Annual operating plan – final report

2007-08

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Link between MISP and *MLA annual operating plan*

The following table establishes the correspondence that exists between the current strategic plan developed by RMAC for the Australian red meat industry, *More from Less: Strategic Direction for the Australian Red Meat Industry 2004-09* and the programs contained in this plan. An outline of the MISP 2004-09 is contained in Figure 1. The full document can be found at www.rmac.com.au/reports.

- **MISP strategic imperative: markets and consumers**
  - **MISP strategic theme: market access**
    - Market access – beef
    - Market access – sheepmeat
    - Market access and trade development – livestock exports
  - **MISP strategic theme: product marketing**
    - Domestic marketing – beef
    - Domestic marketing – sheepmeat
    - Export trade and consumer promotion – beef
    - Export trade and consumer promotion – sheepmeat
  - **MISP strategic theme: value adding**
    - Red meat product innovation
    - Co-products

- **MISP strategic imperative: product**
  - **MISP strategic theme: food safety**
    - Meat safety/issues management
  - **MISP strategic theme: eating quality**
    - Meat Standards Australia

- **MISP strategic imperative: supply chain**
  - **MISP strategic theme: community concerns**
    - Environment – resource management
    - Animal welfare – on-farm
    - Livestock handling and welfare – livestock exports
  - **MISP strategic theme: whole of chain efficiency**
    - Improving productivity
    - Adoption and capacity
    - Value chain management
    - Market information
    - Industry capability and technical standards – livestock exports

In addition to the MLA programs listed above, there are a number of other programs that either spread across MISP imperatives or are necessary for the ongoing operation of MLA. These programs include:

- Strategic research and development program
- Industry and corporate communication
- AUS-MEAT
- Research and development partnerships
- Intellectual property management
- Corporate services

Figure 1: Outline of *More from less: strategic direction for Australian red meat industry 2004-09*

VISION

Sustainable growth, international competitiveness and profitability

STRATEGIC IMPERATIVES

Markets and consumers | Supply chain | Product

Theme: market access
Involves:
- Securing new access
- Maintaining existing access
- Responding to access threats or restrictions that can emerge with little warning

- Industry must increase its involvement and influence in market access activities and negotiations, and make its commercial priorities clear.
- Industry must increase the use of its power and influence on the attitudes and actions of overseas governments.
- Industry must strengthen its focus on 'collective' activities (eg 'blue-sky R%D), allowing commercial interests to drive product-specific initiatives (eg maximizing carcase value).

Theme: product marketing
- Involves maintaining domestic and international marketing programs as ongoing priorities.

Theme: value adding
- Involves sector companies encouraging where appropriate an expansion of value adding activities and adopting a concerted effort to market by-products.

Theme: food safety
- Involves human health and consumer perceptions.
- Industry must minimize the risks of contamination, residue, disease, etc. incidents and particularly the risks of a catastrophic event.
- Industry must increase its focus on the highest-risk enterprises in the chain and seek the introduction of regulatory changes if and where necessary.
- Industry must be more proactive in removing the 'hype' from regulator and media responses to 'incidents'.
- Effective product trace-back remains crucial to success.

Theme: eating quality
- Must be maintained as a central theme.
- A commitment to full implementation of eating quality grading and labeling mechanisms is now crucial to the long-term viability of all red meat sectors.

Theme: community concerns
- Covers an increasingly diverse and demanding array of social compliance issues, including animal welfare, methane/greenhouse gas emissions, effluent disposal and land clearing.
- Industry must determine social-compliance best practice and advocate its research, development and adoption, then measure and demonstrate industry achievements in areas of community concern.

Theme: whole-of-chain efficiency
- Whole-of-chain efficiency requires more industry attentions. This involves:
  - Consideration of the players in the chain, their roles and relationships with each other, and changes that could improve 'commercial communications' between enterprises.
  - A focus on aspects of the markets framework and systems that might be preventing the market from working as well as it could.
- Industry must treat QA adoption, genomic research and application, and government imposts as high priorities.

1.1.1 Domestic marketing - beef

Program objective
Grow consumer demand for beef on the domestic market.

Overview
The value of the domestic beef market continues to grow, up a further $217m to another record $6.64bn. This has been achieved through growth in tonnages on flat but high retail prices. With high retail prices expected to continue, the challenge for further value growth is for increased beef meal frequency. Our strategy continues to focus on addressing the attitudinal barriers against greater beef consumption as well as aggressively promote the drivers.

For 2007-08, the key planning issue is not just in maintaining this momentum of demand, but to do it with $1.6m less marketing funds than available in 2006-07.

Our priorities are in the further development and rollout our new beef meals promotional campaign. We will maintain funding at 2006-07 levels. This beef specific campaign means we can reduce our investment in the nutrition sub-program but with some modest allocation to developing the next phase of the 'Red Meat. Feel Good.' consumer campaign. However, with complementary sheep funds in Nutrition also reduced, further cuts will be necessary, forcing us to withdraw our media from some regional markets.

Our investment in eating quality through our brand support program can be cut back with little anticipated impact on participation levels. Meat Standards Australia (MSA) awareness is high among end-users and MSA-underpinned brands are now well established in the market.

Modest reductions are proposed in retail and foodservice. Significant savings are planned by combining our new product support and secondary cut sub-programs into a single new product and cut development sub-program and by slowing down its rate of promotion to end-users.

In spite of these investment cuts, with consumer momentum now firmly behind red meat, we remain optimistic that the goals for increased demand can be achieved.

Key performance indicators	Achievements	Benefits
▪ Grow consumer demand for beef, contributing to further growth in the domestic market value of beef by $300m.	Consumer demand declined to 105points*, but consumer expenditure up by $44m to $6.69bn. *(92/93 base year)	Contribution to livestock prices maintained but should be stronger.
▪ Enhance key consumer attitudes to beef as a popular family meal option.	'Very positive' disposition maintained at 59%; Children's favourite up two points to 34points (mums)	A good base for resurgence in demand as pressure on household budgets eases.
▪ Further reduction in nutritional barriers to red meat across a range of attitudinal measures.	Red meat attitudes steady and positive, with further reduction in red meat Resistors and Rejectors.	A strong base to defend against red meat critics.

Sub-program	Primary objectives
1. Beef promotion	Grow the frequency of beef meals.

- Our 'Kids Love Beef' promotions continued with bursts in July 07 (featuring roasts and shepherd's pie) and Feb 08 (featuring roasts and meatballs). The promotions included TV, print and point-of-sale activity resulting in broad retail support and strengthened consumer attitudes to beef as a children's favourite. A feature of our beef program has been the development of *'Entice'*, a beef educational booklet distributed free through participating retailers in conjunction with our promotions. *'Entice'* is

quickly building a very strong consumer following. ▪ In June 08, we launched a casserole promotion under the theme 'Beef Casserole - Getintoit' to expand beef meal repertoires as well as strengthen demand for secondary cuts. While supported again by TV, print and point-of-sale, 'Entice' proved to be the most popular and effective element, giving meal providers the confidence to cook a very popular family meal but one which had slipped from the household repertoire.	
2. Nutrition	Promote the nutritional benefits of red meat while defending against adverse health and nutrition reports.
▪ A critical challenge during the year was the launch of the World Cancer Research Fund's report linking red meat consumption with cancer. MLA has undertaken an extensive research program identifying the nutritional benefits and risks of red meat consumption in Australia and we were able to call on this body of work to help refute WCRF's claims. A comprehensive summary of this work *'The Role of Red Meat in Healthy Australian Diets'* was published in the professional journal *'Nutrition & Dietetics'* and launched publicly by then Federal Minister for Health and Ageing, the Honourable Tony Abbott. Under the chairmanship of Boden Professor of Human Nutrition at University of Sydney (Professor Ian Caterson), our expert editorial committee continued to endorse the national dietary guideline for 'red meat 3-4 times a week', and their conclusions have been promoted widely to health care professionals. ▪ Our Sam Neill led TV campaign extolling the role red meat has played in our evolution continues to be popular, reinforcing the importance of red meat in a healthy balanced diet. Our main TVC 'Evolution' continued with bursts in July/Aug and Nov 07. The fourth ad in the series, 'Chicken chase' was released in March 08, again achieving strong impact from a relatively modest media spend.	
3. Eating quality	Progress adoption of eating quality science by end-users.
▪ Work with retailers, foodservice operators and wholesalers on improving eating quality using MSA science and systems continues as a core business for our trade team. Ten Brand Support Agreements were executed during the year (eight beef, two lamb) whereby MLA co-funds approved marketing activities of MSA underpinned brands. We also offer technical assistance to all enterprises interested in improving quality. ▪ Assessing the outcomes of the entire industry's efforts on raising eating quality requires objective measurement to complement our periodic consumer satisfaction surveys. This year, with the support of all major retailers, we have embarked on a market-based assessment of eating quality, testing beef selected at random from retail through consumer sensory evaluation. Results will be available during the latter half of 2008.	
4. Retail promotion	Maintain retailer focus on red meat as a critical category in driving overall store performance with beef seen as the category driver.
▪ The Red Meat Networking Club continues to provide one of the most successful avenues for growing demand for red meat. Focused on raising retail standards through product range, quality, labelling and growing professionalism in the butcher sector, membership in 2007-08 grew 15% to nearly 2,000 nationally, representing around 50% of Australian butchers. ▪ Counter Attack is a new Red Meat Networking Club program to encourage and assist butchers to develop innovative ways of adding value to secondary cuts of red meat. We ran 15 butcher workshops for 357 participants representing 220 stores this year, and a core group of 50 participants, who totally embraced the products developed, reporting an increase of 15-20% on their beef sales. ▪ Partnerships with each of the major supermarkets also continued during the year, working with them on a variety of quality, range, merchandising, promotion and supply-chain projects that can enhance long-term consumer demand and operational effectiveness.	
5. Foodservice promotion	Maintain beef as a popular and contemporary offering on foodservice menus.
▪ *'Chefs Special'* continues as a flagship publication for red meat within the foodservice sector. Published quarterly, *'Chefs Special'* highlights seasonal menu opportunities using beef, sheepmeat and goatmeat and is distributed to around 17,000 leading foodservice decision makers. ▪ Displays featuring red meat cooking and butcher demonstrations were undertaken at the Foodservice Australia trade show in Sydney and the Restaurant 08 trade show in Melbourne. These events provided a showcase for beef and lamb meal options, and highlighted a wide range of products from offal to highly marbled beef and a wide range of goat and lamb products to over 15,000 chefs and food industry professionals.	

▪ To demystify livestock production systems and show the commitment and professionalism of Australia's producers to the industry's frontline, we took 160 chefs and butchers on eight MLA-run paddock-to-plate tours.	
6. Product and cut development	Assist the successful launch of high potential new products. Build end-user demand for secondary cuts.
▪ 'Sizzle steak', a new product developed and launched in partnership with Beak & Johnson and Woolworths, has been an outstanding success during the year. Cooked in less than a minute, this thinly sliced steak using a low value secondary cut is ideal in stir-fries, wraps and meat salads. This project confirms the key to success in product development of fresh meat is through such commercial partnerships and the strong commitment of all participants. ▪ Other partnerships and projects are continuing.	
7. Market research	Be a valuable source of data on domestic market and consumer trends.
▪ Consumer and end-user research continues to play a vital role in informing and guiding the development of MLA's marketing strategies and programs. ▪ Our monthly Meat Market Monitor that supplies us with household servings and share data was interrupted during the year as a result of the supplier experiencing data collection and processing problems. This has now been corrected and will recommence in July 08. Regrettably, species comparisons against prior years will be invalid for the next 12 months. ▪ A major study identifying changing meal behaviour trends within Australia has been completed. The study identified a sea-change occurring over the last 3-4 years with resurgence in cooking from scratch and a return to more traditional family meal values. This is excellent news for the red meat sector as our products will capture much of the benefit of this. We will be promoting the results of this study to both general and food media.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)							Total
			1	2	3	4	5	6	7	
Grassfed cattle	R	**122**		110					12	**122**
	M	**14,566**	5,019	4,202	669	1,313	811	743	409	**13,166**
Grainfed cattle	R	**20**		18					2	**20**
	M	**2,382**	794	665	106	208	128	118	65	**2,082**
Processor	R	**150**		136					14	**150**
	M	**1,494**	637	533		167	103	94	52	**1,586**
Government	R	**292**		264					28	**292**
Total	**R**	**584**		**528**					**56**	**584**
	M	**18,442**	**6,450**	**5,400**	**775**	**1,688**	**1,042**	**955**	**525**	**16,834**

Actual final budget

			2007-08 annual sub-program actuals ($'000)							
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
Grassfed Cattle	R	122		101					26	**127**
	M	13,166	5,483	3,995	694	1,273	810	791	286	**13,333**
Grainfed Cattle	R	20		18					4	**21**
	M	2,084	828	631	110	202	128	126	45	**2,069**
Processor	R	150		179					33	**212**
	M	1,586	511	652		198	123	100	45	**1,629**
External	M	-		312						**312**
Government	R	292		298					62	**360**
Sub Total	**R**	**584**		**597**					**124**	**721**
Sub Total	**M**	**16,836**	**6,821**	**5,591**	**805**	**1,672**	**1,061**	**1,017**	**377**	**17,343**
Total		**17,420**	**6,821**	**6,187**	**805**	**1,672**	**1,061**	**1,017**	**501**	**18,064**

1.1.2 Domestic marketing – sheepmeat

Program objective
Grow consumer demand for lamb on the domestic market.

Overview
Consumer demand for lamb continues to grow following the launch of the 'We Love Our Lamb' campaign in 1999, and demand is now the highest it has been in 20 years. However, this growth rate is becoming harder to maintain as high retail prices meet consumer resistance, and squeezed retailer margins encourage retailers to increase promotional emphasis behind alternative meats.

The major planning issue is the reduction of $1.5m in available funds for lamb promotion. This means we must either abandon one of our three promotional bursts during the year or cut back heavily on them with the risk of falling below impact threshold levels. A further consideration is the likely supply of lamb given the impact of drought. Lamb shortages are forecast to hit in winter and continue into spring.

We view our long-term priorities as being spring and Australia Day, and we believe we cannot afford to risk loss of impact in either of these critical periods. Therefore, these budgets will be maintained. We do not want to give up on Mother's Day given our success on 2006 and its strategic importance in maintaining the presence of lamb throughout the year. Consideration will be given to restoring our Mother's Day burst in 2008 if reserves build up ahead of budget during the 2007-08 year.

The shortage of lamb funds provides a further need to cut back on the nutrition sub-program. There are not funds available to meet lamb's contribution commitments without an even more severe cut in lamb promotion. We must therefore pull back on regional coverage of the campaign to ensure the impact of the message continues in priority capital city markets.

Key performance indicators	Achievements	Benefits
▪ Maintain consumer demand for lamb at 76 points, contributing to growth in the domestic market value of lamb of $50m.	Consumer demand steady at 138pts*, consumer expenditure up $105m in 07/08 *(92/93 base year)	Contributes to strong livestock prices.
▪ Maintain key consumer attitudes to lamb.	'Very positive' disposition remains strong at 51%, 'Delicious to eat' at 69%, 'Loved by Australians' strong at 73%	A good base for further growth in demand.
▪ Further reduction in nutritional barriers to red meat across a range of attitudinal measures.	Red meat attitudes steady and positive, further reduction in red meat Resistors and Rejectors.	A strong base to defend against red meat critics.

Sub-program	Primary objectives
1. Lamb promotion	Maintain the frequency of lamb meals.

- Our spring 07 promotion featured a new TVC 'Falling in Lamb' that has proven to be one of our most effective yet in communicating the enjoyment and appeal of lamb. The spring campaign included point-of-sale promotional activity with all key retailers.
- Sam Kekovich returned to front MLA's Australia Day 08 campaign, this year calling for a week-long lamb-a-thon in his trademark tongue-in-cheek address to the nation. The Australia Day 08 promotion was the most successful to date with all major retailers reporting further sales growth. A major new component was our partnering with Channel 7 during their telecast of the Australian Open Tennis. Overall additional media coverage has been valued at more than $8 million on top of our relatively modest media budget of $850,000. The campaign was recognised as one of the world's best at the 2008 Cannes International Advertising Awards.

▪ For Mother's Day 08, a limited amount of funds was used to produce point-of-sale material for promotion in retail butchers. This activity was well received by butchers and paves the way for a stronger presence in future years as levy monies become available.	
2. Nutrition	Promote the nutritional benefits of red meat while defending against adverse health and nutrition reports.
This is a joint program with beef refer to 1.1.1 Beef	
3. Eating quality	Progress adoption of eating quality science by end-users.
This is a joint program with beef refer to 1.1.1 Beef	
4. Retail promotion	Maintain retailer focus on red meat as a critical category in driving overall store performance while reinforcing lamb as a popular choice within their meat offer.
This is a joint program with beef refer to 1.1.1 Beef	
5. Foodservice promotion	Maintain lamb as a popular and contemporary offering on foodservice menus.
This is a joint program with beef refer to 1.1.1 Beef	
6. Market research	Be a valuable source of data on domestic market and consumer trends.
This is a joint program with beef refer to 1.1.1 Beef	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)						Total
			1	2	3	4	5	6	
Mutton	R	**0**							**0**
	M	**60**		20	20		20		**60**
Lamb	R	**150**		136				14	**150**
	M	**8,323**	4,085	1,650	155	521	303	162	**6,877**
Processor	R	**50**		45				5	**50**
	M	**621**	321	130		41	24	13	**529**
Goat	R	**0**							**0**
	M	**31**					31		**31**
Government	R	**200**		181				19	**200**
Total	**R**	**400**		**362**				**38**	**400**
	M	**9,035**	**4,406**	**1,800**	**175**	**563**	**378**	**175**	**7,497**

Actual final budget

			2007-08 annual sub-program actuals ($'000)						
Sector		Budget 07-08	1	2	3	4	5	6	Total
Mutton	M	60		19	20		20		**59**
Lamb	R	150		126				26	**152**
	M	6,877	4,136	1,623	161	505	303	113	**6,842**
Processor	R	50							
	M	529	332						**332**
Goat	M	31					30		**30**
Government	R	200		126				26	**152**
Sub Total	**R**	**400**		**252**				**52**	**305**
Sub Total	**M**	**7,497**	**4,468**	**1,642**	**181**	**505**	**353**	**113**	**7,263**
Total		**7,897**	**4,468**	**1,895**	**181**	**505**	**353**	**166**	**7,568**

1.2.1 Export trade and consumer promotion – beef

Program objective

Grow demand for Australian beef internationally through product differentiation and customer loyalty programs.

Overview

In 2007-08 and beyond the Australian beef industry faces a number of key challenges. Primary amongst these is maintaining beef sales to North Asia at the levels witnessed over the last three years. The return of North American suppliers to these markets, combined with the emergence of potential competition from low cost supply sources, will provide a challenge to Australia's dominance in this region. This challenge will only be met if overall levels of beef consumption in North Asian markets are raised substantially.

Given this challenge, and in recognition of current product flows, the majority of available funds are allocated to the Japanese and Korean markets. A suite of tools will be used in these markets to develop and consolidate sophisticated supply chain relationships, thus ensuring higher levels of loyalty to Australian beef are maintained. Outside Japan and Korea, growth opportunities, some of which are longer term, have been identified in South East Asia, Russia and the North American chilled trade. Activities in these markets will focus on trade development and raising levels of knowledge of Australian beef and the Australian industry.

Key performance indicators	Achievements	Benefits
▪ Australia retains dominant import share in nominated retail and foodservice outlets in Japan and Korea after US re-entry.	Australia in Japan held 83% and in Korea 72% of imported beef market share and was dominant in key retail and food service accounts.	Australia's current strong position in North Asian markets will help ensure continued customer loyalty and help maintain future market share.
▪ Improve trade and consumer attitudes towards the key attributes of Australian beef (safety, eating quality and nutritious image).	Attitudes towards Australian beef have improved, or have been maintained, in all key markets according to MLA trade and consumer surveys.	Positive images of Australian beef encourage retailers and foodservice companies to stock Australian beef. Ensures consumer and trade loyalty in the face of the return of US beef into North Asian markets.
▪ Where specified as part of a regional strategy, increase exporter participation in industry collaborative agreements.	ICA participation was the same in Japan, but increased in Korea (by two exporters) and the US (by eight accounts). In all there were 61 ICAs in these three markets.	Exporter buy-in of MLA marketing plans and expertise. Enhancement of marketing dollars. Strengthens trade relationships.
▪ Incorporate key findings from eating quality research into regional programs and the positioning of company brands.	Two brands underpinned by EQA are being supported in Japan, four in Korea and three in the US.	Improves trade loyalty towards Australian beef as customer satisfaction is enhanced by EQA.

