



Meat & Livestock Australia
Annual operating plan
2013-14

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Imperative 1: Improving market access

Guided by

Australian Government

National research priorities:

- Promoting and maintaining good health
- Safeguarding Australia

Rural research priorities:

- Productivity and adding value
- Supply chain and markets
- Biosecurity

MISP 2010–2015

Strategic themes:

- Market access
- Marketing and promotion
- Economics and infrastructure

Imperative 2: Growing demand

Guided by

Australian Government

National research priorities:

- Promoting and maintaining good health

Rural research priorities:

- Productivity and adding value
- Supply chain and markets
- Innovation skills
- Technology

MISP 2010–2015

strategic themes:

- Marketing and promotion
- Innovation

Imperative 3: Increasing productivity across the supply chain

Guided by

Australian Government

National research priorities:

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

Rural research priorities:

- Natural resource management
- Productivity and adding value
- Supply chain and markets
- Biosecurity
- Innovation skills
- Technology

MISP 2010–2015

strategic themes:

- Our people
- Innovation
- Economics and infrastructure

Imperative 4: Promoting industry integrity and sustainability

Guided by

Australian Government

National research priorities:

- An environmentally sustainable Australia
- Frontier technologies for building and transforming Australian industries

Rural research priorities:

- Natural resource management
- Climate variability and climate change
- Innovation skills
- Technology

MISP 2010–2015

strategic themes:

- Environment and ethics
- Our industry
- Innovation

Australian Government rural research priorities and MISP strategic themes

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

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

MLA focus areas 2010–2015

Imperative	Focus areas
1. Maintaining and improving market access	<ul style="list-style-type: none"> Assist industry to better integrate and sustainably deliver its on-farm risk management systems (Livestock Production Assurance/National Vendor Declarations, National Livestock Identification System)¹ Assist government and peak councils to secure free trade agreements that eliminate the current tariffs on red meat exports to Korea (currently 40%) and Japan (currently 38.5%) Identify high priority technical trade barriers that are impeding red meat export sales, and assist government to alleviate their impact through the provision of science and technology Maintain access to livestock export markets by assisting supply chains to implement and comply with Exporter Supply Chain Assurance System regulations through the provision of gap analysis, risk analysis, training and technical advice
2. Growing demand	<ul style="list-style-type: none"> Increase Australian consumers' demand for beef through compelling marketing campaigns encompassing eating quality, enjoyment and nutrition² Create new business for Australian beef in emerging global markets by working with exporters to win at least 20 new major accounts and at least 20 large new product opportunities for branded beef³ Create incremental business for Australian lamb in domestic and global markets by increasing consumer perceptions in key markets and working with exporters to win 20 new major accounts for Australian lamb⁴
3. Increasing productivity across the supply chain	<ul style="list-style-type: none"> Create opportunities through research and extension to improve reproduction efficiency in northern beef (by five percentage points) and maternal sheep breeds (by two percentage points)⁵ Create opportunities through genetic research and management practices to improve pasture and forage crop productivity, quality and persistence⁶ Create opportunities with new practices or technologies to improve labour efficiency by 5%, encompassing occupational health and safety, labour resource need and yield Create opportunities to improve compliance to market specifications by 3% by providing information and tools that encourage practice change on farm, such as Livestock Data Link and BeefSpecs⁷ Create opportunities through research to minimise the threat and impact of exotic, emerging and endemic diseases on Australian livestock enterprises⁸
4. Supporting industry integrity and sustainability	<ul style="list-style-type: none"> Create opportunities through research that will deliver a 10% improvement in production efficiency through new tools and management that will decrease greenhouse gas emissions from livestock systems by up to 30%⁹ Create cost effective opportunities to replace, relieve, refine animal husbandry practices to continuously improve animal welfare Create opportunities through media, social media and events for producers and industry to engage with the community and maintain current high levels of trust (over 80%)

¹ achieved through the delivery of the SAFEMEAT Initiatives Review outcomes

² consumer penetration remains above 96% and value share remains above 38.3%; consumer awareness of MSA from 26% to 60%; "well liked in my household" remains above 70%; "essential part of a healthy diet" remains above 50%

³ major accounts to be either >25 retail stores or >50 food service outlets and must be new to Australian beef; opportunities are new products or new ranging of products that delivers incremental sales volume per activity of at least 20 tonnes per annum

⁴ key markets are Australia (72% of consumers believe lamb is loved by Australians in 2012 with 2015 target 75%; 53% of consumers have a very positive disposition towards lamb in 2012 with 2015 target 54%; 28% of consumers are willing to pay a bit more for lamb in 2012 with 2015 target 29%), United States (from current awareness of 36% to 41%) and UAE (from current awareness of 65% to 70%)

⁵ current benchmark levels are 71% for northern beef and 82% for maternal sheep breeds

⁶ five new forage varieties commercialised; 30% less P-fertiliser required in new P-efficient temperature pasture legumes; boost production of "run-down" sown northern pastures by 30%

⁷ current benchmark ~75% with a firm baseline to be established during the LDL pilots in 2012-13

⁸ improved disease management and diagnostic techniques for internal parasites, Johne's disease and foot and mouth disease

⁹ research to demonstrate relationship between feed conversion and greenhouse gas emissions

1. Maintaining and improving market access

1.1 Develop and deliver industry systems that underpin product integrity

For many years, Australia has enjoyed unparalleled access to world meat markets due to its favourable disease status and world class food safety and integrity systems. Continued work is required in these areas to ensure ongoing leadership through both R&D activities to keep Australia at the forefront of developments and investments in maintaining existing systems. In the area of food safety and integrity, MLA will continue to invest in the maintenance of the NLIS database and LPA systems; develop tools and systems for managing food safety based on innovative science; and support the development of integrity systems that respond to customers' ever changing needs.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Conduct scientific research to ensure food safety systems are at the leading edge of knowledge and practice	1. Maintain safety and integrity aspects of product	TES	1,000	1,000
	2. Develop new techniques for delivering safe and wholesome product		522	522
	3. Monitor developments and develop initiatives in biotechnology		50	50
	4. Develop risk-based post mortem inspection systems for animal health surveillance, and assessment of product safety and suitability		500	500
	5. Respond to market expectations for scientific information on the safety of red meat products		200	200
2. Develop and implement appropriate meat and livestock traceability systems	1. Ensure that NLIS Ltd has the capability to deliver database and support services to enable industry to meet the national traceability standards	IS	4,980	5,316
3. Support the development and uptake of food safety and quality assurance systems by all sectors of the red meat supply chain	1. Deliver programs that underpin the integrity of the Australian red meat and livestock industry, including supporting the LPA program, producer education and communication strategies	IS	1,310	1,310
	2. Provide secretariat services to SAFEMEAT and develop effective industry safety/issues management strategies	IS	302	480
	3. Contribute to the development and implementation of new food safety systems	TES	176	176
			9,040	9,554

Key milestones

- Satisfaction rating of MLA's food safety activities by industry (processors and AMIC) rated at more than 85%
- Prevalence of antibiotic resistant enteric bacteria in the red meat supply chain is determined
- Foundation phase of the technology roadmap for the NLIS database commenced, with 25% of identified system enhancements delivered
- Strategy developed for the roll-out of a central web-based database enabling the real-time, electronic transfer of food safety (National Vendor Declaration) information along the supply chain
- Business plan and implementation strategy endorsed by SAFEMEAT partners to reflect the outcomes of the SAFEMEAT Initiatives Review, and agreed recommendations progressed

Budget 2013-14

Sector		2012-13 Budget	2013-14 Budget			Totals
			1	2	3	
Mutton	R	48	14	33	6	53
	M	78		74	18	92
Lamb	R	434	133	292	41	466
	M	701		533	267	800
Grassfed Cattle	R	446	376	55	91	522
	M	1,362		903	447	1,350
Grainfed Cattle	R	67	52		23	75
	M	447		374	143	517
Processor	R	1,141	561	500	115	1,176
	M	533		144	389	533
Goat	R	6			9	9
	M	79		28	56	84
Livestock export	R	6			16	16
	M	18			18	18
External Government	M	1,526		1,500	26	1,526
	R	2,148	1,136	880	301	2,317
Subtotal	R	4,296	2,272	1,760	602	4,634
Subtotal	M	4,744		3,556	1,364	4,920
TOTAL		9,040	2,272	5,316	1,966	9,554

1. Maintaining and improving market access

1.2 Support industry and government to maintain and liberalise world meat markets

Australia's red meat exports face access restrictions in many overseas markets. Global trade liberalisation and improvements in technical market access conditions are a key focus of industry efforts to create opportunities for growth, development and diversification. Industry invests in research, consultation, assisting diplomatic activities and advocacy in pursuit of the commercial and economic gains from removing or reducing impediments to trade. In 2013-14, MLA will collaborate with government and industry stakeholders to assist in the defence of existing favourable access conditions. Priorities include assisting government in securing free trade agreements with Korea (embodying phase out of tariffs on Australian beef) and Japan; progressing industry priorities under the India-Australia, Indonesia-Australia; Australia-China; Trans Pacific Partnership and Regional Comprehensive Economic Partnership trade negotiations; implementing measures to assist in alleviating access impediments in Indonesia and China; and directing additional effort (in conjunction with government) towards tackling the plethora of technical trade barriers imposed by a number of Australia's trading partners.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Support industry and government to defend existing favourable market access conditions in overseas markets	1. Monitor developments in overseas markets; develop networks of industry and government contacts in Australia and overseas; and provide a response capability when impediments arise	TES	2,630	2,330
2. Assist in positioning the Australian red meat and livestock industry for the WTO Doha round	1. Monitor and respond to WTO developments; represent to government on industry priorities; coalition building in key overseas markets and missions to Geneva		154	51
3. Assist in positioning the Australian red meat and livestock industry for FTA negotiations	1. FTA work particularly directed at advancing industry priorities in FTAs with Korea, Japan, the Trans Pacific Partnership (11 member countries) and the Regional Comprehensive Economic Partnership (16 member countries)		973	1,076
4. Develop strategies to remove access barriers	1. Research to support trade reform advocacy in WTO and FTA negotiations		684	760
	2. Develop and implement action plans based on the technical barrier research completed in early 2013 which prioritised key impediments		76	400
5. Provide issues management capability to assist in avoiding loss of market access due to meat safety concerns	1. Communicate the integrity of Australian red meat products internationally and provide a response capability	3,524	3,424	
			8,041	8,041

