



AUSTRALIAN PORK LIMITED

Strategic Plan

2015-2020



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Chairman's Statement

The Australian pork industry has made great progress in the 2010–2015 period. Pig producer balance sheets have been rebuilt after the profitability crisis of 2007–2008. We've seen the proactive and progressive change on the voluntary removal of sow stalls, the acceptance and adoption of a world class industry quality assurance system and our recognition as leaders in Australian rural research, development and extension strategies. This is being done in a way that results in more predictable returns and outcomes to pig producers and Australian society more broadly.

As a consequence of this progress, our vision has evolved to:

“Australian Pork – A uniquely contemporary part of our food industry”

The central tenet of this 2015–2020 Strategic Plan is anticipating and responding to emerging consumer opportunities and community expectations whilst significantly contributing to the improvement and certainty of pig producer revenues. The content and direction of this Plan have been prepared following significant consultation with producers, processors, retailers, governments – both state and federal, as well as aligned key industry stakeholders. I would like to especially thank the APL Delegates who formed the Delegates Reference Group during the consultation process.

This plan has as a core strategic focus the goal of maintaining the momentum of profitable and sustainable growth in existing markets. An additional area of focus is building robust foundations to expand new business opportunities in new markets, both internationally and domestically.

There are five Strategic Objectives underpinning the achievement of this growth and expansion.

- **Growing Consumer Appeal** aims to improve consumer experiences with Australian pork and its image and popularity through better understanding of how to prepare it and what makes it different.
- **Building Markets** focuses on converting that consumer appeal into better value for producers and other participants in the value chain through a deep understanding of customer needs in chosen segments.
- **Driving Value Chain Integrity** refers to building on Australia's clean and safe image both at home and abroad whilst strengthening the already high degree of trust for Australian pork through industry integrity systems.
- **Leading Sustainability** highlights our priorities to be proactive as an industry in fostering the delivery of viable and sustainable farming practices and a healthy and profitable industry.
- **Improving Capability** continues the focus on rapid and complete uptake and adoption of information and technologies that will improve the productivity and reputation of the total pork value chain. It also looks to optimise operational effectiveness to maximise the return on producer levies and Federal Government funding.



As one of our most important investors the Australian taxpayer, as represented by the Federal Government, should feel comfort in the knowledge that this Strategic Plan represents positive benefits for not only our industry but for the community at large. Australians can feel proud of their pork industry as one which operates responsibly and ethically in the production of nutritious and affordable food.

One demonstration of the clarity and focus of this Strategic Plan is that the major objectives, programs, outcomes and key results measures have been refined to such an extent that they can be articulated in two tables included later in this document.

The next five years are devoted to accelerating the current momentum in existing markets and developing new and exciting market prospects for the future. We look forward to the implementation of this Strategic Plan as providing a uniting and catalytic influence on the Australian pork industry.



Enzo Allara AM
Chairman, APL



Executive Summary

Australian Pork Limited (APL) is the services body for Australian pig producers, performing marketing activities to improve the demand for Australian pork, research and development to make the industry more competitive and industry representation ensuring government and regulators have all of the necessary information for successful policy outcomes readily available.

APL operates on a five year strategic planning cycle. This document outlines APL's Strategic Plan 2015–2020, replacing the previous version from 2010–2015. The plan was put together as the result of a comprehensive consultation process commencing early in the financial year of 2013–2014, involving Australian pig producers, APL Delegates, directors and management, government representatives, the Australian pork supply chain and other important industry stakeholders.

There are a number of key outcomes from the consultation process that underpin the strategies and programs outlined in this document. They are outlined below:

- Industry reinvestment – this plan outlines expectations for the evolution of the industry over the next five years whereby the main area of growth is in the annual value of production rather than the annual volume of production. This is driven by the present status of producer returns having scope for improvement, which in turn is holding back motivators for greater industry production volumes. Higher expectations of pig/pork prices will improve farm gate returns, eventually enabling a level of reinvestment in production assets, opening the gate to improved future productivity;
- Differentiation – the nature of the Australian pig producer's business environment is unlikely to allow for us to be amongst the world's lowest cost producers. We will therefore need to maintain a disproportionate focus on the quality of our produce, and package differential attributes of our pork under the Australian PorkMark brand. Australian Pork will be known for more than where it is produced – it will be linked to values of quality, safety, naturalness and ethics in production;
- International marketing – 90 per cent of Australian pork is consumed domestically, vulnerable to the volatilities of the local market. To our north are international markets which consume enormous amounts of pork but sometimes have issues with the integrity of their own food production systems. Australia meanwhile is seen as a producer of safe, natural and healthy food. Greater resources will be directed towards medium and long term aspirations of business in international markets in Asia; and
- Management of risks and opportunities – some critical issues for management by the industry do not change in five year strategy cycles. We will continue to leverage the nimble and compact nature of our industry to manage risks and opportunities around biosecurity and our herd health; animal welfare regulation, practices and progress; and systems for product integrity and food safety.



Our strategy contained within this document is built around five objectives, with Key Result Area targets for monitoring over the duration of this plan. These Strategic Objectives are:

- Growing Consumer Appeal
- Building Markets
- Driving Value Chain Integrity
- Leading Sustainability
- Improving Capability.

The document outlines the programs deemed necessary to support these objectives. Annual Operating Plans separately elaborate the annual levels of investment in projects designed to build the program results to the required outcomes.



APL Board and Executive Team



Mr Enzo Allara AM
Chairman and
Specialist Director



Mr John Coward
Elected Director



Mr Andrew Johnson
Elected Director



Mr Aeger Kingma
Elected Director



Mrs Kay Carey
Specialist Director



Dr Brian Luxford
Elected Director



Mr David Plant
Elected Director



Mrs Kathy Grigg
Specialist Director



Mr Geoffrey Starr
Specialist Director



Andrew Spencer
Chief Executive Officer



Deb Kerr
General Manager, Policy



Darryl D'Souza
General Manager, Research
and Innovation



Peter Haydon
General Manager, Marketing



Emily Mackintosh
General Manager,
Communication



APL Values, Vision and Purpose

APL Vision

Australian Pork – a uniquely contemporary part of our food industry

APL Purpose

APL – the catalyst for viable, progressive and market driven Australian pork businesses

APL Company Values

Passion and dedication to the cause of our farmers

Personal commitment to undertake any job, no matter how big or small, that will contribute to an improved and sustainable future for our pig farmers generally.

Deliver what we promise, when we promised it

Meet or exceed expectations, accept responsibility and be accountable for outcomes and timeliness.

Respect and support colleagues

Across roles and divisions, show consideration for others time and priorities; together we can achieve greater results than we can separately.

Create the future our farmers need

By focusing on key objectives and executing with excellence, whilst using innovative thinking to lead the industry, we will create the future our farmers need, rather than only reacting to the current reality.

Celebrate achievement

We celebrate outcomes, share learning's and recognise excellence in performance against KPI's in both individuals and teams across APL.



Pork Industry Operating Environment

The Australian pork industry has demonstrated an ability to be nimble and proactive, in some cases leading the world. This will become an increasingly valuable capability as the rate of change in food markets continues to accelerate.

There has been significant progress in producers tailoring their products for specific customers and markets. This tailoring and deepening understanding of their customers' needs has helped many producers develop longer term arrangements, contributing to greater industry stability and lower levels of market seasonality.

The primary changes envisioned over the course of this strategic planning period are listed below.

