

Australian Pork Limited



STRATEGIC PLAN 2020-2025







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Australian Pork Limited Strategic Plan 2020-2025

Consultation

-  16 stakeholder engagement workshops
-  APL staff engagement workshop
-  APL Board engagement workshop

Key industry achievements to date

made fresh pork more popular  **35%** increase in domestic pork consumption

grown the industry  **\$5.3 billion** (from \$3 billion in 2012) through increased productivity

reduced environmental impact  piggeries now use **60% less carbon**, as well as many generating electricity through on-farm waste

Key Priorities

knowledge management

minimise cost of processing and production

environment and climate change

market diversification

social licence to operate

reduced volatility

product diversification

industry shared values

innovation in health and convenience


Who we are


 **our purpose** is to enable a thriving pork industry

 **our headline** we are the progressive pork organisation

 **what we do**

- Effective Marketing
- Proactive Policy
- Impactful Research

 **Audacious vision and goal**
Australia's preferred choice protein; Sustainably adding **\$1 billion** to farm gate value by **2025**

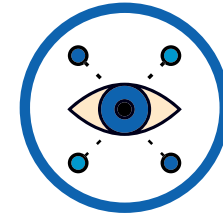
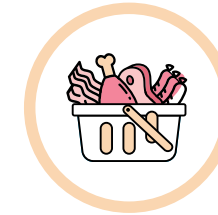
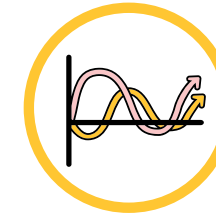
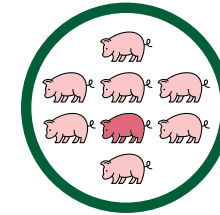
 **Culture**

- Human approach to producer relations
- Proactive by nature, reactive by exception
- Whole of APL thinking

 **Values**

- Results Driven
- Team Players
- Challengers
- Future Focused

Strategic Themes



market and product differentiation

Diversity of markets and products
.....
Quality consumer eating experiences
.....
Valuable provenance of Australian pork

manage volatility for viable farms

Timely relevant through-the-chain information (data utilisation)
.....
Reduce cost of production and processing
.....
Diversified pig business extension opportunities

drive consumer demand

Maintain domestic fresh demand
.....
Grow domestic demand
.....
Grow targeted international demand

leading community social licence

Biosecurity leadership
.....
Climate friendly farming
.....
Leaders in animal care
.....
Leaders in human nutrition
.....
Industry visibility

building industry shared vision

Producer relations (Shared Values)
.....
Technology adoption
.....
Organisational effectiveness

creating a progressive pork organisation

The strategic planning consultation approach for 2020-2025 was loosely inspired by the adage that *if you do something the same way as before, you'll get the same results*.

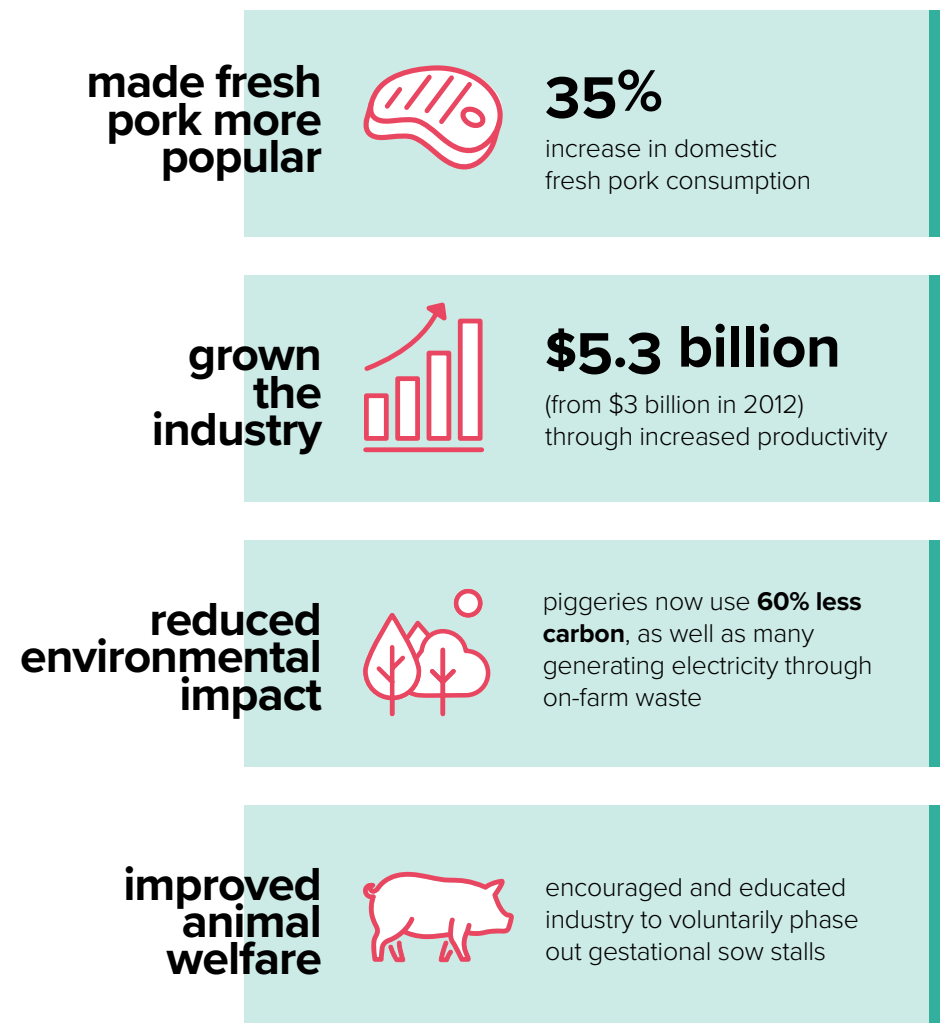
As such, APL deliberately took a different approach to the consultation, asking stakeholders to identify possible futures and how those futures might be created or avoided.

The conversations and feedback provided during the consultation phase drove the evolution of APL's vision for pork, from being "a uniquely contemporary part of our food industry" to pork becoming the "preferred protein choice".

As such, the Board has committed to creating a progressive pork organisation that partners with farmers and other key stakeholders to better deliver a thriving pork industry.

APL has been supporting activities to advance the Australian pork industry for almost twenty years.

During the last ten years, some of the big industry achievements have been:



APL will contribute to the delivery of a thriving pork industry by focusing on five strategic themes:

- Market and product differentiation
- Manage volatility for viable farms
- Drive consumer demand
- Leading community social licence
- Building industry shared vision.

The focus for the first year of this strategic plan will be biosecurity (particularly regarding an ASF readiness plan), developing data and analytical capability, a robust R&D plan, ensuring structural fit and people capability, clarity of industry-wide perspectives on key issues, knowledge management, producer engagement, social licence, market testing and clarification of the eating experience.

Above all, APL will continue to develop a culture underpinned by values that will ensure sustainable progress and delivery of valuable and relevant industry outcomes.



THE BOARD HAS COMMITTED TO CREATING A PROGRESSIVE ORGANISATION THAT PARTNERS WITH FARMERS AND OTHER KEY STAKEHOLDERS TO BETTER DELIVER A THRIVING PORK INDUSTRY.

As we begin on the next five-year path for our industry, we would like to thank our stakeholders – producers, processors, retailers, governments and other key stakeholders – for their active participation in the consultation process.

We look forward to continuing to progress the future of pork with you all.

On behalf of the APL Board,

ANDREW BAXTER
Chair



a targeted five-year plan

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 representing industry to ensure that 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 plan is the key planning document that will guide APL's investments for the period 2020–2025. This plan specifically targets market and product differentiation, better management of market volatility, driving consumer demand, social licence and enabling viable productive farms.

These priorities were determined through extensive consultation with levy payers, the Commonwealth, the supply chain, industry representative bodies, other RDCs, and other key stakeholders.

During the consultation process APL considered and sought feedback on the strengths, weaknesses, opportunities, threats and long-term trends in the Australian pork industry. This resulted in a new purpose for APL – to enable a thriving pork industry – and the development of five Strategic Themes:

- Market and product differentiation
- Manage volatility for viable farms
- Drive consumer demand
- Leading community social licence
- Building industry shared vision.

