



# **Strategic plan 2010-2015**

World-class services and solutions  
in partnership with industry and government

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# A shared vision

MLA's *strategic plan 2010–2015* charts the strategic direction of MLA for the next five years. The plan is closely aligned with the strategic themes described in the *Meat Industry Strategic Plan (MISP) 2010–2015* and the Australian Government's National and Rural Research and Development Priorities, while factoring in the external operating environment and MLA's internal capabilities. This integration results in a plan that deals with the current issues confronting the industry, while complementing the vision of the red meat and livestock industry's peak national body – the Red Meat Advisory Committee (RMAC) and the Australian Government.

In response to the changing state of industry, the *Strategic plan 2010–2015* introduces new areas of focus, designed to best position MLA to contribute to industry's economic and environmental sustainability. The addition of a new imperative, 'Promoting industry integrity and sustainability', reflects the growing need for our industry to adapt to climate change and actively engage the community in our industry's environmental stewardship and best-practice animal welfare standards.

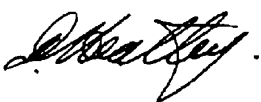
Other key strategies receiving increased focus include:

- being more responsive to non-tariff barriers to trade
- striking a balance between investing in traditional markets and the emerging markets of China, Russia and the Middle East
- elevating investment in Indonesia for the livestock and boxed beef trades
- boosting confidence in the prime lamb industry to ensure the growth in lamb demand is met in the future
- investing in pastures and the development of new pasture species that can better adapt to the changing climate

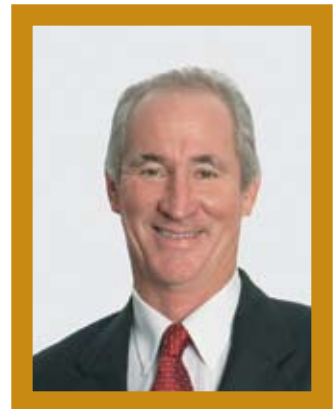
Delivering on a strategic plan which integrates existing strategies with new priority areas is a challenge. Ensuring that new initiatives are given due weight requires the careful balancing of MLA resources in line with market factors. This can be seen in the example of livestock genetics where substantial commercial investment in the discovery component has enabled MLA to scale back investment in this area, and channel resources into the evaluation and verification of tools and technology – optimising industry advancement.

This strategic plan acts as a roadmap for our effective, competitive, sustainable operation in tomorrow's trading environment; and putting it into action is a step we must take hand-in-hand with the rest of our industry.

I sincerely thank the industry peak councils, governments and other industry leaders for their significant contribution to this plan. It provides a clear vision for where MLA should be directing its energies for the benefit of the red meat and livestock industry over the coming years.



Don Heatley  
Chairman  
Meat & Livestock Australia









# Australia's largest rural industry at a glance

| Subject   | Lamb/Sheep            | Cattle                 | Goats               | Total                  |
|---|-----------------------|------------------------|---------------------|------------------------|
| Total domestic value                            | \$2.51 billion        | \$6.43 billion         | - ++                | \$8.94 billion         |
| Total red meat export value (free on board)     | \$1.46 billion        | \$5.05 billion         | \$72 million        | \$6.58 billion         |
| Livestock export value                          | \$340 million         | \$653 million          | \$10 million        | \$1 billion            |
| <b>Total red meat and livestock value</b>       | <b>\$4.32 billion</b> | <b>\$12.14 billion</b> | <b>\$82 million</b> | <b>\$16.52 billion</b> |
| Total nation flock/herd size (head at 30 June)  | 72.7 million          | 28 million             | -                   |                        |
| No. of properties+                              | 31,400                | 61,900                 | -                   |                        |
| Workforce size**                                | 133,000               | 148,000                | -                   |                        |
| Total land area under cultivation# (hectares)   | 164 million           | 325 million            | -                   |                        |
| Annual production (cw tonnes)                   | 658,000               | 2.1 million            | -                   | 2.8 million            |
| Australian domestic usage (cw tonnes)           | 285,000               | 703,000                | -                   | 988,000                |
| Total exports (estimated cw tonnes)             | 373,000               | 1.4 million            | 20,700              | 1.8 million            |
| Total exports (shipped weight tonnes)           | 301,805               | 967,700                | 20,500              | 1.3 million            |
| Japan (shipped weight tonnes)                   | 17,400                | 362,600                | 100                 | 380,100                |
| Korea (shipped weight tonnes)                   | 2,700                 | 113,000                | 400                 | 116,100                |
| US (shipped weight tonnes)                      | 49,600                | 282,100                | 11,000              | 342,700                |
| SE Asia and the China's (shipped weight tonnes) | 59,400                | 109,700                | 4,300               | 173,400                |
| Middle East (shipped weight tonnes)             | 79,100                | 13,900                 | 300                 | 93,300                 |
| <b>Key competitor nations</b>                   | New Zealand, China    | US, Brazil             | China, Pakistan     |                        |

All figures are based on MLA/ABS/ABARE 2008–09 unless otherwise stated. ABS flock herd and property figures are as at June 2009.

\* Total industry value is for meat. It excludes offals, hides and skins. The estimate of domestic expenditure on each red meat is calculated by multiplying the estimated volume consumed (estimated retail weight) in Australia by its average retail price.

\*\* Latest available data from ABS and ABARE (2006–07). Farm operations with sheep and cattle have been included in each area. Total includes both retail and processing staff. Due to the existence of mixed enterprises, double counting may be present among the two categories.

+ Based on ABS figures for farms with an Estimated Value of Agricultural Operations EVAO > \$5,000 per annum, 2007–08 data.

# Based on ABARE survey data (2007–08). All farms surveyed by ABARE have an EVAO > than \$40,000 per annum.

++ Domestic value is not available.

# Industry operating environment 2010–15

In devising and resourcing MLA programs, it is critical that due consideration is given to anticipated longer-term industry developments. Typically, research and development (R&D) programs involve a lengthy payback period and therefore require an extended planning perspective. Furthermore MLA marketing programs are largely directed at the longer-term positioning of Australian beef and sheepmeat, and therefore also require extended planning. The combined challenge is to ensure that the science and systems we invest in today meet the next wave of consumer and community demands.

This section outlines the anticipated market environment for Australian beef, sheepmeat and goatmeat over the next five years, and the overall market, political, social and regulatory trends likely to significantly impact on the red meat industry.

## Market environment

The past six years have been particularly turbulent for the Australian red meat industry.

### Beef

Asian import bans on beef from the United States (US) boosted demand for Australian beef and precipitated a redirection of exports towards Japan and Korea between 2003 and 2007. The Australian industry responded to this peak demand period by increasing productivity, producing more beef and improving quality – despite the impact of the prolonged drought on the cattle herd.

Peak beef and cattle prices were reached in 2005-06, and many of the factors that caused prices to fall over the last three years are likely to cap the expected price recovery in the short-to-medium term. These include a high, rapidly rising and volatile Australian dollar (A\$), the global credit crisis, recession across our main overseas markets and a disruptive return of the US to three of Australia's main export markets – Japan, Korea and Taiwan.

The coinciding of these factors created a very difficult trading environment for cattle and beef in 2008-09. However, a dramatic fall in cattle and beef prices should be avoided, at least in the short term, due to lower beef supplies across the big beef producing and trading regions – North America, South America and Europe; the retention of additional market share in Japan and Korea; and firm local demand.

Significant investment in grazing land and lotfeeding capacity over the past decade offers the promise of significant future growth in beef supplies over the medium term, providing cattle prices and profitability improve at the anticipated rate.

With global supplies likely to remain flat in the short term, and only rise gradually thereafter, the cattle and beef industry recovery rests heavily on a return to global economic growth and to a less volatile, and hopefully lower, A\$. This should see an expansion in beef import requirements in Japan, Korea, the Chinas, South-East Asia, the US, the Middle East, Russia and the EU.

Competition poses a significant medium-term threat to the Australian cattle industry. The US and Canada seem set for a more complete return to North Asia, and competition from South America could increase as Brazil rebuilds its herd. Furthermore, Brazil and Argentina harbour hopes of gaining access to the lucrative North American and North Asian markets, with the co-ordinated Mercosur effort to prevent further regional outbreaks of FMD proving a success, so far.

Possible changes to trade barriers pose both potential threats and opportunities for the industry. Despite little progress in the past year, the Doha Round of Multinational Trade Negotiations still holds the possibility of significant improvements in trade of red meat and co-products, particularly into North Asia and

the EU. The Korea–US free trade agreement (FTA) is poised to deliver a growing tariff advantage to US beef in Korea, unless an equivalent Korea–Australia agreement can be reached. On the other hand, the Australia–Japan FTA, currently being negotiated, offers hope of some reduction in the large Japanese beef import tariffs facing Australian beef.

### Lamb

The prime lamb industry has been a strong performer among the broadacre enterprises, experiencing record demand, supply, prices and farm incomes over recent years. Lamb production reached record levels in 2007–08 despite the impact of five years of drought on farm productivity. Record lamb and mutton prices in 2008–09 combined with improvements in pasture and grain availability, mean further supply records appear likely in the next few years, despite a falling flock.

Prospects for the prime lamb industry remain strong, with local and overseas customers looking to Australia to supply the steady growth in global demand for the product. The only other supplier with capacity for expansion is China, however there are few markets where Chinese product competes directly with quality Australian lamb, and China's local demand growth is expected to continue at a rate matching the production expansion, leaving little surplus for export.

Australia's challenge is to keep the prime industry's expansion going, given the lowest sheep flock since the 1920s. This will require a sharp fall in ewe turn-off. Providing seasons improve, Australian lamb supply is expected to rise slowly over the medium-term, allowing for some expansion in both domestic consumption and export volumes – but with lambs still commanding historically high prices.