Demand change drivers:

- The combination of technology and increasing public interest in food will cause consumer groups to fragment into an increasing number of smaller and smaller segments. This will make provenance, production systems and product ranges more important and increasingly diverse;
- Much of the pork used in ham and bacon sold in Australia is imported. Whilst there will be short term fluctuations, this is likely to continue whilst the current Northern Hemisphere trade arrangements remain unchanged;
- Domestic competition for fresh pork from poultry and red meat has not been able to stop Australian pork from growing in volume, value and relative consumer price in recent times. The opening of China to Australian red meat may put upward pressure on domestic red meat prices for a couple of years, making Australian pork relatively cheaper until such time that Australian pork expands trade and market access to a range of Asian countries;
- Domestic retailing continues to be primarily driven by shopper convenience. This manifests itself in increasing per capita expenditure on food prepared out-of-home as well as the growth of chain meat retailers. These trends are consistent with global trends and are likely to continue; and
- Primary pork processing having consolidated in recent times is now in a period of structural change. Some supermarkets are in the process of building multi-species meat cutting facilities that will change the structure of that part of our industry.

Supply change drivers:

- The pork industry's single biggest supplier is the grains industry. Grain prices are likely to remain unpredictable, due to the vagaries of weather and international trade; prices are also affected by other issues such as increasing demand due to global wealth generation, biofuels uses, financial speculation and an increasing global population but relatively fixed amounts of arable land;
- The Australian pork industry remains committed to actively engaging in policy and regulatory development as well as compliance with existing laws and regulations;
- Biosecurity remains critical to both our domestic and international position as a high health source of safe, clean and well managed premium food production;

- Building career paths, education and training strategies will all continue to impact the Australian pork industry's labour supply. These programs need to turn around the historic trend of decline; and
- The creation of adequate returns to justify future investment in the industry is also a potential supply constraint. This however, is in part mitigated by the top performing producers that will first be able to justify investment. Assuming they replicate their performance through the rest of the industry, this should improve overall industry performance.

APL's unique structure incorporating marketing, policy, research and innovation enables the rapid integration of all operational resources. This cross-divisional based collaboration enables better and faster elaboration of solutions for industry.





Strategic Planning Context and Themes

A feature of the Australian pork industry is its relative concentration and ability to make decisions quickly, resulting in ownership of these decisions across the industry. Whilst production is dominated by a reasonably small number of larger producers, the industry also has a large number of very small producers as shown in the table below. This presented challenges and opportunities in designing an effective and fair consultation process.

Table 1. Classification of Piggeries by Size, Measured by the Number of Sows as of Mid 2014

| Farm Size (Number of Sows) | Classification | Number of Producers | Total Number of Sows |
|----------------------------|--------------------------------|---------------------|----------------------|
| <8 | Pig keeper | 980 | 2,384 |
| 8–50 | Small holder or small producer | 453 | 9,339 |
| 51–150 | Small commercial | 154 | 15,431 |
| 150–500 | Medium commercial | 129 | 38,378 |
| 501+ (single site) | Single site large commercial | 37 | 39,149 |
| <1000 (multi site) | Multi site commercial | 63 | 30,723 |
| 1000+ (multi site) | Multi site large commercial | 52 | 125,730 |
| Total Producers | | 1,868 | 261,134 |

This industry structure was taken into account when designing the Consultation Plan for the development of APL's 2015–2020 Strategy. The internal pig producer database was utilised to directly communicate with the whole industry regardless of membership, size or classification.

The consultation process for this Strategic Plan included six formal open-invitation producer meetings, covering all states of Australia. APL also conducted workshops with various government departments and agencies, teleconferences with Delegates, an online survey designed for smaller producers and a multitude of individual meetings with retailers, pork processors, pork product manufacturers and other industry bodies.

In addition, an open door policy on submissions or contributions – in particular from APL pig producer members – was enacted, resulting in the further collection of information and industry opinions.

APL held Delegate Forums in November 2013 and May 2014. At these forums, Delegates took the opportunity to have input into and find out about APL strategies to ensure creative idea stimulation and optimal engagement with members.



Distilling the issues collected from the various consultation events resulted in a list of themes for the Strategic Plan as follows:

- A continuation of a heavy focus on improving product quality, consistency and presentation;
- Steady improvement in financial returns to build confidence and fund future investments;
- The importance of the value chain in the industry being both sustainable and increasingly trusted;
- Further investment in building demand for Australian pork in Australia, reaching new groups of consumers in both fresh and value-added pork;
- A continued obsession with risk management, in particular in areas of biosecurity, sow and piglet well-being and product traceability; and
- The leverage of these risk management capabilities as revenue generating differentiators in new international markets.

The major areas that are the focus for industry changes are:

- Increased differentiation of Australian pork from other Australian meats and other sources of pork by harnessing Australian pork's increasing popularity amongst food opinion leaders, based on the industry's progressive attitude to quality, welfare (including herd health as well as production factors) and versatility;
- Increased activity in the creation of viable long term international business in collaboration with commercial supply chain partners; and
- Higher demand (successful differentiation and international business) with roughly static per capita volume availability underpinning an improvement in pig producer returns.



The Strategic Objectives at a Glance

Industry consultation resulted in five Strategic Objectives that will govern the specific programs under each of those objectives for APL and the wider pork industry in order to deliver against the targeted outcome statements. These are outlined in the table below and will be supplemented with an Annual Operating Plan. The Annual Operating Plan is implemented through a multi-disciplinary and cross divisional approach designed to maximise internal and external collaboration.

Table 2. Strategic Objectives and Outcomes Statements

| Strategic Objectives | Outcome Statement | Strategy Champion |
|--|---|---|
| Programs | | |
| Growing Consumer Appeal | "Making Australian pork more uniquely valuable to consumers and increasingly a part of their eating pleasure." | General Manager Marketing |
| Better Pork | | |
| Pork Made More Popular | | |
| Increasingly Different | | |
| Building Markets | "Using insights to develop markets that offer attractive demand for our products, our producers and our value chain collaborators." | General Manager Marketing |
| Market Insights | | |
| Domestic Market Development | | |
| International Market Development | | |
| Driving Value Chain Integrity | "Secured confidence in Australian pork products in their source, the compliance with expected standards and aligning on-farm practices with consumer expectations." | General Manager Research and Innovation |
| Trust in Pork Provenance | | |
| Pork Quality Assured | | |
| Fairness in Risk and Reward | | |
| Leading Sustainability | "Remaining in step with society by reflecting community values in our ethics, our healthy herds and operating our industry responsibly and profitably." | General Manager Policy |
| Addressing Societal Needs | | |
| Healthy Herds and Farms | | |
| Continuous Productivity Growth | | |
| Improving Capability | "The Australian pork industry and APL leading the way in innovation, accountability and expertise." | General Manager Communication |
| Applied Learnings | | |
| Building Industry Image and Reputation | | |
| Operational Effectiveness | | |

Each Strategic Objective has an internal APL Champion to ensure that the process of strategy implementation is carried out in an integrated manner. This is a co-ordination role with the responsibility for program and project outcomes residing with the individual program or project leader.

Strategic Objective I

Growing Consumer Appeal

Rationale

Australian pork is consumed by around 80 per cent of Australian households each year. Approximately half of these households consume Australian pork every two weeks or so, the other half consume Australian pork much less frequently. The progress of the last five years has been driven by increased use amongst frequent users. Whilst this momentum will be maintained, the industry agreed levy increases will address less frequent consumer needs providing them with a relevant ending to the statement “I chose Australian pork because...” Increasing consumer appeal will make Australian pork, as an umbrella brand, more valuable to consumers and therefore increase the total worth of Australian pork’s value chain outputs.

Outcome Statement

“Making Australian pork more uniquely valuable to consumers and increasingly a part of their eating pleasure.”





