Annual operating plan 2010-11

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Collaboration at work

Against a backdrop of diminishing returns on investment in farm businesses, shaky consumer sentiment in major export markets and intensified competition, the Australian red meat and livestock industry has sustained a stoic performance during 2009-10.

Assisted by an excellent season in eastern Australia, a robust domestic market with consumption and expenditure up, and good demand from South East Asia/Chinas, the industry has produced in excess of six billion beef, sheepmeat and goatmeat meals with weekly shipments worth approximately $100 million for beef and $32 million for sheepmeat.

Highlights for 2009-2010 included:

- a breakthrough in market access for beef to the European Union with industry and government successfully negotiating to supply into a broader arrangement between the EU and the United States

- spectacular demand for lamb and sheepmeat both domestically and overseas generating $3.3 billion this year, by tapping the rich vein of Sam Kekovich for Australia Day and Mother's Day to drive sales over the period, despite higher prices.

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- the growing momentum of the Meat Standards Australia (MSA) grading program with beef numbers reaching 1.25 million head – an increase of 27% on last year –and lamb numbers more than doubling in its second full year of processing to 508,000 head.

- a bolstered proactive environmental communication efforts with the launch of RedMeatGreenFacts – a program of activities across the internet, school forums and media to counter unsubstantiated claims about the impact of red meat production on the environment that is helping to deliver more balanced metropolitan media reporting.

- an integrated weed management strategy for summer perennial weeds which is reducing chemical costs by 95 per cent and increasing profit by $30-47/ha

- the Lifetime Ewe Management program which illustrated gains of $50/ha, and a suite of projects on heifer fertility bearing $10.95 million for the northern pastoral industry.

- our collaboration with the commercial sector through the MLA Donor Company, leveraging joint Australian Government contributions to the value of $23.2 million this year to accelerate broad scale commercial uptake of R&D technologies and information across industry.

Annual operating plan 2010-2011

Meat and Livestock Australia's Annual operating plan 2010-11 establishes a clear direction for targeted services and solutions to be provided by MLA over the next twelve months to help maintain and improve Australian livestock and red meat performance and provide relevant outcomes for key stakeholders.

It is designed to deliver programs and activities that are closely aligned with industry's Meat Industry Strategic Plan (MISP) 2010-2015, and the Federal Government's Rural R&D priorities - and delivers the financial year's programs and activities that give effect to MLA's new Strategic Plan 2010-2015.

In response to the changing state of industry, and new Meat Industry Strategic Plan (MISP) - the MLA Strategic plan and annual operating plan have been re-worked, introducing new areas of focus designed to best position MLA to contribute to industry's economic and environmental sustainability, and facilitate closer alignment with industry and government priorities.

The addition of a new imperative, ‘Promoting industry integrity and sustainability’, reflects the growing need for our industry to adapt to climate change and actively engage the community in our industry’s environmental stewardship and best-practice animal welfare standards. Activities under this imperative are now closely related to the Meat Industry Strategic Plan (MISP) Environment and Ethics imperative, and Government: An environmentally sustainable Australia; Natural resource management; Climate variability and climate change; and Innovations skills priorities.

This imperative will be backed by a funding boost of $200,000 allocated to the communication of the environmental and animal welfare record of industry, and reflects the recognition of the relationship between industry credibility and consumer behaviour.

The rearrangement of our imperatives also acknowledges distinction between MLA productivity and sustainability activities, providing the opportunity for distinct focus on both streams of work.

Other key areas receiving increased focus include:

- increased emphasis on brand support with the introduction of a new global lamb ICA program and the maintenance of beef ICA activities
- striking a balance in export markets between the investment in established and emerging markets
- elevating investment in Indonesia for the livestock and boxed beef trades – focusing on animal welfare
- development of a new program to provide industry with policy research support

Delivering on a plan which integrates new and existing priority areas is a challenge that requires the careful balancing of MLA resources in line with market factors. In devising and resourcing our annual programs consideration is given to both current economic climates and forecast long term industry developments.

Typically, research and development (R&D) programs involve a lengthy payback period and therefore require an extended planning perspective, and while MLA marketing efforts are mostly directed at the longer-term positioning of Australian beef and sheepmeat, consideration must also given to proactive and reactive programs that counter challenging consumer sentiment and best position industry for future growth.

The current climate demands a focus on achieving productivity growth in our sector and a collaborative approach is needed to allow our industry to achieve competitive, sustainable operation in tomorrow’s trading environment.

MLA operates with a commitment to transparency, and this plan represents an important part in our resolve to maintain these standards in our operations. The key initiatives for each strategy contained within the Strategic plan are outlined, and the key performance indicators (KPIs) and budgets for these strategies are also clearly shown. Actual expenditure of funds (as opposed to prospective budgets) and progress against KPIs is accounted for in MLA’s Annual operating plan – final report and Annual report.

The charts on the following pages demonstrate MLA’s priority alignment. It is the matching R&D funding of government and the collaboration of peak councils and industry leaders that enable us to deliver on this plan. I thank you for your support.

David Palmer
Managing Director
Meat & Livestock Australia

MLA priority alignment

MLA imperatives, Australian Government research priorities and *Meat Industry Strategic Plan (MISP) 2010-2015* strategic themes.

Imperative 1: Improving market access

Guided by

Australian Government

National research priorities:
- Promoting and maintaining good health
- Safeguarding Australia

Rural research priorities:
- Productivity and adding value
- Supply chain and markets
- Biosecurity

MISP 2010–2015
Strategic themes:
- Market access
- Marketing and promotion
- Economics and infrastructure

Imperative 2: Growing demand

Guided by

Australian Government

National research priorities:
- Promoting and maintaining good health

Rural research priorities:
- Productivity and adding value
- Supply chain and markets
- Innovation skills
- Technology

MISP 2010–2015
strategic themes:
- Marketing and promotion
- Innovation

Imperative 3: Increasing productivity across the supply chain

Guided by

Australian Government

National research priorities:
- An environmentally sustainable Australia
- Promoting and maintaining good health
- Safeguarding Australia
- Frontier technologies for building and transforming Australian industries

Rural research priorities:
- Natural resource management
- Productivity and adding value
- Supply chain and markets
- Biosecurity
- Innovation skills
- Technology

MISP 2010–2015
strategic themes:
- Our people
- Innovation
- Economics and infrastructure

Imperative 4: Promoting industry integrity and sustainability

Guided by

Australian Government

National research priorities:
- An environmentally sustainable Australia
- Frontier technologies for building and transforming Australian industries

Rural research priorities:
- Natural resource management
- Climate variability and climate change
- Innovation skills
- Technology

MISP 2010–2015
strategic themes:
- Environment and ethics
- Our industry
- Innovation

Imperative 5: Increasing industry and people capability

Guided by

Australian Government

National research priorities:
- Promoting and maintaining good health
- Frontier technologies for building and transforming Australian industries

Rural research priorities:
- Productivity and adding value
- Supply chain and markets
- Innovation skills
- Technology

MISP 2010–2015
strategic themes:
- Our industry
- Our people
- Innovation
- Economics and infrastructure

Australian Government rural research priorities and *MISP 2010–2015* strategic themes

Australian Government rural research priorities		
Priority	**Objective**	**Focus**
Productivity and adding value	Improve the productivity and profitability of existing industries and support the development of viable new industries	Ongoing research is required to improve the productivity and profitability of Australia's existing agriculture, fisheries, forestry and food industries and to support the establishment of viable new industries and products. This must be complemented by research to develop high value products which can better exploit Australia's comparative advantages
Supply chain and markets	Better understand and respond to domestic and international market and consumer requirements and improve the flow of such information through the whole supply chain, including to consumers	Providing markets and consumers with goods that are safe and meet customer requirements is essential to the long term competitiveness of Australia's agriculture, fisheries, forestry and food industries. High quality information regarding market and consumer requirements should be appropriately distributed through the supply chain to ensure producers can effectively respond to market requirements. Effectively servicing the information needs of consumers is also vital to gain and retain markets
Natural resource management	Support effective management of Australia's natural resources to ensure primary industries are both economically and environmentally sustainable	Australia's fragile environment and limited natural resources require innovation in primary industries to ensure natural resources are used sustainability. Land degradation, water management and biodiversity losses are significant challenges to current and future productivity
Climate variability and climate change	Build resilience to climate variability and adapt to and mitigate the effects of climate change	Climate variability and climate change pose significant challenges for Australia's primary industries and regional economies. The National Agriculture and Climate Change Action Plan (2006–09), agreed to by Australian governments, highlights threats posed by increased climate variability and climate change and measures needed to mitigate and build resilience to this threat
Biosecurity	Protect Australia's community, primary industries and environment from biosecurity threats	Effective prevention, control or eradication of pests and diseases of concern (including vertebrate pests and weeds) is vital to the security and health of the Australian community, the productivity and sustainability of primary industries and Australia's terrestrial, fresh water and marine environments. Pests and diseases also impede the access of Australian products to international markets. A number of countries are tightening their biosecurity requirements and requiring sophisticated technical justification for risk management measures
SUPPORTING THE PRIORITIES		
Innovation Skills	Improve the skills to undertake research and apply its findings	The skills of Australia's research providers and the ability of producers to innovate and adopt the products of research are fundamental to the profitability, competitiveness and sustainability of Australia's agriculture, fisheries, forestry and food industries. Strong collaboration between all players in the Australian research and innovation system is essential for the sector's effectiveness and efficiency. Improving skills to undertake research and to apply research findings is a critical element of the research and development effort
Technology	Promote the development and application of new and existing technologies	Advances in existing technologies and adoption of new technologies are important in addressing the challenges faced by agriculture, fisheries, forestry and food industries and regional communities. Continued investment in these areas is essential to the effectiveness of research and innovation for the sector

***Meat Industry Strategic Plan 2010–2015* strategic themes**	
Environment and ethics	Promote ethical and responsible custodianship of the environment, animal welfare and resources used in the production of red meat
Market access	Maximise, in partnership with government, effective trade facilitation
Our industry	Promote a single co-ordinated voice for our industry to reshape and reinvigorate relationships within industry and with Government
Our people	Develop and retain motivated and appropriately skilled people for our industry
Innovation	Increase competitiveness and profitability through innovation
Marketing and promotion	Focus on the consumer to continue to achieve profitable growth in demand for Australian red-meat and livestock products
Economics and infrastructure	Foster economic reform and infrastructure investment to enhance the capabilities of our industry

1.1 Enhancing product integrity

As the world meat market becomes increasingly competitive, Australia must work to maintain market access by differentiating its meat from other supplying nations and establishing itself as leader in the supply of safe and wholesome red meat products. In 2010-11 MLA's initiatives in this area include the continued development of tools and systems for managing food safety based on innovative science, which supports outcome-based regulations and enables industry to meet customer expectations.

