



# **Annual operating plan**

2006-07

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# Introduction

Meat & Livestock Australia's *Annual operating plan 2006-07* establishes a clear direction for services and solutions to be provided by MLA over the next 12 months to maintain and improve Australian livestock and red meat sales.

## MLA AOP aligned with industry plans and national research priorities

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 arrangement of programs in this plan closely follows the strategic themes of the new Meat Industry Strategic Program (MISP).

MLA's programs are also aligned with the Prime Minister's national research priorities and the Commonwealth Government's rural research priorities. R&D program priorities continue to be focused on enhancing the sustainability of production systems, improving competitiveness through a whole of industry approach, further raising standards of food safety and integrity in the industry, opening markets, addressing disease issues and creating an innovative culture. In this context the role of the Commonwealth Government as a major contributor to MLA programs, through matching dollar R&D commitments, is acknowledged.

## Critical success factors

Delivery on all programs included in this plan is important in maintaining and improving the ongoing performance of the Australian livestock and red meat industries. However, over the coming year a number of activities are of critical importance to the achievement of this objective and in ensuring efficient delivery of MLA programs. Often these critical activities pervade more than one program included in this plan and may involve effort not only in 2006-07, but over a number of years. Identified critical success factors for 2006-07 are highlighted below.

### *Community trust*

The views of the community will inevitably impact on any industry. MLA must work with other organisations to ensure that community concerns are acknowledged and addressed so that there is a high level of understanding and trust in the integrity of our industry. Key contributing programs: 2.1 Meat safety; 3.1 Environment; 3.2 Animal welfare; 3.3 Industry integrity communications; Industry and corporate communications.

### *Eating quality*

To hold and grow our markets both in Australia and overseas, MLA must work with industry to deliver a consistently high quality product that meets consumer expectations. Key contributing programs: 1.1.1 Domestic marketing – beef; 1.1.2 Domestic marketing – sheepmeat; 1.2.1 Export trade and communication – beef; 1.2.2 Export trade and communication – sheepmeat; 2.2 Meat Standards Australia; 4.1 Improving productivity; 5.0 Strategic research and development.

### *SAP*

To be successful MLA needs to efficiently and effectively manage its broad portfolio of projects. The computer program SAP, introduced from September 2006, provides a platform that consolidates and streamlines MLA's information processes giving greater transparency and accountability. Key contributing programs: corporate services; all MLA business units.

### *Domestic beef meals*

For the first time in recent years, MLA will conduct a beef-specific marketing campaign. This will be a very visible activity funded from the increased beef levy and an important part of growing demand for beef in Australia. Key contributing program: 1.1.2 Domestic marketing – beef.

### *Performance Evaluation*

MLA has an obligation to report to all its stakeholders on their levy investment with MLA. To do that in a meaningful way, MLA must rigorously measure the effectiveness of its programs, reporting failures as well as successes. Evaluations will be conducted on at least two programs in 2006-07, with preparatory work done on other programs. Key contributing programs: all programs.

### *Sheepmeat into the European Union*

New Zealand's EU sheepmeat quota is 12 times greater than Australia's, even though both countries export similar quantities worldwide. MLA is partnering industry and government at WTO talks to gain greater access for Australian sheepmeat to the EU. Key contributing programs: 1.4.2 Market access – sheepmeat.

### *Japan segmentation*

To increase the value of the Japanese market to the Australian beef industry it is important to understand the different consumer segments and create opportunities for industry to deliver products that meet their expectations. Major work will be completed in 2006-07 on defining the different consumer segments in Japan. Key contributing programs: 1.2.1 Export trade and consumer promotion – beef; 2.2 Meat Standards Australia.

### *Benchmarking*

For the Australian red meat and livestock industry to be the world's best it must be able to measure itself against others and continually improve. To promote and maintain that competitive advantage MLA needs to both support and join industry in benchmarking performance. Key contributing programs: 2.2 Meat Standards Australia; 4.1 Improving productivity; 4.3 Supply chain management; 4.4 Market information.

### *Live export sustainability*

Live exports represent \$700 million annually to the livestock industry. MLA must work with industry to address areas of concern, and have the government and the community confident in what's being done. Key contributing programs: 1.3 Trade development – live exports; 3.2.2 Animal welfare – live exports; live export technical services.

### *Building capability*

MLA's 'reason for being' is to create opportunities for Australia's red meat industry to prosper. To be successful, MLA must continually build industry's capability at every stage of the supply chain. Key contributing programs: 4.2 Adoption and capacity.

### *Demonstrate results from increased beef levy expenditure*

The beef levy was increased by \$1.50 to boost beef marketing efforts and keep beef competitive. MLA has a responsibility to demonstrate to government and industry that this investment is delivering results – in both domestic and international markets. Key contributing programs: 1.1.1 Domestic marketing – beef; 1.2.1 Export trade and consumer promotion – beef; 1.3 Trade development – live exports; 3.2.2 Animal welfare – live exports; 3.3 Industry integrity communications; Industry and corporate communications.

KPIs relevant to each of the critical success factors are to be found in the referenced programs.

### Commitment to transparency

This plan represents an important plank in MLA's resolve to maintain high levels of transparency in its operations. A budget has been included for every program in this plan, as has a program objective. 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. These summary KPIs, however, should be treated cautiously. In particular 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 longer term plans for this more thorough evaluation.
- Sometimes the emphasis in a program will change across a year, resulting in the weightings provided to KPIs changing.

This plan is made available to all MLA members via the MLA web site. Furthermore, a summary of this plan is posted to all MLA members. Biannual reports on progress against the plan are also placed on the MLA website and sent to industry peak councils and government.

#### Working together to deliver results

MLA is committed to working with other industry bodies and our government to deliver real results for the red meat industry, for rural Australia and for the nation as a whole.

## Link between MISP and Annual operating plan

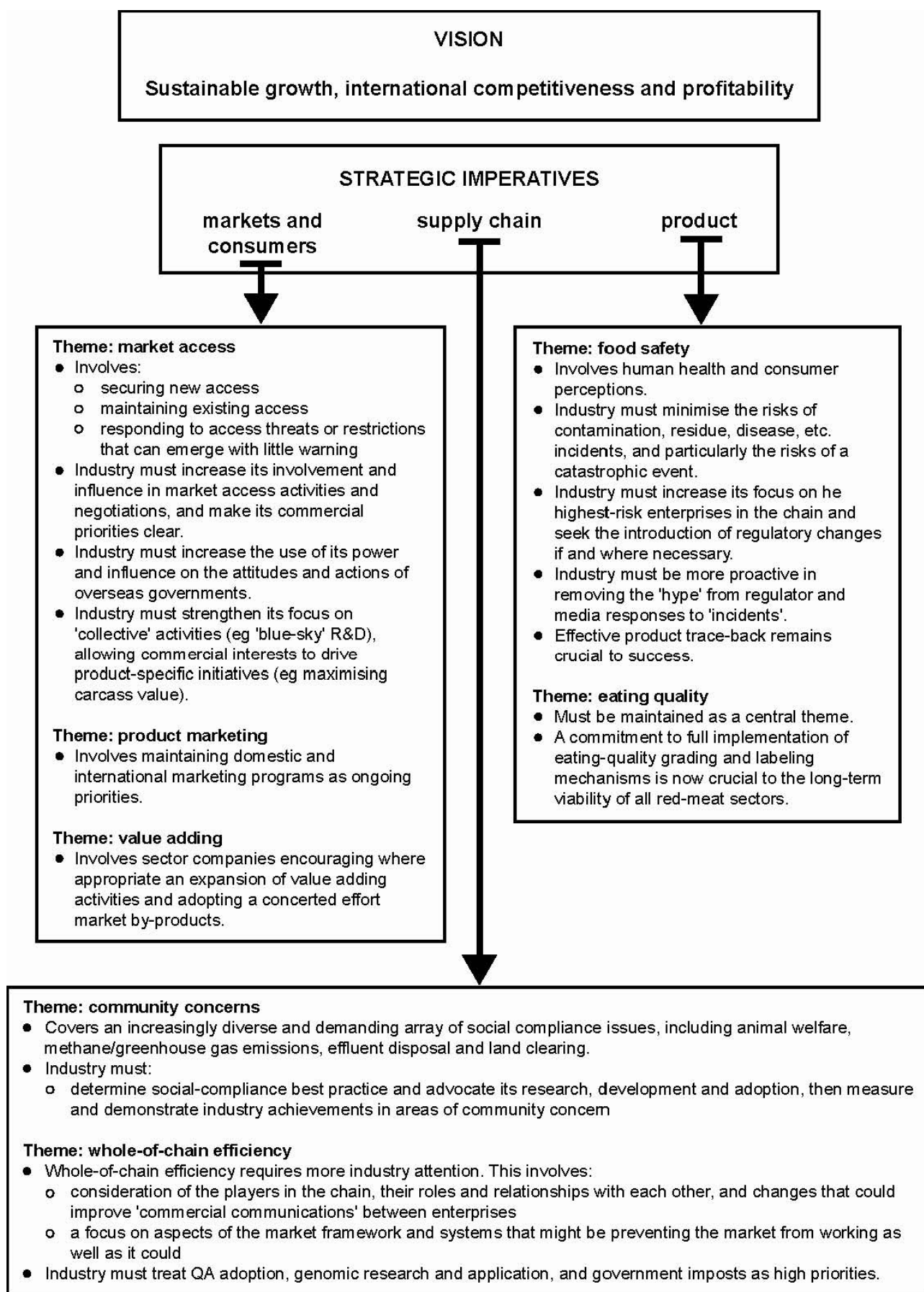
The following table establishes the correspondence that exists between the current strategic plan developed by the RMAC for the Australian red meat industry, *More from less: strategic direction for the Australian red meat industry 2004-09* and the programs contained in this plan. An outline of the MISP 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

