



**Annual operating plan  
Final report 2008-09**

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## Meat Industry Strategic Plan and MLA's Annual Operating Plan

A thorough assessment of Australia's red meat industry prospects and strategic imperatives was conducted by the Red Meat Advisory Council (RMAC) in late 2003. Emerging from this reassessment was a meat industry strategic plan, titled *More from Less: Strategic Direction for the Australian Red Meat Industry 2004-09*. A new vision, new strategic imperatives and new strategic themes were identified.

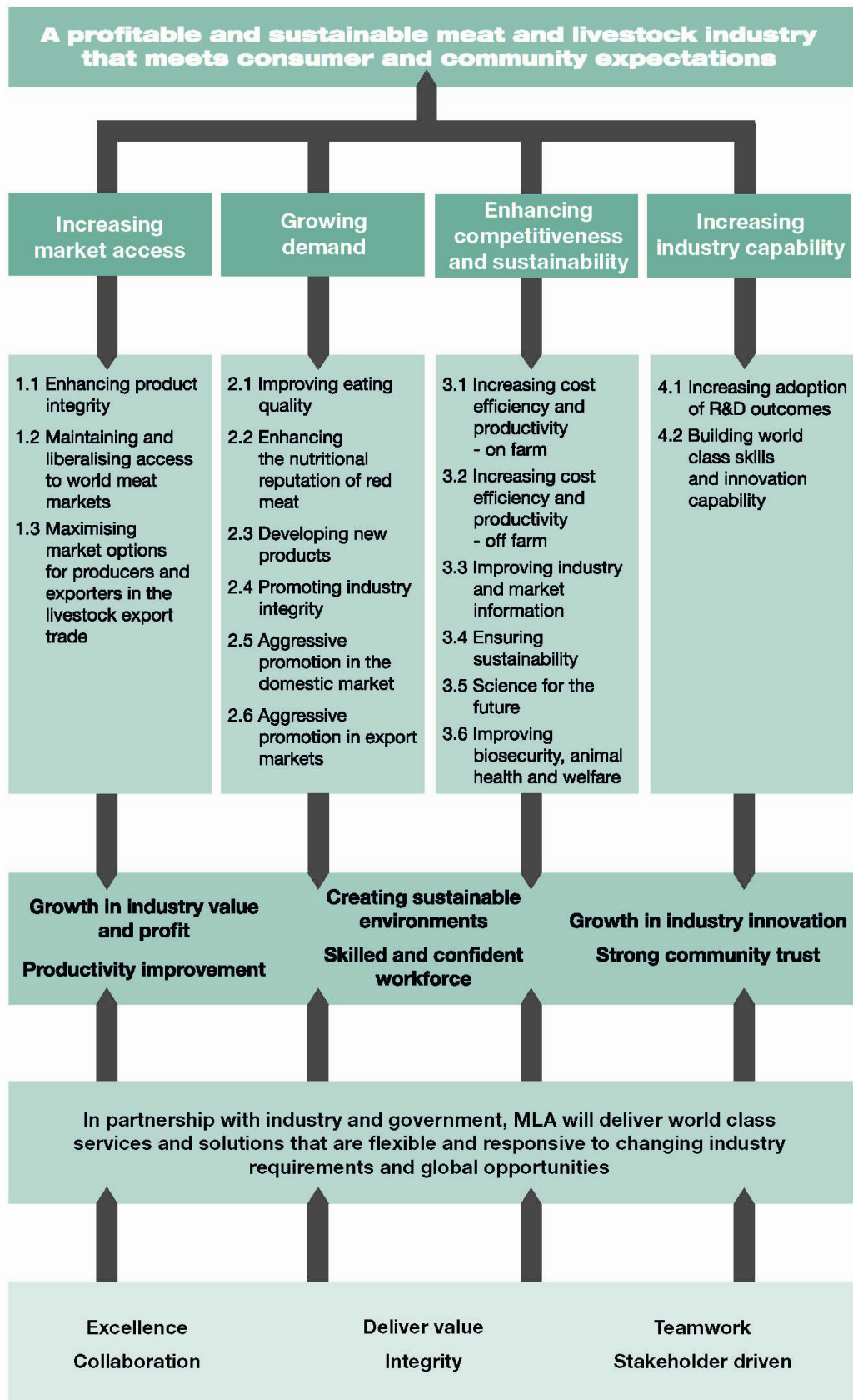
The following table establishes the correspondence that exists between the current strategic plan developed by RMAC for the Australian red meat industry, *More from Less: Strategic Direction for the Australian Red Meat Industry 2004-09* and the strategies contained in this plan. A copy of the MISP 2004-09 can be found at [www.rmac.com.au/reports](http://www.rmac.com.au/reports).

Meat Industry Strategic Plan	Alignment to MLA strategic objectives
<b>MISP strategic imperative: markets and consumers</b>	
<ul style="list-style-type: none"> <li>• MISP Strategic theme: market access</li> </ul>	1.2 Maintaining and liberalising access to world meat markets 1.3 Maximising market options for producers and exporters in the livestock export trade
<ul style="list-style-type: none"> <li>• MISP strategic theme: product marketing</li> </ul>	2.2 Enhancing the nutritional reputation of red meat 2.5 Aggressive promotion in the domestic market 2.6 Aggressive promotion in export markets
<ul style="list-style-type: none"> <li>• MISP strategic theme: value adding</li> </ul>	2.3 Developing new products
<b>MISP strategic imperative: product</b>	
<ul style="list-style-type: none"> <li>• MISP strategic theme: food safety</li> </ul>	1.1 Enhancing product integrity
<ul style="list-style-type: none"> <li>• MISP strategic theme: eating quality</li> </ul>	2.1 Improving eating quality
<b>MISP strategic imperative: supply chain</b>	
<ul style="list-style-type: none"> <li>• MISP strategic theme: community concerns</li> </ul>	2.4 Promoting industry integrity 3.4 Ensuring sustainability 3.6 Improving biosecurity, animal health and welfare
<ul style="list-style-type: none"> <li>• MISP strategic theme: whole of chain efficiency</li> </ul>	3.1 Increasing cost efficiency and productivity – on farm 3.2 Increasing cost efficiency and productivity – off farm 3.3 Improving industry and market information

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:

- 3.5 Science for the future
- 4.1 Increasing adoption of R&D outcomes
- 4.2 Building world class skills and innovations capability
- Communication with stakeholders
- Corporate services
- AUS-MEAT
- Research and development partnerships



Vision

Imperatives

Objectives

Industry outcomes

Implementation

MLA values

Alignment with R&D priorities		
National R&D Priorities	Rural R&D Priorities	MLA Objectives
<b>Promoting and maintaining good health:</b> Through strengthening Australia's social and economic fabric and preventive healthcare (healthy food production)	<b>Productivity and adding value:</b> Improve the productivity and profitability of existing industries and support the development of viable industries	1.2, 1.3, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 3.1, 3.3
<b>An environmentally sustainable Australia</b>	<b>Natural resource management:</b> Support effective management of Australia's natural resources to ensure primary industries are both economically and environmentally sustainable  <b>Climate variability and climate change:</b> Build resilience to climate variability and adapt to and mitigate the effects of climate change	3.4
<b>Safeguarding Australia</b>	<b>Biosecurity:</b> Protect Australia's community, primary industries and environment from Biosecurity threats	1.1, 3.6
<b>Frontier technologies for building and transforming Australian industries</b>	<b>Innovation skills:</b> Improve the skills to undertake research and apply its findings  <b>Technology:</b> Promote the development of new and existing technologies	3.2, 3.5, 4.1, 4.2

## Increasing market access

### 1.1 Enhancing product integrity

As competition in world meat markets increases, Australia must differentiate its meat from other supplying nations in order to maintain market access. A vital area of differentiation is for Australia to be considered a leader in the supply of safe and wholesome red meat products. In 2008-09, MLA's initiatives in this area focused on the continuing development of tools and systems for managing food safety based on innovative science which supports outcomes-based regulations, and enables industry to meet customer expectations.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ High levels of satisfaction of Australian food safety systems by international customers</li> </ul>	NLIS database upgrade enhances volume of transactions completed within three minutes	Accurate traceability system that underpins Australia's food safety
<ul style="list-style-type: none"> <li>▪ Risks to public health and market access for red meat products are minimised through adoption of efficient, risk-based approaches</li> </ul>	Monitoring and research on pathogenic <i>E. coli</i> continues to demonstrate low risks in Australian product	Confidence of regulators and consumers is maintained
<ul style="list-style-type: none"> <li>▪ Deliver a communication framework for the LPA program and associated SAFEMEAT programs</li> </ul>	Audit results on NVD completion have been incorporated into targeted communication activities	Clear messages to industry on product integrity improvements to underpin market access
<ul style="list-style-type: none"> <li>▪ The NLIS database meets national traceability standards and is fully tested via a simulated disease incident</li> </ul>	The NLIS database has been transitioned to an improved operating platform during 2008-09	Improved database operating speed, and improved data accuracy
<ul style="list-style-type: none"> <li>▪ Processing establishments successfully benchmark food safety performance through industry-wide analysis of hygiene data</li> </ul>	Benchmarking of food safety performance pilots trials are underway	Benchmarking will allow processors to monitor and correct their own food safety performance
<ul style="list-style-type: none"> <li>▪ The development of a risk assessment process for animal diseases as they relate to food safety</li> </ul>	A risk assessment process has been developed for use by government and industry	Australia can respond appropriately to emerging trade risks due to new animal diseases
<ul style="list-style-type: none"> <li>▪ The determination of an agreed approach to cost-effective use of post mortem inspection data for animal health surveillance, risk-based inspection and supply chain efficiency</li> </ul>	A new initiative has been defined to develop a scientific basis for post-mortem inspection	Risk-based post mortem inspection systems may be more efficient and give greater confidence to the public

Strategy	Key initiatives
1. Enhance the uptake of quality assurance systems by all sectors of the red meat supply chain	<ol style="list-style-type: none"> <li>1. Deliver programs that underpin the integrity of the Australian red meat and livestock, including the LPA program, producer education and communication strategies</li> <li>2. Increase the efficiency of food safety systems</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ MLA's management of education, promotion and marketing of key product integrity issues, systems and outcomes led to: innovation in the area of electronic NVDs; new fodder declarations; dissemination to industry of LPA audit results to promote best practice; and the development of a new QA program, AgriSure. All of which have been widely supported and utilised.</li> <li>▪ In the processing sector, pilot projects and discussions have been conducted on risk-based post-mortem inspection, with many opportunities identified to increase the assurance delivered to other countries and consumers of animal health status and safety of products, while encouraging more efficient supply chains.</li> </ul>	
2. Develop and promote appropriate meat and livestock traceability systems	<ol style="list-style-type: none"> <li>1. Ensure the NLIS database and support services have the capability to deliver to the national traceability standards</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Further changes to the database during 2008-09 delivered speed and efficiency benefits to meet the National Traceability Standards for cattle, additionally the database has been developed to include mob based movement functionality for the Australian sheep industry.</li> </ul>	
3. Conduct scientific research to ensure the food safety systems available in Australia are at the leading edge of international knowledge and practice	<ol style="list-style-type: none"> <li>1. Evaluate meat safety risks through supply chain.</li> <li>2. Develop tools/systems for food safety risk management</li> <li>3. Enhance surveillance and control measures for bovine spongiform encephalopathy (BSE)</li> <li>4. Monitor developments/develop initiatives in biotechnology</li> </ol>

<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ Work to monitor and understand risks and potential risks to the red meat supply chain has continued, including work on emerging pathogens, BSE and biotechnology.</li> <li>▪ Management of risks has also been a focus of work, ranging from basic scientific research, to the delivery of benchmarking tools which will allow individual processors to evaluate their performance against the rest of the industry. There was also an increased focus on shelf-life prediction including projects in conjunction with domestic and international markets.</li> </ul>	
4. Promote the integrity of Australian red meat products to our international and domestic customers while minimising food safety related incidents	<ol style="list-style-type: none"> <li>1. Provide secretariat services to SAFEMEAT and develop effective industry safety/issues management strategies</li> <li>2. Develop and maintain information resources on the integrity of red meat products</li> <li>3. Communicate the integrity of Australian red meat products internationally and provide a response capability</li> </ol>
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ Secretariat services and the Telecommunications Group operating under SAFEMEAT continued to develop industry strategy on various issues during the review period.</li> <li>▪ Feedback from industry stakeholders would indicate overall satisfaction. This is supported by major Japanese end users (such as McDonald's and Zensho) highlighting established industry procedures in their marketing and promotion during the period.</li> <li>▪ Through MLA regional offices, the scientific approach and integrity of Australian red meat has been promoted through meetings with customers and presentations at conferences.</li> </ul>	

### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)				Totals
			1	2	3	4	
Mutton	R	77	18	70	14	6	108
	M	87	27	30		83	140
Lamb	R	298	67	150	79	22	318
	M	458	102	70		428	600
Grassfed Cattle	R	1,244	136		262	66	464
	M	1,910	210	1,269		1,183	2,662
Grainfed Cattle	R	242	35		35	9	79
	M	315	65	265		189	519
Processor	R	1,328	128	500	406	95	1,128
	M	1,885	166	144		1,742	2,052
Goat	R	34	17				17
	M	4	27				27
Livestock Export	R	66	17		5	12	34
	M	42	27	20		24	71
External	R			662			662
	M	5,153		838			838
Government	R	3,289	418	1,382	801	210	2,811
<b>Subtotal</b>	<b>R</b>	<b>6,578</b>	<b>836</b>	<b>2,764</b>	<b>1,601</b>	<b>420</b>	<b>5,621</b>
<b>Subtotal</b>	<b>M</b>	<b>9,854</b>	<b>624</b>	<b>2,636</b>	<b>-</b>	<b>3,649</b>	<b>6,909</b>
<b>TOTAL</b>		<b>16,432</b>	<b>1,460</b>	<b>5,400</b>	<b>1,601</b>	<b>4,069</b>	<b>12,530</b>

### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)				Totals
			1	2	3	4	
Mutton	R	108	16		14	5	35
	M	140	24			76	101
Lamb	R	318	60		78	17	155
	M	600	92			427	519
Grassfed Cattle	R	464	215		256	52	522
	M	2,662	160	433		1,291	1,885
Grainfed Cattle	R	79	40		33	7	80
	M	519	78	88		209	376
Processor	R	1,128	114	338	394	75	921
	M	2,052	166	144		1,646	1,956
Goat	R	17	12				12
	M	27	19				19
Livestock export	R	34	14		2	9	25
	M	71	22	20		17	59
External	R	662		662			662
	M	838		2,936		116	3,052
Government	R	2,811	471	1,000	777	164	2,411
<b>Subtotal</b>	<b>R</b>	<b>5,621</b>	<b>941</b>	<b>2,000</b>	<b>1,553</b>	<b>328</b>	<b>4,823</b>
<b>Subtotal</b>	<b>M</b>	<b>6,909</b>	<b>562</b>	<b>3,621</b>	<b>-</b>	<b>3,784</b>	<b>7,967</b>
<b>TOTAL</b>		<b>12,530</b>	<b>1,503</b>	<b>5,621</b>	<b>1,553</b>	<b>4,112</b>	<b>12,789</b>

## Increasing market access

### 1.2 Maintaining and liberalising access to world markets

As a major exporting industry, changes in access to overseas markets materially affect the profitability of individual livestock producers and meat processors. MLA actively seeks to defend existing rights of access to livestock and meat markets and, where possible, secure improvements to these conditions. In 2008-09, MLA's focus was on securing increases in access for sheepmeat into the EU and beef into North Asia. There was also a focus on expediting a number of FTA negotiations, particularly the potential FTA with Korea.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Existing conditions of market access maintained</li> </ul>	MLA conducted ongoing market access monitoring, defence and trade facilitation activities	Assisted in ensuring favourable access conditions have been maintained
<ul style="list-style-type: none"> <li>▪ High rating of MLA market access activities by government and industry</li> </ul>	Feedback indicated that MLA is highly valued as a provider of market access advice	Co-ordinated industry and government position on all access activities, both economic and technical
<ul style="list-style-type: none"> <li>▪ Beef and sheepmeat are beneficiaries of WTO trade reform</li> </ul>	WTO Doha Round negotiations continue to be protracted and will spill over into 2010	Potential new significant commercial trade opportunities for beef, sheepmeat and goatmeat
<ul style="list-style-type: none"> <li>▪ Government embodies industry priorities in FTA negotiations</li> </ul>	Government has incorporated livestock, beef, sheepmeat and goatmeat industry priorities in all active FTAs	All species benefited from the Chile and ASEAN FTA agreements
<ul style="list-style-type: none"> <li>▪ Negotiations commence on a Korea/Australia FTA</li> </ul>	Australia/Korea FTA negotiations commenced May 2009	Industry priorities incorporated in negotiations

Strategy	Key initiatives
1. Defend existing favourable market access conditions in overseas markets	1. Monitor developments in overseas markets; develop networks of industry and government contacts in Australia and overseas; and the provision on a response capability when impediments arise
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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%.</li> <li>▪ Furthered Australia's position on meat safety and <i>E-coli</i> testing protocols in the US, in conjunction with AMIC.</li> <li>▪ Representations conducted on the implications of US country of origin labelling regulations.</li> <li>▪ In conjunction with industry peak councils, continued dialogue with strategic international alliances including Tri-Lamb, Five Nations Beef and Europe Market Access Committee).</li> <li>▪ Representations made regarding impact of Indonesian and Chinese meat import regulations.</li> <li>▪ Liaised with Russian authorities on veterinary and certification issues.</li> <li>▪ Workable outcomes secured regarding import regulations and technical access issues across a number of Middle East/North Africa destinations.</li> <li>▪ Provided joint secretariat for, and input into, the industry/government Red Meat Market Access Committee (RedMMAC).</li> <li>▪ Worked closely with Australia's Agricultural Counsellors and government officials based in key export markets to facilitate unimpeded trading conditions.</li> </ul>	

2. Position the Australian meat and livestock industry for the WTO Doha round	1. WTO work to include monitoring and responding to WTO developments; representation to government on industry priorities; coalition building in key overseas markets; and industry missions to Geneva
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The WTO Doha Round negotiations continue to be protracted – with no significant progress since December 2008. If negotiations conclude, substantial improvements in market access are likely to 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 via:</li> <li>▪ Extensive liaison with DFAT/DAFF (Canberra and Geneva) to ensure the industry's objectives are known and acknowledged</li> <li>▪ Analysis of the implications of the various draft WTO "modalities" texts</li> <li>▪ Participation in NFF/DFAT-convened WTO Technical Working Group meetings – a key conduit between industry and government on developments.</li> </ul>	

3. Position the Australian meat and livestock industry for FTA negotiations	1. FTA work to include representations to government on priority countries for FTAs; preparing and lodging submissions on industry priorities for each FTA; proactive advocacy on FTA negotiations; coalition building in key overseas markets
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Government (DFAT/DAFF) is aware of and has incorporated livestock, beef, sheepmeat and goatmeat industry priorities in all active FTAs – including Japan, Korea, China, Malaysia, GCC and the Trans-Pacific Partnership. Interaction with trade negotiators is on-going and in-country advocacy has commenced.</li> <li>▪ The Australian beef industry strongly advocated that the Australian Government commence a FTA with Korea. Industry emphasised the need to protect and enhance the position of our business in the market – particularly in the face of trade preferences that Korea is gradually extending to other import suppliers (ie under the Korea–US FTA).</li> <li>▪ Positioned all species to be immediate beneficiaries of the recently completed Australia– ASEAN FTA, due to enter into force on 1 January 2010, and the Australia–Chile FTA where import tariffs were eliminated in March 2009.</li> <li>▪ Submissions lodged with Government on Australia–India FTA feasibility study and Australia–Indonesia FTA feasibility study.</li> </ul>	
4. Conduct research into the impact of access barriers on the Australian meat and livestock industry and strategies for removing these barriers	1. Research to support trade reform advocacy in WTO and FTA negotiations 2. Research on technical barriers to trade
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The Global Meat Industry Model (maintained by the Centre for International Economics) has been utilised to ascertain changes in trade flows arising from trade reform (WTO and FTA) scenarios. Other specific market access research and some WTO advocacy expenditure has been suspended pending further trade negotiation progress.</li> <li>▪ Research commissioned into the reform of the sheepmeat import regime in South Africa and on the impact of the proposed 'Carbon Pollution Reduction Scheme' on industry competitiveness/trade flows.</li> </ul>	