### Sheepmeat

In contrast, the sheep and mutton sector faces ongoing severe supply issues. Despite a 24 per cent decline in the past decade, sheep turn-off remains unsustainably high and will need to fall a further 20–30 per cent to end the long flock liquidation. With lamb production attractive relative to cropping and cattle in drier and medium-rainfall southern regions, and some improvement in wool over crop and cattle returns in the past year, sheep turn-off is expected to fall sharply in 2009–10 and remain low over the short-to-medium term. This will cut mutton and live sheep exports, but should also keep sheep prices historically high, despite the higher A\$ and competition on global markets.

### Goatmeat

Over the past five years, the Australian goatmeat industry has experienced a phase of unprecedented growth. Strong demand – particularly from the US – has seen the industry evolve from a small, unstructured cottage industry into a genuine economic and environmentally sustainable alternative for primary

producers. Goatmeat exports have doubled over the past decade, and the industry must continue to reinforce its position as a year-round supplier of quality product in order to meet this demand and secure its position as the world's largest goatmeat exporter.

### Livestock exports

The livestock export trades continue to face major challenges, particularly from the high A\$, stock availability and animal welfare lobbies and regulations.

These factors, together with intense competition from South American, Indian and African livestock and meat, saw a decline in live cattle exports from a record of over 1 million in 2002–03 to only 578,000 in 2005–06. However strong growth in Indonesian demand and lower Australian cattle prices have since seen a recovery during 2008–09 to over 890,000 head returning a record value of A\$646 million.

Live goat exports are also being driven by one solitary market – Malaysia – which has seen shipments double over the last five years, while sheep exports continue to decline due to the rapidly contracting flock.

The recent expansion in Indonesian feedlot capacity promises continued live cattle export growth over the next few years, despite ongoing supply pressures and the high A\$. Similarly, goat exports are expected to continue to expand, constrained by available supply. Live sheep exports seem likely to decline significantly as availability declines, despite ongoing strong demand in the Middle East.



## Significant market, political and social trends likely to impact on the Australian red meat industry

### Market imperatives

- > **Growth on our doorstep.** All indications are that global meat markets will experience strong growth over the next decade, with Asia contributing significantly to the increase in demand.
- > **Competition to intensify.** The competitive environment for beef and sheepmeat in the global market has always been tough, with pork and poultry representing significantly cheaper protein sources and with retail and global foodservice operators exerting downward price pressure.

Within both sheepmeat and beef markets, competition is likely to intensify over the next five years. For both beef and lamb, competition from poultry and pork both locally and overseas is likely to remain intense, with relative price declines, particularly for poultry.

In addition, beef will face a more complete return of US product to North Asia, and also from increased South American and Indian supplies elsewhere. Eventually, South America is also likely to be granted access to our key North American and North Asian markets. For sheepmeat the most likely source of that increased competition is New Zealand, and possibly China. Furthermore, Argentina and other South American sheep producers are currently implementing programs to boost sheepmeat exports.

### Consumer trends

Consumers vary greatly in their food choices and lifestyles, and it is not possible to paint a pen-portrait of 'the consumer' in five years time. The food market will continue to see some subtle but notable shifts with important implications for the red meat industry.

- > **Consumer confidence.** Given a return to economic growth, consumer confidence will increase and people can be expected to increase expenditure on areas impacted by the economic downturn, including restaurants and higher priced proteins and meat cuts at retail.
- > **Food price inflation.** Driven by long-term rises in fuel and grain costs, food price inflation could again cause household budgetary pressure once global economic growth returns. This could cause particular problems for beef and lamb, given the record gap in prices between these meats and the main competitors, pork and poultry.
- > **Cocooning.** The trend towards 'nesting' or 'cocooning' will see interest in home cooking increase.
- > **Health awareness.** Increased health consciousness is here to stay – driven by obesity concerns and an increasing

proportion of our population in older age groups. It is supported by a growing awareness of the impact of diet on the health of all age groups.

- > **Community concerns.** Obesity, climate change and water shortages will cause many to question lifestyle and value choices in this apparent 'age of excess'. A return to more traditional meals and family life is emerging in Australia.
- > **Time.** We are increasingly time poor and convenience will continue to be a major driver in food choice, but with limits. Successful convenience of the future will be within the context of simple wholesome food.
- > **Consumer questions.** Food suppliers will come under greater scrutiny on the integrity of their production practices, including their impact on the environment and, for the livestock industries, animal welfare standards. This means that consumers will want to know more about what they buy, seeking greater reassurance of 'good for my family, good for my community'.

### Retailing trends

- > **Globalisation of retailing.** Globalisation of the retailing sector is moving swiftly in many markets, and its impact is now being seen in Australia with the continued expansion of Aldi and the recent arrival of Costco. Australian supermarket offers and formats match those of other countries, and initiatives launched in one market are being quickly imitated in others.
- > **Fresh and natural foods.** Consumer desire for healthier, more simple and wholesome foods has been met by retailers such as Wholefoods in the US and Lawsons Natural in Japan. In Australia, this segment has largely been catered for by retail butchers and local produce stores, while major supermarkets are evolving their fresh food presentation in order to meet increased fresh demand.

### Political imperatives

- > **A more protectionist society.** A rise in protectionist sentiment is evident worldwide, finding practical expression through the increasing use of non-economic trade barriers. Protectionist sentiment is also making an outcome in the World Trade Organization (WTO) Doha Round difficult to achieve. The incessant delays with a WTO outcome are seeing the proliferation of free trade agreements (FTAs), involving varying degrees of ambition. FTAs present both opportunities and challenges for the Australian industry.
- > **Government regulation.** To remain internationally competitive, Australia must continue to drive inefficiencies and costs out of local, state and federal government regulation that impacts on industry viability.



## Social values – public policy

- > **Management of land and water.** As custodians of a significant proportion of Australia's land mass and natural resources, red meat and livestock producers will increasingly need to prove their environmental stewardship through the responsible management of land and water. The red meat industry and livestock producers must play their part in reducing greenhouse gas emissions, thought to contribute to climate change.
- > **Cost and availability of labour.** The capacity of the meat processing sector to reward its workers is often outstripped by the labour rates offered by competing industries, with farm labour experiencing similar circumstances. Attracting young people to the industry and offering training and skill development opportunities is therefore critical.
- > **Animal activism.** In recent years, international animal rights groups have broadened their focus from traditional target western countries to include Australia, resulting in increased pressure on our government, our community and Australia's livestock industries. The red meat industry requires a firm and united position on this issue, including the proactive promotion of our proud record in animal husbandry, both to the community and the general market place.

## Biological revolution

- > **Genetics.** The modification and/or control of genes has the potential to deliver livestock and pasture species that are more productive, disease resistant, and easier to manage. Genomics R&D however, is risky, requiring substantial up front investment and private sector development and service delivery to underpin any potential long term returns. A balance is needed in the proportion of industry funds invested in this area, compared with conventional breed improvement methodologies.

## Animal disease

- > **Cost of animal disease.** The cost of animal disease has risen over the last decade and will almost certainly rise further. For example, according to the Food and Agriculture Organization of the United Nations (FAO), the cost of the FMD outbreak in the UK in 2001 has been estimated at US\$9.2 billion and while the outbreak in Taiwan cost US\$6.6 billion, in both cases most of the costs were indirect and exceeded the value of the respective industries. With these rising costs, continued investment in disease prevention measures and in Australia's world-leading traceability systems is required to best position the industry.

## Conclusion

Clearly the Australian meat and livestock industry operates in a demanding and sophisticated global marketplace.

Today's consumer is fussy and demanding – tomorrow's will be more so. Consumer trends are constantly changing and consumers are swift in their retribution if a product fails to satisfy.

There is undisputed evidence that communities enjoying rising economic fortunes consume increased quantities of red meat, however these same consumers are more knowledgeable and discerning about their dietary choices, and enjoy increased access to a diverse range of foods. This means Australia must work hard to remain competitive, contemporary and dynamic in its offer of products.

The industry has made major investments over many years in the areas of eating quality, product integrity, safety and disease eradication, and has taken great strides in adopting new technology to remain at the cutting edge of industry competency.

The *MLA Strategic plan 2010–2015* is a document intent on maintaining and enhancing Australia's position in this global market environment.

Continued investment in the critical area of eating quality remains a priority, as does an increased focus on animal welfare and care for the environment.

Community confidence and trust in our product's eating enjoyment, coupled with the integrity of how cattle, sheep and goats are managed, are central to the industry's continued viability.

The goal of our industry, and hence that of MLA, remains constant. We must collaboratively and collectively gain and nurture the confidence of the communities with whom we trade.

Our industry must preserve and strengthen its position in the minds of consumers around the globe when they make their choice to purchase meat. And their choice should be driven by the fact that they trust us.

This strategic plan intends to build on and drive consumer behaviour while at the same time delivering a profitable and sustainable business to, and in partnership with, Australia's red meat and livestock industry.