Key milestones

- Satisfaction rating of MLA's market activities by industry and government rated more than 85%
- Action plans for key technical market access barriers are developed and endorsed by peak councils
- Submissions prepared by MLA on economic market access barriers are endorsed by peak councils
- Demonstrable progress is made on implementing the Indonesia market access and engagement strategy with at least one of the identified projects being implemented
- Trade perception of the safety of Australian red meat held above current levels in key markets (95% Japan, 85% Korea)

Budget 2013-14

Sector		2012-13 budget	2013-14 budget								Totals	
			Global	North America	Japan	Korea	South Asia	Indon esia	Europe	Middle East		R&D
Mutton	R	6									6	6
	M	129	10	22	11	6	13		27	40		129
Lamb	R	55									55	55
	M	1,153	135	226	147	56	182		79	328		1,153
Grassfed	R	112									112	112
Cattle	M	1,996	158	244	703	428	198	90	137	38		1,996
Grainfed	R	17									17	17
Cattle	M	302	21	40	118	70	33	11	3	6		302
Processor	R	190									190	190
	M	3,580	324	532	990	560	426	90	246	412		3,580
Goat	M	11	11									11
External	M	110			110							110
Government	R	380									380	380
Subtotal	R	760									760	760
Subtotal	M	7,281	659	1,064	2,079	1,120	852	191	492	824		7,281
TOTAL		8,041	659	1,064	2,079	1,120	852	191	492	824	760	8,041

1. Maintaining and improving market access

1.3 Maximise market options for producers and exporters in the livestock export market

Australia's livestock export industry employs thousands of Australians and contributes significantly to the national economy. Operated by MLA in partnership with LiveCorp, the Livestock Export Program (LEP) assists Australian livestock exporters and supply chains to meet regulatory requirements, improve performance and address market access issues. In August 2011, the Australian Government introduced the Exporter Supply Chain Assurance System (ESCAS) regulatory framework. For 2013-14, a major aim of the LEP is to continue to assist supply chains to meet and exceeding these new standards. It will be important to continue to explain and promote the new regulations to foreign governments – and to emphasise that the new regulations are applying international standards to which these governments are signatories.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Assist supply chains to deliver continuous improvement in animal health and welfare	1. Develop industry monitoring systems and innovations that will assist supply chains improve animal health and welfare	TES LPI	1,700	1,700
	2. Support industry to review supply chains and implement ESCAS in Asia Pacific markets	TES	2,310	1,944
	3. Support industry to review supply chains and implement ESCAS in Middle East markets	TES	1,650	1,490
2. Provide research and support to enable improvements in supply chain efficiency and performance	1. Deliver programs to support improvements in efficiencies through the supply chain	TES	150	134
	2. Conduct R&D to develop tools to improve livestock performance throughout the supply chain	TES LPI	500	500
	3. Deliver programs in Asia-Pacific markets aimed at improving livestock performance	TES	200	255
	4. Deliver programs in Middle East markets aimed at improving feedlot performance	TES	200	92
3. Support industry bodies to effectively contribute to community debate	1. Monitor and analyse media coverage and community attitudes, and provide information and training to assist industry representative bodies	TES	430	394
4. Assist the industry and Government to defend and improve market access conditions and build demand for livestock	1. Conduct R&D that delivers improved market access conditions	TES	200	200
	2. Assist in the defence of existing favourable market access conditions in the Asia-Pacific market	TES	375	318
	3. Assist in the defence of existing favourable market access conditions in Middle East markets and support development of new markets in the region	TES	310	290
			8,025	7,317

Key milestones

- High level of satisfaction by Australian livestock exporters and importers of Australian livestock that the provision of services by the LEP provides benefits to the supply chain
- Through the provision of animal welfare outcomes and appropriate communications support to industry representative bodies and individual producers, maintain government support for the livestock export trade

Budget 2013-14

Sector		2012-13 budget	2013-14 Budget				Totals
			1	2	3	4	
Mutton	R	100	65	20		15	100
	M	435	200	50	95	90	435
Lamb	R	125	65	45		15	125
	M	625	400	50	90	85	625
Grassfed Cattle	R	350	270	60		20	350
	M	3,875	2,445	346	139	337	3,267
Goat	R	25	25				25
	M	60	40				40
Livestock export	R	600	425	125		50	600
	M	630	349	35	70	96	550
Government	R	1,200	850	250		100	1,200
Subtotal	R	2,400	1,700	500		200	2,400
Subtotal	M	5,625	3,434	481	394	608	4,917
TOTAL		8,025	5,134	981	394	808	7,317

2. Growing demand

2.1 Develop practices and drive programs that help industry deliver consistent and optimal eating quality

The Australian red meat industry can provide consumers with beef and sheepmeat of consistent and predictable eating quality via adoption of eating quality R&D and the Meat Standards Australia (MSA) system. MSA has seen increased eligible grading numbers and now a 'critical mass' of product is flowing through the system. MLA will focus on four initiatives to extract greater value and consistency from MSA: decreasing eating quality variation within brands, increasing the volume of MSA-graded product per carcass, expanding the range of products available, and maintaining MSA's integrity. Ongoing investment in eating quality R&D will increase the predictive power and accuracy of the MSA grading model and equip industry with the latest eating quality innovations. Some key R&D projects for 2013-14 include expanding the range of cut x cook combinations, improving accuracy through a focus on new model development, implementing the MSA index, implementing the MSA optimisation process and the development of a cuts-based system for lamb and sheepmeat, and advanced electrical stimulation.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Develop and prove practices that deliver quantified, improved, consistent and optimal eating quality	1. Develop, prove and where appropriate implement off-farm technologies and processes to optimise eating quality	CIS	880	880
	2. Identify on farm practices (genetic selection and management) that lead to a positive impact on eating quality while also achieving gains in lean meat yield, nutritional content and productivity objectives	LPI	792	792
	3. Continue to refine and improve the accuracy of the MSA grading model with relevant R&D activities, including targeted sensory testing	IS	1,300	1,440
2. Ensure sufficient integrity programs are implemented so accurate price signals drive eating quality improvement	1. Maintain robust standards and effective licencing systems for MSA	IS	250	250
	2. Ensure the integrity of all eating quality trademarks and adherence to MSA quality standards via a thorough audit program	IS	600	630
3. Support adoption and build recognition of the MSA system through the value chain	1. Increase the adoption of the MSA system to improve eating quality consistency and build value across the supply chain	IS	2,850	3,050
	2. Actively promote and educate consumers about the MSA system	GMKT	1,300	1,161
			7,972	8,203

Key milestones

- Increase MSA cattle grading numbers to 2.2 million head
- Increase MSA sheep grading numbers to 5.5 million head
- Increase consumer awareness of the MSA trademark to 60%
- 65% of MSA graded cattle being sorted in plant through a MSA optimisation system (based on June 2014 grading numbers)
- MSA beef index successfully implemented with a majority of balanced/ favourable media reports on the topic (more than 50% CARMA rating)
- Launch prototype for a cuts based MSA sheep grading model
- Use consumer sensory outcomes to establish preliminary specifications for a yearling export sheepmeat category

Budget 2013-14

Sector		2012-13 budget	2013-14 budget			Totals
			1	2	3	
Mutton	R	99	74		12	86
	M	88		42	61	103
Lamb	R	532	443		38	481
	M	628		84	538	622
Grassfed Cattle	R	814	662		315	977
	M	2,708		383	2,199	2,582
Grainfed Cattle	R	196	157		105	262
	M	576		121	473	594
Processor	R	220	220			220
External	M	250		250		250
Government	R	1,861	1,556		470	2,026
Subtotal	R	3,722	3,112		940	4,052
Subtotal	M	4,250		880	3,271	4,151
TOTAL		7,972	3,112	880	4,211	8,203

2. Growing demand

2.2 Enhance the nutritional reputation of beef and lamb

Promoting the nutritional attributes of beef and lamb as part of a healthy, balanced diet supports aggressive promotions to drive purchases. In 2013-14, MLA will continue investments in generating evidence and credible communications supporting the role beef and lamb can play in addressing key public health issues including obesity; iron and zinc nutrition; aging; and maintaining an up-to-date nutrient composition database in collaboration with key stakeholders. Communications include peer-reviewed journal articles; professional conference presentations; MLA sponsored symposia, workshops and *Vital* newsletter, targeting key influencers. The Proper Dinner consumer campaign positions beef and lamb as essential ingredients for making healthy meals three to four times a week, with support being provided by a new look consumer website, *ENTICE* magazine and integrated social, digital and mass media investment. Healthy eating tips will be reinforced by healthcare professional campaign through our Life Stages healthy eating resources, endorsed by relevant authorities. Resources have been developed for babies and young women, and metabolic health, iron and healthy aging will be completed. PR activities are planned leveraging seasonal events (e.g. 'back to school', 'HSC', weight loss diets for summer and fighting winter chills).

