



Australian Meat Processor Corporation
Annual Report 2015–16

BUILDING A SUSTAINABLE FUTURE

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WE ARE TAKING A LONG-TERM VIEW OF WHAT IS REQUIRED TO ENSURE THE SUSTAINABILITY OF THE **PROCESSING SECTOR** AND THE **BROADER INDUSTRY**

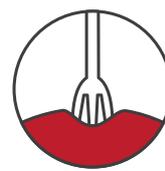
The Australian Meat Processor Corporation (AMPC) provides research, development, extension (RD&E) and marketing services that improve the productivity, profitability and sustainability of the industry. The corporation's 105 active members in 135 processing establishments represent 97% of Australia's red meat processing capacity.



105 MEMBERS



135 PROCESSING PLANTS



97% AUSTRALIA'S RED MEAT PROCESSING CAPACITY

Through our research, development and extension activities we aim to:

- Improve the efficiency and competitiveness of processors;
- Make the red meat processing industry more sustainable;
- Help protect and secure access to new markets;
- Build industry capability and support innovation; and
- Increase processors' productivity and performance.



A MESSAGE FROM OUR CHAIRMAN

Our transition during the year under review from a passive investment body to an active research, development and marketing corporation, fully acting on its statutory mandate, has been a challenging one.

AMPC's mandate is to support research, development and extension (RD&E) and marketing initiatives that improve the sustainability and efficiency of the red meat processing industry.

In November last year, the Board intervened in the corporation's operations to ensure our strategy allowed us to deliver fully on this mandate.

The red meat processing sector is Australia's second largest manufacturing industry by revenue, and directly employs 37,000 people, making it the second largest employer by sector, and a significant employer in rural and regional areas. Thanks to the superior quality of our products and the integrity of our systems, it is among the world's largest exporters of beef, making it the largest trade-exposed manufacturing industry in Australia.

Despite its size and importance, numerous risks could either reduce demand and/or impose impediments to the industry's long-term sustainability. It has high costs (especially those associated with labour, regulatory and compliance factors) and low margins when compared to most other competitors. In addition, it must deploy significant resources to support investment in the new and emerging technologies that are necessary to ensure it can compete with its major competitors.

Given the nature of its activities, industry risks and rising global competition, AMPC needed to take a long-term view of the steps required to ensure the sustainability of the processing sector and the broader industry.

To this end, we conducted research to identify megatrends and analyse what an effective industry would look like in 2030.

We then collaborated with professional services organisation EY, whose desk-based research of the Australian and international red meat industries was supplemented by a comprehensive stakeholder survey. Together we drew up a strategy document that clarified our purpose, vision and mission; examined the industry risks and how these were interconnected, as well as how they were impacted by the megatrends we had highlighted; and identified six key themes to deliver on our strategy.

These strategic themes are to shape the future of the industry, unlock global markets, protect and promote the industry, build enduring industry relationships, diversify funding sources and strengthen our capabilities to become a world-class RD&E organisation.

To support these initiatives, we revisited our strategy and identified the areas in which we will need to focus our efforts.

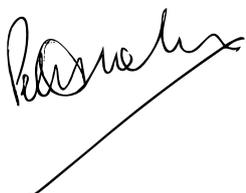
“Our new direction is aspirational. It will be supported by a vision, mission and set of behaviours that will see us harnessing the best ideas, skills and research, and ensure we encourage innovation across the value chain.”

We developed an actionable agenda that is aligned to the needs of our members and the broader industry, will drive investments, and is linked to our Three-Year Strategy Plan and the Annual Operating Plan.

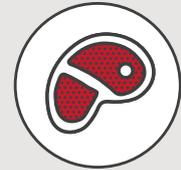
Our new direction is aspirational. It will be supported by a vision, mission and set of behaviours that will see us harnessing the best ideas, skills and research, and ensure we encourage innovation across the value chain.

Shifting our focus to the longer term will see us moving into new, promising areas of research in the digital space, in megadata and in large automation processes. While the risks may well be potentially higher, the returns from this research will be great and will be underpinned by sound governance processes.

I would like to thank our members, the Board and staff of AMPC for their continued commitment and support. The work we have done this year has provided a clear path for AMPC. We look forward to working with our members, industry partners and stakeholders to make it a reality, building growth over the long term and ensuring the industry is globally competitive and sustainable.

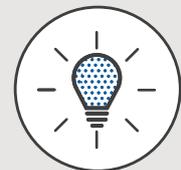


Peter Noble, Chairman



OUR PURPOSE:

Enable Australia to build the most sustainable red meat industry.



WE ARE:

Innovative and industry-wide collaborators delivering deployable value to Australian meat manufacturing.



WE AIM:

To make stakeholders feel engaged, informed, respected, valued, partnered and empowered.

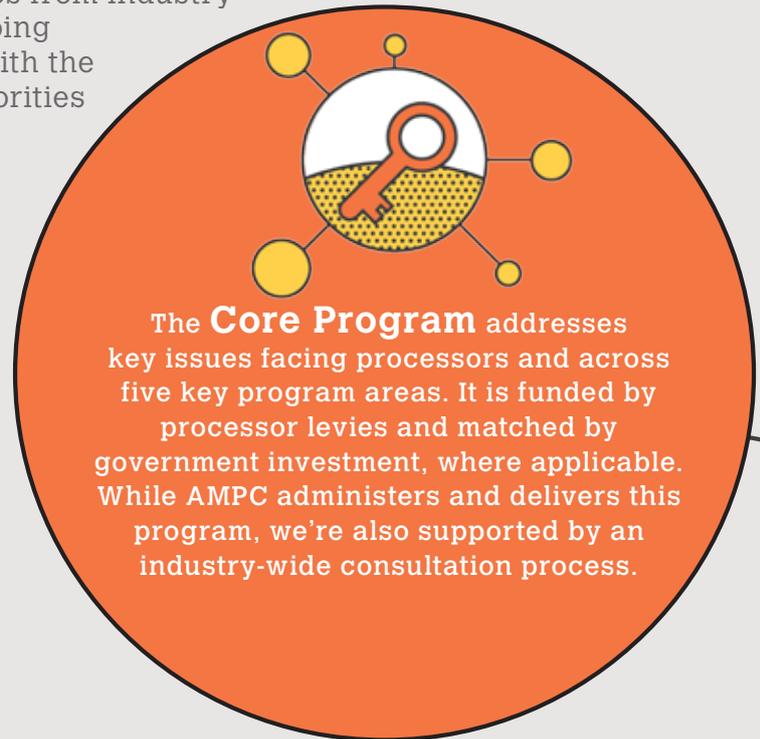


OUR OUTCOME:

Creating a strong positive, trusted and influential presence for Australian red meat manufacturing.

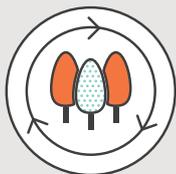
HOW WE CONTRIBUTE TO THE RED MEAT INDUSTRY

AMPC has a range of mechanisms for identifying the RD&E and marketing areas in which we should be investing. To this end, and to ensure we address the needs of the industry and the Australian community, representatives from industry and other stakeholders participate in an ongoing consultation process. We also work closely with the Australian Government to ensure that the priorities of the industry and government are aligned.



1 PROCESSING TECHNOLOGIES:

To improve process efficiency, reduce the cost of production and facilitate improved value capture through the use of technology throughout the red meat processing value chain.



2 ENVIRONMENT AND SUSTAINABILITY:

To improve industry sustainability through environmental, economic and social outcomes.



3 PROCESSING HYGIENE, QUALITY AND MEAT SCIENCE:

To increase the standards of food safety, product integrity and eating quality while delivering new insights into effective process interventions for the industry and broader community.



4 CAPABILITY, EXTENSION AND EDUCATION:

To translate and communicate AMPC's RD&E activities to stakeholders, including key training initiatives at both the research and vocational level.



5 INDUSTRY IMPROVEMENT AND ECONOMIC ANALYSIS:

To evaluate the economic impact of AMPC's RD&E investments in improving the performance of the overall industry.



The **Joint Program** delivers supply chain improvement to support the safety, quality and demand for red meat. It also involves a substantial investment in marketing areas such as market access, domestic and export promotion, and industry integrity systems. It is funded by AMPC and Meat & Livestock Australia (MLA) and receives both processor and producer levies, as well as matched government funds for eligible activities.

Our RD&E and marketing activities encompass three programs of work.



The **Plant Initiated Projects (PIP) Program** enables processors to run research, development and extension projects that generate benefits for the industry as a whole by trialling and adopting new technologies at operating plants. It is funded by AMPC and individual processors, with the combined sum matched dollar-for-dollar by the Commonwealth Government.

GOVERNMENT RESEARCH PRIORITIES

In May 2015 the Australian Government announced nine Science and Research Priorities. These are designed to increase investment in areas of immediate and critical importance to the nation. They are:

FOOD

Develop internationally competitive, sustainable, profitable, high intensity and high production capacity in new and existing food products; and maintain Australia's reputation for clean, safe and quality-controlled food production.

SOIL AND WATER

Focusing on Australia's critical soil and water assets, build capacity for improved accuracy and precision in predicting change to inform better decision making.

TRANSPORT

Develop low cost, reliable, resilient and efficient transport systems that respond to Australia's changing urban, regional and remote communities and meet the needs of business.

CYBERSECURITY

Position Australia as a leader in cutting-edge cybersecurity research and innovation to safeguard Australia's security, improve resilience and enable economic growth.

ENERGY

Enable the Australian energy sector to improve efficiency, reduce emissions and integrate diverse energy sources into the electricity grid and, as a result, create jobs, growth and export opportunities.

RESOURCES

Support the exploration of traditional resources, rare earth elements and groundwater, and develop new technologies and knowledge to allow safe, environmentally sensitive and economically viable resource extract.

