AUSTRALIA'S RED-MEAT AND LIVESTOCK INDUSTRY

MEAT INDUSTRY STRATEGIC PLAN

guaranteeing vital food for the nation and the world

2010
2015

RED MEAT ADVISORY COUNCIL LIMITED

STRATEGIC PLAN

Australian Livestock Exporters' Council ALEC

ALFA

AMIC Australian Meat Industry Council

CATTLE COUNCIL OF AUSTRALIA

SHEEPMEAT COUNCIL OF AUSTRALIA

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Australia's red-meat and livestock industry — guaranteeing vital food for the nation and the world.

MESSAGE FROM THE MINISTER

Hon Tony Burke MP Australia's red-meat and livestock industry has a long and proud history. For generations it has supported the economic and social prosperity of many of Australia's rural and regional communities.

The Meat Industry Strategic Plan 2010–15 shows that Australia's red-meat and livestock industry is in safe hands. Through Red Meat Advisory Council Limited, the industry has put in place a broad plan for its future — it is now up to all members of the industry to meet its ambitious goals.

The Australian Government continues to work in partnership with the industry to invest in research and development to improve its long-term productivity and sustainability. The Government has also worked to expand market access and trade opportunities for Australian red-meat and livestock producers. The Meat Industry Strategic Plan 2010–15 will place the industry in a position to take advantage of these opportunities.

The Australian Government is proud to offer its support and endorsement of the Meat Industry Strategic Plan 2010–15 and looks forward to working with the industry in its implementation.

Hon Tony Burke MP
Minister for Agriculture, Fisheries and Forestry

FOREWORD

Ian McIvor I am pleased to present the Meat Industry Strategic Plan 2010–2015 (MISP3), on behalf of the Red Meat Advisory Council. This is the third major strategic planning activity undertaken by the Industry since 1996; it has also been one of the most inclusive.

Under RMAC's guidance, MISP3 will reflect this industry's importance to the Australian economy and to the supply of vital food to the world's growing population. It will shine a light on the direction our industry must take to stay ahead of the global challenges of environmental responsibility, animal care, production technology, the nurturing of its people and its ongoing battle for market share here and around the world.

This plan focuses on seven strategic themes, indicative of the depth and breadth of the red-meat and livestock industry domestically and internationally. I look forward to working with the industry on the implementation of the plan.

Ian McIvor AM
Chairman
Red Meat Advisory Council

Terry Nolan In developing the industry's third strategic plan, the Steering Committee consulted widely, utilising a series of workshops and interviews.

Through this process we captured seven key themes – essentials that were most common among all stakeholders. We aimed to respect the autonomy of Peak Councils in setting future policy to build community and consumer trust, and allowed flexibility and creativity for our Industry Service Companies to action key programs for the delivery of desired outcomes.

There is an age-old axiom: 'In essentials, unity; in action, freedom; and in all things, trust.' The MISP3 Steering Committee believes this plan will help to deliver on that axiom.

We are deeply grateful to all contributors for their time and efforts in the development of this plan. We trust it will provide industry stakeholders with the necessary focus to build a successful industry to 2015 and beyond.

Terry Nolan
Chairman
MISP3 Steering Committee

OUR VISION FOR 2015

Vision Statement

Australia's red-meat and livestock industry — guaranteeing vital food for the nation and the world.

OUR VISION

Australia's red-meat and livestock industry — guaranteeing vital food for the nation and the world.

Strategic Planning Statement

The Meat Industry Strategic Plan (MISP) represents a single view of the Australian red-meat and livestock industry. This plan provides us with a roadmap for the period 2010–2015. The plan has been developed by the Red Meat Advisory Council Limited (RMAC), which has custodianship of the Meat Industry Strategic Plan (MISP) planning and implementation process. RMAC comprises five of the six Peak Industry Councils of the red-meat and livestock industry:

- Australian Livestock Exporters' Council;
- Australian Lot Feeders' Association;
- Australian Meat Industry Council;
- Cattle Council of Australia; and
- Sheepmeat Council of Australia.

The Goat Industry Council of Australia while involved in the red-meat industry is not a member of RMAC. The MISP is now into its third major iteration, with the foundation plan (MISP1) having been developed by industry in 1996. In 2003 MISP was redeveloped into the *More From Less — Strategic Direction for the Australian Red-Meat Industry* (MISP2), which captured the key essence of the priorities for our industry at that time.

The development of MISP3 adopted a 'clean sheet' approach, resulting in the seven strategic themes contained in this plan. While there are degrees of consistency between this plan and MISP2, the rigorous nature of this planning process has ensured a plan that represents the needs of our industry for the period 2010–2015.

Sustainability Statement

A consistent theme throughout this strategic plan is the need for our industry to operate in a sustainable manner, reflecting the environmental and ethical challenges faced by the agricultural sector. Much has changed since the last MISP was developed. The impact of humankind on the planet, the recognition of climate change and the increased environmental conscience of consumers are rapidly changing the way we look into the future.

The red-meat and livestock industry has a significant role to play in this shift. The primary producers of our industry are custodians of the land, with as much or more to gain and lose as the Australian public at large.

This strategic plan builds on the success of the industry against a backdrop of the need to remain internationally competitive and an effective supplier of red meat to consumers.

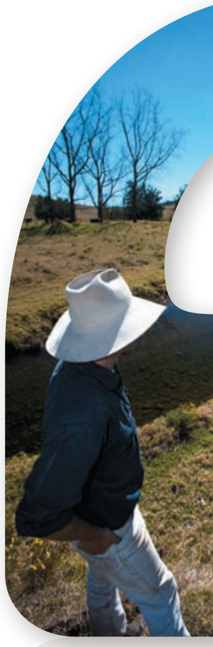
THE INDUSTRY

Overview

The Australian red-meat and livestock industry comprises producers, lot feeders, processors, retailers and exporters who together are responsible for guaranteeing the supply of red meat and livestock to domestic and international markets.

From humble beginnings just over 220 years ago, our industry has grown its total value to $15.8 billion and has become one of the world's largest exporters of red meat and livestock. Around 120,000 properties carry beef cattle (28 million head), sheep (83 million head) or goats and cover 60% of Australia's land mass (466 million hectares).

Approximately 350,000 people are involved either directly in the supply chain or in businesses that service our industry. Australia is our industry's largest single market. Consumers in this country spend an estimated $6.7 billion on beef and nearly $2.5 billion on sheepmeat annually.



