Annual operating plan

2008-09

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Introduction

Meat & Livestock Australia's annual operating plan 2008-09 establishes a clear direction for services and solutions to be provided by MLA over the next twelve months to maintain and improve Australian livestock and red meat sales.

The *MLA annual operating plan* is designed to deliver programs and activities that are aligned with industry's Meat Industry Strategic Plan (MISP), and the Federal Government's Rural R&D Priorities. The annual operating plan delivers the financial year's programs and activities that give effect to MLA's Strategic plan for 2008-2012. MLA's Strategic plan for 2007-2011 has in this document been updated to reflect the active nature of MLA's involvement in the industry and has integrated these changes to its structure and is referred to as the MLA Strategic plan for 2008-2012.

In devising and resourcing MLA annual programs it is critical that due consideration is given to anticipated longer term industry developments. Typically, research and development (R&D) programs involve a lengthy payback period and therefore require an extended planning perspective. Less obvious is that MLA marketing programs are mostly directed at longer-term positioning of Australian beef and sheepmeat and, therefore, also require extended planning. The combined challenge is to ensure that the science and systems we invest in today meet the next wave of consumer demands.

These longer term directions are outlined in the MLA Strategic plan for 2008-2011, with the imperatives and objectives of that plan providing the basis for the MLA annual operating plan.

Commitment to transparency

This plan represents an important plank in MLA's resolve to maintain high levels of transparency in its operations. The key initiatives for each strategy contained within the Strategic plan are outlined, the key performance indicators (KPIs) and budgets for these strategies also clearly shown. Actual expenditure of funds (as opposed to prospective budgets) and progress against KPIs is accounted for in MLA's annual report.

The commitment to transparency and accountability is also evident with the inclusion in this plan of program KPIs. With regards to these KPIs, the following should be noted:

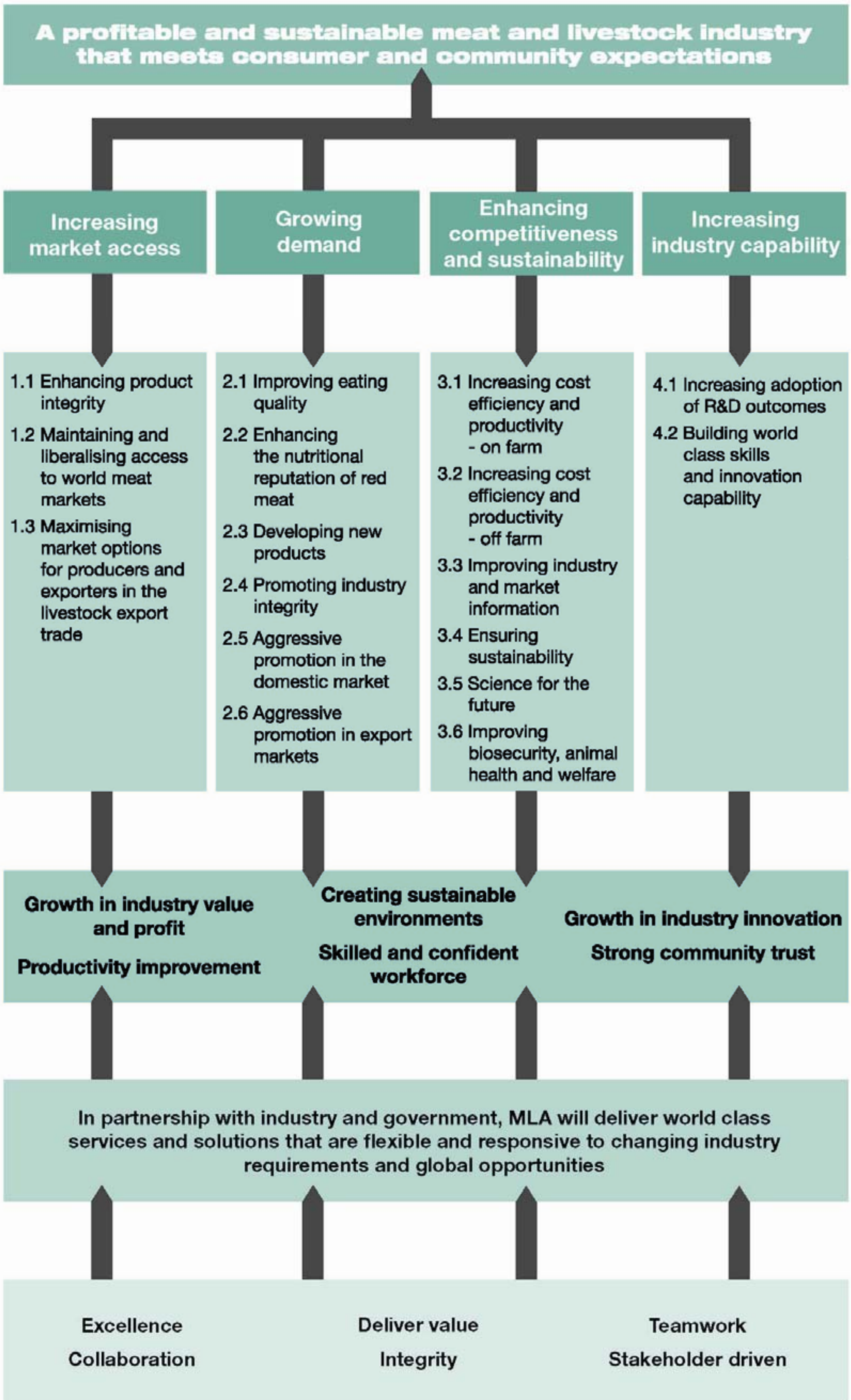
- The KPIs in this plan represent a selection or distillation of a host of KPIs that are applied to MLA programs, often at the project level. These KPIs have been referenced at meetings of taskforces and other committees. A complete program evaluation must take into account the full set of KPIs.
- The output of R&D programs, especially, can only be evaluated over a long period of time. Although an attempt has been made in this plan to create some KPIs with relevance over a one year period, evaluation of most MLA programs can only take place over several years. Reference must be made to MLA's longer term plans for this more thorough evaluation.
- Sometimes the emphasis in a program will change across a year, resulting in a change to the weightings against KPIs.

