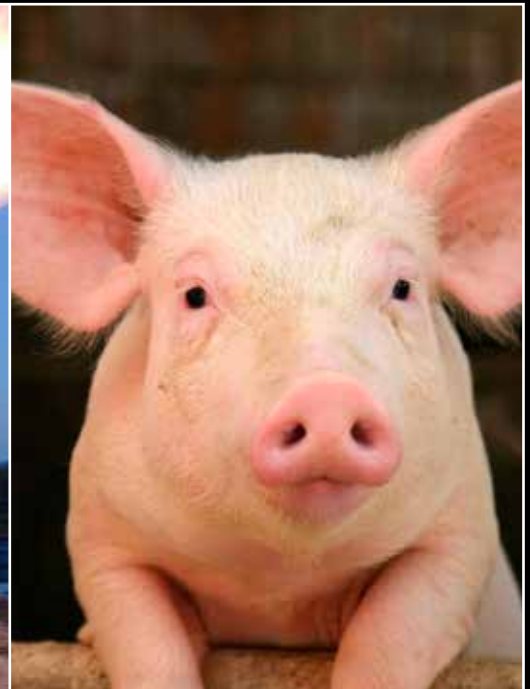


AUSTRALIAN PORK LIMITED

Annual Report

2012-2013



VISION

A competitive, responsible and sustainable Australian pork industry.

PURPOSE

Drive profitability and sustainability for pork producers through the provision of programs and services to the Australian pork industry.

VALUES

1. Passion and dedication to the cause of our farmers;
2. Deliver what we promise, when we promised it;
3. Respect and support colleagues;
4. Creating the future our farmers need; and
5. Celebrate achievement.

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Contents

1.	MESSAGE FROM THE CHAIR	1
2.	MESSAGE FROM THE CEO	3
3.	OPERATIONAL AND STRATEGIC OVERVIEW	7
3.1	Overall Framework	7
3.2	Role and Functions	8
3.3	Core Values	8
3.4	Members	8
3.5	Other Stakeholders	9
3.6	Organisation Structure	10
3.7	Developing Strategic Directions	12
3.8	Governance	13
4.	REPORT ON PERFORMANCE	17
4.1	Summary of Objectives – KPIs and Outcomes	17
4.2	Core Objective 1 – Build Consumer Demand	20
4.3	Core Objective 2 – Viable Productive Farms	24
4.4	Core Objective 3 – Efficient Value Chains	32
4.5	Core Objective 4 – Leadership, Preparedness, Stewardship	33
4.6	Core Objective 5 – Industry Cohesion and Responsiveness	55
4.7	Overall Financial Summary by Core Objective	63
4.8	Reporting Obligations	64
5.	MEETING INDUSTRY AND GOVERNMENT PRIORITIES	65
5.1	Alignment with the Rural Research and Development Priorities	65
5.2	National Primary Industries Research, Development and Extension Framework	68

6.	COLLABORATION AND EVALUATION	69
6.1	Pork Industry Consultation	69
6.2	Supply Chain Engagement	69
6.3	Government Meetings	69
6.4	Inter-Organisational Committees	69
6.5	Commercialisation	70
6.6	Agreements	70
6.7	Cross-Sectoral Initiatives	70
6.8	Evaluation of Outcomes for Industry and the Community	71
7.	STATUTORY REPORTS	73
7.1	Directors' Report	73
7.2	Independent Auditor Report to members of Australian Pork Limited	85
7.3	Auditor's Independence Declaration to the Directors of Australian Pork Limited	87
7.4	Financial Report 2012–2013	88
8.	APPENDICES	113
8.1	Appendix A – Material Variations to Budget	113
8.2	Appendix B – Funds Spent on Each Significant Research and Development Activity Allowing Identification of Expenditure of Matching Payments	114
8.3	Appendix C – Funds Spent on Marketing and Significant Strategic Policy Development Activity as well as Other Industry Issues	115
8.4	Appendix D – Funds Spent on National and Rural Research and Development Priorities	116
9.	ANNUAL REPORT ACRONYMS	117



Mr Enzo Allara AM
Chairman

Message from the Chair

As Chairman, I present to you on behalf of the Australian Pork Limited (APL) Board the company's 2012–2013 Annual Report.

This is the fourth year of operating under the guidance of the Strategic Plan 2010–2015 and even though we have not seen the growth in pig numbers that we had forecast, most other targets have been met.

The industry has been through another challenging and demanding year and has managed these challenges well. At the same time it has progressed well on a number of key issues, which has enabled it to strengthen its overall positioning and image, which will put it in a much stronger position to face the challenges ahead.

With the relative stability in pig prices coupled with the good availability of feed grains (not always at competitive prices in some regions), producer margins should have been acceptable. Production numbers have been flat but there has been an increase in average pig weights which should help overall producer profitability. However, it is also recognised that as producers have made the move to a gestation stall free environment, some have suffered an initial loss in reproduction efficiencies before getting back to normal.

We have said for some time now that to ensure its long term sustainability and viability, the industry needs to continue to increase the consumption of domestically produced pork (be it retail fresh, value added, processed or exports). To do this we will need an increased availability of pig meat, whilst consumers and processors will need a reason to change.

To assist this, APL has - for a couple of years now - been working diligently in trying to differentiate Australian pork from imports and other proteins and even though these changes take time to be embraced by consumers, good progress is being made. The 2012–2013 year was the first of the increased marketing levy and the additional funds will allow greater investment in this area, which should influence the pace of change.

The industry should be proud of its achievements during the last 12 months. Here are some of them:

- An increase in its relative competitiveness and productivity (described as an improvement in pigs sold per sow per year as well as the feed conversion ratio);
- A reduction in the use of gestation stalls. The last survey in November 2012 indicated that in excess of 50 per cent of sows nationally now spend no time in a gestation stall – no doubt the current figure is much higher. This is a remarkable achievement in the two years since the decision to voluntarily phase out the use of gestation stalls was made;

- A proactive approach to seeking good business opportunities available under the Federal Government's Carbon Farming Initiative (CFI). The pork industry was the first agricultural industry to develop a CFI methodology and many producers have since taken advantage of the bioenergy opportunities; and
- A strong adherence to the industry's well structured and managed quality assurance program.

These initiatives underpin the pork differentiation strategy and are essential in reassuring consumers and the community about the pork industry's approach to sustainable and ethical farming practices.

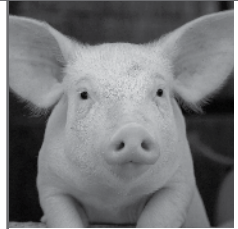
Appropriate Research and Development (R&D) is fundamental to our long term competitiveness and sustainability and the industry's programs and portfolios continue to be jointly managed by the Pork Cooperative Research Centre (CRC) and APL in a proactive, structured and disciplined manner. This is followed up by an active program of technology transfer and adoption to ensure that the research findings are properly communicated to producers and service providers.

I would like to take the opportunity to thank the APL Board, management and staff for their ongoing leadership, innovation, commitment and dedication throughout the year. We will no doubt continue to face many hurdles in the year ahead but we face them knowing we have strengthened our building blocks and that we have a strong, creative and dedicated team at APL ready to help face those challenges and deliver real value to our stakeholders.



Enzo Allara AM

Chair



Andrew Spencer
Chief Executive Officer

Message from the CEO


The year 2012–2013 was in many ways a year of consolidation for the Australian pork industry. Production volumes remained relatively flat, prices stabilised at levels which would be traditionally judged as attractive and grain prices whilst high were tempered by what was for most of the year a high Australian dollar. Industry productivity shows signs of consistent improvement and consumers continue their experimentation and learning with our product, shifting it closer to a default choice for their family meals.

Market Issues

It's clear that the years of processing numbers above the five million per annum mark are, for the time being, gone for our industry. Since the correction in production volumes, due to the industry profitability crisis of 2007–2008, volatility in production numbers has decreased with a reduction in opportunistic pig farming and a dependence on the contribution of dedicated pig farming professionals as the solid backbone of our production numbers. Estimates for pig production to the end of June 2013 are in the vicinity of 4.75 million pigs, with an increase in average carcase sizes up around 75 kg, leading to a total production above 355,000 tonnes for the year. This is an increase of around one per cent over the preceding year. Like the previous year, our average farm gate pig prices also reflect a new stability, avoiding the usual pattern of higher prices at the start and end of the year, with lower prices in the middle of the year. More and more this is looking like a longer-term trend rather than a short-term anomaly, which in the end is good for the financial security of our industry.

One of our so far unexplained curiosities for the year has been the increase in the volume of pork imported into Australia. Given the flat pork export volumes, slowly increasing domestic production and the stable and historically high pig prices reflecting solid demand, it is difficult to explain why imported pork volumes are on the rise. Various theories exist, including the theory of an aggressive marketing drive by the Netherlands to send their middles to our shores at the expense of Danish product. Other North American price promotions may well have also led to increased opportunistic buying that resulted in higher than normal levels of stock of imported frozen pork in our warehouses. If this theory is correct, we should eventually see a return to normal stock levels through a reduction in import volumes.

Uncertainty around conditions for the production of grain around the world led to big increases in grain prices in mid 2012. These conditions have not completely disappeared, meaning that grain has remained relatively expensive in historical terms, but the strength of the Australian dollar has meant that the full impact has been diluted for our producers. The present outlook is for supply constraints to loosen leading to a softening of prices going into 2014 given reasonable climatic conditions.



Our information coming from the industry relating to their productivity seems to be indicating an improvement in important industry indices such as pigs born per litter. Productivity improvements like these underpin the ability of our producers to retain profitability with high grain prices, albeit in a more consistent pig pricing environment.

Shaping Our Future

Our industry's voluntary sow stall phase out initiative continues to attract the attention of the community, our consumers, government and regulators in a positive sense. Towards the end of last year, our Annual Industry Survey (AIS) told us that more than half of our pigs are produced on farms which do not use sow stalls. We are hopeful that this figure will increase towards the end of this year to become closer to 65 per cent or nearly two thirds of our industry.

This initiative which we refer to as "Shaping Our Future" is costing the industry an estimated \$50 million in on-farm capital costs. It is also attracting international attention, pitching our industry forward as a global leader. It is having a compelling impact on the marketing of pigs with the two major supermarket retailers, which command through their purchase criteria that their supply chains should be sow stall free. We have recently made an optional module of the Australian Pork Industry Quality assurance system - APIQ✓® - available for meeting the standard for being sow stall free, giving more integrity to product claims being made through the chain.

Markets and Supply Chains

Our pork promotional activities on behalf of our producers continue to build demand for our products. These occur through our well-known Get Some Pork On Your Fork television and radio advertising, our PorkFest trade activities through the normally higher supply period commencing around Easter, our PorkStar food service campaigns that inspire chefs and our PorkMark campaign selling the attributes of Australian pork which is about more than just where it comes from.

One of the more limiting factors in enabling higher fresh pork consumption is pork production – the relatively flat production volumes over recent years means any increase in demand is more likely to be realised through higher prices rather than higher consumption. The new standards for pork production for the key retailers is also promoting higher use of Australian pork for processed products like ham and bacon for their branded offerings, leaving less for sale as fresh pork.

The certified standards available through our quality assurance scheme - APIQ✓® - for free range and outdoor bred pork is also contributing to more consistency and certainty in the market around production system claims.

Activism and Farm Invasions

Despite the industry's historic voluntary shift away from sow stalls, there are some in our community who will not be satisfied, no matter what our industry does to improve our product for consumers. Notably, during 2012–2013, Animals Australia ran the "Make It Possible" anti so-called-factory-farming campaign targeting, amongst others, the pork industry. Our voluntary phase-out of the use of sow stalls has helped to expose the real agendas of organisations such as this: that they will never support industries that "exploit" animals and



that their calls to change our practices are insincere, because they will not change their practices towards us even though we have changed ours.

The end of the business year saw a spate of illegal farm invasion activity from anti-farming radicals on pig farms. This was particularly distressing for those producers affected and threatened to impact on the reputation of our industry and the consumption of our product. APL continues to work to reduce the number and impact of farm invasions, through legal means, communication activities, policing discussions, regulator relations and membership information.

Resources and Levies

The business year 2012–2013 saw the raising of an additional \$1.3 million (approximately) in marketing levies for use by APL. The majority of the extra funding was directed towards improving the scale of our pork consumer advertising efforts, giving us a better return on investment from our campaigns.

The year after next will see the second tranche of our marketing levy increase implemented. In the meantime, we continue to take the responsibility of wisely using our producers' resources to best effect. A strong cost management and efficiency improvement culture has led to the lowest "non employment corporate costs" budget that APL has ever had for the 2013–2014 year. Our employment costs also track at well below inflation for year-to-year movements over the longer term.

Engagement and Advocacy

Last year, 2012, APL became a member of the National Farmers Federation (NFF). This has so far been an interesting journey, giving us a much improved insight into the world of agricultural advocacy for other commodities. One thing is for sure – the APL "one stop shop" model for the provision of industry services looks exceptionally attractive when one sees the varied and convoluted bodies and linkages trying to provide services to much larger agricultural industries.

It is a serious matter for agriculture as a whole that the advocacy and representation system is at significant threat for our industry. This is important for pork as it is for all other agricultural commodities, and we are engaged as a stakeholder seeking solutions through better unity, leadership and ultimately financial commitment to a renewed agricultural advocacy system. All sectors of agriculture need to make this issue their own and commit to finding a path forward.

Strategic Planning 2015–2020

Our APL Strategic Plan 2010–2015 is entering its last year as a guiding industry document for 2013–2014. In the year ahead we are taking on the job of renewing the industry's and APL's strategy – finding our 2020 vision.

This is a big job and not to be taken lightly. We will be engaging with the industry at all levels to get the input into what sort of industry we want to be working in by the end of the decade. We will be challenging ourselves and our producers to come up with creative ideas that can underpin solid strategies for the future.

The consultation process for the development of the new strategic plan will be comprehensive, not only with our producers, but also with the supply chain, industry suppliers, government and regulators and interest groups like the Royal Society for the Prevention of Cruelty to Animals (RSPCA).

Product Differentiation

Our product is Australian pork. It competes substantially with two types of alternative products, overseas produced pork and Australian beef, lamb or chicken. The initiatives and achievements of our industry in the recent past (and through an industry-recognised core competence of leadership and embracing change) have enabled us to stand back and derive a concept of building our brand – Australian pork – to be much more than just about where our pigs are raised.

For a lot of reasons, many relating to global trading arrangements and subsidies, Australia is not going to be the world's lowest cost pork producer any time soon. We have to be worth the extra money that we cost, and building the values into our brand, associated with how our product is produced and the pleasure in the experience of eating it will be our aim.

There are many such brand values, including the quality and safety of our product, the standards of our production around biosecurity and animal welfare, our low environmental footprint and emissions profile and importantly, our eating quality. Using differentiators like these to build our brand to represent more than it has in the past is sure to be a key discussion topic at the consultation meetings for our new strategy.

APL Operations

At its essence, the job of APL is a simple one – to help reduce the costs and risks associated with pig farming whilst increasing demand and opportunity for our product in the market. Of course, the complexity comes with deciding the best way to do this. The processes around how we decide what to do on behalf of our industry continue to evolve in a positive way, involving economic analysis, independent committees, expert referees and “after the fact” assessment. Ultimately, we will be judged by our producers and members as to how well we do this, and we encourage feedback relating to this.

Most pig farmers will never know the personalities sitting in Canberra and other parts of the country working hard on their behalf. If they did, I think they would be impressed at their commitment and passion in belonging to an industry and an organisation of which they feel proud. On behalf of the industry, I'd like to thank these people, not only for the effort that they put in, but for the achievements that they realise to improve the lot of the pig farmer.

I'd also like to thank the APL Board who continue to provide the support and the challenge to management to ensure we are doing our best.



Andrew Spencer
Chief Executive Officer



3. Operational and Strategic Overview

3.1 Overall Framework

APL is a company limited by guarantee. It is a unique rural industry service body for the Australian pork industry – a single producer-owned company to deliver integrated services that enhance the viability of producers. The framework for APL was established under the *Pig Industry Act 2001*. Operating and reporting guidelines are provided for in the Statutory Funding Agreement (SFA) with the Commonwealth of Australia. The original SFA was renewed on 12 July 2011. The new version brings APL in line with the SFAs of other Industry Service Bodies (ISBs), although APL's operations differ from the other ISBs in that the *Pig Industry Act 2001* enables APL to use marketing levies to fund strategic policy development or other activities for the benefit of the Australian pig industry.

APL's primary funding is derived from statutory pig slaughter levies collected under the *Primary Industry (Excise) Levies Act 1999*. From 1 July 2012, APL saw an increase in the marketing levy from \$1.35 per pig slaughtered to \$1.65, the first of three tranches of \$0.30 between then and 2016. The levy now amounts to \$2.825 cents per carcass at slaughter; of which APL receives \$2.65, consisting of \$1.65 for marketing activities and \$1.00 for R&D. The remaining \$0.175 is for the Pig Monitoring Residue Program, which is received and managed by the National Residue Survey (NRS). Additional research-specific funds are also received from the Australian Government under the portfolio of the Federal Minister for Agriculture, Fisheries and Forestry.

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

- Compliance with all relevant Australian accounting standards;
- Development and implementation of a risk management plan in accordance with Australian standards;
- Development and implementation of a fraud control plan;
- Development of an intellectual property management plan;
- Measurement of organisational performance against specified outcomes and objectives;
- Adoption of best practice in human resource management and diversity management;
- Adoption of best practice in managing compliance with legislative and regulatory requirements; and
- Establishment of internal policies and procedures in key areas such as Equal Employment Opportunities (EEO), Work Health and Safety (WHS) and privacy.

3.2 Role and Functions

APL is responsible for enhancing opportunities for the sustainable growth of the Australian pork industry by delivering integrated marketing, innovation and policy services through the pork industry supply chain.

APL works in close association with key industry and government stakeholders and pursues opportunities for the industry at both the domestic and international level. In order to achieve these objectives, APL operates in an efficient and effective manner, with highly motivated and professional staff delivering key services.

3.3 Core Values

APL's values are the organisation's essential and enduring guiding principles that are not to be compromised for financial gain or short-term expediency. These goals are:

1. Passion and dedication to the cause of our farmers;
2. Deliver what we promise, when we promised it;
3. Respect and support colleagues;
4. Creating the future our farmers need; and
5. Celebrate achievement.

These values are the cornerstones of our organisation, they shape the culture of APL and support the growth of the industry. They are the guiding principles for interactions of the APL Board, management and business units with each other, members, industry stakeholders and the community.

3.4 Members

Australian pork producers who pay pig slaughter levies are entitled to full membership of APL and receive all benefits. These benefits include:

- Influencing APL direction by attending, speaking and voting at general meetings;
- Voting on changes to the APL Constitution;
- Nominating delegates to represent members' concerns directly to the APL Board and management;
- Preferential registration to APL convened meetings, workshops and conferences aimed at improving their business;
- The option to receive up-to-date industry information on major industry initiatives;
- More opportunities for networking with industry experts and other groups; and
- Early access to the results of research projects.

In addition to the category of full APL member, there are the categories Associate Producer and Associate Corporate members. These two categories do not pay a pig slaughter levy but do fulfil an important role in the industry and within APL. Both memberships are entitled to all the benefits ascribed to full members, however these categories have no voting rights under the APL Constitution.



All members also automatically receive weekly and monthly market reports, the monthly newsletter *Pork It Up*, technical notes, exclusive member access to the APL corporate website and other timely and relevant information, including APL's progress on:

- Environmental initiatives;
- Animal welfare initiatives;
- Animal health;
- Feed grain security and supply;
- Regulatory changes;
- New trends in industry research and technology;
- Eating quality; and
- Domestic and export markets.

Levy-paying members are entitled to nominate a delegate to represent their interests more directly to APL through the well-structured delegate communication program. For the reporting period 2012–2013, there were 30 delegates voted in by APL levy-paying members to represent them.

3.4.1 Material Changes to Membership

The 2012–2013 reporting period is the third year of the three-year cycle of membership renewal. During this period levy-paying membership decreased from 346 (2011–2012) to 331 (2012–2013), however the 331 levy-paying producers represented 89 per cent of total pork production for the reporting period. This has been due to members deciding to exit the industry.

Associate Producer membership numbers reduced from 17 to 14, and Associate Corporate members went from 18 in the last reporting period to 26 by the end of June 2013.

3.5 Other Stakeholders

In addition to APL's primary audience of levy-paying pork producers, there are a number of other groups who are considered stakeholders of APL, including:

- The Australian Government, state and local governments and their agencies;
- National and state regulators;
- Processors and exporters;
- Wholesalers, distributors and retailers;
- Other agricultural industry associations;
- Consumers and the community;
- The finance and business community;
- APL staff and suppliers;
- Industry employees and suppliers; and
- Research institutions and providers.

3.6 Organisation Structure

3.6.1 APL Senior Management

The APL Board delegates responsibility to the Chief Executive Officer (CEO) for the effective management of the company.



Andrew Spencer
Chief Executive Officer



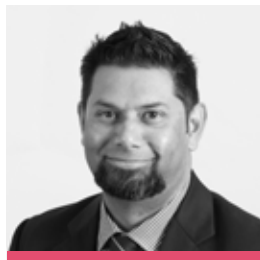
Kathleen Plowman
General Manager, Policy



Emily Mackintosh
General Manager, Communication



Peter Haydon
General Manager, Marketing



Darryl D'Souza
General Manager, Research
and Innovation



Christine Quick
General Manager, Finance
and Administration/Company
Secretary

3.6.2 Policy Division

The division is responsible for strategic policy development across a wide variety of policy issues that impact on the industry and producers' viability. As a key point of contact with the industry's various stakeholders, including the Australian Government and state governments, the division seeks to manage and balance the impact of regulatory shifts, as well as changes to government policy and the compliance requirements in our markets, while ensuring the industry remains competitive and sustainable. The division addresses issues relating to animal health and welfare, climate change and environmental sustainability, food safety and product integrity, quality assurance, biotechnology, feed security, emergency and issues management, trade and market access, labour and biosecurity and quarantine.

3.6.3 Research and Innovation Division

The division is responsible for investing and managing producer levy and matching government R&D funds in projects across a wide range of disciplines and for promoting and facilitating adoption of research outcomes or products by the industry. In addition, scholarship programs for undergraduate and postgraduate students, as well as training initiatives for the industry, are also managed by the division.



3.6.4 Marketing Division

The division has responsibility for domestic and international marketing initiatives, as well as the ongoing development of a strong and growing demand for Australian pork products, both fresh and processed. The division facilitates interactions between Australian producers, processors, retailers and most importantly, consumers. Increasingly, this facilitation requires the integration of initiatives across APL divisions, contributing to the achievement of all APL's core objectives. The primary Marketing division goal continues to achieve Core Objective 1 of "*Building Consumer Demand*" by the effective implementation of the marketing strategy in domestic and overseas markets.

3.6.5 Finance and Administration Division

The division's purpose is to provide a strong platform capability that supports APL's operational areas. It provides services in the areas of finance, human resources, internal policies and procedures, administration and information and communication technology. Company secretarial, risk management and corporate governance services are also provided by this division, as are secretariat services to the Council of Rural Research and Development Chairs, payroll services to the Sugar Research and Development Corporation (RDC) and company secretarial support to PorkScan Pty Limited.