Export and Trade

Australia exports $5 billion worth of beef and cattle annually, making this sector one of the country's most valuable farm contributors. Sheepmeat and sheep exports are worth around $1.6 billion, and goat meat and goats approximately $55 million. Combined, these represent around 23% of total Australian farm exports. Over 70% of red meat production is exported to 110 countries worldwide.

The Australian production system is diverse, offering a wide variety of products to customers and consumers. Products range from high-quality, tenderness-guaranteed eating products to hides and pharmaceutical ingredients.

Our industry is renowned for its efforts in meeting customer requirements, including for live animals. Major international customers for our beef are Japan, the US and Korea, while the US is our dominant export market for lamb and goat meat. Indonesia is our primary live cattle market and the Middle East, particularly Saudi Arabia and Kuwait, dominates our live sheep trade.

Our industry has an enviable international reputation as a leader in food safety, animal welfare and disease control. This earns the trust of domestic and international consumers and allows us access to all global markets where collectively over 3 million tonnes of our product is consumed each year.

An Industry Statistical Snapshot is at Appendix B.

* All figures quoted are 2007-08, MLA estimates and Australian Bureau of Statistics

Industry Structure

Our industry is important to the Australian economy and to the social fabric of rural communities.

A formalised industry structure allows us to develop and implement policies and to influence governments in ways that provide a net benefit to the many thousands of individuals with a vested interest in our industry.

Our industry is made up of six sectors, each having an elected body, or Peak Industry Council (PIC), for policy formulation. There are three levy-funded bodies, known as service companies, set up to provide research and marketing services to industry.

It is a vast industry that requires vigilant policy input and efficient program delivery. The current structure is effective in providing the means necessary for meeting our needs.

A more detailed overview of the Industry Structure is at Appendix C.

OUR SEVEN STRATEGIC THEMES

Australia's red-meat and livestock industry — guaranteeing vital food for the nation and the world.

1. ENVIRONMENT AND ETHICS

Promote ethical and responsible custodianship of the environment, animal welfare and resources used in the production of red meat.

2. MARKET ACCESS

Maximise, in partnership with government, effective trade facilitation.

3. OUR INDUSTRY

Promote a single coordinated voice for our industry to reshape and reinvigorate relationships within industry and with Government.

4. OUR PEOPLE

Develop and retain motivated and appropriately skilled people for our industry.

5. INNOVATION

Increase competitiveness and profitability through innovation.

6. MARKETING AND PROMOTION

Focus on the consumer to continue to achieve profitable growth in demand for Australian red-meat and livestock products.

7. ECONOMICS AND INFRASTRUCTURE

Foster economic reform and infrastructure investment to enhance the capabilities of our industry.

ENVIRONMENT AND ETHICS

Promote ethical and responsible custodianship of the environment, animal welfare and resources used in the production of red meat.

STRATEGIC THEME 1

we have a responsibility to use the planet's resources in an appropriate manner

The red-meat and livestock industry is a significant component of agriculture. We have a responsibility to protect the welfare of our animals and use the planet's resources in an appropriate manner that minimises the impact on the environment for the benefit of future generations.

Consumers, retailers and governments expect high environmental and ethical standards from our industry. It is important our industry communicates information effectively to ensure red meat is recognised as a sustainable product of choice.

From within our industry, it is vital we recognise the importance of these changes and put in place mechanisms to implement and monitor the shifts required.

STRATEGIC THEME 1

ENVIRONMENT AND ETHICS IMPERATIVES

Our industry will:

ENVIRONMENT AND WELFARE STANDARDS

1. Develop,implement and verify a set of robust, credible standards for environmental stewardship, animal welfare and ethical behaviour acceptable to the community.

While our industry is already well progressed with the management of environmental resources and animal welfare, we lack a complete set of industry standards against which to be measured.

The development of these standards will move Australia to the forefront of environmental and animal welfare issues, putting the industry 'on the front foot' when dealing with these matters. The implementation of, and measurement against, these standards will demonstrate our ethical behaviour to the community.

ENGAGE WITH CONSUMERS

2. Engage with customers and consumers to engender community trust that our industry is an ethical and responsible custodian of livestock, land and resources.

The perception of our industry to customers and consumers is important. We need better engagement with the community to build a high level of trust in how we manage our industry; this is particularly important with respect to metropolitan Australia.

The increasing focus from consumers on issues such as environmental sustainability, health-conscious food choices, responsible farming and animal welfare mean that the expectations on our industry are higher and subject to more scrutiny.

We must actively engage 'downstream' to promote our existing high standards and to build trust that we are an ethical and responsible food production industry.

CLIMATE CHANGE POLICY

3. Achieve industry agreement on a total supply chain response to climate change.

Climate change is one of the greatest economic and environmental challenges of our time. It is impacting the industry on a number of fronts and will be an area of major focus over the life of this plan.

We must achieve agreement across our industry on a total supply chain response to climate change, ensuring we respond in a consistent and cohesive manner. The climate change policy agenda will be complex, requiring a strategic response from our industry and agriculture more broadly. Our response will be important not just from a climate change perspective, but as a key to how our industry is perceived by government and the community.

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ACHIEVING SHIFTS IN PRACTICE

4. Establish an effective whole-of-industry process for consultation, education and awareness of the requirement for and benefits of change relating to the environment and animal welfare.

Our industry will foster effective alliances with customers, governments and other industry groups to ensure the adoption of achievable and responsible standards of animal welfare and production. We must build and link capabilities to deliver on community expectations on environmental sustainability and ethical standards and proactively manage related issues.

The implementation of an Emissions Trading Scheme must be managed to minimise the long-term detrimental impacts on the industry while reflecting our responsibility to the environment.

ESTABLISH BASELINE AND ONGOING DATA

5. Establish baseline and ongoing data to measure and monitor the impact of our industry on environmental sustainability and ethical custodianship of animals and resources.

For the industry to determine progress, we need a reliable and consistent means to measure change. Importantly, we need sound data on the current impact of the industry on the environment and resource base. While our industry has commenced the process of data collection, there is a great deal more to be done to analyse and evaluate the information available to us. This will place us in a strong position to provide valuable input to policy development.

We have a commitment to improving our industry's interaction with the environment and demonstrating this commitment and progress to governments, consumers and the broader community.

STRATEGIC THEME 2

MARKET ACCESS

Maximise, in partnership with government, effective trade facilitation.