<table>
<tr><th>Sub-program</th><th>Primary objectives</th></tr>
<tr><td>1. Position integrity and consistency attributes of Australian beef internationally</td><td>Increase product differentiation through education, PR and media tie-ups across all markets.</td></tr>
<tr><td colspan="2">
Australian beef was consistently rated higher than beef from any other source in all major markets in terms of safety and integrity.
666 positive media articles were generated focusing on the safety and integrity of Australian beef. Additionally, 89 electronic media stories were generated.
Trade and consumer focused websites were maintained and enhanced in the major markets of the US, Japan, Korea, Europe and the Middle East covering Australian beef safety and ordering systems. Approximately 850,000 visits were made to these sites.
231 workshops/seminars were conducted incorporating messages on the integrity and consistency attributes of Australian beef. Almost 9,000 customers participated in these educational activities.
37 workshops/seminars were conducted in association with Australian exporters showcasing Australian brands incorporating EQA (27 in Japan, seven in the US, three in Korea).
Over 100,000 publications were distributed to the trade with a primary focus on integrity aspects of Australian beef.
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<tr><td>2. Expand and consolidate a strong retail presence for our beef</td><td>Capitalise on gains made during US absence from key markets.</td></tr>
<tr><td colspan="2">
Australian beef's retail shelf space in Japan and Korea expanded this year– a good result given the higher prices due to a strong Aussie dollar, tight supply and the return of US beef to the market. Sales increases for Australian beef were recorded during key promotional periods.
On average Australia's share of total retail beef sales in Japan was 65% and in Korea was just over 50%.
In Japan, whilst most major retailers have started to sell US beef again, sale volumes and market share remains low. In Korea US access continues to be an issue and Australian beef continues to dominate imported beef sales at retail.
Australia continues to dominate (over 80%) imported beef shelf space in South East Asian markets.
Over 30,000 in store sampling days were conducted in Japan and Korea to encourage trial and purchase of Australian product.
Almost 40 million items of point of sale (POS) were distributed at retail, profiling the attributes of Australian beef to consumers.
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<tr><td>3. Expand and consolidate a strong foodservice presence for our beef</td><td>Increase sales of Australian beef in foodservice sectors in all markets.</td></tr>
<tr><td colspan="2">
Australian beef's presence in the foodservice sector internationally, especially Asia, has increased substantially in recent years. Two factors have contributed to this increase: the limited availability of US beef in Asia and consumers moving towards sectors where the presence of Australian beef is strong.
A range of programs were implemented to encourage demand at foodservice for a variety of Australian beef cuts. These programs included chef's missions, educational seminars, involvement with catering schools, culinary events and restaurant promotions.
Trade liaison activities have occurred with major quick service restaurants (QSR) and family restaurants to strengthen loyalty from this important sector towards Australian beef eg seminars, POS material, and product development initiatives.
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<tr><td>4. Build relationships/reputation with the trade and emerging markets</td><td>Strengthen trade relationships in all markets.</td></tr>
<tr><td colspan="2">
On ground representation in significantly emerging markets such as Indonesia, China, Russia and Middle East (especially Egypt and the UAE) has focused on identifying potential trade customers and providing product information to them. Especially important in emerging markets has been participation in trade shows. In all MLA participated in eight trade shows in these markets, along with 55 exporters.
A range of communications material, including local language websites, technical information and seminars, has been developed to facilitate knowledge of Australian beef in emerging markets – ensuring strong trade awareness of the attributes and benefits of purchasing Australian beef.
Key messages on the value, variety and integrity of Australian beef were delivered to trade customers
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	in all major markets through advertising and advertorials. Additionally, eight trade missions were conducted involving exporters, importers and end user customers.	
5.	Monitor consumer/trade attitudes and behaviour with respect to beef.	Undertake consumer and trade attitudinal and behavioural research in targeted export markets.

- Consumer research has been conducted in all major markets to monitor perceptions of Australian beef by consumers and the trade.
- In emerging markets, such as Indonesia and China, research has been conducted to identify key consumers drivers for meat purchases and requirements of the trade.

Budget

Sector		2006-07 budget	2007-08 annual budgets by market ($'000)						Total
			North America	Japan	Korea	South Asia	Europe	Middle East	
Grassfed cattle	R	**75**							**0**
	M	**21,521**	1,020	9,809	5,637	2,411	266	278	**19,421**
Grainfed cattle	R	**75**							**0**
	M	**3,366**	354	1,816	1,116	94	76		**3,456**
Government	R	**150**							**0**
Total	**R**	**300**							**0**
	M	**24,887**	**1,374**	**11,625**	**6,753**	**2,505**	**342**	**278**	**22,877**

Actual final budget

2007-08 annual sub-program actuals ($'000)										
Sector		**Budget 07-08**	**North America**	**Japan**	**Korea**	**South Asia**	**Europe**	**Middle East**	**Global**	**Total**
Grassfed Cattle	R	-								
	M	19,421	894	8,961	5,398	2,087	174	281		**17,794**
Grainfed Cattle	R	-								
	M	3,456	303	1,614	1,115	71	67			**3,169**
External	M	-		1,196	50	51	339	55	73	**1,764**
Sub Total	**R**	**-**								
Sub Total	**M**	**22,877**	**1,197**	**11,770**	**6,563**	**2,209**	**580**	**336**	**73**	**22,727**
Total		**22,877**	**1,197**	**11,770**	**6,563**	**2,209**	**580**	**336**	**73**	**22,727**

1.2.2 Export trade and consumer promotion - sheepmeat

Program objective
Grow demand for Australian sheepmeat internationally through differentiation and customer loyalty programs.

Overview
Although lamb consumption in Australia is significant, lamb rarely appears on dinner plates in the rest of the world. For the longer term prosperity of Australian lamb producers, lamb consumption levels in Asia and North America must be increased. The focus of lamb export activities outlined in this plan is to achieve increased lamb consumption through creating consumer awareness, then encouraging trial and purchase of the product.

Used in the execution of these activities are: (1) generic trade marketing and business development activities; and (2) joint MLA/exporter agreements (industry collaborative agreements – ICAs) to support company brands. Achieving a balance between these two components is critical. ICAs are the most effective way of growing demand through existing channels, but marketing and business development activities are required to recruit new accounts. Given the tight lamb supplies anticipated during 2007-08, within an overall reduced budget, proportionately greater funds will be allocated to ICA-type activities.

Limited funds are available for mutton marketing. Available funds have been applied to the Middle East/Africa, South Asia and North America regions to support exporter initiatives.

Key performance indicators	Achievements	Benefits
▪ Maintain high levels of trade (retail, foodservice, wholesale, importer) satisfaction – attitudinal survey regarding quality, safety, value and MLA marketing activities.	Surveys still being conducted.	
▪ High levels of satisfaction with MLA's overall management, consultation and financial management of the ICAs – satisfaction levels to be above 80%.	In North America ICAs were conducted with seven companies (an increase of two), in Japan with ten companies and in the Middle East with three companies. Positive feedback was received from all ICA participants.	Strengthened supply chain and closer relationships between exporter, trade and end-user.
▪ Preserve or improve consumer awareness, understanding and attitude to key attributes of Australian lamb in key export markets.	Consumer research conducted in Japan in June 2008 showed 7% more consumers stating that lamb was 'good for dieting', 4% more stating it is 'healthy', and 3% more stating that it 'tastes good'. Amongst US consumers Australia continues to rank third in awareness for lamb producing countries. More than six in ten surveyed consumers	Strong market platform from which to grow export lamb sales.

	recognized Australia as a lamb producer, up slightly from 2007.	

<table>
<tr><th>Sub-program</th><th>Primary objectives</th></tr>
<tr><td>1. Expand retail presence and product identification for Australian sheepmeat</td><td>Increase retail sales of Australian lamb in the US, Korea, the Middle East and Taiwan, maintain sales in Japan.</td></tr>
<tr><td colspan="2">▪ In the US and Japan, in the face of tight supplies, retail penetration was maintained. Retail penetration was increased in Korea (by 25% to 25 outlets), in the Middle East by 8% and in China.
▪ MLA supported over 3,000 retail outlets and conducted over 6,000 days of in-store sampling. Additionally, almost seven million items of point-of-sale (POS) were distributed. The work in-store was designed to encourage trial of the product and then purchase.</td></tr>
<tr><td>2. Increase foodservice penetration and usage of Australian sheepmeat</td><td>Increase penetration of Australian lamb in the US and Taiwan.</td></tr>
<tr><td colspan="2">▪ MLA supported food service promotions in almost 3,500 outlets in the US, Japan, Korea and countries in South East Asia and China.
▪ A range of programs were implemented to encourage demand at food service for a variety of Australian lamb cuts. These programs included Chef's missions, educational seminars, involvement with catering schools, culinary events and restaurant promotions.
▪ A new campaign was launched in North America to increase the presence of Australian lamb on bar, appetizer and lunch menus. The “Hot Trends, Cool Chefs” campaign included a brochure, foodservice advertising, PR and seminars.</td></tr>
<tr><td>3. Provide technical services to assist with product presentation and usage</td><td>Increase usage of high valued lamb items in the US, Japan, the Middle East and the Chinas.</td></tr>
<tr><td colspan="2">▪ Butcher and chef training programs were conducted in Japan, China, South East Asian countries and the Middle East to demonstrate cutting lines for lamb and mutton, usage and product presentation. In all over 100 seminars were held in these countries involving almost 2,000 participants.
▪ In the US research and preparatory work was completed on new lamb concepts which will be introduced in 2008/09.</td></tr>
<tr><td>4. Build trade relationships and trade knowledge in emerging markets</td><td>Undertake trade relations activities to encourage use of lamb in major export markets and mutton in all markets.</td></tr>
<tr><td colspan="2">▪ Regular liaison occurred with the trade in all major markets.
▪ Business development activities were also undertaken in key markets. In the US, for instance, 20 leads from potential new sheepmeat customers were generated, resulting in 9 face-to-face presentations.</td></tr>
<tr><td>5. Monitor consumer/trade attitudes and behaviour with respect to sheepmeat</td><td>Undertake market research in targeted export markets on Australian sheepmeat.</td></tr>
<tr><td colspan="2">▪ Consumer research was conducted in the US, Japan and Korea to monitor perceptions of Australian lamb by consumers and the trade.
▪ In China research was conducted to identify key consumers drivers for meat purchases and requirements of the trade.</td></tr>
</table>

Budget

Sector		2006-07 budget	2007-08 annual budgets by market ($'000)						Total
			North America	Japan	Korea	South Asia	Europe	Middle East	
Mutton	M	**366**	65	50		100	26	151	**392**
Lamb	M	**6,812**	3,191	850	165	622	195	606	**5,629**
Goat	M	**125**	100			25			**125**
Total	**M**	**7,303**	**3,356**	**900**	**165**	**747**	**221**	**757**	**6,146**

Actual final budget

2007-08 annual sub-program actuals ($'000)									
Sector		**Budget 07-08**	**North America**	**Japan**	**Korea**	**South Asia**	**Europe**	**Middle East**	**Total**
Mutton	M	392	54	46		95	22	162	**379**
Lamb	M	5,629	3,059	754	159	589	173	626	**5,361**
Goat	M	125	56			17			**72**
External	M	-		42				55	**97**
Sub Total	**M**	**6,146**	**3,169**	**843**	**159**	**700**	**195**	**843**	**5,910**
Total		**6,146**	**3,169**	**843**	**159**	**700**	**195**	**843**	**5,910**

1.3 Market access and trade development – livestock exports

Program objective
Increase market access and grow demand for Australian cattle, sheep and goat exports.

Overview
The increased competition in key livestock export markets from Africa, South America, Eastern Europe and China increases the need for the Australian industry to maintain its market position through differentiation. The first stage in this positioning is to develop an understanding of the customers who buy meat from Australian livestock in these markets and working with importers and retailers in these markets to build demand.

In all livestock export markets we will monitor developments regarding market access, advising industry and government of any changes to access conditions and provide a response capability in the event of opportunities to improve access or to respond to adverse changes.

In the major livestock export markets, the Australian industry will work with industry and government to increase support for the import of Australian livestock as a safe and reliable food source.

R&D and technical trade support to improve the efficiency of transporting, handling, holding and processing of Australian livestock, will continue to be provided along the marketing chain, and in key export markets.

Key performance indicators	Achievements	Benefits
▪ Provide industry with a comprehensive picture of global customers who buy meat from Australian livestock exports to enable differentiation and marketing strategies to be developed.	Increased understanding of market requirements, competitor products and an increased capacity to supply.	Increased volume exported; increased customer satisfaction; raised market sustainability.
▪ Improve market access to at least one market in Asia and in the Middle East/Africa for 2007-08.	Vietnam identified as a potential market. Egyptian market re-opened.	Market diversification and increased demand for Australian livestock.
▪ Maintain access to existing markets.	All markets for Australian livestock maintained.	These markets create competition for close to 1 million head of cattle and 3.5 million sheep.
▪ Obtain measurable increase in demand for beef from imported Australian cattle through promotional support in modern retail outlets in Indonesia.	Beef from imported cattle struggled to compete in modern retail outlets. This program re-focused to wet market activities.	Programs developed to improve sales opportunities for wet market butchers and improve beef demand.

Sub-program	Primary objectives
1. Middle East/Africa – market access	To improve existing access conditions, and identify and action opportunities to improve access to markets in the region.
▪ Access was maintained to all markets and was improved in two markets – Libya and Egypt. Through infrastructure improvement and training in Libya, market access was improved via increased Australian Government confidence that Australian livestock welfare is assured. Proactive government liaison in	

Australia and Egypt ensured vital and timely communication of key MOU Agreement issues that contributed to the reopening of the trade.	
2. Middle East/Africa – trade support	To improve demand for Australian livestock through technical and promotional support.
▪ Ongoing education and training activities combined with the production of new promotional materials emphasising the superior health qualities of Australian livestock have contributed to a greater awareness of core issues affecting the trade and of Australia's export strengths. Effective liaison with importers from a multi-skilled livestock and marketing team ensured transfer of the latest best-management techniques and husbandry/welfare practices. Demand for Australian sheep and cattle continues to be strong in Middle East markets.	
3. Asia Pacific – market access	To defend existing access conditions and identify and action opportunities to improve access to markets in the region.
▪ Market access activities focused on Indonesia where there is significant pressure for the government to relax import regulations and allow in alternative beef suppliers, such as Brazil. MLA has assisted local industry to highlight the safety of Australian product. Various local groups have lobbied the government regarding livestock health risks if laws were relaxed to allow imports from FMD free zones, rather than restricting imports only to countries that are totally free from FMD. Local industry officials have successfully applied pressure on the government to maintain its current import policy.	
4. Asia Pacific – trade support	To improve demand for Australian cattle through technical and promotional support.
▪ Technical support has been provided to importer/feedlotters/processors in Indonesia, Malaysia, Philippines and Brunei thorough nutrition advice, animal handling training and processing staff training. A Business Development Manager has been appointed in Indonesia to implement a beef category promotion for beef from live cattle and imported beef. The promotional programs will use findings from consumer research conducted in December 2007. Wet market promotions commenced in these traditional outlets that account for more than 90% of the sales of beef from Australian cattle.	
5. R&D – trade support	To improve the efficiency of assembling, holding and transporting Australian livestock exports.
▪ Research was conducted into improving the current heat stress model for Middle East shipments. The model software system was upgraded along with the inclusion of open deck cross wind effects. The model is being independently reviewed prior to launch of the updated software. Aircraft ventilation software has been developed to assist exporters with a risk tool for accessing a wide range of aircraft to ensure suitable ventilation for livestock transport.	

Budget

Sector		**2006-07 budget**	2007-08 annual sub-program budgets ($'000)					Total
			1	**2**	**3**	**4**	**5**	
Mutton	R	**28**					7	**7**
	M	**70**	25	25				**50**
Lamb	R	**11**					5	**5**
	M	**30**	10	10				**20**
Grassfed cattle	R	**57**					13	**13**
	M	**900**	82	40	75	671		**868**
Live exporter	R	**96**					25	**25**
	M	**245**	125	105	75	158		**463**
Government	R	**192**					50	**50**
Total	**R**	**384**					**100**	**100**
	M	**1,245**	**242**	**180**	**150**	**879**		**1,401**

Actual final budget

2007-08 annual sub-program actuals ($'000)								
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**5**	**Total**
Mutton	R	7					13	**13**
	M	50	23	18				**42**
Lamb	R	5					7	**7**
	M	20	9	7				**17**
Grassfed Cattle	R	13					25	**25**
	M	868	76	29	184	466		**756**
Live Exporter	R	25					45	**45**
	M	463	116	78	16	115		**326**
Government	R	50					90	**90**
Sub Total	**R**	**100**					**181**	**181**
Sub Total	**M**	**1,401**	**224**	**133**	**201**	**581**		**1,140**
Total		**1,501**	**224**	**133**	**201**	**581**	**181**	**1,321**

1.4.1 Market access – beef

Program objective
Ensure that existing rights of access for Australian beef to international markets are at least maintained and, where possible, secure improvements to access conditions.

Overview
As a major exporting industry, changes in access to overseas markets materially affect the profitability of individual cattle producers and beef processors. During the life of this plan MLA will continue to act to defend existing rights of access to cattle and beef markets and, where possible, secure improvements to these conditions.

In all markets MLA will monitor developments on market access, provide regular reports to industry and government and provide a response capability in the event of adverse events occurring. Forging strong lines of communication between the various industry sectors and government is critical to successfully defending access conditions.

The World Trade Organization (WTO) Doha Round, despite delays, continues to offer some prospects for trade reform. It is critical that real and significant improvements in market access are forthcoming from this Round. Research indicates that access improvements into North Asian markets (especially) and Europe are critical for the future profitability of the Australian beef industry – and these priorities must be continually reinforced with government.

With outcomes from the WTO negotiations uncertain, it is crucial to encourage the Australian Government to pursue free trade agreements (FTAs) of value to the Australian beef industry. Currently FTAs are in various stages of negotiation with ASEAN, Malaysia, the Gulf States, China, Chile and Japan. Additionally, economic feasibility studies are underway with Mexico and Korea. Substantial improvements in access for Australian beef must be achieved in all FTAs.

Key performance indicators	Achievements	Benefits
▪ Reduce trade barriers in at least one market (beef or sheepmeat).	Tariff barriers eliminated under Australia-Chile free trade agreement. Access to other markets preserved.	Unobstructed response to growing demand. Market certainty.
▪ Australian Government negotiators are aware of and acknowledge beef industry priorities for the WTO Doha Round and FTA negotiations.	Written submissions lodged and constant interaction with trade negotiators.	Beef industry objectives included in trade outcomes.
▪ MLA market access activities rated highly by industry and government negotiators.	Feedback indicates MLA highly valued as a provider of market access advice.	Coordinated industry position presented to Government on all beef access activities – economic and technical.

Sub-program	Primary objectives
1. WTO activities	Position the Australian beef industry for the WTO Doha Round.

Based on the existing draft text, the WTO Doha Round is unlikely to deliver the level of ambition sought by the Australian beef industry. If the text is agreed to by WTO members, substantial improvements in market access will be diluted by a range of flexibilities applicable to ‘sensitive’ and ‘special’ products.

In pursuit of the best possible outcome, MLA along with industry partners, has continued to be an active participant during the progression of the Round. Activities have included:

- Extensive liaison with DFAT/DAFF to ensure the beef industry’s objectives are known and acknowledged, including ongoing correspondence with and representation to Australia's Trade Minister, key trade negotiators (Canberra/Geneva) and the WTO Secretariat.

- Analysis of the implications of the various draft WTO modalities texts circulated by chair of the WTO agriculture negotiations.
- Participation in NFF/DFAT convened WTO Technical Working Group meetings **–** a key conduit between industry and Government on developments.
- Submission lodged with DFAT's Review of Export Policies and Programs regarding our position on multilateral (WTO) issues pertinent to beef.

2. Bilateral defence and improvement	Defend existing market access conditions in overseas markets and, where possible, through bilateral negotiations, improve these conditions with the elimination or reduction of economic or technical barriers to trade. In particular, position the Australian beef industry for FTA negotiations.

- Closely monitored and reported on US beef re-entry into Japan and Korea – ensuring associated import protocols did not adversely impact on Australian beef access.
- With support from the Australian Government, advocated modification to the beef import tariff snapback reference period in Japan, thereby averting the import tariff increasing from 38.5% to 50%.
- Ongoing interaction with Australian trade officials on the 5 FTAs currently being negotiated.
- Highlighted imperative of early commencement of Australia-Korea FTA negotiations.
- Worked closely with our Embassy in Tokyo and officials in Canberra to extol the benefits of beef trade liberalisation under an FTA with Japan.
- Lodged submissions regarding FTA feasibility studies with Indonesia and India.
- Participated at Australia-Mexico Joint Experts Group and liaised with Mexican officials to encourage consideration of FTA negotiations.
- Achieved workable *E-coli* testing protocols in the United States (in conjunction with AMIC).
- Submissions provided to USDA/AMS on proposed grassfed, 'natural' and 'naturally raised' definitions and submission lodged on mandatory country of origin labelling.
- Representations made regarding meat regulations in Indonesia and tripe protocol in China.
- Interaction with Swiss authorities on high quality beef certification.
- Liaison with Russian authorities on veterinary, shelf-life and certification issues.
- Provided joint secretariat for, and input into, the industry/Government Red Meat Market Access Committee.

3. Market access research	To conduct research into the impact of access barriers on the Australian cattle and beef industry and into strategies for removing these barriers.

Due to the protracted nature of the WTO negotiations and slow progress of several FTAs a number of envisaged research projects were not pursued.

Research commissioned included:

- US-Korea FTA – Potential Implications for the Australian Beef Industry, July 2007
- Red Meat Industry Submissions to the Productivity Commission on First and Second Reviews of Regulatory Burdens, July 2007 and March 2008
- Survey of Japanese Consumer Perceptions of an FTA with Australia, December 2007
- Market Access Program Evaluation – a component of MLA's evaluation series, February 2008
- Analysis of WTO agriculture modality text, March 2008
- Maintenance of Global Meat Industry Model – used to run simulations on trade scenarios and market forecasts

Budget

Sector		2006-07 budget	2007-08 annual budgets by market ($'000)								Total
			Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D	
Grassfed cattle	R	**135**								124	**124**
	M	**803**	144	146	215	127	108	115			**855**
Grainfed cattle	R	**9**								20	**20**
	M	**94**	23	24	35	21	18				**121**
Processor	R	**144**								144	**144**
	M	**799**	167	170	250	73	102	115			**877**
Government	R	**288**								288	**288**
Total	**R**	**576**								**576**	**576**
	M	**1,696**	**334**	**340**	**500**	**221**	**228**	**230**			**1,853**

Actual final budget

2007-08 annual sub-program actuals ($'000)											
Sector		**Budget 07-08**	**Global**	**North America**	**Japan**	**Korea**	**South Asia**	**Europe**	**Middle East**	**R&D**	**Total**
Grassfed Cattle	R	124								60	**60**
	M	855	116	196	134	124	109	68			**747**
Grainfed Cattle	R	20								10	**10**
	M	121	19	27	22	21	20				**109**
Processor	R	144								70	**70**
	M	877	135	164	156	68	106	68			**698**
External	M	-		50							**50**
Government	R	288								139	**139**
Sub Total	**R**	**576**								**279**	**279**
Sub Total	**M**	**1,853**	**270**	**438**	**312**	**214**	**234**	**136**			**1,603**
Total		**2,429**	**270**	**438**	**312**	**214**	**234**	**136**		**279**	**1,882**

1.4.2 Market access – sheepmeat

Program objective
Ensure that existing rights of access for Australian sheepmeat to international markets are at least maintained and, where possible, secure improvements to access conditions.

Overview
The Australian sheepmeat industry, particularly the lamb industry, has become increasingly reliant on export markets. This export orientation has resulted in improved economic conditions for the industry, but carries inherent risks.

Conditions for market access in a number of markets, particularly in the Middle East, South Africa and Europe continue to frustrate the Australian industry. Although minor progress has been made on some of these issues, major challenges remain.

The World Trade Organization (WTO) Doha Round, despite delays, continues to offer some prospects for trade reform. It is critical that real and significant improvements in market access are forthcoming from this Round. A solid body of work has already been completed aimed at positioning the Australian sheepmeat industry for the Doha Round. Securing quota improvements into the European Union is the industry's highest priority.