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Increase our knowledge of the health benefits of red meat	1. Continue investment and communication of evidence on the benefit of healthy beef and lamb diets for meeting nutrient requirements and preventing obesity and chronic disease at key life stages	GMKT	890	890
2. Maintain consistent and fact-based dietary recommendations for red meat	1. Manage issues by gaining support from key influencers via partnership (e.g. Dietitians Association of Australia) and communications on the role of Australian beef and lamb in a healthy and sustainable diet		359	359
3. Communicate and promote evidence-based nutrition information on red meat to health professionals and the broader community	1. Deliver our key health messages to GPs, child health nurses, and dietitians through advertising, direct mail, publications, conferences, seminars, on-line and events		627	627
	2. Launch a new consumer campaign supporting the nutritional benefits of beef		3,297	2,897
	3. Launch a new consumer campaign supporting the nutritional benefits of lamb		1,042	1,042
			6,215	5,815

Key milestones

- At least 55% of mothers with children in the household agree that beef makes healthy meals and 45% agree on lamb
- The percentage of mothers with children in the household limiting consumption of red meat for health reasons does not exceed 33%
- Maintain the proportion of healthcare professionals who recommend lean red meat at three or more times a week at 82% for GPs; 84% for dietitians; and 83% for practice nurses
- Balanced reporting of red meat and health issues in media with greater than 70% average of favourable and neutral reports

Budget 2013-14

Sector		2012-13 budget	2013-14 budget			Totals
			1	2	3	
Mutton	M	5			5	5
Lamb	R	150	150	23	30	203
	M	1,136		33	996	1,029
Grassfed Cattle	R	102	102	59	84	245
	M	3,065		86	2,293	2,379
Grainfed Cattle	R	17	17	11	15	43
	M	553		16	485	501
Processor	R	176	176	11	16	203
	M	566		16	497	513
Government	R	445	445	104	145	694
Subtotal	R	890	890	208	290	1,388
Subtotal	M	5,325		151	4,276	4,427
TOTAL		6,215	890	359	4,566	5,815

2. Growing demand

2.3 Develop new products

Innovative, consumer-focussed new products will assist in increasing demand for red meat (and non-meat products) and will provide opportunities for industry to build new segments in existing markets and enter new markets. In 2013-14, MLA will seek to significantly upgrade new product development services delivered to industry by creating a Red Meat Food Innovation Service Hub. The hub will develop and deliver integrated innovation services that build on existing initiatives and link R&D and marketing programs. While the overall budget for these programs will not increase, it is anticipated that the hub will generate significantly greater investment in new product development by industry partners via the MLA Donor Company (funded via voluntary contributions and matching dollars). Increased activity in this area may also be reflected in individual companies applying a proportion of their ICA program to support the launch of new products. Outcomes will be measured in terms of increased visibility and success of new products that grow demand, increase the value of the carcass, and ultimately result in greater profitability along the value chain.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Establish an Innovation Service Hub to identify and evaluate opportunities for new products	1. Monitor and report on consumer trends (global and local), channel trends and requirements, and competitive positioning that identify opportunities for new products	GMKT	200	200
	2. Deliver knowledge services which raise industry awareness of emerging trends and opportunities for new products (global and domestic markets) and support more informed decision-making regarding priorities and R&D investments	CIS	216	200
2. Work with supply chain partners and end customers to develop new product opportunities	1. Support retailer and foodservice initiatives on new products in the domestic market	GMKT	73	73
	2. Create new business for Australian beef in global markets by working with exporters on new product opportunities	GMKT	100	100
	3. Develop new products that enable lamb usage in new export market segments	GMKT	50	50
	4. Undertake applied research which supports development and delivery of new value added products into identified domestic and international markets	CIS	356	300
3. Develop technologies to enable transformation of co-products into value-added ingredients	1. Identify and evaluate opportunities for novel co-products and bioactive applications	CIS	350	350
	2. Develop more cost effective purification technologies for Australian bioactives		400	400
4. Develop new technologies to enable transforming and value-adding of low value cuts	1. Develop significantly innovative red meat products via the development and application of new science and technologies	CIS	614	610
	2. Develop and maintain IP protection to secure competitive advantage		50	50
5. Improve industry capability to adopt and prosper from new products and value adding innovations	1. Facilitate development of enterprise and value chain innovation capability to evaluate and adopt new value adding opportunities	CIS	86	160
	2. Work with end customers and supply chains to position and market new beef and lamb/sheepmeat products	GMKT	300	300
			2,795	2,793

Key milestones

- Undertake five pilot programs to develop value adding capability in supply partners and demonstrate reed mead innovation service hub concept.
- Create five new business opportunities for red meat value added products locally or globally
- Develop at least five new red meat value added products from technology platforms under development
- Develop and launch at least three new products into domestic and export markets from novel uses of secondary primals
- Develop quarterly communication outputs from the Innovation Service Hub for supply chain partners on new product opportunities and global trends
- Develop a commercially feasible process for a pilot application of blood derived bio-plastic
- Demonstrate technical feasibility of a novel industrial application of blood haemoglobins
- Identify novel red meat protein sources for pet food and aqua feed industries

Budget 2013-14

Sector		2012-13 budget	2013-14 budget					Totals
			1	2	3	4	5	
Mutton	R	30	3	4	11	8	6	32
Lamb	R	183	18	27	67	55	16	183
	M	209	55	71			83	209
Grassfed Cattle	R	329	32	48	121	101	26	328
	M	448	122	144			182	448
Grainfed Cattle	R	55	5	8	20	14	7	54
	M	18	6	2			10	18
Processor	R	429	42	63	156	142	25	428
	M	48	17	6			25	48
Goat	R	10				10		10
Government	R	1,036	100	150	375	330	80	1,035
Subtotal	R	2,072	200	300	750	660	160	2,070
Subtotal	M	723	200	223			300	723
TOTAL	R	2,795	400	523	750	660	460	2,793

2. Growing demand

2.4 Aggressive promotion of beef in the domestic market

With total expenditure of \$6.6 billion, the domestic market remains the largest and most loyal for Australian beef. This year will likely be challenging with consumer confidence remaining subdued, squeezed retail and foodservice margins inhibiting promotional activity, and strong competition from other proteins. The beef consumer promotion program for 2013-14 will focus on beef's superior desirability and satisfaction, with emphasis on seasonal associations (i.e. summer barbecues and hearty winter meals), increasing the consumer repertoire of beef cuts and meals, and targeting opportunities for future growth (e.g. Asian flavours, men cooking, 'foodies'). MLA will continue partnering with retailers and foodservice operators as they are integral to building demand with increased emphasis in 2013-14 on channel-specific marketing to enhance differentiation between retail outlets building appeal for secondary cuts on menus, increased focus on the fast growing institutional and catering sectors, and partnering with foodservice wholesalers to increase demand for MSA brands. Due to decreased levy forecasts, the 2013-14 budget for this strategy has been decreased by \$435,000.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Strengthen Australian consumers' emotional bond with beef, create desire and educate consumers to cook a range of seasonal beef meals/cuts	1. Beef promotional campaigns focused on 'summer barbecues' and 'winter meals'	GMKT	6,258	6,073
2. Work with retailers and foodservice operators to raise standards of presentation, quality, merchandising and promotion	1. Retailer-specific promotional activities supporting MLA campaigns and/or red meat in retailer campaigns		1,795	1,737
	2. Foodservice promotional program including publications, promotions and education activities		956	864
	3. Under co-operative (ICA) programs support the growth of branded supply chains		600	600
			9,609	9,274

Key milestones

- Maintain beef's value share at 37.3% or higher of all fresh meat and penetration with purchase in last four weeks at 69.0% or higher
- Improvement in key beef attributes measured by consumer tracking – 'is the most superior meat' at more than 36% and 'my favourite meat' at more than 19%
- Strong retailer support for MLA programs as evidenced by more than 55% of retail butchers rating their sales impact 'good/very good/excellent'

Budget 2013-14

Sector		2012-13 budget	2013-14 budget		Totals
			1	2	
Grassfed Cattle	M	7,983	5,183	2,662	7,845
Grainfed Cattle	M	653	274	172	446
Processor	M	898	616	292	908
External	M	75		75	75
TOTAL	M	9,609	6,073	3,201	9,274

2. Growing demand

2.5 Aggressive promotion of lamb in the domestic market

With total expenditure of \$2.2 billion, the domestic market remains the largest and most loyal for Australian lamb. This year will likely continue to be challenging with consumer confidence remaining subdued, squeezed retail and foodservice margins inhibiting promotional activity, and strong competition from other proteins. The lamb consumer promotion program for 2013-14 will focus on building the brand association 'Australia bonds over lamb', with increased emphasis on more overtly leveraging lamb's traditional association with Springtime, refining and evolving the Australia Day lamb campaign to ensure its continued success, building a successful roast lamb campaign for the Autumn/Easter/Mother's Day period, promoting more economical lamb cuts, and targeting opportunities for future growth (e.g. Asian flavours, men cooking, 'foodies'). MLA will continue partnering with retailers and foodservice operators that are integral to building demand with an emphasis on increased channel-specific marketing to enhance differentiation between retail outlets, building appeal for secondary cuts on menus, increased focus on the fast growing institutional and catering sectors, and partnering with foodservice wholesalers to increase demand for MSA brands.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Maintain lamb as a routine habitual purchase by building national pride in lamb and encouraging consumers to buy and cook a wider range of lamb cuts/meals via consumer promotional efforts around specific community occasions through the year	1. Lamb promotional campaigns for spring, Australia Day and autumn lamb roast	GMKT	6,735	6,735
2. Work with retailers and foodservice operators to raise standards of presentation, quality, merchandising and promotion	1. Retailer-specific promotional activities supporting MLA campaigns and/or red meat in retailer campaigns		705	736
	2. Foodservice promotional program including publications, promotions and education activities		430	449
	3. Support retailer and foodservice initiatives on new products, new merchandising developments and new promotional techniques (moved to 2.3)		0	0
	4. Under co-operative (ICA) programs support the growth of branded supply chains		200	200
			8,285	8,120