This plan is made available to all MLA members via the MLA website. Furthermore, a summary of this plan will appear in *feedback* magazine, which is posted to all MLA members.

Working together to deliver results

MLA is committed to working with other industry bodies and our government, which is a major contributor to MLA through the provision of matching R&D funding, to deliver real results for the red meat industry, for rural Australia and for the nation as a whole.

MLA strategy map 2008-12



MLA strategy map 2008-12

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

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.

- **MISP strategic imperative: markets and consumers**
    - **MISP strategic theme: market access**
        - 1.2 Maintaining and liberalising access to world meat markets
        - 1.3 Maximising market options for producers and exporters in the livestock export trade
    - **MISP strategic theme: product marketing**
        - 2.2 Enhancing the nutritional reputation of red meat
        - 2.5 Aggressive promotion in the domestic market
        - 2.6 Aggressive promotion in export markets
    - **MISP strategic theme: value adding**
        - 2.3 Developing new products

- **MISP strategic imperative: product**
    - **MISP strategic theme: food safety**
        - 1.1 Enhancing product integrity
    - **MISP strategic theme: eating quality**
        - 2.1 Improving eating quality

- **MISP strategic imperative: supply chain**
    - **MISP strategic theme: community concerns**
        - 2.4 Promoting industry integrity
        - 3.4 Ensuring sustainability
        - 3.6 Improving biosecurity, animal health and welfare
    - **MISP strategic theme: whole of chain efficiency**
        - 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 innovation capability
- Communicating with Stakeholders
- Corporate services
- AUS-MEAT
- Research and development partnerships

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 will focus 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.

Strategy	Key initiatives
1. Enhance the uptake of quality assurance systems by all sectors of the red meat supply chain	1. Deliver programs that underpin the integrity of the Australian red meat and livestock, including the LPA program, producer education and communication strategies. 2. Increase the efficiency of food safety systems.
2. Develop and promote appropriate meat & livestock traceability systems	1. Ensure the NLIS database and support services have the capability to deliver to the national traceability standards.
3. Conduct scientific research to ensure the food safety systems available in Australia are at the leading edge of international knowledge and practice	1. Evaluate meat safety risks through supply chain. 2. Develop tools / systems for food safety risk management. 3. Enhance surveillance and control measures for bovine spongiform encephalopathy (BSE). 4. Monitor developments / develop initiatives in biotechnology.
4. Promote the integrity of Australian red meat products to our international and domestic customers while minimising food safety related incidents	1. Provide secretariat services to SAFEMEAT - & develop effective industry safety / issues management strategies. 2. Develop and maintain information resources on the integrity of red meat products. 3. Communicate the integrity of Australian red meat products internationally and provide a response capability.

Key performance indicators

- High levels of satisfaction of Australian food safety systems by international customers.
- Risks to public health and market access for red meat products are minimised through adoption of efficient, risk-based approaches.
- Deliver a communication framework for the LPA program and associated SAFEMEAT programs
- The NLIS database meets national traceability standards, and is fully tested via a simulated disease incident
- Processing establishments successfully benchmark food safety performance through industry-wide analysis of hygiene data
- The development of a risk assessment process for animal diseases as they relate to food safety
- 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

Budget

Sector		2007-08	2008-09 Budget ($'000)				Totals
		Budget	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
Subtotal	**R**	**6,578**	**836**	**2,764**	**1,601**	**420**	**5,621**
Subtotal	**M**	**9,854**	**624**	**2,636**	**-**	**3,649**	**6,909**
TOTAL		**16,432**	**1,460**	**5,400**	**1,601**	**4,069**	**12,530**

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, also aims to secure improvements to these conditions. In 2008-09, contingent upon a WTO outcome, it is anticipated that MLA will focus on securing increases in access for sheepmeat into the EU and beef into North Asia. In addition, there will be a focus on expediting a number of FTA negotiations, particularly the potential FTA with Korea.

Strategy	Key initiatives
1. Defend existing favourable market access conditions in overseas markets	1. Defend existing access conditions by monitoring developments in overseas markets; developing networks of industry and government contacts in Australia and overseas; and providing a response capability when impediments arise.
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.
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.
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.

Key performance indicators

- Existing conditions of market access maintained
- High rating of MLA market access activities by government and industry
- Beef and sheepmeat are beneficiaries of WTO trade reform
- Government embodies industry priorities in FTA negotiations
- Negotiations commence on a Korea/Australia FTA

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
	M	239	24	33	4	2	23	61	62		209
Lamb	R	67								53	53
	M	565	102	123	47	8	117	47	151		595
Grassfed Cattle	R	124								134	134
	M	855	144	146	215	127	108	115			855
Grainfed Cattle	R	20								20	20
	M	121	23	24	35	21	18				121
Processor	R	220								220	220
	M	1,512	263	335	250	76	168	230	190		1,512
Goat	M	8	8								8
Government	R	440								440	440
Subtotal	**R**	**880**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**880**	**880**
Subtotal	**M**	**3,300**	**564**	**661**	**551**	**234**	**434**	**453**	**403**	**-**	**3,300**
TOTAL		**4,180**	**564**	**661**	**551**	**234**	**434**	**453**	**403**	**880**	**4,180**

Enhancing competitiveness and sustainability

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

MLA's goal is to partner industry to sustain a livestock export sector that contributes at least $1.8 billion in revenues to the Australian economy annually. To ensure its sustainability MLA will partner 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 will also invest 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, will be communicated to the broad stakeholder base to demonstrate the industry's commitment to addressing community concerns.

