

AUSTRALIAN PORK LIMITED

Annual Operating Plan Summary

2013/2014



Message from the CEO

It is my pleasure to present the 2013/14 Annual Operating Plan (AOP) for Australian Pork Limited (APL).

This Plan outlines the activities and associated resources envisaged to further our progress in meeting the objectives contained within the APL Strategic Plan 2010–2015 for the 2013/14 year.

This year, 2013/14 will be the second year into our series of increases for the “marketing” component of the pig slaughter levy. There is no increase due to happen this year – this occurred on 1 July 2012 with the extra \$0.30/slaughter pig – but our activities are planned in the knowledge that there is another increase of \$0.30 due to happen on 1 July 2014. APL’s income has been planned around an assumed pig slaughter for 2013/14 of 4.7 million, which is roughly at or slightly below where we expect the slaughter number for 2012/13 to be as at the end of June 2013.

Our marketing expenditure continues to be targeted at increasing demand for Australian pork, in particular towards fresh pork. With slaughter numbers at or below those of the previous year, there will be limited extra pork around, although we do believe that carcass weights are increasing at an accelerated rate due to market demands and this should continue through 2013/14. The extra demand will likely be realised through higher prices, hopefully reflected right back to the farm gate. Ultimately, in future years, price signals will increase pork supply volumes as higher volume consumption of pork will build consumer loyalty, whereas higher prices will not.

Some of the retailer initiatives around sow stall free criteria in their purchase standards is seeing higher volumes of Australian pork being used for smallgoods production, so there may well be a tension in the market between smallgoods and fresh demand for Australian pork. We are looking to continue working with retailers on our PorkFest and PorkMark campaign’s, as well as chefs through our PorkStar projects.

Working for the longer term, we continue to refine our Australian Pork Differentiation Plan, which is built on a premise that we are unlikely to ever be able to directly compete on price with the major pork traders around the world, but we can show leadership in critical areas of interest to modern, highly developed markets. Core to a successful differentiation strategy is the eating quality of our product, and through a combination of research and marketing activities looking at where our quality is now and how to measure its progress going forward, then building systems for enhancing market signals in the trade, we aim to facilitate consistent and incremental increases in the quality of our product.

The differentiation strategy is managed as a whole of company grouping of associated projects, with all divisions involved.

For the last couple of years, our activities in supporting export markets have been modest as we made decisions around maximising return on investment for producers. This will remain so, but there is a slow but clear shift in attention towards China as a significant potential market for a highly differentiated Australian product. First steps are in the interests of understanding the demand profiles for this future market and building necessary relationships.

APL's Research and Development (R&D) activities have a special status in our project portfolio due to the government co-investment contributing to positive industry and community outcomes. R&D is not managed within APL as a "divisional activity" but something that occurs right across our organisational structure, in alignment with our overall aspirations for industry benefit. It also occurs in complete alignment with the activities being undertaken by the Pork Cooperative Research Centre (Pork CRC), avoiding duplication and maximising efficiency.

Last year, the Federal Government released their "R&D Policy Statement" which is now in the process of implementation. APL is working with the responsible government department – the Department of Agriculture, Fisheries and Forestry (DAFF) – to ensure that the changes envisaged within the document are implemented in such a way as to improve the transparency of our activities to producers and the community, to ensure we are getting as big as possible "bang for our buck" for our stakeholders and to ensure that the burden of governance and compliance is proportionate to the delivery of projects which actually build value. One of the recommendations within the government's policy statement will result in APL being able to match voluntary contributions from industry with some government funding, which is a highly welcome change.

The industry's "Shaping Our Future" initiative continues to see wonderful progress on the phasing out of sow stalls – measured at more than 50 per cent of the industry in late 2012 after only two years. This initiative has strongly facilitated our ability to work alongside the retailers in delivering what is perceived as a product with higher integrity. It has also been recognised by government as a point of leadership amongst Australia's livestock industries, significantly improving our image and collaborative opportunities. Finally, it has enabled us to expose the radical fringe of animal rights groups – through their non support – as being more interested in recruiting vegetarians than improving the way animals are raised for food and fibre production. Unfortunately, this has not resulted in any reduction in the attacks that they make on our industry and our risk management planning for industry includes aspects of defending against these attacks. We continue to willingly work with credible animal welfare agencies in seeking support for industry programs and activities.

Australian's and our pork producers more specifically should be very proud of their pork industry with the achievements made in the "sow stall free" initiative. They have shown leadership globally in their uptake of this voluntary program, all at their own cost and at a pace that's very commendable. They are now recognised as world experts in the management of group housed dry sows, implementing many strategies around best practices, including aspects of feeding, pen layout, stockmanship and even genetics. This industry shift will play a central role in our ability to differentiate our industry and our product from our international competitors.

One of the great partners in defending rural livestock industries against the attack of extremists has been the National Farmers' Federation (NFF), of which APL has been a member since October 2012. Membership of the NFF has been very beneficial in a number of areas, including social license issues, trade and market access and defending the rural research and development model we operate under. Our general activities around minimising risk for the industry fits hand in glove with working with the NFF who are capable of picking up those issues affecting all of agriculture rather than just pig producers.

APL continues to coordinate the National Agricultural Manure Management Program (NAMMP) on behalf of a number of rural livestock industries. NAMMP has recently again been successful in obtaining grant funding to support projects around manure management for reducing carbon

emissions in recent weeks. This is a great initiative showing the capacity of the rural Research and Development Corporations (RDCs) to work together.

Another example of RDC collaboration is the Animal Welfare Research, Development and Extension (R,D&E) Strategy which is being “championed” by myself as a part of APL’s contribution. This strategy has the involvement of basically all of the rural livestock industries and invests in generic animal welfare research and development of interest to all parties. It is also looking into positioning itself as a hub for the scientific domain of animal welfare studies.

APL is also working with other RDC’s on programs such as the Animal Biosecurity R,D&E Strategy, the Climate Change Research Strategy for Primary Industries, and the Food and Nutrition R,D&E Strategy. We are also involved in specific cross RDC projects including in the areas of Community Engagement, Exotic Disease R&D, the Feedgrain Partnership Initiative, Food Safety R&D and On-farm Greenhouse Gas Mitigation.