Program 1 – Better Pork

Product quality improvement is a continuous part of all successful food production industries. Consumer expectations are high and will reach greater heights over time. This program will seek to build product quality through greater consistency and absolute quality, broadening both perceptions of eating quality and increasing the incidence of delighted consumers while decreasing any incidence of disappointment.

This program requires evolution in Australian pork production systems, product preparation, presentation and the delivery of consumption pleasure.

Program 2 – Pork Made More Popular

Australian pork has gained in popularity with opinion leaders represented through, for example, celebrity chefs and television food programs. This has been converted to increasing popularity amongst those who are already familiar with pork. This program will continue to inspire existing frequent users whilst also enticing less frequent users to try simple and tasty Australian pork meal solutions.

This program seeks to continue and extend Australian pork's growth in consumer popularity both before and after product purchase.

Program 3 – Increasingly Different

Every successful product and brand offers a unique combination of attributes, benefits and experiences that make it different and better than its potential substitutes. At least some people in some circumstances require that it be uniquely the best choice. Best choice can be either one or more of the rational driving forces such as quality, convenience and value for money or an emotional trigger such as "pleasing my loved ones", a great eating experience, supporting Australia's iconic farmers or being a sustainable choice.

This program will look to build Australian pork's unique combination of benefits into an increasingly compelling, clearly differentiated proposition to each targeted group of consumers.

Strategic Objective 2

Building Markets

Rationale

In order to translate consumer appeal into consumer demand, action by players in the value chain is required. An evidence based understanding of what motivates consumers, retailers, production companies and producers has proven to be a consistently effective way of motivating commercial interests. In some circumstances this is as simple as “following the money” and in others it can be a much more subtle blend of the rational, the subjective and relationship considerations.

This program targets the conversion of consumer appeal into demand by identifying and sharing with value chain partners and collaborators, insights, business cases and activities that build viable market presence in ways that benefit each link in the value chain from producer to consumer.

Outcome Statement

“Using insights to develop markets that offer attractive demand for our products, our producers and our value chain collaborators.”





Program 1 – Market Insights

Increasingly retailers and pork processors are focusing on consumer and shopper insights to better understand market requirements. A deep understanding of consumers, shoppers and markets can help predict where, when and how consumers make food decisions. Deepening our pool of facts and enriching this knowledge with market testing, not only makes anticipated results more credible but also makes them more accurate. The conversion of consumer motivations into understanding and implications for retail, wholesale and livestock markets are critical to business decision making throughout the value chain. Moreover, APL intends to act as a catalyst for new experiences generated through new product innovation. In addition, a thorough understanding of the dynamics for major industry supply inputs, such as grain, is of equal importance to producer business decision making.

This program identifies and prioritises market research acquisition requirements in order to facilitate fact based decision making throughout the value chain.

Program 2 – Domestic Market Development

The Australian pork industry distributes products through multiple retailing channels from supermarkets and butchers to cafes, restaurants and other venues. Sharing information, ideas and collaborating on in-market activity enables the Australian pork industry to leverage market intelligence and help industry present Australian pork to shoppers in the most appealing and motivating way. These interactions add to industry understanding of channel needs and help to deal with the evolutionary trends of retailing over time.

This program will look to expand the influence of Australian pork products in Australian markets, while contributing to the growth of Australian pork product sales.

Program 3 – International Market Development

Globally around 7.35 million tonnes of pork were exported in 2012. That is approximately 21 times Australia's current production of pork. Australia has exported around 35,000 tonnes per annum, giving Australian pork a 0.5 per cent share of international pork trade in 2012. It is anticipated that international trade in meat will grow up to and beyond 2020. This represents a significant opportunity for our pork industry through this demand growth in selected markets.

This program will seek to expand sustainable and viable international businesses where market access is already available, while seeking new market access for targeted countries, with China being a priority over the life of this Strategic Plan.

Strategic Objective 3

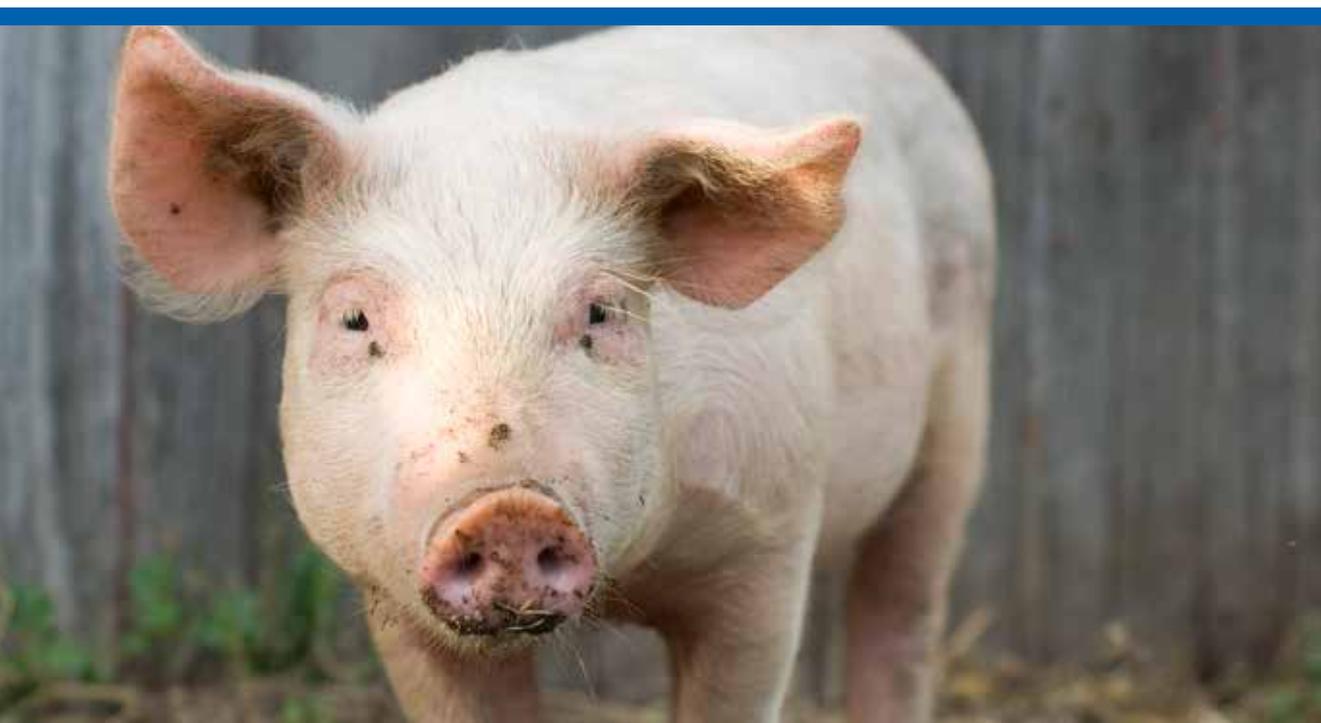
Driving Value Chain Integrity

Rationale

Australian and international consumer interest in the origin and integrity of food continues to rise. Australian food industries have demonstrated their 'Australian, clean and safe' credentials and have been rewarded with international recognition of these attributes. The pork industry plans to continue to be a leader with innovative and cost-effective demonstrations of high level performance against industry and government standards. The industry aims to build consumer and community confidence and trust in Australian pork products by enhanced compliance with our higher standards. These initiatives will be delivered via a partnership approach with government, producers and value chain partners.

Outcome Statement

“Secured confidence in Australian pork products in terms of their source, the compliance with expected standards and aligning on-farm practices with consumer expectations.”





