



**MLA INDUSTRY PROGRAMS PLAN
2005-06 to 2007-08**

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Introduction

Meat & Livestock Australia's Industry Programs Plan establishes a clear direction for services to be provided by MLA to improve Australian livestock and red meat productivity, profitability and sustainability.

A thorough reassessment of Australian red meat industry prospects and strategic imperatives was conducted by the Red Meat Industry Council (RMAC) in late 2003. Emerging from this reassessment was a new 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 MLA's programs, documented in this plan, closely follow the strategic themes of the new meat industry strategic plan. Our programs are also aligned with the government's national and rural research priorities

In recent times, the Australian red meat industry has enjoyed a very favourable operating environment. The BSE-induced exclusion of the US from international markets has opened the way for Australian product to fill the gap in demand, particularly in Japan and Korea. As a result, demand for Australian beef in north Asia has reached unprecedented levels.

While industry is enjoying what is certain to be a short-lived gap in overseas markets, MLA has been keenly focused on preparing for the eventual return of our traditional competitors, as well as the emergence of new competitors. Countries such as Brazil are challenging our markets with cheaper product making it critical for Australia to firmly establish a point of difference for our product. Australia has an enviable reputation for 'safe and natural' red meat products which no other competitor can claim. MLA is working to enhance this differentiation for our products internationally.

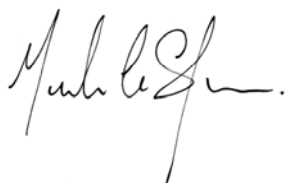
Although domestic markets have been strong, short supply and resultant high prices have impacted on lamb demand. Our domestic marketing activities have offset the impact of high prices and we will continue to support sales at home with a range of promotional activities underpinned by science-based nutritional information.

In the on-farm sector we continue to focus on addressing the cost of production. Significant gains have been made over the last decade in reducing the cost of production for both beef and sheepmeat enterprises. A new wave of research is now underway and we are investigating further gains through our Sheep Genomics program and our investment in the Beef Centre for Cooperative Research, as well as a range of other areas.

This plan reflects MLA's resolve to maintain high levels of transparency in our operations. Each program includes objectives, KPIs and a budget. Actual expenditure of funds and progress against KPIs are accounted for in our progress report published each March, and annual report published in October. (This plan, and MLA's reports against it, are published on our website.)

Even though summary KPIs are included, they should be treated cautiously. The nature of R&D and marketing means, in many instances, impacts occur over an extended period of time and measurement in a one-year period is difficult. Additionally, emphasis may change as programs evolved or the operating environment shifts.

Our reporting through the year will document our progress, results and any variance from our planned activities or projected outcomes. We will also continue to deliver information on our activities on an ongoing basis through our established communications channels.



Mark Spurr
Managing Director
Meat & Livestock Australia

Link between MISP and Industry Programs Plan

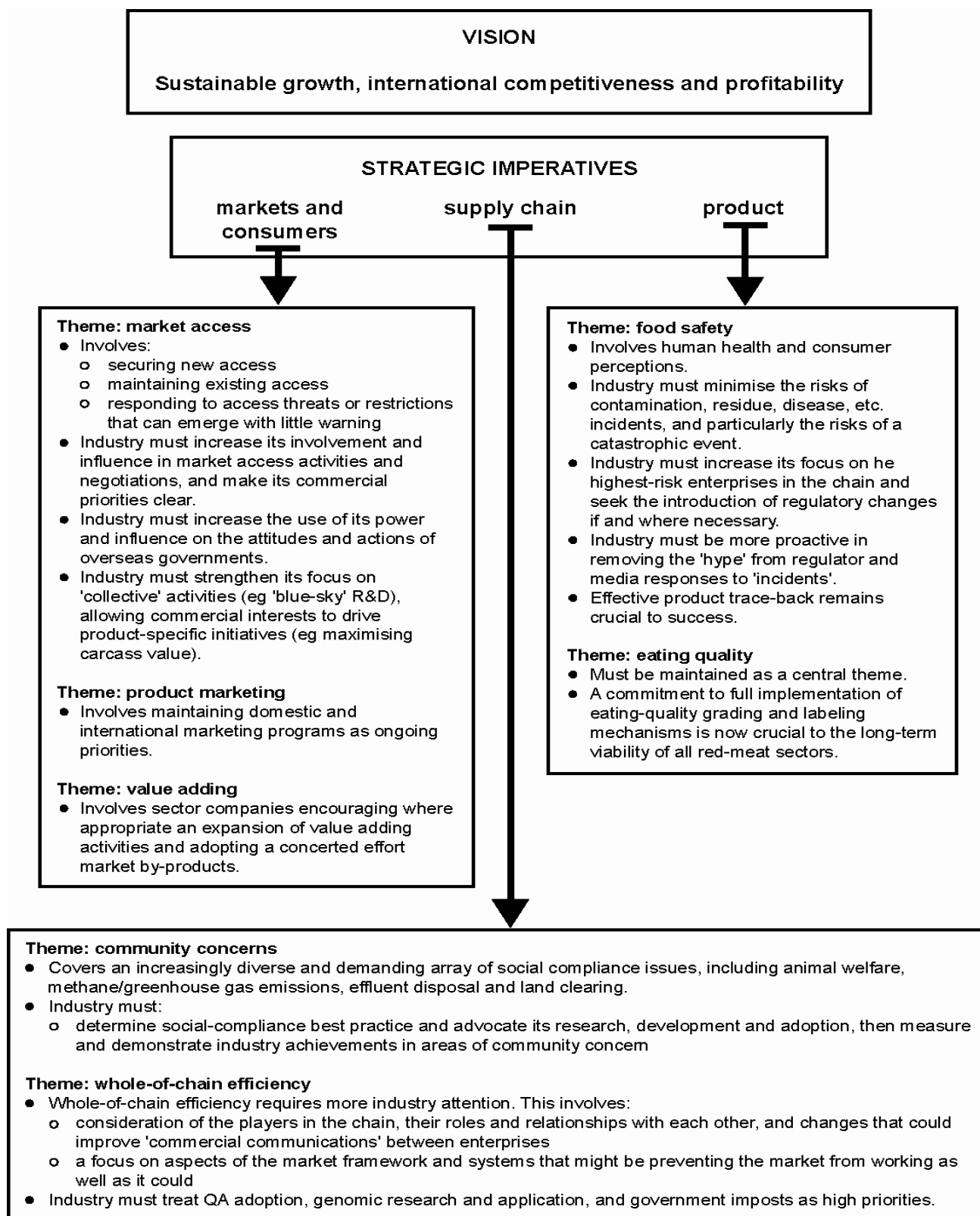
The following table establishes the correspondence that exists between the current strategic plan developed by RMAC for the Australian red meat industry, *More from less: strategic direction for the Australian red meat industry 2004–09* and the programs contained in this plan. An outline of the MISP 2004–09 is contained in figure 1. The full document can be found at <http://www.rmac.com.au/reports>.

- **MISP strategic imperative: markets and consumers**
 - **MISP strategic theme: market access**
 - Market access – beef
 - Market access – sheepmeat
 - Market access – live export
 - **MISP strategic theme: product marketing**
 - Domestic marketing – beef
 - Domestic marketing – sheepmeat
 - Export trade and consumer promotion – beef
 - Export trade and consumer promotion – sheepmeat
 - **MISP strategic theme: value adding**
 - Red meat product innovation
 - Co-products
- **MISP strategic imperative: product**
 - **MISP strategic theme: food safety**
 - Meat safety/Issues management
 - **MISP strategic theme: eating quality**
 - Meat Standards Australia
- **MISP strategic imperative: supply chain**
 - **MISP strategic theme: community concerns**
 - Environment – resource management
 - Animal welfare – on farm
 - Animal welfare – live export
 - **MISP strategic theme: whole of chain efficiency**
 - Improving productivity
 - Adoption and capacity
 - Supply chain management
 - 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:

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

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



1.1.1 Domestic marketing – beef

Program objective

Grow consumer demand for beef on the domestic market.