# Our priority alignment and MLA strategy 2010–2015

The focus and direction of our marketing, research, development and extension efforts is provided by the industry peak councils' *Meat Industry Strategic Plan 2010–2015 (MISP)* and is closely aligned to the Australian Government's National and Rural Research and Development Priorities. In addition, local, regional and global meat industry trends, macro and micro economic drivers, and the outcomes of regular industry consultations are all carefully considered when planning MLA's programs and initiatives.

| Industry peak councils  | Australian Government  |   |
|---|--|---|
| <i>Meat Industry Strategic Plan 2010–2015</i>   | National Research Priorities   | Rural Research Priorities   |
| <b>Strategies themes</b><br>1. Environment and ethics<br>2. Market access<br>3. Our industry<br>4. Our people<br>5. Innovation<br>6. Marketing and promotion<br>7. Economics and infrastructure | 1. An environmentally sustainable Australia<br>2. Promoting and maintaining good health<br>3. Safeguarding Australia<br>4. Frontier technologies for building and transforming Australian industries | 1. Natural resource management<br>2. Climate variability and climate change<br>3. Productivity and adding value<br>4. Supply chain and markets<br>5. Biosecurity<br><b>Supporting the priorities</b><br>6. Innovation skills<br>7. Technology |

Changes in industry operating environment



Industry consultation



Industry economic projections



| MLA's strategic imperatives 2010–2015   |  |  |   |   |
|---|--|--|---|---|
| <b>1. Improving market access</b><br>1.1 Enhancing product integrity<br>1.2 Ensuring a whole of industry approach to maintaining and liberalising access to world meat markets<br>1.3 Maximising market options for producers and exporters in the livestock export trade | <b>2. Growing demand</b><br>2.1 Achieving consistent eating quality<br>2.2 Enhancing the nutritional reputation of red meat<br>2.3 Developing new products<br>2.4 Aggressive promotion in the domestic market<br>2.5 Aggressive promotion in export markets – beef<br>2.6 Aggressive promotion in export markets – sheep | <b>3. Increasing productivity across the supply chain</b><br>3.1 Increasing productivity on farm<br>3.2 Increasing productivity off farm<br>3.3 Improving supply chain and market information<br>3.4 Improving animal health and biosecurity | <b>4. Promoting industry integrity and sustainability</b><br>4.1 Ensuring sustainability and demonstrating environmental stewardship<br>4.2 Responding to climate change<br>4.3 Continued improvement in animal welfare<br>4.4 Community communications | <b>5. Increasing industry and people capability</b><br>5.1 Increasing adoption of innovation<br>5.2 Working with industry to attract, develop and retain world-class people<br>5.3 Building innovation capability<br>5.4 Supporting industry with policy research |
| <b>Communicating with stakeholders and Corporate services</b>   |  |  |   |   |



MLA Annual operating plan





# Meeting our strategic imperatives: MLA's objectives and strategies

## Imperative 1: Improving market access

|           |   |  |
|-----------|---|--|
| Guided by | <b>Australian Government</b>  | <b>MISP 2010–2015</b>  |
|           | <b>National research priorities:</b> <ul style="list-style-type: none"><li>• Promoting and maintaining good health</li><li>• Safeguarding Australia</li></ul> | <b>Rural research priorities:</b> <ul style="list-style-type: none"><li>• Productivity and adding value</li><li>• Supply chain and markets</li><li>• Biosecurity</li></ul> |

As one of the world's largest exporters of red meat and livestock, access to international markets is critical to the ongoing prosperity of the Australian industry. Securing market access creates the platform for penetrating overseas markets and gaining market share.

Unfortunately, threats to existing conditions of access are ever-present. While historically these threats have involved raising economic barriers to trade, more recently governments have increasingly utilised regulations to severely restrict access.

In partnership with government, industry needs to pursue a broad range of initiatives to address the multidimensional array of measures now used to restrict trade. These include not only mounting arguments to lower economic barriers to trade, but also work on animal disease, animal welfare and food safety standards. To guarantee access it is important to ensure that current regulatory standards in these areas are met and exceeded, as well as anticipated developments in these standards.

MLA has three objectives that specifically address the overarching strategy of improving market access. These are:

- > Enhancing product integrity
- > Ensuring a whole-of-industry approach to maintaining and liberalising access to world meat markets
- > Maximising market options for producers and exporters in the livestock export trade

### Shared industry goals

- No major market disruption arising from a food safety incident
- Australia enjoys an unparalleled reputation for its food safety systems
- Improvements to existing conditions of access to international meat markets
- Market access for livestock exports maintained

## 1.1 Enhancing product integrity

As competition in world meat markets increases, and non-tariff trade barriers become more significant, Australia must differentiate its meat from other supplying nations in order to secure price premiums. A vital area of differentiation is for Australia to be considered a leader in the supply of safe and wholesome red meat products.

Freedom from major diseases underpins Australia's access to the world's premium meat markets. Our ability to quickly and effectively quarantine and manage any disease incursions can significantly reduce the costs associated with such an incident in terms of eradication expenses, lost market access and damaged reputation.

Over the life of this plan, MLA will research, deliver and promote systems that further enhance Australia's reputation for product integrity. This work will be undertaken with SAFEMEAT (the red meat industry and Government partnership) and other industry organisations.

MLA's overarching aims in this area are to:

- > Continue to reduce the risk of any food safety or product integrity incident arising through the further enhancement of on and off-farm quality assurance systems
- > Communicate Australia's food safety, integrity and traceability systems to our domestic and international customers
- > Manage, with government and industry, any food safety or exotic animal disease incident within the red meat sector



### Strategies

- 1. Enhance the uptake of quality assurance systems by all sectors of the red meat supply chain**
- 2. Develop and promote appropriate meat and livestock traceability systems**
- 3. Conduct scientific research to ensure the food safety systems available in Australia are at the leading edge of international knowledge and practice**
- 4. Promote the integrity of Australian red meat products to our international and domestic customers while minimising food safety related incidents**

### MLA measures

- Objective measures of Australia's product safety and integrity demonstrate improved performance
- High levels of customer confidence in Australia's meat safety systems
- High level of industry satisfaction with MLA's role in contributing to the development of product integrity and safety systems
- In the event of a food safety incident, industry and government satisfaction that MLA has contributed to minimising market disruption



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

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

Many market access issues arise unexpectedly, often being technical in nature. In all markets MLA will:

- > Monitor developments in market access
- > Provide regular reports to industry and government
- > Provide a response capability in the case of an adverse event

The World Trade Organization (WTO) Doha Round continues to offer some prospects for trade reform, despite ongoing delays. It is critical that real and significant improvements in market access are forthcoming from this Round.

Alongside the WTO activities, it is necessary to position the Australian meat and livestock industry in free trade agreements (FTAs) with key trading partners such as Japan and Korea. For each FTA, industry priorities will be reinforced with government, with this reinforcement being constantly updated as negotiations progress.

Technical market access issues have been rising in prominence. To seek swift resolution of these issues, MLA will work with government and industry to provide the required research to support commentary against scientifically unjustified restraints on trade.



### Strategies

1. **Defend existing favourable market access conditions in overseas markets**
2. **Position the Australian meat and livestock industry for the WTO Doha Round**
3. **Position the Australian meat and livestock industry for FTA negotiations**
4. **Develop strategies to remove access barriers**

### MLA measures

- Independent evaluations conclude that MLA has contributed to the maintenance and improvement of market access

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

Australia’s livestock export industry generates about \$1 billion in export earnings annually. The trade makes a significant contribution to the northern Australian economy in particular and employs thousands of rural and regional families.

To ensure this industry continues to flourish, the highest quality processes – especially in the area of animal welfare – must continue to be applied to the trade, along with a demonstrated commitment to addressing community concerns.

In collaboration with industry and in partnership with LiveCorp, MLA will:

- > Continue to deliver programs that ensure improvements in animal welfare outcomes through the supply chain
- > Equip people managing and handling Australian animals with suitable skills and knowledge to maximise livestock performance
- > Maintain and defend market access conditions
- > Build demand for Australian livestock through in-market promotion

These activities will be underpinned by R&D programs to uncover new tools and knowledge that, when adopted by industry, provide beneficial outcomes for the welfare and performance of livestock exported.



| Strategies   |
|--|
| 1. <b>Deliver continuous improvement in animal welfare</b>                                 |
| 2. <b>Improve industry capabilities and livestock performance through the supply chain</b> |
| 3. <b>Build community support through proactive communication of industry achievements</b> |
| 4. <b>Defend market access conditions and build demand for livestock</b>                   |

| MLA measures  |
|---|
| <ul style="list-style-type: none"> <li>• Ongoing government and community support for livestock exports, ensuring Australian producers and exporters have access to overseas markets for their livestock</li> </ul> |

## Imperative 2: Growing demand

|           |  |   |  |
|-----------|--|---|--|
| Guided by | <b>Australian Government</b><br><b>National research priorities:</b> <ul style="list-style-type: none"><li>• Promoting and maintaining good health</li></ul> | <b>Rural research priorities:</b> <ul style="list-style-type: none"><li>• Productivity and adding value</li><li>• Supply chain and markets</li><li>• Innovation skills</li><li>• Technology</li></ul> | <b>MISP 2010–2015 strategic themes:</b> <ul style="list-style-type: none"><li>• Marketing and promotion</li><li>• Innovation</li></ul> |
|-----------|--|---|--|

In a highly competitive global market, success depends on understanding market and consumer needs, and positioning our products and brands more effectively than our competitors.

This requires industry not only to strive to deliver superior levels of product performance on key dimensions, but to consistently reinforce and promote this success through our communication messages.

In the domestic market, where our main competition is alternative proteins, MLA's principal focus is on examining the drivers of consumer demand. Under this plan MLA will work together with industry to identify and enhance category performance, and lead whole-of-industry marketing campaigns that address the drivers of demand – enjoyment, nutrition, convenience, integrity and value for money.

In export markets, our task is not only to help grow overall demand, but to strengthen Australia's market share and position ourselves against other red meat supplying nations. MLA will assist Australian exporters to identify customers; lead the effort to differentiate Australian product by boosting awareness of the quality and safety attributes of Australian red meat; and help Australian suppliers to distinguish themselves through superior customer service and support.

MLA's five objectives to assist industry with growing demand are:

- > Achieving consistent eating quality
- > Enhancing the nutritional reputation of red meat
- > Developing new products
- > Aggressive promotion in the domestic market
- > Aggressive promotion in the export market

### Shared industry goals

- Measurable improvements in the eating quality and consistency of Australian beef and sheepmeat
- The use of eating quality attributes to differentiate our product in key markets
- High levels of end-user and consumer satisfaction and confidence
- Improving consumer attitudes towards red meat
- Growing business in new markets and outlets
- Capture unrealised value from the carcass



## 2.1 Achieving consistent eating quality

The history of the food industry has taught us that a high level of consumer confidence in product performance is required for category success.

Variables inherent in a fresh product, and the complexities of producing beef, sheepmeat and goatmeat in a range of environments, means this remains a particular challenge for the meat industry globally.