Figure 1: 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, up a further \$389m in 2005. However, with record retail prices, the challenge is for increased beef meal frequency to continue this growth. Our strategy, with the benefit of the increased beef levy, is to further address the attitudinal barriers against greater beef consumption as well as aggressively promote the drivers.

A key feature of the beef plan for 2006-07 will be the continuing roll out of the second phase of the 'Red Meat. Feel Good' campaign in both regional and metro markets, in a joint program with sheep. This campaign has seen attitudes to red meat improve significantly, but with some way still to go. Another key feature will be the launch of a new 'Beef meals' promotional campaign positioning and promoting beef as an ideal and popular mid-week meal with time-poor mums. This will be the first time since 1999 that beef has had the benefit of main media promotion, and will seek to drive behaviour change in partnership with retailers.

A new sub-program introduced in 2005-06 building demand for secondary cuts, will be further developed with cross-sector support. A new sub-program for industry marketing assistance for the successful launch of high potential new products, as recommended by the Beef Industry Funding Steering Committee, will be introduced, again with cross sector support.

Retail and foodservice promotion budgets have been increased to support the expanded beef promotional activities.

Sub-programs	Primary objectives
1. Beef promotion	Grow the frequency of beef meals from 2.2 times/week to 2.5 times per week by 2007.
2. Nutrition	Promote the nutritional benefits of red meat while defending against adverse health and nutrition reports.
3. Retail promotion	Maintain retailer focus on red meat as a critical category in driving overall store performance with beef seen as the category driver.
4. Foodservice promotion	Maintain beef as a popular and contemporary offering on foodservice menus.
5. Market research	Be a valuable source of data on domestic market and consumer trends.
6. MSA	Progress adoption of eating quality science by end users.
7. Secondary cuts	Build end user demand for secondary cuts.
8. New products	Assist the successful launch of high potential new products.

### Major program KPIs for 2006-07

- Grow consumer demand for beef by 2 points to 70 points, contributing to further growth in the domestic market value of beef by \$300m.
- Enhance key consumer attitudes to beef as a popular midweek meal option.
- Further reduction in nutritional barriers to red meat across a range of attitudinal measures.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)								Total
		1	2	3	4	5	6	7	8	
Grassfed cattle	R 122	0	100	0	0	22	0	0	0	122
	M 7,029	5,228	4,838	1,425	867	456	686	533	533	14,566
Grainfed cattle	R 20	0	20	0	0	0	0	0	0	20
	M 1,980	839	791	241	142	77	112	90	90	2,382
Processor	R 150	0	150	0	0	0	0	0	0	150
	M 1,988	425	521	205	123	66	0	77	77	1,494
Government	R 292	0	270	0	0	22	0			292
<b>Total</b>	<b>R 584</b>	<b>0</b>	<b>540</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>584</b>
	<b>M 10,998</b>	<b>6,492</b>	<b>6,150</b>	<b>1,871</b>	<b>1,132</b>	<b>599</b>	<b>798</b>	<b>700</b>	<b>700</b>	<b>18,442</b>



## 1.1.2 Domestic marketing – sheepmeat

### Program objective

Grow consumer demand for lamb on the domestic market.

### Overview

Consumer demand for lamb has grown significantly since the launch of the 'We love our Lamb' campaign in 1999. While this demand growth in the early years was reflected in volumes, growth since 2002 has been impacted by product shortages and demand growth has been reflected in retail prices. However, this growth rate is becoming harder to maintain as high retail prices meet consumer resistance and squeezed retailer margins encourage retailers to increase promotional emphasis behind higher margin pork. Further, a new promotional campaign behind beef will put added competitive pressure on lamb.

With a slight reduction in the marketing budget of \$100K in 2006-07, savings will be made in the lamb promotion, retail, foodservice and market research sub-programs. An increase in the nutrition sub-program is needed to meet lamb's commitment to this joint program with beef.

Focus on lamb's marketing plan remains media and in-store promotion at our three key periods during the year, namely Spring, Australia Day and Mother's Day. Within the lower budget, outdoor advertising will be trialled as a lower cost media alternative to the higher impact TV. New TVC production will be limited to Australia Day only. The new phase of the 'Red Meat. Feel Good' campaign will continue to be rolled out in both regional and metro markets.

The reduction in the retail, foodservice and market research budgets is not likely to have a significant impact as this is largely a reallocation of joint program expenditure to beef arising from the new beef promotional activities.

Sub-programs	Primary objectives
1. Lamb promotion	Maintain the frequency of lamb meals at 0.6 times/week.
2. Nutrition	Promote the nutritional benefits of red meat while defending against adverse health and nutrition reports.
3. Retail promotion	Maintain retailer focus on red meat as a critical category in driving overall store performance while reinforcing lamb as a popular species within their meat offer.
4. Foodservice promotion	Maintain lamb as a popular and contemporary offering on foodservice menus.
5. Market research	Be a valuable source of data on domestic market and consumer trends.
6. SMEQ marketing	Progress adoption of eating quality science by end users.

### Major program KPIs for 2006-07

- Grow consumer demand for lamb to 73 points, contributing to growth in the domestic market value of lamb of \$75m.
- Maintain key consumer attitudes to lamb.
- Further reduction in nutritional barriers to red meat across a range of attitudinal measures.

### Budget

Sector		2005-06 budget	2006-07 annual sub-program budgets (\$'000)						Total
			1	2	3	4	5	6	
Mutton	R	0							0
	M	60						60	60
Lamb	R	150		125			25		150
	M	8,422	5,072	1,908	582	335	186	240	8,323
Processor	R	50		50					50
	M	666	389	142	47	28	15		621
Goat	R	0							0
	M	31				31			31
Government	R	200	0	175	0	0	25	0	200
Total	R	400	0	350	0	0	50	0	400
	M	9,179	5,461	2,050	629	394	201	300	9,035

## 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.

Additional levy funds will be allocated in line with the 'funding for the future' document of April 2005. The main areas of priority are Japan, South Korea and North America to consolidate and extend current market support, the development of China as a future strategic market for Australian beef and increasing the nutritional awareness of beef in South Asia. Additional programs have been added to increase consumer awareness of product integrity and quality, as well as trade support.