Alongside WTO activities, it is necessary to position the Australian sheepmeat industry in free trade agreements (FTAs) involving Australia. Currently FTAs are in various stages of negotiation with ASEAN, Malaysia, the Gulf States, China, Chile and Japan. Additionally, economic feasibility studies are underway with Mexico and Korea.

Many market access issues arise unexpectedly. In all markets MLA will monitor developments on market access, provide regular reports to industry and government on these developments and provide a response capability in the event of adverse developments arising. Forging strong lines of communication between the various industry sectors and government is critical to successfully defending and improving access conditions.

Key performance indicators	Achievements	Benefits
▪ Reduce trade barriers in at least one market (beef or sheepmeat).	Tariff barriers eliminated under Australia-Chile free trade agreement. Access to other markets preserved.	Unobstructed response to growing demand. Market certainty.
▪ Australian Government negotiators are aware of and acknowledge sheepmeat industry priorities for the WTO Doha Round and FTA negotiations.	Continued proactive trade advocacy highlighting benefits of sheepmeat trade reform.	Sheepmeat industry priorities included in trade outcomes.
▪ MLA market access activities rated highly by industry and government negotiators.	Feedback indicates MLA highly valued as a provider of market access advice.	Coordinated industry position presented to Government on all sheepmeat access activities – economic and technical.

Sub-program	Primary objectives
1. WTO activities	Position the Australian sheepmeat industry for the WTO Doha Round.
Based on the existing draft text, the WTO Doha Round is unlikely to deliver the level of ambition sought by the sheepmeat industry. If the text is agreed to by WTO members, substantial improvements in market	

access will be diluted by a range of flexibilities applicable to 'sensitive' and 'special' products. In pursuit of the best possible outcome, particularly improving access into the EU, MLA along with industry partners, has continued to be an active participant during the progression of the Round. Activities have included: ▪ Extensive liaison with DFAT/DAFF to ensure the sheepmeat industry's priorities are known and acknowledged, including ongoing correspondence with and representation to Australia's Trade Minister, key trade negotiators (Canberra/Geneva) and the WTO Secretariat. ▪ Analysis of the implications of the various draft WTO 'modalities' texts circulated by chair of the WTO agriculture negotiations ▪ Participation in NFF/DFAT convened WTO Technical Working Group meetings **–** a key conduit between industry and Government on developments ▪ Submission lodged with DFAT's Review of Export Policies and Programs regarding our position on multilateral (WTO) issues pertinent to sheepmeat.	
2. Bilateral defence and improvement	Defend existing market access conditions in overseas markets and, where possible, through bilateral negotiations, improve these conditions with the elimination or reduction of economic or technical barriers to trade. In particular, position the Australian sheepmeat industry for FTA negotiations.
▪ Lodged submission on Opportunities for Sheepmeat in the EU to the European Parliament's study on the "Future of the sheep and goat sector in Europe". ▪ Sought appropriate compensation for prior trade performance following the accession of Romania and Bulgaria to the EU. ▪ Continued rapport, in conjunction with SCA, with the National Sheep Association in the UK, FNO in France and the Irish farm lobby. ▪ Strong partnership continued with US and New Zealand sheep producers under the Tri-Lamb Alliance. ▪ Submissions lodged in the US on mandatory price reporting for lamb and on proposed grassfed, 'natural' and 'naturally raised' definitions. ▪ Participated at Australia-Mexico Joint Experts Group and liaised with Mexican officials to encourage consideration of FTA negotiations. ▪ Assisted with resolution of technical barriers in Mexico. ▪ Liaised with South African Government officials regarding sheepmeat access conditions. ▪ Participated in Halal Consultative Committee (an industry/Government/Islamic organisations alliance) to ensure unimpeded global access for Halal products. ▪ Representations made to Middle East authorities regarding Halal certification and import procedures. ▪ Conducted Halal and food safety workshops in Abu Dhabi (60 attendees). ▪ Liaised with Moroccan and Algerian authorities regarding access conditions/barriers. ▪ Close collaboration maintained with the Australian Consul-Agriculture based in Dubai on a range of technical access issues. ▪ Ongoing interaction with Australian trade officials on the 5 FTAs currently being negotiated. ▪ Lodged submissions regarding FTA feasibility studies with Indonesia and India. ▪ Provided joint secretariat for, and input into, the industry/Government Red Meat Market Access Committee.	
3. Market access research	To conduct research into the impact of access barriers on the Australian sheepmeat industry and into strategies for removing these barriers.
Due to the protracted nature of the WTO negotiations and slow progress of several FTAs a number of envisaged research projects were not pursued. Research commissioned included: ▪ Red Meat Industry Submissions to the Productivity Commission on First and Second Reviews of Regulatory Burdens, July 2007 and March 2008. ▪ Market Access Program Evaluation – a component of MLA's evaluation series, February 2008. ▪ Analysis of WTO agriculture modality text, March 2008. ▪ Maintenance of Global Meat Industry Model – used to run simulations on trade scenarios and market forecasts.	

Budget

Sector		2006-07 budget	2007-08 annual budgets by market ($'000)								Total
			Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D	
Mutton	R	**9**								9	**9**
	M	**229**	27	38	5	2	26	70	71		**239**
Lamb	R	**67**								67	**67**
	M	**565**	97	116	45	8	111	45	143		**565**
Processor	R	**76**								76	**76**
	M	**635**	96	165		3	66	115	190		**635**
Goat	M	**8**	8								**8**
Government	R	**152**								152	**152**
Total	**R**	**304**								**304**	**304**
	M	**1,437**	**228**	**319**	**50**	**13**	**203**	**230**	**404**		**1,447**

Actual final budget

2007-08 annual sub-program actuals ($'000)											
Sector		**Budget 07-08**	**Global**	**North America**	**Japan**	**Korea**	**South Asia**	**Europe**	**Middle East**	**R&D**	**Total**
Mutton	R	9								5	**5**
	M	239	20	34	4	2	26	42	72		**201**
Lamb	R	67								38	**38**
	M	565	73	109	35	8	114	28	138		**505**
Processor	R	76								43	**43**
	M	635	72	152		3	67	71	196		**561**
Goat	M	8	6								**6**
External	M	-		5							**5**
Government	R	152								87	**87**
Sub Total	**R**	**304**								**172**	**172**
Sub Total	**M**	**1,447**	**171**	**299**	**39**	**13**	**208**	**141**	**407**		**1,278**
Total		**1,751**	**171**	**299**	**39**	**13**	**208**	**141**	**407**	**172**	**1,450**

1.5.1 Red meat product innovation

Program objective
To grow demand for red meat with a focus on lower valued red meat by addressing consumer trends through development of new value added red meat products and technologies.

Overview
Consumers are seeking economical, healthy and nutritious alternatives that are simple to prepare and offer interesting choices without the need for lengthy preparation times. Value added red meat products are ideally suited to meet these demands and the industry will benefit substantially from innovations tailored to meet changing consumer requirements. In addition, value added red meat has the potential to increase market access through the development of new technologies that allow products to reach new markets (eg shelf stable) and to achieve improved shelf-life (packaging). Similarly, industry productivity and viability will be improved with technologies that allow better carcase utilisation (eg meat strip alignment).

The aim of this program is to assist industry to continuously roll out value added red meat products. The program will facilitate industry innovation by conducting strategic research to develop new platform technologies that can be tailored and adopted by the red meat industry to deliver significant value adding innovations. The platforms will also allow the industry to maintain access to leading edge scientific and technical knowledge in the three sub-program areas identified. In addition, red meat product innovation will increase industry's capability to develop and produce value added products through the provision of an integrated range of information and technical support services, including market research.

Key performance indicators	Achievements	Benefits
▪ At least one alternative technology is developed for the manufacture of cost effective value added products from secondary cuts.	High pressure processing has been evaluated for its ability to improve eating quality. It makes significant and unusual differences to muscle fibre functionality and toughness.	Significant reduction of toughness in connective tissue to a level normally associated with prime cuts.
▪ Two novel convenience products are developed from secondary cuts for the aged care market.	Three products - Microwaveable Beef, Sizzle Steak and Rotisserie Beef have been developed	Products allow extra value to be derived per carcase, increase beef consumption and address market convenience requirements.
▪ Determine the issues which hinder domestic product development of red meat.	Issues in financial, operational, market signals and access, costs and resourcing areas identified.	Targets for future capability building have been identified.
▪ Identify how MLA can address the issues which hinder product development.	Measures identified include access to technical expertise, mentoring programs, provision of findings from ongoing consumer trends and demands.	Increased industry capability and rate of new product rollout.

Sub-program	Primary objectives
1. Utilisation of low value cuts	To develop new technologies (such as high pressure processing) and products that will utilise the low value cuts of the carcase resulting in increased value and demand of these commodity cuts.
▪ HPP shows promise in tough high connective tissue cuts. Shear force reduction from eight to <four is very significant. HPP appears to predispose connective tissue to damage during subsequent cooking. The next steps will be empirical trials at a commercial scale plus continued systematic study. Benefits of mechanical tenderisation to ageing were examined to see if any gains could be made, but improvements were small compared to those in conventional ageing and the project was terminated.	

2. Convenience	To develop new technologies and products that will enable the customer (retail and foodservice) to prepare red meat products without lengthy preparation times and cooking skills. The aging population will be focused on this year.

- Three platforms have been developed – each with retail and foodservice potential including aged care. An aged care market analysis has focused on enterprise level decision making with regard to red meat. The analysis identified the need to get red meat into lighter snack meals as it was already well represented on the main meal. Microwave 'roasts' and rotisserie beef products from secondary cuts are well suited for the industry, where deskilling of cooking staff is a major structural problem.

3. Competitive intelligence	To increase industry capability to develop and produce value added products and product delivery mechanisms through the provision of an integrated range of information and technical support services. This component includes market research to determine new opportunities, research to help industry with their value adding initiatives and technical advisers.

- A study of the issues impeding the development of more value added, and in particular heat and serve red meat products, either for the retail or the foodservice markets pointed to limitations at retail in existing refrigerated capacity; presence of similar or identical products; and the perceived conflict between consumers' desire for fresh, healthy meals and what is essentially a preserved meal. Measures to address these issues have been identified including improved access to technical expertise and knowledge; mentoring programs; provision to industry of ongoing consumer trends and demand signals.
- Shelf stable meat product opportunities, barriers and likely issues were studied in four export markets ie Germany, Japan, Korea and United States. Opportunities have been identified in three of the four markets (Germany, Japan and USA) both at the retail and foodservice sector. New opportunities in India, Indonesia and Spain have also been identified as these economies continue to develop and grow resulting in a large market segment that could be catered to by Australian products.

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)			Total
			1	2	3	
Mutton	R	**0**				**0**
Lamb	R	**55**	23	23	6	**52**
Grassfed cattle	R	**145**	65	65	18	**148**
Processor	R	**201**	80	80	20	**180**
Government	R	**401**	168	168	44	**380**
Total	**R**	**802**	336	336	88	**760**

Actual final budget

2007-08 annual sub-program actuals ($'000)						
Sector		**Budget 07-08**	**1**	**2**	**3**	**Total**
Lamb	R	52	24	22	8	**53**
Grassfed Cattle	R	148	66	61	23	**150**
Processor	R	180	81	75	18	**174**
Government	R	380	171	158	48	**378**
Sub Total	**R**	**760**	**342**	**316**	**97**	**755**
Sub Total	**M**	**-**				
Total		**760**	**342**	**316**	**97**	**755**

1.5.2 Co-products

Program objective
Increase the value of a carcase by increasing the range and profitability of red meat co-products, in order to increase the profitability of the red meat industry.

Overview
This program aims to both protect revenue derived from selling traditional co-products into food and feed applications and to derive additional revenue from novel co-products such as high value bioactives.

A considerable proportion of the value of an animal is derived from traditional co-products which find their way into the feed and food supply chains. Loss of these options could have a severe impact on the cost of manufacture as the full cost of processing would have to be borne by the meat itself. To avoid this scenario it is necessary to develop alternative non-feed, non-food applications.

Another strategy is to develop high value co-products from within the co-product stream. The focus of this strategy is more on increasing the value per carcase than on total utilisation. Some sections of the industry are deriving significant value from bioactive co-products such as foetal calf blood for use in pharmaceutical manufacturing. To realise the potential for other similar high value bioactive co-products, the program will continue to build industry capability, but will increasingly move towards building competitive advantage for producers and processors through identifying or developing specific technologies and by identifying specific market opportunities.

Key performance indicators	Achievements	Benefits
▪ Define the conditions for presenting offal to achieve accurate decisions about offal disposition and develop a training manual for delivery to industry stakeholders via MINTRAC.	A rendering cost model has been developed and offal benchmarking tool trialled.	Both models help to optimise the value of co-product portfolios relative to market prices.
▪ Develop and disseminate a bioactives compendium (toolkit) for all producers, processors and students in order to facilitate industry uptake of high value bioactive opportunities.	First version of the Bioactives compendium including data on 125 Bioactives has been developed.	The compendium is designed to increase producers/processors awareness of market opportunities.
▪ Evaluate the potential for increasing the average value of carcases by deriving value added bioactives from amniotic fluid and placental material.	Review of current and potential market opportunities for amniotic fluid and placental materials is completed.	Both short and long-term product opportunities have the potential to increase the value per head.
▪ To initiate a whole-of-value chain collaborative study to identify on-farm interventions to increase the bioactivity of industrial bioactive products.	Major potential for on-farm manipulation is in the area of vaccine manufacturing.	Potential to increase the value of Australian bovine serum used by pharmaceutical manufacturers is calculated.

Sub-program	Primary objectives
1. Maintaining the relative value of co-products	Maintain and protect existing markets. Identify alternative uses and processes.

- Fluctuations in market price of some co-products can make their recovery unprofitable. A model has been developed which calculates the cost of rendering of multiple products from a given set of raw materials. The tool has been successfully demonstrated at six rendering plants. Also, there is little information available with accurate yield data for offal recovery. In response, an Excel-based management tool was developed, which was used to benchmark offal yield at eight participating abattoirs for both beef and sheep offal. This tool can also be used by individual plants to develop their own in-house benchmarks.

2. Capability building in bioactives	To increase the abilities of producers and processors to enter and survive in bioactive markets, by means of training, workshops and in-situ vacation students.
▪ MLA has been running a series of workshops for the red meat industry and associated value adders, addressing the issues in developing bioactives opportunities. The fourth Bioactives Workshop was held in Brisbane in June 2008 and was attended by processors, value-adders, technology providers and collaborative partners. The workshop provided networking and business development opportunities within the Australian bioactive supply chain. The two-day workshop launched the Bioactives Compendium and worked with participants through the process of high level project evaluation, and how to identify opportunities suitable for their companies in the bioactives market.	
3. Bioactive market opportunities	To identify commercial opportunities for bioactive products from the red meat industry and to develop strategies for realising them in the Australian context.
▪ A market review has been completed which identified market opportunities for amniotic fluid and placental materials. In the short term, there are existing markets for placenta in cosmetics and in Chinese medicine which Australian value adders could access. Other potential applications for amniotic fluid include wound healing and neonatal care. The first version of the bioactive compendium has been developed, and includes sections on bioactives value chains, regulatory requirements, scale-up calculations and cost estimations as well as product sheets on 125 bovine and ovine derived bioactives.	
4. Bioactive processing technology development	To identify existing technologies new to Australia and develop novel technologies for the manufacture of high value bioactives, that will give the Australian manufacturers a competitive advantage.
▪ The development of a TGA pilot scale process for the manufacture of chondroitin sulphate pharmaceutical grade has been delayed. ▪ A partnership project to develop an extraction process for enzymes derived from kidney is underway. ▪ An experiment looking at amplifying bioactive concentration in bovine and ovine organs post slaughter has successfully increased bioactives levels by more than 40 fold. ▪ Draft reports of a study looking at genetic and physiological differences between live animals and their impact of bovine serum used in pharmaceutical manufacturing have been received. There are opportunities for on-farm manipulation of blood serum's bioactive content to improve vaccine production.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)				Total
			1	2	3	4	
Mutton	R	**27**	12	5	5	5	**27**
Lamb	R	**75**	30	12	20	13	**75**
Grassfed cattle	R	**105**	42	17	28	18	**105**
Processor	R	**180**	59	31	56	34	**180**
Government	R	**387**	143	65	109	70	**387**
Total	**R**	**774**	**286**	**130**	**218**	**140**	**774**

Actual final budget

2007-08 annual sub-program actuals ($'000)							
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**Total**
Mutton	R	27	11	5	5	5	**26**
Lamb	R	75	28	11	19	14	**72**
Grassfed Cattle	R	105	40	16	26	19	**101**
Processor	R	180	55	29	52	36	**173**
Government	R	387	134	61	102	74	**372**
Sub Total	**R**	**774**	**268**	**122**	**204**	**148**	**743**
Total		**774**	**268**	**122**	**204**	**148**	**743**

2.1 Meat safety/issues management

Program objective
Ensure integrity and safety of Australian beef/sheepmeat production.

Overview
The MLA Meat safety/issues management program supports the activities of SAFEMEAT, a partnership between the Australian and State governments and all sectors of the red meat industry. SAFEMEAT oversees and promotes sound management systems to deliver safe and hygienic product to the market place, and implements sound crisis management principles and strategies.

Key performance indicators	Achievements	Benefits
▪ Provide technical data on costs and benefits of specified risk material removal from food and feed chain.	Discussions on an appropriate direction for this work have continued.	A thorough understanding of all stakeholders has been achieved.
▪ Risk of product rejection (contamination of beef trim) is reduced by providing new tools for processors.	In response to US requirements, new efficient risk management systems have been implemented in Australia.	The likelihood of product rejection in the US market has been greatly reduced.
▪ Public health risks in smallgoods are reduced through the adoption of more consistent processing standards for target pathogens.	MLA's recommendations on processing standards have been implemented and enforced by state jurisdictions.	Reduced risk of disease due to consumption of smallgoods can be expected.
▪ Ensure NLIS database ability to meet state governments' traceability requirements is fully tested via a simulated disease outbreak and/or residue incident.	The NLIS database was successfully load tested (independently) during the review period.	Ensure the NLIS database is capable of managing the traffic flow under conditions of high activity.
▪ Successfully transfer the LPA program, including ownership of IP and logos, as well as management of the program to AUS-MEAT by 30 June 2008.	The LPA administration and standards etc have been transferred to AUS-MEAT.	The program will have more future direction and planning delivered by stakeholders.
▪ Deliver a communication strategy to communicate LPA status changes to industry.	A successful communications strategy was employed to move producers to full accreditation.	The move towards full accreditation ensures a higher level of integrity as more PIC's enter the random audit pool.

Sub-program	Primary objectives
1. Prion research	Enhance disease surveillance and testing capability for bovine spongiform encephalopathy (BSE). Assess impact of BSE control measures.
▪ It has been suggested that there may be value in removing specified risk materials (parts of the animal that may contain BSE prions), from the food and feed chain, even though Australia's risk of BSE is internationally accepted as negligible. A working group has been fully discussing this issue, with the expectation that consultants may be engaged to provide technical data that would contribute to a cost benefit analysis. The working group discussions have not yet progressed to the stage where consultants have been engaged, resulting in a lower than budgeted expenditure.	

2. Domestic and international issues management	Minimise market disruption arising from food safety and related incidents, creating positive perceptions of Australian meat safety.
▪ Systems to ensure the safety and integrity of Australian beef and sheepmeat continued to be widely communicated to international customers and consumers.	
3. Food safety	Develop tools and systems for food safety risk management based on innovative science, outcomes-based regulation and customer expectations.
▪ Basic and applied research has led to results that can be developed into tools for improving management of food safety. A number of tools have assisted the beef trim trade to the USA and further tools are ready for implementation. The uptake of research results in the smallgoods sector is leading to improvements in food safety; work will continue to ensure optimal implementation of these initiatives. ▪ Contributions have been made to the development of regulatory systems, especially for export. Developments in customer expectations are continually monitored and needs anticipated. Prediction of spoilage of meat is a significant new activity.	
4. National Livestock Identification System	In accordance with the NLIS business plan, ensure the database and support services have the capability to deliver reliable livestock traceability.
▪ The NLIS database continues to operate in an effective and stable environment. During 2007-08 the data base was load tested to ensure it would operate effectively under extreme loads. This process confirmed the database would be able to handle more than double the current traffic.	
5. SAFEMEAT secretariat	Provide secretariat services to SAFEMEAT.
▪ MLA continues to play a major role in all SAFEMEAT activities, including publishing the SAFEMEAT annual report, supplying the majority of papers for all Executive meetings and having input in the Telecommunications Group on relevant industry issues as they arise.	
6. Communication and education	Provide effective industry strategies and communications related to relevant food safety issues.
▪ MLA continues to play the lead role in managing the SAFEMEAT website, and developing and delivering communications material to industry and overseas markets as and when required.	
7. Biotechnology	Monitor developments in biotechnology and develop strategies and initiatives to deliver positive industry benefits.
▪ Monitoring of developments in biotechnology has continued, providing industry stakeholders with frequent briefings and responding to questions and issues as they arise. ▪ A SAFEMEAT statement on cloned animals has been developed and endorsed.	
8. Livestock Quality Systems	Management of the Livestock Production Assurance (LPA) programs. Continued support of the National Vendor Declaration (NVD) program. Manage livestock integrity issues relating to chemical usage, livestock disease and livestock feeding.
▪ The LQS program has been active in transitioning the Livestock Production Assurance standards and administration activities to AUS-MEAT during 2007-08. This will now see AUS-MEAT, through the LPAC committee, manage the program going forward with direct involvement from all stakeholders, including all program administration, management of logos, standards development, auditing and reporting.	
9. Database integration	Review the feasibility of one login point for industry producer program databases (NLIS, LPA and QA).
▪ This program was not activated during the review period and will now form part of the Livestock Quality Assessment project during 2008-09.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)									Totals
			1	2	3	4	5	6	7	8	9	
Mutton	R	**45**			17	20	2	2	1	30	5	**77**
	M	**86**		80			3	4				**87**
Lamb	R	**199**			93	50	6	13	3	120	13	**298**
	M	**457**		420			12	26				**458**
Grassfed cattle	R	**1,615**	80		287	520	17	52	8	255	25	**1,244**
	M	**1,389**		1,156		615	35	104				**1,910**
Grainfed cattle	R	**265**	10		40	92	2	7	1	85	5	**242**
	M	**187**		188		109	4	14				**315**
Processor	R	**1,274**	70		463	500	22	61	12	200		**1,328**
	M	**1,959**		1,719			44	122				**1,885**
Goat	R	**26**						2		30	2	**34**
	M	**4**						4				**4**
Live exporter	R	**71**	15				6	15		30		**66**
	M	**41**					12	30				**42**
External	M	**4,000**				2,791				2,362		**5,153**
Government	R	**3,495**	175		900	1,182	55	152	25	750	50	**3,289**
Totals	**R**	**6,990**	**350**		**1,800**	**2,364**	**110**	**304**	**50**	**1,500**	**100**	**6,578**
	M	**8,123**		**3,563**		**3,515**	**110**	**304**		**2,362**		**9,854**

Actual final budget

2007-08 annual sub-program actuals ($'000)											
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**Total**
Mutton	R	77			17	23	2		1	25	**68**
	M	87		75			3	1		21	**100**
Lamb	R	298			94	58	6	2	3	75	**238**
	M	458		380			12	5		66	**462**
Grassfed Cattle	R	1,244	27		296		22	10	7	293	**655**
	M	1,910		430		447	45	21		313	**1,255**
Grainfed Cattle	R	242	4		40		2	1	1	99	**147**
	M	315		626		10	46	3			**685**
Processor	R	1,328	23		467	471	21	11	10	251	**1,254**
	M	1,885		1,587				21			**1,609**
Goat	R	34								30	**31**
	M	4						1			**1**
Live Exporter	R	66	4								**4**
	M	42									
External	R					600					**600**
	M	5,153		94		2,173				2,196	**4,463**
Government	R	3,289	59		914	1,151	53	26	22	773	**2,997**
Sub Total	**R**	**6,578**	**117**		**1,827**	**2,303**	**106**	**52**	**43**	**1,545**	**5,994**
Sub Total	**M**	**9,854**		**3,193**		**2,630**	**106**	**51**		**2,596**	**8,575**
Total		**16,432**	**117**	**3,193**	**1,827**	**4,932**	**212**	**102**	**43**	**4,142**	**14,569**

2.2 Meat Standards Australia

Program objective
Maintain and deliver the world's leading eating quality standards for beef and sheepmeat.