Apart from project expenditure, APL spends more than \$6 million per year in maintaining the base organisational capacity to deliver the industry project initiatives. We have been very successfully managing these costs, keeping them at a low level and this continues into the coming financial year. In fact, corporate costs not associated with employment expenditure are expected in our budget to be at an all time low for 2013/14 since the commencement of APL in 2001. We are always looking to do things more efficiently without compromising on the quality of our outcomes, and the pending introduction of the Client Relationship Management (CRM) system is another way that contributes to this efficiency. External income through service provision to “like organisations” such as PorkScan Pty. Ltd. also helps meet this objective.

This will be the last year operating under this Strategic Plan as we are due during 2013/14 to develop the APL Strategic Plan 2015–2020. This will involve thorough consultation with our Delegates, general membership, other pig producers, the broader supply chain and of course, government. We will be looking at the global pig production environment, recognising and assessing opportunities, and ultimately deciding on what path forward for the industry gives us the greatest potential for growth and profitability.

We remain focused on delivering to our industry and the broader community through our values of passion, reliability, respect and achievement.



Andrew Spencer
Chief Executive Officer

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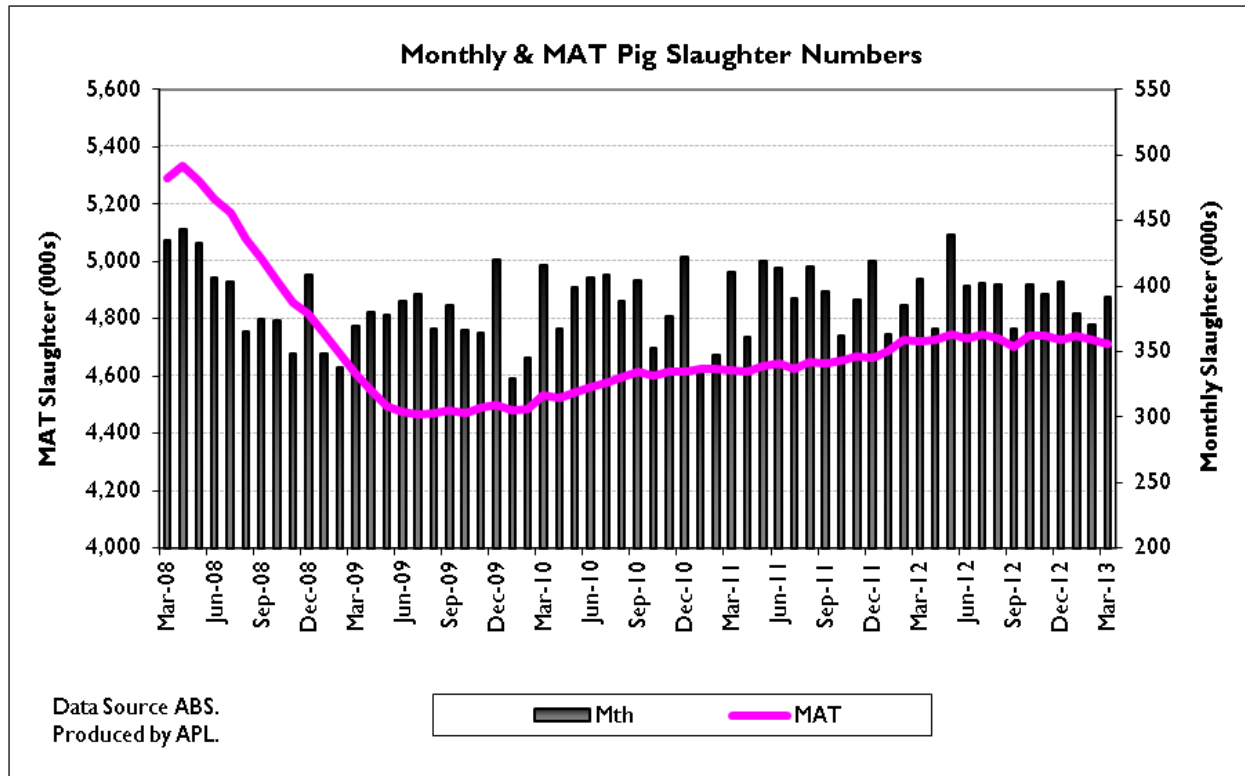
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The Competitive Environment

Domestic Market

Pig slaughter numbers of recent months have been flat to slightly decreasing at between 4.7 and 4.75 million pigs on a moving annual total (MAT) basis. This is expected to continue for the next 12 months. Budgets for APL having been based on an assumed 4.7 million slaughter MAT basis.



Graph 1: Monthly and Moving Annual Total Pig Slaughter Numbers in Australia – 2008-2013

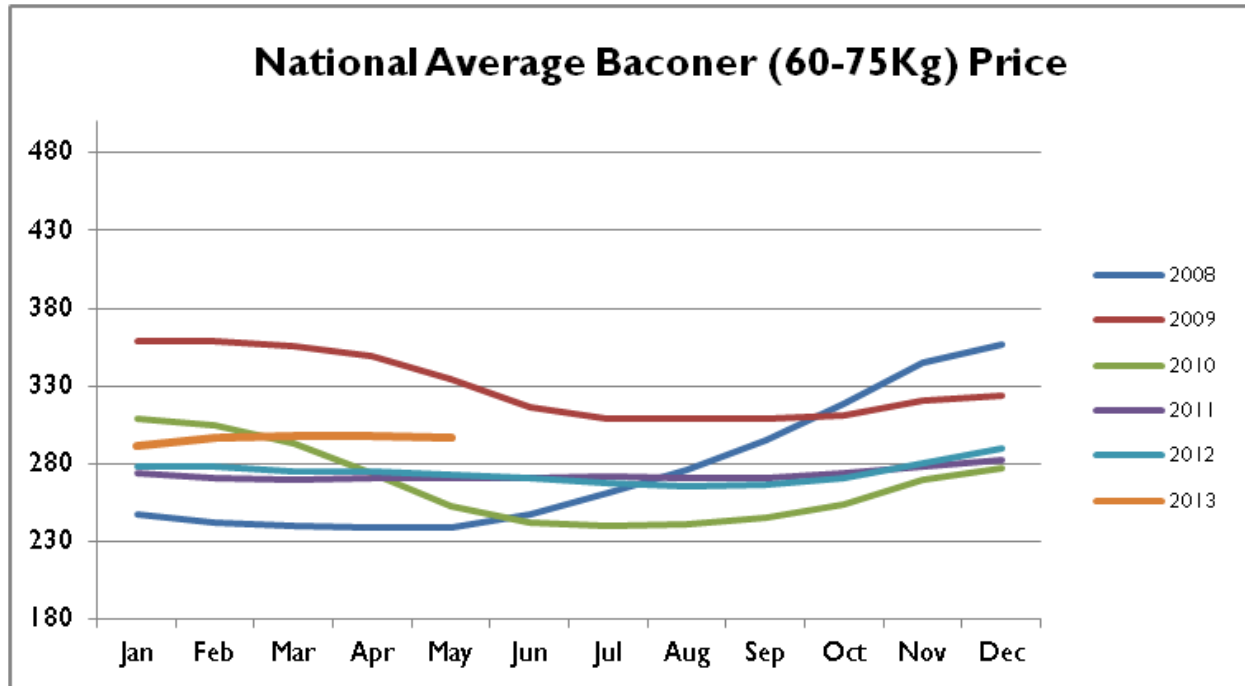
In historic terms, pig prices are presently relatively high, which one would normally equate to signalling to the market higher production volumes. This does not seem to be happening at the moment, probably due to input costs being also higher than usual, keeping the lid on profitability levels.