ADVANCED MANUFACTURING

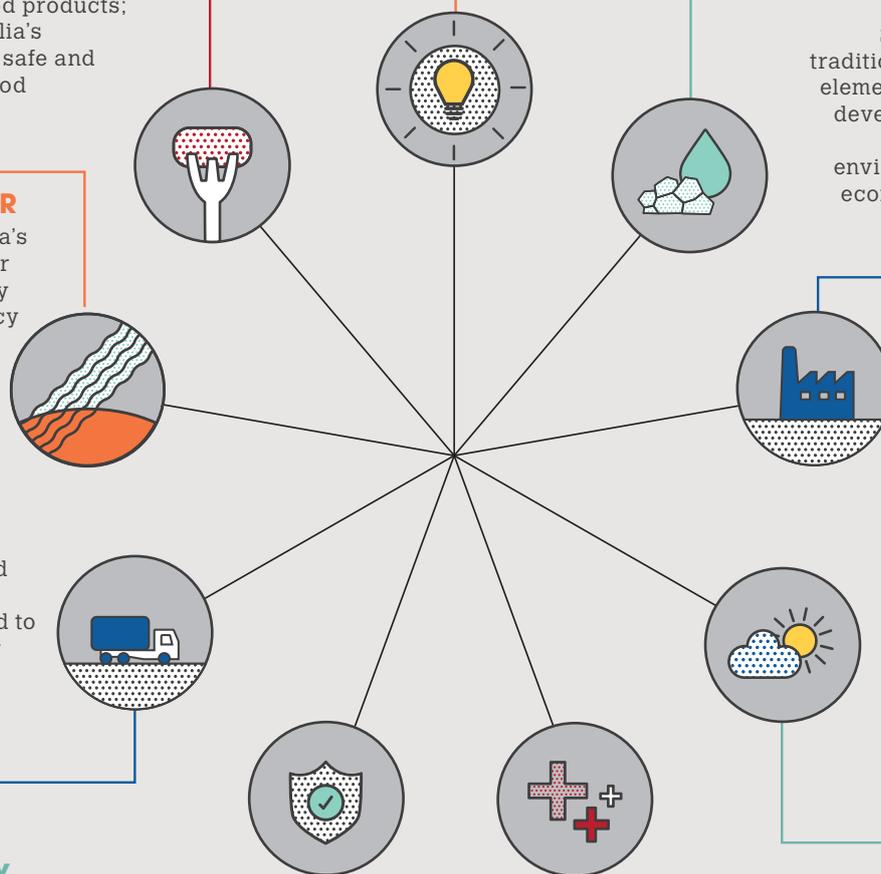
Develop and support existing industries while enabling the development of a new and advanced manufacturing sector.

ENVIRONMENTAL CHANGE

Build Australia's capacity to respond to environmental change and integrate research outcomes from biological, physical, social and economic systems.

HEALTH

Build healthy and resilient communities throughout Australia by developing treatments, solutions and preventative strategies to improve physical and mental well-being; and improve the efficiency and effectiveness of Australia's health care system.



In addition to these priorities, the Government has developed a set of Rural Research, Development and Extension Priorities. They are:

ADVANCED TECHNOLOGY

Enhance innovation of products, processes and practices across the food and fibre supply chains through technologies such as robotics, digitalisation, big data, genetics and precision agriculture.

BIOSECURITY

Improve understanding and evidence of pest and disease pathways to help direct biosecurity resources to their best uses, minimising biosecurity threats and improving market access for primary producers.

SOIL, WATER AND MANAGING NATURAL RESOURCES

Manage soil health, improve water use efficiency and certainty of supply, sustainably develop new production areas and improve resilience to climate events and impacts.

ADOPTION OF R&D

Focus on flexible delivery of extension services that meet primary producers' needs and recognise the growing role of private service delivery.

How the AMPC's programs align with the government's research priorities

	PROGRAM 1 Processing Technologies	PROGRAM 2 Environment and Sustainability	PROGRAM 3 Processing Hygiene, Quality and Meat Science	PROGRAM 4 Capability, Extension and Education	PROGRAM 5 Industry Improvement and Economic Analysis	JOINT PROGRAM
NATIONAL SCIENCE AND RESEARCH PRIORITIES						
Food		✓	✓			
Soil and water	✓	✓				
Transport		✓			✓	
Cybersecurity					✓	✓
Energy		✓				
Resources						
Advanced manufacturing	✓	✓	✓	✓	✓	✓
Environmental change		✓		✓		
Health				✓	✓	
RURAL RESEARCH, DEVELOPMENT AND EXTENSION PRIORITIES						
Advanced technology	✓		✓	✓	✓	✓
Biosecurity	✓		✓			✓
Soil, water and managing natural resources		✓		✓		
Adoption of R&D				✓		

HOW WE OPERATE

INDUSTRY COLLABORATION

AMPC engages with many key industry stakeholders to ensure processor levy funds are effectively invested in RD&E activities that are a priority for, and of value to, the red meat industry.

We co-invest with MLA in joint program activities, work closely with the Australian Meat Industry Council (AMIC), the peak industry council and advisory body, engage with government departments such as the Department of Agriculture and Water Resources and with the National Meat Industry Training Advisory Council (MINTRAC). We also engage with a diverse group of public and private sector organisations such as universities, CSIRO, R&D corporations, research institutes and other industry providers in Australia and overseas.



INTELLECTUAL PROPERTY MANAGEMENT AND COMMERCIALISATION

AMPC negotiates the ownership of Intellectual Property (IP) and access to background IP with providers to the industry. Usually, we will own the IP if there is no substantial co-investment, but each agreement is negotiated on its own merit.

Commercialisation rights are generally not negotiated at the outset of a research agreement, although such rights can be considered in special circumstances. Given that we're building an IP portfolio, we manage commercialisation in our own right for core program projects with limited legacy IP. Overall, the guiding principle by which we manage IP and commercialisation is to deliver the maximum benefit to members and the broader Australian community.



JOINT VENTURES AND NOTIFICATIONS

During the year under review AMPC did not establish any subsidiaries or joint ventures, nor did we receive any directions or significant notifications from the Minister for Agriculture & Water Resources.





YEAR IN REVIEW

OUR CONTRIBUTION



SOCIO-ECONOMIC BENEFIT OF THE PROCESSING SECTOR*

As Australia's second largest manufacturing sector with processing facilities located around the country, the red meat processing sector contributes significantly to the national economy in terms of employment, household income and industry value added.

Economic impact, including flow-on effects, red meat processing operations, Australia, 2014-15

MEASURE	ECONOMIC IMPACT	
	Value (incl. flow-on impacts)	Contribution to the national economy
Industry value added (\$m)	22,906.2	1.5%
Household income (\$m)	8,721.3	1.1%
Employment (FTE)	134,702	1.4%

When flow-on effects are taken into account, the sector contributes 1.5 percent of national industry value added, 1.1 percent of household income and 1.4 percent of full-time equivalent (FTE) employment.

The contribution of the sector to employment in other sectors of the economy is also significant. It supports more than one percent of FTE employment across the national economy. It underpins more than 10 percent of total FTE employment in the Agriculture, Forestry & Fishing sector, and supports more than three percent in the Pulp, Paper & Converted Paper Product Manufacturing sector and two percent in the Electricity, Gas, Water & Waste Services sector.

Equally significant is the Processing sector's contribution to industry value added, and therefore to approximately \$170,000 per FTE employee compared with \$144,100 for the Food and Beverage Product Manufacturing sector as a whole and \$152,300 for all industries in Australia in 2014-15.

While accounting for just over 0.3 percent of the direct full-time equivalent workforce in Australia in 2014-15, it contributed 1.5 percent of the nation's gross industry value added when flow-on effects are taken into account.

Furthermore, the red meat processing industry is a major contributor to regional economies, with its impact reaching more than five percent of value added and more than four percent of FTE employment in some cases.

Cessation of the sector's operations nationally would have major impacts. The concentration of unemployment among individuals with similar skills and experience would suggest that they would experience difficulty in obtaining new jobs locally. The resulting reduced household expenditure would impact other tertiary service sectors and business confidence. Overall, community wellbeing would decrease and communities could collapse.

* Evaluating the Socio-economic benefit of the red meat processing industry in regional Australia, S.G Heilbron Pty Ltd, September 2016

REVENUE SOURCES

Investment in the red meat industry

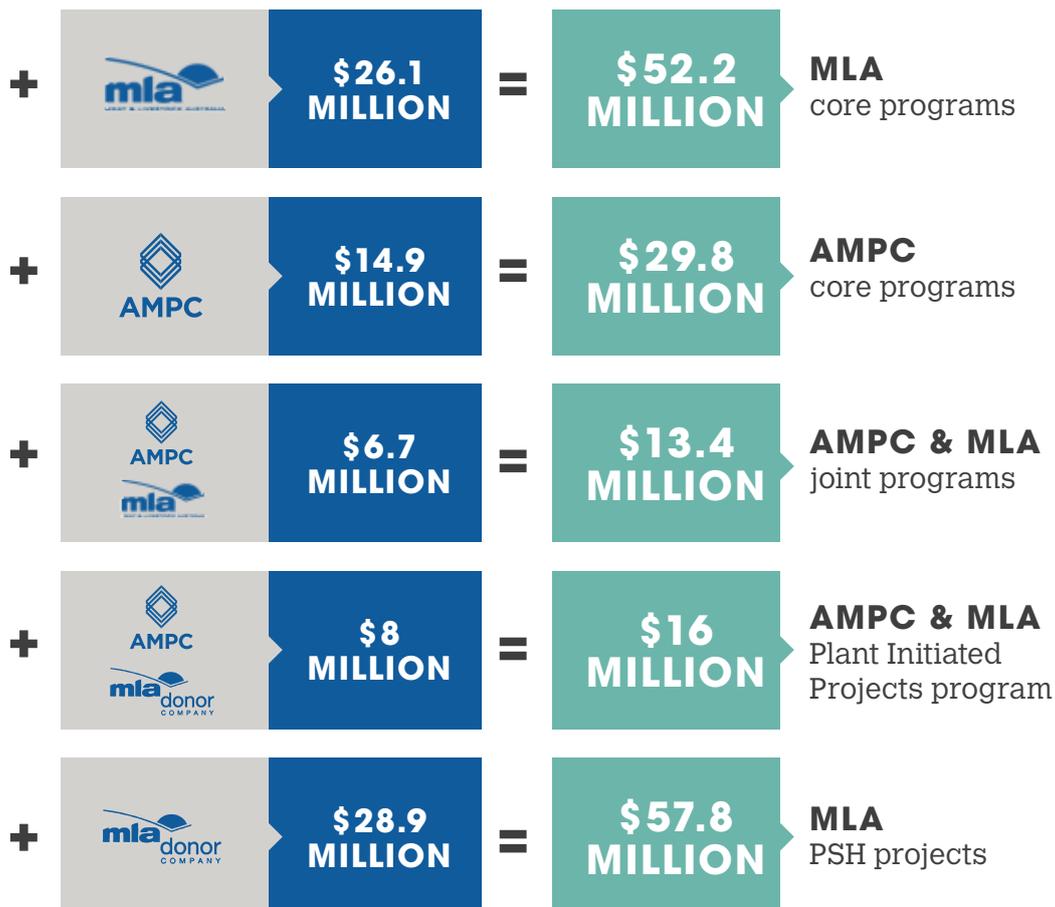
FEDERAL GOVERNMENT R&D MATCHED FUNDS

Up to
\$85.1 MILLION
available

Based on ABARES formula for 2016/17 forecast: 0.5% of gross value product

LEVIES AND PARTNER REVENUE

TOTAL INVESTED MATCHED R&D REVENUE



Numbers based on estimated Commonwealth matching R&D 2016/2017 at 23 June 2016.

