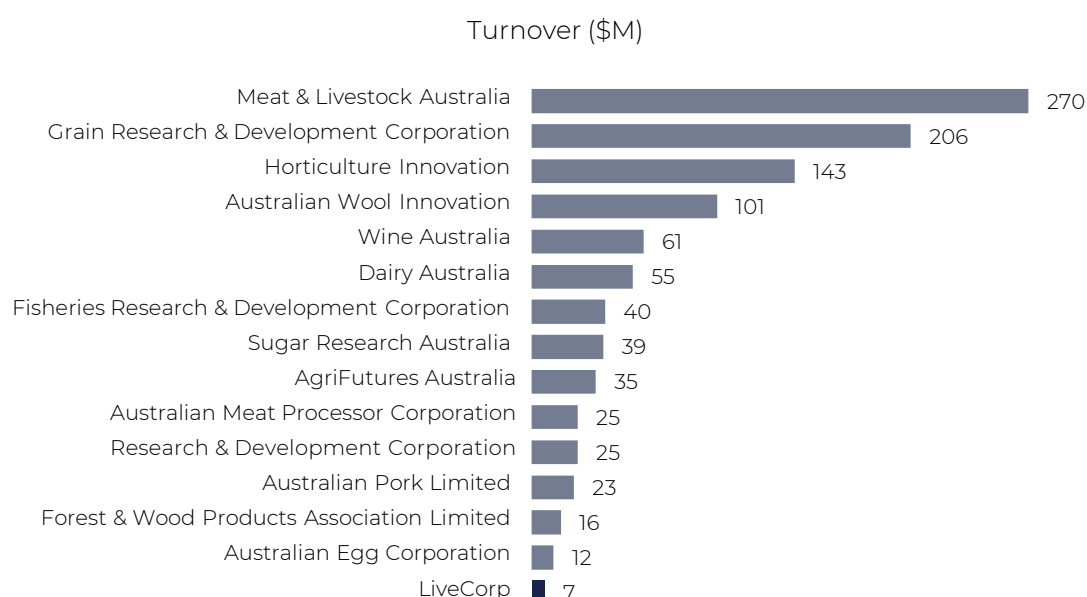


Figure 9 - A comparison of RDCs by turnover<sup>7</sup>

More detailed comparison is provided below between LiveCorp and the affiliated RDCs covered under the MoU. Dairy Australia has also been included, if only to account for the possibility of some form of joint arrangement once export levies become mandatory for dairy cattle.

<sup>7</sup> Sourced from the relevant 2018-19 Annual Reports

Table 16 – Comparative resources available to individual RDCs<sup>8</sup>

Metric	MLA	AMPC	LiveCorp	Dairy Australia
Annual turnover	\$269.9M	\$24.6M	\$6.7M	\$55.0M
Levy income	\$108.1	\$19.3M	\$4.5M	\$30.9M
Commonwealth contributions	\$80.9M	Nil	Nil	\$20.1M
Reserves	\$114.0M	\$19.3M	\$8.2M	\$26.5M
RD&E expenditure	\$450.3M	\$16.3M	\$0.8M	\$58.8M
No. members	49,692	102	36	5,213 (No. farms)
No. Staff	271	N/A	10	174

The disparate level of resourcing highlighted in Figure 9 and Table 16 also provides further context as to the relative operational consequence attached by each to the LEP.

Despite the different levels of funding received and the fact that LiveCorp is not a recipient of any Commonwealth matching funds for RD&E purposes, it is still required to fulfil the same Commonwealth compliance requirements as the RDCs that are recipients.

This also raises an equity issue for LiveCorp members, ironically the people who the compliance requirements are designed to protect. Given the compliance burden is the same for all RDCs, including LiveCorp, which has far fewer resources, it is obvious the associated burden will take a greater proportion of members' levies to fulfil, leaving less time and money available to service their needs by comparison to members of other RDCs.

We note that the Department has advised that it is moving towards a 'principles based' FA. However, at the time of this report, LiveCorp is unclear as to the implications of the proposed new FA and SED hasn't seen the detail. As such we are unable to assess the extent to which it addresses any of the identified resourcing issues specific to LiveCorp.

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#### **Recommendation:**

##### **Regulatory burden**

*In light of the demonstrated disparity of funding, the fact LiveCorp does not have to account for Commonwealth RD&E funds and the red meat industry arrangements as recognised in the FA; Consideration be given to proportionate compliance according to the prescribed relationship with MLA on R&D and the level of respective autonomy, management and control, to leverage existing oversight on the use of funds, governance and compliance e.g. external annual audit.*

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To illustrate this point, it has been estimated that around 90% of LiveCorp's time is spent on activities that are for "the greater good" of the industry, with only 10% provided to individual exporter issues.

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<sup>8</sup> Ibid.

## 8.7 Industry relationships

### 8.7.1 LiveCorp and ALEC

Over the review period, the industry dealt with severe drought, devastating floods and calls for the cessation of the industry altogether. Along with the uncertainty and greater scrutiny that accompanied those calls, there were an increasing number of inquiries and reviews, likewise impacts and operational changes resulting from the subsequent increased regulatory environment.

It is only normal that relationships, both between organisations and the individuals within those organisations, will reflect the level of tension, even anger, felt in the wider industry. Notwithstanding its operational remit, not to engage in political activity, there were times where LiveCorp had to cover for some of the consultation roles ALEC would normally undertake, when such tensions surfaced within ALEC, without operating outside relevant regulatory frameworks. By reports, LiveCorp acted effectively when required. There have been subsequent personnel changes at ALEC and it appears the organisation is now more capably fulfilling its role and advocating on behalf of its members.

On a positive note, “symbiotic” and “joined-at-the-hip” are terms now used to describe the relationship between the industry PIC and the RDC. There is constant and open communication between the CEOs and Chairs of both organisations. The Chair of ALEC has ex-officio director status on the LiveCorp board. While each are familiar with the other’s operational status and requirements, it appears that much of the interaction takes place on an informal basis.

Given the limited resources, common membership and the nature of their industry, it is imperative that both organisations function efficiently together. The level of cooperation and a clear understanding of each other’s priorities and reporting timeframes remains of critical importance to the members of both organisations.

### 8.7.2 LiveCorp and MLA

As we have observed, the relationship is largely one outside the control of LiveCorp.

Understanding the dependence of LiveCorp on MLA to service its members’ interests, the indication from the new MD at MLA of improving industry recognition of the importance of live exports and a desire to improve cooperation between the RDCs is encouraging.

## 8.8 Observations relating to sustainability and representation

During the course of the review, there have been a number of factors that SED have observed that impact LiveCorp’s ability to provide services, not only to their members, but also to the wider industry that they serve.

While they may lie outside the defined Terms of Reference of the review, we note them due to their material effect on industry representation, the ongoing sustainability of LiveCorp operations, the Live Export trade and the regional economies they support.

### 8.8.1 Representation and levy flow

Currently LiveCorp's member base consists of around 36 exporters, that largely represent the significant interests of the industry.

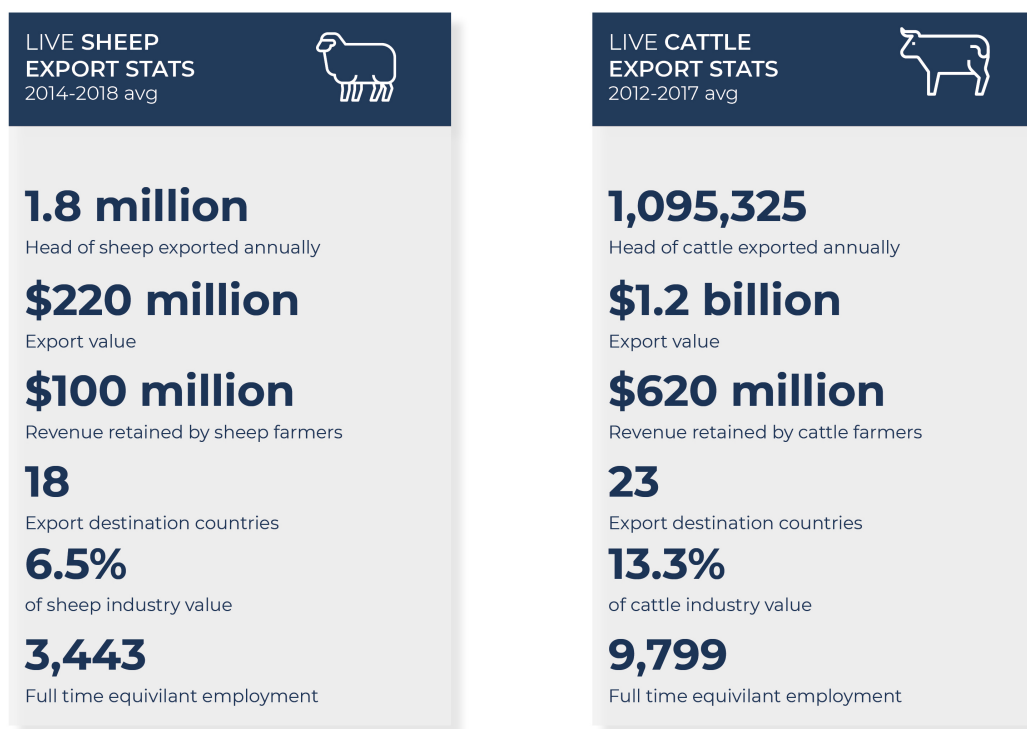


Figure 10 - Statistical Live Export Summaries; Sheep & Cattle<sup>9</sup>

Furthermore, using Western Australia as an example, supply chain analysis of sheep exports undertaken by Mercado indicates;

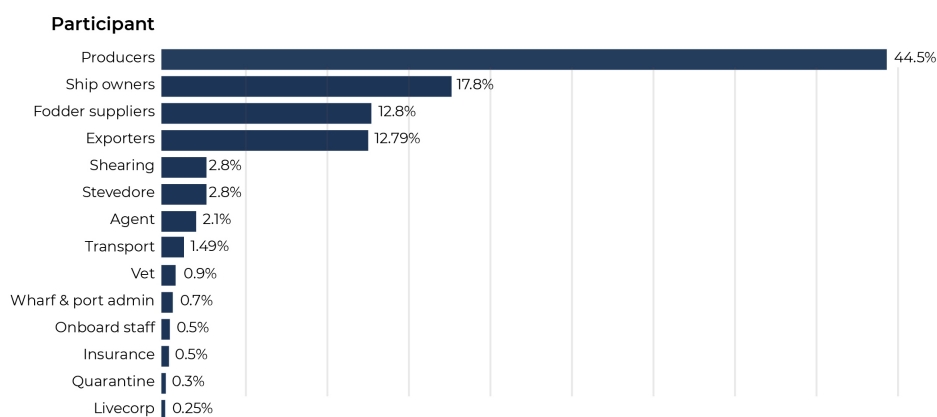


Figure 11 - WA Live sheep export trade chain participants by proportion of revenue<sup>10</sup>

Notwithstanding the importance of exporters in facilitating the trade, the analysis in Figure 11 indicates that they only receive around 13% of revenue, with domestic producers, fodder suppliers shearers, stevedores agents, vets and transport operators receiving 64.5%.

<sup>9</sup> Mercado, September 2019, Value analysis of the Australian live sheep export trade and Mercado, November 2018, Value analysis of the Australian live cattle export trade

<sup>10</sup> Mercado, September 2019, Value analysis of the Australian live sheep export trade

Similarly, again using Western Australia as an example, supply chain analysis of cattle exports undertaken by Mercado;

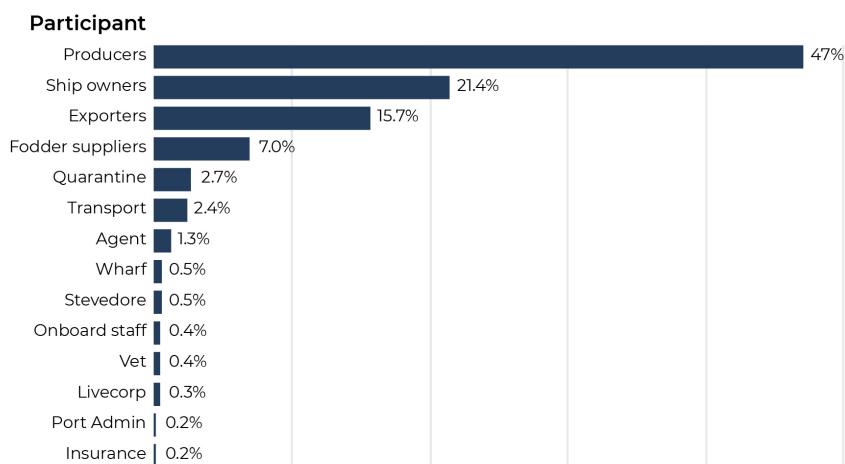


Figure 12 - WA Live cattle export trade chain participants by proportion of revenue<sup>11</sup>

Figure 12 indicates, that while exporters receive around 16% of revenue, around 62% of the revenue generated, importantly, flows to the regional economy from where the exports were sourced and shipped. Furthermore, the recent class action undertaken by 300 applicants, largely pastoralists, in the Federal Court, also highlights the value and impact of the trade to the region.

To further understand the effect of the trade and the extent to which it acts as a regional economic driver, using cattle exports as a further example, please refer to Figure 13 and Figure 14 (following page).