Program 1 – Trust in Pork Provenance

Today's food value chain is considerably more diverse and complicated than it was a few years ago. Equally, today's consumer is increasingly interested in and concerned about the provenance of their food. The Australian pork industry continuously strives to enhance consumer and community trust differentiating Australian pork from imported pork, the latter of which is quite often produced to standards lower than those met by the Australian pork industry. The need for greater transparency and traceability in the pork value chain are pivotal to achieving trust in Australian pork domestically, as well as in export markets and across a range of pork products.

This program will seek to encourage both adoption and implementation of programs that further build consumer trust in the provenance of Australian pork in domestic and international markets.

Program 2 – Pork Quality Assured

Australian Pork Industry Quality Program, APIQ✓[®], is an on-farm quality assurance system and is based on managing on-farm risks by following good agricultural practices, using the principles of Hazard Analysis and managing Critical Control Points (HACCP). APIQ✓[®] provides the framework and standards by which Australian pig producers can demonstrate care for their animals, the environment and their customers. This will be achieved by following safe and sustainable production practices underpinned by compliance verification across Australian pork production systems. It will also be extended selectively across high value subsets of the pork value chain.

This program will look to expand the APIQ✓[®] program to further underpin the quality, integrity and traceability of Australian pork products in both domestic and international markets.

Program 3 – Fairness in Risk and Reward

All sectors within the pork value chain need to be consumer focused and must be better linked to enable the effective flow of market signals. Pork value chain businesses will have to develop systems and implement programs that better match their product to their customers' needs and the end consumers' needs. It is also imperative that value generated through the chain, including on farm, results in reward at the appropriate point in the chain.

Such an approach is absolutely crucial if the pork industry is to better meet the domestic and export consumer's needs in a timely manner.

This program seeks to provide a more efficient value chain with better links and understandings between product value, quality and integrity.

Strategic Objective 4

Leading Sustainability

Rationale

Today's communities are placing increasingly high expectations on our industry to apply sustainable practices and standards to the way in which pork is produced. The Australian pork industry has demonstrated a willingness to walk the leadership talk. This progressive approach has been applied to facets of sustainability such as ethical production, food safety and nutrition. Continuing the progressive approach needs to incorporate societal foresight, industry preparedness and commercial outcomes for our producers. The Australian pork industry seeks to position itself as the global leader in contemporary sustainability with a focus on outcomes that reflect an ethical, responsible and profitable industry, while delivering quality pork to the consumer.

Outcome Statement

“Remaining in step with society by reflecting community values in our ethics, our healthy herds and operating our industry responsibly and profitably.”





Program 1 – Addressing Societal Needs

The Australian pork industry has led the way globally through initiatives such as the ‘Shaping our Future’ program, which aims to phase out gestation stalls by 2017. Societal expectations for leadership and sustainability will focus a broad suite of programs covering regulatory and policy areas, with a focus on improving the image of our industry to maintain the confidence of consumers, government, our markets and the Australian public.

This program will identify and seek to implement programs that address societal needs for the sustainable production of pork that will underpin consumer trust.

Program 2 – Healthy Herds and Farms

The Australian pork industry must be productive in the face of domestic and international competition. To remain profitable, producers must safeguard the health and wellbeing of the pig herd, while reducing input costs and improving productivity. The Australian pig herd has a high health status. The absence of pig diseases not only contributes to the profitability of the farm business, it also improves the welfare of the animals. Industry will need to focus on disease prevention and preparedness for business sustainability.

In the global trading environment, Australian pork is a premium product, based on the clean and safe environment in which Australian pigs are raised. Critical to the Australian pig herd is biosecurity – it is the way in which we protect the health and wellbeing of our pigs. Australia’s science based biosecurity protocols mean that we are one of the few countries in the world that still enjoys a high disease free status, which protects our reputation for quality and safety. Our research shows that the Australian public are proud of our disease free status and overwhelmingly support scientifically based biosecurity protocols.

This program will look to implement technologies, systems and management strategies that underpin and deliver healthy herds and farms.

Program 3 – Continuous Productivity Growth

On-farm productivity and the minimising cost of production are challenges for Australian pork farms, especially in comparison with pork producing countries such as USA, Canada and Denmark. Much of this disadvantage relates to the ‘closed genetic herd’ status that prevents the importation of new genetic lines with higher productivity. These protocols are absolutely critical if Australia is to maintain its high biosecurity standards to prevent the outbreak of exotic diseases. Nonetheless, the Australian pork industry’s investment in continuous productivity growth is important to close the productivity gap. Continuous productivity growth relates to the quantity and quality of pork produced over time in relation to inputs required.

This program will adopt and implement programs that underpin continuous productivity growth for the pork industry by focusing on improving reproductive performance of the Australian pig breeding herd and enhancing the viability of the progeny.

Strategic Objective 5

Improving Capability

Rationale

Australia has some structural cost disadvantages in labour availability, volume scale and pig carcass weight that makes the Australian pork industry unlikely to achieve a low cost producer status. Conversely it has some advantages in herd health, high production standards and food safety. Australian pork producers need to continuously improve their production, differentiation, and customer focus capabilities to offset their cost disadvantages.

As the national organisation representing Australian pork producers, APL is constantly seeking to enhance its operational effectiveness to maximise the return on producer levies and Federal Government matching monies for optimal payback to the industry.

The industry's wider image and reputation as an exemplary citizen in the areas of environmental management, animal health and welfare leadership also acts to underpin consumer confidence in Australian pork both at home and in international markets.

Outcome Statement

“The Australian pork industry and APL leading the way in innovation, accountability and expertise.”





Program 1 – Applied Learnings

Industry stakeholders, both across the value chain and within segments, vary in the way they access information. Research outcomes are disseminated through a range of channels to suit the breadth of audience. Increasingly, this dissemination will utilise modern IT solutions and social media in addition to traditional face-to-face stakeholder engagement to ensure a proactive approach to technology transfer and adoption.

Program 2 – Building Industry Image and Reputation

This program is about expanding the reach and impact of the outcomes of the work done by APL on behalf of its levy paying producers. Activities carried out under this program will facilitate open and frank dialogue and exchange of views, ideas and principles with and to audiences such as state and federal governments, educational institutions, research and development organisations, scientific forums, the supply chain, producer groups, agricultural representative organisations and the general community.

This program will provide proactive outreach that will support and promote the industry's reputation as a global leader in effective and responsible pork production.

Program 3 – Operational Effectiveness

Under this program APL, as a member organisation, continues to invest producer levies and government matching funds in an efficient and cost effective manner to deliver the Strategic Plan outcomes. In addition, the projects are designed to ensure APL is also viewed as an organisation of good corporate governance, which goes above and beyond its obligations to meet its statutory obligations, as well as a safe and fair work place. Membership of organisations such as the National Farmers' Federation (NFF) and the Council of Rural Research and Development Corporations (CRRDCs) are also included under this program.

This program is dedicated to delivering ongoing business efficiencies and business best practices that demonstrate to APL members the value of membership of their national representative body.

Australian Pork Industry Performance Tracker

Any strategy seeks to move a competitive position from the current one to a new, more attractive one. The measures and targets outlined below are aspirations APL has for each Strategic Objective.

Each measure, although summarised here has a formalised methodology of reporting to ensure it is measured in a consistent manner with a defined regularity.