Overview
The objectives of the MSA program are to:
- work with industry to ensure consumers can purchase beef and sheepmeat of a described eating quality
- ensure the further development of and maintain the beef grading program
- maintain systems for the sheepmeat program
- provide the industry with accurate, unbiased and reliable eating quality standards
- continue to develop the world's most innovative technology relating to beef and sheepmeat eating quality
- provide training and tools to increase the profitability of all participants in the supply chain

During 2007-08 a further increase in beef grading numbers will be targeted. Predominantly the target for adoption will be exporters into selected markets. During 2006-07 six supply chains were selected in collaboration with the Beef CRC for implementation of programs to drive adoption of technologies. The focus this year will be on ensuring there are systems in place to communicate the value of change in production systems both on-farm and in processing, and continuing to deliver training programs to further capitalise on existing opportunities and greater adoption of technologies. 2007-08 will also see the continued roll out of eating quality systems for sheepmeat.

Key performance indicators	Achievements	Benefits
▪ Achieve an increase in cattle grading numbers of 20%.	A total of 838,256 cattle were graded, an annual increase of 16.4%.	Contributing to a significant overall increase in beef eating quality.
▪ Release new model incorporating R&D from Japan, Korea and US.	New model incorporating International results delayed until late 2008.	The new model will deliver improved EQ outcomes for export product.
▪ Develop standards and systems for use of MSA in export markets for use by three processors.	Standards and trade promotional material developed and released.	Export processors able to differentiate beef on eating quality.
▪ Migrate MSA Beef Standards within AUS-MEAT industry standards.	MSA Licensing Standards have been migrated to AUS-MEAT.	Improved process for standards development, all of industry involved.
▪ Roll out the MSA sheepmeat program to a further four processors.	There are currently six processing plants operating under the MSA sheep program.	Contributing to overall increase in sheep eating quality.

Sub-program	Primary objectives
1. Business development of MSA beef grading and technical services	Adoption of MSA technology and standards through supply chains via account management.
▪ The MSA account management program continues to be successful with new processors entering the MSA grading program. The main feature of this program has been the successful manner in which MSA stakeholders have reacted to MSA staff assisting their business, through direct involvement in building supply chains and creating additional value to their existing MSA product and business.	
2. Commercial services	Provision of services to industry on a commercial basis.
▪ The renewal of annual licensing fees continues to contribute to annual revenue, along with user pay fees for the training and accreditation of company graders, and we would expect this activity to remain stable.	
3. Integrity of MSA trademark for beef.	Ensure the integrity of the trademark is maintained; maintain quality standards and ISO accreditation; further training and rigorous auditing.
▪ ISO accreditation for the MSA program was maintained during the review period, and in accordance with our AUS-MEAT audit program approx 1,200 audits were carried out throughout the year, with 165	

CAR's raised and closed out during the year. With the current ISO system capturing individual MSA quality complaints, it is interesting to see the total number of complaints reduce by almost 20% compared to 2006-7 figures.	
4. Beef development	Training, new product development and value adding for retailers, foodservice operators and wholesalers using MSA beef.
▪ A very successful period with 1,463 individuals receiving MSA training in a wide variety of MSA modules, included in the training have been cattle and sheep producers, processors, wholesalers, retailers and foodservice operators. With the exception of producer and retail training, all other MSA training will now be delivered by AUS-MEAT.	
5. R&D for MSA beef	Further development of grading protocols to ensure access to the technologies for selected export markets.
▪ With the International sensory analysis supporting the EQA program complete, there was only a small amount of domestic consumer sensory analysis during the review period, therefore MSA R&D has been minimal during the review period.	
6. Integrity of MSA trademark for sheepmeat	Development and adoption of specifications and standards by lamb and sheepmeat supply chains to improve product quality while maintaining integrity.
▪ The development of MSA sheepmeat has been very successful during the review period. While the program is in its first year of commercial operation we have seen the grading numbers reach approx 80,000 carcases graded through six processing plants, with three plants using new individual company brands.	
7. Sheepmeat development	Deliver retail, foodservice and wholesale education programs targeted at further utilisation and adoption of sheepmeat products.
▪ Along with the above comments, this activity commenced commercial delivery during 2007-8 with the introduction of MSA sheepmeat. The first phase of this development is in the area of wholesaler and retail awareness and training.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)							Total
			1	2	3	4	5	6	7	
Mutton	R	**126**						58	39	**97**
Lamb	R	**136**						58	39	**97**
Grassfed cattle	R	**1,102**	412				90			**502**
	M	**0**	795		313	360				**1,468**
Grainfed cattle	R	**381**	138				30			**168**
	M	**0**	265		105	120				**490**
Processor	R	**255**								**0**
	M				200					**200**
External	M	**800**		250						**250**
Government	R	**2,000**	550				120	116	78	**864**
Total	**R**	**4,000**	**1,100**				**240**	**232**	**156**	**1,728**
	M	**800**	**1,060**	**250**	**618**	**480**				**2,408**

Actual final budget

2007-08 annual sub-program actuals ($'000)										
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
Mutton	R	97						37	45	**82**
Lamb	R	97						37	47	**83**
Grassfed Cattle	R	502	369				116			**486**
	M	1,468	413		360	240				**1,014**
Grainfed Cattle	R	168	124				37			**161**
	M	490	238		115	80				**433**
Processor	M	200								
External	M	250		411						**411**
Government	R	864	493				148	79	92	**812**
Sub Total	**R**	**1,728**	**986**				**301**	**152**	**184**	**1,623**
Sub Total	**M**	**2,408**	**651**	**411**	**476**	**320**				**1,858**
Total		**4,136**	**1,638**	**411**	**476**	**320**	**301**	**152**	**184**	**3,481**

3.1 Environment – resource management

Program objective
Undertake research into priority environmental issues for the red meat industry and implement appropriate communication and commercialisation initiatives to support industry adoption of research outcomes.

Overview
All components of the red meat supply chain face increasing scrutiny as to their management of the natural resources from which the industry derives its productivity. As a result, measurement, reporting and public perceptions are priority issues for the red meat industry together with the following environmental issues: water quality; water use efficiency; salinity; soil erosion; nutrient management and soil acidification; weeds; feral animals; biodiversity; vegetation management; climate change and variability; greenhouse gases; energy use and solid waste. These environmental issues vary in importance between supply chain sectors and regional production systems.

Key performance indicators	Achievements	Benefits
▪ Environmental best management practice benchmarked for red meat and wool producers, with 1,000 provided with feedback on their environmental performance.	350 producers described practices via the Landleader Survey and were provided with individual reports.	Collated practice data informs producers, CMAs (benchmarking) and demonstrates land stewardship by industry.
▪ 30 AUS-MEAT auditors trained to audit requirements of the Livestock Production Assurance QA environment module.	Pilot project was not progressed.	
▪ An online national natural resource management monitoring tool database added to the MLA website.	Monitoring tool database has been completed, not yet on the website.	Monitoring tools assist decision making to address progress on natural resource management (NRM).
▪ Water and energy usage baseline data quantified at eight co-operator feedlots as input into environmental sustainability assessment of feedlots and life cycle analysis projects.	Twelve months of data was collected, allowing quantification of seasonal and between enterprise variation.	Feedlot operators now have real data against which they can benchmark their operations.
▪ *National guidelines for beef cattle feedlots in Australia* updated to incorporate latest environmental standards and submitted to Primary Industry Ministerial Council for endorsement.	Process continuing as expanded to also update *Feedlot environmental code of practice.*	Updated *Code of practice* and *guidelines* documents comply with government specifications for standards and guidelines.
▪ Grazing management principles from major northern grazing trials synthesised into a producer focused publication.	All projects peer reviewed and key messages distilled. However, publication not produced as still awaiting Pigeon Hole project final report.	Wambiana grazing trial has shown differences in accumulated cash surplus of $9,000 per 100ha after ten years between grazing strategies.
▪ Grain & Graze 'synthesis products' and management guidelines delivered to 3,000 producers across southern Australian cereal zone.	Synthesis product drafted; more than 200 products identified, more	Information support provided for more productive animal systems that

	than 4,000 participants in G&G with access to management information for profitable solutions to NRM issues.	alleviate NRM issues is available. More than 1,800 have changed practice.
▪ 50 weed advisors in four states trained in the distribution of biological control agents and a new delivery approach to weed management.	3D WEED Management approach developed and being promoted. Bio control agents delivery tool developed; training underway with DPI and Landcare.	A disciplined approach to weed management via the 3D's improves weed control efforts. Skilled advisors to manage biocontrol agents supports increased delivery and effectiveness.
▪ 1,000 producers participate in EverGraze delivery events.	More than 1000 producers have participated in EverGraze site activities. Production systems are profitable and address an NRM issue.	Information support provided for more productive animal systems that alleviate NRM issues is available.
▪ Develop an energy efficiency manual that will enable processors to achieve best practice.	Despite a delayed start all on-site work has been completed. Final report / manual is in preparation.	The manual will help processors to minimise environmental impact whilst reducing cost at the same time.

Sub-program	Primary objectives
1. Northern Australia	Develop and communicate strategies to optimise grazing land management, identify biocontrol agents for key weeds and address key industry environmental issues which occur in northern Australia.

- The second phase of the ten year North Queensland grazing trial on Wambiana Station concluded this year showing that good pasture management through moderate stocking rates delivered a raft of triple bottom-line benefits. Moderate stocking rates delivered increased individual animal liveweight by 50-70kg, reduced year-to-year liveweight variability, and produced higher quality carcases. At the end of the trial there had been no need for drought feeding, carrying capacity was higher, cover of palatable, perennial pasture species was 3-4 times higher and frequency and intensity of run-off events was lower.
- The five-year Pigeon Hole project, a $6.4 million joint venture between Heytesbury Beef and MLA concluded field work this year increasing the scope of productivity by 20% in less developed areas of northern Australia.
- Research into new biological control agents for prickly acacia in India and bellyache bush and parkinsonia in South and Central America is well underway. Researchers are using new molecular and modelling techniques to identify potential control agents from known species and are also undertaking field surveys to identify new pathogens for these weeds. A new naturally occurring fungus affecting Giant Rat Tail Grass has been identified and will be further investigated.

2. Southern Australia	Develop and deliver information, products and services for cereal and high rainfall zone producers that increase profit and address regional environmental issues, which occur in southern Australia.

- Primary delivery initiatives in the southern environment were EverGraze (southern HRZ) and Grain & Graze (southern cereal zone). Technologies have been developed and delivered that increase profit and address NRM issues by an improved feedbase to address feed gaps and improved utilisation of the feedbase (crops and pastures). Regional NRM (eg salinity, soil erosion, biodiversity) and

production issues have been addressed from this mix of regional research with national projects. The series of drought years has impacted the success of grazing systems research and potentially delayed change during the project duration. Collaboration between R&D Corporations, research agencies and regional natural resource organisations has leveraged funds and skills and coordinated communications effort to producers with a common message. Outcomes from these investments will continue to be collated. ▪ Adoption of Grain & Graze technologies provided for a 9% increase in profit. 1,800 have changed practices resulting in some regions planting 19,500ha of pastures on poor crop lands; 130% increase in area of grazed cereal (129,000ha); stubble grazing that reduces the need for stubble burning on 64,800ha, leading to improved groundcover and cleaner air.	
3. Sustaining access to natural resources	Develop and deliver information, products and services for cereal and high rainfall zone producers that increase profit and address regional environmental issues, which occur in southern Australia.
▪ The Landleader survey provided a benchmark practices that can contribute to demonstration of environmental stewardship. Successful development of the process to acquire on-farm information positions MLA to report on environmental management practices to maintain market access. A challenge will be to ensure accurate reporting of practices and also to gather information on the 'scale' of the practice so environmental benefits can be quantified and communicated. ▪ Proposed further development of the environmental module for LPA was not progressed this year. ▪ Climate change impacts on regional pasture growth in southern Australia in 2030 and 2050 have been developed. A delivery program and adaptation strategy is to be commenced.	
4. Feedlot	Commission projects to improve understanding and management of environmental issues for Australian feedlots. Provide information and technologies to meet legal requirements and exceed acceptable community standards.
▪ Energy and water use efficiency are priorities for the feedlot sector. Project work has identified that 90% of feedlot water usage is cattle drinking water, providing little opportunity to make efficiency savings. However, significant differences in energy usage are evident between feedlots with the same feed processing and delivery systems, indicating that efficiency gains of up to 25% in energy usage for feed processing and delivery are possible. ▪ There was a budget underspend in this area as a result of a re-negotiation of project timelines and payment schedule for a major project on manure contaminants.	
5. Processing	Identify key environmental priorities for the meat processing sector in the areas of fundamental, applied and defensive research and ensure the sector is provided with the required knowledge, tools and technologies.
▪ The key priorities for the processing sector are energy and water. Energy projects focused both on the impact of emissions trading schemes on the sector and on energy efficiency opportunities, captured in a collaborative energy efficiency audit. PWC modelled the impact of various ETS scenarios and calculated significant costs to the industry, likely to impact heavily on profitability of large processing companies in particular. The industry will likely be exposed to restraints on its direct carbon emissions and also its indirect carbon emissions resulting from its consumption of electricity. A novel bioprocess for the removal of nitrogen and phosphorous from wastewater streams was shown to work well at pilot scale and focus will shift to commercialisation.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)					Total
			1	2	3	4	5	
Lamb	R	**400**			387			**387**
Grassfed cattle	R	**1,740**	869	595				**1,464**
Grainfed cattle	R	**350**				500		**500**
Processor	R	**500**					460	**460**
External	M	**87**	87					**87**
Government	R	**2,990**	868	595	386	500	460	**2,809**
Total	**R**	**5,980**	**1,737**	**1,190**	**773**	**1,000**	**920**	**5,620**
	M	**87**	**87**					**87**

Actual final budget

2007-08 annual sub-program actuals ($'000)								
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**5**	**Total**
Mutton	M	-			5			**5**
Lamb	R	387			523			**523**
	M	-			32			**32**
Grassfed Cattle	R	1,464	855	492				**1,347**
	M	-			83			**83**
Grainfed Cattle	R	500				379		**379**
Processor	R	460					455	**455**
External	M	87			6			**6**
Government	R	2,809	855	492	523	379	455	**2,705**
Sub Total	**R**	**5,620**	**1,710**	**984**	**1,047**	**759**	**911**	**5,410**
Sub Total	**M**	**87**			**126**			**126**
Total		**5,707**	**1,710**	**984**	**1,172**	**759**	**911**	**5,536**

3.2.1 Animal welfare – on-farm

Program objective
Supporting productivity, product quality and market access by providing tools and knowledge to improve the wellbeing of Australian livestock and address issues of community concern.

Overview
The welfare of food producing animals is the focus of greater attention, both in Australia and in many of our trading markets. Practices that initiate consumer and public concern must be adequately addressed in order to avoid harming the marketability of Australian livestock products. Welfare-adverse practices also have the potential to reduce product quality and efficiency of production. Failure to address key issues may result in regulatory solutions being imposed on industry and denial of access to export markets.

The animal welfare – on-farm program will provide innovative, cost effective alternatives to practices that impact on public perception, efficiency of production, product quality and market access. The foundation of the program will be the use of evidence-based science to support welfare outcomes, and as such a key work area will be the development of objective measures of animal welfare. The program will provide sound and objective information on animal welfare which industry, government and the public can base their decisions, be it in the area of policy development, support for production practices or consumer purchase choices.

Key performance indicators	Achievements	Benefits
▪ Quantify the animal welfare outcomes of land transport duration and pre-transport curfew for sheep and cattle transported in Australia.	Research for cattle and sheep demonstrated suitable welfare outcomes following transport for up to 48 hours.	The findings supported maintaining transport time in the national standards at a maximum of 48hrs for adult ruminants.
▪ Raise industry awareness of best practice through distribution of a best practice guide for cattle branding, castration and dehorning.	The guide has received significant industry interest and more than 8,350 copies have been distributed.	The guide demonstrates industries commitment to supporting the use of best practice.
▪ Commence joint research funding with Meat and Wool New Zealand to develop objective measures for assessing animal welfare.	Two projects contracted to validate assessment techniques in terms of other accepted measures of welfare.	The projects will investigate and inform development of practical, objective measures for assessing welfare.
▪ Complete the first stage of investigations to improve understanding of the African horn gene and its inheritance pattern in tropical beef cattle.	Gene expression and phenotype data have been collected along with preliminary testing which looks promising.	This research could assist development of gene markers that could allow greater selection pressure for polled cattle.
▪ The impact of varying levels of shade provision on the heat load of heavier weight feedlot cattle determined and results incorporated into the Risk Analysis Program software.	Interim results indicate shade had a positive impact on both productivity and animal welfare measures.	Results are likely to ensure further investment in shade construction if cost benefit analysis is positive.
▪ Excessive heat load forecast service expanded to cover a minimum of 70 sites in regions of Australia where cattle feedlots are located.	Forecasts were developed for 91 sites and will come online for the 2008-09 summer.	Feedlot operators will have access to forecasts for sites more representative of their location.

<table>
<tr><th>Sub-program</th><th>Primary objectives</th></tr>
<tr><td>1. Objective measures of animal welfare</td><td>Identify objective measures of welfare to influence the development of sustainable animal welfare practices and policies.</td></tr>
<tr><td colspan="2">▪ Two research projects have been contracted with joint funding from Meat and Wool New Zealand to validate welfare assessment techniques against other accepted measures of welfare. One project validates a welfare assessment technique based on visual observation of animal behaviours. The project has shown that observers can identify differences in behavioural expression which are correlated to physiological responses such as heart rate and body temperature. The second project aims to validate the use of Body Condition Score as a practical measure of welfare in cattle and sheep. To date the project has calibrated the behavioural demand facility for both sheep and cattle. There was an underspend in the feedlot program budget in this area to compensate for the overspend in other animal welfare areas and reduction in the total feedlot program budget.</td></tr>
<tr><td>2. Land transport</td><td>Develop a practical risk management approach to land transport to allow for flexibility of practices while maintaining or improving animal welfare outcomes.</td></tr>
<tr><td colspan="2">▪ A recent study quantified the animal welfare outcomes of land transport duration and pre-transport curfew for sheep and cattle transported in Australia. The final report indicated that loading and the initial stages of transport are the most stressful to both cattle and sheep. However, healthy mature cattle and sheep with no pre-transport feed or water curfew and transported in accordance with accepted good practice for up to 48 hours showed no compromise to their welfare. This research has been essential in the current negotiation of the transport standards and successfully supported the maintenance of transport time at a maximum of 48hrs for adult ruminants.</td></tr>
<tr><td>3. Quality assurance</td><td>Develop a practical on-farm animal welfare QA module.</td></tr>
<tr><td colspan="2">▪ Limited research was completed in this area within the 07/08 financial year. The main focus was on understanding current developments in this area and how recent expectations regarding the newly developed welfare standards may impact any future agreed industry QA.</td></tr>
<tr><td>4. Animal husbandry</td><td>Provide tools and knowledge to improve the welfare outcomes resulting from a range of accepted production practices.</td></tr>
<tr><td colspan="2">▪ A study to investigate the genetic inheritance of horns is being progressed. This work aims to provide tools to assist selection of naturally polled cattle which would remove the need for dehorning.
▪ A survey of spaying has also been completed to understand current practices and likely market requirements for any potential alternatives. Research to determine the welfare outcomes of spaying relative to other procedures has been completed. A literature review into pain and welfare was also completed.
▪ Studies to assess the impact of varying levels of shade provision on the heat load of feedlot cattle and further development of the heat load forecast service continue to underpin improvements in summer management and feedlot cattle welfare. There was an overspend in this area of the feedlot program budget as some project income could not be achieved and was deferred to the next financial year.</td></tr>
<tr><td>5. Community issues on animal welfare</td><td>Monitor trends in public opinion towards animal welfare in order to address consumer concerns with evidence-based science.</td></tr>
<tr><td colspan="2">▪ There has been no specific LPI funded research in this area during the 07/08 financial year. However there has been some internal resource allocation to this area to monitor developments both nationally and internationally, this has mainly been through tracking media and identifying any changes in policy for key stakeholder groups.</td></tr>
<tr><td>6. Communication, education and training</td><td>Develop training and education packages for animal handlers/ stock persons/schools and communicate program outcomes to industry stakeholders.</td></tr>
<tr><td colspan="2">▪ A cattle castration, branding and dehorning guide has been finalised and 8,350 copies distributed with strong adoption by some northern pastoral companies. A project has also commenced to develop a similar guide for sheep. The sheep guide will cover mustering, yarding and drafting, castration, tail docking, vaccination and drenching, foot paring, horn trimming and identification including ear tagging. Development of the guide will include wide consultation involving various organisations including producers, peak councils, livestock contractors, State and Territory jurisdictions, AVA, RSPCA scientists and rural education groups. Both the cattle and sheep guides will help to inform the development of national standards for welfare on-farm for cattle and sheep.</td></tr>
</table>

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)						Total
			1	2	3	4	5	6	
Mutton	R	**20**	6	6		6			**18**
Lamb	R	**355**	70	95	10	100		39	**314**
Grassfed cattle	R	**375**	55	60	5	100		28	**248**
Grainfed cattle	R	**350**	125			225			**350**
Government	R	**1,100**	256	161	15	431		67	**930**
Total	**R**	**2,200**	**512**	**322**	**30**	**862**		**134**	**1,860**

Actual final budget

2007-08 annual sub-program actuals ($'000)									
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**5**	**6**	**Total**
Mutton	R	18	3	3		4		3	**12**
Lamb	R	314	92	48		39		29	**208**
Grassfed Cattle	R	248	84	40	13	152		39	**328**
Grainfed Cattle	R	350	66			374			**440**
External	M	-	76			13			**88**
Government	R	930	245	90	13	569		71	**988**
Sub Total	**R**	**1,860**	**490**	**180**	**27**	**1,138**		**141**	**1,976**
Sub Total	**M**	**-**	**76**			**13**			**88**
Total		**1,860**	**566**	**180**	**27**	**1,151**		**141**	**2,065**

3.2.2 Livestock handling and welfare – livestock exports

Program objective
Constantly improve the welfare of livestock through training of personnel; improvement in infrastructure and R&D to increase knowledge of welfare throughout the livestock export chain. Communicate these improvements to the broader community, and respond to attacks by animal activists.