### Budget

Sector	2007-08 Budget	2008-09 Budget (\$'000)								Totals	
		Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D		
Mutton R	9									13	13
Mutton M	239	24	33	4	2	23	61	62			209
Lamb R	67									53	53
Lamb M	565	102	123	47	8	117	47	151			595
Grassfed Cattle R	124									134	134
Grassfed Cattle M	855	144	146	215	127	108	115				855
Grainfed Cattle R	20									20	20
Grainfed Cattle M	121	23	24	35	21	18					121
Processor R	220									220	220
Processor M	1,512	263	335	250	76	168	230	190			1,512
Goat M	8	8									8
Government R	440									440	440
<b>Subtotal R</b>	<b>880</b>	-	-	-	-	-	-	-	-	<b>880</b>	<b>880</b>
<b>Subtotal M</b>	<b>3,300</b>	<b>564</b>	<b>661</b>	<b>551</b>	<b>234</b>	<b>434</b>	<b>453</b>	<b>403</b>	-	-	<b>3,300</b>
<b>TOTAL</b>	<b>4,180</b>	<b>564</b>	<b>661</b>	<b>551</b>	<b>234</b>	<b>434</b>	<b>453</b>	<b>403</b>	<b>880</b>	-	<b>4,180</b>

### Actual

Sector	2008-09 Budget	2008-09 Actual (\$'000)								Totals	
		Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D		
Mutton R	13									11	11
Mutton M	209	18	31	5	2	18	56	71			202
Lamb R	53									45	45
Lamb M	595	78	118	44	8	77	53	160			537
Grassfed Cattle R	134									52	52
Grassfed Cattle M	855	117	127	194	126	100	107				771
Grainfed Cattle R	20									8	8
Grainfed Cattle M	121	19	17	34	21						91
Processor R	220									116	116
Processor M	1,512	208	301	243	76	123	223	190			1,364
Goat M	8	6									6
External M				76							76
Government R	440									233	233
<b>Subtotal R</b>	<b>880</b>									<b>466</b>	<b>466</b>
<b>Subtotal M</b>	<b>3,300</b>	<b>447</b>	<b>595</b>	<b>597</b>	<b>232</b>	<b>318</b>	<b>438</b>	<b>421</b>			<b>3,048</b>
<b>TOTAL</b>	<b>4,180</b>	<b>447</b>	<b>595</b>	<b>597</b>	<b>232</b>	<b>318</b>	<b>438</b>	<b>421</b>	<b>466</b>		<b>3,514</b>

## Increasing market access

### 1.3 Maximising market options for producers and exporters in the livestock export trade

MLA's goal is to partner with industry to sustain a livestock export sector that contributes at least \$1.8 billion in revenue to the Australian economy annually. MLA partners with LiveCorp to deliver programs designed to continue to improve the wellbeing of Australian livestock in transit and in receiving countries, as well as investing in R&D to find innovative solutions to create world's best practice supply chains for the export of cattle, sheep and goats.

In collaboration with industry, the program also invests in programs to drive demand for meat in key receiving markets to increase demand for Australian livestock and Australian meat products. These investments, and the outcomes from them, are communicated to the broad stakeholder base to demonstrate the industry's commitment to addressing community concerns.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Australia's market access advantage in Indonesia maintained and a strategy for growing demand for beef developed and implemented</li> </ul>	Nutrition campaign was implemented to promote the benefits of beef in a healthy diet to Indonesian consumers	Improved perceptions of the nutritional benefits of eating beef leading to increased demand for Australian beef
<ul style="list-style-type: none"> <li>▪ Annual assessment of animal management by major livestock import supply chains in 11 Middle East countries show continued improvement in animal handling and infrastructure for improved animal welfare</li> </ul>	Improvements demonstrated in eight locations following the assessment of 13 facilities in the Middle East region	Greater Government support for the trade to the Middle East by demonstrating continual improvements in the management and welfare of animals at destination
<ul style="list-style-type: none"> <li>▪ Increase community support for livestock exports above 2007 levels</li> </ul>	Community support for livestock exports has increased by 7% while opposition has decreased 10% since June 2007	Improved community awareness and support for the livestock export industry

Strategies	Key initiatives
1. Deliver continuous improvement in animal welfare standards throughout the export chain	<ol style="list-style-type: none"> <li>1. R&amp;D into animal welfare issues throughout the chain to find solutions to issues that adversely impact on animal welfare outcomes. This work includes R&amp;D into inanition and salmonellosis in sheep, shipboard stocking densities and bovine respiratory disease in cattle, and the improved management of heat stress in all species</li> <li>2. In Asian Pacific markets, deliver animal handling and welfare training with an emphasis on feedlots and abattoirs</li> <li>3. In Middle East markets, deliver animal handling and welfare training to improve practices during the process of discharge, feedlotting and processing</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Developed R&amp;D projects on the ovine salmonella and inanition complex focusing on backgrounding and feedlotting strategies, vaccine development and best practice treatment protocols.</li> <li>▪ Conducted a literature review into respiratory disease in cattle on long-haul voyages leading to the development of a long-term project assessing the outcomes of long-haul cattle shipments.</li> <li>▪ In Asia, the APFINDO Animal Welfare Taskforce commissioned and installed 16 restraining boxes taking the total number of boxes in Indonesia to 96. These boxes facilitate improved animal welfare outcomes at the point of slaughter for Australian animals.</li> <li>▪ In the Middle East, the 'In the ute, not the boot' initiative, launched in December 2008 to coincide with Eid Al Adha, the biggest feast on the Muslim calendar, helped ensure more than 10,000 Australian sheep sold from the Bahrain Livestock Company were transported appropriately.</li> </ul>	
2. Improve risk management by exporters to maximise successful delivery of livestock to export markets	1. Development and maintenance of whole-of-chain risk management tools, training programs and systems to enable compliance with expectations of customers and government.
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Following a review of the Livestock Export Standards Advisory Committee, the Government announced a restructured group to oversee the development and improvement of the Australian Livestock Export Standards (ASEL). In response to this, industry has established an Industry Review and Technical Working Group (IR&amp;TWG) to formulate advice and position papers to be tabled at the Livestock Export Standards Advisory Group (LESAG) by industry representatives. The objective of the proposed IR&amp;TWG is to build upon industry's reputation as a provider of balanced scientific and technical advice to a range of industry and government decision making forums. The group will bring together the required specialised technical expertise to formulate advice and position papers to be presented by industry representatives at the LESAG.</li> </ul>	

3. Build community support through proactive communication of industry achievements	1. Deliver a proactive media campaign to positively position the industry, educate media and raise awareness and support in key metro markets and the broader community 2. Monitor and manage threats from animal activists groups
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Proactive media in 2008-09 delivered prominent broadcast and print media articles in metropolitan media, consumer and international magazines and online news sites.</li> <li>▪ Key spokespeople continued to provide relevant, timely and professional responses to media enquiries, further establishing relationships with media and positioning industry as transparent and responsive.</li> <li>▪ Community activities included engagement at Royal Shows, development of community information kits, a website information upgrade and the launch of industry's YouTube channel, which is now receiving over 1,500 views a month.</li> <li>▪ Continued to monitor and respond to activist activity to provide consistent and localised responses.</li> <li>▪ State and federal members of Parliament were provided industry facts and talking points via an information kit mail-out, which received positive feedback.</li> </ul>	
4. Build the access advantage for Australian livestock in key export markets	1. R&D to improve the efficiency of supply chains 2. In Asia Pacific markets, defend existing access and increase demand for Australian cattle while seeking new market opportunities 3. In the Middle East region, improve access conditions in existing markets while identifying and creating opportunities for new markets
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ In both Asia and the Middle East, developing strong relationships with livestock importers and government departments is critical to ensuring market access issues are identified and addressed in an effective and timely manner.</li> <li>▪ In the Middle East, relationships with key government officials throughout the region continued to be strengthened through regular meetings and with the delivery of meat inspection courses in Kuwait and Bahrain. These strong relationships assist the program deliver key animal welfare improvement activities.</li> <li>▪ In Asia, the focus has been on maintaining favourable access conditions to our largest market, Indonesia, through consultation and engagement with local stakeholders such as APFINDO, local government departments (DGLS) and veterinary associations.</li> </ul>	

#### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)				Totals
			1	2	3	4	
Mutton	R	82	35	40		7	82
	M	541	142	35	414	50	642
Lamb	R	65	35	25		5	65
	M	382	142	26	94	20	282
Grassfed Cattle	R	253	180	60		13	253
	M	1,905	186	62	725	933	1,905
Livestock Export	R	400	250	125		25	400
	M	1,628	615	122	273	468	1,478
External Government	M	525					-
	R	800	500	250		50	800
<b>Subtotal</b>	<b>R</b>	<b>1,600</b>	<b>1,000</b>	<b>500</b>	<b>-</b>	<b>100</b>	<b>1,600</b>
<b>Subtotal</b>	<b>M</b>	<b>4,981</b>	<b>1,085</b>	<b>245</b>	<b>1,506</b>	<b>1,471</b>	<b>4,307</b>
<b>TOTAL</b>		<b>6,581</b>	<b>2,085</b>	<b>745</b>	<b>1,506</b>	<b>1,571</b>	<b>5,907</b>

#### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)				Totals
			1	2	3	4	
Mutton	R	82	38	40		9	87
	M	642	155	43	397	47	643
Lamb	R	65	38	25		6	70
	M	282	155	32	90	34	311
Grassfed Cattle	R	253	198	60		16	274
	M	1,905	60	81	695	841	1,557
Livestock export	R	400	300	124		32	456
	M	1,478	593	69	272	489	1,423
External Government	M		689	93			782
	R	800	575	248		63	886
<b>Subtotal</b>	<b>R</b>	<b>1,600</b>	<b>1,149</b>	<b>496</b>	<b></b>	<b>126</b>	<b>1,772</b>
<b>Subtotal</b>	<b>M</b>	<b>4,307</b>	<b>1,532</b>	<b>318</b>	<b>1,454</b>	<b>1,412</b>	<b>4,716</b>
<b>TOTAL</b>		<b>5,907</b>	<b>2,682</b>	<b>814</b>	<b>1,454</b>	<b>1,538</b>	<b>6,488</b>

## Growing demand

### 2.1 Improving eating quality

The history of the food industry has taught us that a high level of consumer confidence in product performance is required for category success. MLA's goal is for the Australian red meat industry to provide customers with beef and sheepmeat that is of consistent and predictable eating quality, both domestically and in export markets, and in a cost effective manner. In 2008-09, MLA's areas of focus included: adoption of advanced processing technologies that improve eating quality; partnering with supply chains to capitalise on eating quality as a differentiator in key export markets; continuing to support producers and processors with skills development and training to assist them to adopt eating quality systems; and underpinning eating quality systems with rigorous science.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ 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 processing plant</li> </ul>	Company demonstrations proved the feasibility of the SmartShape process for a range of value-added meat products using secondary cuts	New shaped and stretched products with up to \$1.13–\$2.16/kg benefit
<ul style="list-style-type: none"> <li>▪ Commercial demonstration of new electronic technology that reduces the incidence of heat toughening and improves eating quality in pale, soft and exudative (PSE) beef</li> </ul>	Customised electrical inputs used to immobilise beef have been shown through commercial trials to reduce the effects of heat toughening	Reduced incidence of heat toughening, which research shows affects beef's ability to achieve its full ageing potential
<ul style="list-style-type: none"> <li>▪ Increased beef and sheep grading numbers</li> </ul>	MSA beef and sheepmeat grading numbers increased 16.7% (beef) and 73% (lamb – first full year of operation)	Strengthened consumer confidence in buying beef and lamb
<ul style="list-style-type: none"> <li>▪ Improved consumer satisfaction ratings via independent consumer testing</li> </ul>	Consumer sensory evaluation (beef) was conducted with major retailers to determine a baseline quality measurement	Determine a retail standard for ongoing evaluation of beef quality
<ul style="list-style-type: none"> <li>▪ Develop meat ageing strategies that capitalise on the known genotype of <i>bos indicus</i> carcasses</li> </ul>	A range of <i>bos indicus</i> cattle consumer-tested to evaluate tenderness markers for a range of ageing periods	Tenderness Markers enabled for inclusion in a future MSA model
<ul style="list-style-type: none"> <li>▪ Test mathematical approaches to the incorporation of genotypic information into the MSA model</li> </ul>	MSA to accommodate DNA marker scores in predicting tenderness and eating quality	Allow MSA to link with DNA marker tests, which provide a simple route to assessing likely tenderness

Strategy	Key initiatives
1. Develop and prove interventions to maintain and improve eating quality, consistency and productivity	<ol style="list-style-type: none"> <li>1. Continue development of efficient processing technologies and interventions aimed at enhancing eating quality</li> <li>2. Conduct R&amp;D on the selection and management of livestock to improve the yield, eating quality and nutritional content of red meat</li> <li>3. Continue to refine the MSA grading model with relevant R&amp;D activities</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Commercial trials of customised electrical inputs used to immobilise beef showed reduced effects of heat toughening by slowing down pH falls post-slaughter, thereby reducing excessive weep often seen in the vacuum bag, and improving tenderness of chilled export beef primals.</li> <li>▪ Company demonstrations have proven the feasibility of the SmartShape process for a range of value-added meat products using secondary cuts. Concept products that were produced using the prototype equipment in several processing sites, received positive feedback from customers in retail and food service applications, particularly for a range of injected beef products, cold-set bound premium beef cuts and injected and cooked beef silversides.</li> <li>▪ Continued to evolve the MSA model with the inclusion of two additional cooking methods (<i>yakaniku</i> and <i>shabu shabu</i>).</li> <li>▪ From Sheep CRC research, preliminary estimates of heritability for lamb traits such as shear forces, IMF, retail colour are all moderate to high with significant sire variation in most breeds. The Fe, Zn and Omega 3 FA work is progressing and will underpin health claims for lamb.</li> </ul>	

2. Develop and maintain standards and measurement tools to underpin guarantees of eating quality	1. Develop and commercialise standards and systems to better enable processors to utilise MSA science in export markets 2. Implement MSA standards within lamb and sheep supply chains 3. Ensure the integrity of all eating quality trademarks along with all MSA quality standards
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Further developed the Eating Quality Assured (EQA) program leading to a number of processors now underpinning export products with the MSA science, matched to new company brands.</li> <li>▪ Continued to grow the MSA sheep program during the first year full year of commercial operations, carrying out producer extension which should see significant increases in grading numbers during 2009-10.</li> <li>▪ MSA program audits conducted by AUS-MEAT with no significant or systemic quality issues being found across all sectors of the supply chain.</li> </ul>	
3. Partner with supply chains to implement eating quality systems and practices	1. Assist industry to use commercial drivers to expand adoption of MSA science and practices 2. Facilitate adoption of MSA technology and standards through beef and sheep supply chains
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Ongoing positioning of MSA seeing almost full scale adoption within the processing sector, with all major companies adopting MSA during the 2008-09 period.</li> <li>▪ The delivery of MSA beef and sheep producer supply chain workshops, which now include a detailed analysis of the online MSA producer feedback and benchmarking system.</li> </ul>	

### Budget

Sector		2007 - 08 Budget	2008-09 Budget (\$'000)			Totals
			1	2	3	
Mutton	R	200	109	36	29	174
	M	20			5	5
Lamb	R	467	295	36	29	360
	M	155			195	195
Grassfed Cattle	R	712	308		410	718
	M	2,137		455	1,551	2,006
Grainfed Cattle	R	190	30		135	165
	M	596		152	432	584
Processor	R	160	260			260
	M	200				-
External	M	250		250		250
Government	R	1,729	1,001	72	603	1,677
<b>Subtotal</b>	<b>R</b>	<b>3,458</b>	<b>2,002</b>	<b>144</b>	<b>1,206</b>	<b>3,352</b>
<b>Subtotal</b>	<b>M</b>	<b>3,358</b>		<b>857</b>	<b>2,183</b>	<b>3,040</b>
<b>TOTAL</b>		<b>6,816</b>	<b>2,002</b>	<b>1,001</b>	<b>3,389</b>	<b>6,392</b>

### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)			Totals
			1	2	3	
Mutton	R	174	112	16	25	153
	M	5			5	5
Lamb	R	360	300	16	25	340
	M	195			186	186
Grassfed Cattle	R	718	242		406	647
	M	2,006		318	1,107	1,425
Grainfed Cattle	R	165	112		136	248
	M	584		106	283	390
Processor	R	260	255		4	260
External	M	250		241		241
Government	R	1,677	1,022	32	595	1,649
<b>Subtotal</b>	<b>R</b>	<b>3,352</b>	<b>2,043</b>	<b>64</b>	<b>1,190</b>	<b>3,297</b>
<b>Subtotal</b>	<b>M</b>	<b>3,040</b>		<b>666</b>	<b>1,581</b>	<b>2,248</b>
<b>TOTAL</b>		<b>6,392</b>	<b>2,043</b>	<b>731</b>	<b>2,771</b>	<b>5,545</b>

## Growing demand

### 2.2 Enhancing the nutritional value of red meat

Red meat's role in a healthy balanced diet has been confirmed over recent years, with momentum towards red meat reversing a lot of the negative attitudes and information from previous decades. Challenges to this role continue, however, and there remains much work to be done to secure red meat's rightful position as an essential part of a meal repertoire. MLA's goal is to further reduce constraints on red meat consumption and to strengthen consumer and community understanding of the National Dietary Guideline to enjoy red meat 3–4 times per week.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Four studies presented at scientific and medical conferences</li> </ul>	17 studies presented at national and international conferences	Credible evidence supporting red meat's important contribution to public health in Australia
<ul style="list-style-type: none"> <li>▪ Eight studies published in peer reviewed journals and/or presented at scientific conferences</li> </ul>	Five MLA-funded research study papers were published in peer review journals and six published proceedings	
<ul style="list-style-type: none"> <li>▪ Ongoing support from NGOs (Heart Foundation, Cancer Councils, DAA) and key opinion leaders for the dietary guideline for red meat 3–4 times per week</li> </ul>	Greater exposure of the Heart Foundation's 'Tick of Approval' on red meat, trimmed of visible fat, which has less than 4% saturated fat	Positive environment for red meat marketing
<ul style="list-style-type: none"> <li>▪ Balanced reporting of red meat and health issues in media</li> </ul>	Favourable media reporting of red meat – approx 45%, compared to 25% neutral and 30% unfavourable	Reduced misconceptions about red meat and health
<ul style="list-style-type: none"> <li>▪ Maintain GP and dietitian key attitudinal measures and red meat dietary recommendations</li> </ul>	To be determined. Qualitative research to be conducted in October 2009	Positive attitudes by health professionals influence consumer perception of red meat and health
<ul style="list-style-type: none"> <li>▪ Increase key health attitude measures among core target as per Marketing plans</li> </ul>	Maintained positive health attitudes and reduced 'resistors' by 22% and 'rejectors' by 19%	Increased consumption from 3.25 to 3.3 serves of red meat per week
<ul style="list-style-type: none"> <li>▪ Contribute to growing red meat demand and value by \$380m</li> </ul>	Total category value contracted slightly due to economic factors	Demand fundamentals remained strong