Overview

The value of the domestic beef market continues to grow, reaching \$6.1bn in 2004. However, the surge in 'demand' growth since 2002 is slowing and further marketing stimulation is required to support continued demand and value growth. With record retail prices, the challenge is for increased beef meal frequency by addressing the attitudinal barriers to consumption as well as aggressively promoting the drivers. This is the subject of the current Beef Industry Funding Steering Committee review. However, current funds will continue to be focused on nutrition communication, quality improvement and retail development.

A key feature of the beef plan for 2005-06 will be the launch of the second stage of the *Red Meat.Feel Good* campaign in a joint program with sheep, and the launch of the *CSIRO Total Wellbeing Diet* book. Recognising the popularity of chicken with children, and in spite of the absence of beef meal promotional funds, we will undertake one beef mince promotion targeting kids' meals.

Sub-programs	Primary objectives
1. Beef promotion – inspire consumers to choose beef meal options	Maintain beef mince presence as a popular and easy children's meal.
2. Nutrition – develop consumer appreciation of the essential role of red meat in a healthy diet	Consumers and health opinion leaders regard red meat as an important source of valuable nutrients.
3. Retail promotion – maintain and expand a strong presence for beef in retail outlets	Key retailers regard red meat as a high priority category, and are employing innovative and customer focused merchandising practices.
4. Foodservice promotion – maintain and expand a strong presence for beef in foodservice outlets	Key foodservice operators regard red meats as popular and appealing, and feature innovative beef dishes.
5. Market research – monitor consumer attitudes and behaviour in respect to beef as well as volume/value trends	MLA is a valuable source of information on domestic market and consumer trends.
6. MSA – improve the eating quality and consistency of beef	Key enterprises are employing MSA specifications, practices and technologies
7. Secondary cuts – grow demand and value for secondary cuts	Develop and launch a secondary cuts program targeting retail and foodservice.
8. Beef integrity – develop community trust in beef production	Develop and launch a beef integrity campaign in partnership with National Farmers' Federation and state farm organisations.

Major program KPIs for 2005-06

- Grow domestic market value by a further \$300m to reach \$6.4bn in 2005
- Further reduction in nutritional barriers to red meat consumption across a range of attitudinal measures
- Grow MSA grading numbers by 25% to 783,000 head

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)								Total			
		1	2	3	4	5	6	7	8				
Grassfed cattle	R 123 M 5,330		100	649	2,514	913	553	22	221	680	1,500	122 7,029	
Grainfed cattle	R 20 M 980		20	115	846	162	98	39	120	600		20 1,980	
Processor	R 150 M 1,988		150	266	1,031	374	227	90				150 1,988	
Government	R 293		270				22					292	
Total	R 586 M 8,298	0	540	1,030	4,391	1,449	878	44	350	800	600	1,500	584 10,998

1.1.2 Domestic marketing – sheepmeat

Program objective

Grow consumer demand for lamb and mutton on the domestic market.

Overview

The value of the domestic sheepmeat market continues to show considerable growth, breaking the \$2bn mark for the first time in 2004, with consumer expenditure up from \$1.4bn in 1998 to reach \$1.9bn in 2003. Share losses to pork, arising from the shortage of lamb in the market, have been arrested during 2004-05, and further clawback is anticipated as lamb production recovers from the drought.

With an increase in supply likely in 2005-06, a major advertising and promotional event is again planned for spring 2004, followed up by additional events at Australia Day and Mother's Day, to further recapture some of the meal occasions that we have lost. This will be supplemented with the continuing *Red Meat.Feel Good* campaign in partnership with beef, and the inclusion of the sheepmeat eating quality science into the MSA program.

Sub-programs	Primary objectives
1. Lamb promotion – develop and maintain lamb's distinct identity and presence in the meat category	Regain market share with aggressive advertising and promotional activity.
2. Nutrition – develop consumer appreciation of the essential role of red meat in a healthy diet, supplemented by research into the dietary role of red meat	Consumers and health opinion leaders regard red meat as an important source of valuable nutrients.
3. Retail promotion – maintain and expand a strong presence for sheepmeat in retail outlets	Key retailers regard red meat as a high priority category, and are employing innovative and customer focused merchandising practices.
4. Foodservice promotion – maintain and expand a strong presence for sheepmeat in foodservice outlets	Key foodservice operators regard red meats as popular and appealing, and feature innovative lamb dishes.
5. Market research – monitor consumer attitudes and behaviour in respect to sheepmeat as well as volume/value trends	MLA is a valuable source of data on domestic market consumer trends.
6. Sheepmeat Eating Quality – improve consumer satisfaction with sheepmeat	Key enterprises are employing SMEQ specifications, practices and technologies.

Major program KPIs for 2005-06

- Grow domestic market value by a further \$100m to reach \$2.1bn
- Grow lamb's household meal share by 0.5pts
- Grow adoption of SMEQ science to cover 80% of lamb in the market.

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)						Total
		1	2	3	4	5	6	
Mutton R	0							0
Mutton M	60		10				50	60
Lamb R	150		125			25		150
Lamb M	7,745	5,104	1,576	724	428	325	265	8,422
Processor R	50		50					50
Processor M	663	401	124	57	34	25	25	666
Goat R	0							0
Goat M	31				31			31
Government R	200	0	175	0	0	25	0	200
Total R	400	0	350	0	0	50	0	400
Total M	8,178	5,505	1,710	781	493	350	340	9,179

1.2.1 Export trade and consumer promotion – beef

Program objective

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

Overview

The suspension of US beef imports into key Asian markets both provides opportunities and poses threats to the Australian beef industry. Although in the short term demand from these markets is strong, in total these markets have contracted. If sales are not to suffer, effort must be applied to stimulating demand both now and once the US beef import suspension is lifted.

Within the context of similar budget levels for this year, the allocation across markets has been held relatively constant, but the mix between retail and foodservice has been altered slightly towards the retail channel. The main regional budget variation is an increase in the South-East Asia budget to reflect an increase in resources for China.

Sub-programs	Primary objectives
1. Promote image of 'integrity' internationally	Increase product differentiation through education, PR and media tie-ups across all markets.
2. Promote a flagship product in key markets	Establish a clear premium position for high quality Australian chilled beef in key markets.
3. Expand and maintain a strong retail presence for our beef	Capitalise on gains made during US absence from key markets.
4. Expand and maintain a strong foodservice presence for our beef	Support sales of Australian beef in foodservice sectors in the US, Japan, Korea, China, South Asia.
5. Build relationships/reputation with the trade, including emerging markets	Strengthen trade relationships with clients in all markets.
6. Monitor consumer/trade attitudes and behaviour with respect to beef	Undertake consumer and trade attitude and behavioural research in key export markets.

Market	Primary objective	Sub-programs					
		1	2	3	4	5	6
1. North America	Grow chilled beef sales and support volumes to the fast food sectors	✓	✓		✓		
2. Japan	Increase market share and build sales	✓	✓	✓	✓	✓	✓
3. Korea	Grow shelf and menu space	✓	✓	✓	✓	✓	✓
4. South Asia	Grow chilled beef sales	✓		✓	✓	✓	✓
5. Europe	Facilitate trade opportunities	✓	✓	✓		✓	
6. Middle East	Facilitate trade opportunities	✓	✓			✓	✓

Major program KPIs for 2005-06

- Market share of chilled beef to exceed 15 percentage points above 2003 levels in Korea and Japan
- Establish an accurate retail shelf space measure to monitor success of five year plan
- Maintain premium image over Brazilian manufacturing products
- Improved image of Australian beef globally as measured by consumer surveys

Budget

Sector	2004-05 budget	2005-06 annual budgets by market (\$'000)						Total
		North America	Japan	Korea	South Asia	Europe	Middle East	
Grassfed cattle	M 12,200	660	6,400	3,800	1,710	70	20	12,660
Grainfed cattle	M 1,670	100	2,000	500	100			2,700
Processor	M 0							0
External	M 0							0
Total	M 13,870	760	8,400	4,300	1,810	70	20	15,360

1.2.2 Export trade and consumer promotion – sheepmeat

Program objective

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

Overview

Australian lamb sales to North America continued to grow despite the drought and are forecast to expand further. Programmes in North America are focused on retaining and increasing key customer accounts and improving consumer perceptions towards lamb. Sales of Australian lamb are also increasing in Asian markets. Resources will continue to be applied to building overall awareness and positive sentiment, working collaboratively with Australian exporters.

