Annual operating plan 2011-12

Contents

Introduction

The *Annual operating plan 2011-12* establishes a clear direction for the targeted services and solutions provided by MLA over the year to help maintain and improve Australian meat and livestock industry performance.

It is designed to deliver programs and activities that are closely aligned with the *Meat industry strategic plan 2010–2015* (MISP) and the Australian Government's rural research and development (R&D) priorities. The financial year's programs and activities give effect to MLA's *Strategic plan 2010–2015*.

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.

Performance 2010-11

MLA supports Australia's cattle, sheep and goat supply chains by creating opportunities from their investments in marketing and research and development. We do not regulate the industry, lobby the Australian Government, buy or sell livestock or meat, or control prices.

Some of our key achievements in marketing and research and development programs during 2010-11 included:

- Supporting industry through marketing campaigns to increase beef export values to Korea by 19% in the face of aggressive competition from the United States
- Support for the 'Together with Japan' charity initiative to assist Japanese producers in the wake of the earthquake and tsunami and build trust in the Australian beef industry in our largest overseas market
- The new 'Nothing beats Beef' marketing campaign which reached 14.6 million Australians in October and November, contributing to a 6% increase in demand for beef during the campaign period
- Meat Standards Australia reaching a critical mass of product with 1.42 million cattle and 870,500 sheep graded
- Investments in cattle genetics that included five large single-breed testing programs through the Beef Information Nucleus and the development of new BREEDPLAN estimated breeding values that incorporate molecular genetics
- The development of a new feedbase investment plan that will chart the next decade of research to improve pasture productivity
- Approval of a further five years of funding for the Invasive Animals Cooperative Research Centre that will help develop new controls of feral dogs, pigs and rabbits
- More than 1,500 sheep producers attending a series of *It's Ewe Time* forums in July and August 2010, reinforcing the importance of holistic management practices to lamb enterprises
- Investments in value-adding off-farm technologies such as SmartShape, which allows shaping of secondary cuts, and the automation technologies that increase yield and labour efficiency including the LEAP III primal cutter

More details of MLA's performance during the past financial year can be found in our *Annual report 2010-11*, available online at www.mla.com.au/annualreport

Planning 2011-12

Following the substantial realignment of imperative and program areas in MLA's *Annual operating plan 2010-11* to align with the MISP and Board planning priorities, 2011-12 will see a consolidation of planning around these areas.

MLA's commitment to robust strategic planning was further demonstrated during 2010-11 with the development of five-year plans and a series of high level measures for the company. These were undertaken to strengthen program evaluation and long-term planning – both areas recommended for improvement following last year's three-year review of MLA's performance.

Over the next 12 months, MLA will progressively move to a five-year planning process to coincide with the timing of the new MISP. This will involve the introduction of five-year business plans for each MLA program area. By the end of 2011-12, there will be plans in place for each page of this *Annual operating plan* with each of these reviewed annually.

In line with this commitment to long-term planning, MLA introduced a new series of high level measures to better evaluate progress against all five strategic imperatives in this *Annual operating plan*, with an additional measure for the company overall. These measures are listed below.

Imperative	High level measures	Description
1. Improving market access	• Safety systems and performance record • Satisfaction with market access activities	• Overseas customers rank Australian safety systems and performance record as equivalent to or better than alternate supplying countries • Increased (>85%) satisfaction rating of MLA market access activities by industry and government
2. Growing demand	• Influence consumer attitudes • Preferred supplier	• Growth in key disposition and attitudinal measures for beef and lamb amongst Australian consumers in the domestic market • Australia is the preferred source of imported beef, lamb, mutton and goatmeat and MLA activities expand the customer base in developing markets
3. Increasing productivity across the supply chain	• Increased productivity	• Measureable increase in productivity for producers/ processors who adopt the technologies and innovations MLA develops and/or promotes and supports
4. Promoting industry integrity and sustainability	• Positive consumer perceptions	• Maintain current levels of positive community perceptions of industry's management of animal welfare and the environment in all areas of the supply chain including livestock production, meat processing and live export
5. Increasing industry and people capability	• Changed industry practices	• Objectively measured changes in people and industry capability and practices related to the adoption of MLA developed and/or supported technologies/ innovations
Across MLA	• Value and relevance	• Perceived value (and relevance) of MLA and its activities by stakeholders is increased

Scott Hansen
Managing Director

MLA priority alignment

MLA imperatives, Australian Government research priorities and *Meat industry strategic plan 2010–2015* (MISP) strategic themes.

Imperative 1: Improving market access

Guided by	Australian Government: National research priorities:	Australian Government: Rural research priorities:	*MISP 2010–2015* Strategic themes:
	• Promoting and maintaining good health • Safeguarding Australia	• Productivity and adding value • Supply chain and markets • Biosecurity	• Market access • Marketing and promotion • Economics and infrastructure

Imperative 2: Growing demand

Guided by	Australian Government: National research priorities:	Australian Government: Rural research priorities:	*MISP 2010–2015* strategic themes:
	• Promoting and maintaining good health	• Productivity and adding value • Supply chain and markets • Innovation skills • Technology	• Marketing and promotion • Innovation

Imperative 3: Increasing productivity across the supply chain

Guided by	Australian Government: National research priorities:	Australian Government: Rural research priorities:	*MISP 2010–2015* strategic themes:
	• An environmentally sustainable Australia • Promoting and maintaining good health • Safeguarding Australia • Frontier technologies for building and transforming Australian industries	• Natural resource management • Productivity and adding value • Supply chain and markets • Biosecurity • Innovation skills • Technology	• Our people • Innovation • Economics and infrastructure

Imperative 4: Promoting industry integrity and sustainability

Guided by	Australian Government: National research priorities:	Australian Government: Rural research priorities:	*MISP 2010–2015* strategic themes:
	• An environmentally sustainable Australia • Frontier technologies for building and transforming Australian industries	• Natural resource management • Climate variability and climate change • Innovation skills • Technology	• Environment and ethics • Our industry • Innovation

Imperative 5: Increasing industry and people capability

Guided by	Australian Government: National research priorities:	Australian Government: Rural research priorities:	*MISP 2010–2015* strategic themes:
	• Promoting and maintaining good health • Frontier technologies for building and transforming Australian industries	• Productivity and adding value • Supply chain and markets • Innovation skills • Technology	• Our industry • Our people • Innovation • Economics and infrastructure

Australian Government rural research priorities and MISP strategic themes

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

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.

Improving market access 1.1

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. This can be achieved by establishing Australia as leader in the supply of safe and wholesome red meat products. In 2011-12, MLA will maintain its existing systems and programs; continue to develop tools and systems for managing food safety, based on innovative science; supporting outcome-based regulations; and maintaining systems to respond to customer needs.