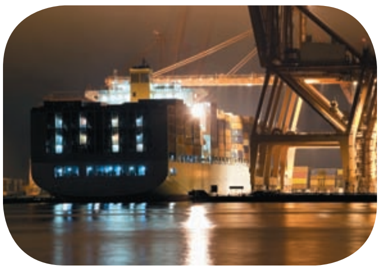
STRATEGIC THEME 2

the complexities of international markets require that we continue to focus significant effort on trade facilitation

Access to global markets is a key priority for the red-meat and livestock industry, with a large portion of our products being exported.

The complexities of international markets require that we continue to focus significant effort on trade facilitation, including trade reform, partnering with government in overseas markets and ensuring our interests are represented in major and emerging markets.

Our industry must also focus on meeting ever-changing overseas market needs. This requires a flexible certification system, whole-of-chain food safety mechanisms and awareness of emerging international biosecurity and environmental standards.



MARKET ACCESS IMPERATIVES

Our industry will:

PARTNERSHIP WITH GOVERNMENT

1. Establish a whole-of-industry/government approach to deliver the partnership necessary for effective trade facilitation.

Market access is an issue requiring real partnership with government.

Maximising international trade benefits our industry, government and the economy as a whole. It is critical for industry and government to provide each other with clear priorities and to work together to meet the challenges facing us.

The interaction between our industry and government requires coordination and ongoing effort. This necessitates a refined structure that delivers a single voice from industry and a consistent interface with government.

TRADE REFORMS

2. Strengthen the push for trade reform through multilateral, bilateral and regional agreements.

Multilateral trade negotiations remain industry's top priority for long-term market-access solutions. Nevertheless there is recognition this will take time and requires a significant and ongoing investment.

Bilateral and regional agreements are therefore favoured for shorter-term solutions. Our industry strongly supports working with government negotiators to effect tangible outcomes. While bilateral and regional agreements are less preferable than multilateral agreements, they form an important point from which freer trade access can be expanded globally.

TRADE ADVOCACY

3. Enhance trade advocacy activities at all levels of our industry and across the supply chain to achieve optimal trade outcomes.

'Unity' and 'advocacy' go hand in hand. This means our industry must work together in pursuit of a common goal in trade-related matters

Fundamental to a unified approach are the gathering and sharing of market intelligence across industry while honouring commercial confidentiality. Equally important is the delivery of consistent messages to overseas

markets, giving consideration to all operators within the red-meat and livestock export arena.

A detrimental impact to one sector or market will most likely have a flow-on effect to the entire industry. It is therefore incumbent upon each operator to communicate only positive messages for the greater good of our industry.

ISSUES MANAGEMENT

4. **Reinforce the importance of Australia's overseas posts by working with government to ensure adequate resourcing for red-meat and livestock market maintenance, the facilitation of trade and appropriate issues management programs.**

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Our industry works in partnership with government representatives in overseas offices to maintain and facilitate trade. This partnership is becoming increasingly important as foreign governments are tempted to protect their domestic industries through the implementation of non-tariff trade barriers. Two-way communication associated with issues management is fundamental to sound bilateral relations with our trading partners.

Australia must maintain a long-term view of the critical role played by overseas representatives in ongoing trade access. Government and industry working together offer a formidable force in representing our interests in overseas markets.

CERTIFICATION SYSTEMS

5. **Ensure our government's certification system is modern, flexible, and world's best in terms of efficiency.**

Government certification is an essential ingredient for ongoing access to overseas markets. It is the responsibility of industry and government to ensure Australia's certification system is efficient, effective and meets the commercial imperatives of our industry.

We must remain engaged in, and influence, the modernisation of quarantine, inspection and certification systems to maximise our competitiveness in international markets.

OUR INDUSTRY

Promote a single co-ordinated voice for our industry to reshape and reinvigorate relationships within industry and with Government.

STRATEGIC THEME 3

partnership, trust and a commitment to a single voice are the key ingredients

Our A$15.8b industry has been 'punching below its weight' for a decade because of a multitude of bodies seeking individual representation to Government and policy makers on matters that affect the entire industry. This needs to change for our industry to achieve its desired impact nationally and internationally.

A single voice that carries unified, co-ordinated cross-sectoral policies to this country's law makers and international negotiators is essential for our industry's future.

Our current structure provides for such a voice; however, we lack sufficient commitment from all sectors to making it work and resources to ensure appropriate and timely policy development and delivery for the industry as a whole. Partnership, trust and a commitment to a single voice are the key ingredients; without these, our influence will remain fragmented.

OUR INDUSTRY IMPERATIVES

Our industry will:

ONE VOICE

1. **Work together as one industry with one voice.**

   Feedback from those our industry wishes to influence is that we appear fragmented. This must be remedied.

   Representative groups within our industry have a clear unilateral role with certain policy development and advocacy; however, it is very important to present a united front on matters affecting multiple sectors and/or agriculture more broadly.

   This is the responsibility of us all, through the adoption of this mantra in our various industry forums including the Red Meat Advisory Council, Peak Industry Councils and Service Companies.

RED MEAT ADVISORY COUNCIL

2. **Reinvigorate RMAC as the single touch point between our industry and Government.**

   Already established as the peak policy body for our industry, RMAC will have its role strengthened to reinvigorate the relationship with and between its member bodies and other key industry organisations, and to perform as a highly professional company that aims to drive the growth of our industry through collaborative policy development and delivery.

PEAK INDUSTRY COUNCILS

3. Recognise and support the role and importance of Peak Industry Councils in the red-meat and livestock industry.

The sovereignty of Peak Industry Councils (PICs) in devising and furthering sector-specific policies is to be honoured. Simultaneously, PICs will be further encouraged to recognise the role our industry's peak body, RMAC, plays in forming and delivering against multi-sector policy issues.

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SERVICE COMPANIES

4. Utilise levy-funded organisations to maximum effect.

Our three levy-funded industry companies responsible for program delivery will, through their own strategic and corporate plans, focus on their delivery role within the industry.

Part of this delivery role will be to provide research and analysis when requested by PICs to assist them, and RMAC when appropriate, in forming policy. Relaying policy to the Federal Government and its agencies will be the responsibility of PICs when 'single-sector' and RMAC when 'multi-sector'.

STRATEGIC THEME 4

OUR PEOPLE

Develop and retain motivated and appropriately skilled people for our industry.

STRATEGIC THEME 4

key to this theme is the need to attract a new generation into the industry

The need to attract, develop and retain a productive workforce is critical to the future success and viability of our industry. Key to this theme is the need to entice a new generation into the industry and to ensure succession planning is in place for our current workforce.