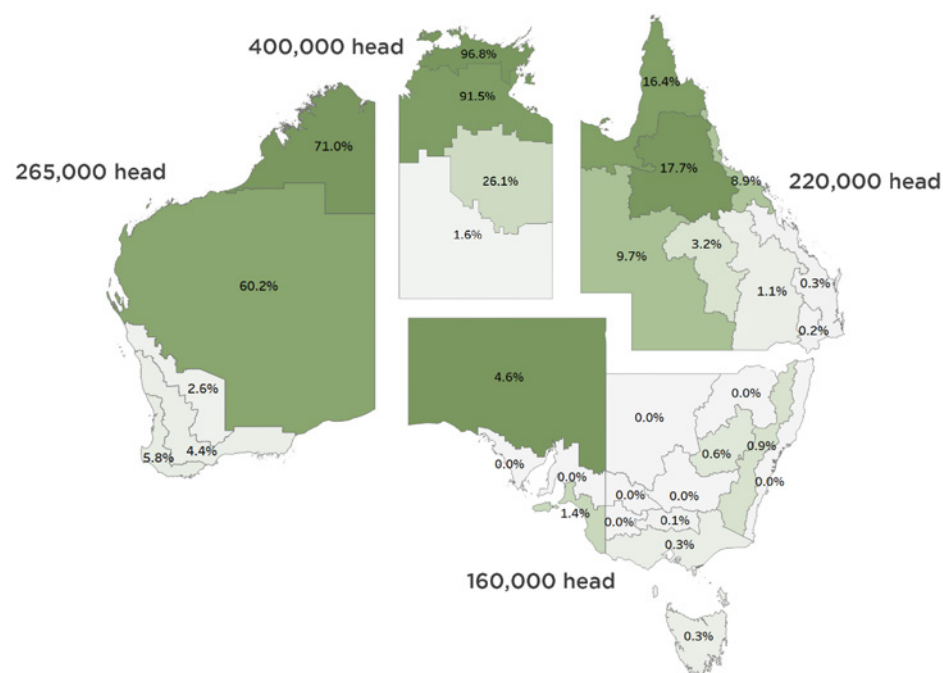
Figure 13 indicates the proportion of cattle sold to the export trade over a 5-year period from different regions within Australia. It's of little surprise that the Northern Territory and North-Western WA have the most reliance on the export trade, given the lack of alternate processing options available. The report indicates there are around 400,000 head exported from Darwin and another 265,000 head from Northern WA, or, over 60% of total exports (not including dairy cattle).

Figure 14 is a map of the different agricultural zones within Australia that appear to correlate with the data sets used in Figure 13. What is evident, is that there is a strong association between the trade and the Northern pastoral zones.

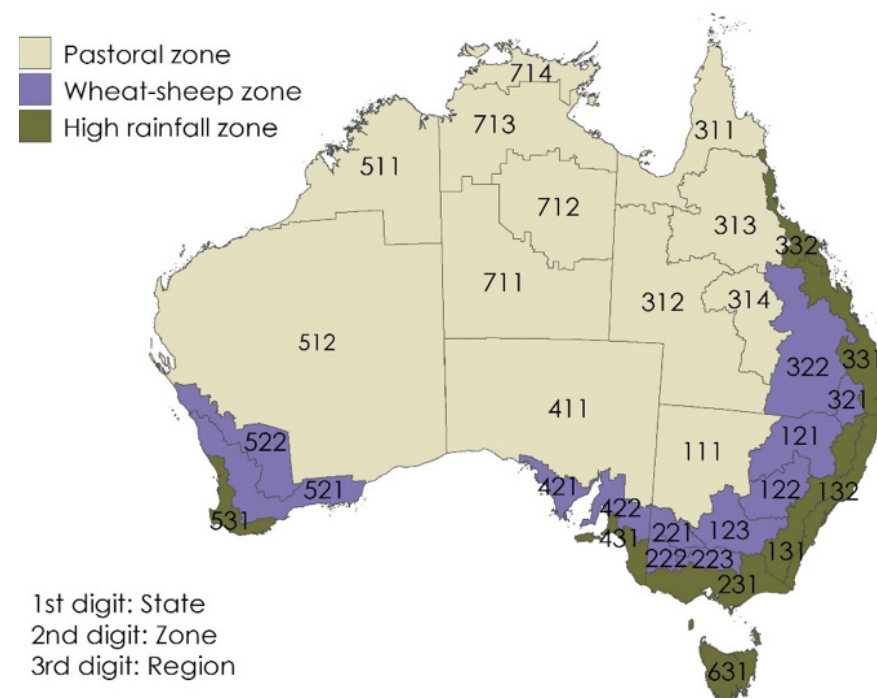
Mainland Australia is 7,656,000 square kilometres in size of which the pastoral zone is estimated to be around 5,972,000 square kilometres, or roughly 78% of the Australian continental land mass.

Apart from mining and some relatively small areas where irrigation water is available, rangeland cattle grazing, is largely the only sustainable economic opportunity to be found in these areas and the extent to which livestock exports underpin regional economies and prosperity within these regions needs to be understood.

<sup>11</sup> Mercado, November 2018, Value analysis of the Australian live cattle export trade



**Figure 13:** Ave % of live export as proportion of total sales (2012-2017)<sup>12</sup>



**Figure 14:** Australian agricultural zones and regions<sup>13</sup>

By estimating the relative size of these regions and matching them to export trade sales as proportion of total sales as shown in Figure 13, indicates the degree of reliance or dependence of each region on the export cattle trade.

<sup>12</sup> ibid

<sup>13</sup><http://apps.agriculture.gov.au/agsurf/regions.html>

Region;	Area description	Reliance	Area (Km <sup>2</sup> )	% Pastoral Zone
	<b>Australian Pastoral Zone</b>		<b>5,971,916</b>	
<b>&gt; 60% reliance</b>				
714	Top End/ Gulf of NT	97%	115,428	2%
713	Victoria River / Katherine	92%	359,984	6%
511	Kimberly	71%	423,517	7%
512	Pilbara / Central pastoral	60%	1,768,523	30%
<b>Total reliance greater than 60% of revenue</b>			<b>2,667,452</b>	<b>45%</b>
<b>&gt; 25% reliance</b>				
712	Barkly	26%	322,713	5%
<b>Total reliance greater than 25% of revenue</b>			<b>2,990,165</b>	<b>50%</b>

Table 17 - Reliance on export cattle sales by area and region<sup>14</sup>

Using, as a rule of thumb; that a loss of greater than 25% of revenue would place most businesses in jeopardy, Table 17 would indicate that 50% of the pastoral zone, or an area equivalent to the size of Argentina, the world's 8<sup>th</sup> largest country, would be at risk should the trade cease. More telling, is that 45% of the pastoral zone is over 60% reliant on the trade. There will similarly be sections of WA sheep producers that are similarly dependent on the live export market.

The purpose of this discussion, is to highlight the number of producer's livelihoods and the relative scope and footprint of their operations, that are primarily impacted by the live export industry. There would appear to be prima facie evidence that these producers would not only be far more likely to identify with live export, but also align with LiveCorp's focus on the trade, compared to that of MLA. Yet, under the current MISP / MoU, all their transactional levies flow to MLA, despite being the country's 4<sup>th</sup> largest red meat market.

This lack of industry recognition forces LiveCorp to 'go cap in hand' to MLA to service their constituency, affects their operational performance and provides long-term risk to the sustainability of their operations. From this evaluation, it could be argued, that this is as a result of the current dilution of effective representation from what appears to be a marginalised industry with a disenfranchised producer base, at a time when the industry needs strong leadership and direction, for it to have a viable future.

SED would encourage Industry and Government to consider the merit of producers having the option to direct their transactional levies towards the RDC that best represents their interests and the appropriate structure to do so.

SED further understands this analysis runs contrary to the recommendations of the current RMAC White Paper, however, our view is that 'big is not always better', there is a real chance that an already under-represented industry's interests will be 'lost' in the structure and focussed attention is mandatory for successful outcomes in acute environments.

### 8.8.2 In-market operations / Overseas representations

There is an often not-well-understood implicit nature to sustainable trading relationships with overseas markets, in that they are built on the mutual trust, understanding and respect of each party to fulfill their agreed responsibilities to the other.

Given that product sold in these markets is either boxed or live, it would appear rational, that these services would more appropriately be aligned to either LiveCorp, or, AMPC, depending on the RDC whose members are active in those markets, as opposed to MLA whose members only have an arms-length relationship at best. Furthermore, the general objects stated in LiveCorp's constitution, make it the most appropriate RDC to provide the relevant services in live export markets.

This lack of focus becomes more evident, as was the case during the review period, when faced with the challenge of introducing increasing regulatory requirements in overseas jurisdictions which, by their nature, require active management and test such trading relationships between both trading partners and governments, including handling commercially sensitive information such as customer data bases etc.

<sup>14</sup> Mercado, November 2018, Value analysis of the Australian live cattle export trade/SED

The role of an RDC, particularly when operating in foreign regulatory environments, should be to educate, encourage, advise on and facilitate change, it should not be to enforce foreign sanctions or report non-conformance, as, in SED's view, that is a fundamental misunderstanding of their purpose; it is counterproductive, it destroys the implicit trust of trading relationships, raises internal RDC governance concerns, creates market confusion, and can only lead to systemic dysfunction. In this respect, SED welcomes the introduction of the Inspector General of Live Animal Exports and the possible clarity of roles and responsibilities it should provide.

## 9. Conclusion

It is SED's view that LiveCorp has complied, as required, under the terms of its Funding Agreement with the Commonwealth, according to its Constitution and has operated within the law, specifically the AMLI Act (1997).

Furthermore, documentary review indicates that LiveCorp has largely met all its responsibilities in relation to providing an adequate level of leadership and governance for the organisation, including the application of members' funds. It has also consulted its members, provided, where necessary, plans, submissions, reports and reviews and, where appropriate, has judiciously implemented any associate recommendations.

From an operational performance perspective, there is general consensus that LiveCorp has performed well in difficult circumstances with few resources at its disposal. It has done so through maintaining focus and providing credible advice to both its members and the Commonwealth.

# Appendices



section three

## 10. Appendices

### 10.1 Documents reviewed

Table 18 - Documents reviewed

File name	Type	Governance Structure
1. LiveCorp - Amended Constitution 12 June 2013	PDF	Governance Structure
2. LiveCorp Funding Agreement 2017-21 Signed	PDF	Regulatory
3. AMLI ACT	PDF	Regulatory
4. LiveCorp Strategic Plan 2016-2020	PDF	Strategic Direction
5.1 LiveCorp Annual Report 2015-16 FINAL	PDF	Beneficiaries
5.2 LiveCorp Annual Report 2016-17 FINAL	PDF	Beneficiaries
5.3 LiveCorp Annual Report 2017-18 FINAL	PDF	Beneficiaries
5.4 LiveCorp Annual Report 2018-19 FINAL	PDF	Beneficiaries
6.1 LiveCorp and LEP AOP 2015-16 Final	PDF	Management
6.2 LiveCorp and LEP AOP 2016-17 FINAL	PDF	Management
6.3 LiveCorp and LEP AOP 2017-18 FINAL	PDF	Management
6.4 LiveCorp AOP 2018-19 FINAL	PDF	Management
6.5 LiveCorp AOP 2019-20 FINAL	PDF	Management
7.1 AgEconPlus LiveCorp Performance Review 2010 to 2013 final report	PDF	Regulatory
7.2 Review of recommendations LiveCorp 2013 performance review - Agriplus Consulting Oct 2016	PDF	Regulatory
7.3 LiveCorp Performance Review - October 2016 - Final	PDF	Regulatory
7.4 LiveCorp 2016 Performance Review recommendations Implementation Plan activities	Word	Monitoring
8.1 LiveCorp Board Review_Nov2015 FINAL	PDF	Governance Structure
8.2 Board Performance Review 2015 Recommendations	PDF	Governance Structure
8.3 LiveCorp Board Evaluation 2019 report- Final	PDF	Governance Structure
8.4 LiveCorp Board Performance Review 2019 Implementation of Recommendations updated	PDF	Governance Structure
9.1 Noetic RDE Systems Review August 2018	PDF	Management
9.2 LEP RD&E Systems Review Implementation Plan (Jun20)	PDF	Beneficiaries
10.1 LGAP Grant Agreement - initial seed funding for LGAP NewCo establishment	PDF	Beneficiaries
10.10 Dehumidification Grant Deed of Variation 20 May 2020 executed	PDF	Regulatory
10.2 LGAP Company Commonwealth Grant Agreement progress report 4 July 2018	PDF	Regulatory
10.3 LGAP Interim Final Report LiveCorp - LGAP Company Commonwealth Grant Agreement 10052019	PDF	Regulatory
10.4 LGAP Deed of Novation and Variation FINAL 03.04.2019 Fully Executed	PDF	Regulatory
10.5 Indonesian Breeders Grant Agreement signed 10122018 Final	PDF	Beneficiaries
10.6 Indonesian Breeders Grant Agreement Extension signed 04042019	PDF	Beneficiaries
10.7 Indonesian Breeders Report Summary	PDF	Beneficiaries
10.8 Dehumidification Grant Agreement April 2019 Executed	PDF	Regulatory
10.9 Dehumidification summary report FINAL web	PDF	Regulatory
11.1 Risk Management Plan (June18)	PDF	Management
11.2 Risk Appetite Statement (Aug18)	PDF	Strategic Direction
11.3 Fraud and Corruption Control Plan (Oct18)	PDF	Guidelines
12. IP Management Plan (June18)	PDF	Management
13. LiveCorp org chart	PDF	Governance Structure
LiveCorp Publication	PDF	Renewal

File name	Type	Governance Structure
ASX_cgc-principles-and-recommendations-3rd-edn	PDF	Governance Structure
LiveCorp_Benoit Trudeau_Consultation Summary	PDF	Beneficiaries
RMAC_WhitePaper_2019_V11_Web_V1	PDF	Regulatory
RMAC_MoU	PDF	Regulatory
Board Papers - Sample review of two sets of Board papers during review period		Monitoring
LiveCorp Board Meeting Papers - 20 June 2019	Viewed	Governance Structure
LiveCorp Board Meeting Papers - 22 August 2019	Viewed	Governance Structure
LiveCorp Corporate Governance Manual (Oct18)	PDF	Governance Structure

## 10.2 Abbreviations used

Table 19 – Abbreviations

ALFA	Australian Lot Feeders Association
ALEC	Australian Livestock Exporters Council
AMIC	Australian Meat Industry Council
AMPC	Australian Meat Processor Corporation
CCA	Cattle Council of Australia
CRRDC	Council of Rural Research and Development Corporations
Cwlth	Commonwealth Government
DAWE	Department of Agriculture, Water & Environment
DAWR	Department of Agriculture, Water & Resources
FA	Funding Agreement
GICA	Goat Industry Council of Australia
LEP	Livestock Export Program
LGAP	Livestock Global Assurance Program
LiveCorp	Australian Livestock Export Corporation Limited
MISP	Meat Industry Strategic Plan
MLA	Meat & Livestock Australia Limited
PM	Prime Minister
RDCs	Research and Development Corporations
RD&E	Research, Development and Extension
RMAC	Red Meat Advisory Council
SPA	Sheep Producers Australia