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

Market	Primary objective	Sub-programs				
		1	2	3	4	5
1. North America	Grow chilled beef sales and support volumes to the fast food sectors.	✓	✓	✓	✓	
2. Japan	Defend market share, build customer loyalty and increase Australian beef consumption.	✓	✓	✓	✓	✓
3. Korea	Defend market share, build customer loyalty and increase Australian beef consumption.	✓	✓	✓	✓	✓
4. South Asia / China	Grow chilled beef sales.	✓		✓	✓	✓
5. Europe	Facilitate trade opportunities.	✓	✓	✓		
6. Middle East	Facilitate trade opportunities.	✓	✓	✓	✓	

### Major program KPIs for 2006-07

- Increase awareness/understanding of integrity of Australian beef as measured by consumer surveys.
- Increase awareness/understanding of integrity of Australian beef as measured by trade surveys.
- Establish evaluation system for effectiveness of marketing programs and expenditure.
- Increase exporter and trade participation in industry collaborative agreements (ICAs).
- Gain exporter and trade participation in three category management pilots.
- Provide industry with results from Japanese segmentation project on budget.

### Budget

Sector	2005-06 budget	2006-07 annual budgets by market (\$'000)						Total
		North America	Japan	Korea	South Asia	Europe	Middle East	
Grassfed cattle	R 0		75					75
	M 12,660	1,084	10,998	6,184	2,704	242	309	21,521
Grainfed cattle	R 0		75					75
	M 2,700	452	2,097	710	107	0	0	3,366
Government	R 0		150					150
<b>Total</b>	<b>R 0</b>		<b>300</b>					<b>300</b>
	<b>M 15,360</b>	<b>1,536</b>	<b>13,095</b>	<b>6,894</b>	<b>2,811</b>	<b>242</b>	<b>309</b>	<b>24,887</b>

## 1.2.2 Export trade and consumer promotion – sheepmeat

### Program objective

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

### Overview

Australian lamb sales globally have grown very significantly over the last decade and are forecast to expand further. Programs are focused on retaining and increasing key customer accounts and maintaining a solid geographic spread of markets to ensure optimal global carcass utilisation. A range of programs in North America, Japan, Korea and South Asia are aimed at improving consumer perceptions towards lamb with an ultimate goal of growing consumption.

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 China.
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 all markets.
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
1. North America	Increase retail and foodservice sales.	✓	✓	✓	✓	✓
2. Japan	Develop new customers.	✓	✓	✓	✓	✓
3. Korea	Build trade interest.				✓	
4. South Asia/China	Expand sales through trade support.	✓	✓	✓	✓	✓
5. Europe	Monitor and build relationships.	✓	✓		✓	
6. Middle East/Africa	Expand retail and manufacturing use.	✓	✓	✓	✓	

### Major program KPIs for 2006-07

- Increase awareness/understanding of integrity of Australian sheepmeat as measured by customer surveys.
- Establish evaluation system for effectiveness of marketing programs and expenditure.
- Increase exporter and trade participation in industry collaborative agreements (ICAs).

### Budget

Sector	2005-06 budget	2006-07 annual budgets by market (\$'000)						Total
		North America	Japan	Korea	South Asia	Europe	Middle East	
Mutton M	265	50	65	0	100	0	151	366
Lamb M	6,135	3,741	1,164	200	753	221	733	6,812
Goat M	125	100			25			125
<b>Total M</b>	<b>6,525</b>	<b>3,891</b>	<b>1,229</b>	<b>200</b>	<b>878</b>	<b>221</b>	<b>884</b>	<b>7,303</b>

## 1.3 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 coordinated 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.

The program launched in 2005-06 in Indonesia providing promotional support for privately branded quality beef from imported Australian cattle in modern retail outlets will be significantly expanded.

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 2006-07

- At least maintain existing access conditions into overseas markets for Australian livestock for 2006-07.
- Improve veterinary protocols for at least one market in Asia, and in the Middle East/Africa for 2006-07.
- Provide technical support to top 10 importer/distributors in Indonesia, the Philippines, and Malaysia.
- Obtain measurable increase in demand for beef from imported Australian cattle through promotional support in modern retail outlets in Indonesia.
- Pilot and maintain a live export market outlook service for producers and exporters of livestock.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)					Total
		1	2	3	4	5	
Mutton R	28					28	28
Mutton M	70	35	35				70
Lamb R	11					11	11
Lamb M	30	10	20				30
Grassfed cattle R	57					57	57
Grassfed cattle M	370	30	5	60	805		900
Live exporter R	96					96	96
Live exporter M	245	75	60	60	50		245
Government R	192					192	192
<b>Total R</b>	<b>384</b>					<b>384</b>	<b>384</b>
<b>Total M</b>	<b>715</b>	<b>150</b>	<b>120</b>	<b>120</b>	<b>855</b>		<b>1,245</b>

## 1.4.1 Market access – beef

### Program objective

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

### Overview

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

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

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

Alongside the WTO activities, it is necessary to position the Australian beef 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, economic feasibility studies are underway with Japan and Mexico.

Sub-programs	Primary objectives
1. WTO activities	Position the Australian beef industry for the WTO Doha Round.
2. Bilateral defence and improvement	Defend existing market access conditions in overseas markets and, where possible, through bilateral negotiations, improve these conditions with the elimination or reduction of economic or technical barriers to trade. In particular, position the Australian beef industry for FTA negotiations.
3. Market access research	To conduct research into the impact of access barriers on the Australian cattle and beef industry and into strategies for removing these barriers.

### Major program KPIs for 2006-07

- 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.
- MLA market access activities rated highly by industry and government negotiators (biannual survey).

### Budget

Sector	2005-06 budget	2006-07 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	803	147	216	107	108	110	115			803
Grainfed cattle	R	9								9	9
	M	94	20	29	15	15	15				94
Processor	R	144								144	144
	M	799	167	245	122	48	102	115			799
Government	R	288								288	288
Total	R	576	0	0	0	0	0	0	0	576	576
	M	1,696	334	490	244	171	227	230	0	0	1,696

## 1.4.2 Market access – sheepmeat

### Program objective

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

### Overview

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

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

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

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. WTO activities	Position the Australian sheepmeat industry for the WTO Doha Round.
2. Bilateral defence and improvement	Defend existing market access conditions in overseas markets and, where possible, through bilateral negotiations, improve these conditions with the elimination or reduction of economic or technical barriers to trade. In particular, position the Australian sheepmeat industry for FTA negotiations.
3. Market access research	To conduct research into the impact of access barriers on the Australian sheepmeat industry and into strategies for removing these barriers.

### Major program KPIs for 2006-07

- 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.
- MLA market access activities rated highly by industry and government negotiators (biannual survey).

### Budget

Sector	2005-06 budget	2006-07 annual budgets by market (\$'000)								Total
		Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D	
Mutton	R	9							9	9
	M	229	27	38	5	2	26	70	61	229
Lamb	R	67							67	67
	M	515	97	116	45	8	111	45	143	565
Processor	R	76							76	76
	M	641	96	165	0	3	66	115	190	635
Goat	M	8	8							8
Government	R	152							152	152
<b>Total</b>	R	<b>304</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>304</b>
	M	<b>1,393</b>	<b>228</b>	<b>319</b>	<b>50</b>	<b>13</b>	<b>203</b>	<b>230</b>	<b>394</b>	<b>1,437</b>

## 1.5.1 Red meat product innovation

### Program objective

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

### Overview

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 with a particular focus on convenience products for home meal replacement and on the aged care market.

The RMI program in 2006-07 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 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 ultra high pressure processing, 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 red meat products for aged health care market) 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 foodservice) to prepare red meat products without lengthy preparation times and cooking skills.

### Major program KPIs for 2006-07

- Two new shelf-stable products are developed in order to increase the return on secondary cuts.
- Reformed sheep meat products are developed for the export market using meat strip alignment technology to increase the return on secondary cuts.
- At least one alternative technology is developed for the manufacture of cost effective value added products for use in the institutional aged care market.
- Two novel convenience products are developed from secondary cuts.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)				Total
		1	2	3	4	
Mutton R	0	0	0	0	0	0
Lamb R	55	13	13	13	13	52
Grassfed cattle R	145	37	37	37	37	148
Processor R	201	45	45	45	45	180
Government R	401	95	95	95	95	380
<b>Total R</b>	<b>802</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>760</b>

## 1.5.2 Co-products

### Program objective

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

### Overview

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

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

Another strategy is to develop high value co-products from within the co-product stream. The focus of this strategy is more on increasing the value per carcass than on total utilisation. Some sections of the industry are deriving significant value from bioactive co-products such as foetal calf blood for use in pharmaceutical manufacturing. The potential exists to make quite significant improvements to the value of such high-value bioactive co-products, but the industry generally lacks the infrastructure (facilities and people) and the knowledge to enter the bioactives value adding arena. The focus of the bioactive sub-programs is on building these capabilities and on identifying commercially attractive target bioactives for the industry.