3.6.6 Communication Division

The division provides communication support around the outcomes of the valuable work carried out by other divisions within APL, on behalf of Australian pork producers. This is via strategic utilisation of the media, publications, electronic media, events, conferences and producer meetings.

Whilst the primary audiences are APL members and Australian pork producer levy-payers, other audiences include key government and political stakeholders and influencers, regulators, consumers (domestic and international), communities, retailers, wholesalers and processors, researchers and scientists, nutritionists, educators and students.

3.6.7 Staff

As at 30 June 2013, APL employed 25 full-time staff and 10 part-time and casual employees.

3.6.8 The APL Board of Directors

The APL Board is responsible for ensuring company funds are used to the best advantage for the long-term benefit of Australian levy-paying pork producers and their industry more broadly.

The Board strives to create member value by constructively engaging with management to ensure the appropriate development, execution and monitoring of the company's agreed strategies.

APL Delegates elect five Producer Directors to the APL Board; in turn, the Board recruits four Specialist Directors to ensure a balance of skills and expertise is represented in accordance with the SFA criteria. Directors retire in rotation and retiring elected directors are eligible for re-election. Specialist Director Prof. Robert van Barneveld retired when his term came up for rotation in November 2012. Mr Geoffrey Starr was appointed as his replacement.

3.7 Developing Strategic Directions

The current 2010–2015 Strategic Plan, after consultation with all stakeholders during 2009, took effect from 1 July 2009 and is reported against in this 2012–2013 Annual Report.

There are five core objectives making up the 2010–2015 Strategic Plan:

1. Build Consumer Demand;
2. Viable Productive Farms;
3. Efficient Value Chains;
4. Leadership, Preparedness, Stewardship; and
5. Industry Cohesion and Responsiveness.

The outcomes sought for each core objective are shown below.

3.7.1 Core Objective 1 — Building Consumer Demand

- Increased sales in volume and value of Australian pork
- Increased per capita consumption of Australian pork
- More frequent repeat purchase of fresh pork amongst consumers
- Improved access to international markets
- Maximising Australian pork's share of processed pork products.

3.7.2 Core Objective 2 — Viable Productive Farms

- Improved margin per pig
- Consistent nutrient supply and cost.

3.7.3 Core Objective 3 — Efficient Value Chains

- Stronger relationships
- Informed and innovative supply chain
- Transparent market signal flow.

3.7.4 Core Objective 4 — Leadership, Preparedness, Stewardship

- Optimum pig welfare and care
- Enhanced biosecurity and animal health preparedness
- Safe food
- Enhanced livestock traceability
- Industry preparedness, rapid response and effective recovery
- Minimal disruption to trade
- Environmentally sustainable and carbon neutral industry
- Reputation for responsible practices and resource efficiency.



3.7.5 Core Objective 5 — Industry Cohesion and Responsiveness

- Stronger positive recognition of the Australian pork industry
- A shared industry vision
- A well-informed industry
- Successfully adopted technologies
- Effective APL capabilities.

Operationally, all of the activities of APL are focused directly or indirectly on achieving the objectives of the 2010–2015 Strategic Plan.

3.8 Governance

3.8.1 APL Board

Role

The APL Board sets strategic direction within the requirements of the company's Constitution, the SFA with the Commonwealth and the *Corporations Act 2001*. The Board delegates responsibility to the CEO for the effective management of the company.

The Board's functions include:

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

The Board carries out its functions in line with the Australian Institute of Company Directors' Code of Conduct and the principles of Corporate Governance where applicable.

Remuneration

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

Meetings

The APL Board meets seven times per year and requires a quorum of a majority of directors eligible to vote (at least five directors). In order to meet operational needs, the APL Board may convene special meetings or use electronic communication to agree or respond to specific issues.

Committees

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

- ***Audit, Risk and Corporate Governance Committee***
The committee is chaired by a director and includes two other directors. The objective of the committee is to enhance effectiveness of the Company's performance by monitoring and providing assurance with regard to financial information, legislative compliance, risk management, internal controls and governance management.
- ***Human Resources and Remuneration Committee***
The committee is chaired by a director and includes two other nominated APL Board members. The objective of the committee is to enhance the effectiveness and competence of the APL Board and organisation as a whole, through development and application of best practice in Human Resources (HR) strategy and policy and Board selection. This committee performs those roles required for a Nominations Committee under the SFA.
- ***Market Development Committee***
Directors with marketing experience are part of the Market Development Committee, which also includes industry stakeholders from the supply chain. The objective of the committee is to provide input and guidance to APL management and recommendations to the APL Board on the development of collaborative activities to increase consumer demand for pork and pork products.
- ***Research and Development Advisory Committee***
The committee is chaired by a director and gives direction to activities around the development, management, performance and outcomes of APL's research and associated activities. The primary function of the Research and Development Advisory Committee (RDAC) is to provide recommendations to the APL Board on the direction, development, management, performance and outcomes of APL's research and associated activities through the identification of research needs and opportunities as advised through the Specialist Groups; allocation of resources to specific areas of research and research projects through the Specialist Groups; and assessment of performance of the project portfolio and APL's research management.
- ***Quality Assurance and Animal Welfare Committee***
The objective of the committee is to provide input and guidance to the APL Board on the development of policy as well as strategic communications on emerging or specific animal welfare and quality assurance issues, that have the potential to significantly impact on producers' future sustainability.



Development and Performance

The APL Board is accountable to members and their delegates as set out in the company's Constitution.

The APL Board will review its performance in the following areas on a regular basis:

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

External assessment of the APL Board was last carried out during early 2012, with the next evaluation due in September 2013, as part of the APL Board's commitment to continued good corporate governance. To ensure that newly-elected members to the APL Board have a greater understanding of how the company operates, an extensive induction program is carried out, providing new members of the APL Board with the opportunity to meet the company's senior managers and operational staff.

The APL Board approves, where appropriate, the necessary resources to enable directors to update their professional skills and knowledge as company directors.

Policies

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

Business Approach

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

Conflict of Interest

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

3.8.2 Corporate Social Responsibility

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

These endeavours towards sustainability and corporate consciousness are listed below.

Maintaining Ethical and Responsible Marketplace Practices

- Nutrition programs, in particular diet education, public health and food safety
- Consumer research

- Improved product labelling to assist Australians more clearly identify country of origin and welfare standards through the PorkMark, Outdoor Bred and Free Range logos (underpinned by APIQ✓®)
- Maintaining food safety and product integrity in the marketplace.

Respecting and Engaging Staff

- APL 'Code of Conduct', behavioural standards regarding harassment and conflict of interest
- Ethical behaviour by employees monitored and reported
- Improved workplace culture, by example, across the whole workforce
- Performance management, reward and recognition processes
- Training and development plan and study assistance
- Reclassification and promotion when appropriate
- Succession planning and career management
- Employee engagement with the APL Board
- WHS policy and procedures
- Anti-discrimination policy
- Flexible working arrangements.

Taking Care of the Environment in which the Company Operates

- Implementation of the environmentally-sustainable piggeries program
- Research on issues of importance within the National Environmental Guidelines for Piggeries (NEGP)
- Safeguarding animal health through exotic disease prevention and preparedness
- Model Code of Practice for Welfare of Animals: Pigs
- Australian Pork Industry Quality Assurance Program (APIQ✓®)
- Animal welfare research projects
- Voluntary phase out of the use of sow stalls by industry by 2017.

Strengthening the Company's Place within the Community

- Multi-media educational program for primary schools
- Postgraduate scholarships
- Undergraduate scholarships for farm and industry placements
- Training and provision of training resources for piggery staff
- Leadership development programs
- Travel awards
- Publications promoting awareness
- Consumer surveys on animal care and community sensitive issues
- Reputation management strategy
- PorkSafe program, market and field days, trade and agricultural shows and sponsorship
- Producer innovation awards
- Provision of Christmas hams and pork to charities
- Communications to members and industry.



4. Report on Performance

4.1 Summary of Objectives – KPIs and Outcomes

The table below shows the Key Performance Indicators (KPIs) and expected Outcomes for each of the Programs within the Strategies that are in turn within the Core Objectives. This provides a clear view of the activities and associated industry benefits linking back to the 2010–2015 Strategic Plan. The specific reporting against the KPIs is shown in the following pages within the Core Objective reports.

Core Objective	Strategy	Program	KPIs	Outcomes	
Build Consumer Demand	1. Assuring Eating Quality	1.1 Fresh Pork Nutrition	1.1.1 Have eating quality pathways proven	Major eating quality variables identified	
			1.1.2 Support for CRC eating quality project	Highly integrated into APL strategy and stakeholder collaborations	
	2. Increasing Frequency of Use	2.1 Fresh Pork Frequency of Use	2.1.1 Per capita consumption volume	Stable but behind 2010–2015 Strategic Plan	
			2.1.2 Baconer price	Growing and ahead of 2010–2015 Strategic Plan	
	3. Improving the Image of Fresh Pork	3.1 Fresh Pork Image	3.1.1 Attribute scores for fresh pork for healthy and great tasting	These have remained stable	
	4. Promoting "Australian"	4.1 Australian Awareness	4.1.1 Pork share in restaurants	Slight decline	
			4.1.2 PorkMark Awareness	Continuing growth ahead of 2010–2015 Strategic Plan	
			4.1.3 Australian share of processed pork	Continued growth ahead of 2010–2015 Strategic Plan	
	Viable Productive Farms	1. Reduce Input Costs	1.1 Efficient and cost-effective nutrient supply	1.1.1 Herd energetic efficiency	Improved margin per pig Consistent nutrient supply
				2.1 Globally competitive cost of production	Increased pork produced per sow
3. Build Skills and Capability		3.1 Facilitate skills and capacity development on-farm	3.1.1 Certificate 3 accreditation	Adopted technologies	
Efficient Value Chains	Projects from this Core Objective have been captured in all Core Objectives other than 3.				

Core Objective	Strategy	Program	KPIs	Outcomes	
Leadership, Preparedness, Stewardship	I. Address Changing Expectations and Standards for Food Production	I.1 Taking care of our animals	1.1.1 % breeding herd APIQ [✓] ® certified	Enhanced pig welfare, health and care on-farm Assurance that welfare is being addressed on-farm through external auditing services Improved efficiency and productivity on-farm Enhancement of industry reputation for implementation of responsible practices Maintained market access through implementation of a QA system	
			1.1.2 Minimal APIQ [✓] ® Critical CARs	Validation of industry commitment to APIQ [✓] ® and animal welfare standards Market access for pork products retained Reputation for responsible practices	
			1.1.3 % breeding herd group housed	Validation of industry commitment to move away from gestation stalls to group housing Reputation for responsible practices	
			1.1.4 % APIQ [✓] ® certified producers	Enhanced biosecurity and animal health preparedness on-farm reduces risks of exotic and endemic disease outbreaks Improved efficiency and productivity on-farm Reputation for responsible practices	
			1.1.5 Increased reporting of minor APIQ [✓] ® CARs	Increased assurance that animal welfare non-compliances are being addressed on-farm Stakeholder confidence in APIQ [✓] ® increases	
		I.2 Strengthening biosecurity	I.2.1 % breeding herd APIQ [✓] ® certified		Biosecurity risks are minimised through implementation of improved biosecurity measures Industry reputation for biosecurity is enhanced Maintained market access through implementation of a QA system
				1.2.2 Minimal APIQ [✓] ® Critical CARs	Validation of industry commitment to APIQ [✓] ® and biosecurity practices Market access for pork products retained Reputation for responsible practices
				1.2.3 % APIQ [✓] ® certified producers	Appropriate biosecurity measures are implemented and managed on-farm
				1.2.4 Increased reporting of minor APIQ [✓] ® CARs	Increased assurance that non-compliances are being addressed appropriately Biosecurity practices on-farm are enhanced On-farm systems for managing biosecurity are continually improving



Core Objective	Strategy	Program	KPIs	Outcomes	
	2. Managing the Impact of Regulatory Shifts	2.1 Safe food	2.1.1 % breeding herd APIQ✓® certified	Validation of industry commitment to APIQ✓® Safe food Increased confidence in product integrity Reputation for responsible practices	
			2.1.2 Minimal APIQ✓® Critical CARs	Validation that Critical CARs regarding food safety are appropriately addressed and dealt with by the APIQ✓® Panel. Credibility of the APIQ✓® and APIQ✓® program is improved	
			2.1.3 % APIQ✓® certified producers	Increased assurance that non-compliances are being addressed and are protecting all stakeholders	
			2.1.4 Increased reporting of minor APIQ✓® CARs	Increased assurance that food safety non-compliances are being addressed appropriately Increased confidence in food safety practices on-farm On-farm food safety systems are continually improving	
	3. Government Policy and Compliance Requirements	3.1 Climate change and sustainability	3.1.1 % pig production implementing covered anaerobic lagoon flaring or biogas systems	Lower Greenhouse Gas (GHG) emissions Lower carbon foot print Improved climate change adaptation	
				3.2 Issues and emergency management	3.2.1 % breeding herd APIQ✓® certified
		3.2.2 Minimal disruption to trade	Increased confidence in product integrity Market access for pork products retained Reputation for responsible practices Industry preparedness, rapid response and recovery		
		3.2.3 % APIQ✓® certified producers	Support from legislators increased and legislation drives uptake amongst commercial producers		
		1. Engage and Connect the Industry	1.1 Enhance effective communication		1.1.1 Overall membership
				1.2 Growing valuable industry networks	
2. Facilitate Rapid Uptake of Information and Technology	2.1 Communication and facilitation of technology adoption		2.1.1 Increased awareness of new technical information	Adopted technologies	
			2.1.2 Technologies adopted		
3. Enhance the Reputation and Effectiveness of APL	3.1 Public affairs and stakeholder relations	3.1.1 Positive APL image	Stronger positive recognition of the Australian pork industry		
		3.2 APL organisational capacity	3.2.1 Staff turnover	Effective APL capability	
			3.2.2 Corporate cost control		

4.2 Core Objective I – Build Consumer Demand

The Core Objective related to increasing the demand for Australian pork by domestic and international consumers.

4.2.1 Strategy I – Assuring Eating Quality

Background

Consumer research shows that repeated use of fresh meat products is determined almost exclusively by eating experience. This means that the only meaningful determinant of habitual purchasing is whether the cook, and the people that they cook for, enjoy the meal.

APL, through the CRC for High Integrity Australian Pork (HIAP) has completed a predictive model on “eating quality pathways” which identifies the major variables in fresh pork quality from a raw material perspective. Also, in collaboration with the CRC for HIAP, a further study has identified some of the causes of change in these major variables.

Eating quality is primarily determined by three key factors: the quality of the raw material; how that raw material is handled in the supply chain; and how it is cooked at home. All three of these require improvement to result in a consistently good eating experience.

Achievements/Outcomes

During 2012–2013, several insights generated from the “eating quality pathways” study were adopted by specific supply chains. The plan is flexible enough to customise different approaches for different supply chain partners, while leading to the same eating quality outcome in fresh pork. Whilst full adoption is likely to take some time, there is a significant part of the industry actively engaged in this part of the Assuring Eating Quality Program.

In addition to supporting the CRC for HIAP in the adoption of raw material research, APL has made early, but significant progress on both supply chain handling outcomes and primary areas to target consumer “how to cook” education.

These achievements are being progressed in parallel as an integrated program, in order to minimise time to market.

Consumer Advertising

Consumer recognition of APL’s advertising has benefitted from consistency over time and continuous improvements in media planning and buying. In 2012–2013, the average recognition for the year was 62 per cent, some seven percentage points ahead of the previous year and more than double the target in the strategic plan.

Clearly, consumer advertising also contributes to all Core Objective I strategies.



4.2.2 Strategy 2 – Increasing Frequency of Use

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Increasing Frequency of Use	Fresh Pork Frequency of Use	Per capita consumption volume	CWE kgs/capita/annum	8.59	8.53
		Baconer price	\$/kg	\$2.75	\$2.85

KPI Table: Core Objective 1 Strategy 2 - Increasing Frequency of Use

Background

Meat is a habitual part of the Australian diet. Habits change slowly. APL's continuous communication approach can be converted into either additional volume sales or higher prices.

Australian Bureau of Statistics (ABS) data shows that in 2012–2013 production of Australian pork grew by 1.3 per cent (12 months to May 2013). This is slightly less than the Australian population growth of 1.7 per cent. In addition, market forces determined that more Australian pork went into ham and bacon than in previous years. As a result, fresh pork consumption has marginally declined.

Pork's average price has increased by 3.6 per cent above the previous year. The second consecutive year of increase suggests that demand has remained slightly ahead of supply.

Achievements/Outcomes

Market Research and Insights

Market research has become integral to advertising development, supply chain collaboration and continuously improving return on investment. The 2012–13 year saw significant progress in understanding differentiation options, recipe development, usage and "how to cook" messaging. These insights, combined with insights from previous years, have contributed to APL's position as a respected source of industry, consumer and shopper insight.

In-store Activation

In-store activation programs are primarily driven out of insights identified from market research. APL's ability to influence the performance of a channel is much greater when there is an attractive commercial outcome for that channel.

The April event of 2012 created insights that were executed in 2013. As a result, April 2013 fresh pork sales were ahead of 2012 as was return on investment.

4.2.3 Strategy 3 – Improving the Image of Fresh Pork

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Improving the image of fresh pork	Fresh Pork image	Pork advertising recall	% of Australians remembering	60%	62%
		Pork share in restaurants	% of fresh meat volume	16%	13%

KPI Table: Core Objective | Strategy 3 - Improving the Image of Fresh Pork

Background

The image of fresh pork is heavily influenced by the in-market activities conducted by both APL and all other participants in the pork value chain.

This strategy relates particularly to activities and outcomes in the foodservice channel, and particularly the restaurant sub-channel. This is because chefs tend to create dishes that influence in indirect ways what the adventurous cooks try at home. These adventurous cooks tend to influence their less adventurous friends and therefore this channel tends to create a “trickle down” effect.

The APL foodservice program, PorkStar, has been consistently executed for eight years.

Achievements/Outcomes

Whilst the volume share performance in fresh pork is disappointing on face value, in reality, it has suffered from lack of growth in per capita consumption. This is driven out of pork production growth being slower than population growth and more Australian pork going into ham and bacon, leaving less available for fresh.

However, the PorkStar program with Australian chefs continues to be the best known industry program that APL has data for.

4.2.4 Strategy 4 – Australian Awareness

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Australian Awareness	Australian Fresh and Deli Meats	PorkMark Awareness	% of Australians	50%	51%
		Australian share of processed pork	% Volume share	*	33%

KPI Table: Core Objective | Strategy 4 - Australian Awareness

*New method of measurement developed during the reporting period.



Background

In order to promote Australian pork domestically in ham and bacon, there first needs to be an identifiable mark that enables consumers to choose Australian should they want to. To address this need, APL created the pink square PorkMark.

Internationally, Australian pork has chosen a maintenance strategy in 2012–2013 given the high Australian dollar and the momentum Australian pork demand enjoys domestically.

Achievements/Outcomes

Australian Fresh and Deli Meats

The Australian PorkMark has been recognised on average in the 2012–2013 year by 51 per cent of Australians. This is a significant increase on the average for the previous year of 41 per cent and more than triple the target in the 2010–2015 Strategic Plan.

It is a combination of factors throughout the supply chain that has caused an apparent increase in Australian ham and bacon. APL believes that the increased awareness of the Australian pork logo has been a contributory factor.

International Market Development

Exports account for circa 10 per cent of Australian pig production and have declined as the continued high demand in Australia combined with a high Australian dollar impact sales. There has been deterioration in the quality as well as quantity of sales as APL focuses on building a stronger domestic sales base before re-addressing international marketing in-market.

4.2.5 Financial Summary

CORE OBJECTIVE I - BUILD CONSUMER DEMAND				BUDGET		ACTUAL	
				\$7,806,033		\$7,408,736	
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Assuring Eating Quality		NON R&D		R&D			
Budget	\$2,926,500	\$333,149	\$3,259,649	\$12,500	\$87,190	\$99,690	\$3,359,339
Actual	\$2,934,671	\$318,328	\$3,252,999	\$1,688	\$33,486	\$35,174	\$3,288,173
Increasing Frequency of Use							
Budget	\$876,500	\$604,750	\$1,481,250	\$789,462	\$973,190	\$1,762,652	\$3,243,902
Actual	\$536,520	\$666,219	\$1,202,740	\$768,111	\$893,525	\$1,661,636	\$2,864,376
Improving the Image of Fresh Pork							
Budget	\$376,000	\$383,014	\$759,014	\$0	\$0	\$0	\$759,014
Actual	\$410,873	\$322,654	\$733,527	\$0	\$0	\$0	\$733,527
Promoting "Australian"							
Budget	\$145,000	\$240,529	\$385,529	\$25,000	\$33,250	\$58,250	\$443,779
Actual	\$161,550	\$270,141	\$431,691	\$31,744	\$59,225	\$90,969	\$522,660
TOTAL CORE OBJECTIVE I - BUDGET							
	\$4,324,000	\$1,561,442	\$5,885,442	\$826,962	\$1,093,630	\$1,920,592	\$7,806,033
TOTAL CORE OBJECTIVE I - ACTUAL							
	\$4,043,615	\$1,577,342	\$5,620,957	\$801,543	\$986,236	\$1,787,779	\$7,408,736

4.3 Core Objective 2 – Viable Productive Farms

The Core Objective related to the Australian pork producer being internationally competitive and profitable in an ever-changing global food market.

4.3.1 Strategy 1 – Reduce Input Costs

This strategy relates to input costs on-farm with the significant on-farm costs being associated with feed and inputs related to carcass quality.

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Reduce Input Costs	Efficient and cost competitive nutrient supply	Industry recommendation for type and level of dietary fat supplementation in finisher pigs	Successful completion of project and dissemination of guidelines to industry	Final report Technical Note disseminated to 90% of industry nutritionists	KPI not met. Project has been delayed due to transfer of project site and facility refurbishment (asbestos)
		% improvement in herd energetic efficiency	Decrease in MJ DE/kg	5.8%	No improvement to HFC

KPI Table: Core Objective 2 Strategy 1 - Reduce Input costs

An incremental improvement of 3.5MJ DE/kg reduction in herd energetic efficiency was targeted. The Pork CRC benchmarking study indicates that this KPI was not met with the current herd energetic efficiency remaining stable at 51.5MJ DE/kg. The year 2012–2013 saw significant proportions of the industry transition to gestation stall free housing systems (currently >50 per cent) and this mostly likely has had some consequence on herd efficiency with transitions to new group or electronic feeding systems.

Background

This strategy focuses on enabling Australian pork producers to be internationally competitive and profitable in an ever-changing global food market. Australia has a mid level on-farm cost of production, and remains disadvantaged in international competitiveness by domestic grain prices. Feed grain prices are under continual pressure due to international demand, impacting on costs of production for Australian producers. Improved dietary formulations, development and access to new designated feed grain varieties and the identification of new feed sources therefore need to be addressed.

Achievements/Outcomes

Efficient and Cost Competitive Nutrient Supply

Inclusion of different fats and oils in the diets of grower/finisher pigs has increased in Australia in recent years, partly to counterbalance the decline in energy intake observed in pigs housed above their evaporative critical temperature during the summer months and partly to improve the efficiency of feed use. However, the amount and



characteristics of the lipid source included in diets can have a marked effect on pig performance and animal health. Research in this area is focussing on defining the optimal dietary omega 6:omega 3 polyunsaturated fatty acid ratio and lipid levels in diets of grower/finisher pigs. The effects on growth performance, feed intake and mortality of grower/finisher pigs are being quantified, with recommendations to be provided to pig nutritionists. The final report for this study is due in October 2014.