Livestock slaughtered v levies received by AMPC

	SLAUGHTERED*	MARKETING	R&D	TOTAL LEVY
Cattle (excluding calves)	8,189,000	\$4,821,368	\$9,642,736	\$14,464,104
Sheep	8,127,000	\$506,672	\$760,008	\$1,266,680
Lamb	23,131,000	\$1,617,452	\$2,079,581	\$3,697,033
Goat	2,213,265#	\$68,531	\$159,906	\$228,437
Penalties	-	\$3,368	\$4,671	\$8,039
Total		\$7,017,391	\$12,646,902	\$19,664,293

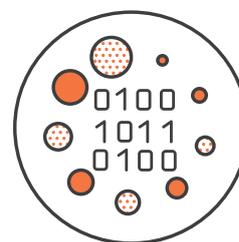
Exports of fresh, chilled, frozen and processed meat, Australia: original

	BEEF BONE-IN	BEEF BONE-OUT	MUTTON AND LAMB	PORK	OFFAL	PRESERVED MEAT
2015-16	87,328	1,109,650	418,151	27,004	189,957	13,773

* Source: Australian Bureau of Statistics, 72150DO001_201606 Livestock Products, Australia, Jun 2016

Source: Department of Agriculture & Water Resources, Levies Systems Finance & Processing, Business & Finance Division, 13 Sep 2016

1 PROCESSING TECHNOLOGIES



In a rapidly evolving competitive environment, adopting new technologies, developing new products and differentiating them are critical to reduce costs and improve operational efficiencies without compromising product integrity and quality. This is particularly relevant in Australia, which is recognised for its high-quality meat.

The projects under this program aim to:

- Increase the productivity of red meat processors to compete on the global scene through new technologies and manufacturing practices;
- Examine novel and efficient technologies and processes for whole carcass measurements and monitoring;
- Develop new meat products;
- Examine opportunities to value add from meat and meat products; and
- Enhance the adoption and commercialisation of new technologies and innovation in the industry.

PROJECT STREAMS	SPEND	EXAMPLES	PROJECTS COMPLETED
Productivity and Quality	\$1,037,069	<ul style="list-style-type: none"> • Innovative race and knocking box design concepts to optimise animal welfare and carcass quality. • Technology and processing automation using the Internet of Things. • French Dressed Lamb Rack Preparation Robot Cell. 	8
Sensing and Analysis	\$170,650	<ul style="list-style-type: none"> • Beef and lamb objective carcass measurement (OCM) with computed tomography (CT) technology in situ further development. • X-ray OCM bone, fat and muscle trials. 	1
Materials Handling	(\$187,786)	<ul style="list-style-type: none"> • Meat lumping – beef quarters (Phase 1). • Container loading pilot installation. 	1
Value Added	\$85,990	<ul style="list-style-type: none"> • Value adding to improve profitability of meat processing operations. 	1
Plant Initiated Projects	\$2,611,704	<ul style="list-style-type: none"> • AMPC supports members in identifying and undertaking RD&E projects that benefit the whole sector. Areas of activity might include, for example, developing manual assist technologies and automating manual tasks. 	10
Total AMPC Contribution	\$3,717,627		

Wearable technology for the meat processing industry

2016.1048 Commonwealth Scientific & Industrial Research Organisation



This AMPC project sought to determine whether red meat processing facilities would benefit from the use of wearable technologies.

Content

Wearable technology supports applications that sense, autonomously interpret and communicate as smartphones currently do. But unlike smartphones it is not constrained by the dimensions of the device and can offer new, potentially transformative ways of doing tasks.

The project involved a literature review of wearable technologies that could potentially apply to red meat processing facilities and interviews with AMPC members and partners. AMPC also organised a workshop to allow participants to communicate directly with researchers in the field.

Outcome

The project identified six ways in which wearable technologies can be introduced into red meat processing facilities. The potential applications address problems in quality assurance, human resources, facility management and health and safety.

Three of the potential applications were proposed by industry representatives who attended the workshop. The remaining three were proposed by the report author using information obtained from interviews and the workshop.

Four of the six future directions proposed involve the use of smart glasses. Smart glasses can interact with information in real time while allowing the wearer to have full use of their hands. This appears to be the major factor driving interest in the glasses.

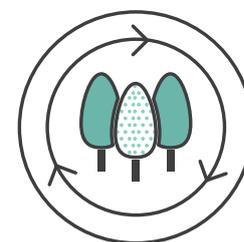
Benefit for industry

The project gives AMPC members and the wider industry initial insights into wearable technology and how it might help address issues in red meat processing facilities. Moreover, the report can be used by the industry when making predictions about the roles and capabilities of personnel in meat processing facilities in the future. It can also help in the development of digital strategies for individual businesses and the industry as a whole.

“The potential applications address problems in quality assurance, human resources, facility management and health and safety.”



2 ENVIRONMENT AND SUSTAINABILITY



Like most agricultural industries, the red meat processing industry faces such challenges as declining resources and capability, labour shortages, changing customer requirements and climate change. These place pressure on it to remain sustainable, productive and internationally competitive – and ensure that it maintains the high product integrity and quality standards that it is known for.

The projects under this program aim to:

- Improve industry knowledge and capability to achieve sustainable resource management and adapt to climate change;
- Examine technologies, practices and procedures that contribute to improved waste management systems and add value to waste products;
- Explore options to integrate new technologies and improve industry infrastructure;
- Maintain business sustainability and ensure efficient food safety and product integrity standards; and
- Maintain and enhance efficient product integrity standards and quality assurance systems.

PROJECT STREAMS	SPEND	EXAMPLES	PROJECTS COMPLETED
Energy Efficiency	\$70,640	<ul style="list-style-type: none"> • Investigation into modular micro-turbine cogenerators and organic rankine cycle co-generation systems for abattoirs. • Investigation into voltage optimisation technology for red meat processing facilities. • Investigation into potential applications for solar thermal technologies at abattoirs. 	-
Waste Management	\$342,621	<ul style="list-style-type: none"> • Solid waste management of paunch and inorganic waste. • Purple Phototrophic Bacteria for Resource Recovery from Red Meat Wastewater. • Anaerobic membrane bioreactors: in-vessel technology for high-rate recovery of energy and nutrient resources. 	1
Water Conservation	\$92,000	<ul style="list-style-type: none"> • Strategic evaluation of opportunities and RD&E needs for Water reuse and recycling in red meat processing operations. 	-
Sustainability	\$15,656	<ul style="list-style-type: none"> • Animal welfare – percussive stunning review. • Development of key performance indicators and reporting tools to facilitate government recognition of the Australian Livestock Processing Industry Animal Welfare Certification System. 	3
Plant Initiated Projects	\$447,126	<ul style="list-style-type: none"> • AMPC supports members to identify and undertake RD&E projects that benefit the whole sector. Areas of RD&E activity might include the management of energy, water or waste; planning for extreme climate events; biosecurity; and animal welfare issues. 	12
Total AMPC Contribution	\$968,043		

Anaerobic Membrane Bioreactors: In-vessel technology for high-rate recovery of energy and nutrient resources

2016.1024 The University of Queensland



The focus of this project was to continue developing anaerobic membrane bioreactors (AnMBRs) for the recovery of energy, phosphorous and nitrogen from slaughterhouse wastes.

Outcome

AnMBR pilot plants were successfully operated at two locations, achieving good, sustainable and cost-effective organic loading rates of 3-4 kgCOD.m⁻³.d⁻¹, with relatively low membrane fouling.

Based on these findings, AnMBR operating and control strategies related to biomass inventory have been identified as an area for further improving waste treatment processes in slaughterhouses. In addition, the operating pH of the AnMBR has been identified as an area which can potentially optimise nutrient release in the process.

Benefit for industry

AnMBRs are an alternative to existing covered anaerobic lagoon processes, and have much higher volumetric loading rates (10 to 100 times larger). Additional advantages include better effluent quality and gas capture, reduced odour and the opportunity for businesses to manipulate operational conditions for optimal nutrient recovery. AnMBRs also rely less on primary treatment.

AnMBRs cost more to set up than existing options, but product recovery is improved and cost benefit analysis suggests payback periods are comparable. Moreover the production of renewable fertilisers, for which demand is growing in Australia, from the process can add value.

“Additional advantages include better effluent quality and gas capture, and reduced odour.”



YEAR IN REVIEW

3 PROCESSING HYGIENE, QUALITY AND MEAT SCIENCE



Customer expectations about product integrity and quality have grown. In the intensely competitive meat industry, demonstrating high product integrity standards for food safety has become a key differentiating factor for Australian meat processors.

The projects under this program aim to:

- Expand RD&E towards food safety to ensure that food safety systems and practices are the hallmark of Australian products;
- Maintain and improve efficient product integrity standards and quality assurance systems;
- Maintain and enhance world-class traceability systems;
- Exercise sound science to underpin biosecurity, residue management and animal health standards;
- Demonstrate high animal welfare standards;
- Maintain and enhance efficient food safety and product integrity standards; and
- Develop new meat products while delivering wholesome and consistent eating quality.