Key milestones

- Grow lamb market share of fresh meat at retail to more than 13.5%
- Improvement in key lamb attributes as measured by consumer tracking – 'top of mind awareness' to more than 16% and is loved by Australians' to more than 72%
- Strong retailer support for MLA programs as evidenced by more than 47% of retail butchers rating their sales impact 'good/very good/excellent'

Budget 2013-14

Sector		2012-13 budget	2013-14 budget		Totals
			1	2	
Mutton	M	11		11	11
Lamb	M	7,900	6,466	1,275	7,741
Processor	M	318	269	43	312
Goat	M	31		31	31
External	M	25		25	25
TOTAL	M	8,285	6,735	1,385	8,120

2. Growing demand

2.6 Aggressive promotion in export markets – beef

Industry faces a number of strategic challenges, with increasing competition in Australia's major trading partners of Japan and Korea and growing markets outside of our traditional trading partner markets. We must defend our market share position in these core markets while at the same time as growing market share in developing markets of China, South East Asia, the Middle East and Russia. In meeting these challenges in Japan and Korea, MLA will continue to implement key account 'maintain and defend' strategies to consolidate commitment in the face of increased US competition. Also, there will be continued emphasis in using our strong country-of-origin logos in these markets to communicate messages regarding the safety and nutritional attributes of Australian beef. In Japan, there will be increased focus on tailored promotional activities with key accounts. In Korea, there will be a continued strong emphasis on awareness of the Australian beef logo but altering the tactics used to maintain awareness, incorporating more food service promotions in addition to retail activities. In developing markets, programs will continue to focus on business development activities and create awareness of Australian beef. Business development activities include working with exporters and importers to secure new retail and food service accounts, and providing training and merchandising support. In all markets, MLA promotional activities will involve working co-operatively with Australian exporters (and their importer/wholesaler/end-user customers) to develop and grow sales of individual Australian beef brands. This strategy recognises the diversity of customer needs that are best addressed through branded programs. Compared to 2010-11, the Japan and Korea budget has been reduced further to allow for increases in other and emerging markets, particularly in South-East Asia/China, MENA and EU/Russia.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Disseminate comprehensive export marketing information	1. Monitor and report on consumer trends (global and local), channel trends and requirements, and competitive positioning	GMKT	2,151	2,356
2. Develop new trade and consumer opportunities for Australian beef internationally	1. Identify and generate leads via business development activities.		5,377	4,811
	2. Conduct contact profiling in conjunction with education and awareness work in emerging markets			
3. Position Australian beef as safe, consistent, versatile and nutritious via trade and consumer educational activities	1. Through country of origin marks (Aussie Beef, HCW, etc) positively position Australian beef in terms of product attributes (i.e. safety, consistency and nutrition)		10,080	9,391
	2. Profile Australian product specification systems (AUS-MEAT and MSA)			
	3. Highlight the ability of Australian exporters to meet special requirements, such as Halal			
	4. Communicate the nutritional and health benefits of consuming Australian beef			
4. Assist in the creation and promotion of strong brand identities through implementation of individual co-operative programs (ICAs)	1. Support individual beef brands through the Industry Collaborative Agreement (ICA) program	3,306	3,825	
	2. Through ICAs support the voluntary introduction of brands in export markets underpinned by MSA			
	3. Build supply chain capability in positioning and marketing Australian beef			
	4. Strengthen supply chain networks between Australian beef suppliers and end users to boost sales and create loyalty			
TOTAL			20,914	20,383

Key milestones

- Achieve at least 80% of KPIs listed in regional beef implementation plans
- An additional eight major customers are recruited globally for Australian beef
- Over 80% of Australian exporters and importers satisfied with MLA business development activities (trade shows, missions, etc)
- Achieve an increase in ICA participation and uptake on planned activity from 2012-13 baseline

Budget 2013-14

Sector		2012-13 budget	2013-14 budget							Totals	
			North America	Japan	Korea	South Asia	Indonesia	Europe	Middle East	Global	
Grassfed Cattle	M	18,305	729	5,935	3,644	3,331	641	770	586	1,969	17,604
Grainfed Cattle	M	2,108	60	235	382	204	46	410	50	991	2,378
External	M	401		260				91	50		401
TOTAL	M	20,814	790	6,430	4,026	3,535	687	1,271	686	2,960	20,383

2. Growing demand

2.7 Aggressive promotion in export markets – sheepmeat

Recent increased lamb supply has helped boost demand for Australian lamb and mutton significantly over the past year, even with headwinds from a continued high exchange rate, with China and the Middle East driving growth. In 2013-14, MLA will continue to work with exporters and importers to create new business opportunities for lamb and mutton in retail and foodservice accounts, while supporting continued growth in existing accounts. A range of promotional support activities will support this to build loyalty. For many U.S. consumers their first experience trialling lamb will be in food service. The focus this year will be to continue to broaden lamb's menu range, working with the quick service, mid-scale and casual dining sectors in North America and securing greater penetration in Chinese cuisine in Greater China and South East Asia. In the Middle East, we will continue activity across both retail and foodservice sectors, education of butchers and chefs on cutting knowledge and menu development skills for lamb cuts, in a market where chilled lamb is taking the place of live product. An analysis of market growth to 2015 has revealed that the best prospects lie in the MENA, South East Asia/ Chinas and North American regions. After budget changes in 2012-13 to reflect this, no changes to budgets have been planned for 2013-14.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Disseminate comprehensive export marketing information	1. Monitor and report on consumer trends (global and local), channel trends and requirements, and competitive positioning	GMKT	475	481
2. Grow awareness, trial and purchase of Australian lamb in overseas markets through various promotional activities including advertising and sampling	1. Generate awareness of Australian lamb through consumer and trade advertising, e-marketing and PR 2. Increase trial of Australian lamb through product sampling, cooking demonstrations and menu positioning 3. Convert trial to purchase by positioning easy-to-use products at relevant price points 4. Demonstrate lamb's relevance to contemporary food trends		1,746	1,762
3. Position Australian lamb in overseas markets by leveraging its generic positive attributes (product integrity, Halal integrity, consistent quality, delicious, nutritious and easy to prepare)	1. Through country of origin marks and general communication materials, positively position Australian sheepmeat in terms of product safety 2. Highlight the product specification (AUS-MEAT), range and versatility of Australian sheepmeat, and the ability of Australian exporters to meet special requirements such as Halal 3. Communicate the nutritional and health benefits of consuming Australian lamb, through working with other supply countries where appropriate		1,233	1,248
4. Under co-operative programs support the growth of branded lamb supply chains to develop trade and consumer loyalty	1. Develop new opportunities for Australian lamb through lead identification and generation activities 2. Work alongside supply chains to encourage innovation 3. Develop new products that enable lamb usage in new market segments 4. Support supply chains through co-operative brand activities (ICAs)		3,560	3,423
			6,964	6,914

Key milestones

- Achieve at least 80% of KPIs listed in regional sheepmeat implementation plans
- An additional 8 major customers are recruited globally for Australian lamb
- Over 80% of Australian exporters and importers are satisfied with MLA business development activities (trade shows, missions, etc)
- Achieve an increase in ICA participation and update on planned activity from 2012-13 baseline

Budget 2013-14

Sector		2012-13 budget	2013-14 budget							Totals	
			North America	Japan	Korea	South Asia	Indonesia	Europe	Middle East		Global
Lamb	M	6,694	3,545	269	25	952	28	240	1,165	420	6,644
Goat	M	170	100			50				20	170
External	M	100		20				30	50		100
TOTAL	M	6,964	3,645	289	25	1,002	28	270	1,215	440	6,914

3. Increasing productivity across the supply chain

3.1 Create opportunities to increase on-farm productivity

Producers operate complex businesses in an environment characterised by highly variable seasons and markets. MLA's R&D programs seek to deliver new tools and technologies that support producers to become more productive in this challenging environment. Major investments in 2013-14 include continued implementation of the feedbase investment plan (cattle and sheep); lamb and weaner survival program (sheep); lamb supply chain and animal information program (sheep) and southern beef compliance program (cattle); priority activities within the RD&E priorities prospectus for the northern Australia beef industry; and implementation of a comprehensive research program addressing feedlot nutrition and heat stress. The budget also includes support for the Sheep and Future Farm Industries Cooperative Research Centres (CRCs).

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Enhance rates of genetic improvement in livestock and feedbase performance	1. Provide genetic and genomic evaluation tools and information for cattle, sheep and goat breeding enterprises	LPI	4,362	3,865
	2. Accelerate both discovery and delivery of new breeding methods to improve pasture and forage crop productivity, quality and persistence		594	1,328
2. Improve productivity in grazing and feedlot systems	1. Develop new technologies and management programs to increase growth, feed efficiency, grazing performance, reproduction and reduce mortality rates in grazing and feedlot systems		6,568	5,305
	2. Develop new cultivars and/or agronomic practices to improve persistence and/or quality attributes of forage plants		2,834	3,779
3. Develop and implement new information technologies	1. Evaluate, develop and implement technologies, tools and strategies to increase labour efficiency and reduce cost of production		198	377
	2. Increase producer capacity to make management decisions from more precise information leading to improved market compliance		545	365
4. Utilise producer participatory R&D to maximise rate and effectiveness of development and evaluation of new technologies	1. Develop, demonstrate and evaluate technologies, tools and management strategies in conjunction with producers and key intermediaries		1,265	1,242
			16,366	16,261