Strategy	Key initiatives	BU
1. Enhance the uptake of quality assurance systems by all sectors of the red meat supply chain	1. Deliver programs that underpin the integrity of the Australian red meat and livestock industry, including supporting the LPA program, producer education and communication strategies	IS
	2. Contribute to the development and implementation of new food safety systems	CIS
2. Develop and promote appropriate meat and livestock traceability systems	1. Ensure that NLIS Ltd has the capability to deliver database and support services to enable industry to meet the national traceability standards	IS
3. Conduct scientific research to ensure the food safety systems available in Australia are at the leading edge of international knowledge and practice	1. Maintenance of safety and integrity aspects of product	CIS
	2. Development of new techniques for delivering safe and wholesome product	CIS
	3. Monitor developments/develop initiatives in biotechnology	CIS
	4. Develop risk-based post mortem inspection systems for animal health surveillance, and assessment of product safety and suitability	CIS
4. Promote the integrity of Australian red meat products to our international and domestic customers while minimising food safety related incidents	1. Provide secretariat services to SAFEMEAT and develop effective industry safety/issues management strategies	IS
	2. Respond to market expectations for scientific information on the safety of red meat products	CIS
	3. Communicate the integrity of Australian red meat products internationally and provide a response capability	IMES

Key performance indicators

- Maintain the current industry microbiological benchmarks within the E.coli and Salmonella Monitoring (ESAM) database.
- All major market closures for red meat products be avoided due to integrity of Australia's food safety systems.
- Independent biennial audit to ensure NLIS database delivers against national performance standards for livestock traceability http://www.animalhealthaustralia.com.au/programs/drm/nlis/national-traceability-performance-standards.cfm.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000)				Totals
			1	2	3	4	
Mutton	R	143	9	50	21	6	**86**
	M	152	38	150		76	**264**
Lamb	R	543	37	250	114	20	**421**
	M	619	147	300		417	**864**
Grassfed Cattle	R	531	80		344	58	**482**
	M	2,357	302	875		1,183	**2,360**
Grainfed Cattle	R	86	16		47	15	**78**
	M	519	95	291		203	**589**
Processor	R	1,220	79	500	510	95	**1,184**
	M	2,046	240	144		1,742	**2,126**
Goat	R	14	8			4	**12**
	M	26	39	20		6	**65**
Livestock export	R	26	8			12	**20**
	M	70	39	20		24	**83**
External	R	662					
	M	838		1,500			**1,500**
Government	R	3,225	237	800	1,036	210	**2,283**
Subtotal	**R**	**6,450**	**474**	**1,600**	**2,072**	**420**	**4,566**
Subtotal	**M**	**6,627**	**900**	**3,300**		**3,651**	**7,851**
TOTAL		**13,077**	**1,374**	**4,900**	**2,072**	**4,071**	**12,417**

1.2 Ensuring a whole-of-industry approach to maintaining and liberalising access to world meat markets

As a major exporting industry, changes in access to overseas markets affect the profitability of both individual livestock producers and meat processors. MLA actively seeks to defend existing rights of access to livestock and meat markets, and where possible, secure improvements to export conditions.

In 2010-11, MLA will collaborate with government and industry stakeholders to pursue a multilateral, regional and bilateral trade advocacy program. Priorities include:

- maintaining favourable access conditions and addressing potential impediments (through representation on the joint industry/government Red Meat Market Access Committee)
- securing increases in access under the WTO Doha Round (contingent on progress) for sheepmeat into the EU and beef into Northern Asia
- ensuring red meat is a recipient of Free Trade Agreement (FTA) import liberalisation in all FTAs under negotiation, with a focus on two priority markets – Japan and Korea

Strategy	Key initiatives	BU
1. Defend existing favourable market access conditions in overseas markets	1. Monitor developments in overseas markets; develop networks of industry and government contacts in Australia and overseas; and provide a response capability when impediments arise	IMES
2. Position the Australian meat and livestock industry for the WTO Doha round	1. WTO work to include monitoring and responding to WTO developments; representation to government on industry priorities; coalition building in key overseas markets and industry missions to Geneva	
3. Position the Australian meat and livestock industry for FTA negotiations	1. FTA work to include representations to government on priority countries for FTAs; preparing and lodging submissions on industry priorities for each FTA; proactive advocacy on FTA negotiations; coalition building in key overseas markets	
4. Develop strategies to remove access barriers	1. Research to support trade reform advocacy in WTO and FTA negotiations. 2. Research on technical barriers to trade	

Key performance indicators

- Improvement in access to at least one market.
- Satisfaction rating of MLA market access activities by government and industry maintained above 85 per cent (survey conducted biennially).

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000) Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D	Totals
Mutton	R	12								12	**12**
	M	211	26	33	4	2	23	61	62		**211**
Lamb	R	49								49	**49**
	M	605	111	123	47	8	117	47	151		**604**
Grassfed Cattle	R	112								112	**112**
	M	869	158	146	215	127	108	115			**869**
Grainfed Cattle	R	17								17	**17**
	M	119	21	24	35	21	18				**119**
Processor	R	190								190	**190**
	M	1,487	238	335	250	76	168	230	190		**1,487**
Goat	M	11	11								**11**
Government	R	380								380	**380**
Subtotal	**R**	**760**								**760**	**760**
Subtotal	**M**	**3,302**	**565**	**661**	**551**	**234**	**434**	**453**	**403**		**3,301**
TOTAL		**4,062**	**565**	**661**	**551**	**234**	**434**	**453**	**403**	**760**	**4,061**

Improving Market Access – 1.3

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

Australia's livestock export industry employs thousands of Australians and contributes significantly to the economy each year. It is important for cattle, sheep and goat producers, and the economy at large that this industry continues to flourish, and the Livestock Export Program (operated by MLA in partnership with LiveCorp) works to achieve this. The program undertakes a variety of R&D and market support activities designed to create best practice, and improve the wellbeing and performance of Australian livestock throughout the export process. It also invests in programs that drive demand in key receiving markets and support new and developing markets. These investments, and their outcomes, are communicated to stakeholders to demonstrate industry's commitment to addressing community concerns.

Strategies	Key initiatives	BU
1. Deliver continuous improvement in animal welfare	1. Conduct R&D to further improve animal welfare outcomes 2. Deliver improvements at the point of slaughter to improve animal welfare in Asia Pacific markets 3. Deliver training programs and infrastructure upgrades in Middle East markets to improve animal welfare	LE
2. Improve industry capabilities and livestock performance through the supply chain	1. Deliver programs to improve and build the skills and capacity of the supply chain work force 2. Conduct R&D to develop tools to improve livestock performance throughout the supply chain 3. Deliver programs in Asia Pacific markets aimed at improving livestock performance 4. Deliver training programs in Middle East markets aimed at improving workforce practices	
3. Build community support through proactive communication of industry achievements	1. Design and implement a proactive media campaign using traditional and social media to positively position the industry. Educate media to raise awareness and support in key metro markets and in the broader community	
4. Defend market access conditions and build demand for livestock	1. Conduct R&D that delivers improved market access conditions 2. Defend existing favourable market access conditions and build demand in the Asia/Pacific market 3. Maintain existing favourable market access conditions in Middle East markets and support development of new markets in the region	

Key performance indicators

- Indonesian Government and key importers value Livestock Export Program breeding training programs and 80 per cent of farmer attendees at training seminars plan to adopt improved management practices.
- Demonstrate ongoing improvements to livestock handling and transport in at least 50 per cent of facilities accessed in the Middle East compared to their previous assessment.
- Maintain current level of community support through enhanced livestock management, animal welfare and communication.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000) 1	2	3	4	Totals
Mutton	R	89	35	40		14	**89**
	M	616	142	44	380	50	**616**
Lamb	R	70	35	25		10	**70**
	M	280	142	33	85	20	**280**
Grassfed Cattle	R	266	230	60		26	**316**
	M	1,849	450	830	335	385	**2,000**
Goat	R		23				**23**
	M		15				**15**
Livestock export	R	425	323	135		50	**508**
	M	1,460	515	343	300	395	**1,553**
External	M		500				**500**
Government	R	850	645	260		100	**1,005**
Subtotal	**R**	**1,700**	**1,291**	**520**		**200**	**2,011**
Subtotal	**M**	**4,205**	**1,764**	**1,250**	**1,100**	**850**	**4,964**
TOTAL		**5,905**	**3,055**	**1,770**	**1,100**	**1,050**	**6,975**

Growing demand – 2.1

2.1 Achieving consistent eating quality

A high level of consumer confidence in product performance is necessary for food-industry category success. MLA's goal is for Australian industry to be able to provide customers with beef and sheepmeat of consistent and predictable eating quality in both domestic and export markets. In 2010-11 MLA's focus includes adoption of advanced processing technologies that improve eating quality; partnering with supply chains to capitalise on eating quality as a differentiator in key export markets; continuing to support producers and processors with training and skills development to assist them to adopt eating quality systems; and underpinning eating quality systems with rigorous science.