Strategy	Key initiatives
1. Invest in human nutrition research to increase our knowledge of the health benefits of red meat and its place in a balanced diet	1. Continue investment in the 2007–09 Triennium Nutrition Research Plan with a focus on two key areas: justifying red meat's essential role in the diet and defending red meat from criticism
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Dissemination of research findings via conference presentations, publications, newsletters, a symposium on higher protein diets at the University of Sydney, a symposium on diet and cognition, and a workshop on eating patterns.</li> <li>▪ Funding of ongoing projects on weight loss in young women, muscle function in the elderly, and the vitamin D content of red meat.</li> <li>▪ Completion of three studies. The CSIRO Total Wellbeing Diet for men, analysis of children's survey, and docosapentaenic acid (DPA) function.</li> <li>▪ Review of R&amp;D program and establishment of two steering groups of key experts in iron and zinc and in eating behaviour and health.</li> <li>▪ Workshops for public health policy makers in collaboration with Horticulture Australia and the Australian Egg Corporation on food production and relevant environmental, social and economic factors relevant for the development of food policy.</li> </ul>	
2. Secure support from leading health organisations and policy makers for consistent and fact-based dietary recommendations on red meat	<ol style="list-style-type: none"> <li>1. Continue partnership programs with the Heart Foundation and the Dietitians Association of Australia, and maintain relationships with other key opinion leaders</li> <li>2. Develop and implement issues management plans for WCRF and for 'new nutrition'</li> <li>3. Develop evidence-based submissions on relevant food and nutrition policy areas</li> </ol>

<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ New licensing agreement with Heart Foundation facilitated wider dissemination of brochure endorsing trimmed red meat.</li> <li>▪ Organised a DAA-hosted symposium on diet and cognition to coincide with launch of consumer campaign.</li> <li>▪ Submissions in response to review of Dietary Guidelines.</li> <li>▪ Development and dissemination of brochures on red meat and the environment.</li> <li>▪ Workshops at DAA conference on food policy.</li> </ul>	
3. Communicate and promote evidenced-based nutrition information on red meat to health professionals and the broader community	1. Deliver a communications program with GPs, dietitians and nutritionists focusing on key health issues through advertising, direct mail, publications, conferences, seminars, on-line and events 2. Continue Red Meat Feel Good II: 'Foundation Food' consumer campaign through 2008 3. Develop Red Meat Feel Good III consumer campaign for launch in early 2009
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ Advertising conducted in <i>Australian Doctor Weekly</i> and <i>Medical Observer</i>.</li> <li>▪ Communicated with dietitians via MLA's quarterly newsletter, <i>Vital</i>, and trade displays at healthcare professional conferences.</li> <li>▪ Sponsorship of TV program <i>Are you Smarter than a Fifth Grader?</i> and related TV and online activities from in Sept–Nov 2009, complemented by PR activities during HSC and print advertising.</li> <li>▪ Burst strategy in March 2009 based around "Library" TVC and print advertising and supported by POS in butchers and PR on importance of iron for children.</li> <li>▪ Development of Red Meat Amazing Food campaign, launched in July 2009.</li> </ul>	
4. Identify ways to protect and enhance the nutritional value of red meat and its by-products	No key initiatives in this area for 2008-09

#### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)			Totals
			1	2	3	
Mutton	M	20		0	5	5
Lamb	R	136	150			150
Grassfed Cattle	M	1,650		95	1,515	1,610
	R	110	102			102
Grainfed Cattle	M	4,202		237	3,754	3,991
	R	18	17			17
Processor	M	665		38	610	648
	R	181	176			176
Government	M	663		40	633	672
	R	445	445			445
<b>Subtotal</b>	<b>R</b>	<b>890</b>	<b>890</b>	<b>-</b>	<b>-</b>	<b>890</b>
<b>Subtotal</b>	<b>M</b>	<b>7,200</b>	<b>-</b>	<b>410</b>	<b>6,516</b>	<b>6,926</b>
<b>TOTAL</b>		<b>8,090</b>	<b>890</b>	<b>410</b>	<b>6,516</b>	<b>7,816</b>

#### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)			Totals
			1	2	3	
Mutton	M	5			31	31
Lamb	R	150	135			135
Grassfed Cattle	M	1,610		91	1,550	1,641
	R	102	92			92
Grainfed Cattle	M	3,991		224	3,691	3,915
	R	17	16			16
Processor	M	648		36	603	639
	R	176	174			174
Goat	M	672		38	625	663
	R	-	23			23
Government	R	445	440			440
<b>Subtotal</b>	<b>R</b>	<b>890</b>	<b>880</b>	<b>-</b>	<b>-</b>	<b>880</b>
<b>Subtotal</b>	<b>M</b>	<b>6,926</b>	<b>-</b>	<b>389</b>	<b>6,500</b>	<b>6,890</b>
<b>TOTAL</b>		<b>7,816</b>	<b>880</b>	<b>389</b>	<b>6,500</b>	<b>7,769</b>

## Growing demand

### 2.3 Developing new products

The profitability of the red meat industry is critically dependent on deriving extra value from lower value meat cuts and from the non meat parts of the animal, such as skins, offal and blood products. All parts of the animal contribute to increased revenue per carcass and, therefore, profit. Deriving extra value means that value must be added in the eyes of the customer and value-added products span a continuum from consumer meals at one end to high value pharmaceutical ingredients at the other.

MLA aims to assist industry to identify market opportunities for lower value meat cuts and co-products, to develop the capability to access novel markets and value chains and to develop advanced technologies which can provide the industry with a competitive advantage. In 2008-09, MLA's focus was on developing a range of new meat products and on developing new technologies relating to value adding lower value cuts and co-products.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Two new products successfully launched in key retail and foodservice outlets with measurable re-purchase statistics</li> </ul>	'Tomahawk' steak launched and microwave beef product nearing launch. Rotisserie beef developed for food service, Sizzle steak wins Woolworths "New product launch of the year"	Greater value-adding of secondary cuts. Microwaveable self basting beef represents a new product platform
<ul style="list-style-type: none"> <li>▪ Two new enterprises actively participating in the development of innovative red meat products</li> </ul>	Two large processors are currently 'gearing up' to produce value-added red meat products, which represents significant innovations for their operations	The processors now have the technology and the consumer focus to develop value added products
<ul style="list-style-type: none"> <li>▪ Two new and novel red meat snack food products are developed and achieve strong consumer acceptance and industry uptake</li> </ul>	Beef nuggets were developed for food service, but did not reach the market	Potential to displace some chicken nugget sales
<ul style="list-style-type: none"> <li>▪ One high pressure processed convenience product is developed with strong consumer acceptance and industry acceptance of technology</li> </ul>	Research on the tenderness window is still underway and a workshop is being planned to introduce new shelf stable products to value adders and processors	Potential increase in tenderness of lower value cuts and a range of convenient sandwich ready meats
<ul style="list-style-type: none"> <li>▪ Five opportunities are identified for bioactives derived from organs with indication of industry uptake</li> </ul>	Feasibility studies being conducted on six bioactives derived mainly from blood, cartilage and lungs	Preparation of business cases for bioactives with potential for generating significant industry benefit
<ul style="list-style-type: none"> <li>▪ New pharmaceutical grade chondroitin sulphate product successfully produced and approved by TGA</li> </ul>	Trial quantities of pharmaceutical grade chondroitin sulphate have been produced for commercial evaluation	Increased demand for cartilaginous tissues in the carcass will increase the price and profit achieved

Strategy	Key initiatives
1. Enhance global research database and analysis to identify high potential long term new business areas	<ol style="list-style-type: none"> <li>1. Extend the new product database as a valuable industry intelligence tool by enhancing its functionality, impact, scope and content</li> <li>2. Extend the bioactives market analysis tool kit to encompass conventional co-products and make available to the industry</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The second edition of the Bioactives compendium has been completed. The compendium market estimates for many bioactives were revised and new sections have been added to facilitate evaluation of bioactive opportunities by processors.</li> <li>▪ A compendium of conventional co-products was also developed. The co-products compendium provides an annotated guide to the 60+ co-product studies over the last 15 years. It also provides an invaluable guide to the major co-products, their yields and their applications. The two manuals should provide an indispensable resource to processors.</li> </ul>	
2. Develop co-products technologies to improve industry's market access and competitiveness	<ol style="list-style-type: none"> <li>1. Develop new co-product applications in non-food industries</li> <li>2. Lead the development of a competitive Australian red meat bioactives industry</li> </ol>

<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>Bioactives markets are inevitably international and competitive advantage is essential for entry into these markets. A new technology platform was investigated, which aims to use the cells of bovine and ovine organs, post slaughter, as biochemical factories. Studying two different types of organ, the cells were kept alive for weeks after slaughter and the production of a range of bioactives was amplified by up to 40 fold and more. The first phase of this research was completed and future steps will focus on specific target molecules in order to attract commercial interest and co-funding to take the technology further.</li> </ul>	
3. Develop value-added products and technologies to expand consumer appeal with a focus on lower value cuts and by-products	1. Develop innovative products using secondary cuts 2. Develop new value-adding technology platforms for consumer and foodservice meat products
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>The evaluation of High Pressure Processing for use in red meat value adding continued. The mechanism appears to be a combination of enzymic activity and partial unfolding of connective tissue and yielding short fibres. Scale up to larger equipment presented no problems, but changing to larger pieces of meat presented some difficulties, due to heat transfer becoming rate limiting. This may limit the shape of meat that can be processed in such technology to something the thickness of a steak. A workshop is to be held in November 2009 to introduce the technology and these research findings and the HPP supply chain to the industry</li> </ul>	
4. Assist supply chains to implement and launch new red meat products	It is anticipated that these initiatives will be undertaken via MLA Donor Company partnership projects and therefore no industry funds will be required in 2008-09
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>Six processors and value adders were assisted via MLA Donor Company projects in the development of value added products. In entering a new supply chain, one of the barriers to success is understanding the needs and expectations of customers and consumers. In each case arrangements with supply chain partners were facilitated and technical assistance was provided where necessary in training the staff in red meat innovation using secondary cuts.</li> </ul>	

#### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)			Totals
			1	2	3	
Mutton	R	27	2	10	9	21
Lamb	R	127	6	37	37	80
Grassfed Cattle	R	253	22	128	129	279
Processor	R	360	30	175	175	380
Government	R	767	60	350	350	760
<b>Subtotal</b>	<b>R</b>	<b>1,534</b>	<b>120</b>	<b>700</b>	<b>700</b>	<b>1,520</b>
<b>TOTAL</b>		<b>1,534</b>	<b>120</b>	<b>700</b>	<b>700</b>	<b>1,520</b>

#### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)			Totals
			1	2	3	
Mutton	R	21	2	10	8	19
Lamb	R	80	5	35	31	72
Grassfed Cattle	R	280	19	122	110	251
Processor	R	380	26	167	149	342
Government	R	760	53	334	298	684
<b>Subtotal</b>	<b>R</b>	<b>1,520</b>	<b>106</b>	<b>667</b>	<b>595</b>	<b>1,368</b>
<b>TOTAL</b>		<b>1,520</b>	<b>106</b>	<b>667</b>	<b>595</b>	<b>1,368</b>

## 2.4 Promoting industry integrity

Consumers and communities both in Australia and overseas are increasingly interested in the ethics of food production, most notably animal welfare and environmental sustainability. To prosper, the livestock industry, like any other industry, must be attuned to both its customers' needs and to community sentiment, and must ensure it keeps delivering to both.

In 2008-09 we continued to build knowledge through our presence at Royal Shows where we have an opportunity for maximum exposure to, and engagement with, urban audiences. We continued working to realise the Primary Industries Education Foundation to provide a platform for curriculum-aligned content into schools. Our successful partnership with Farm Day and the *Australian Women's Weekly* once again led our 'experience' and 'human bond' activities to assist in achieving extensive awareness of cattle production and key messages.

A new key initiative was included in this year's plan to focus our efforts on responding to increasing attacks on the environmental sustainability of beef production, with a strategy formulated and materials developed and distributed to respond to specific attacks.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>Maintain consumer trust scores of 62% agreeing the industry is ethical and trustworthy</li> </ul>	Trust scores maintained at 64%	Consumer trust supports demand for red meat
<ul style="list-style-type: none"> <li>Primary Industries Education Foundation is established and operating</li> </ul>	The PIEF has been established and now the board selection committee is being formed	Provide a platform to make industry information available in the classroom
<ul style="list-style-type: none"> <li>Royal Show visitors find pavilions appealing and informative</li> </ul>	On a scale of 1–10 where 10 is 'excellent', 93% of Food Farm visitors rated the pavilion between 7 and 10	Visitors have a greater understanding of and empathy for the industry
<ul style="list-style-type: none"> <li>Farm Day is on a sustainable footing and achieving participation and media coverage targets</li> </ul>	Minister Burke announced \$50K of government funding for Farm Day; registrations were up 36% and participation up 19%	Participants form a strong connection with farm/host; media coverage raises awareness of lack of understanding
<ul style="list-style-type: none"> <li>Positive media stories generated with a reach of 10m</li> </ul>	Combined media activities achieved a reach of 14.9 million	Greater trust and understanding through reading positive stories about actual producers.
<ul style="list-style-type: none"> <li>Improved environmental media coverage as measured by CARMA</li> </ul>	Favourability of environment coverage in Tier One media at 49.8 points (50.0 balanced)	Balanced coverage of the impact of livestock on the environment

Strategy	Key initiatives
1. Build a basic level of knowledge among urban Australia of livestock production and the importance of agriculture to Australia's social, economic and physical wellbeing	<ol style="list-style-type: none"> <li>1. Support and promote the inclusion of agriculture in school curricula</li> <li>2. Promote the integrity of the cattle industry at three Royal Shows</li> </ol>
<b>Key initiatives:</b> <ul style="list-style-type: none"> <li>The Primary Industries Education Foundation was formed and this will provide a significant platform for our educational activities in the year ahead to ensure that our efforts reach the classroom</li> <li>Further development of our Royal show activities saw our flagship event 'The Food Farm' at the Sydney Royal Easter Show attract record numbers, with 320,000 passing through the pavilion. Success was measured through exit interviews that showed high level of key message take-out. The interactive and experiential nature of show activities has added to costs and initial budget estimates were exceeded by around 17%</li> </ul>	
2. Provide opportunities for urban Australians to experience the livestock industry in a powerful way that creates a lasting positive impression	<ol style="list-style-type: none"> <li>1. Support and promotion of Farm Day</li> <li>2. Identify and promote suitable cattle properties for school visits</li> </ol>
<b>Key initiatives:</b> <ul style="list-style-type: none"> <li>FarmDay 2009 attracted increased registrations up 35% on 2008, and participants up 21%. Challenges this year included managing strong demand from city families while meeting media targets, and encouraging city people to travel more than three hours to visit a farm. Significant effort was also put into attracting ongoing</li> </ul>	

<p>funding for FarmDay. This has been challenging in the current economic climate and meant extending the budget beyond agreed event investment.</p> <ul style="list-style-type: none"> <li>The feasibility and reach of school farm visits led to the development of a curriculum-aligned Virtual Farm Tour concept to be developed in 2009-10.</li> </ul>	
<p>3. Create a human bond between urban Australia and the livestock industry that builds empathy and allows stories to be told at a personal, rather than industry level</p>	<p>1. Build strategic media relationships and undertake media tours 2. Foster media partnerships that result in opportunities to tell cattle industry stories and deliver key messages</p>
<p><b>Key initiatives:</b></p> <ul style="list-style-type: none"> <li>Media tours have become increasingly difficult with journalists and media outlets under pressure to cut costs. Time away from the office on a topic that isn't 'breaking news' is often not considered viable. However, we were successful in one tour this year and hope that this relationship will benefit over time.</li> <li>Our media partnership with <i>Women's Weekly</i> delivered a five-edition series, from April to August 2009, where celebrities visited a cattle or sheep property. Some flow-on has already come from that with a beef producer host chatting on Sydney breakfast radio with their celebrity visitor.</li> </ul>	
<p>4. Build awareness and understanding of the significant and positive role the industry plays in managing the environment across large parts of the Australian land mass</p>	<p>1. Undertake community awareness activities to provide a greater understanding of the industry's participation in addressing the range of environmental considerations</p>
<p><b>Key initiatives:</b></p> <ul style="list-style-type: none"> <li>Focused advertising campaigns were conducted in key urban print and web media around key environmental events (Earth Hour and World Environment Day) to highlight that "every day is environment day for livestock producers".</li> <li>Search engine optimisation now sees MLA information ranked in the top 5 search results on Google searches for key terms like "livestock and environment" and "meat and greenhouse gas".</li> <li>A network of ambassadors has been established to provide a face to the industry for all activities to promote the environmental credentials of the industry to the community.</li> <li>A brochure <i>Care to know more?</i> has been circulated to key politicians, opinion leaders and media highlighting the facts in relation to the impact of livestock on the environment. Key stats include that one kilogram of beef only takes between 27 and 540 litres of water to produce – not up to 100,000 litres as claimed.</li> </ul>	

#### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)				Totals
			1	2	3	4	
Grassfed Cattle	R		20				20
	M	804	318	94	144	142	699
Grainfed Cattle	R		3				3
	M	109	51	15	23	23	112
Processor	R		24				24
	M		44	14	21	21	100
Government	R		47				47
<b>Subtotal</b>	<b>R</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94</b>
<b>Subtotal</b>	<b>M</b>	<b>913</b>	<b>413</b>	<b>123</b>	<b>188</b>	<b>186</b>	<b>910</b>
<b>TOTAL</b>		<b>913</b>	<b>507</b>	<b>123</b>	<b>188</b>	<b>186</b>	<b>1,004</b>

#### Actual

Sector		2008-09	2008-09 Actual (\$'000)				Totals
			1	2	3	4	
Grassfed Cattle	R	20	25				25
	M	699	385	141	108	125	758
Grainfed Cattle	R	3	3				3
	M	112	60	22	17	20	120
Processor	R	24	24				24
	M	100	44	14	15	18	91
Government	R	47	52				52
<b>Subtotal</b>	<b>R</b>	<b>94</b>	<b>105</b>				<b>105</b>
<b>Subtotal</b>	<b>M</b>	<b>910</b>	<b>489</b>	<b>176</b>	<b>140</b>	<b>163</b>	<b>969</b>
<b>TOTAL</b>		<b>1,004</b>	<b>594</b>	<b>176</b>	<b>140</b>	<b>163</b>	<b>1,074</b>

## Growing demand

### 2.5 Aggressive promotion in the domestic market

Consumer demand for both beef and lamb continues to be strong in the domestic market, driven by good quality, improved nutrition perceptions, high retail standards, increasing foodservice presence and effective promotion. However, with an uncertain economic environment, consumer sensitivity around the high prices we currently enjoy for both meats on the domestic market threatens the recent strong category performance.