Key milestones

- Ongoing implementation of projects for the lamb and weaner survival strategy that lead to a 2% per annum increase in net reproduction rate for sheep
- Initiate program of work to increase cattle reproductive performance in northern Australia by building on the results of the Beef CRC and CashCow
- Develop investment models for the sheep and beef cattle information nucleus programs and have endorsed by industry and key stakeholders
- Deliver genomically enhanced breeding values for consumer evaluation scores for lamb
- Develop guidelines for integrating livestock selection, grazing and fertiliser management of low input native pastures into whole of farm management
- Establish research to identify new technologies to increase the rate of genetic gain in annual legume and temperate grasses (phalaris and cocksfoot)
- Strategies for improved production from rundown buffel grass pastures being tested in 35 on-property research trials with 12 producer groups
- Establish four goat producer demonstration sites
- Complete Manure Handbook and Feedlot Design and Construction Manual and make available to feedlot industry

Budget 2013-14

Sector		2012-13 budget	2013-14 budget				Totals
			1	2	3	4	
Mutton	R	286	109	150	17	10	286
Lamb	R	2,923	1,307	1,759	201	112	3,379
Grassfed Cattle	R	3,259	993	1,722	126	65	2,906
Grainfed Cattle	R	856		463		257	720
Goat	R	271		120		132	252
External	M	1,175	375	656	54	90	1,175
Government	R	7,597	2,409	4,214	344	576	7,543
Subtotal	R	15,192	4,818	8,428	688	1,152	15,086
Subtotal	M	1,175	375	656	54	90	1,175
TOTAL		16,367	5,193	9,084	742	1,242	16,261

3. Increasing productivity across the supply chain

3.2 Identify and deliver opportunities to increase off-farm productivity and capability

The global competitive environment requires a whole-of-chain response to ensure the industry improves productivity and retains a competitive advantage. The key drivers and opportunities for improving processing efficiencies are maximising yield and optimising product mix, addressing labour availability and OH&S issues and implementing broader business efficiencies. In 2013-14, through the MLA Donor Company and collaborative innovation strategies program, MLA will focus on delivering large scale processing efficiency initiatives. In addition, MLA will continue to collaborate with meat processors and the Australian Meat Processor Corporation to assist and strengthen activities in a range of key innovation areas such as cost effective automation and manual assist technologies to improve efficiencies and OHS as well as the feasibility, evaluation and preliminary development work of novel objective measurement systems. MLA and AMPC will also work closely together on the commercialisation and adoption of R&D outcomes so as to ensure benefits to processors are realised.

Strategy	Key Initiatives	BU	2012-13 budget	2013-14 budget
1. Develop new technologies and systems that improve productivity and processing efficiencies	1. Develop and implement transformational automation technologies that increase efficiency and maximise carcass utilisation via MDC partnerships and CISP programs	CIS	980	MDC only
	2. Develop and validate alternate stunning technologies	CIS	50	-
	3. AMPC funded initiatives	AMPC	1,020	2,434
2. Assist the processing sector to improve work health and safety	1. Develop and implement technologies to improve working conditions and reduce work-related injuries via MDC partnerships and CISP programs	CIS	100	MDC only
	2. AMPC funded initiatives	AMPC	300	36
3. Develop new systems to support processing decision-making	1. Develop and validate objective measurement technologies which will benefit the red meat supply chain via MDC partnerships and CISP programs	CIS	200	MDC only
	2. AMPC funded initiatives	AMPC	-	444
4. Improving industry capability, knowledge and adoption of new technologies to increase productivity	1. <i>(Transferred to 4.5)</i>		MDC only	0
	2. AMPC funded initiatives	AMPC	1,128	498
	3. IP management, monitoring, evaluation, and commercialisation of off-farm R&D	CIS	226	75
			3,778	3,486

Key milestones

- Realise net benefits of \$1.0 million per annum from processing technologies developed under this program and for which installation is completed in 2013-2014
- Total aggregated net benefit of technologies installed both in 2013-14 and previous years reaches \$6 million per annum
- Demonstrate in production a new technology capable of eliminating and/or reducing occupational health and safety risks
- Five off-farm pre commercial innovations have achieved at least 80% of their annual adoption strategy targets, including associated cost benefit analyses
- At least four fully commercial technologies have met their anticipated adoption targets

Budget 2013-14

Sector		2012-13 budget	2013-14 budget				Totals
			1	2	3	4	
Processor	R	1,889	1,217	18	222	286	1,743
Government	R	1,889	1,217	18	222	286	1,743
TOTAL	R	3,778	2,434	36	444	572	3,486

3. Increasing productivity across the supply chain

3.3 Deliver valued supply chain and market information

MLA continues to deliver a market information service that informs business management decisions in the red meat and livestock industry by ensuring 'information gaps' are identified, and appropriate, valued, information is collected, analysed and communicated in a timely, user friendly and readily accessible manner. In 2013-14, this work will focus on several areas. One of these is to achieve industry best practice for market information data functionality for internal and external usage and continue to foster the acceptance and adoption of price risk management throughout the red meat industry. Another is to improve feedback and benchmarking data along the supply chain, especially to producers, providing opportunities for operational improvements. It will also focus on harnessing key industry issues research opportunities that will return valuable knowledge for policy makers across the Australian supply chain and, where appropriate, on the international scene.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Collect and maintain domestic and international meat market data of relevance to the Australian meat and livestock industries	1. Operate a National Livestock Reporting Service in accordance with its ISO QMS	TES	1,982	2,080
	2. Conduct surveys on each segment of the supply chain		693	693
	3. Maintain a warehouse of domestic and global meat market data and improve the dissemination of this data via the internet		717	717
2. Disseminate incisive analyses of relevant world meat market developments	1. Provide high quality analytical reports including the bi-annual industry projections, monthly industry overview, red meat market reports, sectoral briefs, statistical reviews and fast facts including support to private suppliers of price risk management tools and encouraging their development	TES	396	1,132
	2. Provide a comprehensive daily and weekly red meat news service available on the internet and by email (including <i>Meat & Livestock Weekly</i>)		406	227
3. Gather and analyse data on competitors	1. Monitor and report on developments in competitor proteins and countries`	TES	266	0
4. Facilitate improved information flows and risk management within supply chains	1. Implement the Livestock Data Link program to improve information flows to add value and enable benchmarking	IS	800	800
	2. Foster the development of new tools and capabilities to enable effective supply and price management by industry	TES	190	0
	3. Develop and deliver targeted supply chain capability building programs	CIS	150	150
5. Work closely with peak councils and government and seek opportunities with like-minded organisations to identify priority industry issues and commission research to support these issues	1. Undertake policy research and analysis on priority policy issues identified by peak councils and government	TES	400	300
	2. Support peak council advocacy efforts on priority policy issues		50	50
	3. Where appropriate, work with like-minded organisations on priority policy issues to jointly pursue industry issues research (includes 3.3.5.4)		50	50
	4. (Moved to 3.3.5.3)			
			6,100	6,199

Key milestones

- Over 90% of clients find MLA market information valuable to their business, with over 60% finding it highly or extremely valuable
- Increase electronic distribution of MLA market information by 5%
- 16 processing plants uploading data to Livestock Data Link
- Livestock Data Link expanded to incorporate animal health and disease feedback
- Develop cost of production indicators that can be widely used by industry
- Increase reporting of cattle markets in northern and western Australia
- Achieve ISO accreditation for MLA's market information activities generally (not just NLRS which is currently ISO accredited)
- Complete industry issues research as requested by RMAC and peak industry councils

Budget 2013-14

Sector		2012-13 budget	2013-14 budget					Totals
			1	2	3	4	5	
Mutton	R	54	26	7		32	5	70
	M	62	4	16			3	23
Lamb	R	413	437	166		80	40	723
	M	602	50	50			27	127
Grassfed Cattle	R	1,089	904	357		355	89	1,705
	M	1,433	85	126			60	271
Grainfed Cattle	R	80	64	36		8	16	124
	M	119		35			10	45
Processor	R	50						
Goat	R	5	12					12
	M	7						
External	M	495	465					465
Government	R	1,691	1,443	566		475	150	2,634
Subtotal	R	3,382	2,886	1,132		950	300	5,268
Subtotal	M	2,718	604	227			100	931
TOTAL		6,100	3,490	1,359		950	400	6,199

3. Increasing productivity across the supply chain

3.4 Support industry to improve animal health and biosecurity

Australia remains free of key animal diseases which would severely impact on trade, our ability to produce high quality meat, and animal health and welfare. Significant investments in 2013-14 will address topics such as a national livestock disease survey; integrated sheep parasite management; footrot diagnostics and vaccine development; theileriosis diagnosis and control in cattle; cattle tick vaccine; and developing practical emergency disease management at processing establishments. Specific feedlot investment will include finalisation of the respiratory disease project and initiations of projects on feedlot bedding options and the benefits of acclimation.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Improve animal health and biosecurity	1. Deliver improved diagnostic methods, enhanced understanding and/or improved control methods for external threats such as FMD, bluetongue capripox and screw worm fly	LPI	1,981	672
	2. Improved biosecurity measures adopted that minimise risks on farm and disruption to trade from endemic (Johnes disease, footrot), emerging (Theileria) and exotic diseases		1,380	1,688
	3. Investigate and improve the management of key feedlot animal health problems		602	1,194
	4. Invest in priority endemic diseases to reduce the cost of endemic diseases compared with 2005		2,126	2,957
2. Improved biosecurity measures at processing establishments that minimise risks to trade from exotic diseases	1. Manage risks at processing establishments	TES	140	-
			6,229	6,511

Key milestones

- Gain critical knowledge of the range of bluetongue vectors and viruses and their interaction with cattle and sheep
- Assess registered chemicals for suitability to treat Old World screwworm fly strike in animals
- Develop new approaches to anthrax surveillance, understanding of seasonality of outbreaks and prediction of multi-farm epidemics together with practices to reduce the risk of ad hoc outbreaks
- Better understanding of the impacts of sub-clinical and clinical perennial ryegrass toxicity on production and potential mitigation procedures
- Initiate research into feedlot bedding options and the benefits of acclimation for feedlot cattle

