

ANNUAL REPORT 2010/11

ANIMAL HEALTH AUSTRALIA

'WORKING TOGETHER FOR ANIMAL HEALTH'



Australian Animal Health Council Ltd ACN 071 890 956

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ABOUT US

OUR VISION

A robust national animal health system that maximises competitive advantage and preferred market access for Australia's livestock industries and contributes to the protection of human health, the environment and recreational activities.

OUR MISSION

Animal Health Australia (AHA)'s role is to facilitate improvements in Australia's animal health policy and practice in partnership with the livestock industries, governments and other stakeholders. We build capacity to enhance emergency animal disease preparedness, to ensure that Australia's livestock health systems support productivity, competitive advantages and preferred market access, and to contribute to the protection of human health, the environment and recreational activities.

OUR COMPANY

The company was incorporated under Australian Corporations Law in January 1996 and at 30 June 2011 had 31 members spread across five membership categories – Australian Government, state and territory government, industry, service providers and associate members.

Within the framework of a not-for-profit company, AHA manages more than 50 national programs that improve animal and associated human health, biosecurity, market access, livestock welfare, productivity, and food safety and quality.

AHA has a structure that facilitates flexible and responsive management of animal health issues and accountability via an independently selected Board of Directors responsible to members.

AHA is dedicated to advancing issues that are associated with the health of livestock of collective interest to all who contribute to animal health in Australia. The company also manages national animal health related programs for all, or a subset of members.

OUR VALUES

The following values underpin and reflect the way we work with our partners:

- > Leadership – shaping and influencing national policy
- > Impartiality – providing credible advice and guidance
- > Integrity and professionalism – acting ethically
- > Passion – working with pride, enthusiasm and dedication
- > Innovation and creativity – seeking better solutions, based on good science
- > Flexibility and responsiveness – working collaboratively to deliver worthwhile outcomes.

STRATEGIC PLAN 2010–2015

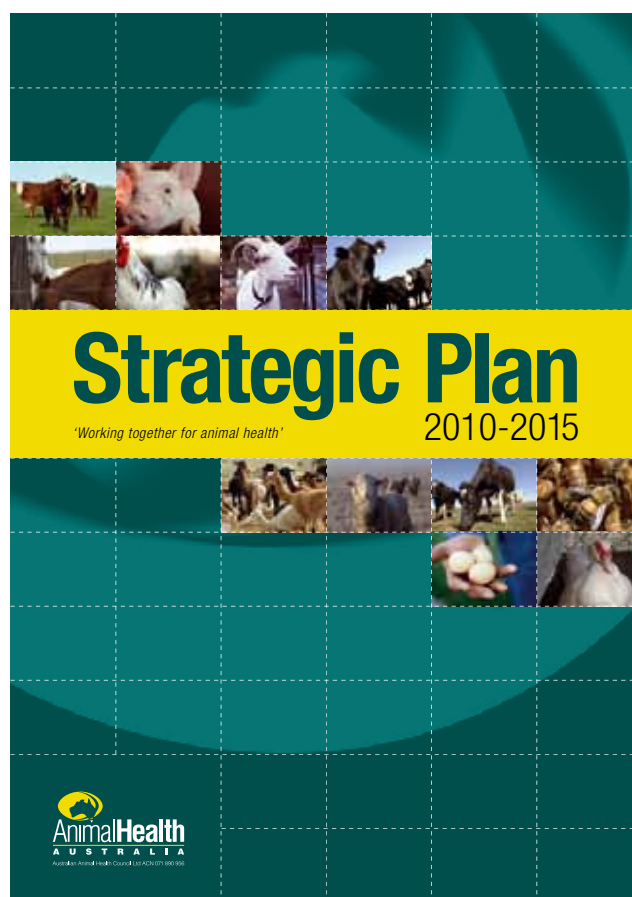
AHA places considerable emphasis on ensuring the focus of its diverse range of national programs and operations aligns with issues of strategic importance to the national animal health system.

Throughout the year the AHA board and staff consider strategic issues as part of an annual business cycle involving members and stakeholders in consultative forums and workshops.

Recent years have seen a significant change in AHA's business environment and the AHA Strategic Plan 2010–2015 represents a fundamental evaluation of AHA's strategic priorities in light of identified challenges. It also reflects the company's firm commitment to our members and stakeholders.

AHA has identified eight strategic priorities that are the foundation for AHA's annual operating plans and the reference 'blueprint' for animal health for the next three to five years.

- > Improve the national coordination and management of animal health.
- > Secure adequate sustainable resources for national animal health.
- > Strengthen emergency animal disease preparedness and response.
- > Maintain and increase market access through effective partnerships for livestock welfare and production, and disease policy development and implementation.
- > Improve disease surveillance nationally, to meet current and future trends.
- > Explore new opportunities for the national animal health system and AHA.
- > Identify and implement improved AHA business systems.
- > Strengthen AHA communications capability.



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ABBREVIATIONS

| | |
|------------|---|
| AAHL | Australian Animal Health Laboratory |
| ABIN | Australian Biosecurity Intelligence Network |
| AHA | Animal Health Australia |
| AHC | Animal Health Committee |
| APAV | Accreditation Program for Australian Veterinarians |
| AQIS | Australian Quarantine and Inspection Service |
| AUSVETPLAN | Australian Veterinary Emergency Plan |
| AWC | Animal Welfare Committee |
| AWPIT | Australian Welfare and Product Integrity Taskforce |
| CSIRO | Commonwealth Scientific and Industrial Research Organisation |
| DAFF | Australian Government Department of Agriculture, Fisheries and Forestry |
| EAD | Emergency animal disease |
| EADRA | Emergency Animal Disease Response Agreement |
| FMD | Foot and mouth disease |
| MLA | Meat and Livestock Australia |
| NAHIS | National Animal Health Information System |
| NAHLS | National Animal Health Laboratory Strategy |
| NAMP | National Arbovirus Monitoring Program |
| NBC | National Biosecurity Committee |
| SCAHLs | Sub-Committee on Animal Health Laboratory Standards |
| PHA | Plant Health Australia |
| PIMC | Primary Industries Ministerial Council |
| PISC | Primary Industries Steering Committee |
| TSEs | Transmissible spongiform encephalopathies |



Photo: Ron Malor

01

YEAR IN REVIEW



CHAIRMAN'S REPORT



'If you want to be incrementally better: be competitive. If you want to be exponentially better: be cooperative.' Unknown source

Collaboration and cooperation, the cornerstones of Animal Health Australia's approach, lead to enormous scope for achievement. This year the world has celebrated the global eradication of rinderpest; only the second disease to be completely eradicated and the first livestock disease. It marks the culmination of years of cooperative international effort; a truly laudable achievement.

Australia has also celebrated a great achievement for its livestock industries: the final step in the eradication of bovine tuberculosis

(TB) with its reclassification as an exotic animal disease and its inclusion in the Emergency Animal Disease Response Agreement (EADRA). Eradication of the disease and appropriate surveillance to satisfy proof of freedom has required extensive national cooperation between industry and government in partnership over many decades. The determination with which this challenge was approached exemplified the successful application of Australia's partnership approach to animal health.

This partnership approach has facilitated a further strengthening of Australia's emergency animal disease response preparedness with the horse industry joining other livestock industries to be protected by the EADRA. On 3 March 2011, AHA's four horse industry members signed the EADRA on behalf of the horse owning community at large; and legislation to enact the agreed levies was presented to Parliament in July. This landmark agreement is the culmination of over 10 years of hard work by many people in the horse industry, government and AHA. But there is further work to be done. It will be important to maintain momentum to increase the level of biosecurity awareness amongst horse owners. Signatories to the EADRA commit to minimising disease risks and AHA's horse industry members have developed a horse venue biosecurity workbook to meet some of their obligations. The workbook, an example of the collaborative work that AHA facilitates, provides a step-by-step guide to reducing biosecurity risks to their horses and to their communities.

It was not all celebration though, and producers continue to face significant challenges.

It was with dismay that industry and government alike bore witness to the media frenzy surrounding live exports that was the catalyst for a public outcry. There was a complete breakdown of the partnerships that had been developing between animal

welfare groups and the livestock industries. Welfare is an ongoing issue for livestock industries and one that must collectively be addressed and improved; however, the shallow and simplistic viewpoint presented by the animal welfare organisations and the media was a disappointment to many. In the future development of national welfare standards for livestock, AHA will have to work hard to re-establish the partnership arrangements; but obviously this must be predicated by a willingness of the parties involved to do so.

The impact of high profile media and social media campaigns in particular was evident through the live export suspension. The federal government response was largely due to the overwhelming public reaction, for which the industry at large was ill-prepared. It was the first time social media had been so coordinated and powerful in the agricultural context and, assuredly, it will not be the last time.

With this in mind, it is incumbent on industry and government alike to take note of increased public interest and be cognisant of potential risks caused by rapidly changing public values and perceptions. Consumers are demanding more and more information about food provenance. They have a far higher interest in livestock welfare but they also want to know their food is safe and produced in an environmentally and socially sustainable way.

Australian livestock industries seem to have faced more challenges than usual this year; many have survived droughts only to face severe flooding and associated biosecurity and business risks. Excessively wet conditions in the south east of Australia led to an unprecedented number of arbovirus disease cases in horses, and a spike in Hendra cases this year is suspected to be associated with altered ecological conditions causing increased stress to bat populations. Costs associated with supplementing livestock feed in inhospitable conditions and replacing infrastructure lost in recent extreme weather events place further pressures on business operations.

Australian livestock industries are global food suppliers and access to international markets is negatively influenced by the currently high Australian dollar as well as fears of a second global financial crisis. Budgets continue to be tightened in all sectors, resulting in further pressure on government service delivery areas and on industry. The impact of climate change and the possible effects of a carbon tax are no doubt also on the minds of producers.

The operating environment is changing rapidly and is expected to continue to evolve. On the back of myriad challenges facing

Australian livestock producers, there is no doubt that significant support from government and industry will be necessary in the coming years.

AHA remains a passionate advocate for animal health and as a member-based organisation serving the broad needs of the animal health system, remains sensitive to these pressures. In the current environment, effective future management and resourcing of Australia's national biosecurity system is a major strategic focus for the company.

Regrettably, given the many pressures on our industry and government members, AHA has observed a weakening of the genuine collaborative approach at the national level to address biosecurity responsibilities. Such a shift further stretches constrained resources and the ailing National Animal Health Laboratory Strategy is a perfect example. Whilst all parties agree that a national strategy is required, the strategy has stalled due to lack of support as stakeholders continue to maintain a parochial focus.

Despite ongoing pressures, there is now an important opportunity to re-energise Australia's historically successful cooperative approach to animal health and biosecurity. In October 2011, Animal Health Australia will facilitate the National Biosecurity Forum, which aims to begin a discussion on how best to strengthen the cooperative, nationally coordinated biosecurity framework. This will be an opportunity for government and industry members to assess and allocate their collective resources, and to start a genuine discussion about Australia's future biosecurity system function.

After 13 years at Animal Health Australia, this is my last Chairman's report. It has been a privilege to be part of the journey of the company and I thank everyone who has contributed to this journey in so many different ways. The concepts of collaboration and cooperation behind AHA are not unique, but the willingness of its members to put these concepts into action has ensured the success of the company. I hope the spirit of cooperation and the trust it develops continues into the future.



Roly Nieper AM

CHIEF EXECUTIVE OFFICER'S REPORT



Since its inception 15 years ago, Animal Health Australia (AHA) has maintained a relatively low public profile, generally focusing on the main pillars of the company's business – biosecurity, surveillance, disease control, livestock welfare, emergency preparedness and response. In driving these programs, we continue to rely heavily on the quality of our various partnerships to deliver worthwhile outcomes that are of benefit to our members. However one consequence of our low-key, unobtrusive presence has been some confusion regarding roles, in terms of AHA representation on a range of committees, task forces and working groups.

Across the spectrum of our stakeholder base, AHA is variously viewed as a quasi-government agency or conversely an industry-focussed organisation, depending on a particular perspective or requirements of a particular task. In fact, AHA is neither – and has never purported to represent or act as an advocate for a particular sector. In all situations, to the extent possible, we try to act for and articulate the collective interests of our members and hopefully, the wider Australian community.

In last year's report, I mentioned the need to re-assess the organisation's roles, responsibilities and relationships with the wide range of members and stakeholders across the livestock industries. The need for such a re-assessment has been accelerated by the further changes in our operating environment, especially the financial pressures that continue to overshadow all sectors of agriculture, regardless of the generally healthy state of the national economy. A pivotal achievement in the company's strategic realignment was the successful negotiation of a five-year AHA Strategic Plan for 2010–2015.

AHA is well aware of the need to deliver and demonstrate value for our members' investments, and to introduce improved reporting arrangements. While AHA members were prepared to support a modest increase in core-funding subscriptions for 2010/11, members also expressed some reservations about the transparency and timing of the company's decision-making processes. Accordingly, we have brought forward our reporting timetable, to better align with members' budgetary cycles and also allow more time for consideration of forward budgets. The progressive introduction of three-year rolling business plans for each program or project will provide additional accountability and openness for our members.

NATIONAL BIOSECURITY ARRANGEMENTS

While Australia has a relatively strong biosecurity system, experience and a number of independent reviews have shown that improvements are needed, particularly in the area of resourcing and coordination. There is increasing concern amongst industries, governments and the public about the heightened risks and apparent deficiencies in our collective ability to meet national needs, including: market access (international and domestic), emergency preparedness and response capability, food safety and security, viability of agricultural industries, environmental amenity and a range of recreational activities.

These risks underscore the urgent need for a proactive, inclusive review of national biosecurity arrangements. In an effort to stimulate discussion and initiate development of a revitalised national biosecurity framework, AHA will convene a high-level workshop in the latter half of 2011. It is anticipated that such a framework should ultimately deliver:

- > effective protection of Australia's agricultural and aquatic industries, and contribution to the improvement of public health
- > a strengthened national biosecurity system that supports more reliable international and domestic market access
- > a cooperative, inclusive approach to decision-making with concomitant sharing of costs, recognising beneficiaries and 'risk creators' where appropriate.

Under this framework, there needs to be a clear definition of national biosecurity strategies, roles and responsibilities, governance and funding arrangements to meet Australia's future biosecurity needs. This project aims to address the two highest strategic priorities identified in the AHA Strategic Plan.

MANAGING STRATEGIC LINKAGES AND RELATIONSHIPS

The development of an overarching, renewed national biosecurity framework will require effective networking across a complex web of government and industry stakeholders. Within the animal biosecurity sphere alone, there are significant challenges in achieving effective engagement

and cooperation amongst livestock production chains, research and teaching institutions, professional associations, public health interests and sectors that use animals for recreational purposes. Within our limited capacity as a small organisation, AHA attempts to provide guidance and leadership by shaping and influencing animal health policy.

Through well-established and refined consultative mechanisms, government agencies are able to regularly interact and determine a position of consensus or otherwise. By contrast, industry organisations must depend on a combination of volunteer office bearers, supported to a variable extent by limited salaried staff who are often required to cover a broad portfolio of responsibilities in addition to animal health and welfare. There is an urgent need to support and strengthen the technical and administrative resources available to industry bodies, to enable them to more effectively represent their constituencies.

PREPARING FOR EMERGENCIES

The 'peacetime' management and enhancement of Australia's emergency preparedness and response arrangements is a major commitment for AHA, as reflected in the allocation of significant resources to the management and enhancement of the Emergency Animal Disease Response Agreement (EADRA) and the supporting emergency contingency plans, AUSVETPLAN. EAD training also continues to be a crucial business commitment for the company.

While both the EADRA and AUSVETPLAN are generally regarded as international benchmarks for the management of emergency animal diseases, it cannot be assumed that Australia's contingency defences are impregnable. A continuous process of assessment and review generates improvements that are progressively incorporated in both documents.

After a prolonged consideration of recent technological developments in the use of foot and mouth disease (FMD) vaccine, together with field experiences in several countries where FMD is endemic, AHA convened a workshop to progress the application of this knowledge to the Australian situation. As a consequence, it is likely that significant amendments to the AUSVETPLAN FMD manual will be agreed in the near future.

SURVEILLANCE AND LABORATORY STRATEGIES

Implementation of the national surveillance strategy has now evolved into a national General Surveillance Plan, overseen by Animal Health Committee in consultation with industry members. In light of this plan, AHA has been considering potential improvements to our current portfolio of surveillance programs.

The animal health laboratory community has continued to collaborate effectively at a number of levels. On the basis of various reports commissioned over the past decade, in addition to information provided through the Subcommittee on Animal Health Laboratory Standards and the Senior Laboratory Managers' Group, AHA prepared a discussion paper proposing a national approach to the ongoing provision of laboratory services to Australia's livestock industries and governments.

The Australian Animal Pathology Standards Program (AAPSP), established in 2004, continues to flourish as an essential service, contributing to the high level of expertise of veterinary pathologists. The AAPSP provides specialist training support, a proficiency testing program, continuing education in veterinary diagnostic pathology, and a national online archive of diseases in Australian animals.

LIVESTOCK WELFARE

Animal welfare is a significant, sensitive topic for the Australian community, with a wide range of personal values and attitudes creating inevitable debate and tensions. Many of the specific welfare issues of concern relate to the livestock industries and also the use of animals for sport and recreation.

While AHA has a relatively well-defined, limited role in managing the development of national welfare standards and guidelines for the livestock industries, this process is often affected by the broader community debate. The welfare standards are designed to provide an objective, science-based set of benchmarks which can be embedded in legislation. However there are areas where the science has to be tempered by the realities of imperfect knowledge and community values.

During the past 12 months, the development of the cattle and sheep standards and guidelines has been interrupted due to an unfortunate breakdown in communication and consultation processes. A well-attended government-industry workshop in

March 2011 reached consensus on a way forward, with a greater level of commitment agreed by all parties. Good progress was also made in finalising a time-off-feed standard for dairy calves and clarification of the use of electric prodders in pigs – two issues that have delayed implementation of the Land Transport Welfare Standards.

ENDEMIC DISEASES

In recent years there has been a significant shift in approaches taken by, and therefore the resources available to, states and territories towards the control and management of endemic livestock diseases. Despite this, there is regulatory support by governments to assist industry manage a number of endemic diseases. The national management of Johne's disease (JD) in cattle and sheep has once again been a major focus of activity for AHA. With the programs for both species coming to, or approaching, the end of their agreed management plans, AHA has worked with industry and government stakeholders to review and reposition the national management of the disease for the future.

Both national JD programs are funded almost entirely by the respective industries. With both programs, communication and utilisation of current and improved management tools for both producers and the industry as a whole have been difficult to perfect. Feedback to producers has been an extremely important tool, particularly for OJD. Abattoir monitoring has been key and, despite some difficulties due to changes in the management of meat inspection in abattoirs, AHA has managed to work with the peak councils and individual abattoirs to keep the information flowing to producers and to the jurisdictions while also increasing the value of this information to producers by adding other endemic diseases to the feedback. This has been highly valued by producers.