To counter this threat, we kept the pressure on by further building consumer recognition of the functional and emotional benefits of beef and lamb, working alongside industry on enhancing quality, range and presentation, and partnering with retailers and foodservice operators in aggressive promotional activities to reinforce positive and sustainable consumer attitudes.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Contribute to growth in beef demand index and/or expenditure of \$300m</li> </ul>	Beef category value contracted 4% (\$260m) due to economic constraints	Demand fundamentals remained strong
<ul style="list-style-type: none"> <li>▪ Achieve beef behavioural and attitudinal goals as per the Annual Marketing Plan</li> </ul>	Attitudinal measures remained stable; beef serves decreased according to Millward Brown (2.18 to 2.14pp/week) yet rose according to Roy Morgan (42.45m/week to 46.95m)	Millward Brown and Roy Morgan data indicate that beef servings bounced back in the second half of 2008-09 correlating with the national beef mince and casserole campaigns
<ul style="list-style-type: none"> <li>▪ Contribute to growth in lamb demand index and/or expenditure of \$80m</li> </ul>	Consumer expenditure on lamb rose 7% (\$145m)	Strong demand saw consumer expenditure exceed a record \$2.2b
<ul style="list-style-type: none"> <li>▪ Achieve lamb behavioural and attitudinal goals as per the Annual Marketing Plan</li> </ul>	Lamb servings rose from 20.76m/week to 21.26m. Key attitudinal measures were maintained, with 'loved by Australians' rising significantly	Consumer attitudes and behaviours towards lamb continue to be strong, contributing to high demand
<ul style="list-style-type: none"> <li>▪ Achieve high levels of retailer and foodservice participation in campaigns and programs</li> </ul>	Butcher participation was over 73% for all consumer campaigns	Butcher and foodservice participation on campaigns and programs has remained strong

Strategy	Key initiatives
1. Build lamb as a routine habitual family purchase by focusing consumer promotional efforts on specific community occasions throughout the year	1. Lamb promotional campaign focused on spring lamb, Australia Day, and Mother's Day
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The successful 'Falling in Lamb' TVC returned for the second consecutive spring season with new POS.</li> <li>▪ The 2009 Australia Day Lamb Sam Kekovich campaign included a new TVC, POS and extensive PR activities.</li> <li>▪ A new Mother's Day campaign featured 'Young Kekovich' and included a TVC and POS.</li> <li>▪ Additional funds spent in this area enabled the Australia Day TVC to be aired in regional markets, and covered additional Mother's Day TVC production costs.</li> </ul>	
2. Expand consumer's beef meal repertoires by building consumer confidence in preparation as well as desire using seasonal meal-based promotions	1. Beef promotional campaigns focused on winter and back-to-school meals
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Additional funds were spent in this area to cover the costs of testing a new beef campaign strategy in South Australia with Olympic Swimming coach Laurie Lawrence promoting the successful Entice magazine on TV.</li> <li>▪ Following the successful pilot, a national Beef Mince campaign aired in February – including a new Laurie Lawrence Entice TVC, POS and other media support.</li> <li>▪ Beef casseroles were successfully promoted for the second consecutive year during winter, with a new TVC featuring Olympic swimmer Duncan Armstrong and his coach Laurie Lawrence.</li> </ul>	
3. Work with retailers and foodservice operators to raise standards of presentation, quality, merchandising and promotion	1. Retailer-specific promotional activities supporting MLA campaigns and/or red meat in retailer campaigns 2. Foodservice promotional program including publications, promotions and education activities 3. Support retailer and foodservice initiatives on new

products, new merchandising developments and new promotional techniques

**Key activities:**

- Increased membership of the Red Meat Networking Club (RMNC) by 12% with a total of 1,564 retailers now involved in the program.
- Ran three promotions with 400 RMNC members taking part in each.
- Engaged the major supermarkets (Woolworth and Coles) in all red meat, beef and lamb brand promotional campaigns this year; and IGA in all consumer campaigns.
- Participated in three trade shows, sponsored five chef competitions, held 22 'chef's tables' and sponsored various restaurant, hotel and club awards programs.
- Developed new products currently being assessed for commercialisation.
- Delivered the 25 Counter Attack workshops to 460 butchers, including the 1,000th participant since the program was launched.
- Launched volume three of the *Beefing up your profits* manual to the trade.

**Budget**

Sector		2007 - 08 Budget	2008-09 budget			Totals
			1	2	3	
Mutton	M	20			15	15
Lamb	R	14				-
	M	5,071	4,921		840	5,761
Grassfed Cattle	R	12				-
	M	8,295		3,975	2,727	6,702
Grainfed Cattle	R	2				-
	M	1,313		749	442	1,191
Processor	R	19				-
	M	1,452	353	553	440	1,346
Goat	M	31			31	31
Government	R	47				-
<b>Subtotal</b>	<b>R</b>	<b>94</b>	-	-	-	-
<b>Subtotal</b>	<b>M</b>	<b>16,182</b>	<b>5,274</b>	<b>5,277</b>	<b>4,495</b>	<b>15,046</b>
<b>TOTAL</b>		<b>16,276</b>	<b>5,274</b>	<b>5,277</b>	<b>4,495</b>	<b>15,046</b>

**Actual**

Sector		2008-09 Budget	2008-09 Actual (\$'000)			Totals
			1	2	3	
Mutton	M	15			18	18
Lamb	M	5,761	5,086		853	5,939
Grassfed Cattle	M	6,702		4,569	2,584	7,153
Grainfed Cattle	M	1,191		688	427	1,115
Processor	M	1,346	353	553	409	1,315
Goat	M	31			37	37
External	M				199	199
<b>Subtotal</b>	<b>M</b>	<b>15,046</b>	<b>5,439</b>	<b>5,810</b>	<b>4,526</b>	<b>15,775</b>
<b>TOTAL</b>		<b>15,046</b>	<b>5,439</b>	<b>5,810</b>	<b>4,526</b>	<b>15,775</b>

## Growing demand

### 2.6 (a) Aggressive promotion in export markets – beef

In 2008-09, a challenging environment confronted the Australian beef industry. The global financial crisis severely affected demand in all major markets, and Australian exporters experienced heightened competition in North Asian markets with the return of US suppliers. Furthermore, drought continued in Australia and grain prices were high for part of the year, posing supply challenges for Australian processors.

In light of these challenges, the strategic focus in North Asia in 2008-09 moved from maximising sales of Australian beef in the absence of US product to a focus on market consolidation. Outside North Asia, greater emphasis was placed on the long-term strategy of further developing sales into emerging markets, especially in the US (chilled beef), Indonesia, China and Russia.

In all markets, promotional activities increasingly involved MLA working co-operatively with Australian exporters (and their importer/wholesaler/end-user customers) to develop and grow sales of individual Australian beef brands. This strategy recognises that the diversity of customer needs is best addressed through branded programs. At the same time generic promotions continued to highlight the positive attributes common to all Australian beef (safety, traceability systems, product specification systems, range, and ability to meet special requirements).

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Achieve a 25% increase in the use of ICAs</li> </ul>	<p>Exporter contributions to the ICA program for 2008-09 totalled over \$2.1 million, an increase of about 60%</p>	<p>Strengthening of Australian beef supply chains into international markets, niches exploited and greater exporter involvement in promotional activities</p>
<ul style="list-style-type: none"> <li>▪ At least eight brands using EQA in international markets</li> </ul>	<p>10 exporters introduced brands using EQA into international markets</p>	<p>Provides another point of differentiation for exporter brands in international markets and, potentially, over time, improves eating quality perceptions of Australian beef</p>
<ul style="list-style-type: none"> <li>▪ Maintain penetration in retail and food service establishments</li> </ul>	<p>In Japan, over 10,000 retail outlets continue to stock Australian beef, as do 990 hypermarkets, supermarkets and department stores in Korea. All the major food service companies in Japan, representing over 58,000 outlets, continue to stock Australian beef, and Australian beef is in 100% of family restaurants in Korea</p>	<p>Continues to cement market share gains and improved positioning of Australian beef initially achieved as a result of the absence of US beef from North Asian markets</p>
<ul style="list-style-type: none"> <li>▪ At least 20 leads are generated by business development activities, resulting in at least eight presentations to potential customers</li> </ul>	<p>31 leads were generated in North America with 26 presentations being made. In addition new accounts were secured in Malaysia, China and the Philippines</p>	<p>Increased sales and diversification potential for Australian beef</p>

Strategy	Key initiatives
<p>1. Disseminate comprehensive export marketing information through monitoring and reporting on consumer trends (global and local), channel trends and requirements, and competitive positioning</p>	<p>1. Monitor and report consumer trends (global and local), channel trends and requirements, and competitive positioning</p>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ The international market research firm, the GIRA Meat Club, provided MLA with an overview of the Russian beef market.</li> <li>▪ Extensive trade and consumer research was conducted in Japan and Korea which showed continuing positive attitudes to Australian beef.</li> <li>▪ Trade surveys and chef focus groups were conducted in the US on general awareness of the attributes of Australian beef.</li> <li>▪ Databases were maintained in North America and South-East Asia/Chinas for business development activities.</li> <li>▪ Regular news updates were provided for major markets (eg Japan News Update, Korean Daily News, Taskforce reports).</li> </ul>	

<ul style="list-style-type: none"> <li>▪ Collection and distribution of data on trade statistics, shelf space statistics, and competitor activities.</li> </ul>	
<p>2. Develop new trade and consumer opportunities for Australian beef internationally</p>	<ol style="list-style-type: none"> <li>1. Implement lead identifying and lead generating business development activities</li> <li>2. Initiate contact identification and profiling in conjunction with education and awareness work in emerging markets</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ Business development activities concentrated on North America, where Australian chilled beef penetration is still small, and in emerging markets.</li> <li>▪ MLA participated in 33 trade shows, involving 63 exporters, with satisfaction ratings of MLA's coordination trade shows always exceeding 80%.</li> <li>▪ In North America, 31 leads were generated through business development activities resulting in 26 presentations to potential customers, and online advertising (on FMI website, Meatingplace, National Provisioner and NRA) resulted in 40–50 leads per month, with two resulting in introductions to beef importers.</li> <li>▪ In South-East Asia, business development activities led to three new supermarkets in Thailand selling Australian beef), new chilled beef sales into a department store in the Philippines (with four outlets) and three new retail chains taking Australian product in Indonesia.</li> <li>▪ In China, four new retail chains were encouraged to purchase Australian beef (a total of 19 outlets).</li> </ul>	
<p>3. Create and promote strong brands and identities for Australian beef, tailored to the needs and opportunities of each major market</p>	<ol style="list-style-type: none"> <li>1. Through country of origin marks (Aussie Beef, HCW, etc) positively position Australian beef in terms of product attributes (ie safety, consistency and nutrition)</li> <li>2. Profile Australian product specification systems (AUS-MEAT, EQA)</li> <li>3. Highlight the ability of Australian exporters to meet special requirements such as Halal</li> <li>4. Communicate the nutritional and health benefits of consuming Australian beef</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ In Japan MLA cooperated with McDonald's to produce a 90 second TV commercial on the safety and integrity of Australian beef.</li> <li>▪ Across all regions 663 positive media articles were generated focusing on the safety and integrity of Australian beef, at a PR value of more than A\$7 million.</li> <li>▪ Trade and consumer focused websites were maintained and enhanced in the major markets of the US, Japan, Korea and in Europe covering Australian beef safety and ordering systems.</li> <li>▪ 224 workshops/seminars were conducted educating over 9,700 customers to messages on the integrity and consistency attributes of Australian beef.</li> <li>▪ Publications were distributed to the trade with a primary focus on integrity aspects of Australian beef.</li> <li>▪ More than 24,000 in-store sampling days were conducted in Japan and Korea to encourage trial and purchase of Australian product.</li> <li>▪ Over 30 million items of point of sale (POS) materials were distributed at retail, profiling the attributes of Australian beef to consumers.</li> <li>▪ Key messages on the value, variety and integrity of Australian beef were delivered to customers in all major markets through advertising and advertorials.</li> <li>▪ Additionally 20 trade missions were conducted involving exporters, importers and end-user customers.</li> </ul>	
<p>4. Recognising the importance of diverse customer needs, develop and consolidate demand and loyalty to Australian beef through the implementation of individual cooperative branding programs</p>	<ol style="list-style-type: none"> <li>1. Support individual beef brands through the Industry Collaborative Agreement (ICA) program</li> <li>2. Through ICAs support the voluntary introduction of brands in export markets underpinned by Eating Quality Assurance (using MSA technology)</li> <li>3. Build supply chain capability in positioning and marketing Australian beef</li> <li>4. Strengthen supply chain networks between Australian beef suppliers and end users to boost sales and create loyalty</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ ICAs were conducted with 46 Australian beef exporters with a total value (MLA + exporter contributions) of \$4.2 million distributed across Europe (2%), Japan (27%), Korea (15%), the Middle East (1%), North America (28%), South-East Asia/Chinas (22%) and cross regional (5%).</li> <li>▪ All exporters participating in ICAs rated the program as either extremely useful (72%) or useful (28%) as a marketing tool for their businesses. Furthermore all participating exporters rated the service provided by MLA in coordination of the program as either excellent (67%) or good (33%).</li> <li>▪ 17 workshops/seminars were conducted in association with Australian exporters showcasing Australian brands incorporating EQA in Japan, the US, and Korea.</li> </ul>	

**Budget**

Sector	2007-08 Budget	2008-09 Budget (\$'000)							Totals
		North America	Japan	Korea	South Asia	Europe	Middle East	Global ICA's	
Grassfed Cattle M	19,421	720	7,447	4,400	2,041	300	228	1,670	16,806
Grainfed Cattle M	3,456	154	935	650	20	76		1,080	2,915
<b>Subtotal M</b>	<b>22,877</b>	<b>874</b>	<b>8,382</b>	<b>5,050</b>	<b>2,061</b>	<b>376</b>	<b>228</b>	<b>2,750</b>	<b>19,721</b>
<b>TOTAL</b>	<b>22,877</b>	<b>874</b>	<b>8,382</b>	<b>5,050</b>	<b>2,061</b>	<b>376</b>	<b>228</b>	<b>2,750</b>	<b>19,721</b>

**Actual**

Sector	2008-09 Budget	2008-09 Actual (\$'000)							Totals
		North America	Japan	Korea	South Asia	Europe	Middle East	Global ICA's	
Grassfed Cattle M	16,806	605	7,737	4,407	2,042	241	233	1,410	16,674
Grainfed Cattle M	2,915	124	992	658	19	60		912	2,765
External M			358			63	46		466
<b>Subtotal M</b>	<b>19,721</b>	<b>729</b>	<b>9,087</b>	<b>5,065</b>	<b>2,062</b>	<b>363</b>	<b>278</b>	<b>2,321</b>	<b>19,905</b>
<b>TOTAL</b>	<b>19,721</b>	<b>729</b>	<b>9,087</b>	<b>5,065</b>	<b>2,062</b>	<b>363</b>	<b>278</b>	<b>2,321</b>	<b>19,905</b>

## Growing demand

### 2.6 (b) Aggressive promotion in export markets – sheepmeat

Although lamb consumption in Australia is significant, in most markets around the world lamb rarely appears on dinner plates. For the longer-term prosperity of Australian lamb producers, lamb consumption levels globally must be increased.

Australia is increasingly the dominant export supplier of lamb internationally. As such, any demand growth activities should lead to Australia gaining the majority of the benefits through increased exports. With this in mind, 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.

Achieving further sales in North America remains the focus of Australia's lamb export marketing activities, with the Middle East also being a priority region. Limited mutton funds have been applied across a range of markets to support exporter initiatives, while goat marketing activities are focussed on North America.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Improvement in consumer attitudes of Australian lamb compared to our competitors.</li> </ul>	In the US favourable attitudes about Australian lamb have increased slightly in 2009 over 2008, particularly regarding the attributes of "free-range fed", "high quality", and "healthy and nutritious"	The changes in attitudes, although small, may influence decisions of retailers and food service operators to trial the product
<ul style="list-style-type: none"> <li>▪ Increase in consumer awareness.</li> </ul>	In the US awareness of Australia as a lamb-producing country, at 61%, was basically unchanged from 2007/08. Australia continues to rank third in awareness behind the United States and New Zealand. Similarly, In Japan, aided and unaided awareness of Australian lamb remained at last year's levels	Awareness in the first step to trialling the product
<ul style="list-style-type: none"> <li>▪ Maintain penetration in retail and food service establishments.</li> </ul>	Retail penetration of Australian lamb was either maintained or increased in most markets, but food service penetration dropped, particularly in the US and Middle East, impacted by the GFC	Penetration is directly related to sales of product. One of the top three impediments reported by US consumers to increased lamb consumptions is "not carried by many stores"
<ul style="list-style-type: none"> <li>▪ Increase in sales of Australian lamb covered by ICAs.</li> </ul>	In the US the percentage of the chilled trade covered by ICAs increased from 70% to 81% – however, the absolute volume covered by ICAs remained approximately constant. With the exception of Japan the number of ICAs increased in all other regions	ICAs allow supply chains to be strengthened, encourage the direct involvement of both exporters and importers in promoting the product and provide opportunities for niches to be exploited
<ul style="list-style-type: none"> <li>▪ High satisfaction levels with MLA trade development activities.</li> </ul>	Results of formal surveys taken after trade shows and missions show satisfaction rates always above 80%. Informal soundings also show high levels of satisfaction	MLA is a service provider – sales of sheepmeat are completed by others. MLA's role is to service those actually selling the product

Strategy	Key initiatives
1. Disseminate comprehensive export marketing information through monitoring and reporting of consumer trends (global and local), channel trends and requirements, and competitive positioning	1. Monitor consumer trends (global and local), channel trends and requirements, and competitive positioning
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ Trade and consumer research was conducted in the United States and Japan which showed continuing positive attitudes to Australian sheepmeat.</li> <li>▪ Databases were maintained in North America and South-East Asia/Chinas for business development activities – in China a database was constructed on further processors of sheepmeat.</li> <li>▪ Regular news updates were provided for major markets (eg Japan News Update, South-East Asia Roundup, Taskforce reports).</li> <li>▪ Collection and distribution of data on trade statistics, shelf space statistics, and competitor activities.</li> </ul>	
2. Develop new trade and consumer opportunities for Australian sheepmeat internationally	<ol style="list-style-type: none"> <li>1. Generate awareness of lamb through PR, trade show activities and consumer and trade advertising</li> <li>2. Increase trial of lamb through product sampling, cooking demonstrations, menu positioning, etc.</li> <li>3. Convert trial to purchase by positioning easy-to-use products at</li> </ol>