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 2. Contribute to the development and implementation of new food safety systems	IS 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 2. Development of new techniques for delivering safe and wholesome product 3. Monitor developments/develop initiatives in biotechnology 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 2. Respond to market expectations for scientific information on the safety of red meat products 3. Communicate the integrity of Australian red meat products internationally and provide a response capability	IS CIS IMES

Key milestones
• Satisfaction rating of MLA's food safety activities by industry (processors and AMIC) rated more than 85% (question to be included in market access survey) • Develop the capability for all jurisdictions to be able to execute traceability reports through the NLIS mirror database • Overseas customers rank Australia's safety systems as equivalent to, or better than, alternate supplying countries

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	4	Totals
Mutton	R	86	5	50	21	6	**82**
	M	264	50	150		53	**253**
Lamb	R	421	23	250	114	20	**407**
	M	864	196	300		440	**936**
Grassfed Cattle	R	482	53		344	58	**455**
	M	2,360	407	800		1,140	**2,347**
Grainfed Cattle	R	78	10		47	15	**72**
	M	589	128	266		196	**590**
Processor	R	1,184	58	500	510	95	**1,163**
	M	2,126	323	144		1,815	**2,282**
Goat	R	12	4			4	**8**
	M	65	53	20		6	**79**
Livestock export	R	20	4			12	**16**
	M	83	53	20		24	**97**
External	R						
	M	1,500		1,500		69	**1,569**
Government	R	2,283	157	800	1,036	210	**2,203**
Subtotal	**R**	**4,566**	**314**	**1,600**	**2,072**	**420**	**4,406**
Subtotal	**M**	**7,851**	**1,210**	**3,200**		**3,743**	**8,153**
TOTAL		**12,417**	**1,524**	**4,800**	**2,072**	**4,163**	**12,559**

Note: all Budget figures throughout this report are listed in $'000

Improving market access 1.2

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

Australia's red meat exports face market access restrictions in many overseas markets. Global trade liberalisation and improvements in technical market access conditions are a key focus of industry efforts to create opportunities for growth, development and diversification. Industry invests in research, consultation, assisting diplomatic activities and advocacy – in pursuit of the commercial and economic gains from removing or reducing impediments to trade. In 2011-12, MLA will collaborate with government and industry stakeholders to pursue defence of existing favourable access conditions; undertake a multilateral, regional, bilateral trade advocacy program; and enhance/leverage international trade reform networks.

Particular priorities in 2011-12 include:

- assisting government in securing a free trade agreement (FTA) with Korea, embodying phase out of tariffs on Australian beef
- progressing industry priorities under the Trans Pacific Partnership trade talks (see industry submission for these priorities)
- renewed advocacy on a Japan FTA, likely to receive focus in the first half of 2012
- directing additional efforts towards tackling the increasing number of technical trade barriers imposed by a number of Australia's trading partners

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. Monitor and respond to WTO developments; represent to government on industry priorities; coalition building in key overseas markets and missions to Geneva	
3. Position the Australian meat and livestock industry for FTA negotiations	1. FTA work particularly directed at advancing industry priorities in FTAs with Korea, Japan and the Trans Pacific Partnership	
4. Develop strategies to remove access barriers	1. Research to support trade reform advocacy in WTO and FTA negotiations – particularly in-market advocacy research in Japan 2. Research on technical barriers to trade, including a stocktake of technical barriers facing the Australian industry, ranking these barriers in terms of trade impediment and prioritising removal of these barriers	

Key milestones
• Satisfaction rating of MLA market access activities by government and industry maintained above 85% (survey conducted biennially) • Persuasive and well-researched submissions on market access issues prepared to the satisfaction of industry

Budget 2011-12

Sector		2010-11 budget	2011-12 budget								Totals
			Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D	
Mutton	R	12								12	**12**
	M	211	10	13	1	1	9	24	24		**82**
Lamb	R	49								49	**49**
	M	604	135	149	57	10	142	57	183		**733**
Grassfed Cattle	R	112								112	**112**
	M	869	158	146	258	127	108	115			**912**
Grainfed Cattle	R	17								17	**17**
	M	119	21	24	42	21	18				**126**
Processor	R	190								190	**190**
	M	1,487	324	332	358	159	277	196	207		**1,853**
Goat	M	11	11								**11**
External	M				43						**43**
Government	R	380								380	**380**
Subtotal	**R**	**760**								**760**	**760**
Subtotal	**M**	**3,301**	**659**	**664**	**759**	**318**	**554**	**392**	**414**		**3,760**
TOTAL		**4,061**	**659**	**664**	**759**	**318**	**554**	**392**	**414**	**760**	**4,520**

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. Operated by MLA in partnership with LiveCorp, the Livestock Export Program works to achieve this.

Undoubtedly the greatest threat to Australia's livestock export trade is from publicity over instances of poor standards of animal welfare in some customer countries. Over the past year heightened publicity has been afforded to this issue and, as a result, new regulations are being introduced to ensure acceptable animal welfare standards to the point of slaughter. For 2011-12, a major aim is to assist supply chains meet these new standards. The introduction of new regulations will also require greater interaction with foreign governments. It will be important to convey an understanding of the new regulations to foreign governments – and to emphasise that the new regulations are applying international standards to which these governments are signatories.

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 and educate media to raise awareness and support in key metropolitan 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 milestones
• An Eid al Adha plan is developed by MLA that is accepted by industry and government with the MLA elements of this plan delivered to the satisfaction of industry • High levels of satisfaction by Indonesian importers and Australian exporters that the provision of technical support by MLA provides benefits to the supply chain • Through the provision of enhanced animal welfare outcomes and appropriate communications support to industry representative bodies and individual producers, increase the current level of community support for the livestock export trade

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	4	Totals
Mutton	R	89	75	50		15	**140**
	M	616	500		200	125	**825**
Lamb	R	70	75	50		10	**135**
	M	280	500		50	75	**625**
Grassfed Cattle	R	316	375	100		25	**500**
	M	2,000	4,630	100	295	425	**5,450**
Goat	R	23	25				**25**
	M	15	30				**30**
Livestock export	R	508	300	50		50	**400**
	M	1,553			40		**40**
External	M	500					
Government	R	1,005	850	250		100	**1,200**
Subtotal	**R**	**2,011**	**1,700**	**500**		**200**	**2,400**
Subtotal	**M**	**4,964**	**5,660**	**100**	**585**	**625**	**6,970**
TOTAL		**6,975**	**7,360**	**600**	**585**	**825**	**9,370**

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 the Australian industry to provide customers with beef and sheepmeat of consistent and predictable eating quality in both domestic and export markets via adoption of the Meat Standards Australia (MSA) system. MSA has focussed on increasing grading numbers to date. Now that a 'critical mass' of product is flowing through the system, the focus will shift to initiatives which extract greater value from the MSA system. Decreasing eating quality variation within brands, increasing the volume of MSA-graded product per carcase and strengthening MSA's integrity are three key initiatives. Ongoing investment in eating quality R&D will increase the predictive power of the MSA grading model and equip the Australian industry with the latest eating quality innovations. Some key R&D projects for 2011-12 include long distance transport of cattle, MSA four- and five-star beef, the development of a cuts-based system for sheepmeat and advanced electrical stimulation in processing plants.

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 2. Conduct R&D on the selection and management of livestock to improve the yield, eating quality and nutritional content of red meat 3. Continue to refine the MSA grading model with relevant R&D activities 4. Continue sensory testing and analysis of targeted eating quality R&D initiatives	CIS LPI IS IS
2. Develop and maintain standards and measurement tools to underpin guarantees of eating quality	1. Maintain standards and systems to better enable processors to utilise MSA 2. – 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 2. Facilitate adoption of MSA technology and standards through beef and sheep supply chains 3. Refresh retail communication materials and educate consumers on the MSA quality guarantee	DMKT IS DMKT

Key milestones

- Increase consumer satisfaction by increasing MSA cattle grading numbers to 1.6 million head
- Increase consumer satisfaction by increasing MSA sheep grading numbers to 1 million head
- 200 tonnes of four- and five-star beef identified and sold by brands
- One technology is further developed/validated to improve the overall eating quality of meat by prediction and management of heat toughened carcases
- Increase consumer quality ratings of beef above 7.3 out of 10

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	Totals
Mutton	R	168	140		12	**152**
	M	172		60	107	**167**
Lamb	R	730	645		38	**683**
	M	533		60	668	**728**
Grassfed Cattle	R	591	496		265	**761**
	M	2,453		365	2,212	**2,577**
Grainfed Cattle	R	153	136		60	**196**
	M	592		115	513	**628**
Processor	R	220	220			**220**
External	M	250		250		**250**
Government	R	1,862	1,637		375	**2,012**
Subtotal	**R**	**3,724**	**3,274**		**750**	**4,024**
Subtotal	**M**	**4,000**		**850**	**3,500**	**4,350**
TOTAL		**7,724**	**3,274**	**850**	**4,250**	**8,374**

2.2 Enhancing the nutritional reputation of red meat

The goal of the nutrition program is to defend and enhance the nutritional reputation of red meat in the policy, healthcare and general communities. Current key issues include that health is a very strong driver of food choice; cooking skill is a barrier to consumption of red meat as part of a healthy diet; and health concerns are merging with environmental and animal welfare concerns.