Sub-programs	Primary objectives
1. Maintaining the relative value of co-products	Maintain and protect existing markets. Identify alternative uses and processes.
2. Capability building in bioactives	Increase the abilities of producers and processors to enter and survive in bioactives markets, by means of training, workshops and in-situ vacation students.
3. Bioactives market opportunities	Identify commercial opportunities for bioactive products from the red meat industry and to develop strategies for realising them in the Australian context.
4. Bioactive processing technology development	Identify existing technologies new to Australia and develop novel technologies for the manufacture of high value bioactives, that will give the Australian manufacturers a competitive advantage.

### Major program KPIs for 2006-07

- 80% of Australian Renderers' Association accredited rendering companies acknowledge the value of the salmonella problem solving guide (SPSG) in assisting them to meet customer specifications.
- Develop a best practice benchmark for offal recovery and pilot a project to achieve best practice for target items in at least three abattoirs.
- 50% of members of the red meat bioactive supply chain network acknowledge an increase in their awareness of the major market opportunities for high value bioactive by-products.
- To potentially increase the value of livestock sold by identifying on-farm practices that can add value to the by-products of meat processing.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)				Total
		1	2	3	4	
Mutton R	27	12	5	5	5	27
Lamb R	75	30	12	20	13	75
Grassfed cattle R	105	42	17	28	18	105
Processor R	200	59	31	56	34	180
Government R	411	143	65	109	70	387
<b>Total R</b>	<b>822</b>	<b>286</b>	<b>130</b>	<b>218</b>	<b>140</b>	<b>774</b>



## 2.1 Meat safety/issues management

### Program objective

Ensure integrity and safety of Australian beef/sheepmeat production.

### Overview

The MLA meat safety/issues management program supports the activities of SAFEMEAT, a partnership between the 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 objectives
1. Prion research	Enhance disease surveillance and testing capability for bovine spongiform encephalopathy (BSE). Assess impact of BSE control measures.
2. Domestic and international issues management	Minimise market disruption arising from food safety and related incidents, creating positive perceptions of Australian meat safety.
3. Food safety	Develop tools and systems for food safety risk management based on innovative science, outcomes-based regulation and customer expectations.
4. National Livestock Identification System	Ensure the NLIS database and support services have the capability to deliver timely and reliable livestock traceability as defined in the National Performance Standards for Livestock Traceability.
5. SAFEMEAT secretariat	Provide secretariat services to SAFEMEAT.
6. Communication and education	Provide effective industry strategies and communications related to relevant food safety issues. Continue development and delivery of BSE communication and education program.
7. Biotechnology	Monitor developments in biotechnology and develop strategies and initiatives to deliver positive industry benefits.
8. Livestock quality systems	Management of the LPA program including communication, extension, auditing, rules and standards and accreditation (levels 1 (food safety) and 2 (QA)). Continue to support NVD program. Manage livestock integrity issues relating to chemical usage, livestock disease and livestock feeding.

### Major program KPIs for 2006-07

- Achieve a 10% increase in participant numbers in LPA QA programs (level 2), by 30/6/07.
- Launch LQS communication program targeting NVD use/QA on farm food safety programs by 30/11/06.
- Ensure eDEC™ usage on 5% of annual livestock transactions within Australia by 30/6/07.
- By 30 June 2007 ensure the NLIS database's ability to meet state governments' traceability requirements is fully tested via a simulated disease outbreak and/or residue incident.
- A technical resource is developed and a target group of meat processor QA managers acknowledge that the information provided assists them in managing regulatory and customer compliance.
- Deliver new risk management options that will allow the adoption of more consistent processing standards that minimise contamination of smallgoods by target pathogens.

### Budget

Sector	2005-06 budget	2006-07 budget (\$'000)								Totals
		1	2	3	4	5	6	7	8	
Mutton R	55			15	15	2	2	1	10	45
Mutton M	86		80			2	4			86
Lamb R	294			83	35	5	13	3	60	199
Lamb M	472		420			11	26			457
Grassfed cattle R	975	123		254	935	16	52	8	227	1,615
Grassfed cattle M	1,415		1,253			32	104			1,389
Grainfed cattle R	133	15		35	165	2	7	1	40	265
Grainfed cattle M	198		169			4	14			187
Processor R	964	95		411	500	20	61	12	175	1,274
Processor M	1,999		1,797			40	122			1,959
Goat R	22						2		24	26
Goat M	8						4			4
Live export R	67	27				5	15		24	71
Live export M	45					11	30			41
External M	7,140				1,500				2,500	4,000
Government R	2,510	260	0	798	1,650	50	152	25	560	3,495
<b>Totals R</b>	<b>5,020</b>	<b>520</b>	<b>0</b>	<b>1,596</b>	<b>3,300</b>	<b>100</b>	<b>304</b>	<b>50</b>	<b>1,120</b>	<b>6,990</b>
<b>Totals M</b>	<b>11,363</b>	<b>0</b>	<b>3,719</b>	<b>0</b>	<b>1,500</b>	<b>100</b>	<b>304</b>	<b>0</b>	<b>2,500</b>	<b>8,123</b>

## 2.2 Meat Standards Australia

### Program objective

Maintain and deliver the world's leading eating quality beef grading and labelling system. Integrate and launch the sheepmeat eating quality (SMEQ) program.

### Overview

The objectives of the MSA program are:

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

During 2006-07 a further increase in beef grading numbers will be targeted. Important activities in pursuit of this aim include developing new market opportunities for MSA beef products; delivering training programs to further capitalize on existing opportunities; providing technical expertise to eliminate product failure; ensuring the transfer of information through the supply chain; and implementing a grading model that incorporates all categories of livestock.

2006-07 will also see the roll out stage of eating quality systems for sheepmeats. These systems were developed and evaluated during 2005-06 and will be offered this year to all other processing enterprises.

Sub-programs	Primary objectives
1. Business development 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. Commercial services	Provide services to industry on a commercial basis.
3. Maintain the integrity systems for the MSA trademark.	Ensure the integrity of the trademark is maintained through electronic monitoring of graders, maintain quality standards and ISO accreditation, further training and rigorous auditing.
4. Beef development	Training, new product development and value adding for retailers, food service operators and wholesalers using MSA beef.
5. Further R&D of the MSA beef model	Further development of grading protocols to ensure all categories (including older cattle) are eligible for grading, evaluation of holding times, etc.
6. Implementation of sheepmeat eating quality (SMEQ) standards	Development and adoption of specifications and standards by lamb and sheepmeat supply chains to improve product quality while maintaining integrity.
7. Sheepmeat development	Develop retail, foodservice and wholesale training programs targeted at further utilisation of sheepmeat products.