PROJECT STREAMS	SPEND	EXAMPLES	PROJECTS COMPLETED
Food Safety	\$92,899	<ul style="list-style-type: none"> • Rapid detection of meat pathogens using MALDI-TOF mass spectrometry and metabolomics. • Metagenomic analysis to explore mechanisms of carcass contamination. 	2
Integrity Systems	\$839,607	<ul style="list-style-type: none"> • Sheep CRC extension, in which projects aim to develop new information and technologies that increase lean meat yield and eating quality. • Electronic system for alternate protocol for managing illegible or missing shipping marks for the USA (Precursor project to the use of barcodes as the shipping mark). 	–
Meat Science	\$338,554	<ul style="list-style-type: none"> • Enhancing retail colour stability and shelf life of lamb meat for key markets. • Causes and contributing factors to dark cutting – current trends and future directions. • Optimising eating quality of beef steak by using tri-gas MAP. 	6
Transformational Meat Science	\$472,389	<ul style="list-style-type: none"> • Improving beef colour at grading. • Muscle structure and water retention in fresh and cooked meat products. • Optimising meat quality and functionality through novel processing interventions. • Effect of processing technologies on microbial populations impacting the shelf life of meat. 	–
Plant Initiated Projects	\$399,158	<ul style="list-style-type: none"> • AMPC supports members to identify and undertake RD&E projects that benefit the whole sector. Members can identify site or business-level RD&E activities linked to food safety, quality and integrity. 	10
Total AMPC Contribution	\$2,142,607		

Impact of transport to Australia's distant markets on the shelf-life of beef and sheep primals, with special reference to China

2016.1075 M. & S. Food Consultants



Australia exports vacuum-packed (VP) meat cuts to more than 100 countries, relying on the cold chain during the air or sea voyage. This project followed 200 consignments to Australia's major markets, monitoring temperatures every step of the journey and calculating shelf life remaining for the importer.

Content

The project was developed because of two 'new' factors: the implementation of slow steaming to optimise fuel use which extends the length of voyages by up to 20%, and cold chain difficulties in some countries.

The terms of reference were to provide information on shipping times to each major market, evaluate temperature-time relationships during shipping, and assess the effect of temperature-time on the microbiological profile and shelf life during shipping.

It relied on two sources of information: temperature-time records from data loggers placed in containers, and a software tool developed by the University of Tasmania for predicting shelf life of VP chilled primals.

Of particular focus was the Chinese market for VP chilled meat cuts which, although small at the time of the study (early-2016), is predicted to become Australia's major market.

Outcome

Of the 200 consignments followed, almost all arrived at the importer's cold store after a satisfactory sea or air voyage. For example, data downloaded from a logger from a voyage between Melbourne and the UK indicates product was at -0.2°C for the entire journey, except for 'blips' during loading, unloading and transshipping in Malaysia.

Very occasional departures to $+1.9^{\circ}\text{C}$, were recorded on long hauls to Europe. The study also monitored a large number of consignments affected by protracted industrial action by longshoremen on the US west coast. Shelf life was reduced during this period because total voyage length (from cold store to clearing in-country) was extended by around 10 days.

The key factors that influenced shelf life during transport included the bacterial level at vacuum packing, the temperature at which product is stored before loading, slow steaming, journeys extended by disputes or extended trans shipment times and the container set point delivering a 'warm' temperature over the whole voyage.

Benefit for industry

Companies currently use data loggers solely for insurance claim purposes but could enhance their investment in the technology by integrating logger output with the microbiological profile of a wide range of cuts.

“Of particular focus was the Chinese market for VP chilled meat cuts, which is predicted to become Australia's major market.”



YEAR IN REVIEW

4 CAPABILITY, EXTENSION AND EDUCATION



The value of RD&E is only fully realised when outcomes are successfully implemented by enterprises along the value chain. In the geographically dispersed red meat industry, achieving the desired outcomes from each RD&E program requires collaboration, trust and sharing of insights across Australia.

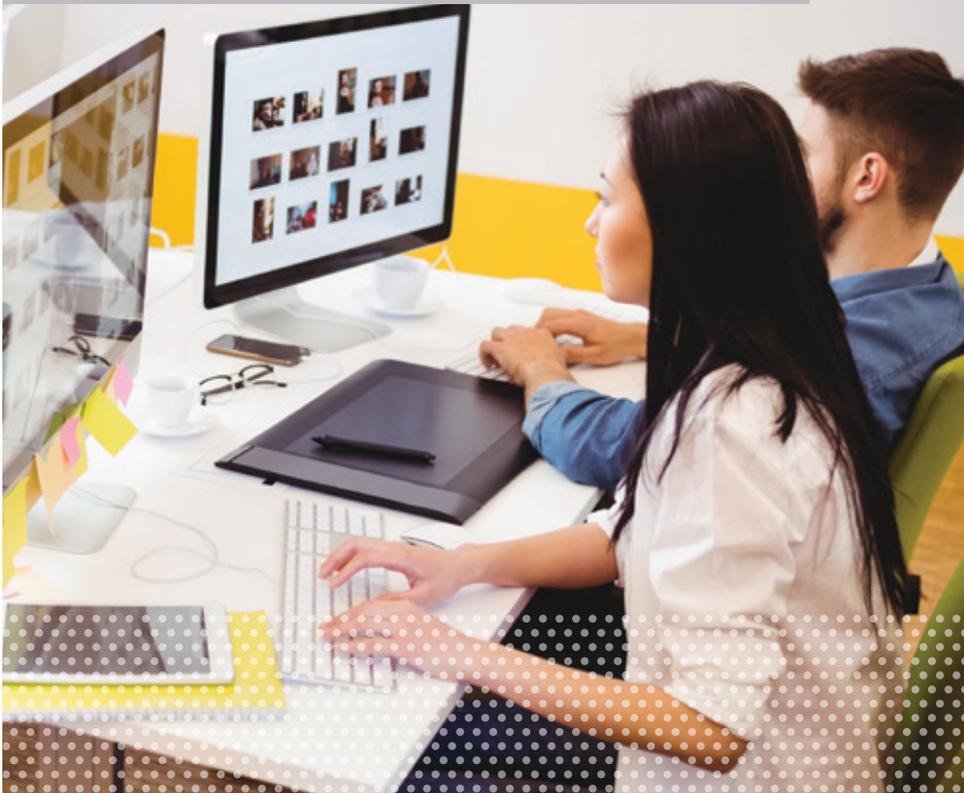
This projects in this program aim to:

- Engage key stakeholders to create awareness and demonstrate value;
- Increase research and industry capability and capacity;
- Evaluate RD&E outcomes; and
- Investigate, understand, communicate and respond to changes and influences in the red meat processing industry.

PROJECT STREAMS	SPEND	EXAMPLES	PROJECTS COMPLETED
Industry Capability	\$451,565	<ul style="list-style-type: none"> • Meat processing professional development program. • Developing resources for compliance with recently harmonised workplace health and safety legislation for high priority areas in the red meat processing industry. • Disease and contamination image library. • Customisation of training materials for SMEs. 	6
Extension Services	\$604,967	<ul style="list-style-type: none"> • Meat industry network (training, engineering, inspection and quality assurance, and environment). 	6
Scientific Education	\$7,183	<ul style="list-style-type: none"> • Collaborative Primary Industries Health and Safety Partnership program. • Integrated scholarship program in process engineering. • Educational pathways: creating a highly skilled meat industry. 	1
Vocational Training	\$214,668	<ul style="list-style-type: none"> • Development of training and assessment support materials for the revised meat safety qualifications. • Red meat processing upskilling scholarship program. • Meat industry leadership development program. 	2
Plant Initiated Projects	\$550,219	<ul style="list-style-type: none"> • AMPC supports processors to identify and undertake RD&E projects that can benefit the whole sector. It facilitates these projects through the Plant Initiated Projects (PIP) Program, building capability and delivering innovative training opportunities for industry. 	23
Total AMPC Contribution	\$1,828,602		

Disease and contamination image library

2016.1028 National Meat Industry Training Advisory Council



“The meat industry now has a modern, easily accessible resource that contains a large number of examples of diseases and contamination photos.”

This project sought to create a world-class digital resource to support training and assessment materials and increase the competency of industry personnel – mainly meat inspection and quality assurance (QA) staff. The final product is an online image library of photos of disease and conditions identified at ante-mortem and post mortem, and contamination images for use when MHA monitoring or trimming.

Content

The library comprises disease and contamination photos found in cattle, sheep, goats and pigs. Its structure allows users to search through a series of categories easily. Each photo can be enlarged to enhance training of meat safety officers, QA officers, MHA monitors and stock handlers. Built into the library is a revision tool which can be used by new students or as a currency assessment tool by meat inspectors returning after a period away from the job.

Outcome

The library was officially released in June 2016. Meat industry personnel and RTOs delivering meat inspection and quality assurance training can access it through the MINTRAC website. First time users are asked to sign up and once approved are able to access images by logging in. Industry personnel are being encouraged to help expand the library by collecting more photographs.

Benefit for industry

The meat industry now has a modern, easily accessible resource that contains a large number of examples of diseases and contamination photos that they may not otherwise have had access to. The resource can be used to assess competency in disease and contamination recognition, which increases the validity of the assessment and ensures students can be truly tested. The benefits will be ongoing as the library expands – new images can be continually uploaded and new categories included.

The library will be a key resource for the delivery of training and assessment of meat safety and quality assurance qualifications. To see which units of competency will be enhanced, search the unit-by-unit listing online at the MINTRAC website.



YEAR IN REVIEW

5 INDUSTRY IMPROVEMENT AND ECONOMIC ANALYSIS



Understanding rapidly evolving economic and environmental factors is fundamental for the industry's future performance.

The projects in this program aim to:

- Investigate, understand, communicate and respond to changes and influences in the red meat processing industry;
- Ensure that business sustainability and continuity is enhanced; and
- Develop and distribute research related to industry improvement with the aim to encourage industry practice change around regulatory cost and information management throughout the supply chain.

PROJECT STREAMS	SPEND	EXAMPLES	PROJECTS COMPLETED
Industry Improvement	-	• This stream provides research and analysis to help improve the overall performance of the Australian meat processing industry against global competitors.	-
Economic Analysis, Data and Statistics	-	• This stream generates and improves economic models for the red meat supply chain to assess supply and demand constraints and opportunities.	-
Industry-wide System Improvements	-	• This stream identifies mechanisms by which the Australian red meat processing sector can become more competitive through industry-wide system improvements, such as common IT platforms or portals to reduce compliance costs.	-
Strategic Communications	\$81,150	• Evaluating the socio-economic benefits of the red meat processing industry in regional Australia.	-
Plant Initiated Projects	\$189,188	• AMPC supports its members in identifying and undertaking RD&E Projects that benefit the international competitiveness of the Australian red meat processing industry linked to industry improvement and economic analysis.	4
Total AMPC Contribution	\$270,338		

Evaluating the socio-economic benefit of the red meat processing industry in regional Australia

2016.1031 SG Heilbron



This project quantifies the industry's economic contribution in terms of full-time equivalent employment, household income and gross industry value-added measures. Economic impacts include flow-on or multiplier effects derived from: direct impacts from expenditures associated with constructing and operating a facility; indirect impacts from the facility's suppliers buying goods and services and hiring workers; and impacts from the facility's employees buying goods and services. It also assesses the industry's social impacts.