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

Sub-programs	Primary objectives
1. Expand retail presence and product identification for Australian sheepmeat	Increase retail sales of Australian lamb in the US, Japan, Korea, the Middle East and Taiwan.
2. Increase foodservice penetration and usage of Australian sheepmeat	Increase penetration of Australian lamb in the US, Japan and Taiwan.
3. Provide technical services to assist with product presentation and usage	Increase usage of high valued lamb items in the US, Japan, the Middle East and Chinas.
4. Build trade relationships and develop knowledge in emerging markets	Undertake trade relations activities to encourage use of lamb in major export markets and mutton in the Middle East, North America, Chinas and South-East Asian regions.
5. Monitor consumer attitudes and behaviour with respect to sheepmeat	Undertake market research in key export markets for Australian sheepmeat.

Market	Primary objective	Sub-programs				
		1	2	3	4	5
Lamb and mutton						
1. North America	Increase retail and foodservice sales	✓	✓	✓	✓	✓
2. Japan	Develop new customers	✓	✓	✓	✓	✓
3. Korea	Build trade interest				✓	
4. South East Asia/Chinas	Expand sales through trade support	✓	✓	✓	✓	✓
5. Europe	Monitor and build relationships	✓	✓		✓	
6. Middle East/Africa	Expand retail and manufacturing use	✓		✓	✓	

Major program KPIs for 2005-06

- Grow the export sales value of Australian lamb by at least 3%
- With respect to table cuts, increase the proportion of chilled lamb to frozen lamb exports by 5%
- Improved image of Australian lamb globally as measured by consumer surveys
- Maintenance of international mutton market share

Budget

Sector	2004-05 budget	2005-06 annual budgets by market (\$'000)						Total
		North America	Japan	Korea	South Asia	Europe	Middle East	
Mutton M	110	50	15		50		150	265
Lamb M	6,130	3,535	700	300	650	200	750	6,135
Goat M	125	100			25			125
Total M	6,365	3,685	715	300	725	200	900	6,525

1.2.3 Trade development – live exports

Program objective

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

Overview

Changes to access and veterinary protocol conditions in international markets materially affect the profitability of livestock producers and exporters. These conditions are under continual threat of adverse change by overseas governments seeking to protect domestic livestock producers.

In the major livestock export markets, trade and government contacts will be cultivated to ensure early warning of any proposed changes, and to provide a means of response to such proposals.

An industry/government access committee will be maintained to set priorities for improvements to access conditions and ensure a co-ordinated response to emerging threats to market access.

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

A new initiative in South-East Asia will be promotional support, in modern retail outlets, and education and sales incentive programs in wet markets, where beef from Australian cattle is sold.

Sub-programs	Primary objectives
1. Middle East/Africa – market access	To defend existing access conditions, and identify and action opportunities to improve access and veterinary protocol barriers to markets in the region.
2. Middle East/Africa – trade support	To improve demand for Australian livestock because of quality improvements resulting from technical trade support.
3. Asia Pacific – market access	To defend existing access conditions, and identify and action opportunities to improve access and veterinary protocol barriers to markets in the region.
4. Asia Pacific – trade support	To improve demand for Australian cattle through technical and promotional support.
5. R&D – trade support	To improve the efficiency of assembling, holding and transporting Australian livestock exports.

Major program KPIs for 2005-06

- At least maintain existing access conditions into overseas markets for Australian livestock for 2005-06
- Improve veterinary protocols for at least one market in Asia, and in the Middle East/Africa for 2005-06
- Provide technical support in key emerging markets in Middle East, including Libya, and Syria
- Provide technical support to top seven importer/distributors in Indonesia, Philippines, and Malaysia
- Develop and launch promotional support program in Indonesia in 2005-06
- Research completed in 2005-06 to provide science-base to key livestock export standards relating to curfews and stocking densities

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)					Total
		1	2	3	4	5	
Mutton	R					28	28
	M	74	35	35			70
Lamb	R					11	11
	M	26	10	20			30
Grassfed cattle	R					57	57
	M	147	30	5	60	275	370
Live exporter	R					96	96
	M	247	75	60	60	50	245
Government	R					192	192
Total	R					384	384
	M	494	150	120	120	325	715

1.3.1 Market access – beef

Program objective

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

Overview

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

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

The World Trade Organisation (WTO) Doha Round continues to offer some prospects for trade reform. It is critical that real and significant improvements in market access are forthcoming from this round. A solid body of work, known as the Magellan Project, has already been completed aimed at positioning the Australian beef and cattle industries for the Doha Round, but this work needs to be kept current as the round unfolds.

Alongside the WTO activities, it is necessary to position the Australian beef industry in free trade agreements (FTAs) involving Australia. There are currently FTAs in various stages of negotiation with ASEAN, Malaysia, the United Arab Emirates and China. Additionally, Japan and Australia have agreed to commence an FTA feasibility study. The study will examine the pros and cons of a bilateral FTA, as part of measures to advance economic relations between the two countries.

Sub-programs	Primary objectives
1. Defence and improvement of conditions of access to overseas markets	To both defend existing market access conditions in overseas markets and, where possible, to improve these conditions through the elimination or reduction of economic or technical barriers to trade in beef and live cattle.
2. Market access research	To conduct research into the impact of access barriers on the Australian cattle and beef industry and into strategies for removing these barriers.

Major program KPIs for 2005-06

- Maintain existing rights of access into markets
- Reduce trade barriers in at least one market (beef or sheepmeat)
- Australian Government negotiators are aware of and acknowledge industry priorities for the WTO Doha Round

Budget

Sector	2004-05 budget	2005-06 annual budgets by market (\$'000)								Total	
		Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D		
Grassfed cattle	R	135								135	135
	M	837	147	216	107	108	110	115			803
Grainfed cattle	R	9								9	9
	M	76	20	29	15	15	15				94
Processor	R	143								144	144
	M	784	167	245	122	48	102	115			799
Government	R	287								288	288
Total	R	574	0	0	0	0	0	0	0	576	576
	M	1,697	334	490	244	171	227	230	0	0	1,696

1.3.2 Market access – sheepmeat

Program objective

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

Overview

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

Conditions for market access in a number of markets – particularly in the Middle East, South Africa and Europe – continue to frustrate the Australian industry. Although minor progress has been made on some of these issues, the major challenges remain. Unceasing effort is needed if there is to be any chance of restrictions being rolled back.

The World Trade Organisation (WTO) Doha Round continues to offer some prospects for trade reform. It is critical that real and significant improvements in market access are forthcoming from this round. A solid body of work has already been completed aimed at positioning the Australian sheepmeat industry for the Doha Round. Securing quota improvements into the European Union is a particularly important objective for the round.

Alongside the WTO activities, it is necessary to position the Australian sheepmeat industry in free trade agreements (FTAs) involving Australia. Currently FTAs are in various stages of negotiation with ASEAN, Malaysia, the United Arab Emirates and China. Additionally, Japan and Australia have agreed to commence an FTA feasibility study.

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

Sub-programs	Primary objectives
1. Defence and improvement of conditions of access to overseas markets	To both defend existing market access conditions in overseas markets and, where possible, to improve these conditions through the elimination or reduction of economic or technical barriers to trade in sheepmeat.
2. Market access research	To conduct research into the impact of access barriers on the Australian sheepmeat industry and into strategies for removing these barriers.

Major program KPIs for 2005-06

- Maintain existing rights of access into markets
- Reduce trade barriers in at least one market (sheepmeat or beef)
- Australian Government negotiators are aware of and acknowledge the priorities of the sheepmeat industry for the WTO Doha Round

Budget

Sector	2004-05 budget	2005-06 annual budgets by market (\$'000)								Total	
		Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D		
Mutton	R	8								9	9
	M	122	27	38	5	2	26	70	61		229
Lamb	R	55								67	67
	M	729	97	116	45	8	61	45	143		515
Processor	R	64								76	76
	M	701	96	165	0	3	66	115	196	0	641
Goat	M	10	5				3				8
Government	R	127								152	152
Total	R	254	0	0	0	0	0	0	0	304	304
	M	1,562	225	319	50	13	156	230	400	0	1,393

1.4.1 Red meat product innovation

Program objective

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

Overview

The Red Meat Innovation (RMI) program has identified four drivers: extended shelf life; utilisation of low value cuts; health and nutrition; and convenience that will grow demand and increase the value of red meat. The aim of this program is to assist industry to continuously roll out value added red meat products.

