Annual operating plan 2009-10

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Introduction

Meat & Livestock Australia's annual operating plan 2009-10 establishes a clear direction for services and solutions to be provided by MLA over the next twelve months to help maintain and improve Australian livestock and red meat performance in a challenging economic environment.

The *MLA annual operating plan* is designed to deliver programs and activities that are aligned with industry's Meat Industry Strategic Plan (MISP), and the Federal Government's Rural R&D Priorities. The annual operating plan delivers the financial year's programs and activities that give effect to MLA's Strategic plan.

In devising and resourcing MLA annual programs it is critical that consideration is given to both current economic climates and forecast long term industry developments. Typically, research and development (R&D) programs involve a lengthy payback period and therefore require an extended planning perspective, and while MLA marketing efforts are mostly directed at longer-term positioning of Australian beef and sheepmeat, consideration must also be given to proactive and reactive programs that counter challenging consumer sentiment and best position industry for future growth.

These directions are outlined in the MLA Strategic plan for 2008-2012, with the imperatives and objectives of that plan providing the basis for the MLA annual operating plan.

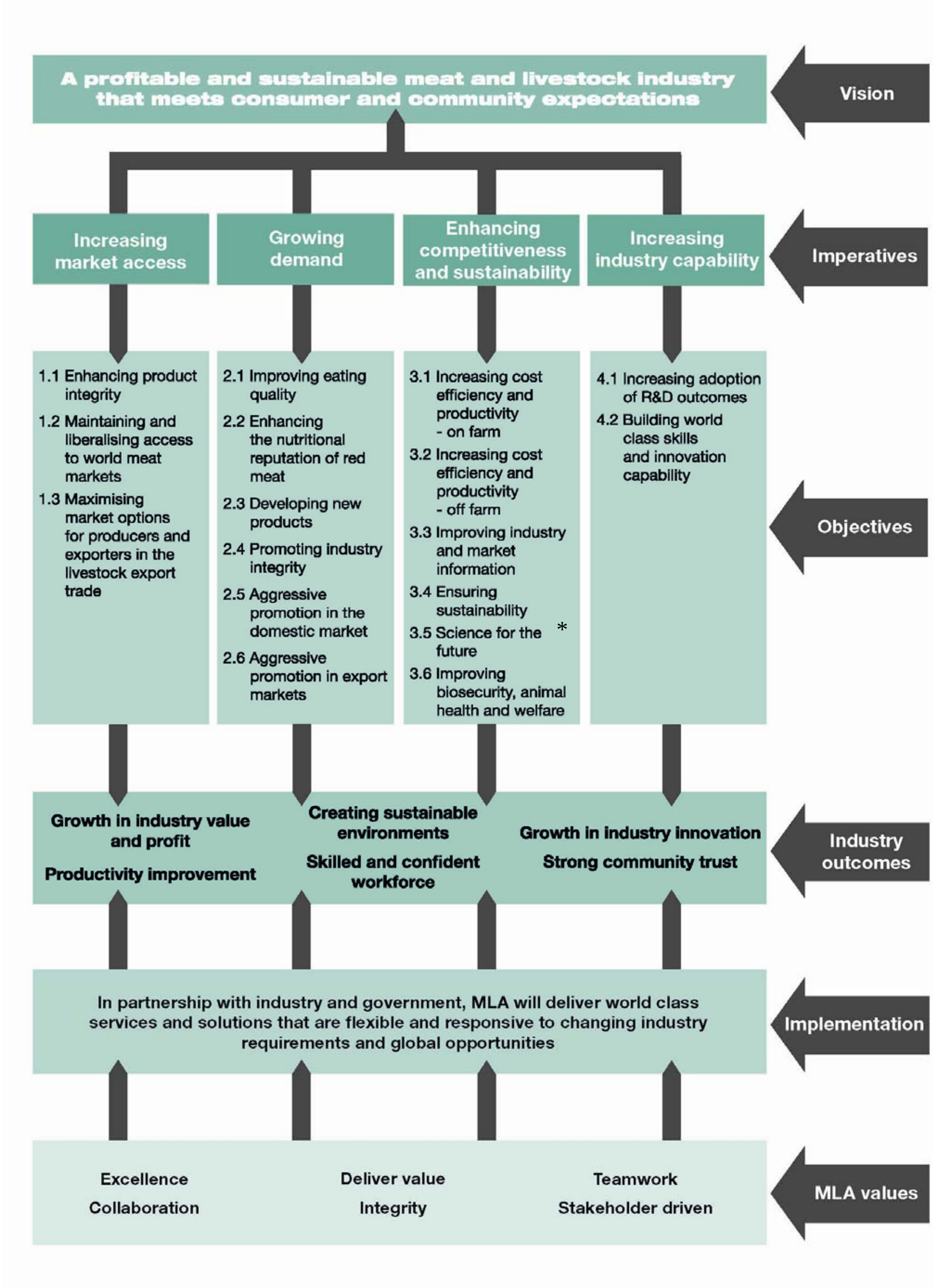
Commitment to transparency
This plan represents an important plank in MLA's resolve to maintain high levels of transparency in its operations. The key initiatives for each strategy contained within the Strategic plan are outlined, the key performance indicators (KPIs) and budgets for these strategies also clearly shown. Actual expenditure of funds (as opposed to prospective budgets) and progress against KPIs is accounted for in MLA's annual operating plan – final report and annual report.

With regards to these KPIs, the following should be noted:

- The KPIs in this plan represent a selection or distillation of a host of KPIs that are applied to MLA programs, often at the project level. These KPIs have been referenced at meetings of taskforces and other committees. A complete program evaluation must take into account the full set of KPIs.
- The output of R&D programs, especially, can only be evaluated over a long period of time. Although an attempt has been made in this plan to create some KPIs with relevance over a one year period, evaluation of most MLA programs can only take place over several years. Reference must be made to MLA's longer term plans for this more thorough evaluation.
- Sometimes the emphasis in a program will change across a year, resulting in a change to the weightings against KPIs.

Working together to deliver results
MLA is committed to working with other industry bodies and our government, which is a major contributor to MLA through the provision of matching R&D funding, to deliver real results for the red meat industry, for rural Australia and for the nation as a whole.

MLA strategy map 2008-12



∗ **3.5 Science for the future -**
This objective has been split up with the relevant projects re-allocated to Objectives 3.1 and 4.2

Alignment with R&D priorities		
National R&D Priorities	**Rural R&D Priorities**	**MLA Objectives**
Promoting and maintaining good health: Through strengthening Australia's social and economic fabric and preventive healthcare (healthy food production)	**Productivity and adding value:** Improve the productivity and profitability of existing industries and support the development of viable industries	1.2, 1.3, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 3.1, 3.3
An environmentally sustainable Australia	**Natural resource management:** Support effective management of Australia's natural resources to ensure primary industries are both economically and environmentally sustainable **Climate variability and climate change:** Build resilience to climate variability and adapt to and mitigate the effects of climate change	3.4
Safeguarding Australia	**Biosecurity:** Protect Australia's community, primary industries and environment from Biosecurity threats	1.1, 3.6
Frontier technologies for building and transforming Australian industries	**Innovation skills:** Improve the skills to undertake research and apply its findings **Technology:** Promote the development of new and existing technologies	3.2, 3.5, 4.1, 4.2

Meat Industry Strategic Plan and MLA's annual operating plan

A thorough assessment of Australia's red meat industry prospects and strategic imperatives was conducted by the Red Meat Advisory Council (RMAC) in late 2003. Emerging from this reassessment was a meat industry strategic plan, titled *More from Less: Strategic Direction for the Australian Red Meat Industry 2004-09*. A new vision, new strategic imperatives and new strategic themes were identified.

The following table establishes the correspondence that exists between the current strategic plan developed by RMAC for the Australian red meat industry, *More from Less: Strategic Direction for the Australian Red Meat Industry 2004-09* and the strategies contained in this plan. A copy of the MISP 2004-09 can be found at www.rmac.com.au/reports.