Content

The key contents of the project are:

- An assessment of the economic impact of red meat processing on 10 regions across the country. This was based on primary data supplied by individual processing facilities specifically for the project, supplemented by data from other sources.
- An assessment of the economic impact of red meat processing on each of the states, using the above data and scaled up to reflect total stock slaughtered in 2014–15. The economic impact on the total Australian economy was prepared using the same methodology.
- A social impact assessment of the contribution of the red meat processing sector at local levels, bearing in mind most processing facilities are located in regional Australia. The analysis draws on data averaged for three local government authorities to ensure confidentiality of data supplied by individual processors.

Outcome

The economic impact of the red meat processing industry on the national and state economies has been estimated by applying the weighted average expenditure, income and employment per head slaughtered to the total number of head slaughtered across Australia in 2014–15. The industry is estimated to contribute just under \$23 billion to the Australian economy. It generates 134,000 jobs.

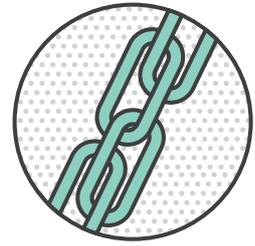
The top five industry sectors impacted by the red meat processing sector in terms of full-time equivalent employment are; agriculture, forestry and fishing; transport, postal and warehousing; professional, scientific and technical services; retail trade; and wholesale trade.

“The industry is estimated to contribute just under \$23 billion to the Australian economy.”



YEAR IN REVIEW

JOINT PROGRAM: FOOD SAFETY, INTEGRITY SYSTEMS, MARKET ACCESS AND MARKETING



In association with MLA, AMPC invests in supply chain activities to enhance market access, improve marketing communications and further develop food safety and integrity systems. Here are some of the projects undertaken during the year under review.

PROJECT STREAMS	SPEND	EXAMPLES
Market Access and Marketing	\$5,649,099	<ul style="list-style-type: none"> • Developing and delivering market and consumer insights that help red meat producers and other stakeholders in the value chain to make informed business decisions. • Aggressively promoting lamb and beef in global markets through domestic advertising campaigns and international investment in the integrity of Australia's red meat products.
Food Safety, Integrity Systems, and Other RD&E	\$2,508,719	<ul style="list-style-type: none"> • Scientific research to ensure food safety systems are at the leading edge of knowledge and practice. • Support the development of food safety and quality assurance systems for all sectors of the red meat supply chain. • Developing and implementing appropriate meat and livestock traceability systems including NLIS and promotion of industry capability. • Identifying information platforms and technologies that drive productivity and innovation through supply chains. • Supporting effective engagement with the community to reinforce that the industry is an ethical and responsible custodian of livestock, land and resources. • Building innovation value chain capability through programs such as the Australian Intercollegiate Meat Judging Association competition.
Total AMPC Contribution	\$ 8,157,818	



FINANCIAL STATEMENTS

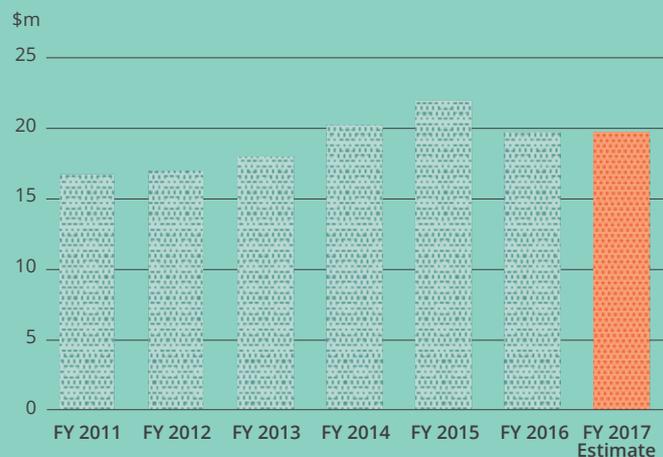
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AMPC KEY FINANCIAL SNAPSHOT

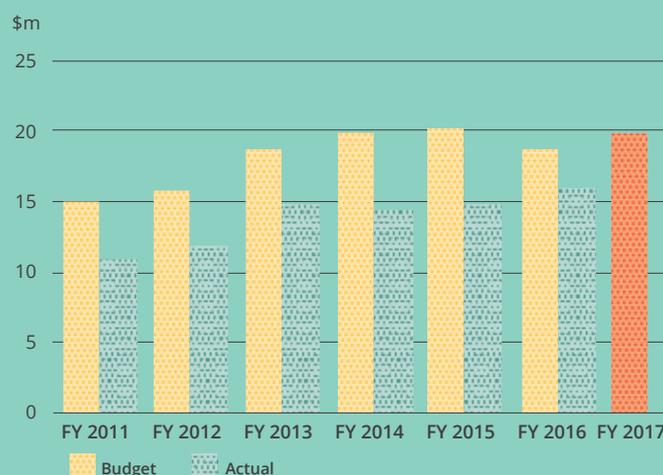
Income – Statutory Levies

	\$m
FY 2011	16.71
FY 2012	17.03
FY 2013	18.06
FY 2014	20.20
FY 2015	22.03
FY 2016	19.66
FY 2017 Estimate	19.68



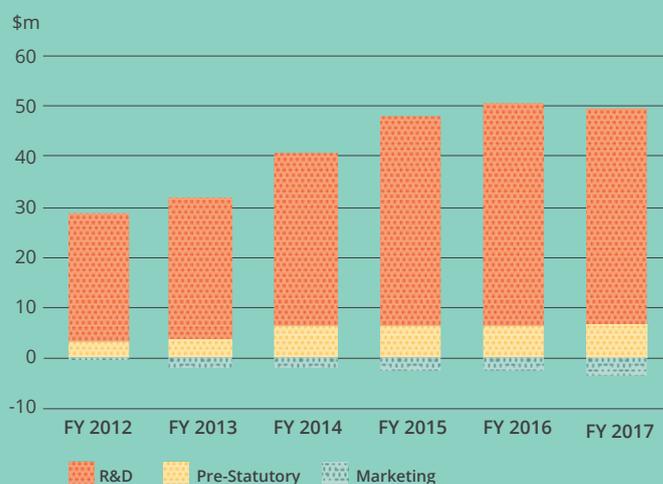
Project Expenditures

	BUDGET	ACTUAL
	\$m	\$m
FY 2011	14.90	10.98
FY 2012	15.69	11.81
FY 2013	18.72	14.76
FY 2014	19.79	14.45
FY 2015	20.20	14.72
FY 2016	18.76	16.06
FY 2017	19.82	



AMPC Accumulated Funds

	PRE-STATUTORY	R&D	MARKETING	TOTAL
	\$m	\$m	\$m	\$m
FY 2012	3.49	25.41	-0.49	28.41
FY 2013	3.59	28.48	-1.88	30.19
FY 2014	6.17	34.30	-2.13	38.34
FY 2015	6.16	41.80	-2.54	45.42
FY 2016	6.35	43.91	-3.48	46.78
FY 2017 Estimate	6.64	42.43	-4.77	44.3



DIRECTORS' REPORT

The Directors present their report together with the financial report of the Australian Meat Processor Corporation Ltd for the year ended 30 June 2016 and auditor's report thereon.

Board of Directors

The Directors of the Company in office at the date of this report (or holding office during the year) are:



Peter Noble – Executive Chairman

Peter Noble is currently the director of Invasive Animals Ltd and Chair of its Governance and Remuneration Committee. He was a board member of the inaugural Principles of Sustainable Insurance, a Finance Initiative of the United Nations Environment Program.

Prior to its sale in 2014, Peter held the position as Chairman of Directors for family company, GM Scott Pty Ltd (GMS), where he had been a director and shareholder since 1988.

Peter holds degrees in Law and Commerce from the University of NSW and has practised law with International law firms in Australia, the United States and Asia. He is also an adjunct Associate Professor in Law and Agriculture at the University of New England.

Peter was appointed to the AMPC Board for a fifth term in December 2015.



Gary Hardwick – Deputy Chairman

Gary Hardwick is the Founder and Executive of Hardwick's Meatworks Pty Ltd located in Kyneton, Victoria. Gary is a qualified Accountant, a Member of the Australian Processors Council (APC) and Director of Australian Meat Industry Superannuation Trust (AMIST). Gary is also a Director of PrimeSafe (VIC).

Gary was elected to the AMPC Board for a tenth term in December 2015.



Catherine Ainsworth – Director

Catherine currently sits on the boards of Harness Racing Victoria, Racing Analytical Services, Bendigo Community Bank and the Australian Horse Industry Council. Catherine has previously sat on the boards of Pulse Breeding Australia, Barley Breeding Australia, Pony Club Australia and the University Of Melbourne Faculty Of Veterinary Science.

In her executive career, Catherine worked across veterinary pharmaceuticals, agribusiness, and the public sector, including management of the agricultural research portfolio for the Victorian Government. Catherine led the development of the Australian Grains Genebank and major agricultural research infrastructure in regional Victoria. Catherine has a Bachelor of Veterinary Science (Honours) from the University of Sydney, a Master of Veterinary Science from the University of Melbourne and a Master of Business Administration (MBA) from Melbourne Business School. Catherine is also a graduate of the Australian Institute of Company Director's (AICD's) Course.

Catherine was appointed to the AMPC Board for her first term in December 2015, and is Chair of the Audit & Risk Committee.



John Berry – Director

John is a Director and Head of Corporate and Regulatory of JBS Australia Pty Limited, Australia's largest meat processor and feedlot operator. John possesses a Bachelor of Business Finance and Master of Business Administration (MBA).

John has been involved in the Australia meat industry for over 20 years, and has responsibility for industry, government and corporate relations activities within the JBS Australia business.

John was elected to the AMPC Board for a sixth term in December 2015.



James Campbell – Director

In August 2015, James was appointed as Chief Executive Officer of Sanger, a Senior Executive role within the Bindaree Beef group. This follows a 15-year professional career spanning chartered accounting (KPMG) and institutional banking (ANZ) with a consistent specialist focus on agricultural business.