This strategic plan outlines each theme's supporting programs, key result areas and the enablers required to deliver the strategic plan. Delivery of the strategic plan will be enabled with increased use of technology, improved communications and knowledge transfer initiatives; and constant realignment of APL's projects with industry.

Annual operating plans will outline the annual levels of investment in projects designed to achieve the outcomes for each program and annual reports will review and monitor APL's performance in the specified key result areas and delivery on APL's revised purpose: to partner with farmers to better deliver a thriving pork industry.



These
priorities were
determined
through
extensive
consultation
with
stakeholders

WHO
WE ARE

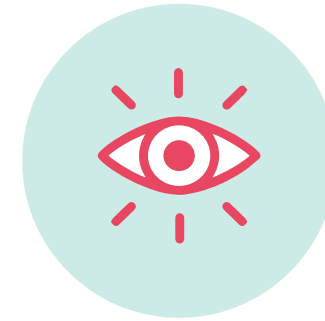
Australian Pork Limited

the progressive pork
organisation



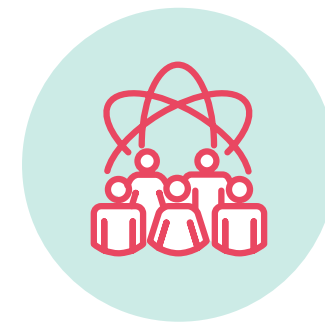
our purpose

is to enable
a thriving
pork industry



our vision and goal

Australia's preferred choice protein;
sustainably adding \$1 billion to
farm gate value by 2025



our culture

- whole-of-APL thinking
- proactive by nature, reactive by exception
- human approach to producer relations



our values

- results driven
 - say what we'll do; do what we say; prove it
- challengers
 - courageously question to actively learn
- team players
 - one team, shared dreams
- future focused
 - position for tomorrow's needs today



what we do

- effective marketing
 - measured consumer insight, creativity and collaboration which results in sales growth over time.
- proactive policy
 - shaping an environment that stays ahead of community expectations whilst remaining safe and practical for producers.
- impactful research
 - making a difference to all Australians through learning and sharing new ways to build revenue and reduce costs and risks.

the consultation process

The development of this Strategic Plan involved an extensive stakeholder consultation process, starting from first principles and involving stakeholders along the entire supply chain, as well as industry stakeholders such as government.

As levy payers, Australian pig producers are APL's primary stakeholders. As the industry grows and evolves over time, so do the needs of these stakeholders, although – through this consultation process – it has been shown that their core requirements remain the same.

Producers expect responsiveness, honesty and realistic expectations from their industry body. For many producers, their assets are their superannuation, so they want to ensure their industry is stable and sustainable, and can deliver a consistent profit to their business. Producers want an industry body to create positive change on a level which individual farms cannot.

Producers want a single source of truth for innovation in marketing and research, leadership, advocacy and information regarding industry trends in animal welfare, biosecurity and markets. Producers want accurate whole-of-industry data to inform their business decisions. They want a representative body which delivers on its promises and uses its resources to increase demand and production opportunities for the industry and ensure funding is available to help the industry.

The consultation process also confirmed that Commonwealth and State governments both have vested interests in the Australian pork industry, due to the varied contributions the industry makes to the community, whether through job creation, food security, environmental impact or the economy. Government stakeholder needs have remained relatively constant over time, valuing consistency in issues management, transparent and proactive communications, a unified industry voice, cross-sectoral collaboration and to maximise their investment in the industry for returns against social, economic and environmental measures.

The key findings from stakeholders were that the investment areas of most benefit to industry were:

| | | |
|-------------------------|--|--------------------------------------|
| knowledge management | minimise cost of processing and production | environment and climate change |
| market diversification | social licence to operate | reduced volatility |
| product diversification | industry shared values | innovation in health and convenience |



strong foundations to shape the future

As a company, APL exists to fulfil obligations under the Pig Industry Act 2001, which are to deliver marketing, promotion, strategic policy development and research and development outcomes for the benefit of the Australian pig industry.

APL has been delivering these benefits since 2000, when, at the direction of industry, APL was established to combine the functions of the Pig Research and Development Corporation, Pork Council of Australia and the Australian Pork Corporation into one company.

made fresh pork more popular



35%

increase in domestic pork consumption, from fourth to second most popular meat

grown the industry



\$5.3 billion

(from \$3 billion in 2012) through increased productivity

reduced environmental impact



piggeries now use **60% less carbon**, as well as many generating electricity through on-farm waste

improved animal welfare



encouraged and educated industry to voluntarily phase out gestational sow stalls



Australia's preferred choice protein; Sustainably adding **\$1 billion** to farm gate value by **2025**

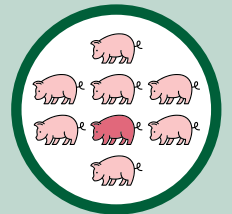
Knowing what our organisation has already achieved provides a strong direction and encourages a future-focused approach to the next five years, with the intent to break new ground and identify step-change opportunities for the industry.

To enable this vision, the strategic planning consultation process involved levy payers, the Commonwealth, the supply chain, industry representative bodies, other RDCs, and other key stakeholders.

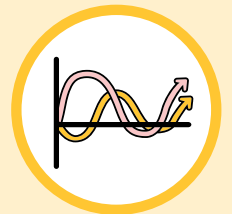
The consultation considered and sought feedback on the strengths, weaknesses, opportunities, threats and long-term trends in the Australian pork industry. This helped identify priority areas for investment for the period 2020–2025, distilled into the five Strategic Themes, described in detail throughout this document and summarised on the next page.

This process also shaped our sustainability goals: climate friendly farming; carbon positive and zero waste by 2025; recognition as animal welfare leaders and an industry which develops its people.

Market and product differentiation



Manage volatility for viable farms



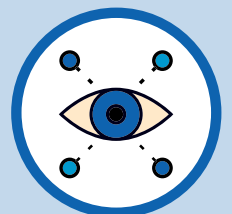
Drive consumer demand



Leading community social licence



Building industry shared vision.



THE STRATEGIC
THEMES AT
A GLANCE

differentiate manage drive lead build

Industry consultation resulted in five Strategic Themes 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 below and will be supplemented with an Annual Operating Plan and reported against in Annual Reports. The Annual Operating Plan is implemented through a multi-disciplinary and cross divisional approach designed to maximise internal and external collaboration.

| market and product differentiation | manage volatility for viable farms | drive consumer demand | leading community social licence | building industry shared vision |
|--|--|--|---|---|
| Price realisation. We add value and increase the price premium customers are prepared to pay versus other similar products or markets domestically and internationally. | Better anticipate market fluctuations and flatten the peaks and troughs, making the industry more stable. | Increased volume demanded; getting more Australian pork on forks, be they at home, eating out or overseas. | Blazing a trail for Australian agriculture to be sustainably celebrated and making our Australian investors proud of what they do. | Building relationships and a narrative of being a progressive, informed, informative and unified industry. |
| <ul style="list-style-type: none"> Diversity of markets and products Quality consumer eating experiences Valuable provenance of Australian pork | <ul style="list-style-type: none"> Timely relevant through-the-chain information (data utilisation) Reduce cost of production and processing Diversified pig business extension opportunities | <ul style="list-style-type: none"> Maintain domestic fresh demand Grow domestic demand Grow targeted international demand | <ul style="list-style-type: none"> Biosecurity leadership Climate friendly farming Leaders in animal care Leaders in human nutrition Industry visibility | <ul style="list-style-type: none"> Producer relations (shared values) Technology adoption Organisational effectiveness |



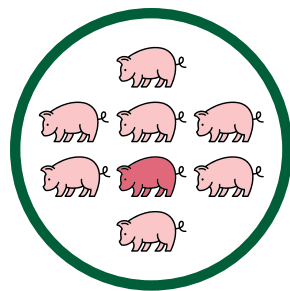
APL will continue to develop a culture underpinned by values that will ensure sustainable progress and delivery of valuable and relevant industry outcomes



The true stories we can tell of where, how and why our provenance is valuable.

STRATEGIC
THEME ONE

market and product differentiation



Building a broader portfolio of points of difference that are more valuable to some customers than other competing products or services.

Specifically, the points of difference are market driven and we can demonstrate that they add value. We measure added value through target customers being prepared

to pay more for our product or service than they previously were or they are prepared to pay more than other available options. This theme covers market diversification, eating experience (the single most important factor in Australian pork's biggest market) and the true stories we can tell of where, how and why our provenance is valuable.