Key initiatives in 2011-12 include the launch of a new consumer campaign to reinforce the benefits of eating red meat three to four times a week; dissemination of practical advice on healthy meals to meet the nutritional needs of babies and young women via a healthcare campaign; and improving knowledge of red meat and the industry amongst policy-makers to ensure red meat is appropriately represented in food policy and nutrition recommendations.

Major changes this year include changing the consumer campaign from *Red Meat Amazing Food* and its five essential nutrients to *Red Meat Ready for Anything* and the benefits of red meat three to four times a week; providing practical advice on beef and lamb meal preparation in combination with nutrition/health information; and incorporating information on red meat and its industry in communications to nutrition and health policy-makers and other influencers.

Strategy	Key initiatives	BU
1. Increase our knowledge of the health benefits of red meat	1. Continue investment and communication of evidence on iron, zinc and the contribution of red meat to public health	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 communications to promote red meat's role in a balanced diet 3. Inform policy makers and practitioners on red meat and its industry	
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, child health nurses, and dietitians through advertising, direct mail, publications, conferences, seminars, on-line and events 2. Launch *Red Meat Ready for Anything* consumer campaign supporting beef and lamb marketing	

Key milestones
Independent consumer research among the core target (mothers with children in household) shows: • Strongly agree 'red meat is an essential part of a healthy diet' reaches 50% • Resistor/rejecter consumer segment does not increase above 17%

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	Totals
Mutton	M	5	5			**5**
Lamb	R	150	150			**150**
	M	1,559		89	1,470	**1,559**
Grassfed Cattle	R	102	102			**102**
	M	4,034		228	3,806	**4,034**
Grainfed Cattle	R	17	17			**17**
	M	656		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**	**6,925**	**5**	**393**	**6,527**	**6,925**
TOTAL		**7,815**	**895**	**393**	**6,527**	**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 2011-12, 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 4. Implement open innovation process to identify and develop novel value propositions	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	
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	
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 3. Value added products for international markets	

Key milestones

- Two new value-added red meat products successfully launched in the Australian domestic market, each with the potential to add at least $2 per head in net value
- Demonstrate the commercial feasibility of High Pressure Processing for red meat
- Two processors establish facilities for production of value-added blood products each with the potential to add $2 per head in net value

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	4	Totals
Mutton	R	31	8	9	7	4	**28**
Lamb	R	189	43	60	49	25	**177**
Grassfed Cattle	R	327	19	135	109	59	**322**
Grainfed Cattle	R	55	3	22	19	10	**54**
Processor	R	400	31	189	195	7	**422**
Government	R	1,002	104	415	379	105	**1,003**
TOTAL	**R**	**2,004**	**208**	**830**	**758**	**210**	**2,006**

2.4 Aggressive promotion in the domestic market

The domestic market remains the largest and most loyal for Australian beef and lamb. However 2011-12 will be a challenging year, as more beef will be destined for export markets and record high lamb prices see lamb slipping from consumers' meal repertoires. Consumer demand for red meat on the domestic market, as measured by volume x price, hit a record of $9.18 billion in 2010.

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. Current issues being faced include consumer resistance to high retail prices, squeezed retail and foodservice margins on lamb inhibiting promotional activity, and strong competition from other proteins.

Major changes versus the 2010-11 year include concentrating our marketing efforts on strengthening beef's ownership over summer barbecues and hearty winter meals; increased consumer education on a wider range of lamb cuts via retail, online and food media channels; increased channel-specific marketing to enable differentiation in retail outlets whie still maintaining the overarching theme of the campaign; developing a new TV commercial and increased focus on the institutional and catering sectors to keep red meat on the menu.

Addressing these, the 'We love our Lamb' campaign will continue to focus on the three key lamb consumption opportunities (spring, Australia Day and Mother's Day) with an increased emphasis on promoting more economical lamb cuts to price sensitive consumers. The 'Nothing beats Beef' campaign will continue to strengthen beef's image, build desire for seasonal beef meals (summer barbecues and winter meals) and educate and boost consumer confidence in buying and preparing beef cuts.

Retailers and foodservice operators are integral to achieving growth in demand. MLA will continue to work with these operators to deliver meaningful outcomes for end-users and industry. The 'Masterpieces' foodservice program will work with supply chains to build appeal for secondary lamb and beef cuts on menus, whilst the 'Beefing up your profits' and 'Racking up your profits' programs will encourage butchers to develop, launch and promote new concepts and cuts of beef and lamb.

Strategy	Key initiatives	BU
1. To maintain lamb as a routine habitual purchase by building national pride in lamb and encouraging consumers to buy and cook a wider range of lamb cuts/meals via consumer promotional efforts around specific community occasions throughout the year	1. Lamb promotional campaigns for spring, Australia Day and Mother's Day	DMKT
2. To strengthen Australian consumers' emotional bond with beef, create desire and educate consumers to cook a range of seasonal beef meals/cuts	1. Beef promotional campaigns focused on 'summer barbecues' and 'winter meals'	
3. Work with retailers and foodservice operators to raise standards of presentation, quality, merchandising and promotion	1. Retailer-specific promotional activities supporting MLA campaigns and/or red meat in retailer campaigns 2. Foodservice promotional program including publications, promotions and education activities 3. Support retailer and foodservice initiatives on new products, new merchandising developments and new promotional techniques	

Key milestones
• Improvement in key beef attributes as measured by consumer tracking – 'makes the most satisfying meals' (above 59%) • Improvement in key lamb attributes as measured by consumer tracking – 'is loved by Australians' (above 76%) • Strong retailer support for MLA programs as evidenced by retail butchers continuing to rate them overall at over 3.5 out of 5

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	Totals
Mutton	M	7			7	**7**
Lamb	M	6,701	6,243		1,358	**7,601**
Grassfed Cattle	M	8,623		5,529	3,294	**8,823**
Grainfed Cattle	M	649		399	300	**699**
Processor	M	1,163	363	500	300	**1,163**
Goat	M	31			31	**31**
External	M				100	**100**
TOTAL	**M**	**17,174**	**6,606**	**6,428**	**5,390**	**18,424**

2.5 Aggressive promotion in export markets – beef

A two-pronged challenge faces the Australian beef industry in international markets – to retain sales and our customer base in the mature or maturing Japan and Korea markets; and to maximise growth opportunities for Australian beef in developing markets in South-East Asia/China, the Middle East/North Africa (MENA) region, the former Soviet Union and (for chilled beef) the United States.

In meeting these challenges in Japan and Korea, MLA will implement key account 'maintain and defend' strategies to consolidate commitment in the face of increased US competition. Also, there will be continued emphasis in using our strong country-of-origin logos in these markets to communicate messages regarding the safety and nutritional attributes of Australian beef. In Japan there will be increased focus on tailored promotional activities with key accounts. In Korea there will be a continued strong emphasis on awareness of the Australian beef logo, but altering the tactics used to maintain this awareness. In developing markets programs will be focussed on business development activities and creating awareness of Australian beef. The business development activities include securing new retail and food service accounts, providing training and providing base merchandising support.