Another clear factor in production figures has been the industry’s move away from the use of sow stalls. Industry surveys indicate that as of the end of last calendar year, more than 50 per cent of the production volume was coming from pig farms that were satisfying the criteria of “sow stall free”. We believe through anecdotal and other evidence that this proportion has grown even more since this time and this will be measured towards the end of this year through our Annual Industry Survey.

When producers were first moving onto the sow stall free systems, we received a lot of feedback relating to a large and rapid drop in farrowing rates (particularly for the slightly more stringent Coles system), which undoubtedly had an impact of industry productivity and eventually slaughter numbers. Feedback since indicates that producers are learning very quickly about how to best manage these

new systems without productivity losses, but one senses that this hasn't been fully represented through the latest slaughter figures as yet.

Our capabilities around pig price surveying have improved over the past 12 months whereby we now survey both buyers and sellers trading pigs. This has allowed us to see the "price band" and its trends for a better feel at least for the more openly traded pigs. Many trades are not transparent to our survey due to confidentiality clauses within supply contracts between producers and buyers.



Graph 2: Average Australian National Baconer Prices Surveyed by APL – 2008-2013

The industry's sow stall free initiative seems also in some cases to have created differentiated markets between conventional and sow stall free pork. This has probably helped overall pig price averages higher since the announcement of the initiative. Particularly, Coles sow stall free standard product – middles or legs – are anecdotally in some areas trading at large premiums, especially for processing.

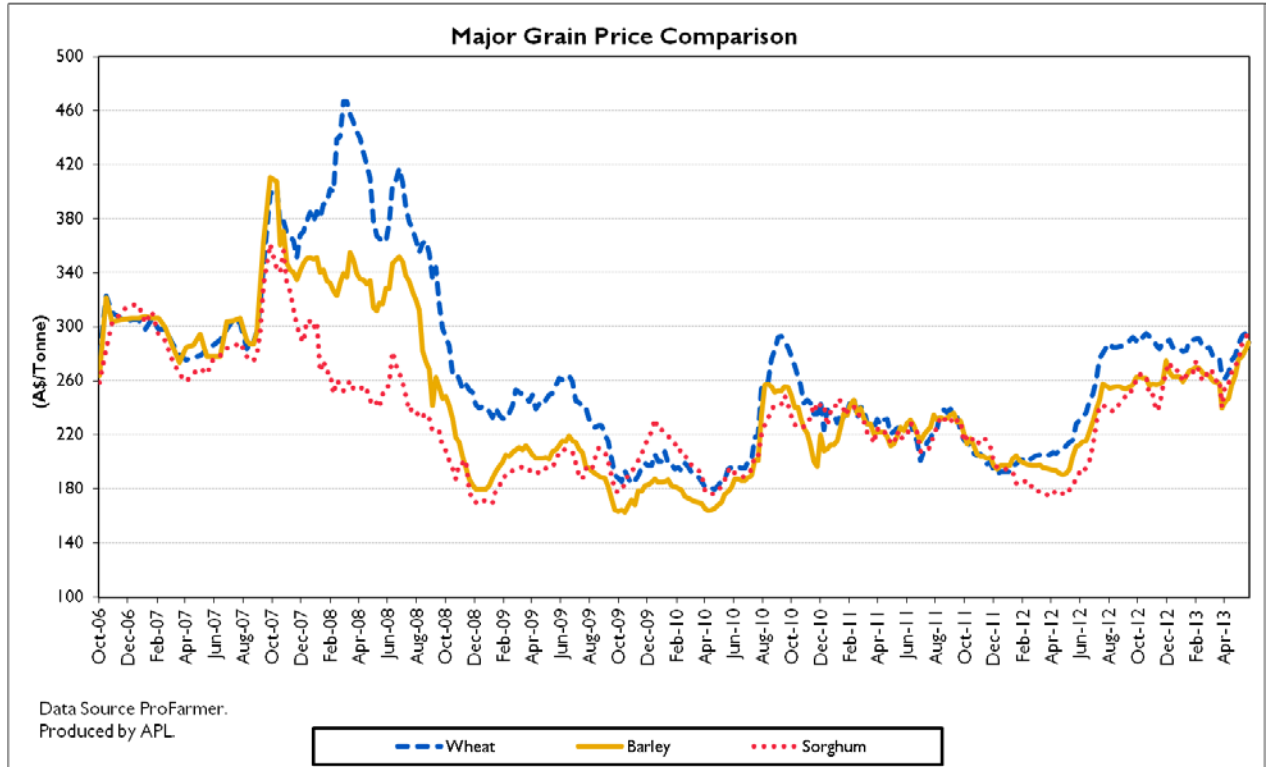
Sow stall free pork, as well as limited growth in pig production and increasing demand for Australian pork into fresh and processed markets, has seen a sustained period of higher pig prices, shown in the above graph from 2011 to the present day. In addition, these prices have been consistent through the year rather than follow the more traditional pattern of dipping during the winter and increasing in the lead up to Christmas.

Grain Prices

A relatively high Australian dollar has been a welcome buffer to mitigate the full impact of high global grain prices on the cost of production of Australian pork. Normally, given the level of pig prices, we should have been enjoying a period of high profitability but this is tempered by high grain prices and is holding production volumes in check.