	<p>relevant price points</p> <p>4. Demonstrate lamb's relevance to contemporary food trends</p> <p>5. Lead identifying and lead generating business development activities</p>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ MLA PR activities generated 30 broadcast television placements and 53 newspaper/magazine articles featuring Australian.</li> <li>▪ MLA co-funded approximately 5,200 sampling days across approximately 2,800 retail outlets.</li> <li>▪ MLA distributed 2.5 million consumer recipe leaflets and other POS material during retail promotions. This was at lower levels than previous years because some exporters are now incorporating the lamb logo and recipes on their retail read packs – which is more convenient and accessible for the consumer.</li> <li>▪ 14 lamb product concepts were developed as part of the US product development program. In 2008–09 select concepts were pitched to one large casual dining chain.</li> <li>▪ 1,430 lamb appetizer brochures (entitled 'Hot Trends, Cool Chefs') were distributed to the US trade. A trade advertising campaign featuring Australian lamb appetizer menu ideas was undertaken in three magazines – reaching over 100,000 foodservice professionals.</li> <li>▪ Trade and consumer focused websites were maintained and enhanced in the major markets of the US and Japan covering Australian sheepmeat safety and ordering systems. In the US, website visitors have increased 113% from 119,715 in 2007-2008 to 255,061 in 2008-2009, while page views have increased 62% to 779,029 from 482,096 over that same period.</li> <li>▪ In the US business development activities generated 23 leads with potential customers, with presentations being made to 18 of these customers. In total business development activities in the US, South East Asia / Chinas and Korea resulted in 10 new importers trading in Australian sheepmeat, 37 new retailers selling Australian sheepmeat and 64 new foodservice operators using the product.</li> </ul>	
<p>3. Create and promote strong brands and identities for Australian sheepmeat and goatmeat, tailored to the needs and opportunities of each major market</p>	<ol style="list-style-type: none"> <li>1. Through country of origin marks and general communications materials, positively position Australian sheepmeat in terms of product safety</li> <li>2. Profile Australia's sheepmeat specification system (AUS-MEAT)</li> <li>3. Highlight the ability of Australian exporters to meet special requirements such as Halal</li> <li>4. Communicate the nutritional and health benefits of consuming Australian lamb, working with other supplying countries where relevant</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ In the US consumer advertising campaigns were run in 3 magazines with a total of 10 insertions, with a total circulation of 6.9 million.</li> <li>▪ Across all regions 65 workshops were conducted training importers, retail and food service operators on Australia product specification and cuts, involving 2,462 participants.</li> <li>▪ At the end of year 2 of the Tri-Lamb nutrition program a survey of nutritionists and dieticians (the target audience for the campaign) was undertaken. Overall, the campaign reached a significant proportion of the target audience and made them more aware of the benefits of including lamb in one's diet. More than one-third surveyed indicated that they changed their behaviour due to the Tri-Lamb campaign – including lamb in their own diet and/or recommending it to others.</li> <li>▪ The largest US retailer of lamb now carries the Halal logo on two of its three lamb products. Halal information has also been included on the <a href="http://www.australian-lamb.com">www.australian-lamb.com</a> website to assist the growing Muslim population in North America source Halal Australian lamb. In the Middle East region over 1,000 Halal brochures were distributed to the trade, over 2,500 'Halal to the bone' posters and 900,000 Halal on pack stickers.</li> </ul>	
<p>4. Recognising the importance of diverse customer needs, develop and consolidate demand and loyalty to Australian sheepmeat products through the implementation of individual cooperative branding programs</p>	<ol style="list-style-type: none"> <li>1. Support sheepmeat brands through cooperative activities (retail and food service promotions) with individual supply chains</li> <li>2. Support product development activities with individual supply chains</li> <li>3. Encourage supply chain innovation such as category management</li> </ol>
<ul style="list-style-type: none"> <li>▪ The number of ICAs in the US increased from 14 to 22 and the percent of the chilled trade covered by these ICAs increased from 70% to 81%, despite a marginally lower tonnage. ICA activity with an exporter occurred for the first time in the Middle East; additionally collaborative marketing partnerships are in place with four key retail groups in this region. The number of ICAs (involving both exporters and end users) in South-East Asia / Chinas increased from 3 to 5, with a similar increase in Europe/Russia. In Japan, however, the number of ICAs dropped from 9 to 5.</li> <li>▪ In the US one large Australian lamb supplier has commercialized lamb patty and sausage products as the result of collaborative product development work. Feedback from suppliers indicate sales have been strong.</li> <li>▪ In South-East Asia / Chinas 3 brands were introduced into retail outlets (previously these outlets were selling unbranded products).</li> </ul>	

**Budget**

Sector	2007-08 Budget	2008-09 Budget (\$'000)						Totals	
		North America	Japan	Korea	South Asia	Europe	Middle East		
Mutton	M	392	20			10	10	80	120
Lamb	M	5,629	3,250	700	200	430	200	800	5,580
Goat	M	125	100			25			125
<b>Subtotal</b>	<b>M</b>	<b>6,146</b>	<b>3,370</b>	<b>700</b>	<b>200</b>	<b>465</b>	<b>210</b>	<b>880</b>	<b>5,825</b>
<b>TOTAL</b>		<b>6,146</b>	<b>3,370</b>	<b>700</b>	<b>200</b>	<b>465</b>	<b>210</b>	<b>880</b>	<b>5,825</b>

**Actual**

Sector	2008-09 Budget	2008-09 Actual (\$'000)						Totals	
		North America	Japan	Korea	South Asia	Europe	Middle East		
Mutton	M	120	52			16	7	44	119
Lamb	M	5,580	2,746	646	197	400	162	684	4,835
Goat	M	125	68			0			68
External	M			43			88	128	259
<b>Subtotal</b>	<b>M</b>	<b>5,825</b>	<b>2,866</b>	<b>689</b>	<b>197</b>	<b>416</b>	<b>257</b>	<b>856</b>	<b>5,281</b>
<b>TOTAL</b>		<b>5,825</b>	<b>2,866</b>	<b>689</b>	<b>197</b>	<b>416</b>	<b>257</b>	<b>856</b>	<b>5,281</b>

### 3.1 Increasing cost efficiency and productivity – on farm

Producers operate complex businesses in an environment characterised by highly variable seasons and markets. It is therefore essential the MLA's R&D programs deliver new tools and technologies that support producers' productivity. In 2008-09, MLA focused on assisting producers to: increase reproductive rates; decrease mortality rates; reduce age at sale; and lower the cost of production.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>Deliver marker-assisted EBVs for at least one trait in each of BREEDPLAN and LAMBPLAN/MERINOSELECT</li> </ul>	Marker-assisted tenderness estimated breeding values delivered for Brahman cattle. Marker-assisted EBVs for several sheep traits under development	Overcome breed and environment hurdles to improve the eating quality of beef
<ul style="list-style-type: none"> <li>Deliver industry information and guidelines on use of marker-assisted EBVs for the beef and sheep industries</li> </ul>	Marker-assisted EBVs for tenderness are now available in the Brahman breed. Information Nucleus concept were established to calibrate future beef markers	Technology to produce marker-assisted EBVs is in place, and can be used for other traits
<ul style="list-style-type: none"> <li>Deliver prototype objective data on varieties/cultivars for at least one pasture species</li> </ul>	Established a pilot of three sites supported by seven seed companies established evaluating three species	Objective regional performance data will improve producer confidence in the value of improved plant genetics
<ul style="list-style-type: none"> <li>Research phase for development of psyllid-resistant leucaena completed and commercialisation phase initiated</li> </ul>	Project identified two additional breeding rounds required to reduce heterogeneity in psyllid resistance before commercialisation is possible.	Increased beef production from leucaena
<ul style="list-style-type: none"> <li>Technical report and producer manual on optimal use of HGPs completed and communicated to industry</li> </ul>	Technical report completed and producer manual under development	Optimal use of HGPs for individual production, profit and meat quality outcomes
<ul style="list-style-type: none"> <li>Pilot phase of Cash Cow project reviewed and full project initiated (subject to satisfactory review)</li> </ul>	Targets for collection and management of animal, mob and property data and sample achieved	Determine the drivers of reproductive performance
<ul style="list-style-type: none"> <li>Prototype solution and application technology for enzymatic feedlot dag removal trialled on a small number of live animals</li> </ul>	Earlier positive results could not be replicated and project was discontinued	Reduced treatment costs for feedlots and improved food safety for consumers

Strategy	Key initiatives
1. Develop genetic and genomic information to enhance flock, herd and feedbase performance	1. Provide improved genetic evaluation tools and information for the beef and sheepmeat industry including incorporation of genomic outcomes into breeding values.
<b>Key activities:</b> <ul style="list-style-type: none"> <li>Made significant progress for both cattle and sheep in the methods for inclusion of marker/genomic data into breeding values, and in providing objective information to industry regarding values for known marker tests</li> <li>Worked with industry to develop Information Nucleus projects in beef via the MDC to assist in achieving faster genetic progress for hard-to-measure traits and in calibrating markers for Australian production</li> <li>Worked closely with the Sheep CRC and AWI to implement projects to evaluate marker-based tools in sheep breeding</li> </ul>	
2. Carry out research to improve the feedbase and feed utilisation	1. Develop robust new technologies and tools to improve the quality, reliability and productivity of the feedbase for key sectors and/or the efficiency of feed utilisation by livestock 2. Develop integrated soil, pasture and livestock management systems that increase grazing and feedlot enterprise performance, including information tools, standard operating procedures and codes of practice
<b>Key activities:</b> <ul style="list-style-type: none"> <li>Via EverGraze (perennial pasture systems) and Enrich (shrub-pasture systems), researched and demonstrated systems with improvements in productivity that are close to 50% greater than performance indicators for the top 20% of producers in benchmarked programs, with the dual benefit of improved soil and water management:               <ul style="list-style-type: none"> <li>Merinos and Coopworth systems produced lamb at 400kg and 600kg liveweight/ha</li> </ul> </li> </ul>	

<ul style="list-style-type: none"> <li>- Steer systems added 700kg liveweight gain/ha over a shorter time period</li> <li>- Split joining between Merino and terminal sires has demonstrated clear differences in profit outcomes of meat-Merino systems</li> <li>- On native pastures, 20 paddock systems are providing increased dry matter for lamb growth.</li> </ul>	
3. Work with producers and processors to improve supply chain effectiveness	1. Develop technologies that improve supply chain efficiencies and/or producer feedback
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ MLA and the Sheep CRC have established a supply chain group that is working towards the development of a prospectus that will engage three lamb supply chains in development and implementation of projects around lean meat yield and eating quality. This prospectus will be available by the end of 2009 and will be implemented with staff from CIS, LPI, and IS.</li> </ul>	
4. Deliver alternative grazing systems to improve growth rates, allow heavier and/or earlier turn-off, improve reproductive efficiency, reduce cost of production and improve enterprise efficiency	<ol style="list-style-type: none"> <li>1. Develop robust new technologies and tools to increase growth and reproduction</li> <li>2. Evaluate, develop and implement technologies, tools and strategies to increase enterprise efficiency and reduce costs of production</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ Collected data from 82 properties, 147 mobs and 47,000 cattle throughout northern Australia enrolled in Cash Cow project and defined draft reproductive performance measures.</li> <li>▪ Collected liveweight and supporting data and samples from four Northern Territory properties to identify causes of variable liveweight gain between weaning and turn-off.</li> <li>▪ Study on impacts of dehorning, castration and branding completed with six properties identified for data collection in 2009-10.</li> <li>▪ Collected data and analysed summary results from first year of grazing-feeding trial comparing different growth path options for beef cattle in northern Australia to increase profitability.</li> <li>▪ Negotiations continuing in relation to contracting a breeding program to develop a psyllid resistant leucaena.</li> </ul>	
5. Evaluate new pasture species to improve livestock performance, withstand difficult environments, and maintain environmental integrity	1. Develop new cultivars and/or agronomic practices to improve persistence and/or quality attributes of perennial plants in drier environments of southern Australia, and improve information exchange throughout the pasture plant supply chain
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ Three elite tall fescue lines had improvements in total pasture yield by 21-30%, summer yield by 14-26% and persistence by 15-22%. Four elite cocksfoot lines had a mean vigour score 40% higher than the control cultivar Currie, and increased plant survival. Four elite sub-tropical grass lines (<i>Panicum maximum</i>) have been identified with outstanding performance over the control cultivar excellent persistence spring biomass which was 22-59% higher, while the overall yield was up to 67% higher. Heritage Seeds is merit testing these lines to assist further decisions on commercialisation. Four lines for a drier margins white clover have been developed and are undergoing merit testing by PGG Wrightsons.</li> </ul>	

## Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)					Totals
			1	2	3	4	5	
Mutton	R	62	86	30	18	33	17	184
Lamb	R	1,000	778	231	123	255	132	1,518
Grassfed Cattle	R	2,350	378	297	88	701	177	1,642
Grainfed Cattle	R	700		211				211
Goat	R	115			14			14
External	M	960	710	55		2		768
Government	R	4,227	1,242	769	242	988	327	3,568
<b>Subtotal</b>	<b>R</b>	<b>8,454</b>	<b>2,483</b>	<b>1,538</b>	<b>485</b>	<b>1,977</b>	<b>653</b>	<b>7,136</b>
<b>Subtotal</b>	<b>M</b>	<b>960</b>	<b>710</b>	<b>55</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>768</b>
<b>TOTAL</b>		<b>9,414</b>	<b>3,194</b>	<b>1,594</b>	<b>485</b>	<b>1,979</b>	<b>653</b>	<b>7,905</b>

## Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)					Totals
			1	2	3	4	5	
Mutton	R	184	61	22	25	35	32	175
Lamb	R	1,518	572	161	158	237	138	1,265
Grassfed Cattle	R	1,642	415	261	13	897	170	1,756
	M		-	20				-
Grainfed Cattle	R	211		172				172
Goat	R	14			1			1
External	M	768	930	10		19		959
Government	R	3,568	1,049	615	197	1,169	340	3,370
<b>Subtotal</b>	<b>R</b>	<b>7,136</b>	<b>2,097</b>	<b>1,230</b>	<b>395</b>	<b>2,338</b>	<b>680</b>	<b>6,740</b>
<b>Subtotal</b>	<b>M</b>	<b>768</b>	<b>910</b>	<b>10</b>	<b></b>	<b>19</b>	<b></b>	<b>939</b>
<b>TOTAL</b>		<b>7,905</b>	<b>3,007</b>	<b>1,239</b>	<b>395</b>	<b>2,357</b>	<b>680</b>	<b>7,678</b>

### 3.2 Increasing cost efficiency and productivity – off farm

Emerging issues in the global environment require a whole-of-chain response to ensure the industry improves productivity and retains a competitive advantage. To achieve this it is essential that all parts of the red meat supply chain adopt intra and inter-industry world-class technologies and systems. In 2008-09, MLA continued the development of new technologies and systems that enhance efficiencies along the supply chain and that improve working conditions in order to reduce workplace injuries and illnesses. In addition, it sought to understand the performance of competitors and to establish baseline data to enable monitoring of supply chain performance of the Australian industry over the long term.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Two new automated unit operations developed and demonstrated in-situ, which reduce processing costs and/or labour requirements in beef and sheep processing plants</li> </ul>	Robotic Sani-Vac and Brisket cutting systems successfully installed in two sheep plants	A benefit of at least \$0.033/head or \$0.07/head if both systems adopted together
<ul style="list-style-type: none"> <li>▪ Development of one manual-assist technology completed, industry benefit demonstrated and strong support evident for adoption</li> </ul>	New robotic boning machine installed that reduces OH&S problems and increases beef yield	Machine delivers a cost benefit of \$4.53 per head and greater worker flexibility
<ul style="list-style-type: none"> <li>▪ Ten successful Bladestop™ installations</li> </ul>	First installation now completed, but more development needed for final commercial version (unit cost may be too high)	Increased OH&S
<ul style="list-style-type: none"> <li>▪ At least one new processing technology development initiated in partnership with international companies</li> </ul>	'Backboner', a Danish development to automate beef short loin boning, ready for contracting	\$1.29/hd of estimated benefits
<ul style="list-style-type: none"> <li>▪ Implementation of alternative stunning technologies for sheep and commercial evaluation by industry completed</li> </ul>	Tested successfully, but on hold as no further interest from processors	Some animal welfare improvements from improved electrodes
<ul style="list-style-type: none"> <li>▪ Industry endorses port mark strategy and key exporters agree to undertake trial of port mark removal</li> </ul>	AMIC/AQIS port mark committee to approve initiative	Potential to reduce rejection costs
<ul style="list-style-type: none"> <li>▪ Industry endorses MLA's assessment of technical and commercial applicability of objective carcass measurement opportunities</li> </ul>	Strategy developed and agreed by Processor CEO steering group	Proposed system will deliver a beef supply chain benefit of \$16.80/head and \$1.05/head for sheep
<ul style="list-style-type: none"> <li>▪ Opportunities are identified for meat processing cost reduction through utilisation of industry benchmarking</li> </ul>	Economic Benefit Study of Processing Sector underway.	Specific benefits difficult to quantify until study completed and data analysed.

Strategies	Key Initiatives
1. Develop and commercialise technologies and systems that support world class competitiveness and sustainability along the supply chain	1. Develop a range of processing automation technologies that increase efficiency and maximise carcass yield and value 2. Develop new and improve existing stunning techniques and technologies 3. Develop technologies that improve supply chain efficiencies through electronic data transfer 4. Confirm feasibility and industry benefits from objective carcass measurement applications
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Progressed two sheep slaughter automation technologies, which will be commercially ready upon completion of the last two installations supported by MLA. The first two installations are currently running.</li> <li>▪ Started evaluation of a new method of stunning that provides a prolonged period of unconsciousness, with the last part of the experiments to be completed soon. Further progress is on hold as there has been no further interest from processors.</li> <li>▪ The value to the supply chain of objective carcass measurement was confirmed by the Processor CEO steering committee. The preliminary R&amp;D has to date shown that the concept is technical feasible. Further exploration of potential collaboration with technology providers is underway.</li> </ul>	

2. Assist the processing sector to eliminate occupational health and safety risks and extend the working life of skilled workers	1. Improve working conditions and reduce work-related injuries by developing operator aids based on new technology platforms – Cobotics™ and Bladestop™ 2. Maintain support for the Q-fever register
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ Two operator aids were developed this year and successfully installed and validated by third parties. The arduous task of beef aitch boning and knuckle pulling is now significantly less strenuous.</li> <li>▪ A third concept is currently under development that will enable a whole beef body to be boned via manual assisted technology.</li> <li>▪ Bladestop™ is currently under review as commercial cost may be too high.</li> <li>▪ The industry (through AMIC) is currently working with the Federal Government to ensure the Q-fever register becomes a self-sustaining register that is owned by the entire agriculture sector, not just meat processing.</li> </ul>	
3. Partner with industry to establish relevant performance benchmarks	1. Based on existing data, establish a baseline database on key processing parameters in order to facilitate benchmarking
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ It has been difficult to gain access to specific benchmarking data from the processing sector as individual companies are loath to provide sensitive commercial information. However MLA is working closely with AMIC on an Economic Impact Study of the contribution of the processing sector to the national economy. It is anticipated that data from this study will provide useful indicators of processing performance that may be further developed into specific benchmarking data.</li> </ul>	

### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)		Totals
			1	2	
Mutton	R		1		1
Lamb	R		6		6
Grassfed Cattle	R		6		6
Grainfed Cattle	R		1		1
Processor	R	1,190	956	269	1,225
Government	R	1,190	970	269	1,239
<b>Subtotal</b>	<b>R</b>	<b>2,379</b>	<b>1,940</b>	<b>539</b>	<b>2,479</b>
<b>TOTAL</b>		<b>2,379</b>	<b>1,940</b>	<b>539</b>	<b>2,479</b>

### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)		Totals
			1	2	
Mutton	R	1	1		1
Lamb	R	6	8		8
Grassfed Cattle	R	6	7		7
Grainfed Cattle	R	1	1		1
Processor	R	1,225	788	171	958
External	M	-	4	33	37
Government	R	1,239	806	172	977
<b>Subtotal</b>	<b>R</b>	<b>2,479</b>	<b>1,611</b>	<b>342</b>	<b>1,954</b>
<b>Subtotal</b>	<b>M</b>	<b>-</b>	<b>4</b>	<b>33</b>	<b>37</b>
<b>TOTAL</b>		<b>2,479</b>	<b>1,615</b>	<b>375</b>	<b>1,991</b>

### 3.3 Improving industry and market information

Given the complexity and change apparent in the red meat trading environment, it makes sense for the Australian industry to invest in a base level of market information and competitive intelligence. In 2008-09, MLA worked to empower industry and government to make better business decisions through the supply of relevant and timely market information; improve information flow along the supply chain using animal ID/carcass measurement systems; gather and disseminate competitor intelligence; and develop relevant risk management tools.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ NLRS and MIS service standards met</li> </ul>	MLA market information service standards were routinely met and/or exceeded	Relevant price discovery and market transparency for all industry participants
<ul style="list-style-type: none"> <li>▪ Increased visits to market information section of the MLA internet site by 10%</li> </ul>	Visits to the market information section of the MLA website increased by 3%	Timely and cost effective delivery of market information to industry
<ul style="list-style-type: none"> <li>▪ High levels of satisfaction with MLA market information service publications</li> </ul>	Client consultation showed a high level of satisfaction with market information and an average \$3,450 value/business	Better production, investment and marketing decisions by stakeholders and others. More successful MLA programs. Better government policy for industry
<ul style="list-style-type: none"> <li>▪ Widespread media coverage of MLA projections</li> </ul>	Media coverage of the <i>Australian Cattle and Sheep Industry Projections</i> was widespread and sustained	A significant input into business planning and investment decisions
<ul style="list-style-type: none"> <li>▪ Uptake of forward contract standard terms and conditions</li> </ul>	The Australian Cattle Trading Standard currently used by several cattle buyers and suppliers	More confidence in the integrity of forward contracts leading to greater risk management. Development of an industry forward culture.
<ul style="list-style-type: none"> <li>▪ A wider range of risk management tools available for industry</li> </ul>	Continuing interest in risk management tool development, despite the delisting of cattle futures following prolonged low trading	Better business supply and price security. More secure and stable supply chains and prices leading to more profitable businesses.