Strategies	Key initiatives
1. Deliver continuous improvement in animal welfare standards throughout the export chain	1. R&D into animal welfare issues throughout the chain to find solutions to issues that adversely impact on animal welfare outcomes. This work includes R&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. 2. In Asian Pacific markets, deliver animal handling and welfare training with an emphasis on feedlots and abattoirs. 3. In Middle East markets, deliver animal handling and welfare training to improve practices during the process of discharge, feedlotting and processing.
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.
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. Monitor and manage threats from animal activists groups.
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 Middle East markets, improve access conditions in existing markets while identifying and creating opportunities for new markets.

Key performance indicators

- Australia's market access advantage in Indonesia maintained and a strategy for growing demand for beef developed and implemented
- 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.
- Increase community support for livestock exports above 2007 levels

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	M	525					-
Government	R	800	500	250		50	800
Subtotal	**R**	**1,600**	**1,000**	**500**	**-**	**100**	**1,600**
Subtotal	**M**	**4,981**	**1,085**	**245**	**1,506**	**1,471**	**4,307**
TOTAL		**6,581**	**2,085**	**745**	**1,506**	**1,571**	**5,907**

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 industry to be able 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 will include: 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.

Strategy	Key initiatives
1. Develop and prove interventions to maintain and improve eating quality, consistency and productivity	1. Continue development of efficient processing technologies and interventions aimed at enhancing eating quality. 2. Conduct R&D on the selection & management of livestock to improve the yield, eating quality and nutritional content of red meat. 3. Continue to refine the MSA grading model with relevant R&D activities.
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.
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.

Key performance indicators

- 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
- Commercial demonstration of new electronic technology that reduces the incidence of heat toughening and improves eating quality in pale, soft and exudative (PSE) beef
- Increased beef and sheep grading numbers
- Improved consumer satisfaction ratings via independent consumer testing
- Develop meat ageing strategies that capitalise on the known genotype of *bos indicus* carcases
- Test mathematical approaches to the incorporation of genotypic information into the MSA model

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
Subtotal	**R**	**3,458**	**2,002**	**144**	**1,206**	**3,352**
Subtotal	**M**	**3,358**	**-**	**857**	**2,183**	**3,040**
TOTAL		**6,816**	**2,002**	**1,001**	**3,389**	**6,392**

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.

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.
2. Secure support from leading health organisations and policy makers for consistent and fact-based dietary recommendations on red meat	1. Continue partnership programs with the Heart Foundation and the Dietitians Association of Australia, and maintain relationships with other key opinion leaders. 2. Develop and implement issues management plans for WCRF and for 'new nutrition'. 3. Develop evidence-based submissions on relevant food and nutrition policy areas.
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 RMFGII, 'Foundation Food' consumer campaign through 2008. 3. Develop RMFGIll consumer campaign for launch in early 2009.
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

Key performance indicators

- Four studies presented at scientific and medical conferences
- Eight studies published in peer reviewed journals and/or presented at scientific conferences
- 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.
- Balanced reporting of red meat and health issues in media.
- Maintain GP and dietitian key attitudinal measures and red meat dietary recommendations
- Increase key health attitude measures among core target as per Marketing plans
- Contribute to growing red meat demand and value by $380m

Budget

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

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 carcase 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 will be on developing a range of new meat products and on developing new technologies relating to value adding lower value cuts and co-products.

Strategy	Key initiatives
1. Enhance global research database and analysis to identify high potential long term new business areas	1. Extend the new product database as a valuable industry intelligence tool by enhancing its functionality, impact, scope and content. 2. Extend the bioactives market analysis tool kit to encompass conventional co-products and make available to the industry.
2. Develop co-products technologies to improve industry's market access and competitiveness	1. Develop new coproduct applications in non-food industries. 2. Lead the development of a competitive Australian red meat bioactives industry
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.
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

Key performance indicators

- Two new products successfully launched in key retail and foodservice outlets with measurable re-purchase statistics
- Two new enterprises actively participating in the development of innovative red meat products
- Two new and novel red meat snack food products are developed and achieve strong consumer acceptance and industry uptake
- One high pressure processed convenience product is developed with strong consumer acceptance and industry acceptance of technology
- Five opportunities are identified for bioactives derived from organs with indication of industry uptake
- New pharmaceutical grade chondroitin sulphate product successfully produced and approved by TGA

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
Subtotal	**R**	**1,534**	**120**	**700**	**700**	**1,520**
Subtotal	**M**		**-**	**-**	**-**	**-**
TOTAL		**1,534**	**120**	**700**	**700**	**1,520**

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 will keep building on groundwork done to date. We will continue to build knowledge through our presence at Royal Shows where we have an opportunity for maximum exposure to and engagement with urban audiences. In addition, we will see the realisation of the Primary Industries Education Foundation providing a platform for curriculum-aligned content into schools. Our successful partnership with Farm Day and the *Australian Women's Weekly* will lead our 'experience' and 'human bond' activities and assist in achieving extensive awareness of cattle production and key messages.

A new key initiative has been included in this year's plan to focus our efforts on responding to increasing attacks on the environmental sustainability of beef production. A strategy is being formulated and materials developed and distributed to respond to specific attacks. We will also be proactive in looking for opportunities to further develop, distribute and evaluate the pilot *Red Meat and the environment* report developed at the end of 2007-08.