James is a member of the Institute of Chartered Accountants in Australia and holds a double degree in Commerce (Accounting) and Business Administration from the University of Canberra.

James was elected to the AMPC Board for his first term in December 2015.



Dean Goode – Director

Dean was appointed as Chief Executive Officer of Kilcoy Pastoral Company Limited ('KPC') on 1 July 2012. Dean has worked for KPC for ten years, including as General Manager of Operations. Dean has extensive experience in the export beef processing industry, having previously worked for twenty years with AMH at both their Dinmore and Townsville facilities in various management roles.

Dean holds a Master of Business Administration (MBA) from James Cook University, Townsville.

Dean was elected to the AMPC Board for his first term in December 2015.



Brian James – Director

Brian James is a current Director of and is actively involved in Thomas Foods International (TFI) (formerly T&R Pastoral) which owns and operates fully integrated export processing facilities located at Murray Bridge (SA), Lobethal (SA), Tamworth (NSW) and Wallangarra (QLD). Brian is a Director of AMIC, Chairman of National Export Sheep, Lamb and Goat Council, Deputy Chairman of the APC and is actively involved in various other industry committees.

Brian was elected to the AMPC Board for a eighth term in December 2015.



Tom Maguire – Director

Tom Maguire currently holds the position of General Manager – Corporate Services with Teys Australia Pty Limited. Tom has been involved in the Australian meat industry since 1997 and has held senior positions in the National Meat Association of Australia.

Tom holds post graduate qualifications in Economics, Industrial Relations and Human Resource Management. He has also completed a Master in Business Administration from the University of Queensland.

Tom was elected to the AMPC Board for a sixth term in December 2015.



Simon Stahl – Director

Simon Stahl has been working in the red meat industry for over 26 years and currently holds the position of Chief Executive Officer, Northern Co-operative Meat Company Ltd. Simon began his career at KR Darling Downs, Toowoomba, before working with NH Foods Australia Pty Ltd in a variety of roles including Managing Director (TBS Mackay) and Group Innovation Manager. Simon holds a Bachelor of Commerce (Accounting major) from the University of Southern Queensland.

Simon was elected to the AMPC Board for a third term in December 2015.

Results

The surplus of the Company for the year was \$1,361,908 (2015: \$7,088,437).

DIRECTORS' REPORT (CONT'D)

Meetings of Directors

The following table sets out the number of scheduled and urgent unscheduled Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member). During the financial year, thirteen Board meetings and three Audit & Risk Committee meetings were held.

	SCHEDULED DIRECTORS' MEETINGS		UNSCHEDULED DIRECTORS' MEETINGS		AUDIT & RISK COMMITTEE	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
DIRECTORS						
Catherine Ainsworth	4	4	3	3	1	1
John Berry	8	5	5	5	-	-
James Campbell	4	4	5	3	1	1
Guy Fitzhardinge	4	3	-	-	2	2
David Foote	4	3	-	-	-	-
Dean Goode	4	4	5	5	-	-
Gary Hardwick	8	7	5	5	2	1
Brian James	8	7	1	1	3	3
Stephen Kelly	4	4	3	3	-	-
Tom Maguire	8	6	5	3	1	-
Peter Noble	8	7	3	3	3	3
Simon Stahl	8	8	5	4	-	-

Short and Long Term Objectives

The objectives for which the Company is established are:

- to promote, protect and further the interests of the Company and its Members in any lawful manner;
- to act as a Meat Processor Body, including by providing services, and procuring and providing leadership in the provision of services, relating to Research, Development and Marketing in the meat processing industry for the benefit of its Members and Meat Processors and the community in general;
- where a Statutory Levy Regime applies, enter into a Funding Agreement or similar arrangement with the Commonwealth of Australia relating to the payment to, and application of Statutory Funds, by the Company;
- where no Statutory Levy Regime applies or Statutory Levies are set at zero, enter into Contribution Contracts with Members for the payment of Company Contributions;
- to collect payments or Company Contributions from Meat Processors for the purpose of investing in and financing projects, undertakings or enterprises of any kind either severally or jointly with any meat Industry corporation, body or entity; Research and Development corporation, body or entity; marketing corporation, body or entity; or other person, body or entity; in each case in the interests of and for the benefit of Meat Processors and/or the meat processing industry;
- to receive Statutory Funds and apply those Funds in accordance with the Statutory Funding Agreement (SFA), the Red Meat Memorandum of Understanding (MOU) and the Australian Meat and Live-stock Industry Act 1997 (Cth);
- to enter into contracts with, and employ and engage, individuals, organisations, companies, bodies or entities to manage, Research and Development and Marketing projects and/or other projects on behalf of the Members and in the interests of and for the benefit of Meat Processors and/or the meat processing industry;
- to perform such acts and do any other thing deemed necessary or desirable for the preservation, protection and promotion of the rights and interests of the Members as Meat Processors; and
- to carry out any and all such acts and do all such things that may be in the interests of the Members and to carry out any or all such acts and or all such other things that are an incidental or conducive to the attainment of the aforementioned objects.

AMPC is responsible to promote:

- freedom of trade in the interests of the Members;
- marketing and sales of Australian meat on the Australian market and to overseas countries;
- meat processing industry Research and Development;
- improvement of the quality of Australian meat;
- the classification of Australian meat;
- the economic, environmental, health, safety and social well being of the meat processing industry and the wider community;
- the mutual interests of Members by holding conferences, symposiums and seminars for any or all of the Members and presenting the views of the Company on behalf of the Members at any conference, symposium or other forum; and
- the interest of, and do all relevant acts and things for the advancement, protection and promotion of the interests of, the Members.

Principal Activities

The principal activity of the Company is to support the red meat processing industry throughout Australia and to provide Research, Development and Extension (RD&E) services that improve the sustainability and efficiency of the sector.

Red meat processor levies are strategically invested in research, development and extension programs that are aligned to targeted marketing initiatives. These programs deliver outcomes and benefits for the Australian red meat processing industry and the broader Australian community.

AMPC's goals are to provide RD&E and Marketing services that:

- improve long-term efficiency and industry competitiveness;
- protect, secure and maintain market access;
- enhance industry sustainability;
- develop capability, translation and extension; and
- increase productivity and value capture.

AMPC manages activities across key programs that include Processing Technologies; Environment and Sustainability; Processing Hygiene, Quality and Meat Science; Capability; Extension and Education; and Industry Improvement and Economic Analysis.

AMPC is committed to working with its stakeholders to achieve an efficient application of levy funds through its RD&E and marketing activities. That impact is enhanced by leveraging AMPC's investment through co-investment and collaboration.

AMPC engages with the Australian Government, its meat processor membership base, Meat & Livestock Australia (MLA) and other bodies in the red meat industry including the Red Meat Advisory Council (RMAC) and the Australian Meat Industry Council (AMIC). These collaborations ensure that processor levy funds are appropriately and effectively invested to deliver maximum benefits.

AMPC will continue to develop strategic partnerships and alliances with other organisations that have complementary capabilities and service delivery assets. These organisations include the National Meat Industry Training Advisory Council (MINTRAC), Universities, government agencies, Research & Development Corporations (RDCs), research institutes, CSIRO, Co-Operative Research Centres (CRCs) and other industry providers, both in Australia and internationally.

Incorporation

The Company was incorporated as a national Member funded public company on 22 April 1998 pursuant to reforms announced by the Minister for the Department of Agriculture, Forestry and Fisheries on 18 March 1997.

These reforms required red meat processors and livestock exporters to establish separate self-funded companies to interact with a producer company through willing partnership arrangements.

In 2007 AMPC, through its processor Peak Industry Council, requested the Commonwealth Government to re-introduce a Statutory Levy and that such funds be directed to AMPC to enable it to continue to carry on its normal business activities including its contractual arrangements pursuant to the Memorandum of Understanding referred to below. On 1 September 2007, the Government introduced a Statutory Levy Scheme to collect funds from red meat processors and in turn forwarded these funds on to AMPC to manage and fund industry programs.

DIRECTORS' REPORT (CONT'D)

Memorandum of Understanding

The Company became a party to the Memorandum of Understanding ("MoU") on 27 April 1998 and to subsequent revisions to the original document.

The MOU links the Company with Meat & Livestock Australia Limited (MLA) (a separate producer corporation) and LiveCorp (a separate livestock exporter's corporation) together with the Commonwealth of Australia, Peak Industry Councils and the Red Meat Advisory Council (RMAC).

The roles and responsibilities of the Company under the MOU are:

- a) to provide management, funding and administrative arrangements for red meat processing industry activities to be undertaken by or through MLA including 'Joint Functions', 'Core Functions' and any unforeseen event which has significant impact upon the industry;
- b) in consultation with the Australian Meat Industry Council (AMIC) to undertake activities and provide services on behalf of the processing sector of the industry, which are not inconsistent with the provisions and principles of the MOU;
- c) where services are provided by or through MLA, to develop jointly with MLA and/or AMIC goals for achieving the vision and strategic imperatives for the industry sector it represents;
- d) each year to prepare in consultation with AMIC:
 - i. a strategic plan including financial projections for the period of 3 years beginning on 1 July in that year for the performance of functions necessary to achieve the objects of the Company and consistent with the Meat Industry Strategic Plan (MISP); and
 - ii. an operating plan including financial projections setting out the activities the Company proposes to undertake in the immediately following financial year consistent with its business plan;
- e) to pursue the achievement of industry goals identified in the MISP in a manner consistent with policies and strategic imperatives developed pursuant to the MOU and to perform its functions and exercise its powers in a manner consistent therewith; and
- f) to negotiate and enter into contracts with MLA, and with both MLA and LiveCorp, under which MLA will perform, or arrange for other persons to perform, Joint Functions and services on behalf of the industry sectors they represent for achieving the goals identified in the MISP.

Auditor's Independence Declaration

A copy of the auditor's declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

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

Director 

P Noble (Chairman)

Director 

G Hardwick (Deputy Chairman)

Dated: 27 October 2016

CORPORATE GOVERNANCE STATEMENT

The Board of AMPC is responsible, with management, for the corporate governance practices of the Company and constantly updates its practices based on both its advice and its own investigations. This statement sets out the main corporate governance practices that were in operation throughout the financial year, except where otherwise indicated.

The Constitution of the Company was approved by the Members of the Company at a General Meeting held on 14th June 2007 with a high level of support. In part, this was to address the proposed implementation of Statutory levies, which commenced on 1 September 2007.