Overview
Animals that are healthy and well handled provide better products for customers of the livestock export trade. The welfare of livestock exported is of paramount importance to the trade from breeders through to feedlots in customer countries.

Through training of key staff involved in the handling of these livestock, the review and provision of advice on appropriate infrastructure to assist in ensuring good stock handling practices and investment in new knowledge regarding the welfare of animals, the livestock export trade can maintain its continual improvement in handling of livestock throughout the chain.

A continued focus will be on the handling and welfare of livestock at discharge and post discharge in key market places.

Animal activist groups have targeted, and continue to target, the livestock export industry, in an endeavour to close the trade. Pro-active communications designed to build community, government and broader stakeholder confidence in, and support for, the livestock export trade will continue, while responding to animal rights attacks on the trade.

Key performance indicators	Achievements	Benefits
▪ Animal handling training workshops undertaken with accreditation in all key ports and feedlots in the Middle East.	Training delivered in feedlots, ports and abattoirs in Bahrain, Oman, UAE, Kuwait, Saudi Arabia, Jordan, Israel, Libya and Egypt.	Increased awareness, knowledge, understanding and application of animal handling principles and practices.
▪ A restraining box installed and utilised in Indonesian abattoirs that process Australian cattle.	A further 30 restraining boxes installed and are being used to process Australian cattle.	Improved animal welfare and processing efficiencies.
▪ Maintain the level of those not opposed to the trade at 65%.	Surveys show that those in favour of the trade have increased by 10% over the 12 months.	A balanced view of the trade ensures community support for the continuation of livestock exports.
▪ Key causes and contributing factors of feedlot and voyage mortality of sheep and lambs exported from Portland and Adelaide documented and communicated to industry and government.	The research confirmed Salmonellosis is the cause of over 70% of all mortalities in sheep shipments. A workshop was held to consider the results and identify research gaps.	A suite of R&D has been identified to focus on the area of Salmonellosis and Inanition in sheep exports.

Sub-program	Primary objectives
1. Middle East/North Africa	Improve animal handling practices during the process of discharge, holding and processing after Australian livestock arrive in the region.

▪ Livestock handler training was provided to stockmen on ships; in ports; driving trucks; in feedlots and abattoirs and resulted in widespread delivery coverage across the MENA region. ▪ Sustainable outcomes were furthered by distribution of a variety of high quality printed education materials including booklets, posters and note-cards. Handling aids were also distributed to all major handling points – ships, ports, trucks and feedlots. Slaughtermen were also trained. ▪ Noticeable improvements in practices and facilities are being observed and are providing a better welfare and production environment for Australian livestock in the Middle East.	
2. Asia Pacific	Improve animal handling practices, particularly during processing, after Australian livestock arrive in the region.
▪ Indonesian Animal Welfare Taskforce worked with abattoirs and slaughterhouses to improve slaughtering practices. ▪ Training provided to butchers when restraining boxes installed. ▪ Train the trainer course provided to processing staff in Indonesia.	
3. Communications and issues management	Improve support for trade from key stakeholders – community, producers, politicians, bureaucrats – and effectively manage arising issues.
▪ A proactive approach to communication during 2007-08 delivered positive outcomes for the trade, confirmed by qualitative and quantitative research. ▪ The ‘We care’ campaign targeted metropolitan audiences with an advertising program in key print media, proactive articles in niche and broad consumer publications, support material (postcards, stickers, displays for public events) and key messages based on feedback from focus groups and a developing industry identity. ▪ In tandem, issues management benefited from the proactive approach via the agreed messages and tactics, media educational sessions to improve awareness and understanding of industry initiatives and investment and a stronger cohesion between the proactive and reactive communication elements. The backbone of this work was the development of a network of passionate industry members to drive key messages and introduce target audiences to their stories, their commitment to animal welfare and ongoing connection to the land.	
4. Research and development	A timely flow of effective tools and knowledge, to continuously improve animal welfare at all stages in the trade.
▪ Key research in salmonella and inanition was delivered with a workshop of researchers and industry held to address this ongoing problem. This problem continues to be responsible for up to 75% of all sheep mortalities in the livestock export trade. From this, a list of projects was developed including prevention and treatment strategies and farm of origin factors. ▪ Other research was delivered on stocking densities and ammonia levels on vessels.	

Budget

Sector		**2006-07 budget**	**2007-08 annual sub-program budgets ($'000)**				**Total**
			1	**2**	**3**	**4**	
Mutton	R	**43**				35	**35**
	M	**437**	102		339		**441**
Lamb	R	**25**				35	**35**
	M	**330**	80		241		**321**
Grassfed cattle	R	**150**				180	**180**
	M	**1,000**	102	200	643		**945**
Live exporter	R	**218**				250	**250**
	M	**455**	430	200	373		**1,003**
External	M		300	225			**525**
Government	R	**436**				500	**500**
Total	**R**	**872**				**1,000**	**1,000**
	M	**2,407**	**1,014**	**625**	**1,596**		**3,235**

Actual final budget

2007-08 annual sub-program actuals ($'000)							
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**Total**
Mutton	R	35				29	**29**
	M	441	127		351		**478**
Lamb	R	35				21	**21**
	M	321	103		250		**353**
Grassfed Cattle	R	180				119	**119**
	M	945	161	261	665		**1,088**
Live Exporter	R	250				172	**172**
	M	1,003	370	136	350		**856**
External	M	525	583	199			**782**
Government	R	500				341	**341**
Sub Total	**R**	**1,000**				**683**	**683**
Sub Total	**M**	**3,235**	**1,344**	**596**	**1,616**		**3,556**
Total		**4,235**	**1,344**	**596**	**1,616**	**683**	**4,239**

3.3 Industry integrity communications

Program objective
Maintain high levels of community trust and pride in Australia's cattle industry.

Overview
The beef industry enjoys a high level of trust with Australian consumers with 62% of consumers agreeing that the beef industry is 'very' or 'quite' ethical and trustworthy and a further 19% agreeing it is 'somewhat' ethical and trustworthy. However, with increasing loss of contact with agriculture by urban Australians, as well as greater focus on industry practices from animal rights and environmental groups, it is critical that the industry maintains these high levels of trust and pride.

For the first time, Australia's urban community is feeling the prolonged effect of drought through water restrictions and impending water shortages. A looming threat comes from climate change and the increasing level of attention on the environmental impact of all industries. This may escalate to be the greatest challenge to the industry's integrity in the year ahead.

The program has three strategic themes which are targeting young urban families and urban 'intelligentsia': building knowledge of industry practices; providing experiences of the industry; and developing a human bond with the industry. Activities are tied together under the umbrella of 'The Cattleman's Creed' to provide a consistent message and tone. Where appropriate, our activities are undertaken in partnership with the National Farmer's Federation, state farm organisations and other relevant research and development corporations.
Note: KPI measures 'red meat producers'

Key performance indicators	Achievements	Benefits
▪ Maintain consumer trust scores at 62% agreeing the industry is ethical and trustworthy.	Trust scores maintained at 62%.	Continued resilience against industry critics.

Sub-program	Primary objectives
1. Building knowledge	To build awareness of the industry, its production practices, its science and technology.
▪ A critically important issue for the livestock industries is climate change, MLA has undertaken initiatives to correct some of the misinformation that is prominent in the debate. Two brochures were developed – one targeting children and the other opinion leaders – with information about red meat and its environmental sustainability in the Australian context. These brochures cover the range of factors that need to be considered, including the carbon cycle, sequestration, water, land use and biodiversity. Around 10,000 copies have been distributed to date. ▪ Our activities at the Royal shows around the country – The Royal Easter Show in Sydney, the Brisbane Ekka and the Adelaide Show – have helped educate hundreds of thousands of people about where their food comes from and how it is ethically produced in Australia. ▪ MLA has continued to support greater education on agriculture in schools. Working with NFF, other industry bodies, government and educator groups, MLA is a foundation member of the Primary Industries Education Foundation, a new body that will promote and provide support for greater inclusion of agriculture in the curriculum at all levels of education.	
2. Providing experience	To build opportunities for personal experience in the cattle production process through promotional activities.
▪ Farm Day, a community based program encouraging and organising farmers to a host a city family for a day, is a key initiative supported by MLA and this year 612 city and country families participated. This indicates the urban community's interest in knowing more about farming and the production of their food – a key role in maintaining consumer trust in our industry. An important component of our participation at events is the associated media coverage and this year we reached a cumulative audience of over 11 million people valued in excess of $617,000 for our $100,000 investment.	
3. Human bond	To build empathy with the people behind Australia's cattle industry.
▪ Continuing our strong relationship with Australian Women's Weekly, we developed The Great Bush Poets' Contest to promote the romance of the bush and the personality, values and courage of those who work it. With coverage across three editions of Australia's top selling magazine, this activity reaches millions of readers with strong cultural messages and images.	

Budget

Sector		2006-07 Budget	2007-08 annual sub-program budgets ($'000)			Total
			1	2	3	
Grassfed cattle	R M	1,500	528	188	88	804
Grainfed cattle	R M		72	25	12	109
Total	**R** **M**	**1,500**	**600**	**213**	**100**	**913**

Actual final budget

		2007-08 annual sub-program actuals ($'000)				
Sector		**Budget 07-08**	**1**	**2**	**3**	**Total**
Grassfed Cattle	M	804	621	167	106	**894**
Grainfed Cattle	M	109	85	22	15	**122**
Sub Total	**M**	**913**	**706**	**189**	**121**	**1,016**
Total		**913**	**706**	**189**	**121**	**1,016**

4.1 Improving productivity

Program objective
To improve the productivity, profitability and sustainability of the red meat industry.

Overview
Decreasing commodity prices (in real terms) and increasing input prices mean that the red meat industry is under constant pressure to increase the efficiency of production in order to maintain current levels of business profitability. The key productivity (and profitability) drivers differ between regions and industry sectors. This program will work with industry to identify these drivers, develop R&D projects to enable industry to efficiently improve productivity, and ensure R&D results are effectively communicated.

Key performance indicators	Achievements	Benefits
▪ Recommendations for northern beef employers to attract and retain staff communicated to industry.	Joint MLA-AWI 'attracting and retaining staff' survey completed and findings workshopped with industry stakeholders.	The survey documents what attracted 551 employees to the grazing industry, and what attracts them to stay or leave their employers.
▪ Review of indigenous employment initiatives completed and recommendations communicated to relevant stakeholders.	The review has been completed with the report undergoing internal assessment before release.	The report identifies the key attributes of successful indigenous training and employment initiatives.
▪ Effects of augmentative releases of parasitic wasps and fungal bio-pesticides on feedlot fly breeding activities and populations demonstrated and quantified.	Field work has been completed and results are currently being analysed.	A successful outcome will provide feedlot operators with a non-chemical alternative for feedlot fly control.
▪ Pen trial assessment of two-in-one recombinant bovine respiratory disease vaccine completed and application submitted to the Office of the Gene Technology Regulator (OGTR) for field trial evaluation.	Pen trial assessment has been completed and was successful.	New vaccine against both major viral initiators of bovine respiratory disease.
▪ Release producer recommendations arising from the regional combinations project of Beef CRC II.	Results have been communicated at CRC Field Days, and via Breed Societies, and will be developed to Tips & Tools, and incorporated into More Beef from Pastures and breed society extension.	Results confirm impact of EBVs on growth and carcase traits under different growth pathways, and support use of EBVs in sire selection to target specific beef markets.
▪ Improve industry performance in terms of sheep mortality and lamb survival.	First lamb survival breeding values developed within the Sheep CRC. Development of key learning modules within MMFS and the Sheep CRC to address lamb and	Increased opportunity to select for better survival rates in sheep (9% variation within Sheep CRC). Delivery of improved information on lamb

	weaner survival.	and weaner survival will impact on target areas.
▪ Integrate data from the new Sheep CRC Information Nucleus into Australian sheep breeding values (ASBVs), providing prototype ASBVs for yield and eating quality.	Data from 82 sires have been included in LAMBPLAN and MERINOSELECT which will increase across flock linkage, across breed linkage and sires with higher accuracy. First yield breeding values developed.	Industry has already seen significant improvement in sire accuracy and enhanced breeding values for WEC and birth weight arising from the Sheep CRC. First breeding values for breech wrinkle have been released.
▪ Trial integration of multiple DNA marker information into ASBVs.	Both Myostatin and Carwell genes have been evaluated and gene marker adjusted breeding values have been calculated.	Enhanced models for gene marker inclusion in standard ASBVs and clearer industry awareness of the values of gene markers.
▪ Determine key farm management strategies for management of risk across southern environments.	A range of strategies are available, including allocation of enterprises to land class, introducing or increasing livestock in cropping systems, adjusting enterprise mix to feedbase capacity, and making greater use of perennial pastures. No single solution for all regions or businesses within a region exists, but More Beef from Pastures and Making More from Sheep both provide frameworks for undertaking risk analysis.	Improved tools and knowledge to enable producers to better manage risk.
▪ Correlate economic, land use, natural resource management and land capability via spatial modelling across southern environments.	Work is progressing in developing datasets that will allow this analysis.	Results of this analysis will include more precise estimates of expected outcomes for particular enterprises in region by region, and of the variability around that.
▪ A prototype fully automated lamb boning process	Australia's first	The system

demonstrated.	automatic primal cutting system is operational.	improves yield in lamb high value cuts and reduces the need for human operated band saws.
▪ Demonstration of early prototype to extend the average working life of a beef boner past 40 years of age.	A prototype 'manual assist' device has been developed and demonstrated at Teys and NCMC.	The technology reduces physical strength opening the position to more employees and improves yield.
▪ One new stunning technology demonstrated to meet halal, animal welfare, and agreed minimum industry meat quality standards.	High frequency stunning for sheep meets halal, welfare and meat quality standards.	Several sheep processors will be implementing trials of the technology.

Sub-program	Primary objectives
1. Northern beef	Increase liveweight gain, improve breeder performance, address key animal health concerns and develop strategies to attract and retain staff.

- Two major projects kicked off in 2007-08: the pilot year for the North Australia Beef Fertility ('Cash Cow') involved 12 properties;
- The Northern Territory liveweight gain variation project assessed data from the Beef CRC and two herds in the NT in its first year.
- The current phase of the project to develop a psyllid resistant variety of Leucaena was completed but unfortunately was not as successful as anticipated – a necessary change in breeding strategy means that another two rounds of breeding or 3 years is required to complete the work. A commercial partner is being sought to co-fund the next phase.
- Work to develop an enhanced frozen tick fever vaccine continued and a review of investment opportunities for a tick vaccine was completed.
- The joint MLA-AWI 'attracting and retaining staff' involved 842 employees and employers and for the first time documented the reasons people seek employment in the grazing industry, and the reasons they stay with or leave specific employers.

Sub-program	Primary objectives
2. Southern beef	Improve cow herd and overall beef enterprise productivity and improve feed utilisation at the flock or herd and individual animal level.

- The major R&D project in this area is the Maternal Productivity project within the CRC, which is exploring the correlated responses in maternal traits to selection for carcase and efficiency traits. Initial results are suggesting that there is reason for caution in pursuing these goals, especially if no attention is being paid to fertility traits at the same time in selection programs. Underpinning this experimental work is continuing work with seedstock breeders and breed societies to ensure that maternal/fertility traits are appropriately weighted in selection indexes, and that breeders are collecting sufficient quality data to allow genetic change in maternal/fertility traits to be managed.
- Feed budgeting, together with understanding and managing cost-of-production and profit drivers continue to be the focus of More Beef from Pastures activities. Focus on these together will lead to improved utilisation and better productivity. Work has begun on a round of focussed Producer Demonstration Sites focussed on feed utilisation, and on development of Standard Operating Procedures for higher intensity management beef systems.

Sub-program	Primary objectives
3. Lamb, sheep and goats	Improve ewe flock productivity, via maternal performance and optimisation of the meat/wool balance. Reduce labour and improve animal temperament.

- The underpinning program of genetic improvement via Sheep Genetics continues to deliver gains in reproduction rate in the maternal and Merino sectors. Coupled with this, particularly in Merinos, a proportion of stud breeders are now actively targeting and achieving simultaneous improvement in wool and meat traits, as well as substantial reductions in worm burdens through selection. Building on this base, the Sheep Genomics and CRC programs are exploring some of the components of this meat:wool balance, especially in terms of robustness of the sheep, as well as individual elements of parasite resistance, reduced labour and drench requirement, and temperament.
- R&D continues into how best to manage sheep for mixed enterprises, and the Making More from Sheep program provides focussed extension and communication of the potential combinations of

<table>
<tr><td colspan="2">genetics, nutrition and management to achieve optimal enterprise productivity and sustainability.</td></tr>
<tr><td>4. Feedlot</td><td>Identify key productivity drivers for the feedlot industry and source R&D projects to improve management of these drivers.</td></tr>
<tr><td colspan="2">▪ Bovine respiratory disease continues to be the major animal health issue encountered by feedlot operators. Development of a 2in1 vaccine will provide a new and improved vaccination option that can be implemented when cattle arrive at the feedlot. Changes to the OGTR application process have delayed the application for the field trial evaluation.
▪ There was a budget underspend in this area as the implementation of one project was delayed to compensate for overspends in other areas of the feedlot program portfolio.</td></tr>
<tr><td>5. Processing technology</td><td>Encourage processors and solution providers to develop innovative processing techniques to secure profits and long-term sustainability of the industry and safety of the community.</td></tr>
<tr><td colspan="2">▪ Australasia’s first red meat processing automation conference was successful. MLA and DMRI started a project to identify opportunities for beef boning automation. Two automation installations have been completed, and another two commenced.
▪ A study was completed to asses the viability of rapidly freezing meat blocks without carton and will now move to pilot scale evaluation.</td></tr>
<tr><td>6. Processing occupational health and safety</td><td>Assist the processing sector to better understand and eliminate/manage the major people-related issues.</td></tr>
<tr><td colspan="2">▪ A smart assisted prototype to aid boners in physically demanding tasks has been developed for demonstration to industry. This technology, developed by the world leading Cobotics™ manufacturers is a platform for multiple applications, aimed at reducing OH&S claims and expanding the pool of workers in strenuous jobs like beef boning.</td></tr>
<tr><td>7. Sheep Genetics</td><td>Provide genetic evaluation tools and information for the sheep industry including incorporation of genomic outcomes.</td></tr>
<tr><td colspan="2">▪ Genetic Gain has delivered improvements in net benefit per ewe joined of $1.5 for Merinos and $1.80 for Maternal breeds over 07-08. This has been a combination of improved growth, better carcase yield and improved fertility. Significant genetic progress has been obtained in the dual purpose indices of MERINOSELECT and the number of Merino sires evaluated for carcase and wool has increased to over 60,000 in 07-08. Research has identified that breech wrinkle is heritable and therefore improvements in fly management and mulesing are possible.</td></tr>
<tr><td>8. Alternative stunning research</td><td>Develop new and improve existing stunning techniques in order to deliver individually tailored solutions to the Australian red meat industry.</td></tr>
<tr><td colspan="2">▪ High frequency electrical (HFE) stunning of sheep is now at the stage where trials with several processors are being arranged. HFE stunning of cattle is successful, but may not meet more stringent halal requirements of some markets. Single Pulse Ultra-high Current (SPUC), a new technology has been demonstrated to be likely to meet the most stringent halal requirements. Further trials of SPUC will be conducted to gain animal welfare and regulatory acceptance of the technology as well as optimising the electrical delivery system.</td></tr>
</table>

Budget

Sector		2006-07 Budget	2007-08 annual sub-program budgets ($'000) 1	2	3	4	5	6	7	8	Total
Mutton	R	**200**			54				8		**62**
Lamb	R	**2,100**			958				42		**1,000**
Grassfed cattle	R	**2,700**	1,167	1,182							**2,349**
Grainfed cattle	R	**600**				700					**700**
Processor	R	**1,232**					810	200		100	**1,110**
Goat	R	**115**			115						**115**
External	M	**1,113**				250			710		**960**
Government	R	**6,947**	1,168	1,183	1,127	700	810	200	50	100	**5,338**
Total	**R**	**13,894**	**2,335**	**2,365**	**2,254**	**1,400**	**1,620**	**400**	**100**	**200**	**10,674**
	M	**1,113**	**0**	**0**	**0**	**250**	**0**	**0**	**710**	**0**	**960**

Actual final budget

Sector		Budget 07-08	2007-08 annual sub-program actuals ($'000) 1	2	3	4	5	6	7	8	Total
Mutton	R	62			134				61		**194**
Lamb	R	1,000			1,402				372		**1,775**
Grassfed Cattle	R	2,351	1,137	1,129					9		**2,275**
Grainfed Cattle	R	700				713					**713**
Processor	R	1,110					452	193		120	**765**
Goat	R	115			110						**110**
External	M	960		56	292	116	27		263		**754**
Government	R	5,336	1,137	1,129	1,646	713	452	193	442	120	**5,831**
Sub Total	**R**	**10,674**	**2,275**	**2,257**	**3,291**	**1,425**	**904**	**386**	**884**	**240**	**11,662**
Sub Total	**M**	**960**		**56**	**292**	**116**	**27**		**263**		**754**
Total		**11,634**	**2,275**	**2,313**	**3,583**	**1,541**	**932**	**386**	**1,147**	**240**	**12,416**

4.2 Adoption and capacity

Program objective
To foster industry growth and sustainability through the communication, delivery and capacity building of livestock producers, feedlotters, and processors to apply the tools, information and innovations of MLA's research and development (R&D).