Our industry has much to offer, with career opportunities spanning a wide range of interests from on-farm production to cutting edge research and development. There is a need to communicate this to the future workforce, to ensure the image of our industry is attractive to people with the calibre and capability required.

In addition, we need to ensure learning and education opportunities exist for those already in our industry and that the industry recognises this commitment. This will help to ensure there is a sufficient supply of suitably qualified and engaged employees across our sector.

OUR PEOPLE IMPERATIVES

Our industry will:

INDUSTRY EMPLOYMENT

1. Present itself as a preferred and desirable employment option and career destination.

In order to attract new people to our industry we need to be recognised as a progressive and attractive employment option. This is particularly important as generational work priorities and preferences evolve.

There is much to be proud of about our industry, including the range of varied and stimulating roles on offer to potential entrants. The breadth of roles on offer, from cutting edge research and development to overseas export markets, are often overlooked by potential candidates.

These positive attributes need to be communicated to the community to improve the image of our industry as a career destination.

MANAGE RETENTION

2. Improve employee retention rates within all sectors.

An improvement in employee retention rates across all sectors will deliver significant improvements to our industry and provide lifelong career path opportunities.

Different strategies will be required for different roles and segments; these will include improved recognition frameworks, a further focus on the work environment and occupational health and safety, and improved job design.

The opportunity for existing industry employees to broaden into new fields, including agri-political roles, will be important as part of succession planning.

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LEARNING AND EDUCATION

3. Increase uptake of learning opportunities and skills education.

To ensure continued development of those within our industry, more effort is required to provide learning opportunities and skills education.

Areas of focus will include improved management and supervisory training, which is important from a succession planning and generational change perspective. The addition of training and induction programs for new entrants also requires focus, to ensure people joining our industry are provided with a suitable introduction.

LABOUR PROGRAMS

4. Influence government support for strategic semi-skilled labour programs.

Where existing labour markets are not providing sufficient resources to meet existing demand, we will work with government to pursue alternative labour options.

Areas for consideration include concepts such as an 'agricultural gap year' to encourage new semi-skilled labour into our industry. The adoption of enhanced migration programs for overseas labour must also be considered, given the shortage in Australia.

ASPIRATIONS

5. Align individual and industry aspirations.

To align the career paths of individuals with what our industry can offer, we must clearly articulate the career benefits our industry can provide. These include the diversity of opportunities across the industry, structured career pathways, all-of-life training opportunities and multiple entry and exit points over time.

We must all project a realistic, transparent image of a career we are proud to be part of and others envy.

STRATEGIC THEME 5

INNOVATION

Increase competitiveness and profitability through innovation.

STRATEGIC THEME 5

we must encourage the diversity of ideas within our industry and focus on the needs of the consumer

Our ability and capacity to innovate are the key reasons our industry has become a leading supplier of red meat and livestock. We must continue to innovate in order to remain competitive and ensure the viability of our sector into the future.

The challenges presented by climate change and other environmental factors will further increase the importance of this theme. The need to innovate continually will require us to engage with government, the broader innovation community and consumers generally, to ensure we are meeting the needs of the market.

We must encourage the diversity of ideas within our industry and focus on the needs of the consumer.
In so doing, we also must follow through to ensure innovation is adopted in an effective manner across each of our different sectors.

STRATEGIC THEME 5

INNOVATION IMPERATIVES

Our industry will seek to:

CAPACITY TO INNOVATE

1. Build capacity to research and innovate.

Our industry must continue to innovate, adopting a highly collaborative approach where we share ideas, initiatives and research. We must build networks that support this approach, targeting innovation and research that deliver high returns to the industry.

Innovation will not be limited to improving profitability. Areas requiring an innovative focus will include meeting emerging consumer expectations, managing animal welfare and meeting the environmental challenges of the coming decade.

Government's ongoing financial contribution to industry innovation is essential. It is our role to continue presenting to government objective evidence supporting the benefits flowing from its investment.

PRODUCTION EFFICIENCIES

2. Enhance production efficiencies through innovation.

Efficiency of production through the supply chain is at the heart of our industry's future prosperity. We have already demonstrated our ability to innovate across many sectors; however, impetus must be maintained.

At every point in the supply chain the pursuit of continual innovation, with a focus on production efficiency, is paramount. Investment in new and emerging technology should be central to this effort.

Australia leads the world in its development of livestock identification and product certification, classification and grading. These initiatives reflect our capacity as an innovative nation. We must continue to progress with these and other initiatives to nurture ongoing improvements in the efficiency of our systems. By doing so, we are developing products that are internationally marketable.

INNOVATIVE PRODUCTS

3. Place consumers first in developing innovative products.

In order to remain competitive with other food industries, we must innovate to meet the needs of consumers. We must develop products that meet or exceed consumer expectations, increase the consumption of our products and improve overall customer satisfaction.

Areas of focus to improve customer satisfaction and increase product consumption include shelf-stable products, more versatile meal solutions and flexible packaging arrangements.

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SPEED AND ADOPTION

4. Increase the speed and adoption of innovation.

Research and development activities and the adoption of worthwhile outcomes have historically taken too long.

We need to increase the speed of R&D activities and innovation adoption to improve the competitiveness of our industry. We need to attract the right people and reward those who innovate within our industry. We will support those who innovate and remove the structural barriers to collaboration that may exist.

INNOVATIVE COMMUNICATION

5. Implement innovative, rapid and effective communication with all stakeholders.

The speed of technological development of communication tools is astounding. We must embrace new and appropriate methods for conveying research and development outcomes to all relevant stakeholders, particularly those who provide the funds for such work.

These methods will facilitate communication and collaboration between our industry and all stakeholders, comprising consumers, education, science and industry.

STRATEGIC THEME 6

MARKETING AND PROMOTION

Focus on the consumer to continue to achieve profitable growth in demand for Australian red-meat and livestock products.

STRATEGIC THEME 6

the industry needs to identify and promote the key attributes of red meat as part of a healthy and balanced diet

The marketing and promotion of red meat to Australian and international consumers require ongoing focus and attention, as the markets diversify and more meal options become available. Likewise, overseas markets for Australian livestock must continue to be pursued with vigour in recognition of importing countries' particular needs.