## 10.3 Consultation List

### 10.3.1 Trudeau & Associates consultation report respondents

Table 20 – Trudeau report respondents

Name	Title	Organisation	Capacity
GARDINER, David	Managing Director	Austock Rural	Exporter, levy payer
GORDON, Mike	General Manager	Rural Export & Trading (WA)	Exporter, levy payer
GRIEVE, Angus	Managing Director	Australian Breeding Livestock Exports	Exporter, levy payer
JAMES, Ashley	Managing Director	Southern Australia Cattle Co.	Exporter, levy payer
KEENAN, Paul	Export Manager	Livestock Shipping Services	Exporter, levy payer
McEWIN, William	Managing Director	Frontier Int.	Exporter, levy payer
McFARLANE, Fraser	Managing Director	Flinders Int.	Exporter, levy payer
PURCELL, Patrick	Managing Director	Purcell Bros.	Exporter, levy payer
STANTON, Mike	Managing Director	International Livestock Export	Exporter, levy payer
UNDERWOOD, Patrick	Managing Director	Australian Cattle Enterprises	Exporter, levy payer

Table 21 – LiveCorp staff and Board

Name	Title	Representing
ALEXANDER, Liesel	GM, Corporate Operations & Finance	LiveCorp staff
BROWN, Sam	Chief Executive Officer	LiveCorp staff
COLLIER, Wayne	GM, Programs	LiveCorp staff
COX, Felicity	GM, Special Projects	LiveCorp staff
DWYER, Lisa	Director, Kangertong Farming	LiveCorp director
GALVIN, David	Chairman, ALEC	LiveCorp director
GOODE, Imogen	Manager, Programs	LiveCorp staff
HALLATT, Katie	Support Officer, Programs	LiveCorp staff
LATHAM, Kaaren	Communications Manager	LiveCorp staff
NELSON, Courtney	Communications and Resource Development Officer	LiveCorp staff
SETTER, Troy	CEO, Consolidated Pastoral Company	LiveCorp Chairman

Table 22 – DAWE

Name	Title	Representing
COOKSON, Beth	Assistant Secretary	Animal Biosecurity & Compliance

Name	Title	Representing
McALISTER, Jodie	Director, Market Access, SE Asia	Trade & Market Access
McEWEN, Melissa	Principal Regulatory Officer	Export Reform, Live Exports

Table 23 – Meat & Livestock Australia

Name	Title	Representing
BEATTY, David	Group Manager, Productivity	MLA LEP
DUNDON, Peter	Program Manager, LEP	MLA LEP
FADMA, Helen	Manager, Livestock Services, Indonesia	MLA LEP
LEVONIAN, Rashelle	Project Manager - Trade Market Access and Livestock Exports	MLA LEP
PATCHING, Michael	Manager Livestock Services – Asia Pacific	MLA LEP
STRONG, Jason	Managing Director	MLA
WHITAKER, Spencer	Access and Trade Project Manager, MENA	MLA LEP

Table 24 – Peak Industries Bodies

Name	Title	Representing
CRISP, Stephen	Chief Executive Officer	Sheep Producers Australia
FALKENHAGAN, John	Chief Executive Officer	Goat Industry Council of Australia
HARVEY-SUTTON, Mark	Chief Executive Officer	Australian Livestock Exporters' Council
McGOVERNE, John	Policy Director	Cattle Council of Australia
MACKAY, Don	Chairman	Red Meat Advisory Council
NEELAGAMA, Anna	Chief Executive Officer	Red Meat Advisory Council
TOBIN, Travis	Chief Executive Officer	Cattle Council of Australia

Table 25 – YLEN and Livestock Collective

Name	Title	Representing
BOLT, Stephen	Sheep producer	The Livestock Collective
COOLE, Patrick	Manager, ESCAS	YLEN (Halleen Australasian Livestock)
LUDEMAN, Holly	Managing Director	The Livestock Collective
MOFFAT, Kari	Manager, Animal Welfare Assurance	YLEN (Australian Rural Exports)
WEBSTER, Grayson	Project Co-ordinator	The Livestock Collective

Table 26 – Sheep exporters forum

Name	Title	Representing	Capacity
EDWARDS, John	General Manager	Emanuel Exports	Supply chain participant
GORDON, Mike <sup>15</sup>	General Manager	Rural Export & Trading (WA)	Exporter, levy payer

<sup>15</sup> Note: Mike Gordon is also a LiveCorp director

Name	Title	Representing	Capacity
INGLE, Andy	Managing Director	Southern Australian International Livestock Services	Exporter, levy payer
KEENAN, Paul	Export Manager	Livestock Shipping Services	Exporter, levy payer

Table 27 – Cattle exporters forum

Name	Title	Representing	Capacity
ADNAM, Angus <sup>16</sup>	Executive	Queensland Livestock Exporters Assoc.	State chapter representative
CUNNINGTON, John	Business Development Manager	Halleen Australasian Livestock / WA Livestock Exporters Assoc.	Exporter, levy payer
INGLE, Andy	Managing Director	Southern Australian International Livestock Services	Exporter, levy payer
McEWIN, William	Managing Director	Frontier Intl.	Exporter, levy payer
PANKHURST, Greg	Chairman	Queensland Livestock Exporters Assoc.	State chapter representative
SEALY, Harold	Livestock Manager	Livestock Shipping Services	Exporter, levy payer
WATKINS, Peter	Director	Queensland Livestock Exporters Assoc.	State chapter representative
WINTER, Simon	Manager, Compliance	South East Asia Livestock Services	Exporter, levy payer

<sup>16</sup> **Note:** Angus Adnam is also a LiveCorp director

### 10.3.2 SED Interview list

Name	Position	Organisation
Sam Brown	CEO	LiveCorp
Liesel Alexander	General Manager - Corporate Operations and Finance   Company Secretary	LiveCorp
Andrew Ferguson	CFO	MLA
Wayne Collier	General Manager - Programs	LiveCorp
Mark Harvey-Sutton	CEO	ALEC
Lauren Kalkman	Funding Agreement Section	DAWE
Candice Mohan	Funding Agreement Section	DAWE
Jim Paradise	Animal Welfare Section	DAWE
Kent Brocky	Animal Welfare Section	DAWE
Kendall Crocker	Animal Welfare Section	DAWE
Troy Setter	Chairman	LiveCorp
Terry Enright	Past Chair	LiveCorp
David Gardiner	MD, Member	Austock Rural Pty Ltd LERDAC

### 10.3.3 Priority project model

Outlined in section 3.6.3, SED has suggested mapping strategic initiatives in accordance with industry benefit (y axis) and strategic risk (x axis) which can be of benefit in reporting priorities mapped in a similar format to the sample provided in Figure 15. This process promotes rigour and a more considered assessment of risk. Further, it enables ongoing integration of risk management into Board thinking, by concentrating critical thinking in the right quadrants within the agreed risk appetite and supporting and monitoring management with activities conducted in the left quadrants. This supports recommendations within the Noetic Report and ideally developed by LERDAC/Mgt Committee responsibility to support process. Please note that this represents a sample model only and does not reflect a specific assessment of LiveCorp.

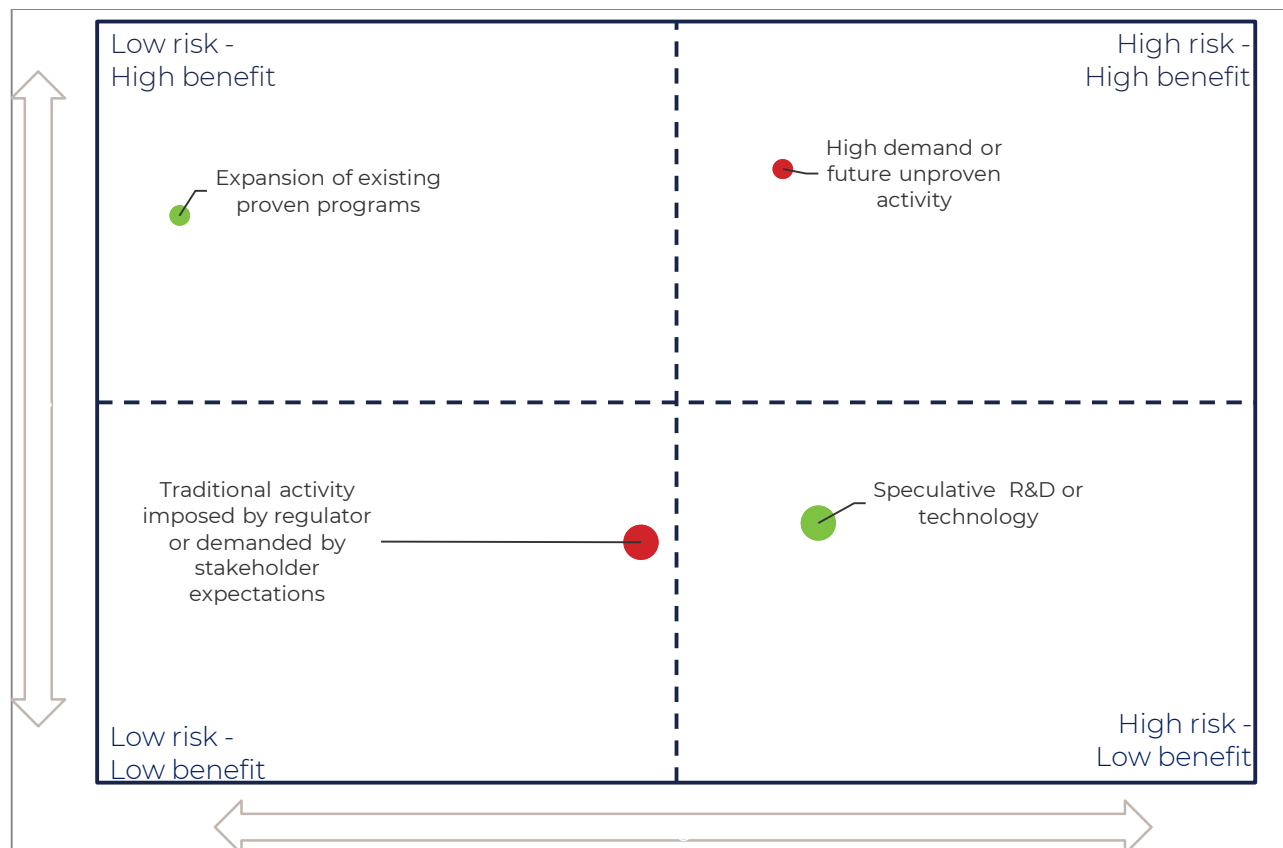
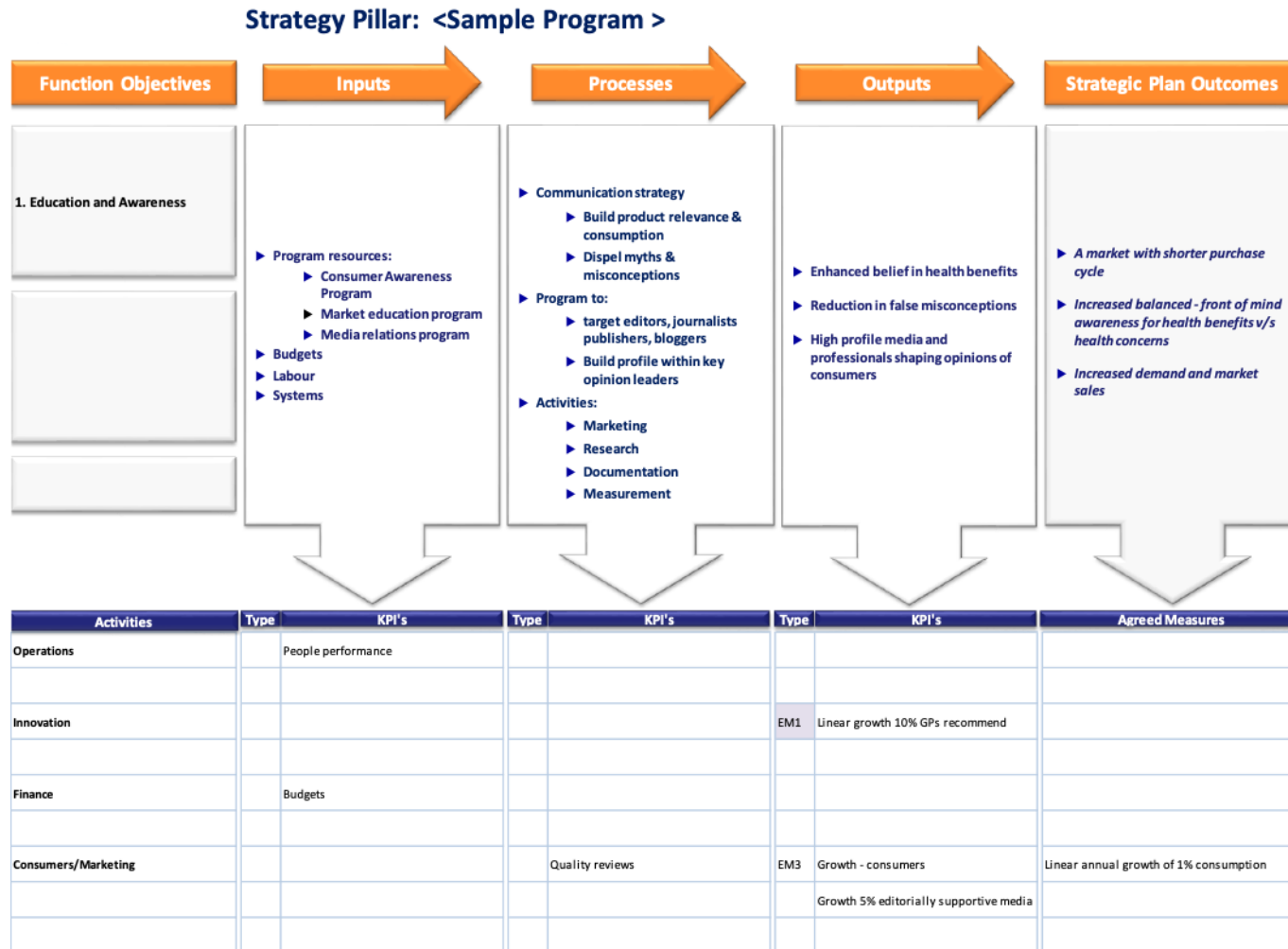