- **MISP strategic imperative: markets and consumers**
    - **MISP strategic theme: market access**
        - 1.2 Maintaining and liberalising access to world meat markets
        - 1.3 Maximising market options for producers and exporters in the livestock export trade
    - **MISP strategic theme: product marketing**
        - 2.2 Enhancing the nutritional reputation of red meat
        - 2.5 Aggressive promotion in the domestic market
        - 2.6 Aggressive promotion in export markets
    - **MISP strategic theme: value adding**
        - 2.3 Developing new products
- **MISP strategic imperative: product**
    - **MISP strategic theme: food safety**
        - 1.1 Enhancing product integrity
    - **MISP strategic theme: eating quality**
        - 2.1 Improving eating quality
- **MISP strategic imperative: supply chain**
    - **MISP strategic theme: community concerns**
        - 2.4 Promoting industry integrity
        - 3.4 Ensuring sustainability
        - 3.6 Improving biosecurity, animal health and welfare
    - **MISP strategic theme: whole of chain efficiency**
        - 3.1 Increasing cost efficiency and productivity - on farm
        - 3.2 Increasing cost efficiency and productivity - off farm
        - 3.3 Improving industry and market information

In addition to the MLA programs listed above, there are a number of other programs that either spread across MISP imperatives or are necessary for the ongoing operation of MLA.

These programs include:

- 3.5 Science for the future
- 4.1 Increasing adoption of R&D outcomes
- 4.2 Building world class skills and innovation capability
- Communicating with Stakeholders
- Corporate services
- AUS-MEAT
- Research and development partnerships

Increasing 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 2009-10, MLA's initiatives in this area will focus on the continuing development of tools and systems for managing food safety based on innovative science, which supports outcome-based regulations and enable industry to meet customer expectations.

Strategy	Key initiatives
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, including supporting the LPA program, producer education and communication strategies. 2. Increase the efficiency of food safety system.
2. Develop and promote appropriate meat and livestock traceability systems.	1. Ensure the NLIS database and support services have the capability to deliver to the national traceability standards.
3. Conduct scientific research to ensure the food safety systems available in Australia are at the leading edge of international knowledge and practice.	1. Evaluate meat safety risks through supply chain. 2. Develop tools/systems for food safety risk management. 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.
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. Develop and maintain information resources on the integrity of red meat products. 3. Communicate the integrity of Australian red meat products internationally and provide a response capability.

Key performance indicators

- Maintain the current industry microbiological benchmarks within the ESAM database.
- All major market closures for red meat products be avoided due to integrity of Australia's food safety systems.
- Independent biannual audit to ensure NLIS database meets national traceability standards.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)				Totals
		Budget	1	2	3	4	
Mutton	R	108	15	100	22	6	**143**
	M	140	26	50		76	**152**
Lamb	R	318	59	350	112	22	**543**
	M	600	98	100		421	**619**
Grass Cattle	R	464	123		342	66	**531**
	M	2,662	201	959		1,197	**2,357**
Grain Cattle	R	79	30		47	9	**86**
	M	519	63	265		191	**519**
Processor	R	1,128	112	500	513	95	**1,220**
	M	2,052	160	144		1,742	**2,046**
Goat	R	17	14				**14**
	M	27	26				**26**
Livestock export	R	34	14			12	**26**
	M	71	26	20		24	**70**
External	R	662		662			**662**
	M	838		838			**838**
Government	R	2,811	367	1,612	1,036	210	**3,225**
Subtotal	**R**	**5,621**	**734**	**3,224**	**2,072**	**420**	**6,450**
Subtotal	**M**	**6,909**	**600**	**2,376**		**3,651**	**6,627**
TOTAL		**12,530**	**1,334**	**5,600**	**2,072**	**4,071**	**13,077**

1.2 Maintaining and liberalising access to world markets

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

In 2009-10, MLA, in conjunction with government and industry stakeholders, will pursue a multilateral, regional and bilateral trade advocacy program. Priorities include:

- securing increases in access under the WTO Doha Round (contingent on progress) for sheepmeat into the EU and beef into North Asia; and
- ensuring red meat is a recipient of Free Trade Agreement import liberalisation in two priority markets – Japan and Korea.

MLA's economic unit will also provide input into the Australian Government's climate change initiative, specifically where policy development impacts livestock and red meat. This effort is jointly undertaken with industry stakeholders and alliances.

Strategy	Key initiatives
1. Defend existing favourable market access conditions in overseas markets.	1. Monitoring developments in overseas markets; developing networks of industry and government contacts in Australia and overseas; and providing a response capability when impediments arise.
2. Position the Australian meat and livestock industry for the WTO Doha round.	1. WTO work to include monitoring and responding to WTO developments; representation to government on industry priorities; coalition building in key overseas markets; and industry missions to Geneva.
3. Position the Australian meat and livestock industry for FTA negotiations.	1. FTA work to include representations to government on priority countries for FTAs; preparing and lodging submissions on industry priorities for each FTA; proactive advocacy on FTA negotiations; coalition building in key overseas markets.
4. Conduct research into the impact of access barriers on the Australian meat and livestock industry and strategies for removing these barriers.	1. Research to support trade reform advocacy in WTO and FTA negotiations. 2. Research on technical barriers to trade.
5. Position the Australian livestock and red meat industry in relation to climate change policy development.	1. Undertake analysis to inform climate change policy making process. 2. Advocacy of industry position.

Key performance indicators

- Satisfaction rating of MLA market access activities by government and industry maintained above 85% (survey conducted biennially).

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)								Totals
		Budget	Global	North America	Japan	Korea	South Asia	Europe	Middle East	R&D	
Mutton	R	13								13	**13**
	M	209	33	33	4	2	23	61	62		**218**
Lamb	R	53								53	**53**
	M	595	139	123	47	8	117	47	151		**632**
Grass Cattle	R	134								134	**134**
	M	855	196	146	215	127	108	115			**907**
Grain Cattle	R	20								20	**20**
	M	121	23	24	35	21	18				**121**
Processor	R	220								220	**220**
	M	1,512	263	335	250	76	168	230	190		**1,512**
Goat	M	8	11								**11**
Government	R	440								440	**440**
Subtotal	**R**	**880**								**880**	**880**
Subtotal	**M**	**3,300**	**665**	**661**	**551**	**234**	**434**	**453**	**403**		**3,401**
TOTAL		**4,180**	**665**	**661**	**551**	**234**	**434**	**453**	**403**	**880**	**4,281**

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

MLA's, in partnership with LiveCorp, works to sustain a livestock export industry that contributes at least $1.8bn in revenue to the Australian economy annually. The joint program enables the design and delivery of activities that aim to improve the wellbeing of Australian livestock during export – from farm of origin through transit to the receiving countries – in addition to investing in R&D to find innovative solutions to create world's best practice supply chains for the export of cattle, sheep and goats.

In collaboration with industry, the program will also invest in programs to drive demand for meat in key receiving markets to increase demand for Australian livestock and Australian meat products. These investments, and the outcomes from them, will be communicated to the broad stakeholder base to demonstrate the industry's commitment to addressing community concerns.

Strategies	Key initiatives
1. Deliver continuous improvement in animal welfare throughout the livestock export chain.	1. R&D into animal welfare issues throughout the chain to find solutions to issues that adversely impact on animal welfare outcomes. 2. In Asian Pacific markets, deliver animal handling and welfare training with an emphasis on feedlots and abattoirs. 3. In Middle East markets, deliver animal handling and welfare training to improve practices during the process of discharge, feedlotting and processing.
2. Improve industry risk management and livestock performance throughout the livestock export chain.	1. Deliver training programs and systems to enable compliance and cost efficiencies through the livestock export chain. 2. R&D into the development of risk management tools and improvement of livestock performance through the supply chain.
3. Build community support through proactive communication of industry achievements.	1. Deliver a proactive media campaign using traditional and social media outlets to positively position the industry, educate media and raise awareness and support in key metro markets and the broader community. 2. Monitor and manage threats from animal activists groups.
4. Build the access advantage for Australian livestock in key export markets.	1. R&D to support programs that deliver improved efficiencies in market that drive demand for Australian livestock. 2. In Asia Pacific markets, maintain and defend existing access and increase demand for Australian cattle while seeking new market opportunities. 3. In Middle East markets, improve access conditions in existing markets while identifying and creating opportunities for new markets.