Functionality and versatility of meals are becoming more important in markets where social conscience and values compete with price and health considerations. The disaggregation of the media, emergence of online communities and the rapidly changing retailing scene are influencing the way consumers make their food choices. Robust and accurate market information is required to maximise our marketing and promotion opportunities.

In order to remain competitive in these markets, our industry needs to identify and promote the key attributes of red meat as part of a healthy and balanced diet and, for livestock, advance Australia to be the importing countries' preferred supplier.

STRATEGIC THEME 6

MARKETING AND PROMOTION IMPERATIVES

Our industry will:

POSITIVE ATTRIBUTES

1. **Promote the positive attributes of red meat to engender consumer trust so red meat becomes the product of choice.**

   We will seek to establish a consumer preference for Australian red meat and livestock through marketing its many positive attributes including health and nutrition, consistency of red meat eating quality, food safety, integrity of production systems and ethical standards of production.

   We have a significant investment in understanding the health and nutritional benefits of red meat as a protein source; we must further promote this message to young adults.

   Our message should also focus on the role of the industry in Australia, including pride in the integrity of our product and displaying good corporate citizenship.

PRODUCT VERSATILITY

2. **Promote the versatility of red-meat products to meet the demands of changing consumer eating patterns.**

   The rapidly changing demands of consumers must be an area of increased focus for the industry. In addition to being innovative, we need to promote the versatility and appeal of our products.

   Meal convenience and range choice must be at the forefront of this focus. Many consumers have limited time for meal preparation, seeking faster and more convenient solutions, while others are increasingly using meals as a tool for strengthening family and social interaction.

   Our industry needs to consider the role of red meat in meeting these needs, with equal consideration given to taste, value for money, convenience, nutrition and comfort. We need to broaden the versatility of our products to meet these shifts in the market.

BRANDED PRODUCTS

3. **Assist with the development and utilisation of appropriately branded products in selected markets to enhance consumer confidence and increase profitability.**

   The industry must focus on the development and promotion of branded products across different markets and consumer segments.

Commercial operators and industry must continue to collaborate through joint agreements to encourage market penetration of branded products.

Food choices are increasingly made in-store, where branding and visual merchandising are important. The traditional model of unbranded meat products behind a separate counter needs to be reviewed and updated to cater for changing consumer expectations. Branded products will also cater for emerging consumer trends including food origins and social-conscience issues such as 'food miles' and 'environmental footprints'.

Engagement with the retail sector is a key component of this strategy because an increased focus on branded products must be aligned with in-store placement and co-promotion.

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MARKET DIVERSIFICATION

4. Seek opportunities for commercial expansion into a greater range of markets, and further penetration of existing markets, to broaden marketing choices and more evenly distribute risks associated with market downturns.

In order for our industry to remain profitable and sustainable we must look for opportunities to expand our product offering and move into new and emerging markets. This diversification will increase total market share and distribute risk across multiple markets.

Australian red meat and livestock are produced to the highest standards. We will use this quality to differentiate and promote our products into different sectors of existing international markets.

MARKETING TECHNIQUES

5. Adopt new marketing techniques and encourage retail innovation to maximise efficiency and effectiveness in growing demand for red meat and livestock.

Ever-changing media and retailing landscapes continue to challenge traditional models of marketing used by our industry.

Our industry needs to embrace new and emerging marketing channels, including the wide range of online avenues now available. This will include a multi-channelled, multi-layered approach to target consumer sectors. We must continue to innovate to ensure the most effective use of our marketing spend.

STRATEGIC **THEME 7**

ECONOMICS AND INFRASTRUCTURE

Foster economic reform and infrastructure investment to enhance the capabilities of our industry.

STRATEGIC THEME 7

needs to influence infrastructure investment at jurisdictional and federal levels

To increase efficiency and productivity, the Australian red-meat and livestock industry, and the food industry generally, needs to influence infrastructure investment at jurisdictional and federal levels.

The inconsistency in approach across State/Territory borders and the ever-increasing burden of regulation are hampering efforts to improve the productivity of our industry and its international competitiveness.

Government policy intervention targeting carbon reduction programs can have negative impacts on the wellbeing of Australia's food-producing industries. Our industry must have input to the Government's policy debate and formulation, ensuring a balanced approach that reflects the essential nature of the production-to-consumption food pathway.

ECONOMICS AND INFRASTRUCTURE IMPERATIVES

Our industry will:

TRANSPORT INFRASTRUCTURE

1. **Pursue an improvement in domestic transport rules and infrastructure, including road, rail and port, to facilitate the more efficient carriage of livestock and meat products within Australia.**

   The red meat and livestock industry is one of the largest single users of domestic transport infrastructure in Australia. Significant opportunities exist to improve the transport of livestock and red-meat products domestically and into international markets through the interstate harmonisation of relevant legislation and regulation.

   Practical solutions to road, rail and port bottlenecks must be pursued for the long-term benefit of our industry.

QUARANTINE AND BIOSECURITY

2. **Seek an efficient and streamlined quarantine infrastructure through appropriate consultative structures with government and the broader agricultural industry.**

   Our industry is recognised worldwide as holding a privileged quarantine and biosecurity status, allowing access into a wide range of global markets. We must continue to work with government and other industry sectors to maintain this status, against a backdrop of ever-present quarantine threats.

   In order to remain competitive on the international market, we will work with government to improve the efficiency of quarantine services.

   The management of public perception in relation to health-related and food-safety issues, such as antibiotic use, chemical contamination and zoonoses, will continue to be a focus for our industry. Existing programs will be monitored and, where necessary, enhanced to ensure confidence in the Australian agriculture sector remains high.

Australia's red-meat and livestock industry — guaranteeing vital food for the nation and the world.

COMMUNICATIONS INFRASTRUCTURE

3. Press for improved communications infrastructure, including rural mobile telephone and broadband services, to enable improved industry productivity.

Our industry is the most geographically diverse in Australian agriculture. Further investment in Australian communications infrastructure, especially in rural and remote localities, will therefore be of great benefit to our industry's prosperity.

We will work with government and others in the agriculture sector to promote this issue, which stands to increase efficiency and effectiveness of rural Australia.

INPUTS TO PRODUCTION

4. Ensure improved availability and affordability of inputs to food production by pursuing the removal of government-imposed policies that unduly distort agricultural markets.

Undue Federal and jurisdictional government involvement in agriculture and related industries can have serious consequences for food production. Government policies such as mandating ethanol additives in fuel, providing tax incentives for management investment schemes and unjustifiably barring the importation of farm inputs can interfere with market signals and significantly skew farm outputs.