Strategy	Key initiatives
1. Collect and maintain domestic and international meat market data of relevance to the Australian meat and livestock industries	1. Operate a National Livestock Reporting Service 2. Conduct surveys on each segment of the supply chain 3. Maintain a warehouse of domestic and global meat market data and improve the dissemination of this data via the internet 4. Overhaul the lamb industry forecasting system
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The global red meat database was significantly expanded.</li> <li>▪ NLRS expanded its weekly slaughter data to include Tasmania, re-vamped the wholesale report, and covered major weaner markets in Northern NSW for the first time.</li> <li>▪ The annual Axiom Lamb Survey was replaced with an in-house electronic survey and Lamb Forecasting Advisory Committee.</li> <li>▪ Major cost savings have been achieved for the ABARE Australian agriculture and grazing industries survey with no change to output.</li> <li>▪ Enhanced foodservice sector analysis.</li> </ul>	
2. Disseminate incisive analyses of relevant world meat market developments	1. Publish high quality analytical reports on a weekly and monthly basis 2. Launch replacement publications for <i>Meat &amp; Livestock Weekly</i> 3. <i>Industry projections</i> to be published bi-annually 4. A comprehensive daily red meat news service on the internet 5. Facilitate the development of commercial market information services
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Revamped <i>Meat &amp; Livestock Weekly</i> to be more comprehensive, yet easier to read (more graphs, front page summary analysis), with circulation increasing.</li> <li>▪ Replaced the <i>Market brief</i> series with a free and better targeted <i>Red meat market report</i> series.</li> </ul>	

<ul style="list-style-type: none"> <li>▪ Commenced a monthly global beef trimmings report in response to calls from major clients.</li> <li>▪ Ran industry projections workshops and forums receiving strong support from participants and media coverage of the published report, sparking useful industry debate.</li> <li>▪ Uploaded 'breaking news' to the MLA website and distributed the <i>Market news</i> email to over 5,000 subscribers twice a week.</li> </ul>	
3. Gather and analyse data on competitors	1. Monitor and report on developments in competitor proteins and countries
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ Expanded the monitoring, analysis and reporting of developments in South America following the employment of an analyst from Chile.</li> <li>▪ Improved the monitoring and reporting of trends in New Zealand.</li> <li>▪ Continued collecting competitor prices in South Asia markets.</li> <li>▪ Maintained regular monitoring and analysis of the US market.</li> <li>▪ Used Global Trade Atlas data to expand analysis of competition in key markets and competing proteins.</li> </ul>	
4. Facilitate the development of improved information flows within supply chains	<ol style="list-style-type: none"> <li>1. Conduct introductory cattle marketing courses incorporating options to strengthen supply relationships</li> <li>2. Support uptake of the cattle forward contract standard terms and conditions</li> <li>3. Commence capture of livestock quality data to feedback to industry for commercial planning and benchmarking</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ Encouraged uptake of the Australian Cattle Trading Standard (ACTS), which, although slow, is now being routinely used by several cattle buyers and their suppliers to assist in the cattle contracting process.</li> <li>▪ Developed a simple user's guide for the ACTS to be available from October 2009.</li> <li>▪ Developed a proposal for workshops to be rolled out during 2009-10 to help buyers and sellers better understand how to use detailed market information to make more informed trading and marketing decisions. Marketing workshops were not held following the lack of buyer uptake.</li> <li>▪ Developed and road tested the concept of a single system for collection, benchmarking and analysis of feedback to producers together with an industry assessment program based on data collected from processors. A major operations plan was developed for implementation in 2009-10.</li> </ul>	
5. Encourage commercial supply of risk management tools	1. Continue to support uptake of the cattle futures contract and encourage new risk management tools to be developed.
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ Reviewed the cattle futures contract and explored options for its alteration or replacement, resulting in a recommendation to the MLA Board to cease sponsorship of the contract and instead concentrate on achieving uptake of the ACTS and expanding the range of other tools on offer.</li> <li>▪ The MLA/SFE Cattle Futures contract was delisted by the Australian Securities Exchange in August 2009 after a prolonged period of low trading activity.</li> </ul>	

**Budget**

Sector		2007-08 Budget	2008-09 Budget (\$'000)					Totals
			1	2	3	4	5	
Mutton	R	33	24	7	2			33
	M	65	48	17				65
Lamb	R	202	118	50	34	24		226
	M	376	275	101				376
Grassfed Cattle	R	560	238	129	83	139	65	654
	M	968	676	249			43	968
Grainfed Cattle	R	54	25	12	6	52	6	101
	M	86	52	29			5	86
Processor	R	63	63			70		133
	M	113	113					113
Goat	R	4	4					4
	M	6	6					6
External	M	810	700	60			30	790
Government	R	916	472	198	125	285	71	1,151
<b>Subtotal</b>	<b>R</b>	<b>1,832</b>	<b>944</b>	<b>396</b>	<b>250</b>	<b>570</b>	<b>142</b>	<b>2,302</b>
<b>Subtotal</b>	<b>M</b>	<b>2,424</b>	<b>1,870</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>2,404</b>
<b>TOTAL</b>		<b>4,256</b>	<b>2,814</b>	<b>852</b>	<b>250</b>	<b>570</b>	<b>220</b>	<b>4,706</b>

**Actual**

Sector		2008-09 Budget	2008-09 Actual (\$'000)					Totals
			1	2	3	4	5	
Mutton	R	33	23	6	2			30
	M	65	58	18				76
Lamb	R	226	97	44	26	7		174
	M	376	333	105				438
Grassfed Cattle	R	654	236	112	64	57	47	517
	M	968	827	259			34	1,121
Grainfed Cattle	R	101	19	11	5	18	4	57
	M	86	64	31			4	98
Processor	R	133	90			22		112
	M	113	113					113
Goat	R	4	4					4
	M	6	4					4
External	M	790	598	28			24	650
Government	R	1,151	469	172	97	104	52	894
<b>Subtotal</b>	<b>R</b>	<b>2,302</b>	<b>938</b>	<b>344</b>	<b>194</b>	<b>209</b>	<b>103</b>	<b>1,788</b>
<b>Subtotal</b>	<b>M</b>	<b>2,404</b>	<b>1,997</b>	<b>441</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>2,499</b>
<b>TOTAL</b>		<b>4,706</b>	<b>2,935</b>	<b>785</b>	<b>194</b>	<b>209</b>	<b>165</b>	<b>4,288</b>

## Enhancing competitiveness and sustainability

### 3.4 Ensuring sustainability

The Australian red meat industry is custodian of a significant proportion of Australia's land mass and an important manager of vital natural resources. In 2008-09, MLA's programs focused on: water use efficiency, both on-farm and in the processing sector; managing soil resources; improving biodiversity and weed management; reducing greenhouse gas emissions and adapting to climate change; and demonstrating environmental stewardship.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ A series of information and pro forma calculation sheets to assist feedlot operators to implement and monitor a water and energy efficiency program and trial at two new feedlot sites</li> </ul>	Fact sheets and pro forma calculation sheets successfully developed	Feedlot operators able to implement their own water and energy efficiency programs utilising standard format
<ul style="list-style-type: none"> <li>▪ A life-cycle analysis (LCA) study for three southern meat supply chains and a standardised methodology LCA for Australia's agricultural industries</li> </ul>	LCAs for three southern Australia supply chains were completed by UNSW and final reports on water use and full LCA accepted	More accurate data and reporting on water use in red meat production
<ul style="list-style-type: none"> <li>▪ Demonstrate biofilm disruption and demineralisation technology to reduce water use in the processing sector</li> </ul>	Biofilm disruption was shown to have potential for improving the cleaning of meat processing surfaces	Cooling tower water savings of 20-35% and energy savings of 2-8%
<ul style="list-style-type: none"> <li>▪ Determine suitability of a novel anaerobic solids digestion process for small to mid scale processors</li> </ul>	Laboratory studies have been promising and commercial scale trials are planned at a processing site for Jan 2010	Potential benefits include emissions reduction and energy recycling via methane. Capture for use in boilers

Strategies	Key initiatives
1. Develop information and tools that help producers manage their natural resources while improving their productivity	1. Develop strategies to optimise grazing land and mixed farming system sustainability including control methods for key weeds and feral pests and to address key farm and catchment level environmental issues
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Development of best-practice management guidelines for grazing land management and adaptation to climate change supported by \$1.3m received from DAFF.</li> <li>▪ Preliminary synthesis of northern grazing land management R&amp;D completed and bio-economic modelling framework developed.</li> <li>▪ EverGraze demonstrated systems that exceed productivity performance indicators of the top 20% of benchmarked systems, while improving ground cover and water use.</li> <li>▪ Established 15 regional Enrich shrub evaluation sites with producer groups.</li> <li>▪ 3D best practice weed management control guides and producer case studies published for six target weeds.</li> <li>▪ A baiting trial of the newly developed HOG-GONE feral pig bait led to a 90% drop in the feral pig population of a northern NSW property. Further trials are planned before the product can be registered, hopefully by the end of 2010.</li> </ul>	
2. Improve the feedlot industry's ability to manage water use, greenhouse gas emissions and solid waste management	1. Develop strategies to optimise the environmental performance of feedlots
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Additional funds allocated to support a DAFF-funded project examining effects of urease inhibitor on greenhouse gas emissions from manure pad and stockpiles.</li> </ul>	
3. Support industry to assess natural resource risks and demonstrate its environmental credentials	1. Develop environmental best practice and benchmark performance, including third party environmental quality assurance certification for livestock enterprises
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Developed an environmental management module for third party environmental quality assurance certification for livestock enterprises under the umbrella of AgriSure, to be piloted during 2009-10.</li> <li>▪ Supported the publishing of the best practice manual '<i>Cattle and land management best practices in the Katherine region</i>' by Northern Territory Department of Development, Primary Industry, Fisheries and Resources.</li> </ul>	

4. Collaborate with the processing sector to address emerging issues and opportunities in energy, water and solid waste management	<ol style="list-style-type: none"> <li>1. Identify key emerging environmental priorities for the processing sector and provide required knowledge, tools and technologies</li> <li>2. Identify opportunities for minimising water use and recycling</li> <li>3. Develop energy recovery technologies</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>Two studies were completed into the impact of an emissions trading scheme on the red meat industry. The studies identified the need to develop methane capture and recycle as a key technical mitigation technology.</li> <li>Three processors are participating in a water reduction project designed to share best practice in water use minimisation.</li> <li>An energy efficiency manual was published, which captures the key learnings from an energy use benchmarking study.</li> <li>An emissions calculator was published to assist processors to identify their vulnerability under an ETS and to identify targets for ameliorating the ETS imposts.</li> </ul>	
5. Address increased business risks and opportunities due to climate change and government policies related to climate change	<ol style="list-style-type: none"> <li>1. Evaluate opportunities to reduce greenhouse gas emissions from red meat production systems including through research into ruminant methane reduction</li> <li>2. Develop strategies to minimise the vulnerability of production systems to the impacts of climate variability and climate change and provide information to support adaptation</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>Commenced co-ordination of a program of 18 projects to develop practical strategies to reduce emissions from livestock (with DAFF funding of \$11.25m over three years commencing in April 2009 and a total cash budget of \$15.5m)</li> <li>Worked with CCA, AMIC and NFF on submissions on the impacts and risks of the CPRS on red meat industries and agriculture</li> <li>Provided technical advice on policy options to industry and government</li> </ul>	

## Budget

Sector	2007-08 Budget	2008-09 Budget (\$'000)					Totals
		1	2	3	4	5	
Mutton R		26				4	30
Lamb R	387	204		9		28	241
Grassfed Cattle R	1,463	794		39		1,242	2,075
Grainfed Cattle R	500		448				448
Processor R	460				541		541
Goat R		8					8
External M	87		50	15			65
Government R	2,810	1,032	448	48	541	1,274	3,342
<b>Subtotal R</b>	<b>5,620</b>	<b>2,064</b>	<b>896</b>	<b>95</b>	<b>1,082</b>	<b>2,548</b>	<b>6,685</b>
<b>Subtotal M</b>	<b>87</b>	<b>-</b>	<b>50</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>65</b>
<b>TOTAL</b>	<b>5,707</b>	<b>2,064</b>	<b>946</b>	<b>110</b>	<b>1,082</b>	<b>2,548</b>	<b>6,749</b>

## Actual

Sector	2008-09 Budget	2008-09 Actual (\$'000)					Totals
		1	2	3	4	5	
Mutton R	30	25		0		10	35
Lamb R	241	100		5		71	176
Grassfed Cattle R	2,075	791		37		745	1,573
Grainfed Cattle R	448		494				494
Processor R	541				530		530
Goat R	8	1					1
External M	65	20	50	53		1,818	1,941
Government R	3,342	917	494	42	530	826	2,809
<b>Subtotal R</b>	<b>6,685</b>	<b>1,834</b>	<b>988</b>	<b>84</b>	<b>1,060</b>	<b>1,652</b>	<b>5,618</b>
<b>Subtotal M</b>	<b>65</b>	<b>20</b>	<b>50</b>	<b>53</b>	<b>-</b>	<b>1,818</b>	<b>1,941</b>
<b>TOTAL</b>	<b>6,749</b>	<b>1,853</b>	<b>1,038</b>	<b>138</b>	<b>1,060</b>	<b>3,470</b>	<b>7,559</b>

### 3.5 Science for the future

Industry competition is increasingly dependent on technological innovation. Big breakthroughs usually require many years of investment in strategic research that utilises cutting-edge science to discover new ways to tackle industry problems, or capitalise on new opportunities. MLA's long-term focus in the area of strategic science includes: more accurate prediction of genetic merit for both livestock and forage species; more productive and resilient pasture systems; improved diagnostic tests and disease controls; and supporting the development of future capability in the R&D community. Success in this area will depend on the ability to move newly developed products into the commercial development pipeline.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Deliver a roadmap for implementation of marker-assisted EBVs and selection in sheep and cattle, linking Sheep Genomics outcomes, Sheep and Beef CRCs, BREEDPLAN and Sheep Genetics.</li> </ul>	Commercialisation plan for DNA technology outcomes from the CRCs complete	A clear pathway for industry implementation of DNA technologies, maximising cost-benefit to industry
<ul style="list-style-type: none"> <li>▪ Deliver the first DNA markers to a commercial forage breeding program.</li> </ul>	DNA markers were trialed in a commercial pasture breeding program with first results highlighting the need and advantage of such breeding tools	Pasture breeders will increase efficiency of genetic improvement for selected traits relevant to industry requirements
<ul style="list-style-type: none"> <li>▪ Identify and appoint at least two postdoctoral fellows into priority research areas, with significant co-funding from the host organisations.</li> </ul>	One postdoctoral fellow was established with the field of northern beef nutrition research	Northern industry nutrition research will be boosted and a succession plan for research capability is now in place
<ul style="list-style-type: none"> <li>▪ Deliver the first suite of DNA markers for pedigree and sheep production traits (Mk1 SNP panel) from SheepGenomics.</li> </ul>	Work with the research chip has delivered promising results, ready to progress to pre-commercialisation trialling	The R&D will deliver accurate breeding values for a range of hard-to-measure traits and capacity for faster genetic progress

Strategy	Key initiatives
1. Invest in and co-ordinate research in animal genomics to ensure delivery of practical outcomes to the breeding sector	1. Co-invest in integrated programs of strategic value to the breeding sector – Sheep Genomics, and strategic/basic research in Sheep CRC and Beef CRC III 2. Facilitate transfer of key outputs from investment into product development, evaluation and delivery pipelines
<b>Key activities:</b> MLA has worked closely with the Beef CRC and industry partners (in beef), and with Sheep Genomics partners, Sheep CRC and industry (in sheep) to develop both the methods to incorporate DNA test results into BREEDPLAN and Sheep Genetics, plus a sound system for calibration of markers for Australian production conditions. This includes Information Nucleus projects in beef and sheep, which will provide vital infrastructure to underpin industry utilisation of marker technologies.	
2. Improve performance of forage crops through genomics R&D	1. Accelerate both discovery and delivery of new breeding methods to improve pasture and forage crop productivity, quality or persistence
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The discovery of DNA markers and how to utilize them in a pasture breeding has been successful in the initial target species perennial ryegrass and is developing in white clover, and the transfer of the knowledge and technology to other species such as tall fescue has commenced.</li> <li>▪ Engagement with commercial pasture breeding companies to take up the early stage technology has also started with commercial trials initiated and issues restricting potential uptake of the technology being addressed.</li> </ul>	
3. Investigate and harness the potential of micro-organisms to support innovations in pasture productivity and sustainability	1. Investigate the genomics of micro-organisms for solutions to constraints limiting productivity or sustainability of grazing systems <i>No MLA levies allocated this financial year</i>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The Soil Biology Program (2003 - 2008) was completed and next stage funding did not proceed due to budget limitations. The Program was successful in developing molecular assays for key organisms as indicators of pasture productivity. A workshop giving details of the assays and the benefits of use in pasture R&amp;D was developed and has been delivered to researchers and consultants in pasture R&amp;D programs such as Evergraze.</li> </ul>	

4. Enhance access to global science and technology platforms at the frontiers of knowledge	1. Work with other Australian science agencies to assist Australian scientists who focus on aspects of the red meat production system, to be fully informed of global developments
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ One conference was supported, and no mid-career study awards were awarded.</li> </ul>	
5. Foster innovation through networking, communication and training among Australian scientists and industry leaders	1. Maintain training of post-graduates and post doctorates in disciplines that are needed for future R&D and innovation for, and that increase their opportunities for employment in, the livestock industries
<b>Key activities:</b>	
<ul style="list-style-type: none"> <li>▪ Scientist training funding was reduced due to budget limitations with no new scholarships awarded. One postdoctoral fellowship in the field of nutrition for the northern grazing industry was established.</li> </ul>	

#### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)					Totals
			1	2	3	4	5	
Mutton	R	698	148	10		1	7	167
Lamb	R	1,820	1,104	77		14	57	1,252
Grassfed Cattle	R	770	271	96		3	116	486
Grainfed Cattle	R		67					67
Goat	R					1		1
External	M	450	54					54
Government	R	3,288	1,591	183		20	180	1,974
<b>Subtotal</b>	<b>R</b>	<b>6,576</b>	<b>3,181</b>	<b>366</b>	-	<b>40</b>	<b>360</b>	<b>3,947</b>
<b>Subtotal</b>	<b>M</b>	<b>450</b>	<b>54</b>	-	-	-	-	<b>54</b>
<b>TOTAL</b>		<b>7,026</b>	<b>3,236</b>	<b>366</b>	-	<b>40</b>	<b>360</b>	<b>4,002</b>

#### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)					Totals
			1	2	3	4	5	
Mutton	R	167	144	11		1	6	162
Lamb	R	1,252	1,019	83		7	72	1,181
Grassfed Cattle	R	486	332	98		2	111	542
Grainfed Cattle	R	67	69					69
Goat	R	1						-
External	M	54	671					671
Government	R	1,974	1,564	193		9	189	1,955
<b>Subtotal</b>	<b>R</b>	<b>3,947</b>	<b>3,127</b>	<b>386</b>	-	<b>19</b>	<b>377</b>	<b>3,909</b>
<b>Subtotal</b>	<b>M</b>	<b>54</b>	<b>671</b>	-	-	-	-	<b>671</b>
<b>TOTAL</b>		<b>4,002</b>	<b>3,798</b>	<b>386</b>	-	<b>19</b>	<b>377</b>	<b>4,580</b>

### 3.6 Improving biosecurity, animal health and welfare

Australia remains free of key animal diseases which, if present, would severely impact on trade and our ability to produce high quality meat, in addition to negative animal health and welfare outcomes. The standard of animal welfare for food producing animals is also attracting greater attention from consumers, governments, retailers and special interest groups within Australia and internationally. In 2008-09 MLA's focus was on: improving the health, biosecurity and welfare of livestock raised, handled and transported in Australia; minimising the potential for trade/market access being interrupted; addressing consumer and regulatory concerns with evidence-based science that will facilitate informed policy decisions; and enabling the red meat industry to respond quickly to emerging issues.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Develop a best practice guide for sheep husbandry procedures including castration, tail docking and vaccination</li> </ul>	The <i>Sheep best practice handling guide</i> is complete and awaiting Peak Council endorsement	Increase awareness of best practice sheep handling standards
<ul style="list-style-type: none"> <li>▪ Determine whether selection for temperament in commercial operations can increase lamb survival</li> </ul>	Identified that temperament alone makes a small but limited contribution to better lamb survival	Calm temperament is worthwhile as a selection criterion but is not a panacea for lamb losses
<ul style="list-style-type: none"> <li>▪ Improve at least one surveillance device for a key exotic disease causing agent eg screw worm fly</li> </ul>	Better fly traps and an assay for specific screw worm fly identification developed and validated	Potential to revolutionise screw worm fly surveillance in Northern Australia
<ul style="list-style-type: none"> <li>▪ Develop a quantitative test for the three key internal parasites of sheep</li> </ul>	Molecular polymerase chain reaction (PCR-based) diagnostic procedures for three key sheep internal parasites were achieved	The basic technology now needs to be validated for overall application and cost/benefit to producers

Strategy	Key initiatives
1. Investigate and support use of animal welfare best practice in industry	1. Identify objective measures of welfare to inform sustainable animal welfare practices and policies and where needed develop relevant tools to extend messages to key audiences
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Transport duration-related studies directly supported the negotiations for 48 hours maximum time off water during transport in the land transport Standards and Guidelines development process.</li> <li>▪ The proposed standards were endorsed by Primary Industries Ministerial Council (PMIC) in March 2009.</li> <li>▪ MLA provided the Peak Councils with technical advice on the drafting of the proposed new national Standards &amp; Guidelines for welfare in cattle and sheep.</li> </ul>	
2. Develop a practical risk management approach to animal welfare	<ol style="list-style-type: none"> <li>1. Monitor welfare risks to allow avoidance or minimisation of impacts on the beef and sheepmeat industries</li> <li>2. Invest in development of alternative practices to address key risks</li> <li>3. Work with processing sector to identify potential animal welfare issues that require further development</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ MLA has continued to develop and refine the feedlot heat load forecast service which is activated during the summer months and provides real time monitoring of possible heat stress weather conditions. The service provides web accessible forecasts of a Heat Load Index (HLI) and Accumulated Heat Load Units (AHLU) across a rolling six-day forecast period. As a result of the service, feedlot managers can pre-emptively institute avoidance and risk minimisation strategies. Heat stress mortalities have been reduced significantly since the 2001-02 initial trialling of the system which was available at 91 sites in feedlot production areas during the 2008-09 summer.</li> <li>▪ MLA is supporting the processing sector to update its animal welfare standard for processing establishments. Following release it is expected that future research, data collection, communication and training needs will be defined.</li> </ul>	
3. Support Australia's favourable disease status through targeted research to improve biosecurity and disease surveillance	1. Enhance on-farm and national/state/territory level biosecurity/surveillance programs through collaborative projects
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Under the Federal Government's new national research priority for biosecurity, MLA selected five priority disease risk/surveillance issues: FMD, bluetongue, anthrax, screw worm fly (SWF) and the</li> </ul>	

mycobacterial diseases – OJD and BJD – which have major current MDC funding as they continue to present significant inter-regional farm-to-farm biosecurity risk.	
<ul style="list-style-type: none"> <li>The recently completed SWF projects have the potential to revolutionise northern Australian surveillance through better fly traps and a rapid (QPCR) molecular diagnostic test developed to specifically detect SWF in the trap catch without resorting to costly expert entomological identification.</li> </ul>	
4. Develop new approaches to control key livestock diseases and other causes of mortalities and production loss	<ol style="list-style-type: none"> <li>Develop tools and systems to improve management of parasites in livestock</li> <li>Quantify the need for and where appropriate commission R&amp;D to reduce the cost of disease due to naturally-occurring toxins and other livestock diseases that have a substantive impact on livestock productivity</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>Endemic disease investment continues to be prioritised with Beef CRC (cattle tick vaccine) and Sheep CRC (Program 1 post-weaning mortality and sheep parasite control projects) investments reflecting this priority.</li> <li>Undertook molecular diagnosis of sheep parasites (see above).</li> <li>Carried out regional endemic disease problem definition projects including acorn calf disease in NSW, annual ryegrass toxicity in WA/SA and hepato-toxicity due to <i>Senecio</i> sp.(fireweed) in cattle in Central Queensland.</li> </ul>	
5. Develop solutions for the management of key feedlot animal health and welfare issues	<ol style="list-style-type: none"> <li>Investigate and improve the management of key feedlot animal health problems and welfare issues</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>Facilitated improvements in summer feedlot welfare with the successful feedlot heat load forecast service (see above).</li> <li>Enrolled 13 of 16 required co-operator feedlots in a major bovine respiratory disease epidemiology and management project, with six in further negotiations. Co-operator feedlots are progressively committing periodic pen placements of cattle over time for project sample and data collection, which will proceed over the next 18–24 months. Current preventive strategies including vaccination will be included in data collection for risk analysis.</li> </ul>	

#### Budget

Sector	2007-08 Budget	2008-09 Budget (\$'000)					Totals
		1	2	3	4	5	
Mutton R	18	15	15	11	41		83
Lamb R	304	123	115	85	324		646
Grassfed Cattle R	258	218	125	6	386		735
Grainfed Cattle R	350					430	430
Goat R		22					22
External M		39				415	454
Government R	930	379	254	102	751	430	1,916
<b>Subtotal R</b>	<b>1,860</b>	<b>758</b>	<b>509</b>	<b>205</b>	<b>1,501</b>	<b>859</b>	<b>3,832</b>
<b>Subtotal M</b>	<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>415</b>	<b>454</b>
<b>TOTAL</b>	<b>1,860</b>	<b>796</b>	<b>509</b>	<b>205</b>	<b>1,501</b>	<b>1,274</b>	<b>4,286</b>

#### Actual

Sector	2008-09 Budget	2008-09 Actual (\$'000)					Totals
		1	2	3	4	5	
Mutton R	83	10	16	18	44		88
Lamb R	646	77	120	107	298		602
Grassfed Cattle R	735	109	92	2	255		457
Grainfed Cattle R	430	-	7			289	282
Processor R			20				20
Goat R	22	23					23
External M	454	84		4	111	341	539
Government R	1,916	211	248	127	598	289	1,473
<b>Subtotal R</b>	<b>3,832</b>	<b>423</b>	<b>495</b>	<b>254</b>	<b>1,195</b>	<b>578</b>	<b>2,945</b>
<b>Subtotal M</b>	<b>454</b>	<b>84</b>	<b>-</b>	<b>4</b>	<b>111</b>	<b>341</b>	<b>539</b>
<b>TOTAL</b>	<b>4,286</b>	<b>506</b>	<b>495</b>	<b>258</b>	<b>1,305</b>	<b>919</b>	<b>3,484</b>

## Increasing industry capability

### 4.1 Increasing adoption of R&D outcomes

The value of R&D programs is only delivered when outcomes are taken up and effectively implemented by enterprises along the value chain. In 2008-09, MLA's focus was on developing a better understanding of different segments within the industry, tailoring adoption strategies to take into consideration the range of issues involved in facilitating change, and identifying new approaches to ensuring R&D outcomes are delivered in a practical and timely manner. Enhancements to systems for managing intellectual property were sought and adoption plans documented to include best practice commercialisation principles.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ An increase in the number of producers who have adopted the target management practices, procedures or principles from the various activities of Making More from Sheep, More Beef from Pastures and the Northern Beef program</li> </ul>	60% of sheepmeat, 55% southern beef and 43% northern beef producers changed management practices. An increase of 18% and 5% for the southern programs respectively	Improved management predominately in grazing, breeding and reproduction, calculating COP and decision making on supplementary feeding
<ul style="list-style-type: none"> <li>▪ Surveys conducted to measure practice change resulting from producer engagement in the above programs, and to track adoption of key management practices</li> </ul>	Key surveys conducted: MLA Management practices survey, MLA ABARE COP survey, 2009 KPI survey, MMfS survey, Signposts stock take of NRM and AHW practices	Key metrics and KPI performance measured and monitored to enable continuous improvement and innovation of MLA programs
<ul style="list-style-type: none"> <li>▪ Uptake of targeted R&amp;D outcomes successfully facilitated within the processing sector and impact quantified</li> </ul>	Several processor technologies are moving through the facilitated adoption phase to final commercialisation	Demonstrated cost savings and/or yield benefits to processors
<ul style="list-style-type: none"> <li>▪ Effective commercialisation plans implemented for targeted new technologies and impact quantified</li> </ul>	16 off-farm adoption strategies implemented, including validation of cost/benefits	Allows more effective and faster driving of adoption

Strategies	Key initiatives
1. Deliver tools, information and learning opportunities that deliver clear benefits to individual enterprises	<ol style="list-style-type: none"> <li>1. Integrated programs that promote the adoption of R&amp;D outcomes to receptive livestock producers</li> <li>2. Increase processor awareness of commercial opportunities from recent R&amp;D developments (PIAP)</li> <li>3. Provide Meat Industry Services for processors</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ <i>Making More from Sheep</i> (co-funded with AWI), <i>More Beef from Pastures</i> and <i>Going into Goats</i> events and training opportunities continued to attract strong producer participation in 2008-09. Regional Beef Up Forums in the north were continued in 2008-09 to increase awareness of current programs and research results.</li> <li>▪ Continued to provide bulletins summarising new technologies ready for application across the processing sector and addressing existing technological solutions to common industry problems via Meat Industry Services, provided through Food Science Australia.</li> </ul>	
2. Collaborate with other organisations and agencies that can influence and facilitate adoption	<ol style="list-style-type: none"> <li>1. MINTRAC R&amp;D Adoption Services</li> <li>2. Partnerships with other organisations to develop and deliver resources to assist producer adoption</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ During 2008-9 MINTRAC (co-funded by AMPC and MLA) has continued to provide a range of education and training services to industry, including the running of comprehensive industry networks in the areas of training, meat inspection and QA, environment and for domestic meatworks. New training products have been developed in cross-cultural training, animal welfare and handling, VET in Schools, manual handling, and training and assessment. Research reports in career promotion, information technology training needs, and assessment outcomes have been produced and a new postgraduate qualification in agribusiness has been developed. A wide ranging professional development program has also been offered in all states.</li> </ul>	
3. Implement effective commercialisation and adoption strategies	<ol style="list-style-type: none"> <li>1. Commercialisation strategies and IP management plan</li> <li>2. Develop adoption plans and work with individual enterprises to facilitate adoption of R&amp;D.</li> </ol>

**Key activities:**

- Established a more integrated and comprehensive adoption approach for 16 key off-farm technologies to ensure benefit to industry.
- The development and implementation of effective adoption and commercialisation strategies included defining value propositions, target markets, cost/benefit validations, resourcing and communication plans.
- MLA's licenses and IP assets were audited and documented as a basis for the development of a more comprehensive IP and license tracking system.

4. Measure, evaluate and report the outcomes of R&D

1. Monitoring and evaluation of impact of R&D for producers.  
2. Processor R&D evaluation series.

- Established a working group of key industry representatives to determine improved metrics for measuring enterprise and industry level impact of MLA RD&E.
- Completed four surveys to measure key management practice changes and adoption in the area of key management practices, including measuring cost of production, animal health and welfare and natural resource management.

**Budget**

Sector	2007-08 Budget	2008-09 Budget (\$'000)				Totals
		1	2	3	4	
Mutton R	132	52	7	4	19	82
Lamb R	860	386	73	12	118	589
Grassfed Cattle R	1,516	557	332	35	357	1,281
Grainfed Cattle R	91	38		4	3	45
Processor R	758	436	223	50	100	809
Goat R	70	11	14		6	30
External M	105					-
Government R	3,427	1,479	649	105	602	2,835
<b>Subtotal R</b>	<b>6,854</b>	<b>2,959</b>	<b>1,298</b>	<b>210</b>	<b>1,203</b>	<b>5,670</b>
<b>Subtotal M</b>	<b>105</b>	-	-	-	-	-
<b>TOTAL</b>	<b>6,959</b>	<b>2,959</b>	<b>1,298</b>	<b>210</b>	<b>1,203</b>	<b>5,670</b>

**Actual**

Sector	2008-09 Budget	2008-09 Actual (\$'000)				Totals
		1	2	3	4	
Mutton R	81	61	10	5	11	87
Mutton M				-	2	2
Lamb R	589	441	66	14	100	621
Lamb M				-	17	17
Grassfed Cattle R	1,282	721	307	54	218	1,300
Grassfed Cattle M				-	99	99
Grainfed Cattle R	45	25		5	1	31
Processor R	809	584	157	50	28	819
External M		13		117	4	134
Government R	2,835	1,839	542	127	392	2,900
<b>Subtotal R</b>	<b>5,670</b>	<b>3,678</b>	<b>1,083</b>	<b>255</b>	<b>785</b>	<b>5,801</b>
<b>Subtotal M</b>		<b>13</b>		<b>-</b>	<b>4</b>	<b>16</b>
<b>TOTAL</b>	<b>5,670</b>	<b>3,691</b>	<b>1,083</b>	<b>254</b>	<b>789</b>	<b>5,817</b>

## Increasing industry capability

### 4.2 Building world-class skills and innovation capability

An industry-wide culture of continuous improvement, innovation and increased capability is essential to sustain productivity and competitive advantage. In 2008-09, MLA focused on building innovation capability at the individual enterprise level, including options to facilitate a more effective approach to supply chain management; developing and fostering people within the industry; delivering a range of innovation tools; and new approaches to measuring the innovation capability of the industry.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Increased ability of producers to a) reduce cost of production and b) improve environmental management</li> </ul>	88%* of producers indicated they had ability to reduce COP and 87%* producers indicated they had capacity to improve environmental management	Producers have the skills and confidence to analyse and identify opportunities to be more profitable and sustainable
<ul style="list-style-type: none"> <li>▪ Provide opportunities for advisors/service providers to increase their skills and capacity to advise producers on improving the performance of grazing enterprises</li> </ul>	Train the trainer events held for MBfP and Evergraze site facilitators to over 45 advisors	Cross linkages of MLA programs and improved capacity of advisors to effectively implement MLA tools into their practice
<ul style="list-style-type: none"> <li>▪ Evidence of increased industry ability to attract, develop and retain skilled workforce in the processing sector</li> </ul>	13 Undergraduate projects completed, 22 current graduates, 2 <sup>nd</sup> generation graduate program, ICMJ careers expo	Three grads completed program and still employed in industry, companies seeking recruitment of their own graduates
<ul style="list-style-type: none"> <li>▪ Increased innovation capability in 'collaborative innovation partners' as evidenced by: documentation of innovation strategies; allocation of innovation resources; increased investment; achievement of innovation targets</li> </ul>	Six companies signed up to Collaborative Innovation Program, two with approved strategies and four with drafted strategies	Directing industry R&D strategies and increasing R&D adoption
<ul style="list-style-type: none"> <li>▪ Five supply chains participate in advanced supply chain trials to achieve improved customer alignment</li> </ul>	Developed tools to evaluate the alignment between a company's current strategy and their key customer behavioural segments	Clarity and focus in strategy development, improved customer satisfaction, efficient allocation of resources for the best return to the business
<ul style="list-style-type: none"> <li>▪ Dominant customer buying behaviour identified across red meat industry</li> </ul>	Main buying behaviours segments for the beef and sheep industries identified and characteristics defined	Enabling companies through increased capability to direct R&D strategies and increase R&D adoption

\* Averaged results from the 2008 ABARE management practices survey

Strategies	Key initiatives
1. Build producer knowledge and skills	1. Build producer capability by providing participatory learning activities, advice and mentoring.
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Producer Initiated Research and Development program was replaced in Southern Australia with a new Producer Demonstration Site (PDS) program. The change aims to provide more funding to enable more rigorous project design and effective validation of results, as well as provide adequate support for groups to design, deliver, analyse and report on projects.</li> <li>▪ 17 PDS projects currently underway in the northern beef region.</li> <li>▪ 16 sheepmeat and 12 southern beef PIRDS continue to operate and will be completed in the next 12 months. This will finalise the PIRD program.</li> <li>▪ 5 new southern beef Producer Demonstration Sites (PDS) projects were approved in 2008-09. These projects form a part of the MBfP program, with projects looking at options for sustainably (profitably and also environmentally responsibly) increasing kg beef per hectare turned off.</li> </ul>	
2. Implement professional development programs to ensure the industry remains an attractive career destination and employer of choice for young people in the future	1. Develop whole-of-industry Professional Development Programs 2. Facilitate attraction and retention of skilled labour in the processing sector 3. MINTRAC leadership and capability programs
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Undertook a review on promoting the red meat industry as a career option, with many recommendations</li> </ul>	

submitted.	
<ul style="list-style-type: none"> <li>▪ Developed a steering committee made up of industry members, current grads, current employers and MLA to improve the PDP programs and ensure their relevance to industry.</li> <li>▪ Developed an industry engagement plan to be implemented during 2009-10.</li> <li>▪ Refer to 4.1.2 for Mintrac activities.</li> </ul>	
3. Partner with enterprises along the value chain to implement sophisticated innovation strategies for R&D and marketing	<ol style="list-style-type: none"> <li>1. Collaborative Innovation Strategies program</li> <li>2. Improve customer alignment by building advanced supply chain management capability</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Signed six companies to the Collaborative Innovation Strategies program with four appointing a new internal innovation resource, to evaluate the degree of alignment between a company's current strategy and their key customer behavioural segments.</li> <li>▪ Approved two companies' strategy development and assisted the remaining four with draft strategies (a further ten companies are in the negotiation stage with MLA).</li> </ul>	
4. Provide a range of innovation tools to build capability at enterprise level	<ol style="list-style-type: none"> <li>1. Establish Red Meat Industry Innovation Network</li> <li>2. Development, communication and extension of new tools to assist producers to build their decision-making and risk management capability</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Developed and piloted the industry's first innovation network.</li> </ul>	
5. Develop innovation diagnostics at both enterprise and sector levels to benchmark the performance of the industry's innovation system	<ol style="list-style-type: none"> <li>1. Establish innovation capability diagnostics and performance metrics at individual enterprise level</li> <li>2. Develop framework for whole-of-industry innovation system 'health check'</li> </ol>
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The eight contracted Collaborative Innovation Strategy program partners are developing with MLA, enterprise based innovation metrics. These metrics will be used to measure the effectiveness of each enterprise's strategy as well as develop a baseline for future innovation benchmarking within and external to the industry and thus the development of an innovation capability diagnostic is underway, specifically tailored for the industry. The innovations metrics are being developed across all themes within each enterprise strategy and contain a mixture of lead and outcome KPIs.</li> </ul>	