The RMI program in 2005-06 will facilitate industry innovation by conducting strategic research to develop new platform technologies that can be tailored and adopted by the red meat industry to deliver significant value adding innovations. The platforms will also allow the industry to maintain access to leading edge scientific and technical knowledge in the four sub program areas identified. In addition, RMI will increase the industry's capability to develop and produce value added products through the provision of an integrated range of information and technical support services, including market research. Value added red meat products will contribute to Australia's competitive advantage over other suppliers in export markets.

Sub-programs	Primary objectives
1. Extended shelf/display life	To develop new technologies or adapt existing technologies to extend the shelf and display life of fresh and value added red meat. Projects include CO in MAP, ozone treatment, edible coatings.
2. Utilisation of low value cuts	To develop new technologies (such as meat strip alignment technology) and products that will utilise the low value cuts of the carcass resulting in increased value and demand of these commodity cuts.
3. Health and nutrition	To develop new technologies and functional food products (such as such as functional red meat products that reduce fat absorption) that will deliver healthy and nutritious value added red meat products in line with consumer trends.
4. Convenience	To develop new technologies and products that will enable the customer (retail and food service) to prepare red meat products without lengthy preparation times and cooking skills.

Major program KPI's for 2005-06

- Identify one project in extended shelf life that has technical potential to deliver positive impact for the industry and quantify its impact to the industry
- At least two commercial players have adopted and delivered new products utilising the meat strip alignment technology
- Quantify commercial industry potential in using functional ingredients in manufactured red meat products to reduce fat absorption
- One initiative for developing a new technology to produce convenient products commenced

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)				Total
		1	2	3	4	
Mutton R	10	2	3	2	3	10
Lamb R	91	23	23	23	22	91
Grassfed cattle R	99	25	24	25	25	99
Processor R	201	50	50	50	50	200
Government R	401	100	100	100	100	400
Total R	802	200	200	200	200	800

1.4.2 Co-products

Program objective

Ensure the industry is well positioned to capture value from a range of co-product opportunities, including biologically active components of red meat and co-products, and to take advantage of Australia's competitive positioning as a 'clean and green' source of high value/high integrity raw materials for the global health care, nutrition and food industries.

Overview

While approximately 89% of the final value derived from a carcass may be attributed to meat, around 62% of the animal is not meat (includes hides and skins, offal, blood, rendered products etc).

Traditional uses for rendered co-products remain under threat, thus end-use applications and markets have changed significantly in recent years. In a worst case scenario (ie disposal only), research has indicated a direct impact on livestock prices of at least \$26 per head. At the other end of the continuum, high value bioactives (derived from blood and other organs) are showing strong demand across a wide range of applications with the global market expected to grow by 300% over the next five years to be worth more than \$US1 billion.

The Australian red meat industry is uniquely positioned to take advantage of this growth due to our 'clean and green' image and disease free status. At present, there is insufficient infrastructure within the value adding sector to fully access this burgeoning market and the aims of the high value bioactives program is to kick-start and maintain a red meat bioactives industry.

Attention of the co-products program will focus on identifying target opportunities, development of value-added processing capabilities accessible to Australian processors, and the development of supply chains for delivery of co-products to international markets.

Sub-programs	Primary objectives
1. Co-products (rendered)	<ul style="list-style-type: none"> ▪ Maintain and protect existing markets ▪ Identify alternative uses and processes ▪ Develop contingency plans for disposal
2. High value bioactives	<ul style="list-style-type: none"> ▪ Identify key bioactives markets ▪ Identify opportunities, trends and gaps in bioactives supply chain ▪ Facilitate regulatory approval of functional claims ▪ Improve global perception of supplier integrity
3. Value added co-products	<ul style="list-style-type: none"> ▪ Establish an industry baseline ▪ Engage key pet food manufacturers ▪ Identify opportunities, trends and gaps in pet food supply chain

Major program KPIs for 2005-06

- Rendered co-products (or raw materials) are directed into one new non-feed application
- Contingency plan in place for safe disposal of specified risk materials
- Demonstrate increased revenue from bioactives and co-products
- Demonstrate improved supply chain integrity
- Increase processor industry awareness of pet food opportunities

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)			Total
		1	2	3	
Mutton R	30	12	16	3	31
Lamb R	75	30	39	6	75
Grassfed cattle R	105	42	54	9	105
Processor R	200	79	104	17	200
Government R	411	163	213	35	411
Total R	822	325	425	70	822

2.1 Meat safety/Issues management

Program objective

Ensure integrity and safety of beef/sheepmeat

Overview

The MLA Meat Safety/Issues Management program supports the activities of SAFEMEAT, a partnership between the commonwealth and state governments and all sectors of the red meat industry. SAFEMEAT oversees and promotes sound management systems to deliver safe and hygienic product to the market place, and implements sound crisis management principles and strategies.

Sub-programs	Primary objective
1. Prion Research	Enhance disease surveillance and testing capability for bovine spongiform encephalopathy (BSE). Assess impact of BSE control measures. Scientific input to communications strategies.
2. Domestic and international issues management	Minimize market disruption arising from food safety and related incidents, creating positive perceptions of Australian meat safety
3. Microbiological food safety research and development	Develop safety management programs based on sound science, risk assessment and implementation of new strategies.
4. National identification schemes	Continue supporting implementation of NLIS-for cattle and sheep.
5. SAFEMEAT secretariat	Provide secretariat services to SAFEMEAT.
6. Communication and education	Provide effective communication and education regarding food safety and industry issues. Develop and implement the BSE communication and education program.
7. Biotechnology	Develop strategies and initiatives enabling the beef, sheep and goat industries to use and exploit the benefits of gene technology and other biotechnologies, while meeting consumer requirements.
8. Livestock quality systems	Manage LPA program communication, extension, auditing, rules and standards and accreditation (levels 1 and 2). Continue to support NVD program (paper and electronic). Manage chemical residue issues relating to chemical usage and animal feeding.

Major program KPIs for 2005-06

- Deliver BSE communication and education programme 31/3/06
- An industry-wide risk assessment model for BSE is developed by 30/6/06
- Australian public health officials acknowledge the food safety status of red meat
- Regulatory changes deliver greater than \$1million savings to processors.
- 50% of all registered LPA Producers are fully accredited by 30/6/06
- LQS Extension program delivered to 70 events by 30/6/06
- Ensure the NLIS database processes 95% of transfer files in < 30 minutes (30/04/06)
- Ensure the NLIS database processes 95% of database queries in < 30 minutes (30/04/06)
- NLIS Helpdesk calls are accurately documented and resolved in a timely and professional manner, supported by an independent stakeholder survey (30/6/06)

Budget

Sector	2004-05 budget	2005-06 budget (\$'000)								Totals
		1	2	3	4	5	6	7	8	
Mutton R	97			15	25	2	2	1	10	55
Mutton M	81		80			2	4			86
Lamb R	547			83	145	5	13	3	45	294
Lamb M	475		420			11	26		15	472
Grassfed cattle R	1,166	138		253	350	16	52	8	158	975
Grassfed cattle M	1,505		1,248			32	103		32	1,415
Grainfed cattle R	106	15		36	50	2	7	1	22	133
Grainfed cattle M	136		174			4	15		5	198
Processor R	1,098	120		386	230	20	61	12	135	964
Processor M	1,860		1,797			40	122		40	1,999
Goat R	16						2		20	22
Goat M	2						4		4	8
Live export R	147	27				5	15		20	67
Live export M	26					11	30		4	45
External M	2,415				3,640				3,500	7,140
Government R	3,177	300	0	773	800	50	152	25	410	2,510
Totals R	0	600	0	1,546	1,600	100	304	50	820	5,020
Totals M	6,500	0	3,719	0	3,640	100	304	0	3,600	11,363

2.2 Meat Standards Australia

Program objective

Having the world's leading eating quality grading and labelling system (MSA™). Continue to expand the MSA model to enable the delivery of eating quality outcomes to a wider range of beef cattle (older), through ongoing R&D. Launch the MSA sheepmeat program.