In the last month or so, the Australian dollar has started to weaken against the US dollar, increasing the exposure of global grain prices on producer's profit and loss sheets. At the same time, we

estimate that the weaker dollar has not moved far enough to have any impact on the demand for imported pork. This phenomenon has driven an industry position that a high Australian dollar is probably for the time being better for the industry than a low dollar (on the assumption that the dollar would probably have to weaken to at least US\$0.75 to start to have an impact on import demand).



Graph 3: Monthly Major Grain Price Trends – 2006-2013

The start of the winter cropping season in the south eastern parts of the wheat belt has been slow to kick off but good rains in May and June have meant optimism for yields going forward. There is some premium in domestic grain prices over global prices but given a normal season from now on, this should disappear later in the year.

Beef

Cattle markets are presently being impacted by lower demand for live exports from the north of the country to Indonesia as well as a damaging drought through much of Queensland cattle regions. The resulting higher slaughter numbers are increasing supply through to the market and prices are likewise falling. The weakening dollar may provide some silver lining in helping market beef to key international markets.

These weaker prices are also gaining traction at a consumer level, shifting demand to the positive for beef consumption.

Sheep Meats

Prices for lamb have decreased to the farmer and consumer compared to this time last year. This is a result of increasing sheep numbers (supported by a better business environment in the wool industry) easing supply pressures earlier contributing to high prices for lamb for a number of years.

Chicken

Chicken remains a highly managed supply commodity due to the small number of key producers and processors. Consumption trends continue to be strong with price one of the major motivators, and beef consumption seems to bear the major brunt of increasing poultry consumption.

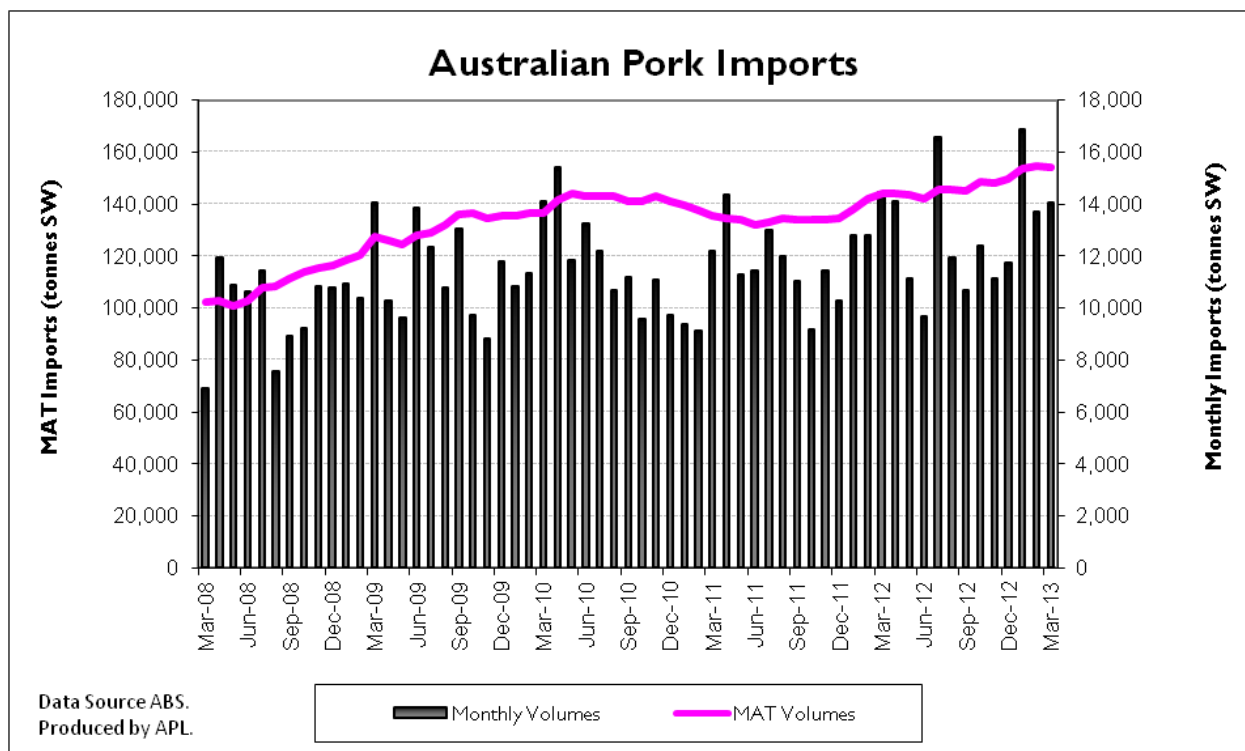
Pork

Pork supply limitations caused in part by present high costs of production alongside increasing demand into both processed and fresh markets is seeing higher prices at a retail level. The price relativities between the various protein sources are not expected to change much over the next 12 months thus supporting pig prices at retail.

As mentioned earlier, the unpredictable factor in the market is the supply of, and demand for, sow stall free pork (according to one or other of the industry definitions) and whether a price differential will start to be built into normal market trading terms.