Table 3. Australian Pork Industry Key Results Areas

| Strategic Objective | Key Result Area | Measure/ Units | Target (year ending 30th June...) | | | | | |
|-------------------------------|--|---|-----------------------------------|--------|--------|--------|--------|--------|
| | | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Growing Consumer Appeal | Australian Processed Pork Share | % volume of consumption | 30.5% | 30.7% | 30.8% | 30.9% | 31.0% | 31.1% |
| | PorkMark Awareness | % of Australians aware of PorkMark | 60% | 62% | 64% | 66% | 68% | 70% |
| Building Markets | Australian Pork Consumption | HSCW kg per capita annual consumption | 13.81 | 13.92 | 14.00 | 14.09 | 14.17 | 14.26 |
| | Pig Pricing | \$/kg farm gate average all pigs | \$3.16 | \$3.22 | \$3.28 | \$3.34 | \$3.40 | \$3.46 |
| Driving Value Chain Integrity | APIQ [✓] Uptake | % production APIQ [✓] certified | 88.8% | 90.0% | 90.0% | 91.0% | 91.0% | 92.0% |
| | Residue Compliance | % compliance total tests | 99.9% | 99.9% | 99.9% | 100.0% | 100.0% | 100.0% |
| Leading Sustainability | Reproductive Performance | Pigs sold/sow/year | 18.4 | 18.7 | 19.0 | 19.3 | 19.6 | 19.9 |
| | Progress on Sow Stall Phase Out | % sows meeting phase out definition | 75% | 85% | 95% | 100% | 100% | 100% |
| Improving Capability | Industry Certificate Three Penetration | % staff with Certificate 3 | 40% | 42% | 44% | 46% | 48% | 50% |
| | Technology Adoption | Ave % of production adopting new technologies | >50% | >50% | >50% | >50% | >50% | >50% |

HSCW = Hot Standard Carcase Weight



Industry Assumptions 2015–2020

The table below outlines the assumptions around the key industry parameters over the term of the Strategic Plan.

The parameters demonstrate:

- A steady increase in the volume of Australian pork produced, which grows ahead of population over the planning period, increasing Australian per capita consumption of fresh pork;
- Production increases are driven primarily by improvements in pigs sold per sow per year;
- Broadly stable Australian share of processed pork products;
- A 37 per cent growth in Australian pork exports;
- Pig price increases ahead of the average food inflation rate for the last five years; and
- Imports rise to fill increases in population not serviceable from Australia.

Table 4. Projections for Industry Development to 2020

| Year Ending June 30 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------------------------|--------|--------|--------|--------|--------|
| Slaughter Numbers | mill. 4.80 | 4.97 | 5.09 | 5.22 | 5.35 | 5.48 |
| Average Weight | HSCW kg's 75.50 | 75.70 | 75.90 | 76.10 | 76.30 | 76.50 |
| Total Domestic Produced | HSCW tonnes 000's 362.40 | 376.00 | 386.63 | 397.39 | 408.36 | 419.53 |
| Farm Gate Price (all pigs including Sows) | Average \$/kg HSCW 3.16 | 3.22 | 3.28 | 3.34 | 3.40 | 3.46 |
| Industry Gross Value of Prod. | \$ mill. 1145.2 | 1210.7 | 1268.2 | 1327.3 | 1388.4 | 1451.6 |
| Exports | HSCW equiv. tonnes 000's 34.73 | 37.48 | 40.23 | 42.98 | 45.73 | 48.48 |
| Imports | HSCW equiv. tonnes 000's 267.86 | 275.00 | 276.79 | 280.36 | 283.93 | 287.50 |
| Total Available Domestic | HSCW tonnes 000's 595.53 | 613.51 | 623.18 | 634.80 | 646.59 | 658.55 |
| Domestic Consumption Fresh | HSCW kg/capita/annum 9.24 | 9.31 | 9.38 | 9.45 | 9.52 | 9.59 |
| Domestic Consumption Proc. | HSCW kg/capita/annum 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| Domestic Consumption Total | HSCW kg/capita/annum 24.24 | 24.31 | 24.38 | 24.45 | 24.52 | 24.59 |
| Total Fresh | HSCW tonnes 000's 221.01 | 226.45 | 232.03 | 237.74 | 243.60 | 249.60 |
| Total Processed | HSCW tonnes 000's 349.78 | 364.88 | 371.08 | 377.39 | 383.81 | 390.33 |
| Total Aust. Processed | HSCW tonnes 000's 106.67 | 112.06 | 114.37 | 116.71 | 119.07 | 121.45 |
| Aust. Processed Share | % 30.5% | 30.7% | 30.8% | 30.9% | 31.0% | 31.1% |



Financials 2015–2020

The assumptions in the previous section have been used to forecast the financial position of APL for the 2015–2020 Strategic Plan, including the resources required to deliver against the Strategic Objectives. It should be noted that the actual fiscal allocations for each Strategic Objective will be determined and outlined in each Annual Operating Plan.

The key assumptions used to ascertain the forecast financial position are:

- Apart from the final marketing levy increase due to take effect from 1 July 2016, there is no further APL levy change included in the financial forecast;
- The continuation of the Export Market Development Grant (EMDG) system that is currently in place;
- The continuation of the R&D matching system in its current form and at its current levels; and
- Matchable voluntary contributions are possible from 2017–18.



Table 5. APL Financial Income and Expenditure Planning Through to 2020

| Year ending 30 June | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|--|---------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ | R&D | Marketing | R&D | Marketing | R&D | Marketing | R&D | Marketing | R&D | Marketing | R&D |
| Levy | \$ 4,800,000 | 9,180,000 | 4,970,322 | 9,692,128 | 11,337,024 | 5,226,225 | 11,759,007 | 5,356,427 | 12,051,960 | 5,488,128 | 12,348,289 | |
| Government R&D Matching Contributions | \$ 4,800,000 | 0 | 4,970,000 | 0 | 5,813,913 | 0 | 5,220,000 | 0 | 5,350,000 | 0 | 5,480,000 | 0 |
| Government R&D Matched Voluntary Contributions | \$ 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | 0 | 100,000 | 0 | 100,000 | 0 |
| Industry Contributions | \$ 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | 0 | 100,000 | 0 | 100,000 | 0 |
| Grants (EMDG) | \$ 0 | 0 | 0 | 100,000 | 0 | 100,000 | 0 | 100,000 | 0 | 100,000 | 0 | 100,000 |
| Other Revenue | \$ 0 | 279,000 | 0 | 279,000 | 0 | 325,000 | 0 | 325,000 | 0 | 325,000 | 0 | 279,000 |
| Total Income | \$ 9,600,000 | 9,459,000 | 9,940,322 | 10,071,128 | 11,762,024 | 10,546,225 | 12,184,007 | 10,906,427 | 12,476,960 | 11,168,128 | 12,727,289 | |
| Strategic Objective 1 | | | | | | | | | | | | |
| Growing Consumer Appeal | \$ 153,787 | 5,426,629 | 159,239 | 5,477,807 | 173,853 | 6,397,506 | 168,945 | 6,627,027 | 174,715 | 6,786,368 | 178,908 | 6,922,524 |
| Strategic Objective 2 | | | | | | | | | | | | |
| Building Markets | \$ 1,150,060 | 2,673,136 | 1,190,830 | 2,746,125 | 1,300,118 | 3,207,187 | 1,263,416 | 3,322,250 | 1,306,567 | 3,402,131 | 1,337,918 | 3,470,389 |
| Strategic Objective 3 | | | | | | | | | | | | |
| Driving Value Chain Integrity | \$ 1,074,614 | 596,219 | 1,112,710 | 584,803 | 1,214,828 | 682,989 | 1,180,534 | 707,492 | 1,220,854 | 724,503 | 1,250,149 | 739,039 |
| Strategic Objective 4 | | | | | | | | | | | | |
| Leading Sustainability | \$ 4,926,946 | 807,772 | 5,101,607 | 760,046 | 5,569,804 | 887,654 | 5,412,571 | 919,500 | 5,597,434 | 941,609 | 5,731,746 | 960,500 |
| Strategic Objective 5 | | | | | | | | | | | | |
| Improving Capability | \$ 1,920,475 | 470,030 | 1,988,557 | 500,448 | 2,171,055 | 554,471 | 2,109,767 | 574,363 | 2,181,825 | 588,173 | 2,234,179 | 599,974 |
| Other Expenditure | \$ 207,158 | 138,073 | 214,502 | 147,008 | 234,188 | 171,690 | 227,577 | 177,850 | 235,349 | 182,126 | 240,997 | 185,780 |
| Total Expenditure by Category | \$ 9,433,040 | 10,111,860 | 9,767,444 | 10,216,237 | 10,663,846 | 11,901,496 | 10,362,809 | 12,328,482 | 10,716,746 | 12,624,910 | 10,973,896 | 12,878,206 |
| Total Expenditure | \$ 19,544,900 | | 19,983,681 | | 22,565,342 | | 22,691,291 | | 23,341,656 | | 23,852,103 | |
| Surplus/Deficit | \$ -485,900 | | 27,770 | | 49,272 | | 38,940 | | 41,731 | | 43,314 | |
| Reserves | \$ 3,038,674 | | 3,066,444 | | 3,115,716 | | 3,154,657 | | 3,196,388 | | 3,239,702 | |