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. Compared to 2010-11, the Japan budget has been reduced to allow increases in other markets, particularly in South-East Asia/China and MENA.

Strategy	Key initiatives	BU
1. Disseminate comprehensive export marketing information	1. Monitor and report on 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 Australian 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 MSA) 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 MSA 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 milestones
• A majority of end users and importers rate Australia as the preferred supplier of imported beef • Achieve at least 80% of KPIs listed in regional beef implementation plans • An additional 35 major customers are recruited globally for Australian beef and over 80% of Australian exporter and importers satisfied with MLA business development activities (trade shows, missions, etc)

Budget 2011-12

Sector		2010-11 budget	2011-12 budget							Totals
			North America	Japan	Korea	South Asia	Europe	Middle East	Global	
Grassfed Cattle	M	21,290	1,000	8,100	4,950	3,400	584	500	2,031	**20,565**
Grainfed Cattle	M	2,059	104	285	430	250	210	50	969	**2,298**
External	M			263			255		50	**568**
TOTAL	**M**	**23,349**	**1,104**	**8,648**	**5,380**	**3,650**	**1,049**	**550**	**3,050**	**23,431**

2.6 Aggressive promotion in export markets – sheepmeat

Australian lamb supplies, indeed world lamb supplies, are currently very tight. However, Australian lamb production is expected to increase by 25% over the next five years. The short term challenge is to keep lamb on retail shelves and restaurant menus – a significant challenge given that lamb forms only a very minor part of consumer diets in most regions of the world. Over the longer term, if lamb prices do not to fall dramatically, the challenge will be to expand world demand for lamb.

Given the tight supply situation, the short-term focus will be on supporting existing supply chains and retail and food service accounts. A range of promotional support activities will be put in place to achieve this, partnering with Australian exporters to build loyalty. As lamb supplies increase, greater focus will be placed on increasing awareness of Australian lamb and encouraging trial and purchase. For most consumers their first experience trialling lamb will be in food service. A focus this year will be to broaden lamb's menu range, involving work with the quick service, mid scale and casual dining sectors (particularly in North America) and also securing greater penetration in Chinese cuisine (South East Asia/Chinas).

An analysis of market growth to 2015 has revealed that the best prospects lie in the MENA, South East Asia/ Chinas and North American regions. The budget for North America is already large but, reflecting these growth prospects, the budget for MENA has been slightly increased for 2011-12, while the budget for Japan has dropped. An increase in the South East Asia/Chinas budget is planned for 2012-13.

Strategy	Key initiatives	BU
1. Disseminate comprehensive export marketing information	1. Monitor and report on 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	
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	
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)	

Key milestones
• A majority of end users and importers rate Australia as the preferred supplier of imported lamb • Achieve at least 80% of KPIs listed in regional sheepmeat implementation plans • An additional 20 major customers are recruited globally for Australian lamb and over 80% of Australian exporters and importers are satisfied with MLA business development activities (trade shows, missions, etc)

Budget 2011-12

Sector		2010-11 budget	2011-12 budget							Totals
			North America	Japan	Korea	South Asia	Europe	Middle East	Global	
Mutton	M	29								
Lamb	M	6,944	3,655	779	25	460	250	1,175	500	**6,844**
Goat	M	270	100						120	**220**
External	M			18			85	130	25	**258**
TOTAL	**M**	**7,243**	**3,755**	**797**	**25**	**460**	**335**	**1,305**	**645**	**7,322**

3.1 Increasing productivity – on farm

Producers operate complex businesses in an environment characterised by highly variable seasons and markets. MLA's R&D programs seek to deliver new tools and technologies that support producers to become more productive in this challenging environment. Major investments in 2011-12 include support for the Beef, Sheep and Future Farm Industries Cooperative Research Centres (CRCs); a major new program on southern pasture breeding and evaluation, grazing management and fertiliser efficiency; continuation of the Sheep Information Nucleus after the cessation of Sheep CRC funding; and a new program to overcome nitrogen rundown in tropical grass-dominant pastures.

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 milestones
• Beef CRC data analysed and the potential for new gene markers in Brahmans and tropical composites reported to MLA • Prototype multi-breed genetic analysis released for southern/British breeds (Angus, Hereford, Shorthorn and Murray Grey) • Second phase pilot genotyping project using the sheep whole genome analysis completed for 1,000 rams, with recommendations/guidelines on use of genomic tools in sheep breeding released to industry for at least five traits • First trial results for national pasture variety trials released to livestock producers • Psyllid-resistant elite leucaena lines identified for seed increase and commercialisation

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	4	5	Totals
Mutton	R	307	101	101	18	144	8	**372**
Lamb	R	2,339	712	710	128	798	3	**2,351**
Grassfed Cattle	R	2,846	676	638	36	1,547	252	**3,149**
Grainfed Cattle	R	394	66	221		133		**420**
Goat	R		24					**24**
External	M	353	736					**736**
Government	R	5,886	1,579	1,670	182	2,622	263	**6,316**
Subtotal	**R**	**11,772**	**3,158**	**3,340**	**364**	**5,244**	**526**	**12,632**
Subtotal	**M**	**353**	**736**					**736**
TOTAL		**12,125**	**3,894**	**3,340**	**364**	**5,244**	**526**	**13,368**

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 labour availability and OH&S issues, reducing the consumption of consumables and process services such as water and electricity, and implementing broader business efficiencies. In 2011-12, MLA will continue to collaborate with meat processors and the Australian Meat Processor Corporation with a primary focus on the development, implementation and adoption of cost effective automation technologies and manual assist technologies; and the feasibility, evaluation and preliminary development work of novel objective measurement 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	

Key milestones

- Realise net benefits of $1 million per annum from processing technologies developed under this program and for which installation is completed in 2011-2012
- Total aggregated net benefit of technologies installed both in 2011-12 and previous years reaches $3 million per annum
- Demonstrate in production at least two new technologies/systems capable of improving cost of production and yield improvement in order to increase net worth of carcase by $1.00 per head in sheep and/or beef
- Develop technologies and systems capable of eliminating and/or reducing occupational health and safety risks (confirmed by cost benefit analyses or acknowledged by processors)
- Demonstrate in production at least two new technologies that have a main OHS-related benefit

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	Totals
Mutton	R	5				
Lamb	R	34				
Grassfed Cattle	R	62				
Grainfed Cattle	R	14				
Processor	R	1,110	1,201	198	50	**1,449**
Government	R	1,225	1,201	198	50	**1,449**
Subtotal	**R**	**2,450**	**2,402**	**396**	**100**	**2,898**
Subtotal	**M**					
TOTAL		**2,450**	**2,402**	**396**	**100**	**2,898**

3.3 Improving supply chain and market information

In 2011-12, MLA will continue to deliver a market information service that monitors, analyses and reports on the key fundamentals facing the Australian livestock and red meat industries, with a focus upon maintaining its role as the primary source for accurate market information and forecasts. Providing and developing tools to enhance business decisions for the entire industry will continue – from enhancing forecasting for beef and lamb, fostering a risk management culture and establishing clearer feedback of industry information.

The focus of market information activities in 2011-12 includes delivery of more tailored market information services that better meet the needs of key stakeholders. This includes increased use of data detailing Australia's red meat trade flows, along with providing more 'forward looking' analyses for livestock and red meat markets. It also includes in-depth analysis and documentation of the key seasonal factors underpinning meat demand globally, including increased focus on competitor proteins; and updating the website to ensure that the market information pages are frequently used.