Strategy	Key initiatives	BU
1. Develop and prove interventions for eating quality, nutrition, consistency and productivity	1. Develop and implement off-farm technologies and processes for optimising eating quality	CIS
	2. Conduct R&D on the selection and management of livestock to improve the yield, eating quality and nutritional content of red meat	LPI
	3. Continue to refine the MSA grading model with relevant R&D activities	IS
	4. Continue sensory testing and analysis of targeted eating quality R&D initiatives	IS
2. Develop and maintain standards and measurement tools to underpin guarantees of eating quality	1. Develop and commercialise standards and systems to better enable processors to utilise MSA science in export markets	IS
	2. Implement MSA standards within lamb and sheep supply chains	IS
	3. Ensure the integrity of all eating quality trademarks along with all MSA quality standards through a detailed audit program	IS
3. Partner with supply chains to support brands and adopt eating quality systems	1. Assist industry to use commercial drivers to expand adoption of MSA science and practices	DMKT
	2. Facilitate adoption of MSA technology and standards through beef and sheep supply chains	IS
	3. Refresh retail communication materials and educate consumers on the MSA quality guarantee	DMKT

Key performance indicators

- The overall eating quality of red meat is improved by utilisation of process control interventions in 80 per cent of lamb processed and 80 per cent of beef processed.
- Increase the MSA beef grading numbers to 1.44 million head (2009-10 1.25 million head) and sheep grading numbers to 1.2 million head (2009-10 est 508,000 head) in 2010-11.
- Maintain consumer satisfaction ratings on the quality of beef above 7.7 out of 10.
- Provide support to the successful launch of four branded products underpinned by 4-star MSA.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)			Totals
		Budget	1	2	3	
Mutton	R	222	143		25	**168**
	M	38		90	82	**172**
Lamb	R	721	705		25	**730**
	M	228		90	443	**533**
Grassfed Cattle	R	944	326		265	**591**
	M	1,966		278	2,175	**2,453**
Grainfed Cattle	R	256	93		60	**153**
	M	570		92	500	**592**
Processor	R	220	220			**220**
External	M	250		250		**250**
Government	R	2,363	1,487		375	**1,862**
Subtotal	**R**	**4,726**	**2,974**		**750**	**3,724**
Subtotal	**M**	**3,052**		**800**	**3,200**	**4,000**
TOTAL		**7,778**	**2,974**	**800**	**3,950**	**7,724**

2.2 Enhancing the nutritional reputation of red meat

The goal of MLAs nutrition program is to defend and enhance the nutritional reputation of red meat in the political, health service and community arenas. Red meat has exceptional nutritional qualities and MLA has access to highly effective healthcare and consumer communications tools to deliver this message.

Current issues being faced include:

- calls for Australians to reduce their red meat consumption for health, environmental and social equity reasons
- the growth of nutrition as the driver of food choice for Australian consumers
- erosion of the reputation and positioning of red meat through the heavy promotion of plant foods

Key features in 2010-11 include continuation of a restructured 2010–-2012 triennium research program and continuation of the healthcare and consumer campaigns launched in 2009-10. Other initiatives include a change in media strategy to provide greater continuity of the Amazing Food message throughout the year, and a sub-campaign targeted at young mums about the importance of including red meat when introducing infants to solids.

Strategy	Key initiatives	BU
1. Increase our knowledge of the health benefits of red meat	1. Continue investment and communication of research findings with a focus on five key areas early childhood; mental wellbeing; diet and health outcomes; nutrient composition; and emerging opportunities	DMKT
2. Maintain consistent and fact-based dietary recommendations for red meat	1. Continue partnership programs with the Heart Foundation and the Dietitians Association of Australia, and maintain relationships with other key opinion leaders 2. Develop and implement issues management and communications plans to defend and promote red meat and its role in a balanced diet 3. Collaborate with other primary foods groups to inform policy makers and practitioners on food production practices and their impact on environmental sustainability and health outcomes	
3. Communicate and promote evidence-based nutrition information on red meat to health professionals and the broader community.	1. Deliver our key health messages to GPs, dietitians and nutritionists through advertising, direct mail, publications, conferences, seminars, on-line and events 2. Continue the Red Meat Amazing Food consumer campaign providing a supporting environment for beef and lamb marketing, using a continuity approach nationally	

Key performance indicators

- Independent consumer research among the core target (mothers with children in household) shows an increase in those that strongly agree that 'red meat is an essential part of a healthy diet' from 51per cent to 52 per cent
- That the resistor/rejector consumer segment does not increase above 20 per cent.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000) 1	2	3	Totals
Mutton	M	5			5	**5**
Lamb	R	150	150			**150**
	M	1,564		89	1,470	**1,559**
Grassfed Cattle	R	102	102			**102**
	M	4,030		228	3,806	**4,034**
Grainfed Cattle	R	17	17			**17**
	M	654		38	618	**656**
Processor	R	176	176			**176**
	M	671		38	633	**671**
Government	R	445	445			**445**
Subtotal	**R**	**890**	**890**			**890**
Subtotal	**M**	**6,924**		**393**	**6,532**	**6,925**
TOTAL		**7,814**	**890**	**393**	**6,532**	**7,815**

2.3 Developing new products

The profitability of the red meat industry is critically dependent on deriving extra value from lower-value meat cuts and from the non-meat parts of the animal, such as skins, offal and blood products. All parts of the animal contribute to increased revenue per carcase and profit. To achieve this value must be added in the eyes of the consumer across the wide continuum of value-added products – from consumer meals at one end to high value pharmaceutical ingredients at the other.

In 2010-11, MLA aims to assist industry to identify market opportunities for lower-value meat cuts and co-products, develop the capability to access novel markets and value chains and develop advanced technologies which can provide the industry with a competitive advantage – increasing revenue per carcase.

Strategy	Key initiatives	BU
1. Identify and evaluate emerging trends for new products	1. Maintain and develop improved resources to facilitate the commercial evaluation of new product and technology opportunities 2. Raise industry awareness of emerging trends, opportunities in new products and value-adding technologies 3. Undertake detailed cost-benefit analyses to quantify industry benefit to be derived from increased effort and activity in value-adding	CIS
2. Develop technologies to improve the range of applications of co-products as commercial ingredients	1. Improve the functionality of the top five bioactives in order to differentiate the products in the world market 2. Develop more cost effective purification technologies for Australian bioactives	CIS
3. Develop new technologies to enable transformation and value-adding of low value cuts	1. Develop significantly innovative red meat products via the development and application of new processes and technologies 2. Develop products and protocols for high connective tissue cuts	CIS
4. Implement innovative value-adding strategies	1. Develop and deliver a red meat value adding capability tool 2. Support enterprises and supply chains implementing value-adding strategies with research and technical advice	CIS

Key performance indicators

- Develop technologies and capabilities along the supply chain, capable of meeting consumer demand and together resulting in an average net increase in the worth of carcases by $5/head for cattle and $1/head for sheep, from value added red meat products and bioactives.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)				Totals
		Budget	1	2	3	4	
Mutton	R	21	11	9	6	5	**31**
Lamb	R	132	56	57	42	34	**189**
Grassfed Cattle	R	255	25	130	94	78	**327**
Grainfed Cattle	R	42	4	21	16	14	**55**
Processor	R	330	41	183	167	9	**400**
Government	R	781	137	400	325	140	**1,002**
TOTAL	**R**	**1,561**	**274**	**800**	**650**	**280**	**2,004**

2.4 Aggressive promotion in the domestic market

The goal of MLA's promotion program is to grow the value of the beef and lamb categories by stimulating consumer desire for beef and lamb, encouraging further improvement in meat retailing standards and supporting foodservice menu development.
Consumer demand for beef, as measured by volume x price, rebounded in 2009 – up $248 million, after struggling during the economic crisis of 2008-09. Lamb also strengthened posting a gain of $207 million.
Current issues being faced include:

- consumer resistance to high retail prices
- squeezed retail margins on lamb inhibiting promotional activity
- strong competition from other proteins.

Addressing these, the 'We Love Our Lamb' campaign will continue to focus on the three key lamb consumption opportunities (spring, Australia Day, Mother's Day) with an increased emphasis on spring.
While *Entice* is being successful as a vehicle to boost consumer confidence in buying and preparing less familiar beef cuts and meals, a revised beef advertising campaign will increase emphasis on strengthening the 'beef' brand. A new foodservice initiative 'Masterpieces' will work with supply chains to build appeal for secondary cuts on menus.

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

Strategy	Key initiatives	BU
1. Build lamb as a routine habitual family purchase by focusing consumer promotional efforts on specific community occasions throughout the year	1. Lamb promotional campaigns for spring, Australia Day and Mother's Day	DMKT
2. Expand consumer beef meal repertoire by building confidence in preparation of a wider range of cuts and desire using seasonal meal-based promotions	1. Beef promotional campaigns focused on 'summer grills' and 'winter casseroles'	
3. Work with retailers and foodservice operators to raise standards of presentation, quality, merchandising and promotion	1. Retailer specific promotional activities supporting MLA campaigns and/or red meat in retailer campaigns 2. Foodservice promotional program including publications, promotions and education activities 3. Support retailer and foodservice initiatives on new products, new merchandising developments and new promotional techniques	

Key performance indicators

- Contribute to growth in consumer expenditure of $300m for beef and $100m for lamb
- Improvement in key beef attributes as measured by consumer tracking – 'Is well liked in our household' (71 per cent to 72 per cent) and 'Is my favourite meat' (22 per cent to 26 per cent).
- Improvement in key lamb attributes as measured by consumer tracking – 'Top-of-mind awareness' (18 per cent to 21 per cent) and 'Is loved by Australians' (76 per cent to 77 per cent).
- Strong retailer support for MLA programs as evidenced by retail butchers continuing to rate them overall at 3.5 out of 5.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)			Totals
		Budget	1	2	3	
Mutton	M	15			7	**7**
Lamb	M	6,336	5,729		972	**6,701**
Grassfed Cattle	M	8,353		5,482	3,141	**8,623**
Grainfed Cattle	M	903		395	254	**649**
Processor	M	1,154	241	536	386	**1,163**
Goat	M	31			31	**31**
TOTAL		**16,792**	**5,970**	**6,413**	**4,791**	**17,174**

2.5 Aggressive promotion in export markets - beef

2010-11 will be a challenging year for the Australian beef industry. Australian exporters face increased competition from the US in North Asian markets; consumer demand remains lacklustre and the Australian dollar remains at near record levels.