Diversity of markets and products

"Nothing else in the world... not all the armies... is so powerful as an idea whose time has come." —Victor Hugo

Pigs are already used in a remarkable array of products, from soap, to bread, to margarine, road building and ammunition manufacture. However, this versatility is not fully understood and the value not completely captured by the producers of this versatile raw material. The purpose of this program is to uncover new opportunities, prioritise existing opportunities and build significant businesses in a broader array of markets than food.

Quality consumer eating experiences

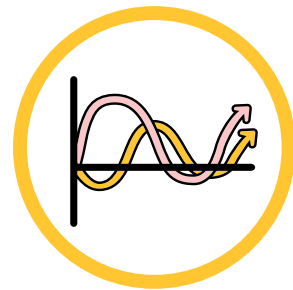
"We are what we repeatedly do. Excellence then, is not an act, but a habit." —Will Durant

Most Australian pork is bought for human food. People are learning organisms. As such, people repeat experiences they and their loved ones enjoy. These truisms mean that people have a "core repertoire" of meals that they cook at home. These account for the vast majority of the meals they eat. This repertoire changes slowly however, meals with consistently good eating experiences are more likely to arrive in the core-repertoire. The building popularity of pork recipes in people's favourite meals is the goal of this program.

Valuable provenance of Australian pork

"Storytelling is the most powerful way to put ideas into the world." —Robert McKee

Different customers value different benefits slightly differently. However, there is an opportunity to add value at every step of the value chain from how that grain grower rotated crops to how the supermarket packaged the product sustainably, with easy to follow cooking instructions that any consumer can convert to success. This program is focused on creating the options for telling industry's stories, market by market, product by product, producer by producer and most importantly, consumer by consumer.



manage volatility for viable farms

The uncertainty that goes with all markets is particularly intense with agriculture.

The large numbers of individuals who get similar commercial prompts at the same time tends to create booms and busts. This theme is about flattening those extremes.

The intention here is to provide a great variety of business options for individual commercial entities to select from. These options include timing in terms of anticipation. They also include a broader array of available markets by being more cost-competitive globally as well as building on existing capabilities to both build revenue and drive social benefits.

Timely relevant through-the-chain information (data utilisation)

“Time is the wisest of all things that are; for it brings everything to light.” —Thales

Our recent history has taught us that understanding “through the chain” supply and demand can help all industry players plan, evaluate and decide more effectively. This program focuses on improving the timeliness, flexibility and availability of information to support individual decision making. Markets operate most efficiently where there is perfect data immediately available to all participants. In multi-stage value chains data will not be perfect, however that does not diminish the value of targeting perfection.

Reduce cost of production and processing

“Sometimes it’s more difficult to achieve a 10% cost reduction than it is to tell people they have to achieve 50%. Small incremental steps block your view of doing something fundamentally different.” —Eckhard Pfeiffer

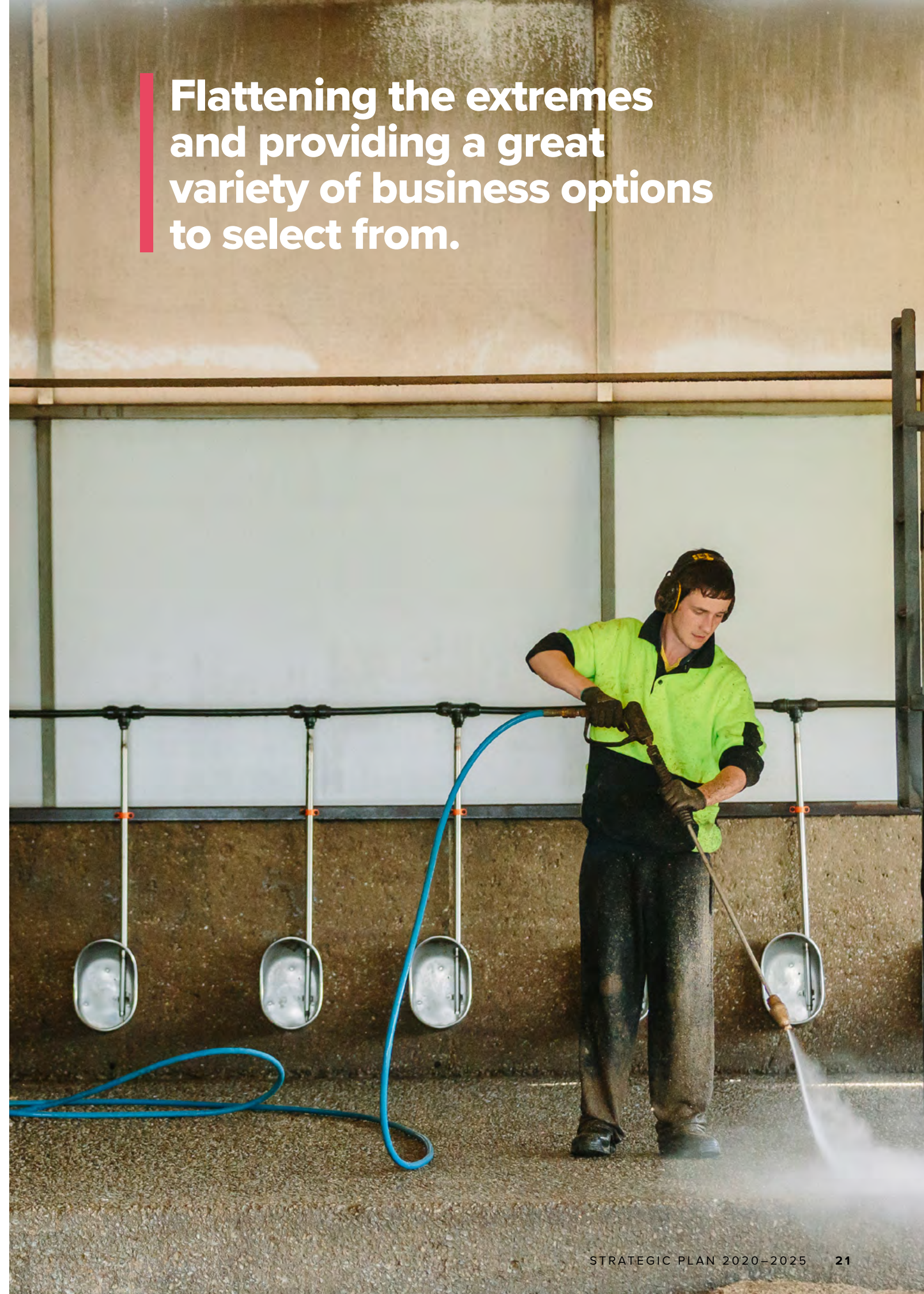
Australia has many natural strengths. We also have expensive labour, high feed prices and a relatively small number of people distributed over almost 7.7 million square kilometres. This program is focused on those cost measures that individual producers cannot afford alone, including big, high risk opportunities – with everyone sharing a small part of the risk.

Diversified pig business extension opportunities

“Spend each day trying to be a little wiser than you were when you woke up.” —Charlie Munge

This program seeks to provide alternate pork business options for pork producers’ consideration. In general, when pork production is profitable there comes a point where decisions get made on how to invest the proceeds. Historically, a common choice has been to increase the volume of production. This will remain a valid option, as is investing in margin, climate friendly sustainability or valuable product or market differentiation.

Flattening the extremes and providing a great variety of business options to select from.



Creative telling of motivating stories and the consistent delivery of promises

STRATEGIC
THEME THREE

drive consumer demand



Ultimately, it is the person with the gold who makes the choices.

Influencing consumers as the source of product approval, industry appreciation and the enjoyment of eating is essential to increasing demand of pork. Understanding what the consumer wants and providing that in a better way than our competitors, and at a price the

consumer is prepared to pay will continue to be one of the roles APL plays for our stakeholders. The relentless search for factual truths, the creative telling of motivating stories and the consistent delivery of promises remain the building blocks of a sustainable industry.

Maintain domestic fresh demand

“If you are persistent you will get it. If you are consistent you will keep it.” —Anonymous

Sustainable growth is founded on a solid base. Australia has been increasingly falling in love with fresh pork. “Get some pork on your fork” has been revived over the last decade and transmitted consistently into homes, shops and the palms of Australian’s hands via their mobile phones. The investment in positive momentum provides both the time and confidence to explore, experiment and enjoy Australian pork.