Key performance indicators

- Improve on baseline measurements of beef nutritional awareness by Indonesian housewives who purchase beef from traditional markets where promotional campaigns have been conducted.
- Demonstrated ongoing improvements to livestock handling and transport in 20% of facilities accessed in the Middle East compared to their previous assessment.
- Maintain current level of community support through enhanced livestock management, animal welfare and communication.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)				Totals
		Budget	1	2	3	4	
Mutton	R	82	35	40		14	**89**
	M	642	142	44	380	50	**616**
Lamb	R	65	35	25		10	**70**
	M	282	142	32	86	20	**280**
Grass Cattle	R	253	180	60		26	**266**
	M	1,905	186	76	664	923	**1,849**
Livestock export	R	400	250	125		50	**425**
	M	1,478	575	152	270	463	**1,460**
Government	R	800	500	250		100	**850**
Subtotal	**R**	**1,600**	**1,000**	**500**		**200**	**1,700**
Subtotal	**M**	**4,307**	**1,045**	**304**	**1,400**	**1,456**	**4,205**
TOTAL		**5,907**	**2,045**	**804**	**1,400**	**1,656**	**5,905**

2.1 Improving eating quality

Historically, a high level of consumer confidence in product performance has proved necessary for food industry category success. MLA's goal is for Australian industry to be able to provide customers with beef and sheepmeat that is of consistent and predictable eating quality, for both domestic and export markets, in a cost effective manner. In 2009-10 MLA's focus includes: adoption of advanced processing technologies that improve eating quality; partnering with supply chains to capitalise on eating quality as a differentiator in key export markets; continuing to support producers and processors with training and skills development to assist them to adopt eating quality systems; and underpinning eating quality systems with rigorous science.

Strategy	Key initiatives
1. Develop and prove interventions to maintain and improve eating quality, consistency and productivity.	1. Continue development of efficient processing technologies and interventions aimed at enhancing 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. Commence sensory testing and analysis of targeted eating quality R&D initiatives
2. Develop and maintain standards and measurement tools to underpin guarantees of eating quality.	1. Develop and commercialise standards and systems to better enable processors to utilise MSA science in export markets. 2. Implement MSA standards within lamb and sheep supply chains. 3. Ensure the integrity of all eating quality trademarks along with all MSA quality standards through a detailed audit program.
3. Partner with supply chains to implement eating quality systems and practices.	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.

Key performance indicators

- The overall eating quality of red meat is improved by utilisation of process control interventions in 80% of lamb processed and 80% of beef processed.
- Increase the MSA beef grading numbers to 1.2 million head (2008-09 est $950k) and sheep grading numbers to 350 000 head (2008-09 est $135k) in 2009-10.
- Maintain consumer satisfaction ratings on the quality of beef above 7.7 out of 10.

Budget 2009-10

Sector		2008-09 Budget	2009-10 Budget ($'000)			Totals
			1	2	3	
Mutton	R	174	157	36	29	**222**
	M	5		33	5	**38**
Lamb	R	360	656	36	29	**721**
	M	195		33	195	**228**
Grass Cattle	R	718	459		485	**944**
	M	2,006		455	1,511	**1,966**
Grain Cattle	R	165	96		160	**256**
	M	584		152	418	**570**
Processor	R	260	220			**220**
External	M	250		250		**250**
Government	R	1,677	1,588	72	703	**2,363**
Subtotal	**R**	**3,353**	**3,176**	**144**	**1,406**	**4,726**
Subtotal	**M**	**3,040**		**923**	**2,129**	**3,052**
TOTAL		**6,392**	**3,176**	**1,067**	**3,535**	**7,778**

2.2 Enhancing the nutritional value of red meat

Red meat's role in a healthy balanced diet has been confirmed over recent years, with momentum towards red meat reversing many of the negative attitudes and information from previous decades. However adverse media reports continue to present ongoing challenges. MLA's goal is to further reduce constraints on red meat consumption and to strengthen consumer and community recognition of the benefits of enjoying red meat 3–4 times per week. This is a particularly important in the current economic climate to help counter normal desires to cut back on 'expensive' food items and help defend against calls to reduce red meat consumption on environmental grounds.

Key initiatives in 2009-10 include contributing to the review of Australia's National Dietary Guidelines, the launch of a third phase of the Red Meat consumer campaign in July and the development and implementation of the 2010-2012 triennium research program.

Strategy	Key initiatives
1. Invest in human nutrition research to maintain a credible, up-to-date body of evidence demonstrating red meat's important contribution to public health in Australia.	1. Continue investment and communication of findings with a focus on four key areas: iron and zinc; food patterns; nutrient composition; and emerging opportunities.
2. Secure support from leading health organisations and policy makers for consistent and fact-based red meat nutrition recommendations.	1. Continue partnership programs with the Heart Foundation and the Dietitians Association of Australia, and maintain relationships with other key opinion leaders. 2. Develop and implement issues management plans to address environment and cancer issues. 3. Collaborate with key opinion leaders on relevant healthy policy issues to ensure Australian red meat's position in public health recommendations is based on sound evidence.
3. Communicate and promote evidenced-based nutrition information on red meat to health professionals and the broader community.	1. Deliver a communications program with GPs, dietitians and nutritionists focusing on key health issues through advertising, direct mail, publications, conferences, seminars, on-line and events. 2. Launch RMFG III consumer campaign nationally in July 2009 with a second burst in February 2010.
4. Identify ways to protect and enhance the nutritional value of red meat and its by-products.	No key initiative in this area.

Key performance indicators

- Counter pressures (economic, health, environmental) to reduce red meat consumption by contributing to maintenance of consumer expenditure at $9.0bn in 2009-10
- Independent consumer research among the core target (mothers with children in household) shows increases in key attitudinal measures
  - strongly agree that 'red meat is an essential part of a healthy diet' from 49% to 50%
  - strongly agree that 'we are meant to eat red meat 3-4 times a week' from 38% to 39%
  - strongly agree that 'red meat is essential for a healthy mind' from 37% to 38%
  - that the resistor/rejector consumer segment does not increase above the current level of 21%

Budget 2009-10

Sector		2008-09 Budget	2009-10 Budget ($'000)			Totals
			1	2	3	
Mutton	M	5			5	**5**
Lamb	R	150	150			**150**
	M	1,610		90	1,474	**1,564**
Grass Cattle	R	102	102			**102**
	M	3,991		229	3,801	**4,030**
Grain Cattle	R	17	17			**17**
	M	648		37	617	**654**
Processor	R	176	176			**176**
	M	672		37	634	**671**
Government	R	445	445			**445**
Subtotal	**R**	**890**	**890**			**890**
Subtotal	**M**	**6,926**		**393**	**6,531**	**6,924**
TOTAL		**7,816**	**890**	**393**	**6,531**	**7,814**

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, therefore, profit. Deriving extra value means that value must be added in the eyes of the customer through value-added products ranging from consumer meals through to high value pharmaceutical ingredients.

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.
- Develop advanced technologies which can provide the industry with a competitive advantage.

In 2009-10 MLA's focus will be on developing a range of new meat products and on developing new technologies relating to value adding lower value cuts and co-products.

Strategy	Key initiatives
1. Enhance global research database and analysis to identify high potential long-term new business area.	1. Maintain and develop improved resources to facilitate the commercial evaluation of new product and new technology opportunities.
2. Develop co-products technologies to improve industry's market access and competitiveness.	1. Facilitate the development of a competitive Australian red meat bioactives industry.
3. Develop value-added products and technologies to expand consumer appeal with a focus on lower value cuts and by-products.	1. Develop significantly new and innovative red meat products via the development and application of new processes and technologies.
4. Assist supply chains to implement and launch new red meat products.	1. Support enterprises and supply chains developing new product initiatives with research and technical advice.

Key performance indicators

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

Budget 2009-10

Sector		2008-09 Budget	2009-10 Budget ($'000)				Totals
			1	2	3	4	
Mutton	R	21	5	7	6	3	**21**
Lamb	R	80	27	45	39	22	**133**
Grass Cattle	R	280	12	103	89	51	**255**
Grain Cattle	R		2	17	15	9	**43**
Processor	R	380	20	145	159	6	**330**
Government	R	760	65	316	308	92	**781**
TOTAL	**R**	**1,520**	**131**	**633**	**616**	**183**	**1,563**

2.4 Promoting industry integrity

Interest in the ethics of food production – in particular animal welfare and environmental sustainability is gaining momentum both within Australian communities and overseas. To continue to prosper, the livestock industry must be attuned to both its customers' needs and to community sentiment, and must ensure it keeps delivering to both.