Overview
The realisation of returns on MLA's R&D investments is dependent upon the adoption of R&D outcomes by producers, feedlotters and processors. To facilitate informed decisions being made by each of these groups on technology adoption MLA will:
a) develop R&D outputs into practical tools and information
b) communicate key benefits to producers and processors
c) help build industry capacity to understand and adopt best practices

Key performance indicators	Achievements	Benefits
▪ At least 80% of targeted producers are aware of at least one MLA on-farm R&D communication/extension program, and MLA members rate their value as at least two out of three.	84% aware of at least one MLA on-farm R&D communication/ extension program; 70% of MLA members rate their value as at least two out of three.	Awareness and valuing of programs directly results in adoption by some producers and leads others to seek further knowledge and skills.
▪ At least 10% of targeted producers (representing at least 15% of the production base) have engaged and learned something of value to their business from at least one MLA on-farm R&D communication/extension learning activity or related information.	14% of targeted producers, representing 19% of national sheep numbers, and 15% of total beef cattle inventory, attended MLA funded learning activities, and 98% learned something of value.	Over 13,000 producers, representing more than 15% of the production base, engaged with MLA learning activities and increased their knowledge and skills.
▪ At least 50% of those producers (representing at least 7.5% of the production base) who have engaged with MLA on-farm R&D communication/extension learning activities or related information, change practices as a result of their engagement.	58% of producers changed at least one management practice as a result of participating in MLA's learning activities.	71% of producers who made changes to their management as a result of their participation claim a positive or very positive impact on their farm performance, especially better stock feeding strategies, increased stocking rate, reduced cost of production, and increased profitability.

▪ Increased awareness and uptake by processors of targeted R&D programs by 5%.	Two new companies embarked on Automation programs.	Industry automation development risks being shared by more than five companies, resulting in increased developed solutions.
▪ Increased participation by processors in innovation activities and increased adoption of outcomes by 5%.	Seven processors signed to MLA's new program – Collaborative Innovation Strategy	Processors developing adoption strategies for MLA underway and completed initiatives.
▪ Facilitate a 10% increase in the number of processing companies participating in the Red Meat Industry Professional Development Program and demonstrate an improvement in innovation culture and capability.	Program has extended to seven non-processing clients in addition to 22 processing clients.	The industry acceptance and maximum utilisation of young professionals is significantly increasing.

Sub-program	Primary objectives
1. Communication	Increase producer awareness of MLA's tools and information.
▪ Major communication projects included production and distribution of *mla Prograzier* and *Frontier* magazines (with quarterly distribution of 20,000 and 10,000 respectively), the production of the *Making More from Sheep* manual and program launch, and communications support of the Beef Up forums and More Beef from Pastures programs. As a result, 63% of sheep/lamb producers aware of Making More from Sheep, 52% of southern beef producers are aware of More Beef from Pastures, and 44% of northern beef producers are aware of Beef Up. The importance of these communication initiatives is illustrated by a recent survey which showed that 86% of readers rated *Frontier* magazine as useful, while 45% had either changed the direction of their property plans, directly applying their learning to their property or sought more information or training.	
2. Delivery	Increase producer access to, and uptake of, information.
Key delivery programs (in conjunction with partners) included: ▪ The State Coordinators network across southern Australia delivered 65 More Beef from Pastures (MBfP) seminars, workshops, field days and producer forums, providing support to enable producers to implement key tools to help manage risk. A core component to delivery was the network of over 20 producer advocates who helped to attract the 4,500 producers to MBfP events during 2007-08. Since the program launch over 14,000 producers have been involved in MBfP, with over 3,400 manuals distributed and 12,800 MBfP CDs; 55% have changed management practices. ▪ 1,000 people participated in various activities associated with the Evergraze demonstration sites supported by MLA. ▪ This year saw the completion of the five year Grain & Graze program which directly engaged ~4,000 active participants through the program. Of these, 1,800 have adopted new management practices, and a further 1,800 are trialling new practices. Those who have adopted, claim they are on average 9% more profitable because of the practices implemented. ▪ The MLA/AWI Making More From Sheep program was launched in January 2008 after two years of rigorous development, consultation and testing, involving almost 250 producers, technical and extension specialists, farm consultants, state DPI's and agribusiness. A state coordinators network has delivered 63 different workshops to over 1,100 producers. Of these, 98% rated them as either useful or very useful, and 85% reported that they would change practices as a result of what they learned. As of June 30 2008, over 2,000 producers had taken up the manual. ▪ 12 Beef Up forums were delivered during 2007-08 to 720 producers and industry stakeholders across Queensland, Northern Territory and Northern WA. Producers who attended managed over 1.6 million head of cattle in total, on 13.1 million ha of land. Over 94% of participants indicated they learned something, over 60% indicated they would attend further training, while 36% changed management practices.	

- Going into Goats events drew 200 goat producers; 77% of goat producers are aware of the *Going into Goats* (GIG Guide), of which 74% of these had read it, and 66% have made or intend to make changes as a direct result.

3. Building capacity	Build capacity of producers and intermediaries to increase their understanding and application of industry best practice.

The main Capacity Building projects included:-

- EDGE*network* support – total of 77 workshops conducted with 1,045 participants; and 50% have changed management practices.
- PIRDs – 49 projects undertaken during the year involving 1,830 participants; 50% have changed management practices.
- Cost of Production – total 685 producers attended 37 workshops and 50% have changed management practices.
- Co-funding of Bestwool/Bestlamb groups – 961 producer members in 40 groups; 96% of members surveyed had gained new knowledge, 73% had used the information to improve their farm practices, 68% think more about planning for the future, and 65% were more confident about facing future challenges; about 45% of members felt their involvement had led to on-farm production increases, while 33% felt farm profitability had increased; while also improving NRM and contributing social benefits.
- Nuffield and Australian Rural Leadership scholarships.

4. Monitoring and evaluation	Track program awareness, participation and adoption.

- Ongoing investments for monitoring and evaluation are producer surveys (which provide producer awareness and adoption data as well as other information), and producer advisory committees.
- A significant new area of investment under this category is for program analysis and reporting for MLA's evaluation program which this year included an extensive economic evaluation of lamb production RD&E for 1990-91–2007-08, and a similar review of Beef R,D&E investments for 2000-2001 to 2007-08.

5. Processor innovation adoption services	Accelerate the adoption of R&D outcomes in the processing sector via a variety of innovation transfer activities.

- Two significant developments were implemented this year to provide information tools to the processing sector:
  1) A dedicated processor website has been developed and piloted with selected industry members. Although not being made publicly available until late 2008, the website will contain relevant industry R&D outcomes from the past 10 years, information on current R&D initiatives, a hub for professional development interaction and general processing information from all of MLA's programs.
  2) Two supplier CD's have been developed for the processing sector. An Australian (CD 1) and International (CD 2) supplier CD have been compiled and distributed to industry. Ultimately these CD's in addition to being a stand alone resource will also be included into the new website. The CD's provide processors with a comprehensive list of all relevant suppliers to the industry including equipment, construction, hygiene, testing, additives and training just to mention some of the supplier categories included. The total number of supplier categories was over 80.
- MLA ran the inaugural International Meat Automation Conference – Australia, which attracted 20 presenters from 18 countries with 140 participants. The event was well received by participants with feedback that the conference provided an excellent opportunity for networking and showcased the latest meat processing technologies from around the world and within Australia. This networks developed at this conference have led to an ability for MLA and industry participants to work with European automation experts to determine how swine automation can be developed for Australian red meat processing requirements.

6. Processor leadership and management capability	Undertake research aimed at developing leadership and organisational capabilities in the processing sector.

- MLA through MINTRAC continued the development of materials and conducted further R&D to identify needs to ensure that the processing sector retains skilled operational staff
- Significant activities this year included a knife sharpening workshop for an audience of about 50 trainers and industry professionals. The knife sharpening workshop gave trainers an opportunity to hear how operators in NZ and Australia have tackled the issue of training staff to sharpen knives and maintain a sharp knife during production. Manufacturers and suppliers of knife sharpening equipment also demonstrated and displayed their products. The workshop provoked a great deal of discussion

	about this subject and encouraged trainers to take a fresh look at what is for most plants an ongoing issue. ▪ The proficiency of environmental management personnel in the meat industry is becoming more important in maintaining the clean image of the meat industry. Meat processing works are under increasing community and regulatory pressure and this in turn is placing increased demand on those staff members charged with the management of the environmental issues at meat processing plants. Therefore, in recognition of the growing importance of environment management MINTRAC has established a network for environmental management personnel in each state. ▪ In response to the industry's need for the ongoing professional development of its Quality Assurance and Training Managers MINTRAC has assisted with the establishment and maintenance of State based networks for practitioners in these fields.	
7.	Meat Profit Days	Showcase new technologies and information that benefit levy payers.
▪	MLA held Meat Profit Days (MPD's) in Perth (WA), Rockhampton (QLD) and Kyneton (VIC). The continued success of MPD's can be attributed to the enthusiasm and commitment from the local organising committee in developing a program suited to the needs of local producers. Highlights of the 07-08 MPD's include: o Perth – 350 attendees, 96% rated event five out of seven or higher. o Rockhampton – 650 attendees; 97% rated event three out of four or higher. o Kyneton – 250 attendees; 96% rated event three out of four or higher.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)							Total
			1	2	3	4	5	6	7	
Mutton	R	**150**	23	48	71	3			5	**150**
	M	**8**							8	**8**
Lamb	R	**900**	139	362	425	19			25	**970**
	M	**50**							50	**50**
Grassfed cattle	R	**1,860**	462	462	657	85			48	**1,714**
	M	**79**							79	**79**
Grainfed cattle	R	**100**	10	40	48	2			2	**102**
	M	**4**							4	**4**
Processor	R	**2,793**					528	919		**1,447**
Goat	R	**78**	11	66					1	**78**
	M	**1**							1	**1**
External	M	**115**			115					**115**
Government	R	**5,981**	645	978	1,201	109	528	919	81	**4,461**
Total	**R**	**11,962**	**1,290**	**1,956**	**2,402**	**218**	**1,056**	**1,838**	**162**	**8,922**
	M	**257**			**115**				**142**	**257**

Actual final budget

			2007-08 annual sub-program actuals ($'000)							
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
Mutton	R	150	27	27	48	6			3	**111**
	M	8							7	**7**
Lamb	R	970	187	319	262	37			42	**848**
	M	50							14	**14**
Grassfed Cattle	R	1,714	474	734	506	177			84	**1,975**
	M	79							2	**2**
Grainfed Cattle	R	102	10	39	39	2				**90**
	M	4							5	**5**
Processor	R	1,447					543	811		**1,354**
Goat	R	78	5	42					1	**48**
	M	1							1	**1**
External	M	115	58		20				210	**288**
Government	R	4,461	703	1,162	855	222	543	811	131	**4,427**
Sub Total	**R**	**8,922**	**1,406**	**2,325**	**1,709**	**445**	**1,085**	**1,622**	**261**	**8,854**
Sub Total	**M**	**257**	**58**		**20**				**239**	**317**
Total		**9,179**	**1,464**	**2,325**	**1,729**	**445**	**1,085**	**1,622**	**501**	**9,171**

4.3 Value chain management

Program objective

Assist the Australian red meat industry to achieve world leadership in value chain management by:

- enhancing information exchange and supply chain communication pathways
- improving product quality and industry responsiveness to consumer requirements
- increasing industry productivity through supply chain efficiency and cost effectiveness

Overview

Value chains have two basic strategies for successfully meeting customer requirements: price competitiveness and delivery of enhanced value. Dependent on the market specified by the value chain and the demands of its customers, varying combinations of this mix will apply. The Australian red meat industry is shifting its focus from pricing to the value that a product can deliver, and to do this successfully an advanced business approach and skill set are required. Value chain management is a discipline that captures the management of upstream and downstream relationships with suppliers and customers to deliver superior customer value cost effectively to the value chain as a whole.

The Value chain management program has three sub-programs. The first is focused on transferring existing knowledge on best practice value chain management to industry. The second involves R&D on technologies that deliver new knowledge and tools to enhance the performance of value chains. The final sub-program will involve implementation of strategic adoption strategies for value chain management initiatives.

Key performance indicators	Achievements	Benefits
▪ Work with five key beef and sheep value chains to demonstrate the benefits of a whole-of-chain innovation strategy specifically in increased value through slaughter and production data sharing.	Beef CRC workshops conducted with three processors.	Production weight gain costs attributed to animal health issues established.
▪ Evaluate and where possible implement pilots to assist in whole of value chain traceability building blocks (such as chipless RFID, rapid DNA and 2D barcoding).	Re-writable barcode for process for carcase tracking trialed in a processing plant.	If successful will enable benefits of livestock animal ID to be tracked to a processed carcase.
▪ To assist the Australian Meat Industry Council in the elimination of shipping marks for Australian product to the US.	AMIC has agreed with MLA on industry wide approach and rollout.	Removes the need for all export processors to use time consuming and expensive paper consignment system.
▪ Continued development of the industry code of practice through continued consultation with the lamb finishing industry.	First draft of the lamb finishing COP has been developed and reviewed for technical content. It is now being used in consultation with industry stakeholders	A national COP for lamb finishing would contribute to higher productivity within this sector. The COP may be used to develop an industry accreditation program.
▪ Knowledge gaps in the lamb finishing sector are identified through a literature review and R&D is commissioned to fill the identified gaps.	A comprehensive review of factors that influence lamb finishing viability has been published including a summary document that has been widely disseminated to industry stakeholders.	Industry knowledge of lamb finishing has been enhanced with a standard document. Significant improvements in cost of production have been achieved.

▪ Conduct further R&D into carcase lean meat yield measurement technologies and practices in collaboration with the relevant cooperative research centres to deliver value to processors and producers.	Successful attraction of international CAT scanning commercial investor, developer and commercialiser.	Provides medical level animal information useable by producers and processors to optimise product related supply chain efficiencies.
▪ Deliver R&D into livestock curfews addressing the key issues of food safety, animal welfare, quality and environment as identified by industry as requiring improved knowledge and information.	Beef CRC workshops conducted with three processors.	Production weight gain costs attributed to animal health issues established.

Sub-program	Primary objectives
1. Building capacity and best practice	Enhance the industry's competency and capability to implement world's best practice value chain management through review, research, training and communication.

- The industry is increasing in supply chian complexity resulting in the need for new ways of thinking about value chain integration and interaction. This sub-program is designed to test the application of new sophisticated supply chain management approaches such as Dynamic Alignment (Gattorna), Global Consumer Expectations (Fearne), Value Chain Analysis (Taylor) and Value Chain Co-Innovation (various) within the red meat industry.
- The outcome of evaluating these four approaches is to develop industry capability to enable the adoption of the new strategies where applicable for each individual value chain.
- During 2007-08 MLA commenced the evaluation of two of the four approaches. Firstly the appointment of Andrew Fearne as part of the Thinker in Residence program with the South Australian government. Although Andrew's tenure commenced late in 2007/08, during his time as a Thinker in Residence Andrew will work with identified supply chains to assist them in understanding the challenges, benefits and complexity of supplying to a global consumer base.
- An industry workshop with John Gattorna aimed at identifying dominant buying behaviours of majour customers of the red meat industry and to develop a profile of the four most dominant customer segments was undertaken. The industry workshop was followed swiftly with the majority of participating CEOs organising tailored workshops at their company with senior management representation. These companies are now putting in place a process around these learnings.

2. Enabling technologies/systems	The development and application of new enabling technology platforms and the application of value chain management-focused systems.

- With an industry, scientific and industrial steering committee of 30 participants, MLA worked with the committee to identify '20' parameters that are currently measured within the production and processing enterprise that if could be measured with more rigour and frequency could assist the entire industry to optimise the overall value of the supply chain.
- Using the developed matrix, two clear technologies, Near Infra Red (NIR) and CAT scanning appeared to meet more than 80% of the needs. In addition a handful of other opportunities were identified.
- During 2007-08 MLA continued its work on NIR technology, which commenced in 2006-07, predominantly in the area of assisting eating quality determination as an input into the MSA grading model or other enterprise proprietary models.
- MLA and the industry successfully attracted an international industry CAT scanning company to invest with the Australian industry in commencing a 3-5 year program on evaluating and then if successful developing industry reliable CAT scanning systems.
- These systems initially will be designed for processing plant installation and will arguably provide input into processing decisions and producer feedback systems.

3. Strategic adoption	Monitoring benefits obtained from the implementation of strategic adoption strategies for value chain management outputs by using qualitative and quantitative measurement.

- Work in continuing with AQIS to drive the adoption of the electronic Meat Transfer Certificate. This industry developed tool offers significant efficiencies including reduced date errors, a common platform for transfer, quicker response time and enhanced traceability.

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)			Total
			1	2	3	
Mutton	R	**80**	38	16	22	**76**
Lamb	R	**400**	200	80	105	**385**
Grassfed cattle	R	**270**	135	54	81	**270**
Grainfed cattle	R	**44**	22	9	13	**44**
Government	R	**794**	395	159	221	**775**
Total	**R**	**1,588**	**790**	**318**	**442**	**1,550**

Actual final budget

2007-08 annual sub-program actuals ($'000)						
Sector		**Budget 07-08**	**1**	**2**	**3**	**Total**
Mutton	R	76	34	11	14	**59**
Lamb	R	385	222	54	68	**344**
Grassfed Cattle	R	270	105	63	29	**197**
Grainfed Cattle	R	44	13	12	5	**30**
Government	R	775	374	139	117	**630**
Sub Total	**R**	**1,550**	**748**	**279**	**234**	**1,261**
Total		**1,550**	**748**	**279**	**234**	**1,261**

4.4 Market information

Program objective
Ensure the provision of effective, targeted market information, which adequately meets stakeholder needs.

Overview
Being able to draw upon a solid foundation of market information is an essential component of effective industry planning, of market access negotiations, of successful marketing programs and in formulating beneficial industry policies. On behalf of industry, MLA maintains a warehouse of data and makes this data available for industry analysis.

Accurate, reliable and timely market intelligence is also vital to the profitability of Australian cattle and sheepmeat producers and meat processors. Market information sub-programs are directed at disseminating market intelligence or providing sector specific information services.

Key performance indicators	Achievements	Benefits
▪ Produce and distribute NLRS reports and publications according to stakeholder service standards.	Stakeholder service standard and all KPI's were met while maintaining our high standard.	Industry continues to be provided with relevant and current livestock prices.
▪ Continue to maintain high approval ratings by subscribers for flagship publications such as *Meat and Livestock Weekly* (over 80% of subscribers rated MLA's market information as useful or very useful in the last biennial survey).	Currie Research (2007) found that at least 90% of each client group found our work 'important' to their business.	Better business production and marketing decisions, more stable and informed markets, better market access, research and promotion outcomes.
▪ Continued high use of MLA market information supplied on the internet (more than 20,000 visits per month).	Measure has changed to number of unique visitors per month, which increased 27% to 17,800 for 2007-08.	Clients kept up-to-date with the latest market information.
▪ Increase use of risk management tools, such as forward contracts, cattle futures and over-the-counter (OTC) products.	Downturn in lot feeding has dropped use of futures, but availability and use of other risk management tools has increased.	More stable cattle marketing and supply and buyer/seller income. Promotion of better supply chain relationships.

Sub-program	Primary objectives
1. Database maintenance and access	To consolidate, extend and improve the MLA database as a national reference point for meat and livestock statistics.
▪ The MLA database tool has been redesigned to improve efficiency. The database has been maintained and expanded, particularly for South America, Russia, South Asia, South Africa and Australia and a global trade data service obtained. The database is now available through both the internet and intranet. Database auditing has been instigated and has led to a sharp reduction in data gaps, errors and errant reports.	
2. Competitor analysis	To analyse the position of existing and potential competitors, with particular emphasis on the US, South America (beef) and New Zealand (sheepmeat).
▪ The monitoring and analysis of developments in Brazil and elsewhere in South America has been upgraded considerably over the past year, in keeping with the dramatic changes to competition from this region. Similarly, monitoring and analysis of China production, trade and prices has been improved, as has the monitoring of competitive pricing of product in major and emerging markets.	