Cross-sectoral Facilitation of Feed Grain R&D

Feed grains represent a major cost to all livestock industries and cross-sectoral collaboration on feed grain R&D is an effective means of identifying, addressing and funding key feed grain R&D priorities. This project contributes to key projects under the Feed Grain Partnership (FGP), resulting in larger scale funding of feed grain projects with significant benefits to the Australian pork industry. This part of the research program was co-funded by Grains Research and Development Corporation (GRDC), Dairy Australia (DA), Meat and Livestock Australia (MLA), Australian Egg Corporation Limited (AECL), Pork CRC and Australian Stockfeed Manufacturer's Association. Activities undertaken include:

1. ABS core data collection in 2012–2013 limited to feedgrain stock collection.
2. Feedgrain annual update/forecasts.
3. APL contribution to secretariat costs for the management of the FGP.

Pork RD&E Base Infrastructure Fund

APL and the Pork CRC, in conjunction with the various governments, university and industry Research, Development and Extension (RD&E) stakeholders, has a comprehensive Pork RD&E Strategy in place, as part of the National RD&E Framework. The Pork RD&E base infrastructure funds are used to effectively support R&D resources and human capability and capacity.

The funding of core RD&E facilities has allowed these key RD&E facilities to be used to their full potential and improved the timeliness of research conducted. The Pork RD&E strategy is in its second two-year implementation phase.

4.3.2 Strategy 2 – Improve Process Efficiency

This strategy relates to the enhancement of the reproductive performance of the herd through reducing efficiency losses and enhancing meat yield without compromising eating quality of pork.

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Improve Process Efficiency	Globally competitive cost of production	Innovative strategies to promote growth and reduce reproductive wastage	Number of innovation projects commissioned	One successful strategy to promote growth One successful strategy to reduce reproductive wastage	Role of cinnamon to improve feed efficiency in female finisher pigs
		% increase in pork produced per sow	Increase kg pork/sow/year	5%	14.6%

KPI Table: Core Objective 2 Strategy 2 - Improve Process Efficiency

The 2011–2012 Pork CRC benchmarking study indicates that the pork produced /sow/ year is 1793.2 kg, a 14.6 per cent increase above the KPI of 1564 kg. This significant increase is due to the increase in carcase weight and pigs per sow per year. The role of cinnamon in pig diets to enhance feed efficiency may be a viable (not as effective as pST) alternative. Further investigations are needed before this can be recommended to industry.

Background

APL now has responsibility for production priorities previously addressed by the Pork CRC for an Internationally Competitive Pork Industry. Pork CRC technologies enabled significant improvements in industry herd feed conversion - from 4.1 in 2005–2006 to ~3.7 in 2010–2011. Although technologies such as ractopamine and porcine somatotropin are effective in improving growth performance, some retailers have banned or limited the use of such technologies by producers. Alternative methods to improve growth performance and manipulate voluntary feed intake are needed together with efforts to reduce reproductive wastage, particularly as 2011–2012 Pork CRC benchmarking data indicate that herd feed conversion efficiency has increased to 3.9. Recent progress in increasing carcase weights presents challenges in managing carcase fat, to optimise carcase value, while increasing intramuscular fat and eating quality.

Achievements/Outcomes

Globally Competitive Cost of Production

Reducing Reproductive Wastage

Through better management and genetics, the modern sow has become significantly more productive than her counterpart of 20 years ago. Despite these achievements, the reproductive performance of the Australian herd still tends to be below that of our major competitors. This program targeted four specific areas: improvements in embryo viability; efficiency of sow retention; improving pre-weaning survival; and seasonal infertility. Projects commissioned in 2012–2013 include:

i. Defining the role of mitochondrial DNA in pig fertility

Ovulation rates for the modern sow are very high, with over 95 per cent of all ovulated oocytes generally being fertilised. However, embryo losses early in gestation seriously restrict potential litter size and hence productivity. Improving embryo viability in the first month of gestation would increase litter size and reproductive efficiency. This project focused on identifying breeding dam lines with a high propensity for embryonic development, resulting in larger litter sizes. This will allow breeders to selectively breed from these lines, which will be easily identifiable through genetic screening. The final report is due in September 2014.

ii. Specific carbohydrate formulation in late lactation diets for primiparous sows to enhance early antral follicle development

This project aims to formulate late lactation diets with specific carbohydrate ingredients to enhance insulin secretion. It is anticipated that this will improve quality and selection of early antral follicles during late lactation and, as a consequence, improve post-weaning fertility of primiparous sows. The final report is due in February 2014.



iii. Using specific functional dietary fibre sources to increase the number of piglets weaned per sow per litter

Dietary fibre can improve the gut function of gestating sows and the reproductive performance of the lactating sow by improving embryo and oocyte quality. Diets formulated to optimize fibre composition, by increasing the quantity and type of fibre included in gestation and lactation diets, will be used to achieve the study's primary aim of increasing the number of piglets weaned. It is anticipated that a diet rich in fibre will promote satiety, improve piglet survival soon after birth, increase pre-weaning piglet growth and survival and improve embryo quality and survival to increase litter size of the subsequent litter. The final report is due in October 2013.

iv. Seasonal infertility "think-tank" and manual

Every year, seasonal infertility impacts significantly on industry productivity. This is despite significant efforts to understand and ameliorate the effects of this syndrome. The effects of seasonal infertility can vary markedly from farm to farm, even within the region and environment and with similar genotypes. A manual detailing the outcomes of seasonal infertility research funded by the Pork CRC and others will be released in September 2013. The manual has also incorporated checklists to troubleshoot problems on-farm.

v. Improvement of sow longevity through identification of early lifetime performance indicators, including the assessment of gonadotrophin response as a suitable selection tool for replacement gilts

The combination of high replacement rates and the premature loss of lower parity sows are of great concern to industry, especially in terms of economic feasibility. This project aims to develop novel selection methods or technologies to provide producers with a means of selecting gilts for suitability as breeding sows. The final report is due June 2016.

vi. Pigs in Space II

There are recognised requirements for staff development and training in the industry. Staff turnover on piggeries is high and there is a necessity to develop training that is easily accessible to all piggery staff. Well trained and motivated stockpeople are crucial to the efficiency of the breeding operation. This project will develop three on-line units of competency:

- Rear newborn and young livestock
- Prepare animals for parturition
- Mate pigs and monitor dry sow performance.

The final report is due February 2014.

vii. Association between gilt structural conformation and implications for lifetime productivity of sows

This project addresses the increasingly recognised problem of premature sow removal in group-housed sows. Group-housed sows are at increased risk of removal from herds due to lameness, reducing longevity and retention in the herd. The objectives of the project are to firstly understand the anatomical features of replacement gilts that lead to culling for lameness in group-housed sows, and secondly, to develop guidelines for selection of replacement gilts that enhance lifetime productivity of sows and reduces sow wastage. The final report is due December 2015.

viii. Maternal creatine monohydrate supplementation: a novel strategy to buffer the neonate against hypoxia and reduce preweaning mortality

Creatine monohydrate is used with some success in other species, to buffer neonates against the effects of oxygen deprivation during birth. The effect of this compound on neonate survival has not been examined. This project will examine whether maternal creatine supplementation during the last week of gestation can reduce the incidence of pre-weaning mortality by protecting the piglet from the negative impacts of intra-partum hypoxia. The final report is due November 2014.

Genetics

Development of selection criteria to improve carcass quality and use of haemoglobin levels in sows and piglets to improve piglet survival, performance and pork quality

Selection strategies for improved carcass market value and relationships between sow and piglet haemoglobin levels and piglet survival were established in a recently completed project undertaken at the Animal Breeding and Genetic Unit, Armidale. Primal cut weights for 2,311 carcasses were combined with 23,210 pedigree and 16,875 performance records. Hot carcass weight (HCW) explained 40–80 per cent of the variability in individual primal cut weights and fat depth, loin depth. Shrinkage explained an additional one to six per cent. Within the HCW range of 78–80 kg, shoulder and leg weights varied by four kg and belly and loin weight varied by three kg per carcass. More weight in the middle contributed nine per cent to the breeding objective used in terminal lines, a similar contribution to that of fat depth. Weights of primal cuts, at a given carcass weight, were moderately heritable and a need to include weight of primal cuts in pig breeding programs was identified. Survival of piglets is an important welfare trait with significant economic importance. Litter size as well as a number of weight traits of the sow and the litter had negative associations with haemoglobin levels, suggesting that higher productivity is associated with lower haemoglobin levels in piglets. Higher haemoglobin levels may be phenotypically associated with improved survival of the piglet.

Feed Conversion

The inclusion of cinnamon in the diet of finisher pigs to improve growth performance, insulin sensitivity and body composition is being investigated at the University of Melbourne and the final report is due in September 2013. Several studies, involving the use of bitter compounds in the diet, gastrointestinal hormones, feed additives and pharmaceutical agents, are being conducted to determine whether these strategies can influence insulin sensitivity, reduce gastric emptying and reduce appetite to suppress voluntary feed intake of finisher pigs.

Although the use of growth promoting technologies may not be available to all producers due to retailer standards, improved delivery mechanisms to minimise injection regimes involved in administering pST to finisher pigs are needed to reduce barriers to adoption of this technology. To address this, a pilot study has been commissioned with the Polymer CRC to use slow-release polymer technologies to enable a single shot regime for pST delivery to the pig. The final report is due in June 2014.



Pork CRC research by Moore et al. (2010) identified an optimal lysine level of 0.63 g available lysine/MJ DE for female pigs between 60–100 kg liveweight. Growth performance was also higher than generally observed under commercial production conditions. Validation studies involving the three largest piggeries and the experimental Department of Agriculture and Food Western Australia (DAFWA) R&D facility were commissioned. Diets of the same composition are being fed to female, immunocastrate and/or entire males from 60–100 kg to determine optimal lysine levels across a number of commercial genotypes. These studies are due for completion by October 2013 and common lysine requirements for Australian grower/finisher pigs will be derived.

4.3.3 Strategy 3 – Build Skills and Capability

This strategy relates to the enhancement of the on-farm skills set and capability of the industry to address the technological challenges that arise on-farm, and the adoption of new on-farm technological solutions.

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Build Skills and Capability	Facilitate skills and capacity development on-farm	Industry retention of APL and Pork CRC students	% of students employed by industry over the last 5 years	>30%	47%
		Certificate 3 Pig Production Accreditation	% of production achieving Certificate 3 Accreditation	35%	34.9%

KPI Table: Core Objective 2 Strategy 3 - Build Skills and Capability

The per cent of production achieving Certificate 3 Pig Production accreditation as assessed by the AIS (34.9 per cent against a target of 35 per cent). APL is currently investigating new initiatives in 2013–2014 to enhance the level of Certificate 3 accreditation in small to medium herd size farms. The initiatives under the Pork National RD&E Strategy have seen a significant proportion of students being retained with the pork industry.

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 use of complex technology has become routine in the pork industry, a fact which has made increasing demands on the training and extension outcomes of research projects. The main areas of this strategy were to enhance on-farm training and development of piggery staff, facilitate initiatives that alleviate on-farm labour issues by improved piggery management and staff development, and improved access to skilled labour.

Achievements/Outcomes

Promoting Leadership

Australian Rural Leadership Program

APL sponsored Mr Bjorn Ludvigsen, Strategic Business Manager, Australian Pork Farms Group, South Australia to participate in Course 20 of the Australian Rural Leadership Program. Mr Ludvigsen commenced his participation in the Program in May 2013. The Australian Rural Leadership Program remains one of APL's key leadership development activities for industry.

Future Leaders Program (SA Pilot)

This project carried over from 2010–2011 where a 'Future Leaders' group consisting of 15 under 35 year olds in the South Australian pork industry came together on four occasions to promote leadership development. A further three meetings of the group were held during 2012–2013 with the focus for continuation of the group outside of APL. The meetings included an industry based seminar/field visit followed by a social event to encourage interaction between Network members.

Future Leaders Program (WA Pilot)

This project was commissioned to the DAFWA under the supervision of Hugh Payne. Members were identified and the group met four times between August 2012 and May 2013. Strong support for the group was apparent both within the group and by the West Australian Pork Producers Association (WAPPA) and DAFWA. The group also identified challenges that it would need to overcome to continue functioning including:

- Maintaining the critical mass of the group
- The tyranny of distance
- Inclusion of group representation within WAPPA executive meetings as observers or non-voting participants
- Dedicated facilitator to lead group
- Finance
- The use of social media as a means of keeping the group in touch and for sharing information.

Building Technical Capacity

ProHand™

ProHand™ continues to be well utilised, especially in South Australia. Some issues with software initially slowed use early in 2012–2013. These issues have been investigated and resolutions regarding these issues are under deliberation. A four-year technical support agreement was commissioned with the Animal Welfare Science Centre (AWSC) to take on technical assistance and upgrades where possible. The outputs of this project will be used to inform any redevelopment of the ProHand™ Pigs and Pork Abattoir training programs.

Diploma of Pork Production Resources

The 2012–2013 program was the fourth year of a five-year agreement with Assiniboine Community College (ACC) for ongoing access to their Diploma resources modified for use by the Australian industry. Cameron Hall McLean (CHM) Alliance has piloted delivery of the resources and modifications to the course material are currently being made. The first year of a four-year agreement with CHM Alliance was also funded to oversee the maintenance and use of Diploma resources by Registered Training Organisations (RTO) nationally. This project has already shown great outcomes with 23 industry staff members obtaining the Diploma in Agriculture. However, six ACC units still need further review including the development of unit descriptors to be incorporated in the Agriculture, Horticulture and Conservation (AHC) training package.



Ron Collins Memorial Travel Award

Greg Mills of the New South Wales (NSW) Department of Primary Industries was the winner of the award, announced at the Pan Pacific Pork Expo (PPPE) on 16 May 2012. Greg used the grant to attend the Food Integrity Summit in the United States (US), spend time with the Centre for Food Integrity in Missouri and visit pork producers involved in the "FarmersFeedUs" initiative to gain producer insight into the development of a social licence. Greg has returned from the US and the final report is pending.

Membership of the Primary Industries Education Foundation

The Primary Industries Education Foundation (PIEF) is a new teacher focused, cross-industry approach to working with schools, aimed at building capability in the primary industries sector and improving community understanding. The benefit of PIEF providing a conduit into schools is that many of our existing materials can be utilised as is and any new material provided to PIEF can be simplified versions of information prepared for producers. Previous attempts to undertake these activities ourselves has returned little for our investment, as the provision of curriculum content and resources for schools is a specialised field best undertaken by those who have the expertise.

Science and Innovation Awards for Young People in Agriculture

The Department of Agriculture, Fisheries and Forestry (DAFF) coordinates an annual awards program supported by the Rural RDCs recognising scientists aged 18–35 years working or studying in rural industries. Winners undertake projects of industry significance and sponsorship providing the pork industry with exposure in a wider agricultural forum. Dr Kate Plush (Postdoctoral Fellow, University of Adelaide) was awarded this prize and is undertaking an innovative industry project on "Interventions to reduce stillbirth rates and improve postnatal viability in the piglet".

4.3.4 Financial Summary

CORE OBJECTIVE 2- VIABLE PRODUCTIVE FARMS				BUDGET		ACTUAL	
				\$1,713,502		\$1,634,926	
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Reduce Input Costs		NON R&D			R&D		
Budget	\$0	\$0	\$0	\$715,000	\$66,701	\$781,701	\$781,701
Actual	\$0	\$0	\$0	\$690,530	\$66,055	\$756,585	\$756,585
Improve Process Efficiency							
Budget	\$0	\$0	\$0	\$643,226	\$137,767	\$780,993	\$780,993
Actual	\$0	\$0	\$0	\$649,822	\$112,635	\$762,457	\$762,457
Build Skills and Capability							
Budget	\$0	\$0	\$0	\$84,300	\$66,508	\$150,808	\$150,808
Actual	\$0	\$0	\$0	\$77,756	\$38,129	\$39,798	\$39,798
TOTAL CORE OBJECTIVE 2 - BUDGET							
	\$0	\$0	\$0	\$1,442,526	\$270,976	\$1,713,502	\$1,713,502
TOTAL CORE OBJECTIVE 2 - ACTUAL							
	\$0	\$0	\$0	\$1,418,108	\$216,818	\$1,634,926	\$1,634,926



4.4 Core Objective 3 – Efficient Value Chains

Projects from this Core Objective have been captured in all Core Objectives other than 3.



4.5 Core Objective 4 – Leadership, Preparedness, Stewardship

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 continues through value-based communication that builds trust in our farming systems (i.e. scientifically verified, economically viable and ethically grounded).

4.5.1 Strategy 1 – Address Changing Expectations and Standards for Food Production

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Address Changing Expectations and Standards for Food Production	Taking care of our animals	Pig herd covered by APIQ✓ [®]	% of breeding herd APIQ✓ [®] certified	90%	89.4%
		Minimal APIQ✓ [®] critical CARs	% Critical CARs reported of total APIQ✓ [®] CARs	1%	0.5%
		Sows group housed as per the industry definition	% of breeding herd group housed	45%	50.1%
Strengthening biosecurity		Pig herd covered by APIQ✓ [®]	% of breeding herd APIQ✓ [®] certified	90%	89.4%
		Minimal APIQ✓ [®] critical CARs	% Critical CARs reported of total APIQ✓ [®] CARs	1%	0.5%

KPI Table: Core Objective 4 Strategy 1 - Address Changing Expectations and Standards for Food Production

Background

APL seeks to promote and drive self-regulation to manage the impact of regulatory shifts, changes to government policy, market access requirements and consumer expectations. The industry's quality assurance program, APIQ✓[®], is a key platform in providing confidence to our consumers, regulators, markets and the Australian public that our standards are of a high level. APIQ✓[®] is an independently audited program which verifies industry compliance with animal welfare, food safety, biosecurity and livestock traceability standards. The APIQ✓[®] program, combined with targeted industry research and development and extension programs, actively supports and assists producers in improving their stockperson skills and management of their production systems and animals, in turn enhancing the care and health of their herd.

APL is leading the way in animal welfare through its "Shaping Our Future" initiative with the industry voluntarily committing in November 2010 to become gestation stall free by 2017 - a world first.

Achievements/Outcomes

Taking Care of Our Animals

There has been significant progress by the industry towards becoming gestation stall free by 2017. The 2012 Annual Industry Survey shows that over half of the Australian pork industry is gestation stall free. While there are increasing reports internationally of other pig-producing countries also committing to transition to gestation stall free, Australian producers are one of a very select few that will not use gestation stalls; other countries' commitments will still see them keeping sows in gestation stalls for at least 28 days.

APL continued its representations, on behalf of producers, to engage the support of regulators and governments for producers' transition to gestation stall free. This included a submission to the NSW Government regarding the Planning System White Paper; a submission to the Queensland Government regarding changes to Queensland's Environmental Protection Regulations; and work with the NFF to identify areas for green/red tape reduction.

APL made a submission to the Senate Inquiry into Food Labelling Laws, objecting to the confusing proposals contained within the draft Bill, whilst welcoming the renewed attention to the issue. APL is undertaking an analysis of existing industry positions, in light of the draft Bill, and ahead of its likely tabling in parliament in 2014.

In light of continued labour shortages, APL continued to pursue an industry-wide labour agreement, working with five producers from Queensland, New South Wales, Victoria and South Australia to submit individual labour agreements to the Department of Immigration and Citizenship (DIAC). These individual applications, when combined with those previously submitted by West Australian producers, establish the evidence for a national need for an industry-wide labour agreement, enabling the Department to recommend this to the Minister. Unfortunately, with several changes in Ministerial responsibility and the impending federal election, the positive result has been delayed, despite renewed engagement by the Department.

Animal Welfare Initiatives and Activities

Livestock Welfare Communication Networks Group

APL takes part in this regular forum funded by livestock bodies, namely sheep, cattle, wool, dairy, lot feeders, live exporters, eggs and MLA, to discuss animal welfare developments and to share responses to issues arising from the actions of animal welfare rights groups.

Building consumer trust and confidence in Australian Agricultural Production Systems

APL, along with other livestock industries, worked closely with the NFF throughout the year. The NFF seeks to build customer, government and community trust and confidence in Australian agricultural production. Making the most of this new partnership, APL and the NFF successfully countered an Animals Australia campaign to promote branded shopping bags in a limited number of urban supermarkets. APL continues to promote the establishment of an Australian Centre for Consumer Integrity, to provide balance to the public discussion around agriculture.



APL has developed the PigCare online checklist, which will enable all PigPass registered producers to complete and submit their own PigCare assessment, for one or more of their production sites. The checklist, itself a subset of the APIQ✓® audit checklist, gives a point-in-time assessment of the welfare of a group of pigs. The results are comparable from one assessment to another, so producers will be able to manage improvements over time by implementing systems that support the ongoing welfare of their animals.

APL is part of the Australian Animal Welfare Strategy (AAWS), and attended the annual meeting. APL is a member of the AAWS Livestock and Production Animals Working Group, which is currently developing a crisis response which will better equip those responding to animal welfare issues created by business continuity problems. The working group also considered lessons learned from the communication of the Standards and Guidelines for the Land Transport of Animals, which will place APL in a better position to manage the revision to the Model Code of Practice (Pigs).


APIQ✓® and Animal Welfare

Integral to retaining consumer and public confidence in Australian pork is proof that we are taking care of our animals. APL is not a regulator, but through APIQ✓® producers and the industry can verify compliance with the animal welfare standards that are regulated in each state.

This year the APIQ✓® Standards and Performance Indicators were reviewed and revised in Version 3.3 3/2013, to include:

- Gestation Stall Free (GSF) Standards in line with the industry's "Shaping Our Future" initiative. The Compliance Audit process was also revised to allow APIQ✓® registered auditors to verify a producer's GSF status during the compliance audit, or to allow a veterinarian to provide APIQ Management (APIQM) with a written report to verify a producer's compliance to the GSF Standards.
- A full set of Outdoor Bred (OB) Standards and amendments to the Free Range (FR) soil testing Standards. As of 30 June 2013, there were eight FR Certified sites with a total of 2,053 sows and 9,070 growers and 17 sites with Conditional OB Certification with a total of 7,720 sows and 33,000 growers. Sites with conditional certification status have until 30 April 2014 to meet all FR/OB Standards.
- Revisions to Pig Movement Standards to align with amendments to the National Livestock Identification System (NLIS) Business Rules with a note included in Version 3.3 3/2013 that additional Standards will be added once the rules are regulated in each state.
- A requirement to notify APIQM when there is a change of farm ownership or change in on-farm management.

An external Certifying Body again conducted the 2013 APIQ✓® Integrity System Compliance Audit. The final report states that a team of dedicated staff supported by senior APL management and APIQ Panel members implements the program and that there has been significant improvement in the programs' administration, processes and systems. The numbers of Action Items given in 2013 were reduced by 86 per cent with progress made in all areas.



The Victorian Department of Primary Industries (DPI) approved APIQ✓® as an approved compliance program with respect to the regulation of animal welfare standards as regulated under the Victorian Livestock Management regulations - a first for livestock industries. Livestock operators participating in an approved compliance arrangement, in this instance APIQ✓® certified producers, are deemed compliant with the animal welfare standards in the first instance, and not subject to further inspection or audit (other than already required under the APIQ✓® program). They are also exempt from the requirement to conduct a systematic risk assessment.