Figure 15 – Priority project model

### 10.3.4 Strategic mapping for measurement model

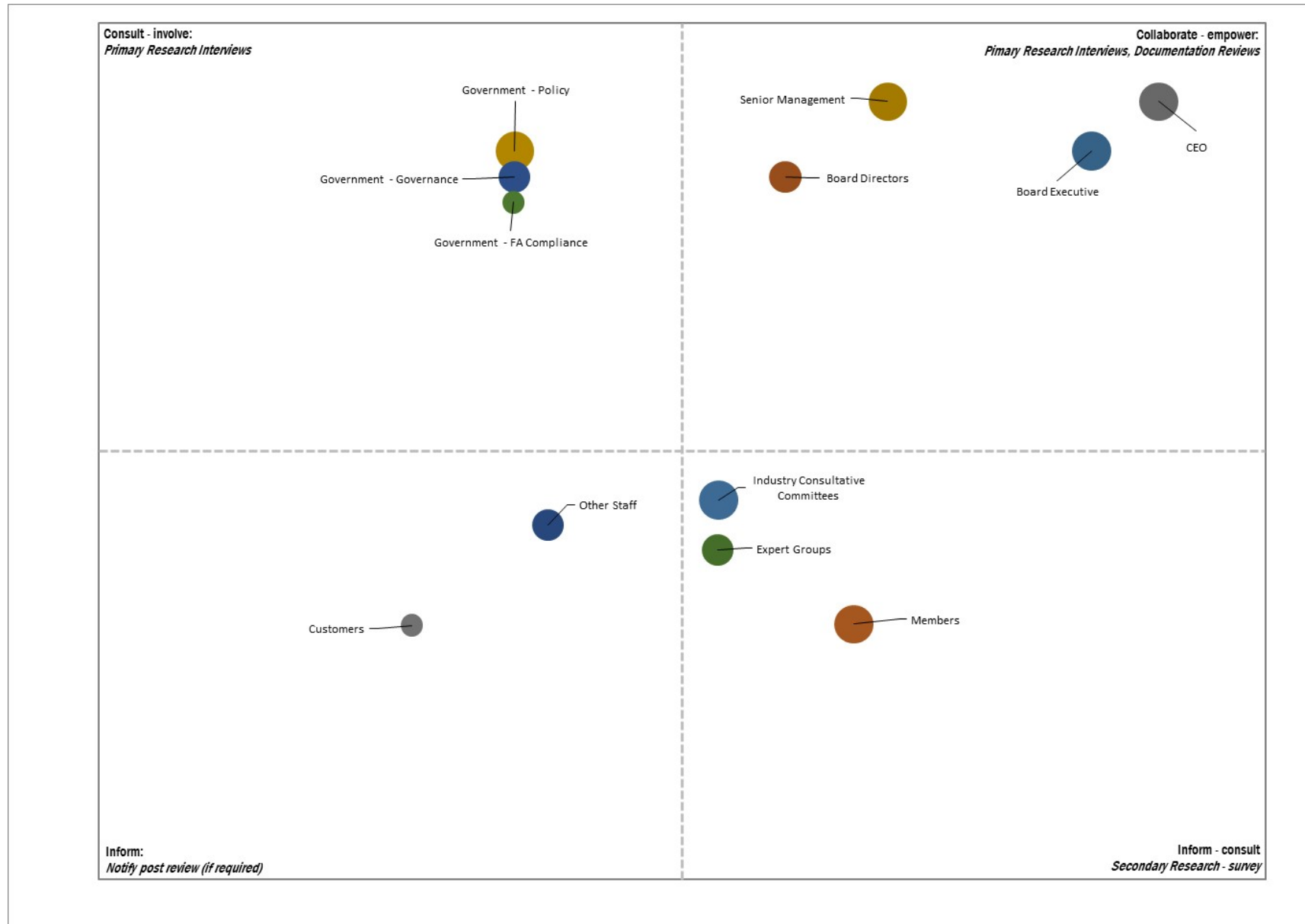
This depicts a sample model to support the findings in the Noetic Report, specifically how to address and report objectives. Please note that this represents a sample model only and does not reflect a specific assessment of LiveCorp.



### 10.3.5 Strategic stakeholder mapping model

This model supports the recommendation outlined in section 3.5 Please note that this represents a sample model only and does not reflect a specific assessment of LiveCorp.

Stakeholder	Category	Stakeholder Interest	Stakeholder Influence	Importance	Poor engagement risks			
					Rigour of analysis	Acceptance of Findings	Implementation of findings	Value to LiveCorp
1. Board Executive	Organisation	High	High	Primary	Medium	High	Medium	Low
2. Board Directors	Organisation	Medium	High	Primary	Low	High	Low	Low
3. Managing Director	Organisation	High	High	Primary	High	High	High	High
4. Senior Management	Organisation	High	Medium	Primary	High	High	High	High
5. Other LiveCorp Staff	Organisation	Low	Low	Secondary	Medium	High	Medium	Medium
6. Expert Groups	Industry	Medium	Medium	Secondary	Low	Medium	Medium	Low
7. Industry Consultative Committees	Industry	Low	Medium	Secondary	Low	Low	None	Low
8. Members	Producers	Low	Low	Primary	Medium	None	None	Low
9. Consumers	Consumers	Low	Low	Ancillary	None	None	None	Low
10. Government - Policy	Regulatory	High	High	Secondary	Low	Low	Low	Medium
11. Government - Governance	Regulatory	High	High	Secondary	Low	Low	Low	Medium
12. Government - SFA Compliance	Regulatory	High	High	Secondary	Low	Low	Low	Medium
13.								



## 10.4 Assessment of compliance with the Funding Agreement

### 10.4.1 Funding Agreement 2017 - 2021

There is currently a Funding Agreement in place between the Minister for Agriculture and Water Resources on behalf of the Commonwealth of Australia, represented by the Department of Agriculture and Water Resources (ABN 24 113 085 695), and Australian Livestock Export Corporation Limited (ABN 88 082 408 740).

Clause	Requirement	SED review of status & comments
Background		
A.	Recognition by industry and Government to invest in R&D	Context noted
B.	RDCs are the mechanism used to undertake such activities	
C.	Three red meat industry organisations tasked to undertake R&D activity	
D.	LiveCorp is the declared Livestock Export Marketing and Research Body	
E.	LiveCorp & MLA have shared responsibilities for marketing and R&D.	
F.	LiveCorp an approved donor – allows MLA to receive Cwlt matching funds	
G.	Previous Funding Agreements in place 2005, 2007, 2010	
H.	Cwlt & LiveCorp enter into a further FA according to terms and conditions	
I.	LiveCorp is responsible for corporate governance.	
J.	This Agreement is similar to other RDCs frameworks and accountabilities.	
K.	Provides for the performance of LiveCorp to be reviewed by the Cwlt.	
<b>PART 1</b>	<b>GENERAL REQUIREMENTS</b>	
<b>1.</b>	<b>Definitions</b>	Noted - Definitions and preamble to the FA.
<b>2.</b>	<b>Interpretation</b>	
<b>3.</b>	<b>Term and operation</b>	<p>"Effective Date" means the date this Agreement becomes effective, being the day after the Agreement Date.</p> <p>The FA doesn't appear to state the "Agreement Date" but it was confirmed as a four year agreement from 6/4/2017 to 5/4/2021</p>
3.1	<p>This Agreement:</p> <p>(a) takes effect on the Effective Date, and expires four years after the Agreement Date;</p>	
	The term of the Agreement may be extended by agreement in writing.	
4,	<b>Access to records and use of information</b>	Noted, not relevant to the review period
4.1 – 4.3	Access by the Commonwealth.	
4.4	<p>Each party must, in respect of Confidential Information given by the other party:</p> <p>(a) use that Confidential Information only for the purposes of administering or enforcing this Agreement or the Act; and</p> <p>(b) not disclose that Confidential Information to any person (other than employees or advisers of that party with a need to know such Confidential Information for the purposes of administering or enforcing this Agreement or the Act) without the prior approval in writing from the other party and subject to any reasonable conditions or restrictions imposed by the other party in giving approval.</p>	
4.7 – 4.9	Use of reports	
5.	Indemnity	Noted - Further definition sections.
6.	Authorisation of person to act	
7.	Relationship	
8.	Assignment	
8.1	<p>LiveCorp must not assign or novate this Agreement or any right or obligation under this Agreement unless LiveCorp:</p> <p>(a) is not in breach of this Agreement;</p> <p>(b) obtains the prior written consent of the Commonwealth; and</p> <p>(c) ensures that the assignee agrees to be bound by all of LiveCorp's obligations under this Agreement.</p>	Not relevant over the review period.
<b>9.</b>	<b>Waiver</b>	Noted, not relevant to the review period
<b>10.</b>	<b>Severability</b>	<b>Noted</b>
<b>11.</b>	<b>Governing law and jurisdiction</b>	<b>Noted</b>
<b>12.</b>	<b>Resolution of disputes</b>	<b>There haven't been any disputes over the review period</b>
<b>13.</b>	<b>Notice</b>	<b>Noted</b>
<b>PART 2</b>	<b>MANAGEMENT AND GOVERNANCE OF LIVECORP</b>	

14.	<b>Corporate governance</b>	
14.1	LiveCorp must maintain, implement and regularly review a framework of good corporate governance practice to ensure proper use and management of the Funds, which should draw on better practice guides, including Guidelines provided by the Commonwealth and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) (2014).	Addressed annually by board review; observed as cited in the board papers and via Governance Manual 2018.
14.2	The framework at Clause 14.1 must include a governance policy which includes a clear statement of LiveCorp's commitment to effective governance and cover: (a) Board charter; (b) matters reserved for the Board; (c) Board delegations of authority; (d) charter of the Audit Committee and Nomination Committee; (e) Board appointments, composition (including requirements for diversity and a number of Independent Directors) renewal and succession planning; (f) regular Board performance evaluations; and (g) code of conduct for Directors and senior management.	Viewed the Governance Manual 2018.  Confirmed policy provides clear statements and further confirmed practiced in Board papers.
14.3	LIVECORP BOARD LiveCorp must use its best endeavours to establish a skills based board of directors which can demonstrate collective expertise against each of the following: (a) legal, compliance and corporate governance; (b) production and/or exporting in the meat and livestock industry; (c) finance and business management; (d) risk management and fraud control; (e) domestic and international market development of products and international trade; and (f) Research and Development administration and commercialisation.	Review Board selection and review procedures to ensure skills-based requirements have been met.
14.4	LiveCorp must ensure the Board's skills base is regularly reviewed and where gaps are identified, provide directors with the resources to help develop and maintain the required skills and knowledge to fill those gaps	
14.5	The Nomination Committee and the Audit Committee must each comprise a majority of independent members.	Confirmed Nomination (selection) and Audit Committees have had independent member majorities.  The Selection Committee consists of: · three people elected by livestock export associations; · one person appointed by ALEC; and · one person appointed by the Board (non-voting).  The Selection Committee was called upon in 2016, 2017, 2019 and 2020
14.6	DISCLOSURE OF PECUNIARY INTERESTS If a person is appointed as a member of an LiveCorp committee or panel concerned with the selection and funding of Research and Development Activities and/or Marketing Activities and has a pecuniary interest that relates to the affairs under consideration by the committee or panel, that person must disclose that interest in accordance with any instructions given by LiveCorp	Viewed register of pecuniary interests for all Board. Register is reviewed at every Board meeting and recorded.
15.	<b>ROLE OF COMPANY</b> 15.1 LiveCorp must ensure that it effectively represents and reflects the interests of its members and Levy Payers in respect of the Industry's Research and Development and Marketing interests.	Noted - The objects of the Company which are also incorporated into the Governance manual.
15.2	LiveCorp must use its reasonable endeavours to ensure Levy Payers who are not members of LiveCorp are advised of their entitlement to become, and how they may become, members of LiveCorp.	LiveCorp uses reasonable endeavours based on information made available through the Dept.
15.3	LiveCorp must not use Funds to: (a) engage in Agri-Political Activity or activities that aim to influence public policy and resource allocation decisions; (b) act as an Industry Representative Body or provide information or an opinion which states or implies to stakeholders that LiveCorp is an Industry Representative Body; and (c) encourage or support a campaign for the election of a candidate, person or party for public office.  This does not preclude the collection of information or the balanced analysis of that information to inform the general community, industry and governments.	Addressed as part of the annual audit. No issues raised.  LiveCorp Services Agreement with ALEC clarifies monies unable to be used for Agri-political activity.  ALEC required to confirm compliance.