### Major program KPIs for 2006-07

- Achieve an increase in grading numbers of 25% by 30/6/07.
- Identify the feasibility of value adding beef primal cuts in a commercial environment.
- Encourage and implement electronic monitoring of company graders by 30/6/07.
- Roll out the MSA sheepmeat program to 12 processors by 30/6/07.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)							Total
		1	2	3	4	5	6	7	
Mutton R	126						56	60	116
Lamb R	136						60	65	125
Grassfed cattle R	1,102	355				126			481
M	0	851		96	150				1,097
Grainfed cattle R	381	125				54			179
M	0	300		34	12				346
Processor R	255					0			
External M	800		400						400
Government R	2,000	480	0	0	0	180	116	125	901
<b>Total R</b>	<b>4,000</b>	<b>960</b>				<b>360</b>	<b>232</b>	<b>250</b>	<b>1,802</b>
<b>M</b>	<b>800</b>	<b>1,151</b>	<b>400</b>	<b>130</b>	<b>162</b>				<b>1,843</b>

## 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	Develop and communicate strategies to optimise grazing land management, identify biocontrol agents for key weeds and address key industry environmental issues.
2. Southern beef	Development and delivery of information, products and services for cereal and high rainfall zone (hrz) producers that increase profit and address regional environmental issues. This will include increasing the focus on water use efficiency, soils, biodiversity, weeds 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 focus on water use efficiency, soils, biodiversity, weeds, and feedbase sustainability.
4. Feedlot	Source projects to improve understanding and management of environmental issues. Provide information and technologies to meet legal 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 2006-07

- Best practice guidelines for Weedy Sporobolus Grasses and priority weeds developed.
- 'Proof of benefit' analysis completed for producers for NRM/on-farm monitoring.
- 'Proof of benefit' analysis completed for producers for management of priority weeds.
- Quantify effect of red meat supply chains on water use and quality, GHG and solid waste emissions.
- Identify requirements for producers to demonstrate responsible environmental management.
- Lead national forum to identify ways to revolutionise delivery of weed knowledge to producers.
- Sustainable grazing management strategies derived from the Wambiana grazing trial and communicated to north Queensland producers.
- Four co-operator feedlots identified and equipped to record water and energy usage to determine baseline data for environmental sustainability assessment of feedlots and life cycle analysis projects.
- The industry 'best practice' guidelines for meat processing environmental management are developed and a target group of meat processor environmental managers acknowledge that the information provided assists them in managing regulatory compliance.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)					Total
		1	2	3	4	5	
Lamb R	914			400			400
Grassfed cattle R	1,399	1,090	650				1,740
Grainfed cattle R	267				350		350
Processor R	450					500	500
External M	0	87					87
Government R	3030	1,090	650	400	350	500	2,990
<b>Total R</b>	<b>6,060</b>	<b>2,180</b>	<b>1,300</b>	<b>800</b>	<b>700</b>	<b>1,000</b>	<b>5,980</b>
<b>M</b>		<b>87</b>					<b>87</b>

## 3.2.1 Animal welfare – on-farm

### Program objective

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

### Overview

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

The 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. Communicate program outcomes to industry stakeholders.

### Major program KPIs for 2006-07

- Develop three 'best practice' materials addressing areas relevant to animal welfare.
- Complete a 'proof of benefit' analysis for lamb survival which can be communicated to producers.
- Leverage funds and efficiencies through joint RDC investment in collaborative program to identify objective measures for animal welfare.
- Catalogue practice improvements in livestock transport.
- Determine the impact of varying levels of shade provision on the heat load of feedlot cattle and incorporate results into the Risk Analysis program software.

### Budget:

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)						Total
		1	2	3	4	5	6	
Mutton R	53	5	5		5		5	20
Lamb R	446	108	120	25	45	12	45	355
Grassfed cattle R	200	113	125	25	50	12	50	375
Grainfed cattle R	58	125			225			350
Government R	757	351	250	50	325	24	100	1,100
<b>Total R</b>	<b>1,514</b>	<b>702</b>	<b>500</b>	<b>100</b>	<b>650</b>	<b>48</b>	<b>200</b>	<b>2,200</b>

## 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.

The pro-active communications strategy, initiated in 2005-06, will be significantly expanded to build community, government and broader stakeholder confidence in, and support for, the live trade. Pressure from animal rights groups is expected to grow, and an effective, unified industry response capability will be maintained.

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 2006-07

- No high mortality shipments and average cattle mortalities below 0.1% and sheep mortalities below 1% in 2006-07.
- 85% of cattle slaughtered in Indonesia utilising restraining box by 30 June 2007.
- Animal handling in all feedlots in the Middle East rated as satisfactory.
- Stunning adopted in an additional 2 key abattoirs in the Philippines, and research completed on options for increasing the use of stunning in Indonesia.
- Improved numbers in favour of live trade.
- A computerised information management system to monitor and improve sheep health and welfare during export is tested and adopted by industry.
- Causes of mortality and morbidity in live sheep exports from Portland and Adelaide monitored and analysed to support standards underpinning the export of pastoral sheep from these ports.
- A user-friendly aircraft ventilation guide for use by livestock air freighters to manage the risk of mortalities due to poor ventilation.
- Publication of an *Is it fit to export?* guide to assist exporters and regulators to improve animal welfare outcomes during the live export process.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)				Total
		1	2	3	4	
Mutton	R 43				43	43
	M 437	115		322		437
Lamb	R 25				25	25
	M 330	30		300		330
Grassfed cattle	R 150				150	150
	M 560	30	130	840		1,000
Live exporter	R 218				218	218
	M 455	175	130	150		455
External	M 185		185			
Government	R 436				436	436
<b>Total</b>	<b>R 872</b>				<b>872</b>	<b>872</b>
	<b>M 1,782</b>	<b>350</b>	<b>445</b>	<b>1,612</b>		<b>2,407</b>

### 3.3 Industry integrity communications

#### Program objective

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

#### Overview

The beef industry enjoys a high level of trust with Australian consumers with 71% agreeing with the statement "the industry is ethical and trustworthy". However, with increasing loss of contact with agriculture by urban Australians, as well as greater focus on industry practices from animal rights and environmental groups, it is critical that the industry maintains these high levels of trust and pride.

The program involves three strategic themes targeting young urban families. These themes are 'building knowledge' of industry practices through schools and royal shows, 'providing experience' through cattle industry promotion and opinion leader tours, and developing 'human bonds' through industry spokespeople, personalities, media tours and stories. Individual activities are being tied together under the umbrella of 'the cattleman's creed' to provide a consistent message and tone.

Where appropriate, these activities are undertaken in partnership with NFF, SFOs and other relevant RDCs.

Sub-programs	Primary objectives
1. Building knowledge	To build awareness of the industry, its production practices, its science and technology.
2. Providing experience	To build opportunities for personal experience in the cattle production process through promotional activities.
3. Human bond	To build empathy with the people behind Australia's cattle industry.

#### Major program KPIs for 2006-07

- Maintain consumer trust scores at 71%.
- Maintain key consumer attitudes to the cattle industry.
- Minimal impact from attacks by special interest groups.

#### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)			Total	
		1	2	3		
Grassfed cattle	R M	0	616	88	100	804
Grainfed cattle	R M	0	84	12	13	109
<b>Total</b>	R M	<b>0</b>	<b>700</b>	<b>100</b>	<b>113</b>	<b>913</b>

## 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 works with industry to identify these drivers, develop R&D projects to enable industry to efficiently improve productivity, and ensure R&D results are effectively communicated to stakeholders.

Sub-programs	Primary objectives
1. Northern beef	Increase liveweight gain, improve breeder performance, address key animal health concerns and develop strategies to attract and retain staff.
2. Southern beef	Improve cow herd and overall beef enterprise productivity and improve feed utilisation at the flock or herd and individual animal level.
3. Lambs, 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 R&D projects to improve management of these drivers.
5. Processing technology	Encourage processors and solution providers to develop innovative processing techniques to secure profits and long term sustainability of the industry and safety of the community.
6. Processing occupational health and safety	Assist the processing sector to better understand and eliminate/manage the major people related issues.
7. Sheep Genetics Australia	Provide 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 2006-07