Strategy	Key initiatives
1. Build a basic level of knowledge among urban Australians of livestock production and the importance of agriculture to Australia's social, economic and physical wellbeing	1. Support and promote the inclusion of agriculture in school curricula. 2. Promote the integrity of the cattle industry at three Royal Shows.
2. Provide opportunities for urban Australians to experience the livestock industry in a powerful way that creates a lasting positive impression	1. Support and promotion of Farm Day. 2. Identify and promote suitable cattle properties for school visits.
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	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.
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	1. Undertake community awareness activities to provide a greater understanding of the industry's participation in addressing the range of environmental considerations.

Key performance indicators

- Maintain consumer trust scores of 62% agreeing the industry is ethical and trustworthy.
- Primary Industries Education Foundation is established and operating
- Royal Show visitors find pavilions appealing and informative
- Farm Day is on a sustainable footing and achieving participation and media coverage targets
- Positive media stories generated with a reach of 10m
- Improved environmental media coverage as measured by CARMA

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
Subtotal	**R**		**94**	**-**	**-**	**-**	**94**
Subtotal	**M**	**913**	**413**	**123**	**188**	**186**	**910**
TOTAL		**913**	**507**	**123**	**188**	**186**	**1,004**

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, improving nutrition perceptions, high retail standards, increasing foodservice presence and by 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 plan to keep the pressure on by further building consumer recognition of the functional and emotional benefits of beef and lamb. This will be by working with industry on further quality, range and presentation enhancements, and by partnering with retailers and foodservice operators in aggressive promotional activities that reinforce positive and sustainable consumer attitudes.

Our We Love Our Lamb campaign will throw up more surprising and innovative approaches to food marketing this year, assisted by a boost in budget from the stronger than anticipated levy flow. Moving on from the Kids Love Beef campaign of the last 2 years, our beef promotion will target building confidence and skills by meal decision makers in preparing a range of popular but less frequent beef meals, mainly using secondary cuts.

Our partnerships with end-users are integral to achieving demand growth. We will again develop joint business plans that deliver meaningful outcomes for both the end-user and for MLA.

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, and Australia Day.
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 campaign focused on winter meals, and back-to-school meals.
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 performance indicators

- Contribute to growth in Beef demand index and/or expenditure of $300m.
- Achieve beef behavioural and attitudinal goals as per the Annual Marketing Plan.
- Contribute to growth in Lamb demand index and/or expenditure of $80m.
- Achieve Lamb behavioural and attitudinal goals as per the Annual Marketing Plan.
- Achieve high levels of retailer and foodservice participation in campaigns and programs.

Budget

Sector		2007-08	2008-09 Budget ($'000)			Totals
		Budget	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				-
Subtotal	**R**	**94**	**-**	**-**	**-**	**-**
Subtotal	**M**	**16,182**	**5,274**	**5,277**	**4,495**	**15,046**
TOTAL		**16,276**	**5,274**	**5,277**	**4,495**	**15,046**

2.6 (a) Aggressive promotion in export markets - beef

In 2008-09, a more challenging environment is likely to confront the Australian beef industry than has been the case in recent years. In particular, greater competition will confront Australian exporters in North Asian markets with the return of US suppliers. Moreover, this will occur at a time of recovery from drought in Australia and high grainfed prices, posing supply challenges for Australian processors.

Over the past few years, with the absence of North American competition, MLA's strategy in North Asia has focussed on maximising sales of Australian beef. In contrast, and in light of the challenges outlined above, the strategic focus in North Asia in 2008-09 will be on market consolidation. Outside North Asia, greater emphasis will be 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 will increasingly involve 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 will continue to highlight the positive attributes that are common to all Australian beef (safety, traceability systems, product specification systems, range, and ability to meet special requirements).

Strategy	Key initiatives
1. Disseminate comprehensive export marketing information through monitoring and reporting on consumer trends (global and local), channel trends and requirements, and competitive positioning	1. Monitor and report consumer trends (global and local), channel trends and requirements, and competitive positioning.
2. Develop new trade and consumer opportunities for Australian beef internationally	1. Implement lead identifying and lead generating business development activities. 2. Initiate contact identification and profiling in conjunction with education and awareness work in emerging markets.
3. Create and promote strong brands and identities for Australian beef, tailored to the needs and opportunities of each major market	1. Through country of origin marks (Aussie Beef, HCW, etc) positively position Australian beef in terms of product attributes (ie safety, consistency and nutrition). 2. Profile Australian product specification systems (AUS-MEAT, EQA). 3. Highlight the ability of Australian exporters to meet special requirements such as Halal. 4. Communicate the nutritional and health benefits of consuming Australian beef.
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	1. Support individual beef brands through the Industry Collaborative Agreement (ICA) program. 2. Through ICAs support the voluntary introduction of brands in export markets underpinned by Eating Quality Assurance (using MSA technology). 3. Build supply chain capability in positioning and marketing Australian beef. 4. Strengthen supply chain networks between Australian beef suppliers and end users to boost sales and create loyalty.

Key performance indicators

- Achieve a 25% increase in the use of ICAs
- At least eight brands using EQA in international markets
- Maintain penetration in retail and food service establishments
- At least 20 leads are generated by business development activities, resulting in at least eight presentations to potential customers

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
Subtotal	**R**									
Subtotal	**M**	**22,877**	**874**	**8,382**	**5,050**	**2,061**	**376**	**228**	**2,750**	**19,721**
TOTAL		**22,877**	**874**	**8,382**	**5,050**	**2,061**	**376**	**228**	**2,750**	**19,721**

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.