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 in accordance with its ISO QMS 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 IMES 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)	IMES IMES
3. Gather and analyse data on competitors	1. Monitor and report on developments in competitor proteins and countries	IMES
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. Implement 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	IMES IMES IS IMES

Key milestones
• Over 90% of clients find MLA market information valuable to their business, with over 60% finding it highly or extremely valuable • Increase electronic distribution of MLA market information by 5% • Eight processing plants uploading data to, and a majority of suppliers to those plants accessing feedback data via Livestock Data Link • NLRS maintains its ISO QMS accreditation

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	4	Totals
Mutton	R	58	24	7	2	25	**58**
	M	73	67	20			**87**
Lamb	R	302	188	50	17	72	**327**
	M	422	388	116			**504**
Grassfed Cattle	R	860	313	129	104	349	**895**
	M	1,084	936	287		43	**1,266**
Grainfed Cattle	R	129	26	12	10	83	**131**
	M	96	72	33		5	**110**
Processor	R						
	M						
Goat	R	4	5				**5**
	M	6	7				**7**
External	M	680	465	30			**495**
Government	R	1,353	556	198	133	529	**1,416**
Subtotal	**R**	**2,706**	**1,112**	**396**	**266**	**1,058**	**2,832**
Subtotal	**M**	**2,361**	**1,935**	**486**		**48**	**2,469**
TOTAL		**5,067**	**3,047**	**882**	**266**	**1,106**	**5,301**

3.4 Improving animal health and biosecurity

Australia remains free of key animal diseases which would severely impact on trade, our ability to produce high quality meat, and animal health and welfare. Significant investments in 2011-12 address topics such as rapid diagnosis of blue-tongue viruses and vectors; controlling sheep measles and worms; development of a vaccine for barbers pole worms; theileriosis control in cattle; and developing practical emergency disease management at processing establishments.

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 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 4. Management of risks at processing establishments	LPI LPI LPI CIS

Key milestones
• Develop and have approved by stakeholders a five-year strategic plan for animal health and biosecurity • Deliver to biosecurity authorities improved diagnostic methods, enhanced understanding of spread and/or improved control methods for the principal biosecurity hazards facing the red meat industry: Screw Worm Fly, Foot and Mouth Disease, Bluetongue, Anthrax and the mycobacterial diseases (Johne's disease) • Field testing completed on a new trial feral pig toxin and an application submitted to APVMA for registration of the product • New diagnostic capability for the tick-borne disease theileriosis assessed in industry and the disease status better defined and understood

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2011-12 budget 2	Totals
Mutton	R	132	54	108	**162**
Lamb	R	1,016	379	742	**1,121**
Grassfed Cattle	R	690	35	672	**707**
Grainfed Cattle	R	448		385	**385**
Processor	R			70	**70**
Goat	R	57	3		**3**
External	M			77	**77**
Government	R	2,343	471	1,977	**2,448**
Subtotal	**R**	**4,686**	**942**	**3,954**	**4,896**
Subtotal	**M**			**77**	**77**
TOTAL	**R**	**4,686**	**942**	**4,031**	**4,973**

Promoting industry integrity and sustainability 4.1

4.1 Ensuring sustainability and demonstrating environmental stewardship

As custodian of a significant proportion of Australia's land mass, the Australian red meat industry is an important manager of vital natural resources. The ongoing success and reputation of the industry will depend on the way in which these natural resources are managed. Major on-farm investments in 2011-12 will focus on trialling and refining a self assessment tool for environmental management; new techniques for controlling major weed species; and continued funding to the Invasive Animals CRC for commercial testing and roll-out of new controls for feral pigs and wild dogs. Major off-farm investments in 2011-12 will focus on technologies to improve water/energy efficiency and reuse; and wastewater treatment and nutrient handling.

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 2. Develop strategies to optimise the environmental performance of feedlots 3. Improve wastewater treatment, identify opportunities for minimising water use and increasing water recycling in the processing sector. 4. Identify emerging environmental priorities for the processing sector and provide required knowledge, tools and technologies 5. Identify opportunities to reduce energy use and costs in the processing sector	LPI LPI CIS CIS 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 2. Develop approaches that increase the frequency and accuracy of environmental benchmarking for processors	LPI CIS

Key milestones
• New technologies or processes capable of reducing the total cost of electricity for meat plants by 4% are defined and/or validated • New technologies or processes capable of reducing abattoir water consumption by 2% are demonstrated and/or validated • New opportunities are identified and at least two new technology developments are started to reduce wastewater related environmental footprint (nutrients, emissions, effluent water) in the processing sector • Application made to Australian Quarantine Inspection Service for the release of new biocontrol agent for Parkinsonia • Approval to pilot a minimum of two modules of the grazing self assessment tool in at least four regions in northern and southern Australia due to a successful scoping study

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2011-12 budget 2	Totals
Mutton	R	26	55	16	**71**
Lamb	R	239	475	115	**590**
Grassfed Cattle	R	1,009	965	127	**1,092**
Grainfed Cattle	R	100	78		**78**
Processor	R	215	441	25	**466**
External	M	26	34		**34**
Government	R	1,589	2,015	283	**2,297**
Subtotal	**R**	**3,178**	**4,029**	**566**	**4,594**
Subtotal	**M**	**26**	**34**		**34**
TOTAL		**3,204**	**4,063**	**566**	**4,628**

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. Major on-farm investments in 2011-12 include completing the current jointly funded programs with Australian Government examining opportunities to reduce methane and feedlot emissions and adapt to increasingly variable climates; and ensuring the continuation of promising research following the cessation of Australian Government funding during 2012. Major off-farm investments in 2011-12 will focus on developing technologies and practices to mitigate greenhouse gas emissions such as covered anaerobic lagoons; and trialling waste to energy technologies in the processing sector.

Strategies	Key initiatives	BU
1. Develop adaptation strategies to improve resilience of production systems	1. Develop strategies and tools to help producers manage the risks and 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 2. Evaluate opportunities to manage and monitor carbon balance in Australian red meat production systems 3. Develop energy recovery technologies in the processing sector 4. Develop technologies and practices to facilitate mitigation of greenhouse gas emissions by the processing sector	LPI LPI CIS 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 2. Undertake research to understand and prepare for potential market initiatives and environmental policies that may impact the processors	LPI CIS

Key milestones

- 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%
- New technologies to turn waste into energy are demonstrated to provide a 5% reduction in abattoir energy consumption
- Establish a collaborative R&D program that will identify and/or develop technologies and practices by 2015 that have the potential for processors to reduce greenhouse gas emissions per kg HSCW by 10%

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2011-12 budget 2	2011-12 budget 3	Totals
Mutton	R	53	16	83	2	**101**
Lamb	R	403	112	584	15	**711**
Grassfed Cattle	R	864	270	748	46	**1,064**
Grainfed Cattle	R	555		431		**431**
Processor	R	525		232		**232**
External	M	5,168	1,206	2,820		**4,026**
Government	R	2,400	398	2,078	63	**2,539**
Subtotal	**R**	**4,800**	**796**	**4,156**	**126**	**5,078**
Subtotal	**M**	**5,168**	**1,206**	**2,820**		**4,026**
TOTAL		**9,968**	**2,002**	**6,976**	**126**	**9,104**

4.3 Continued improvement in animal welfare

Community expectations around animal welfare standards for food producing animals have increased both within Australia and in overseas markets. 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; and enabling the red meat industry to respond quickly to emerging issues. In 2011-12, projects will be initiated to address priorities arising from a new five-year plan, and to investigate needleless injectors for applying analgesics and the management of poor feeders with intensive sheep feeding. Furthermore, animal welfare standards will continue to be promoted and measured at processing establishments.