The Board of Directors

The Board carries out its responsibilities according to the following mandate:

- the Members elect the Processor Directors every two years;
- the Special Qualifications Directors are appointed by the Processor members of the Board;
- the Chairman and Deputy Chairman are elected by the Board;
- the Directors should possess a broad range of skills, qualifications and experience;
- the Directors are expected to act independently of any associate activities that may cause a conflict;
- the Board should meet on a regular basis; and
- all available information in connection with items to be discussed at a meeting of the Board is provided to each Director prior to that meeting.

As at the date of this Director' report, the Board consisted of seven Processor Directors and two Special Qualifications Directors. Details of the Directors are set out in the Directors' report.

The primary responsibilities of the Board include:

- the approval of the Annual Operating Plan and the annual financial report;
- the establishment of the long term goals of the Company and Strategic Plan to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a regular basis;
- ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities, including compliance with the Company's obligations under the Red Meat Industry Memorandum of Understanding and the Statutory Funding Agreement; and
- reporting to Government and Members.

Independent Professional Advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Audit & Risk Committee

- C G Ainsworth
- J A Campbell
- T J Maguire
- R B James

The Audit & Risk Committee meets on at least three occasions in the course of each year.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Audit & Risk Committee oversight responsibilities include:

- the preparation and integrity of AMPC's financial accounts and statements;
- the internal controls, policies and procedures that AMPC uses to identify and manage business risks;
- the qualifications, independence, engagement, fees and performance of AMPC's external auditor;
- the external auditor's annual audit of AMPC's financial statements;
- the resources, performance and scope of AMPC's internal audit function;
- AMPC's compliance with legal and regulatory requirements and compliance policies; and
- reviewing and recommending the annual budget to the Board.

The Audit & Risk Committee invites the Chief Executive Officer and the Finance and Administration Manager and may request the external and internal auditors or the Company's legal representatives to attend meetings for the purpose of considering pertinent matters that may arise.

Risk Management

The Board is responsible for the Company's system of internal controls. The Board constantly monitors the operational and financial aspects of the Company's activities and, through the Audit & Risk Committee, the Board considers the recommendations and advice of external and internal auditors and other external advisers on the operational and financial risks that arise or may arise.

The Board ensures that recommendations and any concerns identified by the external and internal auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel and, in conjunction with the recommendations of the Audit & Risk Committee, the scope and work program of internal auditors.

Remuneration Reviews

The Board acts as a Remuneration Committee and reviews the remuneration policies applicable to all Directors and executive officers on an annual basis with respect to remuneration and terms of employment. Executive remuneration packages, which consist of base salary, fringe benefits, superannuation and entitlements upon retirement or termination, are reviewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board may seek the advice of external advisers in connection with the structure of remuneration packages.

Code of Conduct

As part of the Board's commitment to the highest standard of conduct, the Company has a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The Code of Conduct includes such matters as:

- integrity of staff and Directors;
- information and operational transparency;
- responsibilities to Members;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibilities to the environment and the community.

All Directors are required to declare any conflict of interest, perceived or otherwise, they may have in matters before the Board, not to vote or participate in the debate on matters in which they have a conflict and, where appropriate, to absent themselves from the meeting during the discussion and vote on that issue.

AUDITOR'S INDEPENDENCE DECLARATION



To the Board of Directors of Australian Meat Processor Corporation Limited

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

As lead audit partner for the audit of the financial statements of Australian Meat Processor Corporation Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

A stylized, handwritten signature in blue ink that reads 'Nexia'.

Nexia Sydney Partnership
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Lester Wills'.

Lester Wills
Partner

Dated: 27 October 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
Revenue	3	25,725,064	27,961,991
Employee benefits expense		(2,490,185)	(1,920,149)
Depreciation and amortisation expenses	4	(197,854)	(64,599)
Program expenditure		(20,638,816)	(18,038,310)
Industry support expenditure		(550,000)	(550,000)
Other expenses		(486,301)	(300,496)
		(24,363,156)	(20,873,554)
Surplus for the year		1,361,908	7,088,437
Other comprehensive income		-	-
Total comprehensive income for the year		1,361,908	7,088,437

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	6	47,909,631	43,998,358
Trade and other receivables	7	8,626,436	9,531,332
Other current assets	8	9,727	-
TOTAL CURRENT ASSETS		56,545,794	53,529,690
NON-CURRENT ASSETS			
Plant and equipment	9	100,885	139,516
Intangible assets	10	280,304	420,456
TOTAL NON-CURRENT ASSETS		381,189	559,972
TOTAL ASSETS		56,926,983	54,089,662
CURRENT LIABILITIES			
Trade and other payables	11	10,122,357	8,518,480
Provisions	12	11,404	90,928
TOTAL CURRENT LIABILITIES		10,133,761	8,609,408
NON-CURRENT LIABILITIES			
Provisions	12	8,902	57,842
TOTAL NON-CURRENT LIABILITIES		8,902	57,842
TOTAL LIABILITIES		10,142,663	8,667,250
NET ASSETS		46,784,320	45,422,412
EQUITY			
Pre-Statutory accumulated funds	19 (a)	6,354,809	6,157,343
Statutory R&D accumulated funds	19 (b)	43,907,060	41,801,942
Statutory Marketing accumulated funds	19 (c)	(3,477,550)	(2,536,873)
TOTAL EQUITY		46,784,320	45,422,412

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
Total equity at the beginning of the financial year	45,422,412	38,333,975
Total comprehensive income for the year	1,361,908	7,088,437
Total equity at the end of the financial year	46,784,320	45,422,412

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Statutory Levies		21,885,602	23,642,785
Other receipts and recoveries		3,800,198	4,703,938
Payments to suppliers and employees		(23,088,926)	(28,176,458)
Interest received		1,625,546	1,376,020
Net cash provided by operating activities		4,222,420	1,546,284
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payments for intangible assets		(292,076)	(69,802)
Payment for property, plant and equipment		(19,071)	(30,136)
Net cash provided by/(used in) investing activities		(311,147)	(99,938)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash provided by/(used in) financing activities		-	-
Net increase in cash held		3,911,273	1,446,346
Cash and cash equivalents at beginning of financial year		43,998,358	42,552,012
Cash and cash equivalents at end of financial year	6	47,909,631	43,998,358

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report is for the entity Australian Meat Processor Corporation Ltd as an individual entity. Australian Meat Processor Corporation Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

b) Revenue

Revenue from Statutory Levies are recognised in the period that the Government collected the levy.

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of Goods and Services Tax (GST).

c) Intangible assets

Significant costs associated with software acquired separately are initially recorded at cost and are amortised on a straight-line basis over the period of their expected benefit, being three years.

d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment

Plant and equipment is measured on the cost basis.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT'D)

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATES	DEPRECIATION BASIS
Furniture, Fixtures and Fittings	20%	Straight Line
Office Equipment	20-25%	Straight Line
Computer Equipment	40%	Straight Line

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduced the liability.

e) Income Tax

The Company is exempt from income tax under the provisions of Section 50(40) of the Australian Income Tax Assessment Act 1997.

f) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions made by the Company to an employee superannuation fund are recognised in the Statement of Financial Position as a liability, after deducting any contributions already paid and in the Statement of Comprehensive Income as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

g) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

h) Comparative Figures

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

i) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Held-to-maturity investments

Fixed term investments with an intention to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Non-interest bearing loans and receivables are designated as receivable 'at call' and are therefore recognised at their face value at inception.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties, including inter-Company balances and loans from, or other amounts due to, Director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Non-interest bearing loans and payables are payable on demand and are therefore recognised at their face value at inception.

j) Investment in AUS-MEAT Limited

AUS-MEAT Limited ("AUS-MEAT") was incorporated on 17 June 1998, and the Company is one of two Members of AUS-MEAT. As AUS-MEAT is a tax exempt public Company limited by guarantee, it cannot distribute its surpluses to its Members; however, upon the event of the wind up of AUS-MEAT, the entity would be entitled to receive 50% of the net assets of AUS-MEAT. As there is no right by the entity to participate in a share of the ongoing results of AUS-MEAT, the use of equity accounting is not appropriate. Therefore, the equity accounting requirements of AASB 128 have not been applied. Details of the investment in AUS-MEAT are included in Note 15 to the financial statements.

k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

l) Trade and Other Receivables

Trade and other receivables are recorded at amounts due less any allowance for doubtful debts.

m) Trade and Other Payables

Trade and other payables are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT'D)

n) Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

o) Plant Initiated Projects (PIP) Program

Statutory Levies

Of the total levies received during the financial year, 25 percent is available to support Research & Development programs initiated by Members through the Plant Initiated Projects program.

Liability

The amount recognised as a liability for plant initiated research & development projects is the amount of the reserved contributions that have been allocated to approved projects. The liability is treated as a payable under trade and other payables in the financial statements.

Plant Initiated Projects with funding allocations are considered to be active until the Member notifies AMPC of completion or termination, at which point AMPC will derecognise the project liability and write back any remaining funds belonging to the project.

p) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

q) New Accounting Standards for Application in Future Periods

The Company has decided against early adoption of these standards. The following summarises those future requirements, and their impact on the Company:

- AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).
- AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018).
- AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).
- AASB 2014 4: Amendments to Australian Accounting Standards. Clarification of acceptable methods of depreciation and amortisation.

r) Voluntary change in accounting policy.

The Directors have made a voluntary change in the accounting policy for the recognition of matching funds received for AMPC Core Research programs. In 2015, the funds received were offset against the costs incurred. The revised policy is to recognise matching funds separately as part of Revenue as the Directors believe this provides more relevant information to the members. The impact of the change on the 2015 financial year was to increase Revenue and Program expenditure \$3,317,138. The impact on 2016 financial year was to increase Revenue and Program expenditure by \$3,208,668.

s) Authorisation for Issue

The financial report was authorised for issue on 26th October 2016 by the Board of Directors.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

Critical accounting estimates and assumptions

The Company makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. No estimates and assumptions could have a material impact on the assets and liabilities in the next financial year, other than those disclosed elsewhere in the financial report.