Pork Imports

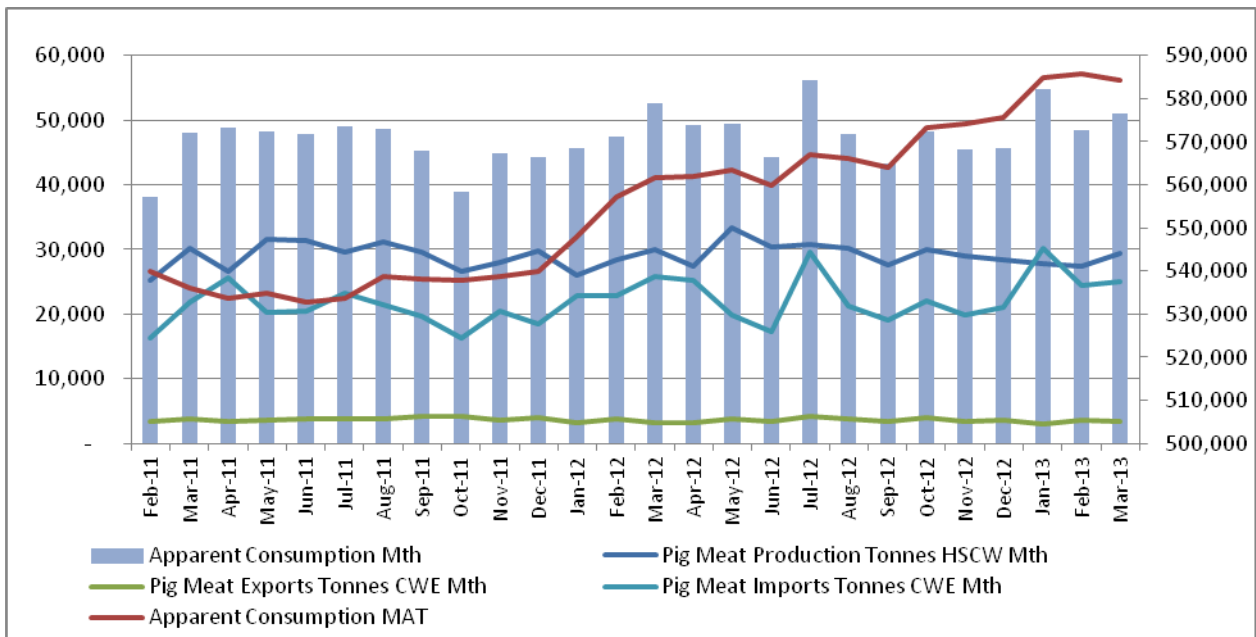
As can be seen in the graph below, imports of pork have increased over the past 12 months, to a level above 150,000 tonnes.



Graph 4: Australian Pork Import Volumes – Monthly and Moving Annual Total – 2008-2013

This is a curious outcome considering that our domestic production is flat and exports have decreased in this period (discussed below). Alongside this, pig prices have remained relatively high and well supported which would not normally be the case where product was much more available through higher imports.

At first view, the increase in imports would seem to be indicating a substantial increase in consumption of pork within Australia. This is shown in Graph 5 below through the red line – a moving annual total calculation of apparent consumption.



Graph 5: Australian Pork Production, Imports, Exports and Apparent Consumption – 2011-2013

Given our observations of the market, there is no obvious place where this supposed increase in consumption is taking place. If anything, the share of Australian pork into the processing market seems to be increasing (particularly as a result of Coles' standards) and imports cannot be used for the fresh market.

We believe that the level of trade stocks is a factor in explaining the increase in apparent consumption – that is that they have substantially increased over the past year. This is perhaps being driven by some heightened international competition for the Australian market between the Netherlands and Denmark and some related opportunistic buying. It is hard however for all of this discrepancy to be explained through trade stocks so we are keeping an eye on the market to see if there are other factors at play.

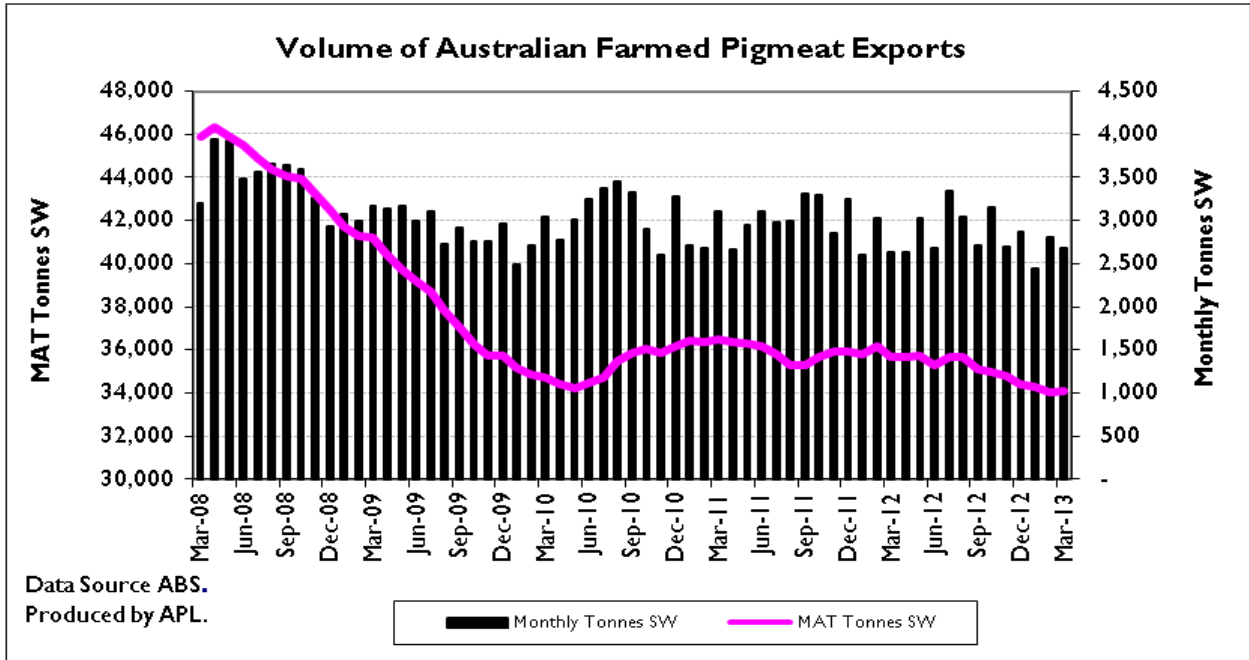
If the trade stocks theory is correct, at some stage it must start to correct itself and we should see the apparent consumption return to normal levels through reduced import volumes as trade stocks are consumed.

Export Market

Export volumes have continued to erode over the past year, particularly in traditional markets such as Singapore and New Zealand. The breadth of our export destinations for Australian pork seems to have increased as a result with key countries now also including places like Papua New Guinea, Hong Kong and the Philippines.

Despite our strong local pig prices, reduced demand for exports from the United States has led to a surplus of pork there, impacting negatively on prices. This is a surprising outcome as there was a lot

of hope around the world that the new rules in the European Union around the use of sow stalls would see production levels drop there, leading to a better outlook for global prices. This has not eventuated, partly because of a very low level of compliance in Europe with their new rules and a lack of resolve to address this situation due to the ongoing financial crisis.