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
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 milestones
• Develop and have approved by stakeholders a five year research and development strategy for continued improvement in animal welfare • A nationally-agreed guideline for assessing welfare risk in cattle below AUS-MEAT Fat Score 1 • Increased use of the polled gene marker test in the Brahman breed and reduced need for surgical dehorning • The adverse welfare impact of tension banding in post-weaning age cattle defined and communicated to industry leading to improved animal husbandry practice . Proof of concept of an immunological alternative to surgical spaying

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2011-12 budget 2	Totals
Mutton	R	20	27		**27**
Lamb	R	155	185		**185**
Grassfed Cattle	R	386	280		**280**
Grainfed Cattle	R	136	307		**307**
Processor	R	40		27	**27**
Goat	R		4		**4**
Government	R	737	803	27	**830**
TOTAL	**R**	**1,474**	**1,606**	**54**	**1,660**

4.4 Community communications

Interest in the ethics of food production is gaining momentum both within Australian communities and overseas, particularly around animal welfare and environmental sustainability. The Australian public are generally supportive and have a high level of trust in the red meat industry and particularly in Australian livestock producers, however increased media focus on animal welfare and the environmental impact of red meat production threatens confidence in our industry. To reinforce the existing community trust that our industry is an ethical and responsible custodian of livestock, land and resources, the community communications program will support industry representative bodies and individual producers in authentically communicating the integrity of livestock production practices in Australia and the commitment of the industry to improvements based on solid scientific underpinning.

Strategy	Key initiatives	BU
1. Support the industry to maintain the community's trust and confidence in the integrity and ethics of the Australian red meat industry.	1. Build knowledge of the red meat industry through 'participation at the Royal Shows and getting agriculture into the school curriculum via the Primary Industries Education Foundation 2. Provide an experience, real or virtual, of a farm visit through activities such as Farm Day and further develop the Virtual Farm online tool for school teachers and students 3. Create human bond between livestock producers and the urban community to build an understanding of the industry ethics 4. Stakeholder relations, monitor issues and provide information to media and stakeholders	CC
2. Support individual producers and industry representative bodies to build community trust in the red meat industry's environmental management and performance	1. Develop a mutual understanding with environment NGOs, inform key influencers and engage with customers to ensure they are aware of the industry's environment credentials and initiatives 2. Build community awareness of the industry's sustainable farming practices throughout the year with 'Target 100' communications, including World Environment Day (5 Jun) 3. Engage urban community through participation in environment events and online communications and social media 4. Conduct consumer research,	
3. Support individual producers and industry representative bodies to reinforce the trust and confidence the community has that cattle and sheep farmers care for their animals and look after their welfare in the production of red meat.	1. Prepare research-based materials to ensure the industry is aware of the key issues, and has prepared industry representative bodies to outline industry's animal welfare practices 2. Develop relationships with key influencers such as academics, media and NGOs; ensure end-user customers are aware of the animal welfare practices of the industry 3. Providing on-line resources for the industry and community regarding animal welfare practices in the industry 4. Conduct consumer research, and support individual producers and industry representative bodies to participate in traditional and social media communications	

Key milestones

- Maintain the high level of trust in the red meat industry (80%)
- 300 producers actively engaged in industry advocacy activities utilising MLA-developed resources
- The percentage of consumers stating they are reducing red meat consumption due to environmental reasons maintained below 5%

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	Totals
Mutton	R	2			2	**2**
	M	81	20	40	29	**89**
Lamb	R	7		2	5	**7**
	M	306	161	120	55	**336**
Grassfed Cattle	R	30		20	10	**30**
	M	1,351	787	637	60	**1,484**
Grainfed Cattle	R	4		2	2	**4**
	M	202	50	162	10	**222**
Processor	R	24		24		**24**
	M	89	25	65	8	**98**
Government	R	67		48	19	**67**
Subtotal	**R**	**134**		**96**	**38**	**134**
Subtotal	**M**	**2,029**	**1,043**	**1,024**	**162**	**2,229**
TOTAL		**2,163**	**1,043**	**1,120**	**200**	**2,363**

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. It is essential that MLA understands of the issues involved in implementing change, and is effective in delivering adoption strategies and associated extension and commercialisation infrastructure or services that meet the specific market needs of targeted end-users. In 2011-12, on-farm investments will focus on the roll-out of three major southern extension programs (Making More from Sheep, More Beef from Pastures and Going into Goats); launching FutureBeef in the north (including a new Business EDGE course for producers); extending relevant information through the southern rangelands; improving monitoring and evaluation resources; and maintaining magazine publications and website information. Off-farm adoption priorities will be adoption 'hit list' innovations such as SmartShape and lamb and beef boning automation, as well as upgrading the Red Meat Innovation website and implementation of new IP and commercialisation software.

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 IP portfolio 2. Develop and implement adoption and commercialisation plans for 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 milestones
• Ten off-farm pre commercial innovations have achieved at least 80% of their annual adoption strategy targets • At least two fully commercial technologies have met their anticipated adoption targets • The new Business EDGE workshop delivered to at least 10 producer groups across northern Australia and rated an eight out of 10 • At least 80% of targeted producers are aware of at least one MLA on-farm R&D communication/ extension program (awareness) • At least 50% of targeted producers (representing at least 7.5% of the production base) change management practices as a result of their engagement (adoption)

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	Totals
Mutton	R	122	131	6	54	**191**
	M	9	9			**9**
Lamb	R	928	906	15	394	**1,315**
	M	58	58			**58**
Grassfed Cattle	R	1,663	1,239	48	150	**1,437**
	M	91	91			**91**
Grainfed Cattle	R	130	118	6	39	**163**
	M	5	5			**5**
Processor	R	861	409	75	150	**634**
Goat	R	40	109		6	**115**
External	M	55	111	30		**141**
Government	R	3,744	2,912	150	793	**3,855**
Subtotal	**R**	**7,488**	**5,824**	**300**	**1,586**	**7,710**
Subtotal	**M**	**218**	**274**	**30**		**304**
TOTAL		**7,706**	**6,098**	**330**	**1,586**	**8,014**

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. MLA's primary focus within this broad area is to specifically address the need for appropriately skilled people to support the industry's innovation and R&D strategies, both at the enterprise level and within the research provider community. In 2011-12, MLA will focus on enhancing science and technical skills within industry enterprises/supply chains to support the development and adoption of new knowledge and technology innovations; increasing general innovation skills within industry enterprises/supply chains; building capability within the private provider community to support the industry with commercialisation and adoption; ensuring long-term R&D capability in required disciplines within the R&D provider community; and 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. Investments include undergraduate and PhD scholarships, industry leadership training and providing early career opportunities for young scientists.

Strategy	Key initiatives	BU
1. Enhance industry's image as a desirable career destination to attract the right people	1. Attract and retain young people 2. Explore indigenous engagement and employment opportunities	CIS CIS
2. Collaborate with industry to implement professional and skills development programs	1. Industry science and technology development program 2. Processor innovation leadership 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 RD&E providers in key on farm disciplines 2. Build capability and knowledge of science and technology solution providers in key off-farm disciplines	LPI CIS

Key milestones
• Provide a minimum of two scholarship opportunities in each of the (on-farm) categories of industry leadership; graduate and post-doctoral scientific capability; and undergraduate training and placement • Delivery of two new capability building programs that lead to an increased off-farm innovation adoption rate

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	4	Totals
Mutton	R	39	4	1		25	**30**
Lamb	R	285	11	10		193	**214**
Grassfed Cattle	R	174	22	14		238	**274**
Grainfed Cattle	R	114	10	93		67	**170**
Processor	R	734	38	311			**349**
Government	R	1,346	84	431		523	**1,039**
TOTAL	**R**	**2,707**	**169**	**862**		**1,046**	**2,078**

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 2011-12, MLA will continue implementation of the collaborative innovation program, with a focus on disseminating benefits and methodologies to the broader industry. On farm investment is primarily in maintaining and expanding the network of Producer Demonstration Sites that support participatory learning for producers.