Overview

The objectives of the MSA program are:

- Deliver a program with wider application when grading a range of cattle
- Develop and implement systems for the launch of MSA for sheepmeats
- To provide the industry with accurate, unbiased and reliable eating quality standards
- Work with industry to ensure consumers can purchase beef and sheep of a described eating quality
- Continue to develop the world's most innovative technology relating to beef and sheep eating quality
- Provide information and training to increase the profitability all participants in the supply chain

During 2005-06 efforts will continue to be focussed on increasing the uptake of company grading, while maintaining grading services on a commercial basis for those who prefer this option. Technical expertise will continue to be provided to enterprises in all sectors, particularly through training programs that target each industry sector. Additional R&D will be required to expand the current MSA model to allow for the grading of older cattle. 2005-06 also brings the implementation stage of eating quality systems for sheepmeats. These systems will be developed and implemented into the six current supply chains involved in the pilot prior to expansion with other enterprises.

Sub-programs	Primary objectives
1. Delivery of MSA beef grading and technical services	Continue to support adoption of MSA technology through maintaining an independent, world class, grading service for beef and move further toward full cost recovery.
2. Delivery of a commercial beef grading service	Provide processors choosing not to shift to company grading with trained graders on a commercial basis.
3. Delivery of training and integrity systems for beef grading	Facilitate the adoption of MSA technology through further development and delivery of training modules to increase and maintain the knowledge of technology whilst enhancing integrity through rigorous auditing.
4. Retail, food service, wholesale support for beef	Training and technical support for retailers, food service operators and wholesalers using MSA beef, whilst ensuring the integrity of the mark.
5. Further development of MSA beef model	Further develop grading protocols to ensure all categories, including older cattle, are eligible for grading, evaluation of holding times, etc.
6. Implementation of sheepmeat eating quality standards	Develop and adopt of specification and standards by lamb and sheepmeat supply chains to improve product quality while maintaining integrity.
7. Retail, foodservice, wholesale training	Develop training programs targeted at further utilisation of sheepmeat products.

Major program KPIs for 2005-06

- Deliver complete grading model to industry by 31/12/05
- Deliver MSA grading to three additional major beef processors 30/06/06
- Launch complete electronic correlation program 30/06/06
- Launch SMEQ program as part of MSA operations 30/12/05

Budget *

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)							Total
		1	2	3	4	5	6	7	
Mutton R							66	60	126
Lamb R							71	65	136
Grassfed cattle R	1,432	643		205	128	126			1,102
Grainfed cattle R	158	215		69	43	54			381
Processor R	72				60	195			255
External M	865		800						800
Government R	1,662	858		274	231	375	137	125	2,000
Total R	3,324	1,716		548	462	750	274	250	4,000
M	865		800						800

* This budget does not include funding to be expended on MSA promotion under program 1.1.1.

3.1 Environment – resource management

Program objective

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

Overview

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

This program will undertake research and delivery of information, to address these issues to ensure the sustainability and profitability of the industry.

Sub-programs	Primary objectives
1. Northern beef	Source relevant R&D projects to improve our understanding and management of priority NRM issues in northern Australia.
2. Southern beef	Development and delivery of information, products and services for cereal zone and hrz producers that increase profit and address regional environmental issues. This includes increasing the existing focus into water use efficiency, soil, biodiversity, weed and feedbase sustainability.
3. Lamb, sheep and goats	Development and delivery of information, products and services for cereal zone and hrz producers that increase profit and address regional environmental issues. This will include increasing the existing focus into water use efficiency, soil, biodiversity, weed and feedbase sustainability.
4. Feedlot	Source relevant R&D projects to improve our understanding and management of environmental issues facing the feedlot sector. Provide information and technologies to assist feedlot managers to meet legal environmental requirements and exceed acceptable community standards.
5. Processing	Identify key environmental priorities for the meat processing sector in the areas of fundamental, applied and defensive research and ensure the sector is provided with the required knowledge, tools and technologies.

Major program KPIs for 2005-06

- Life cycle analysis industry workshops on environmental issues completed
- Complete longitudinal study of how mixed farming practices influence biodiversity
- Develop business management plan for effective delivery of weed management information to 2010
- Nine Grain & Graze regional projects achieve performance targets of participation
- Ninth Grain & Graze region in the Maranoa–Balonne region operational
- EverGraze project sites established in WA, Victoria and NSW, with contributions from CMAs
- Joint AGO/MLA research project to address methane emissions from feedlots initiated
- Meat Processing Industry Best Practice Guidelines acknowledged by two state EPAs

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)					Total
		1	2	3	4	5	
Mutton	R 298						
Lamb	R 1,602			914			914
Grassfed cattle	R 1,825	1,000	399				1,399
Grainfed cattle	R 90				267		267
Processor	R 450					450	450
Goats	R 13						0
Government	R 4,278	1,000	399	914	267	450	3,030
Total	R 8,556	2,000	798	1,828	534	900	6,060

3.2.1 Animal welfare – on farm

Program objective

Supporting productivity, product quality and market access by providing tools and knowledge to improve the well-being of Australian livestock and address issues of community concern.

Overview

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

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

Sub-programs	Primary objectives
1. Objective measures of animal welfare	Identify objective measures of welfare to influence the development of sustainable animal welfare practices and policies
2. Land transport	Develop a practical risk management approach to land transport to allow for flexibility of practices while maintaining or improving animal welfare outcomes
3. Quality assurance	Develop a practical on-farm animal welfare QA module
4. Animal husbandry	Provide tools and knowledge to improve the welfare outcomes resulting from a range of accepted production practices
5. Community issues on animal welfare	Monitor trends in public opinion towards animal welfare in order to address consumer concerns with evidence based science
6. Communication, education and training	Develop training and education packages for animal handlers/stockpersons/schools To communicate program outcomes to industry stakeholders

Major program KPIs for 2005-06

- Foundations of the animal welfare QA module developed
- Public and industry perception surveys completed
- Education pilot for secondary school students or personnel in the livestock industries launched
- Collaborative objective measures R&D investment framework developed
- Preliminary transport experiment completed examining the impact of pre-transport handling/loading/recovery on animal welfare
- Heat load risk assessment software package validated and submitted to the National Feedlot Accreditation Scheme

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)						Total
		1	2	3	4	5	6	
Mutton R	53	6	12	12	13	5	5	53
Lamb R	446	122	103	55	91	11	64	446
Grassfed cattle R	200	40	50	40	35	15	20	200
Grainfed cattle R	58	0	0	0	58	0	0	58
Government R	757	168	165	107	197	31	89	757
Total R	1,514	336	330	214	394	62	178	1,514

3.2.2 Animal welfare – live export

Program objective

Improve the welfare of livestock during the process of export, from assembly on farm through to transport overseas, and after arrival in the destination market.

Overview

The welfare of livestock exported live has become an issue of community concern with the result that the trade is threatened with closure by government. Animal rights groups are exploiting this vulnerability.

To address these concerns, a timely flow of effective research outcomes must be produced to ensure continuous improvement to animal welfare in the trade.

In addition, substantive improvements must be made to animal handling practices during the process of discharge, holding and processing of livestock after arrival in destination markets.

A major new initiative will be the implementation of a communication strategy to regain community and Government support for the live trade. At the same time, the alliance with NFF and the wool industry will be maintained to respond to the efforts of animal activists to ban the trade.

Sub-programs	Primary objectives
1. Middle East/North Africa	Improve animal handling practices during the process of discharge, holding and processing after Australian livestock arrive in the region.
2. Asia Pacific	Improve animal handling practices, particularly during processing, after Australian livestock arrive in the region.
3. Communications and issues management	Improve support for trade from key stakeholders – community, producers, politicians, bureaucrats – and effectively manage arising issues.
4. Research and development	A timely flow of effective tools and knowledge, to continuously improve animal welfare at all stages in the trade.