2009-10 will see the introduction of a new initiative designed to proactively promote the industry's environmental credentials, and respond to attacks on the environmental sustainability of livestock production. This will include a proactive strategy: print advertising and the development of promotional collateral; and a reactive strategy: responding to specific negative publicity as it occurs.

Efforts will also go into strengthening the foundation of the science behind red meat production, particularly for key issues such as water use, greenhouse gas emissions and biodiversity.

Strategy	Key initiatives
1. Building knowledge.	1. Build community knowledge through undertaking advertising, inclusion in school curricula, and participation in Royal Shows. 2. Identify key opinion leaders who can build knowledge through media briefings, provide industry facts and statistics, and develop science-based reports.
2. Providing an experience.	1. Provide real or virtual farm experiences for the community, through supporting and promoting activities such as Farm Day and developing new multimedia resources. 2 Identify and undertake farm tours for media.
3. Creating a human bond.	1. Create a bond between the community and livestock producers through telling their stories in the media and a developing a school twinning program. 2. Identify, engage and develop a network of producer 'environmental ambassadors'.
4. Responsiveness.	1. Develop 'rapid response' packs for industry, including fact sheets. 2. Track and monitor media activities and community attitudes.

Key performance indicators

- Maintain consumer trust scores of 62% agreeing the industry is ethical and trustworthy.
- Less than 5% of Australian consumers claim to decrease red meat consumption due to climate change or other environmental concerns.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)				Totals
		Budget	1	2	3	4	
Mutton	R		2				**2**
	M		50	8	12	3	**73**
Lamb	R		7				**7**
	M		194	27	40	15	**276**
Grass Cattle	R	20	30				**30**
	M	699	821	128	196	73	**1,218**
Grain Cattle	R	3	4				**4**
	M	112	119	20	30	12	**181**
Processor	R	24	24				**24**
	M	100	42	12	19	7	**80**
Government	R	47	67				**67**
Subtotal	**R**	**94**	**134**				**134**
Subtotal	**M**	**910**	**1,226**	**195**	**297**	**110**	**1,828**
TOTAL		**1,004**	**1,360**	**195**	**297**	**110**	**1,962**

Growing demand – 2.5

2.5 Aggressive promotion in the domestic market

Consumer demand for both beef and lamb continues to be strong in the domestic market, driven by good quality, improving nutrition perceptions, high retail standards, increasing foodservice presence and effective promotion. However an uncertain economic environment and the high price Australia currently enjoys for both meats on the domestic market, has increased consumer sensitivity- threatening recent strong category performance.

To counter this threat, MLA will continue building consumer recognition of the functional and emotional benefits of beef and lamb, by working with industry on quality, range and presentation enhancements, and by partnering with retailers and foodservice operators in aggressive promotional activities to reinforce positive and sustainable consumer attitudes.

The 'We Love Our Lamb' campaign will continue to focus on the three key lamb consumption opportunities (Spring, Australia Day, Mother's Day). Building on the success of *Entice* as a vehicle to boost consumer confidence in buying and preparing less familiar beef cuts and meals, MLA 2009-10 beef promotions will target three key seasonal opportunities – the 'grilling season' (Nov), 'autumn roasts' and 'winter casseroles'.

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

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

Key performance indicators

- Counter pressures (economic, health, environmental) to reduce red meat consumption by contributing to maintaining consumer expenditure on beef at \$6.6bn and sheepmeat at \$2.4bn.
- Improvement in key beef attributes as measured by consumer tracking – 'Is easy to cook and prepare (67% to 68%), 'Is good for a variety of dishes' (77% to 78%), and 'Is well liked in our household' (69% to 70%)
- Improvement in key lamb attributes as measured by consumer tracking – 'Top-of-mind awareness' (20% to 21%), 'Is loved by Australians' (74% to 75%), and 'I'm proud to buy and serve this' (58% to 59%).
- Strong retailer support for MLA programs as evidenced by retail butchers continuing to rate them overall at 3.5 out of 5.

Budget 2009-10

Sector		2008-09 Budget	2009-10 Budget ($'000)			Totals
			1	2	3	
Mutton	M	15			15	**15**
Lamb	M	5,761	5,245		1,091	**6,336**
Grass Cattle	M	6,702		5,530	2,823	**8,353**
Grain Cattle	M	1,191		564	339	**903**
Processor	M	1,346	239	572	343	**1,154**
Goat	M	31			31	**31**
TOTAL	**M**	**15,046**	**5,484**	**6,666**	**4,642**	**16,792**

2.6 Aggressive promotion in export markets - beef

2009-10 will be a challenging 12 months for the Australian beef industry. Not only will Australian exporters face increased competition in North Asian markets with the return of US supplies, but stimulating consumer demand will be more difficult due to the global financial crisis (GFC). This crisis is especially affecting consumer confidence Australia's two largest beef export markets – Japan and the United States.

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

In all markets, promotional activities will increasingly involve MLA working co-operatively with Australian exporters (and their importer/wholesaler/end-user customers) to develop and grow sales of individual Australian beef brands. This strategy recognises the diversity of customer needs that are best addressed through branded programs. At the same time generic promotion will continue of the common positive attributes of Australian beef.
Compared to 2008-09, overall budgets for export beef marketing increase in A$ terms, but drop in local currency terms due to the depreciation of the A$.

Strategy	Key initiatives
1. Disseminate comprehensive export marketing information.	1. Monitor and report consumer trends (global and local), channel trends and requirements, and competitive positioning.
2. Develop new trade and consumer opportunities for Australian beef.	1. Identify and generate leads via business development activities . 2. Conduct contact profiling in conjunction with education and awareness work in emerging markets.
3. Create and promote strong brands and identities for Australian beef, tailored to the needs and opportunities of each major market.	1. Through country of origin marks (Aussie Beef, HCW, etc) positively position Australian beef in terms of product attributes (ie safety, consistency and nutrition). 2. Profile Australian product specification systems (AUS-MEAT and Eating Quality Assured). 3. Highlight the ability of Australian exporters to meet special requirements, such as Halal. 4. Communicate the nutritional and health benefits of consuming Australian beef.
4 Recognising the importance of diverse customer needs, develop and consolidate demand and loyalty to Australian beef through the implementation of individual cooperative branding programs.	1. Support individual beef brands through the Industry Collaborative Agreement (ICA) program. 2. Through ICAs support the voluntary introduction of brands in export markets underpinned by Eating Quality Assurance (using MSA technology). 3. Build supply chain capability in positioning and marketing Australian beef. 4. Strengthen supply chain networks between Australian beef suppliers and end users to boost sales and create loyalty.

Key performance indicators

- Australia's share of the Japanese and Korean beef import markets is at least 20% above 2003 levels.
- Satisfaction levels with MLA's marketing activities among the trade in overseas markets remain above 80%.
- ICA activity to total at least $4.5 million with 80% of documented KPIs being achieved.

Budget 2009-10

Sector		2008-09 Budget	2009-10 Budget ($'000)							Totals
			North America	Japan	Korea	South Asia	Europe	Middle East	Global	
Grass Cattle	M	16,806	1,100	9,647	4,950	2,521	584	318	2,170	**21,290**
Grain Cattle	M	2,915	154	635	500	120	76		1,080	**2,565**
TOTAL	**M**	**19,721**	**1,254**	**10,282**	**5,450**	**2,641**	**660**	**318**	**3,250**	**23,855**

2.7 Aggressive promotion in export markets - sheepmeat

While lamb consumption levels within Australia are significant, lamb rarely appears on dinner plates in overseas markets. Subsequently the long term prosperity of Australian lamb producers depends heavily on the generation of increased lamb consumption in Asia and North America.

In 2009-10 MLA will focus its lamb export activities on achieving increased consumption of Australian lamb by generating consumer awareness, then encouraging trial and purchase of the product. This will involve a balance between generic trade marketing and business development activities, and Industry Collaborative Agreements (ICAs) between MLA and exporters or importers to jointly support company brands.