15.4	<p>COMPANY CONSTITUTION</p> <p>LiveCorp must ensure that the LiveCorp Constitution remains appropriate to a body performing the functions of the declared Livestock Export Marketing Body and/or Livestock Export Research Body and:</p> <p>(a) any proposed changes to the LiveCorp Constitution are discussed with the Commonwealth;</p> <p>(b) the Commonwealth is provided with a copy of each notice of a resolution to modify the LiveCorp Constitution, at the same time as it gives notice of the resolution to its members; and</p> <p>(c) as soon as practicable after any modification of the LiveCorp Constitution is made, give the Commonwealth notice setting out the modification and explaining its effect.</p>	There haven't been any changes to the Co. Constitution during the review period.
15.5	LiveCorp must use its reasonable endeavours to ensure that members of LiveCorp comprise a substantial proportion of all Levy Payers.	LiveCorp asks the department annually for the number of licensed exporters, as they can only be a levy payer if they possess a license to export. LiveCorp use this to determine the proportion of potential levy payers that are members. In addition, LiveCorp use Reports to Parliament to identify names of exporters and determine if there are potential active exporters who could be approached to become a member.
16. 16.1	<p>NOTIFICATION OF SIGNIFICANT ISSUES</p> <p>LiveCorp must give reasonable notice to the Commonwealth if it becomes aware of any issues that will materially affect or have affected LiveCorp or any of its subsidiaries' ability to achieve the objectives stated in its Strategic Plan or comply with its obligations under this Agreement or the Act.</p>	There have not been any significant issues over the review period.
17. 17.1	<p>CONFLICT OF INTEREST</p> <p>LiveCorp warrants that, at the Agreement Date, no conflict of interests exists or is likely to arise in the performance of its obligations under this Agreement.</p>	No issues. Some declared conflicts of interest; however, the process for managing them is clear.
17.2	If a conflict of interest, or risk of a conflict of interest, arises in the performance of LiveCorp's obligations under this Agreement, LiveCorp must notify the Commonwealth of that conflict or risk and take steps acceptable to the Commonwealth to resolve or avoid the conflict.	
18. 18.1	<p>REVIEW OF PERFORMANCE</p> <p>LiveCorp must complete a Performance Review and deliver the final Performance Review Report to the Commonwealth at least six months before the expiry of this Agreement, but no more than 12 months before the expiry of this Agreement, without the agreement of the Commonwealth.</p>	The effective expiry date of the Agreement is 05/04/2021, hence then the timing of the performance review is correct.
18.2	LiveCorp must agree the terms of reference with the Commonwealth at least three months before the Performance Review commences.	Commonwealth agreement received 8/4/20
18.3	LiveCorp must engage, at its own cost, an independent organisation to undertake the Performance Review and prepare the Performance Review Report. The organisation engaged to undertake the Performance Review must not, within the previous four years, have carried out any corporate governance activity or reviews, performance audit or similar reviews of LiveCorp	Confirmed.
18.4	<p>The terms of reference for the Performance Review must take into account LiveCorp's performance in:</p> <p>(a) meeting its obligations under this Agreement and the Act;</p> <p>(b) implementing governance arrangements and practices for ensuring proper use and management of the Funds;</p> <p>(c) meeting the planned outcomes and targets of its Strategic Plan;</p> <p>(d) delivering benefits to members, Levy Payers, Industry and the broader community;</p> <p>(e) satisfying the Research &amp; Development and Marketing interests and meeting the needs of members, Levy Payers and the Industry;</p> <p>(f) managing and investing Funds under the Donor Arrangement;</p> <p>(g) consulting with Levy Payers and Prescribed Industry Bodies and other stakeholders; and</p> <p>(h) any other matters consistent with LiveCorp's Strategic Plan and the Act the Commonwealth requires the Performance Review to cover.</p>	The ToR of the current Performance Review include the requirements as stated.
18.5	LiveCorp must ensure the Performance Review and the Performance Review Report addresses all aspects of the agreed terms of reference.	
18.6	LiveCorp must provide the Commonwealth with a copy of the draft Performance Review Report at the same time as LiveCorp receives a copy.	
18.7	LiveCorp must provide the final Performance Review Report to the Commonwealth within 14 days of acceptance by the Board.	

18.8	LiveCorp must develop a response to the final Performance Review Report and a proposed implementation plan including dates and milestones for the implementation of recommendations within three months of the Board's acceptance of the Performance Review Report; and provide the response to the Commonwealth within 30 days of the Board's acceptance of that response.	Personally sighted the LiveCorp Implementation Plan developed in response to the previous Performance Reviews (2013 and 2016). All recommendations have been actioned and completed.
18.9	The Parties must take the outcomes of the latest Performance Review into account when negotiating renewal of this Agreement.	Noted
18.10	LiveCorp must: (a) publish the Performance Review Report on its public website; and (b) make available copies of the Performance Review Report at its next annual general meeting to Levy Payers and Prescribed Industry Bodies.	The last PR published on the LiveCorp website relates to 2010-13. However, we note that at the time of the last PR (2016), the current FA wasn't in place and therefore the PR was not required. It is our understanding that the Cwlth is aware of these circumstances.
19.	PERFORMANCE MANAGEMENT	
19.1	Notwithstanding any other provision in this Agreement, the Commonwealth may review LiveCorp's performance and compliance with this Agreement or the Act, at any time during the term of this Agreement.	No such review required or undertaken over the review period.
19.2	In reviewing LiveCorp's performance and compliance with this Agreement or the Act, the Commonwealth may have regard to any information available to it. The Commonwealth may also request additional reports or explanations relating to management and expenditure of the Funds from LiveCorp, including an audit report or opinion to inform its consideration.	
19.3	LiveCorp must give the Commonwealth any additional reports or explanations that the Commonwealth requests as soon as reasonably practicable.	The Dept. has confirmed LiveCorp complies with its requests.
19.4	The Minister may request an audit report or opinion on any matter relevant to LiveCorp's performance or compliance with this Agreement or the Act; LiveCorp must at its own expense: (a) promptly obtain the audit report or opinion from LiveCorp's auditor; or b) if, in the opinion of the Commonwealth, the audit report or opinion cannot be properly given by LiveCorp's auditor, promptly engage another auditor to conduct an audit and give the audit report or opinion; and (c) give a copy of the audit report or opinion to the Commonwealth within 14 days after LiveCorp receives it.	No audit or review undertaken over the review period.
19.5	The Commonwealth may: (a) issue a notice requiring LiveCorp to take actions in relation to the outcomes or recommendations of any review under clause 19 within a reasonable timeframe or within the timeframe (if any) specified in the notice. Before issuing a notice under clause 19.5 the Commonwealth will provide LiveCorp an opportunity to review and comment on performance issues raised in the review; or (b) provide a report of a review (or extract of its recommendations) to LiveCorp for its consideration and response. LiveCorp must; (i) within 30 days, provide a notice to the Commonwealth in detail of the actions it intends to undertake to address the recommendations of the report; (ii) within 60 days, negotiate in good faith with the Commonwealth any recommendations of the report or review that LiveCorp has not agreed to implement; and (iii) within 90 days, provide the Commonwealth with a written report detailing progress and substantiating the actions it has taken in implementing the recommendations of the report.	
19.6	In each Annual Report LiveCorp must include a written report detailing progress and substantiating the actions it has taken in implementing the recommendations of the report until all the recommendations, that LiveCorp has agreed to implement under clause 19.5(b) or the Commonwealth has directed LiveCorp to implement under clause 19.5(a) are implemented to the satisfaction of the Commonwealth.	
20.	REDUCTION, SUSPENSION OR TERMINATION OF THE AGREEMENT	No related occurrences during the review period.
21.	REPAYMENT OF FUNDS ON TERMINATION	No related occurrences during the review period.
22.	AGREEMENT-RELATED ASSETS AND LIABILITIES	No related occurrences during the review period.
23.	CONSULTATIONS WITH THE COMMONWEALTH	
23.1	The Chair of the Board, or in the absence of the Chair, a non-executive Director nominated by the Chair of the Board must meet with the Commonwealth at least once in every six-monthly period from the Effective Date or at any other time requested by the Commonwealth on reasonable	The Department has confirmed these requirements have been met.

	<p>notice, to brief the Commonwealth on LiveCorp's performance of its functions, including:</p> <p>(a) progress on implementing LiveCorp's Annual Operational Plan and Strategic Plan and the other plans referred to in clause 25.4;</p> <p>(b) progress on the implementation of the relevant sectoral and cross-sectoral strategies under the RD&amp;E Framework;</p> <p>(c) consultation with Levy Payers and their Prescribed Industry Bodies and other RDCs, Industry, and stakeholders;</p> <p>(d) measures taken to enhance corporate governance in accordance with clause 14;</p> <p>(e) progress in developing and implementing the Evaluation Framework;</p> <p>(f) progress on implementing the recommendations from the most recent Performance Review; and</p> <p>(g) the development and implementation of additional systems, processes and controls necessary to meet the requirements of this Agreement.</p>	
23.2	Notwithstanding clause 23.1, LiveCorp may, at any time, seek consultations with the Commonwealth in relation to any matter connected with this Agreement.	Noted
23.3	<p>Changes to the Guidelines</p> <p>The Commonwealth may vary the Guidelines provided that the Commonwealth:</p> <p>(a) consults with LiveCorp prior to the variation; and</p> <p>(b) gives LiveCorp a reasonable period to implement the variation.</p>	There have not been any changes to the Guidelines during the review period
23.4	<p>Where the Board considers that the proposed variation to the Guidelines may, if issued:</p> <p>(a) require the Directors to act, or omit to act, in a manner that may breach any duty owed by the Directors to any person;</p> <p>(b) cause the contravention of any Australian law;</p> <p>(c) be likely to prejudice commercial activities carried on by or on behalf of LiveCorp; and</p> <p>(d) be contrary to the public interest;</p> <p>then the Directors must notify the Commonwealth as soon as practicable.</p>	
<b>PART THREE ACTIVITIES AND FUNDING</b>		
24.	PAYMENT OF FUNDS	Accounting / reconciling of levies and matching Commonwealth funds undertaken as part of the annual audit process.
24.1	<p>The Commonwealth must pay to LiveCorp an amount equal to the amounts of Levy the Commonwealth receives, in accordance with section 64A and 64B of the Act:</p> <p>(a) by a method agreed by both parties; and</p> <p>(b) as soon as reasonably practicable after the Commonwealth receives the Levy amounts referred to in sections 64A and 64B of the Act in cleared funds.</p>	
24.2	The Commonwealth must give LiveCorp a non-binding estimate of the amount of costs incurred by the Commonwealth in relation to the collection, recovery and administration of the Levy referred to in section 67 (3A) and 67 (3B) of the Act.	
24.3	LiveCorp must provide a non-binding estimate of the amount of the Levy payable to LiveCorp for the current and forward financial years upon request by the Commonwealth.	
25.	MANAGEMENT OF THE FUNDS	Noted
25.1	<p>LiveCorp must establish and maintain systems, procedures and controls to ensure:</p> <p>(a) Funds are spent only in accordance with this Agreement and the Act;</p> <p>(b) all dealings with the Funds are properly authorised, conducted and accounted for; and</p> <p>(c) an auditor is able to readily verify that the Funds have been used only in accordance with this Agreement and the Act.</p>	
25.2	LiveCorp must notify the Commonwealth of the details of the systems, procedures and controls established in accordance with clause 25.1 on request.	
25.3	LiveCorp must not delegate or outsource the responsibility for the management, allocation, or investment of Funds to third parties, including to Industry Representative Bodies.	
25.4	LiveCorp must maintain, implement and regularly review LiveCorp's Risk Management Plan, Fraud Control Plan and Intellectual Property Management Plan and ensure they effectively meet LiveCorp's requirements.	
25.5	LiveCorp must provide any material variations or updates to the Risk Management Plan, Fraud Control Plan and Intellectual Property	<p>Reviewed relevant documentation</p> <p>The IP Plan was submitted on 28 June 2016 and updated June 2018</p> <p>Risk Management &amp; Fraud Control plans dated Oct 2018</p>

	Management Plan, to the Commonwealth within 30 days of the variations or updates being adopted by the Board.	
25.6	The accounting systems, processes and controls to manage the funds with clause 25.1 must take into account LiveCorp's current Risk Management Plan, Fraud Control Plan and Cost Allocation Policy.	
25.7	LiveCorp must: (a) keep complete and detailed accounts and records of receipt, use and expenditure of the Funds in accordance with good accounting practice including all applicable Australian accounting standards; (b) keep the accounts and records referred to in clause 25.7(a) separately in relation to the Marketing Funds, Research and Development Funds, Commonwealth payments and Voluntary Contributions; and (c) keep accounts and records referred to in clause 25.7(a) to enable disclosure of the full costs of the Research and Development and Marketing Programs.	Undertaken as a requirement of the external audit process.  Management letters cited.
26. 26.1	APPLICATION OF THE FUNDS LiveCorp must only spend the Funds: (a) in accordance with sections 67 and 68 of the Act and this Agreement; and (b) in a manner that is consistent with: (i) its current Strategic Plan and Annual Operational Plan; and (ii) the Guidelines to the extent they are applicable to this Agreement, noting that Commonwealth Matching Payments are made to MLA under the Donor Arrangement.	Application of funds are subject to the annual audit
26.2	The Funds may only be applied by LiveCorp as follows: (a) in the case of Marketing Funds, to Marketing Activities related to the Industry, for the benefit of the Industry; (b) in the case of Research and Development Funds, to Research and Development Activities related to the Industry, for the benefit of the Industry; and (c) to make payments to the Commonwealth under section 67(3A) and 67(3B) of the Act.	
26.3	LiveCorp must not spend the Funds on making payments to Industry Representative Bodies. This does not preclude: (a) payments by way of membership fees where that membership contributes to LiveCorp pursuing the objects of the Act; (b) payments to procure goods or services in accordance with LiveCorp's procurement policy, and when all of the following conditions are met: (i) the procurement process is open, transparent and, competitive; (ii) the conditions of the transaction between LiveCorp and the relevant body are the same as they would be for an arm's length transaction with any third party providing those goods or services; and (iii) the arrangement for goods and services incorporates appropriate measures to demonstrate the performance of the relevant body undertaking the task. This assessment must be provided to the Commonwealth on request.	LiveCorp maintains a Service Agreement with ALEC that specifically addresses what purposes the funds are used for. ALEC is required to confirm compliance in writing.
26.4	LiveCorp must not apply any of the Funds to making grants, or otherwise providing financial assistance, to the livestock exporter Industry Representative Body. Nothing in this clause will prevent LiveCorp from acquiring property, goods or services on arm's length, transparent and competitive terms from a body that represents livestock exporters, including an Industry Representative Body.	
26.5	If LiveCorp spends the Funds other than in accordance with this Agreement or the Act, the Commonwealth may, by written notice to LiveCorp, require LiveCorp to repay all or a part of those Funds to the Commonwealth within the timeframe specified in the notice.	No such event has occurred over the review period.
26.6	LiveCorp must publish a copy of any written notice under Clause 26.5 in its next Annual Report.	
27. 27.1	ACKNOWLEDGEMENT OF FUNDING Unless otherwise agreed with the Commonwealth, LiveCorp must ensure that all significant publications and publicity by LiveCorp in relation to Research and Development Activities funded via the Donor Arrangement, on which Commonwealth payments are expended, acknowledge the provision of the Commonwealth payments by the Commonwealth.	Noted.
28. 28.1	CONSULTATIONS WITH INDUSTRY LiveCorp must, communicate directly with Levy Payers and members to: (a) review priorities for Research and Development Activities and Marketing Activities; and	a.) Is undertaken through the 4-year (2016-2020 Strategic Plan process. b.) Reports progress against the SP and AOP through a number of channels; Annual