## Budget

Sector	2007- 08 Budget	2008-09 Budget (\$'000)					Totals
		1	2	3	4	5	
Mutton R	13	15	2	8		2	27
Lamb R	85	113	9	31		7	160
Grassfed Cattle R	149	174	30	31	113	7	355
Grainfed Cattle R	9		27	8		2	37
Processor R	1,151		722	131	183	31	1,067
Goat R	7	49					49
External M	10	70					70
Government R	1,415	351	789	209	296	50	1,695
<b>Subtotal R</b>	<b>2,830</b>	<b>701</b>	<b>1,579</b>	<b>418</b>	<b>592</b>	<b>100</b>	<b>3,390</b>
<b>Subtotal M</b>	<b>10</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>
<b>TOTAL</b>	<b>2,839</b>	<b>771</b>	<b>1,579</b>	<b>418</b>	<b>592</b>	<b>100</b>	<b>3,460</b>

## Actual

Sector	2008-09 Budget	2008-09 Actual (\$'000)					Totals
		1	2	3	4	5	
Mutton R	27	16	3	3		1	22
Lamb R	160	113	18	12		3	146
Grassfed Cattle R	355	200	50	22	61	3	336
M M		6					6
Grainfed Cattle R	37		28	3		1	32
Processor R	1,067		685	55	24	13	776
Goat R	49	74					74
External M	70	99					99
Government R	1,694	403	783	95	85	21	1,386
<b>Subtotal R</b>	<b>3,390</b>	<b>806</b>	<b>1,567</b>	<b>190</b>	<b>170</b>	<b>41</b>	<b>2,773</b>
<b>Subtotal M</b>	<b>70</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93</b>
<b>TOTAL</b>	<b>3,460</b>	<b>898</b>	<b>1,567</b>	<b>190</b>	<b>170</b>	<b>41</b>	<b>2,866</b>

## Communicating with stakeholders

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	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ 96% of members are aware of MLA's programs and services for the red meat and livestock industry</li> </ul>	Surveys show 98% member awareness	More members understand the range and outcomes of activities funded by their livestock levies through MLA
<ul style="list-style-type: none"> <li>▪ 96% of members value MLA programs and services</li> </ul>	95% of members value MLA	Members see benefit from their investment in MLA
<ul style="list-style-type: none"> <li>▪ Increase membership to 47,000</li> </ul>	Membership grew to 46,156 as at 30 June 2009	Members receive more direct communication from MLA than non-members and are more likely to benefit from the opportunities we create

Strategy	Key initiatives
1. Create awareness of opportunities created by MLA for the meat and livestock industry	<ol style="list-style-type: none"> <li>1. Source content and produce nine targeted <i>feedback</i> magazines that signpost MLA's 45,000 members to further R&amp;D and marketing information</li> <li>2. Deliver effective widespread media coverage through briefings, journalist relationships and targeted analysis</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ We continued our partnership with the Rural Press Group with three joint features this year and strengthened our relationships with other key media via media releases; and a media briefing on industry projections. The features allowed us to reach our membership in a preferred medium with commentary about key activities impacting on the industry including people management, production and marketing.</li> <li>▪ <i>Feedback</i> magazine remains a key source of information on the company's investment with 89% of members rating it 'useful'; 73% of members considering it either 'good' or 'excellent' is providing 75% of readers with information that has a positive impact on their business. We developed a new section in <i>feedback</i> magazine called 'Insights' – allowing issues of industry importance to be investigated and leveraged off for other communication channels. A new look producer diary was developed to increase cross promotional opportunities and effectively communicate important industry dates and information.</li> <li>▪ <i>The MLA seasonal catalogue</i> was launched to signpost publications of relevance during each season of the year to each sector of the industry to increase uptake of MLA publications and services.</li> </ul>	
2. Demonstrate the relevance and value of MLA and its activities to stakeholders	<ol style="list-style-type: none"> <li>1. Meet MLA governance requirements through the production of a best practice annual report and annual general meeting.</li> <li>2. Redevelop the MLA website and online communication tools to provide improved delivery of information to producers and other audiences.</li> <li>3. Produce four episodes of <i>feedbackTV</i> along with cross-platform supporting information to provide interactive communications to stakeholders.</li> </ol>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>▪ The MLA annual report 2007-08 once again met the criteria for a Silver Award at the Australasian Reporting Awards and was a finalist in the Online (electronic) category. The AGM 2008 was held in Orange, NSW with record participation from members in the voting process.</li> <li>▪ Significant headway was made in redeveloping our corporate website to improve its useability and relevance to key stakeholders. Analysis of user needs, information architecture and wire frame development was completed, while the creative design process and selection of a new content management system are underway. Visitation to the current MLA website remained stable with 42,000 unique visitors a month and efforts were made to improve targeting of our electronic communications and tailoring by region, season and production system which resulted in a trebling in the number of publications downloaded.</li> <li>▪ <i>feedbackTV</i> was cemented as a key communication channel in our portfolio this year with four episodes produced and distributed during the year. It provided another vehicle for our integrated communication efforts.</li> </ul>	
3. Proactively engage stakeholders in order to achieve behaviour change	<ol style="list-style-type: none"> <li>1. Hold producer forums in association with existing events to provide greater coverage and cost efficiency.</li> <li>2. Provide information and services to members and other stakeholders.</li> </ol>

**Key activities:**

- We were a foundation partner in Beef Australia 2009, which attracted 68,000 people, giving us an opportunity to communicate via forums – one for young people and two for the broader industry, and providing a platform for the Beef Marketing Funding Committee to officially launch their review of MLA's marketing efforts.
- We continued our involvement with popular community events to more cost effectively run an additional five MLA-focused forums for 250 stakeholders in NSW, SA and Victoria.
- Two Meat Profit Days – in Orange, NSW and Gympie, Qld – rated well amongst the 850 people attending.
- Stakeholder engagement by Board members included attendance at over 145 industry events across Australia.
- Regular consultation and engagement with peak industry councils occurred over the investment of levy funds to address industry priorities.
- 64 Australian Government department staff attended the MLA R&D forum in Canberra.

**Budget**

Sector		2007-08 budget	2008-09 Budget (\$'000)			Totals
			1	2	3	
Mutton	R	52	12	22	9	43
	M	58	17	23	9	49
Lamb	R	237	75	102	70	247
	M	575	185	235	186	606
Grassfed Cattle	R	398	166	171	99	436
	M	1,714	520	629	510	1,659
Grainfed Cattle	R	19		7		7
	M	84		60		60
Goat	R	5	2	1	2	5
	M	8	3	3	3	9
Government	R	711	255	303	180	738
<b>Subtotal</b>	<b>R</b>	<b>1,422</b>	<b>510</b>	<b>606</b>	<b>360</b>	<b>1,476</b>
<b>Subtotal</b>	<b>M</b>	<b>2,439</b>	<b>725</b>	<b>950</b>	<b>708</b>	<b>2,383</b>
<b>TOTAL</b>		<b>3,861</b>	<b>1,235</b>	<b>1,556</b>	<b>1,068</b>	<b>3,859</b>

**Actual**

Sector		2008-09 Budget	2008-09 Actual (\$'000)			Totals
			1	2	3	
Mutton	R	43	12	21	9	42
	M	49	17	23	8	48
Lamb	R	247	75	98	69	242
	M	606	184	226	182	592
Grassfed Cattle	R	436	165	165	97	427
	M	1,659	517	605	501	1,622
Grainfed Cattle	R	7		7		7
	M	60		57		57
Goat	R	5	1	1	2	5
	M	9	3	2	3	8
Government	R	738	253	292	178	722
<b>Subtotal</b>	<b>R</b>	<b>1,476</b>	<b>506</b>	<b>584</b>	<b>355</b>	<b>1,445</b>
<b>Subtotal</b>	<b>M</b>	<b>2,383</b>	<b>721</b>	<b>913</b>	<b>694</b>	<b>2,327</b>
<b>TOTAL</b>		<b>3,859</b>	<b>1,227</b>	<b>1,496</b>	<b>1,049</b>	<b>3,772</b>

## Corporate Services

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 reporting functions to MLA management and stakeholders as well as ensuring compliance with statutory and other corporate obligations.

Key performance indicators	Outcomes	Benefits
<ul style="list-style-type: none"> <li>▪ Clean audit report received.</li> </ul>	Achieved	Ensured Statutory Compliance obligations have been met
<ul style="list-style-type: none"> <li>▪ Complete evaluations for two programs.</li> </ul>	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
<ul style="list-style-type: none"> <li>▪ Develop HR strategic plan and implement HR IT system</li> </ul>	A HR Strategic Plan supported by key initiatives that can be measured through a series of high level KPIs	A focussed and co-ordinated approach to complex HR issues driving the best outcomes from available resources, increasing the ability to attract, retain, engage and develop key staff

Strategy	Key initiatives
1. Board and executive	1. The board and executive oversee and determine policies consistent with the company's strategic plan and exercise direction and governance over resources and the way in which the strategies are implemented
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ During the year the board reviewed the agenda, meeting structure and board papers resulting in a further review of the board meeting format giving more time to strategic issues.</li> <li>▪ The Board undertook a training session conducted by the Australian Institute of Company Directors (AICD) focussing on the role of the Directors and Board, governance and compliance issues, issues specific to MLA including Strategy, risk assessment, values and KPI's.</li> <li>▪ The Board also reviewed the Meat Industry Strategic Plan (MISP III) with a view of establishing a framework and process for the alignment of the MLA Strategic Plan for the 2010 to 2014 period.</li> </ul>	
2. Finance	1. 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
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The second stage of MLA's Finance and Process Management system was rolled-out in July 2008 giving the business access to the Business Warehouse and Workflow modules.</li> <li>▪ 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.</li> <li>▪ A systematic review to achieve process improvement was undertaken and is continuing.</li> </ul>	
3. Human resources and administration	1. Provide services throughout the employment lifecycle to realise the full potential of our human resources to deliver value to the industry
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Succession planning and talent identification and development programs were reviewed and further developed during the year.</li> <li>▪ A Human Resource Strategic Plan was developed and implemented with a focus on attracting, engaging, retaining, developing and servicing.</li> <li>▪ A new HR IT system was rolled out to the business on 1 July 2009. This will give greater information to the business for the management and development of staff.</li> </ul>	

4. Information technology and library services	1. Provide infrastructure, applications and applications support to facilitate the pursuit and realisation of organisational strategic objectives
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ The focus during the year has been around a major infrastructure (server) review, substantially reducing the number of servers, maintenance costs and risk to the business from system failures.</li> <li>▪ A review of intranet speed was undertaken identifying areas of improvement.</li> </ul>	
5. Legal	1. 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
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Legal support and advice has been provided to the business on contractual and commercial matters.</li> <li>▪ All requirements relating to compliance with statutory and other applicable regulations as well as interactions with MLA stakeholders have been met.</li> </ul>	
6. Undistributed costs	1. 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 and member registry costs
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ On a rolling basis Corporate Services costs are subject to open market review either through tender or a competitive quote process.</li> <li>▪ During 2008-09 components of MLA's insurance program was sent to tender along with the provision of external audit services.</li> </ul>	
7. Levy collection	1. Levy collection costs
8. Performance evaluation and benchmarking	1. To measure the effectiveness of MLA's programs and the efficiency of services provided. Evaluations to be conducted on at least four programs in 2008-09. Costs are allocated against the individual programs evaluated
<b>Key activities:</b> <ul style="list-style-type: none"> <li>▪ Evaluations have been undertaken for <i>Enhancing the nutritional reputation of red meat</i>, <i>Increasing efficiency &amp; productivity in beef production</i> and <i>Building the Australian prime lamb industry</i>. These evaluation reports were released during the period September 2008 to October 2009.</li> </ul>	

### Budget

Sector		2007 - 08 Budget	2008-09 Budget (\$'000)								Totals
			1	2	3	4	5	6	7	8	
Mutton	R	101	16	8	7	33	2	18			84
	M	155	19	9	8	37	2	20	37		132
Lamb	R	459	94	45	38	186	11	104			478
	M	1,377	231	111	94	453	27	256	342		1,514
Grassfed Cattle	R	760	145	69	59	279	17	162			731
	M	3,633	573	276	234	1,126	65	636	753		3,663
Grainfed Cattle	R	68	14	7	6	80	2	16			125
	M	614	92	44	38	128	11	102	112		527
Processor	R	50						0			
Goat	R	10	2	1	1	5		2			11
	M	21	3	2	1	2		3	6		17
External	M	2,000	440	214	179	880	51	488			2,251
Government	R	1,446	271	130	111	583	32	302			1,429
<b>Subtotal</b>	<b>R</b>	<b>2,894</b>	<b>542</b>	<b>260</b>	<b>222</b>	<b>1,166</b>	<b>64</b>	<b>604</b>	-	-	<b>2,858</b>
<b>Subtotal</b>	<b>M</b>	<b>7,800</b>	<b>1,358</b>	<b>656</b>	<b>554</b>	<b>2,625</b>	<b>156</b>	<b>1,505</b>	<b>1,250</b>	-	<b>8,104</b>
<b>TOTAL</b>		<b>10,694</b>	<b>1,900</b>	<b>916</b>	<b>776</b>	<b>3,791</b>	<b>220</b>	<b>2,109</b>	<b>1,250</b>	-	<b>10,962</b>

### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)								Totals
			1	2	3	4	5	6	7	8	
Mutton	R	84	13	6	5	22	1	9			58
	M	132	15	7	6	25	1	13	31	24	124
Lamb	R	478	76	36	31	127	6	54			330
	M	1,514	186	88	76	312	15	164	285	24	1,151
Grassfed Cattle	R	731	116	55	47	194	10	82			504
	M	3,663	463	219	188	774	38	407	629	24	2,741
Grainfed Cattle	R	125	20	9	8	33	2	14			86
	M	527	66	31	27	110	5	58	93	24	415
Goat	R	11	2	1	1	3	0	1			8
	M	17	2	1	1	3	0	1	5	24	37
External	M	2,251	685	325	278	1,145	56	489			2,977
Government	R	1,429	227	108	92	380	19	161			986
<b>Subtotal</b>	<b>R</b>	<b>2,858</b>	<b>454</b>	<b>215</b>	<b>184</b>	<b>759</b>	<b>37</b>	<b>322</b>			<b>1,972</b>
<b>Subtotal</b>	<b>M</b>	<b>8,104</b>	<b>1,416</b>	<b>671</b>	<b>575</b>	<b>2,368</b>	<b>116</b>	<b>1,132</b>	<b>1,043</b>	<b>122</b>	<b>7,445</b>
<b>TOTAL</b>		<b>10,962</b>	<b>1,870</b>	<b>887</b>	<b>759</b>	<b>3,128</b>	<b>153</b>	<b>1,453</b>	<b>1,043</b>	<b>122</b>	<b>9,417</b>

## AUS-MEAT

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 the owner organisations and an independent chairman. The funding reflected below is only that injected by MLA, with AMPC making its equal contribution directly to AUS-MEAT.

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

Industry levies are only provided to fund the standards division. All costs incurred by the services division are met from revenues and from previous industry transition capitalisation. The services division is budgeted to be self-funding, as per the original business plan.

### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)	Totals
Mutton	M	94	52	52
Lamb	M	39	78	78
Grassfed Cattle	M	453	453	453
Grainfed Cattle	M	64	67	67
<b>Subtotal</b>	<b>M</b>	<b>650</b>	<b>650</b>	<b>650</b>
<b>TOTAL</b>		<b>650</b>	<b>650</b>	<b>650</b>

### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)	Totals
Mutton	M	52	52	52
Lamb	M	78	78	78
Grassfed Cattle	M	453	453	453
Grainfed Cattle	M	67	67	67
<b>Subtotal</b>	<b>M</b>	<b>650</b>	<b>650</b>	<b>650</b>
<b>TOTAL</b>		<b>650</b>	<b>650</b>	<b>650</b>

## Research and development partnerships

MLA's fully-owned subsidiary, MLA Donor Company Limited, provides a vehicle for attracting commercial investment from individual enterprises that share a mutual interest with MLA to co-invest in innovation initiatives that will deliver benefit to the Australian red meat industry. MLA Donor Company Limited (MDC) has been actively engaged in co-investing in R&D and innovation projects since March 1999. There has been a strong growth in activity over the past nine years with a total current portfolio of approved projects valued at more than \$180 million. Since inception, the MDC R&D Partnership Program has engaged enterprises from all parts of the industry supply chain including: processors; value-adders; breed societies, large pastoral companies; and technology providers. In addition, MDC has also formed international alliances which have assisted in accelerating Australia's access to valuable intellectual property at much lower cost than would otherwise have been possible.

MDC initiatives are clearly integrated with the overall objectives of MLA's five-year Strategic Plan. In broad terms, the objectives of MDC initiatives include:

- To significantly increase the level of enterprise investment in innovation in the Australian red meat industry;
- To enhance the outcomes of commercially focused innovation thereby ensuring quantifiable benefit to individual enterprises and ultimately to the industry overall;
- To accelerate the commercialisation of R&D thereby adding to the quantum of innovations available to the industry;
- To assist the Australian red meat industry to develop an innovation culture and capability.

Benefits arising from MDC projects which have been successfully commercialised include:

- Improved sustainability both on and off-farm;
- Improvements occupational health and safety standards;
- New value-added products which are facilitating access to new international markets and increased export earnings;
- Enhanced employment opportunities for young professionals in the industry;
- Reduced cost of production leading to a more competitive industry.

Strategy	Key initiatives
1. Partners in Innovation Projects	1. Support and enhance innovation within the red meat sector via the development and implementation of a balanced portfolio of R&D projects across the supply chain
2. Plant-Initiated Projects	1. Support and enhance the innovation of the processing sector via the development and implementation of individual company focused R&D projects.

Key performance indicators
<ul style="list-style-type: none"> <li>▪ Effectively implement a balanced portfolio of R&amp;D partnership projects across industry sectors to ensure maximum benefit to the whole of the red meat industry</li> <li>▪ Facilitate adoption and uptake by industry of partnership project outcomes through a variety of communication channels including case studies, forums and workshops and reporting</li> <li>▪ Support the development of an innovation culture and capability for the industry through innovative research partnerships in targeted areas with demonstrable outcomes and benefits</li> </ul>

### Budget

Sector		2007-08 Budget	2008-09 Budget (\$'000)		Total
			1	2	
Processor	R	1,250		1,250	1,250
External	R	6,250	6,750		6,750
Government	R	6,250	6,750	1,250	8,000
<b>Subtotal</b>	<b>R</b>	<b>15,000</b>	<b>13,500</b>	<b>2,500</b>	<b>16,000</b>
<b>Total</b>	<b>R</b>	<b>15,000</b>	<b>13,500</b>	<b>2,500</b>	<b>16,000</b>

### Actual

Sector		2008-09 Budget	2008-09 Actual (\$'000)		Totals
			1	2	
Processor	R	1,250		897	897
External	R	6,750	5,258	1,461	6,719
Government	R	8,000	5,258	2,358	7,616
<b>Subtotal</b>	<b>R</b>	<b>16,000</b>	<b>10,516</b>	<b>4,716</b>	<b>15,232</b>