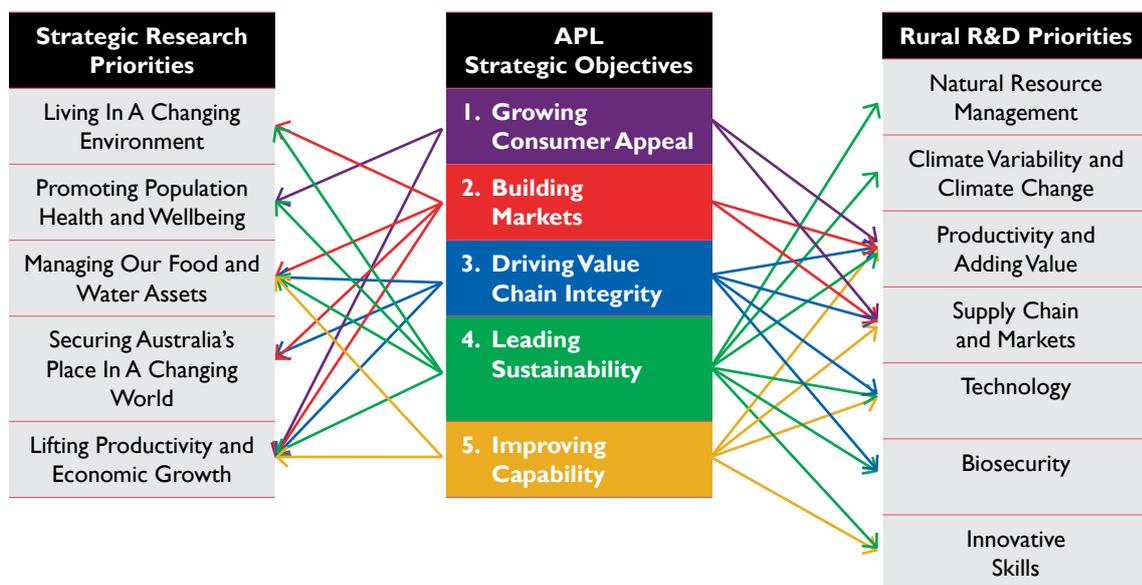
Strategic and Rural Research and Development Priorities

The Australian Government provides matching contributions to APL for eligible R&D expenditure to a limit of 0.5 per cent of the industry’s gross value of production, cumulative up to the R&D levy collected by the government. The substantial support provided by the Commonwealth enables APL to significantly leverage producer levies and their investment into research.

APL’s programs and plans are consistent with the Australian Government’s Strategic Research Priorities and Rural R&D Priorities and reflect the dynamic nature of the global market. APL as a rural Research and Development Corporation (RDC) has also developed and refined its R&D process to implement key investment evaluation and reporting frameworks to demonstrate its alignment with both industry productivity and government rural R&D priorities and provide robust and objective information on the overall economic, social (public good) and environmental returns produced by APL’s R&D portfolio.

APL is committed to ensuring a pork industry focused on: enhanced productivity and product value; ethical production and management systems; effective value chain management and the need to establish new and emerging pork markets; enhanced natural resource management that is economical and environmentally sustainable; and protecting Australia’s community, primary industries and environment from biosecurity threats.

The diagram below shows how the Australian Government’s Strategic Research Priorities and Rural R&D Priorities are aligned to the five Strategic Objectives for R,D&E investment for the years 2015–2020. Planned financial resource allocations will be provided on an annual basis in the Annual Operating Plan.





Collaboration

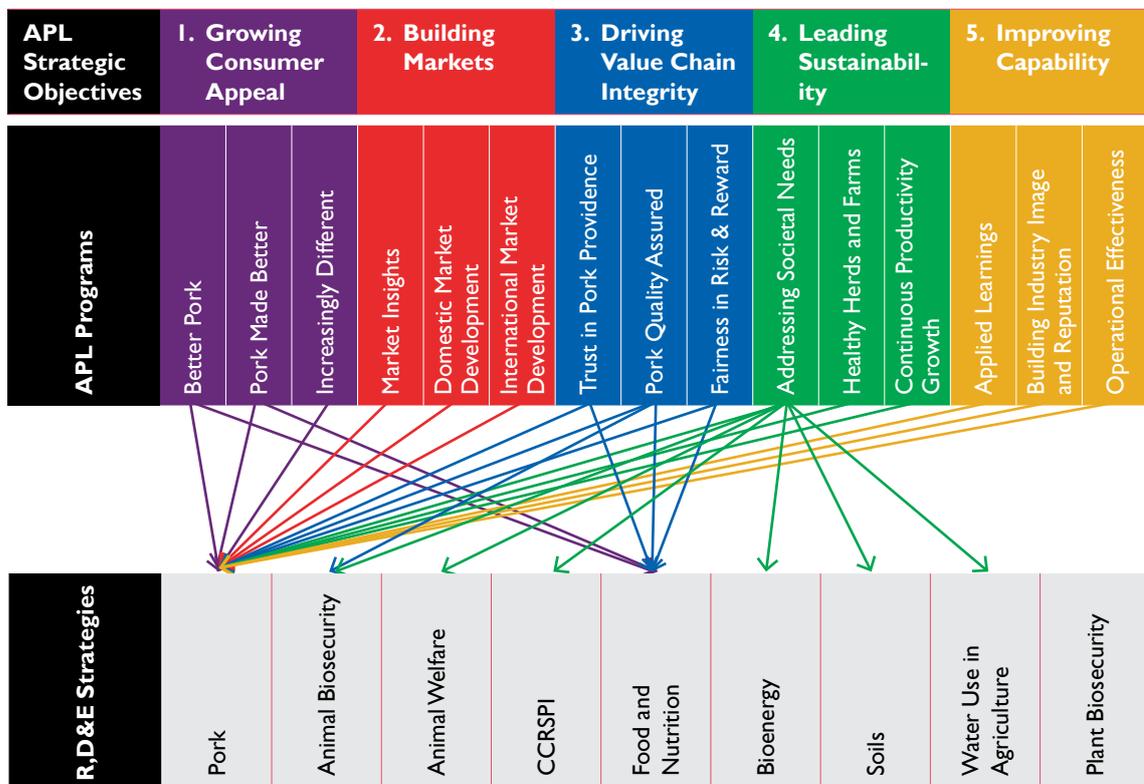
APL is a leader when it comes to collaboration within and across the agricultural RDC space. Outlined below are key highlights of this collaborative effort.