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.
2. Develop new trade and consumer opportunities for Australian sheepmeat internationally	1. Generate awareness of lamb through PR, trade show activities and consumer and trade advertising. 2. Increase trial of lamb through product sampling, cooking demonstrations, menu positioning, etc. 3. Convert trial to purchase by positioning easy-to-use products at relevant price points. 4. Demonstrate lamb's relevance to contemporary food trends. 5. Lead identifying and lead generating business development activities.
3. Create and promote strong brands and identities for Australian sheepmeat and goatmeat, tailored to the needs and opportunities of each major market	1. Through country of origin marks and general communications materials, positively position Australian sheepmeat in terms of product safety. 2. Profile Australia's sheepmeat specification system (AUS-MEAT). 3. Highlight the ability of Australian exporters to meet special requirements such as Halal. 4. Communicate the nutritional and health benefits of consuming Australian lamb, working with other supplying countries where relevant.
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	1. Support sheepmeat brands through cooperative activities (retail and food service promotions) with individual supply chains. 2. Support product development activities with individual supply chains. 3. Encourage supply chain innovation such as category management.

Key performance indicators

- Improvement in consumer attitudes of Australian lamb compared to our competitors.
- Increase in consumer awareness.
- Maintain penetration in retail and food service establishments.
- Increase in sales of Australian lamb covered by ICAs.
- High satisfaction levels with MLA trade development activities.

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
Subtotal	**R**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Subtotal	**M**	**6,146**	**3,370**	**700**	**200**	**465**	**210**	**880**	**5,825**
TOTAL		**6,146**	**3,370**	**700**	**200**	**465**	**210**	**880**	**5,825**

Enhancing competitiveness and sustainability

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 to become more productive. In 2008-09, MLA's initiatives will focus on assisting producers to: increase reproductive rates; decrease mortality rates; reduce age at sale; and lower the cost of production.

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.
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.
3. Work with producers and processors to improve supply chain effectiveness	1. Develop technologies that improve supply chain efficiencies and/or producer feedback.
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	1. Develop robust new technologies and tools to increase growth and reproduction. 2. Evaluate, develop and implement technologies, tools and strategies to increase enterprise efficiency and reduce costs of production.
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.

Key performance indicators

- Deliver marker-assisted EBVs for at least one trait in each of BREEDPLAN and LAMBPLAN/ MERINOSELECT.
- Deliver industry information and guidelines on use of marker-assisted EBVs for the beef and sheep industries.
- Deliver prototype objective data on varieties/cultivars for at least one pasture species.
- Research phase for development of psyllid resistant leucaena completed and commercialisation phase initiated.
- Technical report and producer manual on optimal use of HGPs completed and communicated to industry.
- Pilot phase of Cash Cow project reviewed and full project initiated (subject to satisfactory review).
- Prototype solution and application technology for enzymatic feedlot dag removal trialled on a small number of live animals.

Budget

Sector		2007-08	2008-09 Budget ($'000)					Totals
		Budget	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
Subtotal	**R**	**8,454**	**2,483**	**1,538**	**485**	**1,977**	**653**	**7,136**
Subtotal	**M**	**960**	**710**	**55**	**-**	**2**	**-**	**768**
TOTAL		**9,414**	**3,194**	**1,594**	**485**	**1,979**	**653**	**7,905**

Enhancing competitiveness and sustainability

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 will be essential that all parts of the red meat supply chain adopt intra and inter-industry world-class technologies and systems. In 2008-09, MLA's focus will be to continue 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 will be important 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.

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 carcase 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 carcase measurement applications.
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.
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.

Key performance indicators

- Two new automated unit operations developed and demonstrated in-situ, which reduce processing costs and/or labour requirements in beef and sheep processing plants.
- Development of one manual-assist technology completed, industry benefit demonstrated and strong support evident for adoption.
- Ten successful Bladestop installations.
- At least one new processing technology development initiated in partnership with international companies.
- Implementation of alternative stunning technologies for sheep and commercial evaluation by industry completed.
- Industry endorses port mark strategy and key exporters agree to undertake trial of port mark removal.
- Industry endorses MLA's assessment of technical and commercial applicability of objective carcase measurement opportunities.
- Opportunities are identified for meat processing cost reduction through utilisation of industry benchmarking.

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
Subtotal	**R**	**2,379**	**1,940**	**539**	**2,479**
Subtotal	**M**	**-**	**-**	**-**	**-**
TOTAL		**2,379**	**1,940**	**539**	**2,479**

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's area of focus will include: empowering industry and government to make better business decisions through the supply of relevant and timely market information; improving information flow along the supply chain using animal ID / carcase measurement systems; gathering and disseminating competitor intelligence; and developing relevant risk management tools.

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.
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 Meat & Livestock Weekly. 3. Industry Projections 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.
3. Gather and analyse data on competitors	1. Monitor and report on developments in competitor proteins and countries.
4. Facilitate the development of improved information flows within supply chains	1. Conduct introductory cattle marketing courses incorporating options to strengthen supply relationships. 2. Support uptake of the cattle forwards contract standard terms and conditions. 3. Commence capture of livestock quality data to feedback to industry for commercial planning and benchmarking.
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.

Key performance indicators

- NLRS and MIS service standards met.
- Increased visits to market information section of the MLA internet site by 10%.
- High levels of satisfaction with MLA market information service publications.
- Widespread media coverage of MLA projections.
- Uptake of forward contract standard terms and conditions.
- A wider range of risk management tools available for industry.

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
Subtotal	**R**	**1,832**	**944**	**396**	**250**	**570**	**142**	**2,302**
Subtotal	**M**	**2,424**	**1,870**	**456**	**-**	**-**	**78**	**2,404**
TOTAL		**4,256**	**2,814**	**852**	**250**	**570**	**220**	**4,706**

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 will focus 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.

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.
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.
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 QA certification for livestock enterprises.
4. Collaborate with the processing sector to address emerging issues and opportunities in energy, water and solid waste management	1. Identify key emerging environmental priorities for the processing sector and provide required knowledge, tools and technologies. 2. Identify opportunities for minimising water use and recycling. 3. Develop energy recovery technologies.
5. Address increased business risks and opportunities due to climate change and government policies related to climate change	1. Evaluate opportunities to reduce greenhouse gas emissions from red meat production systems including through research into ruminant methane reduction. 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.