Despite ICAs being the most effective way to grow demand through existing channels, marketing and business development activities are required to recruit new accounts at a time where restricted incomes resulting from the global financial crisis makes this task especially challenging.

Compared to 2008-09, overall lamb marketing budgets increased in A$ terms (particularly for North America) however changes in the value of the A$ when denominated in local currency mean that in-market budgets actually decreased this year.

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

Strategy	Key initiatives
1. Disseminate comprehensive export marketing information.	1. Monitor consumer trends (global and local), channel trends and requirements, and competitive positioning.
2. Grow awareness, trial and purchase of Australian lamb in overseas markets.	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. Leverage Australian lamb's positive attributes (consistent quality, delicious, nutritious and easy to prepare) and integrity when positioning the product in overseas markets.	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, working with other supply countries where appropriate.
4. Develop and maintain strong supply chains.	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 performance indicators

- 100 additional retail outlets stocking Australian lamb in the United States (about a 1% increase).
- Increase in sales of Australian sheepmeat covered by ICAs.
- Maintain/increase high satisfaction levels with MLA trade development activities as measured via survey.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)							Totals
		Budget	North America	Japan	Korea	South Asia	Europe	Middle East	Global	
Mutton	M	392	15				5	50		**70**
Lamb	M	5,629	3,655	879	150	460	250	1,050		**6,444**
Goat	M	125	100						174	**274**
TOTAL	**M**	**6,146**	**3,770**	**879**	**150**	**460**	**255**	**1,100**	**174**	**6,788**

Enhancing competitiveness and sustainability – 3.1

3.1 Increasing cost efficiency and productivity – on farm

Producers operate complex businesses in an environment characterised by highly variable seasons and markets. It is therefore essential the MLA's R&D programs deliver new tools and technologies that support producers to become more productive. In this 2009-10 AOP, work under this objective includes relevant projects previously listed under Objective 3.5 (Science for the Future) to better integrate management of strategic and applied R&D investments.

Strategy	Key initiatives
1. Develop genetic and genomic information to enhance 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.
2. Carry out research to improve the feedbase and feed utilisation.	1. Develop robust new technologies and tools to improve the quality, reliability and productivity of the feedbase for key sectors and/or the efficiency of feed utilisation by livestock. 2. Develop integrated soil, pasture and livestock management systems and tools that increase grazing and feedlot enterprise performance.
3. Work with producers and processors to improve supply chain effectiveness.	1. Develop technologies that improve supply chain efficiencies and/or producer feedback, including information tools, standard operating procedures and codes of practice.
4. Develop new approaches to improve growth rates, allow heavier and/or earlier turn-off, improve reproductive efficiency, reduce costs of production and improve enterprise efficiency.	1. Develop robust new technologies and tools to increase growth and reproduction. 2. Evaluate, develop and implement technologies, tools and strategies to increase enterprise efficiency and reduce costs of production.
5. Evaluate new pasture species to improve livestock performance, withstand difficult environments, and maintain environmental integrity.	1. Develop new cultivars and/or agronomic practices to improve persistence and/or quality attributes of perennial plants in drier environments of southern Australia, and improve information exchange throughout the pasture plant supply chain.

Key performance indicators

- Technologies or management practices which have the potential to attain a 12% or greater internal rate of return on the RD&E investment as assessed using enterprise and adoption models.
- Code of practice for intensive sheep finishing finalised and released to industry, including a process for accreditation that enables producers to self assess compliance with the code.
- Identification of the first suite of DNA markers for pedigree and sheep production traits (Mark I SNP panel) from SheepGenomics.

DNA markers for pasture productivity traits incorporated into a multinational seed company's commercial forage breeding programs via Pastures Australia.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)					Totals
		Budget	1	2	3	4	5	
Mutton	R	184	150	70	13	45	23	**301**
Lamb	R	1,518	1,091	513	93	401	165	**2,263**
Grass Cattle	R	1,642	945	371	250	1,019	263	**2,848**
Grain Cattle	R	211		325				**325**
Goat	R	14						
External	M	768	770					**770**
Government	R	3,568	2,186	1,279	356	1,465	450	**5,736**
Subtotal	**R**	**7,136**	**4,372**	**2,558**	**712**	**2,930**	**901**	**11,473**
Subtotal	**M**	**768**	**770**					**770**
TOTAL		**7,905**	**5,142**	**2,558**	**712**	**2,930**	**901**	**12,243**

3.2 Increasing cost efficiency and productivity – off farm

Emerging issues in the global environment require a whole-of-chain response to ensure the industry improves productivity and retains a competitive advantage. To achieve this it is essential that all parts of the red meat supply chain adopt intra and inter-industry world-class technologies and systems. In 2009-10, MLA's priority will be to continue the development of new technologies and systems that enhance efficiencies along the supply chain and improve working conditions - to reduce workplace injuries and illnesses. In addition, it will be important to understand the performance of competitors and to establish baseline data to enable monitoring of supply chain performance of the Australian industry over the long term.

Strategies	Key Initiatives
1. Develop and commercialise technologies and systems that support world class competitiveness and sustainability along the supply chain.	1. Develop a range of processing automation technologies that increase efficiency and maximise carcase yield and value. 2. Develop new and improve existing stunning techniques and technologies. 3. Develop technologies that improve supply chain efficiencies through electronic data transfer. 4. Confirm feasibility and industry benefits from objective carcase measurement applications.
2. Assist the processing sector to eliminate occupational health and safety risks and extend the working life of skilled workers.	1. Improve working conditions and reduce work-related injuries by developing operator aids based on new technologies. 2. Develop and communicate new processes and systems that assist the processing sector to manage OH&S risks.

Key performance indicators

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

Budget 2009-10

Sector		2008-09 Budget	2009-10 Budget ($'000)		Totals
			1	2	
Mutton	R	1	4		**4**
Lamb	R	6	26		**26**
Grass Cattle	R	6	48		**48**
Grain Cattle	R	1	11		**11**
Processor	R	1,225	1,193	252	**1,445**
Government	R	1,239	1,282	252	**1,534**
TOTAL	**R**	**2,479**	**2,564**	**504**	**3,068**

3.3 Improving industry and market information

Given the complexity and change apparent in the red meat trading environment, it makes sense for the Australian industry to invest in a base level of market information and competitive intelligence. In 2009-10, MLA's area of focus will include: empowering industry and government to make better business decisions through the supply of relevant and timely market information; improving information flow along the supply chain using animal ID / carcase measurement systems; the collection of additional herd and flock data; gathering and disseminating competitor intelligence; and developing relevant risk management tools.

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

Key performance indicators

- Maintain rating of stakeholder satisfaction with MLA market information and analysis at or above 3.8 points out of 5.
- Increase electronic distribution of MLA market information by 5%

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)					Totals
		Budget	1	2	3	4	5	
Mutton	R	33	24	7	2			**33**
	M	65	53	17				**70**
Lamb	R	226	168	50	34	30		**282**
	M	376	306	101				**407**
Grass Cattle	R	654	288	129	83	217	65	**782**
	M	968	754	249			43	**1,046**
Grain Cattle	R	101	25	12	6	70	6	**119**
	M	86	58	29			5	**92**
Processor	R	133	48			85		**133**
	M	113	113					**113**
Goat	R	4	4					**4**
	M	6	6					**6**
External	M	790	650	60			30	**740**
Government	R	1,151	557	198	125	402	71	**1,353**
Subtotal	**R**	**2,302**	**1,114**	**396**	**250**	**804**	**142**	**2,706**
Subtotal	**M**	**2,404**	**1,940**	**456**			**78**	**2,474**
TOTAL		**4,706**	**3,054**	**852**	**250**	**804**	**220**	**5,180**

3.4 Ensuring sustainability

The Australian red meat industry is custodian of a significant proportion of Australia's land mass and an important manager of vital natural resources. In 2009-10, MLA's program will focus on: establishing a newly-approved national research program to discover ways to reduce methane production from grazing livestock, initiating new programs that develop options for adaptation to climate change and demonstrating environmental stewardship.