Grow domestic demand

“Logic will take you from A to B. Imagination will take you everywhere” —Albert Einstein

This is the extension program of inspiring research that uncovers the needs of Australian consumers both inside and outside the food category. Extension in this instance means telling a story Australians want to hear and engaging in a conversation about improving lives, strengthening social bonds and eating healthily. Pork is already enjoyed in more than 4 out of 5 Australian households, this program seeks to extend the uses and occasions of that enjoyment.

Grow targeted international demand

“Purity is the gatekeeper for everything precious and blissful.” —Eric Ludy

This is also an extension program of research that uncovers the needs of consumers in other parts of the world. Particularly, respecting both the similarities and differences of people based upon their cultural beliefs. Extension in this context still means telling a story consumers and customers want to hear. Our neighbours in Asia value safety as well as taste, texture, aroma and visual attractiveness. Adding value at each stage of the supply chain will be key to leveraging Australian pork’s first-class quality systems.



leading community social licence

Social license brings with it the implication of societal permission.

Often societal permission holds organisations to a higher standard than the law. This strategy is aiming higher than both. The goal is societal celebration. This does not mean that every special interest group will be automatically agreed with.

It does mean balancing the major factors for sustainability; affordable for shoppers, safe for workers, responsible to the planet, considerate of the animals, nutritious for consumers and viable for the farmer. It also means investing in research that provides opportunities for leadership.

Leaders in animal care

“The love for all living creatures is the most noble attribute of man.”
—Charles Darwin

Australia’s pork industry has been a proactive leader in animal care for more than a decade. In 2011 the industry voted to voluntarily remove gestation stalls and set a target of legislating this move in 2017. When governmental priorities delayed the review of pig care standards and guidelines, APL volunteered to help fund the process of review, in order to deliver on our promise. This proud tradition of proactivity continues with investment in research to further extend this leadership tradition.

Biosecurity leadership

“Commitment eats impossible for breakfast.”
—Honorée Corder

With the sea as a natural boundary and diligent professionals in our ports, Australia has managed to stay free of many of the animal diseases experienced in other parts of the world. The vast majority of Australia’s pork farms already have a biosecurity plan. This program seeks not only to maintain our current biosecurity levels but also to investigate ways in which we can “push back the borders” in space and time by extending our biosecurity on behalf of all Australians.

Climate friendly farming

“We cannot hold a torch to light another’s path without brightening our own.”
—Ben Sweetland

The provision of tasty, high quality, sustainable food is a challenge for every country on earth. Finding ways to do this that are friendly to the planet are not only possible but already occurring. This program seeks to build on the extraordinary work of some Australian pork producers who already capture farm waste to generate electricity to keep piglets warm. Building on research into real sustainability (particularly responsible to the planet) this program seeks to shape the narrative of sustainable and farmed.

The goal is societal celebration



Leaders in human nutrition

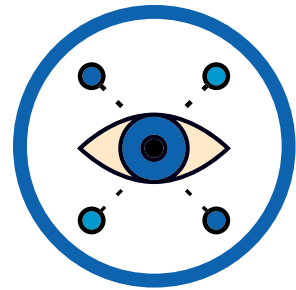
“Let food be thy medicine and medicine be thy food.”
—Hippocrates

Australian pork already offers consumers a large number of health benefits. Some are common to all meats such as micro-nutrients that are more bio-available when consumed in meat than a vitamin supplement. There are other unique combinations of nutrients that set pork apart. This program is focused on helping Australians understand and recognise the nutritional value of pork as part of a balanced diet.

Industry visibility

“A basic tenet of a healthy democracy is open dialogue.”
—Peter Fenn.

Australian pork producers are proud of their standards and methods of operation. This program targets making our methods easily available to people in towns and cities whilst protecting the welfare of our animals. It also protects the biosecurity that producers and others have worked so hard to achieve whilst providing nutritious, consistent protein for consumers.



building industry shared vision

In any collective there are perceptions of bias, advantaging some participants by disadvantaging others.

This is as true for the Australian pork producers as it is for other agricultural professions.

This theme involves creating dialogues with each APL member and finding value that they can add to the industry as well as finding value that APL can add to their business.

Over time the goal is to shape this into a well informed and focused narrative – one where we are all clear on what is and is not on the agenda, and where the producers are treated like customers and their APL employees are respected as experts.

There may be too much passion for total agreement but we will accept relentless progress towards our shared goals.

Producer relations (shared values)

“The goal is to provide inspiring information that moves people to action.”
—Guy Kawasaki.

The purpose of this program is to inspire and strengthen two-way communication with producers and the APL team. This not only enables producers to take advantage of the research, policy and market opportunities that exist but also enable APL to stay updated about existing and future needs of producers. Another element is to enable industry collaboration and mutual progress across producer groups and other parts of the value chain.

Technology adoption

“Technology frightens me to death. It’s designed by engineers to impress other engineers. And they always come with instruction booklets that are written by engineers for other engineers – which is why almost no technology ever works.” —John Cleese

This program involves presenting beneficial technologies in simple, clear ways that the user group understands. Particular effort will be made to ensure messages are framed to influence uptake of new technologies and practice changes. The aim will be to help producers understand how the use of the technology or introduction of the practice change will benefit their business. It also includes recording which technologies have been adopted by whom, what learnings and adjustments have been made and any other practices that either enhance or damage the intended benefits of adoption.

Organisational effectiveness

“Collaboration allows us to know more than we are capable of knowing ourselves.” —Paul Solarz

Every successful organisation evolves and finds better ways of working, more efficient methods of allocating and prioritising resources, developing people and building skills and capabilities.

This program is focused on on-going reflection and continuous improvement in operational performance.



demonstrating results

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 Theme.

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 1. Australian Pork Industry Key Result Areas

| STRATEGIC THEME | INDUSTRY OUTCOME | MEASURE | TARGET OBJECTIVE | |
|------------------------------------|--|--|------------------|-------------|
| | | | 2020 | 2025 |
| market and product differentiation | Increased domestic preference for pork as a protein source | Frequency of retail purchase per annum | 9 | 11 |
| | Increased diversity of markets and products | Number of new markets worth \$50m revenue (includes premium) | 0 | 5 |
| manage volatility for viable farms | Price stays within historic trend range | Price variation, adjusted for inflation (A\$ per kg HSCW) | 3.14 – 3.64 | 3.40 – 3.90 |
| | Reduced cost of production | Indexed cost of production at constant grain price | 100 | 85 |
| drive consumer demand | Increased domestic popularity of pork | Per capita fresh pork consumption (HSCW kg) | 10.2 | 11.1 |
| | Increased international demand for Australian pork | Australian Pork international sales (A\$m) | 137.9 | 240.0 |
| leading community social licence | Demonstrated leadership on social licence issues | Social licence leadership positions taken | 1 | 3 |
| | Maintaining Australia's biosecurity credentials | Number of new exotic diseases detected | 0 | 0 |
| building industry shared vision | Meaningful member engagement | Members who know their primary APL contacts name (%) | 60%* | 90% |
| | Increased on-farm adoption | Members who can recall APL adoption this year (%) | 30%* | 80% |
| | Effective research extension | Producers who consumed APL information (%) | 20%* | 50% |

* These measures do not yet have a base-line in 2020 and are estimates for 2020.

a balanced R&D portfolio

APL invests in new, developing, maturing and established industry opportunities. These investments may complement relevant national and cross-sectoral initiatives.

Investment is allocated to achieve balanced, financially responsible investment outcomes from both industry and Commonwealth matching funds.

Our investments integrate the triple bottom line objectives of economic, environmental and social responsibility. Investments are planned to spread 30 per cent of the long run investment budget towards what is currently being referred to as “industry solutions” and 70 per cent towards “horizon projects”.

“Industry solutions” are typically short-term projects which will deliver relatively immediately observable outcomes. Industry solution projects may be either pro-active or responsive. Typically the risk of not achieving project outcomes for solutions projects is low.

“Horizon projects” are typically medium to long term projects. Depending on the project, the outcomes may be transformative, significant in terms of the total value added to the industry, will take multiple years to complete and are likely to deliver observable industry outcomes some years after the project has been completed.

APL’s systems enable the portfolio of investments to be classified by various dimensions including:

- government research priorities
- theme objectives
- project length
- levels of risk, return and leverage.