For Australia's red meat industry, variability in eating quality has been previously identified as a significant impediment to demand growth. Additionally, competition from lower-cost suppliers means that more consistent eating quality can be a key differentiator and demand driver, for Australian product overseas.

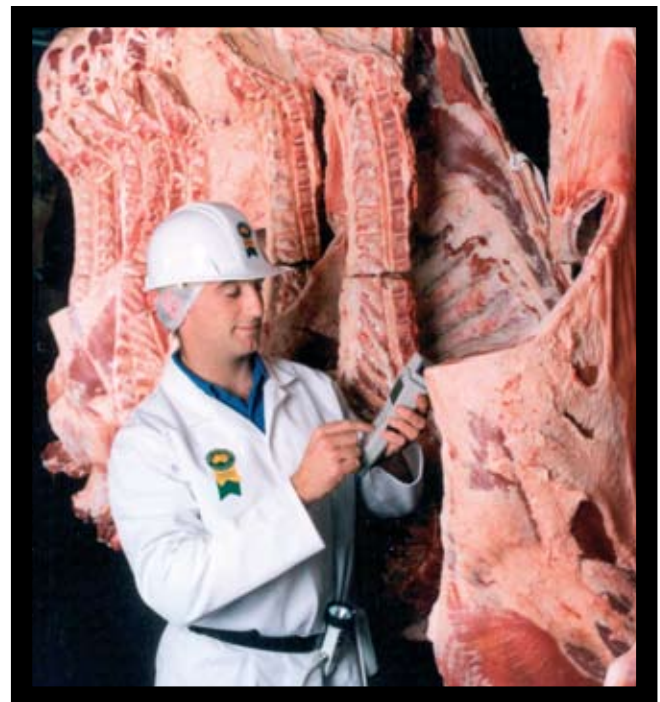
MLA's goal is for the Australian industry to be able to provide customers with beef and sheepmeat that is of consistent and predictable eating quality, both in Australia and overseas, in a cost effective manner.

Specifically, MLA aims to:

- > Partner with industry to reduce failure rates against consumer and customer expectations
- > Position Australian product based on eating quality descriptions
- > Enhance broad industry understanding of the factors that contribute to eating quality
- > Improve the free flow of information across the value chain, stretching from producer through to consumer, and including processors

- > Develop new processing technologies and interventions that support and enhance eating quality.

Consumer expectations of product performance and reliability will continue to rise. Quality based differentiation can provide significant benefits in consumer satisfaction, and capture unrealised value for the industry.



### Strategies

1. **Develop and prove interventions for eating quality, nutrition, consistency and productivity**
2. **Develop and maintain standards and measurement tools to underpin guarantees of eating quality**
3. **Partner with supply chains to support brands and adopt eating quality systems**

### MLA measures

- Objective measures of eating quality of meat in the market developed and tracked with measurable improvement
- Consumer satisfaction scores maintained at high levels
- Strong growth in Meat Standards Australia (MSA) grading numbers

## 2.2 Enhancing the nutritional reputation of red meat

Red meat's role in a healthy balanced diet has been confirmed over recent years, with momentum towards red meat reversing much of the negative sentiment and information from previous decades. However challenges to this role remain and there is much work still to be done to secure red meat's rightful position as an essential part of a meal repertoire.

MLA's goal is to further reduce constraints on red meat consumption and to strengthen consumer and community understanding of the current National Dietary Guideline to enjoy red meat three to four times per week.

This means there is a need to influence not only the attitudes of consumers, but also key nutrition opinion leaders and community health professionals such as doctors and dietitians, health organisations and agencies, and policy makers. Such influence can only be achieved with a sound base of scientific knowledge.

In key overseas markets, MLA aims to increase understanding of the health benefits of red meat to support higher levels of red meat consumption and demand.

As nutrition promotion becomes a more significant part of food marketing strategies, competition for consumer confidence will intensify. It is important that red meat is clearly and consistently positioned to protect and build its long-term position as a staple in our meal repertoires.



### Strategies

1. Increase our knowledge of the health benefits of red meat
2. Maintain consistent and fact-based dietary recommendations for red meat
3. Communicate and promote evidence-based nutrition information on red meat to health professionals and the broader community

### MLA measures

- Strengthened consumer attitudes towards red meat

## 2.3 Developing new products

MLA's goal is to increase carcase values and the profitability of the industry through developing new, value-added applications for red meat cuts and co-products. Central to this objective is the need to tailor products to the current and emerging needs of the consumer for food products and meals – particularly to increase demand for non-loin cuts – and of other value chain partners for commercial ingredients such as pharmaceutical, nutraceutical and cosmetic ingredients. There is also a need for strategic research to identify novel, non-commodity applications of existing products such as skins, offal and blood.



Collaboration with industry (involving all parts of the supply chain in retail, foodservice and export channels) is necessary to develop and launch new products into existing markets, and to assist in opening and developing new markets for value-added products where Australia can enjoy a competitive advantage.

Specifically, MLA aims to:

- > Assist industry to identify new market opportunities for value-added products
- > Expand consumer and food service demand for low-value cuts and by-products to better capture unrealised value from the carcase
- > Develop advanced technologies which can provide the industry with a competitive advantage in the area of value-adding
- > Accelerate the development of new value chains to take novel value added products to market in the shortest possible time

### Strategies

1. Identify and evaluate emerging trends for new products
2. Develop technologies to improve the range of applications of co-products as commercial ingredients
3. Develop new technologies to enable transformation and value-adding of low value cuts
4. Implement innovative value-adding strategies

### MLA measures

- New value-added meat and non-meat products and ingredients achieve greater end-user adoption and market success
- Improved industry value-adding capability leading to increased profitability from innovative new meat products and high value by-products

## 2.4 Aggressive promotion in the domestic market

The food market is one of the most competitive environments in our society, with a plethora of outlets and offerings competing to satisfy our physical and emotional needs. Within this mass of commercial messages and enticements, our industry must continue to stand out from the pack.

Our goal is to further strengthen end-user and consumer appeal for beef, sheepmeat and goatmeat.

In the domestic market, MLA will seek to further build consumer recognition of the functional and emotional benefits of beef and lamb. This will involve extensive consumer advertising and promotion with messages around taste, enjoyment, popularity, convenience and value for money. We will continue to seek strong retail and foodservice support for these activities to convert these campaigns into real sales.

As more and more consumer meal decisions are being made at the point of sale, stimulating consumers towards a beef or lamb meal choice in-store is crucial. The key to winning this battle is in constantly raising standards of category presentation, merchandising and promotion, together with presenting consumers with an appealing range and comprehensive product information. MLA works with retailers large and small to achieve this.

In foodservice, the challenge is to maintain and build on red meat's strong share of menus across the myriad of meal outlets. We will pursue this challenge through a mix of trade shows, opinion leader events, publications and tailored promotions.



### Strategies

- 1. Build lamb as a routine habitual family purchase, by focusing consumer promotional efforts on specific community occasions throughout the year**
- 2. Expand consumers' beef meal repertoire by building consumer confidence in preparation of a wider range of cuts and desire, using seasonal meal-based promotions**
- 3. Work with retailers and foodservice operators to raise standards of red meat presentation, quality, merchandising and promotion**

### MLA measures

- End-users and industry value MLA promotion programs
- End-users and industry value MLA trade development programs
- Consumer attitude and behaviour goals being achieved



## 2.5 Aggressive promotion in export markets – beef

Despite a relatively small production base, Australia continues to be one of the world’s leading beef exporters. Australia is currently the dominant supplier of imported beef to premium markets such as Japan, Korea and the US.

In maintaining and expanding its position in a range of markets Australia faces a number of challenges from both competitor beef suppliers, alternative meat proteins and changing consumer attitudes.

In particular, competition from the US will increase in our premium North Asian beef markets as BSE restrictions are eased. Furthermore, South America (Brazil, Uruguay and Argentina) and India represent strong and growing competition in the commodity price-sensitive markets. In the face of this competition Australia needs to establish strong points of differentiation between Australian beef and beef available from other sources – particularly through our meat safety, traceability, product consistency and specification systems.

Additionally, competition from other meat protein sources requires Australia to focus on developing overall beef demand in a number of markets. Responding to shifting expectations by both end users and consumers in the areas of health, animal welfare and environment is critical if Australia wishes to protect and grow its position in the global meat market.

In order to respond to these challenges, and achieve the objectives of market maintenance and growth, MLA has developed a range of strategies in conjunction with our stakeholders (producers, processors, exporters, overseas customers and foreign consumers), aimed at disseminating

market knowledge and trends, developing new business and promoting the generic qualities of Australian beef.

In addition to the above, in all markets, MLA promotional activities will increasingly involve cooperative work with Australian exporters (and their importer/wholesaler/end-user customers) to develop and grow sales of individual Australian beef brands. This strategy adds a commercial edge to MLA’s international promotional activities and recognises that increasingly diverse customer needs are best addressed through branded programs.



### Strategies

1. Disseminate comprehensive export marketing information through monitoring and reporting on consumer trends (global and local), channel trends and requirements, and competitive positioning
2. Develop new trade and consumer opportunities for Australian beef internationally
3. Position Australia’s beef as safe, consistent, versatile and nutritious via trade and consumer educational activities
4. Assist in the creation and promotion of strong brand identities through the implementation of individual co-operative programs (ICAs)

### MLA measures

- End-users and industry value MLA promotional programs
- Strong positioning of Australian beef brands in key international markets

## 2.6 Aggressive promotion in export markets – sheepmeat

Australia has emerged as the world’s major sheepmeat exporter – despite the substantial decline in Australia’s sheep flock. Competitor sheepmeat suppliers, particularly New Zealand, have also experienced a large decline in sheepmeat production. This decline, combined with New Zealand’s strong focus on the EU market, has provided a range of opportunities for Australia in other markets internationally. Australia dominates the supply of high quality chilled lamb to major export markets, especially in the modern retail and high-end foodservice sectors.