HORSE OWNERS AND THE EADRA

Following the 2007 equine influenza outbreak, when the Australian Government met the horse industry's share of the response costs, Primary Industries Ministers from the Commonwealth and states/territories decreed that they would not support a nationally cost-shared response to any future exotic horse disease until there was a firm commitment to a cost sharing agreement. Ministers set 1 December 2010 as the deadline for the Australian horse-owning community to reach agreement on a mechanism to allow it to meet its share of response costs.

AHA played a leading role in bringing together the numerous, disparate horse-owning groups to reach agreement on signing the Emergency Animal Disease Response Agreement and an acceptable cost recovery (levy) mechanism. This notable achievement was marked by a formal signing ceremony at Parliament House, Canberra, on 3 March 2011. It is expected that the enabling legislation for zero-based levies on manufactured feed and worm treatments will be submitted to Parliament during the 2011 sittings.

ANIMAL HEALTH PERFORMANCE STANDARDS

While the animal health performance standards have been generally accepted as an important element in our national biosecurity arrangements, demonstrating that signatories to the EADRA are meeting their obligations, there has been a disappointing lack of stakeholder engagement in the project. Despite successive efforts to simplify and streamline assessment processes, it appears that other priorities have taken precedence. Accordingly, it will be necessary for the company to work with members to agree on a performance assessment and reporting process and to carefully consider the appropriate allocation of resources in this area.

AHA'S PEOPLE

During the past 12 months, the AHA community has worked together harmoniously in the interests of the national animal health system. The AHA Board has played an important, central role in shaping the strategic direction of the company and its major programs. The leadership of our Chairman, Roly Nieper, has been a pivotal factor in enabling us to achieve useful outcomes and meet members' expectations. Following Roly's decision to relinquish the Chairman's position in November 2011, we are planning to recognise and celebrate his outstanding contribution to the company over the past 13 years.

Once again, I have relied heavily on the hard-working AHA staff who, individually and collectively, have chalked up an impressive range of achievements across the suite of AHA programs and projects. It is a pleasure to acknowledge their sterling efforts.



Mike Bond

ANIMAL HEALTH MANAGEMENT

The Australian animal health system is complex and requires careful management of a number of risks. Governments and industries agree that sustaining and improving Australia's animal health status, market access, biosecurity, food safety and quality, animal welfare, livestock productivity, biodiversity and wildlife health, as well as contributing to public health, must guide the strategic priorities for all contributors to animal health management in Australia.

There are five key national and international sources of risk that have an impact on maintaining and improving Australia's animal health status. These influence the complex business environment in which AHA operates.

TRADE AND ECONOMIC

The consequences of the global financial crisis, national and international disasters and other uncertainties are all having a serious impact on many of Australia's livestock industries. Establishing new and retaining current national and international markets is still difficult. Many trading partners are struggling to recover their economic stability and prosperity, and are also fighting to improve their terms of trade or even to become more self sufficient with respect to food supply. The rapidity with which terms of trade can change and be influenced by currency fluctuations is apparent to all those who observe the regular market reports.

Large shifts in international demand for our livestock products can have significant impacts on domestic markets and profitability for processors. Our livestock producers need to compete and survive in this variable environment. AHA's contributions in animal health and biosecurity initiatives must support this. Recovery from the difficult global trading environment has been uneven across industries. Although wool prices have improved during the year our dairy industries have suffered significant trade difficulties with no immediate relief in sight. The sheep meat industry is well positioned to take advantage of healthy terms of trade but is still limited by a historically low flock size and disadvantageous currency fluctuations. The protectionist policies of some of our potential trading partners are having an impact on developing new markets. Australia's own trade policies are increasingly likely to be challenged and will require credible animal health data to be sustained. Bright spots on the trade and economic horizon are the strong performance of our newer markets in Asia and the Indian subcontinent.

ANIMAL DISEASE

The continuing increase in global trade and international movement of people remains a significant threat to Australia's animal disease status. The resources available to some of our near neighbours to manage their livestock disease issues are increasingly constrained, raising the risk of exotic diseases entering Australia. Together with global environmental issues, for example climate change and the consequent changes in the distribution of vector borne diseases such as bluetongue, there is a heightened probability of the occurrence of emerging and exotic animal diseases in Australia. Our animal health system has been less challenged during the past year compared to previous years with respect to exotic or emerging diseases. However,

Hendra virus infection in horses across two states, affecting a larger number of properties than previously, appeared to strain response resources.

Our joint efforts to build and maintain early detection systems and a robust national response capacity and capability will need to continue. As producers build up their herds and flocks following the prolonged drought there is an increased need to implement best practice health management.

The potential impact of endemic diseases on 'proof of freedom' requirements for market access, financial viability and animal welfare has required increased vigilance and higher accountability from livestock producers. This trend is likely to continue. Information from general as well as targeted surveillance will increasingly be needed to demonstrate 'proof of absence' rather than 'absence of proof' to our trading partners.

ORGANISATION AND MANAGEMENT

Adequate resourcing of our animal health system continues to be a challenge. Government-industry and government-government partnerships will assume greater importance as the basis for improving animal health and biosecurity management in Australia, particularly given the decline in real terms of funding to the national animal health system over the last decade and the continuing reduction in some industries' levy streams as a result of natural disasters and reduced real commodity prices. The commitment of livestock producers to animal health and biosecurity is constantly challenged by the increasing cost of on-farm inputs and competing priorities. Similarly, governments must contend with competing priorities in the allocation of limited funds. Collaborative arrangements offer some solution by providing cost efficiencies but there is a real need to demonstrate tangible benefits of investing in livestock health by producers, processors and governments. National leadership, as well as efficient management systems and organisation, will become increasingly important. The linkages between animal, plant, human and environmental health are becoming increasingly apparent, and are therefore being analysed in more detail. It is important that policies to manage the biosecurity risks across the various sectors are coordinated. The international drive for a 'one health' approach is gathering momentum and provides both challenges and opportunities for the animal biosecurity sector.

POLITICAL

The dispersed accountability for animal health within Australia is

a major driver of the need for coordinated and cohesive national animal health programs. Inconsistent animal health requirements across jurisdictional borders and between industry sectors will inevitably affect international and domestic trade and should be minimised.

The 2008 Quarantine and Biosecurity Review reiterated the concept of a 'biosecurity continuum' with a need for all those who benefit and influence to contribute to biosecurity management and implementation. The completion of a new Inter-Governmental Agreement on Biosecurity between the Commonwealth and state/territory governments, the overhaul of quarantine legislation, an organisational restructuring of relevant Australian Government agencies, and reorganisation within the primary industry portfolios of the state and territory governments, continue to influence the delivery of services nationally in the short and medium term. In addition, the development of the Australian Government's climate change, water allocation and environmental management policies and processes will have far-reaching consequences for agricultural enterprises, particularly livestock production. The concept of food security is one which governments accept but is also one that competes with other government and political priorities.

Animal welfare is another issue that commands the political stage. Biosecurity and animal welfare are inextricably linked in many animal production and processing systems. Governments' responsibilities to the general community and to the livestock production communities can easily be in conflict, often to the detriment of the livestock industries. Good biosecurity and welfare practice, and documenting their implementation, are key to reducing the risks of this conflict.

TECHNOLOGICAL

Modern information and communications technologies have provided improved access for our livestock producers to up-to-date information to support their enterprises. They have also created increased expectations of trading partners for accurate and detailed disease information. The development and availability of improved diagnostic technologies such as molecular biology and rapid (pen-side) diagnostic testing provides both challenges and advantages to our livestock industries. Sophisticated, cost effective diagnostic and preventative technologies are vital to improving productivity. These are incorporated into our national animal health policies and processes as they become available.

Technological improvements have considerably enhanced livestock traceability, one of the important tools available to manage biosecurity. Despite the technological possibilities, uptake will depend on the practicalities of its application within various industry sectors.

2010/11

HIGHLIGHTS



Photo: ABC Rural

HORSE INDUSTRY SIGNS THE EADRA

On Thursday, 3 March 2011, at Parliament House, representatives of four national organisations (Australian Racing Board, Harness Racing Australia, Australian Horse Industry Council and Equestrian Australia) signed the Emergency Animal Disease Response Agreement (EADRA) on behalf of the Australian horse-owning community.

This was a significant achievement, after considerable effort from many organisations and individuals over a long time, particularly the past 18 months. The agreement will provide the various sectors of the horse industry with a similar level of protection as enjoyed by other major livestock industries in the event of a disease emergency.



ANIMAL HEALTH AUSTRALIA RALPH HOOD AWARD

Mr Ralph Hood was Chief Executive of Animal Health Australia (AHA) from 2003 to 2007. During his tenure, and throughout his career, Ralph made a valuable contribution to Australia's livestock industries, through his constructive leadership and unobtrusive advocacy.

The Animal Health Australia Ralph Hood Award was established in 2011 to honour the memory of Ralph, who passed away in February 2010. In recognition of Ralph's contribution, the award is designed to encourage and support a commitment to Australia's national animal health system.

The inaugural recipient will be announced at the 2011 Annual General Meeting.



Photo: Ruby Makinson

FMD RESPONSE POLICY REVIEW JOINT GOVERNMENT-INDUSTRY PEAK BODY ROUND TABLE CONSULTATION

AHA convened a high level joint government-industry peak body round table consultation meeting on 11 April 2011 in Melbourne to recommend policy framework options for revision of the FMD AUSVETPLAN Disease Strategy.



Dr Eva-Maria Bernoth and Dr Mike Bond with the Indonesian delegation

INDOVETPLAN STUDY TOUR VISITS AHA

As part of a study tour for Indonesian veterinarians and senior animal health policy makers, seven officials visited AHA in October 2010, accompanied by the coordinator, Dr Helen Scott-Orr.

The tour included two senior Ministry of Agriculture staff, who were particularly interested in the overall policy, legal and cost sharing arrangements for emergency animal disease response and management.



1ST INTERNATIONAL ONE HEALTH CONGRESS

Animal Health Australia sponsored the 1st International One Health Congress, which hosted approximately 700 national and international delegates in February 2011.

The concept of 'one health' has been around for a number of years and has been given prominence in a number of international forums such as The World Organisation for Animal Health (OIE), the World Health Organisation (WHO) and the United Nations Food and Agriculture Organisation (FAO).



Biosecurity Farmer of the Year – livestock category winner Michael Blake.

BIOSECURITY FARMER OF THE YEAR AWARD

The Farm Biosecurity program, jointly managed by AHA and Plant Health Australia, sponsored the Biosecurity Farmer of the Year Award in 2010 to promote on-farm biosecurity uptake.

The Biosecurity Farmer of the Year is someone who has demonstrated initiative and motivation to address the potential risks to their business and livelihood from diseases, pests and weeds.

Winners of the inaugural award were Michael Blake (livestock category) and Lachlan Dobson (plant category). Both were deserving winners and have been excellent biosecurity champions for the Farm Biosecurity program.

BOVINE TUBERCULOSIS DECLARED AN EMERGENCY DISEASE FOR AUSTRALIA

In October 2010, parties to the EADRA formally agreed to unconditionally list bovine tuberculosis as a Category 4 disease in the EADRA.

This brings to fruition the long process of eradicating this disease from Australia – commencing in 1970 with the Brucellosis and Tuberculosis Eradication Campaign, followed in 1998 by a Tuberculosis Freedom Assurance Program, and completed by the Australian Bovine Tuberculosis Surveillance Project which succeeded the freedom assurance program in 2007 and ended in December 2010.

To reflect this important change, Animal Health Australia published an amended version of the Deed. Australia now officially recognises bovine tuberculosis as an exotic disease.

AHA acknowledges the outstanding efforts of many individuals, organisations and government agencies over four decades, in eradicating bovine tuberculosis from Australia. This magnificent achievement is recognised as one of the most successful large-scale disease eradication campaigns ever undertaken.

THE JOURNEY...

BTEC (1970–1997)

Australia's national Brucellosis and Tuberculosis Eradication Campaign (BTEC) ran for 27 years from 1970 to 1997, achieving

freedom from bovine TB by OIE standards on 31 December 1997. By any standard, this was a remarkable achievement, involving the active participation of hundreds of cattle producers, supported by a wide range of government and private veterinarians, stock inspectors, laboratory personnel, researchers, commercial firms and other stakeholders in the Australian cattle industry.

Some producers, who were unable to meet BTEC requirements and remain viable despite the assistance measures, were forced to leave the industry. For many others, the eventual outcome was more efficient and profitable enterprises based on improved management and disease control, and better stock. Most importantly, the campaign eliminated a major threat to Australia's beef and dairy exports, providing a significant competitive advantage in international markets.

The campaign's success was due to strong industry support, the commitment of all governments – Commonwealth, state and territory – to eradication, and the collaborative approach agreed by all participants. This high level of understanding and trust between government and industry formed the foundations on which AHA was established in 1996.



Photo: Katie Austin



TFAP (1998–2002)

The Tuberculosis Freedom Assurance Program (TFAP) was a five-year surveillance program to ensure that any resurgence of tuberculosis in Australian cattle was promptly and effectively eliminated.

Surveillance was undertaken through the National Granuloma Submission Program involving the Australian Quarantine and Inspection Service (AQIS) and Australian state and Northern Territory governments. Parties worked together to maximise the number of granulomatous lesions detected in cattle at slaughter and examined in a laboratory. In addition, the program aimed to lessen the impact of bovine TB on any owners of infected cattle and the broader community, and encouraged the removal of cattle considered at high risk of TB infection from the Australian cattle herd.

A mid-term review of TFAP was held in late 2000 and considered the need for a further period of surveillance for TB after the conclusion of TFAP in December 2002. The review team recommended that a further four-year program, TFAP 2, be established to commence in January 2003.

TFAP 2 (2003–2006)

The Tuberculosis Freedom Assurance Program 2 (TFAP2) was a four-year surveillance program (2003–2006) that was essentially a continuation of the highly successful TFAP.

TFAP 2 provided the framework for continued surveillance and a response to any bovine TB cases. The program included abattoir and field surveillance activities and some parts reverted to less rigid program structures in preparation for a transition to a general disease surveillance program by end of 2006.

ABTBSP (2007–2010)

The Australian Bovine Tuberculosis Surveillance Program (ABTBSP) provided the framework for a nationally integrated approach to surveillance for bovine tuberculosis. It followed the completion of TFAP 2 and concluded with the inclusion of bovine TB in the Emergency Animal Disease Response Agreement (EADRA) in 2010.

Cases of bovine TB were last detected in cattle in December 2000 and in buffalo in January 2002, during TFAP Part 1. No cases of bovine TB were detected in Australian livestock during TFAP 2.

Australia continues to conduct surveillance for bovine TB to maintain international recognition of freedom. Meat inspection for granulomas, and reporting of this activity in the National Animal Health Information System, will continue unchanged as part of the National Animal Health Information System (NAHIS), managed by AHA.



COMPANY MANAGEMENT

THE COMPANY

Animal Health Australia is uniquely placed to facilitate the continuous improvement of Australia's animal health system to meet emerging challenges through partnerships with industry and governments. The company performs an important role in bringing service providers and beneficiaries together to ensure the interests of all stakeholders are considered in strategy, policy and program development.

Special relationships are maintained with all members as well as the nation's chief animal health technical advisory group – Animal Health Committee, various specific purpose committees related to the Primary Industries Steering Committee, AHA's Livestock Industry Forum, and relevant research and development and marketing organisations.

CORPORATE GOVERNANCE

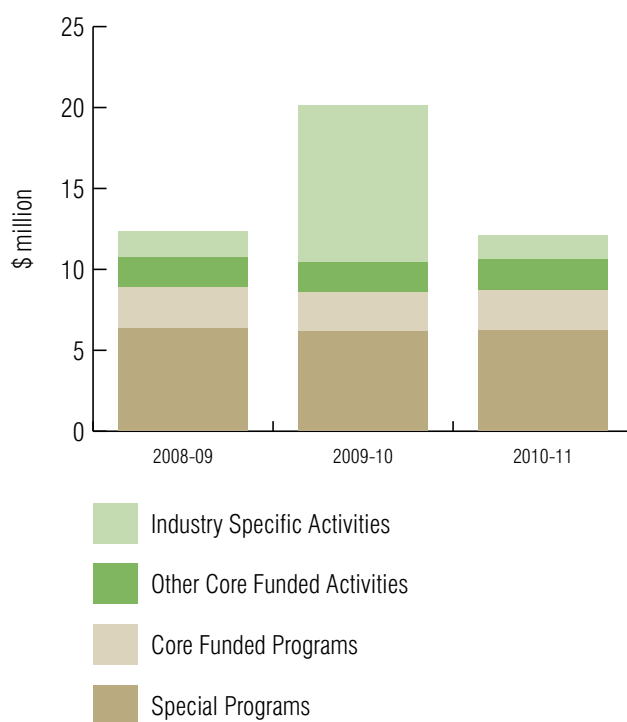
AHA operates in accordance with Corporations Law and applies rigorous principles of corporate governance. A Directors' Handbook is maintained and used by the board to ensure the duties, accountabilities, policies and controls for the running of the company adhere to existing legislation and are consistent with best practice governance principles.

FINANCIAL REPORTING

Periodic reporting is provided to members on the current status of expenditure on all programs and projects, as well as a full accounting of available Industry Reserves and unexpended funding.

FINANCIAL OVERVIEW

Comparative Expenditure



OUR MEMBERS

AUSTRALIAN GOVERNMENT

Department of Agriculture, Fisheries and Forestry

STATES AND TERRITORIES

The State of New South Wales

The State of Queensland

The State of South Australia

The State of Tasmania

The State of Victoria

The State of Western Australia

The Australian Capital Territory

The Northern Territory

INDUSTRY

Australian Alpaca Association Ltd.

Australian Chicken Meat Federation Inc.

Australian Dairy Farmers Ltd.

Australian Duck Meat Association Inc.

Australian Egg Corporation Ltd.

Australian Honey Bee Industry Council

Australian Horse Industry Council

Australian Lot Feeders' Association Inc.

Australian Pork Ltd.

Australian Racing Board

Cattle Council of Australia Inc.

Equestrian Australia Ltd.

Goat Industry Council of Australia Inc.

Harness Racing Australia

Sheepmeat Council of Australia Inc.

WoolProducers Australia

SERVICE PROVIDERS

Australian Veterinary Association Ltd.

Commonwealth Scientific and Industrial Research Organisation

Council of Veterinary Deans of Australia and New Zealand

ASSOCIATE MEMBERS

LiveCorp

Dairy Australia Ltd.

National Aquaculture Council Inc.



Photo: D L Stapleton

02

OUR PEOPLE



Photo: Kylie Whatley

BOARD and STAFF

The Animal Health Australia board is comprised of seven non-executive, part time directors, selected on the basis of a balance of complementary skills and appointed by members.