NOTE 3: REVENUE

	NOTES	2016 \$	2015 \$
OPERATING ACTIVITIES			
- Statutory Levies		19,664,293	22,034,674
- interest		1,561,814	1,633,346
- reversal of non aligned provisions	14	1,290,289	189,527
- other income		3,208,668	4,104,444
Total revenue		25,725,064	27,961,991

NOTE 4: SURPLUS FOR THE YEAR

Surplus for the year has been determined after:

	NOTES	2016 \$	2015 \$
EXPENSES			
Depreciation of non-current assets			
- furniture, fixtures and fittings		30,160	35,436
- office equipment		7,014	8,734
- computer equipment		20,528	20,429
Depreciation of plant and equipment		57,702	64,599
Amortisation of non-current intangible assets		140,152	-
REMUNERATION OF THE AUDITORS FOR			
- audit and review services		29,293	29,190
- other services		-	-
- other services to related practices of the auditor		-	-
		29,293	29,190

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT'D)

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the Company

	2016 \$	2015 \$
DIRECTORS		
- Short-term benefits (Directors Fees)	319,884	295,838
- Post-Directorship benefits (Superannuation)	29,273	28,105
	349,157	323,942
EXECUTIVES		
- Short-term employee benefits (Salary)	269,870	222,882
- Post-employment benefits (Superannuation)	26,159	57,549
- Other long term benefits (Long Service Leave)	-	-
- Termination benefits	46,028	133,875
	342,057	414,306
	691,214	738,248

The names of Directors who have held office during the year (and included as key personnel in addition to the CEO) are:

P G Noble	G F Hardwick	C G Ainsworth	H G Fitzhardinge	J K Berry
J A Campbell	R B James	D M Foote	T J Maguire	S R Stahl
S J Kelly	D Goode			

Total aggregated out of pocket costs including travel and related expenses incurred by Directors during the year was \$49,089.

NOTE 6: CASH AND CASH EQUIVALENTS

	2016 \$	2015 \$
Cash at bank	1,814,589	3,867,331
Cash on term deposit for bank guarantee*	113,556	113,556
Cash on term deposit	45,981,486	40,017,471
	47,909,631	43,998,358

*The \$113,556 term deposit for bank guarantee is not available for use.

NOTE 7: TRADE AND OTHER RECEIVABLES

	2016 \$	2015 \$
CURRENT		
Trade receivables	7,841,474	8,673,930
Other receivables – accrued interest	784,962	857,402
	8,626,436	9,531,332

NOTE 8: OTHER CURRENT ASSETS

	2016 \$	2015 \$
EXPENSES		
Prepaid expenses	9,727	–
	9,727	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT'D)

NOTE 9: PLANT AND EQUIPMENT

	2016 \$	2015 \$
Office equipment		
At cost	25,449	21,760
Less accumulated depreciation	(19,585)	(12,572)
	5,864	9,188
Furniture, fixtures and fittings		
At cost	165,389	164,692
Less accumulated depreciation	(88,803)	(58,643)
	76,586	106,049
Computer equipment		
At cost	77,071	62,387
Less accumulated depreciation	(58,636)	(38,108)
	18,435	24,279
Total plant and equipment	100,885	139,516

a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	FURNITURE, FIXTURES & FITTINGS	OFFICE EQUIPMENT	COMPUTER EQUIPMENT \$	TOTAL \$
2016				
Balance at the beginning of the year	106,049	9,188	24,279	139,516
Additions	697	3,690	14,684	19,071
Disposals	-	-	-	-
Depreciation expense	(30,160)	(7,014)	(20,528)	(57,702)
Carrying amount at the end of the year	76,586	5,864	18,435	100,885

NOTE 10: INTANGIBLE ASSETS

	2016 \$	2015 \$
Software – at cost	420,456	420,456
less accumulated amortisation	(140,152)	–
	280,304	420,456
Balance at the beginning of the year	420,456	–
Additions	–	420,456
Disposals	–	–
Amortisation expense	(140,152)	–
Carrying amount at the end of the year	280,304	420,456

NOTE 11: TRADE AND OTHER PAYABLES

	NOTES	2016 \$	2015 \$
CURRENT			
Unsecured liabilities			
Trade payables		4,495,062	157,631
Plant initiated projects	14	481,745	1,581,961
Other program payables		4,819,554	6,693,659
Sundry payables and accruals		325,996	85,229
		10,122,357	8,518,480

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT'D)

NOTE 12: PROVISIONS

	2016 \$	2015 \$
CURRENT		
Employee benefits	11,404	90,928
NON-CURRENT		
Employee benefits	8,902	57,842

NOTE 13: COMPANY DETAILS

The registered office of the Company is:
 Australian Meat Processor Corporation Ltd
 Suite 1, Level 5
 110 Walker Street
 North Sydney NSW 2060

NOTE 14: PLANT INITIATED PROJECTS LIABILITY

	2016 \$	2015 \$
Opening balance included in payables	1,581,961	1,063,915
Total PIP transactions approved across the whole membership	4,711,128	2,905,498
Reductions arising from payments of approved PIPs	(4,521,055)	(2,197,925)
Reductions resulting from reversal of PIP funding	(1,290,289)	(189,527)
Closing balance included in payables	481,745	1,581,961

NOTE 15: RELATED PARTY DISCLOSURE

TYPE OF TRANSACTION	TERMS AND CONDITIONS OF TYPE OF TRANSACTION	CLASS OF RELATED PARTY	2016 \$	2015 \$
Operational and support funding	Normal Commercial terms and conditions	Associate AUS-MEAT Limited	\$550,000	\$550,000

Director related Plant Initiated Projects

During the period AMPC has approved PIPs for a number of Director-related entities under the PIP program. Under the Company's Constitution, all transactions with Director related entities are on normal commercial terms and are consistent with those provided to all Members.

The following table provides a breakdown of the movement and final balance of PIPs of Director related parties.

	TRANSACTION VALUE YEAR ENDED 30 JUNE		BALANCE OUTSTANDING AS AT 30 JUNE	
	2016 \$	2015 \$	2016 \$	2015 \$
Plant Initiated Projects	2,616,013	1,549,406	462,632	1,119,703

NOTE 16: MEMBERS' LIABILITY

Australian Meat Processor Corporation Ltd is incorporated in New South Wales as a company limited by guarantee. Under the Company's Constitution, the liability of the governing Members is limited and shall not exceed \$100 on the winding up of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT'D)

NOTE 17: ASSOCIATED ENTITIES

NAME OF ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2016	OWNERSHIP INTEREST 2015	CARRYING AMOUNT
AUS-MEAT Limited	Services to the Food Industry	50%	50%	Nil

Summarised financial position of associate:

	2016 \$	2015 \$
Current Assets		
Cash	1,414,093	2,993,041
Receivables	1,098,541	1,062,121
Other financial assets	7,442,119	6,324,533
Other	476,293	622,103
Non Current Assets		
Investments	-	-
Plant and equipment	3,312,338	3,223,263
Current Liabilities		
Accounts payable	(4,375,518)	(5,125,262)
Non Current Liabilities		
Provisions	(179,582)	(220,941)
Net assets	9,188,284	8,878,858
Net surplus for the period	309,426	512,868
Other comprehensive income	-	-

NOTE 18: ECONOMIC DEPENDENCE

The Company through investment in Research and Development and Marketing, is the custodian for the collection and administration of Statutory Levies collected from processors by the Commonwealth Government. The expenditure of levies on behalf of industry is conducted in accordance with the Deed of Agreement between AMPC and the Commonwealth Department of Agriculture. During the first quarter of 2012 AMPC, in collaboration with the Department, renewed its Funding Agreement. The new agreement provides a more consistent approach across the Rural Research & Development Corporations and covers financial year 2012 to November 2016.

NOTE 19: ACCUMULATED FUNDS

	2016 \$	2015 \$
--	------------	------------

a) Pre Statutory funds

The pre-Statutory funds records the Company's retained surpluses prior to the Statutory Funding Agreement which commenced 1 September 2007:

Movements during the financial year:		
Opening balance	6,157,343	6,167,855
Allocation of current year surplus	197,466	(10,512)
	6,354,809	6,157,343

b) Statutory Research and Development funds

The Research and Development funds records surpluses contributed by the Research and Development portion of the processor Levy in accordance with the Statutory Funding Agreement 2011-15:

Movements during the financial year:		
Opening balance	41,801,942	34,298,771
Allocation of current year surplus	2,105,118	7,503,171
	43,907,060	41,801,942

c) Statutory Marketing funds*

The Marketing funds records surpluses contributed by the Marketing portion of the processor Levy in accordance with the Statutory Funding Agreement 2011-15:

Movements during the financial year:		
Opening balance	(2,536,873)	(2,132,651)
Allocation of current year (deficit)	940,677	(404,222)
	(3,477,550)	(2,536,873)

*The deficit occurred on the basis of the current misalignment in the income split and expenditure split between Research and Marketing funding allocations. The split in allocation of funding between Marketing and Research is under discussion with the Commonwealth and appropriate amendment will be sought in due course.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016 (CONT'D)

NOTE 20: CONTINGENCIES

Contingent Liabilities

The 25 percent of received levies allocated to the Plant Initiated Project program remains available for three years, after which the commitment lapses. As at 30 June 2016, the total Research and Development funds held in reserve for potential PIPs is \$9.47M (30 June 2015: \$14.03M).

Contingent Assets

The previously reported activities pursuing the misappropriated funds have been completed.

There were no contingent assets identified as at 30 June 2016.

NOTE 21: OPERATING LEASES

	2016 \$	2015 \$
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	116,727	116,727
Between one and five years	176,079	292,806
More than five years	-	-
Closing balance included in payables	292,806	409,533

The company leases the head office under an operating lease. The lease is for a period of five years commencing 1st September 2013 with an option to extend the lease for a further five years thereafter. During the year ended 30 June 2016 an amount of \$132,982 was recognised as an expense in respect of operating leases (2015: \$110,163).

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

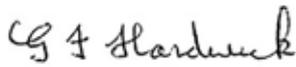
1. The financial statements and notes, as set out on pages 34 to 50, are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - b) give a true and fair view of the financial position as at 30 June 2016 and performance for the year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director

P Noble (Chairman)



Director

G Hardwick (Deputy Chairman)

Dated: 27 October 2016

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF AUSTRALIAN MEAT PROCESSOR CORPORATION LTD

Independent Audit Report to the members of Australian Meat Processor Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian Meat Processor Corporation Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion the financial report of Australian Meat Processor Corporation Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads "Nexia".

Nexia Sydney Partnership
Chartered Accountants

A handwritten signature in blue ink, appearing to read "Lester Wills".

Lester Wills
Partner

Sydney
Dated: 27 October 2016



AMPC

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