Sow Housing

Effects of aggressive characteristics of individual sows and mixing strategies on the productivity and welfare of group-housed gestating sows

Sow aggression in group housing systems poses a significant risk to sow welfare and productivity. This project examined possible predictive tests of aggressive behaviour as well as examining the effects of group composition in terms of the aggressive behaviour of individual sows on the welfare and reproductive performance of both the individual and the group as a whole. The study found that dominant sows tended to gain more weight in gestation and have a larger litter size, perhaps because of increased feed intake through priority access to feed and/or less stress. Producers may need to increase average feeding levels, particularly around mixing and during early gestation, to ensure that less aggressive sows are able to consume adequate amounts of feed in group feeding systems so that reproductive performance is not compromised.

Evaluation of space requirements for group-housed pregnant pigs at different parities

This project re-evaluated the effects of space allocation in gestating sows of varying sizes (eg. gilts versus mature sows) to understand the space needs of the modern sow in terms of her production and welfare. In these studies, it appeared that with the space allowances and parity of animals examined, few effects on standard measures of wellbeing were recorded. However, the data suggested a possible reproductive benefit in providing a greater space allowance for older animals, as cortisol levels in the group of animals with less space tended to be higher than the cohort with the greater space allowance.

Feeding strategies to reduce 'frustration' and aggression amongst group-housed gilts and sows

This study tested the hypothesis that providing group-housed sows and gilts with a high fibre (bulky), slowly digestible diet would reduce the incidence of aggression, as evidenced by behavioural measures and injury scores, whilst maintaining reproductive output. The most significant finding was that feeding the high fibre diet significantly reduced the number of aggressive encounters post-feeding (equating to a 75 per cent decrease), and resulted in a 150 per cent increase in the time sows spent engaged in feeding behaviour. This data provides strong evidence that feeding sows a high fibre, bulky diet during the first 30 days of gestation reduces incidences of aggression during and following feeding. Importantly, the high fibre diet did not impair subsequent litter size, suggesting that increasing high fibre gestation diets can be used commercially to reduce aggression and increase satiety in group-housed sows.



Stockperson Methodology

This project is being conducted by the AWSC and is linked to a PhD student. It specifically aims to develop valid and reliable metrics that have widespread practical application in the Australian pork industry. The knowledge section of the stockperson questionnaire was piloted in early November 2011. Data analysis determined which questions would remain based on the results. Following the refinement of the questionnaire, a program called Prohand Benchmark was developed. This program is designed to provide piggery managers/owners with information on how stockpeople perform in comparison with other stockpeople working within the Australian pig industry. In addition to being a benchmarking tool, the program can be used for the purpose of stockperson training. For this resource to be of benefit to the pig industry, it requires validation. With this requirement in mind another project has been proposed and submitted for review in order to establish proof of concept.

Welfare Metrics

The development of practical measures to benchmark pig welfare in the Australian pork industry

The current project was conducted to develop a tool/protocol to form metrics to benchmark pig welfare on-farm. Such a tool would provide a simple, validated set of pig welfare indicators, to allow the Industry to continue to adopt a pro-active approach to animal welfare. It could be applied by Australian producers for self-auditing purposes. An additional proposal to allow validation of the animal-based welfare indices (such as lameness, body condition scoring and body lesion scoring, as measures of pig welfare on-farm) has been submitted. Such a study would provide rigor and robustness to the proposed on-site pig welfare benchmarking protocol.

Survey Transport Mortality and Practices

Pigs are transported over long distances due to the rationalisation of the abattoir sector and this situation is likely to continue. The community and pork consumers could view the transport of pigs over such distances and time in lairage as a welfare concern. Currently, the industry has limited information to defend practices during transport or in lairage. This project was conducted by DAFF Queensland, IAS Management Services and Graeme Pope Consulting. Deaths in transit recorded in this survey were lower than in previous Australian and international surveys. Contributing factors to the lower death rate include producers participating in APIQ[✓]® that requires staff to be trained in animal welfare as well as in moving and handling pigs, as well as the use of species-specific contractors whose employees are trained in the movement of pigs. In addition, the greater use of the APL 'Is It Fit to Load?' Guide and the fact that all co-operating abattoirs were export-accredited facilities could have contributed to the lower death rate.

Community Behaviour

Development of Public Attitude Monitoring Scheme (Monitoring Public Attitudes to Inform Animal Welfare Policy Development)

This project is a cross-sectoral project (Animal Welfare RD&E Strategy) supported by APL, Australian Wool Innovation (AWI), Australian Meat Processor Corporation (AMPC), and AAWS. This project is led by the AWSC. The high level of community activity suggests that policy makers and the livestock industries need to be able to respond to community concerns regarding animal welfare. Hence, it is important to monitor public knowledge of livestock farming practices. The questionnaires developed by Coleman and colleagues in the MLA study (Coleman et al., 2005), particularly the questionnaire that assessed actual knowledge, provides a useful starting point for monitoring public knowledge. This should be expanded to include other aspects of the industry in relation to housing, welfare policies, etc.

New generic and industry-specific information on current trends in public attitudes to and knowledge of welfare issues in livestock farming will permit the industries to:

- Identify trends in public concerns that require changes to industry practices
- Identify trends in public concerns that can be used for marketing purposes
- Identify trends in public concerns that can be used to direct animal welfare research
- Identify areas where the public is misinformed and therefore what education is required
- The project will assist industry and governments in developing policy and management practices that meet community expectations. This will enable industry to improve public confidence and trust in farming.

Welfare Methodology

Identify and integrate measures of animal welfare that meet the needs of animals and society

This project is a cross-sectoral project (Animal Welfare RD&E Strategy) supported by APL, AECL, AMPC, DA, MLA, Rural Industries Research Development Corporation (RIRDC), AAWS and DPI Victoria. This project is led by the CSIRO Livestock Industries with collaborative input from the AWSC, Murdoch University and AgResearch Ltd, New Zealand (NZ). The aim of this project was to undertake a comprehensive review of the scientific literature on welfare measures and assessment. It was concluded that the development of appropriate welfare assessment methodologies that are credible to all stakeholders will be built to obtain a better understanding of:

- Changes in physical health and biological functioning that correspond with different levels of welfare;
- The capacities of livestock to experience negative and positive mental states and associated levels of welfare;
- The ways that separate measures and welfare attributes can be weighted and integrated to give an overall index of welfare; and
- How these can be practically implemented in the production environment.



Usefulness of preferences for resources and biological functioning to assess animal welfare

This project was conducted by the AWSC. It built and extended previous research to contribute to the validation of welfare research methodology used to establish welfare standards and help develop tools to measure welfare in the field. Outcomes of this project suggest that strongly socially-preferred pigs are so highly motivated to have full tactile contact with pigs that they experience stress when restricted from tactile contact with pigs. An alternative, but less likely explanation, is that housing these pigs in individual pens, either with limited tactile contact or no visual and tactile contact with neighbouring pigs, leads to unresolved aggression in unsuccessfully attempting to establish a dominance relationship.

Developing qualitative behavioural assessment as an objective measure of pig welfare (ongoing)

This project is being conducted through Murdoch University and is also linked to a PhD student. Qualitative Behavioural Assessment (QBA) is essentially about human perception of an animal's body language. A good stockman can identify an animal that is ill or lame since it behaves differently from a healthy pig. Welfare measures based on QBA are easily understood and a good choice when dealing with different stakeholders. The use of QBA has been tested as an assessment tool for piglets, and footage of sows (for the purpose of examining the effects of housing on behavioural expression) is currently being collected. The final report is due June 2014.

Strengthening Biosecurity

APL focuses on enhancing biosecurity and quarantine through a multilayered approach and shared responsibility with government, to safeguard the health status and competitive advantage of the Australian pig herd by preventing exotic disease incursions in the face of a higher import environment and increased global travel.

Biosecurity Activities and Initiatives

APIQ[✓]® seeks to minimise these risks on-farm through its biosecurity and livestock traceability standards. The smaller production tail of the Australian pork industry is considered historically a higher risk sector of the industry concerning on-farm biosecurity practices, traceability and movement documentation, disease knowledge, understanding of swill feeding and veterinary contact. The Matthews Report – A Review of Australia's Preparedness for the Threat of Foot and Mouth Disease (FMD) – identified amongst other things the effectiveness of swill feeding prohibitions. Subsequently APL participated in the Animal Health Committee's Sub-Committee on Emergency Animal Disease Swill Feeding Working Group as well as the Industry-Government FMD Working Group. The Swill Feeding Working Group agreed to a consistent definition of swill feeding across jurisdictions (still to be adopted across jurisdictions); and Animal Health Australia (AHA) has agreed to develop a national swill feeding compliance scheme in consultation with APL.

The Industry Government Working Group on FMD has been active in developing and implementing action plans to address the issues raised in the Matthews Report, in particular issues relating to: detection and surveillance; biosecurity training and awareness programs; vaccination; swill feeding; and business continuity in an emergency disease



outbreak. APL funded the travel for two APIQ✓® auditors to Nepal, so that they could participate in a training course (generously funded and facilitated by DAFF and the OIE) in the recognition of FMD.

To enhance industry biosecurity and traceability, APL undertook the following activities:

Producer Assistance

APIQM visited several producers on-farm to assist them with the development of their Pig Management Manuals, records and systems so that they could meet the documentation requirements for APIQ✓® Certification. The year began with 86.7 per cent of sows covered by APIQ✓® and ended the year with 89.4 per cent of sows covered by APIQ✓®, an increase of 2.7 per cent and approximately 7,000 sows between nine producers.

Processor Initiative

APIQ✓® visited six export and nine domestic processors to encourage and seek their support for APIQ✓® and to explain the APIQ✓® Standards and what APIQ✓® requires producers to do on-farm. Visits also include assistance with PigPass NVD compliance, biosecurity initiatives and in some instances introduction to Pork Supply Chain Integrity developments. Feedback from processors has been positive with most appreciating the opportunity to discuss issues of importance with an APL representative. As a result many processors now contact APIQM and the PigPass Help Desk regularly to verify producer Quality Assurance (QA) certification status and discuss PigPass and other issues. This and other feedback suggests that the image of APL and understanding of APIQ✓® and PigPass has improved through this initiative.

National Saleyard Initiative

Through a National Saleyard initiative, APL visits all regular pig saleyards across Australia, big and small, assisting producers, buyers and agents on sale day with their obligations under the NLIS - Pork and state legislation regarding the movement of pigs, the correct use of PigPass NVD (PPNVD) and pig identification. Information is also provided on APIQ✓®, animal welfare, biosecurity and swill feeding. APL has gained a good understanding of pig traceability systems in all states and of producer compliance levels. Many local state department officers who work daily with producers selling in saleyards have supported the project and have been able to assist producers register and access PPNVDs as their own understanding of PigPass has increased.

Field Day Education and Education Assistance: Biosecurity and Traceability Compliance

APIQM attended and hosted a site at three regional agricultural field days; Warragul and Seymour in Victoria and Hawkesbury in NSW. Each display included a static presentation, video presentation and live pigs provided by a local producer. APIQM staff and sometimes the producer were on-site to answer questions regarding the industry, production, biosecurity, livestock traceability and NLIS as well as APIQ✓® with a survey conducted and PorkMark hams awarded as prizes to survey participants each day. The project aimed to increase awareness of biosecurity risks in pig production, swill feeding, and rules and regulations regarding keeping pigs; to assist producers to use PPNVDs and comply with NLIS rules; and to identify producers who need assistance to implement



APIQ✓[®] on-farm. An estimated 2,050 people visited the sites over nine days with 508 participating in the survey. After each event APIQM assisted pig owners to register for PigPass and distributed information packs to assist producers.

APL undertook two projects to raise awareness amongst producers regarding swill feeding. APL produced a series of signs regarding swill feeding, containing key facts such as the illegal nature of swill feeding, and directing producers to their relevant DPI for further information. These signs are to be distributed by the local DPI and displayed at most saleyards around Australia at which pigs are traded. A number of other sites, such as abattoirs, may also receive signs during the course of APL visits, supporting efforts to raise awareness around the biosecurity risks associated with swill feeding.

APL also created a guide to help producers recognise FMD and to understand how it is spread. The guide explains what will happen in the event of an outbreak of FMD and urges producers to avoid feeding swill to pigs. The guide informs producers of the emergency animal disease hotline and the importance of early notification. APL will mail the guide to all PigPass registered producers with a small magnetic version of the swill feeding signs mentioned above.

APL produced a set of eight 'PigFlicks' cards attached to a carabineer containing key information on the topics identified above. These information cards will be distributed to producers through a number of methods, including inclusion in mail-outs and field-days and saleyard visits. These cards aim to raise awareness, particularly amongst smaller producers, of some of the most important issues affecting the industry, including swill feeding, animal welfare at the saleyards, biosecurity, gestation stalls, the CFI, QA, labour and identification and traceability. This initiative supports APL's efforts to promote robust biosecurity and animal welfare practices within the industry.


Working with AHA, APL finalised the publication of the National Farm Biosecurity Reference Manual for the Australian pork industry. The manual contains information and specific procedures for all pig producers to follow to help reduce the risk to farming operations of disease entering a property, spreading through livestock and/or being passed to surrounding livestock operations. The manual is a tool for all producers for translating biosecurity requirements into operating procedures and work instructions. The manual is based on the APIQ✓[®] biosecurity livestock traceability standards, and is one of the ways that APL is meeting its requirements under the Emergency Animal Disease Response Agreement (EADRA).

Livestock Traceability Initiatives

The National Livestock Identification System

NLIS Pork is designed to facilitate identification and traceability of pigs for biosecurity, food safety and market access purposes and enables the industry to meet the Standing Committee of Primary Industries (SCoPI) livestock traceability performance standards. An important part of the ongoing development of NLIS Pork was the finalisation of the NLIS Pork Business Rules and endorsement by SAFEMEAT Partners in late 2012.

The Business Rules will need to be progressed through the National Biosecurity Committee and then to SCoPI for sign off. Stage 2, implementation of the Rules, is



underway to deliver, amongst other things, recording of livestock movements and a consistent approach and outcome to regulations across state jurisdictions.

APL also finalised, with the help of a working group, Version 7 of the PPNVD, which will be rolled in 2013–2014. To support the new PPNVD and the NLIS (Pork) Business Rules, APL has implemented a new PigPass website which provides various technical advantages over the previous ageing platform. Users are able to manage multiple production sites with a single login, and multiple users per operation are supported. The website also makes the completion of electronic PPNVDs faster and easier. Electronic PPNVDs provide APL and regulators with more timely and complete information, supporting traceability, and are free to create.

SAFEMEAT Partnership Participation

APL along with the red meat and dairy industries and the state and Australian governments is a member of SAFEMEAT. SAFEMEAT addresses food safety, market access and NLIS and reports directly to the Primary Industries Standing Committee. APL is also participating in the SAFEMEAT Initiatives Review that is examining redundancies and/or gaps and identifying opportunities for improved efficiencies and longer-term resourcing requirements of the all programs and systems with respect to National Livestock Identification, National Vendor Declarations and Livestock Production Assurance.

Animal Health Australia Participation

APL is an active member of AHA, a collaboration and partnership between Australian livestock industries and governments, which helps keep Australia disease free, build the sustainability of livestock industries and promote the humane use of animals for food. Through AHA, APL participates in a number of forums including the AHA Industry and Members' forums and provides input into:

- The ongoing development, management, resourcing and performance of Australia's animal health system;
- Strengthening animal disease response including the review of the EADRA emergency training, preparation and response, business continuity, FMD Risk Management Project and the FMD Vaccine Bank;
- Strengthening biosecurity through the development of a national biosecurity framework and the implementation of promotion of industry on-farm biosecurity plans;
- Standards and Guidelines development; and
- Enhancing disease surveillance response.

APL, through participation in the AHA Animal Welfare Compensation Committee, has been working with other livestock industries and government representatives to progress the issue of compensation for animals slaughtered for animal welfare reasons in an emergency animal disease response. APL hosted a working group, attended by APL and AHA staff as well as a number of producers, which considered the current Australian Veterinary Emergency Plan (AUSVETPLAN) Valuation and Compensation Manual (as it relates to pigs). The working group made recommendations on the valuation methodologies suggested in the manual, in order to make them more relevant to today's situation and fairer to those participating in the response.



The 2012–2013 program comprised five projects to address the key priority areas of biosecurity and disease risk.

Exotic Disease R&D

Exotic disease R&D (FMD vulnerabilities project)

This project is a package of research activities being conducted to better prepare Australian livestock industries for an outbreak of FMD. Completion of these activities will also enable Australia to optimise its joint industry/government investment in the FMD antigen bank held in the United Kingdom (UK). Contribution split is based on the Gross Value of Production (GVP) figures used to calculate industry subscription. The final report is due December 2015.

Evaluation of the economics of the control and prevention of animal health emergencies in the Australian pig industry

This evaluation framework investigated the consequences of an emergency animal disease from risk analysis to outline scope, followed by economic and intangibles analysis. This framework was applied as a tool to measure the intangible consequences of a Porcine Reproductive and Respiratory Syndrome (PRRS) outbreak in Northern Victoria. The intangible consequences considered were those that have subjective, individual value or worth to individuals or groups of stakeholders, but have no direct financial cost or benefit that can be easily attributed. Examples of intangibles in the pork industry that may be impacted due to Emergency Animal Diseases (EAD) include human health, animal welfare and the environment. The intangible analysis was then integrated with a Cost-Benefit Analysis (CBA) to create an Intangible Value Index (IVI), a holistic outcome that is more reflective of bottom-line approaches to consultative policy making than economics alone. These indices reflect overall acceptability rating of a decision and include identification of outliers. The outliers are red-flagged and represent a non-compliance risk or indicate illogical or impractical policy (stakeholder perspective).

*Prevalence of *C. difficile* and role in neonatal scours*

Clostridium difficile has been reported, outside Australia, to be a major cause of neonatal diarrhoea in piglets. It causes significant mortality (up to 16 per cent) and piglets that survive are underweight. In the Netherlands, strains of *C. difficile* from pigs are infecting humans. While it has been suggested that transmission is by food, this is unlikely and environmental contamination is a more logical explanation. Preliminary investigations have confirmed that *C. difficile* is present in many pig herds in Australia, however, these investigations have been done in a non-systematic fashion. In this project, *C. difficile* was isolated from 52 per cent of samples by direct culture and 67 per cent by enrichment culture. The majority (87 per cent, 130/154) of strains isolated were toxigenic. There was no significant difference in *C. difficile* isolation rate between scouring and non-scouring farms or piglets. Twenty-three different ribotypes (RTs) were detected, 15 of which were novel Australian RTs (including RT237 that was detected in a previous study).

Exotic Disease Prioritisation

Part I Risk assessment and simulation. The Beale Report (2008) called for livestock industries to take greater responsibility for Australia's quarantine and biosecurity system, to identify hazards and develop appropriate response strategies. The objectives of this project are therefore:

- To undertake a risk assessment to prioritise the potential exotic disease hazards for the Australian pig industry;
- Develop a simulation model specifically tailored to exotic disease spread in the Australian pig industry;
- Parameterise the disease spread model via literature review, expert opinion and questionnaire surveys; and
- Target the three highest exotic disease hazards and prioritise future surveillance based on estimated epidemic size, duration and financial impact.

The final report is due in December 2013.

4.5.2 Strategy 2 – Manage the Impact of Regulatory Shifts

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Manage the Impact of Regulatory Shifts	Safe food	Minimal APIQ [✓] ® critical CARs	% Critical CARs reported of total APIQ [✓] ® audits	1%	0.5%
		% breeding herd APIQ [✓] ® certified	%	90%	89.4%

KPI Table: Core Objective 4 Strategy 2 - Manage the Impact of Regulatory Shifts

Background

Community expectations, market access requirements and the impact of policy and regulatory shifts resulting from food safety concerns are managed to minimise the growing costs of compliance while also providing a safe product. It is important that the development of future standards is practical, cost effective and meets the requirements of our markets.

Achievements/Outcomes

Safe Food

National Residue Survey

The pork industry can be proud of this year's NRS results achieving an overall compliance rate of 99.89 per cent with Australian Standards for the chemical residues tested for in samples collected during 2012–2013, up from 99.85 per cent during 2010–2011. The pork industry also achieved a 97 per cent compliance rate against European Union (EU) standards, and 99.89 per cent against US standards. With these results, domestic and overseas customers are assured of the excellent food safety record of Australian pork.



Maximum Residue Limits

APL made representations to Food Standards Australia New Zealand (FSANZ) calling for consistency when regulating Maximum Residue Limits (MRLs) as a matter of principle, with international standards as set by the Codex Alimentarius Commission. APL believes that in the interest of facilitating trade, the internationally accepted standard (Codex) should be adopted (where available), except where an alternative is proposed, to allow for use consistent with good agricultural or veterinary practice in the relevant country.

Antimicrobial Resistance

In February, APL made a submission to the Senate Inquiry into the progress of the implementation of the recommendations of JETACAR – the Joint Expert Technical Advisory Committee on Antimicrobial Resistance. Our submission pointed out that since JETACAR handed down its recommendations in 1999, APL has invested more than \$10 million in research in this area and that antibiotics are not used in the Australian pork industry for growth promotant purposes. The requirements of the industry's quality assurance scheme (APIQ✓®) also entail producers meeting minimum standards with respect to antibiotics. APL continues to fund research into issues of antibiotic resistance, and surveillance of antibiotic resistance, in order to reduce the industry's reliance on antibiotics.

Food Labelling

In October 2012, APL made a submission to the Senate Inquiry on Food Labelling Laws, noting our support for a resolution to the ongoing issue of existing laws' inadequacy, whilst objecting to the proposal specifically contained in the draft Bill under examination.

National Food Plan

In September 2012, APL made a submission to DAFF regarding the National Food Plan Green Paper. APL supported many of the recommendations of the Green Paper, but highlighted the risk of failing to address those critical areas undermining the competitiveness of Australia's agricultural sector.

Food Safety R&D

Salmonella typhimurium was the main serotype responsible for nine out of 14 *Salmonella* food safety outbreaks attributed to pork from 1995–2010. The incidence of *Salmonella typhimurium* in Australian piggeries is increasing, but the reasons for this are unclear. The mitigation of risks to public health posed by *Salmonella typhimurium* is being addressed in several projects being conducted by the South Australian Research and Development Institute (SARDI). Quantitative risk assessment methods are being developed to assess the relative impact of contributing factors to prioritise risk management interventions with pork products. This APL supported PhD project is being conducted with support from SARDI and the University of Tasmania and commenced in August 2012. A second PhD project is using new molecular diagnostic methods to improve understanding of the ecology of *Salmonella typhimurium* strains across the supply chain. This work commenced in February 2013 with appointment of the candidate and involves SARDI, the University of Melbourne, the Microbiology Diagnostic Unit (MDU) and APL.

Molecular Typing Capability for Toxoplasmosis

Toxoplasmosis is a parasitic disease caused by *Toxoplasma gondii* and is second only to Salmonellosis as a leading cause of pork-associated foodborne disease. This study, co-funded by MLA, is focused on developing capability for molecular characterisation of *Toxoplasma gondii* and involves SARDI, in collaboration with the University of Technology, Sydney. This work will enable DNA fragments obtained from pork and pork products to be isolated and their relationship to isolates from clinical infections in humans to be determined.