Directors have combined expertise in, and experience of:

- > major export markets for livestock and their products
- > industry processing and marketing
- > extensive and intensive livestock production
- > industry organisational arrangements
- > government networks, legislation and policy development processes
- > animal health services and their delivery
- > agricultural and medical biotechnology
- > quality systems in animal health
- > strategic, economic and financial management skills.

During the year, directors of the company were:

Dr Roly Nieper AM, Chairman
Mr David Campbell*
Ms Laura Fell*
Mr Rod Gobbey
Dr Martyn Jeggo
Mr Peter Milne
Dr Helen Scott-Orr PSM*
Ms Sharon Starick*
Associate Professor Andrew Vizard

**David Campbell & Laura Fell were replaced by Helen Scott-Orr & Sharon Starick at the Annual General Meeting on 24 November 2010.*



Back L-R: Roly Nieper, Andrew Vizard
Front: Rod Gobbey, Martyn Jeggo, Sharon Starick, Helen Scott-Orr, Peter Milne

The AHA Board of Directors at 30 June 2011



AHA staff at 30 June 2011

STAFF

The success of Animal Health Australia depends largely on its ability to recruit and retain high quality people and engage them in developing, implementing and managing activities to achieve agreed outcomes. Effective and efficient management of human resources involves working with the people employed by our member organisations and, as necessary, seconding and contracting specific technical expertise.

The team at AHA combines skills in animal health and welfare, business, financial and program management, policy development, planning, negotiation, accounting, communication, information technology and administration.

Standing L-R: Lorna Citer, Chris Wood, Thea McNaught-Reynolds, Elinor Soames, Ian Langstaff, Kim Percy, Mike Bond, Melissa Turner, Kevin de Witte, Eva-Maria Bernoth, Stephen Taylor, Duncan Rowland, Kelly Wall, Peter Dagg, Bev Brister

Sitting L-R: Judith Nettleingham, Ian Denney, Kathy Gibson, Mike Willoughby, Emma Rooke.

Absent: Martin Blaszczyk

STAFF – 30 JUNE 2011

| Name | Position |
|---------------------------|--|
| Dr Mike Bond | Chief Executive Officer |
| Dr Ian Denney | Deputy Chief Executive Officer |
| Dr Eva-Maria Bernoth | Manager Emergency Preparedness and Response |
| Mr Martin Blaszczyk | Biosecurity Communications Coordinator |
| Ms Bev Brister | Finance Officer |
| Dr Lorna Citer | Manager Endemic Diseases |
| Dr Peter Dagg | Manager AUSVETPLAN |
| Dr Kevin de Witte | Manager Livestock Welfare and Special Projects |
| Dr Kathy Gibson | Manager Training Services |
| Dr Ian Langstaff | Manager Disease Surveillance |
| Ms Thea McNaught-Reynolds | Manager Communications |
| Ms Judith Nettleingham | Coordinator Learning and Development |
| Ms Kim Percy | Executive Assistant |
| Dr Emma Rooke | Executive Officer |
| Mr Duncan Rowland | Manager Biosecurity Planning and Implementation |
| Ms Elinor Soames | Coordinator Laboratory Strategy |
| Mr Stephen Taylor | Information Technology Officer |
| Ms Melissa Turner | Administrative Support Officer |
| Ms Kelly Wall | Project Officer |
| Mr Mike Willoughby | Manager Corporate Services and Company Secretary |
| Mr Chris Wood | Management Accountant |

STAFF ACTIVITY

In 2010, Animal Health Australia farewelled two highly respected members of the team...

Jenny Arkle

was well known to all AHA members as a dedicated enthusiast for the improvement of governments' and industries' preparedness to combat and recover from an emergency animal disease by being better trained for their respective roles. As well as her enthusiasm, Jenny brought a great level of experience and skill in working with members to resolve problems and understand complex legal and administrative difficulties. Her work to ensure that the lessons learnt as a result of the equine influenza incident in 2007 is worthy of particular mention. Her efforts here certainly left us all in better shape to manage any future emergency animal disease incident. Her contributions to emergency animal disease preparedness benefited us all.



David Wilson

was welcomed to AHA in 2006 to make up some lost momentum in the reviewing and drafting of AUSVETPLAN manuals. David combined his comprehensive technical knowledge of livestock diseases with his undoubted negotiation and policy development skills to ensure that a number of high priority manuals were fully revised and approved.

It is well recognised that science and policy changes constantly and the need for technical updating of the manuals continues; David's valuable contribution has left us all much better equipped. David also applied his comprehensive international experience and skill to attempt to achieve a national approach to performance standards. Although more work still needs to be done with the standards we are indeed appreciative of his efforts in this area.



AHA AT 79TH OIE GENERAL SESSION, PARIS

The CEO, Dr Mike Bond, was invited to join the Australian delegation to the 79th General Session of the World Organisation for Animal Health (OIE). This forum considers proposed changes to the international standards for animal health and welfare that provide the basis for trade in livestock and livestock products. It is important that Australia continues to influence OIE's deliberations, building on our strong performance and credibility.

That international influence is particularly effective through Australia's contribution to the regular 'Quadrilateral' meetings between New Zealand, the United States, Canada and Australia (often with the participation of the United Kingdom and Ireland). On the periphery of the OIE meeting, the 'Quads' countries also conferred and Dr Bond attended this meeting. A major item for discussion was the revision of FMD control strategies in light of recent technological developments.

The OIE presently has 178 member countries, 153 of which were represented at the General Session by more than 600 delegates.



AHA EXPERTISE SUPPORTS INDONESIA'S BIOSECURITY

In July 2010, Duncan Rowland, Manager Biosecurity Planning and Implementation, attended several workshops in Indonesia to explain how Australia's animal health system works. He was invited by the US Department of Agriculture (USDA) and the Food and Agriculture Organization of the United Nations (FAO).

At a workshop to develop a National Poultry Quality Improvement Plan he explained poultry industry biosecurity in Australia, alongside representatives from the US and India who spoke about the situation in their countries. Duncan also spoke at the *Indo Livestock Expo* which was attended by more than 10,000 people.



Photo: Anne Van Alkemade

03

REVIEW OF OPERATIONS



PROGRAM MANAGEMENT

SUBSCRIPTION FUNDED PROGRAMS

National animal health related projects that have a collective benefit for members are funded from members' subscriptions and managed within one of the company's core programs:

- > Animal Disease Surveillance
- > Emergency Animal Disease Preparedness
- > Livestock Health
- > Biosecurity
- > Livestock Welfare
- > Training
- > Communication
- > Corporate Activities

The majority of the financial support for these projects is shared equally among three member groups; the Australian Government, state and territory governments, and livestock industries.

Shares of individual members within the latter two groups are calculated using a formula based on the gross value of production of the industry or jurisdiction. A three year rolling average of the gross value of production is used to reduce fluctuations resulting from the performance of individual livestock industries.

SPECIAL PROGRAMS

Programs of particular relevance to a limited number of members are funded directly by those who benefit and are referred to as 'special programs'.

During 2010/11 the company managed the following special programs:

- > National Arbovirus Monitoring Program
- > National Sentinel Hive Program
- > Bovine TB Surveillance

- > FMD Risk Management
- > FMD Vaccine management
- > Anthrax Vaccine management
- > Johne's Disease
- > Livestock Production Diseases
- > Transmissible Spongiform Encephalopathies Freedom Assurance Program
- > Newcastle Disease Management Plan
- > Screw Worm Fly Freedom Assurance Program
- > Livestock Welfare Standards Development – Cattle
- > Livestock Welfare Standards Development – Sheep
- > Land Transport Standards
- > Livestock Welfare Standards Development – Goats
- > AAVet Training
- > EAD Response and Preparedness Capability Enhancement Program
- > Cattle Disease Contingency Fund
- > Honey Bee Disease Contingency Fund
- > Sheep Industry Health and Welfare Trust.

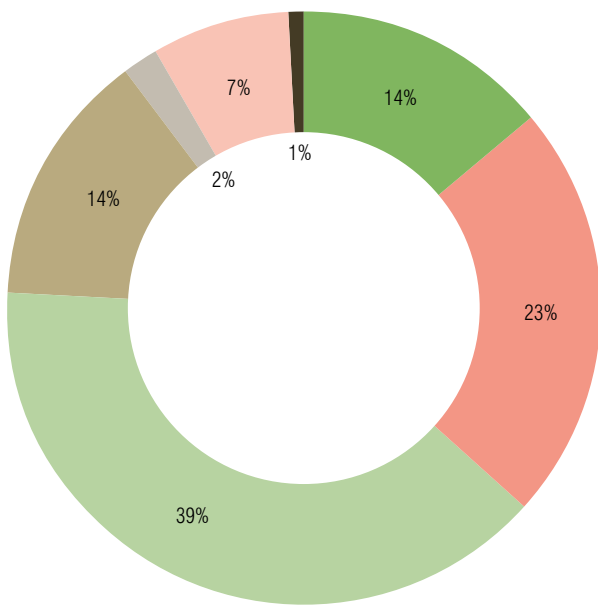
Agreement of funding contributions for special programs occurs on a project by project basis, having regard to the beneficiary-pays principle and the capacity of stakeholders to contribute funding. Non-members of AHA contribute to the funding of some special programs when they are identified as beneficiaries.

CONSULTATIVE PROCESSES

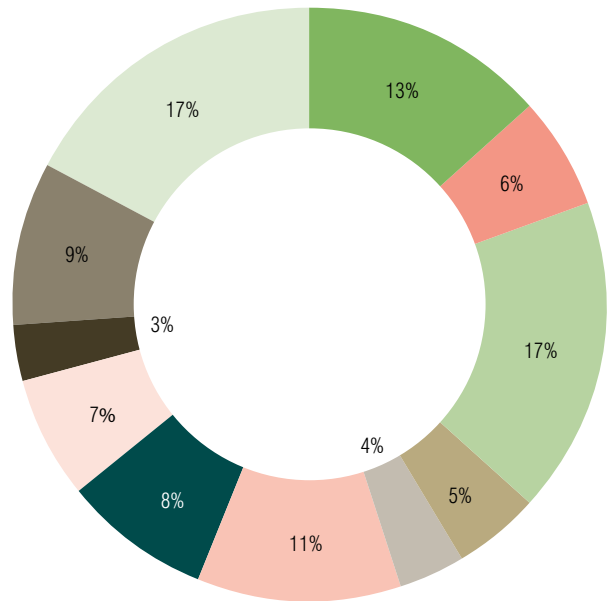
AHA has established a number of consultative bodies comprising member representatives. The Members' Forum meets twice a year to consult with the company on issues relating to both the national animal health system and the company's role in addressing those issues, to provide advice on company priorities and issues of importance to members and also to provide feedback on AHA managed programs.

At the program level, specific committees are established to assist program managers in the operation of particular projects. For example, the AUSVETPLAN Technical Review Group has been established to support the development, drafting and refinement of AUSVETPLAN manuals. Many special funded projects have specific management committees, with representatives from the respective beneficiary organisations, to assist program managers to set objectives and monitor progress against those objectives.

Special Funded Expenditure



Core Funded Expenditure



ANIMAL DISEASE SURVEILLANCE

Australia's reputation as a 'clean, green' supplier of animals and animal products relies on our ability to provide trading partners with credible and justifiable surveillance information. General surveillance also has a key role in the early detection of emergency and emerging diseases. The growing requirements for surveillance information to maintain market access and support emergency disease preparedness underline the need for national coordination of surveillance activities.

SURVEILLANCE REFERENCE GROUP

PURPOSE

- > To maintain and manage a Reference Group with the following terms of reference:
 - > ensure that the National Animal Health Surveillance Strategy objectives are met
 - > ensure that AHA's animal disease surveillance programs are compatible with the strategy.

ACHIEVEMENTS

Recommendations made by the Reference Group in 2009/10 prompted work by Animal Health Committee (AHC) on the development of a national general surveillance plan and the formation of a supporting working group for an epidemiological approach to general surveillance.

The purpose of AHA's Surveillance Reference Group program has changed over 2010/11 to supporting AHC and the livestock industries in the development and implementation of national surveillance policy. Good progress was made on the development of a practical risk-based model for prioritising general surveillance effort and a practical model for designing and evaluating general surveillance options.

OUTLOOK

AHC has committed to consulting AHA's industry members throughout the process of developing a national general surveillance plan and AHA intends to facilitate negotiation of potential improvements to the current AHA portfolio of surveillance programs arising from the final surveillance plan.

With consideration to the leadership being taken by AHC in developing national surveillance policy, AHA considers that the reference group has exhausted its purpose and does not intend to reconvene a surveillance reference group in the foreseeable future.

NATIONAL SURVEILLANCE ENHANCEMENT

PURPOSE

- > To enhance the national surveillance system by providing effective input into national surveillance-related activities, including research.
- > To maintain national animal health data standards.

ACHIEVEMENTS

A web page on the AHA site was launched in 2010/11 to promote and host the database of national animal health data standards. AHA is represented on the management committee of the Australian Wildlife Health Network (AWHN) and is working to enhance national systems for the investigation and reporting of wildlife disease events. AHA is collaborating with the AWHN to promote wildlife disease event investigations through the National Significant Disease Investigations Program.

Support has been provided to several ad hoc working groups on surveillance including the Australian Centre of Excellence for Risk Analysis (ACERA) on accessibility to post-border surveillance techniques.

OUTLOOK

AHA will continue to promote national surveillance interests through participation in surveillance related activities and organisations.

NATIONAL SIGNIFICANT DISEASE INVESTIGATIONS (NSDI)

PURPOSE

- > To increase Australia's capacity for the early detection of emerging and emergency animal diseases.

ACHIEVEMENTS

The program is now being promoted and implemented across all jurisdictions and the demand from private veterinary practitioners is increasing. Preliminary feedback indicates that the program facilitated a greater involvement of private veterinary practitioners in investigations into the equine arbovirus outbreak of 2011.

OUTLOOK

Australia's general surveillance capacity will be strengthened by greater involvement of private veterinary practitioners (promoted through this program) and will increase Australia's capacity for the early detection of diseases that might affect trade, productivity, public health and biodiversity conservation.

Recognising the influence of this program within jurisdictions, its target outcomes are described as:

- > a strengthened general surveillance network characterised by more frequent contact and collaboration between private veterinary practitioners and government officers
- > an increase in the number of thorough livestock and wildlife disease investigations conducted by private veterinarians in each jurisdiction.

WILDLIFE EVENT INVESTIGATIONS TEAM (WEIT)

PURPOSE

- > To ensure that initial investigations of wildlife disease events of potential threat to biodiversity, livestock productivity or trade, or public health are adequately funded.

ACHIEVEMENTS

The WEIT program was not called upon during 2010/11 and AHA sought an alternative approach to promoting initial investigations of wildlife disease events through the Significant Disease Investigations Project. The program ended in June 2011 and its budget allocation has been redirected to the NSDI Project.

Note: eligible veterinary practitioners in the NSDI program are registered, non-government veterinarians who are engaged in clinical veterinary medicine, including all veterinary practitioners in university clinics, zoos and wildlife parks.

NATIONAL ANIMAL HEALTH INFORMATION SYSTEM (NAHIS)

PURPOSE

- > To provide timely and accurate summary information on Australia's animal health status and disease surveillance and control activities, to support trade in livestock and livestock commodities, and meet Australia's international reporting obligations.

ACHIEVEMENTS

An *Animal Health Surveillance Quarterly* (AHSQ) readership survey was completed in early 2011. Ninety-six per cent of respondents rated the usefulness and quality of the AHSQ report as either good or very good. The feedback was assessed by the NAHIS Coordination Committee and work is well underway to implement some enhancements to presentation and accessibility of the publication.

A joint SCAHLS-NAHIS pilot project commenced with the aim of maximising use of laboratory general surveillance data. Utilising the Australian Biosecurity Intelligence Network's (ABIN) Sample Tracking and Reporting System (STARS) software, the project will develop a system for collation and analysis of laboratory general surveillance data to provide better evidence of disease absence, assist the early detection of new and emerging diseases, describe general surveillance activity nationally and describe endemic disease trends.

OUTLOOK

The program will continue to maintain and refine NAHIS and its publications to meet stakeholder needs.

NATIONAL ARBOVIRUS MONITORING PROGRAM (NAMP)

PURPOSE

- > To monitor the distribution of economically important insect-borne viruses of livestock and their vectors.

ACHIEVEMENTS

The NAMP bluetongue zone map was kept up to date to satisfy the information needs of Biosecurity Australia, the Biosecurity Services Group within DAFF, livestock exporters and producers, and state and territory governments. Six-monthly and annual reports on arbovirus surveillance were published in AHSQ and the NAMP Report respectively; the NAMP Report was also reproduced in the *Animal Health in Australia 2010* report.

OUTLOOK

AHC conducted a review of NAMP in 2010 and subsequently referred its recommendations to the NAMP Management Group. Negotiations on the implementation of funding recommendations are ongoing.

NATIONAL SENTINEL HIVE PROGRAM (NSHP)

PURPOSE

- > To maintain post-border surveillance (in the vicinity of selected seaports) around Australia for exotic pests of honey bees.

ACHIEVEMENTS

Maintenance and inspection of sentinel hives and log traps at port locations continued across Australia and results were reported to the NAHIS and published in AHSQ.

OUTLOOK

The Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) contracted AHA to deliver a specified schedule of post-border surveillance for the early detection of exotic bee species and parasites from July 2009 to June 2011. This has now been completed.

BOVINE TB SURVEILLANCE PROJECT

PURPOSE

- > To collate, analyse and report TB surveillance activities undertaken in Australia by animal health agencies.
- > To initiate and inform a revision of TB categorisation under EADRA.

ACHIEVEMENTS

In 2010, a quantitative evaluation of bovine TB surveillance data was undertaken using a scenario tree methodology, which enabled the analysis of multiple sources of surveillance data collected over multiple years. The aim was to estimate the sensitivity of historical surveillance practices and hence quantify the level of certainty in Australia's freedom from bovine TB. The analysis provided a very high level of confidence (approaching 100%) that Australia is free of bovine TB and that if it were present it would have been detected. This work supported the categorisation of bovine TB as a Category 4 disease under the EADRA in late 2010.

A paper titled *An evaluation of Australian surveillance for freedom from bovine tuberculosis* (J Happold, E Sergeant, I Langstaff, and J Hutchison) has been submitted to the journal *Preventative Veterinary Medicine*.

OUTLOOK

No cases of TB were detected during the Bovine TB Surveillance Project and the project ended in 2010. As part of ongoing surveillance, any granuloma of uncertain aetiology, or suspected of being due to bovine TB, will continue to be submitted for laboratory examination. Summary surveillance data will continue to be reported online by NAHIS and in *AHSQ*, published by AHA.

EMERGENCY ANIMAL DISEASE (EAD) PREPAREDNESS

The Emergency Animal Disease Response Agreement (EADRA) provides the essential framework for decision making and consultation for all parties during an EAD response. Work continued on further improvements to the EADRA, including the publication of a second guidance document that will assist parties in applying the EADRA's provisions. On behalf of the Australian horse-owning community, representatives of four national organisations (Australian Racing Board, Harness Racing Australia, Australian Horse Industry Council and Equestrian Australia) signed the EADRA in March 2011, increasing the number of livestock Parties to fourteen.