Graph 6: Australian Pork Export Volumes – Monthly and Moving Annual Total – 2008-2013

Core Objective I – Build Consumer Demand

Industry Outcomes

Core Objective I seeks to increase consumer demand based on positive perceptions and experiences of pork resulting in support for higher volume sales or pig prices, both of which contribute to long term producer profitability. This can be sub-divided into:

- Increased consumer frequency of purchase of fresh pork
- Increased consumer frequency of purchase of Australian processed pork
- Increased differentiation of Australian pork from imported pork in Australia
- Identify targetted maintenance and growth options for international business.

Strategy 1: Assuring Eating Quality

Background

Eating quality and the enjoyment of a meal ultimately determines the cook's propensity to repeat the use of the particular recipe. This makes eating quality a major component of the repeated use of pork. In addition to the programs below, APL is collaborating with the Co-operative Research Centre for High Integrity Australian Pork (CRC HIAP) and major pork supply chains in order to further improve eating enjoyment both before and after cooking.

Strategy 2: Increasing Frequency of Use

Background

Per capita meat consumption in Australia is growing, but at a very slow rate. To increase pork consumption requires that consumers increase the amount of pork dishes in their repertoire of meals. This will increase fresh pork's share ahead of population growth. Research has consistently shown that consumers are not averse to consuming pork. Currently 80 per cent of Australians buy fresh pork in any one year, but on average (and unlike other popular meat cuts and species), they do not yet eat it weekly. This is the big opportunity for the Australian consumption of fresh pork.

Strategy 3: Improving the Image of Fresh Pork

Background

The improvement of Australian Pork's image is based on the integration of various marketing activities. Based on current tracking research, there is clear evidence of improving consumer perceptions of Australian pork's taste, healthiness and versatility.

Strategy 4: Promoting “Australian”

Background

This program has been at the vanguard of the pig industry taking proactive action to clarify the source of meat, particularly in processed where there is import competition.

Risks & Opportunities

- Increases in grain prices making pork too expensive for consumers
- The negative impact of changes in supply chain arrangements and market access for other proteins such as beef continuing their price declines
- Additional funding enables more communication to existing consumers and the development of messages for differentiation from other species and imported pig meat in ham and bacon
- Leverage the other good news stories regarding more (currently) peripheral consumer needs such as welfare and environmental responsibility
- Setting scope too broadly to spread people resource too thinly over activities
- Disagreement with major supply chain partners on technical, descriptor and Country of Origin initiatives.

Core Objective 2: Viable Productive Farms

Industry Outcomes

- This core objective relates to the Australian pork producer being internationally competitive and profitable in an ever-changing global food market
- Improved margin per pig
- Consistent nutrient supply and cost.

Strategy 1: Reduce Input Costs

Background

Australia has a mid level on-farm cost of production. Feed grain prices are likely to be under continued pressure resulting in a new global benchmark and rising costs of production for producers. More effective feed formulations, development, and access to new designated feed grain varieties and the identification of new feed sources needs to be considered. In addition, the use of innovative nutritional and management technologies will also play a major part in ensuring that the Australian pork industry continues to enhance its production efficiency and competitiveness.

Strategy 2: Improve Process Efficiency

Background

The global competitiveness of the Australian pork industry is closely linked to our ability to continuously enhance the production efficiency of the herd. The main areas of focus will be to enhance the reproductive performance of the herd, reducing efficiency losses due to disease (mortality/morbidity) and enhancing meat yield without compromising eating quality of pork.

Strategy 3: Build Skills and Capacity

Background

The global competitiveness of the Australian pork industry is closely linked to the competency of our on-farm staff to implement existing and new technology to enhance the production efficiency of the herd.

The pork industry is becoming more technologically complex with more use made of specialised instruments and procedures. This has made increasing demands on the training and extension components of the subprojects as it is important that the latest information is transferred to industry and not only reaches but is easily understood by the industry's employees.

Risks & Opportunities

- Increased costs of production with respect to feed inputs if feed grains production decreases
- Higher global fuel costs impact on costs of production directly and indirectly via rising fertiliser costs causing grain production costs to rise further
- Skilled labour issues continue to negatively impact pork producers
- Whilst the above risks are significant, the industry is presented with an opportunity to seek significant innovation in areas such as growth promotion and reproductive wastage and link in with a number of technologies developed by other CRCs such as the CRC for Polymers.

Core Objective 3: Efficient Value Chains

Key Programs

Projects from this Core Objective have been captured in all Core Objectives other than three.

Core Objective 4: Leadership, Preparedness, Stewardship

Industry Outcomes

In today's fast changing environment with shifting expectations and standards for food production, the Australian community and government look to the Australian pork industry to provide leadership, preparedness and stewardship to deliver a safe food that:

- Secures consumer and public confidence in Australian pork;
- Optimises the health and welfare of our animals;
- Is produced in a sustainable environment; and
- Ensures our producers' social licence and freedom to operate drive self regulation to manage and balance the impact of regulatory shifts, changes to government policy, and market access requirements, while ensuring producers and the industry remain internationally competitive, profitable and sustainable.

Strategy 1: Address Changing Expectations and Standards for Food Production

Background

Key components of this strategy are designed to improve the image of our industry and build recognition of our leadership – through research and development, education, changing practices and shaping of the regulatory environment – in order to retain and build confidence and trust, among our consumers, markets, government, and the Australian public, so that our ethical standards are of a very high level, while remaining internationally competitive.

Strategy 2: Managing the Impact of Regulatory Shifts

Background

Community expectations, market access requirements and the impact of policy and regulatory shifts resulting from food safety and product integrity concerns must be managed to minimise the growing costs of compliance while also providing a safe product which meets market requirements.

Strategy 3: Government Policy and Compliance Requirements

Background

With the increasing focus of government and rising community concern both here and internationally on climate change, natural resource use and the state of our environment, environmental sustainability, adaptability and resilience has become a critical priority for the industry. Improving on-farm resource efficiency and farming adaptability and capacity, and verifying the industry's carbon friendly climate change credentials and environmental sustainability, are the cornerstones of this strategy.

Effective issues and emergency management are critical functions to instil confidence in the Australian pork industry and our product; to safeguard our markets and competitiveness; and to shape our standing in the community and with government.