Strategies	Key initiatives
1. Develop information and tools that help producers manage their natural resources while improving their 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. Improve the feedlot industry's ability to manage heat stress, water use, greenhouse gas emissions and solid waste management.	1. Develop strategies to optimise the environmental performance of feedlots.
3. Support industry to assess natural resource risks and demonstrate its environmental credentials.	1. Develop environmental best practice and benchmark performance, including third party environmental QA certification for livestock enterprises.
4. Collaborate with the processing sector to address emerging issues and opportunities in energy, water and solid waste management.	1. Identify key emerging environmental priorities for the processing sector and provide required knowledge, tools and technologies. 2. Identify opportunities for minimising water use and recycling. 3. Develop energy recovery technologies.
5. Address increased business risk and opportunities due to climate change and government policies related to climate change.	1. Evaluate opportunities to reduce greenhouse gas emissions and other impacts from red meat production systems, including through research into ruminant methane reduction and life-cycle analysis. 2. Develop strategies to minimise the vulnerability of production systems to the impacts of climate variability and climate change, and provide information to support adaptation to climate change, industry position on climate policies and communication of environmental impacts.

Key performance indicators

- Key management practices contributing to environmental stewardship are defined and acknowledged by key stakeholders, leading to adoption by 20% of red meat production over the next 5 years.
- Establish a national collaborative R&D program in 2009-10 that will develop technologies or changes to management practices by 2012 which have the potential to reduce methane emissions from livestock by 30% and be available for further development and commercialisation.
- Establish collaborative R&D programs in 2009-10 that will improve the resilience of pasture systems to predicted future changes in regional climate by 2012.
- Technologies and practices are developed capable of enabling the processing sector to cost effectively meet the community, market and regulatory environmental requirements as assessed by an industry representative group.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)					Totals
		Budget	1	2	3	4	5	
Mutton	R	30	28		15		70	**113**
Lamb	R	241	209		110		514	**833**
Grass Cattle	R	2,075	1,097				1,198	**2,295**
Grain Cattle	R	448		482			50	**532**
Processor	R	541				747		**747**
Goat	R	8						
External	M	65			55		3,989	**4,044**
Government	R	3,342	1,334	482	125	747	1,832	**4,520**
Subtotal	**R**	**6,685**	**2,668**	**964**	**250**	**1,494**	**3,664**	**9,040**
Subtotal	**M**	**65**			**55**		**3,989**	**4,044**
TOTAL		**6,749**	**2,668**	**964**	**305**	**1,494**	**7,653**	**13,084**

3.5 Science for the future

This Objective has been split up with the relevant projects re-allocated to Objectives 3.1 and 4.2

3.6 Improving biosecurity, animal health and welfare

Australia remains free of key animal diseases which would otherwise severely impact on trade, our ability to produce high quality meat, and animal health and welfare outcomes. In addition, the standard of animal welfare for food producing animals is attracting greater attention from consumers, governments, retailers and special interest groups within Australia and internationally. In 2009-10 MLA priorities will involve; improving the health, biosecurity and welfare of livestock raised, handled and transported in Australia; minimising the potential for trade/market access being interrupted; addressing consumer and regulatory concerns with evidence-based science that will facilitate informed policy decisions; and enabling the red meat industry to respond quickly to emerging issues.

Strategy	Key initiatives
1. Investigate and support use of animal welfare best practice in industry.	1. Identify objective measures of welfare to inform sustainable animal welfare practices and policies and where needed develop relevant tools to extend messages to key audiences.
2. Develop a practical risk management approach to animal welfare.	1. Monitor welfare risks to allow avoidance or minimisation of impacts on the beef and sheepmeat industries. 2. Invest in development of alternative practices to address key risks. 3. Promote adoption of new processor animal welfare standard and measure implementation.
3. Support Australia's favourable disease status through targeted research to improve biosecurity and disease surveillance.	1. Enhance on-farm and national/state/territory level biosecurity/surveillance programs through collaborative projects.
4. Develop new approaches to control key livestock diseases and other causes of mortalities and production loss.	1. Develop tools and systems to improve management of parasites in livestock. 2. Quantify the need for and where appropriate commission R&D to reduce the cost of disease due to naturally-occurring toxins and other livestock diseases that have a substantive impact on livestock productivity.
5. Develop solutions for the management of key feedlot animal health and welfare issues.	1. Investigate and improve the management of key feedlot animal health problems and welfare issues.

Key performance indicators

- Collect (via national survey) and establish baseline data for all animal welfare husbandry practices from which to measure practice change, in preparation for future implementation of the new Cattle and Sheep Standards and Guidelines in 2010-2012.
- Assess (using survey of writing and/or reference group members) what contribution MLA welfare science projects/publications/ technical workshops have played in contributing to or influencing Standards and Guidelines policy development/decisions under the AAWS Land Transport, Cattle and Sheep Code reviews.
- Deliver innovations by 2012 that have the potential to reduce either the cost of control and/or industry risk from the five exotic/notifiable diseases ie Screw Worm Fly, Foot and Mouth Disease, Bluetongue, Anthrax and the mycobacterial diseases (BJD, OJD & CJD).

Develop improved controls for high priority, production limiting diseases, delivered progressively to the red meat industries by 2012, and leading to reduced costs associated with these diseases.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)					Totals
		Budget	1	2	3	4	5	
Mutton	R	83	13	3	54	73		**143**
Lamb	R	646	96	22	192	543		**853**
Grass Cattle	R	735	194	168	23	527		**912**
Grain Cattle	R	430	20				531	**551**
Processor	R			70				**70**
Goat	R	22	25					**25**
External	M	454						
Government	R	1,916	348	263	269	1,144	531	**2,555**
Subtotal	**R**	**3,832**	**696**	**526**	**538**	**2,287**	**1,062**	**5,109**
Subtotal	**M**	**454**						
TOTAL		**4,286**	**696**	**526**	**538**	**2,287**	**1,062**	**5,109**

Increasing industry capability – 4.1

4.1 Increasing adoption of R&D outcomes

The value of research and development programs is only delivered when outcomes are taken up and effectively implemented by enterprises along the value chain. In 2009-10, MLA's focus will be on developing a better understanding of different segments within the industry and tailoring adoption strategies considering the issues involved in facilitating change.

Adoption plans for key R&D areas will be documented and proactively managed to ensure R&D outcomes follow best practice commercialisation principles and are delivered in a practical and timely manner. Systems for managing intellectual property and adoption/commercialisation outcomes will be enhanced to assist in the evaluation of R&D outcomes for MLA's stakeholders.

Strategies	Key initiatives
1. Deliver tools, information and learning opportunities that deliver clear benefits to individual enterprises.	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. Provide Meat Industry Services for processors. 4. Hold 2-3 Meat Profit Days that deliver information and tools to livestock producers.
2. Collaborate with other organisations and agencies that can influence and facilitate adoption.	1. MINTRAC R&D Adoption Services. 2. Partnerships with other organisations to develop and deliver R&D outputs that assist adoption by producers.
3. Implement effective commercialisation and adoption strategies.	1. Commercialisation strategies and IP management plan. 2. Develop engagement and adoption plans to facilitate adoption of R&D.
4. Measure, evaluate and report the outcomes of R&D.	1. Planning, monitoring and evaluation of the impact of R&D for producers and industry. 2. Monitoring and evaluation of off-farm R&D.

Key performance indicators

- Establish standardised measures and benchmarks for enterprise productivity and cost efficiency, and baselines for NRM and animal welfare practices in 2009-10. This will establish the capacity to track changes in performance from 2011 onwards.
- The 12 off-farm commercial-ready technologies have achieved at least 80% of their targeted adoption uptake.