There were no EAD events during the reporting period for which cost sharing under the EADRA needed to be invoked.

EMERGENCY ANIMAL DISEASE RESPONSE AGREEMENT (EADRA)

PURPOSE

- > To provide the contractual basis upon which Australia's governments and livestock industries have agreed to work collectively to reduce the risk of disease incursions, maintain appropriate response capabilities, manage EAD response, and share the cost of approved disease responses.

ACHIEVEMENTS

In October 2010, Parties to the EADRA agreed to unconditionally list bovine tuberculosis as a Category 4 disease in the EADRA. An account of the successful reclassification effort can be found on page 20.

Another highlight in 2010/11 was the signing of the EADRA by representatives of four national organisations (Australian Racing Board, Harness Racing Australia, Australian Horse Industry Council and Equestrian Australia) on behalf of the Australian horse-owning community. This was a significant achievement, after considerable effort from many organisations and individuals over a long time, particularly the 18 months leading up to the formal signing on 3 March 2011.

The inclusion of the horse industry in the EADRA provides the reassurance that the Commonwealth will provide immediate funding to enable rapid, decisive action to be taken for a future emergency disease outbreak that affects horses and is to be

managed under the EADRA. AHA updated the EADRA 'Questions and answers' document on its website accordingly.

To provide more clarity and detail on EADRA-specific issues, the development of guidance documents is sometimes a more practicable approach than modifications to the Deed itself. At the EADRA workshop in March 2011, Parties endorsed the 'Guidelines for Determining Whether an Unlisted Disease is an EAD under the EAD Response Agreement'. Primarily, these guidelines assist with the process to determine whether an unknown or as yet unlisted EAD is an EAD for the purpose of the Deed before determining an applicable EADRA category for the disease. Animal Health Australia published the guidelines on its website in May 2011.

The EADRA workshop in March 2011 endorsed a number of proposed modifications to the Deed (including the addition of the four national horse organisations). In June 2011, Animal Health Australia circulated a revised version of the Deed for Parties' formal endorsement (expected early in the 2011/12 fiscal year).

The EADRA requires that Parties determine the resource commitments considered to be a baseline (i.e. 'normal commitments') above which other costs are eligible to be shared during an emergency. At the March 2011 workshop, Parties were presented with a draft set of normal commitments by which state and territory governments, and industry parties could determine their baseline obligations. The workshop noted the draft normal commitments and agreed to provide comments for redrafting and endorsement out of session. In August 2011, the redrafted normal commitments will be circulated to Parties for endorsement.

In 2010, EADRA Parties agreed to a set of principles for animal welfare management in an EAD response and requested that the EADRA Welfare Compensation Group continue its work on the development of case studies that allow management of welfare issues to be tested in future disease control exercises. While initially delayed due to lack of resources for modelling, a solid start has now been made for case studies on foot and mouth disease in pigs and avian influenza in broiler poultry.

OUTLOOK

Together with the Parties, AHA will develop an EADRA rolling three year business plan, to come into effect in the 2012/13 fiscal year. This business plan will inform members on the EADRA as a project in more detail than the company Annual Operating Plan (to which it is linked) can do. It will also assist members in agreeing to the EADRA specific section (including the budget) as part of endorsement of the overall Annual Operating Plan ahead

of each upcoming fiscal year, and it will provide direction on the development and implementation of EADRA priority activities to those involved in project delivery.

A specific high-priority activity will be the second five-year review of the Deed. This review – overseen by a working group composed of representatives from government, livestock industries and Plant Health Australia – will take into account the status of implementation of recommendations accepted from the first five-year review in 2007 as well as other key issues raised by Parties. The review is to be completed in the 2012 calendar year.

Preliminary modelling results will be available for the EAD welfare case studies for FMD and AI, based on existing refined models for the two diseases (AusSpread and AISpread, respectively). Further work may be necessary to test variations based on different levels of risk-based movement requirements. The major outcomes may contribute to revisions of AUSVETPLAN manuals.

AUSVETPLAN

PURPOSE

- > To ensure effective and nationally consistent EAD response plans are in place through endorsed, up-to-date and accessible AUSVETPLAN manuals.

ACHIEVEMENTS

Updating prioritised AUSVETPLAN manuals (including the new risk-based matrix approach to movement controls)

During the 2010/11 financial year, Animal Health Australia, with the valuable assistance and input of the Technical Review Group (TRG), industry and government experts, AHC, and scientific editors, revised and published updated prioritised AUSVETPLAN manuals for:

- > **Equine influenza** – a major revision that incorporates updated information in response to the learnings from the 2007 Australian equine influenza outbreak, the latest scientific knowledge about this disease and control and eradication strategies (including vaccination), updated diagnostic criteria, and refinements to the recommended quarantine and movement controls.
- > **Rabies** – a major revision that incorporates relevant international guidelines and standards, the latest scientific knowledge about this disease (e.g. new lyssavirus genotypes, worldwide distribution, new maintenance and spillover hosts) and its control, updated diagnostic criteria and refinements to the control policy.

- > **Wild Animal Response Strategy** – a revision that includes updated scientific information on wild animal diseases, the inclusion of additional diseases (i.e. Australian bat lyssavirus and avian influenza), wild bird species ecology and biology, and enhanced operational guidelines.
- > **Newcastle disease** – a revision that includes new requirements on vaccination, updated laboratory tests, virus inactivation data and references to OIE standards.
- > **Avian influenza** – a revision to include an updated policy on vaccination.

Additionally, revisions have been made to the following AUSVETPLAN manuals, which are undergoing the formal development and approvals process prior to publication: African horse sickness, anthrax, avian influenza, bluetongue, bovine spongiform encephalopathy, Hendra virus, Japanese encephalitis, vesicular stomatitis, the major exotic pig diseases, operational procedures manuals, enterprise manuals (including a new one for the pig industry), and management manuals.

Enhanced useability (AUSVETPLAN Edition 4)

The initial stages of a consultancy to ensure the relevance, currency and improved useability and functionality of AUSVETPLAN manuals were completed in the 2010/11 financial year. This includes the development of a prototype *AUSVETPLAN Edition 4* for consideration by the TRG.

Foot-and-mouth disease response policy review

Significant progress was made on the foot-and-mouth disease (FMD) response policy review, which includes a full review of the FMD AUSVETPLAN *Disease Strategy* (including the chapters on milk handling, vaccination and movement controls).

AHA convened a high level joint government-industry meeting on 11 April 2011 to recommend policy framework options for revision of the FMD AUSVETPLAN *Disease Strategy*. The meeting agreed to a revised risk-based response policy framework for FMD that incorporates flexibility to deal with the particular circumstances and phases of an outbreak, and that aims to balance effective disease control with business continuity.

In accordance with the resolutions of the meeting, a draft revised FMD AUSVETPLAN *Disease Strategy* was developed with the assistance of the TRG and various expert writing groups.

OUTLOOK

Priorities for the 2011/12 financial year include:

- > making substantial progress on the FMD response policy review in collaboration with government and industry, in line with the outcomes agreed at the April 2011 round table meeting, with a view to submitting to primary industries ministers an initial draft revised FMD AUSVETPLAN *Disease Strategy* in 2012
- > development of a TRG-agreed process to prioritise work based on risk
- > finalisation of the AUSVETPLAN Business Plan and prioritised three-year rolling work plan to commence in 2012/13
- > continuing to revise and publish updated prioritised AUSVETPLAN manuals
- > development and implementation of the *AUSVETPLAN Edition 4*.

Business planning

Consistent with one of the strategic priorities identified in the company strategic plan, the first draft AUSVETPLAN Business Plan has been developed for the three-year period 2012/13 – 2014/15, which includes a rolling three-year work plan.

The purpose of this Business Plan is threefold:

- > to inform members on the AUSVETPLAN project in more detail than the company Annual Operating Plan (to which it is linked)
- > to assist members in agreeing to the AUSVETPLAN specific section as part of endorsement of the Annual Operating Plan ahead of each upcoming fiscal year
- > to provide direction on the development and implementation of AUSVETPLAN project priority activities to those involved in program delivery.

AUSVETPLAN operations and procedures

In order to improve AUSVETPLAN operations, procedures and general awareness, AHA will revise current and develop new AUSVETPLAN 'support' documents, including guidance, resource and internal reference documents. These documents will contain guidance information for technical experts and TRG members as well as technical and other useful information of interest to the wider AUSVETPLAN audience, either during an emergency animal disease situation or as training tools in preparation for an emergency animal disease event.

FOOT AND MOUTH DISEASE (FMD) RISK MANAGEMENT

PURPOSE

- > To complete a package of research activities to better prepare Australian livestock industries for an outbreak of FMD. Completing these activities will also enable Australia to optimise its joint industry/government investment in the FMD antigen bank. AHA has an overall management role.

ACHIEVEMENTS

In 2010/11 the project was established through the signing of two-year contracts between MLA, AHA and CSIRO, with agreement from relevant livestock industries. Agreement has been obtained that the Australian Government will match industry funds for this project through the MLA Donor Company. CSIRO has recruited scientific staff and commenced contract negotiations with international partners.

OUTLOOK

Pen and laboratory studies will commence in pigs and sheep in 2011/12. An Oversight Committee meeting and a desk top scientific review of the project will be held in late 2011. A proposal for a further three years of work will be developed. No live virus will be used in Australia.

FOOT AND MOUTH DISEASE (FMD) VACCINE MANAGEMENT

PURPOSE

- > To assure supply of FMD vaccines to Australia in the event of an FMD outbreak.

ACHIEVEMENTS

The project was managed in line with the project business plan and agreements with supporting agencies for cold chain logistics and vaccination equipment have been maintained. There were no requests for release of vaccine from the members' reserve.

OUTLOOK

Planned activities will continue in the 2011/12 financial year, including early consideration of options for the next possible contract period, from 2015.

ANTHRAX VACCINE

PURPOSE

- > To assure access to anthrax vaccine consistent with the risks facing Australia.

ACHIEVEMENTS

The project was managed in line with the project business plan. There were no requests for release of vaccine from the members' reserve.

OUTLOOK

Planned activities will continue in the 2011/12 financial year, including early consideration of options for the next possible contract period, commencing in mid 2013.

ANIMAL HEALTH SERVICES

The Animal Health Services program aims to support the national animal health system by providing specific tools and projects essential to meet the market access and early emergency disease detection and response capabilities.

NATIONAL ANIMAL HEALTH PERFORMANCE STANDARDS (NAHPS)

PURPOSE

- > To improve the performance of the national animal health system by:
 - providing a mechanism by which the member organisations of AHA can undertake a nationally consistent assessment of the threats facing them as components of the national animal health system, and of their capabilities to respond to those threats
 - indicating corrective strategies that may be applied.

ACHIEVEMENTS

In 2010/11 the project re-established commitment from members following the 2009 report of the comprehensive NAHPS (version 3) audit. AHC requested that AHA work with members to modify the NAHPS with the aim of achieving accountability and efficiency in implementation and assessment. AHC agreed that government

could show leadership in developing, maintaining and auditing the standards, and assist industry in developing theirs. Agreement was reached to trial the modified NSW approach. It was agreed that jurisdictions would assess their disease surveillance and emergency preparedness and response capabilities by 1 July 2011, utilising the modified NSW framework and associated guidance documents.

OUTLOOK

The 2011/12 financial year will see a compilation and analysis of the jurisdictions' 2011 self-assessments by AHA, and possible further revision of the assessment documents. Respecting confidentiality, a number of appropriate reports will be made to the members, AHA Board and PISC (or equivalent). This will provide quality assurance for the capability assessment, and a mechanism for systemic weaknesses, gaps in the system and opportunities for efficient resource utilisation to be identified and reported. Aggregated results will then be used to develop, with members, a strategic national approach for assessing and improving Australia's national animal health system. The industry assessment process is also to be undertaken.

NATIONAL ANIMAL HEALTH LABORATORY (NAHL) STRATEGY

PURPOSE

- > To enhance the NAHL Strategy by identifying and gaining agreement to nationally agreed priorities.
- > To contribute to an effective and efficient national animal health laboratory network through representation on the Sub-committee on Animal Health Laboratory Standards (SCAHLs).
- > To administer and grow the strategy projects such as national reference laboratories and the Australian New Zealand Standard Diagnostic Protocols (ANZSDP).

ACHIEVEMENTS

Achieving agreement on the nationally coordinated delivery of animal health diagnostic services has once again proved elusive. AHA, with the assistance of the Senior Laboratory Managers Group, has completed its analysis of previous reviews and other intelligence about the national animal health laboratory system and developed a potential model for future national coordination. This is to be presented to PISC.

The Senior Laboratory Managers Group has continued to advance a number of projects to improve national animal health laboratory performance, including refinement of the key performance indicators for diagnostic laboratories and oversighting a gap analysis of national laboratory skills and capacity.

AHA coordinated the support for three national animal health reference laboratories (Johne's disease, bovine tuberculosis and anthrax). AHA is chairing an AHC working group to establish longer term support for reference laboratories.

OUTLOOK

The Senior Laboratory Managers Group will continue to pursue a national approach to delivering animal laboratory diagnostic services. In particular, its work on analysing national laboratory activity will provide early warning of gaps in national capacity as well as facilitating the inclusion of national laboratory needs into the management and development of individual laboratory planning where possible.

AHA's work with AHC to identify longer term arrangements for evaluating and resourcing reference laboratory resources aims to support both industry and government needs for these specialist services.

AUSTRALIAN ANIMAL PATHOLOGY STANDARDS PROGRAM (AAPSP)

PURPOSE

- > To improve the diagnostic capability of the national animal health system by supporting the development and delivery of pathology proficiency testing, reference materials and skills workshops.

ACHIEVEMENTS

The project of digitising histology slides and associated case material from the National Registry of Domestic Animal Pathology (NRDAP) collection is now complete. All histology slides that have been scanned from the NRDAP are included in the AAPSP Digital Slide Archive as a valuable source of reference and learning material.

A gross pathology archive was developed and incorporated into the AAPSP Digital Slide Archive as a separate image database. The archive holds a growing collection of digitised photographic slides with accompanying case data. The archive will be officially launched and demonstrated at the 2011 Australian Society of Veterinary Pathology (ASVP) conference.

The 2011 CL Davis Foundation & AAPSP 'roadshow', a series of two day workshops on diagnostic veterinary pathology at six venues throughout Australia, was presented by Dr Robert Foster from Ontario Veterinary College, University of Guelph, on the topic of reproductive pathology.

The AAPSP Histopathology Proficiency Testing Program continued throughout 2010/11. Two cases were circulated for evaluation in each of the quarterly rounds. Digital slides and model answers from histopathology proficiency testing are made available on the AAPSP website as continuing education material after the assessment process is complete.

OUTLOOK

AAPSP will be an in-kind sponsor of the 2011 ASVP annual conference mystery slide session, providing digital scanning services, internet hosting and free online access to all ASVP members.

The 2011/12 financial year will see further digitisation of histology slide collections and photographic slides, which will be provided to AAPSP members as they become available. AAPSP activities will steadily continue under the guidance of the management committee to provide members with high quality training and reference material.

ACCREDITATION PROGRAM FOR AUSTRALIAN VETERINARIANS (APAV) MANAGEMENT

PURPOSE

- > To achieve a national animal health system whose operational effectiveness is enhanced through non-government veterinarians that are accredited to work in government and industry animal health programs.

ACHIEVEMENTS

APAV continued during the year, and was also made available to final year students at two veterinary schools through their veterinary public health tuition programs. Feedback from the faculties' students and staff has been very positive.

OUTLOOK

APAV will continue to be available to veterinarians and veterinary students. AHA aims to now have the program and its administration moved to an 'online' format.

NATIONAL JOHNE'S DISEASE CONTROL PROGRAM (NJDCP)

PURPOSE

- > To provide a nationally coordinated approach to the management of Johne's disease in all species. The activities undertaken protect the favourable Johne's disease status of the country and reduce the impact of the disease and control measures on industries.

ACHIEVEMENTS

Within the overarching national program, AHA continued to monitor the global environment for any changes in international policies or new research findings that could assist Australian livestock industries to improve the current Johne's disease control program. As part of this process AHA maintained regular dialogue with industries to better understand the risks they face, provided technical advice and convened workshops to evaluate new information and assess its relevance to the Australian operating environment. AHA has commissioned a report on the Market Assurance Program (MAP) audit processes as part of the implementation of a number of recommendations arising from the review of the MAP program.

OUTLOOK

The 2011/12 financial year will see further implementation of the recommendations from the MAP review. There are a number of international research teams that are collaborating with Australia to provide further insights for the control and management of Johne's disease. AHA will continue to monitor changes and engage stakeholders in utilising this information to improve and refine the Australian program.

OVINE JOHNE'S DISEASE MANAGEMENT PROGRAM (OJDMP)

PURPOSE

- > To assist sheep producers to maintain disease freedom from OJD in areas that are known to be free and to reduce the within flock prevalence in areas where the disease occurs, through the implementation of nationally agreed management practices.
- > To provide access to contemporary advice about disease management tools that will diminish production losses due to the disease and minimise trade risk.

ACHIEVEMENTS

In 2010/11 a research project was commissioned: *Economic Analysis of the Impact of the National OJD Management Program (OJDMP) in Australia*. Animal Health Australia worked with MLA to ensure the delivery of a social research project measuring producer and stock agents' attitudes towards the use of the National Sheep Health Statement and productivity diseases, including OJD. The reports from these two projects informed a review of the OJD Management Plan. The findings from this review will be used by WoolProducers Australia and Sheepmeat Council of Australia to develop a position on future arrangements for the management of OJD from July 2012.

The national sheep industries undertook a gap analysis as a precursor to prioritising research needs. Following this process a number of research initiatives were commissioned. These are expected to lead to improved diagnostic tools to determine more accurately whether herds/flocks are infected or uninfected, which animals in particular are exposed and infected, and to predict which animals are at high risk of contaminating the environment before they do so. Research will also pursue safer vaccines by reducing their tendency to cause severe tissue reactions in livestock and humans, and the identification of candidate genes for a safer, more effective vaccine for sheep and cattle.

Implementation of the meat inspection reforms by AQIS, the shortage of sheep and the breaking of the drought have all impacted abattoir monitoring for the greater part of this financial year. Despite these challenges, abattoir monitoring has continued in 10 abattoirs nationally, with information being provided to state departments of primary industries for dissemination to producers in most states.

OUTLOOK

The current program concludes in 2012. WoolProducers Australia and Sheepmeat Council of Australia, on behalf of the national sheep industries, are currently reviewing the present program to determine the arrangements for the management and control of ovine Johne's disease from 1 July 2012.

In 2011/12 the focus will be on providing technical advice to WoolProducers Australia and Sheepmeat Council of Australia and communicating any changes to the national program to producers and the wider rural community.