We will work with and across Federal and jurisdictional governments to pursue the removal of policies that clearly distort supply and demand signals on which we depend for making decisions on production and marketing.

DELIVERING ON THE PLAN

This Meat Industry Strategic Plan (MISP3) is an overarching document, covering a range of councils and companies across the red-meat and livestock industry. It provides for an industry-wide vision, encompassing seven broad themes and associated imperatives for the industry over the coming five years.

The pursuit of the imperatives articulated in this document is the responsibility of our industry's six Peak Industry Councils (PICs) and three levy-funded service companies.

The diagram on the adjacent page details this arrangement, whereby Strategic and Annual Plans are developed by PICs and industry service companies to cater for the MISP3 strategic themes and multiple imperatives.

RMAC will be working closely with these organisations to ensure their strategic and annual plans and Key Performance Indicators (KPIs) align with the Themes and Imperatives crafted through the consultative process and contained in MISP3.

Within the 'rules' governing delivery against MISP3 will be a process of regular checks on progress against pre-determined KPIs; these checks will be conducted by RMAC at the uppermost strategic level and by Peak Industry Councils at the operational level.

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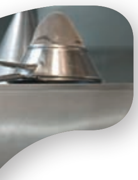
MEAT INDUSTRY STRATEGIC PLANNING PROCESS



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APPENDIX A – MISP3 METHODOLOGY

In October 2008 **one of the largest financial contributors to the Australian agricultural economy, the red-meat and livestock industry, commenced re-evaluating and planning its future, with RMAC responsible for guiding this process.** To drive the process RMAC nominated a Steering Committee comprising its then Chairman, Terry Nolan, two additional Directors in Ian McIvor and Malcolm Foster, and the Company's Secretariat, Justin Toohey. 'Ownership' and 'engagement' were the priorities for the Steering Group. With these in mind, the process was designed in three stages:

Stage One

A two-day workshop in October 2008 involving 'strategic thinkers' from outside the existing industry structure to set the context for the MISP3 process;

Stage Two

A two-day workshop in December 2008 involving strategic thinkers from inside the existing industry structure to determine the strategic themes of MISP3; and

Stage Three

A series of seven workshops in February, March and April 2009, with each workshop specifically focused on one of seven themes distilled by the Steering Committee from the topics discussed in Stages One and Two.

The seven Themes for Stage Three, and ultimately for this final document, were: *Our Industry*; *Our People*; *Economics and Infrastructure*; *Innovation*; *Marketing and Promotion*; *Market Access*; and *Environment and Ethics*. Participants were given summary documents from Stages One and Two and were able to combine these with their own deliberations to produce a range of Imperatives for each of the Themes.

Every workshop throughout the three stages commenced with a presentation from an expert in the field in order to stimulate participants' thought processes. Attending were representatives from a wide cross-section of industry, academia, the sciences, consumer groups, health and agribusiness. Industry's six PICs and three levy-funded companies were committed to the process and so provided strong representation. In aggregate, around 200 participants were involved in a total of nine workshops over 11 days.

All workshops across the three Stages were professionally facilitated by Dianne van Meegen of *Directions For Change* with assistance from Drew Baker of the *Centre for Public Management*. Also acknowledged is co-ordination input from Jackie Kyte of *JK Connections*.

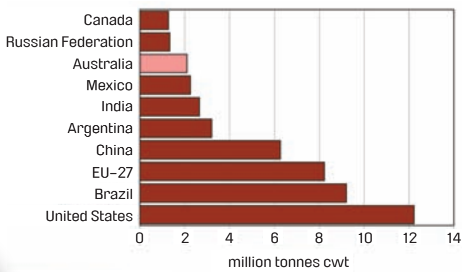
Important to the process beyond the creation of the MISP3 document is the final stage: the development of Actions and Key Performance Indicators by industry organisations charged with the task of delivering against MISP3. This stage will be completed in time for implementation on 1 July 2010.

Adherence to MISP3 by the three-levy funded companies will be monitored regularly (at least annually) by their respective PICs, with the PICs' adherence being monitored by RMAC, again annually.

Our place in the world

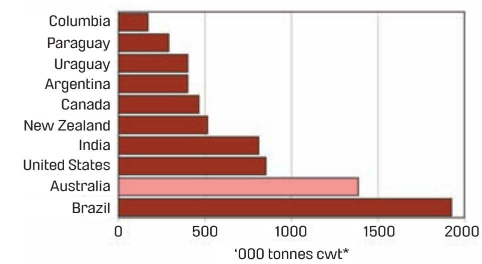
Australia's red-meat and livestock industry — guaranteeing vital food for the nation and the world.

Top ten beef-producing countries



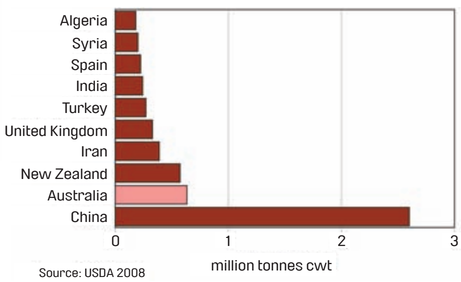
Source: USDA 2008

Top ten beef-exporting countries



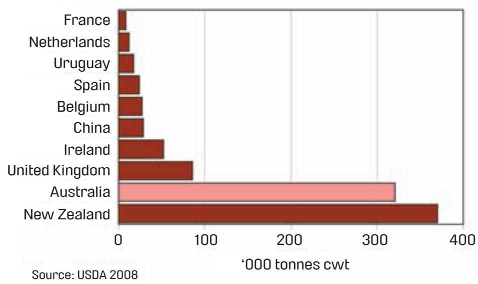
Source: USDA 2008 *includes processed meat