Key performance indicators

- 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.
- A life-cycle analysis study for three southern meat supply chains and a standardised methodology for life-cycle analysis for Australia's agricultural industries.
- Demonstrate biofilm disruption and demineralisation technology to reduce water use in the processing sector.
- Determine suitability of a novel anaerobic solids digestion process for small to mid scale processors.

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
Subtotal	**R**	**5,620**	**2,064**	**896**	**95**	**1,082**	**2,548**	**6,685**
Subtotal	**M**	**87**	**-**	**50**	**15**	**-**	**-**	**65**
TOTAL		**5,707**	**2,064**	**946**	**110**	**1,082**	**2,548**	**6,749**

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 completely new ways to tackle intractable industry problems or take advantage of 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.

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.
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.
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. *No MLA levies allocated this financial year.*
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.
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.

Key performance indicators

- 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.
- Deliver the first DNA markers to a commercial forage breeding program.
- Identify and appoint at least two postdoctoral fellows into priority research areas, with significant co-funding from the host organisations.
- Deliver the first suite of DNA markers for pedigree and sheep production traits (MkI SNP panel) from SheepGenomics.

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
Grain Cattle	R		67					67
Goat	R					1		1
External	M	450	54					54
Government	R	3,288	1,591	183		20	180	1,974
Subtotal	**R**	**6,576**	**3,181**	**366**	**-**	**40**	**360**	**3,947**
Subtotal	**M**	**450**	**54**	**-**	**-**	**-**	**-**	**54**
TOTAL		**7,026**	**3,236**	**366**	**-**	**40**	**360**	**4,002**

Enhancing competitiveness and sustainability

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, as well as involving negative animal health and welfare outcomes. In addition, the standard of animal welfare for food producing animals is attracting greater attention from consumers, governments, retailers and special interest groups within Australia and internationally. In 2008-09 MLA will focus 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.

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.
2. Develop a practical risk management approach to animal welfare	1. Monitor welfare risks to allow avoidance or minimisation of impacts on the beef and sheepmeat industries. 2. Invest in development of alternative practices to address key risks. 3. Work with processing sector to identify potential animal welfare issues that require further development.
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.
4. Develop new approaches to control key livestock diseases and other causes of mortalities and production loss	1. Develop tools and systems to improve management of parasites in livestock. 2. Quantify the need for and where appropriate commission R&D to reduce the cost of disease due to naturally-occurring toxins and other livestock diseases that have a substantive impact on livestock productivity.
5. Develop solutions for the management of key feedlot animal health and welfare issues	1. Investigate and improve the management of key feedlot animal health problems and welfare issues.

Key performance indicators

- Develop a best practice guide for sheep husbandry procedures including castration, tail docking and vaccination.
- Determine whether selection for temperament in commercial operations can increase lamb survival.
- Improve at least one surveillance device for a key exotic disease causing agent eg screw worm fly.
- Develop a quantitative test for the three key internal parasites of sheep.

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
Subtotal	**R**	**1,860**	**758**	**509**	**205**	**1,501**	**859**	**3,832**
Subtotal	**M**		**39**	**-**	**-**	**-**	**415**	**454**
TOTAL		**1,860**	**796**	**509**	**205**	**1,501**	**1,274**	**4,286**

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 will be 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. Systems for managing intellectual property will be enhanced and adoption plans will be documented to include best practice commercialisation principles.

Strategies	Key initiatives
1. Deliver tools, information and learning opportunities that deliver clear benefits to individual enterprises	1. Integrated programs that promote the adoption of R&D outcomes to receptive livestock producers. 2. Increase processor awareness of commercial opportunities from recent R&D developments (PIAP). 3. Provide Meat Industry Services for processors.
2. Collaborate with other organisations and agencies that can influence and facilitate adoption	1. MINTRAC R&D Adoption Services. 2. Partnerships with other organisations to develop and deliver resources to assist producer adoption.
3. Implement effective commercialisation and adoption strategies	1. Commercialisation strategies and IP management plan. 2. Develop adoption plans and work with individual enterprises to facilitate adoption of R&D.
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.

Key performance indicators

- 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.
- Surveys conducted to measure practice change resulting from producer engagement in the above programs, and to track adoption of key management practices.
- Uptake of targeted R&D outcomes successfully facilitated within the processing sector and impact quantified.
- Effective commercialisation plans implemented for targeted new technologies and impact quantified.

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
Subtotal	**R**	**6,854**	**2,959**	**1,298**	**210**	**1,203**	**5,670**
Subtotal	**M**	**105**	**-**	**-**	**-**	**-**	**-**
TOTAL		**6,959**	**2,959**	**1,298**	**210**	**1,203**	**5,670**

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 will focus 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.

Strategies	Key initiatives
1. Build producer knowledge and skills	1. Build producer capability by providing participatory learning activities, advice and mentoring.
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.
3. Partner with enterprises along the value chain to implement sophisticated innovation strategies for R&D and marketing	1. Collaborative Innovation Strategies Program. 2. Improve customer alignment by building advanced supply chain management capability.
4. Provide a range of innovation tools to build capability at enterprise level	1. Establish Red Meat Industry Innovation Network. 2. Development, communication and extension of new tools to assist producers to build their decision-making and risk management capability.
5. Develop innovation diagnostics at both enterprise and sector levels to benchmark the performance of the industry's innovation system	1. Establish innovation capability diagnostics and performance metrics at individual enterprise level. 2. Develop framework for whole-of-industry innovation system 'health check'.