NATIONAL BOVINE JOHNE'S DISEASE STRATEGIC PLAN (NBJDSP)

PURPOSE

- > To minimise contamination of farms and farm products by *M. paratuberculosis*.
- > To protect the status of non-infected herds while minimising disruption to trade and to minimise the social, economic and trade impact of BJD at herd, regional and national level.

ACHIEVEMENTS

The dairy and beef industries have worked with departments of primary industries to review the current National BJD Strategic Plan, which concludes in June 2012. During the past 12 months, a draft framework has been agreed as the basis for control and management of ovine Johne's disease from 1 July 2012.

The Cattle Council of Australia confirmed its continuing support for a range of research projects to assist the beef sector maintain or improve the current very low Johne's disease prevalence it has achieved.

The National Financial and Non Financial Assistance Program has delivered benefits to 38 producers in the past 12 months. Since its inception in 2004, 239 producers have participated in the program with the aim of resolving the status of their herds and the number of known infected herds nationally has declined by 50 per cent.

OUTLOOK

In 2011/12, work will continue on the detail of the national draft framework proposed by the dairy and beef industries. This will enable both industries to manage the disease in a way appropriate for their productivity and market access needs. The framework will be based on an industry-government partnership, with agreement on the defined roles. Activity will focus on the development of national standard definitions and rules to support the new arrangements from July 2012. A communication package will be developed to provide information about the changes to stakeholders and producers.

LIVESTOCK PRODUCTION DISEASES

PURPOSE

- > To improve the collection and return of production and market access related animal health information to stakeholders in the national animal health system.

ACHIEVEMENTS

In 2010/11 a project proposal was developed for a trial of data collection by the processing sector. The data also provides feedback to producers and a number of conditions responsible for loss of productivity or increased market access risk for the livestock industries were included.

Delays in implementing the national meat inspection reforms resulted in the project implementation date being delayed.

OUTLOOK

In 2011/12, activity will focus on identifying processors that are willing to participate in the pilot trial. AHA is working with the National Meat Industry Training Advisory Council to ensure staff involved in the project will have access to training. It is anticipated that a trial to return information to producers will occur in 2012 but this is dependent on the satisfactory resolution of outstanding issues in the meat inspection reform process, and confirmation of support from the meat processing sector.

BIOSECURITY

The Biosecurity program draws together the projects associated with reducing the biosecurity risks facing Australian livestock production industries. This is primarily achieved through the implementation of auditable biosecurity standards, 'freedom assurance programs' and intervention programs such as vaccine usage and tracing/identification schemes.

BIOSECURITY PLANNING

PURPOSE

- > To reduce the risk of entry and spread of emergency animal diseases and endemic diseases at national, regional and individual premises levels, through the development and implementation of auditable biosecurity plans/standards at all levels.

ACHIEVEMENTS

AHA has worked closely with the pork sector and the grazing industry sectors in the development of their biosecurity manuals. AHA has also developed biosecurity checklists for the aquaculture industries.

Significant work has been undertaken with Plant Health Australia

in the development of reporting mechanisms for members, and provision of technical advice to the Farm Biosecurity program is ongoing.

OUTLOOK

A review of all industry farm biosecurity plans and government biosecurity statements will continue to be undertaken during 2011/12 to ensure all plans are regularly assessed for currency and accuracy.

NATIONAL LIVESTOCK IDENTIFICATION SYSTEM (NLIS)

PURPOSE

- > To assist in the development, monitoring and implementation of NLIS for alpacas, cattle, sheep, goats and pigs.
- > To undertake tracing exercises that benchmark the systems against the National Livestock Performance Standards.

ACHIEVEMENTS

AHA was involved in several committees responsible for NLIS management, monitoring and standards and played an integral role in the development of the NLIS business rules for the cattle, sheep and goats, pigs, and alpaca and llama industries. AHA also took a lead role in the development of a Business Plan for NLIS (Sheep and Goats). A tracing exercise for sheep and goats was postponed due to the review of the system.

OUTLOOK

Completion and maintenance of species-based business rules for NLIS will be a focus for 2011/12, as well as the implementation of recommendations arising from *Exercises Cowcatcher II*, *Sheepcatcher* and *Pigcatcher*. The postponed tracing exercise for sheep and goats will be undertaken.

The development of much needed business rules for Property Identification Codes (PICs) and a sustainable funding methodology for NLIS programs will continue to be progressed during the year.

Membership of relevant committees will be maintained.

TRANSMISSIBLE SPONGIFORM ENCEPHALOPATHIES FREEDOM ASSURANCE PROGRAM (TSEFAP)

PURPOSE

- > To enhance market confidence that Australian livestock and livestock products are free from TSEs through the nationally integrated management of animal-related TSE activities.

ACHIEVEMENTS

TSEFAP has provided surveillance data as part of providing assurance to Australia's red meat markets that ruminants are not fed restricted animal material (RAM). This supports maintenance of a status showing that Australia has a negligible level of risk of having bovine spongiform encephalopathy (BSE). The program continues to provide a focal point for TSE-related activities in Australia. As a process of continual improvement, TSEFAP reviews the program internally and makes necessary modifications as required.

OUTLOOK

It is envisaged that this project will operate in its current form for the next two years under the TSEFAP Business Plan 2007–2013.

NEWCASTLE DISEASE (ND) MANAGEMENT PLAN

PURPOSE

- > To provide an integrated national approach to the management of Newcastle disease that aims to deliver:
 - > minimised risk of ND outbreaks from virulent viruses of Australian origin
 - > reduced risk of negative social, economic and trade effects of ND at farm, regional and national levels
 - > a risk-based exit strategy by 2012 that will potentially minimise or eliminate vaccination as a requirement to prevent outbreaks of Australian-origin ND.

ACHIEVEMENTS

The Newcastle Disease Management Plan Steering Committee, which comprises members from governments and industry and is chaired by AHA, continued its efforts to set parameters for a risk-based exit strategy from compulsory vaccination against the disease.

One task was to review and assess surveillance results to date, and needs for future surveillance, to determine whether compulsory vaccination has achieved its goal to out-compete precursor Newcastle disease viruses. The committee met in March 2011 and endorsed its Surveillance Working Group's conclusions, in particular that:

- there is no evidence that progenitor strains of Newcastle disease virus (NDV) or virulent strains of NDV are currently present in Australian poultry. It is highly likely that progenitor viruses are not currently present in Australia or are present at levels below detection capability, but this cannot be definitively proven
- in the presence of the NDV vaccination program and the highly likely very low prevalence of precursor or virulent NDV viruses in Australian poultry, any active surveillance program would not be practicable due to the number of samples that would need to be collected and analysed.

The steering committee also reviewed surveillance results from Tasmania and Western Australia where compulsory vaccination in broilers had ceased 12 months earlier (as agreed under the Newcastle Disease Management Plan 2008–2012) and concluded that there was no indication of precursor or virulent NDV strains in the broiler flocks in those two states.

OUTLOOK

While the results from Tasmania and Western Australia are promising, the Surveillance Working Group findings suggest that surveillance alone is unlikely to provide the answer to the question ‘When is it safe to stop vaccinating?’. The steering committee therefore established an Exit Strategy Working Group and tasked it to develop options for a risk-based exit strategy from compulsory vaccination that takes into account the relative apportioning of response costs between governments and industry (under the EADRA) in the case of a future outbreak of Australian-origin Newcastle disease.

SCREW WORM FLY (SWF) FREEDOM ASSURANCE PROGRAM

PURPOSE

- > To implement the SWF Freedom Assurance Program (SWFFAP) Business Plan (2010–15).

ACHIEVEMENTS

The SWFFAP Business Plan (2010–15) was drafted for endorsement. All surveillance activities were completed, however some planned activities did not commence until endorsement by all members was achieved; the business plan has been extended to incorporate this delay and will now finish in 2016. A PhD student is working on a SWF bio-economic model, ensuring that the model is updated to an ‘agent-based’ platform and remains current.

OUTLOOK

The business plan will be implemented for the next five years, as planned.

LIVESTOCK WELFARE

Animal welfare is increasingly significant for Australia's livestock industries. Market access issues, community concerns and activist campaigns have raised the level of awareness about various aspects of livestock welfare. Relevant welfare requirements are part of most industry quality assurance programs and mandated welfare standards are now being developed.

The Australian Animal Welfare Strategy provides a framework for achieving sustainable improvements in animal welfare. AHA contributes to the implementation of the strategy by co-coordinating and facilitating the development of the Australian Animal Welfare Standards and Guidelines (S&Gs), relevant policies, communication and liaison with members, and chairing the Livestock Production Animals Sector Working Group.

LIVESTOCK WELFARE PROGRAM DEVELOPMENT

PURPOSE

- > To manage the Livestock Welfare Program, including relevant communications activities.
- > To assist industry to address specific livestock welfare issues.

ACHIEVEMENTS

AHA supported the Animal Welfare Committee (AWC) and the Animal Welfare and Product Integrity Committee (AWPIT) in achieving key animal welfare policy endorsements and facilitated industry participation in AWC discussions. AHA provided regular feedback to industry from meetings of these committees and also from other events and relevant publications. AHA participated in the Communicators Network Group (CNG), an operational group mostly comprising industry representatives and focussed on communication of welfare issues.

OUTLOOK

There is an ongoing need to deliver adequate communication of welfare decisions and outcomes for government and industry. The same level of communication activity is planned in the 2011/12 financial year.

AUSTRALIAN ANIMAL WELFARE STRATEGY (AAWS) IMPLEMENTATION

PURPOSE

- > To improve livestock welfare through AHA participation in policy development and Australian Animal Welfare Strategy (AAWS) activities including R&D projects.
- > To manage the conversion of Model Codes of Practice into Australian Welfare Standards and Guidelines.

ACHIEVEMENTS

In 2010/11 AHA convened a successful government and industry workshop to clarify how livestock welfare policy is developed, implemented and enforced. This meeting included a review of the development, implementation and enforcement of standards (and guidelines) – process, roles and responsibilities. It subsequently developed options for improved communication and process between government, industry and community groups towards better outcomes. Support of the workshop's resolutions by government will allow recommencement of the Cattle and Sheep Standards and Guidelines (S&G) development projects.

AHA supported the AWC legal draftspersons workshop for the implementation of the Land Transport Standards with the aim of improving the wording of future welfare standards. It is believed that this improved understanding will assist future harmonisation of welfare regulatory outcomes.

Phase Two of the Livestock Handling Training project was completed and produced a livestock handling training facilitators' guide. With funding provided through the Australian Animal Welfare Strategy, the AHA training and welfare programs developed a 'welfare-friendly' livestock handling training resource. The resource is a guidance document for training facilitators who conduct training for people working with livestock. Its purpose is to improve animal welfare outcomes and enhance awareness of the public perception of animal welfare issues.

The public consultation website (animalwelfarestandards.net.au) has been maintained throughout the year.

OUTLOOK

It is expected that in the 2011/12 financial year members' active involvement in the substantial welfare standards and guidelines development projects will recommence. Significant activity

needs to take place for the implementation of the standards and their successful adoption by livestock industries. It is expected that AAWS activities may increase with implementation of the successful review for the 2010–2014 period. *The Australian Animal Welfare Strategy – Development of Australian Standards and Guidelines for the Welfare of Livestock - Business Plan [Revised February 2009]* will be reviewed at the completion of the cattle and sheep projects.

LIVESTOCK WELFARE STANDARDS DEVELOPMENT – CATTLE

PURPOSE

- > To develop livestock welfare standards and guidelines for cattle based on the Model Code of Practice (MCOP) for the welfare of cattle and other relevant documents.

ACHIEVEMENTS

In 2010/11, a substantial writing effort was completed, but due to unresolved government-industry issues, industry support was withdrawn and the project was suspended in August 2010. The project is otherwise close to the development of a Regulation Impact Statement (RIS) for public consultation.

OUTLOOK

Recommencement of the planned project activities is expected in the 2011/12 financial year, and these are expected to take more than 12 months to complete.

LIVESTOCK WELFARE STANDARDS DEVELOPMENT – SHEEP

PURPOSE

- > To develop livestock welfare standards and guidelines for sheep based on the Model Code of Practice (MCOP) for the welfare of sheep and other relevant documents.

ACHIEVEMENTS

In 2010/11, a substantial writing effort was completed, but due to unresolved government-industry issues, industry support was withdrawn and the project was suspended in August 2010. The project is otherwise close to the development of a RIS for public consultation.

OUTLOOK

Resumption of the planned project activities is expected in the 2011/12 financial year, and these are expected to take more than 12 months to complete.

LIVESTOCK WELFARE – LAND TRANSPORT STANDARDS

PURPOSE

- > To establish and validate a process to review the existing Welfare Codes of Practice into documents that combine new Australian Welfare Standards and Guidelines.
- > To develop the Land Transport Standards and Guidelines for livestock.
- > To finalise any outstanding issues.

ACHIEVEMENTS

In 2010/11, the major focus was to complete the bobby calf time-off-feed standard, including the development of the RIS and undertaking public consultation. The final RIS, with recommendations and a supporting paper, was delivered to AWC for consideration and further papers have been developed to support discussion at AWPIT.

OUTLOOK

The bobby calf time-off-feed matter still requires ministerial decision but no AHA activities are planned for the 2011/12 financial year.

LIVESTOCK WELFARE STANDARDS DEVELOPMENT – GOATS

PURPOSE

- > To develop livestock welfare standards and guidelines for goats based on the Model Code of Practice for the Welfare of Goats and other relevant documents.

ACHIEVEMENTS

This project did not commence in 2010/11, in part due to the suspension of the cattle and sheep welfare standards projects.

OUTLOOK

Planned project activities are expected to commence in 2011/12, and these will require at least 12 months to complete.

TRAINING

The AHA Training Program aims to ensure that Australia has sufficient adequately trained personnel to respond to an emergency animal disease (EAD) incident and to address any other capability priority issues identified in the national animal health system.

TRAINING PROGRAMS DEVELOPMENT AND MANAGEMENT

PURPOSE

- > To ensure the National Animal Health Training Strategy continues to underpin the objectives of the National Animal Health Strategy by identifying the areas for which training is required to meet AHA and stakeholder obligations under the Emergency Animal Disease Response Agreement (EADRA).

ACHIEVEMENTS

The existing close working relationship continued with AHA's partnering Registered Training Organisation (RTO), Tocal College, part of the NSW Department of Industry and Investment. Tocal was re-contracted to provide quality assurance and accreditation services under the Australian Qualifications Training Framework. Under the partnering arrangements, AHA and its members deliver a range of Emergency Animal Disease (EAD) training programs.

During the year Tocal issued 1,648 Statements of Attainment for successful completion of units of competency aligned to EAD training programs. This represents a 27 per cent increase from the previous year.

In September and October 2010, AHA designed and contributed to the training of AQIS staff working in meat export plants. The purpose of the training was to enable staff to:

- > develop familiarity with legislation, policy and procedures governing management of EADs
- > learn about emergency animal disease recognition and response
- > work as part of an EAD response affecting livestock.

As part of its ongoing role to promote animal health and EAD preparedness training, AHA representatives participated in national forums such as the National Biosecurity Committee's Biosecurity Emergency Preparedness Working Group and the Biosecurity Emergency Training Working Group.

OUTLOOK

An updated and new-look EAD Foundation online course will be developed in 2011/12. AHA will also begin to develop materials for an Industry Liaison Officer (ILO) refresher course for those ILOs who have already undergone training but wish to update their knowledge. AHA will continue to refine the format and delivery of training for the Consultative Committee for Emergency Animal Diseases (CCEAD) and the National Management Group (NMG).

AHA will also be contributing to the design and development of national and state simulation exercises to test Australia's emergency response preparedness.

EMERGENCY ANIMAL DISEASE TRAINING SERVICES

PURPOSE

- > To provide national training and education services to support the delivery and assessment of accredited and non-accredited emergency animal disease training.

ACHIEVEMENTS

In April 2011, AHA sponsored a Certificate IV in Training and Assessment program, which was delivered in Adelaide by Tocal College's Murrumbidgee Campus staff. Nineteen jurisdictional and AHA staff participated in the program.

During the 2010/11 financial year, 23 ILOs from the sheepmeat and wool industries were trained using the new format ILO training program. AHA also delivered an emergency animal disease awareness workshop for dairy industry leaders in October 2010. Some ILO training courses planned for the first half of 2011 were postponed because of natural disasters in Queensland.

Fifteen participants from government and 21 from industry attended training for the Consultative Committee for Emergency Animal Diseases (CCEAD) and the National Management Group (NMG) during the year.

OUTLOOK

AHA will continue to offer a range of training opportunities for its industry members, with an emphasis on ILO training.

AQIS ACCREDITED EXPORT VETERINARIAN (AAVET) TRAINING

PURPOSE

- > To provide the AQIS-accredited export veterinarian (AAVet) training course.

ACHIEVEMENTS

Demand for AAVet training declined slightly, with 12 private practitioners enrolling in the program in 2010/11. Most of these practitioners came from Victoria and Western Australia.

OUTLOOK

AHA will continue to host the AAVet course online and make it available to eligible private practitioners.

EAD RESPONSE AND PREPAREDNESS CAPABILITY ENHANCEMENT PROGRAM (EAD RPCEP)

PURPOSE

- > To enhance national capacity and capability to respond to EAD events.

ACHIEVEMENTS

The Emergency Animal Disease Response and Preparedness Capability Enhancement Program (EAD RPCEP) is the national overarching EAD training program incorporating EAD training for government and industry, the Australian Veterinary Reserve, the Rapid Response Team and the private practitioner awareness program.

During 2010/11, the focus continued to be on training jurisdictional personnel to fill key roles and functions during the first week of an outbreak response. Training included:

- > introductory or foundation level training
- > AUSVETPLAN role-specific training, such as veterinary investigation managers, restricted area movement and security managers, infected premises operations managers, surveillance/tracing and field surveillance roles
- > functional training, including planning, incident management and logistics.

Some of the successes of the program included:

- > increased sharing of training opportunities between jurisdictions
- > an increase in the number of trained personnel in the jurisdictions.

OUTLOOK

AHA will continue to encourage the national sharing and coordination of training opportunities to ensure first response capability in all jurisdictions.

EAD RPCEP – AUSTRALIAN VETERINARY RESERVE (AVR) AND PRIVATE PRACTITIONER TRAINING

PURPOSE

- > To enhance private veterinary practitioners' EAD awareness and response capability.

ACHIEVEMENTS

The Australian Veterinary Reserve session at the Annual Conference of the Australian Veterinary Association was well attended. Topics included the advantages and disadvantages of using vaccination for managing foot and mouth disease outbreaks, a report on Q fever, and a discussion on the involvement of private practitioners in responding to emergencies, including natural disasters.

AHA continued to produce and email *AVR Intelligence* – an e-newsletter on topics of interest to the AVR – on a regular basis.

EAD awareness and preparedness training for private practitioners was hosted by several jurisdictions, including Queensland, South Australia, New South Wales and Victoria.

OUTLOOK

AHA will continue to engage private practitioners through EAD preparedness and response training, including online training.