Top ten sheep-producing countries



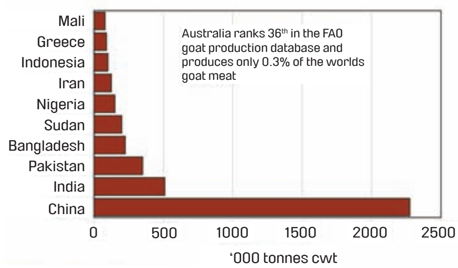
Source: USDA 2008

Top ten sheep-exporting countries



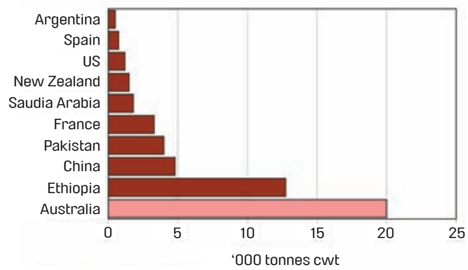
Source: USDA 2008

Top ten goat-producing countries



Source: FAO latest available 2007

Top ten goat-exporting countries



Source: FAO latest available 2005

APPENDIX B – INDUSTRY STATISTICAL SNAPSHOT

Five Years at a Glance

	2003–04	2004–05	2005–06	2006–07	2007–08
Industry value	$13.4b	$14.7b	$15.0b	$15.9b	$15.8b
Australian consumer expenditure on beef	$5.7b	$6.0b	$6.4b	$6.6b	$6.7b
Australian consumer expenditure on lamb	$1.7bn	$1.7b	$1.8b	$2.0b	$2.1b
Value of beef exports	$3.9b	$4.9b	$4.5b	$4.9b	$4.4b
Value of lamb exports	$636.5m	$700.5m	$781.9m	$778.0m	$824.0m
Value of goatmeat exports	$49.2m	$70.6m	$82.1m	$76.8m	$55.2m
Value of live cattle exports	$461.2m	$464.0m	$403.9m	$496.9m	$540.3m
Value of live sheep exports	$268.2m	$210.2m	$297.1m	$289.6m	$287.4m
Total national herd size (head)	27.5m	27.8m	28.4m	28.0m	28.2m
Total national flock size (head)	101.3m	101.1m	91.0m	85.7m	80.1m
Annual production of beef (carcase weight tonnes)	2.03m	2.16m	2.08m	2.23m	2.15m
Annual production of lamb (carcase weight tonnes)	341,449	354,291	381,838	412,585	435,392

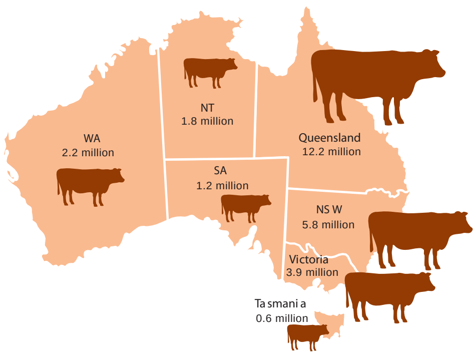
Australia's beef industry

Australia's red-meat and livestock industry — guaranteeing vital food for the nation and the world.

Australia is one of the world's most efficient producers of cattle and the world's second largest exporter of beef. The off-farm meat value of the Australian beef industry is $11.6 billion (consumer expenditure plus export value). In volume terms beef is the second most popular fresh meat consumed through the foodservice industry after chicken, with Australians eating around 35.6kg per person yearly.

National cattle numbers

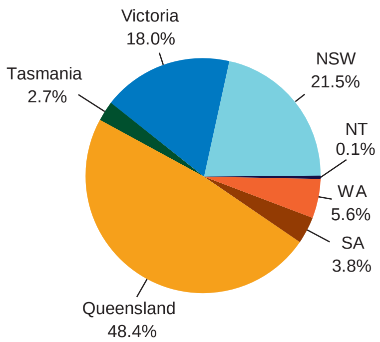
as at June 2008 27.8 million head



Source: ABS, Preliminary estimates, November 2008

Australian beef and veal production

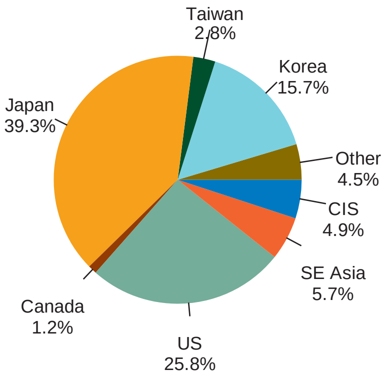
2.2 million tonnes cwt (2007-08)



Source: ABS

Australian beef exports

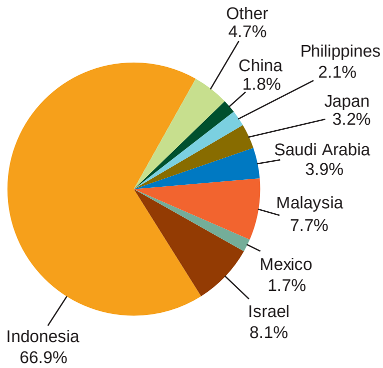
930,320 tonnes swt (2007-08)



Source: DAFF

Australian live cattle exports

769,890 head (2007-08)



Source: ABS

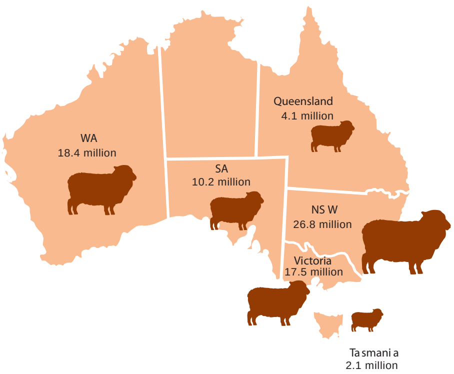
Australia's sheepmeat industry

Australia is one of the world's leading producers of lamb and mutton, the world's largest exporter of mutton and the second largest exporter of lamb. The off-farm meat value of the Australian sheepmeat industry is $4 billion (consumer expenditure plus export value).

Australians eat 14.1kg of sheepmeat per person yearly — among the highest consumption in the world.