Key performance indicators

- Increased knowledge, skills and confidence of producers to a) reduce cost of production and b) improve environmental management.
- Provide opportunities for advisors/service providers to increase their skills and capacity to advise producers on improving the performance of grazing enterprises.
- Evidence of increased industry ability to attract, develop and retain skilled workforce in the processing sector.
- Increased innovation capability in 'collaborative innovation partners' as evidenced by: documentation of innovation strategies; allocation of innovation resources; increased investment; achievement of innovation targets
- Five supply chains participate in advanced supply chain trials to achieve improved customer alignment.
- Dominant customer buying behaviour identified across red meat industry.

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						-
Government	R	1,415	351	789	209	296	50	1,695
Subtotal	**R**	**2,830**	**701**	**1,579**	**418**	**592**	**100**	**3,390**
Subtotal	**M**	**10**	**70**	**-**	**-**	**-**	**-**	**70**
TOTAL		**2,839**	**771**	**1,579**	**418**	**592**	**100**	**3,460**

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.

Strategy	Key initiatives
1. Create awareness of opportunities created by MLA for the meat and livestock industry	1. Source content and produce nine targeted *feedback* magazines that signpost MLA's 45,000 members to further R&D and marketing information. 2. Deliver effective widespread media coverage through briefings, journalist relationships and targeted analysis.
2. Demonstrate the relevance and value of MLA and its activities to stakeholders	1. Meet MLA governance requirements through the production of a best practice annual report and annual general meeting. 2. Redevelop the MLA website and online communication tools to provide improved delivery of information to producers and other audiences. 3. Produce four episodes of *feedbackTV* along with cross-platform supporting information to provide interactive communications to stakeholders.
3. Proactively engage stakeholders in order to achieve behaviour change	1. Hold producer forums in association with existing events to provide greater coverage and cost efficiency. 2. Provide information and services to members and other stakeholders.

Key performance indicators

- 96% of members are aware of MLA's programs and services for the red meat and livestock industry.
- 96% of members value MLA programs and services.
- Increase membership to 47,000.

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
Subtotal	**R**	**1,422**	**510**	**606**	**360**	**1,476**
Subtotal	**M**	**2,439**	**725**	**950**	**708**	**2,383**
TOTAL		**3,861**	**1,235**	**1,556**	**1,068**	**3,859**

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.

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.
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.
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.
4. Information technology and library services	1. Provide infrastructure, applications and applications support to facilitate the pursuit and realisation of organisational strategic objectives.
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.
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.
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 4 programs in 2008-09. Costs are allocated against the individual programs evaluated.

Key performance indicators

- Clean audit report received.
- Complete evaluations for 4 programs
- Develop HR strategic plan and implement HR IT system

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
Grass Cattle	R	760	145	69	59	279	17	162			731
	M	3,633	573	276	234	1,126	65	636	753		3,663
Grain Cattle	R	68	14	7	6	80	2	16			125
	M	614	92	44	38	128	11	102	112		527
Processor	R	50						0			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
Subtotal	**R**	**2,894**	**542**	**260**	**222**	**1,166**	**64**	**604**	**0**	**0**	**2,858**
Subtotal	**M**	**7,800**	**1,358**	**656**	**554**	**2,625**	**156**	**1,505**	**1,250**	**0**	**8,104**
TOTAL		**10,694**	**1,900**	**916**	**776**	**3,791**	**220**	**2,109**	**1,250**	**0**	**10,962**

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
Subtotal	**M**	**650**	**650**	**650**
TOTAL		**650**	**650**	**650**

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 5 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
- Better Occupational Health and Safety
- 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

- Effectively implement a balanced portfolio of R&D partnership projects across industry sectors to ensure maximum benefit to the whole of the red meat industry.
- Facilitate adoption and uptake by industry of partnership project outcomes through a variety of communication channels including case studies, forums and workshops and reporting.
- Support the development of an innovation culture and capability for the industry through innovative research partnerships in targeted areas with demonstrable outcomes and benefits.

Budget

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

Income Commentary

Projected MLA income for 2008-09 is $150.2 million, a decrease of $10.5 million on budgeted income for 2007-08.

Changes in levy income, compared to income levels for 2007-08, are shown below:

Species	R&D income			Marketing income		
	2007-08 Forecast	2008-09 Forecast	% change	2007-08 Forecast	2008-09 Forecast	% change
Mutton	$1.653m	$1.217m	-26%	$1.868m	$1.376m	-26%
Lamb	$7.456m	$6.943m	-7%	$18.257m	$17.037m	-7%
Grassfed cattle	$11.367m	$10.627m	-7%	$45.111m	$42.278m	-7%
Grainfed cattle	$0.853m	$2.079m	-	$6.959m	$5.766m	-17%
Goat	$0.135m	$0.154m	14%	$0.231m	$0.246m	15%
Totals	**$21.464**	**$21.020**	-2%	**$72.408**	**$66.703**	-8%

The following comments are made on these income forecasts:

- The income forecasts have been prepared using forecast changes in slaughtering (transactions) presented in the 2008 MLA Cattle and Sheep Industry Projections.
- The impact of the drought is evident with declining budgeted levy streams across all species.
- Sheepmeat levies depend on both prices and the number of transactions, making income from these levies very difficult to predict.
- Grainfed marketing income drops, while grainfed R&D income increases due to assumed changes in the split of grainfed levies.