Within this environment, MLA's priority will be to retain sales in Japan, Korea and the United States by working closely with key customers to reinforce Australian beef's key points of difference – strong safety records, and the ability to deliver value and meet consumers' everyday meal requirements. Outside these markets there remains the potential to increase sales in the emerging markets of South-East Asia, China and the Middle East, and MLA emphasis will be on business development activities to grow sales.

In all markets, promotional activities will involve MLA working co-operatively with Australian exporters (and their importer/wholesaler/end-user customers) to develop and grow sales of individual Australian beef brands. This strategy recognises the diversity of customer needs that are best addressed through branded programs. At the same time generic promotion will continue of the common positive attributes of Australian beef.

Compared to 2009-10, overall expenditure in overseas markets will drop by about $0.5 million. The Japan budget has been reduced to allow increases in other markets, particularly in South-East Asia.

Strategy	Key initiatives	BU
1. Disseminate comprehensive export marketing information through monitoring and reporting on consumer trends (global and local), channel trends and requirements, and competitive positioning	1. Monitor and report consumer trends (global and local), channel trends and requirements, and competitive positioning	IMES
2. Develop new trade and consumer opportunities for Australian beef internationally	1. Identify and generate leads via business development activities 2. Conduct contact profiling in conjunction with education and awareness work in emerging markets.	
3. Position Australia's beef as safe, consistent, versatile and nutritious via trade and consumer educational activities	1. Through country of origin marks (Aussie Beef, HCW, etc) positively position Australian beef in terms of product attributes (i.e. safety, consistency and nutrition) 2. Profile Australian product specification systems (AUS-MEAT and Eating Quality Assured) 3. Highlight the ability of Australian exporters to meet special requirements, such as Halal 4. Communicate the nutritional and health benefits of consuming Australian beef	
4 Assist in the creation and promotion of strong brand identities through implementation of individual co-operative programs (ICAs)	1. Support individual beef brands through the Industry Collaborative Agreement (ICA) program 2. Through ICAs support the voluntary introduction of brands in export markets underpinned by Eating Quality Assurance (using MSA technology) 3. Build supply chain capability in positioning and marketing Australian beef 4. Strengthen supply chain networks between Australian beef suppliers and end users to boost sales and create loyalty	

Key performance indicators

- Achieve at least 80 per cent of KPIs listed in regional beef Implementation plans.
- ICA activity to total at least $4.5 million with 80 per cent of documented KPIs being achieved.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)							Totals
		Budget	North America	Japan	Korea	South Asia	Europe	Middle East	Global	
Grassfed Cattle	M	21,290	1,100	9,047	4,950	3,021	584	318	2,270	**21,290**
Grainfed Cattle	M	2,565	104	285	430	100	60		1,080	**2,059**
TOTAL	**M**	**23,855**	**1,204**	**9,332**	**5,380**	**3,121**	**644**	**318**	**3,350**	**23,349**

2.6 Aggressive promotion in export markets - sheepmeat

Despite strong price incentives for producers to increase lamb flocks, more than five years of drought have affected Australia's ability to meet the increasing global demand for sheepmeat. After rising over 150,000 tonnes (almost 60 per cent) between 1997–2007, Australian lamb production has remained relatively constant over the last three years. In light of supply issues, increased emphasis will be placed on customer retention during 2010-11.

It is important for the long-term prosperity of Australian lamb producers that consumption levels in Asia and North America be increased. In order to achieve this, MLA activities will focus on increasing the customer base for Australian lamb. Used in the execution of both customer retention and customer expansion activities are generic trade marketing and business development activities, and agreements between MLA and the trade (exporters or importers) to jointly support company brands. Achieving a balance between these two components is critical. ICAs are the most effective way of securing customer loyalty and growing demand through existing channels, but marketing and business development activities are required to recruit new accounts.

In 2010-11 overall budgets for lamb marketing have increased by about $0.5 million, with this increase being allocated to a new International Lamb ICA program for Australian exporters. Extremely limited funds are available for mutton marketing, with available funds being applied to the Middle East and North America.

Strategy	Key initiatives	BU
1. Disseminate comprehensive export marketing information through monitoring and reporting on consumer trends (global and local), channel trends and requirements, and competitive positioning	1. Monitor consumer trends (global and local), channel trends and requirements, and competitive positioning	IMES
2. Grow awareness, trial and purchase of Australian lamb in overseas markets through various promotional activities including advertising and sampling	1. Generate awareness of Australian lamb through consumer and trade advertising, e-marketing and PR 2. Increase trial of Australian lamb through product sampling, cooking demonstrations and menu positioning 3. Convert trial to purchase by positioning easy-to-use products at relevant price points 4. Demonstrate lamb's relevance to contemporary food trends	IMES
3. Position Australian lamb in overseas markets by leveraging its generic positive attributes (product integrity, Halal integrity, consistent quality, delicious, nutritious and easy to prepare)	1. Through country of origin marks and general communication materials, positively position Australian sheepmeat in terms of product safety 2. Highlight the product specification (AUS-MEAT), range and versatility of Australian sheepmeat, and the ability of Australian exporters to meet special requirements such as Halal 3. Communicate the nutritional and health benefits of consuming Australian lamb, through working with other supply countries where appropriate	IMES
4. Under co-operative programs support the growth of branded lamb supply chains to develop trade and consumer loyalty	1. Develop new opportunities for Australian lamb through lead identification and generation activities 2. Work alongside supply chains to encourage innovation 3. Develop new products that enable lamb usage in new market segments 4. Support supply chains through co-operative brand activities (ICAs)	IMES

Key performance indicators

- Total activity (industry and MLA) under the new global ICA budget to total at least $500 000 and achieve at least 80% of documented KPIs.
- Achieve at least 80 per cent of KPIs listed in regional sheepmeat Implementation plans.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)							Totals
		Budget	North America	Japan	Korea	South Asia	Europe	Middle East	Global	
Mutton	M	70	10					19		**29**
Lamb	M	6,444	3,655	879	25	460	250	1,075	600	**6,944**
Goat	M	274	100						170	**270**
TOTAL	**M**	**6,788**	**3,765**	**879**	**25**	**460**	**250**	**1,094**	**770**	**7,243**

3.1 Increasing productivity on farm

Producers operate complex businesses in an environment characterised by highly variable seasons and markets. It is therefore essential the MLA's R&D programs deliver new tools and technologies that support producers to become more productive.

Strategy	Key initiatives	BU
1. Enhance rates of genetic improvement in flock, herd and feedbase performance	1. Provide improved genetic evaluation tools and information for beef and sheepmeat breeding including incorporation of genomic outcomes into breeding values. 2. Accelerate both discovery and delivery of new breeding methods to improve pasture and forage crop productivity, quality or persistence	LPI
2. Increase feed productivity and sustainability	1. Develop new cultivars and/or agronomic practices to improve persistence and/or quality attributes of perennial plants, and improve information exchange throughout the pasture plant supply chain 2. Develop robust new technologies and tools to improve the quality, reliability and productivity of the feedbase	
3. Optimise business performance in supply chains	1. Develop technologies that improve supply chain efficiencies and/or producer feedback, including information tools, standard operating procedures and codes of practice.	
4. Optimise utilisation rates and productivity in grazing and feeding systems	1. Develop robust new technologies and tools to increase growth and reproduction. 2. Develop integrated soil, pasture and livestock management systems and tools that increase grazing and feedlot enterprise performance	
5. Increase labour efficiencies through new technology	1. Evaluate, develop and implement technologies, tools and strategies to increase labour efficiency and reduce costs of production	

Key performance indicators

- Technologies or management practices which have the potential to attain a 12 per cent or greater internal rate of return on the RD&E investment as assessed using enterprise and adoption models.
- Completion of the first set of initiatives within phase II of Pastures Australia, including:
  - defined industry protocols for an expanded National Variety Trials network for pasture species
  - completion of the investment plan for pasture improvement for 2010–2015 including tests for market failure and benefit:cost analysis.
- New sheep ASBVs released for Intra Muscular Fat percentage, shear force, lean meat yield (LMY) in conjunction with the Sheep CRC.
- Prototype multi-breed genetic analysis released for European beef breeds (Limousin, Charolais and Simmental).
- The causes of live weight gain variation within and between ten study mobs in the Northern Territory quantified and documented.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)					Totals
		Budget	1	2	3	4	5	
Mutton	R	300	147	64	23	71	2	**307**
Lamb	R	2,263	1,119	489	172	543	16	**2,339**
Grassfed Cattle	R	2,847	1,033	401	31	1,224	157	**2,846**
Grainfed Cattle	R	325	111	283				**394**
Goat	R							
External	M	770	353					**353**
Government	R	5,736	2,410	1,237	226	1,838	175	**5,886**
Subtotal	**R**	**11,471**	**4,820**	**2,474**	**452**	**3,676**	**350**	**11,772**
Subtotal	**M**	**770**	**353**					**353**
TOTAL		**12,241**	**5,173**	**2,474**	**452**	**3,676**	**350**	**12,125**

3.2 Increasing productivity off farm

The global competitive environment requires a whole-of-chain response to ensure the industry improves productivity and retains a competitive advantage.

The key drivers and opportunities for improving processing efficiencies are maximising yield and optimising product mix, addressing OH&S issues, reducing the consumption of consumables and process services such as water and electricity, as well as implementing broader business efficiencies.

In 2010-11, MLA will collaborate with meat processors and the Australian Meat Processor Corporation with a primary focus on the development and implementation of automation technologies, further development of manual assist technologies as well as the implementation of novel measurement and supply chain information systems.