The Board has established the Investment Committee to assist in prioritising and recommending specific investments to the Board for funding. Elected Delegates representing Australian pork producers communicate the contemporary views of the Australian pork production industry to APL at least twice per annum. APL management and APL committees, including subject matter experts, consider the views of industry when identifying and evaluating projects. If proposed projects are supported by the relevant committee, they are recommended to the Board for endorsement and funding.



Investment is allocated to achieve balanced, financially responsible investment outcomes

industry assumptions 2020-2025

The table to the right outlines the assumptions around the key industry parameters over the term of the Strategic Plan

The industry outcomes targeted in this strategic plan incorporate relatively modest volume of production growth assumptions and relatively aggressive industry value assumptions, targeting maintaining industry value (gross value of production on-farm) at around its highest level ever (2020).

Achieving that goal will add \$1 billion to the Australian pig industry over the five years of the strategic plan.

Table 2. Projections for Industry Development to 2025¹

| YEAR ENDING JUNE 30 | | 2010 | 2015 | 2020 | 2025 | 2020 vs 2015 (%) | 2025 vs 2020 (%) |
|------------------------------------|-------------------------|---------|---------|---------|---------|------------------|------------------|
| Number of sows | | 254,930 | 265,057 | 271,447 | 286,000 | 2.4 | 5.4 |
| Pigs weaned per sow per year | | 22.2 | 22.6 | 22.8 | 24.5 | 0.9 | 7.5 |
| Slaughter numbers | millions | 4.56 | 4.92 | 5.15 | 5.91 | 4.6 | 14.6 |
| Average weight | HSCW kg | 72.6 | 75.4 | 77.97 | 79.97 | 3.4 | 2.6 |
| Total domestic produced | HSCW tonnes 000's | 331.260 | 371.164 | 401.7 | 472.3 | 8.2 | 17.6 |
| Industry gross value of production | \$ millions | 917.6 | 1195.1 | 1502.3 | 1725.59 | 25.7 | 14.9 |
| Total exports | SW tonnes 000's | 35.31 | 37.94 | 33.00 | 48.00 | -13.0 | 45.5 |
| Import volume HSCW | HSCW equiv tonnes 000's | 254.99 | 286.74 | 369.21 | 294.59 | 28.8 | -20.2 |
| Total available domestic | HSCW tonnes 000's | 548.46 | 622.80 | 740.53 | 734.01 | 18.9 | -0.9 |
| Australian population | millions | 22.032 | 23.816 | 25.74 | 27.57 | 8.1 | 7.1 |
| Domestic consumption fresh | HSCW kg/capita/annum | 8.66 | 9.74 | 10.2 | 11.1 | 4.7 | 8.8 |
| Domestic consumption processed | HSCW kg/capita/annum | 13.14 | 14.9 | 15.7 | 15.7 | 5.4 | 0.0 |
| Domestic consumption total | HSCW kg/capita/annum | 21.80 | 24.64 | 25.9 | 26.8 | 5.1 | 3.5 |
| Total fresh | HSCW tonnes 000's | 190.79 | 231.97 | 262.6 | 306.0 | 13.2 | 16.5 |
| Total processed | HSCW tonnes 000's | 289.39 | 354.86 | 404.4 | 433.1 | 14.0 | 7.1 |
| Total Australian processed | HSCW tonnes 000's | 102.67 | 84.09 | 108.7 | 133.4 | 29.3 | 22.7 |
| Total Australian pork consumption | HSCW kg/capita/annum | 13.32 | 13.27 | 14.4 | 15.9 | 8.7 | 10.5 |
| Australian processed share | % | 35.5 | 23.7 | 26.9 | 30.8 | 13.4 | 14.6 |

¹Sources include the Australian Bureau of Statistics, APL Producer Surveys and Nielsen

financial performance 2020–2025

The industry assumptions in the previous section have been used to forecast the financial performance of APL for the period of the 2020–2025 Strategic Plan, including the resources required to deliver against the Strategic Themes.

As a principle, the Board has decided to introduce a degree of flexibility into forward budgets. In previous strategic plans, the five-year budget included predetermined apportionment between each strategic objective. These apportionments were reviewed by the Board annually. Occasionally these reviews resulted in reapportionment of budget between strategic objectives.

As the Australian pork industry has become more dynamic, particularly in the last four years, APL has identified a need to be more resilient to the changing environment. APL will address this need by improving the agility of its processes and planning.

This strategic plan is therefore more dynamic than previous plans in the sense that the Board has committed to allocate up to 30 per cent of each year's revenue to funding "industry solutions" and up to 70 per cent to strategic industry "horizon" outcomes, as referenced under **A balanced R&D portfolio** (page 30).

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

- The Pig Slaughter Levy remains unchanged at \$3.25 per slaughter, as received by APL;
- 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
- Other revenue streams which include interest income and reimbursement for services provided to other industry organisations are consistent with current expectations.

The ambitious goals of this strategic plan mean it is possible that delivering the plan will require additional resourcing. As an industry we may need to consider changing the levy amount in order to facilitate improved R&D and market outcomes.

APL has identified a need to be more resilient to the changing environment

APPENDICES

Table 3. Forecast APL financial income and expenditure planning through to 2025

| YEAR ENDING 30 JUNE \$ '000 | | 2021 | | 2022 | | 2023 | | 2024 | | 2025 | |
|---|-----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | R&D | Marketing | R&D | Marketing | R&D | Marketing | R&D | Marketing | R&D | Marketing |
| Levy | \$ | 5,322,000 | 11,974,500 | 5,433,000 | 12,224,250 | 5,497,000 | 12,368,250 | 5,547,000 | 12,480,750 | 5,547,000 | 12,480,750 |
| Government R&D Matching Contributions | \$ | 5,452,000 | | 5,563,000 | | 5,627,000 | | 5,677,000 | | 5,677,000 | |
| Other Revenue | \$ | | 305,000 | | 313,990 | | 318,056 | | 322,199 | | 326,421 |
| Total Income | \$ | 10,774,000 | 12,279,500 | 10,996,000 | 12,538,240 | 11,124,000 | 12,686,306 | 11,224,000 | 12,802,949 | 11,224,000 | 12,807,171 |
| market and product differentiation | \$ | 1,514,476 | 333,111 | 1,545,682 | 340,130 | 1,563,675 | 344,147 | 1,577,731 | 347,311 | 1,577,731 | 347,425 |
| manage volatility for viable farms | \$ | 3,869,083 | 188,094 | 3,498,806 | 192,057 | 3,539,534 | 194,325 | 3,571,353 | 196,112 | 3,571,353 | 196,177 |
| drive consumer demand | \$ | 1,140,400 | 8,529,187 | 1,163,898 | 9,609,427 | 1,177,447 | 9,722,781 | 1,188,031 | 9,812,022 | 1,188,031 | 9,815,008 |
| leading community social licence | \$ | 4,387,487 | 821,422 | 3,459,723 | 838,087 | 3,498,483 | 849,644 | 3,528,764 | 858,806 | 3,528,764 | 859,382 |
| building industry shared vision | \$ | 1,342,724 | 1,342,364 | 1,370,391 | 1,370,649 | 1,386,343 | 1,386,835 | 1,398,806 | 1,399,586 | 1,398,806 | 1,400,047 |
| Other Expenditure | \$ | 85,733 | 56,696 | 87,500 | 57,891 | 88,518 | 58,574 | 89,314 | 59,113 | 89,314 | 59,132 |
| Total Expenditure by Category | \$ | 12,339,903 | 11,270,874 | 11,125,999 | 12,408,240 | 11,253,999 | 12,556,306 | 11,353,999 | 12,672,950 | 11,353,999 | 12,677,171 |
| Total Expenditure | \$ | 23,610,777 | | 23,534,240 | | 23,810,306 | | 24,026,949 | | 24,031,170 | |
| Surplus/Deficit | \$ | (557,277) | | 0 | | 0 | | 0 | | 0 | |
| Reserves | \$ | 3,734,000 | | 3,941,962 | | 3,965,083 | | 3,992,690 | | 4,004,961 | |

investment evaluation framework

Purpose

This Evaluation Framework supports APL's Program Framework. The evaluation framework is a requirement of the Funding Agreement between the Commonwealth of Australia represented by the Department of Agriculture, Water and the Environment (the Commonwealth) and Australian Pork Limited (APL). APL consulted with the Commonwealth in preparing the Evaluation Framework.