Lamb consumption internationally is very limited compared to other meat proteins, so it is important for the long-term prosperity of Australian lamb producers that global lamb consumption increases. Bearing this in mind, there is a strong need to implement activities that create consumer awareness and encourage the trial and purchase of lamb. Co-operation between all levels of the lamb supply chain is required to achieve the overall consumption growth strategy. This includes co-operation with other lamb producing countries in developing consumer demand for lamb.

There are a number of other marketing initiatives focusing on business development and product innovation designed to ensure Australian lamb supplies are positioned to optimise the return to the carcase. The profiling of Australian lambs’ attributes – integrity, consistency and quality – underpins market positioning for the product. These activities assist in a diversification of markets and market sectors internationally for Australian lamb.

To maximise the positioning of Australian sheepmeat in overseas markets there is the need to develop and maintain strong supply chains. Accordingly, many of MLA’s lamb promotional activities involve co-operative work with Australian exporters (and their importer/wholesaler/end-user customers), supporting individual lamb brands.



### Strategies

1. Disseminate comprehensive export marketing information through monitoring and reporting on consumer trends (global and local), channel trends and requirements, and competitive positioning
2. Grow awareness, trial and purchase of Australian lamb in overseas markets through various promotional activities including advertising and sampling
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)
4. Under co-operative programs support the growth of branded lamb supply chains to develop trade and consumer loyalty

### MLA measures

- End-users and industry value MLA lamb promotional programs
- Growth in overseas outlets carrying Australian lamb and in Australian lamb sales

## Imperative 3: Increasing productivity across the supply chain

|           |  |   |
|-----------|--|---|
| Guided by | <p style="text-align: center;"><b>Australian Government</b></p> <p><b>National research priorities:</b></p> <ul style="list-style-type: none"> <li>• An environmentally sustainable Australia</li> <li>• Promoting and maintaining good health</li> <li>• Safeguarding Australia</li> <li>• Frontier technologies for building and transforming Australian industries</li> </ul> <p><b>Rural research priorities:</b></p> <ul style="list-style-type: none"> <li>• Natural resource management</li> <li>• Productivity and adding value</li> <li>• Supply chain and markets</li> <li>• Biosecurity</li> <li>• Innovation skills</li> <li>• Technology</li> </ul> | <p><b>MISP 2010–2015 strategic themes:</b></p> <ul style="list-style-type: none"> <li>• Our people</li> <li>• Innovation</li> <li>• Economics and infrastructure</li> </ul> |
|-----------|--|---|

The long term prosperity of the red meat industry is critically dependent on increasing efficiency; discovering science-based innovations that improve productivity in an environmentally responsible manner; and ensuring that both on-farm and off-farm decision-makers have high calibre information available on demand.

Declining terms of trade for producers, and ongoing cost pressures for processors trying to meet customer expectations in competitive markets, mean that all sectors of the industry must continuously strive for improvement.

MLA's role is to provide the industry with the latest research tools and information solutions that enable individual enterprises to reach their potential.

While uptake of these services and solutions will always be the decision of individual enterprises, MLA will strive to demonstrate commercial benefits across the value chain that will contribute to the growth of the industry as a whole.

MLA's four objectives addressing this imperative are:

- > Increasing productivity on farm
- > Increasing productivity off farm
- > Improving supply chain and market information
- > Improving biosecurity and animal health

### Shared industry goals

- Innovations developed that can increase productivity and reduce cost of production for livestock producers, without compromising product quality or environmental impact
- The processing industry is increasingly competitive globally in the areas of cost of production, yield and occupational health and safety
- Government, industry organisations and individual enterprises are empowered to make better business decisions through the supply of relevant and timely market information

### 3.1 Increasing productivity – on farm

Producers operate complex businesses in an environment characterised by highly variable seasons and markets. It is essential that research and development delivers new tools and technologies that support producers to become more productive and efficient.

The livestock industries have experienced a long term decline in terms of trade, and have lagged behind some other industries in terms of productivity improvement rates. Consequently, new technologies, management practices and grazing systems that enhance production efficiency and profitability are becoming increasingly important for all livestock producers.

The key drivers of farm profitability are:

- > Increasing pasture utilisation rates (particularly in southern systems)
- > Reducing mortality (particularly in northern systems)
- > Increasing sale weight and/or reducing age at sale
- > Increasing weaning rate
- > Increasing price per unit sold
- > Reducing feed costs per unit sold

To address these priorities, MLA invests in R&D projects specific to the northern beef, southern beef, feedlot, lamb/sheepmeat and goatmeat sectors.

To ensure the benefits of MLA’s work in these areas are realised, MLA will also continue to invest in high quality, targeted information, tools and selective extension activities to enable producers to apply the outcomes of research and development to their livestock operations (Objective 5.1).



#### Strategies

1. Enhance rates of genetic improvement in flock, herd and feedbase performance
2. Increase feed productivity and sustainability
3. Optimise business performance in supply chains
4. Optimise utilisation rates and productivity in grazing and feeding systems
5. Increase labour efficiencies through new technology

#### MLA measures

- Objective data on genetic trends in production (income and cost) traits in beef cattle, sheep and pastures
- New tools and technologies demonstrated to improve business performance through productivity and/or product quality at the enterprise level



## 3.2 Increasing productivity – off farm

The Australian red meat value chain faces significant challenges in sustaining efficiency and productivity at levels that ensure global competitiveness is maintained.

The processing sector operates on tight margins – reportedly one to four per cent – and improving cost efficiency and productivity is therefore critical for ensuring a stable, profitable platform is maintained, and ongoing industry growth is supported.

Analysis suggests that the key drivers and opportunities for improving processing efficiencies are:

- > Maximising yield and optimising product mix
- > Labour issues including operator injuries



- > Cost of services including water, steam, compressed air and refrigeration
- > Consumables including chemicals and packaging
- > Broader efficiencies associated with information exchange and improved business relationships between various components of the supply chain (both upstream and downstream)

A key enabler for this objective is to ensure that input costs and efficiency losses can be quantitatively assessed. This enables evaluation of a range of alternatives, in addition to identifying new areas of innovation and research that will support improved processing productivity.

Under this objective, MLA will collaborate with Australian meat processors and the Australian Meat Processing Corporation (AMPC) to reduce and optimise input usage, while simultaneously increasing the sector's efficiency in harvesting available saleable products from each animal processed.

It is anticipated this will be achieved via:

- > Development and adoption of new technologies and systems that maximise recovery of meat and non-meat products
- > Improving working conditions to reduce work-related injuries and illnesses
- > Increasing the efficient use of critical resource inputs
- > Developing objective measurement technologies to support automation of processes and exchange of information along the supply chain

### Strategies

1. **Develop new technologies and systems to increase processing efficiencies**
2. **Assist the processing sector to improve occupational health and safety**
3. **Develop new systems to support processing decision-making**

### MLA measures

- Measured improvement in the productivity of processing businesses by impacting on critical input costs, processing efficiencies, occupational health and safety, and improved yields

### 3.3 Improving supply chain and market information

More than ever, the global red meat trading environment is undergoing rapid change and is increasing in complexity. Against this background it makes sense for the Australian industry to invest in a base level of market information – not only so market signals can be transmitted through the supply chain, but also for purposes such as industry planning, performance measurement and market access negotiations.

The rapidly changing market place demands increased activity in two key areas of market intelligence. Over the life of this plan, MLA aims to:

- > Gather and disseminate pertinent competitor intelligence to provide critical information on the long term positioning of the Australian industry, and facilitate commercial planning and benchmarking
- > Enhance annual and within-year cattle and lamb supply monitoring and forecasting, encouraging the development of commercial forecasting and advisory services

More generally, a range of recent developments within the Australian meat and livestock industry, including the implementation of comprehensive traceability systems and increased carcass measurement, provide the opportunity to significantly improve the flow of information along the supply chain. MLA will act as a catalyst, allowing technology to be harnessed and the amount and accuracy of information transmitted throughout supply chains to be increased.



#### Strategies

1. **Collect and maintain domestic and international meat market data of relevance to the Australian meat and livestock industries**
2. **Disseminate incisive analysis of relevant world meat market developments**
3. **Gather and analyse data on competitors**
4. **Facilitate improved information flows and risk management within supply chains**

#### MLA measures

- Surveys indicate that MLA market information is used and valued by governments, industry organisations, and participants in industry business decisions
- Increased industry confidence in, and use of, MLA cattle and lamb supply forecasts

### 3.4 Improving animal health and biosecurity

Australia remains free of key animal diseases that, if present, would severely impact on trade and our ability to produce high quality meat, in addition to causing negative animal health outcomes.

However, diseases endemic to Australia cause significant losses in enterprise productivity. The four major cattle conditions are cattle tick, under-nutrition, bovine ephemeral fever and buffalo fly, which together are estimated to cost the industry \$442 million per annum (2006 survey). Tick fever, bloat, bovine respiratory disease and internal parasites are also significant contributors. In sheep – internal parasites, flystrike, lice and lamb mortality (pre- and post-weaning) are estimated to cost the industry \$1,038 million per annum.

Under this objective MLA's R&D will focus on:

- > Improving the health and biosecurity 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
- > Enabling the red meat industry to respond quickly to emerging issues



#### Strategies

1. **Maintain Australia's favourable disease status**
2. **Improve controls for key livestock diseases and causes of production loss**

#### MLA measures

- Disruption to trade from key animal disease threats minimised due to improved biosecurity measures
- Improved management and control measures released for at least five significant diseases of importance to the red meat industry

## Imperative 4: Promoting industry integrity and sustainability

|           |   |  |
|-----------|---|--|
| Guided by | <b>Australian Government</b>  | <b>MISP 2010–2015<br/>strategic themes:</b> <ul style="list-style-type: none"><li>• Environment and ethics</li><li>• Our industry</li><li>• Innovation</li></ul> |
|           | <b>National research priorities:</b> <ul style="list-style-type: none"><li>• An environmentally sustainable Australia</li><li>• Frontier technologies for building and transforming Australian industries</li></ul> |  |

As custodians of much of Australia’s land mass, the red meat industry recognises its duty of care to the environment and the need to preserve it for future generations. The industry has a strong record of investing in research and development and practical measures to both prevent and repair land to improve its condition and productive potential. Producers, processors, livestock exporters and other supply chain participants are also mindful of the importance of meeting robust animal welfare standards to provide confidence to consumers. The industry benefits from recognition by the overwhelming majority of consumers that consider the industry operates with integrity. The community and government now places even greater scrutiny on the production systems used to supply food to Australian consumers, and customers in over 100 countries around the world.