Strategies	Key Initiatives	BU
1. Develop new technologies and systems to increase processing efficiencies	1. Develop and implement automation technologies that increase efficiency and maximise carcase yield and value 2. Develop and validate alternative stunning technologies 3. Implement electronic data transfer standards 4. Validate alternative refrigeration systems	CIS
2. Assist the processing sector to improve occupational health and safety	1. Develop and implement technologies to improve working conditions and reduce work-related injuries 2. Develop and communicate new processes and systems that assist the processing sector to manage OH&S risks	
3. Develop new systems to support processing decision-making	1. Develop and validate objective measurement technologies 2. Validate carcase optimisation models (new)	

Key performance indicators

- Technologies and systems are developed each of which are capable of improving cost of production and yield in order to increase net worth of carcase by $3.50/head (beef) and $1.50/head (sheep).
- Develop technologies and systems capable of reducing occupational health and safety risks.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)			Totals
		Budget	1	2	3	
Mutton	R	4			5	**5**
Lamb	R	26			34	**34**
Grassfed Cattle	R	48			62	**62**
Grainfed Cattle	R	11			14	**14**
Processor	R	1,445	784	252	74	**1,110**
Government	R	1,534	784	252	189	**1,225**
TOTAL	**R**	**3,068**	**1,568**	**504**	**378**	**2,450**

3.3 Improving supply chain and market information

Given the complexity and change apparent in the red meat trading environment, it makes sense for the Australian industry to invest in a base level of market information and competitive intelligence. In 2010-11, MLA's area of focus will include empowering industry and government to make better business decisions through improved cattle and lamb supply information and forecasting; launching Livestock Data Link to improve information flow along the supply; enhanced data and analysis on the domestic market; international supply chain benchmarking and long term competitor supply projections and data and research support for new commercial risk management products.

Strategy	Key initiatives	BU
1. Collect and maintain domestic and international meat market data of relevance to the Australian meat and livestock industries	1. Operate a National Livestock Reporting Service 2. Conduct surveys on each segment of the supply chain 3. Maintain a warehouse of domestic and global meat market data and improve the dissemination of this data via the Internet	IMES
2. Disseminate incisive analyses of relevant world meat market developments	1. Provide high quality analytical reports including the bi-annual Industry Projections, monthly Industry Overview, red meat market reports, sectoral briefs, Statistical Review and Fast Facts 2. Provide a comprehensive daily and weekly red meat news service, available on the internet and by email (including Meat & Livestock Weekly)	
3. Gather and analyse data on competitors	1. Monitor and report on developments in competitor proteins and countries	
4. Facilitate improved information flows and risk management within supply chains	1. Conduct introductory cattle marketing courses incorporating tools to strengthen supply relationships 2. Support uptake of the forward cattle trading standard 3. Launch the Livestock Data Link program to improve information flows to add value and enable benchmarking 4. Support adoption of supply and price risk management and encourage the development of new risk management tools	

Key performance indicators

- Over 90 per cent of clients find MLA market information valuable to their business, with over 60 per cent finding it highly or extremely valuable.
- Increase electronic distribution of MLA market information by five per cent.
- Collect and analyse carcase quality data from four beef processors and two sheep processors.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000)				Totals
			1	2	3	4	
Mutton	R	33	24	7	2	25	**58**
	M	70	53	20			**73**
Lamb	R	282	168	50	17	67	**302**
	M	407	306	116			**422**
Grassfed Cattle	R	782	288	129	104	339	**860**
	M	1,046	754	287		43	**1,084**
Grainfed Cattle	R	119	25	12	10	82	**129**
	M	92	58	33		5	**96**
Processor	R	133					
	M	113					
Goat	R	4	4				**4**
	M	6	6				**6**
External	M	740	650	30			**680**
Government	R	1,353	509	198	133	513	**1,353**
Subtotal	**R**	**2,706**	**1,018**	**396**	**266**	**1,026**	**2,706**
Subtotal	**M**	**2,474**	**1,827**	**486**		**48**	**2,361**
TOTAL		**5,180**	**2,845**	**882**	**266**	**1,074**	**5,067**

3.4 Improving animal health and biosecurity

Australia remains free of key animal diseases which would otherwise severely impact on trade, our ability to produce high quality meat, and animal health and welfare. Maintaining this status is particularly important given the greater attention consumers, governments, retailers and special interest groups are showing in the standard of animal welfare for food producing animals, both within Australia and overseas.

In 2010-11 this portfolio will focus on improving the health, biosecurity and welfare of livestock raised, handled and transported in Australia; minimising the potential for trade/market access being interrupted; addressing consumer and regulatory concerns with evidence-based science that will facilitate informed policy decisions; and enabling the red meat industry to respond quickly to emerging issues.

New lamb health and biosecurity projects include improved rapid diagnostics for different bluetongue strains and bluetongue vectors, improved diagnostics for scours, and developing worm-egg count drenching thresholds in sheepmeat enterprises.

Strategy	Key initiatives	BU
1. Maintain Australia's favourable disease status	1. Enhance on-farm and national/state/territory level biosecurity/surveillance programs through collaborative projects. 2. Invest in development of alternative practices to address key risks	LPI
2. Improve controls for key livestock diseases and causes of production loss	1. Innovative solutions that increase use of current disease diagnosis and control methods 2. Research and develop novel control methods for priority endemic diseases and toxicities 3. Investigate and improve the management of key feedlot animal health problems and welfare issues.	

Key performance indicators

- Deliver innovations by 2012 that have the potential to reduce either the cost of control and/or industry risk from the five exotic/notifiable diseases i.e. Screw Worm Fly, Foot and Mouth Disease, Bluetongue, Anthrax and the mycobacterial diseases (BJD, OJD & CJD).
- Develop improved controls for high priority, production limiting diseases, delivered progressively to the red meat industries by 2012, and leading to reduced costs associated with these diseases.
- Economic impact of removing persistently infected BVDV cattle from feedlot pens established.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000) 1	2	Totals
Mutton	R	128	47	85	**132**
Lamb	R	744	355	661	**1,016**
Grassfed Cattle	R	688	123	567	**690**
Grainfed Cattle	R	531		448	**448**
Goat	R		57		**57**
Government	R	2,091	582	1,761	**2,343**
TOTAL	**R**	**4,182**	**1,164**	**3,522**	**4,686**

Promoting industry integrity and sustainability – 4.1

4.1 Ensuring sustainability and demonstrating environmental stewardship

The Australian red meat industry is an important manager of vital natural resources, as custodian of a significant proportion of Australia's land mass. The ongoing success and reputation of the industry will depend on the way in which these natural resources are managed.

A major challenge for the industry is to use these natural resources in a sustainable way, to achieve the dual goals of improving both the condition of the environment and the performance of individual enterprises. The industry has already made significant progress in adopting natural resource management practices that achieve these goals. Improved production systems have shown positive results in addressing issues such as salinity, soil acidity, pests and soil erosion, while the processing sector continues to improve its energy, water and emissions management systems.
MLA's programs in 2010-11 will build on this work to help further protect natural resources, maintain access to markets, and ensure the industry's competitive advantage.

Under this objective MLA will collaborate with regional groups, other research agencies, and ethically responsible supply chains, to focus on:
- water use efficiency
- managing soil resources
- improving biodiversity weed and feral pest management
- reducing greenhouse gas emissions
- demonstrating environmental stewardship

Strategies	Key initiatives	BU
1. Develop and promote information and tools that help natural resource management and productivity	1. Develop strategies to optimise grazing land and mixed farming system sustainability including control methods for key weeds and feral pests and to address key farm and catchment level environmental issues	LPI
	2. Develop strategies to optimise the environmental performance of feedlots.	LPI
	3. Identify opportunities for minimising water use and increasing water recycling in the processing sector	CIS
	4. Identify emerging environmental priorities for the processing sector and provide required knowledge, tools and technologies	CIS
2. Support industry participants to assess natural resource impacts and demonstrate environmental stewardship	1. Develop environmental best practice and benchmark performance, including third party environmental certification for livestock enterprises	LPI

Key performance indicators

- Paterson's Curse biological control program established on a self-sustaining basis
- Technologies for reducing cleaning water use are trialled and opportunities are identified for improved management of processing sector waste streams in order to reduce impact on water resources.
- Environmental Standards are agreed with Peak Councils, approved by AUS-MEAT and launched, with the target of achieving adoption by business accounting for 20 per cent of red meat production by 2014.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000) 1	2	Totals
Mutton	R	43	18	8	**26**
Lamb	R	319	176	63	**239**
Grassfed Cattle	R	1,097	909	100	**1,009**
Grainfed Cattle	R	482	100		**100**
Processor	R	469	215		**215**
External	M	55	26		**26**
Government	R	2,410	1,418	171	**1,589**
Subtotal	**R**	**4,820**	**2,836**	**342**	**3,178**
Subtotal	**M**	**55**	**26**		**26**
TOTAL		**4,875**	**2,862**	**342**	**3,204**

4.2 Responding to climate change

Climate change will have major and complex economic, productivity and environmental impacts on the red meat industry. The integrated nature of these challenges means a strategic and multi-faceted response strategy must be adopted across the entire supply chain.

Effective management of the business risks and opportunities will require:

- development of on-farm strategies and best management practices to adapt to projected changes in temperature, rainfall and increased climate variability, and ensure continued growth in production and profitability
- research to develop strategies and technologies to manage and accurately report greenhouse gas emissions across the supply chain, with a focus on methane from cattle and sheep which represents the highest proportion of emissions across the life cycle for red meat production.
- data and scientifically-robust information to enable analysis of the impacts of emerging climate change policies and consumer expectations to support the development of an optimal industry and agriculture policy position and to document the 'carbon footprint' of red meat production.