Budget 2009-10

Sector		2008-09 Budget	2009-10 Budget ($'000)				Totals
			1	2	3	4	
Mutton	R	81	95	4	4	20	**123**
	M		9				**9**
Lamb	R	589	702	26	12	145	**885**
	M		58				**58**
Grass Cattle	R	1,282	656	215	36	335	**1,242**
	M		91				**91**
Grain Cattle	R	45	40		4	16	**60**
	M		5				**5**
Processor	R	809	430	210	50	100	**790**
Goat	R	30				40	**40**
External	M		63				**63**
Government	R	2,835	1,922	455	106	656	**3,139**
Subtotal	**R**	**5,670**	**3,845**	**910**	**212**	**1,312**	**6,279**
Subtotal	**M**		**226**				**226**
TOTAL		**5,670**	**4,071**	**910**	**212**	**1,312**	**6,505**

4.2 Building world-class skills and innovation capability

An industry-wide culture of continuous improvement, innovation and increased capability is essential to sustain productivity and competitive advantage. In 2009-10, MLA will focus on building innovation capability at the individual enterprise level, including options to facilitate a more effective approach to supply chain management; developing and fostering people within the industry; delivering a range of innovation tools; and new approaches to measuring the innovation capability of the industry. In this AOP, investments under this Objective include scholarships and support projects previously listed under Objective 3.5 (Science for the Future) to better integrate management of strategic and applied capability-building investments.

Strategies	Key initiatives
1. Build producer knowledge and skills	1. Build producer capability by delivering or facilitating communication, participatory learning, advice and mentoring.
2. Implement professional development programs to ensure the industry remains an attractive career destination and employer of choice in the future	1. Develop whole-of-industry Professional Development Programs. 2. Facilitate attraction and retention of skilled labour. 3. MINTRAC leadership and capability programs. 4. Support science capability and knowledge of industry in key disciplines
3. Partner with enterprises along the value chain to implement sophisticated innovation strategies	1. Collaborative Innovation Strategies Program. 2. Improve customer alignment by building advanced supply chain management capability.
4. Provide a range of innovation tools to build capability at enterprise level	1. Establish Red Meat Industry Innovation Network.
5. Develop innovation diagnostics at both enterprise and sector levels to benchmark the performance of the industry's innovation system	1. Establish innovation capability diagnostics and performance metrics at individual enterprise level. 2. Develop framework for whole-of-industry innovation system 'health check'.

Key performance indicators

- Establish baseline measurements of producer and service provider knowledge, skills and confidence around the management practices and key performance drivers (identified in 4.1 national benchmarking). This will establish the capacity to track changes in industry capability from 2011 onwards.
- All collaborative innovation partners meet at least 80% of their documented innovation strategy KPIs.
- Each sector of the industry achieves at least 80% of the agreed targets in relation to attracting and retaining staff.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)				Totals
		Budget	1	2	3	4	
Mutton	R	27	13	19	8		**40**
Lamb	R	160	90	129	31		**250**
Grass Cattle	R	355	394	161	31		**586**
Grain Cattle	R		57	43	8		**108**
Processor	R	37		676	30	50	**756**
Goat	R	1,067	54				**54**
Livestock export	R	49					
External	M	70	70				**70**
Government	R	1,694	608	1,028	108	50	**1,794**
Subtotal	**R**	**3,390**	**1,216**	**2,056**	**216**	**100**	**3,588**
Subtotal	**M**	**70**	**70**				**70**
TOTAL		**3,460**	**1,286**	**2,056**	**216**	**100**	**3,658**

Communicating with stakeholders

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

Strategy	Key initiatives
1. Create awareness of opportunities created by MLA for the meat and livestock industry.	1. Source content and produce nine targeted *feedback* magazines that signpost MLA's 45,000 members to further R&D and marketing information. 2. Deliver effective widespread media coverage through briefings, journalist relationships and targeted analysis.
2. Demonstrate the relevance and value of MLA and its activities to stakeholders.	1. Meet MLA governance requirements through the production of a best practice annual report and annual general meeting. 2. Redevelop the MLA website and online communication tools to provide improved delivery of information to producers and other audiences. 3. Produce four episodes of *feedbackTV* along with cross-platform supporting information to provide interactive communications to stakeholders.
3. Proactively engage stakeholders in order to achieve behaviour change.	1. Hold producer forums in association with existing events to provide greater coverage and cost efficiency. 2. Provide information and services to members and other stakeholders.

Key performance indicators

- Maintain member satisfaction with MLA communication activities at or above 3.5 points out of 5.
- A 10% increase in the number of MLA members who get a lot of value from MLA.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)			Totals
		Budget	1	2	3	
Mutton	R	43	12	20	12	**44**
	M	49	17	23	9	**49**
Lamb	R	247	75	95	76	**246**
	M	606	185	235	185	**605**
Grass Cattle	R	436	166	155	113	**434**
	M	1,659	520	605	510	**1,635**
Grain Cattle	R	7		16		**16**
	M	60		70		**70**
Goat	R	5	2	1	2	**5**
	M	9	3	3	3	**9**
Government	R	738	255	287	203	**745**
Subtotal	**R**	**1,476**	**510**	**574**	**406**	**1,490**
Subtotal	**M**	**2,383**	**725**	**936**	**707**	**2,368**
TOTAL		**3,859**	**1,235**	**1,510**	**1,113**	**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 4 programs in 2009-10. Costs are allocated against the individual programs evaluated.

Key performance indicators

- Clean audit report received.
- Three MLA programs evaluated and accepted for publication.
- Continue rollout of HR strategy reducing staff turnover and recruitment costs by 20%.
- Develop and monitor cost reduction programs across the business to achieve program support and overhead expenditure at 07-08 levels.

Budget 2009-10

Sector		2008-09	2009-10 Budget ($'000)							Totals
		Budget	1	2	3	4	5	6	7	
Mutton	R	84	22	10	9	42	3	24		**110**
	M	132	19	9	7	36	2	21	38	**132**
Lamb	R	478	121	56	48	232	14	135		**606**
	M	1,514	220	103	88	424	27	246	340	**1,448**
Grass Cattle	R	731	185	86	74	356	22	207		**930**
	M	3,663	550	256	219	1,059	67	613	753	**3,517**
Grain Cattle	R	125	45	21	18	88	6	51		**229**
	M	527	70	33	28	135	9	77	114	**466**
Goat	R	11	2	1	1	5	1	3		**13**
	M	17	3	1	1	6		4	5	**20**
External	M	2,251	369	171	147	709	45	409		**1,850**
Government	R	1,429	375	174	150	723	46	420		**1,888**
Subtotal	**R**	**2,858**	**750**	**348**	**300**	**1,446**	**92**	**840**		**3,776**
Subtotal	**M**	**8,104**	**1,231**	**573**	**490**	**2,369**	**150**	**1,370**	**1,250**	**7,433**
TOTAL		**10,962**	**1,981**	**921**	**790**	**3,815**	**242**	**2,210**	**1,250**	**11,209**

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 2009-10

Sector		2008-09 Budget	2009-10 Budget ($'000)	Totals
Mutton	M	52	46	**46**
Lamb	M	78	69	**69**
Grass Cattle	M	453	401	**401**
Grain Cattle	M	67	59	**59**
TOTAL	**M**	**650**	**575**	**575**

MLA Donor Company research and development partnerships

MLA's fully-owned subsidiary, MLA Donor Company Limited, provides a vehicle for attracting commercial investment from individual enterprises that share a mutual interest with MLA, to co-invest in innovation initiatives that will deliver benefit to the Australian red meat industry. Since inception in 1999, the MDC R&D Partnership Program has engaged enterprises from all parts of the industry supply chain including: processors; value-adders; breed societies, large pastoral companies; and technology providers. In addition, MDC has also formed international alliances which have assisted in accelerating Australia's access to valuable intellectual property at much lower cost than would otherwise have been possible. Current value of projects in progress within the R&D Partnership portfolio is $75 million with an anticipated total expenditure in 2009-10 of $18-20 million.

MDC initiatives are clearly integrated with the overall objectives of MLA's 5 year Strategic Plan and specific project initiatives are included in the relevant sections of this Annual Operating Plan. However, in broad terms, the objectives of MDC initiatives include:

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

R&D Partnership Projects in 2009-10 will focus on the following key initiatives:

Strategy	Key initiatives
1. Collaborative innovation strategies.	Partnerships with individual processing and large pastoral companies which aim to build innovation culture and capability leading to accelerated adoption of R&D outcomes and enhanced long-term competitiveness and sustainability.
2. Facilitated adoption and commercialisation.	Demonstration projects in red meat enterprises will focus on adoption of: automation technologies; environmental technologies; advanced supply chain management techniques; new stunning technologies; value-adding technologies and systems which improve eating quality. Partnerships with commercialisers of these technologies will also be undertaken.
3. New technologies (includes international partnerships).	Collaborative longer term R&D programs will be established/ continued in the areas of: processing automation; objective carcase measurement; and new on-farm technologies and innovative systems.
4. Fostering people.	Consolidation of a range of programs including: graduates/undergraduates; indigenous workforce; attracting youth.