National Primary Industries Research Development and Extension Framework

The Australian, State and Territory governments, Rural R&D Corporations, CSIRO, and universities are jointly developing the National Primary Industries Research, Development and Extension (R,D&E) Framework to encourage greater collaboration and promote continuous improvement in the investment of R,D&E resources nationally. The identified outcome will be a more coordinated and collaborative approach to rural R,D&E, and strategic research capability will be focused, used efficiently and effectively to achieve the best outcome and uptake by primary industries.

The Framework includes 14 sectoral strategies (including pork) and eight cross sectoral strategies¹. APL is also the lead RDC on the Animal Welfare cross sectoral strategy.

Specifically, the APL Strategic Plan aligns a number of programs to the pork sector and cross sectoral strategies under the National Primary Industries R,D&E Framework as shown below, and elaborated on, over the page:



¹ The cross sectoral strategies of most relevance to the pork industry are animal welfare, climate change, animal biosecurity, food and nutrition, and soils. The remaining cross sectoral strategies are water use in Australian agriculture and plant biosecurity.



National Pork R,D&E Strategy: APL and the Pork CRC have worked in collaboration to ensure that pork R,D&E is focused, efficient and delivers outcomes in a timely manner so that the Australian pork industry is competitive, productive and sustainable. This collaboration between APL and the Pork CRC has ensured that there is no duplication in R,D&E effort. To ensure the increased alignment and coordination of the various pork R,D&E programs, APL and the Pork CRC, in conjunction with the various governments, university and industry R,D&E stakeholders, have developed a comprehensive Pork R,D&E Strategy that comprises a number of important components:

Pork R,D&E facilities:

- Focusing resources into fewer but better-funded experimental-ready facilities that are critical to meeting the current and future needs of the industry; and
- Providing certainty for these facilities by base funding them on a rolling two-year basis.

Pork R,D&E programs:

- Moving from a project-by-project basis to a coordinated national program approach; and
- Enhancing the development and retention of appropriate human resources and skills of RD&E programs and activities.

The base funding of core R,D&E facilities includes a mix of state government ‘discovery’ sites and commercial R,D&E facilities. The cost efficiencies as a result of base funding of core R,D&E facilities are very significant. The funding of core R,D&E facilities has also meant that these key facilities are used to their full potential. This also ensures that scientists will be able to focus on delivering the research programs that will enhance the sustainability of the pork industry rather than having to constantly worry about securing funding for their key technical staff. Scientists currently not linked to a pork R,D&E facility have been able to conduct their research at an appropriate site. The timeliness of research conducted has also been enhanced. The pork R,D&E Strategy is in its third two-year implementation phase.

In addition, the pork industry is in the process of developing a new R,D&E funding model to ensure current industry co-investment levels are sustained beyond the current Pork CRC. This new R,D&E funding model will continue to underpin the National Pork R,D&E Strategy.

For an RDC like APL, the cross sectoral R,D&E strategies have enabled the pork industry to increase its collaboration and leverage of its R,D&E funding in a number of areas. These include:

Climate Change Research Strategy for Primary Industries (CCRSPI): Includes all of the rural R&D corporations, as well as the state Departments of Primary Industries, the CSIRO and key universities doing research in the field of agriculture and climate change. The revised CCRSPI structure and its implementation strategy have enabled APL to participate in a large body of research and be heard on many issues that would otherwise be beyond its research budget or policy influence. APL is a CCRSPI Steering Committee member.



Cross Sectoral R,D&E Strategies and Projects: APL continues to be actively involved with the development and implementation of a number of other cross sectoral R,D&E strategies, including the Animal Welfare R,D&E Strategy (Champion status, Steering committee member, and project management coordinator), the Animal Biosecurity R,D&E strategy (Steering Committee member) and the Food and Nutrition R,D&E Strategy.

NAMMP: APL has successfully led a manure management research consortium known as the National Agricultural Manure Management Program (NAMMP). NAMMP was developed and supported by the intensive livestock rural R&D Corporations (RDCs) and included Meat & Livestock Australia (MLA), Australian Egg Corporation Ltd (AECL), Rural Industries Research & Development Corporation (RIRDC), Chicken Meat Council and Dairy Australia (DA). The funding for NAMMP was sourced from Department of Agriculture's Filling the Research Gap program and RDCs. The program's focus is on green house gas mitigation from alternative and improved manure management systems with the aim of developing Carbon Farming Initiative (CFI) methodologies and subsequent carbon credit opportunities for producers.

Feed Grain R&D Partnership: APL is a key member of the cross-sectoral Feed Grain R&D Partnership, which also includes the Grains Research & Development Corporation (GRDC), DA, MLA, AECL and the Pork CRC, to ensure feed grain R&D continues to be a focus for both the GRDC and grain growers, and that the group identifies and addresses key feed grain R&D priorities. The Feed Grain Partnership continues its role as a focal mechanism for the major organisations and companies in the feed grain industry, to provide whole of supply chain guidance to the different agencies.

In addition, APL is also involved in a number of collaborative R,D&E projects with other RDCs including food safety – MLA, Australian Meat Processor Corporation (AMPC); animal welfare – AMPC; and environment – MLA.

Council of Rural Research and Development Corporations (CRRDC): APL is also a sharer of collaborative services including the hosting of the Council of Rural Research and Development Corporations (CRRDC), as well as sharing of office premises with Horticulture Australia Limited (HAL) in Melbourne and Sydney. APL continues to proactively seek opportunities for collaboration with other RDCs on projects and shared services.



Corporate Governance Statement

Role of the Board

The APL Board sets strategic direction within the requirements of the company's constitution, the Commonwealth Funding Agreement and the *Corporations Act 2001*. The Board delegates responsibility to the Chief Executive Officer for the effective management of the company.

The Board is responsible for ensuring company funds are used to best advantage for the benefit of Australian levy-paying pork producers, the wider industry and the Australian community. The Board strives to create member value by constructively engaging with management to ensure the appropriate development, execution and monitoring of the company's agreed strategies.

The Board's functions include:

- Setting company policies;
- Appointment of the CEO and providing direction on the appointment, remuneration and evaluation of senior management;
- Approving major strategies, plans and budgets;
- Assessing and reviewing company performance;
- Responding to management recommendations on major initiatives;
- Approving significant capital expenditure; and
- Ensuring the company acts legally and responsibly on all matters and that the highest ethical standards are maintained.

The Board carries out its functions in line with the Australian Institute of Company Directors Code of Conduct.

Composition of the Board

APL Delegates elect five producer directors to the APL Board. In turn, the Board recruits four specialist directors to ensure a balance of skills and expertise in accordance with criteria set out in the company's constitution and the Statutory Funding Agreement with the Commonwealth.

Board Remuneration

Total Board remuneration had been set in the company's Constitution at a maximum of \$360,000 per annum. This remuneration level was increased at the 2009 AGM in line with constitutional requirements to \$380,000 per annum adjusted annually for Consumer Price Index (CPI) increases from 31 March 2009. This amount was set on advice from an independent consultant and through Board consideration of similar industry organisation benchmarks. Aggregate Board remuneration can only be increased with the consent of the company's members. The company's Constitution also provides for individual directors to be paid additional remuneration where they perform services outside the scope of the ordinary duties of a director.



Board Meetings

The Board meets at least bi-monthly and requires a quorum of a majority of directors eligible to vote (i.e. at least five directors). In order to meet operational needs, the Board may convene special meetings or use electronic methods to agree or respond to specific issues.