The addition of this imperative in MLA’s *Strategic plan* elevates these issues further, and demonstrates the level of importance industry and MLA places on environment and animal welfare. It also highlights the need for co-ordination across the areas of scientific research and development, community communication, and consumer marketing support where these issues are becoming an increasing factor in the purchasing decisions of major customers.

MLA’s role is to manage a research portfolio that can provide information, tools and innovative technologies to fill existing and emerging gaps in scientific knowledge, and to provide a platform for the distribution of messages to community and government opinion leaders.

### Shared industry goals

- The red meat industry establishes baseline and ongoing data to demonstrate continuous improvement in environmental management and custodianship of animals and resources
- Effective community engagement maintains the high level of trust that consumers have for livestock producers and the manner in which they produce food
- The red meat industry develops and implements robust, credible standards for environmental management and animal welfare
- A co-ordinated total supply chain response to climate change policy that protects and preserves the interests of the livestock industry



## 4.1 Ensuring sustainability and demonstrating environmental stewardship

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

A major challenge for the industry is to use its natural resources in a sustainable way, to achieve the dual goals of improving both the condition of the environment and the performance of individual enterprises.

The industry has already made significant progress in adopting natural resource management practices that achieve these goals. Improved production systems have shown positive results in addressing issues such as salinity, soil acidity, pests and soil erosion, while the processing sector continues to improve its energy, water and emissions management systems.

MLA's programs will build on this work to help further protect natural resources, maintain access to markets, and ensure the industry's competitive advantage.

Under this objective MLA will collaborate with regional groups, other research agencies, and ethically responsible supply chains, to focus on:

- > Water use efficiency
- > Managing soil resources
- > Improving biodiversity, weed and feral pest management
- > Reducing greenhouse gas emissions
- > Demonstrating environmental stewardship



### Strategies

1. **Develop and promote information and tools that help natural resource management and productivity**
2. **Support industry participants to assess natural resource impacts and demonstrate environmental stewardship**

### MLA measures

- Adoption of best management practices known to reduce environmental impacts in the production, feedlot and processing sectors
- Participation in environmental stewardship programs by livestock enterprises

## 4.2 Responding to climate change

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

Effective management of the business risks and opportunities will require:

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



### Strategies

- 1. Develop adaptation strategies to improve resilience of production systems**
- 2. Develop mitigation strategies to reduce greenhouse gas emissions**
- 3. Conduct research to inform and respond to market initiatives**

### MLA measures

- Best management practices and strategies developed and adopted across the supply chain for responding to predicted climate change
- Improved estimates of net greenhouse gas emissions from sectors of the supply chain
- Verifiable and practical greenhouse gas mitigation strategies for the production, feedlot and processing sectors

### 4.3 Continued improvement in animal welfare

Animal welfare standards for food producing animals have received increased attention, both within Australia and with overseas trading partners.

Under this objective MLA's R&D will focus on:

- > Improving the welfare of livestock raised, handled, transported and processed in Australia

- > Minimising the potential for trade/market access being interrupted
- > Addressing consumer and regulatory concerns with evidence-based science that will facilitate informed policy decisions
- > Enabling the red meat industry to respond quickly to emerging issues

MLA's research in this area will investigate those animal welfare practices that also have positive impacts on production efficiency, processing efficiency and product quality.

MLA R&D will continue to form part of the action plan supporting the Australian Government's Animal Welfare Strategy. A key role will be ensuring the development of standards relevant to Australian conditions.



#### Strategies

1. **Manage and improve livestock welfare to meet community expectations**
2. **Develop and use a practical risk management approach to animal welfare in the processing sector**

#### MLA measures

- Adoption rates of improved animal welfare husbandry and handling techniques
- Scientific information is available to respond to consumer and regulatory concerns and facilitate informed policy decisions

## 4.4 Community communications

Consumers and communities both in Australia and overseas are becoming increasingly interested in the ethics of food production, most notably animal welfare and environmental sustainability.

To ensure the long-term productive capacity and reputation of Australia's red meat production systems, the industry invests in R&D designed to improve management of these issues.

The community communications program promotes these advances to the broader community, building basic knowledge of, and fostering community pride in, the Australian livestock industry. The aim is to maintain a high level of trust among urban Australians that the Australian meat and livestock industry will do the right thing by its animals, the environment and consumers.

To prosper, the livestock industry, like any other industry, must be attuned to both its customers' needs and to community sentiment and must then ensure it keeps delivering on both.

Detractors of the industry's environmental and animal welfare performance have leveraged the growth in the use of web 2.0 communication tools to transmit potentially damaging messages that are challenging and in many cases without foundation. The industry needs to invest further in counter measures to balance the debate by demonstrating the industry's commitment to these issues and to present livestock producers and processors as part of a responsible and professional industry that cares about the land and animals under their stewardship.



### Strategies

1. **Build knowledge and understanding among urban Australians of the red meat industry's integrity and environmental credentials**
2. **Provide an experience for urban Australians to gain first hand knowledge of our production standards**
3. **Create a human bond between producers and the urban community to deepen an understanding of industry ethics**
4. **Respond and defend the industry's credentials to ensure the urban community remains confident in the industry**

### MLA measures

- Consumers and customers perceive the red meat industry as being responsible stewards of animal welfare and the environment
- High level of trust maintained among urban Australians
- Consumer perceptions of animal welfare and environmental issues do not become a major barrier to red meat consumption



## Imperative 5: Increasing industry and people capability

|           |   |  |
|-----------|---|--|
| Guided by | <b>Australian Government</b>  | <b>MISP 2010–2015</b>  |
|           | <b>National research priorities:</b> <ul style="list-style-type: none"> <li>• Promoting and maintaining good health</li> <li>• Frontier technologies for building and transforming Australian industries</li> </ul> | <b>Rural research priorities:</b> <ul style="list-style-type: none"> <li>• Productivity and adding value</li> <li>• Supply chain and markets</li> <li>• Innovation skills</li> <li>• Technology</li> </ul> |

In today’s competitive environment, industries are faced with the challenge of capturing competitive advantage through constant innovation. For more than 150 years, the foundation of Australia’s prosperity has been delivered by resource-based industries such as agriculture. It is critical for the long-term health of the economy, and the viability of rural communities in particular, that the red meat industry maintains profitability, sustainability and competitiveness.

A world-class innovation culture and capability and the development of a skilled and engaged workforce will be fundamental in achieving this goal. As noted in the *Meat Industry Strategic Plan 2010–2015* “Our ability and capacity to innovate are the key reasons our industry has become a leading supplier of red meat and livestock. We must continue to innovate in order to remain competitive and ensure viability of our sector into the future.”

MLA’s goal is to develop a sophisticated and competitive industry by building the innovation capability of each part of the value chain. A key area of service is specifically to build industry skills, attitudes and capabilities required for effective innovation and to accelerate the successful adoption of research outcomes.

In addition, MLA will also seek to support and underpin the industry’s capacity to innovate and remain competitive through policy research, analysis and advice in a range of industry priority areas.

The four overarching objectives supporting this strategic imperative are:

- > Increasing adoption of R&D outcomes
- > Attracting, developing and retaining world-class people
- > Building industry innovation capability across the value chain
- > Supporting industry with policy research

### Shared industry goals

- Increased adoption of R&D outcomes at all levels of the value chain
- Measurable improvements in innovation skills at enterprise level and capability of industry as a whole to adopt innovative practices
- Improved ability of industry to attract and retain skilled staff
- Increased engagement and investment by enterprises in initiatives designed to increase competitiveness and profitability through innovation
- Industry well prepared to address emerging policy issues and government provided with appropriate information and analysis to inform action on priority policy issues

## 5.1 Increasing adoption of innovation

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

This will be achieved by rigorous analysis of the needs of different segments of the industry, identification of new opportunities to better deliver practical tools and information through the most effective channels, and assisting to build extension and commercialisation infrastructure capacity.

Specifically, MLA aims to deliver:

- > Detailed R&D communication strategies, including publications, workshops, networks and significantly enhanced application of electronic channels
- > A series of interventions that ensure targeted sections of industry are advised of opportunities in a timely manner and provided with support to build their capability to adopt innovation
- > A disciplined approach to planning and implementing adoption and commercialisation strategies that includes identifying and working with appropriate adoption and commercialisation providers
- > Promoting adoption by quantifying and demonstrating the commercial benefits of new technologies and systems



### Strategies

- 1. Collaborate to deliver tools, information and learning opportunities**
- 2. Implement effective commercialisation and adoption processes, systems and plans**
- 3. Plan, measure, evaluate and report outcomes of research and development**

### MLA measures

- Effective adoption plans deliver quantifiable benefits to industry
- Increased uptake of new technologies, processes and systems that improve productivity and/or sustainability throughout the value chain

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

The ability to attract and retain a productive and skilled workforce is vital for the future of the red meat industry. For the industry’s research, development and innovation programs to be sustainable into the future, it will be essential to maintain a critical mass of high-quality research, extension and commercialisation capability available to the industry.