EAD RPCEP – RAPID RESPONSE TEAM (RRT)

PURPOSE

- > To train new and existing national Rapid Response Team (RRT) members for deployment during an EAD response.

ACHIEVEMENTS

In August and September 2010, the RRT participated in *Exercise Red Feather*, a series of discussion exercises based on a hypothetical outbreak of highly pathogenic avian influenza in South East Queensland. The exercise was hosted by Biosecurity Queensland and included participants from various state and national agencies, examining communication and community engagement, depopulation of flocks, policy on restricting poultry movements during an outbreak and management of animal diseases that have human health implications.

Seven new members were recruited to the RRT in March 2011 to fill vacancies remaining after the 2009/10 recruitment round. These recruits attended an induction program in Adelaide in May 2011 and then joined the rest of the RRT for a professional development activity in South Australia. This activity, dubbed *Exercise Golden Fleece*, examined the challenges of responding to an emergency animal disease outbreak in a remote location.

OUTLOOK

The RRT will participate in a functional exercise to be hosted by the Department of Primary Industries and Resources South Australia (PIRSA) in May 2012.

COMMUNICATION

AHA's communication activities support the programs and projects of the company by communicating key information to the many stakeholders in the national animal health system.

CORPORATE COMMUNICATIONS

PURPOSE

- > To communicate the company's contribution to the national animal health system and the benefits this provides to members and other stakeholders.

ACHIEVEMENTS

A strong focus on communicating the outcomes of AHA's work promoted a better understanding of AHA's role within the national animal health system in 2010/11.

A number of high quality company and program communication products were again produced and distributed on time and within budget. AHA corporate documents include the Annual Operating Plan, the 2009/10 Annual Report and a newly developed company Strategic Plan, which for the first time was printed as a standalone document rather than as part of the business plan, emphasising its importance to AHA business.

In 2010/11 the website was moved to a new operating system, which afforded the opportunity to utilise some new communication tools. The *AHA Update* has moved to a news board format, which allows regular online updates in addition to the monthly mailout to subscribers. Feedback has been positive and some members have taken the opportunity to provide feedback via the news board 'comments' section. The changes have facilitated greater website currency.

A corporate communication strategy was developed to enhance AHA's communication capability. Implementation of this has commenced and will continue in 2011/12.

OUTLOOK

Ensuring AHA communication is clear and consistent is a strong focus of the corporate communication strategy and will be emphasised in 2011/12.

PROGRAM COMMUNICATION

PURPOSE

- > To communicate the communication needs of each company program and promote the benefits these provide to members and other stakeholders.

ACHIEVEMENTS

The most comprehensive program publication, the *Animal Health in Australia* (AHIA) 2010 report for NAHIS, was widely distributed and well received. AHA also delivered various program specific

publications including the following newsletters and annual reports: *JD News*, *Animal Health Surveillance Quarterly* (AHSQ), and the *NAMP Annual Report*.

Various webpages were built to support specific program needs in the financial year, including an FMD Response Policy review section, which keep stakeholders informed of developments.

OUTLOOK

The communication team will continue to support program communication needs; specific program communication strategies will be developed as necessary.

FARM BIOSECURITY

PURPOSE

- > To encourage livestock producers to implement appropriate biosecurity measures as part of normal farm/enterprise management practice to minimise the risk of an EAD and to promote the National Emergency Animal Disease Watch Hotline.

ACHIEVEMENTS

A revised business plan was developed in 2010/11. The partnership with Plant Health Australia in managing the program has continued to be successful, and particularly showed its worth as both AHA and PHA had staff turnover in the period. The partnership approach allowed work to continue by providing the flexibility to absorb these changes and induct new staff quickly.

A producer survey in early 2010 provided excellent feedback on the program's successes and highlighted some areas for further work. AHA obtained further reports for each of the livestock sectors and jurisdictions to be able to provide specific information and support to members.

Awareness of the Emergency Animal Disease Watch Hotline is positive and the majority of farmers interviewed for the survey indicated they would report any unusual signs of disease in their animals to the hotline number, their local animal health officer or their private veterinarian. Farm Biosecurity materials continue to be popular and reprints of several of our brochures and handouts have been necessary.

The inaugural Biosecurity Farmer of the Year award, part of the Kondinin Group and ABC Rural Australian Farmer of the Year Awards, was announced in September 2010. The Farm Biosecurity program gained good exposure through the promotion of the

awards and subsequent promotion of the winner and finalists. The program has sponsored the award again in 2011, with a strong field of nominees. The winner will be announced in September.

OUTLOOK

The current business plan will be implemented, with activities aimed at continuing to raise awareness of and engagement with the program's basic principles.

Results of the producer survey will serve as the basis for a much stronger member engagement component to the program. AHA will seek to work with each member group to respond to the gaps identified in the sector-specific survey results.

EAD COMMUNICATIONS

PURPOSE

- > To ensure the company has clearly defined communication policies and procedures to deal with an EAD incident.

ACHIEVEMENTS

The Emergency Animal Disease Watch Hotline was monitored and managed throughout 2010/11. Call numbers are monitored and can be provided to jurisdictions on request. The number is tested regularly to ensure it is active in all states and territories.

AHA worked with Plant Health Australia and the Department of Agriculture, Fisheries and Forestry to re-invigorate the Primary Industries National Communications Network (NCN), which last met formally in 2009. A meeting was convened through the National Engagement and Communication Working Group to explore the ongoing relevance of the NCN and attendees agreed it should be maintained.

OUTLOOK

Further work to reinvigorate the NCN will be undertaken with stakeholders in 2011/12. The Emergency Animal Disease Watch Hotline will continue to operate.

CORPORATE SERVICES

Corporate Services includes company management, board and administration expenditure, as well as activities such as strategic planning and representation of the company on various national committees. Administrative services provided to external animal health trust funds are also included. The key outputs are dependent on the provision of accountable and efficient services in pursuit of the objectives for each project as outlined in the company annual operating plan.

COMPANY MANAGEMENT

PURPOSE

- > To ensure that the company is managed in compliance with the Company constitution and corporations law and that activities are implemented in accordance with the strategic direction determined by the board.

ACHIEVEMENTS

A major achievement during the year was the development of the AHA Strategic Plan 2010–2015, the culmination of an extensive consultation process involving the board, staff and all company members. Based on the agreed eight strategic priorities, the

2010/11 Annual Operating Plan was developed and subsequently approved by the board and members. The company has delivered agreed outputs for animal health and welfare programs, and assisted in the management of national responses to emergency disease incidents efficiently and effectively. In an effort to demonstrate the value of members' investments, pilot economic analyses of several projects were initiated by the Australian Centre for Biosecurity and Environmental Economics at the Australian National University.

OUTLOOK

Since its establishment, the company has developed an enviable reputation for delivering worthwhile outcomes for the national animal health system. In light of current financial pressures faced by its members, the company will aim to deliver improved value for money to all participants in national animal health and welfare programs. Resources will be managed in accordance with agreed policies and procedures, with full consultation and improved transparency, based on the agreed strategic priorities.

BOARD

PURPOSE

- > To establish and monitor the strategic direction of the company and accountability to members and stakeholders.
- > To be accountable for all aspects of corporate governance and compliance.
- > To delegate responsibilities to management and monitor performance appropriately.

ACHIEVEMENTS

The board met on five occasions during the year and directors also participated in a strategic planning workshop with senior management. Additionally, directors participated in a number of Members' Forums, and all directors attended the AGM and one other general meeting. Board sub-committees met five times and frequent telephonic and out of session consultations were held. The Board Selection Committee nominated three candidates to fill vacant positions on the board, with Peter Milne being re-appointed by members at the AGM, along with new directors Helen Scott-Orr and Sharon Starick.

OUTLOOK

Ongoing strategic guidance will be provided to the company, and directors will continue to participate in Members' Forums and other consultations with members and stakeholders. A regular schedule of board and sub-committee meetings will be followed, and the performance of management will continue to be closely monitored.

A new chairperson will be nominated by the Board Selection Committee and appointed at the 2011 AGM, with Dr Roly Nieper AM retiring after 13 years of service.

GENERAL OFFICE ADMINISTRATION

PURPOSE

- > To provide, maintain and upgrade premises, furniture and equipment, utilities, training resources and other related facilities to enable the company to provide the required administrative support services for efficient operation. This includes all staff costs.

ACHIEVEMENTS

All necessary administrative facilities and support services were provided to the company and overall expenditure was under budget. Staff costs were under budget, with staff numbers at year end being below the anticipated figure. Premises and facilities were maintained to a high standard and appropriate training opportunities were provided to staff. Leased IT equipment was completely replaced at the start of the year and was on budget.

OUTLOOK

Staffing numbers will be maintained in line with the Annual Operating Plan, and premises and facilities will be maintained at the highest level to enable the delivery of efficient and effective administrative support. New staff training initiatives will be explored, and improved business systems will be initiated and implemented.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

PURPOSE

- > To improve business performance in the delivery of programs through continual maintenance and upgrade of the company's information and communications technology capability and resources.

ACHIEVEMENTS

The upgrade of the internal hardware and software infrastructure of the company was completed and finalised in late June 2010, with full implementation from 1 July.

A redevelopment of the company website was put to tender and redeveloped in an open source system. This delivers a more stable and better supported company website (including farmbiosecurity.com.au and animalwelfarestandards.net.au).

Following a successful disaster recovery simulation for internal infrastructure, AHA moved to a complete system state backup process. This enables a quicker and easier restore process in the event of a system crisis.

The Central Animal Health Database (CAHD) was successfully moved from the AHA main web server on to two dedicated servers (one live and one mirrored development and redundancy server). The online learning management module was also relocated from the main AHA web server to shared hosting.

OUTLOOK

The legacy unsupported system (Animal Health Australia National Databases) is being reviewed with a view to redeveloping it and decommissioning the windows server on which it resides.

STAKEHOLDER ENGAGEMENT

PURPOSE

- > To ensure the company, its members and other animal health stakeholders actively contribute to defining and addressing national animal health system priorities.

ACHIEVEMENTS

The scope of AHA's involvement with the wide range of participants who influence, and are influenced by, animal biosecurity has again strengthened. AHA's engagement of the many participants in the horse industry to bring about agreement on a framework for a levy for the horse industry to be able to sign the EADRA is an example of the benefits of AHA's approach to brokering agreement in the animal industries.

AHA's schedule of regular meetings has been tailored to better meet member and stakeholder needs, primarily to ensure efficiency and effectiveness for both the company and members.

OUTLOOK

AHA recognises the need to enhance its member and other stakeholder interaction and will continue to work with as broad a range of government and industry as possible. Involvement of participants from the whole production chain will be vital to continuous improvement in livestock biosecurity.

REPRESENTATION – NATIONAL COMMITTEES

PURPOSE

- > To contribute to the efficient operation of the national animal health system through effective representation of AHA's interests in the policy development and decision-making activities of a range of national committees.

ACHIEVEMENTS

Through its representation on a wide range of national committees, working groups and other ad hoc consultative bodies, AHA is able to make a significant contribution to a wide range of activities across the national animal health system. The company's independence and credibility have enabled its representatives

to effectively influence and shape the development of policy at different levels of government.

OUTLOOK

AHA's working relationships with, and input into government bodies such as PISC, NBC, AWPIT, AHC and AWC are of particular importance. While the relegation of AHA representation to observer status is disappointing, the company will continue to treat the business of these forums as a high priority and allocate resources accordingly.

STRATEGIC PLANNING

PURPOSE

- > To support the national animal health system in AHA's long term strategy and short term business planning on behalf of all AHA members and stakeholders.

ACHIEVEMENTS

Agreement on the company's Strategic Plan 2010–2015 and its incorporation into the 2011/2012 AHA Annual Operating Plan was a major achievement for 2010/2011. AHA's annual planning cycle commenced with a workshop in July which included contributions from government and the livestock industry clearly identifying the various challenges facing AHA members in the period ahead.

The strategic plan recognises key areas of focus for AHA to maximise the benefit that flows from partnerships between government and industry. This is particularly important in the very competitive environment for biosecurity resources.

OUTLOOK

The financial constraints faced by all government and industry members are unlikely to diminish. AHA will continue to work with members through its planning and reporting processes to identify and refine the spheres of activity in which it is best or uniquely placed to provide support to the livestock industries.

Resourcing of the management of animal biosecurity will be enhanced if AHA's members and stakeholders are able to individually and collectively benefit from national programs. Refreshing the commitment of all stakeholders to the support of biosecurity will be an important outcome of the National Biosecurity Forum planned for 2011/12.

CATTLE DISEASE CONTINGENCY FUND

PURPOSE

- > To provide administrative and accounting services to the Cattle Disease Contingency Fund Pty Limited, Trustee for the Cattle Disease Contingency Fund (CDCF).
- > To attend and provide advice at CDCF Board meetings.

ACHIEVEMENTS

Ongoing efficient administration and management of CDCF affairs was achieved at below budget cost. This included monitoring investment of trust funds and dealing with project funding requests as required. Board meetings were arranged and held as needed. Financial statements were prepared and an independent financial audit was commissioned.

OUTLOOK

The income, expenditure and administration of the CDCF will continue to be managed as planned, with board meetings being held when needed.

HONEY BEE DISEASE CONTINGENCY FUND (HBDCF)

PURPOSE

- > To provide administrative and accounting services to the Honey Bee Disease Contingency Fund Pty Limited, Trustee for the Honey Bee Disease Contingency Fund (HBDCF).
- > To attend and provide advice at HBDCF Board meetings.

ACHIEVEMENTS

Ongoing efficient administration and management of HBDCF affairs was achieved at below budget cost. This included monitoring investment of trust funds and dealing with project funding requests as required. Financial statements were prepared and an independent financial audit was commissioned. All board matters were handled out of session.

OUTLOOK

The income, expenditure and administration of the HBDCF will continue to be managed as planned, with board meetings being held when needed.

SHEEP INDUSTRY HEALTH AND WELFARE TRUST (SIHWT)

PURPOSE

- > To provide administrative and accounting services to Sheep Industry Health and Welfare Pty Limited, Trustee for the Sheep Industry Health and Welfare Trust.
- > To attend and provide advice at SIHWT Board meetings.

ACHIEVEMENTS

Ongoing efficient administration and management of SIHWT affairs was achieved at below budget cost. This included monitoring the investment of trust funds. Financial statements were prepared and an independent financial audit was commissioned.

OUTLOOK

The income, expenditure and administration of the SIHWT will continue to be managed as planned, with board meetings being held when needed.

CORPORATE GOVERNANCE

The AHA Board has overall responsibility for corporate governance. It is guided in its governance practices by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, and uses these as a benchmark of good governance.

FOUNDATIONS FOR GOVERNANCE

BOARD CHARTER

All responsibilities and activities of the board are covered in detail in the Board Charter. The charter delineates the responsibilities and role of the board, the chairperson, the CEO and the Company Secretary, and addresses all aspects of board appointments, activity and performance. The charter is regularly reviewed by the board's Corporate Governance Committee to ensure that it continues to reflect best governance practice.

LETTERS OF APPOINTMENT

Directors are provided with a formal letter of appointment prior to their induction. This letter covers details of the induction process, current remuneration and the manner in which it is determined, the term of the appointment, requirements for making a statement of interests, and details of directors' and officers' insurance.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee provides additional assurance that the company's governance arrangements provide an optimum effective working partnership between the board and management. Membership consists of at least three directors and the CEO, and all directors are given notice of all meetings and have the right to attend and speak. The committee is required to meet at least twice each year. The responsibilities of the committee are set out in detail in the board charter.

LEGAL COMPLIANCE

Both the Corporate Governance Committee and the Audit and Risk Management Committee are charged with aspects of implementing appropriate compliance systems. In practice the Company Secretary oversees the company's compliance system. The CEO is required to report compliance exceptions at each board meeting, and the Company Secretary may be required to elaborate on any relevant aspects of this report.

STRUCTURE AND SELECTION OF THE BOARD

BOARD SELECTION

The Constitution of AHA establishes the structure of the board as seven directors including the Chairperson, prescribes a selection process to be undertaken by an independent selection committee,

and sets out a 'skills based' matrix. Directors are all non-executive directors, are appointed for a four year term, and are eligible for reappointment.

The selection committee membership is independent of the board and management and is defined in the Company Constitution. In 2008, the members resolved that one director currently not seeking re-nomination be an additional member of the selection committee.

RIGHT OF ACCESS

Each director has the right of access to all relevant company information and to the company's executive and, subject to prior consultation with the Chairperson, may seek independent professional advice at the company's expense.

BOARD MEETINGS

The board holds up to five meetings each year, and may meet at other times as necessary, including telephonically. Processes and procedures for setting agendas and for the preparation and circulation of board papers are covered in the board charter. The CEO and other senior managers regularly attend board meetings.

ETHICAL AND RESPONSIBLE DECISION MAKING

CONFLICTS OF INTEREST

As specified in the Board Charter, directors must declare on an ongoing basis any interests that could potentially conflict with those of the company. In addition directors are asked to sign a statement annually affirming that they have no specific interests that will impact on their ability as a director, and that should such interests arise that may result in a potential conflict of interest, they will declare such to the board.

INTEGRITY IN FINANCIAL REPORTING

AUDIT AND RISK MANAGEMENT COMMITTEE

The detailed responsibilities of the Audit and Risk Management Committee are documented in the Board Charter. Membership

comprises at least three directors and the CEO acts as secretary to the committee. The Company Secretary, directors, and external auditors are given notice of all meetings and have the right to attend and speak. The committee is required to meet at least twice each year.

MANAGEMENT'S LETTER OF REPRESENTATION

Prior to approval of the annual financial report, the Audit and Risk Management Committee asks the CEO and the Manager Corporate Services to provide the independent auditors with a signed comprehensive letter of representation that affirms that the company's financial report presents a true and fair view, in all material respects, of the company's financial condition and operational results and is in accordance with relevant accounting standards.

FINANCIAL POLICIES AND PROCEDURES

Comprehensive practices are established and included in the company's policy and procedure manuals such that: all unbudgeted expenditure and commitments require prior board approval; financial exposures are controlled; investment of funds is governed by a specific investment policy; occupational health and safety standards and management systems are monitored and reviewed; and business transactions are properly authorised and executed.

CONTRACTING AND TENDERING

The company has adopted comprehensive policies and procedures in respect of purchasing, contracting and tendering. All contracts exceeding \$40,000 in value are subject to competitive quotation. Where proposed expenditure exceeds \$100,000, a formal open contracting process is used to seek competitive quotations.

DISCLOSURE

The company is not subject to the ASX Listing Rule disclosure requirements but discloses significant information to members on a continuous basis as outlined below.