Risks & Opportunities

- Reporting schemes, such as the Carbon Farming Initiative and a carbon constrained economy, will be a challenge for the industry with the unknown impacts and higher costs expected for energy, fuel, feed and fertiliser
- Policies and regulations on bioenergy and renewable systems could potentially limit or restrict the uptake or viability of new renewable energy technologies for the industry, due to the excessive, confusing or inappropriate regulations impacting on the costs, requirements or time of projects
- The rise of social media and its growing importance in communications needs to be utilised by APL, although in the current environment, this is largely constrained by insufficient resources to make the best use of this communication medium
- Decreasing regulatory burden on producers as state governments acknowledge the role of the APIQ[✓]® program in a co-regulatory approach for animal welfare, biosecurity and environmental practices
- Continued animal rights campaigns negatively influence perceptions of consumers, public and government. Their continued pressure on farrowing crates, weaning age, elective husbandry procedures and space allowance arrangements give rise to increased consumer and community scrutiny
- Lack of harmonisation and consistency in state legislation, particularly in the environmental area creates anti-competitive forces for producer business within states and across borders
- The lack of harmonisation of regulations concerning pig movement documentation and identification continues to not only place pressure on the effectiveness of APL's communication and resources – having to provide different messages and information to producers in different states – but it is also confusing to those producers who trade across state borders. This lack of consistency in regulatory outcomes across states is unlikely to change in the near future due to

the slow pace of regulatory change and is also dependent upon state support and implementation of the NLIS (Pork) Business Rules

- The proposed change to the New Zealand Import Health Standards which permit the importation of consumer ready cuts of uncooked pork from countries where the disease is present. There is concern this decision may be used by our international competitors as a precedent to seek similar fresh pork access into Australia. Proof of absence of a disease is becoming increasingly important
- Growing pressure from government and animal health authorities to undertake new surveillance activities in response to emerging and/or new diseases such as swine influenza to manage public health concerns and/or to provide proof of freedom.

Core Objective 5: Industry Cohesion & Responsiveness

Industry Outcomes

- Stronger positive recognition of the Australian pork industry
- Shared vision
- Informed industry
- Adopted technologies
- Effective APL capability.

Strategy 1: Engage and Connect the Industry

Background

The speed at which the industry communicates will impact on its ability to deal with and respond effectively and efficiently to any and all issues. The capacity for APL to utilise electronic communication that enables open dialogue and exchange of views, ideas and principles in a timely manner is an important service provision to not only members of APL but the entire industry. This is demonstrated in the delivery and further development of the Client Relationship Management (CRM) system (Strategy 3, Program 2 of this Core Objective). The CRM will be a valuable electronic resource to not only APL Members but all Australian pig producers.

Strategy 2: Facilitate Rapid Uptake of Information and Technology

Background

This strategy is a major driver for the facilitation and rapid adoption of information and technology for key APL and Pork CRC projects. It will ensure the positive work being developed in the programs is communicated to industry and where applicable adopted on-farm to ensure maximum efficiency gains are achieved by the industry.

Strategy 3: Enhance the Reputation and Effectiveness of APL

Background

This strategy is about identification and delivery of key messages and actions that will provide accountability to APL members and levy payers, as well as demonstrate to other key industry

stakeholders the value of APL to the Australian pork industry. Under this strategy, the projects are designed to ensure APL's image is associated with:

- Good corporate governance;
- A safe and fair work place;
- An organisation that promotes sound environmental, animal health and welfare practices;
- Is publically known as a producer of a modern, wholesome, healthy, nutritious food product that is proudly recognised as Australian grown; and
- APL is also proactive in generating work place efficiencies that delivers a better seamless service to its members.

Risks & Opportunities

- Loss of confidence of key industry stakeholders (levy payers)
- Loss of confidence by government and other industry stakeholders
- Erosion of consumer confidence leading to drop off in consumption of Australian pork
- Overall loss of organisation and industry reputation as a fair and honest work place
- Heightened awareness and popularity of Australian pork and pork products with consumers
- Greater appreciation and understanding of the role APL plays for producers/ levy payers
- Confidence of APL's role in protecting the industry's interests from extremist organisations
- More levy paying pork producers want to become members of APL
- Adoption of positive organisational efficiencies enhance APL's reputation as a well run company and a sought after place of employment.

Government Research Priorities Attributed to R&D Program

	National Priorities	An Environmentally Sustainable Australia		Promoting & Maintaining Good Health		Frontier Technologies for Building & Transforming Australian Industries		Safeguarding Australia	Other research
	Rural Research & Development Priorities	Natural Resource Management	Climate Variability & Climate Change	Productivity & Adding Value	Supply Chain & Markets	Innovative Skills	Technology	Biosecurity	
Core Objective	Project Groups								
1	PorkScan IP								
1	Market research & insights								
1	Pork quality								
1	Trade report								
1	International trade development study								
2	Efficient and cost competitive nutrient supply								
2	Pork RD&E strategy								
2	Reducing reproductive waste								
2	Feed conversion								
2	Auspig maintenance								
2	Building technical capacity								
4	Welfare methodology								
4	Community engagement								
4	Pork CRC								
4	Animal welfare initiatives								
4	Exotic disease R&D								
4	Biosecurity RD&E strategy								
4	Safe food SARDI report								
4	Food safety R&D								
4	Physi-Trace/PSCIP								
4	Innovation and uptake BMP								
4	Validation of industry environmental data								
4	On-farm GHG mitigation								
4	Innovation and uptake of new technologies								
4	CCRSPI								
4	Exotic disease prioritisation								
5	Electronic applications								
5	Industry engagement								
5	CRRDC activities								
5	AGM and annual conference								

	National Priorities	An Environmentally Sustainable Australia		Promoting & Maintaining Good Health		Frontier Technologies for Building & Transforming Australian Industries		Safeguarding Australia	Other research
	Rural Research & Development Priorities	Natural Resource Management	Climate Variability & Climate Change	Productivity & Adding Value	Supply Chain & Markets	Innovative Skills	Technology	Biosecurity	
Core Objective	Project Groups								
5	Fostering new capability								
5	Bringing influencers together								
5	Facilitating TT&A								
5	Strategic and operational publications								
5	Annual industry survey								
5	Benefit cost analyses								
5	Human resource management								
5	Information communication technology								
5	Three year performance review								
5	Strategic planning								
5	OmniPig project management system								
5	CRM - communication								
5	Specialist groups/RDAC meetings								