Budget 2013-14

Sector		2012-13 budget	2013-14 budget		Totals
			1	2	
Mutton	R	249	249		249
Lamb	R	1,661	1,661		1,661
Grassfed Cattle	R	670	596		596
Grainfed Cattle	R	301	567		567
Processor	R	70			
Goat	R	1	20		20
External	M	325	325		325
Government	R	2,952	3,093		3,093
Subtotal	R	5,904	6,186		6,186
Subtotal	M	325	325		325
TOTAL	R	6,229	6,511		6,511

3. Increasing productivity across the supply chain

3.5 Increase producer engagement with MLA tools and information to build capability

MLA supports livestock producers with socialised investment to deliver information, tools and services that can help individual businesses boost their profitability and position industry for future challenges and opportunities. Critical to this is ensuring that we deliver the right information at the right time and facilitate its uptake with accessible tools and supported learning opportunities. MLA will endeavour to maximise engagement with producers to ensure they are informed of valuable and relevant information; motivated to enquire and experiment; and influenced to implement changes to on-farm practices. In 2013-14, our investments will focus on delivering targeted and timely packages of information, tools and learning opportunities. A new campaign showcasing R&D in action – the MLA challenge – will motivate on-farm productivity improvements reflected in two of MLA's key focus areas. A major review and re-bid to continue our national extension programs will be undertaken (Making More from Sheep, More Beef from Pastures and FutureBeef). New producer resources such as the Cash Cow tool box and online learning tools will be delivered and partnering with extension providers to maximise producers' access to the outcomes of their investment in industry research and development will continue. Collaborative partnerships will be a major focus, in particular initiating projects that utilise the MLA Donor Company funds for producer engagement initiatives.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Keep producers informed about the activities and opportunities created by their levy investment in R&D and marketing	1. Produce MLA's member magazine <i>feedback</i> , deliver dynamic online content and generate effective coverage through rural media to deliver valuable, relevant information and opportunities to support producers	ICE	2,256	1,873
	2. Deliver a strategic program of MLA events and sponsored targeted industry events/activities to deliver valuable, relevant MLA information and tools to producers across Australia		849	1,180
2. Facilitate the uptake of MLA information, tools and learning opportunities to influence positive practice change	1. Improve and deliver integrated programs to engage livestock producers with R&D outcomes		3,298	3,172
	2. Develop educational materials and tools that enable producers to efficiently and effectively access the outputs of MLA R&D such as online learning resources, publications and video tutorials		940	1,024
3. Partner with producers and stakeholders who use and value MLA tools and information to help influence their peers as well as inform future MLA programs and activities	1. Build producer capability by supporting facilitated learning groups (including Producer Demonstration Sites), and mentoring activities (including leadership training – ARLP and Nuffield scholarships)		920	1,212
	2. Establish partnerships with public and private extension organisations to ensure effective delivery of MLA information, tools and opportunities for industry		550	610
	3. Conduct robust program evaluation and levy payer market research to determine industry RD&E needs and establish the quantitative and qualitative impact to industry of MLA producer engagement activities and R&D investment		913	475
			9,726	9,546

Key milestones

- Increase satisfaction with MLA communications activities from 3.4 to 3.6 out of 5
- At least 50% of commercial sheep and cattle producers engage with MLA information or tools
- At least 50% of those producers engaged with MLA information, tools and learning opportunities, improve their knowledge, skills and/or capacity to change practice as a result of this engagement
- At least 40 producer demonstration sites in operation to deliver localised R&D information to producers
- Establish extension delivery partnership program with at least two major agribusiness extension providers
- Initiate two MDC projects with delivery partners to enhance producer engagement and capacity building

Budget 2013-14

Sector		2012-13 budget	2013-14 budget			Totals
			1	2	3	
Mutton	R	208	66	100	42	208
	M	29	19	6	4	29
Lamb	R	1,918	590	764	446	1,800
	M	382	267	76	39	382
Grassfed Cattle	R	1,972	396	948	556	1,900
	M	702	492	130	80	702
Grainfed Cattle	R	130	70	23	37	130
	M	33	21	8	4	33
Goat	R	9	4	2	3	9
	M	6	2	2	2	6
External	M	100		300		300
Government	R	4,237	1,126	1,837	1,084	4,047
Subtotal	R	8,474	2,252	3,674	2,168	8,094
Subtotal	M	1,252	801	522	129	1,452
TOTAL		9,726	3,053	4,196	2,297	9,546

4. Supporting industry integrity and sustainability

4.1 Support on-farm environmental sustainability

As custodian of a significant proportion of Australia's land mass, the livestock industry is an important manager of vital natural resources. The ongoing success and reputation of the industry will depend on the way in which these natural resources are managed. Major on-farm investments in 2013-14 will focus on refinement and localisation of existing knowledge to enhance our natural resources; new techniques for controlling major weed species; continued funding to the Invasive Animals CRC for commercial testing and roll-out of new controls for feral pigs, rabbits and wild dogs; trialling and refining a self-assessment tool for environmental management; and strategies to enhance the environmental management of feedlots.

Climate change will have major and complex economic, productivity and environmental impacts on the red meat industry. The integrated nature of these challenges means a strategic and multi-faceted response strategy must be adopted across the entire supply chain. Major on-farm investments in 2013-14 include continuing projects funded jointly with the Australian Government to reduce greenhouse gas emissions and assist farmers to adapt to increasingly variable climates.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Natural resource management	1. Develop new pasture and animal management systems to enhance natural resources and reduce off-farm impacts	LPI	4,058	2,876
	2. Develop strategies to minimise off-site impacts of manure and effluent in feedlots		186	28
2. Responding to climate change	1. Develop adaptation strategies to climate change to improve resilience of production systems		432	669
	2. Develop mitigation strategies to reduce Greenhouse Gas Emissions (GHG)		3,881	3,574
			8,557	7,147

Key milestones

- Complete reviews in the weed control area, develop an informed investment strategy and contract new weed control projects
- Develop technology for successful aerial baiting of wild dogs and fox control
- Commencement of MLA co-funded pig and rabbit control projects within the IA-CRC.
- Establish size requirements for feedlot effluent ponds to avoid overflows under future conditions of increased climate variability
- Projects including those within the National Livestock Methane Program have developed opportunities for productivity increases and delivered one approved CFI methodology
- Best practice sheep methane measurement technology developed and available
- Complete a life cycle analysis for export of lamb and beef from Australia to the USA

Budget 2013-14

Sector		2012-13 budget	2013-14 budget		Totals
			1	2	
Mutton	R	98	25	71	96
Lamb	R	1,084	425	640	1,065
Grassfed Cattle	R	1,885	991	458	1,449
Grainfed Cattle	R	698	11	649	660
Processor	R				
External	M	1,027		608	608
Government	R	3,765	1,452	1,817	3,269
Subtotal	R	7,530	2,904	3,635	6,539
Subtotal	M	1,027		608	608
TOTAL		8,557	2,904	4,243	7,147

4. Supporting industry integrity and sustainability

4.2 Support off-farm environmental sustainability

The Australian red meat industry is an important custodian of vital natural resources and the ongoing success and reputation of the industry will depend on the way in which these natural resources are managed. MLA and the Australian Meat Processor Corporation collaborate in this RD&E program area to improve understanding of the natural resource base; apply strategies to identify, mitigate and manage the impact of manufacturing on the environment; reduce resource costs and to identify, capture and implement beneficial effects and practices. In 2013-14, through the MLA Donor Company and the collaborative innovation strategies program, MLA will focus on the identification, development and implementation of opportunities to reduce resource (energy, water) consumption and improvement of waste management to minimise environmental impact. Dissemination of R&D outcomes and a strong emphasis on adoption, extension, and capability-building will also be a fundamental part of the sustainability strategy. MLA will continue to support the Australian Meat Processor Corporation in environmental initiatives in mitigation of greenhouse gas emissions; environmental benchmarking; waste management; water and energy efficiency.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Research to improve resource use efficiency	1. AMPC funded initiatives	AMPC	450	664
	2. Identify, implement and validate technologies to improve water and energy efficiency via MDC partnerships and CISP programs	CIS		MDC only
2. Develop technologies, tools and procedures that contribute to improved waste management systems and value add to waste products	1. AMPC funded initiatives	AMPC	450	854
	2. Identify, implement and validate technologies for waste treatment that reduce the environmental footprint of the industry via MDC partnerships and CISP programs	CIS		MDC only
3. Develop mitigation strategies to reduce greenhouse gas emissions	1. AMPC funded initiatives	AMPC	400	158
4. Engaging industry stakeholders to demonstrate environmental stewardship and to respond to emerging regulatory and market requirements	1. AMPC funded initiatives	AMPC	100	138
5. Improving industry capability, knowledge and adoption of new technologies and processes to achieve sustainable resource management and adaptation to climate change	1. AMPC funded initiatives	AMPC	446	405
	2. IP management, monitoring, evaluation, and adoption of off-farm R&D	CIS	250	75
			2,096	2,294

Key milestones

- New technologies or processes capable of reducing the total electricity usage for meat plants by 2% are defined and/or validated
- New technologies or processes capable of reducing abattoir town water consumption by 2% are demonstrated and/or validated
- At least two off-farm pre-commercialisation innovations have achieved at least 80% of their annual adoption strategy targets

Budget 2013-14

Sector		2012-13 budget	2013-14 budget					Totals
			1	2	3	4	5	
Processor	R	1,048	332	427	79	69	240	1,147
Government	R	1,048	332	427	79	69	240	1,147
TOTAL	R	2,096	664	854	158	138	480	2,294