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 milestones

- At least 10% of southern beef and sheep meat producers engaged in Knowledge, Aspiration, Skills and Attitude (KASA) activities (2011-12 target = 1,000) 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)
- At least three state-based goat officers supported as part of the National Goat Network, assisting in building industry capacity to deliver innovation and technologies resulting from MLA and industry initiatives
- All collaborative innovation partners monitor and meet at least 80% of their documented and measured innovation strategy KPIs
- Trial two products/services with other processing companies to extend the innovation capability improvements arising from the collaborative innovation program to the wider industry

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2011-12 budget 2	Totals
Mutton	R	49	7	51	**58**
Lamb	R	349	30	362	**392**
Grassfed Cattle	R	341	30	304	**334**
Grainfed Cattle	R	8	8		**8**
Processor	R	60		267	**267**
Goat	R	61		85	**85**
External	M				
Government	R	868	75	1,069	**1,144**
TOTAL	**R**	**1,736**	**150**	**2,138**	**2,288**

Increasing industry and people capability 5.4

5.4 Supporting industry with policy research

The red meat industry operates in a dynamic, complex and diverse policy environment. As the peak councils respond to the raft of issues in this environment, they are also faced with mounting constraints on their finances and time. The role of MLA's policy research is to ease some of this pressure by commissioning quality, independent, apolitical policy research on priority policy issues in order to better inform peak councils and government in the development of industry policy. In consultation with government, peak councils and other representative organisations, MLA will coordinate policy research about current and emerging issues that have the potential to impact businesses across the red meat supply chain, including carbon credits and pricing, transport efficiency and other regulatory reforms. MLA will also coordinate policy research that informs peak councils about international policy issues, including climate change and animal welfare. Particular priorities for 2011-12 are working with RMAC on a structured process to select those policy areas which would benefit most from research and constructing an online policy research resource for stakeholders.

Strategies	Key initiatives	BU
1. Work closely with peak councils and government to identify priority policy issues and commission research to support	1. Undertake policy research and analysis on priority policy issues identified by peak councils and government	IMES
2. Work with peak councils to communicate industry policy positions	1. Support peak council advocacy efforts on priority policy issues 2. Where appropriate, work with like-minded organisations, eg coalition with Five Nations Beef Association and Tri Lamb members, to advocate internationally on climate change and animal welfare issues	
3. Seek opportunities for coalitions with like-minded organisations	1. Engage with other like-minded organisations on priority policy issues (eg RIRDC, Australian Livestock Transporters' Association, NFF, etc) to identify opportunities to jointly pursue policy research	

Key milestones
• 80% satisfaction by industry of MLA policy research activities (survey to be conducted biennially)

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	Totals
Mutton	R	9	9			**9**
	M	6		5	1	**6**
Lamb	R	36	36			**36**
	M	24		20	4	**24**
Grassfed Cattle	R	89	89			**89**
	M	59		50	10	**60**
Grainfed Cattle	R	16	16			**16**
	M	11		8	2	**10**
Processor	R	50	50			**50**
Government	R	200	200			**200**
Subtotal	**R**	**400**	**400**			**400**
Subtotal	**M**	**100**		**83**	**17**	**100**
TOTAL		**500**	**400**	**83**	**17**	**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, and understand 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 MLA's stakeholders.

Strategy	Key initiatives	BU
1. Create awareness of opportunities created by MLA for the meat and livestock industry	1. Produce regular issues of *feedback* magazines that signpost MLA's 47,000+ members to further R&D and marketing information for use in their businesses 2. Deliver effective widespread rural media coverage of MLA programs and outcomes through briefings and releases	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. Continually enhance the MLA website to become a vital resource for members and deliver a corporate email to communicate MLA activities and outcomes and drive traffic to the website 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 targeted 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 3. Begin to build MLA social media platforms and engage producer participation with social media	

Key milestones
• Increase member rating of MLA in communicating well with members to at least 3.5 out of 5 from the 2011 level of 3.2 • Increase the level of member agreement with the statement "MLA listens to members" to 3.2 out of 5 from the 2011 level of 2.8

Budget 2011-12

Sector		2010-11 budget	2011-12 budget 1	2	3	Totals
Mutton	R	44	10	21	13	**44**
	M	49	16	23	10	**49**
Lamb	R	246	82	94	70	**246**
	M	605	144	291	170	**605**
Grassfed Cattle	R	434	164	156	114	**434**
	M	1,635	530	612	493	**1,635**
Grainfed Cattle	R	16	1	15		**16**
	M	70		70		**70**
Goat	R	5	2	1	2	**5**
	M	9	4	3	2	**9**
Government	R	745	259	287	199	**745**
Subtotal	**R**	**1,490**	**518**	**574**	**398**	**1,490**
Subtotal	**M**	**2,368**	**694**	**999**	**675**	**2,368**
TOTAL		**3,858**	**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 milestones

- Clean audit report received
- Compliance with the Deed of Agreement and statutory obligations
- Three MLA programs evaluated and accepted for publication
- Voluntary staff turnover being not greater than 1% above the national average for professional staff (Hewitt's)
- Achieve at least 80% of the HR strategy annual KPIs

Budget 2011-12

Sector		2010-11 budget	2010-11 budget								Totals
			1	2	3	4	5	6	7	8	
Mutton	R	92	12	6	6	23	2	14		1	**66**
	M	110	14	7	7	27	2	16	37	2	**112**
Lamb	R	625	84	44	43	159	13	94		9	**447**
	M	1,436	211	110	109	398	32	234	326	23	**1,442**
Grassfed Cattle	R	859	116	60	60	219	18	129		12	**614**
	M	3,199	470	244	242	888	72	522	723	50	**3,211**
Grainfed Cattle	R	199	27	14	14	51	4	30		3	**142**
	M	405	56	29	29	106	9	62	109	6	**407**
Goat	R	20	3	1	1	5	0	3		0	**14**
	M	19	3	1	1	5	0	3	5	0	**19**
External	M	2,350	633	329	326	1,195	97	702		68	**3,350**
Government	R	1,796	242	126	125	458	37	269		26	**1,285**
Subtotal	**R**	**3,591**	**485**	**252**	**250**	**916**	**74**	**538**		**52**	**2,568**
Subtotal	**M**	**7,519**	**1,387**	**721**	**714**	**2,619**	**213**	**1,539**	**1,200**	**148**	**8,542**
TOTAL		**11,110**	**1,873**	**973**	**964**	**3,535**	**287**	**2,077**	**1,200**	**200**	**11,110**

AUS-MEAT

AUS-MEAT is an independent company limited by guarantee and jointly owned by the Australian Meat Processor Corporation (AMPC) and MLA. The board is made up of two members from each of the owner organisations and an independent chairman. The funding reflected below is only that injected by MLA, with AMPC making its equal contribution directly to AUS-MEAT. AUS-MEAT operations are split into two areas, the standards division (AUS-MEAT) and the services division (AUS-QUAL). Industry levies are only provided to fund the standards division. All costs incurred by the services division are met from revenues and from previous industry transition capitalisation. The services division is budgeted to be self-funding, as per the original business plan.

Budget 2011-12

Sector		2010-11 budget	2011-12 budget	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 (R&D partnerships)

A fully-owned MLA 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 $130 million with an anticipated total expenditure in 2011-12 of approximately $30 million.

MDC initiatives are clearly integrated with the overall objectives of MLA's five-year *Strategic plan.* In broad terms, the objectives of MDC initiatives include, to significantly increase the level of enterprise investment in innovation in the Australian red meat industry; enhance the outcomes of commercially focused innovation thereby ensuring quantifiable benefit to individual enterprises and ultimately to the industry overall; accelerate the commercialisation of R & D, adding to the quantum of innovations available to the industry; and assist the Australian red meat industry to develop an innovation culture and capability.