Board Committees

As the need arises, the Board can establish specific committees, each of which will have its own charter and agreed membership. The following committees have been established and their terms of reference approved by the Board:

Audit, Risk and Corporate Governance Committee

- The committee is chaired by a director and includes two other directors. The objective of the committee is to enhance effectiveness of the company's performance by monitoring and providing assurance with regard to financial information, legislative compliance, risk management, internal controls and governance management.

Human Resources and Remuneration Committee

- The committee is chaired by a director and includes two other nominated Board members. The objective of the committee is to enhance the effectiveness and competence of the Board and organisation as a whole, through development and application of best practice in HR strategy and policy and Board selection. This committee performs those roles required for a Nominations Committee under the Statutory Funding Agreement.

Market Development Committee

- Directors with marketing experience are part of the Market Development Committee, which also includes industry stakeholders from the supply chain. The objective of the committee is to provide input and guidance to APL management and recommendations to the APL Board on the development of collaborative activities to increase consumer demand for pork and pork products.

Research and Development Advisory Committee (RDAC)

- The committee is chaired by a director and includes other directors. The primary function of the RDAC is to provide recommendations to the Board on the direction, development, management, performance and outcomes of APL's research and associated activities through the identification of research needs and opportunities as advised through the Specialist Groups; allocation of resources to specific areas of research and research projects through the Specialist Groups; and assessment of performance of the project portfolio and APL's research management.

Quality Assurance and Animal Welfare Committee

- The committee is chaired by a director and includes other directors. The objective of the committee is to provide input and guidance to the APL Board on the development of policy as well as strategic communications on emerging or specific animal welfare and quality assurance issues that have the potential to significantly impact on producers' future sustainability.



Board Development and Performance

The Board is accountable to Members and their Delegates as set out in the company's Constitution. The Board reviews its performance on a regular basis in the following areas:

- Roles and responsibilities;
- Timeliness of advice and direction to management;
- Effectiveness of board meetings;
- Interaction with management; and
- Contribution to the ongoing performance of the company.

Assessment of the Board is carried out at least biannually with every alternate review carried out by an independent consultant. External assessment of the Board was last carried out by an independent consultant in 2012 with an internal review in September 2013.

An orientation program is provided for new members of the Board to meet the company's senior managers and to gain an understanding of the company's operations and the industry more broadly.

Resources are provided where appropriate and approved by the Board to enable directors to update their professional skills and knowledge as company directors.

Board Policies

The Board has developed and monitors top-level company policies that form the basis for management to implement the strategic direction determined by the board.

Business Approach

The Board has put in place appropriate systems and controls to ensure that the company acts within the law at all times, avoids conflict of interest and acts honestly and ethically in all business activities. APL has in place key corporate controls including: risk management; fraud control; and intellectual property management.

Conflict of Interest

The Board has in place a process whereby relevant interests of all directors are disclosed on appointment, reviewed on an annual basis and notified, as and when they arise, in relation to a particular issue. The Board and individual directors, by request through the Chairman, may obtain independent advice on matters of importance.

Corporate Social Responsibility

APL encourages sustainable actions within the organisation and places a lot of importance on working towards a positive regulatory environment by assisting industry with important social issues, in particular food safety, product integrity and animal welfare.

These endeavours towards sustainability and corporate consciousness are mentioned below with some examples reported:



Maintaining Ethical and Responsible Marketplace Practices:

- Nutrition programs, in particular diet education, public health and food safety
- Improved product labelling to assist Australians more clearly identify country of origin and welfare standards through the PorkMark, Outdoor Bred and Free Range logos (underpinned by APIQ[✓]®).

Respecting and Engaging Staff:

- Improved workplace culture by example across the whole workforce
- Training and development plan and study assistance.

Taking Care of the Environment in which the Company Operates:

- Research on issues of importance within the National Environmental Guidelines for Piggeries (NEGP)
- Voluntary phase out of the use of sow stalls by industry by 2017.

Strengthening the Company's Place within the Community:

- Multi-media educational program for primary schools
- Provision of Christmas hams and pork to charity.



Compliance Statements

Consultation with Members and Levy Payers, Government and Industry Stakeholders

APL regularly engages and consults with its key stakeholders about the operating environment, priorities and desired outcomes for the industry. The company's strategies are designed to actively support the needs and aspirations of both the industry and the Australian community.

Business Best Practice

APL has adopted best business practice, including adherence with relevant Australian standards and leading organisational management models including:

- Measurement of organisational performance against specified outcomes and objectives;
- Adoption of best practice in managing compliance with legislative and regulatory requirements; and
- Development of internal policies and procedures in key areas such as: Equal Employment Opportunities (EEO); Workplace Health and Safety (WHS); Parental Leave; and Privacy.



Alignment with Guidelines

The following compliance table provides the link between the requirements under the Statutory Funding Agreement in this Strategic Plan.

Table 6. Alignment of Strategic Plan with Statutory Funding Agreement Obligations

| SFA Clause 8.2 Strategic Plans | Page No |
|---|---------|
| a) The Company's vision or mission statement | 6 |
| b) The objectives and priorities of the Company separately for each area for the delivery of marketing and research and development services for the period of the plan | From 11 |
| c) An assessment of the Company's operating environment, including current and future trends, strengths, weaknesses, threats and opportunities | 7–8 |
| d) Planned Outcomes from expenditures of Research and Development Payments, Matching Payments and Marketing Payments | From 11 |
| e) The Programs the Company intends to adopt to achieve its Outcomes | From 11 |
| f) Key deliverables which contribute to achieving the planned Outcomes | 22 |
| g) Performance indicators that enable progress being made towards achieving the planned Outcomes to be monitored and reported upon annually | 22 |
| h) Collaboration with other RDCs on priority research and development issues | 27–29 |
| i) How the activities to be funded align with, and give effect to, the Guidelines including any directions from the Minister | 26 |
| j) Consultation with industry and an explanation on the extent to which Industry priorities are reflected in the plan | 9–10 |
| k) The degree of consistency of the Company's expenditures of the Funds with the National Rural Research and Development Priorities | 26 |
| l) Estimates of income and expenditure for the life of the plan including broad estimates of expenditure separately for each of the Research and Development and Marketing Programs for the life of the plan | 24–25 |
| m) A corporate governance statement. The Government's expectation is that the Company will implement good corporate governance practice in managing the Funds. Guidance on good governance practices is set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, Second Edition, August 2007 | 30–33 |
| n) The corporate governance statement must outline the Company's roles and responsibilities as the declared Industry Services Body under the Act including its obligations to work with the Government in investing in research and development and marketing services for the Industry and the Australian community in accordance with the Act and this Agreement and its responsibilities for the custody and investment of the Funds | 30–33 |



Balanced Portfolio Explanatory Statement

As an industry owned company the majority of APL's investments will be focussed on projects designed to directly deliver tangible stakeholder outcomes. This strategic plan is designed to achieve a balanced portfolio of short, medium and long-term objectives. It outlines APL's approach to investing in R,D&E, ensuring that its investments address the priorities of the industry and the Australian Government, to deliver the outcomes sought by the industry. This plan also describes how industry key result areas will be used to measure the success of progress on the Strategic Objectives and their impact on the industry and the wider community.

Extension and Adoption Statement

APL and the Pork CRC have worked in collaboration to ensure that pork R,D&E is focussed, efficient and delivers outcomes in a timely manner to ensure that the Australian pork industry is competitive, productive and sustainable. This collaboration between APL and the Pork CRC has ensured that there is no duplication of R,D&E programs and activities.

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