	(b) report on LiveCorp's performance against the Strategic Plan and the Annual Operational Plan.	Reports, Member meetings and briefings, specific project literature.
28.2	LiveCorp must meet with Prescribed Industry Bodies at least six-monthly to: (a) review Industry priorities for Research and Development and Marketing investments; and (b) report on LiveCorp's performance against the Strategic Plan and the Annual Operational Plan.	LiveCorp and ALEC have similar memberships. ALEC also has ex-officio member status on the LiveCorp Board. Updates of the AOP and SP are provided and there is a formal process to update progress and assess strategy every 6 months.
29. 29.1	INFORMATION ON ACTIVITIES LiveCorp must ensure the following is available on its public website: (a) this Agreement; (b) LiveCorp's governance policy developed in accordance with clause 14.2; (c) LiveCorp's Strategic Plan, including the consultation plan developed in accordance with clause 30.3 and other information relating to its development and any changes; (d) the priorities used by LiveCorp to determine which projects it will fund; (e) an overview of planned outcomes and Programs to achieve those outcomes; (f) key Research and Development Activities (including Extension) and Marketing Activities which LiveCorp is funding; (g) LiveCorp's Evaluation Framework and the outcomes of evaluations; (h) LiveCorp's Annual Operational Plan; (i) LiveCorp's Annual Report; (j) the Performance Review Report and LiveCorp's response to the Performance Review Report recommendations; and (k) public submissions received on the development of its Strategic Plan under Clause 30.4.	a.) FA – Yes b.) Contains a Governance Statement in Accordance to Commonwealth ASX Guidelines and a Statement of Board Ops. c, d, e & f.) Strategic plan as described – Yes g.) Evaluation Framework – Yes h.) AOP – Yes i.) Annual Report – Yes j.) PR – Last report and response listed is 2013 - not 2016 for the reasons previously stated k.) Public Submissions – Yes, detailed.
29.2	The information to be published under the preceding subclause shall not include information of the following kinds: (a) personal information as defined in the Privacy Act 1988 (Cwlth), unless permitted by the Privacy Act; (b) information about the business, commercial, financial or professional affairs of any person if it would be unreasonable to publish that information, such as Confidential Information; and (c) information which would, or could reasonably be expected to damage: (i) LiveCorp; (ii) the Industry; or (iii) the national interest.	Noted
29.3	Where LiveCorp invests Funds towards projects initiated under an open call or tender process, LiveCorp must provide feedback on the outcomes of funding applications to all applicants.	Noted.
30. 30.1	STRATEGIC PLAN LiveCorp must maintain a Strategic Plan covering a three to five-year period and must: (a) review and, if necessary, update the Strategic Plan at least once every year; (b) obtain the Commonwealth's endorsement of any proposed new or amended draft Strategic Plan before the Strategic Plan comes into effect; (c) provide the Commonwealth with a copy of any new or amended Strategic Plan within 30 days of approval by the Board; (d) publish the Strategic Plan on its public website within 30 days of approval; and (e) consult with the Commonwealth during the term of this Agreement to ensure its Strategic Plan has regard to the Guidelines.	a.) The SP is reviewed by the Board and management around April each year during the process of setting the AOP priorities for the following 12-months. b.) Commonwealth included in the process c.) There has not been any update necessary over the review period. d.) SP cited on website e.) LiveCorp undertakes 6-monthly briefings with DAWE as well as ongoing communication with the Dept. on an ad hoc/as required basis.
30.2	The Strategic Plan and spending priorities identified in the Strategic Plan must aim to foster the development of best practice animal health and welfare outcomes in the livestock export industry and aim to result in continuous improvement in animal health and welfare outcomes.	Achieving best-practise animal welfare outcomes is listed as the first item of the SP Mission Statement, as well as the No. 1 strategic objective.
30.3	The Strategic Plan must include: (a) LiveCorp's roles and responsibilities as the declared Livestock Export Research Body under the Act including LiveCorp's: (i) mutual obligations as a partner with the Commonwealth in delivering services to members and Levy Payers; and (ii) responsibilities for proper use and management of the Funds; (b) clear linkages with the Meat Industry Strategic Plan 2020 (MISP 2020) including: (i) an overview of any priorities and outcomes identified by Levy Payers and the Prescribed Industry Bodies and other stakeholders during	a.) as Prescribed Body, obligations and use of funds is cited. b.) Reference to MISP specifically cited in Section 2 Introduction of and later, in the same section, directly aligning the Objectives with the MISP. c.) Key investments and outcomes are highlighted in the SP.

	<p>consultations that differ from or are additional to those reflected in the MISP 2020; and</p> <p>(ii) include an explanation on the extent to which these additional priorities are reflected in LiveCorp's Strategic Plan;</p> <p>(c) key investment priorities and planned outcomes for the period of the Strategic Plan;</p> <p>(d) details of the Programs that LiveCorp intends to deliver Research and Development Activities and Marketing Activities to achieve the planned outcomes, including details of key activities under those Programs;</p> <p>(e) key deliverables and performance indicators that clearly set out how planned outcomes will be achieved;</p> <p>(f) details of planned evaluation activities to demonstrate the extent to which planned outcomes have been delivered;</p> <p>(g) details on how the Programs link, and give effect, to the Guidelines</p> <p>(h) planned collaboration with other RDCs on priority Research and Development issues;</p> <p>(i) planned contributions to the implementation of relevant industry sector and cross-sectoral strategies under the National Primary Industries RD&amp;E Framework;</p> <p>(j) details on how Extension, technology transfer, and commercialisation of R&amp;D will be addressed and demonstrating that Extension and adoption are incorporated into the planning and approval processes;</p> <p>(k) estimates of income and expenditure for the life of the plan including broad estimates of expenditure separately for the Research and Development and Marketing Programs; and</p> <p>(l) an overview of LiveCorp's approach to ensuring a Balanced Portfolio of investment appropriate to the Industry.</p>	<p>d.) Programs listed and key activities are highlighted in the SP. These are further developed and detailed in relevant AOPs</p> <p>e.) Key deliverables and KPIs are clearly articulated in the SP</p> <p>f.) There are processes in place through the LEP R&amp;D Program that evaluate performance and the delivery of outcomes. Furthermore, there are processes cited for the evaluation of projects through the LiveCorp Evaluation Framework.</p> <p>g.) The SP specifically links objectives / programs to Cwlth and industry priorities.</p> <p>h.) LiveCorp collaborates with other RDC's by virtue of the MoU and is an active member of the CRRDC and the SP aligns with Cwlth R&amp;D priorities.</p> <p>i.) The SP specifically details alignment.</p> <p>j.) The industry R&amp;D project review and approval process through to extension, including commercialisation of R&amp;D, is documented.</p> <p>k.) Budgeted estimates provided.</p> <p>l.) A portfolio overview is provided.</p>
30.4	<p>In developing or varying the Strategic Plan, LiveCorp must develop a consultation plan including, details of proposed consultations with:</p> <p>(a) Levy Payers;</p> <p>(b) the Commonwealth;</p> <p>(c) Prescribed Industry Bodies; and</p> <p>(d) other RDCs as appropriate.</p>	<p>Consultation plan detailed within the SP. Consultation is undertaken with all necessary classes of stakeholders and in sufficient number to provide industry feedback.</p>
30.5	<p>The consultation plan must include provision for online and electronic submissions to be made.</p>	<p>Noted</p>
30.6	<p>The consultation plan must be agreed with the Commonwealth prior to commencing any development or variation of the Strategic Plan.</p>	<p>Noted</p>
30.7	<p>For minor variations to an existing Strategic Plan, LiveCorp may request approval from the Commonwealth not to develop a consultation plan.</p>	<p>Noted</p>
31. 31.1	<p>EVALUATION FRAMEWORK</p> <p>LiveCorp must develop an Evaluation Framework within six months of the Effective Date. The Evaluation Framework must:</p> <p>(a) be consistent with LiveCorp's Strategic Plan;</p> <p>(b) ensure that key performance related information is routinely collected and monitored;</p> <p>(c) include a structured plan for the systematic evaluation of the efficiency, effectiveness and impact of LiveCorp's key investments; and</p> <p>(d) include a means of publishing and disseminating relevant Research and Development outcomes and the outcomes of evaluations.</p>	<p>Evaluation Framework cited. Authored to specifically address the items raised in this clause within the FA.</p> <ul style="list-style-type: none"> <li>• It is high-level due to the relationship with MLA (LEP)</li> <li>• Marketing projects as per the SP</li> <li>• R&amp;D undertaken by MLA as manager, LiveCorp influences but does not control.</li> </ul>
31.2	<p>LiveCorp must:</p> <p>(a) consult with the Commonwealth in preparing the Evaluation Framework;</p> <p>(b) participate in any Commonwealth or collective RDC evaluation project relevant to LiveCorp's operations which is established for all RDCs; and</p> <p>(c) conduct regular and appropriate evaluation of its Activities and Programs and report on evaluation outcomes.</p>	<p>a.) Evidence of consultation</p> <p>b.) LiveCorp has provided submissions to a number of inquiries and addressed related reports, including the Modernising the Research and Development Corporation system (discussion paper) and PC report into the Regulation of Australian Agriculture.</p> <p>c.) Documented.</p>
31.3	<p>The Evaluation Framework must be published on LiveCorp's public website within 30 days of being adopted by the Board.</p>	<p>Evaluation framework viewed (26/06/2020)</p>
32. 32.1	<p>ANNUAL OPERATIONAL PLAN</p> <p>Before 1 July each year, LiveCorp must provide to the Commonwealth an Annual Operational Plan to implement its Strategic Plan during the next Financial Year.</p>	<p>Process occurs each April.</p>
32.2	<p>The Annual Operational Plan must set out:</p> <p>(a) all Activities to be funded by LiveCorp during the next Financial Year, identifying Marketing, Research, Development and Extension Programs–</p>	<p>Review all AOPs for the review period for consistency.</p>

	<p>including activities to implement best practice animal health and welfare outcomes in the Industry;</p> <p>(b) performance indicators, key deliverables, timeframes and milestones for LiveCorp's proposed activities and expenditure which demonstrate progress being made towards planned outcomes;</p> <p>(c) estimates of all sources of income separately identified and expenditure for each planned Program of work separate from operational expenses for the Financial Year; and</p> <p>(d) detailed information on how LiveCorp intends to implement and operationalise a Balanced Portfolio for the next Financial Year.</p>	<p>a.) All prescribed activities undertaken have been included.</p> <p>b.) KPIs, deliverables and progress provided.</p> <p>c.) Estimates of program expenditures and sources of funding have been identified.</p> <p>d.) Information is provided as to how annual expenditures are balanced across program priorities.</p>
32.3	LiveCorp must provide any material variations or updates to the Annual Operational Plan, to the Commonwealth within 30 days of the variations or updates being adopted by the Board.	Noted
33. 33.1	<p>ANNUAL REPORT</p> <p>LiveCorp must prepare its Annual Report in accordance with the requirements of Chapter 2M of the Corporations Act, Part 3 Division 4 of the Australian Meat and Live-stock Industry Act 1997 and this Agreement.</p>	Noted
33.2	LiveCorp's Annual Reports are required by the Act to be tabled by the Minister in both Houses of Parliament. The Minister is also required to report, based on the information provided by LiveCorp, on satisfaction that LiveCorp has complied with this Agreement.	Noted
33.3	<p>LiveCorp must provide:</p> <p>(a) the Minister with a sufficient number of Annual Reports for tabling in both Houses of Parliament prepared in accordance with government guidelines for the presentation of documents to the Parliament at the same time as the Corporations Act requires an annual report to be given to members;</p> <p>(b) four copies of its Annual Report to the Commonwealth at the same time as section 316A(3) of the Corporations Act requires an annual report to be given to members; and</p> <p>(c) copies for distribution once the Annual Report has been tabled.</p>	Noted
33.4	<p>The Annual Report prepared in accordance with clause 33.1 should include comprehensive coverage of:</p> <p>(a) sources of all income separately identified;</p> <p>(b) the full cost of the Marketing and Research and Development Programs, with costs being allocated in accordance with the Cost Allocation Policy;</p> <p>(c) progress against key performance indicators specified in the Strategic Plan and Annual Operational Plan;</p> <p>(d) deliverables and associated outcomes achieved against key Marketing Programs and Research and Development Programs;</p> <p>(e) Intellectual Property creation and protection, including management of intellectual property arising from Research and Development Activities or acquired with the Funds;</p> <p>(f) subsidiaries and joint ventures formed;</p> <p>(g) material changes to LiveCorp's membership;</p> <p>(h) collaboration with Industry and other research providers;</p> <p>(i) directions given by the Minister;</p> <p>(j) consultation undertaken with stakeholders referred to in clause 30.4 on LiveCorp's Strategic Plan, Annual Operational Plan, Programs and Activities;</p> <p>(k) details of senior executive and Board remuneration;</p> <p>(l) corporate governance practices in place during the Financial Year;</p> <p>(m) the rationale for the mix of projects included in the Balanced Portfolio; and</p> <p>(n) any other relevant matters notified to LiveCorp by the Commonwealth.</p>	Review all relevant Annual reports for consistency
33.5	Additional comprehensive information beyond the requirements of the Corporations Act can be provided separately to the Minister at the same time as providing LiveCorp's Annual Report.	Noted
34. 34.1	<p>COMPLIANCE AUDIT REPORT</p> <p>LiveCorp must, within five months after the end of its Financial Year, give the Commonwealth a report (Compliance Audit Report) providing an audit opinion on whether LiveCorp has complied with its obligations under clauses 25 and 26 during the Financial Year. The Compliance Audit Report must:</p> <p>(a) be prepared in accordance with relevant Australian Auditing and Assurance Standards;</p> <p>(b) include a review of the efficacy of the accounting systems processes and controls required under clause 25.1;</p>	LiveCorp financial results are audited annually to ensure compliance.