4. Support industry integrity and sustainability

4.3 Support industry to make continued improvement in animal welfare without reducing productivity levels

Community expectations around animal welfare standards for food producing animals have increased both within Australia and in overseas markets. Under this objective, MLA's R&D will focus on improving the welfare of livestock raised, handled, transported and processed in Australia; minimising the potential for trade/market access being interrupted; addressing consumer and regulatory concerns with evidence based science that will facilitate informed policy decisions; and enabling the red meat industry to respond quickly to emerging issues. In 2013-14, projects will be initiated to address priorities arising from a new five-year plan, including to investigate needless injectors for applying analgesics. Furthermore, animal welfare standards will continue to be promoted and measured on farm and at processing establishments.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Manage and improve livestock welfare to meet community expectations	1. Increase uptake and demonstration of welfare best practices on farms	LPI	110	150
	2. Reduce mortality rates on farms		400	637
	3. Investigate and improve the management of key feedlot welfare issues		238	965
	4. Develop replacements for aversive procedures		203	150
	5. Develop ways to minimise the pain of aversive procedures		440	824
2. Manage and improve livestock welfare at processing establishments to meet community expectations	1. Promote adoption of new processor animal welfare standard and measure implementation	TES	54	0
			1,443	2,728

Key milestones

- Refined and more accurate polled gene test available and delivering greater than 99% accuracy across major breeds
- Commence MLA co-funded predator control projects within the IACRC.
- Implement five-year research program implemented to improve nutritional management and welfare of feedlot cattle during periods of heat stress
- Reach proof of concept to deliver alternatives to surgical spaying of cattle
- One new practical product that gives pain relief for surgical husbandry procedures developed

Budget 2013-14

Sector		2012-13 budget	2013-14 budget		Totals
			1	2	
Mutton	R	16	28		28
Lamb	R	389	682		682
Grassfed Cattle	R	171	171		171
Grainfed Cattle	R	119	483		483
Processor	R	27			
Government	R	722	1,364		1,364
TOTAL	R	1,443	2,728		2,728

4. Supporting industry integrity and sustainability

4.4 Support industry's effective engagement with the community

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

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Support the industry to maintain the community's trust and confidence in the integrity and ethics of the Australian red meat industry by building knowledge and providing experience	1. Events: Build knowledge in the community by partnering with relevant events to engage with thought leaders and the wider public in the food and sustainability space as well as create standalone events to promote the industry	ICE	533	351
	2. Schools: Develop and promote targeted resources for primary, secondary and tertiary education facilities that deliver balanced messaging that is valued by teachers and utilised by students		296	255
	3. Target 100: Target 100 is the central platform for communicating the sustainability of the industry to the community, customers and thought leaders. The program will continue to be supported by social media, advertising, events and public relations with producers at the centre of all activity		965	1,184
	4. Balanced media/ social media coverage of issues: Undertake community research and monitor media and social media to stay ahead of emerging community concerns about beef and lamb production in order to facilitate opportunities for industry		90	114
2. Equip and empower producers and their representatives to build our industry's reputation through facts and engagement	1. Develop materials: Prepare research-based print and online materials and develop platforms to equip the industry to promote and respond on key environment and animal welfare issues		260	48
	2. Producer skills: Central to the community engagement strategy is to equip and empower producers and their representatives to build our industry's reputation through social media, events and media		180	362
			2,364	2,314

Key milestones

- Increase engagement in Target 100 by 10% through the key platforms of the website, social media channels and events
- 300 producers actively engaged in industry advocacy activities utilising MLA-developed resources
- Percentage of consumers stating they are reducing red meat consumption due to perceived animal welfare reasons is below 4%
- Percentage of consumers stating they are reducing red meat consumption due to perceived environmental reasons is below 3%

Budget 2013-14

Sector		2012-13 Budget	2013-14 budget		Totals
			1	2	
Mutton	R	2	5	1	6
	M	43	33	7	40
Lamb	R	8	19	4	23
	M	383	456	98	554
Grassfed Cattle	R	30	95	21	116
	M	1,482	870	188	1,058
Grainfed Cattle	R	4	9	2	11
	M	222	168	36	204
Processor	R	24	20	4	24
	M	98	81	17	98
Government	R	68	148	32	180
Subtotal	R	136	296	64	360
Subtotal	M	2,228	1,608	346	1,954
TOTAL		2,364	1,904	410	2,314

4. Supporting industry integrity and sustainability

4.5 Develop sustainable innovation capability within the industry and its service providers

For the red meat industry to be sustainable into the future, a culture of innovation at all levels is critical. This will only occur if people within organisations have the necessary capabilities to grow, sustain and measure innovation. Therefore in 2013-14, MLA will, via the MLA Donor Company, focus on delivering the Collaborative Innovation Strategies program so as to specifically address the need for integrated and long term innovation capabilities, both at the enterprise level and throughout the supply chain. In addition, MLA will continue to collaborate with meat processors and the Australian Meat Processor Corporation to address targeted capability gaps such as enhancing science and technical skills within enterprises/supply chains; supporting the development and adoption of new knowledge and technology innovations; increasing general innovation skills within enterprises/supply chains; ensuring long-term R&D capability is available in required disciplines within the R&D provider community.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Work with stakeholders to promote opportunities for innovative people and processes across the industry	1. AMPC funded initiatives	AMPC	292	498
	2. Deliver the Collaborative Innovation Strategies program	CIS	MDC only	MDC only
2. Collaborate with industry to implement professional and skills development programs	1. AMPC funded initiatives	AMPC	450	516
	2. Producer leadership training, scholarships and placement programs	LPI	56	56
	3. Deliver the professional development program as part of Collaborative Innovation Strategies Program	CIS	MDC only	MDC only
3. Support the development of essential science, research, technical and extension capabilities (5.2.4)	1. Build professional capability and scientific knowledge of RD&E providers in key on farm discipline	LPI	860	940
	2. AMPC funded initiatives	AMPC	100	776
			1,758	2,786

Key milestones

- Initiate strategic investments developed from the 'Education Pipeline Review' and the AOP 4.5 business plan
- All collaborative innovation partners meet at least 80% of their documented innovation strategy KPIs

Budget 2013-14

Sector		2012-13 budget	2013-14 budget			Totals
			1	2	3	
Mutton	R	22			23	23
Lamb	R	174			174	174
Grassfed Cattle	R	157			157	157
Grainfed Cattle	R	102		28	113	141
Processor	R	421	249	258	388	895
Goat	R	3			3	3
Government	R	879	249	286	858	1,392
TOTAL	R	1,758	498	572	1,716	2,786

Stakeholder communication and reporting

As the industry service company, MLA receives significant funds derived from livestock transaction levies and government contributions. MLA is accountable to a range of stakeholders and must be diligent and transparent in its corporate reporting activities and member services to facilitate easy access to information about the return on investment in MLA R&D and marketing programs. The company also has a range of corporate reporting requirements under MLA's Deed of Agreement with the Australian Government, the Corporations Act, and agreements with the peak industry councils. Reporting activities include an annual general meeting, annual report, corporate plan and annual operating plan. To enable peak industry councils to provide strategic insight and consultation with their members on MLA's corporate plan and annual operating plans, a provision for service agreements is a new initiative for 2013-14.

Strategy	Key initiatives	BU	2012-13 budget	2013-14 budget
1. Delivering best practice corporate reporting	1. Develop a set of corporate publications and an annual general meeting that communicate opportunities for members and meet MLA governance requirements	ICE	472	642
2. Member services and stakeholder engagement	1. Enhance member database through the growth of membership and improvements in responsiveness to drive improved member services and engagement with stakeholders		448	492
3. Service agreements with peak industry councils to provide strategic input into MLA programs	1. Contract peak industry councils to consult with producer members to provide strategic insights to MLA to ensure MLA program plans focus on industry priorities and are implemented effectively		0	609
			920	1,743

Key milestones

- MLA annual report achieves a gold award from Australasian Reporting Awards
- Increase MLA membership to 50,000 producers (currently 49,000)
- Member rating for the statement "MLA is easily contactable" increases from 3.7 to 3.8 out of 5
- Service agreements implemented with peak industry councils as agreed by MLA Board and peak industry councils

Budget 2013-14

Sector		2012-13 budget	2013-14 budget			Totals
			1	2	3	
Mutton	R	7	7	7	4	18
	M	8	13	7	13	33
Lamb	R	66	62	44	26	132
	M	161	120	91	152	363
Grassfed Cattle	R	102	110	91	30	231
	M	368	130	94	325	549
Grainfed Cattle	R	4	3	2		5
	M	17	10	7		17
Goat	R	3	2	2		4
	M	2	1	1		2
Government	R	182	184	146	59	389
Subtotal	R	364	368	292	119	779
Subtotal	M	556	274	200	490	964
TOTAL		920	642	492	609	1,743

Corporate services

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

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

Key milestones

- Clean audit report received
- Internal audit program delivered to the satisfaction of the MLA Audit and Risk Committee
- Operation within the framework of the deed of agreement and statutory obligations
- Implement information technology three-year business plan
- Implement people and values business plan
- Implement processes and systems business plan

Budget 2013-14

Sector		2012-13 budget	2013-14 budget									Totals
			1	2	3	4	5	6	7	8	9	
Mutton	R	66	18	8	11	27	6		12		5	88
	M	112	17	8	10	26	6		11	12	5	95
Lamb	R	447	119	55	72	180	40	3	80		32	581
	M	1,442	288	134	174	437	96	8	193	199	78	1,607
Grassfed Cattle	R	614	156	73	94	237	52	4	105		42	762
	M	3,211	620	289	375	943	207	17	416	430	168	3,464
Grainfed Cattle	R	142	37	17	22	56	12	1	25		10	182
	M	407	76	36	46	116	25	2	51	53	21	427
Goat	R	14	5	2	3	7	2		3		1	23
	M	19	3	1	2	4	1		2	2	1	16
External	M	3,350	470	219	284	715	157	13	315		127	2,300
Government	R	1,285	334	156	202	508	111	9	224		91	1,635
Subtotal	R	2,568	668	312	404	1,016	222	18	448		182	3,271
Subtotal	M	8,542	1,474	687	891	2,241	491	40	989	696	400	7,910
TOTAL		11,110	2,143	999	1,295	3,257	713	58	1,437	696	582	11,181