Major program KPIs for 2005-06

- No high mortality shipments and average mortalities below 1% in 2005-06.
- 80% of cattle slaughtered in Indonesia utilising restraining box by 30 June 2006.
- Animal handling in at least 80% of feedlots in the Middle East rated as satisfactory.
- Progress on the issue of stunning during slaughter of Australian sheep in the Middle East.
- Stunning fully adopted in three key abattoirs in Philippines, and trialled (with approval of Islamic authorities) in major Indonesian abattoir.
- Improvement in numbers in favour of live trade from 52% to 55%.
- Experiments completed to determine heat stress thresholds of selected classes of sheep and cattle for inclusion in the heat stress risk assessment software.
- Project contracted to investigate persistent inappetence and salmonellosis in pastoral sheep and lambs exported from Adelaide and Portland.
- Management options to improve the production and welfare outcomes associated with the export of entire male livestock reviewed and communicated to industry.

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)				Total
		1	2	3	4	
Mutton R	118				43	43
Mutton M	188	115		322		437
Lamb R	50				25	25
Lamb M	109	30		300		330
Grassfed cattle R	196				150	150
Grassfed cattle M	534	30	130	400		560
Live exporter R	301				218	218
Live exporter M	556	175	130	150		455
Government R	665				436	436
Total R	1,330				872	872
Total M	1,387	350	260	1,172		1,782

4.1 Improving productivity

Program objective

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

Overview

Decreasing commodity prices (in real terms) and increasing input prices mean that the red meat industry is under constant pressure to increase the efficiency of production in order to maintain current levels of business profitability. The key productivity (and profitability) drivers differ between regions and industry sectors. This program will work with industry to identify these drivers, develop R&D projects to enable industry to efficiently improve productivity, and ensure the R&D results are communicated to stakeholders in an effective way. The program focuses on productivity improvement through: breeding herd/flock productivity; reduced reproductive loss in cattle; reduced impact of internal parasites in sheep; development of automation technologies for the processing sector; and working with industry to improve occupational health and safety.

Sub-programs	Primary objectives
1. Northern beef	Identify key productivity drivers for the northern beef industry and source relevant R&D projects to improve our understanding and management for these drivers.
2. Southern beef	Improve cow herd and overall beef enterprise productivity and improve feed utilization at the flock or herd and individual animal level.
3. Lamb, sheep and goats	Improve ewe flock productivity, via maternal performance and optimisation of the meat/wool balance. Improve animal temperament.
4. Feedlot	Identify key productivity drivers for the feedlot industry and source relevant R&D projects to improve our understanding and management for these drivers.
5. Processing technology	Encouraging processors and solution providers to experiment with innovative processing techniques to secure profits and long term sustainability of the industry and safety of the community.
6. Processing occupational health and safety	Assist the processing sector to better understand and eliminate/manage the major OH&S issues.
7. Sheep Genetics Australia (Lambplan, Merino Select)	Providing genetic evaluation tools and information for the sheep industry.
8. Alternative stunning research	Develop new and improve existing stunning techniques in order to deliver individually tailored solutions to the Australian red meat industry.

Major program KPIs for 2005-06

- Trial work for the pathogen testing component of the CSIRO grain devitalisation project completed
- The role of vitamin A in calf wastage in northern Australia reviewed and relevant research and/or communication activities initiated
- PCR diagnostic test for reproductive diseases of cattle available for use by diagnostic laboratories
- EverGraze projects established within the Dryland Salinity CRC
- Dairy beef and goat best practice manuals produced and released
- Implementation of PasturePlan
- New generation ProGraze developed and released
- Document and disseminate robotics strategy to industry outlining industry benefit in relation to labour saving and OHS
- Identify requirements for initial development of advanced visioning and sensing systems for automation
- One new stunning technology ready for commercialisation

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)								Total
		1	2	3	4	5	6	7	8	
Mutton R	355			320				13		333
Lamb R	1,470			1,995				42		2,037
Grassfed cattle R	1,450	770	932							1,702
Grainfed cattle R	895				875					875
Processor R	900					575	325		400	1,300
Goat R	50			115						115
External M	710							710		710
Government R	5,120	770	932	2,430	875	575	325	55	400	6,362
Total R	10,240	1,540	1,864	4,860	1,750	1,150	650	110	800	12,724
M	710	0	0	0	0			710		710

4.2 Adoption and capacity

Program objective

Communicate, facilitate use of, and help deliver the tools and information resulting from MLA's R&D to its livestock producer, feedlotter and processor stakeholders.

Overview

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

Sub-programs	Primary objectives
1. Communication	Increase producer awareness of MLA's tools and information
2. Delivery	Increase producer access to, and uptake of, information
3. Building capacity	Increase understanding and application of best practices to build capacity of producers and intermediaries (including EDGE)
4. Monitoring and evaluation	Track program awareness and adoption of key management practices
5. Processor innovation adoption services	Accelerate the adoption of R&D outcomes in the processing sector via a variety of innovation transfer activities.
6. Processor leadership and management capability	Undertake research aimed at developing leadership and organisational capabilities in the processing sector.
7. Plant-initiated projects	Support and enhance the innovation capabilities of the processing sector via the development and implementation of individual company focused R&D projects.
8. Meat Profit Days	Showcase new technologies and information that benefit levy payers.

Major program KPIs for 2005-06

- Increase awareness of MLA tools and information by 5% of targeted producers
- Increase the rate of trial of, or participation in, MLA tools and information by 5% of targeted producers
- Encourage increased adoption of at least one key management practice by 5% of targeted producers
- Increase processor awareness of targeted R&D programs by 5%
- Increase processor participation and adoption in innovation activities by 5%
- Facilitate the development of five processor innovation strategies and demonstrated improvement in innovation culture and capability

Budget

Sector		2004-05 budget	2005-06 annual sub-program budgets (\$'000)								Total
			1	2	3	4	5	6	7	8	
Mutton	R	286	54	73	163	4	0	0	0	5	299
	M	8								8	8
Lamb	R	1,334	257	354	764	19	0	0	0	25	1,419
	M	50								50	50
Grassfed cattle	R	1,472	436	385	743	80				48	1,692
	M	79								79	79
Grainfed cattle	R	59	25	50	25					2	102
	M	4								4	4
Processor	R	2,512					500	875	1,250		2,625
	M	0									0
Goat	R	77	15	60		2				1	78
	M	1								1	1
External	M	200			135						135
Government	R	5,740	787	922	1,695	105	500	875	1,250	81	6,215
Total	R	11,480	1,574	1,844	3,390	210	1,000	1,750	2,500	162	12,430
	M	342	0	0	135	0	0	0	0	142	277

4.3 Supply chain management

Program objective

Assist the Australian red meat industry to achieve world leadership in supply chain management (SCM) by:

- Enhancing social, environmental and food safety systems;
- Improving product quality and consumer responsiveness; and
- Increasing through chain efficiency and lowering cost of production.

Overview

There are two ways that businesses can position themselves in a market place, either cost competitive or through product differentiation. The Australian red meat industry is shifting its focus from pricing to the value that a product can add and to do this successfully a new business approach and skill set are required.

Red meat businesses must cooperate and collaborate to provide a value added product at a competitive price. SCM is a discipline that captures the management of upstream and downstream relationships with suppliers and customers to deliver superior customer value at less cost to the supply chain as a whole.

The transfer of knowledge on best practice SCM to industry is the charter of the first subprogram. The second subprogram involves R&D on information and communication technologies that will assist the industry to capture and provide the information required to enhance the performance of supply chains. MLA will assist red meat supply chains to implement and/or apply best practice SCM and/or ebusiness systems to develop and deliver differentiated products to the consumer in sub-program 3. Projects in this area will be funded through the partnership program. The final subprogram will involve implementation of strategic adoption strategies for SCM initiatives.

Sub-programs	Primary objectives
1. Building capacity and best practice	Enhance the industry's competency and capability to implement world's best practice SCM through review, research, training and communication.
2. Enabling technologies and systems	The development and application of new enabling technology platforms and the application of SCM focused systems.
3. Innovation on SCM practices	Increase the level of innovation within supply chains through partnering with business or supply chains to implement specific projects, particularly to increase production efficiency, quality, food safety, and environmental performance of supply chains.
4. Strategic adoption	Monitoring benefits obtained from the implementation of strategic adoption strategies for SCM outputs by using qualitative & quantitative measurement.