Food Safety Uptake

Ensuring industry awareness of interventions to address microbial hazards associated with pork and sow mince, pig ears, carcasses and offal identified in previous APL projects, was the focus of this project undertaken by SARDI. The effectiveness of hot water decontamination for reducing total viable counts of Salmonella and E. coli loads on finisher carcasses was presented to the Pork Processor Referral Group (PRRG) meeting in July 2012. Advice and supporting data was provided to an export pork processor to allow them to successfully apply to DAFF for an Approved Program for routine use of hot water decontamination of carcasses, using re-used water. A chilling/freezing decontamination study for red offal will be completed by October 2013. New developments in chemical decontamination for pork carcasses and offal and knife sterilisation are also being explored. A 'league ladder' was incorporated into monthly reporting of data in E. coli and Salmonella monitoring (ESAM) reports for pork carcasses to provide opportunities for improvement. A Toxoplasma tool, developed by SARDI in a previous APL project, will be presented to small good processors in August 2013 to increase their awareness of toxoplasma and effective mitigation processes that may be introduced to reduce risks of viable Toxoplasma gondii cysts remaining in uncooked fermented meat products.

Ante and Post-Mortem Feedback

The quality of information provided by processors to producers on total and partial carcass condemnations varies between abattoirs. Current systems for reporting outcomes of abattoir inspection to producers and other stakeholders, gaps in current reporting systems and methods to address these gaps were discussed at a working group meeting involving processors, veterinarians, federal and state regulators, researchers and APL in April 2013. Recommendations to develop a detailed standardised, integrated feedback system for ante-mortem and post-mortem inspection and certification will be presented for consideration to the PRRG in September 2013.

PSCIP/Physi-Trace

The Pork Supply Chain Integrity Program (PSCIP) has a number of key components including NLIS, APIQ[✓]®, Physi-Trace, Pork Australian Export Meat Inspection System (AEMIS) and the Primary Production and Processing Standard (PPPS). This program aims to provide greater synergies and co-ordination across product integrity and traceability on-farm and through the supply chain. This will be achieved through strengthened integrity and traceability programs that enhance industry ability to meet market requirements with minimal regulatory impacts and cost while maintaining public confidence with the Australian pork industry and its products. Work in this area requires APL to work in partnership with government, producers and supply chain partners.



Physi-Trace is a traceability tool that uses trace element profiles, chemical and organic markers to discriminate between pork samples based on region of origin. The applicability of using Physi-Trace techniques, as established for muscle, for edible pork offal (heart, liver, kidney, tongue, stomach) and integrating data obtained into the raw meat database was investigated as part of a PhD program. The ability to distinguish the pig's broad geographic region of origin was demonstrated. Conversion factors were developed and used to adjust the elemental profile of offal to muscle-equivalent concentrations and the potential integration of different offal types into a single muscle database was demonstrated.

The Physi-Trace National Livestock Traceability Performance Standards project was undertaken to assess whether a lower frequency of sampling and analysis would allow successful traceback of unknown samples to their tattoo code of origin. Classification of unknown samples to the processor of origin was possible, when representative samples were available. Trace metal elemental analysis was also used for compliance verification with country of origin of pork used in ham and bacon products. A new faster, more effective method to detect ractopamine and carbadox residues was developed and used to verify compliance with retailer standards. Outcomes from these studies are being utilised in ongoing Physi-Trace developments, as APL moves to further integrate Physi-Trace into the PSCIP model.

4.5.3 Strategy 3 – Government Policy and Compliance Requirements

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Government Policy and Compliance Requirements	Climate change and sustainability	% Pig production implementing covered anaerobic lagoon flaring or biogas systems	%	22%	>30%
	Issues and emergency management	% of breeding herd APIQ [®] certified	%	90%	89.4%
		Minimal disruption to trade	Ratio of the number of market closures as a proportion of potential market closures	0:3 ratio	0.3

KPI Table: Core Objective 4 Strategy 3 - Government Policy and Compliance Requirements

Background

Environmental sustainability, natural resource management and climate change are critical priorities 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 also integral to retaining 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.

Achievements/Outcomes

Climate Change and Sustainability

APL provides input and advice concerning government policy on climate change, as well as working with producers, livestock sectors and state farming organisations on a range of state environmental issues, including regulatory and planning and policy issues.

Carbon Farming Initiative (CFI) Scheme Producer Guide

In conjunction with the Clean Energy Regulator, APL collaborated on a project to explain the process and benefits of participating in the CFI. The project saw a series of workshops for producers held in every main land state, with a range of accompanying materials produced, including a step-by-step guide for pig producers' participation in the scheme. Greater industry participation in the CFI provides an alternative income stream for those producers on-farm, in addition to supporting the industry's environmental responsibility credentials.

Sustainable Agriculture Initiative (SAI) Platform

APL is also an active participant of the Sustainable Agriculture Initiative (SAI) Platform, which involves stakeholders along the agriculture, food and beverage supply chain, providing an opportunity for the sharing of knowledge and learning and collaboration on projects with a focus on agricultural production systems, water and customers and consumers. This year the Platform developed a three-year Strategy and endorsed Sustainability Principles, built around three pillars of sustainability – environment, social and economic - to guide the activities of the Platform.

Climate Change and Environmental Sustainability Activities

Policy works closely with Research and Innovation (R&I) developing industry positions and providing input and advice concerning government policy on climate change, as well as working with producers, livestock sectors and state farming organisations on a range of state environmental issues, regulatory and planning and policy issues. This year APL made a submission to the Queensland Government regarding changes to Queensland's Environmental Protection Regulations, encouraging the Queensland Government to pursue strategies such as co-regulation to reduce compliance costs for both industry and Government while maintaining robust environmental outcomes. APL worked with Queensland DAFF, to identify and reduce "green tape" such as regulatory overlap, regulatory barriers to operation and improvement (for instance, towards Shaping Our Future) and excessive fees faced by pork producers.

APL has also provided input to the NSW Planning White Paper and the Industry Action plan for Agriculture, and assisted a number of producers with regulatory and planning issues across a range of different production systems in order to secure the best outcomes whilst meeting regulatory requirements, including liaising with local government on planning applications.

APL also worked with the NFF to identify areas of green/red tape as part of a broader agricultural industries initiative to address compliance burdens at a federal level.



CCRSPI Contribution

APL continues to support the cross-sectoral Climate Change Research Strategy for Primary Industries (CCRSPI) and has active representation on the newly formed CCRSPI steering committee. APL looks to align and disseminate its National Agricultural Manure Management Program (NAMMP) outcomes through various CCRSPI forums.

Innovation and Uptake of Best Management Practice (BMP)

This area of research has two focuses. The first is capitalising on the significant investment of the industry into environmental projects and the large amounts of environmental data that have been generated. It aims to extend this research to producers to encourage consideration, uptake and adoption. The second focus is looking into the future and identifying whether industry practices can be improved by reviewing current practices and developing new innovative management techniques and technologies.

Spent Ecoshelter Bedding In Broadacre Cropping

This activity has provided the industry with information on spent ecoshelter bedding by developing a nutrient profile and demonstrating its economic and agronomic benefits as an alternative fertiliser and soil improver on poor fertility soils. Results indicated that its fertiliser value was comparable to other organic byproducts and improved crop vigour, grain yield and protein content occurred two years following application on poor fertility soils. From this, its economic value as a saleable product has been calculated and promoted to broadacre cropping.

Queensland Sedimentation and Evaporation Pond System (SEPs)

This activity investigated the feasibility of using SEPs to treat piggery effluent and manage piggery solids in the summer dominant rainfall area of southern Queensland. Results in terms of odour emissions and reductions in total solids (TS), volatile solids (VS), nitrogen, phosphorus and potassium were similar to SEPs operating in southern NSW and WA, indicating potential for their wider adoption in southern Queensland and northern NSW. Attention to the timely rotation of channels and solids removal will be needed, as opportunities may be limited during seasons receiving higher than average rainfall.

Environmental BMP Resources for Rotational Outdoor Piggeries

A series of tech notes on environmental best management practices for rotational piggeries and materials for a one day workshop on land and nutrient practices have been developed. This information was based on best practise information, site visits and outcomes from previous APL research. Three workshops were held in Victoria, WA and NSW with 55 participants attending the sessions that covered managing manure nutrients, land and water protection measures, soil monitoring and developing a nutrient plan.

Industry Code of Practice for the Production and Use of Rural (on-farm) Biogas

This activity arose from a previous APL project that identified a lack of guidance for small on-farm biogas systems in regard to regulations and the default to onerous requirements. This project developed a code of practice in conjunction with biogas experts and best practise from Germany, US, Canada and New Zealand as well as Australian regulations relevant to our on-farm and climatic conditions. Areas addressed included covered anaerobic ponds and utilisation by flare, boiler or generator and covers biogas production, recovery, transmission/handling, conditioning and utilisation. Consultation will occur early 2013–2014.

Free Range Environmental Guidelines

This activity has developed a guidance document addressing land and nutrient management for outdoor rotational piggeries based on the NEGP. These guidelines include up-to-date best practice environmental management for rotational outdoor piggeries and complement the industry's quality assurance programs APIQ✓[®] Free Range (FR) and APIQ✓[®] Outdoor Bred (OB).

PigGas

A producer-friendly spreadsheet model "PigGas" has been developed to calculate the emission profiles of individual piggeries based on site-specific factors including feed and waste treatment systems. It can identify potential energy savings and carbon credit opportunities, as well as modelling different scenarios to reduce on-farm emissions. PigGas was tested on six farms and on-farm emissions were found to vary from 0.99 to 6.39 kg CO₂-eq/kg HSCW with scenarios modelled showing emission reductions ranging from five to 87 per cent.

Sludge Management for a Covered Lagoon

This activity provided the industry with much needed preliminary data on sludge management under a covered lagoon. A sludge survey was conducted and showed that both TS and VS increased with depth, with concentrations of 14–16 per cent and 7–8 per cent, respectively. Recovering sludge at this consistency presented significant challenges, with two pump failures occurring. The project documented the procedures needed to remove the sludge and provided suggestions for improvements. Sludge was pumped into constructed drying bays and the recovered sludge characteristics were analysed for potential fertiliser values. Data was also used by Australian Water Management Centre at the University of Queensland to validate their digestion model and in another APL sludge handling project.

Researcher Forum

The third, one-day forum held annually in February brought together APL's environmental researchers to disseminate outcomes, discuss project progress, strengthen collaboration, generate ideas and identify gaps and future research opportunities. Outcomes from this forum are used to formulate priorities for consideration by Specialist Group 5: Environment.



Manure and Effluent Guidelines

This current activity involves the collection, review and collation of all relevant information on the handling and reuse of pig manure, spent bedding, separated solids, pond sludge and effluent to produce practical manure and effluent guidelines for producers, planners and regulators. A literature review has been completed along with draft guidelines and a glove box guide.

Microbial Indicators of Soil Quality and the Benefits and Risks Associated with Applying Piggery By-Products to Land

This current activity aims to quantify risks and benefits of different piggery by-products and whether their use can improve productivity and soil quality. A suite of microbial indicators has been developed and is currently being used to determine whether a minimum set of indicators can be used to assess the risks. To-date, the project has also identified that there are different risks associated with the by-products and that a range of beneficial microbes found in the by-products can be potentially modified.

Sludge Handling and Management

This current activity will generate information on sludge handling and management to assist producers make more informed decisions during construction and long-term management of covered ponds. The project has characterised the properties of the sludge and is reviewing current practice and research regarding sludge from other agricultural and non-agricultural systems to determine if these technologies are transferrable to the pig industry. Recommendations for de-sludging piggery ponds are being developed.

Validation of Industry Environmental Data


This area of research focuses on generating techniques and collection of Australian industry-specific data that can be used to validate the pork industry's credentials, enhance industry reputation and provide representative data for planning, reporting, monitoring, modelling, design and development of new technologies and best practice.

Validation and Development of PigBal Model-Stage 2

This activity has completed the validation of the original PigBal model that was used for designing piggery effluent systems, sustainable reuse areas and, more recently, volatile solids to estimate greenhouse gas (GHG) emissions. This stage of the validation process involved conducting replicated trials feeding four diets, which were representative of diets fed in commercial piggeries across Australia. It then compared the masses of manure TS, VS, fixed solids (FS), nitrogen (N), Phosphorus (P) and Potassium (K) excreted by the trial pigs, with the PigBal model predictions. It is anticipated that the upgraded version of PigBal will be adopted nationally as the standard tool for providing realistic estimates of solids and major nutrients in piggery waste streams.

Quantitative Assessment of Odour, Dust, Noise on Free Range Piggeries

Odour, dust and noise from outdoor production are raised as potential issues, especially during planning. This activity gathered Australian and international first data on three Australian piggeries. Results indicated that odour was very low compared to similar



sources i.e. beef feedlots. Dust was very low with many of the peaks not associated with pigs and settled quickly, i.e. machinery. Noise levels were also very low with most noise from wind, birds and insects. Implementation of odour, dust, and noise reduction strategies appears unnecessary at this time.

Free Range Outdoor Piggery Production

This current activity addresses the lack of outdoor production management data by gathering long-term (five year) information on the environmental impacts of outdoor production with the aim to develop management plans for long-term sustainability. This project interrelates and has contributed to the other two outdoor production projects in this program, being the odour, dust, noise and tracking of nutrients. It is nearly two years into data collection.

Tracking Nutrients in Outdoor Piggery Systems

This current activity aims to address the lack of land management information on outdoor piggeries by collecting long-term (three year) data on the levels and distribution of nutrients in the soil profiles of outdoor pig paddocks. Data on the level of risk and changed management practices over a three year period will contribute to the development of recommended best management practices for nutrient management in outdoor piggeries. Project is nearly two years into data collection.

Establishing energy usage on Australian piggeries to enable implementation of energy reduction strategies.

With energy prices rising by 25–40 per cent and the identification of sevenfold differences in energy use across six piggeries, energy reduction has been identified as an industry priority. This project will generate energy profiles on a range of representative piggeries, which will identify energy hotspots and subsequent opportunities for energy reduction strategies.

On-Farm Greenhouse Gas Mitigation

This area focuses on the generation of GHG data on Australian piggeries in order to develop mitigation strategies and technologies from improved and alternative manure management systems. The knowledge and data will be used to reduce GHG on-farm, generate CFI methodologies and subsequent carbon credit opportunities for producers. The activities in this program address the entire manure management process, including generation in the sheds, storage ponds, compost and land application from conventional and deep litter systems.

Coordination of the National Agricultural Manure Management Program (NAMMP)

APL manages, directs and coordinates the NAMMP research projects, which focus on filling research gaps in order to deliver greenhouse gas options across the intensive livestock industries. The aim of the program is to provide data to develop CFI methodologies for producers. The program is managed under an agreement with DAFF and is supported by MLA, RIRDC, AECL and DA. This activity supports the three projects listed below as well as a poultry GHG project.



Mitigating the GHG potential of Australian Soils amended with livestock manure

This current activity will evaluate the effectiveness of different mitigation strategies at reducing GHG emissions following the application of piggery, poultry or feedlot manure to land by measuring carbon dioxide, nitrous oxide and methane fluxes from soils following amendment using laboratory and field studies.

Advancing Livestock Waste as Low Emission–High Efficiency Fertilisers

The current activity will develop information for reducing GHG emissions from intensive livestock production and increasing emission offsets through innovative managements for land-applied manures from intensive livestock production (egg, chicken meat, pork, beef) and fertiliser formulations (manure+smart-sorber technologies).

Pork GHG Mitigation

Pig farmers have two attractive options to reduce GHG from conventional piggeries where pond covering is not feasible; i) change to deep litter housing; or ii) change to short Hydraulic Retention Time (HRT) effluent treatment. This activity will quantify differences in GHG from each system using open path Fourier transform infrared spectroscopy (FTIR) and a full mass balance for N and VS.

Bioenergy Australia Contribution

APL continues to support Bioenergy Australia, a government-industry forum, to foster and facilitate the development of biomass for energy, liquid fuels, and other value-added bio-based products. Its objective is to provide a focus and forum for bioenergy development in Australia and it is the vehicle for Australia's participation in the International Energy Agency's (IEA) Bioenergy collaborative agreement.

Issues and Emergency Management

Ongoing projects in the area of emergency preparation include FMD risk management and ensuring the currency of the industry's emergency plan, PorkSAFE. APL updated its issues alert template, taking on board lessons learned during the Queensland floods in late 2012 that affected a number of producers. APL also updated the producer disease notice, and can more rapidly be communicated to producers using the APL Client Relationship Management (CRM) System.

APL attended a working group convened by DAFF, which provided input to a business continuity-planning template. It is envisioned that the template, once completed, will assist producers across livestock sectors in preparing for, and managing, a number of business continuity risks. With direct producer input, the template is being customised for the pork industry to ensure its relevance and support uptake.

Trade and Market Access

APL's differentiation response to anticipated fresh pork imports is a key strategy platform for the industry over the next three to five years. This is particularly in light of the recent New Zealand decision to allow fresh pork imports. Integral to its success, and to industry's pursuit of market access to key export markets, is APL's profile and engagement in the international trade arena. Without active participation in trade

discussions, pork's interests risk being overlooked in favour of other agricultural interests. It is also important to ensure that in any trade negotiations that the biosecurity protocols continue to remain science based so as to protect Australia's pig herd (and all livestock) from exotic diseases.

APL has spent the past year increasing our visibility and credibility on trade issues with government and stakeholders, which will prove invaluable when seeking support for our Differentiation positions. APL's proactive and multi-faceted approach to trade issues has included active engagement with key stakeholders including Department of Foreign Affairs and Trade (DFAT), DAFF and the NFF; participation in free trade agreement negotiations; updating the industry position on a range of Free Trade Agreements (FTA); and commencing an engagement strategy with key Asian export markets.

APL monitors every FTA negotiation Australia is, or is potentially, involved with and makes submissions on behalf of the industry. Representations were made on the Australia-Malaysia FTA, the Australia-Japan FTA and the Trans Pacific Partnership (TPP).

4.5.4 Financial Summary

CORE OBJECTIVE 4 - LEADERSHIP, PREPAREDNESS, STEWARDSHIP				BUDGET		ACTUAL	
				\$4,956,298		\$4,935,269	
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
	NON R&D			R&D			
Address Changing Expectations & Standards for Food Production							
Budget	\$192,000	\$435,787	\$627,787	\$1,558,596	\$398,965	\$1,957,561	\$2,585,348
Actual	\$58,765	\$412,468	\$471,232	\$1,507,446	\$497,674	\$2,005,121	\$2,476,353
Managing the Impacts of Regulatory Shifts							
Budget	\$124,000	\$417,169	\$541,169	\$317,000	\$307,975	\$624,975	\$1,166,144
Actual	\$118,993	\$554,455	\$673,448	\$356,859	\$267,171	\$624,030	\$1,297,478
Government Policy and Compliance Requirements							
Budget	\$13,000	\$151,713	\$164,713	\$801,239	\$238,855	\$1,040,094	\$1,204,807
Actual	-\$68,852	\$151,678	\$82,826	\$840,771	\$237,841	\$1,078,612	\$1,161,438
TOTAL CORE OBJECTIVE 4 - BUDGET							
	\$329,000	\$1,004,669	\$1,333,669	\$2,676,835	\$945,795	\$3,622,630	\$4,956,298
TOTAL CORE OBJECTIVE 4 - ACTUAL							
	\$108,906	\$1,118,600	\$1,227,506	\$2,705,076	\$1,002,687	\$3,707,763	\$4,935,269



4.6 Core Objective 5 – Industry Cohesion and Responsiveness

4.6.1 Strategy 1 – Engage and Connect the Industry

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Engage and Connect the Industry	Enhance effective communication	Overall membership	Percentage of production represented by membership	96%	89%
	Growing valuable industry networks		Percentage of producers as APL members	60%	51%
		Increase in APL members	Number of members	397	335

KPI Table: Core Objective 5 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 CRM system (Strategy 3, Program 2 of this Core Objective). The CRM will be a valuable electronic resource in enhancing communication that underpins APL's reputation as a worthy industry body for the Australian pork industry.

Achievements/Outcomes

The level of member communication via the electronic medium of email for 2012–2013 reporting period remains the same as 2011–2012 at 86 per cent. This has certainly maintained the immediacy of the two-way flow of information between the membership base and APL.

This reporting period was the first year of the increase to the Pig Slaughter Levy. The overall increase will occur in three tranches of 30 cents. The first increase came into effect on 1 July 2012. The increase has taken APL's Marketing Levy from \$1.35 to \$1.65 with the R&D Levy remaining at \$1.00. The total levy has increased from \$2.35 to \$2.65 in this reporting period.



The APL CRM was finally launched on 24 June 2013. Phase 1 of the implementation involved replacing the ageing PigPass database, which required significant testing and data migration. The CRM also keeps track of APIQ✓® registrations and APL memberships. Substantial preparatory work was also undertaken to support electronic APIQ✓® audits, recording of Physi-Trace samples, and an interface with the NLIS.

The project “Shaping Our Future” and the industry’s voluntary move away from sow stalls continues to gather momentum with one in two sows now reported to be sow stall free, according to the industry’s agreed definition of “sow stall free”. This momentum is expected to continue as more and more producers obtain the go ahead from state regulators to alter their shed structures and investigate alternative methods of sow housing from industry research and development projects.

The 2012–2013 reporting period is the third year of the three-year cycle of membership renewal. During this period levy-paying membership decreased from 346 (2011–2012) to 331 (2012–2013). This has been due to members deciding to exit the industry instead of spending additional money to convert to loose housing of sows. Associate Producer membership numbers reduced from 17 to 14, but there was significant growth in Associate Corporate members, from 18 in the last reporting period to 26 by the end of June 2013.

Growing Valuable Industry Networks

Fostering New Capability

Jean-Loup Rault was appointed to the position of pig and poultry research fellow at the University of Melbourne in August 2011. Jean-Loup’s position is jointly funded by APL, AECL and RIRDC (Chicken Meat), in memory of the late John Barnett, an Australian researcher who contributed so much to animal welfare research.

Postgraduate Scholarships

Eight APL-supported PhD students continued their studies in 2012–2013:

- Social strategies of sows in groups (Megan Verdon) – due to finish March 2014
- Metrics to benchmark stock handling (Lauren Roberts) – due to finish June 2014
- Exotic disease prioritisation (Viki Brookes) – due to finish June 2014
- Qualitative behavioural assessment (Taya Clarke) – due to finish July 2014
- Alleviation of adverse stimuli in pigs (Rebecca Wilson) – due to finish June 2014
- The molecular epidemiology and public health significance of Salmonella in pigs and pork (Tom Weaver) – due to finish December 2015
- Establishment of a process model to estimate the risk of Salmonellosis from consuming pork and pork products (Phillip Gurman) – due to finish December 2015
- Traceability of pork offal and its relationship to the Pork Meat Physi-Trace Database (Natasha Kreitals) – completed June 2013.



Undergraduate Scholarships

Two Undergraduate Industry Scholarships were awarded to University of Adelaide students to undertake two to four weeks on South Australian farms:

- Bonnie Chapman - two weeks at Salt Lake Bacon, Lochiel (Butch and Kerryn Moses)
- Ella Duldig - four weeks at McPiggery, Lameroo (Peter and Jenny McMahon).

Student Workshops

Twenty-two APL and Pork CRC-funded honours and postgraduate students attended a workshop on statistical methods preceding the Victorian Pig Fair in April 2013. This workshop was held in response to feedback at previous meetings where the group indicated that a better understanding of statistics, experimental design, interpreting output and, overall, how to get the most from the data collected in their projects would be good topics to cover in a student workshop. Student workshops continue to be well received and are particularly useful for students' exposure to industry. This activity is co-funded by the Pork CRC.