RESPECTING THE RIGHTS AND INTERESTS OF MEMBERS AND STAKEHOLDERS

MEMBER CONSULTATION AND COMMUNICATIONS

The board aims to ensure that all members are informed of all major developments affecting the company. Information is communicated as follows:

- > The annual report is distributed to all members.
- > Notices of all general meetings are sent to all members, and members are actively solicited to attend such meetings either in person or by proxy.
- > Information and planning meetings are regularly held in conjunction with general meetings to provide members with information and an opportunity to meet directors and senior management.
- > Meetings of members associated with the management of specific programs are held to provide opportunities for the board to provide its strategic vision to members and allow their input in determining operational priorities.
- > The company has established a Members' Forum that meets twice a year specifically to enable members to provide input on the strategic direction of the company and the Annual Operating Plan.

COMPANY GENERAL MEETINGS

The board encourages full participation of members at the Annual General Meeting. Full participation is also encouraged at a general meeting held by the company in May each year at which the Annual Operating Plan is presented for the following three years and subscription levels are formally agreed on by members for the upcoming financial year. The company auditor is given notice of and invited to attend all company general meetings.

Members are requested to vote on the appointment and aggregate remuneration of directors, changes to the constitution, the appointment of auditors and other key issues.

CODE OF CONDUCT

The Board Charter contains a Directors' Code of Conduct with which each director is expected to comply. In addition, the company has documented standards that each manager and employee of the company is expected to operate within. The requirement to comply with these ethical standards is communicated to all employees.

Directors, managers and employees are expected to strive at all times to enhance the reputation and performance of the company. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The board reviews the employee manual regularly and processes are in place to promote and communicate these policies.

RECOGNITION AND MANAGEMENT OF RISK

RISK MANAGEMENT

Monitoring of corporate and program risks is a specific responsibility of the Audit and Risk Management Committee. The company's process of periodic risk assessment and review covers the business environment, occupational health and safety, property, financial reporting and internal control.

INTERNAL AUDIT AND INTERNAL CONTROL

The company does not have an internal audit function as the size of the organisation does not warrant this. From time to time the Audit and Risk Management Committee will initiate an independent internal audit of any area of the company's operations that it deems appropriate.

ENHANCEMENT OF PERFORMANCE

BOARD PERFORMANCE EVALUATION

The board is committed to the ongoing development of both individual directors and the board as a whole. Each year the board conducts an evaluation of its performance and reviews the outcomes of this evaluation. This evaluation regularly involves the engagement of independent external expertise.

COMPANY PERFORMANCE EVALUATION

The company regularly engages independent external expertise to conduct a company performance evaluation. This review provides a way in which the performance of the company as a whole against its long term strategic plan is evaluated. It entails significant consultation with members and other stakeholders.

STAFF PERFORMANCE EVALUATION

Each staff member is employed under an employment contract that specifically calls for an annual performance agreement against which performance is measured by the staff member's manager. The performance of the CEO is evaluated on the same annual basis by the Chairman and board.

DIRECTOR DEVELOPMENT

All directors are encouraged to undergo continual professional development. This includes participation in the company directors' course conducted by the Australian Institute of Company Directors.

DIRECTOR INDUCTION AND EDUCATION

The company has a formal process to fully inform new directors about the nature of the business, current issues, the corporate strategy and the expectations concerning performance of directors. New directors are introduced through a comprehensive induction program as set out in the Board Charter.

FAIR AND RESPONSIBLE REMUNERATION

DIRECTORS' REMUNERATION

The remuneration payable to directors is approved at an Annual General Meeting of the company as stipulated in the Constitution. There are no schemes for retirement benefits, aside from statutory superannuation. Disclosure of individual director remuneration is not provided in this report.

EMPLOYEE REMUNERATION

The remuneration of the CEO is set by the board and reviewed annually as part of the CEO performance review. The remuneration of all other staff is set and reviewed by the CEO as part of their annual performance review. All employee remuneration is performance based. Disclosure of individual senior executive remuneration is not provided in this report.

REMUNERATION COMMITTEE

The company has seven directors and less than 25 employees. The board does not consider it necessary to have a remuneration committee.



Photo: Natacha Curnow

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FINANCIAL STATEMENTS



DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

The directors present their report together with the financial report of the Australian Animal Health Council Limited ("the Company") for the year ended 30 June 2011 and the auditor's report thereon.

Directors

The names of the directors of the company at any time during or since the end of the financial year are:

| NAME AND QUALIFICATIONS | EXPERIENCE AND SPECIAL RESPONSIBILITIES |
|---|---|
| Dr Raoul Nieper AM B.V.Sc.(Hons) Grad. Dip. Bus. Admin. F.A.I.C.D. F.A.I.M. | Extensive knowledge of all company activities and experience as a director. Member Audit and Risk Management Committee. Director and Chairman since October 1998. |
| Mr David Campbell B.Agr.Sc. M.Bus. Mktg. A.F.A.I.M. G.A.I.C.D | Extensive experience in agricultural and biotechnology fields and extensive board experience. Member Corporate Governance Committee. Resigned November 2010. |
| Ms Laura Fell M.B.A. F.A.I.C.D. | Extensive poultry industry and board experience. Member Corporate Governance Committee. Resigned November 2010. |
| Mr Rodney Gobbey Dip.Public Sector Mgmt. | Extensive knowledge and experience in the role of government in the agricultural sector. Executive Director of Primary Industry, Northern Territory Department of Resources – Primary Industry, Fisheries and Resources. Chairman Corporate Governance Committee. Director since February 2006. |
| Dr Martyn Jeggo B.Vet.Med. M.Sc. Ph.D. F.A.I.C.D. M.R.C.V.S. | Extensive national and international experience in animal health policy development, governmental interfaces and strategic planning. Director Australian Animal Health Laboratory. Member Corporate Governance Committee. Director since November 2008. |
| Mr Peter Milne Dip. Bus. F.T.I.A. Member N.I.A Member A.I.C.D. | Extensive experience in the cattle industry and as a director. Chairman Audit and Risk Management Committee. Director since November 2002. |
| Dr Helen Scott-Orr PSM B.V.Sc.(Hons) Dip.Bact.(Lond) M.A.C.V.S. (Epidem) F.A.I.C.D. | Extensive state, national and international experience in animal health policy and government and extensive board experience. Member Audit and Risk Management Committee. Director since November 2010. |
| Ms Sharon Starick B.Ag.Sci.(Hons) | Extensive livestock farming, industry organisation and board experience. Member Corporate Governance Committee. Director since November 2010. |
| Associate Professor Andrew Vizard B.V.Sc. (Hons) M.P.V.M. (Univ Calif) F.A.I.C.D | Extensive experience as a director. Associate Professor, Veterinary Epidemiology, Faculty of Vet Science, University of Melbourne. Member Audit and Risk Management Committee. Director since December 2003. |

Directors' meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the company during the financial year were:

| | BOARD MEETINGS | | AUDIT & RISK MANAGEMENT COMMITTEE | | CORPORATE GOVERNANCE COMMITTEE | |
|-----------------------------------|-----------------------|-------------------------|-----------------------------------|-------------------------|--------------------------------|-------------------------|
| | No of meetings held * | No of meetings attended | No of meetings held * | No of meetings attended | No of meetings held * | No of meetings attended |
| Dr Raoul Nieper | 5 | 5 | 3 | 3 | | |
| Mr David Campbell | 2 | 2 | | | 1 | 1 |
| Ms Laura Fell | 2 | 2 | | | 1 | 1 |
| Mr Rodney Gobbey | 5 | 5 | | | 2 | 2 |
| Dr Martyn Jeggo | 5 | 5 | 2 | 2 | 1 | 1 |
| Mr Peter Milne | 5 | 5 | 3 | 3 | | |
| Dr Helen Scott-Orr | 3 | 2 | 1 | 1 | | |
| Ms Sharon Starick | 3 | 3 | | | 1 | 1 |
| Associate Professor Andrew Vizard | 5 | 5 | 3 | 3 | | |

* reflects the number of meetings held during the time the director held office during the year.

STRATEGIC PRIORITIES

The company has identified eight strategic priorities:

- > Improve the national coordination and management of animal health.
- > Secure adequate sustainable resources for national animal health.
- > Strengthen emergency animal disease preparedness and response.
- > Maintain and increase market access through effective partnerships for livestock welfare and production, and disease policy development and implementation.
- > Improve disease surveillance nationally, to meet current and future needs.
- > Explore new opportunities for the national animal health system and the company.
- > Identify and implement improved company business systems
- > Strengthen the company's communications capability.

The company intends to develop and deliver projects in partnership with government and industry in order to achieve these strategic priorities.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were to develop and deliver projects to assist the Australian animal health system in maintaining acceptable national animal health standards aimed at meeting consumer needs and market requirements in Australia and overseas, to facilitate improvement in the quality of animal health infrastructure and services in Australia, and to advise, advocate and facilitate joint action on animal health matters to industry and government. Through this process, the company commenced implementation of the five year strategic plan.

REVIEW AND RESULT OF OPERATIONS

Operations consisted of the management of a range of national animal health projects and the ongoing facilitation of cooperation and joint action between members and other stakeholders involved in the national animal health system. Significant events included organisations representing the horse industry becoming signatories of the Emergency Animal Disease Response

Agreement, the finalisation of arrangements for the FMD Antigen supply agreement with an international supplier, and the commencement of an FMD research project.

The net operating surplus of the company for the year ending 30 June 2011 was \$527,201 (2010: deficit of \$7,131,161). The increase is largely attributable to improved investment returns and one-off transactions being incurred in the previous year. The one-off transactions in 2009/10 included the establishment of Sheep Industry Health and Welfare Pty Limited as trustee for the Sheep Industry Health and Welfare Trust and the company placing \$8,000,000 with the Trust and a write-down of \$2,374,798 during renewal of the FMD Antigen inventory.

STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review, not otherwise disclosed in this report or the financial report.

EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to balance date.

LIKELY DEVELOPMENTS

Conditions pertaining to the financial year ended 30 June 2012 are expected to continue over the next twelve months. The directors anticipate that the operations and results for the forthcoming financial year will be stable.

MEMBER COMMITMENT ON WINDING UP

The company is limited by guarantee and in the event of the company being wound up, every member of the company undertakes to contribute an amount not exceeding \$100.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 86 and forms part of the directors' report for the financial year ended 30 June 2011.

DIRECTORS' INTERESTS AND BENEFITS

Since the end of the previous financial year, no director of the company has received or become entitled to receive any

benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements) by reason of a contract made by the company or a related company with a director or with a firm of which they are a member, or with a company in which they have a substantial financial interest.

INSURANCE OF OFFICERS AND AUDITORS

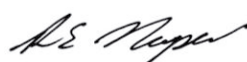
Since the end of the previous financial year, the company has paid insurance premiums totalling \$18,456 on behalf of its directors and officers for directors' and officers' liability insurance. The insurance policies relate to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome, and other liabilities that may arise from their position with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The premiums were paid in respect of the directors of the company listed in the report.

NON AUDIT SERVICES

During the year Ernst and Young, the company's auditor, has performed certain other services in addition to their statutory duties. The directors are of the opinion that these services did not compromise the independence of the auditor.

Signed on 15th September 2011 in accordance with a resolution of the directors:



Raoul Nieper
Director



Peter Milne
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

| | Notes | 2011 \$ | 2010 \$ |
|--|-------|---------------------|---------------------|
| Industry levy income | 2 | 6,230,117 | 6,425,838 |
| Direct members' subscription funding | 2 | 2,816,133 | 2,743,411 |
| Direct special programs funding | 2 | 2,943,012 | 2,739,279 |
| Interest income | 2 | 1,106,597 | 808,521 |
| Member funding for new FMD antigen inventory | 2 | - | 2,386,128 |
| Foreign exchange gain on FMD antigen inventory transactions | 2 | - | 91,928 |
| Other income | 2 | 102,764 | 198,423 |
| TOTAL REVENUE | | 13,198,623 | 15,393,528 |
| Core funded programs | 3 | (2,486,910) | (2,439,584) |
| Other core funded activities | 3 | (1,931,378) | (1,847,353) |
| Write-down on sale of old FMD antigen inventory | 3 | (579,958) | (2,374,798) |
| Special funded programs | 3 | (6,228,870) | (6,179,647) |
| Transfer to Honey Bee Disease Contingency Fund Trust | 3 | (126,251) | (120,936) |
| Transfer to Sheep Industry Health and Welfare Trust | 3 | - | (8,000,000) |
| EADRA industry recoveries | 3 | - | (11,993) |
| Other special funded activities | 3 | (1,221,042) | (1,468,848) |
| Levy collection costs | 3 | (97,013) | (81,530) |
| TOTAL EXPENDITURE | | (12,671,422) | (22,524,689) |
| OPERATING SURPLUS / (DEFICIT) BEFORE INCOME TAX EXPENSE | | 527,201 | (7,131,161) |
| Income tax attributable to operating surplus | 1(f) | - | - |
| NET OPERATING SURPLUS / (DEFICIT) | | 527,201 | (7,131,161) |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 527,201 | (7,131,161) |

Notes to and forming part of these financial statements are annexed.

BALANCE SHEET

As at 30 June 2011

| | Notes | 2011 \$ | 2010 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 272,537 | 3,813,208 |
| Held-to-maturity investments | 5 | 18,712,855 | 15,736,952 |
| Inventory held for distribution | 6 | 3,531,322 | 4,019,353 |
| Trade and other receivables | 7 | 751,084 | 1,860,197 |
| Other | 8 | 24,892 | 19,524 |
| TOTAL CURRENT ASSETS | | 23,292,690 | 25,449,234 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 80,581 | 95,305 |
| TOTAL NON-CURRENT ASSETS | | 80,581 | 95,305 |
| TOTAL ASSETS | | 23,373,271 | 25,544,539 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 2,108,647 | 5,223,135 |
| Subscriptions in advance | | 159,503 | 202,208 |
| Unapplied special program funds | 11 | 3,020,221 | 2,563,165 |
| Employee benefits | 12 | 158,194 | 173,384 |
| TOTAL CURRENT LIABILITIES | | 5,446,565 | 8,161,892 |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 12 | 70,550 | 53,692 |
| TOTAL NON-CURRENT LIABILITIES | | 70,550 | 53,692 |
| TOTAL LIABILITIES | | 5,517,115 | 8,215,584 |
| NET ASSETS | | 17,856,156 | 17,328,955 |
| EQUITY | | | |
| Accumulated members' funds | 17 | 17,856,156 | 17,328,955 |
| TOTAL EQUITY | | 17,856,156 | 17,328,955 |

Notes to and forming part of these financial statements are annexed.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

| | Notes | 2011 \$ | 2010 \$ |
|---|----------|--------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts in the course of operations | | 14,349,960 | 15,066,689 |
| Cash payments in the course of operations | | (18,024,808) | (19,250,685) |
| Interest received | | 844,017 | 733,246 |
| Net cash flows used in operating activities | | (2,830,831) | (3,450,750) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of held-to-maturity investments | | (700,896) | (15,645,025) |
| Purchase of property, plant and equipment | | (8,358) | (24,693) |
| Net cash flows used in investing activities | | (709,254) | (15,669,718) |
| Net decrease in cash held | | (3,540,085) | (19,120,468) |
| Cash and cash equivalents at beginning of the year | | 3,813,208 | 22,937,181 |
| Net foreign exchange movement | | (586) | (3,505) |
| Cash and cash equivalents at the end of the year | 4 | 272,537 | 3,813,208 |

Notes to and forming part of these financial statements are annexed.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

| | Note | Accumulated Members' Funds \$ | Total Equity \$ |
|--------------------------------|-----------|--|--------------------|
| Balance at 1 July 2009 | | 24,460,116 | 24,460,116 |
| Operating surplus for the year | | (7,131,161) | (7,131,161) |
| Other comprehensive income | | - | - |
| Balance at 30 June 2010 | | 17,328,955 | 17,328,955 |
| Operating surplus for the year | | 527,201 | 527,201 |
| Other comprehensive income | | - | - |
| Balance at 30 June 2011 | 17 | 17,856,156 | 17,856,156 |

Notes to and forming part of these financial statements are annexed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The financial report of the Australian Animal Health Council Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 14th September 2011.

The following significant policies have been adopted in the preparation of this financial report.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements are presented in Australian dollars. The financial statements are prepared on a historical cost basis.

(b) New, revised or amending 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 ('AASB') that are mandatory for the current reporting period.

The company has also early adopted AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-02 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

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.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the company. The following Accounting Standards and Interpretations are most relevant to the company:

AASB 1053 Application of Tiers of Australian Accounting Standards

The company has early adopted AASB 1053 from 1 July 2010. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards – Reduced Disclosure Requirements. The company being classed as Tier 2 continues to apply the recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(d) Revenue

Industry levy income

Amounts received from the Australian Government under the authority of the *Australian Animal Health Council (Live-stock Industries) Funding Act 1996* ("Industry Levy Income") are recognised as revenue when the levy amounts become receivable.

Direct members' subscription funding

Direct members' subscription funding is recognised as revenue when the subscription becomes receivable.

Direct special programs funding

Direct special programs funding is recognised as revenue in proportion to the stage of completion of the program or activity at the balance sheet date. The stage of completion is assessed by

reference to an assessment of the work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the funding due, or if the costs incurred or to be incurred cannot be measured reliably.

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sale of non-current assets

The net proceeds of non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Other revenue

Other revenue includes miscellaneous items which are recognised as they accrue.

(e) Operating leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease.

(f) Income tax

Under the provisions of Section 50-1 and 50-40 of the *Income Tax Assessment Act 1997*, as amended, the company is eligible for exemption from income tax and currently no tax provision has been provided for in the financial statements. Such eligibility is reviewable by the Australian Taxation Office (ATO).

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of the 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 item as applicable; and

- > 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 balance sheet.

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

Commitments and contingencies are stated with the amount of GST included.

(h) Foreign currency

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Bank accounts and amounts receivable and payable in foreign currency at reporting date are translated at the rates of exchange ruling on that date.

(i) Inventories held for distribution

Inventories held for distribution are valued at cost, adjusted when applicable for any loss of service potential.

(j) Trade and other receivables

Trade receivables are to be settled within 60 days and are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts where there is objective evidence that the company will not be able to collect the receivable.

(k) Impairment

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity, unless the reversal relates to a previous permanent diminution, in which case it cannot be reversed.

(l) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets as follows:

| | 2011 | 2010 |
|------------------------|-------------|-------------|
| Furniture and fittings | 20% | 20% |
| Office equipment | 20-33 1/3% | 20-33 1/3% |

(m) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 45 days of recognition.

(n) Employee benefits**Defined contribution plans**

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the statement of comprehensive income as incurred.

Long service leave benefits

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history. When material, the benefit is discounted to determine its present value.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled with 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

2. REVENUE

| | 2011 \$ | 2010 \$ |
|---|-------------------|-------------------|
| Industry levy income | 6,230,117 | 6,425,838 |
| Direct members' subscription funding | 2,816,133 | 2,743,411 |
| Direct special programs funding | 2,943,012 | 2,739,279 |
| Interest income | 1,106,597 | 808,521 |
| Member funding for new FMD antigen inventory | - | 2,386,128 |
| Foreign exchange gain on FMD antigen inventory transactions | - | 91,928 |
| Other income | 102,764 | 198,423 |
| | 13,198,623 | 15,393,528 |

Industry levy income

Industry levy income of \$6,230,117 (2010: \$6,425,838) was received or accrued receivable during the year from the Australian Government under the authority of the *Australian Animal Health Council (Live-stock Industries) Funding Act 1996*.