- Strategies to attract and retain staff in grazing businesses developed and communicated.
- Finalise and communicate the results from the economic impact of endemic diseases project.
- Pilot the beef genetics Stocktake program with at least two breed societies and 50 breeders.
- Develop and trial at least one EBV each for sheep and cattle incorporating gene marker information.
- Develop and deliver an extension program focused on strategies for profitable (and controlled risk) improvement of pasture utilisation for beef and sheep producers.
- In conjunction with AWI, complete the development of, and deliver, the *More sheep and wool from pastures* best practice manual and awareness campaign.
- Develop and deliver best practice guidelines for nutrition to manage internal parasites in lambs.
- Integrated and coordinated program of research, development, education and extension activities developed with industry and implemented to address the bovine respiratory disease problem in feedlots.
- Lamb boning automation technology is adopted by at least one significant Australian meat processor.
- Beef boning technology strategy agreed with AMPC and underway, with an ultimate goal of increasing carcase yield by at least 1%. Pilot ASBVs for 'bare breech' and temperament in sheep.
- Initiate R&D project(s) to reduce ewe mortality and assist in the development of a longevity ASBV.
- One new stunning technology is demonstrated to meet halal, animal welfare, and agreed minimum industry meat quality standards.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)								Total
		1	2	3	4	5	6	7	8	
Mutton R	333			187				13		200
Lamb R	2,037			2,058				42		2,100
Grassfed cattle R	1,702	1,300	1,400							2,700
Grainfed cattle R	875				600					600
Processor R	1,300					610	222		400	1,232
Goat R	115			115						115
External M	710				403			710		1,113
Government R	6,362	1300	1400	2360	600	610	222	55	400	6,947
<b>Total R</b>	<b>12,724</b>	<b>2,600</b>	<b>2,800</b>	<b>4,720</b>	<b>1,200</b>	<b>1,220</b>	<b>444</b>	<b>110</b>	<b>800</b>	<b>13,894</b>
<b>Total M</b>	<b>710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>403</b>	<b>0</b>	<b>0</b>	<b>710</b>	<b>0</b>	<b>1,113</b>

## 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 and 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	Build capacity of producers and intermediaries to increase their understanding and application of industry best practice.
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 2006-07

- Increase the uptake of MLA's tools and information by targeted producers<sup>1</sup> by 5%.
- Increase the participation of targeted producers in MLA learning activities by 5%.
- Encourage increased adoption of at least one key management practice by 65% of producers that participated in MLA learning activities.
- Increased awareness and uptake by processors of targeted R&D programs by 5%.
- Increased participation by processors in innovation activities and increased adoption of outcomes by 5%.
- Facilitate a 10% increase in the number of processing companies participating in the Red Meat Industry Professional Development program and demonstrate a consequent improvement in innovation culture and capability.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budget								Total
		1	2	3	4	5	6	7	8	
Mutton R	294	23	48	71	3				5	150
Mutton M									8	8
Lamb R	1,394	139	292	425	19				25	900
Lamb M									50	50
Grassfed cattle R	1,644	513	457	748	94				48	1,860
Grassfed cattle M									79	79
Grainfed cattle R	100	40	84	74					2	200
Grainfed cattle M									4	4
Processor R	2,625					533	1,010	1,250		2,793
Goat R	77	11	66						1	78
Goat M									1	1
External M	135			115						115
Government R	6,134	726	947	1,318	116	533	1010	1,250	81	5,981
<b>Total R</b>	<b>12,268</b>	<b>1,452</b>	<b>1,894</b>	<b>2,636</b>	<b>232</b>	<b>1,066</b>	<b>2,020</b>	<b>2,500</b>	<b>162</b>	<b>11,962</b>
<b>Total M</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>115</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>142</b>	<b>257</b>

<sup>1</sup> defined by each R&D program by such criteria as production system type, geographical location, market segment etc



## 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 industry responsiveness to consumer requirements
- increasing industry productivity through SC efficiency and cost effectiveness

### Overview

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

The SCM program has four sub-programs. The first is focused on transferring existing knowledge on best practice SCM to industry. The second involves R&D on information and communication technologies that deliver new knowledge and tools to enhance the performance of supply chains. The third involves MLA assisting red meat supply chains to implement and/or apply best practice SCM (with projects in this area funded through the MLA donor company). The final sub-program 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/systems	The development and application of new enabling technology platforms and the application of SCM focused systems.
3. Strategic adoption	Monitoring benefits obtained from the implementation of strategic adoption strategies for SCM outputs by using qualitative and quantitative measurement.

### Major program KPIs for 2006-07

- The volume of meat exported using the electronic Meat Transfer Certificate procedure is increased by 25% above 2005 baseline.
- There is a 20% increase in awareness and an acknowledgement of the value provided by diagnostic tools to support the selection of traceability applications for beef boning.
- Disseminate R&D outcomes to support an EMIAC case for the elimination of shipping mark requirements for Australian product sent by meat processors to the US.
- Encourage all beef exporters to become GS1 members enabling standardisation of bar-coding and electronic messages which will lead to reduced overall supply chain costs.
- Develop the Lamb Finishing Code of Practice and industry guidelines in consultation with industry, and develop and implement new R&D for the lamb finishing sector based on effective industry consultation.
- Conduct further R&D into carcase yield measurement technologies and practices, with the aim of providing more cost effective feedback systems linking processors and producers.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)			Total
		1	2	3	
Mutton R	165	40	16	24	80
Lamb R	860	200	80	120	400
Grassfed cattle R	271	135	54	81	270
Grainfed cattle R	43	22	9	13	44
Government R	1,339	397	159	238	794
<b>Total R</b>	<b>2,678</b>	<b>794</b>	<b>318</b>	<b>476</b>	<b>1,588</b>

## 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, market access negotiations, successful marketing programs and formulation of 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 2006-07

- 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 and Livestock Weekly* (81% of subscribers rated M&LW as higher than other publications in last biannual survey).
- Continued high use of MLA market information supplied on the internet (currently 17,000 visits per month).

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)						Total
		1	2	3	4	5	6	
Mutton R	32	3	2	21	6			32
Mutton M	64	5			17		43	65
Lamb R	191	14	8	128	41			191
Lamb M	368	30			101		245	376
Grassfed cattle R	574	32	45	235	106	156		574
Grassfed cattle M	948	51			249	43	625	968
Grainfed cattle R	55	3	5	22	10	15		55
Grainfed cattle M	85	5			29	5	47	86
Processor R	60	60						60
Processor M	113	113						113
Goat R	4	4						4
Goat M	6	6						6
External M	810				60	50	700	810
Government R	916	116	60	406	148	171	0	916
<b>Total R</b>	<b>1,832</b>	<b>232</b>	<b>120</b>	<b>812</b>	<b>326</b>	<b>342</b>	<b>0</b>	<b>1,832</b>
<b>Total M</b>	<b>2,394</b>	<b>210</b>	<b>0</b>	<b>0</b>	<b>456</b>	<b>98</b>	<b>1,660</b>	<b>2,424</b>

## 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 adoption of new ideas and technologies
- 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 and off-farm application	Implement new science programs with potential to improve the competitive position of Australia's livestock and red meat industries. These programs will provide tools from a portfolio of investments in the following areas: <ul style="list-style-type: none"> <li>▪ host resistance to parasites and disease in sheep and cattle</li> <li>▪ muscle and fat development in sheep and cattle</li> <li>▪ increase number of lambs weaned</li> <li>▪ novel traits in grasses and legumes that confer environmental and animal production advantage</li> <li>▪ Johne's disease pathogenesis and immunology</li> <li>▪ studies of intestinal parasites to identify new treatments</li> <li>▪ biology of soil organisms under perennial pasture systems</li> </ul>
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 2006-07

- Within sheep genomics: a) two markers for increased muscling commercialised and b) one novel marker for an industrially relevant trait discovered and validation commenced.
- Within the CRC for beef genetic technologies, initiate commercialisation of at least three new gene markers accounting for cattle or beef traits.
- Within the soil biology program, develop molecular assays for at least six soil borne organisms in pastures and two pasture plant roots for field evaluation as research tools.
- Identify at least one promising new technology for early diagnosis of OJD.
- Develop objective measures of post-graduate impact and benchmark current against past performance.
- One commercial prototype of dose-controlled electrical stimulation technology installed and operating in at least one Australian beef and one sheep meat processing plant.
- Commercial demonstration of the statistical validity of the new CPMS technologies that reduce the variation in carcase pH and temperature data.

### Budget

Sector		2005-06 budget	2006-07 annual sub program budgets (\$'000s)			Total
			1	2	3	
Mutton	R	937	678	70	82	830
Lamb	R	1,945	1,738	180	82	2,000
Grassfed cattle	R	960	606	75	164	845
Processor	R	260	100	160		260
External	M	2,795	375			375
Government	R	4,102	3,122	485	328	3,935
<b>Total</b>	R	<b>8,204</b>	<b>6,244</b>	<b>970</b>	<b>656</b>	<b>7,870</b>
	M	<b>2,795</b>	<b>375</b>	<b>0</b>	<b>0</b>	<b>375</b>

## Industry and corporate communications

### Program objective

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

### Overview

MLA's communication strategy ensures that all key stakeholders are 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.