Strategies	Key initiatives	BU
1. Develop adaptation strategies to improve resilience of production systems	1. Develop strategies and tools to help producers manage risks and exploit opportunities presented by a variable and changing climate, including access to enhanced seasonal climate forecasts	LPI
2. Develop mitigation strategies to reduce greenhouse gas emissions	1. Evaluate opportunities to reduce greenhouse gas emissions and other impacts from red meat production systems, including through research into ruminant methane reduction and manure management in feedlots	LPI
	2. Evaluate opportunities to manage and monitor carbon balance in Australian red meat production systems	LPI
	3. Develop energy recovery technologies in the processing sector	CIS
	4. Develop technologies to facilitate mitigation of greenhouse gas emissions by the processing sector	CIS
3. Conduct research to inform and respond to market initiatives	1. Undertake Life Cycle Assessment and carbon and water footprinting studies for Australian red meat production	LPI
	2. Undertake specific processor research to respond to market initiatives and environmental policies	CIS

Key performance indicators

- Identify management options that will improve the resilience of pasture systems to predicted future changes in regional climate by 2012.
- Develop technologies or changes to management practices which have the potential to reduce methane emissions from livestock by 30 per cent and be available for further development and commercialisation by 2012.
- Soil carbon sequestration opportunities quantified under different pasture systems and grazing practices.
- The potential is evaluated and solutions implemented for minimising fossil fuel use, though energy recovery from meat processing waste streams.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000)			Totals
			1	2	3	
Mutton	R	70	17	28	8	**53**
Lamb	R	514	127	213	63	**403**
Grassfed Cattle	R	1,198	321	388	155	**864**
Grainfed Cattle	R	50		555		**555**
Processor	R	278		375	150	**525**
External	M	3,989	1,210	3,958		**5,168**
Government	R	2,110	465	1,559	376	**2,400**
Subtotal	**R**	**4,220**	**930**	**3,118**	**752**	**4,800**
Subtotal	**M**	**3,989**	**1,210**	**3,958**		**5,168**
TOTAL		**8,209**	**2,140**	**7,076**	**752**	**9,968**

4.3 Continued improvement in animal welfare

Animal welfare standards for food producing animals have received increased attention both within Australia and with overseas trading partners.
Under this objective MLA's R&D will focus on:

- improving the welfare of livestock raised, handled, transported and processed in Australia
- minimising the potential for trade/market access being interrupted
- addressing consumer and regulatory concerns with evidence based science that will facilitate informed policy decisions
- enabling the red meat industry to respond quickly to emerging issues.

MLA's R&D in this area will continue to demonstrate those animal welfare practices which also have positive impacts on production efficiency, processing efficiency and product quality.
The MLA R&D will continue to form part of the red meat industry action plan supporting the Federal Government's Australian Animal Welfare Strategy. A key role will be ensuring the development of standards relevant to Australian conditions.

Strategy	Key initiatives	BU
1. Address all potential welfare issues along the supply chain, and monitor and meet community expectations and standards	1. Develop with industry a practical risk management approach to on-farm welfare issues 2. Innovative and practical solutions that improve husbandry and advance animal welfare 3. Investigate and improve the management of key feedlot welfare issues	LPI LPI LPI
2. Develop and use a practical risk management approach to animal welfare which addresses all potential issues along the supply chain, including feedlot and abattoir lairage issues, and meets community expectations and standards	1. Promote adoption of new processor animal welfare standard and measure implementation	CIS

Key performance indicators

- The commercial value of a polled gene marker test determined via Beef CRC validation using industry samples.
- Consideration by Peak Councils of the applicability of quantitative behavioural assessment for assessing acceptable welfare outcomes in sheep and cattle.
- A nationally-agreed guideline for assessing welfare risk in cattle below AUS-MEAT Fat Score 1.
- Options investigated for controlling cattle fertility with improved welfare outcomes.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)		Totals
		Budget	1	2	
Mutton	R	15	20		**20**
Lamb	R	109	155		**155**
Grassfed Cattle	R	224	386		**386**
Grainfed Cattle	R	20	136		**136**
Processor	R	70		40	**40**
Goat	R	25			
Government	R	463	697	40	**737**
TOTAL	**R**	**926**	**1,394**	**80**	**1,474**

4.4 Community communications

Interest in the ethics of food production – particularly animal welfare and environmental sustainability – is gaining momentum both within Australian communities and overseas. The Australian public are generally supportive and have a high level of trust in the red meat industry, however increased media coverage on the environmental impact of red meat production threatens confidence in our industry.

To engender community trust that our industry is an ethical and responsible custodian of livestock, land and resources, the community communications program will help build knowledge amongst urban consumers, create opportunities to experience the industry, create a human bond with the industry, and respond to attacks to defend our environmental credentials. The industry's environment R&D outcomes will be utilised to set the foundation for sound science balanced debate on the issue.

Community's concerns and perceptions will continued to be monitored to ensure the industry's strategy is on target and is effectively communicating the industry's credentials.

Strategy	Key initiatives	BU
1. Build knowledge and understanding among urban Australians of the red meat industry's integrity and environmental credentials	1. Environment – Build the network of key opinion leaders to build knowledge through media and school forums, a sustainability report, and engaging with key customer stakeholders 2. Integrity – Build awareness of the red meat industry among school kids and adults through getting agriculture into the school curriculum, and participation in Royal Shows	CC
2. Provide an experience for urban Australians to gain first hand knowledge of our production standards	1. Environment – Conduct media tours, interactive environment displays, events, and build social media networks and web based activities to provide detailed information 2. Integrity - Provide real or virtual farm experiences for the community, through supporting and promoting activities such as Farm Day and developing online resources	
3. Create a human bond between livestock producers and the urban community to build an understanding of the industry ethics	1 Environment – Utilise producer environment advocates to tell their 'story'; engage leaders in specific environment issues to become 'Ambassadors' for the red meat industry 2. Integrity – Utilise the media to tell stories of how producers care for their animals and the environment, initiate school twinning pilot	
4. Respond and defend the industry's credentials to ensure the urban community remains confident in the industry	1. Environment – respond and defend to attacks on the environment credentials of our industry, based on sound science. 2. Integrity – monitor issues and provide information to media and stakeholders	

Key performance indicators

- Increase consumer trust scores to 80 per cent agreeing the industry is ethical and trustworthy.
- Less than 5 per cent of consumers reduce red meat consumption due to environmental concerns.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000) 1	2	3	4	Totals
Mutton	R	2	2				**2**
	M	73	60	10	8	3	**81**
Lamb	R	7	7				**7**
	M	276	176	65	40	25	**306**
Grassfed Cattle	R	30	30				**30**
	M	1,218	598	420	219	114	**1,351**
Grainfed Cattle	R	4	4				**4**
	M	181	70	70	40	22	**202**
Processor	R	24	24				**24**
	M	80	39	20	20	10	**89**
Government	R	67	67				**67**
Subtotal	**R**	**134**	**134**				**134**
Subtotal	**M**	**1,828**	**943**	**585**	**327**	**174**	**2,029**
TOTAL		**1,962**	**1,077**	**585**	**327**	**174**	**2,163**

Increasing industry and people capability – 5.1

5.1 Increasing adoption of innovation

The value of MLA's research and development programs is only delivered when outcomes are taken up and successfully implemented by enterprises along the value chain. To secure the adoption of innovation outcomes, it is essential that MLA understands the range of issues involved in implementing change, and is effective in tailoring adoption strategies to meet the specific needs of targeted end-users.

In 2010-11 this will be achieved by rigorous analysis of the needs of different segments of the industry, identification of new opportunities to better deliver practical R&D tools and information through effective channels, and assisting to build extension and commercialisation infrastructure capacity. To facilitate adoption and uptake by industry, MLA will measure, evaluate and report the outcomes and impact of R&D.

Strategy	Key initiatives	BU
1. Collaborate to deliver tools, information and learning opportunities	1. Integrated programs that promote the adoption of R&D outputs to receptive livestock producers 2. Increase processor awareness of commercial opportunities from recent R&D developments. 3. Processor R&D adoption and technical services 4. Hold two Meat Profit Days that deliver information and tools to livestock producers 5. Partnerships with other organisations to develop and deliver R&D outputs that assist adoption by producers	LPI CIS CIS CC LPI
2. Implement effective commercialisation and adoption processes, systems and plans	1. Effectively manage commercialisation and IP portfolio 2. Develop and implement adoption plans for off-farm R&D	CIS CIS
3. Plan, measure, evaluate and report the outcomes of research and development	1. Planning, monitoring and evaluation of impact of R&D for producers and industry 2. Monitoring, evaluation and reporting of off farm R&D	LPI CIS

Key performance indicators

- At least 350 southern beef and sheep producers (12 per cent of program target) are engaged in practice change activities during 2010-11 that will lead to measured improvements in meat enterprise productivity and/or profitability against established baselines (linked to 5.3.2.2).
- Structured adoption programs developed for LPI's northern beef and Going into Goats programs.
- Standardised impact evaluations conducted for at least 6 on-farm innovations arising from past LPI R&D.
- 12 off-farm commercial-ready technologies have achieved at least 80 per cent of their annual adoption targets.
- Conduct standardised 'ex ante' or 'ex post' cost/benefit evaluations for at least six off-farm R&D technologies.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000)			Totals
			1	2	3	
Mutton	R	123	87	6	29	**122**
	M	9	9			**9**
Lamb	R	885	660	17	251	**928**
	M	58	58			**58**
Grassfed Cattle	R	1,242	1,191	51	421	**1,663**
	M	91	91			**91**
Grainfed Cattle	R	60	83	6	41	**130**
	M	5	5			**5**
Processor	R	790	640	71	150	**861**
Goat	R	40	34		6	**40**
External	M	63	55			**55**
Government	R	3,140	2,695	151	898	**3,744**
Subtotal	**R**	**6,280**	**5,390**	**302**	**1,796**	**7,488**
Subtotal	**M**	**226**	**218**			**218**
TOTAL		**6,506**	**5,608**	**302**	**1,796**	**7,706**

Increasing industry and people capability – 5.2

5.2 Working with industry to attract, develop and retain world-class people

The ability to attract and retain a productive and skilled workforce to the red meat industry is vital for its future. For industry's R&D and innovation programs to be sustainable into the future, it is also important to maintain a critical mass of high quality research, extension and commercialisation capability within the RD&E provider community.

In 2010-11 MLA will focus on:

- promoting the industry as a rewarding career path
- assisting the industry with research to improve employee retention rates
- developing a culture and capability for leadership
- providing scholarships and other incentives to attract suitably qualified people into the industry
- utilising RD&E capacity audit data to identify current and future capability gaps and work with key stakeholders and providers to implement long term plans to address these gaps.