RIRDC Investing in Youth Undergraduate Studentship Program

The year 2011–2012 was the final of four years of support for the Investing in Youth (rebranded Horizon) scholarship. Horizon aims to encourage talented students studying agricultural science or related degrees to enter careers in our sector. Sean Dickson is studying towards a Bachelor of Rural Science at the University of New England. He has participated in a number of industry events and undertaken two separate farm placements to help increase his industry knowledge.

Intercollegiate Meat Judging Competition

APL supported the Intercollegiate Meat Judging Competition held in Wagga Wagga in July 2013, and co-sponsored the University of Melbourne team. This event is a useful channel for increasing awareness of meat quality amongst potential future industry entrants.

Enabling Professional Networks

Travel Awards

One Travel Award encouraging interaction with international colleagues in relevant fields of industry research was awarded during 2012/13:

- Chris Grupen to attend the 9th International Conference on Pig Reproduction, Poland and visit the National Institute for Agricultural Research (INRA) in Tours, France.

Bi-annual Meeting of the NSW/Victoria Pig Veterinarians Liaison Group

Two meetings of the NSW/Victoria Pig Veterinarians Liaison Group were facilitated during 2012–2013. This project provides a platform primarily for field veterinarians to meet with Victorian and NSW state government pig industry veterinarians. This communication allows field veterinarians to influence state government and other industry stakeholders on relevant legislation, policy and practices.

4.6.2 Strategy 2 – Facilitate Rapid Uptake of Information and Technology

This strategy relates to the technology transfer and adoption programs implemented to maximise industry productivity gains, as well as enable the pork industry to meet its environmental, biosecurity and food safety obligations by adoption of best management practices.

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Facilitate Rapid Uptake of Information and Technology	Communication and facilitation of technology adoption	Increased awareness of new information	Percentage of technologies transferred	75%	75%
		Technologies adopted	Percentage of technologies transferred that have been adopted	45%	35%

KPI Table: Core Objective 5 Strategy 2 - Facilitate Rapid Uptake of Information and Technology

The percentage of production aware of a subsample of technologies was 75 per cent, whilst the percentage of technologies transferred that were adopted was 35 per cent. The percentage of production aware of a subsample of technologies target was met however the adoption target of 40 per cent was not achieved. APL continues to revamp its technology transfer and adoption activities to be more focused to further enhance technology adoption by industry.

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 ensures the positive work being conducted in all programs is communicated to industry and, where applicable, adopted on-farm to ensure maximum efficiency gains can be achieved by the industry.

Achievements/Outcomes

Communication and Facilitation of Technology Adoption

Bringing Influencers Together

APL/Pork CRC Roadshow

The 2012 Roadshow was held in five locations during August and September 2012 and attracted 166 producers and industry stakeholders. The eight speaker program included the APL and industry issues update, directions for the CRC for HIAP, advances in reproduction, information to assist with the transition to group housing, Shaping Our Future strategy update including labour and APIQ✓®, an APL Marketing briefing and Pork CRC Bioenergy (Biogas) Support Program. Local speakers were invited in most states to assist with reducing cost. This model for industry engagement continues to receive positive feedback. This activity is co-funded by the Pork CRC.



Group Housing Solutions Workshops

Two Group Housing Solutions Workshops were convened in October 2012 in Toowoomba and Melbourne. The workshops attracted over 200 producers and industry stakeholders. The program included both local and international speakers who provided insights into the issue of weaning sows in groups, and how best to make the transition from stalls to group housing. Participants also received an update on outcomes and future directions for sow housing research. A follow-up workshop is planned for 2013. The Housing Solutions workshops were co-funded by the Pork CRC.

Facilitating Technology Transfer and Adoption

Research Report Database

Work has commenced to populate the digital repository for housing all R&D related publications in a widely-accessible online environment. This will provide a long-term solution to make the outcomes from APL-funded research available to stakeholders and the public.

Revision of Birth to Bacon Series

ACE Livestock Consulting was directly commissioned to undertake the revision of the Wean to Sale manual in the Birth to Bacon series. It will result in a review of the two manuals: Weaning to Sale and A Producers Guide to Pig Nutrition. Work is ongoing with the final report due late 2013. This activity is co-funded by the Pork CRC.

Technology Transfer and Adoption Awards

Technology transfer and adoption awards assist industry to undertake small-scale applied research and to attract distinguished guests to speak at industry events.

One new Group Demonstration Award was awarded.

- Coolah Piggery - Nutrient monitoring in feedlot outdoor piggeries
- One Group Demonstration Award was ongoing
- Bi-annual meeting of the NSW/Victorian Pig Industry Liaison Group (2011–2013)
- Three Distinguished Visitor Awards were awarded
- Dr Flemming Thorup addressed pig producers in Bendigo on piglet survival and pig farming in Denmark
- Dr Per Wallgren to present at the Australian Pig Veterinarians' Conference 2013
- Mr Ian Kruger to travel to Victorian Pig Fair at Bendigo to promote the new PigGas Calculator to producers.

The Doug Ross Overseas Study and Travel Award was awarded to Fiona Kelk to attend the 4th European Symposium of Porcine Health Management held in Belgium.

Barriers to Adoption of New Technology in the Pork Industry – A Preliminary Study

This project suggests that there are real communication problems regarding not only the dissemination of information but also its complexity. Farmers are time poor, relying heavily on their consultants as the source of much of their information for new products

and/or practices. Information therefore needs to be simply worded to remove the complexity, while still retaining its fundamental details. Facts need to be in a range of formats ranging from simple text, short videos presented in non-technical terms and/or short podcasts on single topics that may be listened to while driving or eating lunch. In addition, assumptions should not be made that everyone has the same access to this technology. File formats need to be able to be easily printed as well as compatible with the new phones, notebooks and tablets.

Adoption Case Study Videos and Pan Pacific Pork Expo 2014 Presentation Recordings

Capturing producer experiences with trialling and adopting technologies via electronic media provides an effective means of promoting technologies to other producers. This has been used in the past with much success at the PPPE 2012. Greg Mills from Go Ahead Business Solutions has been commissioned to digitally record five case studies of adoption of technologies by pork industry stakeholders.

Measuring Adoption

The translation of research into practice was shown to be dependent on multiple factors which include receiving information of new technologies, identifying benefits and being able to clearly understand how to apply the new technology. The innovation must be shown to confer a relative advantage over existing technologies at a reasonable cost, be easy to understand and implement and have low levels of risk. The inclusion of a field-based extension and evaluation plan in all research proposals would likely facilitate the adoption of many new technologies.

4.6.3 Strategy 3 – Enhance the Reputation and Effectiveness of APL

Strategy	Program	KPI	Unit	2012–2013 Target	Result
Enhance the Reputation and Effectiveness of APL	Public affairs and stakeholder relations	Positive APL image	Number of media outlets and audience reach	1,200 (audience reach of 22 million)	3,000 (audience reach of 15.5 million)
			Percentage of members perception that APL is doing a good job	90%	Members perception 62% satisfied 21% no response 17% not satisfied
	APL organisational capacity	Staff turnover	Percentage of total staff leaving the company per annum	12%	14%
		Corporate cost control	Percentage of corporate cost increase per annum	CPI less 1.5%	CPI less 4.3%

KPI Table: Core Objective 5 Strategy 3 - Enhance the Reputation and Effectiveness of APL



Background

This strategy is about identification and delivery of key messages and actions that will demonstrate to industry stakeholders (levy payers) 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; and
- Is publicly known as a producer of a modern, wholesome, healthy, nutritious food product that is proudly recognised as Australian grown; APL is also proactive in generating work place efficiencies that delivers a better seamless service to its members.

Achievements/Outcomes

APL continues to implement efficiencies at an office operational level, enabling corporate costs to stay well below CPI inflation levels. Paperless systems, application of information technologies, automation of processes and a new office environment have all been implemented and we will continue to challenge ourselves to find new ways to continue this trend. Some cost recovery of corporate costs has again occurred. Existing capacity has been leveraged by providing external services to the Sugar Research and Development Corporation and Council of Rural RDCs as well as APL subsidiary PorkScan Pty Ltd. Additionally, both tangible and intangible benefits have occurred due to the co-location of the NSW and Victorian state-based employees with Horticulture Australia Limited.

APL's performance in the media for 2012–2013 significantly exceeded the last reporting period with total circulation of around 15.5 million audience reach and nearly 3,000 media items covered in radio, internet, press and television.

For this reporting period, the issues that have received consistent media coverage have been the progress made by Australian producers around the move away from sow stalls to group housing, the CFI and the continued push for Country of Origin Labelling (CoOL), as well as farm raids, animal activist activity and Animals Australia "Make it Possible" campaign.

4.6.4 Financial Summary

CORE OBJECTIVE 5 - INDUSTRY COHESION & RESPONSIVENESS				BUDGET		ACTUAL	
				\$2,535,214		\$2,624,083	
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
NON R&D				R&D			
Engage and Connect the Industry							
Budget	\$129,000	\$36,682	\$165,682	\$531,851	\$202,583	\$734,434	\$900,116
Actual	\$122,758	\$72,188	\$194,947	\$515,185	\$183,654	\$698,839	\$893,786
Facilitate Rapid Uptake of Information and Technology							
Budget	\$0	\$0	\$0	\$86,500	\$271,575	\$358,075	\$358,075
Actual	\$0	\$0	\$0	\$96,841	\$269,431	\$366,272	\$366,272
Enhance the Reputation and Effectiveness of APL							
Budget	\$354,500	\$71,478	\$425,978	\$435,500	\$415,545	\$851,045	\$1,277,024
Actual	\$425,232	\$116,275	\$541,506	\$399,796	\$422,723	\$822,519	\$1,364,025
TOTAL CORE OBJECTIVE 5 - BUDGET							
	\$483,500	\$108,161	\$591,661	\$1,053,851	\$889,702	\$1,943,553	\$2,535,214
TOTAL CORE OBJECTIVE 5 - ACTUAL							
	\$547,990	\$188,463	\$736,453	\$1,011,822	\$875,808	\$1,887,630	\$2,624,083



4.7 Overall Financial Summary by Core Objective

SUMMARY				BUDGET		ACTUAL	
				\$17,397,278		\$16,878,477	
CORE OBJECTIVE	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Build Consumer Demand	NON R&D			R&D			
Budget	\$4,324,000	\$1,561,442	\$5,885,442	\$826,962	\$1,093,630	\$1,920,592	\$7,806,033
Actual	\$4,043,615	\$1,577,342	\$5,620,957	\$801,543	\$986,236	\$1,787,779	\$7,408,736
Viabie Productive Farms							
Budget	\$0	\$0	\$0	\$1,442,526	\$270,976	\$1,713,502	\$1,713,502
Actual	\$0	\$0	\$0	\$1,418,108	\$216,818	\$1,634,926	\$1,634,926
Efficient Value Chains							
Budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Actual	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leadership, Preparedness, Stewardship							
Budget	\$329,000	\$1,004,669	\$1,333,669	\$2,676,835	\$945,795	\$3,622,630	\$4,956,298
Actual	\$108,906	\$1,118,600	\$1,227,506	\$2,705,076	\$1,002,687	\$3,707,763	\$4,935,269
Industry Cohesion & Responsiveness							
Budget	\$483,500	\$108,161	\$591,661	\$1,053,851	\$889,702	\$1,943,553	\$2,535,214
Actual	\$547,990	\$188,463	\$736,453	\$1,011,822	\$875,808	\$1,887,630	\$2,624,083
Unallocated							
Budget	\$0	\$128,990	\$128,990	\$0	\$257,241	\$257,241	\$386,231
Actual	\$0	\$96,752	\$96,752	\$0	\$178,711	\$178,711	\$275,463
TOTAL BUDGET	\$5,136,500	\$2,803,261	\$7,939,761	\$6,000,174	\$3,457,343	\$9,457,517	\$17,397,278
TOTAL ACTUAL	\$4,700,510	\$2,981,157	\$7,681,668	\$5,936,548	\$3,260,261	\$9,196,809	\$16,878,477

4.8 Reporting Obligations

APL's funding agreement with the Commonwealth of Australia imposes a number of reporting obligations on the company. The following statements are provided to expand on these requirements.

Material Variations to Budget

Major budget to actual expenditure variations and explanations are outlined in Appendix A.

Funds Spent on Research and Development Activities

Funds spent on each significant R&D and innovation activity and the calculation of the total Australian Government matchable expenditure is listed in Appendix B.

Funds Spent on Marketing and Strategic Policy Development Activities

Funds spent on each marketing and significant policy development activity as well as other industry issues is listed in Appendix C.

Funds Spent on National and Rural Research and Development Priorities

Funds spent on national and rural R&D priorities are listed in Appendix D.



5 Meeting Industry and Government Priorities

5.1 Alignment with the Rural Research and Development Priorities

DAFF's Rural R&D Priorities are consistent with, and reflect, the Federal Government's National Research Priorities, which are:

1. An environmentally sustainable Australia
2. Promoting and maintaining good health
3. Safeguarding Australia.

5.1.1 Funds Spent on National and Rural Research and Development Priorities

APL's response is to enhance the productivity and profitability of the pork industry.

Progress in 2012–2013

APL has commissioned a number of projects and activities that address this priority. These include:

- Enhancing piglet pre-wean survival
- Pork RD&E Strategy (experimental base fund allocation)
- CRC for HIAP contribution
- AUSPIG performance modelling
- Enhancing grower finisher pig feed conversion
- Animal Welfare - PigCare
- Shaping Our Future - Stage 2 Implementation, Desktop Review & Environment
- Redefining sow housing
- Developing methodology to assess welfare
- Survey Transport Mortality
- Methodology to assess stockperson skills
- Electronic Applications – producer newsletters etc.
- Council of Rural Research and Development Corporations (CRRDC) Activities
- AGM and Annual Conference
- Annual Industry Survey
- Industry Events
- Enabling Professional Networks
- Facilitating technology transfer and adoption
- Bringing Influencers Together.

A description of the above projects is provided under the APL Core Objective achievements reports.

5.1.2 Supply Chain and Markets

APL's response is to work with members in key supply chains to identify, commission and help implement the results of research that will improve competitiveness, product quality and returns to levy payers.

Progress in 2012–2013

APL has commissioned a number of activities that address this priority. These include:

- Market Research and Insights
- Understanding and leveraging social media
- CRC for HIAP contribution
- Selection for Carcase Quality
- Animal welfare and environment community engagement
- Community Awareness and Food Production
- Australian pork industry socio-economic study.

A description of the above projects is provided under the APL Core Objective achievements reports.

5.1.3 Natural Resource Management

APL's response is to develop and promote good agricultural practices that enable pork producers to better protect Australia's natural resources.

Progress in 2012–2013

APL has commissioned a number of activities that address this priority. These include:

- CRC for HIAP contribution
- Feedgrain Partnership group
- Validation of industry environmental data
- Innovation and Uptake of BMPs.

A description of the above projects is provided under the APL Core Objective achievements reports.

5.1.4 Climate Variability and Climate Change

APL's response is to build resilience to climate variability and enable the pork industry to adapt to and mitigate the effects of climate change.

Progress in 2012–2013

APL has commissioned a number of activities that address this priority. These include:

- CRC for HIAP contribution
- Innovation and uptake of environmental BMPs
- Manure management and GHG mitigation
- CCRSPI.



A description of the above projects is provided under the APL Core Objective achievements reports.

5.1.5 Biosecurity

APL's response is to work with government agencies and other stakeholders responsible for biosecurity to ensure the pig industry's needs are addressed.

Progress in 2012–2013

APL has commissioned a number of activities that address this priority. These include:

- Ensuring product integrity (Physi-Trace)
- Food Safety R&D activities
- Exotic Disease R&D activities
- Emergency Management - ILO/ILC Training.

A description of the above projects is provided under the APL Core Objective achievements reports.

5.1.6 Innovation Skills

APL's response is to maintain a viable scholarship program to attract new professionals to the pork industry and provide training opportunities for industry consultants, piggery managers and their staff to reduce staff turnover and promote innovation.

Progress in 2012–2013

APL has commissioned a number of activities that address this priority. These include:

- CRC for HIAP contribution
- Building Technical Capacity
- Promoting Leadership.

A description of the above projects is provided under the APL Core Objective achievements reports.

5.1.7 Technology

APL's response is to provide technologies relevant to all sectors of the value chain to enhance profitability and sustainability.

Progress in 2012–2013

APL has commissioned a number of activities that address this priority. These include:

- CRC for High Integrity Pork contribution
- Developing methodology to assess welfare.

A description of the above projects is provided under the APL Core Objective achievements reports.

5.1.8 Rural R&D Priorities – Expenditure

Funds spend on national and rural R&D priorities are listed in Appendix D.

5.2 National Primary Industries Research, Development and Extension Framework

APL and the Pork CRC have worked in collaboration to ensure that pork 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 the Pork CRC has ensured that there is no duplication. To ensure the increased alignment and coordination of the various pork RD&E programs, APL and the Pork CRC, in conjunction with the various governments, university and industry RD&E stakeholders, have developed a comprehensive Pork RD&E Strategy that comprises a number of important components:

Pork RD&E facilities:

- i. Focusing resources into fewer but better-funded experimental-ready facilities that are critical to meeting the current and future needs of the industry
- ii. Providing certainty for these facilities by base funding them on a rolling two-year basis
- iii. Pork RD&E programs
- iv. Moving from a project-by-project basis to a coordinated national program approach
- v. Enhancing the development and retention of appropriate human resources and skills of RD&E programs and activities.

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



6 Collaboration and Evaluation

6.1 Pork Industry Consultation

APL's consultation efforts target all levy-paying pig producers, facilitated through maximising our membership base for those who choose to take up this option.

The APL Delegate process helps to ensure that the views of as many pork producers as possible are fed into the annual and strategic planning processes for the organisation, increasing the relevance of the efforts being undertaken on behalf of the industry.

6.2 Supply Chain Engagement

Strong links to the supply chain ensure clear signals from the market back to pig producers as to preferences around products. APL facilitates a forum – the Pork Processor Referral Group – to discuss and develop strategies and ideas with the aim of clearing the way for the business to work smoothly, safely and efficiently. APL also holds strong connections with other players in the supply chain, including retailers, some of which are supported through the activities of the Board committee, the Market Development Committee.

6.3 Government Meetings

At a high level, APL's CEO and Chair met with senior government officials on a regular basis to keep them up to date with significant industry happenings and to discuss future policy issues and challenges. Those meetings during the 2012–2013 year included:

- A number of meetings with the former Federal Minister for Agriculture, Fisheries and Forestry, Senator the Honourable Joe Ludwig in compliance with the requirements of the Statutory Funding Agreement and to discuss general industry issues;
- Meetings with various representatives of DAFF regarding six monthly reporting, the National Food Plan, the Government R&D Policy Statement, GVP and statistical issues and others;
- Meetings with state Primary Industries Ministers (South Australia, Tasmania, Victoria, New South Wales, Queensland), and state Shadow Ministers (South Australia, Tasmania, Victoria) regarding the "Shaping Our Future" sow stall phase out initiative;
- Other meetings with federal or state based independent representatives mainly around industry welfare initiatives including Shaping Our Future.

6.4 Inter-Organisational Committees

During this reporting period, APL has been involved with the following inter-organisational committees and entities:

- Animal Health Australia Industry Forum
- Foot and Mouth Disease Management Advisory Committee
- Emergency Animal Disease Animal Welfare Compensation Committee
- Australian Meat Industry Language and Standards Committee

- Australian Animal Welfare Strategy Livestock Working Group
- Animal Welfare Science Centre Advisory Committee
- Export Meat Industry Advisory Committee
- Australian Meat Industry Council
- Sustainable Agriculture Initiative Platform
- Council for Rural Research and Development Corporations
- International Meat Secretariat
- Land Sector Working Group
- Carbon Farming Initiative Implementation User Group
- Australian Food and Grocery Council
- SafeMEAT Executive and Partnership
- Cooperative Research Centre for High Integrity Australian Pork
- Australian Farm Institute
- Sub-Committee on Emergency Animal Disease Swill Feeding Working Group
- The Industry-Government Working Group on Foot and Mouth Disease
- Close Processed Agricultural Goods Working Group.

6.5 Commercialisation

In 2012–2013, APL did not create any subsidiary companies. APL continues its participation in PorkScan Pty Limited, the company set up to commercialise carcass measurement technology and APL has two directors and provides the company secretary to this board.

6.6 Agreements

The Agreements entered into by the company are, in most cases, subject to commercial non-disclosure clauses. The majority of research and innovation activities are established under Agreements, as are the major marketing activities. The financial input of these Agreements and the future commitments arising are disclosed in Note 18 to the financial statements.

6.7 Cross-Sectoral Initiatives

CCRSPI includes all the rural R&D corporations, as well as the state DPIs, the CSIRO and key universities doing research in the field of agriculture and climate change. The revised CCRSPI structure and its implementation strategy will enable APL to participate in a large body of research and be heard on many issues that would otherwise be beyond its research budget or policy influence. APL is now a CCRSPI Steering Committee member.

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



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 (“Champion” or “Sponsor” status), the Animal Biosecurity RD&E strategy and the Food and Nutrition RD&E Strategy.

Animal Welfare RD&E Strategy: APL has played a key role in the development of this strategy and is a member of the Animal Welfare RD&E Steering Committee. This strategy has been approved by the Primary Industries Standing Committee (PISC) and has just commenced its first implementation phase.

Animal Biosecurity RD&E Strategy: This strategy is still in the development phase and APL is a member of the Steering Committee overseeing this development.

Food and Nutrition RD&E Strategy: This strategy is still in the development phase and APL is a member of two working groups chartered to develop the overall strategy. These working groups include Technology Transfer and Food, Nutrition and Health.

APL has successfully led a manure management research consortium known as NAMMP. NAMMP was developed and supported by the intensive livestock rural RDCs and included MLA, AECL, RIRDC, Chicken Meat Council and DA. The funding for NAMMP was sourced from DAFF’s Filling in the Research Gap program and RDCs. The program’s focus is on GHG mitigation from alternative and improved manure management systems with the aim of developing CFI methodologies and subsequent carbon credit opportunities for producers.

6.8 Evaluation of Outcomes for Industry and the Community

APL’s culture of performance on behalf of our industry demands that we measure and report against agreed objectives. This happens at a number of levels.

The APL Strategic Plan 2010–2015 contains various KPIs with targets over the strategy period. These targets (amended where necessary) are annually reflected in the Annual Operating Plan and through the detailed divisional planning into individual annual objectives. These KPI targets are reported against at regular intervals throughout the year at Board meetings (and are reported in this document under the Core Objective Reporting Section 4).

Additionally, at a project or program level CBAs are conducted on an ex-ante and ex-post basis to both ensure the best possible investment decision-making process and test the quality of our assumptions behind project and program decisions. Ultimately, the CBAs are measuring benefit to industry of the activities of APL and are thus reported to industry. Some of these CBAs are included within the annual research and development evaluation process conducted by the CRRDC.

7 Statutory Reports

7.1 Directors' Report

Your directors present their report for the year ended 30 June 2013.

Outlined below are the names and details of the company's directors in office during the financial year and until the date of this report. Directors were in office for this entire period unless otherwise stated.