MLA Consolidated
Income and Expenditure by Funding Source 2008/09

Strategic Imperative	Goat		Mutton		Lamb		Total Sheep		Cattle-Grass		Cattle-Grain		Total Cattle		Processor		Livestock Export		External		MLA Total	MDC	Govt	MLA Consolidated
	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M			R	
1. Increasing Market Access																								
1.1 Enhancing Product Integrity	17	27	108	140	318	600	426	740	464	2,662	79	519	543	3,181	1,128	2,052	34	71	662	838	**9,719**	0	2,811	**12,530**
1.2 Maintaining & liberalising access to world markets	0	8	13	209	53	595	66	804	134	855	20	121	154	976	220	1,512	0	0	0	0	**3,740**	0	440	**4,180**
1.3 Maximising market options			82	641	65	282	147	923	253	1,905			253	1,905			400	1,478			**5,107**		800	**5,907**
2. Growing Demand																								
2.1 Improving eating quality	0	0	174	5	360	195	533	200	718	2,006	165	585	883	2,591	260	0	0	0	0	250	**4,717**		1,676	**6,393**
2.2 Enhancing nutritional value of red meat	0	0	0	5	150	1,609	150	1,614	102	3,991	17	648	119	4,640	176	672	0	0	0	0	**7,371**		445	**7,816**
																					0			
2.3 Developing new products	0	0	21	0	80	0	101	0	280	0	0	0	280	0	380	0	0	0	0	0	**761**	0	760	**1,520**
2.4 Promoting industry integrity	0	0	0	0	0	0	0	0	20	698	3	112	23	810	24	100	0	0	0	0	**957**	0	47	**1,004**
2.5 Aggressive promotion in the market place-domestic	0	31	0	15	0	5,761	0	5,776	0	6,702	0	1,191	0	7,893	0	1,346	0	0	0	0	**15,046**	0	0	**15,046**
2.6 Beef Exports -							0	0		16,806		2,915		19,721							**19,721**			**19,721**
Sheepmeat Exports -		125		120		5,580	0	5,700													**5,825**			**5,825**
3. Enhancing competitiveness & sustainability																								
3.1 Increasing cost efficiency & production - on farm	14	0	184	0	1,518	0	1,702	0	1,642	0	211	0	1,853	0	0	0	0	0	0	768	**4,337**	0	3,568	**7,905**
3.2 Increasing cost efficiency & production - off farm	0	0	1	0	6	0	7	0	6	0	1	0	7	0	1,225	0	0	0	0	0	**1,239**	0	1,240	**2,479**
3.3 Improving industry & market information	4	6	33	65	226	376	259	441	654	968	101	86	755	1,054	133	113	0	0	0	790	**3,555**	0	1,151	**4,706**
3.4 Ensuring sustainability	8	0	30	0	241	0	270	0	2,075	0	448	0	2,523	0	541	0	0	0	0	65	**3,407**	0	3,342	**6,749**
3.5 Science for the Future	1		167		1,252		1,420	0	486		67		553							54	**2,028**		1,974	**4,002**
3.6 Improving Biosecurity, animal health & welfare	22	0	83	0	646	0	729	0	735	0	430	0	1,165	0	0	0	0	0	0	454	**2,370**	0	1,916	**4,286**
4. Increasing Industry Capability																								
4.1 Increasing adoption of R&D outcomes	30	0	81	0	589	0	670	0	1,282	0	45	0	1,327	0	809	0	0	0	0	0	**2,835**	0	2,835	**5,670**
4.2 Building world-class skills & innovation capability	49	0	27	0	159	0	186	0	355	0	37	0	392	0	1,067	0	0	0	0	70	**1,765**	0	1,694	**3,459**
Communicating with stakeholders	5	9	43	49	247	606	290	655	436	1,659	7	60	443	1,719	0	0	0	0	0	0	**3,121**	0	738	**3,859**
Ausmeat				52		78	0	130		453		67	0	520							**650**			**650**
R & D partnerships																					**0**	8,006	8,006	**16,012**
Total Expenditure pre Corporate Services	**150**	**206**	**1,047**	**1,301**	**5,909**	**15,682**	**6,956**	**16,983**	**9,641**	**38,706**	**1,631**	**6,304**	**11,272**	**45,010**	**5,963**	**5,795**	**434**	**1,549**	**662**	**3,289**	**98,270**	**8,006**	**33,443**	**139,719**
Corporate Services & Levy Collection Costs	11	17	84	133	478	1,514	563	1,646	731	3,663	125	527	856	4,190	0	0	0	0	0	2,250	9,533	0	1,429	**10,962**
Total Expenditure	**161**	**223**	**1,131**	**1,434**	**6,388**	**17,196**	**7,519**	**18,630**	**10,372**	**42,369**	**1,756**	**6,832**	**12,128**	**49,200**	**5,963**	**5,795**	**434**	**1,549**	**662**	**5,539**	**107,802**	**8,006**	**34,872**	**150,681**
Income Available:																								
- Levies	154	246	1,217	1,376	6,943	17,037	8,160	18,413	10,627	42,278	2,079	5,766	12,706	48,044							**87,723**			**87,723**
- Govt																					**0**		**34,872**	**34,872**
- Processors															5,963	5,795					**11,757**			**11,757**
- Live Export																	434	1,549			**1,983**			**1,983**
- R & D Partnerships																					**0**	8,006		**8,006**
- External																			662	5,539	**6,201**			**6,201**
Total Income	**154**	**246**	**1,217**	**1,376**	**6,943**	**17,037**	**8,160**	**18,413**	**10,627**	**42,278**	**2,079**	**5,766**	**12,706**	**48,044**	**5,963**	**5,795**	**434**	**1,549**	**662**	**5,539**	**107,665**	**8,006**	**34,872**	**150,543**
Difference (to/(from) reserves)	**(7)**	**23**	**86**	**(58)**	**555**	**(159)**	**641**	**(217)**	**255**	**(91)**	**323**	**(1,066)**	**578**	**(1,156)**	**0**	**0**	**0**	**0**		**0**	**(138)**	**0**	**0**	**(138)**
Opening Reserves	39	722	738	948	2,909	9,495	3,647	10,443	3,305	14,838	78	3,672	3,383	18,510										
Closing Reserves	32	745	824	890	3,464	9,336	4,288	10,226	3,560	14,747	401	2,606	3,961	17,354										
% of Revenue	21%	303%	68%	65%	50%	55%	53%	56%	33%	35%	19%	45%	31%	36%										