Competitor prices are now collected regularly in South Asia markets. ▪ Regular monitoring and analysis maintained for the US and New Zealand.	
3. Industry surveys	To produce information on the performance of livestock grazing, feedlot, co-product, foodservice and retail sectors.
▪ The ABARE farm surveys sample size was expanded in 2007-08 (at no extra cost to MLA) – improving its accuracy and usefulness for analysis of particular industry subgroups and regions. Also ABARE's farm performance reports on the cattle and lamb industries were of a significantly higher analytical standard and proved useful in preparing material for the MLA Board, peak councils, industry players and potential industry investors. The Annual Lamb Survey was reviewed and dropped – instead, a national lamb forecasting advisory committee was formed and an in-house electronic lamb survey instigated. Major changes were also made to the provision of both the retail price survey and foodservice tracking, to improve coverage, accuracy and useability.	
4. Market intelligence services	To analyse and forecast market developments and improve information systems to meet the needs of business and industry.
▪ The intelligence centrepiece, Industry Projections, was maintained and widely utilised, with effort concentrated on improving industry input, involvement and uptake. All major market intelligence publications were reviewed in 2007-08. Significant changes have been proposed to the content of the Meat & Livestock Weekly, principally to improve readability and interest for producers. The content of the monthly Industry Overview publication has been altered to make it much more analytical and focused on key market drivers for the month. A decision was taken to replace the Market Briefs series with ad hoc market analysis papers designed for, and marketed to, specified industry audiences. Communication with producers has been improved through the training of most experienced staff to give presentation and handle 'soft' media. The standard of presentations given locally and to international audiences has been lifted further with more unique analysis and more on major global issues.	
5. Risk management	To help promote a risk management culture within the Australian livestock industries.
▪ A new contractual arrangement with SFE commenced in August 2007, cutting the cost to MLA and passing responsibility for business development to SFE/ASX. Following continued poor trading, a special industry workshop was held to discuss the MLA/SFE cattle futures contract, resulting in a review of potential changes to the futures contract. MLA commissioned NACMA to introduce a set of standard terms and conditions for the forward contracting of cattle (and a pro-forma forward contract) _launched in November 2007. Also, MLA has assisted a number of industry players and advisors to expand the range of risk management tools and information on offer.	
6. National Livestock Reporting Service	To maintain and improve livestock market reporting, including collection of livestock and co-products prices and slaughter numbers.
▪ The introduction of new technology over the past two years has allowed NLRS to stay at the forefront of livestock market reporting. In conjunction with the ISO certified Quality Management System all KPIs were achieved. Consultation with industry has allowed reports to adjust in an efficient manner.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)						Total
			1	2	3	4	5	6	
Mutton	R	**32**	3	2	21	7			**33**
	M	**65**	5			17		43	**65**
Lamb	R	**191**	15	9	128	50			**202**
	M	**376**	30			101		245	**376**
Grassfed	R	**574**	33	53	235	129	110		**560**
cattle	M	**968**	51			249	43	625	**968**
Grainfed	R	**55**	3	6	22	12	11		**54**
cattle	M	**86**	5			29	5	47	**86**
Processor	R	**60**	63						**63**
	M	**113**	113						**113**
Goat	R	**4**	4						**4**
	M	**6**	6						**6**
External	M	**810**				60	50	700	**810**
Government	R	**916**	121	70	406	198	121		**916**
Total	**R**	**1,832**	**242**	**140**	**812**	**396**	**242**		**1,832**
	M	**2,424**	**210**			**456**	**98**	**1,660**	**2,424**

Actual final budget

			2007-08 annual sub-program actuals ($'000)						
Sector		Budget 07-08	1	2	3	4	5	6	Total
Mutton	R	33	3	2	20	7			**32**
	M	65	5			16		43	**64**
Lamb	R	202	16	9	103	48			**176**
	M	376	31			97		244	**372**
Grassfed Cattle	R	560	41	50	226	124	100		**542**
	M	968	55			262	56	621	**995**
Grainfed Cattle	R	54	3	6	31	24	10		**73**
	M	86	6			28	7	47	**87**
Processor	R	63	60						**60**
	M	113	113						**113**
Goat	R	4	4						**4**
	M	6	6						**6**
External	M	810				36	9	632	**677**
Government	R	916	123	66	383	204	110		**886**
Sub Total	**R**	**1,832**	**251**	**132**	**764**	**407**	**220**		**1,774**
Sub Total	**M**	**2,424**	**216**			**441**	**72**	**1,586**	**2,315**
Total		**4,256**	**466**	**132**	**764**	**848**	**292**	**1,586**	**4,089**

4.5 Industry capability and technical services

Program objective
To ensure that the Australian livestock export industry has access to education and training programs, support tools and systems that enable them to exceed customer, government and community expectations.

Overview
Australia's livestock export industry is currently the world leader in standards for the export of animals around the world. To maintain this world leading position, it is essential that the industry keep investing in the process of constantly refining and improving standards and compliance systems. Investment into research to better understand the risk factors in the supply chain and the mechanisms for managing these risks will form the foundations for this future refinement of standards and compliance. Investment into the development of training programs and tools is then required to build the industry's capability in delivering to current standards and to keep pursuing continual improvement along the supply chain.

Key performance indicators	Achievements	Benefits
▪ Average cattle delivery success rates greater than 99.9%, and average sheep delivery success rates greater than 99%.	Success rate for cattle for calendar 2007 was 99.9% for cattle and 99.03% for sheep.	Continued community trust in the outcomes of shipping phase of the industry.
▪ Ten exporters trialling and using the new Australian Quarantine Inspection Service (AQIS) compliance and consignment risk management plan (CRMP) tool. ▪ Two exporters trialling risk management QA systems.	Work on the CRMP tool was discontinued and risk management QA has taken the form of best practice industry guidelines. Four have been constructed with six on the plan for 2008-09.	Introduction of voluntary industry guidelines will replace formal risk management QA and link in with (CRMP). This will have a greater cross industry impact.
▪ Training courses for industry competence identified and approved by industry and government.	Competency gap analysis completed, Stockman training program consequently altered with the addition of animal handling training for stockmen and stevedores.	Greater process chain involvement with more efficient animal handling in place.

Sub-program	Primary objectives
1. Industry services	The development and maintenance of support tools, training programs and systems to enable compliance with expectations of customers and government.

- Export Cattle Trace software trialled and concerns from users addressed.
- Aircraft ventilation tool nearing completion with a test version satisfactorily trialled by two major air exporters.
- The Heat Stress model has been revised and is currently being reviewed.
- Cattle and sheep stockman courses combined to a longer course with added components including animal handling. Three Stevedore courses were run, two under subsidy to the WA Dept Agriculture.

2. Risk management	Whole-of-chain risk management processes are developed and implemented.

- Consultation with industry resulted in a shift in strategic direction. A whole of chain risk management QA program has been replaced with an industry based program to design best practice guidelines to link with industry policy as determined by ALEC. Guidelines produced are heavy cattle export, horned cattle and sheep, export of camels and the export of dairy bulls. Further guidelines to be developed are heat stress management, bovine respiratory disease management and salmonellosis and inanition management.
- The Emergency Management plan was desk audited this year and EMP manual altered according to the findings.
- Standards reviewed with industry and changes made and accepted by Government (LESAC).

Budget

Sector		**2006-07 budget**	2007-08 annual sub-program budgets ($'000)		Total
			1	**2**	
Mutton	R		20	20	**40**
	M	**40**	26	24	**50**
Lamb	R		13	12	**25**
	M	**33**	20	21	**41**
Grassfed cattle	R	**0**	30	30	**60**
	M	**74**	47	45	**92**
Live exporter	R	**0**	62	63	**125**
	M	**147**	82	80	**162**
Government	R		125	125	**250**
Total	**R**		**250**	**250**	**500**
	M	**294**	**175**	**170**	**345**

Actual final budget

			2007-08 annual sub-program actuals ($'000)		
Sector		**Budget 07-08**	**1**	**2**	**Total**
Mutton	R	40			
	M	50	27	23	**50**
Lamb	R	25			
	M	41	21	20	**41**
Grassfed Cattle	R	60	1		**1**
	M	92	49	43	**92**
Live Exporter	R	125	2		**2**
	M	162	96	86	**183**
Government	R	250	3		**3**
Sub Total	**R**	**500**	**7**		**7**
Sub Total	**M**	**345**	**193**	**172**	**365**
Total		**845**	**199**	**172**	**372**

5.0 Strategic research and development program

Program objective
Develop basic and emerging technologies to improve the productivity, profitability and sustainability of the red meat industry.

Overview
Industry competitiveness is increasingly dependent on technological innovation. In mature industries, big breakthroughs usually require many years of investment in strategic research that utilises cutting edge science to discover completely new ways to tackle intractable industry problems or to take advantage of new opportunities. MLA invests in strategic basic research with a view to creating new knowledge platforms that can underpin more applied R&D both on-farm and off-farm, and to develop new ways to improve productivity that would otherwise not have been possible. In addition, this program supports and fosters the future capability of the research community focused on red meat R&D through scholarships and fellowships.

Key performance indicators	Achievements	Benefits
▪ Research SNP chip developed by researchers to validate novel DNA markers for sheep breeding.	Research SNP chip development in progress and will be in use by Dec 2008 within SheepGenomics and Sheep CRC.	A SNP research chip will be used to discover suites of putative new markers for key productivity traits for validation/verification prior to commercial release.
▪ At least two key sheep muscling DNA markers integrated into Australian sheep breeding values and available to industry as molecular estimated breeding values.	Several DNA markers have been evaluated and the development of molecular estimated breeding values is in progress.	Development of breeding values which include DNA marker information will increase potential genetic improvement in breeding programs.
▪ At least three more DNA marker tests derived from the Beef CRC R&D are validated and become commercially available.	A number of sets of markers have been discovered but not released yet whilst validation /verification requirements are being re-evaluated.	New markers are not being released without extensive validation/verification in different populations.
▪ At least 40 influential scientists trained in the application of an array of 20 novel assays for soil biological characteristics that enable accelerated research into soil health in order to improve pasture productivity and sustainability.	A pilot DNA technology workshop to educate scientists on soil DNA assays was delivered to 35 scientists.	Accelerated pasture R&D outcomes will be achieved by use in State DPI's and programs such as Evergraze.
▪ At least one of the novel component technologies derived from MLA's investments in gastrointestinal parasite therapeutics is selected for further development by a pharmaceutical corporation.	Two pharmaceutical corporations tested early chemistry but have not yet committed to further development.	Pharmaceutical corporations wish to develop suitable candidates to provide new anthelmintics to help deal with resistance.
▪ A detailed business case developed for adoption by processors of at least one novel, non-invasive measure of animal metabolism as a surrogate for animal wellbeing prior to slaughter.		
▪ Demonstrate proof of concept of a commercial prototype to accelerate tenderisation of hot boned product for at least one beef or sheep primal in one Australian	Accelerated tenderness of hot boned lamb	Boa permits a range of commercial products to be

processing plant.	topsides demonstrated through commercial trials of Boa prototype equipment.	stretched and shaped with precise control.
▪ Commercial demonstration of the statistical validity of new electronic bleeding technologies that improves bleeding yield in dressing area without adversely affecting eating quality.	Customised electrical inputs using new low voltage technology improved blood collection yields with enhanced product quality.	Reduction of dark meat from 6% of carcases to below 2% and improved plant hygiene demonstrated in beef commercial trials.

Sub-program	Primary objectives
1. New technologies for on-farm and off-farm application	Implement excellent science programs with potential to improve the competitive position of Australia's livestock and red meat industries.

- The basic strategic research programs in sheep, beef and pasture genomics are on track with new knowledge leading to planning the next phase to develop industry outcomes eg the sheep research. SNP chip will be utilised in further work to discover DNA markers within SheepGenomics and the Sheep CRC, beef tenderness markers are now being evaluated for incorporation within MSA.
- Soil biology program outcomes have been combined into a workshop focused on enabling pasture researchers to utilise DNA assays for increasing understanding of soil biology effects on pasture productivity. The scope of the research undertaken has been refined to take into account recent advances in knowledge. The outcomes have been delivered within the planned budgets for each program of research.

Sub-program	Primary objectives
2. Meat quality science and technology	Strategic basic research to underpin the longer-term development of processing technologies particularly in the areas of biochemistry and animal physiology.

- Large gains experienced by major processing companies from installing new generation meat electronics are currently being applied to small and medium meat enterprises by development of much lower cost electronics. MLA is partnering with the first 10 sheep and 16 beef small to medium sized processors to demonstrate the effectiveness of production prototype equipment and validate the eating quality improvements seen in larger enterprises. While slight delays in identifying commercial partners have been experienced, it is expected to be delivered on time and on budget.

Sub-program	Primary objectives
3. Scientist training	Increase the number of post-graduates trained in disciplines that support R&D and innovation for the livestock industries. Initiate a targeted post-doctoral fellowship program.

- A post-doctoral fellowship program is being established aimed at developing career researchers in fields which have a forecast shortage eg a researcher specialising in nutrition research for the northern cattle industry is being developed as a postdoctoral researcher. The overall number of postgraduate scholarships has been reduced to enable budget re-allocation to the postdoctoral fellowship program. The postgraduate scholarships offered are in target fields of study which require increased numbers of trained scientists.

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000s)			Total
			1	2	3	
Mutton	R	**830**	616	65	82	**763**
Lamb	R	**2,000**	1,738	177	82	**1,997**
Grassfed cattle	R	**845**	606	75	164	**845**
Processor	R	**260**	100	160		**260**
External	M	**375**	450			**450**
Government	R	**3,935**	3,060	477	328	**3,865**
Total	R	**7,870**	**6,120**	**954**	**656**	**7,730**
	M	**375**	**450**			**450**

Actual final budget

			2007-08 annual sub-program actuals ($'000)			
Sector		**Budget 07-08**	**1**	**2**	**3**	**Total**
Mutton	R	763	504	76	74	**654**
Lamb	R	1,997	1,462	179	74	**1,715**
Grassfed Cattle	R	845	415	84	150	**649**
Processor	R	260	307	160		**467**
External	M	450	1,228			**1,228**
Government	R	3,865	2,688	498	299	**3,484**
Sub Total	**R**	**7,730**	**5,376**	**997**	**597**	**6,970**
Sub Total	**M**	**450**	**1,228**			**1,228**
Total		**8,180**	**6,603**	**997**	**597**	**8,197**

Industry and corporate communications

Program objective
Increase the awareness and value of MLA and its activities through effective engagement and communication with stakeholders.

Overview
MLA's communication strategy aims to make all key stakeholders aware of the role of MLA in the red meat and livestock industry, particularly the programs undertaken by MLA, the opportunities created by these programs and their potential benefits to industry. This is achieved by the development and delivery of a range of information and services aimed at increasing awareness, demonstrating relevance and value, and proactively engaging stakeholders.

Key performance indicators	Achievements	Benefits
▪ Increase MLA membership to 45,000.	As at 30 June MLA's membership stood at 44,898.	Members receive more direct communication from MLA than non-members and are therefore more likely to benefit from the opportunities we create.
▪ 95% of members are aware of MLA's role in the red meat and livestock industry.	Surveys show 98% of members are aware are aware of MLA and its role in the industry.	More members understand the range and outcomes of activities funded by their livestock levies through MLA.
▪ 95% of members value MLA.	Surveys show 95% of members value MLA.	Members see benefits from their investment in MLA.

Sub-program	Primary objectives
1. Create awareness	Increase stakeholder awareness of the opportunities created by MLA for the red meat and livestock industry.

- Media relations were strengthened through the year with the distribution of over 70 media releases; the publication of a dedicated producer supplement to QCL co-badged with MLA; and media briefings on industry projections and the results of the international marketing taskforce meetings.
- *feedback* magazine remains a key source of information on the company's investment in research and marketing activities on behalf of members with 89% of members rating it 'useful' and 73% of members considering it either 'good' or 'excellent'.
- Average monthly visits to www.mla.com.au grew this year and the site consistently ranked in the Top 10 agribusiness websites according to monitoring and ranking organisation Hitwise – peaking at number three in January 2008.

Sub-program	Primary objectives
2. Demonstrate relevance and value	Demonstrate the relevance and value of MLA and its activities as they relate to and benefit specific stakeholder segments.

- A new MLA online media centre was launched giving journalists access to an archive of MLA news, images and audio files of interviews with MLA spokespeople.
- Issues handled on behalf of industry included the release of the World Cancer Research Fund report advocating a restriction of red meat consumption, the emergence of media interest in the red meat industry's environmental impact, and the ongoing concerns around the re-entry of US beef into Australia's major markets.
- *feedbackTV* – a 'TV show' mailed out on DVD with MLA's member magazine – was launched with a post-launch survey showing 96% of all members who had watched the DVD rating the quality as either good or excellent. Approximately 6,000 (15%) of members had watched some or all of the first two episodes and a further 65% indicated their intention to watch them in the future.
- 87 federal government department staff attended the MLA R&D forum in Canberra.
- Following several years of high membership growth we relied on 'organic' growth in membership

throughout the course of the year. Late in the year a new email-based campaign to drive membership was launched asking livestock producers to "Make the Most of your Livestock Levies". The response to the campaign has been strong with membership rising by 727 producers in the month of June.	
3. Proactively engage	Engage stakeholders through vehicles such as events, briefings and meetings which provide the opportunity for two-way communication between MLA and its stakeholders.

- MLA held a National Beef Industry Forum in Rockhampton in conjunction with the AGM, with 650 people attending. Successful Meat Profit Days were also held in Perth and Kyneton exposing a further 600 producers to information from other producers and industry speakers.
- Research into the needs of young producers resulted in an increased focus through existing communication channels on content and delivery tailored to a younger audience.
- Stakeholder engagement by board members included attendance at over 150 industry events across Australia.
- Regular consultation and engagement with peak industry councils occurred over the investment of levy funds to address industry priorities.

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)			Total
			1	2	3	
Mutton	R	**31**	16	26	10	**52**
	M	**75**	13	36	9	**58**
Lamb	R	**179**	89	109	39	**237**
	M	**425**	205	273	97	**575**
Grassfed cattle	R	**459**	140	198	60	**398**
	M	**1,094**	581	837	296	**1,714**
Grainfed cattle	R	**24**	8	8	3	**19**
	M	**58**	33	36	15	**84**
Processor	R	**0**				**0**
	M	**0**				**0**
Goat	R	**3**	2	2	1	**5**
	M	**5**	3	3	2	**8**
External	M	**0**				**0**
Government	R	**696**	254	343	114	**711**
Total	**R**	**1,392**	**509**	**686**	**227**	**1,422**
	M	**1,657**	**835**	**1185**	**419**	**2,439**

Actual final budget

			2007-08 annual sub-program actuals ($'000)			
Sector		**Budget 07-08**	**1**	**2**	**3**	**Total**
Mutton	R	52	16	27	9	**53**
	M	58	12	38	9	**59**
Lamb	R	237	86	114	38	**238**
	M	575	194	285	92	**571**
Grassfed Cattle	R	398	136	178	59	**374**
	M	1,714	547	923	281	**1,752**
Grainfed Cattle	R	19	9	8	3	**20**
	M	84	31	45	14	**91**
Goat	R	5	2	2	1	**5**
	M	8	3	3	2	**8**
Government	R	711	249	330	111	**690**
Sub Total	**R**	**1,422**	**498**	**660**	**221**	**1,379**
Sub Total	**M**	**2,439**	**788**	**1,295**	**398**	**2,480**
Total		**3,861**	**1,285**	**1,955**	**619**	**3,859**

AUS-MEAT

Program objective
AUS-MEAT is an independent company limited by guarantee and jointly owned by the Australian Meat Processor Corporation (AMPC) and MLA. The board is made up of two members from each of these organisations and an independent chairman. The funding reflected below is only that injected by MLA, with AMPC making its contribution directly to AUS-MEAT.

AUS-MEAT operations are split into two areas, the standards division and the services division.

Industry levy funding is only sought to underwrite the costs of the standards division. All costs incurred by the services division have to be met from revenues and from previous industry transition capitalisation. The services division is on target to be self-funding, as per the original business plan.

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)	Total
			1	
Mutton	M	**94**	94	**94**
Lamb	M	**39**	39	**39**
Grassfed cattle	M	**453**	453	**453**
Grainfed cattle	M	**64**	64	**64**
Total	**M**	**650**	**650**	**650**

Actual final budget

			2007-08 annual sub-program actuals ($'000)	
Sector		**Budget 07-08**	**1**	**Total**
Mutton	M	94	91	**91**
Lamb	M	39	39	**39**
Grassfed Cattle	M	453	455	**455**
Grainfed Cattle	M	64	65	**65**
Sub Total	**M**	**650**	**650**	**650**
Total		**650**	**650**	**650**

Research and development partnerships

Program objective
To accelerate the adoption of commercially focussed innovation by the red meat industry and increase the innovation culture and capability of individual enterprises through investment in quality research partnerships.

Overview
MLA's fully-owned subsidiary, MLA Donor Company Limited, provides a vehicle for attracting commercial investment in innovation from individual enterprises. Since its inception in 1999, the R&D partnership program has approved in excess of 340 projects with a total budget greater than $142 million.

The program has continued to evolve with support and engagement from all sectors. The portfolio of projects is diverse and a significant number of successful commercialisation projects have been completed.

MLA provides support and services to R&D partners including:
- funding – utilising available matching Australian Government funds
- project development
- project management and technical services
- commercialisation and business services
- facilitating industry uptake

Key performance indicators	Achievements	Benefits
▪ Effectively implement a balanced portfolio of R&D partnership projects across industry sectors to ensure maximum benefit to the whole of the red meat industry.	Partnership projects undertaken with partners representing all parts of value chain and in a diversity of topic areas.	All parts of industry have increased their investment in R&D and outcomes across diversity of areas being delivered to whole of industry.
▪ Facilitate adoption and uptake by industry of partnership project outcomes through a variety of communication channels including case studies, forums and workshops, and reports.	Outcomes from Partnership projects have been disseminated at field days, on-site technology demonstrations, incorporated into training programs and industry handbooks.	Investment by individual companies plus government has been leveraged to a significant degree to deliver broad industry benefit.
▪ Support the development of an innovation culture and capability for the industry through innovative research partnerships in targeted areas with demonstrable outcomes and benefits.	Collaborative Innovation Strategy Program has been well accepted by processing sector.	Partners in this program are demonstrating improved ability to develop and implement innovation strategies.

Sub-program	Primary objectives
1. Partners in innovation projects	Support and enhance innovation within the red meat sector via the development and implementation of individual company focused R&D projects.

- A range of partnership project initiatives were developed and launched during 2007-08 including: Collaborative Innovation Strategies with processors and value-adders; Professional Development Program aimed at engaging undergraduates and graduates from a wide range of disciplines into the industry; an innovation capability building program for SME's; the CEO forum for advancing innovation leadership in the industry; and a number of international partnerships which accelerated access to new and valuable Intellectual Property for the benefit of Australian firms.
- Innovation strategy development work with individual companies led to a more focused approach to

R&D investment and a significant number of new R&D projects were initiated at the enterprise level. It is anticipated that these projects will deliver benefits both to the individual firms but also ultimately to the wider industry and to the general community in the form of: improved environmental performance; safer and more convenient products; improved skills development and career opportunities for people working in the industry.	
2. Plant-initiated projects	Support and enhance the innovation of the processing sector via the development and implementation of individual company focused R&D projects.
As above but focused specifically on meat processors.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)		Total
			1	2	
External	R	**8,500**	6,250	**1,250**	**7,500**
Processor	R			**1,250**	**1,250**
Government	R	**8,500**	6,250	**2,500**	**8,750**
Total	**R**	**17,000**	**12,500**	**5,000**	**17,500**
	M	**0**			**0**

Actual final budget

			2007-08 annual sub-program actuals ($'000)		
Sector		**Budget 07-08**	**1**	**2**	**Total**
External	R	7,500	6,835	667	**7,502**
Processor	R	1,250		667	**667**
Government	R	8,750	6,835	1,334	**8,169**
Sub Total	**R**	**17,500**	**13,671**	**2,668**	**16,339**
Total		**17,500**	**13,671**	**2,668**	**16,339**

Intellectual property management

Overview
Intellectual property has a commercial value.