In order to support industry’s achievement of this objective, MLA will focus on:

- > Promoting the red meat industry as a rewarding career path
- > Assisting industry with research to improve employee retention rates
- > Developing a culture and capability for leadership
- > Providing scholarships and other incentives to attract suitably qualified people into the industry
- > Identify current and future capability gaps and work with key stakeholders and providers to implement long-term plans to address these gaps



### Strategies

1. **Enhance industry’s image as a desirable career destination to attract the right people**
2. **Collaborate with industry to implement professional and skills development programs**
3. **Assist industry to retain a motivated, skilled workforce**
4. **Support the development of essential science, research, technical and extension capabilities**

### MLA measures

- Evidence of improved industry success in attracting, developing and retaining adequate numbers of appropriately skilled people across all sectors
- The number of professionally qualified people with required science and technology disciplines within industry and research, development and extension providers is matched to the demand for these roles

### 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 order to strengthen industry innovation capability, MLA will focus on accelerating the development of a culture of innovation within industry by partnering with individual enterprises and facilitating the implementation of effective innovation initiatives along the value chain. This will include investing in the identification of new methods and approaches to increase the development of innovation skills and the attitudes and behaviours that underpin adoption.



#### Strategies

- 1. Partner with enterprises to develop and implement effective innovation capability building programs**
- 2. Provide a range of tools, methodologies and enabling support structures at enterprise and supply chain levels**

#### MLA measures

- Evidence of success in implementation of innovation capability building initiatives with measurable benefit to enterprise and industry performance



## 5.4 Supporting industry with policy research

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

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

MLA will assist the Australian red meat and livestock industry to achieve positive outcomes domestically by equipping peak councils and other representative organisations with expert policy analysis and advice on priority issues.

MLA will also co-ordinate industry efforts internationally to ensure multilateral negotiations on climate change and animal welfare do not undermine the profitability of the Australian red meat and livestock industry.



### Strategies

1. **Work closely with peak councils to identify priority policy issues and commission research to support**
2. **Work with peak councils to communicate industry policy positions**
3. **Seek opportunities for coalitions with like-minded organisations**

### MLA measures

- MLA is viewed as an authoritative industry source of policy research on red meat and livestock industry issues

# Communicating with stakeholders

MLA's member and stakeholder research demonstrates that higher levels of awareness of MLA and its activities are strongly linked to greater value being placed in MLA's role in the red meat industry.

MLA's communication strategy and activities seek to ensure all stakeholders are aware of MLA's role, programs undertaken, opportunities created and their potential value to individuals and the industry.

MLA uses best practice communication strategies and tools to achieve these objectives tailored to the diverse needs of our stakeholder audience.

To implement these strategies traditional communication tactics are used, including print and broadcast media, magazines, corporate publications and events as well as the MLA website, emails and online newsletters. Towards 2015, these tools will be enhanced with a substantial expansion in the targeted use of new media and other online tools.

## Strategies

1. Create awareness of opportunities created by MLA for the meat and livestock industry
2. Demonstrate the relevance and value of MLA and its activities to stakeholders
3. Proactively engage stakeholders

## MLA measures

- Measured changes in the level of stakeholder awareness, value and engagement with MLA and its programs
- Measured improvement in the perception of members towards the communication activities of the company



# Corporate services

MLA's corporate services ensure the company's programs are supported in a way that allows them to achieve maximum value for the industry as a whole.

These services encompass functions such as the Board and Executive who monitor broader strategic direction and corporate governance, through to the company's human resources, administration, financial management, information and technology, legal requirements and evaluation.

The goal of corporate services is to increase the effectiveness of the company by:

- > Developing MLA's people
- > Providing effective tools to enable staff to meet and exceed goals
- > Providing first class stakeholder service
- > Effectively identifying and managing risk
- > Effectively monitoring and evaluating performance
- > Ensuring cost efficiency

This goal will be achieved by ensuring that an ethical and effective compliance and risk management culture is in place and monitored; that MLA attracts and retains the best people; that delivering value is always a key focus by providing support

services in the most cost-effective manner; and by ensuring that the business tools made available to staff align with their needs.

MLA has a core set of values supported by the *MLA Code of business conduct and ethics* and a series of policies and procedures. During the life of this plan the code policies and procedures will be reviewed on a regular basis. A continuous program is in place to ensure all employees are aware of their obligations under the various governance documents.

The Board has also approved a risk management plan, fraud control plan and an intellectual property plan and has in place an Audit Committee and Remuneration Committee to assist in the monitoring of risk and compliance matters.

The financial management and budget process is controlled by the alignment of the *Strategic plan*, *Annual operating plan* and the *Annual report*. These documents form the basis of a financial monitoring process.

## Strategies

- 1. Implement the human resources strategic plan maximising the potential of MLA's employees**
- 2. Monitor legal, statutory and regulatory compliance to ensure ethical and effective practices and processes are in place**
- 3. Review the MLA information technology systems putting in place the appropriate tools that match the business' requirements**
- 4. Continuously review processes and procedures to ensure the cost-effective delivery of services**
- 5. Conduct an evaluation of the majority of MLA's programs**

## MLA measures

- Compliance with regulatory requirements, governance and risk management objectives met
- Systems and support meet stakeholders' expectations

# MLA's performance evaluation

Evaluating our performance is critical to demonstrate the value of our work and its impact on both industry and the broader community. It ensures we remain accountable to stakeholders, through the provision of quantifiable returns on government and industry investment.

On top of measuring our work annually through the key performance indicators detailed in our annual operating plans and annual reports, we also evaluate our work against its overall contribution to industry, the efficiency of the services we provide, and its impact on the Australian community and the environment.

To ensure our programs and activities deliver value to our stakeholders beyond a yearly plan, we invested in the development of an independent evaluation framework.

The framework, developed by the Centre for International Economics (CIE) in 2005 on our behalf, maps a course of review and effective evaluation to assess the industry impact of our programs and their alignment with the Australian Government's National and Rural Research Priorities.

The CIE framework enables objective assessment of program outcomes against our strategic imperatives – to improve market access, grow demand, increase productivity across the supply

chain, promote industry integrity and sustainability and increase industry and people capability – in ex-post evaluation. This enables us to report back to stakeholders on the impact of their investment.

Assessment of anticipated program outcomes against goals (called ex-ante evaluation) assists us to predict the impact of our programs in advance and guides our investment of levies. It also incorporates interactions with the national economy. The benefits arising are expressed as improved red meat consumer welfare and the net change in value added to the rest of the economy, supporting a rigorous triple bottom line evaluation of MLA initiatives.

MLA's evaluation framework is explained more thoroughly in the booklet *Why does MLA need a framework for independent evaluation?* which accompanies our evaluation brochure series.

Independent evaluation of programs across our portfolio began in 2006. To date the following independent evaluations have been carried out:

- 1.1 Enhancing product integrity
- 1.2 Maintaining and liberalising access to world meat markets
- 2.1 Improving eating quality
- 2.2 Enhancing the nutritional reputation of red meat
- 2.5 Aggressive promotion in the domestic market (lamb)
- 2.6 Aggressive promotion in export markets (lamb)
- 3.1 Increasing cost efficiency and productivity – on-farm (beef)
- 3.1 Increasing cost efficiency and productivity – on-farm (lamb)

Other specific targets have been set for the company including the independent Beef Levy Review conducted in 2009, which set a minimum return on investment to producers of three times the overall marketing levy as the yardstick in future returns.

We ensure appropriate benchmarks and measurement tools are in place for each of the strategies in this plan and publish progress and corrective actions periodically throughout the life of the plan.

Specific key performance indicators are established on an annual basis in our annual operating plans and more detailed program implementation plans. These are aligned with the MLA measures listed against each objective in this plan and include quantifiable targets.





# Collaboration

With the increasing costs of the current economic climate, there is fierce competition for funding locally and internationally, with producers in different industries, along with private and government organisations, facing many of the same challenges. To overcome this, MLA focuses our activities on collaboration and the combining of investments in partnership with industry and government.

MLA's on-farm R&D investments, funded by transactions paid on livestock sales and matched dollar-for-dollar by the Australian Government, work harder through successful leveraging in state agencies, cooperative research centres and international research agencies.

The company contributed strongly to the development of beef and sheepmeat sector plans under the National research, development and extensions framework that seeks to engender national collaboration across a range of agricultural industries by publicly-funded RD&E agencies.

MLA also has a strong record of collaboration with other research and development corporations – including Australian Meat Processor Corporation (AMPC), Livecorp, Australian Wool Innovation (AWI), Grains Research and Development Corporation (GRDC) and Dairy Australia (DA) – to successfully deliver industry programs such as Making More From Sheep, Grain & Graze and Evergraze. In 2010 the company had collaborative agreements in place covering 150 agreements with more than \$60 million in co-investment designed to deliver great productivity and community benefits.

MLA also collaborates with the Department of Agriculture, Fisheries and Forestry in areas such as research in reducing emissions from livestock which may also lead to increased productivity.

Cooperative Research Centres (CRCs) are a key mechanism by which we pool our investment with many collaborators. We also collaborate with international organisations where appropriate, as in the case of our work in the area of genetics and genomics.

Working with the commercial sector is a key area for maximising our levy investments and through the MLA Donor Company (MDC) we partner in 50:50 funding with private enterprise to accelerate R&D and the uptake of its outcomes to drive industry efficiencies and competitiveness.

MDC initiatives are clearly integrated with the overall objectives of our five-year strategic plan with a diversity of project areas that aim 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 the industry overall
- Accelerate the commercialisation of R&D adding to the quantum of innovations available to industry
- Assist the Australian red meat industry develop an innovation culture and capability

Importantly our ability to leverage our pooled funding for industry-wide benefit is not limited to R&D investments. We have an active program for attracting commercial investment through our Industry Collaborative Agreements (ICAs) which sees us leverage levy funds in a 50:50 arrangement with commercial partners to boost and broaden our marketing efforts. Where our generic marketing focuses on red meat safety and product ordering systems, ICAs maximise the industry's capability to target specific trade and consumer segments. Building demand and loyalty for individual suppliers drives broader market growth and loyalty to Australian red meat overall.

MLA continually strives for efficiencies in how we deliver benefits to our members and other stakeholders – an optional level of collaboration is a key mechanism by which it is possible to achieve this outcome.