Major program KPIs for 2005-06

- Improve industry awareness of supply chain opportunities arising from R&D through a whole of industry lamb convention, and through a processors and retailer lamb and sheepmeats R&D updates workshop.
- Implement an R&D program for intensive feeding and finishing systems in lamb and sheepmeats.
- Work with industry to implement the outcomes of commercial cuts SMEQ R&D.
- Work with industry and R&D partners to establish R&D into use of e-technology in supply chain management and optimisation for lamb and sheepmeats.
- The e-business strategy (sub-program 2) is endorsed by industry.
- At least six best practice SCM program outputs are disseminated to industry.
- Adoption of best practice SCM technologies demonstrate a reduction of production costs by a sustainable 10% or greater and the overall potential industry benefit is determined and communicated to industry.
- Project outcomes demonstrate at least a 5% increase in recognised best practice supply chain attributes, eg over the hooks, performance feedback, compliance with specifications, etc.

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)				Total
		1	2	3	4	
Mutton R	176	57	55		53	165
Lamb R	1,161	340	336		184	860
Grassfed cattle R	272	94	92		85	271
Grainfed cattle R	44	15	14		14	43
Government R	1,653	506	497		336	1,339
Total R	3,306	1,012	994		672	2,678

4.4 Market Information

Overriding program objective

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

Overview

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

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

Sub-programs	Primary objectives
1. Database maintenance and access	To consolidate, extend and improve the MLA database as a national reference point for meat and livestock statistics.
2. Competitor analysis	To analyse the position of existing and potential competitors, with particular emphasis on the US, South America (beef) and New Zealand (sheepmeat).
3. Industry surveys	To produce information on the performance of livestock grazing, feedlot, co-product, foodservice and retail sectors.
4. Market intelligence services	To analyse and forecast market developments and improve information systems to meet the needs of business and industry.
5. Cattle futures	To work with the Sydney Futures Exchange to move the futures contract for young cattle towards commercial viability and to educate cattle producers and others on its use.
6. National Livestock Reporting Service	To maintain and improve livestock market reporting, including collection of livestock and co-products prices and slaughter numbers.

Major program KPIs for 2005-06

- Produce and distribute NLRs reports and publications according to stakeholder service standards
- Continue to maintain high approval ratings by subscribers for flagship publications such as Meat & Livestock Weekly (81% of subscribers rated M&LW as higher than other publications in last survey).
- Continue to be the first port of call for market information for the industry.

Budget

Sector	2004-05 budget	2004-05 annual sub-program budgets (\$'000)						Total
		1	2	3	4	5	6	
Mutton R	33	3	2	21	6			32
Mutton M	63	5			17		42	64
Lamb R	183	14	10	128	39			191
Lamb M	359	30			101		237	368
Grassfed cattle R	583	32	58	235	93	156		574
Grassfed cattle M	883	51			249	43	605	948
Grainfed cattle R	53	3	5	22	10	15		55
Grainfed cattle M	76	5			29	5	46	85
Processor R	60	60						60
Processor M	113	113						113
Goat R	4	4						4
Goat M	6	6						6
External M	892				60	50	700	810
Government R	916	116	75	406	148	171	0	916
Total R	1,832	232	150	812	296	342	0	1,832
Total M	2,392	210	0	0	456	98	1,630	2,394

5. Strategic research and development program

Program objective

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

Overview

This program is an investment in the long-term future of Australia's meat and livestock industry. It invests in opportunities provided by scientific breakthroughs in other fields and directs these to industry improvement as well as basic scientific investigation into animal disease issues affecting the industry. It specifically targets the development of post-graduate scientists in disciplines required for future industry development.

The program will work to achieve the following key outcomes:

- support long-term, basic research;
- accelerate the introduction of new ideas and technologies; and
- develop and support post-graduate training of scientists and advisory personnel to meet future livestock industry needs.

Sub-programs	Primary Objectives
1. New technologies for on-farm application	Implement new science programs with potential to improve the competitive position of Australia's livestock industries. These new science programs will provide tools from a portfolio of investments in the following areas: <ul style="list-style-type: none"> ▪ Host resistance to parasites and disease in sheep and cattle ▪ Muscle and fat development in sheep and cattle ▪ Increase number of lambs weaned ▪ Novel traits in grasses and legumes that confer environmental and animal production advantage ▪ Johne's disease pathogenesis and immunology ▪ Studies of intestinal parasites to identify new treatments ▪ New methods for vaccination of livestock ▪ Biology of soil organisms under perennial pasture systems
2. Meat quality science and technology	MLA has successfully developed a series of new electronic meat process systems that are significantly enhancing meat quality and related processing efficiencies. This sub-program provides the basic strategic research to underpin the longer-term development of the technology particularly in the areas of biochemistry and animal physiology.
3. Scientist training	Increase the number of post-graduates trained in disciplines that support R&D and innovation for the livestock industries. Initiate a targeted post-doctoral fellowship program.

Major program KPIs for 2005-06

- Establish major ovine genotyping capability
- Commercialise at least one new gene marker for beef cattle
- Roll out MLA Rainfall and Pasture Outlook Tool across southern Australia
- Variability in lamb eating quality significantly improved
- Processing sector demonstrates significant efficiencies arising from adoption of CPMS technologies
- Conduct annual MLA postgraduate student workshop
- Initiate a targeted post-doctoral fellowship program
- Greater than 60% of industry processing capacity using CPMS technologies

Budget

Sector	2004-05 Budget	2005-06 annual sub program budgets (\$'000s)			Total
		1	2	3	
Mutton R	820	773	70	94	937
Lamb R	2,180	1,638	180	127	1,945
Grassfed cattle R	650	635	75	250	960
Processor R	160	100	160	0	260
External M	2,320	2,795			2,795
Government R	3,810	3,146	485	471	4,102
Total R	7,620	6,942	970	942	8,204
M	2,320	2,795	0	0	2,795

Industry and corporate communication

Program objective

Increase the awareness and value of MLA activities through effective communication.

Overview

The communication strategy ensures that all key stakeholders are aware of the programs undertaken by MLA and their potential benefits to industry, through the development and delivery of a range of products, services and delivery strategies. The communication strategy also aims to proactively engage stakeholders and, where appropriate, create advocates.

Sub-programs	Primary objectives
1. Create awareness	Using the media, mla.com.au and targeted awareness campaigns to increase stakeholder awareness of MLA and the range of activities MLA undertakes.
2. Demonstrate relevance and value	Demonstrate the relevance and value of MLA and its activities as they relate to and benefit specific stakeholder segments. This will be done through channels such as the membership hotline, the AGM, <i>mlaPrograzier</i> and issues management in the media.
3. Proactively engage	Engage stakeholders through vehicles such as events, briefings and meetings which provide the opportunity for two way communication between MLA and its stakeholders.
4. Create advocates	Build advocates to assist in the delivery and extension of the outputs from MLA programs.

Major program KPIs for 2005-06

- Increase in member awareness of MLA activities and programs by three percentage points to 96% by 2008
- Increase in MLA membership to 35,000
- Increase in number of MLA members saying they get value from MLA by five percentage points to 75% by 2008

Budget

Sector		2004-05 budget	2005-06 annual sub-program budgets (\$'000)				Total
			1	2	3	4	
Mutton	R	44	7	31	4	4	46
	M	74	11	51	6	7	75
Lamb	R	269	39	182	22	24	267
	M	450	64	302	37	40	443
Grassfed cattle	R	428	71	335	41	44	491
	M	715	118	556	68	73	816
Grainfed cattle	R	24	4	18	2	2	26
	M	39	6	29	4	4	43
Processor	R	11				11	11
	M	39				39	39
Goat	R	5	1	3			4
	M	7		7		1	8
External	M	0		1,364			1,364
Government	R	781	122	568	70	85	845
Total	R	1,562	244	1,136	139	170	1,690
	M	1,325	200	2,309	115	164	2,787

AUS-MEAT

Overview

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

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

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

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)		Total
			1	
Mutton M	94		94	94
Lamb M	39		39	39
Grassfed cattle M	475		453	453
Grainfed cattle M	42		64	64
Total M	650		650	650

Live export standards

Program objective

Underpin a sustainable live export trade with whole-of-chain risk management and QA, ensuring acceptable risk of high mortality incidents.