AUS-MEAT

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

Budget 2013-14

Sector	M	2012-13 budget	2013-14 budget	Totals
Mutton	M	46	46	46
Lamb	M	69	69	69
Grass Cattle	M	401	401	401
Grain Cattle	M	59	59	59
TOTAL	M	575	575	575

MLA Donor Company (R&D partnerships)

A fully-owned MLA subsidiary, MLA Donor Company Limited provides a vehicle for attracting voluntary commercial investment from individual enterprises that share a mutual interest with MLA to co-invest in innovation initiatives that will deliver benefit to the Australian red meat industry. Since inception in 1999, the MDC has engaged enterprises from all parts of the industry supply chain including processors, value-adders, breed societies, large pastoral companies and technology providers. MDC has also formed international alliances which have assisted in accelerating Australia's access to valuable intellectual property at much lower cost than would otherwise have been possible. Current value of projects in progress within the R&D partnerships portfolio is \$130 million with an anticipated total expenditure in 2013-14 of approximately \$24 million. MDC initiatives are clearly integrated with the overall objectives of MLA's five-year *Corporate plan*. In broad terms, the objectives of MDC initiatives include, to significantly increase the level of enterprise investment in innovation in the Australian red meat industry; enhance the outcomes of commercially focused innovation thereby ensuring quantifiable benefit to individual enterprises and ultimately to the industry overall; accelerate the commercialisation of R&D, adding to the quantum of innovations available to the industry; and assist the Australian red meat industry to develop an innovation culture and capability.

Strategy and MLA AOP page	Key initiatives
1. Develop new products (2.3)	<ol style="list-style-type: none"> 1. Develop technologies to improve the range of application of co-products as commercial ingredients 2. Develop new technologies to enable transformation and value-adding of low value cuts 3. Improve industry capability, knowledge and adoption of innovation
2. Increase productivity on-farm (3.1)	<ol style="list-style-type: none"> 1. Beef Information Nucleus
3. Increase productivity off-farm (3.2)	<ol style="list-style-type: none"> 1. Develop new technologies and systems that improve productivity and processing efficiencies 2. Assist the processing sector to improve work health and safety 3. Improve industry capability, knowledge and adoption of innovation
4. Improve animal health and bio-security (3.4)	<ol style="list-style-type: none"> 1. Maintain Australia's favourable disease status by enhancing on-farm and national/state/territory level bio-security/ surveillance programs through collaborative projects; and investing in development of alternative practices to address key risks
5. Build environmental sustainability and reducing greenhouse gasses in the processing sector (4.2)	<ol style="list-style-type: none"> 1. Support processors in the development and implementation of innovative waste treatment and waste to energy technologies 2. Support processing sector innovation networks
6. Develop sustainable innovation capability within the industry and its service providers (all)	<ol style="list-style-type: none"> 4. Industry skills development programs 5. Processor scholarship and network programs 6. Build capability and knowledge of science and technology service providers in key off-farm disciplines 7. Develop and deliver collaborative innovation strategy programs to current and new clients across and including the supply chain
7. Capture and develop opportunities to optimise through transformational technologies and practices (all)	<ol style="list-style-type: none"> 1. Process and product interventions and enhancement using objective carcass measurement 2. Innovative packaging opportunities to improve product performance 3. Optimise product market placement

Key milestones

- As MDC partnership projects are directly related to delivering against MLA's overall strategic plan, key program deliverables have been included in the relevant milestone sections of this *Annual operating plan*
- Greater awareness and understanding by stakeholders of the MDC model and its ability to leverage non levy R&D funds
- Improved positioning of the MDC leading to an increase in number of new partners

Budget 2013-14

Sector		2012-13 budget	2013-14 budget 1	Totals
Processor	R	1,650	2,400	2,400
External	R	9,350	9,600	9,600
Government	R	11,000	12,000	12,000
TOTAL	R	22,000	24,000	24,000

Income and Expenditure by Funding Source 2013-14

Version 24/02/14

Strategic Imperative	Goat		Mutton		Lamb		Total Sheep		Cattle-Grass		Cattle-Grain		Total Cattle		Total Levy Funds		Processor		LiveCorp		External	MLA Total	MLA Donor Co	Govt	MLA Consolidated
	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	M	R	R	R	2013-14
1. Maintaining & Improving Market Access																									
√ 1.1 Develop & deliver industry system	9	84	53	92	466	800	519	892	522	1,350	75	517	597	1,867	1,125	2,843	1,176	533	16	18	1,526	7,237		2,317	9,554
√ 1.2 Support to maintain & liberalising markets		11	6	129	55	1,153	61	1,282	112	1,996	17	302	129	2,298	190	3,591	190	3,580			110	7,661		380	8,041
√ 1.3 Maximising market options in livestock export	25	40	100	435	125	625	225	1,060	350	3,267			350	3,267	600	4,367			600	550		6,117		1,200	7,317
2. Growing Demand																									
√ 2.1 Helping industry deliver optimal eating quality			86	103	481	622	567	725	977	2,582	262	594	1,239	3,176	1,806	3,901	220				250	6,177		2,026	8,203
√ 2.2 Enhancing the nutritional reputation of red meat				5	203	1,029	203	1,034	245	2,379	43	501	288	2,880	491	3,914	203	513				5,121		694	5,815
√ 2.3 Developing new products	10		32		183	209	215	209	328	446	54	18	382	464	607	673	428	48				1,756		1,035	2,791
√ 2.4/2.5 Aggressive Promotion in the Domestic Market Place		31		11		7,741		7,752		7,845		446		8,291		16,074		1,220			100	17,394			17,394
√ 2.6/2.7 Aggressive Promotion in the Market Place - Export		170				6,644		6,644		17,604		2,378		19,982		26,796					501	27,297			27,297
3. Increasing Productivity across the Supply Chain																									
√ 3.1 Opportunities to increase – on-farm productivity	252		266		3,379		3,665		2,906		720		3,626		7,543						1,175	8,716		7,543	16,261
√ 3.2 Opportunities to increase – off-farm productivity																	1,743					1,743		1,743	3,486
√ 3.3 Deliver valued supply chain & market information	12		70	23	723	127	793	150	1,705	271	124	45	1,829	316	2,634	466					465	3,565		2,634	6,199
√ 3.4 Improving Biosecurity, Animal Health	20		249		1,661		1,910		596		567		1,163		3,093						325	3,418		3,093	6,511
√ 3.5 Increase producer engagement	9	6	208	29	1,800	382	2,008	411	1,900	702	130	33	2,030	735	4,047	1,152					300	5,499		4,047	9,546
4. Support industry integrity and sustainability																									
√ 4.1 Support on-farm environmental sustainability			96		1,065		1,161		1,449		660		2,109		3,270						608	3,878		3,269	7,147
√ 4.2 Support off-farm environmental sustainability																	1,147					1,147		1,147	2,294
√ 4.3 Provide solutions to meet high animal welfare standards			28		682		710		171		483		654		1,364							1,364		1,364	2,728
√ 4.4 Supporting industry engagement with community			6	40	23	554	29	594	116	1,058	11	204	127	1,262	156	1,856	24	98				2,134		180	2,314
√ 4.5 Develop sustainable innovation capability	3		23		174		197		157		141		298		498		895					1,393		1,393	2,786
Stakeholder communication and reporting	4	2	18	33	132	363	150	396	231	549	5	17	236	566	390	964						1,354		390	1,743
Ausmeat			46		69		115		401		59		460		575							575			575
R & D Partnerships																							12,000	12,000	24,000
Total Expenditure pre Corporate Services	344	344	1,261	946	11,152	20,318	12,413	21,264	11,765	40,450	3,292	5,114	16,057	45,564	27,614	67,172	6,026	5,992	616	568	5,360	113,547	12,000	46,453	172,002
√ Corporate Services	23	14	88	83	581	1,408	669	1,491	762	3,034	182	374	944	3,407	1,636	4,913					2,300	8,849		1,636	10,486
√ Levy Collection Costs		2		12		199		211		430		53		483		696						696			696
Total Expenditure	367	360	1,349	1,041	11,733	21,924	13,082	22,966	12,527	43,914	3,474	5,640	16,001	49,454	29,450	72,780	6,026	5,992	616	568	7,660	123,092	12,000	48,092	183,184
Income Available:																									
- Levies	345	217	1,320	1,240	8,666	21,014	9,986	22,254	11,385	45,293	2,717	5,580	14,102	50,872	24,434	73,344						97,777		48,092	97,777
- Govt																	6,026	5,992				12,018			48,092
- Processors																			616	568		1,184			1,184
- Live Export																					7,660	7,660			7,660
- R & D Partnerships																							12,000		12,000
- External																									7,660
Total Income	345	217	1,320	1,240	8,666	21,014	9,986	22,254	11,385	45,293	2,717	5,580	14,102	50,872	24,434	73,344	6,026	5,992	616	568	7,660	110,639	12,000	48,092	170,731
Difference (to)/(from) reserves	(22)	(143)	(29)	199	(3,066)	(811)	(3,096)	(712)	(1,142)	1,379	(756)	39	(1,899)	1,418	(5,016)	563						(4,453)			(4,453)
Opening Reserves (updated for June 2013 actual close)	257	751	863	394	9,408	13,207	10,271	13,601	4,007	7,981	2,460	2,420	6,467	10,401	16,995	24,753									
Closing Reserves	235	608	833	593	6,342	12,297	7,175	12,889	2,865	9,360	1,703	2,459	4,568	11,819	11,978	25,316									
% of Revenue	68%	280%	63%	48%	73%	59%	72%	58%	25%	21%	63%	44%	32%	23%	49%	35%									