Key performance indicators

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

Budget 2009-10

			2009-10 Budget ($'000)				
Sector		**2008-09**	**1**	**2**	**3**	**4**	**TOTAL**
Processor	R	1,250	1000	500		500	2000
External	R	6,750	2400	1500	1500	1500	6900
Government	R	8,000	3,400	2,000	1,500	2,000	8900
TOTAL	**R**	**16,000**	**6,800**	**4,000**	**3,000**	**4,000**	**17,800**

Forecast Income for 2009-10

Changes in forecast income for 2009-10, compared to expected income levels for 2008-09, are shown below.

Species	R&D income			Marketing income		
	2008-09 expected	**2009-10 forecast**	**% change**	**2008-09 expected**	**2009-10 forecast**	**% change**
Mutton	$1.578m	$1.362m	(16%)	$1.733m	$1.538m	(11%)
Lamb	$7.943m	$7.457m	(6%)	$18.889m	$18.260m	(3%)
Grassfed Cattle	$11.808m	$11.449m	(3%)	$46.885m	$45.545m	(3%)
Grainfed Cattle	$1.971m	$2.826m	43%	$5.317m	$5.802m	9%
Goat	$0.176m	$0.154m	(13%)	$0.279m	$0.246m	(12%)
Totals	**$23.476m**	**$23.248m**	**(1%)**	**$73.103m**	**$71.392m**	**(2%)**

The following comments are made on these income forecasts:

- The income forecasts have been prepared using forecast changes in slaughterings (transactions) from the 2009 MLA Cattle and Sheep Industry Projections.
- For mutton, income is anticipated to decline. A stabilization of the flock is anticipated by 2011.
- Lamb income is anticipated to fall in 2009-10 reflecting a fall in the rate of decline of the flock. Evidence of the shift from wool production to prime lamb production can be found in the fact that breeding ewe numbers increased over 2007-08 by 0.4% (or 186,400 head), notwithstanding a substantial fall in the total flock.
- Grassfed cattle income is anticipated to fall by 3%. The 2008-09 number included the impact of the massive reduction in dairy herds which is expected to abate during 2009-10. Offsetting this is expected an increase in cattle transactions from a vast improvement in pasture, fodder and grain availability in a number of areas and a record proportion of female cattle in the herd.

MLA consolidated income and expenditure

by funding source 2009-10

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 2009-10	MLA Consolidated 2008-09	Variance
	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M		R	R			
1. Increasing market access																												
1.1 Enhancing product integrity	14	26	143	152	543	619	686	771	531	2,357	86	519	617	2,876	1,317	3,673	1,220	2,046	26	70	662	838	9,852		3,225	13,077	12,530	547
1.2 Maintaining and liberalising access		11	13	218	53	632	66	850	134	907	20	121	154	1,028	220	1,889	220	1,512					3,841		440	4,281	4,180	101
1.3 Maximising market options			89	616	70	280	159	896	266	1,849			266	1,849	425	2,745			425	1,460			5,055		850	5,905	5,907	(2)
2. Growing demand																												
2.1 Improving eating quality			222	38	721	228	943	266	944	1,966	256	570	1,200	2,536	2,143	2,802	220					250	5,415		2,363	7,778	6,393	1,385
2.2 Enhancing nutritional value				5	150	1,564	150	1,569	102	4,030	17	654	119	4,684	269	6,253	176	671					7,369		445	7,814	7,816	(2)
2.3 Developing new products			21		133		154		255		43		298		452		330						782		781	1,563	1,520	43
2.4 Promoting industry integrity			2	73	7	276	9	349	30	1,218	4	181	34	1,399	43	1,748	24	80					1,895		67	1,962	1,004	958
2.5 Aggressive promotion in the market place - domestic		31		15		6,336		6,351		8,353		903		9,256		15,638		1,154					16,792			16,792	15,046	1,746
2.6-2.7 Aggressive promotion in the market place - export		274		70		6,444		6,514		21,290		2,565		23,855		30,643							30,643			30,643	25,546	5,097
3. Enhancing competitiveness and sustainability																												
3.1 Increasing cost efficiency and production - on farm			301		2,263		2,564		2,848		325		3,173		5,737							770	6,507		5,736	12,243	7,905	4,338
3.2 Increasing cost efficiency and production - off farm			4		26		30		48		11		59		89		1,445						1,534		1,534	3,068	2,479	589
3.3 Improving industry and market information	4	6	33	70	282	407	315	477	782	1,046	119	92	901	1,138	1,220	1,621	133	113				740	3,827		1,353	5,180	4,706	474
3.4 Ensuring sustainability			113		833		946		2,295		532		2,827		3,773		747					4,044	8,564		4,520	13,084	6,749	6,335
3.5 Science for the future																											4,002	(4,002)
3.6 Improving biosecurity, animal health and welfare	25		143		853		996		912		551		1,463		2,484		70						2,554		2,555	5,109	4,286	823
4. Increasing industry capability																												
4.1 Increasing adoption of R&D outcomes	40		123	9	885	58	1,008	67	1,242	91	60	5	1,302	96	2,350	163	790					63	3,366		3,139	6,505	5,670	835
4.2 Building world class skills & innovation capability	54		40		250		290		586		108		694		1,038		756					70	1,864		1,794	3,658	3,459	199
Communicating with stakeholders	5	9	44	49	246	605	290	654	434	1,635	16	70	450	1,705	745	2,368							3,113		745	3,858	3,859	(1)
Ausmeat				46		69		115		401		59		460		575							575			575	650	(75)
R&D partnerships																								8,900	8,900	17,800	16,012	1,788
Total expenditure pre corporate services	142	357	1,291	1,361	7,315	17,518	8,606	18,879	11,409	45,143	2,148	5,739	13,557	50,882	22,305	70,118	6,131	5,576	451	1,530	662	6,775	113,548	8,900	38,447	160,895	139,719	21,176
Corporate services (allocated per income splits)	13	15	110	94	606	1,108	716	1,202	930	2,764	229	352	1,159	3,116	1,888	4,333						1,850	8,071		1,888	9,959	9,712	247
Levy collection costs (allocated per levy income splits)		5		38		340		378		753		114		867		1,250							1,250			1,250	1,250	
Total expenditure	155	377	1,401	1,493	7,921	18,966	9,322	20,459	12,339	48,660	2,377	6,205	14,716	54,865	24,193	75,701	6,131	5,576	451	1,530	662	8,625	122,869	8,900	40,335	172,104	150,681	21,423
Income available:																												
- Levies	154	246	1,362	1,538	7,457	18,260	8,819	19,798	11,449	45,545	2,826	5,802	14,275	51,347	23,248	71,391							94,639			94,639	87,723	6,916
- Govt																									40,335	40,335	34,872	5,463
- Processors																	6,131	5,576					11,707			11,707	11,757	(50)
- Live Export																			451	1,530			1,981			1,981	1,983	(2)
- R&D Partnerships																								8,900		8,900	8,007	894
- External																					662	8,625	9,287			9,287	6,201	3,086
Total income	154	246	1,362	1,538	7,457	18,260	8,819	19,798	11,449	45,545	2,826	5,802	14,275	51,347	23,248	71,391	6,131	5,576	451	1,530	662	8,625	117,614	8,900	40,335	166,849	150,543	16,306
Difference (to/(from) reserves)	(1)	(131)	(39)	45	(464)	(706)	(503)	(661)	(890)	(3,115)	449	(403)	(441)	(3,518)	(945)	(4,310)							(5,255)			(5,255)	(138)	(5,117)
Opening reserves	25	829	1,410	1,304	5,688	12,782	7,099	14,086	6,063	23,108	465	2,938	6,528	26,045														
Closing reserves	24	698	1,371	1,349	5,224	12,076	6,596	13,425	5,173	19,993	914	2,535	6,087	22,527														
% of revenue	16%	284%	101%	88%	70%	66%	75%	68%	45%	44%	32%	44%	43%	44%														