Strategy	Key initiatives	BU
1. Enhance industry's image as a desirable career destination to attract the right people	1. Determine key attraction targets in critical skill areas 2. Develop programs to showcase industry opportunities to tertiary institutions and students 3. Defining and promoting career opportunities across industry 4. Explore indigenous engagement and employment opportunities	CIS
2. Collaborate with industry to implement professional and skills development programs	1. Review and deliver the Graduate Program 2. Processor leadership and capability programs 3. Producer leadership training, scholarships and placement programs	CIS CIS LPI
3. Assist industry to retain a motivated and appropriately skilled workforce	1. Work with the processing sector to develop key retention targets and innovative retention programs	CIS
4. Support the development of essential science, research, technical and extension capabilities	1. Build professional capability and scientific knowledge of Research, Development & Extension providers in key on farm disciplines 2. Build professional capability and scientific knowledge of Science and Technology solution providers in key off farm disciplines	LPI CIS

Key performance indicators

- Provide a minimum of two scholarship opportunities in each of the (on-farm) categories of (a) industry leadership (b) graduate and post-doctoral scientific capability and (c) undergraduate training and placement .
- Develop and implement a strategy to increase capacity and capability in private sector farm management consulting services for the livestock industries.
- Build the capability of producers involved in (permanent) RD&E consultation committees through initiating a professional development and/or training program, that is informed by a needs analysis and evaluation that measures improvement in knowledge, skills and confidence.
- The processing sector of the industry achieves at least 80 per cent of the agreed targets in relation to attracting and retaining staff.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)				Totals
		Budget	1	2	3	4	
Mutton	R	19	4	2		33	**39**
Lamb	R	129	13	18		254	**285**
Grassfed Cattle	R	161	48	33		93	**174**
Grainfed Cattle	R	43	35	79			**114**
Processor	R	676	96	388	50	200	**734**
Government	R	1,028	196	520	50	580	**1,346**
TOTAL	**R**	**2,056**	**392**	**1,040**	**100**	**1,175**	**2,707**

5.3 Building industry innovation capability

An industry-wide culture and capability for innovation will help ensure that the red meat industry is positioned to meet consumer and market demands, capture new opportunities, enhance efficiencies as well as improve competitiveness and sustainability.

The growing complexity within enterprises places increased pressure on their ability to accelerate the adoption of new technologies and systems, embed a more strategic approach to developing innovation systems, and to derive greater impact from their investments in innovation. Building the skills and capabilities of enterprises throughout the value chain is therefore essential to sustain productivity and competitive advantage.

In 2010-11, MLA will continue implementation of the collaborative innovation program, with a focus on disseminating benefits and methodologies to the broader industry.

Strategies	Key initiatives	BU
1. Partner with enterprises to develop and implement effective innovation capability building programs	1. Deliver the Collaborative Innovation Strategies Program 2. Develop and deliver targeted supply chain capability building programs	CIS CIS
2. Provide a range of tools, methodologies and enabling support structures at enterprise and supply chain levels	1. Support processing sector innovation networks 2. Build producer capability by delivering or facilitating communication. Participatory learning, advice and mentoring	CIS LPI

Key performance indicators

- At least 10-15 per cent southern beef and sheep meat producers engaged in Knowledge, Aspiration, Skills and Attitude (KASA) activities (2010-11 target = 800) show increased levels of knowledge, skills and confidence in how to achieve cost efficiencies and improved profitability as a result of improved management practices. (linked to 5.1.1.1).
- All collaborative innovation partners meet at least 80 per cent of their documented innovation strategy KPIs.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000) 1	2	Totals
Mutton	R	21	7	42	**49**
Lamb	R	121	30	319	**349**
Grassfed Cattle	R	427	30	311	**341**
Grainfed Cattle	R	65	8		**8**
Processor	R	80		60	**60**
Goat	R	54		61	**61**
External	M	70			
Government	R	768	75	793	**868**
Subtotal	**R**	**1,536**	**150**	**1,586**	**1,736**
Subtotal	**M**	**70**			
TOTAL		**1,606**	**150**	**1,586**	**1,736**

Increasing industry and people capability – 5.4

5.4 Supporting industry with policy research

Traditionally industry research into improving industry cost efficiency has been aimed at reducing those costs that are directly within the control of the industry or individual enterprises. However, an increasing proportion of costs faced by individual enterprises are related to government – either through government provision of infrastructure or through the imposition of regulations. Addressing government-imposed costs, is critical to our future competitiveness.

Furthermore, there is a need to ensure that any policy measures introduced as part of environment or animal welfare legislation do not unreasonably affect industry competitiveness.

MLA will assist the Australian red meat & livestock industry to achieve positive legislative and regulatory outcomes by equipping Peak Councils and other representative organisations with expert policy analysis and advice on priority issues. MLA will also coordinate industry efforts internationally to ensure multilateral negotiations on climate change and animal welfare do not undermine the profitability of the Australian red meat and livestock industry.

Strategies	Key initiatives	BU
1. Work closely with peak councils to identify priority policy issues and commission research to support	1. Undertake policy research and analysis on priority policy issues identified by Peak Councils	IMES
2. Work with peak councils to communicate industry policy positions	1. Support Peak Council advocacy efforts on climate change and other priority policy issues 2. Work with like-minded organisations. For example, coalition with Five Nations Beef Association and Tri Lamb members to advocate internationally on climate change and animal welfare issues	

Key performance indicators

- High levels of satisfaction by industry of MLA policy research activities (survey to be conducted biennially)

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000) 1	2	Totals
Mutton	R	1	9		**9**
	M	7		6	**6**
Lamb	R	4	36		**36**
	M	27		24	**24**
Grassfed Cattle	R	22	89		**89**
	M	38		59	**59**
Grainfed Cattle	R	3	16		**16**
	M	2		11	**11**
Processor	R	30	50		**50**
	M	25			
Government	R	60	200		**200**
Subtotal	**R**	**120**	**400**		**400**
Subtotal	**M**	**100**		**100**	**100**
TOTAL		**220**	**400**	**100**	**500**

Communicating with stakeholders

MLA's corporate communications strategy aims to make all stakeholders aware of MLA's role in the red meat and livestock industry, the programs undertaken by MLA, the opportunities created by these programs and their potential benefits to industry. This is achieved by the development and delivery of a range of information and services aimed at increasing awareness, demonstrating relevance and value, and proactively engaging stakeholders.

Strategy	Key initiatives	BU
1. Create awareness of opportunities created by MLA for the meat and livestock industry	1. Source content and produce nine targeted *feedback* magazines that signpost MLA's 47,000 members to further R&D and marketing information 2. Deliver effective widespread media coverage through briefings, features and targeted analysis	CC
2. Demonstrate the relevance and value of MLA and its activities to stakeholders	1. Develop publications that communicate opportunities for members and meet MLA governance requirements through the production of a best practice annual report and annual general meeting 2. Redevelop the MLA website and online communication tools to provide improved delivery of information to producers and other audiences 3. Produce four episodes of *feedbackTV* along with cross-platform supporting information to provide interactive communications to stakeholders	
3. Proactively engage stakeholders in order to achieve behaviour change	1. Run producer forums and participate in existing industry events to maximise cost-effective interaction with members 2. Provide information and services to members and other stakeholders	

Key performance indicators

- Increase member satisfaction with MLA communication activities to at least 3.5 points out of 5
- Maintain the percentage of MLA members who claim to get "alot of value from MLA" higher than 20 per cent as measured through the MLA member survey. (other measures are "some value", "a little value" and "no value at all").

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)			Totals
		Budget	1	2	3	
Mutton	R	43	10	21	13	**44**
	M	49	16	23	10	**49**
Lamb	R	247	82	94	70	**246**
	M	606	144	291	170	**605**
Grassfed Cattle	R	436	164	156	114	**434**
	M	1,659	530	612	493	**1,635**
Grainfed Cattle	R	7	1	15		**16**
	M	60		70		**70**
Goat	R	5	2	1	2	**5**
	M	9	4	3	2	**9**
Government	R	738	259	287	199	**745**
Subtotal	**R**	**1,476**	**518**	**574**	**398**	**1,490**
Subtotal	**M**	**2,383**	**694**	**999**	**675**	**2,368**
TOTAL		**3,859**	**1,212**	**1,573**	**1,073**	**3,858**

Corporate services

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

Strategy	Key initiatives
1. Board and executive	1. The board and executive oversee and determine policies consistent with the company's strategic plan and exercise direction and governance over resources and the way in which the strategies are implemented
2. Finance	1. The provision of accurate, timely and meaningful information to management and stakeholders, managing financial risks, providing support for the budget and planning process and ensuring internal controls are in place while effectively supporting operations
3. Human resources and administration	1. Provide services throughout the employment lifecycle to realise the full potential of our human resources to deliver value to the industry
4. Information technology and library services	1. Provide infrastructure, applications and applications support to facilitate the pursuit and realisation of organisational strategic objectives
5. Legal	1. Provide legal support and advice to management on contractual and commercial matters. Monitor compliance with statutory and other regulations applicable to MLA's business and interaction with its stakeholders
6. Undistributed costs	1. Cover costs that relate to the company as a whole, but which are not distributed to the key programs. They include insurance, repairs and maintenance, depreciation and member registry costs
7. Levy collection	1. Levy collection costs
8. Performance evaluation and benchmarking	1. To measure the effectiveness of MLA's programs and the efficiency of services provided. Evaluations to be conducted on at least three programs in 2010-11 Costs are allocated against the individual programs evaluated

Key performance indicators

- Clean audit report received.
- Three MLA programs evaluated and accepted for publication.
- Continue rollout of HR Strategy reducing Staff Turnover and Recruitment costs by 20 per cent.