	(c) include any qualifications to the Compliance Audit Report and any material incidences of non-compliance; and (d) contain a detailed explanation of any incidence of material non-compliance.	
34.2	The Compliance Audit Report must include a statement that it has been prepared for the Commonwealth for the purposes of this Agreement and an acknowledgment that the Compliance Audit Report will be relied upon by the Commonwealth.	
35. 35.1	<p>CERTIFICATION REPORT</p> <p>LiveCorp must, within five months after the end of the Financial Year, give the Minister a report (Certification Report) from LiveCorp's Board signed by the Chair of the Board and the Chief Executive Officer of LiveCorp:</p> <p>(a) certifying whether LiveCorp has complied with its obligations under the Act and this Agreement during the Financial Year;</p> <p>(b) confirming that the Audit Committee and any other Board committees have carried out all of their functions/responsibilities in accordance with their respective charters;</p> <p>(c) detailing any material non-compliance and providing an explanation of the non-compliance; and</p> <p>(d) containing an acknowledgement that the Certification Report will be relied upon by the Commonwealth.</p>	Confirmed compliance with review frequency and content of Certification Reports

## 10.5 Consultation summaries; Trudeau & Associates report and SED interviews.

### Consultation undertaken by Trudeau and Associates

LiveCorp undertook, via an independent review, comprehensive stakeholder feedback on its organisation, performance and engagement processes. SED has relied upon this work and supplemented it with additional consultation where necessary. To inform this performance review, SED summarised the feedback into issue categories and allocated our assessment of the prevailing industry view. The classifications are broadly grouped in accordance with the legend below, the table below provides the key to the terminology used to characterise the industry view in the following table:

Industry view	Comment
<i>Acknowledged</i>	Generally supported and acknowledged view
<i>Inconsistent views</i>	Views are variable and inconsistent
<i>Criticism by the industry</i>	Contentious with criticism by industry

Issue	Industry view	Context
<b>Benefits to stakeholders</b>		
1. LiveCorp has produced a substantial amount of work intended to benefit its members, levy payers and the wider industry.	Acknowledged	<ul style="list-style-type: none"> <li>the provision of technical advice to government, typically in form of submissions;</li> <li>the management of a range of R&amp;D projects, funded by both government and industry;</li> <li>the extension of market access and associated endeavours;</li> <li>the stewardship of the industry's crisis management capability; and</li> <li>Ad hoc assistance to individual exporters, addressing specific issues and resolving problems arising in the course of their everyday business.</li> </ul>
2. The degree to which the value of LiveCorp's work is recognised among members, levy payers and the broader industry, and credited to the organisation	Inconsistent.	Reasons attributed are: <ul style="list-style-type: none"> <li>The diversity of the businesses involved in livestock common to LiveCorp's constituency, save for high-level concerns such as the reduction of regulation or increases in market access.</li> <li>The variability in the size, type and operations of the businesses involved. These range from small family-owned and operated producer-exporters to large, well-resourced multi-port operations both Australian and foreign-owned.</li> </ul>
3. With regard to the delivery of benefits, particularly where more significant initiatives are concerned.	Criticism	Exporters and other interested parties often cite the LGAP project as a case in point; i.e. a drawn-out, costly, resource-intensive effort that has, in the eyes of many produced little by way of tangible results, questioning whether the project has "lost its way", lived up to the original brief or produced the anticipated value for exporters and whether it is being managed with the necessary rigour.
4. The prompt(er) delivery of major projects, such as LGAP, is not only critical to the industry but to the reputation and credibility of LiveCorp as a competent and responsible organisation	Acknowledged	The interviews leave little doubt that the industry is keenly aware of risks and their mitigation in uncertain times. Uncertainty fosters a sharpening of the attention.
5. LiveCorp's performance in delivering benefits to the "broader community".	Acknowledged	LiveCorp can be shown to have made its best efforts to influence industry behaviours positively over recent years, although it does so indirectly rather than directly.
<b>Delivering R&amp;D services to members, levy payers and industry</b>		
6. Over the review period, LiveCorp has undertaken and delivered a number of R&D projects aligned to industry interests.	Acknowledged	This R&D provides the basis for much of the technical and operational advice provided to the regulator and the ALEC.
<b>Market Access</b>		
7. With regard to the development of market access protocols in importing countries	Well received	LiveCorp's contribution to the development of protocols between Australia and livestock importing countries came in for repeated praise, with the work often described as "first class".

Issue	Industry view	Context
8. Market access and extension provided through the LEP	Poorly rated	Two different organisations with different agendas and operating cultures; one characterised as "nimble" while the other as "ponderous".
9. With regard to LiveCorp's marketing work generally	Highly supportive	There was also a correlation between an exporting organisation's size and/or capability on the one hand, and its reliance on LiveCorp's support for assistance, on the other.
10. The portrayal of the LEP relationship as "efficient" and "effective" finds no support in the interviews conducted as part of this process.	Criticism	Generally negative sentiment towards the program that, while not viewed of LiveCorp's making, still detracts from its reputation by association.
11. Clearly different strategic objectives and tactical approaches between the LEP organisations.	Witnessed repercussions	Exacerbated by divergent priorities, management practices and cultural ethos; divergences that, to many, reflect the lower regard in which the live export industry is held within the MLA portfolio.
12. Notwithstanding criticism, the LEP has provided substantial value (some of it tangible, some less so) in general and in-market extension activities in particular.	Acknowledged, could be done better.	Live exports benefit not only Australian interests but those of the importing country as well. They give rise to significant employment opportunities in nations that are often in need of such opportunities.
<b>Service Visibility</b>		
13. LiveCorp operates in a highly diversified environment providing a range of services	Not always recognised	Relies on the member or levy payer's ability to understand the full breadth of LiveCorp's effort across all dimensions of its effort.
<b>Communication &amp; consultation</b>		
14. LiveCorp is aware of the need for it to consult with its members and levy payers prescribed industry bodies and other stakeholders.	Acknowledged	As an organisation funded by member levies, LiveCorp is highly conscious of its duty when it comes to serving its membership – an obligation that it sees as including consultation, particularly where there is need to determine preferred positions, arrive at recommendations or come to material decisions.
15. The degree to which LiveCorp seeks genuine engagement with members, levy payers and stakeholders	Acknowledged	In the course of its R&D activities as well as the preparation of submissions to government and the regulator, LiveCorp is in near constant consultation with its constituency.
16. That said, a number of interviewees have called for yet greater consultation between exporters and LiveCorp.	An area of concern	This is particularly in relation to the choice of subject matter selected for R&D projects and the rationale behind decisions that lead to the prioritisation of one project over another.
17. Present communication arrangements	Not well understood	Do not provide easy or readily integrated access to LiveCorp's R&D effort. The organisation can better inform its constituency as to its progress and achievements.
18. Interested stakeholders have an equal responsibility to receive and interpret information	Acknowledged	Once LiveCorp has produced and disseminated that information, it has effectively discharged its responsibility. Communication is a two-way street.
19. Re. the consultative process	Not well understood	Successful communication requires LiveCorp to communicate and the membership to engage, while consultation is a conversation with someone whose opinion or advice is being sought over a specific matter or issue. Appropriate communication will thus provide the basis for subsequent consultation, as appropriate.
<b>Resourcing</b>		
20. Re. the preparation of submissions to government on behalf of the industry	Acknowledged	While critical part of LiveCorp's mandate, the volume of work it performs represents a significant effort and resource intensity on the part of the organisation, taking time and energy away from the pursuit of other tasks.
21. As organisations, MLA and LiveCorp are unevenly matched.	Acknowledged	The disparity in strength and effective power plays to LiveCorp's disadvantage when it comes to its ability to produce outcomes via the LEP.

## Industry Consultation Summary - SED interviews

Issue		Context
Benefits to stakeholders		
1.	Priority setting can be difficult as members requirements are different; Projects are broadly categorised into "just in time" and longer term strategic projects.	<ul style="list-style-type: none"> <li>Awareness of the need to tailor a range of services to members</li> <li>90% of work is for the greater industry good, 10% direct assistance to individual exporters.</li> <li>Focus is to concentrate efforts towards those who "pay the bills."</li> </ul>
2.	LiveCorp's primary responsibility is to provide LiveCorp levy payers relevant industry services that are value for money	<ul style="list-style-type: none"> <li>LiveCorp has to strike a balance between various stakeholders when determining its market access and R&amp;D activities</li> </ul>
3.	Members have a diverse set of requirements and issues	<ul style="list-style-type: none"> <li>LiveCorp's role is to look to the future and manage short-term issues.</li> <li>\$5M invested in the supply chain by LiveCorp. Members look to LiveCorp to solve problems.</li> </ul>
4.	Measure of effectiveness should be against metrics of individual program outcomes	<ul style="list-style-type: none"> <li>As an example; ASEL 3.0 – Some regulations considered excessive, some could be worse. A view that LiveCorp weren't able to influence ASEL 3.0 as they would have liked due to their influence being marginalised by the Dept./Minister</li> </ul>
5.	Industry scope	<ul style="list-style-type: none"> <li>Airfreight has little representation within LiveCorp.</li> </ul>
Delivering R&D services to members, levy payers and industry		
6.	The value proposition of the LEP is a primary concern of LiveCorp members.	<ul style="list-style-type: none"> <li>LiveCorp has been reducing our LEP contribution over the last 5-years.</li> <li>LERDAC used to mark its own homework. Changes have been made in line with the Noetic Report; Independent Chair, Management Committee, the Blueprint etc.</li> <li>Exporter reps do not necessarily report to levy payers.</li> <li>Critical of the R&amp;D process, both the value for money relative to results and the explanation to producers.</li> <li>Export reps have requested a review and mapping program of current proposals.</li> </ul>
7.	MLA has its own R&D priorities	<ul style="list-style-type: none"> <li>Portfolio balance – The live export sector is supported</li> <li>As manager MLA is primarily accountable for expenditure</li> <li>At a high level, activities appear aligned from a strategic point of view. Spend is leveraged from MLA (50%) contribution.</li> <li>There is a rolling evaluation process across the various programs. 2016 -20 Cost: Benefit for the LEP was 8.6 : 1.</li> </ul>
8.	Noetic review	<ul style="list-style-type: none"> <li>Noetic structure is OK, however needs more accountability – e.g. reporting back to members on milestones and deliverables.</li> <li>Currently building trust in process – Structures, protocols and responsibilities.</li> <li>Conscious of the need to be mindful of practical outcomes and adoption.</li> <li>Need to give Noetic a chance</li> </ul>
Market Access		
9.	LiveCorp; LEP In-market priorities have changed	<ul style="list-style-type: none"> <li>LEP forces MLA to provide marketing dollars to live export.</li> <li>Previously provided training for supply chains – Exporters saw value in training.</li> <li>Training has backed-off, not \$1 spent on the ground o/s, except for a program dealing with the slaughter of 16 cattle per week. No training Webinars – in-country is not a good sign.</li> <li>There was a strong focus on in-country training – exporters picked up on that.</li> <li>Exporters preferred previous service model – Producers are at arms-length.</li> <li>A belief that Cwlth is more interested in animal welfare and extension - not market access.</li> </ul>
10.	MLA In-country representation have a broader remit	<ul style="list-style-type: none"> <li>Pre 2011 o/s offices had a more expansive responsibility to do more face-to-face, now limited to marketing activities.</li> <li>There is an expectation disconnect, particularly around presence in ME and Indonesian markets</li> <li>MLA &amp; LiveCorp understand overseas remits, not so the PICs</li> <li>MLA has multiple governance issues to manage</li> <li>The three MoU industry FA's are not negotiable.</li> </ul>

Issue	Context
11. LEP market access	<ul style="list-style-type: none"> <li>• LEP recently held a meeting – marketing programs, unlike R&amp;D (LERDEC, etc.), do not go through a formal process. There is no accountability.</li> <li>• ALEC needs to influence marketing – It used to have its own market network. There is no regulatory requirement.</li> <li>• Creating expectations of foreign governments but is not delivering. In this respect, there is a view that Noetic has “missed the mark”.</li> <li>• LERDAC has to prioritise the top ten projects from a list of 20-30. The necessary information to make decisions is lacking. The status of R&amp;D in certain areas is lacking.</li> <li>• Only a small budget – cannot deliver 20 projects in 6-months.</li> <li>• R&amp;D is not commercialised or communicated. Need to identify future trends / needs.</li> <li>• It is apparent that limited resources have been allocated for extension?</li> <li>• Export reps have requested a review and mapping program of current proposals.</li> </ul>
Communication & consultation	
14. The effectiveness of industry communication and consultation	<ul style="list-style-type: none"> <li>• Communication works “reasonably well”; however, it is not the same as engagement.</li> <li>• LEP communications is an MLA function, they are currently looking for a person for the role to improve communications.</li> <li>• SRG - Strategic Response Group – recently set up to manage declared crisis situations, appears effective thus far</li> <li>• Achievements need to be better communicated.</li> <li>• SRG works reasonably well.</li> </ul>
LGAP	
15. The introduction of LGAP	<ul style="list-style-type: none"> <li>• Started as an R&amp;D project, then went to an implementation committee. Initially exporters did not like / accept control and traceability. Finally accepted on condition it was not to cost any more than ESCAS.</li> <li>• There has been frustration over the time frame.</li> <li>• People do not realise the cost of LGAP. It's an ISO accreditation system. It will cost each exporter \$150k a year otherwise it will fail.</li> </ul>
Regulation	
16. Industry views	<ul style="list-style-type: none"> <li>• There have been a significant number of reviews undertaken. If someone makes a mistake, all in the industry are penalised.</li> <li>• There will be breaches due to communication factors and the operational environment, both domestically and overseas</li> <li>• Exporter licences should be categorised into grades (A, B, C, D) according to risk with different levels of oversight</li> <li>• “Department thinking” creeping into LiveCorp.</li> <li>• Secretary General (Inspector General – Ross Carter) a good move – Should have two compliance officers reporting to him – Would be the cheapest form of oversight.</li> </ul>
Resourcing	
17. A couple of things that hurt:	<ul style="list-style-type: none"> <li>• 48/72 hours of focussed activity is OK – LiveCorp was not sufficiently resourced to respond over weeks/months.</li> <li>• Awassi Express was an 18-month gruelling process! Crisis management was not adequate. Necessary to get issues addressed and out of the media ASAP.</li> </ul>
18. 6-monthly LEP R&D updates	<ul style="list-style-type: none"> <li>• These updates are a significant expense.</li> </ul>
19. The level of governance versus the size of RDC is an issue.	<ul style="list-style-type: none"> <li>• The level of governance / reporting is proportionally excessive relative to LiveCorp size.</li> </ul>
20. Departmental churn is a real cost to industry	<ul style="list-style-type: none"> <li>• There is a loss of process and knowledge.</li> <li>• A drag on resources to continually have to inform and educate.</li> </ul>
21. “Heavy” board-level governance.	<ul style="list-style-type: none"> <li>• Multiple meetings required to sign-off on simple matters.</li> </ul>
22. Unsustainable workloads	<ul style="list-style-type: none"> <li>• Senior management often working 80-hour weeks.</li> </ul>
Industry relationships – LiveCorp with ALEC	