7.1.1 Elected Directors



Mr John Coward

Mr Coward has 42 years of experience across all facets of meat processing and animal production including, extensive training and knowledge in veterinary public health with a focus on pigs, backed up with 10 years of experience as Managing Director of Swickers Kingaroy Bacon Factory. He has performed a number of roles including a period as Chairman of Burnett Pork Alliance (BPA), and Manager of the fresh meat division of Hans Continental Smallgoods. Mr Coward is currently President of Pork Queensland Inc, representing Queensland pig farmers; and the Coordinator for Woolworths Supermarkets preferred supply group (PSG). Mr Coward is a member of the Board's Animal Welfare Committee and chairs the biannual Pan Pacific Pork Expo Committee.



Mr Andrew Johnson

Mr Johnson is currently owner/manager of Mt Boothby Pastoral Company, a mixed family farming operation comprising a 1,800 sow farrow to finish operation in the mid north and south east regions of South Australia. With 23 years experience in the pork industry, Mr Johnson has been active in assisting and educating family farms with modern production methods. He was the 2004 Nuffield Scholar and additionally successfully completed the "Challenge of Rural Leadership" Worshipful Company of Farmers UK. Mr Johnson is a current APL Delegate and enjoys the challenges confronting family farms, for a viable and sustainable future. He is also a Director of Australian Nuffield Farming Scholars Association and is the Chair of the Board Quality Assurance and Animal Welfare Committee and the National Livestock Identification System Advisory Group.



Mr Aeger Kingma

BBus(Acc), DipEd

Mr Kingma has been involved in the Australian pig industry for the past 24 years. He was past President of the Victorian Farmers' Federation Pig Group (2002-04 & 2007) and is currently part owner/manager of Gunpork Joint Venture. Mr Kingma is on the Board's Audit, Risk and Corporate Governance Committee and chairs the Human Resource & Remuneration Committee.



Dr Brian Luxford

Dr Luxford has been employed at Rivalea, the largest Australian pork producer, since 1988 and has managed the company's Research and Innovation for the past 12 years. The position covers technical support, research, and management across all sectors of the supply chain: feed milling; pig production; pig processing; and new product development. Over the period, Dr Luxford has also served as an APL Delegate and served on a number of APL research committees. He was a member of both the Pork Cooperative Research Centre steering committees and is Program Manager for Program 2 in the new CRC. Prior to the formation of APL, Dr Luxford was a director of the Pig Research and Development Corporation and for ten years was a director of PrimeGro, a biotech company based in Adelaide. Dr Luxford currently chairs the Research and Development Committee, and is a member of the Board's Audit, Risk and Corporate Governance Committee.



Mr David Plant

Mr Plant is General Manager of Monogastric production and a member of the Executive Board for Milne AgriGroup. He is responsible for budgeting, profitability and strategic development of the pigs, chicken and turkey businesses and works closely with the marketing team on branding and new product development. The meat division is integrated with production, slaughter and further processing capabilities all contributing to a range of branded fresh and further processed retail ready products. With over 30 years experience in Australian and European pig and poultry industries he has gained a wealth of experience in staff management, commercial management and business development and through value chain analysis work with major retailers including Tesco in the UK has a good knowledge of supply chain management. Mr Plant has been an APL Delegate for four years and with his passion for the pig industry and knowledge of high welfare production systems he was elected as a panel member to the Extensive Producers Committee. Mr Plant is also a Director of Harvey Pork Gourmet Foods - his passion for quality food led to the creation of a regional based gourmet food business supplying independent retail and quality butchers. Mr Plant is a member of the Board's Quality Assurance and Animal Welfare Committee.



7.1.2 Specialist Directors



Mr Enzo Allara AM (Chairman)

FASA, FAIM

Mr Allara has been involved in the food and grocery industry both in Australia and internationally for over 40 years with most of that time being with the Unilever Group of companies. His previous roles have included Chairman CPC/AJI Asia in Hong Kong and Chairman of Unilever Australasia. He is currently Chairman of Foodbank Australia, Chair of Sunpork Fresh Foods, and Swickers Kingaroy Bacon Factory Pty Limited. He has served on numerous Industry and Government bodies including the Prime Minister's Supermarket to Asia Council, as well as Chairman of the Australian Food and Grocery Council. Mr Allara chairs the Board's Market Development Committee and is on the Human Resource and Remuneration Committee. In June 2012, Mr Allara was awarded the member in the general division in the order of Australia (AM) for service to the community through executive roles with Foodbank Australia, and to the food manufacturing and processing industry.



Prof Robert van Barneveld (retired November 2012)

BAgrSc (Hons) PhD, RAnNutr, FAICD

Prof van Barneveld is a Consultant Research Scientist specialising in nutrition of pigs, poultry and fish. He has been actively involved in the pork industry for the past 23 years and has a range of current roles including General Manager of the CHM Alliance Pty Ltd. He is a Director of the Pork CRC Ltd, a non Executive Director of the Ridley Corporation, a past President of the Australasian Pig Science Association and is currently Chairman of the Board of Autism Queensland Inc and PorkScan Pty Ltd. Prof van Barneveld holds adjunct Professor status at the University of New England. He has been awarded the Australian Society of Animal Production Young Scientist Award, the Batterham Memorial Award and the Nutrition Society of Australia Research Award. Prof van Barneveld chaired the Board's Research and Development Advisory Committee and is a Fellow of the Australian Institute of Company Directors.



Mrs Kay Carey

BComm

Mrs Kay Carey has extensive experience in marketing and management, previously holding various senior positions including Brand Development Director Unilever Australasia, Food Director Unilever Indonesia and Chairman Unilever Singapore and she was an independent member on the Board of Peter Lehmann Wines. Currently, Mrs Carey manages the Co-op Scholarship Program at the University of NSW (UNSW). She liaises with many of Australia's leading companies to partner with UNSW in the career development of top-performing students and is actively involved in the leadership training and professional development of these students. Mrs Carey is a member of the Board's Market Development, Research and Development and Quality Assurance and Animal Welfare Committees.



Mrs Kathy Grigg

B.Ec, FCPA, FAICD

Mrs Grigg has a background in finance and operational management. She is currently the Chair of CoINVEST Ltd, a Director of Navy Health Ltd and a Council Member of Deakin University. She is also a member of the Department of Primary Industries Victoria, Audit and Risk Management Standing Committee. Previously she has held positions as Deputy Chair of the Grape and Wine Research and Development Corporation and Director and Chair of the Audit Committee of Southern Health, and Chair of the Audit and Compliance Committee for Berren Asset Management Ltd. Mrs Grigg was formerly Finance Director of the Woolmark Company/Australian Wool Research and Promotion Corporation. She is a fellow of CPA Australia and the Australian Institute of Company Directors, chairs the Board's Audit, Risk and Corporate Governance Committee, and is a member of the Human Resource and Remuneration and Research and Development Committees.



Mr Geoffrey Starr (from November 2012)

B.A. Hons, Business Studies, Marketing Major, GAID

Mr Starr has an impressive pedigree with a background in marketing and the food industry and brings a wealth of knowledge to APL. Most recently, Mr Starr was Chief Executive of George Weston Foods. He is also a past Chairman and Board member of the Australian Food and Grocery Council and has broad experience with building consumer markets in Australia, Asia and Europe through senior positions held with Mars Inc and Unilever Australia. Mr Starr is a Director of Foodbank Australia and a member of the Research and Development Committee.

7.1.3 Company Secretary



Mrs Christine Quick

DipBus (Acc), GAICD

Mrs Quick has acted as Company Secretary since November 2005. She is responsible for financial management and reporting, human resource and payroll, internal policies and procedures, information communication technology, office administration, company secretarial and corporate governance assistance to the Board and CEO; and Board and Audit Committee reporting.

Mrs Quick commenced with APL in June 2003 as Finance Manager and acted as Chief Financial Officer for five months in 2004 and again from April to November 2005 at which time the Board endorsed her promotion to General Manager, Finance and Administration and Company Secretary.

Prior to commencing with APL she spent several years working in private practice in taxation and business services, before being appointed National Finance and Administration Manager for the Australian Property Institute.

Mrs Quick has a Diploma of Business (Accounting), is a Graduate of the Australian Institute of Company Directors and is part way through the Bachelor of Business (Accounting) degree. She is also Company Secretary for PorkScan Pty Limited.

7.1.4 Directors Meetings

During the year, the company held seven formal meetings of directors. The attendances of the directors at meetings of the board and of its board committees were:

Directors	Board of Directors	Audit and Corporate Governance Committee	Human Resource and Remuneration Committee
Mr John Coward	6 (7)		
Mr Andrew Johnson	7 (7)		
Mr Aeger Kingma	7 (7)	4 (4)	4 (4)
Prof Robert van Barneveld	3 (3)		
Mr Enzo Allara	7 (7)		4 (4)
Mrs Kay Carey	7 (7)		
Mr Geoffrey Starr	4 (4)		
Mrs Kathy Grigg	7 (7)	4 (4)	4 (4)
Dr Brian Luxford	7 (7)	4 (4)	
Mr David Plant	6 (7)		

Directors	Quality Assurance and Animal Welfare Committee	Research and Development Committee	Market Development Committee
Mr John Coward	4 (4)		1 (2)
Mr Andrew Johnson	4 (4)		
Mr Aeger Kingma			
Prof Robert van Barneveld		2 (2)	
Mr Enzo Allara			2 (2)
Mrs Kay Carey	3 (4)	2 (2)	1 (2)
Mr Geoffrey Starr			
Mrs Kathy Grigg		2 (2)	
Dr Brian Luxford		1 (1)	
Mr David Plant	4 (4)		

Prof Robert van Barneveld retired at the 2012 Annual General Meeting. His last board meeting was 14 November 2012.

Mr Geoffrey Starr was appointed specialist director at the 14 November 2012 board meeting. His first board meeting was the 20 February 2013.

The number of meetings for which the directors were eligible is shown in brackets.

7.1.5 Indemnification and Insurance of Directors and Officers

During the reporting period, the company has paid premiums in respect of a contract insuring all the directors of Australian Pork Limited against costs incurred in defending proceedings for conduct involving:

- a. wilful breach of duty; or
- b. a contravention of sections 182 or 193 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The Association Liability policy indemnifies the directors and officers of Australian Pork Limited and the former directors and officers of Australian Pork Corporation, Pig Research & Development Corporation and Pork Council of Australia Limited. The indemnity extends to civil liabilities. Disclosure of the amount of the premium paid is prohibited by the insurance contract.

7.1.6 Review of Results and Operations

Results

The company's twelfth year of operation resulted in an operating surplus of \$356,410 (2012: surplus of \$215,453). The level of reserves held at 30 June 2013 is above the minimum level required.

Operations

The company operated to provide marketing, research and strategic policy development services for Australian pig producers and Australian pork industry.

7.1.7 Long and Short-term Objectives

APL is a unique rural industry service body for the Australian pork industry, a single producer-owned company to deliver integrated services that enhance the viability of producers. The framework for APL was established under the Pig Industry Act 2001. Operating and reporting guidelines are provided for in the Funding Agreement with the Commonwealth of Australia and the company's constitution.

APL's primary funding is derived from statutory pig slaughter levies collected under the Primary Industry (Excise) Levies Act 1999. The levy amounts to \$2.825 cents per carcass levy at slaughter, of which APL receives \$2.65, consisting of \$1.65 for marketing activities and \$1.00 for research and development. The remaining 17.5 cents is for the Pig Monitoring Residue Program, which is received and managed by the National Residue Survey (NRS). Additional research-specific funds are also received from the Australian Government under the portfolio of the Federal Minister for Agriculture, Fisheries and Forestry.

The levy received by APL increased by \$0.30 per pig slaughtered from 1 July 2012, the first of three stages of \$0.30 each, for introduction two years apart. This is particularly applicable to what is termed the "Marketing Levy" which is used for those activities not qualifying as research and development under the Government's definitions. This



increase will secure APL's ability to provide valuable industry services and benefits. These industry services and benefits include enhancing opportunities for the sustainable growth of the Australian pork industry by delivering integrated marketing, innovation and policy services through the pork industry supply chain.

APL works in close association with key industry and government stakeholders and pursues opportunities for the industry at both the domestic and international level. In order to achieve these objectives, APL operates in an efficient and effective manner, with highly motivated and professional staff delivering key services.

7.1.8 Strategy to Achieve Objectives

The current 2010–2015 Strategic Plan was put together after consultation with all stakeholders during 2009. This strategic plan took effect from 1 July 2009 and is reported against in the 2012–2013 Annual Report.

There are five key core objectives making up the 2010–2015 Strategic Plan:

1. Build Consumer Demand
2. Viable Productive Farms
3. Efficient Value Chains
4. Leadership, Preparedness, Stewardship
5. Industry Cohesion and Responsiveness.

7.1.9 The Link between the Operations and the Company's Objectives

APL's operational activities are designed for consistency with the 2010–2015 Strategic Plan, and to improve our chances of success with respect to the strategic objectives. For each core objective, APL has a number of identified industry outcomes it is targeting, as follows:

1. Build Consumer Demand

- Increased frequency of consumer purchase at retail for fresh pork
- Increased differentiation for Australian pork versus imported pork and other fresh meats in Australia
- Maintain international business.

2. Viable Productive Farms

- Improved margin per pig
- Consistent nutrient supply and cost.

3. Efficient Value Chains

(projects from this core objective transferred to other core objectives on the basis of better alignment with specific issues as previously agreed with the Board)

- Stronger understanding between value chain layers/components/partners
- More informed and focused value chain
- Maintain focus on producer benefit/value on-farm.

4. Leadership, Preparedness, Stewardship

- Optimum pig welfare and care
- Enhanced livestock traceability, biosecurity and animal health preparedness
- Safe food
- Robust quality assurance to build customer and regulatory confidence
- Minimal disruption to market access
- Industry preparedness for rapid response to, and effective recovery from, crisis
- Environmentally sustainable and carbon neutral industry
- Industry leadership enhancing reputation for responsible practices and resource efficiency.

5. Industry Cohesion and Responsiveness

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

Operationally, all of the activities of APL are directly or indirectly focused on achieving the objectives of the strategic plan.

7.1.10 Performance Measures and Key Performance Indicators

From the desired industry outcomes that have been identified, APL has established targets according to key performance indicators, to measure the success in meeting the objectives set. The success of these targets for key performance indicators are measured through a number of mechanisms including:

- The meeting of project milestones
- Results of statistical surveys of members, industry and stakeholders
- Cost benefit analyses
- Publicly and privately generated consumer and industry information.

7.1.11 Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the company during the year.

7.1.12 Significant Events After Balance Date

No events or circumstance have arisen since the end of the period, which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future years.



7.1.13 Likely Developments and Expected Results

The company will continue to operate in accordance with the strategic objectives, goals and financial parameters as outlined in its 2010–2015 Strategic Plan for the next financial year. During that year the new 2015–2020 Strategic Plan will be developed in consultation with all stakeholders. A significant influence on strategic planning for the coming years is the increase in income for APL brought about by an increase in the pig industry levy. On 1 July 2012, APL received an increase in the marketing levy from \$1.35 per pig slaughtered to \$1.65, the first of three tranches of \$0.30 between 2012 and 2016.

7.1.14 Environmental Regulation and Performance

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

7.1.15 Auditor Independence and Non-audit Services

The directors received a declaration of independence from the auditor of Australian Pork Limited. The auditor's declaration is attached.

The following non-audit services were provided by the company's auditor, Ernst & Young:

Financial statement review -	\$2,400
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The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with the resolution of directors.

Mr Enzo Allara AM
Chair
Adelaide, 20 August 2013

7.1.16 Director's Declaration

In accordance with a resolution of the directors of Australian Pork Limited, I state that:

In the opinion of the directors:

- a. the financial statements and notes of the company are in accordance with the Corporations Act 2001, including
 1. giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 2. complying with Accounting Standards and Corporations Regulations 2001; and
- b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



On behalf of the Board

Mr Enzo Allara AM

Chair

Adelaide, 20 August 2013

7.2 Independent Auditor Report to the members of Australian Pork Limited



Ernst & Young
121 Marcus Clarke Street
Canberra ACT 2600 Australia
GPO Box 281 Canberra ACT 2601

Tel: +61 2 6267 3888
Fax: +61 2 6246 1500
ey.com

Independent auditor's report to the members of Australian Pork Limited

Report on the financial report

We have audited the accompanying financial report of Australian Pork Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.



Opinion

In our opinion the financial report of Australian Pork Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of Australian Pork Limited at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst + Young

Ernst & Young

Ben Tansley

Ben Tansley
Partner
Canberra
20 August 2013

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

7.3 Auditor's Independence Declaration to the Directors of Australian Pork Limited



Ernst & Young
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Auditor's Independence Declaration to the Directors of Australian Pork Limited

In relation to our audit of the financial report of Australian Pork Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ben Tansley
Partner
20 August 2013

7.4 Financial Report 2012–2013

AUSTRALIAN PORK LIMITED

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenues	3	17,234,882	16,220,562
Expenses			
Research and innovation		(5,911,589)	(5,609,120)
Marketing		(6,664,863)	(6,085,049)
Policy		(1,653,068)	(1,564,247)
Board and CEO		(1,201,915)	(1,371,428)
Finance and administration		(936,623)	(964,736)
Communication		(510,414)	(410,529)
Operating Surplus Before Tax		356,410	215,453
Income Tax	2(k)	-	-
Surplus For The Year		356,410	215,453
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year; Net of Tax		356,410	215,453

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

AUSTRALIAN PORK LIMITED**Statement of Financial Position****As at 30 June 2013**

	Note	2013 \$	2012 \$
Current Assets			
Cash and cash equivalents	17	3,555,528	3,536,995
Trade and other receivables	5	1,914,500	2,167,419
Prepayments	6	108,675	35,017
Investments	7	1,157,001	73,753
Total Current Assets		6,735,704	5,813,184
Non-Current Assets			
Loan to Associate – PorkScan Pty Ltd	8	48,000	48,000
Property, plant and equipment	9	437,741	468,409
Total Non-Current Assets		485,741	516,409
Total Assets		7,221,445	6,329,593
Current Liabilities			
Trade and other payables	10	2,412,149	1,896,540
Deferred income	11	95,460	97,363
Lease Incentive	12	20,757	20,757
Provisions	13	503,337	426,999
Total Current Liabilities		3,031,703	2,441,659
Non-Current Liabilities			
Lease Incentive	14	94,269	115,026
Lease Liability	15	24,794	7,469
Provisions	16	111,804	162,974
Total Non-Current Liabilities		230,867	285,469
Total Liabilities		3,262,570	2,727,128
Net Assets		3,958,875	3,602,465
Equity			
Accumulated surpluses		3,958,875	3,602,465
Total Equity		3,958,875	3,602,465

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

AUSTRALIAN PORK LIMITED

Statement of Changes in Equity

For the year ended 30 June 2013

	Accumulated Surpluses	Total
At 1 July 2011	3,387,012	3,387,012
Surplus for the year	215,453	215,453
Other comprehensive income for the year	-	-
At 30 June 2012	3,602,465	3,602,465

	Accumulated Surpluses	Total
At 1 July 2012	3,602,465	3,602,465
Surplus for the year	356,410	356,410
Other comprehensive income for the year	-	-
At 30 June 2013	3,958,875	3,958,875

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AUSTRALIAN PORK LIMITED**Statement of Cash Flows****For the year ended 30 June 2013**

	Note	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from Statutory Authority and industry		18,920,017	17,280,334
Payments to suppliers and employees		(17,948,717)	(17,443,997)
Interest received		183,311	215,053
Net Cash Flows From Operating Activities		1,154,611	51,390
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	9	(75,135)	(478,985)
Proceeds from sale of shares		-	4,226
Investment in term deposits		(1,083,248)	(73,705)
Proceeds from disposal of property, plant and equipment		22,305	52,172
Cash received under lease incentive		-	145,296
Net Cash Flows Used In Investing Activities		(1,136,078)	(350,996)
Net Increase/(Decrease) In Cash Held		18,533	(299,606)
Cash and cash equivalents at 1 July		3,536,995	3,836,601
Cash and Cash Equivalents At 30 June	17	3,555,528	3,536,995

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



AUSTRALIAN PORK LIMITED

Notes to the financial statements

For the year ended 30 June 2013

1 Corporate Information

The financial report of Australian Pork Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 20 August 2013. Australian Pork Limited (the Company) is a company limited by guarantee, and is domiciled and incorporated in Australia.

a) Company status

The Company is incorporated as a company limited by guarantee and no shares have been issued. At the reporting date there were 331 Members guaranteeing to contribute up to \$1.00 each to the property of the Company in the event of it being wound up.

As at 30 June 2013 the Company employed 25 full-time and 10 part-time and casual employees (2012: 28 full-time and 9 part-time and casual employees).

b) Company details

The nature of the operations and principal activities of the Company are described in the directors' report.

The Company's registered office is:

Level 2, 2 Brisbane Ave
Barton ACT 2600

2 Summary of Significant Accounting Policies

a) Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

b) Statement of Compliance

The Company has early adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 July 2012.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

(Cont'd) – b) Statement of Compliance

The Company is a not-for-profit, private sector entity which is not publicly accountable. Therefore the financial statements of the Company are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The adoption of AASB 1053 and AASB 2010-2 allowed Australian Pork Limited to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

c) New, revised or amending Accounting Standards and interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

The company has early adopted AASB1053 *Application of Tiers of Australian Accounting Standards*, AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* and later amending standards, as relevant. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

AASB 1053 *Application of Tiers of Australian Accounting Standards*

The company has early adopted AASB 1053 from 1 July 2012. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards – Reduced Disclosure Requirements. The company being classed as Tier 2 continues to apply the recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2 and later amending Standards, as relevant.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

(Cont'd) – c) New, revised or amending Accounting Standards and interpretations adopted

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

The company has early adopted AASB 2010-2 from 1 July 2012. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the company's disclosure requirements.

d) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

e) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

f) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All repairs and maintenance are recognised in the profit or loss when incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of each specific asset.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

f) Property, plant and equipment (cont'd)

The major depreciation periods are:

	2013	2012
Office furniture and equipment	3 to 10 years	3 to 10 years
Computer equipment	3 years	3 years
Leasehold improvements	Term of lease	Term of lease
Motor vehicles	4 years	4 years

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses between carrying amount and the disposal proceeds are taken to profit or loss.

g) Investments and other financial assets

The Company's principal financial instruments comprise receivables, payables, held for trading investments, cash and short-term deposits.

The Company manages its exposure to key financial risks, including interest rate risk, credit risk and liquidity risk in accordance with the Company's Investment and Reserves Policies. The Board reviews and agrees policies for managing each of these risks on an annual basis. Primary responsibility for identification and control of financial risks rests with the Audit, Risk and Corporate Governance Committee under the authority of the Board.

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

(Cont'd) – g) Investments and other financial assets

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent measurement: Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

The fair values of shares classified as held for trading that are actively traded in an organised financial market are determined by reference to quoted market bid prices at the close of business on reporting date.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Value in use is the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining future economic benefits.

Impairment losses are recognised in the statement of comprehensive income.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a Lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

i) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

j) Revenue recognition

Revenue is recognised and measured at the fair value of the amounts received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

(Cont'd) – j) Revenue recognition

Levies

The Finance and Business Support Division of the Department of Agriculture, Fisheries and Forestry (DAFF) collects statutory levies on behalf of the Company. Revenues from levies are recognised as revenue upon notification from DAFF the number of carcass levies that have occurred during each month.