The Evaluation Framework describes the process of undertaking rigorous and regular evaluation of Research and Development activities and Marketing activities. Outputs and performance impacts of APL's Program investments are systematically evaluated through APL's Evaluation Framework and summarised in APL's Annual Report.

Strategies, objectives, and KPIs are set out in APL's Strategic Plan and the Annual Operating Plan which outline projects by Program. The Evaluation Framework describes:

- Evaluation of possible projects in the Program
- On-going evaluation of projects through the life of the Program
- Evaluation of projects at the end of the life of the Program and dissemination of outcomes.

Evaluation of possible project investments

The decision to invest in a project is made following evaluation of the:

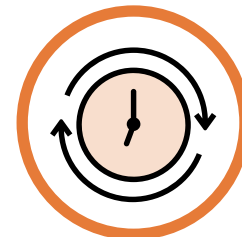
- Alignment of the project with the Strategic and Annual Operating Plan. The Strategic Plan is reviewed annually
- Alignment with APL's Governance Framework and Corporate Social Responsibility policies
- Likely economic, societal and environmental impacts with particular consideration given to the national rural R&D priorities and providing outcomes for Australian pork producers and the Australian pork supply chain as a whole
- Value for money and budget. During the evaluation stage the expected benefits to Australian pork producers is estimated. The potential and likely contribution of non-financial impacts are also considered in conjunction with APL's Strategic Plan
- Pathway to adoption, uptake and commercialisation opportunities, where relevant
- Project risk assessment.

The R&D and non-R&D costs of each project being evaluated are reported separately and in aggregate.

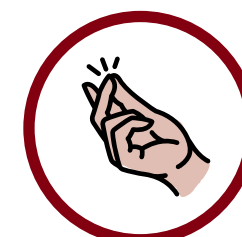
importance



time period



ease



cost



On-going evaluation of project investments

The impact of the strategic pillars and themes on the industry as a whole are measured using Key Result Areas (KRAs). APL's performance in efficiently and effectively delivering projects to support those pillars are measured using organisation Key Performance Indicators (KPIs). APL's KRAs and KPIs are published in APL's Annual Operating Plan which is available on APL's website.

Projects are measured and evaluated through their life to determine whether further investment would add value to the Australian pork industry. The measured KRAs and KPIs for each program are reported to the APL Board regularly. The measured outcomes are reported in APL's Annual Report which is available on APL's website. The Annual Report describes, inter alia, how the projects advance the objective outcomes of the Annual Operating Plan and the Strategic Plan.

Evaluation of projects at the end of the life of the projects

Selected Programs incorporate a budget for ex post evaluation of projects to be performed by external independent consultants. These post-project evaluations apply the evaluation guidelines for the assessment of performance impacts developed by the Council of Rural Research and Development Corporations. APL also participates in the Council's process for aggregation of performance impact evaluations undertaken across the RDCs.

Typical ex-post reports performed by external independent consultants include:

- Industry Economic Impact Reports (whole of industry)
- Ex-Post Economic Analysis (programs)
- Ex-Post Benefit Cost Analysis (programs)

Research and Development findings are published and disseminated through APL's various communication channels unless there is a cogent reason why publication is not appropriate such as when APL is pursuing a commercialisation opportunity.

Program Framework

APL's Evaluation Framework supports the following Program Framework.

APL has an established structure which facilitates planning, guides investment selection, monitors performance and reports on progress/achievements resulting from the investment activities.

The Program Framework has the following elements:

- The Australian Pork Limited Strategic Plan 2020-25 which describes the objectives, outcome statements and key performance indicators to direct investment of levy payer funds and Commonwealth Matching Payments
- Delivery of the strategic objectives are supported by Annual Operating Plans (AOPs). The AOPs are annual investment plans that describe the projects to be funded to achieve the agreed five year strategic outcomes.
- The annual report brings together performance related information generated by the Program Framework and summarises the AOP outputs and impact of investments
- Undertaking a performance review conducted by an independent party
- The performance review under the Funding Agreement will include information on the extent to which planned services and deliverables were met and the outcomes of evaluations completed.

pork industry operating environment and situational analysis

| Driver | Outlook/Impact/effect | Assessment |
|---------------------------------------|---|-----------------|
| Increased focus on biosecurity | The global spread of African swine fever (ASF) has seen an increased focus on biosecurity from all stakeholders, raising the profile of biosecurity from a farm-gate problem to a national priority. | Strength |
| Domestic consumer demand | Domestic consumer demand continues for fresh pork, with supply issues the limit on volume consumption growth going forward. Most of the core consumer needs for food (consistency of supply, nutrition, sustenance, affordability, value and taste) remain constant. Pork consumption has grown by 37.4 per cent over the last 20 years. Contributors to pork growth include increased recognition of healthy cuts and cooking versatility. | Strength |
| Productivity improvements | Other than feed costs, Australian pork producers are seeing improvements in productivity from previous years, from the changing role of technology in production and research – including ever-improving genetics – to efficiencies realised by adapting to climate change. | Strength |

| Driver | Outlook/Impact/effect | Assessment |
|---|--|--------------------|
| Supply chain fragmentation | There's a polarisation between big producers and small producers which when combined with an increased diversity of consumer sales outlets and channels that means product tracking becomes exponentially more complex. | Weakness |
| Perceived reliance on supermarkets | Supermarkets have a much bigger share of producer and supply chains mind than they do have of product. Serving supermarkets needs is very important, and serving other channels needs is roughly twice as important. | Weakness |
| Increased media attention | The pork industry has recently seen a significant amount of global press, due to the spread of African swine fever (ASF) and negative health coverage of meat. This has increased the number of people who may consider restricting meat consumption for perceived health benefits. The opportunity lies in ensuring that Australian consumers are well informed about their nutrition and understand the role that meat and pork can play in delivering their nutritional requirements. | Opportunity |
| Diverse market requirements | 90% of Australian pork is currently sold domestically for food. An ideal sales strategy has fewer eggs in more baskets. | Opportunity |
| International protein shortages | ASF-driven pork shortages have led to protein substitutions Stronger global prices may put some pressure on bacon and ham processors and their import purchasing plans due to the global African swine fever epidemic. Commentators are predicting a shortfall in pork production in China over the next couple of years of up to 18 million tonnes, which is completely impossible to replace by increased production in other parts of the world. At best, only three to four million tonnes of extra Chinese imports are possible and even this will place great stress on pork demand globally. Export volumes have come down as domestic pig prices have improved over the past year, leading to a growing unwillingness to continue supplying very cheap overseas markets. Strategic markets such as Singapore continue to provide a strong volume outlet and dynamics look good for increasing global prices with ASF induced production challenges. | Opportunity |

| Driver | Outlook/Impact/effect | Assessment |
|---------------------------------------|---|--------------------|
| Favourable consumer trends | <p>Food for some can be a source of pride in how they provide for their family and can be a focal point for a small amount of daily inspiration and enjoyment.</p> <p>A rising consumer trend towards nationalism and higher expectations around animal welfare and sustainability has seen stability in the domestic fresh pork market.</p> <p>Technology has changed the consumer marketing landscape in the past decade, giving consumers instant access to recipes, instructional videos, influencers and information on farm practices.</p> <p>Consumers are making their purchase decisions based on whole meals, rather than deciding on a protein source and building a meal from there. Improvements in convenience packaging, cut diversity and versatility awareness has balanced the consumer shift towards 'flexitarian' eating, with domestic fresh pork consumption continuing to increase year on year.</p> <p>Consumers are paying increasing attention to the nutrition supply chains and want to know that the food they buy is sourced ethically and sustainably. This represents a great opportunity for the pork industry to differentiate our products and communicate our achievements in animal welfare and resource efficiency.</p> | Opportunity |
| Eating quality and consistency | <p>Recent research has seen an increased appetite for interventions in eating quality and consistency, creating an opportunity to increase the number of pork meals in consumer meal repertoires, thereby increasing demand.</p> | Opportunity |
| Competitor proteins | <p>Recent drought conditions have led to higher beef and lamb prices and decreases in retail supply, providing opportunities for pork to fill the void.</p> <p>Chicken continues to be significantly cheaper than other protein options, and this will likely drive consumption growth – alongside competitor supply issues – at retail over the next five years.</p> <p>While plant-based proteins have seen growth in recent years, demand is much lower than for animal proteins. Consumer sentiment may increase growth in new product development of plant-based proteins, however in the short term, growth is likely to be restricted by supply.</p> | Threat |

| Driver | Outlook/Impact/effect | Assessment |
|---------------------------|---|---------------|
| High grain prices | <p>Due to the high cost of grain in drought periods, Australian production costs are often at the mercy of weather conditions.</p> <p>High grain prices are the biggest factor in producer profitability presently in Australia's pork industry, given that pig prices returned to positive levels in 2019.</p> | Threat |
| Import competitors | <p>Even at the best of times, Australian pork prices are not internationally competitive, with approximately 80 per cent of smallgoods produced in Australia using imported pork.</p> | Threat |
| The pig cycle | <p>The Australian pig industry operates in the context of strong market forces, as do many other industries. Currently the pig industry appears to fall in a farm gate price cycle of approximately five to seven years, known as 'the pig cycle'.</p> | Threat |

national and rural research and development priorities

The Australian Government provides public investment in rural R&D because profitable, competitive and sustainable rural industries provide benefits for the whole Australian Commonwealth.