Sub-programs	Primary objectives
7. Create awareness	Increase stakeholder awareness of the opportunities created by MLA for the red meat and livestock industry.
8. Demonstrate relevance and value	Demonstrate the relevance and value of MLA and its activities as they relate to and benefit specific stakeholder segments.
9. 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.

### Major program KPIs for 2006-07

- Increase MLA membership to 40,000.
- 95% of members are aware of MLA's role in the red meat and livestock industry.
- 95% of members value MLA.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)			Total
		1	2	3	
Mutton R	46	10	16	5	31
Mutton M	75	11	51	13	75
Lamb R	267	62	87	30	179
Lamb M	443	140	213	72	425
Grassfed cattle R	491	160	220	79	459
Grassfed cattle M	816	361	547	186	1094
Grainfed cattle R	26	10	9	5	24
Grainfed cattle M	43	19	29	10	58
Processor R	11				0
Processor M	39				0
Goat R	4	1	1	1	3
Goat M	8	2	2	1	5
External M	1364				0
Government R	845	243	333	120	696
<b>Total R</b>	<b>1,690</b>	<b>486</b>	<b>666</b>	<b>240</b>	<b>1392</b>
<b>Total M</b>	<b>2,787</b>	<b>533</b>	<b>842</b>	<b>282</b>	<b>1657</b>

# 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	2005-06 budget	2006-07 annual sub-program budgets (\$'000)		Total
			1	
Mutton	M	94	94	94
Lamb	M	39	39	39
Grassfed cattle	M	453	453	453
Grainfed cattle	M	64	64	64
<b>Total</b>	<b>M</b>	<b>650</b>	<b>650</b>	<b>650</b>

## Live export technical services

### Program objective

*Underpin a sustainable live export trade with workable standards and a high level of compliance coupled with whole-of-chain risk management and QA, ensuring acceptable risk of high mortality incidents.*

### Overview

The process of developing standards and compliance systems, begun with the Keniry report, continues. As the standards are 'bedded down', issues of practical compliance are raised. Part of this program is to provide resources to industry members to meet the standards in a manner which enhances stakeholder confidence in the industry and is commercially acceptable. The provision of risk management procedures for industry members continues to be a high priority to safeguard the industry against the threat to the trade from unacceptable voyage outcomes.

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

### Major program KPIs for 2006-07

- Minimal to zero level of high mortality incidents.
- Average cattle mortalities under 0.1%, and average sheep mortalities under 1.0%.
- Software programs and management tools in place in 50% of active exporters.
- Top five exporters adopt enhanced risk management QA processes.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)		Total
		1	2	
Mutton M	40	20	20	40
Lamb M	33	17	16	33
Grassfed cattle M	60	38	36	74
Live exporter M	133	74	73	147
<b>Total M</b>	<b>266</b>	<b>149</b>	<b>145</b>	<b>294</b>

## Research and development partnerships

### Program objective

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

### Overview

MLA's fully-owned subsidiary, MLA Donor Company Limited, provides a vehicle for attracting commercial investment in innovation from individual enterprises. Since its inception in 1999, the R&D partnership program has approved in excess of 200 projects with a total budget greater than \$86 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 2006-07

- 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		2005-06 budget	2006-07 annual sub-program budgets (\$'000)		Total
				1	
External	R	9,500		8500	8,500
Government	R	9,500		8,500	8,500
<b>Total</b>	R	<b>19,000</b>		<b>17,000</b>	<b>17,000</b>
	M	<b>0</b>		<b>0</b>	<b>0</b>

## Intellectual property management

### Overview

Intellectual property has a commercial value.

MLA owns and manages industry intellectual property, which involves identifying; reviewing; protecting (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 intellectual property assets are exploited to their full potential for the benefit of industry and that liabilities are limited by managing risks.

### Budget

Sector	2005-06 budget	2006-07 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		50	50
Government R	110		105	105
<b>Total</b> R	<b>220</b>		<b>210</b>	<b>210</b>



## Corporate services

### Program objective

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

### Overview

Encompassing the board, executive, finance, legal, human resources, information technology and other MLA funded initiatives, the corporate services business unit provides support services, risk management, governance 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	The board and executive oversee and determine policies consistent with industry imperatives and exercise direction and governance over resources and the way in which strategies are implemented.
2. Finance	The provision of accurate, timely and meaningful information to management and stakeholders, managing financial risks and ensuring internal 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. Legal	Provide legal support and advice to management on contractual and commercial matters. Monitoring compliance with statutory and other regulations applicable to MLA's business and interaction with its stakeholders.
6. Undistributed costs	Cover costs that relate to the company as a whole, but which are not distributed to the key programs. They include insurance, repairs and maintenance, depreciation, member registry costs.

### Major program KPIs for 2006-07

- Develop a comprehensive human resources strategy.
- Clean audit report received.
- Successful 'go live' of first stage of SAP implementation.

### Budget

Sector	2005-06 budget	2006-07 annual sub-program budgets (\$'000)						Total
		1	2	3	4	5	6	
Mutton R	68	10	5	4	16	2	9	46
Mutton M	157	35	16	15	53	6	31	156
Lamb R	399	59	27	24	88	9	52	259
Lamb M	939	200	91	83	301	32	178	884
Grassfed cattle R	686	140	64	58	210	22	124	618
Grassfed cattle M	1,612	476	217	197	717	76	423	2,106
Grainfed cattle R	97	19	9	8	29	3	17	84
Grainfed cattle M	228	65	30	27	97	10	57	286
Goat R	8	1	0	0	2	0	1	5
Goat M	18	4	2	2	6	1	3	16
External M	2,000	452	206	187	681	72	402	2,000
Government R	1,257	229	104	95	344	37	203	1,011
<b>Total R</b>	<b>2,515</b>	<b>457</b>	<b>208</b>	<b>189</b>	<b>689</b>	<b>73</b>	<b>406</b>	<b>2,023</b>
<b>Total M</b>	<b>4,954</b>	<b>1,231</b>	<b>562</b>	<b>510</b>	<b>1,854</b>	<b>197</b>	<b>1,094</b>	<b>5,448</b>

## 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 on-farm R&D strategic plan 2006-2011* and the *Draft goatmeat industry marketing plan*.

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 goatmeat and co-products and deliver a safe and wholesome product that meets customer requirements
- enable learning and adoption of innovation and technology throughout the supply chain

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

Sub-programs	Primary objectives
1. Parasite control	Registration of controls for internal and external parasites that affect goats.
2. Industry training	Scope training requirements and design appropriate courses.
3. Goat industry extension network development	Coordinate and extend goat industry information and best management practices to existing and potential goat producers.
4. PIRDs	Producer research support projects.
5. Supply profiling	Profiling location production, actual production numbers, actual capacity, restrictions or supply constraints, supply chain factors and production trends.
6. Goat industry research advisory committee	Operation of a goat industry research advisory committee.
7. Domestic marketing	Develop profile of goat meat to the foodservice market at trade events and restaurant promotions.
8. Export marketing	Marketing of goatmeat in North America and Taiwan.
9. Market research	In key markets profile customer preferences, total available market size, consumption drivers, consumption constraints, price sensitivity and preferences of type.

## Income commentary

Projected MLA income for 2006-07 is \$166 million, an increase of \$14.9 million on budgeted income for 2005-06.

Changes in levy income, compared to budgeted income levels for 2005-06, are shown below:

Species	R&D income			Marketing income		
	2005-06 budget	2006-07 forecast	% change	2005-06 budget*	2006-07 forecast	% change
Mutton	\$1.555m	\$1.673m	8%	\$1.758m	\$1.891m	8%
Lamb	\$6.493m	\$6.684m	3%	\$15.900m	\$16.367m	3%
Grassfed cattle	\$10.971m	\$11.761m	7%	\$27.666m	\$47.300m	71%
Grainfed cattle	\$1.731m	\$1.170m	-32%	\$3.548m	\$7.289m	105%
Goat	\$0.154m	\$0.154m	0%	\$0.246m	\$0.246m	0%

\*this refers to the original budget as at July 1 2005; however this budget changed with the introduction of the extra levy of \$1.50 in January 2006.