National sheep and lamb numbers

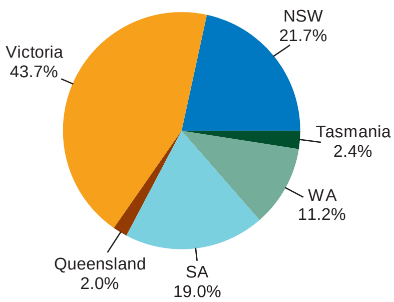
as at June 2008 79.23 million head



Source: ABS, Preliminary estimates, November 2008

Australian lamb production

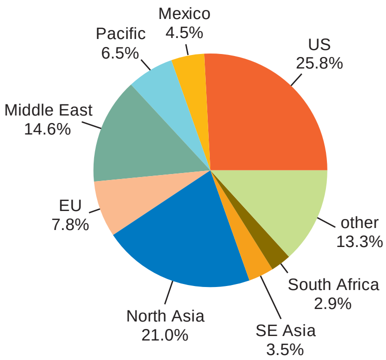
435,400 tonnes cwt (2007-08)



Source: ABS

Australian lamb exports

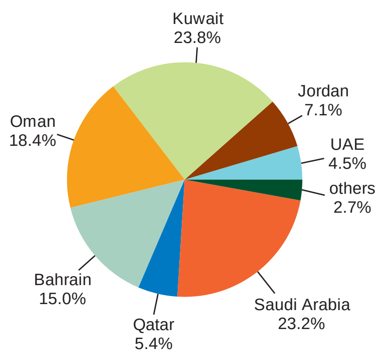
162,568 tonnes swt (2007-08)



Source: DAFF

Australian live sheep exports

4,087,099 head (2007-08)



Source: ABS

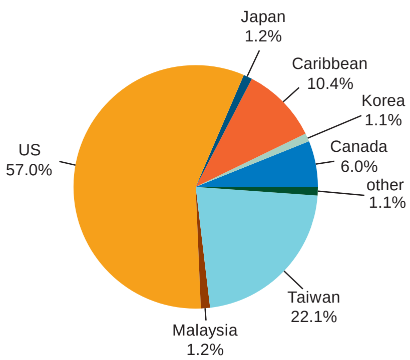
Australia's goatmeat industry

Australia is a relatively small producer of goatmeat but is the world's largest exporter of goatmeat.

Goatmeat is the most widely consumed meat in the world. There are few, if any, religious taboos limiting goatmeat consumption. In fact, goatmeat is an important component of the traditions of the Hindu and Muslim faiths.

Destination of Australian goatmeat exports

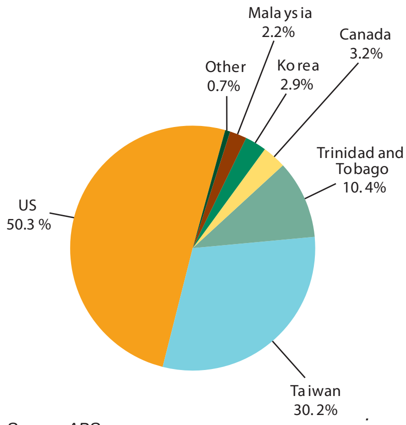
16,326 tonnes swt (2007-08)



Source: DAFF

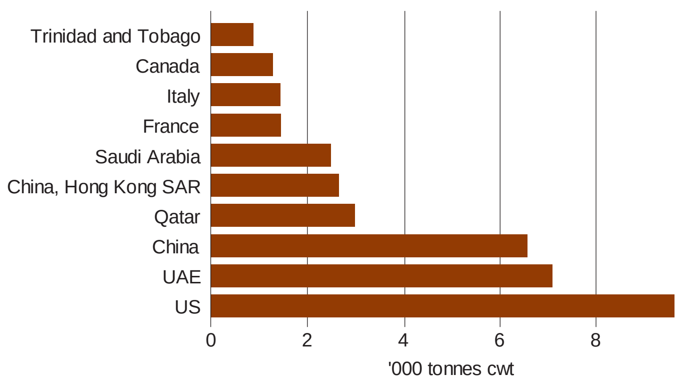
Value of Australian goatmeat exports

A$55 million FOB (2007-08)



Source: ABS

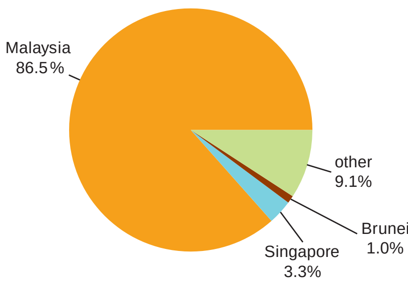
Top ten goat meat importers



Source: FOA latest available 2005

Destination of Australian live goat exports

84,226 head (2007-08)



Source: ABS

APPENDIX C – INDUSTRY STRUCTURE

Our industry is important to the Australian economy and to the social fabric of rural communities. A formalised industry structure allows us to develop and implement policies and to influence governments in ways that provide a net benefit to the many thousands of individuals with a vested interest in our industry.

Our industry is made up of six sectors: grass-fed cattle producers, grain-fed cattle producers, sheep producers, goat producers, livestock exporters and processors (comprising retailers, smallgoods manufacturers and packers). Each of these individual sectors has an elected body for policy formulation; these are known as Peak Industry Councils, or PICs, and are:

- Australian Livestock Exporters Council;
- Australian Lot Feeders Association;
- Australian Meat Industry Council;
- Cattle Council of Australia;
- Goat Industry Council of Australia; and
- Sheepmeat Council of Australia.

Five of these bodies (excluding Goat Industry Council of Australia) come together to form the Red Meat Advisory Council Ltd (RMAC), essentially making it the Peak Council of the PICs.

RMAC's primary role is to provide the six PICs with a forum for periodic discussion and policy formulation regarding matters that impact on two or more sectors within our industry. RMAC is also the body responsible for advising the Federal Government on cross-sectoral and whole-of-industry issues over which the Government has influence.

Importantly RMAC is also responsible for the development and revision of the Meat Industry Strategic Plan (MISP), with MISP3 applying from 1 July 2010 until 30 June 2015.

The structure described above represents the policy arm of our industry. The service arm comprises the levy-funded bodies set up to provide research and marketing services to our industry. There are three service companies:

- Australian Livestock Export Corporation, or 'LiveCorp' (funded through statutory levies from livestock exporters);
- Australian Meat Processor Corporation (funded through statutory levies from processors); and
- Meat and Livestock Australia (funded through statutory levies from producers).

The PICs listed above interact regularly with the three service companies, ensuring our industry's research and marketing priorities are being addressed and funds spent accordingly. The three companies' strategic and annual plans are formally endorsed by the PICs before adoption.

It is a vast industry that requires vigilant policy input and efficient program delivery. The current structure is effective in providing the means necessary for meeting industry's needs.

Photography in the MISP3 is from a range of sources, including:

Meat and Livestock Australia — Sheepmeat Council — Rural Press — Cattle Council of Australia — Australian Lot Feeders Assocation — Justin Toohey — Drew Baker — Cattle Council Photography competition including Miriam Crane, Alison Haines, Sandra Morgan, Kerry Wehlburg, Louise Joyce, Sharon Lohse, Jon Condon, Kim Martina Ellion, Ann Johnstone and Leanne Martel.

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