Direct members' subscription funding

Subscription funding agreed by members as per the company's constitution was \$3,969,169 (2010: \$3,887,184). Of this \$2,816,133 (2010: \$2,743,411) was received direct from members and an additional amount of core funding of \$1,153,036 (2010: \$1,143,773) was sourced from industry levy income.

Direct special programs funding

Special programs funding received direct from members and stakeholders was \$2,943,012 (2010: \$2,739,279), while an additional \$3,284,076 (2010: \$3,361,580) was derived from industry levy income.

Other income

Other income for the year consisted of \$102,764 (2010: \$198,423). Other income was received for the development and delivery of one-off activities and from Accreditation Program for Australian Veterinarians subscriptions.

3. EXPENDITURE

| | 2011 | 2010 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Core funded programs | 2,486,910 | 2,439,584 |
| Other core funded activities | 1,931,378 | 1,847,353 |
| Write-down on sale of old FMD antigen inventory | 579,958 | 2,374,798 |
| Special funded programs | 6,228,870 | 6,179,647 |
| Transfers to Honey Bee Disease Contingency Fund Trust | 126,251 | 120,936 |
| Transfer to Sheep Industry Health and Welfare Trust | - | 8,000,000 |
| EADRA industry recoveries | - | 11,993 |
| Other special funded activities | 1,221,042 | 1,468,848 |
| Levy collection costs | 97,013 | 81,530 |
| | 12,671,422 | 22,524,689 |

Core funded programs

Core funded programs expenditure of \$2,486,910 (2010: \$2,439,584) involved ongoing programs funded by all members via direct members' subscription funding or from industry levy income.

Other core funded activities

Other core funded activities expenditure of \$1,931,378 (2010: \$1,847,353) involved company activities funded by all members via direct members' subscription funding or from industry levy income.

Special funded programs

Special funded programs expenditure of \$6,228,870 (2010: \$6,179,647) involved a range of programs all directly funded in varying proportions by sub groups of members, or funded from industry levy income.

Transfers to Honey Bee Disease Contingency Fund Trust

Funds derived from Honey Bee industry levy income of \$126,251 (2010: \$120,936) were transferred to the Honey Bee Disease Contingency Fund Trust established to fund expenditure on animal health related matters for the Honey Bee industry.

Transfers to Sheep Industry Health and Welfare Trust

Funds derived from sheep industry levy income of \$Nil (2010: \$8,000,000) were transferred to the Sheep Industry Health and

Welfare Trust established to fund expenditure on animal health related matters for the sheep industry.

EADRA industry recoveries

Funds derived from industry levy income of \$Nil (2010: \$11,993) were paid to the Australian Government in reduction of amounts owing by specific industries in respect of the underwriting of industry contributions to cost sharing of previous emergency animal disease incidents under the EAD Response Agreement.

Other special funded activities

Funds derived from industry levy income of \$1,221,042 (2010: \$1,468,848) were expended on industry specific animal health initiatives and activities consistent with the objects of the company.

Levy collection costs

Funds derived from industry levy income of \$97,013 (2010: \$81,530) were paid to the Australian Government to cover the collection costs of levies.

Salaries and related costs

Salaries and related costs of \$2,559,671 (2010: \$2,520,452) were paid during the year. These costs and administrative overheads were allocated across core funded programs, other core funded activities and special programs based on staff time sheets.

4. CASH AND CASH EQUIVALENTS

| | 2011 | 2010 |
|---------------------|----------------|------------------|
| | \$ | \$ |
| Cash on hand | 400 | 400 |
| Cash at bank | 272,137 | 1,800,381 |
| Short term deposits | - | 2,012,427 |
| | 272,537 | 3,813,208 |

Short term deposits represent amounts placed in term deposits of three months or less or approved on call managed cash funds in accordance with the company's investment policy.

5. HELD-TO-MATURITY INVESTMENTS

| | 2011 | 2010 |
|--------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| 6 Month Term Deposit at 5.80% p.a. | - | 6,043,857 |
| 6 Month Term Deposit at 5.95% p.a. | - | 6,189,201 |
| 7-8 Month Term Deposit at 6.00% p.a. | - | 1,500,247 |
| 8 Month Term Deposit at 6.05% p.a. | - | 2,003,647 |
| 6 Month Term Deposit at 6.18% p.a. | 2,029,799 | - |
| 6 Month Term Deposit at 6.20% p.a. | 6,516,562 | - |
| 7 Month Term Deposit at 6.25% p.a. | 6,460,830 | - |
| 9 Month Term Deposit at 6.20% p.a. | 3,705,664 | - |
| | 18,712,855 | 15,736,952 |

Held-to-maturity investments represent amounts placed in term deposits more than three months in accordance with the company's investment policy.

INVESTMENT POLICY

The company's investment policy is to invest surplus funds, after authorisation from the board, only with those banks or financial institutions which are subject to prudential supervision or regulation under a law of the Commonwealth, a state or a territory and which have a Standard & Poors Credit rating of at least A1 at the time the deposit is placed.

Consistent with this policy the company seeks the best rate of return available on the investment of funds via cash deposits,

which are surplus to the day to day requirements of the organisation. This is consistent with the need to have such funds available for use within reasonable time frames, the cost of maintaining such investments, including the cost of moving funds to and from normal operating bank accounts, the preservation of other favourable banking and investment relationships which are already in place, and the fiduciary responsibilities of the company to its members in respect of funds.

6. INVENTORIES HELD FOR DISTRIBUTION

| | 2011 | 2010 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Inventory held for distribution | 3,531,322 | 4,019,353 |

Under supply agreements with commercial vaccine manufacturers and funding agreements with several of its members, the company has purchased an inventory of antigen for purposes of future manufacture of foot and mouth disease vaccine, and an inventory of anthrax vaccine, both for use in the event of a possible emergency disease incident in Australia.

7. RECEIVABLES

| | 2011 | 2010 |
|-------------------------------------|----------------|------------------|
| | \$ | \$ |
| Direct members subscription funding | 132,247 | 210,607 |
| Direct special programs funding | 51,495 | 1,177,967 |
| Industry levy funding receivable | 445,777 | 471,623 |
| GST receivable | 121,565 | - |
| | 751,084 | 1,860,197 |

8. OTHER ASSETS

| | 2011 | 2010 |
|-------------|---------------|---------------|
| | \$ | \$ |
| Prepayments | 24,892 | 19,524 |

9. PROPERTY, PLANT AND EQUIPMENT

| | Office Equipment | Fixtures and Fittings | Total |
|---|---------------------|--------------------------|----------|
| Cost | | | |
| Balance at 1 July 2009 | 107,495 | 180,669 | 288,164 |
| Additions | 13,185 | 11,508 | 24,693 |
| Balance at 30 June 2010 | 120,680 | 192,177 | 312,857 |
| Balance at 1 July 2010 | 120,680 | 192,177 | 312,857 |
| Additions | 5,151 | 3,207 | 8,358 |
| Reclassified | (8,902) | 8,902 | - |
| Written Off | (67,217) | (1,146) | (68,363) |
| Balance at 30 June 2011 | 49,712 | 203,140 | 252,852 |
| Depreciation and impairment losses | | | |
| Balance at 1 July 2009 | 83,422 | 112,081 | 195,503 |
| Depreciation for the year | 6,734 | 15,315 | 22,049 |
| Balance at 30 June 2010 | 90,156 | 127,396 | 217,552 |
| Balance at 1 July 2010 | 90,156 | 127,396 | 217,552 |
| Reclassified | (3,850) | 3,850 | - |
| Written Off | (63,710) | (980) | (64,690) |
| Depreciation for the year | 6,346 | 13,063 | 19,409 |
| Balance at 30 June 2011 | 28,942 | 143,329 | 172,271 |
| Carrying amounts | | | |
| At 1 July 2009 | 24,073 | 68,589 | 92,662 |
| At 30 June 2010 | 30,524 | 64,781 | 95,305 |
| At 30 June 2011 | 20,770 | 59,811 | 80,581 |

10. PAYABLES

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$ | \$ |
| Trade accounts payable | 1,551,745 | 3,792,963 |
| Accrued expenses | 556,902 | 837,604 |
| GST payable | - | 104,536 |
| UK VAT payable on FMD antigen inventory | - | 488,032 |
| | 2,108,647 | 5,223,135 |

11. UNAPPLIED SPECIAL PROGRAMS FUNDS

| | 2011 | 2010 |
|------------------------------------|------------------|------------------|
| | \$ | \$ |
| Unapplied special programs funding | 3,020,221 | 2,563,165 |

Unapplied special program funding represents amounts which have been contributed directly by members and other parties towards the budgets of special programs, but which have not yet been actually utilised to fund expenditure within those programs.

12. EMPLOYEE BENEFITS

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$ | \$ |
| Employee benefits | 228,744 | 227,076 |
| Carrying amount at end of financial year – Current | 158,194 | 173,384 |
| Carrying amount at end of financial year – Non-current | 70,550 | 53,692 |
| (a) Number of employees at year end | 21 | 20 |

13. MEMBERS' UNDERTAKING

The company is limited by guarantee and in the event of the company being wound up, every member of the company undertakes to contribute an amount not exceeding \$100.

14. RELATED PARTIES

(a) Directors

The names of each person holding the position of director of Australian Animal Health Council Limited during the financial year were:

| | |
|-----------------|---------------|
| Raoul Nieper | Rodney Gobbey |
| David Campbell | Martyn Jeggo |
| Laura Fell | Peter Milne |
| Helen Scott-Orr | Andrew Vizard |
| Sharon Starick | |

No director has entered into a contract with the company since the end of the previous financial year and there were no contracts involving directors' interests existing at year end.

(b) Cattle Disease Contingency Fund Pty Limited

The company has a 25% shareholding in Cattle Disease Contingency Fund Pty Limited (CDCF), trustee for the Cattle

Disease Contingency Fund Trust. The shareholding is in 'B' class shares' meaning the company is not entitled to any dividends or capital returns. The company has appointed the CEO as a director of the CDCF. Transactions with the CDCF as trustee were as follows:

| Revenue | 2011 | 2010 |
|--|--------|---------|
| | \$ | \$ |
| Received from CDCF under service agreement | 30,224 | 17,499 |
| Other expenditure reimbursed by CDCF | - | 758,876 |

(c) Honey Bee Disease Contingency Fund Pty Limited

The company has a 33 1/3 % shareholding in Honey Bee Disease Contingency Fund Pty Limited (HBDCF), trustee for the Honey Bee

Disease Contingency Fund Trust. The shareholding is in 'B' class shares' meaning the company is not entitled to any dividends or capital returns. The company has appointed the CEO as a director of the HBDCF.

Transactions with the HBDCF as trustee were as follows:

| Revenue | 2011 | 2010 |
|---|---------|---------|
| | \$ | \$ |
| Received from HBDCF under service agreement | 6,739 | 9,124 |
| Other expenditure reimbursed by HBDCF | 5,826 | 4,642 |
| Expenditure | | |
| Industry levy income placed on trust with HBDCF | 126,251 | 120,936 |

(d) Sheep Industry Health and Welfare Pty Limited

The company has a 33 1/3 % shareholding in Sheep Industry Health and Welfare Pty Limited (SIHW), trustee for the Sheep

Industry Health and Welfare Trust. The shareholding is in 'B' class shares' meaning the company is not entitled to any dividends or capital returns. The company has appointed the CEO as a director of the SIHW. Transactions with the SIHW as trustee were as follows:

| Revenue | 2011 | 2010 |
|--|-------------|-------------|
| | \$ | \$ |
| Received from SIHW under service agreement | 3,823 | 3,884 |
| Expenditure | | |
| Industry levy income placed on trust with SIHW | - | 8,000,000 |

15. COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows:

| Revenue | 2011 | 2010 |
|---|------------------|------------------|
| | \$ | \$ |
| Within one year | 325,877 | 316,900 |
| After one year but not more than five years | 774,049 | 1,062,740 |
| After more than five years | - | - |
| Total minimum lease payments | 1,099,926 | 1,379,640 |

The company leases office space, computing and office equipment under non-cancellable operating leases expiring from one to six years. Leases generally provide the company with a right to renewal at which time all terms are negotiated.

16. KEY MANAGEMENT PERSONNEL

The following were directors or key management personnel of the company at any time during the reporting period. Unless otherwise indicated they were directors or key management personnel for the entire period:

| | |
|---|---|
| Michael Bond – CEO | Ian Denney – Deputy CEO |
| Raoul Nieper – Director | Peter Milne – Director |
| David Campbell – Director: Resigned November 2010 | Helen Scott-Orr – Director: Commenced November 2010 |
| Laura Fell – Director: Resigned November 2010 | Sharon Starick – Director: Commenced November 2010 |
| Rodney Gobbey – Director | Andrew Vizard – Director |
| Martyn Jeggo – Director | |

The directors and key management personnel compensations during the year ended 30 June 2011 was \$701,089 (2010: \$679,818).

17. EQUITY

Equity comprises \$17,856,156 (2010: \$17,328,955) of which \$13,644,401 (2010: \$12,601,261) was derived from industry levy income passed to the company under the authority of the *Australian Animal Health Council (Livestock Industries) Funding Act 1996*. This total includes a proportionate allocation of interest received by the company.

18. EVENTS SUBSEQUENT TO REPORTING DATE

No events have occurred subsequent to reporting date.

DIRECTORS' DECLARATION

1 In the opinion of the directors of Australian Animal Health Council Limited (the company):

- (a) the financial statements and notes, set out on pages 69 to 84, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2 The directors have been given declarations equivalent to those required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the directors:



Raoul Nieper
Director



Peter Milne
Director

Dated at Sydney, NSW this 15th day of September 2011



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Auditor's Independence Declaration to the Directors of Australian Animal Health Limited

In relation to our audit of the financial report of Australian Animal Health Council Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "Ben Tansley".

Ben Tansley
Partner

15 September 2011



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Independent auditor's report to the members of Australian Animal Health Council Limited

Report on the financial report

We have audited the accompanying financial report of Australian Animal Health Council Limited, which comprises the balance sheet as at 30 June 2011, the statement of 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 and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 controls. 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*. We have given to the directors of the company a written Auditor's Independence Declaration.



Opinion

In our opinion the financial report of Australian Animal Health Council Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of Australian Animal Health Council Limited at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Ben Tansley

Ben Tansley
Partner
Canberra

15 September 2011

SCHEDULE OF EXPENSES

For the year ended 30 June 2011

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| PROGRAM EXPENDITURE CORE FUNDED PROGRAMS | | |
| Animal Disease Surveillance Program | 765,242 | 640,577 |
| Emergency Animal Disease Preparedness Program | 594,011 | 584,616 |
| Livestock Health Program | 266,811 | 356,769 |
| Biosecurity Program | 209,294 | 183,660 |
| Livestock Welfare Program | 159,341 | 164,666 |
| Training Program | 492,211 | 509,296 |
| | 2,486,910 | 2,439,584 |
| OTHER CORE FUNDED ACTIVITIES | | |
| Board | | |
| Directors' fees | 181,946 | 180,965 |
| Directors' superannuation | 16,375 | 16,555 |
| Insurances | 19,686 | 19,648 |
| Selection costs | 9,741 | 15,016 |
| Travel and accommodation | 108,978 | 127,776 |
| Other expenses | 14,966 | 4,350 |
| | 351,692 | 364,310 |
| Strategic Planning | 138,960 | 116,561 |
| Costs of establishing and developing new strategic directions for the company, including strategic consultation with members and the development costs of strategic plan and company business plan. | | |
| Company Management | 292,135 | 290,738 |
| Costs of activities which are not associated with the management or operation of specific, separately budgeted programs but which are devoted to extending, managing and maintaining the company's capability to achieve its objectives. Includes costs of statutory compliance and administration of corporate affairs, company general meetings etc. | | |

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| Communications | 391,810 | 490,098 |
| Costs associated with the production of collateral material, including the annual report, performance surveys and website, information technology, face-to-face meetings with members and stakeholders, and costs of delivering national livestock protection and awareness initiatives. | | |
| Other | 756,781 | 585,646 |
| Costs of stakeholder engagement initiatives, information and communication technology, the development and enhancement of business processes, other miscellaneous projects and activities funded at the discretion of the board. | | |
| | 1,931,378 | 1,847,353 |
| SPECIAL FUNDED PROGRAMS | | |
| Animal Disease Surveillance Program | | |
| National Arbovirus Monitoring Program | 809,122 | 791,336 |
| BT Surveillance Program | 5,206 | 27,401 |
| Other | 52,832 | 51,860 |
| Emergency Animal Disease Preparedness Program | | |
| EAD Vaccine Management | 79,289 | 125,753 |
| FMD Risk Management | 1,306,897 | 2,220 |
| Other | 30,868 | 119,079 |
| Livestock Health Program | | |
| National JD Control Program | 438,411 | 274,173 |
| Ovine JD Management Program | 964,270 | 1,228,590 |
| National Bovine JD Strategic Plan | 758,519 | 1,065,239 |
| Other | 293,219 | 331,204 |

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| Biosecurity Program | | |
| TSE Freedom Assurance Program | 719,106 | 818,391 |
| Newcastle Disease Management | 35,232 | 39,965 |
| Screw Worm Fly Management | 57,140 | 80,585 |
| Avian Influenza Management | - | 79,620 |
| Other | 53,326 | 167,633 |
| Livestock Welfare Program | 115,768 | 217,027 |
| Training Program | | |
| Rapid Response Team Training | 186,319 | 158,153 |
| AVR Training | 8,065 | 8,675 |
| EAD Response and Preparedness Capability | 274,689 | 385,644 |
| Other | - | 6,514 |
| Other Special Funded Programs | 40,592 | 209,260 |
| | 6,228,870 | 6,188,322 |

| COMPANY ADMINISTRATION EXPENDITURE | | |
|--|------------------|------------------|
| Salaries and related costs: | 2,559,671 | 2,520,452 |
| Other administration expenditure: | | |
| Accounting and audit | 28,972 | 20,735 |
| Depreciation | 19,409 | 22,049 |
| General office | 335,053 | 339,433 |
| Insurances | 29,341 | 29,842 |
| Legal fees | 695 | 17,085 |
| Motor vehicle expenses | - | - |
| Provision for employee entitlements | - | - |
| Rent and cleaning | 263,747 | 258,625 |
| Travel and accommodation | 17,611 | 18,039 |
| | 3,254,499 | 3,226,260 |
| Less: Costs allocated to core funded programs | (2,481,587) | (2,286,801) |
| Less: Costs allocated to special funded programs | (772,912) | (939,459) |
| Net unallocated expenditure | - | - |

Company administration expenditure is fully allocated to programs and activities on a month by month basis based on staff timesheets.



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