The Australian Government contributes to the Australian pork industry by providing matching contributions to APL for eligible R&D expenditure to a limit of the lesser of an annual cap of 0.5 per cent of the industry's gross value of production or the cumulative R&D levy collected by the Government from industry. This substantial support provided by the Commonwealth enables APL to significantly leverage producer levies and their investment into its research, development and extension investments.

Matching contributions provided by the Australian Government may only be spent in accordance with the Pig Industry Act (2001) and the funding agreement between the Commonwealth and APL. The funding agreement prohibits expenditure on agri-political activities and payments to industry representative bodies.

APL's programs and plans must be consistent with the Australian Government's National Science and Research Priorities, Rural RD&E Priorities, and other guidelines and priorities communicated by the Commonwealth and reflect the dynamic nature of the global market. As a rural Research and Development Corporation (RDC), APL 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 sustainable and competitive Australian pork industry focused on:

- The economical and environmentally sustainable implementation of new and advanced technologies and RD&E outcomes by producers and key industry stakeholders to enhance animal welfare, biosecurity, soil, water and natural resource management, traceability, product quality and safety, animal health, pig management practices;
- Protecting Australia's community, public health, primary industries and environment from biosecurity threats;
- Enhancing productivity; and
- Market insights

The strategic objectives and supporting themes and enablers are reviewed by the Board annually. Subsequent to the annual strategic review, planned financial resource allocations are determined and described in the Annual Operating Plan.



Table 4. Alignment with Rural RD&E Priorities

| | | SOIL, WATER AND MANAGING NATURAL RESOURCES | ADVANCED TECHNOLOGY | BIOSECURITY | ADOPTION OF R&D |
|---|--|--|---------------------|-------------|-----------------|
| market and product differentiation | Diversity of markets and products | | | | Yes |
| | Quality consumer eating experiences | | | | Yes |
| | Valuable provenance of Australian pork | | Yes | | Yes |
| manage volatility for viable farms | Timely relevant through-the-chain information (data utilisation) | | | | Yes |
| | Reduce cost of production and processing | Yes | Yes | | Yes |
| | Diversified pig business extension opportunities | Yes | Yes | | Yes |
| drive consumer demand | Maintain domestic fresh demand | | | | Yes |
| | Grow domestic demand | | | | Yes |
| | Grow targeted international demand | | | | Yes |
| leading community social licence | Biosecurity leadership | Yes | Yes | Yes | Yes |
| | Climate friendly farming | Yes | Yes | | Yes |
| | Leaders in animal care | | Yes | Yes | Yes |
| | Leaders in human nutrition | | | | Yes |
| | Industry visibility | Yes | Yes | Yes | Yes |
| building industry shared vision | Producer relations (shared values) | Yes | | Yes | Yes |
| | Technology adoption | Yes | Yes | Yes | Yes |
| | Organisational effectiveness | | | | |

Rural RD&E Priorities available at www.agriculture.gov.au/ag-farm-food/innovation/priorities

Table 5. Alignment with National Science and Research Priorities

| | | Food | Soil and water | Transport | Cybersecurity | Energy | Resources | Advanced manufacturing | Environmental change | Health |
|---|--|------|----------------|-----------|---------------|--------|-----------|------------------------|----------------------|--------|
| market and product differentiation | Diversity of markets and products | Yes | | | | | | Yes | | Yes |
| | Quality consumer eating experiences | Yes | | | | | | | | |
| | Valuable provenance of Australian pork | Yes | Yes | | | Yes | | | Yes | |
| manage volatility for viable farms | Timely relevant through-the-chain information (data utilisation) | Yes | | | Yes | | | | | |
| | Reduce cost of production and processing | Yes | Yes | Yes | | Yes | | | Yes | Yes |
| | Diversified pig business extension opportunities | Yes | | | | Yes | | | | |
| drive consumer demand | Maintain domestic fresh demand | Yes | | | | | | | | |
| | Grow domestic demand | Yes | | | | | | | | |
| | Grow targeted international demand | Yes | | | | | | | | |
| leading community social licence | Biosecurity leadership | Yes | Yes | | | | | | Yes | Yes |
| | Climate friendly farming | Yes | Yes | Yes | | Yes | | | Yes | Yes |
| | Leaders in animal care | Yes | | | | | | | Yes | |
| | Leaders in human nutrition | Yes | | | | | | | | |
| | Industry visibility | Yes | Yes | | | Yes | | | Yes | |
| building industry shared vision | Producer relations (shared values) | Yes | | | | | | | Yes | |
| | Technology adoption | Yes | Yes | Yes | Yes | Yes | | | Yes | Yes |
| | Organisational effectiveness | Yes | | | Yes | | | | | |

National Science and Research Priorities available at: www.industry.gov.au/data-and-publications/science-and-research-priorities

collaboration

APL actively collaborates within and across the agricultural research and development corporation (RDC) environment. APL is involved in a number of key future focused collaborative relationships and projects, as described below.

National Primary Industries Research Development and Extension Framework

The Australian, State and Territory governments, Rural R&D Corporations, CSIRO, and universities jointly implemented the National Primary Industries Research, Development and Extension (RD&E) Framework to encourage greater collaboration and promote

continuous improvement in the investment of RD&E resources nationally. Through this Framework, primary industries RD&E is now more collaborative and coordinated.

The Framework currently includes 14 sectoral strategies (including pork) and eight cross sectoral strategies.

Specifically, the APL Strategic Plan aligns a number of programs to the pork sector and cross sectoral strategies under the National Primary Industries RD&E Framework.

National pork RD&E strategy

The national pork RD&E strategy for the Australian pork industry was designed and implemented in 2009 to optimise the execution and outcomes of future research and development (including the technology transfer of those R&D outcomes).

This Strategy aimed to optimise the combined infrastructure and resources existing in Australia for pork RD&E, under the management of the various interested parties, for the purposes of carrying out research, development and extension for the Australian pork industry.

The objectives of this Strategy continue to underpin how APL and APRIL now work collaboratively and co-operatively together.

The cross sectoral RD&E strategies have enabled APL and the pork industry to increase its collaboration and leverage of its RD&E funding in a number of areas. These include:

Preparing for an emergency animal disease

African swine fever (ASF) preparedness has increased engagement and strengthened relationships between government and industry, particularly with the Chief Veterinary Officers.

APL has effectively established and continues to work collaboratively through the Industry ASF Technical Committee to achieve valuable ASF preparedness and response outputs for industry, significantly improving industry's ability to successfully respond to an ASF incursion while continuing to positively communicate with producers to drive awareness and address industry's concerns around ASF.

Cross Sectoral RD&E Strategies and Projects

APL continues to be actively involved with the development and implementation of a number of other cross sectoral RD&E strategies, including the Animal Welfare RD&E Strategy (Steering committee member, and project management coordinator), the Animal Biosecurity RD&E strategy (Steering Committee member) and the Food and Nutrition RD&E Strategy. APL is currently leading three DAWE funded projects as part of the Rural Research and Development for Profit program and collaborating and investing in eight others.

Feed Grain R&D Partnership

APL is a key member of the cross-sectoral Feed Grain R&D Partnership which was established in 2007 to integrate and identify collaborative Research and Development (R&D) initiatives across participating R&D funding agencies involved with the feed grain and livestock supply chain. The members include: Australian Eggs, MLA, Australian Export Grains Innovation Centre, APRIL, AgriFutures Australia, Dairy Australia and Stock Feed Manufacturers Council of Australia. 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 RD&E projects with other RDCs including food safety and animal health – MLA, Australian Meat Processor Corporation (AMPC); and environment – MLA.