The following comments are made on these income forecasts:

- The income forecasts have been prepared using forecast changes in slaughterings (transactions) presented in the 2006 MLA cattle and sheep industry projections.
- Mutton transactions are anticipated to increase in the 2006-07 fiscal year, which when combined with revised income estimates for 2005-06, results in an 8% increase in budgeted mutton levy income.
- Lamb income is dependent on both the number of lamb transactions and the price of lambs in these transactions. The combination of these factors and revised income estimates for 2005-06 results in a 3% increase in budgeted lamb levy income for 2006-07.
- Grassfed cattle marketing income increases substantially as a result of the \$1.50 increase in the cattle transaction levy. It is estimated that the levy increase will generate \$19.2 million of additional grassfed marketing income in 2006-07.
- Grainfed R&D income drops in 2006-07 and marketing income rises more than grassfed marketing income due to assumed changes in the split of grainfed levies.

## Income and expenditure by funding source 2006-07

Strategic imperative	Goat		Mutton		Lamb		Total Sheep		Cattle-Grass		Cattle-Grain		Total Cattle		Processor		LiveCorp		External	MLA Total	MLA Donor Co	Govt	MLA Consolidated
	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	M		R	R	2005-06
<b>1. Markets and consumers</b>																							
1.1 Domestic marketing	0	31	0	60	150	8,323	150	8,383	122	14,566	20	2,382	142	16,948	200	2,115	0	0	0	27,969	0	492	28,461
Beef promotion										6,294	1,019		7,313		579				7,892			0	7,892
Lamb promotion						5,072		5,072							389				5,461			0	5,461
Nutrition					125	1,908	125	1,908	100	4,838	20	791	120	5,629	200	663			8,645		445		9,090
MSA/SMEQ				60		240		300		686		112		798					1,098		0		1,098
Other		31			25	1,103	25	1,103	22	2,748		460	22	3,208		484			4,873		47		4,920
1.2 Export marketing	0	125	0	366	0	6,812	0	7,178	75	21,521	75	3,366	150	24,887	0	0	0	0	32,340	0	150		32,490
Japan				65		1,164		1,229	75	10,998	75	2,097	150	13,095					14,474		150		14,624
Nth America		100		50		3,741		3,791		1,084		452		1,536					5,427				5,427
Korea						200		200		6,184		710		6,894					7,094				7,094
Sth Asia		25		100		753		853		2,704		107		2,811					3,689				3,689
Middle East				151		733		884		309				309					1,193				1,193
Europe						221		221		242				242					463				463
Global																			0				0
1.3 Live export - trade development			28	70	11	30	39	100	57	900			57	900			96	245		1,437		192	1,629
1.4 Market access - beef & sheepmeat		8	9	229	67	565	76	794	135	803	9	94	144	897	220	1,434			0	3,573		440	4,013
1.5 Red meat innovation/co-products			27		127		154	0	253				0	360					767				1,534
<b>2. Product initiatives</b>																							
2.1 Meat safety/issues management	26	4	45	86	199	457	244	543	1,615	1,389	265	187	1,880	1,576	1,274	1,959	71	41	4,000	11,618		3,495	15,113
2.2 Meat Standards Australia			116		125		241	0	481	1,097	179	346	660	1,443					400	2,744		901	3,645
<b>3. Community concerns</b>																							
3.1 Environment/resource management	0		0		400		400	0	1,740		350		2,090	0	500				87	3,077		2,990	6,067
3.2 Animal welfare - on farm/feedlot			20		355		375	0	375		350		725	0						1,100		1,100	2,200
- live export			43	437	25	330	68	767	150	1,000			150	1,000			218	455	185	2,843		436	3,279
3.3 Industry integrity communications					0	0			0	804	0	109	0	913						913			913
<b>4. Whole-of-chain efficiency</b>																							
4.1 Improving productivity	115		200		2,100		2,300	0	2,700		600		3,300	0	1,232				1,113	8,060		6,947	15,007
4.2 Adoption & capacity	78	1	150	8	900	50	1,050	58	1,860	79	200	4	2,060	83	2,793	0			115	6,238		5,981	12,219
4.3 Supply chain management - beef									270		44		314	0						314	0	314	628
- sheepmeat			80		400		480	0									0	0		480		480	960
4.4 Market information	4	6	32	65	191	376	223	441	574	968	55	86	629	1,054	60	113			810	3,340	0	916	4,256
<b>5. Strategic R &amp; D</b>			830		2,000		2,830	0	845				845	0	260				375	4,310		3,935	8,245
Industry & corporate communications	3	5	31	75	179	425	210	500	459	1,094	24	58	483	1,152					2,353			696	3,049
AUS-MEAT				94		39	0	133		453		64	0	517					650				650
Live export technical services				40		33	0	73		74			0	74			147		294				294
R & D partnerships						0	0			0			0	0					0	8,500		8,500	17,000
Intellectual property management			4		12		16	0	35		4		39	0	50				105			105	210
<b>Total expenditure pre corporate services</b>	<b>226</b>	<b>180</b>	<b>1,615</b>	<b>1,530</b>	<b>7,241</b>	<b>17,440</b>	<b>8,856</b>	<b>18,970</b>	<b>11,746</b>	<b>44,748</b>	<b>2,175</b>	<b>6,696</b>	<b>13,921</b>	<b>51,444</b>	<b>6,949</b>	<b>5,621</b>	<b>385</b>	<b>888</b>	<b>7,085</b>	<b>114,525</b>	<b>8,500</b>	<b>38,837</b>	<b>161,862</b>
Corporate services (allocated per income splits)	4	18	46	156	259	885	305	1,041	618	2,106	85	286	703	2,392					2,000	6,463		1,012	7,475
Levy collection costs (allocated per levy income splits)	0	5	0	45	0	293	0	338	0	750	0	107	0	857					1,200				1,200
<b>Total expenditure</b>	<b>230</b>	<b>203</b>	<b>1,661</b>	<b>1,731</b>	<b>7,500</b>	<b>18,618</b>	<b>9,161</b>	<b>20,349</b>	<b>12,364</b>	<b>47,604</b>	<b>2,260</b>	<b>7,089</b>	<b>14,624</b>	<b>54,693</b>	<b>6,949</b>	<b>5,621</b>	<b>385</b>	<b>888</b>	<b>9,085</b>	<b>122,188</b>	<b>8,500</b>	<b>39,849</b>	<b>170,537</b>
Income available:																							
- Levies	154	246	1,673	1,891	6,684	16,367	8,357	18,259	11,761	47,300	1,170	7,289	12,931	54,590					94,536				94,536
- Govt							0	0					0	0					0	0		39,849	39,849
- Processors															6,949	5,621			12,570				12,570
- Live Export																	385	888	1,273				1,273
- R & D Partnerships																			0	8,500			8,500
- External																		9,085	9,085				9,085
<b>Total income</b>	<b>154</b>	<b>246</b>	<b>1,673</b>	<b>1,891</b>	<b>6,684</b>	<b>16,367</b>	<b>8,357</b>	<b>18,259</b>	<b>11,761</b>	<b>47,300</b>	<b>1,170</b>	<b>7,289</b>	<b>12,931</b>	<b>54,590</b>	<b>6,949</b>	<b>5,621</b>	<b>385</b>	<b>888</b>	<b>9,085</b>	<b>117,464</b>	<b>8,500</b>	<b>39,849</b>	<b>165,813</b>
<b>Difference (to/(from) reserves)</b>	<b>(76)</b>	<b>43</b>	<b>12</b>	<b>160</b>	<b>(816)</b>	<b>(2,250)</b>	<b>(804)</b>	<b>(2,090)</b>	<b>(603)</b>	<b>(303)</b>	<b>(1,090)</b>	<b>200</b>	<b>(1,693)</b>	<b>(103)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,724)</b>	<b>0</b>	<b>0</b>	<b>(4,724)</b>