Collaboration is important to:

- > maximise the return on MLA's investment
- > avoid duplication and generate synergies with other research investors

# MLA's financial projections

The table below sets out the revenue and expenditure forecasts for the period of this plan. The column for 2008-09 represents the actual result for that year whereas all other columns are forecasts.

Revenue for 2009-10 is expected to be \$168.2 – up on 2008-09 by \$4.8m, primarily as a result of an increase in R&D expenditure thereby driving an increase in Government R&D matching income. Levy income is expected to be down by \$4.4m on 2008-09. For the balance of the plan income is expected to increase at a modest rate in line with a small underlying increase in levy income.

Expenditure is expected to increase significantly in order to bring reserves back into line with benchmarks by 2014-15. Following the last three years being in surplus, the plan forecasts a deficit each year through to 2015.

|                           | 2008-09      | 2009-10      | 2010-11      | 2011-12      | 2012-13      | 2013-14      | 2014-15      |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>            |              |              |              |              |              |              |              |
| Levy – R&D                | 23.7         | 23.1         | 23.6         | 24.0         | 23.9         | 23.8         | 23.6         |
| Levy – Marketing          | 74.4         | 70.6         | 72.0         | 73.1         | 73.2         | 73.0         | 73.0         |
| Matching funds            | 31.4         | 37.4         | 42.4         | 41.3         | 41.7         | 41.9         | 42.0         |
| Industry and partnerships | 20.8         | 23.3         | 24.7         | 23.2         | 23.7         | 24.0         | 24.3         |
| Other                     | 13.1         | 13.8         | 10.9         | 10.3         | 10.3         | 10.4         | 10.3         |
| <b>Total</b>              | <b>163.4</b> | <b>168.2</b> | <b>173.6</b> | <b>171.9</b> | <b>172.8</b> | <b>173.1</b> | <b>173.2</b> |
| <b>Expenditure</b>        |              |              |              |              |              |              |              |
| Marketing                 | 84           | 96.3         | 95.6         | 93.5         | 91.8         | 90.9         | 90.6         |
| R&D                       | 62.8         | 73.1         | 84.8         | 82.6         | 83.4         | 83.8         | 84.0         |
| <b>Total</b>              | <b>146.8</b> | <b>169.4</b> | <b>180.4</b> | <b>176.1</b> | <b>175.2</b> | <b>174.7</b> | <b>174.6</b> |
| Surplus/(deficit)         | 16.5         | -1.2         | -6.8         | -4.2         | -2.4         | -1.6         | -1.4         |

## Financial projections by major species 2010-2015

The following tables set out the levy income for each species; the graphs detail expenditure against those levy streams.

### Sheep

|                    | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--------------------|---------|---------|---------|---------|---------|---------|---------|
| <b>Revenue</b>     |         |         |         |         |         |         |         |
| R&D                | 9.6     | 9.4     | 9.4     | 9.4     | 9.3     | 9.0     | 8.6     |
| Marketing          | 21.3    | 21.3    | 21.5    | 21.6    | 21.3    | 20.5    | 19.6    |
| Total              | 30.9    | 30.7    | 30.9    | 31.0    | 30.6    | 29.5    | 28.2    |
| <b>Expenditure</b> |         |         |         |         |         |         |         |
| R&D                | 6.6     | 6.9     | 9.9     | 9.9     | 9.9     | 9.6     | 9.5     |
| Marketing          | 17.6    | 20.5    | 22.1    | 22.2    | 22.1    | 22.0    | 21.5    |
| Total              | 24.2    | 27.4    | 32.0    | 32.1    | 32.0    | 31.6    | 31.0    |
| Surplus/(deficit)  | 6.7     | 3.3     | -1.1    | -1.1    | -1.4    | -2.1    | -2.8    |
| Reserve            | 21.2    | 24.4    | 23.3    | 22.2    | 20.8    | 18.7    | 15.9    |

### Cattle (grassfed and grainfed)

|                    | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--------------------|---------|---------|---------|---------|---------|---------|---------|
| <b>Revenue</b>     |         |         |         |         |         |         |         |
| R&D                | 13.9    | 13.5    | 13.9    | 14.2    | 14.3    | 14.5    | 14.7    |
| Marketing          | 52.8    | 49.0    | 50.3    | 51.3    | 51.7    | 52.3    | 53.1    |
| Total              | 66.7    | 62.5    | 64.2    | 65.5    | 66.0    | 66.8    | 67.8    |
| <b>Expenditure</b> |         |         |         |         |         |         |         |
| R&D                | 10.9    | 12.1    | 14.8    | 14.7    | 14.4    | 14.5    | 14.6    |
| Marketing          | 46.0    | 55.0    | 55.0    | 53.8    | 52.5    | 51.7    | 51.8    |
| Total              | 56.9    | 67.1    | 69.8    | 68.5    | 66.9    | 66.2    | 66.4    |
| Surplus/(deficit)  | 9.8     | -4.6    | -5.6    | -3.0    | -0.9    | 0.6     | 1.4     |
| Reserve            | 32.6    | 27.9    | 22.3    | 19.3    | 18.4    | 19.0    | 20.4    |

### Goat

|                    | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--------------------|---------|---------|---------|---------|---------|---------|---------|
| <b>Revenue</b>     |         |         |         |         |         |         |         |
| R&D                | 0.2     | 0.2     | 0.3     | 0.3     | 0.3     | 0.3     | 0.3     |
| Marketing          | 0.2     | 0.3     | 0.3     | 0.2     | 0.2     | 0.2     | 0.2     |
| Total              | 0.4     | 0.5     | 0.6     | 0.5     | 0.5     | 0.5     | 0.5     |
| <b>Expenditure</b> |         |         |         |         |         |         |         |
| R&D                | 0.2     | 0.1     | 0.2     | 0.3     | 0.3     | 0.3     | 0.3     |
| Marketing          | 0.2     | 0.3     | 0.4     | 0.4     | 0.4     | 0.3     | 0.3     |
| Total              | 0.4     | 0.4     | 0.6     | 0.7     | 0.7     | 0.6     | 0.6     |
| Surplus/(deficit)  |         | 0.1     | 0       | -0.2    | -0.2    | -0.1    | -0.1    |
| Reserve            | 0.9     | 1.0     | 1.0     | 0.8     | 0.6     | 0.5     | 0.4     |

# Consultation and review

## Consultation

In setting our objectives for the next five years, we have sought to be responsive to, and informed by, a range of stakeholder priorities. An analysis of government and industry priorities, local, regional and global meat industry trends, macro and micro economic drivers, and the outcomes of regular industry consultations were carefully considered as part of our planning process.

The broad focus and direction of the meat and livestock industry is provided by the *Meat Industry Strategic Plan 2010–2015 (MISP)* developed and endorsed by the industry peak councils. The parameters set by the *MISP* frame the *MLA Strategic plan 2010–2015*.

The Australian Government is one of our major research partners and is an important funding provider for a range of research organisations, including the rural industries. As such, our *Strategic plan* is closely aligned to the national and rural research priorities as outlined in the priority alignment.

Alongside the priorities outlined in the *MISP* and by government, we conducted a range of detailed consultations with industry representatives and key industry bodies.

## The planning process

‘Triple bottom line’ thinking (incorporating economic, environmental and social dimensions) plays a role in assisting governments, industries, corporations and non-government organisations to frame and balance the trade-offs necessary to ensure sustainable economic success and sustainable social and environmental outcomes go hand-in-hand. Triple bottom line approaches are an important aspect of our strategic and operational goal setting and evaluation processes.

The MLA Board conducts a regular formal planning process which commenced with a strategic planning workshop at which they reviewed and discussed the direction of the Australian red meat industry and assessed MLA’s priorities within this context.

The vision for the meat and livestock industry is an inspiring and challenging one and summarises our overriding aspirations:

“A profitable and sustainable meat and livestock industry that meets consumer and community expectations.”

The MLA Board strategic planning workshop was followed by the annual industry strategic planning meeting. This meeting was informed by several industry working parties or taskforces convened by MLA to discuss and present papers on key local and global market trends, risks and opportunities. The meeting developed research, development and extension priorities for the following 12-month and five-year periods.

The resulting *MLA strategic plan 2010–2015* was developed for formal review and approval by the MLA Board and industry peak councils, and it forms the basis for developing closely aligned annual operating plans.

## The review process

The *MLA Strategic plan 2010–2015* sets the objectives and strategies for MLA over the next five years with the key imperatives of:

- > Improving market access
- > Growing demand
- > Increasing productivity across the supply chain
- > Promoting industry integrity and sustainability
- > Increasing industry and people capability

The measures placed against each objective are the long-term goals of our programs. Annual key performance indicators for each program can be found in the closely aligned *MLA Annual operating plans* for the company.

The *strategic plan* is a dynamic plan that the MLA Board and executive committee review annually to assess the company’s progress and ensure it remains relevant to industry, government, community and consumer needs.

We continue to consult with industry through the annual industry strategic planning meeting and other consultation processes to ensure we operate in partnership and in close alignment with the requirements of the Australian meat and livestock industry.



# Summary of key documents

In formulating this plan, we reference a number of our key planning and evaluation documents, which include:

- The red meat industry's Memorandum of Understanding (MoU)
- MLA's Deed of Agreement with the Australian Government
- The *Meat Industry Strategic Plan 2010–2015 (MISP)*
- *MLA's Annual operating plan*
- The MLA evaluation series
- MLA's corporate governance documents including the Board Charter
- *Beef Levy Review 2009 Ministers Report*
- The Beef Industry Strategic Plan (BISP)
- The Sheep Industry Strategic Plan (SISP)
- *MLA's Livestock Production Innovation research and development strategic plan 2006–2011*

These documents are all publicly available via the MLA member hotline on 1800 675 717 or on our website at [www.mla.com.au](http://www.mla.com.au)





Meat & Livestock Australia  
Level 1, 165 Walker Street  
North Sydney NSW 2060  
Ph: 02 9463 9333  
Fax: 02 9463 9393  
[www.mla.com.au](http://www.mla.com.au)