Budget 2010-11

Sector		2009-10	2010-11 Budget ($'000)								Totals
		Budget	1	2	3	4	5	6	7	8	
Mutton	R	84	17	9	8	36	2	19		1	**92**
	M	132	14	7	6	29	2	16	35	1	**110**
Lamb	R	478	121	59	54	245	13	129		4	**625**
	M	1,514	217	106	97	440	23	232	313	8	**1,436**
Grassfed Cattle	R	731	166	81	74	337	18	177		6	**859**
	M	3,663	483	237	217	982	52	518	693	17	**3,199**
Grainfed Cattle	R	125	39	19	17	78	4	41		1	**199**
	M	527	58	28	26	118	6	62	105	2	**405**
Goat	R	11	4	2	2	8		4			**20**
	M	17	3	1	1	6		3	5		**19**
External	M	2,251	453	222	203	921	49	486		16	**2,350**
Government	R	1,429	347	170	155	704	37	370		12	**1,796**
Subtotal	**R**	**2,858**	**694**	**340**	**310**	**1,408**	**74**	**740**		**24**	**3,591**
Subtotal	**M**	**8,104**	**1,228**	**601**	**550**	**2,496**	**132**	**1,317**	**1,151**	**44**	**7,519**
TOTAL		**10,962**	**1,922**	**941**	**860**	**3,904**	**206**	**2,057**	**1,151**	**68**	**11,110**

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

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

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

Budget 2010-11

Sector		2009-10 Budget	2009-10 Budget ($'000)	Totals
Mutton	M	**46**	**46**	**46**
Lamb	M	**69**	**69**	**69**
Grass Cattle	M	**401**	**401**	**401**
Grain Cattle	M	**59**	**59**	**59**
TOTAL	**M**	**575**	**575**	**575**

MLA Donor Company research and development partnerships

MLA's fully-owned subsidiary, MLA Donor Company Limited, provides a vehicle for attracting commercial investment from individual enterprises that share a mutual interest with MLA to co-invest in innovation initiatives that will deliver benefit to the Australian red meat industry. Since inception in 1999, the MDC R&D Partnership Program has engaged enterprises from all parts of the industry supply chain including: processors; value-adders; breed societies, large pastoral companies; and technology providers. In addition, MDC has also formed international alliances which have assisted in accelerating Australia's access to valuable intellectual property at much lower cost than would otherwise have been possible. Current value of projects in progress within the R&D Partnership portfolio is $108 million with an anticipated total expenditure in 2010-11 of approximately $34 million.

MDC initiatives are clearly integrated with the overall objectives of MLA's five year *Strategic plan* and specific project initiatives are included in the relevant sections of this Annual operating plan. However, in broad terms, the objectives of MDC initiatives include:

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

R&D Partnership Projects in 2010-2011 will focus on the following key initiatives:

Strategy	Key initiatives
1. Developing new products	1. Bioactive products of improved and /or new functionality 2. Bioactive production and purification development 3. Meat value adding process development 4. Value added meat products 5. Value adding capability development
2. Increasing productivity on-farm	1. Beef Information Nucleus
3. Increasing productivity off-farm	1. Processing automation – development and adoption of new technologies and systems that maximise recovery of meat and non-meat products 2. Manual Assist/OH&S – developing operator aids which reduce the potential for strain injuries and increase the working life of key skilled workers
4. Improving animal health and bio-security	1. Maintain Australia's favourable disease status by: • Enhance on-farm and national/state/territory level bio-security/surveillance programs through collaborative projects • Invest in development of alternative practices to address key risks
5. Increasing adoption of innovation	1. Innovation supporting projects and adoption 'hit list 'target areas including: • SmartStim eating quality • SmartShape red meat innovation • High Pressure Processing • Manual assist automation • Sheep slaughter automation • Sheep boning automation • Beef slaughter automation • Bladestop automation • Spray chilling
6. Building people capability	1. Graduate program 2. Undergraduate program (pending review)
7. Developing industry innovation capability	1. Major targets for CISp programs include: • Processors • On farm (service providers, producers, feedlots) • Supply chains

Key performance indicators

As MDC partnership projects are directly related to delivering against MLA's overall strategic plan, key deliverables have been included in the relevant KPI sections of this Annual Operating Plan.

Budget 2010-11

Sector		2009-10 Budget	2010-11 Budget ($'000)	Totals
Processor	R	2,000	5,800	**5,800**
External	R	6,900	11,200	**11,200**
Government	R	8,900	17,000	**17,000**
TOTAL	**R**	**17,800**	**34,000**	**34,000**

Income and Expenditure by Funding Source 2010-11

Strategic Imperative	Goat		Mutton		Lamb		Total Sheep		Cattle-Grass		Cattle-Grain		Total Cattle		Total Levy Funds		Processor		LiveCorp		External		MLA Total	MLA Donor Co	Govt	MLA Consolidated	MLA Consolidated	Variance
	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M		R	R	2010-11	2009-10	
1. Increasing Market Access																														
√ 1.1 Enhancing Product Integrity	12	65	86	264	421	864	507	1,128	482	2,360	78	589	560	2,949	1,079	4,142	1,184	2,126	20	83		1,500	10,134		2,283	12,417	13,077	-660
√ 1.2 Maintaining and liberalising access to world markets		11	12	211	49	604	61	815	112	869	17	119	129	988	190	1,814	190	1,487					3,681		380	4,061	4,062	-1
√ 1.3 Maximising Market Options	23	15	89	616	70	280	159	896	316	2,000			316	2,000	498	2,911			508	1,553		500	5,970		1,006	6,976	5,905	1,071
2. Growing Demand																														
√ 2.1 Achieving (ensuring) eating quality			168	172	730	533	898	705	591	2,453	153	592	744	3,045	1,642	3,750	220					250	5,862		1,862	7,724	7,778	-54
√ 2.2 Enhancing the nutritional reputation of red meat				5	150	1,559	150	1,564	102	4,034	17	656	119	4,690	269	6,254	176	671					7,370		445	7,815	7,814	1
√ 2.3 Developing New Products			31		189		220		327		55		382		602		400						1,002		1,002	2,004	1,561	443
√ 2.4 Aggressive Promotion in the Market Place - Domestic		31		7		6,701		6,708		8,623		649		9,272		16,011		1,163					17,174			17,174	16,792	382
√ 2.5/2.6 Aggressive Promotion in the Market Place - Export		270		29		6,944		6,973		21,290		2,059		23,349		30,592							30,592			30,592	30,643	-51
3. Enhancing Competitiveness																														
√ 3.1 Increasing productivity - on farm			307		2,339		2,646		2,846		394		3,240		5,886							353	6,239		5,886	12,125	12,241	-116
√ 3.2 Increasing cost efficiency and productivity - off-farm			5		34		39		62		14		76		115		1,110						1,225		1,225	2,450	3,068	-618
√ 3.3 Improving supply chain and market information	4	6	58	73	302	422	360	495	860	1,084	129	96	989	1,180	1,353	1,681						680	3,714		1,353	5,067	5,180	-113
√ 3.4 Improving Biosecurity, Animal Health	57		132		1,016		1,148		690		448		1,138		2,343								2,343		2,343	4,686	4,182	504
4. Communication support																														
√ 4.1 Ensuring Environmental Stewardship			26		239		265		1,009		100		1,109		1,374		215					26	1,615		1,589	3,204	4,875	-1,671
√ 4.2 Responding to climate change			53		403		456		864		555		1,419		1,875		525					5,168	7,568		2,400	9,968	8,209	1,759
√ 4.3 Continuous improvement in Animal Welfare			20		155		175		386		136		522		697		40						737		737	1,474	926	548
√ 4.4 Community communications			2	81	7	306	9	387	30	1,351	4	202	34	1,553	43	1,940	24	89					2,096		67	2,163	1,962	201
5. Increasing Industry Capability																														
√ 5.1 Increasing adoption of innovation	40		122	9	928	58	1,050	67	1,663	91	130	5	1,793	96	2,883	163	861					55	3,962		3,744	7,706	6,506	1,200
√ 5.2 Attract, develop ad retain world -class people			39		285		324		174		114		288		612		734					15	1,361		1,346	2,707	2,056	651
√ 5.3 Building Industry Innovation Capability	61		49		349		398		341		8		349		808		60						868		868	1,736	1,605	131
√ 5.4 Supporting Industry with Policy Research			9	6	36	24	45	30	89	59	16	11	105	70	150	100	50						300		200	500	220	281
Communicating with Stakeholders	5	9	44	49	246	605	290	654	434	1,635	16	70	450	1,705	745	2,368							3,113		745	3,858	3,858	
Ausmeat				46		69		115		401		59		460		575							575			575	575	
R & D Partnerships																								11,000	11,000	22,000	17,800	4,200
Total Expenditure pre Corporate Services	202	407	1,252	1,568	7,948	18,969	9,200	20,537	11,378	46,250	2,384	5,107	13,762	51,357	23,164	72,301	5,789	5,536	528	1,636		8,547	117,501	11,000	40,481	168,982	160,895	8,087
√Corporate Services	20	14	92	75	625	1,123	717	1,198	859	2,506	199	300	1,058	2,806	1,795	4,018						2,350	8,163		1,795	9,958	9,959	-1
√Levy Collection Costs		5		35		313		348		693		105		798		1,151							1,151			1,151	1,250	-99
Total Expenditure	222	426	1,344	1,678	8,573	20,405	9,917	22,083	12,237	49,449	2,583	5,512	14,820	54,961	24,959	77,470	5,789	5,536	528	1,636		10,897	126,815	11,000	42,276	180,091	172,104	7,987
Income Available:																														
- Levies	265	281	1,193	1,348	8,224	20,137	9,417	21,485	11,280	44,874	2,619	5,377	13,899	50,251	23,581	72,017							95,598			95,598	94,639	959
- Govt																									42,276	42,276	40,335	1,941
- Processors																	5,789	5,536					11,325			11,325	11,707	(382)
- Live Export																			528	1,636			2,164			2,164	1,981	183
- R & D Partnerships																								11,000		11,000	8,900	2,100
- External																						10,897	10,897			10,897	9,287	1,610
Total Income	265	281	1,193	1,348	8,224	20,137	9,417	21,485	11,280	44,874	2,619	5,377	13,899	50,251	23,581	72,017	5,789	5,536	528	1,636		10,897	119,984	11,000	42,276	173,260	166,849	6,411
Difference (to/(from) reserves)	43	(145)	(151)	(330)	(349)	(268)	(500)	(598)	(957)	(4,575)	36	(135)	(921)	(4,710)	(1,378)	(5,453)							(6,831)			(6,831)	(5,255)	(1,576)
Opening reserves	111	963	1,544	1,234	7,430	13,751	8,975	14,985	6,208	20,913	1,037	2,535	7,245	23,448	16,330	39,395												
Closing Reserves	154	818	1,394	903	7,081	13,483	8,475	14,387	5,251	16,338	1,073	2,400	6,323	18,738	14,952	33,942												
% of Revenue	58%	291%	117%	67%	86%	67%	90%	67%	47%	36%	41%	45%	45%	37%	63%	47%												