Issue	Context
<p>23. LiveCorp &amp; ALEC need a strong relationship based on respect; LiveCorp has to maintain integrity, be an agile RDC, focused and stable.</p> <p>There was a fracture within the ALEC membership after the Awassi incident along East-West / Cattle – Sheep divide. Eastern exporters felt that they were being “dragged into the mire” – The effectiveness of the organisation was questioned. Fractures have largely been healed; Currently a more positive outlook</p>	<ul style="list-style-type: none"> <li>• If ALEC cannot bring its members together, LiveCorp cannot deliver.</li> <li>• Other PICs do not have the same level of relationship, due to the relative level of regulation and legislation.</li> <li>• LiveCorp advise ALEC on program design, media and community expectation / legislation.</li> <li>• CEOs / Chairs talk 3-4 times a week</li> <li>• LiveCorp provide the change, ALEC need to manage the behavioural response.</li> <li>• Collaboration with ALEC has improved since new CEO appointed, ALEC is better organised.</li> <li>• LiveCorp had to support ALEC through periods when their membership was fractured. LiveCorp had to pick up some ALEC roles during this time..</li> <li>• ALEC could better articulate what their members want. LiveCorp could also articulate what they can and cannot do better.</li> <li>• ALEC and LiveCorp have a symbiotic relationship. ALEC need to help set the strategic direction for LiveCorp which hasn't always been evident.</li> <li>• ALEC LiveCorp relationship is 90% working</li> <li>• Consultation with LiveCorp tends to be ad hoc and less formal – the relationship/structure may never have been set.</li> <li>• Ex-officio board representation is working well – issues are below board level. An absence of formalised processes and accountability.</li> <li>• LiveCorp needs to cede some control and acknowledge ALEC's role. Relationships between previous officers may have been regarded as sufficient.</li> </ul>

#### Industry relationships – LiveCorp with MLA

27. The relationship could be better	<ul style="list-style-type: none"> <li>• It's a relationship, LiveCorp needs to speak open and honestly.</li> <li>• There is an In-market legacy from AMLC days</li> <li>• A decision for MLA to report all animal welfare non-conformances, fundamentally changed the relationship.</li> <li>• Because LiveCorp is not an equal partner, there is a limit to what can be arranged, though LiveCorp does have some options</li> <li>• From MLA's perspective, the relationship with LiveCorp is: “one of least concern” and is nimbler and more responsive due to its size.</li> <li>• MLA is “rich in process” – Has a workforce of around 200. Staff, 50,000 members and 120,000 levy payers.</li> <li>• Overall MLA sees a future for live export – its role in the maintenance of domestic stock prices is well understood.</li> <li>• LEP needs to manage members expectations and views that it does nothing due to the structure, the politics and the relationship between LiveCorp and MLA.</li> <li>• MLA good with boxed product, struggles with live. Live in their view needed management.</li> <li>• Producer levies fund most of the marketing.</li> <li>• Live export is red meat's (MLA's) fourth largest market.</li> </ul>
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## 10.6 2016 Performance review implementation plan.

REPORT RECOMMENDATION	COMMENTS	ACTIONS TO ADDRESS RECOMMENDATION	STATUS
1 The LiveCorp Board consider meeting with the MLA Board in an attempt to resolve the perceived negative attitude to the live export trade within MLA and the loss of trust between exporters, importers and MLA/LEP staff both in-market and in Australia.	<p>The MLA reporting policies and their implementation appears to be the cause of dissatisfaction among exporters and stakeholders and which has had a direct impact on the effective delivery of in-market services and the role of the service provider.</p> <p>This was raised as an area of concern by LiveCorp in April 2016. The issue was discussed with the Board to seek their engagement with the MLA Board to establish the sentiment for live export.</p> <p>The Chairman (<i>David Galvin</i>) has had several meetings with directors of the MLA Board and has received confirmation that the MLA Board is supportive of live export and the benefits it provides to producers.</p>	The LiveCorp CEO is engaging MLA at the Managing Director and General Manager level to work through strategies to address the loss of trust. Relationship management is an on-going activity.	Complete
2 LiveCorp consider working with ALEC to improve the credentials of the livestock export sector with Australian livestock producers through targeted communications with producers using MLA and other producer representative body publications and events.	<p>The Annual Operating Plan (AOP) identifies the following producer communication activities for LiveCorp to deliver targeted communication to producers:</p> <ul style="list-style-type: none"> <li>- Regional producer briefing sessions</li> <li>- Live export content in MLA's Feedback magazine</li> <li>- LIVEX event which has a producer session supported by MLA</li> <li>- Presenting and/or sponsoring producer events</li> </ul>	<p>LiveCorp will work to deliver against the projects and activities set out in the AOP. LiveCorp has:</p> <ul style="list-style-type: none"> <li>• presented at the Hughenden AgForce Forum</li> <li>• Delivered the 2016 &amp; 17 LIVEX Producer Forums</li> <li>• 2017 LEP Sheep Producer's Field Day (Baldivis)</li> <li>• 2017 NTCA Trade Stand</li> <li>• 2017 MLA Red Meat Industry Forum Trade stand</li> <li>• 2018 Beef Week seminars and trade stand</li> <li>• 2018 LambEx Trade stand</li> <li>• 2018 LambEx Live Export Field Day (Baldivis)</li> </ul>	Complete

REPORT RECOMMENDATION	COMMENTS	ACTIONS TO ADDRESS RECOMMENDATION	STATUS
3 LiveCorp consider working with MLA to ensure greater recognition of the live export industry investment in the LEP program, particularly in-market.	LiveCorp will aim to have a presence in-market at key events and engage directly with MLA staff in-market to foster open two-way communication.	LiveCorp has sent representatives to attend the Indonesia LEP Expos (2016, 2017 and 2018), Vietnam LEP Expos (2017 & 2018) and Eid al Adha (2016 & 2017).  LiveCorp has developed branded materials including: the cattle production cycle, Indonesian supply chain infographic and cattle breeding cycle presentation that have been utilised and distributed by MLA staff in-market.	Complete
4 LiveCorp consider reviewing the possibility of providing members with regular data on the activities of competitor live export countries.	The LEP RD&E Program contracted the Australian Farm Institute to do 'The Australian livestock export industry - competitiveness report' W.LIV.0189 which was completed in October 2016. The report identified that statistical data on livestock exports is not regularly updated and not always complete as not all trading nations have accurate record keeping or monitoring, particularly across shared borders.	MLA has developed regular Global Market updates that include some of this information <a href="https://www.mla.com.au/news-and-events/industry-news/global-wrap-with-michael-finucan--mla-general-manager-international-markets/">https://www.mla.com.au/news-and-events/industry-news/global-wrap-with-michael-finucan--mla-general-manager-international-markets/</a>	Complete

REPORT RECOMMENDATION	COMMENTS	ACTIONS TO ADDRESS RECOMMENDATION	STATUS
5 LiveCorp consider increasing efforts to reduce costs to exporters through an improved regulatory compliance framework and less restrictive import protocols.	The agreement of import protocols is a government-to-government negotiation; industry has input into the process via the Protocol Committee. LiveCorp assists in this process via the Industry Capability Manager. Similarly, improved regulatory compliance framework (or regulatory reform) is an ongoing process the Industry Capability Manager is involved with and these projects and activities are set out in the AOP. For both improved regulatory compliance framework and import protocols the Industry Capability Manager is directed by the Market Access and Supply Chain Efficiency strategic objectives.	<p>LiveCorp will consider additional projects focused on improving the regulatory compliance frameworks in the AOP.</p> <p>The Protocol Committee will continue identifying protocols where improvements can be made to reduce costs ('market maintenance') as per directed industry priorities.</p> <p>The implementation of LGAP will further enhance the regulatory compliance framework.</p>	Complete
6 LiveCorp consider reviewing activities planned under strategic objective 5, "collaborating with key Australian & international stakeholders" and either improve communications with exporters on activities taking place or revise planned actions.	Strategic Objective 5 is a new objective in the 2016-2020 Strategic Plan. Collaboration by leveraging exporter levy to achieve greater return on projects is a key efficiency.	Communication materials on the financial benefit along with the types of projects that will fall under this objective will be developed and provided to members and stakeholders in the annual report and RD&E Update to facilitate understanding.	Complete
7 LiveCorp consider reviewing the structure and make up of LERDAC and the process by which R&D projects and researchers are selected.	<p>LERDAC is an industry committee that uses MLA's R&amp;D Donor status to receive matching research investment on export levies from the Commonwealth.</p> <p>LiveCorp will work with MLA through the R&amp;D Management Committee to develop terms of reference for a project to evaluate and review LERDAC's structure, governance and processes and then implement/establish the efficiencies identified.</p> <p>A review of the RD&amp;E Strategy and tendering process will form part of the project.</p>	A review of the RD&E Program including the strategy, LERDAC structure and tendering process has been undertaken by the Noetic Group and the recommendations are being implemented.	Complete

REPORT RECOMMENDATION	COMMENTS	ACTIONS TO ADDRESS RECOMMENDATION	STATUS
8 LiveCorp consider reintroducing 6 monthly regional R&D forums as a means to better inform and involve members in the selection, objectives, progress and outcomes of R&D projects.	<p>To ensure effective use of time and engagement with exporters and obtain constructive feedback for the identification, selection and outcomes of R&amp;D, individual meetings with members and a larger audience from within their company is initially the preferred method. R&amp;D updates for a larger audience can be delivered at AGMs / Forums / State Chapter meetings.</p> <p>ALEC has three member representatives on LERDAC and one of their responsibilities is to communicate RD&amp;E concepts from members to the Committee and to provide information back to their members on RD&amp;E.</p>	<p>The scheduling of these R&amp;D meetings will be considered across the calendar year to accommodate other events and balance with frequency of member engagement to avoid staff and industry fatigue.</p> <p>LiveCorp works with the exporters to prepare and invite producers to the LEP Producer Field Days that were delivered in 2017 and 2018 to inform attendees of the progress, outcomes and application of RD&amp;E projects.</p> <p>LiveCorp provides research updates in the fortnightly LEP Update and the six monthly RD&amp;E Update.</p>	Complete
9 LiveCorp consider approaching the Federal government, together with ALEC, to seek more flexibility in the splitting of live export levies between R&D and marketing activities.	<p>The current levy split of 17:83 (research to marketing) is a huge constraint on the value that LiveCorp can invest into research and the number of projects it can participate in particularly with other RDCs and the Commonwealth's R&amp;D for Profit Program.</p>	<p>LiveCorp will pursue this with ALEC, noting that it has taken five years for the dairy cattle export levy to be submitted to the Minister for consideration.</p> <p>Any amendment to a statutory levy requires the application of the Levies Principles &amp; Guidelines which is an onerous process and there is little appetite.</p>	Complete

REPORT RECOMMENDATION	COMMENTS	ACTIONS TO ADDRESS RECOMMENDATION	STATUS
10 LiveCorp consider examining the AMPC process for the allocation of some R&D levies to individual member R&D projects, to determine if there is merit for this approach within the live export industry.	<p>AMPC operate a Plant Initiated Project (PIP) Program where AMPC allocates 25% of individual processor levies towards RD&amp;E activities with direct involvement of the processing company and the research provider.</p> <p>The Program is administered by MLA through the MLA Donor Company.</p> <p>LiveCorp does not receive a breakdown of the levy by exporter when payments are transferred by DAWR therefore difficult to segregate levies for a specific exporter. These decisions are restricted by the value of R\$ available to LiveCorp each year.</p>	Through activities to address recommendation 8 above, members will be asked what individual R&D projects they have in order to determine their level of interest. This will also identify if there is merit and benefit to whole of industry in the proposed project that could then be developed through LERDAC.	Complete
11 LiveCorp consider introducing 6 monthly, regional member information forums, to keep the membership abreast of LiveCorp activities and gain feedback for members on issues of concern. It is recommended that these forums not be held at the same time as the R&D forums.	<p>Experience has shown LiveCorp that frank and open discussion/feedback, particularly on areas of concern, are best managed through individual face to face member meetings – which is the membership's preferred method as noted in this 2016 performance review.</p> <p>Regional forums will be considered across the calendar year to balance with other events and member meetings, with the option of being provided via teleconference/webinar.</p>	<p>The CEO and Chairman will continue their semi-annual meetings with members (usually Jan/Feb and Aug/Sept) to engage feedback.</p> <p>Meetings were held:</p> <p>Jan/Feb 2017; Oct 2017; Feb 2018; May and August 2018 (WA)</p> <p>LiveCorp has attended and presented at state chapter AGMs and other meetings.</p>	Complete

REPORT RECOMMENDATION	COMMENTS	ACTIONS TO ADDRESS RECOMMENDATION	STATUS
12 LiveCorp consider the merits of a more centralized telephone answering system within the LiveCorp office, so that member enquiries can be more effectively handled.	<p>All staff have the ability to pick up calls coming through the main office phone number.</p> <p>The versatility of the phone system will be investigated to identify options to leave bespoke messages identifying specific situations e.g. out of office hours and phone line is busy.</p>	All staff answer incoming calls and the office number is redirected to a mobile telephone with staff are out of the office.	Complete
13 LiveCorp consider reviewing the location and signage relating to the LiveCorp office to achieve a greater identity for LiveCorp in the MLA environment.		LiveCorp will approach MLA to discuss having a sign installed at the end of the corridor identifying the location of the office.	Complete
14 LiveCorp consider running LIVEX conferences & forums in conjunction with industry annual meetings, every year when the meetings are held in a location that can draw livestock producers and other stakeholders to attend. Consideration to be given to reducing the length of each event to 1 day only.	The LIVEXforum is a one-day event and a half day briefing for producers. The LIVEX conference is the bigger two-day event and a half day producer briefing. This approach has been cycled over 4 years.	<p>The 2017 LIVEXchange conference will be held in Perth alongside other industry events and annual meetings following a similar format to Darwin in 2015.</p> <p>The 2018 LIVEXforum is due to be held in Adelaide and will be revised down to a half day technical briefing along with the industry and annual meetings.</p> <p>Following the 2018 event, feedback will be sought from members to determine if this is the preferred format.</p> <p>The 2019 LIVEXchange conference will be held in Townsville (30-31 October)</p>	Complete
15 LiveCorp consider making copies of this report available to those exporters who took part in the interviews and that a list of any actions proposed, arising from the review, be made available to all members for information.	The report will be made available to the members that participated and all members will receive an abbreviated version.	Report emailed out and face to face meetings held with participants in Jan/Feb 2017.	Complete