Strategy	Key initiatives
1. Developing new products	1. Development of new bioactive production processes and products 2. Meat value adding process and product development 3. Value adding capability development
2. Increasing productivity on-farm	1. Beef Information Nucleus
3. Increasing productivity off-farm	1. Development and adoption of new processing technologies and systems that maximise recovery of meat and non-meat products 2. Develop operator aids which reduce the potential for OH&S 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 enhancing on-farm and national/state/territory level bio-security/ surveillance programs through collaborative projects; and investing in development of alternative practices to address key risks
5. Increasing sustainability in the processing sector	1. Support processors in the development and implementation of innovative waste treatment and waste to energy technologies
6. 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, beef and sheep automation, spray chilling, and thin slice technology
7. Building people capability	1. Science and technology graduate program
8. Developing industry innovation capability	1. Collaborative innovation programs across the supply chain

Key milestones
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 2011-12

Sector		2010-11 budget	2011-12 budget 1	Totals
Processor	R	5,800	2,250	**2,250**
External	R	11,200	12,750	**12,750**
Government	R	17,000	15,000	**15,000**
TOTAL	R	34,000	**30,000**	**30,000**

Income and Expenditure by Funding Source 2011-12

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
	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	M		R	R	2011-12
1. Increasing Market Access																									
√ 1.1 Enhancing Product Integrity	8	79	82	253	407	936	489	1,189	455	2,347	72	590	527	2,937	1,024	4,205	1,163	2,282	16	97	1,569	**10,356**		2,203	**12,559**
√ 1.2 Maintaining and liberalising access to world markets		11	12	82	49	733	61	815	112	912	17	126	129	1,038	190	1,864	190	1,853			43	**4,140**		380	**4,520**
√ 1.3 Maximising Market Options	25	30	140	825	135	625	275	1,450	500	5,470			500	5,470	800	6,950			400	40		**8,190**		1,200	**9,390**
2. Growing Demand																									
√ 2.1 Achieving (ensuring) eating quality			152	167	683	728	835	895	761	2,577	196	628	957	3,205	1,792	4,100	220				250	**6,362**		2,012	**8,374**
√ 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**
√ 2.3 Developing New Products			28		177		205		322		54		376		581		422					**1,003**		1,003	**2,006**
√ 2.4 Aggressive Promotion in the Market Place - Domestic		31		7		7,601		7,608		8,823		699		9,522		17,161		1,163			100	**18,424**			**18,424**
√ 2.5/2.6 Aggressive Promotion in the Market Place - Export		220				6,844		6,844		20,565		2,298		22,863		29,927					826	**30,753**			**30,753**
3. Enhancing Competitiveness																									
√ 3.1 Increasing productivity - on farm	24		372		2,351		2,723		3,149		420		3,569		6,316						736	**7,052**		6,316	**13,368**
√ 3.2 Increasing cost efficiency and productivity - off-farm																	1,449					**1,449**		1,449	**2,898**
√ 3.3 Improving supply chain and market information	5	7	58	87	327	504	385	591	895	1,266	131	110	1,026	1,376	1,416	1,974					495	**3,885**		1,416	**5,301**
√ 3.4 Improving Biosecurity, Animal Health	3		162		1,121		1,283		707		385		1,092		2,378		70				77	**2,525**		2,448	**4,973**
4. Communication support																									
√ 4.1 Ensuring Environmental Stewardship			71		590		661		1,092		78		1,170		1,831		466				34	**2,331**		2,297	**4,628**
√ 4.2 Responding to climate change			101		711		812		1,064		431		1,495		2,307		232				4,026	**6,565**		2,539	**9,104**
√ 4.3 Continuous improvement in Animal Welfare	4		27		185		212		280		307		587		803		27					**830**		830	**1,660**
√ 4.4 Community communications			2	89	7	336	9	425	30	1,484	4	222	34	1,706	43	2,131	24	98				**2,296**		67	**2,363**
5. Increasing Industry Capability																									
√ 5.1 Increasing adoption of innovation	115		191	9	1,315	58	1,506	67	1,437	91	163	5	1,600	96	3,221	163	634				141	**4,159**		3,855	**8,014**
√ 5.2 Attract, develop ad retain world -class people	2		30		214		244		274		170		444		690		349					**1,039**		1,039	**2,078**
√ 5.3 Building Industry Innovation Capability	85		58		392		450		334		8		342		877		267					**1,144**		1,144	**2,288**
√ 5.4 Supporting Industry with Policy Research			9	6	36	24	45	30	89	60	16	10	105	70	150	100	50					300		200	**500**
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**
Ausmeat				46		69		115		401		59		460		575						**575**			**575**
R & D Partnerships																							15,000	15,000	**30,000**
Total Expenditure pre Corporate Services	**276**	**387**	**1,539**	**1,625**	**9,096**	**20,622**	**10,635**	**22,247**	**12,037**	**49,665**	**2,485**	**5,473**	**14,522**	**55,138**	**25,433**	**77,772**	**5,739**	**6,067**	**416**	**137**	**8,297**	**123,861**	**15,000**	**46,588**	**185,449**
√Corporate Services	14	14	66	75	447	1,116	513	1,191	614	2,488	142	298	756	2,786	1,283	3,992					3,350	**8,626**		1,284	**9,910**
√Levy Collection Costs		5		37		326		363		723		109		832		1,200						**1,200**			**1,200**
Total Expenditure	**290**	**406**	**1,605**	**1,737**	**9,543**	**22,064**	**11,148**	**23,801**	**12,651**	**52,876**	**2,627**	**5,880**	**15,278**	**58,756**	**26,716**	**82,964**	**5,739**	**6,067**	**416**	**137**	**11,647**	**133,687**	**15,000**	**47,872**	**196,559**
Income Available:																									
- Levies	345	217	1,236	1,384	8,482	20,318	9,718	21,702	11,672	46,435	2,619	5,377	14,291	51,812	24,354	73,731						**98,085**			**98,085**
- Govt																								47,872	**47,872**
- Processors																	5,739	6,067				**11,806**			**11,806**
- Live Export																			416	137		**553**			**553**
- R & D Partnerships																							15,000		**15,000**
- External																					11,647	**11,647**			**11,647**
Total Income	**345**	**217**	**1,236**	**1,384**	**8,482**	**20,318**	**9,718**	**21,702**	**11,672**	**46,435**	**2,619**	**5,377**	**14,291**	**51,812**	**24,354**	**73,731**	**5,739**	**6,067**	**416**	**137**	**11,647**	**122,091**	**15,000**	**47,872**	**184,963**
Difference (to/(from) reserves)	**55**	**(189)**	**(369)**	**(353)**	**(1,061)**	**(1,746)**	**(1,430)**	**(2,099)**	**(979)**	**(6,441)**	**(8)**	**(503)**	**(987)**	**(6,944)**	**(2,362)**	**(9,232)**						**(11,595)**			**(11,595)**
Opening reserves (updated for 10/11 results)	**189**	**894**	**1,414**	**747**	**9,651**	**14,994**	**11,064**	**15,740**	**6,313**	**17,774**	**1,604**	**3,025**	**7,918**	**20,798**											
Closing Reserves	**244**	**705**	**1,045**	**394**	**8,590**	**13,247**	**9,634**	**13,641**	**5,334**	**11,333**	**1,596**	**2,522**	**6,931**	**13,855**											
% of Revenue	71%	325%	85%	28%	101%	65%	99%	63%	46%	24%	61%	47%	48%	27%											