Overview

Following the Cormo Express incident, and the Keniry Report, government has legislated major reforms to animal welfare standards underpinning the live trade. However, to ensure an acceptable level of risk of a high mortality incident requires the introduction of whole-of-chain risk management systems by all involved in the trade. This program aims to provide the tools and training for the industry to ensure they have the systems in place to meet standards, and to manage risks, thereby reducing the threat to the trade from unacceptable voyage outcomes.

Sub-programs	Primary objectives
1. Risk management	Major exporters adopt enhanced, whole-of-chain risk management processes.
2. Industry services	All exporters have standards management and compliance arrangements in place and operating efficiently and effectively.

Major program KPIs for 2005-06

- Minimal to zero level of high mortality incidents
- Average cattle mortalities under 0.1%, and average sheep mortalities under 1.0%
- Consignment management plan process implemented effectively by all exporters
- Top 5 exporters adopt enhanced risk management processes

Budget

Sector		2004-05 budget	2005-06 annual sub-program budgets (\$'000)		Total
			1	2	
Mutton	M	41	15	25	40
Lamb	M	40	13	20	33
Grassfed cattle	M	119	25	35	60
Live exporter	M	200	63	70	133
Total	M	400	116	150	266

Research and development partnerships

Program objective

To significantly increase the level of investment in R&D by the red meat industry and increase the innovation culture and capability of individual enterprises and the industry as a whole.

Overview

MLA's fully-owned subsidiary, MLA Donor Company Limited, provides a vehicle for attracting commercial investment in innovation from individual enterprises. Since its inception in 1999, the R&D partnership program has approved in excess of 180 projects with a total budget greater than \$76 million.

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

MLA provides support and services to R&D partners including:

- funding – utilising available matching Commonwealth Government funds
- project development
- project management and technical services
- commercialisation and business services
- facilitating industry uptake

Major program KPIs for 2005-06

- Effectively implement a balanced portfolio of R&D partnership projects across all industry sectors to meet target budget of \$19 million in innovation investment
- Demonstrate adoption by industry of partnership project outcomes with benefit/impact quantified
- Support the development of an innovation culture and capability for the industry through innovative research partnerships in targeted areas with of a minimum of five partner companies with demonstrable outcomes and benefits

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)	Total
		1	
External R	11,000	9,500	9,500
Government R	11,000	9,500	9,500
Total R	22,000	19,000	19,000

Intellectual property management

Overview

Intellectual property has a commercial value.

MLA owns and manages industry intellectual property which involves the:

- identification;
- review;
- protection (patents, trade marks, registered designs, copy right and confidential information);
- recording;
- licensing; and
- monitoring performance and infringements of intellectual property assets and liabilities.

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

Budget

Sector	2004-05 budget	2005-06 annual sub-program budgets (\$'000)		Total
		1		
Mutton R	4		4	4
Lamb R	12		12	12
Grassfed cattle R	35		35	35
Grainfed cattle R	4		4	4
Processors R	55		55	55
Government R	110		110	110
Total R	220		220	220

Corporate services

Program objective

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

Overview

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

Sub-programs	Primary objectives
1. Board and executive team	The board and executive team oversee and determine policies consistent with industry imperatives and exercise direction and governance over resources and the way in which strategies are implemented.
2. Finance and legal	The provision of accurate, timely and meaningful information to management and stakeholders, managing risks and ensuring financial controls are in place while effectively supporting operations.
3. Human resources and administration	Provide services throughout the employment life-cycle to realise the full potential of our human resources to deliver value to the industry.
4. Information technology and library services	Provide infrastructure, applications and applications support to facilitate the pursuit and realisation of organisational strategic objectives.
5. Undistributed costs	Cover costs that relate to the company as a whole, but which are not distributed to the key programs. They include insurance, repairs and maintenance, depreciation, member registry costs.
6. Corporate development	Programs relating to corporate development, including reviews of management information systems, corporate strategy and training. These programs are funded through external income, predominantly interest income.

Major program KPIs for 2005-06

- Strengthen our stakeholder service culture
- Clean audit report received
- Development and implementation of MLA's system plan

Budget

Sector		2004-05 budget	2005-06 annual sub-program budgets (\$'000)						Total
			1	2	3	4	5	6	
Mutton	R	80	21	15	9	22	1		67
	M	136	49	35	21	52	1		158
Lamb	R	490	123	88	54	131	4		399
	M	822	290	206	127	307	9		939
Grassfed cattle	R	731	212	151	93	224	6		686
	M	1,216	498	354	218	527	15		1,612
Grainfed cattle	R	92	30	21	13	32	1		97
	M	155	70	50	31	75	2		228
Goat	R	9	2	2	1	3			8
	M	14	6	4	2	6			18
External	M	2,000					1,650	350	2,000
Government	R	1,402	389	276	170	411	11	0	1,257
Total	R	2,804	777	552	340	823	23		2,515
	M	4,343	913	648	400	966	1,677	350	4,954

Goat industry programs

MLA's on-farm goat research and development and marketing program aims to provide tools to increase the sustainability of goat producers and their supply chain partners. It supports the vision of the *Goat meat industry strategic plan 2003-04 to 2005-06*.

The program will work to achieve the following key outcomes:

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

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

Sub-programs	Primary objectives
1. Parasite control	Registration of controls for internal and external parasites that affect goats (\$100,000).
2. EDGENetwork training package upgrade	Produce a document to refer goat producers to EDGE courses of relevance to them, and amend existing course material to include goat specific information (\$30,000).
3. Goat industry extension network development	Coordinate and extend goat industry information and best management practices to existing and potential goat producers (\$100,000).
4. 'Best practice' manual	Make available in hard copy, CD and WWW, a 'best practice' manual on goat production (\$100,000).
5. PIRDs	Three PIRD projects (\$30,000).
6. Goat industry research advisory committee	Operation of a goat industry research advisory committee (\$20,000).
7. Domestic marketing	Develop profile of goat meat to the foodservice market at trade events and restaurant promotions (\$31,000).
8. Export marketing	Marketing of goat meat in North America and Taiwan (\$125,000).

Major program KPIs for 2005-06

- Establish a nationally coordinated goat extension network to promote and disseminate information on goat management best practice
- Make goat specific training available to producers via the MLA EDGENetwork and other training providers
- Produce the goat best practice manual
- Identify and case study at least one goat specific supply chain alliance

Note: Goat industry program activities and expenditure are included various programs throughout this plan.

Income commentary

Projected MLA income for 2005-06 is \$151.5 million, an increase of \$6.438 million on budgeted income for 2004-05.

Changes in levy income, compared to actual income levels for 2004-05, are shown below:

Species	R&D income			Marketing income		
	2005-06 forecast	2004-05 actuals	% change	2005-06 forecast	2004-05 actuals	% change
Mutton	\$1.555m	\$1.584m	-2%	\$1.758m	\$1.789m	-2%
Lamb	\$6.493m	\$6.700m	-3%	\$15.900m	\$16.380m	-3%
Grassfed cattle	\$10.971m	\$11.010m	0%	\$27.666m	\$27.113m	2%
Grainfed cattle	\$1.731m	\$3.255m	-47%	\$3.548m	\$3.933m	-10%
Goat	\$0.154m	\$0.165m	-7%	\$0.246m	\$0.262m	-6%

The following comments are made on these income forecasts:

Mutton transactions are anticipated to decrease slightly in the 2005-06 fiscal year, resulting in a minor decrease in mutton levy income.

Lamb income is dependent on both the number of lamb transactions and the price of lambs in these transactions. Recent rain in some of the lamb growing areas is expected to result in slightly lower lamb turnoff in 2005-06 with levies from this source falling marginally by \$687K.

The cattle income forecasts are very complicated and take account of the following factors: 2004-05 grain and grassfed income figures include a \$1.702m transfer from grass to grain as a result of previous errors in the allocation of cattle levies. Of the transfer amount, \$1.530m reflects allocation errors prior to 2004-05.

Changes have occurred in the amount of per unit grassfed levies being directed to MLA in 2004-05 and further changes will occur in 2005-06. In 2004-05, for about a nine-month period, MLA has been the recipient of an additional 17 cents of the cattle levy (due to a redirection of this levy amount from certain animal health programs). In 2005-06 MLA will be in receipt of this levy for only three months.

Compared to 2004-05, the number of grassfed cattle transactions is expected to fall in 2005-06 (by 2.7%).