Climate Research Strategy for Primary Industries (CRSPI)

CRSPI is a collaborative program with 22 partners, including rural R&D corporations, the state Departments of Primary Industries, the CSIRO and key universities, who are investing in climate research, development and extension for Australia's primary industries. CRSPI brings partners together to discuss their RD&E activities and to identify priorities for future investment and collaboration but does not invest in research directly.

Council of Rural Research and Development Corporations (CRRDC)

APL provides executive support services to the Council of Rural Research and Development Corporations (CRRDC). APL also actively participates in CRRDC cross-sectoral events to present outcomes from our investments to a cross-sectoral audience.

Emerging National Rural Issues program (coordinated by AgriFutures Australia).

The Emerging National Rural Issues program aims to directly address barriers to growth and assist government and industry to respond to opportunities. APL is investing in the collaborative Community Trust in Rural Industries project and involved in steering committees of a number of cross sectoral projects prioritised during 2019-20 to progress their development for funding.

Australasian Pork Research Institute Ltd. (APRIL)

APL and the Australasian Pork Research Institute Ltd. (APRIL) work collaboratively to ensure that pork research, development and extension (RD&E) is focused, 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 APRIL has ensured that the possibility of duplication of RD&E programs and activities by the two entities is unlikely.



Table 6. Alignment with National Primary Industries Research Development and Extension Framework

| | | Pork | Animal biosecurity | Animal welfare | CRSPI | Food and nutrition | Bioenergy | Soils | Water use in agriculture | Plant biosecurity |
|---|--|------|--------------------|----------------|-------|--------------------|-----------|-------|--------------------------|-------------------|
| market and product differentiation | Diversity of markets and products | Yes | | | | Yes | | | | |
| | Quality consumer eating experiences | Yes | | | | Yes | | | | |
| | Valuable provenance of Australian pork | Yes | | | | Yes | | | | |
| manage volatility for viable farms | Timely relevant through-the-chain information (data utilisation) | Yes | | | | | | | | |
| | Reduce cost of production and processing | Yes | | Yes | | | Yes | Yes | Yes | Yes |
| | Diversified pig business extension opportunities | Yes | | | | | | | | |
| drive consumer demand | Maintain domestic fresh demand | Yes | | | | Yes | | | | |
| | Grow domestic demand | Yes | | | | Yes | | | | |
| | Grow targeted international demand | Yes | | | | Yes | | | | |
| leading community social licence | Biosecurity leadership | Yes | Yes | | | Yes | | | | Yes |
| | Climate friendly farming | Yes | | | Yes | | Yes | Yes | Yes | |
| | Leaders in animal care | Yes | | | | | | | | |
| | Leaders in human nutrition | Yes | | | | | | | | |
| | Industry visibility | Yes | | | | | | | | |
| building industry shared vision | Producer relations (shared values) | Yes | | | | | | | | |
| | Technology adoption | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | |
| | Organisational effectiveness | Yes | | | | | | | | |

corporate governance and compliance statements

Funding model

APL receives income through:

- Marketing and R&D Pig Slaughter Levy (via the Commonwealth)
- Commonwealth R&D Matching Contributions
- Grants
- Strategic Investments and other revenue

As the declared Industry Services Body under the Pig Industry Act (2001), APL has mutual obligations as partner with the Commonwealth in delivering services to members and Levy Payers and responsibilities for the custody and investment of the funds. APL notes the Commonwealth's expectation that APL implement good corporate governance practice in managing and investing the funds.

Accountability and reporting

Through its Board, APL is accountable to the Commonwealth through the Department of Agriculture, Water and the Environment as well as to its levy-paying members, and formally reports to each via Strategic Plans (such as this one), Annual Operating Plans and Annual Reports.

APL also communicates with stakeholders through a range of channels, including:

- Regular meetings with and reports to the Department of Agriculture, Water and the Environment
- Publications and online content
- Consultation with levied industries and R&D partners
- Social media, media, conferences, workshops, grower updates and similar activities.

Each year's Annual Operating Plan summarises the review of the strategic objectives, supporting themes and enablers and the planned financial resource allocations for the upcoming financial year. Each year's Annual Report includes a description of how strategic directions, policies and processes have been applied during the year.

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.

Extension and adoption statement

APL conducts a number of extension and adoption activities, including face-to-face engagement, base-funded RD&E facilities and the production and distribution of targeted publications and supporting resources. These activities are further supported through the evaluation of possible project investments, which includes ensuring the project's pathway to adoption, uptake and commercialisation opportunities is appropriate and likely to succeed (see Investment Evaluation Framework).

Business best practice

APL adopts best business practices, 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
- Maintaining internal policies and procedures in key areas such as: Equal Employment Opportunities (EEO); Workplace Health and Safety (WHS); Parental Leave; and Privacy.

Role of the Board

The APL Board is composed of five elected directors and four specialist directors. The specialist directors are recruited by the Board to ensure a balance of skills and expertise which is in accordance with criteria set out in the company's constitution and the Funding Agreement with the Commonwealth.

The APL Board sets strategic direction within the requirements of the Pig Industry Act 2001, the Corporations Act 2001, the Funding Agreement with the Commonwealth and the APL constitution. When strategic direction is developed, stakeholder views are considered through consultation with members, government and the supply chain.

The Board delegates responsibility for management of the company and delivery of strategic outcomes to the Chief Executive Officer.

The Board is responsible for ensuring company funds are used to the best advantage of, and 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 strategic outcomes.

The Board's functions include:

- Establishing company policies;
- Appointment of the CEO and providing direction on the appointment, remuneration and evaluation of senior management;
- Approving major strategies, plans and budgets;
- 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.

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.

The Board also has in place a process whereby the interests of all directors which could be a source of perceived or actual conflict are disclosed on appointment, reviewed on an annual basis and, where applicable, notified as and when they arise. The Board and individual directors, by request through the Chair, may obtain independent advice on matters of importance.

Alignment with Guidelines

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

Table 7. Alignment of Strategic Plan with Statutory Funding Agreement obligations

| Clause 12.10 | The Strategic Plan must be prepared in accordance with good planning practice and must cover matters including, but not limited to: | Page number |
|--------------|--|-------------|
| (a) | APL's vision or mission; | 11 |
| (b) | an assessment of APL's operating environment including its strengths, weaknesses, opportunities and threats, and including current and future trends and implications; | 40 |
| (c) | collaboration with other RDCs on priority Research and Development issues; | 50 |
| (d) | a broad overview of the priorities and outcomes from stakeholder consultation, as more fully described in the stakeholder consultation plan required under clause 12.11; | 13 |
| (e) | an explanation of the extent to which the priorities of Levy Payers are reflected in the Strategic Plan; | 12 |
| (f) | a broad investment plan and funding model for Industry Research and Development Activities and Marketing Activities; | 30 |
| (g) | key investment priorities and outcomes planned for the period of the Strategic Plan; | 16 |
| (h) | the Research and Development and Marketing Activities that APL intends to fund to achieve the planned outcomes; | 16 |
| (i) | key deliverables which contribute to achieving the planned outcomes; | 28 |
| (j) | performance indicators that enable progress being made towards achieving planned outcomes to be monitored and reported upon; | 28 |
| (k) | how the Research and Development and Marketing Activities to be funded align with, and give effect to, the Guidelines; | 44 |
| (l) | how APL addresses extension, technology transfer, and commercialisation of Research and Development, and demonstrate that extension and adoption are incorporated into planning and approval processes; | 38 |
| (m) | estimates of income and expenditure, including broad estimates of expenditure separately for each of the key Research and Development and Marketing Activities, for the life of the Strategic Plan; | 36 |
| (n) | an explanatory statement of APL's approach to ensuring a Balanced Portfolio appropriate to the Industry; | 30 |
| (o) | a corporate governance statement noting the Commonwealth's expectation that APL implement good corporate governance practice in managing and investing the Funds; and | 54 |
| (p) | APL's roles and responsibilities as the declared Industry Services Body under the Act, including APL's: <ul style="list-style-type: none"> (i) mutual obligations as partner with the Commonwealth in delivering services to members and Levy Payers; and (ii) responsibilities for the custody and investment of the Funds. | 54 |



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