Government contributions – matching

Government matches funding on a dollar by dollar basis on approved research and development projects, up to a level of 0.5% of the gross value of pig production. Government matching funds are recognised as revenue upon incurring the eligible research and development program expenditure.

Other industry contributions

Industry contributions in the form of Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

(Cont'd) – j) Revenue recognition

Royalties

Revenue is recognised when received.

k) Taxes

Income taxes

The Company is exempt from income tax under the provisions of Section 50-40 of the Income Tax Assessment Act 1997, as amended. Under these provisions the Company is considered to be classified as an entity established for the purpose of promoting the development of various Australian resources, including agricultural resources and not carried on for the profit or gain of its individual members. The Australian Taxation Office has issued a Private Binding Ruling as formal confirmation.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

l) Provisions and Employee benefits

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

(Cont'd) – l) Provisions and Employee benefits

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the financial year. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee Leave Benefits

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

m) Comparatives

Where necessary, comparatives have been reclassified for consistency with current year disclosures.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 2. Summary of Significant Accounting Policies

n) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the results of which form the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Make good provision

On 16 January 2012, APL entered into a new lease agreement with The Salvation Army (New South Wales) Property Trust for an initial period of seven years with an option to renew for a further period of five years from 16 January 2019 plus a further five years from 16 January 2024. Section three of the Disclosure Statement of the Lease details the make good requirements at the end of the lease, with no make good required on exercise of the first option for a further period of five years. APL's intention is to exercise the first option for a further period of five years. Therefore there is no requirement for a make good provision in 2013.

(ii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties. In addition the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

3 Revenue

	2013 \$	2012 \$
(a) Revenue from operating activities		
Levies - marketing	7,577,292	6,390,809
Levies - research	4,684,786	4,733,658
Government contributions – matching	4,549,888	4,616,296
Other industry contributions	79,261	110,394
Other revenue	126,457	125,607
	17,017,684	15,976,764
(b) Revenue from non-operating activities		
Royalties	19,615	25,077
Net gain from sale of property, plant and equipment	14,272	3,668
Interest – other persons/corporations	183,311	215,053
	217,198	243,798
Total Revenue	17,234,882	16,220,562

4 Expenses

	2013 \$	2012 \$
(a) Depreciation and amortisation		
Depreciation expenses	39,222	51,664
Amortisation expenses	58,548	68,893
Total depreciation and amortisation expenses	97,770	120,557
(b) Employee benefits		
Salaries and wages	4,686,144	4,544,643
(c) Write-down of assets		
Decrement in value of other financial assets	-	5,689
	-	5,689
(d) Other expenses		
Operating lease expense	318,945	305,001

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

5 Trade and Other Receivables

	2013 \$	2012 \$
Trade debtors	1,853,150	2,135,373
Provision for doubtful debts	-	-
	1,853,150	2,135,373
Bank guarantee	-	-
Sundry debtors	24,299	32,046
Goods and services tax	37,051	-
Other receivables	-	-
	1,914,500	2,167,419
Allowance for impairment loss		
At 1 July	-	-
Charge for the year	-	-
Amounts written off	-	-
At 30 June	-	-

6 Prepayments

	2013 \$	2012 \$
Prepayments	108,675	35,017

7 Investments

		2013 \$	2012 \$
Bank Guarantee	(i)	51,953	51,953
Term Deposit	(ii)	1,105,000	21,752
Shares in associate		48	48
		1,157,001	73,753

Terms and conditions

(i) Bank Guarantee will mature in January 2014 and has a fixed interest rate of 3.75%.

(ii) Term Deposit will mature in December 2013 and has a fixed interest rate of 4.08%

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

8 Loan to Associate

	2013 \$	2012 \$
Loan to Associate – PorkScan Pty Limited	48,000	48,000

The loan was effected through a conversion of trade debtors relating to the remaining payment of the 2008/09 licence fees under the Agency Agreement with APL to their portion of the shareholder loan. Trade debtors (current assets) decreased in the amount of \$48,000 and non current assets increased in the amount of \$48,000. The loan was initially non-interest bearing for three years with no fixed repayment terms.

This loan was originally repayable on 1 July 2013 and has been rolled over for a further three years with interest payable and is now due on 1 July 2016.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

9 Property, Plant and Equipment

	Leasehold Improve- ments \$	Office Furniture and Equipment \$	Computer Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2013					
Carrying amount at 1 July 2012	377,135	32,829	19,479	38,966	468,409
Additions	2,565	344	72,226	-	75,135
Disposals	-	-	-	(8,033)	(8,033)
Depreciation expense for the year	(58,548)	(10,986)	(19,798)	(8,438)	(97,770)
Carrying amount at 30 June 2013	321,152	22,187	71,907	22,495	437,741

At 30 June 2013					
Cost	431,707	158,802	184,745	33,662	808,916
Accumulated amortisation	(110,555)	(136,615)	(112,838)	(11,167)	(371,175)
Net carrying amount	321,152	22,187	71,907	22,495	437,741

	Leasehold Improve- ments \$	Office Furniture and Equipment \$	Computer Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2012					
Carrying amount at 1 July 2011	16,886	44,748	31,549	74,814	167,997
Additions	429,142	6,749	9,349	33,745	478,985
Disposals	-	(6,234)	-	(51,782)	(58,016)
Depreciation expense for the year	(68,893)	(12,434)	(21,419)	(17,811)	(120,557)
Carrying amount at 30 June 2012	377,135	32,829	19,479	38,966	468,409

At 30 June 2012					
Cost	429,142	158,458	163,625	94,872	846,097
Accumulated amortisation	(52,007)	(125,629)	(144,146)	(55,906)	(377,688)
Net carrying amount	377,135	32,829	19,479	38,966	468,409

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

10 Trade and Other Payables

	2013 \$	2012 \$
Trade creditors and accruals	2,194,743	1,668,555
PAYG tax payable	82,732	104,437
Other payables	134,674	123,548
	2,412,149	1,896,540
Aggregate amounts payable to related parties:	143,544	80,116

a) Fair value

Due to the short term nature of these payables, their carrying value approximates their fair value.

11 Deferred Income (Current)

	2013 \$	2012 \$
Income in advance	95,460	97,363
	95,460	97,363

Income in advance is grant and co funding income.

12 Lease Incentive (Current)

	2013 \$	2012 \$
Lease Incentive	20,757	20,757
	20,757	20,757

The lease incentive comprised of payments received under the terms of the new lease agreement with The Salvation Army (New South Wales) Property Trust.

AUSTRALIAN PORK LIMITED**Notes to the financial statements** (cont'd)**For the year ended 30 June 2013****13 Provisions (Current)**

	2013 \$	2012 \$
Annual leave	269,114	263,240
Long service leave	234,223	163,759
Make-good	-	-
	503,337	426,999

a) Reconciliation of make-good provision:

Carrying amount at the beginning of the financial year	-	63,200
Arising during the year	-	26,800
Utilised	-	(90,000)
Carrying amount at the end of the financial year	-	-

The factors considered in determining that there is no requirement for make-good in 2013 are discussed in Note 2 (n)(i).

14 Lease Incentive (Non-current)

	2013 \$	2012 \$
Lease Incentive	94,269	115,026
	94,269	115,026

15 Lease Liability (Non-current)

	2013 \$	2012 \$
Lease Liability	24,794	7,469
	24,794	7,469

16 Provisions (Non-current)

	2013 \$	2012 \$
Long service leave	111,804	162,974
	111,804	162,974

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

17 Cash and cash equivalents

	2013 \$	2012 \$
Cash and cash equivalent balance comprises:		
Cash at bank and at call	3,555,128	3,536,595
Cash on hand	400	400
Closing cash balance	3,555,528	3,536,995

18 Commitments

a) Lease expenditure commitments

Operating lease commitments – Company as Lessee

The Company has entered into commercial leases on certain computer hardware and office premises. These leases have an average life of between three and seven years with respective renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

	2013 \$	2012 \$
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
- not later than one year	288,212	297,574
- later than one year and not later than five years	991,384	1,014,950
- later than five years	120,773	358,800
	1,400,369	1,671,324

The details of the non-cancellable operating leases relating to office premises are as follows:

Name of premises	Remaining term	Rent increment	Options for renewal on expiry of lease
ACT	66.5 months	3%	2 x 5 years

The Company has also entered into non-cancellable operating leases for computer hardware.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 18 Commitments

b) Research and Development (R&D) expenditure commitments

	2013 \$	2012 \$
Estimated R&D expenditure contracted for at reporting date, but not provided for, payable:		
- not later than one year	2,721,039	3,460,091
- later than one year and not later than five years	4,376,756	4,866,731
	<u>7,097,795</u>	<u>8,326,822</u>

These R&D expenditure commitments relate to several research and innovation projects consistent with the government's rural R&D funding priorities and the national research priorities in the key areas of productivity, animal health, housing and welfare, environment and climate change, food safety, quality assurance and biosecurity, product quality and supply chain management and genetics transfer.

19 Related Party Disclosures

a) Directors

The directors of Australian Pork Limited during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Enzo Allara

Mr Andrew Johnson

Mr John Coward

Mr Aeger Kingma

Prof Robert van Barneveld (retired November 2012)

Mrs Kay Carey

Mr David Plant

Dr Brian Luxford

Mrs Kathy Grigg

Mr Geoffrey Starr (appointed November 2012)

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 19 Related Party Disclosures

b) Loans to directors and director related entities

The Company made no loans to directors or director related entities during 2013 (2012: nil).

c) Other related parties

The following directors have interests in or are associated with organisations which are related parties.

Dr B Luxford	General Manager Research & Innovation, Rivalea (Australia) Pty Limited
Prof R van Barneveld (retired November 2012)	Director, Pork CRC Limited General Manager, CHM Alliance Pty Limited Director, Barneveld Nutrition Pty Limited Chair, PorkScan Pty Limited Director, BECAN Consulting Group Pty Limited

Various project and program expenditures were made to the following director related entities. These transactions occurred within normal terms and conditions of various research and marketing program initiatives. The following table provides the total amount of transactions that were entered into with related parties for the 2013 financial year:

	2013 \$	2012 \$
Project and program expenditure		
Rivalea (Australia) Pty Limited	149,417	117,466
Pork CRC Limited	1,650,000	1,696,994
The CHM Alliance Pty Limited	28,150	15,000
Barneveld Nutrition Pty Limited	12,000	1,667
BECAN Consulting Group Pty Limited	-	26,631

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

(Cont'd) – 19 Related Party Disclosures

c) Other related parties (cont'd)

Receivables

A loan of \$48,000 has been made to PorkScan Pty Limited. This loan was originally repayable on 1 July 2013 and has been rolled over for a further three years with interest payable, and is now due on 1 July 2016.

	2013	2012
	\$	\$
Income		
PorkScan Pty Limited		
IP licence fees	17,000	17,000
Management fees	20,000	20,000
	37,000	37,000

APL is the major core participant with the Pork CRC. One APL Director was also on the Pork CRC Board until his retirement in November 2012. APL's Chief Executive Officer is also a Director on the Pork CRC Board. The objectives of the two organisations are not contradictory.

APL is a shareholder in PorkScan Pty Ltd and one of APL's Directors was also a PorkScan Pty Ltd Director until his retirement in November 2012. APL's Chief Executive Officer is also a Director on the PorkScan Pty Ltd Board and the General Manager Finance and Administration is the Company Secretary.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2013

20 Auditor's Remuneration

	2013 \$	2012 \$
Amounts received or due and receivable by Ernst & Young for:		
Audit of the financial report of the Company	29,815	28,500
Other services	2,400	2,000
	32,215	30,500

21 Subsequent Events

There have been no significant events which have occurred subsequent to 30 June 2013 that require adjustment to or disclosure in the financial report.

22 Contingencies

The Company has provided a bank guarantee of \$51,953 in relation to its Canberra head office lease agreement.

23 Director and Key Management Personnel Remuneration

a) Details of Directors and Key Management Personnel

Australian Pork Limited has nine directors, detailed at Note 19. Key management personnel include the Chief Executive Officer and General Managers of Marketing, Research and Innovation, Policy, Communication and Finance and Administration.

b) Compensation of Directors and Key Management Personnel

	2013 \$	2012 \$
Directors		
Short-term employee benefits	373,274	364,386
Post-employment benefits	33,594	32,794
Key Management Personnel		
Short-term employee benefits	1,302,585	1,281,493
Post-employment benefits	91,597	89,282
Total Compensation	1,801,050	1,767,955



8 APPENDICES

8.1 Appendix A

Material Variations to Budget

	Initial Budget \$	Actual Result \$	Variation Over/ (Under) \$	Explanation of Major Variations
Income				
Levies	12,604,800	12,262,078	(342,722)	Slaughters at 4.67M were less than the 4.8M slaughters budgeted.
Government contributions - matching	4,657,500	4,549,888	(107,612)	R&D matching expenditure was less than that budgeted.
Other industry contributions	-	79,261	79,261	NAMMP grant and consortium income.
Interest	203,000	183,311	(19,689)	Changes to payments cycles including monthly payroll with two weeks in arrears and two in advance.
Royalties and gain on sale	-	33,887	33,887	Royalties and gain on sale of redundant motor vehicles and office equipment.
Other revenue	132,000	126,457	(5,543)	Included in this line are management and hosting fees in relation to the Council of Rural Research and Development Corporations, Sugar Research and Development Corporation and PorkScan Pty Ltd, associate membership and levy penalties.
Expenditure				
Research and Innovation – direct project expenditure	4,733,212	4,777,565	44,353	The main variance is the NAMMP grant income of \$79K offset in R&I Division direct project expenditure.
Marketing – direct project expenditure	5,172,462	4,877,469	(294,993)	The major under spends were in the Pork Fest and Instore Activity projects, with reductions achieved in public relations, advertising and retail and foodservice channel investment.
Policy – direct project expenditure	589,000	502,934	(86,066)	Illegal farm raid legal costs recouped in part.
Communication – direct project expenditure	229,000	221,649	(7,351)	Under spend in publications due to the Annual Report being provided electronically.
Finance and Administration – direct project expenditure	291,000	235,545	(55,455)	Under spend in ICT due to delays in the CRM project with associated delay in the purchase of software licences. Human Resource consultant fees were also below budget.
CEO/Board – direct project expenditure	122,000	101,154	(20,846)	The growing valuable industry networks program came in under budget.

8.2 Appendix B

Funds Spent on Each Significant Research and Development Activity Allowing Identification of Expenditure of Matching Payments

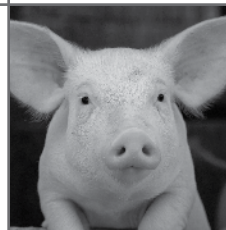
The company expends funds on eligible research, development and innovation activities that then form the basis of matching contributions by the Australian Government. Expenditure that is eligible for matching comprises:

- Research and Innovation division expenditures, excluding select items;
- Specific project expenditures from other divisions that satisfy R&D expenditure criteria; and
- Attribution of Finance and Administration, Communication and Board/CEO division expenditures.

The company has established a detailed methodology by which eligibility of matching expenditure is determined. For the 2012–2013 financial year the significant expenses and adjustments that formed the basis by which the matching claim has been made were as follows:

Research and Development Expenditure By Strategy	
Build Consumer Demand	
• Assuring eating quality	\$35,174
• Increasing frequency of use	\$1,661,636
• Promoting Australian – Australian Awareness	\$90,969
Viable, Productive Farms	
• Reduce input costs	\$756,585
• Improve process efficiency	\$762,457
• Build skills and capability	\$115,885
Leadership, Preparedness, Stewardship	
• Address changing expectations and standards for food production	\$2,005,121
• Managing the impact of regulatory shifts	\$624,030
• Government policy and compliance requirements	\$999,351
Industry Cohesion and Responsiveness	
• Engage and connect the industry	\$698,839
• Facilitate rapid uptake of information and technology	\$366,272
• Enhance the reputation and effectiveness of APL	\$822,519
Unallocated	\$178,711
Total research and development expenditure	\$9,117,549
Adjustments - accruals and other non eligible research and development expenditures	(\$17,773)
Total matchable expenditure	\$9,099,776
Maximum Claim Allowable to GVP cap	\$9,323,100
Australian Government contributions – matching (@ 50 per cent)	\$4,549,888

Note: APL total non direct project expenditure for the 2012–2013 financial year was \$6,162,157 which was 36.5 per cent of total expenditure and 35.75 per cent of income received. Of this total non-direct project expenditure \$3,260,261 (53 per cent) was attributed to R&D.



8.3 Appendix C

Funds Spent on Marketing and Significant Strategic Policy Development Activity as well as Other Industry Issues

In addition to eligible research, development and innovation activities expenditure (per Appendix B), the company expends project funds on marketing and strategic policy development activities and other industry issues. Expenditures incurred on marketing and strategic policy development activities and other industry issues, as attributed to each of the key core objectives, is summarised below:

Marketing Expenditure By Strategy	
Build Consumer Demand	
• Assuring eating quality	\$3,252,999
• Increasing frequency of use	\$1,202,740
• Improving the image of fresh pork	\$733,527
• Promoting 'Australian'	\$431,691
Total Marketing Expenditure	\$5,620,957
Strategic Policy Development Expenditure By Strategy	
Leadership, Preparedness, Stewardship	
• Address changing expectations and standards for food production	\$471,232
• Managing the impact of regulatory shifts	\$673,448
• Government policy and compliance requirements	\$82,826
Industry Cohesion and Responsiveness	
• Enhance the reputation and effectiveness of APL	\$275,039
Total Strategic Policy Development Expenditure	\$1,502,545
Other Industry Expenditure By Strategy	
Industry Cohesion and Responsiveness	
• Engage and connect the industry	\$194,947
• Enhance the reputation and effectiveness of APL	\$266,467
Unallocated	\$96,752
Total Other Industry Expenditure	\$558,166
Total Funds Spent on Marketing and Significant Strategic Policy Development Activity as well as Other Industry Issues	\$7,681,668

8.4 Appendix D

Funds Spent on National and Rural Research and Development Priorities

Rural Research & Dev Priorities	AOP		National Research Priorities									
	Budget	Actual	An Environmentally Sustainable Australia		Promoting & Maintaining Good Health		Frontier Technologies for Building & Transforming Australian Industries		Safeguarding Australia		Other Research	
			Natural Resource Management	Climate variability & climate change	Productivity & Adding Value	Supply Chain & Markets	Innovative Skills	Technology	Biosecurity			
Objective 1. Build Consumer Demand	\$1,920,592 20%	\$1,787,779 20%	\$0 0%	\$0 0%	\$20,000 0%	\$1,767,779 19%	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%
Objective 2. Viable Productive Farms	\$1,713,502 18.1%	\$1,634,926 17.9%	\$0 0%	\$0 0%	\$1,419,041 15.6%	\$0 0%	\$115,885 1.3%	\$0 0%	\$0 0%	\$0 0%	\$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%
Objective 4. Leadership, Preparedness, Stewardship	\$3,622,630 38%	\$3,628,502 40%	\$622,931 7%	\$735,467 8%	\$761,888 8%	\$474,224 5%	\$415,303 5%	\$243,397 3%	\$375,292 4%	\$0 0%	\$0 0%	\$0 0%
Objective 5. Industry Cohesion & Responsiveness	\$1,943,553 20.6%	\$1,887,631 20.7%	\$0 0%	\$0 0%	\$120,357 1.3%	\$0 0%	\$200,000 2.2%	\$597,044 6.5%	\$22,133 0.2%	\$948,097 10.4%	\$0 0%	\$0 0%
Unallocated	\$257,241 2.7%	\$178,711 2.0%	\$0 0%	\$0 0%	\$0 0%	\$2,420,003 25%	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$178,711 2.0%
Totals *	\$9,457,518 100%	\$9,117,549 100%	\$722,931 8%	\$735,467 8%	\$2,321,286 25%	\$2,420,003 25%	\$731,188 8%	\$840,441 9%	\$397,425 4%	\$1,268,008 12%	\$0 0%	\$0 0%
	AOP Budget	Actual										
* Direct Project	\$6,000,174	\$5,857,287										
Allocated Project	\$3,457,344	\$3,260,262										
Total	\$9,457,518	\$9,117,549										



9. Annual Report Acronyms

AAWS	Australian Animal Welfare Strategy
ABS	Australian Bureau of Statistics
AECL	Australian Egg Corporation Limited
AEMIS	Australian Export Meat Inspection System
AGM	Annual General Meeting
AHA	Animal Health Australia
AHC	Agriculture, Horticulture and Conservation
AIS	Annual Industry Survey
AM	Member of the Order of Australia
APIQ [✓] ®	Australian Pig Industry Quality Assurance Program
APL	Australian Pork Limited
AUSVETPLAN	Australian Veterinary Emergency Plan
AWSC	Animal Welfare Science Centre
BMP	Best Management Practice
BPA	Burnett Pork Alliance
CBA	Cost Benefit Analyses
CCRSPI	Climate Change Research Strategy for Primary Industries
CEO	Chief Executive Officer
CFI	Carbon Farming Initiative
CHM	Cameron Hall McLean
CoOL	Country of Origin Labelling
CPA	Certified Practising Accountant
CPI	Consumer Price Index
CRC	Cooperative Research Centre
CRM	Client Relationship Management
CRRDC	Council of Rural Research and Development Corporations
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DA	Dairy Australia
DAFF	Department of Agriculture Forestry and Fisheries
DAFWA	Department of Food Western Australia
DFAT	Department of Foreign Affairs and Trade
DIAC	Department of Immigration and Citizenship
DPI	Department of Primary Industries
EAD	Emergency Animal Disease
EADRA	Emergency Animal Disease Response Agreement
EEO	Equal Employment Opportunities
ESAM	E. coli Salmonella Monitoring
FMD	Foot and Mouth disease
FSANZ	Food Standards Australia New Zealand
FTA	Free Trade Agreement
GHG	Greenhouse Gas

GRDC	Grains Research and Development Corporation
GVP	Gross Value of Production
HIAP	High Integrity Australian Pork
HR	Human Resources
ISB	Industry Service Body
KPI	Key Performance Indicator
MLA	Meat and Livestock Australia
NAMMP	National Agriculture Manure Management Program
NEGP	National Environmental Guidelines for Piggeries
NLIS	National Livestock Identification System
NRS	National Residue Survey
NZ	New Zealand
PISC	Primary Industries Standing Committee
Pork CRC	Pork Co-operative Research Centre
PPNVD	PigPass National Vendor Declaration
PPPE	Pan Pacific Pork Expo
PRRG	Pork Processor Referral Group
PRRS	Porcine Reproductive and Respiratory Syndrome
PSG	Preferred Supply Group
QBA	Qualitative Behavioural Assessment
R&D	Research and Development
R&I	Research and Innovation
RD&E	Research, Development and Extension
RDAC	Research and Development Advisory Committee
RDC	Research and Development Corporation
RIRDC	Rural Industries Research Development Corporation
RSPCA	Royal Society for the Prevention of Cruelty To Animals
RT	ribotype
RTO	Registered Training Organisation
SAI	Sustainable Agriculture Initiative
SARDI	South Australian Research and Development Institute
SCoPI	Standing Committee of Primary Industries
SFA	Statutory Funding Agreement
TPP	Trans Pacific Partnership
TS	Total Solids
UNSW	University of New South Wales
UK	United Kingdom
VS	Volatile Solids
WAPPA	West Australian Pork Producers Association
WHS	Work Health Safety

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