MLA owns and manages industry intellectual property which involves the:
- identification
- review
- protection (patents, trademarks, registered designs, copyright and confidential information)
- recording
- licensing
- monitoring performance and infringements of intellectual property assets and liabilities

The objective is to ensure that intellectual property assets are exploited to their full potential for the benefit of industry and the liabilities are limited by managing risks.

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000) 1	Total
Mutton	R	**4**	4	**4**
Lamb	R	**12**	12	**12**
Grassfed cattle	R	**35**	35	**35**
Grainfed cattle	R	**4**	4	**4**
Processors	R	**50**	50	**50**
Government	R	**105**	**105**	**105**
Total	**R**	**210**	**210**	**210**

Actual final budget

			2007-08 annual sub-program actuals ($'000)	
Sector		**Budget 07-08**	**1**	**Total**
Mutton	R	4	3	**3**
Lamb	R	12	10	**10**
Grassfed Cattle	R	35	29	**29**
Grainfed Cattle	R	4	3	**3**
Processor	R	50	41	**41**
Government	R	105	85	**85**
Sub Total	**R**	**210**	**172**	**172**
Total		**210**	**172**	**172**

Corporate services

Program objective
The provision of support services and accurate, timely and meaningful information for management and stakeholders.

Overview
Encompassing the board, executive, finance, legal, human resources, information technology and other MLA funded initiatives, the corporate services business unit provides support services, risk management, governance, budget and planning and financial reporting functions to MLA management and stakeholders as well as ensuring compliance with statutory and other corporate obligations.

Key performance indicators	Achievements	Benefits
▪ Clean audit report received.	Achieved	Ensured Statutory Compliance obligations have been met.
▪ Complete evaluations for two programs.	Three program evaluations have been completed and were distributed in September	The Evaluation Framework using an Independent process gives a clear view of the value generated by the program investment.
▪ Benchmark internal services against two like organisations.	Benchmarking exercise was completed against one other like organisation.	The review gave insight into alternative processes which could be adopted by MLA there improving it's efficiency and service delivery

Sub-program	Primary objectives
1. Board and executive	The board and executive oversee and determine policies consistent with industry imperatives and exercise direction and governance over resources and the way in which strategies are implemented.
During the year the board reviewed the agenda, meeting structure and board papers resulting in a restructure of the board meeting format giving more time to strategic issues. The board reviewed and approved a Strategic Plan for the period 2007/11 which was released in September 07 and subsequently updated that Plan releasing a revised Strategic Plan covering the period 2008/12 in September 08. An Intellectual Property Plan, Fraud Control Plan and Risk Management Plan were all reviewed and endorsed during the year.	
2. Finance	The provision of accurate, timely and meaningful information to management and stakeholders, managing financial risks, providing support for the budget and planning process and ensuring internal controls are in place while effectively supporting operations.
With the adoption of a new accounting system in 2006/07 this year has seen a process of re-engineering in order to achieve the benefits from the new system. The second stage was rolled-out in June 2008 giving the business access to the Business Warehouse and Workflow modules. Management Accounts have been provided to the business in a timely and accurate manner, a risk assessment process was undertaken resulting in a revision to the Risk Management Plan and a review of the internal controls relating to the new SAP accounting system was completed.	
3. Human resources and administration	Provide services throughout the employment lifecycle to realise the full potential of our human resources to deliver value to the industry.
Human Resource services were provided to the business to enable those business units to meet their obligations in delivering program outcomes and provide services to the Industry. Succession planning and talent identification and development programs were reviewed and further developed during the year. A draft Human Resource Strategic Plan was developed and will be implemented in 2008/09.	

4. Information technology and library services	Provide infrastructure, applications and applications support to facilitate the pursuit and realisation of organisational strategic objectives.
Following significant investment in systems in previous years 2007/08 has been a period of consolidation focusing on system reliability and improving support response times. Development projects centred around the second phase of SAP and improving a number of MLA web applications	
5. Legal	Provide legal support and advice to management on contractual and commercial matters. Monitor compliance with statutory and other regulations applicable to MLA's business and interaction with its stakeholders.
Legal support and advice has been provided to the business on contractual and commercial matters. All statutory and regulatory compliance obligations have been met	
6. Undistributed costs	Cover costs that relate to the company as a whole, but which are not distributed to the key programs. They include insurance, repairs and maintenance, depreciation, member registry costs.
Corporate Services costs were reviewed and benchmarked against a third party during the year to see if there were opportunities to deliver services more effectively. Overall the majority of costs relative to services provided were in line or better than the benchmark. There were a few areas where MLA could improve service deliver and reduce costs and these opportunities are currently being reviewed.	
7. Performance evaluation and benchmarking	To measure the effectiveness of MLA's programs and the efficiency of services provided. Evaluations will be conducted on at least two programs in 2007-08.
Evaluations have been undertaken for "Enhancing the nutritional reputation of red meat"," Increasing cost efficiency and productivity - on farm" and "Aggressive promotion in the market place (sheep). These evaluation reports were released in September 08.	

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)							Total
			1	2	3	4	5	6	7	
Mutton	R	**46**	19	9	8	37	2	19	3	**97**
	M	**156**	21	10	9	42	2	22	3	**110**
Lamb	R	**259**	87	40	36	172	10	89	12	**447**
	M	**884**	211	98	88	416	25	216	30	**1,084**
Grassfed cattle	R	**618**	141	66	59	278	16	145	20	**725**
	M	**2,106**	561	261	235	1,106	65	575	80	**2,883**
Grainfed cattle	R	**84**	12	6	5	24	1	12	2	**62**
	M	**286**	99	46	41	195	11	101	14	**507**
Goat	R	**5**	2	1	1	4		2		**10**
	M	**16**	3	1	1	6		3		**16**
External	M	**2,000**	389	181	163	768	45	399	55	**2,000**
Government	R	**1,011**	261	121	109	515	30	268	37	**1,341**
Total	**R**	**2,023**	**522**	**242**	**219**	**1,029**	**61**	**535**	**74**	**2,682**
	M	**5,448**	**1,283**	**597**	**538**	**2,533**	**149**	**1,317**	**183**	**6,600**

Actual final budget

			2007-08 annual sub-program actuals ($'000)							
Sector		**Budget 07-08**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**TOTAL**
Mutton	R	**97**	13	7	6	25	1	9	2	**64**
	M	**109**	10	8	7	29	1	11	2	**69**
Lamb	R	**446**	76	33	28	97	6	45	9	**295**
	M	**1,084**	150	81	68	251	16	107	23	**697**
Grassfed Cattle	R	**726**	107	54	46	174	10	72	15	**478**
	M	**2,882**	580	215	182	580	42	284	62	**1,945**
Grainfed Cattle	R	**62**	10	5	4	14	1	6	2	**41**
	M	**511**	87	38	32	104	7	50	11	**328**
Goat	R	**10**	2	1	1	3		1		**7**
	M	**14**	3	1	1	5		1		**10**
External	M	**2,000**	646	321	271	1,557	62	425	92	**3,373**
Government	R	**1,341**	208	100	84	313	19	133	29	**885**
Sub Total	**R**	**2,682**	**416**	**200**	**169**	**626**	**37**	**265**	**57**	**1,770**
Sub Total	**M**	**6,600**	**1,476**	**664**	**561**	**2,526**	**128**	**879**	**190**	**6,423**
Total		**9,282**	**1,892**	**864**	**730**	**3,151**	**165**	**1,144**	**247**	**8,193**

Goat industry

MLA's on-farm goat research and development and marketing programs aim to provide tools to increase the economic and environmental sustainability of goat production to benefit producers and their supply chain partners. The programs support the visions of the *Goat meat marketing strategic plan 2007-2011* and the *Goat on-farm R&D strategic plan 2006-2011*.

The program will work to achieve the following key outcomes:
- Increase the supply of goats for slaughter, improve on-farm productivity and reduce costs of production.
- Contribute significantly to natural resource management outcomes from agriculture.
- Exploit all potential markets for goat meat and co-products and deliver a safe and wholesome product that meets customer requirements.
- Enable learning and adoption of innovation and technology throughout the supply chain.

Since demand for goatmeat is strong, the emphasis will be on improving the Australian goat industry's ability to meet demand through infrastructure support and supply side activities.

Sub-program	Primary objectives
1. Improving productivity	Support sustainable industry growth through the promotion and development of the industry via the National Goat Industry Communication Network. Reinforce the image of the goat industry as being sustainable and environmentally responsible. Increase the supply of differentiated goat meat product.
▪ A comprehensive review of goat parasite burdens and control mechanisms was commissioned (conducted by QDPIF) ▪ Outcomes of this research were the parasite control module of the *Going into goats: Profitable producers' best practice guide*, and the accompanying *Controlling nematode parasites of goats in pasture based systems* and *Controlling lice and other external parasites on goats* Tips & Tools. ▪ These outcomes were launched at a major goat industry field day at Toowoomba focussing on goat parasite management for increased productivity. ▪ This event co-incided with the launch of the Caprimec anthelmintic drench which was developed with Virbac through the MLA Donor Company program. ▪ Four Tips & Tools and fact sheets were developed to assist producers and supply chains deliver goatmeat of consistent quality through preslaughter management. These were: *The effect of finishing on goatmeat eating quality*, *The effect of pH on goatmeat eating quality*, *Requirements for handling goats to maximise eating quality* and *The effect of medium voltage electrical stimulation on goatmeat*.	
2. Adoption and capacity	Promote producer initiated on-farm research through the Producer Initiated Research and Development Program. Promote industry best practice and increase the supply capacity of the goatmeat industry through extension of the *Going into goats guide.* Communicate the key findings of the *Options for the control of parasites in the Australian goat industry* in conjunction with the goat oral drench Caprimec.
▪ The Producer Initiated Research and Development program was promoted throughout the year through the National Goat Industry Communication Network and other communications such as the *Goats on the move* quarterly eNewsletter. No PIRDs were established largely due to the ongoing affects of the drought. ▪ The *Going into goats: Profitable producers' best practice guide* continues to be central to MLA goat industry extention activities. Approximately 1,000 copies of the guide have now been distributed nationally. ▪ Four editions of the *Goats on the move* eNewsletter were distributed over the period. The distribution of the eNewsletter increased over the period by about 50% from 1614 to 2436 recipients. ▪ A survey of goat producers was undertaken to assess the effectiveness and level of adoption of MLA R&D activities and assist in the strategic planning process. This online survey received a 23% response rate and indicated that 65% of producers who had read the *Going into goats: Profitable producers' best practice guide* indicated that they had made changes or intended to make changes as a direct result of reading the guide.The outcomes of the survey have been a key consideration in the development of the Goat R&D Program Strategic Plan 2008-2011. ▪ A number of producer information forums were convened under individual state industry development programs in conjunction with the National Goat Industry Communication Network. These included: o Toowoomba – launch of the *Options for the control of parasites in the Australian goat industry* report and associated communication material.	

- Wangaratta – co-hosted by MLA, NSW Farmers' Association and the Victorian Farmers' Federation, this event focussed on the use of goats as part of an integrated approach to weed management and underpinned the *Going into goats: Profitable producers' best practice guide* and *Weed Control using goats* booklet.
- Western Australia Meat Profit Day – key note speaker on goatmeat production and opportunities
- Murrurundi – LPA and NVDs were the focus of a field day held in partnership with NSW Farmers' Association and the North Western Region Goat Producers cooperative.

3. Product initiatives	Ensure the food safety and product integrity of Australian goatmeat.

- The LPA program was promoted and supported nationally through general LPA communications and in conjunction with National Goat Industry Communication Network activities.

4. Market information	Provide market information to the goatmeat industry.

- Market information was supplied through various MLA communications including the *Goats on the move* eNewsletter and *Meat and Livestock Weekly*.

5. Domestic marketing	Improve the profile and availability of goat meat in the domestic market.

- Chefs tables featuring goatmeat were conducted in WA (two) and QLD (one).
- Two tradeshows featured goatmeat in the product cooking demonstration program. These were Sydney Foodservice Australia in May and Melbourne at Restaurant 08 in May. Goatmeat also featured in foodservice competitions at both of these trade show events.
- Development and printing of on pack stickers for Woolworths.
- Printing of cuts charts and distribution to domestic supply chains.

6. Export marketing	Support trade in Australia's major export market to reinforce market access and Australia's position as the preferred supplier of goatmeat to the global market.

- A trade brochure and cuts chart were developed and distributed through identified supply chains in Australia's major export markets, particularly the US.
- The material contained in the brochure is being converted to website content and the website address www.australian-goat.com has been secured.
- The development of the US Farm Bill has been monitored with particular attention paid to the mandatory country of origin labelling (COOL) and how this may affect Australian goatmeat.
- Opportunities to market offal were explored in Australia's major goat meat export markets. Although limited opportunities were identified, these were highly price sensitive and were concluded, in discussion with goatmeat processors and exporters, not to warrant the added cost of offal retrieval at this point in time. Furthermore these opportunities were considered to be seasonal, volatile and therefore high risk.
- Over recent years MLA has been working with several commercial partners to develop automated six way cut and cubing technology for the goatmeat and mutton sectors. The introduction of such technology was identified as a method of value adding and increasing the supply of the product of choice in Australia's major goatmeat export markets. Several technologies have been identified that will facilitate this automation however these are currently prohibitively expensive. The development program is consequently on hold.

Budget

Sector		2006-07 budget	2007-08 annual sub-program budgets ($'000)						Total
			1	2	3	4	5	6	
Goat	R	**232**	120	83.5	36	5			**244.5**
	M	**213**			8	9	40	143	**200**
Government	R	**232**	120	83.5	36	5			**244.5**
Total	**R**	**464**	**240**	**167**	**72**	**10**			**489**
	M	**213**			**8**	**9**	**40**	**143**	**200**

Actual final budget

Sector		Budget 07-08	2007-08 annual sub-program budgets ($'000)						Total
			1	2	3	4	5	6	
Goat	R	**244.5**	110	48	31	4	-	-	**193**
	M	**200**		1	1	6	30	72	**110**
Government	R	**244.5**	110	48	31	4	-	-	**193**
Sub Total	**R**	**489**	**220**	**96**	**62**	**8**	**-**	**-**	**386**
Sub Total	**M**	**200**	**-**	**1**	**1**	**6**	**30**	**72**	**110**
Total		**689**	**220**	**97**	**63**	**14**	**30**	**72**	**496**

2007-08 ACTUALS
000's

	Goat		Mutton		Lamb		Total Sheep		Cattle-Grass		Cattle-Grain		Total Cattle		Processor		Live Corp		External		MDC	Govt	Actual	Budget
	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	R	MLA Consolidated	2007/08
1. Markets and Consumers																								
Domestic Marketing	-	30	-	59	152	6,842	152	6,901	127	13,333	22	2,069	149	15,402	212	1,960	-	-		312	-	513	25,631	25,316
Beef Promotion	-	-	-	-	26	113	26	113	26	6,560	4	999	30	7,559	33	655	-	-		-	-	89	8,505	6,450
Lamb Promotion	-	-	-	-	-	4,137	-	4,137	-	-	-	-	-	-	-	332	-	-		-	-	-	4,469	4,406
Nutrition	-	-	-	19	126	1,623	126	1,642	101	3,995	18	631	119	4,626	179	652	-	-		312	-	424	8,080	8,090
Eating Quality	-	-	-	20	-	161	-	181	-	695	-	110	-	805	-	-	-	-		-	-	-	986	950
Other	-	30	-	20	-	808	-	828	-	2,083	-	329	-	2,412	-	321	-	-		-	-	-	3,591	5,420
Export Marketing	-	72	-	379	-	5,362	-	5,741	-	17,794	-	3,170	-	20,964	-	-	-	-		1,861	-	-	28,638	29,023
Japan	-	-	-	46	-	755	-	801	-	8,961	-	1,614	-	10,575	-	-	-	-		1,238	-	-	12,614	12,525
Nth America	-	55	-	54	-	3,059	-	3,113	-	894	-	303	-	1,197	-	-	-	-		-	-	-	4,365	4,730
Korea	-	-	-	-	-	159	-	159	-	5,398	-	1,115	-	6,513	-	-	-	-		50	-	-	6,722	6,918
Sth Asia	-	17	-	95	-	589	-	684	-	2,086	-	71	-	2,157	-	-	-	-		51	-	-	2,909	3,252
Middle East	-	-	-	162	-	626	-	788	-	281	-	-	-	281	-	-	-	-		110	-	-	1,179	1,035
Europe	-	-	-	22	-	174	-	196	-	174	-	67	-	241	-	-	-	-		339	-	-	776	563
Global																				73			73	-
Market Access	-	6	18	242	45	521	63	763	86	1,503	10	109	96	1,612	112	1,259	45	326		55	-	316	4,653	5,681
Live Exports - Trade	-	-	13	41	7	16	20	57	26	756	-	-	26	756	-	-	45	326		-	-	91	1,321	1,501
Beef & Sheepmeat	-	6	5	201	38	505	43	706	60	747	10	109	70	856	112	1,259	-	-		55	-	225	3,332	4,180
Value Adding	-	-	26	-	125	-	151	-	251	-	-	-	251	-	347	-	-	-		-	-	749	1,498	1,534
2. Product Initiatives																								
Meat Safety / Issues Management	31	1	67	100	238	462	305	562	655	1,255	147	685	802	1,940	1,254	1,609	4	-	600	4,463	-	2,996	14,567	16,432
Meat Standards Australia	-	-	82	-	83	-	165	-	486	1,014	161	433	647	1,447	-	-	-	-		411	-	812	3,482	4,136
3. Community Concerns																								
Environment / Resource Management	-	-	-	5	523	32	523	37	1,347	83	379	-	1,726	83	455	-	-	-		6	-	2,704	5,534	5,709
Animal Welfare - On Farm / Feedlot	-	-	12	-	208	-	220	-	328	-	440	-	768	-	-	-	-	-		88	-	988	2,064	1,860
- Live Exports	-	-	29	478	21	353	50	831	119	1,088	-	-	119	1,088	-	-	172	856		782	-	341	4,239	4,235
Industry Integrity Communications	-	-	-	-	-	-	-	-	-	894	-	122	-	1,016	-	-	-	-		-	-	-	1,016	913
4. Whole of Chain Efficiency																								
Improving Productivity	110	-	194	-	1,775	-	1,969	-	2,275	-	713	-	2,988	-	765	-	-	-		754	-	5,832	12,418	11,632
Adoption & Capacity	48	1	111	7	848	14	959	21	1,975	2	90	5	2,065	7	1,354	-	-	-		288	-	4,426	9,169	9,179
Supply Chain management - beef	-	-	-	-	-	-	-	-	197	-	30	-	227	-	-	-	-	-		-	-	227	454	628
- sheepmeat		-	59	-	344	-	403	-	-	-	-	-	-	-	-	-	-	-		-	-	403	806	922
Market Information	4	6	32	64	176	372	208	436	542	995	73	87	615	1,082	60	113	-	-		677	-	887	4,088	4,256
5. Strategic R&D																								
Strategic R&D	-	-	654	-	1,715	-	2,369	-	649	-	-	-	649	-	467	-	-	-		1,228	-	3,485	8,198	8,180
6. R&D Partnerships																								
R&D Partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	667	-	-	-		-	7,502	8,169	16,338	17,500
7. Communications																								
Industry & Corporate Communication	5	8	53	59	238	571	291	630	373	1,752	20	91	393	1,843	-	-	-	-		-	-	689	3,859	3,862
8. Other																								
Ausmeat	-	-	-	91	-	39	-	130	-	455	-	65	-	520	-	-	-	-		-	-	-	650	650
Live Export Standards	-	-	-	50	-	41	-	91	1	92	-	-	1	92	-	-	2	183		-	-	3	372	845
Intellectual Property Management	-	-	3	-	10	-	13	-	29	-	3	-	32	-	41	-	-	-		-	-	86	172	210
9. Corporate Costs																								
Corporate Services	7	11	64	69	295	696	359	765	478	1,945	41	329	519	2,274	-	-	-	-		3,373	-	885	8,193	9,283
Levy Collection		4		39		256		295		654		93		747									1,046	1,200
Total Expenditure	205	139	1,404	1,642	6,796	15,561	8,200	17,203	9,918	42,859	2,129	7,258	12,047	50,117	5,734	4,941	223	1,365	600	14,298	7,502	34,511	157,085	163,186
Total Expenditure Budget	**246**	**205**	**1,547**	**1,699**	**6,755**	**16,327**	**8,302**	**18,027**	**11,106**	**46,376**	**2,285**	**7,427**	**13,391**	**53,803**	**6,748**	**5,825**	**466**	**1,670**		**10,350**	**7,500**	**36,653**	**163,186**	
Income Available																								
Levies	135	214	1,654	1,868	7,456	18,257	9,110	20,125	11,367	45,110	853	6,959	12,220	52,069									93,873	91,488
Govt																						34,511	34,511	36,653
Processors															5,734	4,941							10,675	12,573
Live Export																	223	1,365					1,588	2,136
R&D Partnerships																					7,312		7,312	7,500
External																			600	14,298			14,898	10,350
Total Income	135	214	1,654	1,868	7,456	18,257	9,110	20,125	11,367	45,110	853	6,959	12,220	52,069	5,734	4,941	223	1,365	600	14,298	7,312	34,511	162,857	160,700
Total Income Budget	**154**	**246**	**1,499**	**1,694**	**6,880**	**16,698**	**8,379**	**18,392**	**11,158**	**44,389**	**957**	**7,813**	**12,115**	**52,201**	**6,748**	**5,825**	**466**	**1,670**		**10,350**	**7,500**	**36,653**	**160,700**	
Difference (to/(from) reserves)	(70)	75	250	226	660	2,696	910	2,922	1,449	2,251	(1,276)	(299)	173	1,952	-	-	-	-	-	-	(190)	-	5,772	(2,486)
Opening Reserves	110	649	546	709	2,468	6,924	3,014	7,633	1,945	13,278	1,340	4,134	3,285	17,412										
Closing Reserves	40	724	796	935	3,128	9,620	3,924	10,555	3,394	15,529	64	3,835	3,458	19,364										
% of Revenue	30%	338%	48%	50%	42%	53%	43%	52%	30%	34%	8%	55%	28%	37%										