Core Objective Expenditure by National Research Priorities

(\$ and % Values) – 2013/14

2007 Rural Research & Dev Priorities	AOP Budget	National Research Priorities							
		An Environmentally Sustainable Australia		Promoting & Maintaining Good Health		Frontier Technologies for Building & Transforming Australian		Safeguarding Australia	Other Research
		Natural Resource Management	Climate variability and climate change	Productivity and Adding Value	Supply Chain and Markets	Innovative Skills	Technology	Biosecurity	
Objective 1. Build Consumer Demand	\$1,735,661	\$0	\$0	\$430,196	\$1,239,768	\$0	\$65,697	\$0	\$0
	18%	0%	0%	5%	13%	0%	1%	0%	0%
Objective 2. Viable Productive Farms	\$2,000,296	\$0	\$0	\$1,503,377	\$0	\$300,000	\$196,919	\$0	\$0
	21%	0.0%	0.0%	16.0%	0.0%	3.2%	2.1%	0.0%	0.0%
Objective 3. Efficient Value Chains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Objective 4. Leadership, Preparedness, Stewardship	\$3,504,907	\$618,722	\$532,543	\$764,342	\$400,000	\$200,000	\$391,532	\$597,768	\$0
	37%	7%	6%	8%	4%	2%	4%	6%	0%
Objective 5. Industry Cohesion & Responsiveness	\$1,920,558	\$0	\$0	\$168,479	\$642,121	\$335,365	\$339,705	\$0	\$434,888
	20%	0.0%	0.0%	1.8%	6.8%	3.6%	3.6%	0.0%	4.6%
Unallocated	\$238,578	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$238,578
	3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%
Totals *	\$9,400,000	\$618,722	\$532,543	\$2,866,394	\$2,281,889	\$835,365	\$993,853	\$597,768	\$673,466
Percentage	100%	7%	6%	30%	24%	9%	11%	6%	7%

* Direct Project	\$6,091,933
Allocated Project	\$3,308,067
Total	\$9,400,000

Financial Budget – 2013/14

(\$)	CEO/ Board	Finance/ Admin	Communication	Marketing	Res. & Innov.	Policy	Total
Revenue - Levies	\$12,455,000						\$12,455,000
Revenue - R&D Matching funds	\$4,700,000						\$4,700,000
Revenue - Other	\$230,000						\$230,000
Total Revenue	\$17,385,000						\$17,385,000
Core Objective 1 - Projects	\$0	\$0	\$0	\$5,039,160	\$10,000	\$90,000	\$5,139,160
Core Objective 1 - Allocated Project Costs	\$0	\$0	\$0	\$2,493,301	\$55,697	\$55,895	\$2,604,893
Core Objective 1 - Total	\$0	\$0	\$0	\$7,532,461	\$65,697	\$145,895	\$7,744,053
Core Objective 2 - Projects	\$0	\$0	\$0	\$0	\$1,749,733	\$0	\$1,749,733
Core Objective 2 - Allocated Project Costs	\$0	\$0	\$0	\$0	\$250,563	\$0	\$250,563
Core Objective 2 - Total	\$0	\$0	\$0	\$0	\$2,000,296	\$0	\$2,000,296
Core Objective 3 - Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Core Objective 3 - Allocated Project Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Core Objective 3 - Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Core Objective 4 - Projects	\$0	\$0	\$0	\$0	\$2,435,070	\$510,030	\$2,945,100
Core Objective 4 - Allocated Project Costs	\$0	\$0	\$0	\$0	\$904,962	\$994,024	\$1,898,986
Core Objective 4 - Total	\$0	\$0	\$0	\$0	\$3,340,032	\$1,504,054	\$4,844,086
Core Objective 5 - Projects	\$220,000	\$255,000	\$206,500	\$0	\$689,622	\$95,000	\$1,466,122
Core Objective 5 - Allocated Project Costs	\$103,369	\$33,298	\$41,781	\$9,442	\$786,807	\$53,457	\$1,028,154
Core Objective 5 - Total	\$323,369	\$288,298	\$248,281	\$9,442	\$1,476,429	\$148,457	\$2,494,276
Total Direct Project Costs	\$220,000	\$255,000	\$206,500	\$5,039,160	\$4,884,425	\$695,030	\$11,300,115
Total Allocated Project Costs	\$103,369	\$33,298	\$41,781	\$2,502,743	\$1,998,029	\$1,103,376	\$5,782,596
Total Unallocated Costs							\$373,447
Total Corporate Costs	\$103,369	\$33,298	\$41,781	\$2,502,743	\$1,998,029	\$1,103,376	\$6,156,043
Total Expenditure	\$323,369	\$288,298	\$248,281	\$7,541,903	\$6,882,454	\$1,798,406	\$17,456,158
Surplus/ Deficit							-\$71,158

Financial Budget – Project Spend Breakdown 2013/14

(Project spend split by Core Objective, R&D / Non-R&D and direct allocated)

Core Objective Description		Direct Project Costs		Allocated Project Costs		Total APL Cost	External Contributions	Total
		Non R&D	R&D	Non R&D	R&D			
1	Build Consumer Demand	\$4,349,652	\$789,508	\$1,658,740	\$946,153	\$7,744,053	\$7,680,000	\$15,424,053
2	Viable Productive Farms	\$0	\$1,749,733	\$0	\$250,563	\$2,000,296	\$752,500	\$2,752,796
3	Efficient Value Chains	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Leadership, Preparedness, Stewardship	\$453,030	\$2,492,070	\$886,149	\$1,012,837	\$4,844,086	\$9,365,446	\$14,209,532
5	Industry Cohesion & Responsiveness	\$405,500	\$1,060,622	\$168,218	\$859,936	\$2,494,276	\$1,496,500	\$3,990,776
	Unallocated costs			\$134,869	\$238,578	\$373,447	\$0	\$373,447
Grand Total		\$5,208,182	\$6,091,933	\$2,847,976	\$3,308,067	\$17,456,158	\$19,294,446	\$36,750,604

Total R&D \$9,400,000

Total Non R&D \$8,056,158

Total APL Cost \$17,456,158

Definitions of Financial Terminology

Direct project costs: Specific costs attributable solely to one project on an R&D or non R&D basis, often through third party suppliers.

Allocated project costs: Corporate cost identified to resource a project.

AUSTRALIAN PORK LIMITED

ABN 83 092 783 728

Level 2, 2 Brisbane Avenue, Barton ACT 2600

P: 02 6285 2200 F: 02 6285 2288

E: apl@australianpork.com.au

www.australianpork.com.au