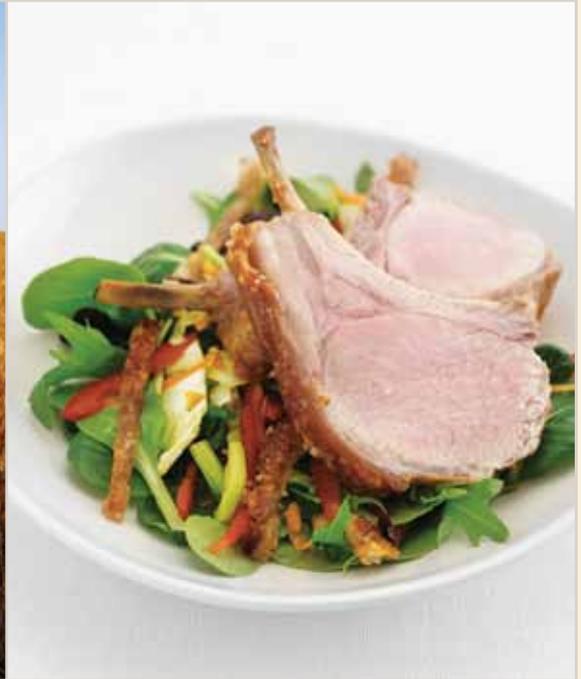


AUSTRALIAN
PorkTM

AUSTRALIAN PORK LIMITED
Annual Report
2010-2011



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 achievements.

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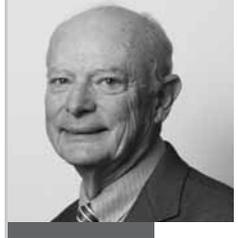
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I Message from the Chair

2010–2011

As Chairman, on behalf of the Australian Pork Limited (APL) Board, I present to you the company's 2010–2011 Annual Report.

This is the second year of operating under the Strategic Plan 2010–2015 and good progress has been made in delivering against the agreed strategies and objectives.

The 2010–2011 financial year results in a planned deficit for the third consecutive year – which represents the last of the deficit years included in the current Strategic Plan. The deficit of \$1,180,616 has been funded from Reserves and is part of the APL's Reserve Policy which recognises the long-term nature of some key R&D and marketing expenditure and is designed to smooth out these investments over a longer period, particularly in periods of lower levy income. The level of reserves held at 30th June, 2011 is above the minimum level required.

Consumption of fresh pork, on a per capita basis, has again shown steady growth. This has been helped by the consistency in message and execution of the various marketing campaigns. The results of the International PorkFest campaign in April, designed to stimulate consumer demand during the peak production period, has shown some good early promise. Domestic production volumes grew by around three per cent over 2009–2010 and selling prices have been more consistent, resulting in smaller seasonal fluctuations. Feed grain prices have remained competitive which has helped underpin good producer margins.

In many ways this has been an historic year for the Australian Pork Industry. Some of those milestones are:

- Animal Care – producers have overwhelmingly voted to voluntarily phase-out the use of sow stalls by 2017. This move by Australian pork producers clearly sends a message that they understand the concerns of consumers and the community around this issue, now and in the future.
- Productivity Commission – the final report into their inquiry into the Research and Development Corporations (RDC's) was delivered in June. Amongst its recommendations was one to reduce the current dollar for dollar government matching for Research and Development (R&D) investments. The Federal Government has rejected this recommendation and plans to maintain its current policy. It was pleasing to see the Commission make some favourable supporting comments about the current structure of APL in its final report.
- Pork Cooperative Research Centre (CRC) – a compelling case was mounted by the rebid team for the Federal Government and industry investors to continue this very productive and successful venture for another seven years. APL has committed \$1 million per annum to the CRC research programs.
- APL Three Year Review – as a condition of the Statutory Funding Agreement (SFA), APL is required to undertake an independent review of its performance every three years. This was done in February – May 2011, with the final report in June. Whilst there are some suggestions for further improvement, the consultants concluded that *'APL has been found to be a very well run company. The processes it uses to manage its investments are highly regarded and there is evidence that benefits have accrued to stakeholders as a result'*.
- Levy Changes – the consultation process has begun with all levy paying producers around a proposed levy increase to allow additional investment in non-R&D activities. An extensive schedule of meetings has been planned and the Australian Electoral Commission (AEC) has been engaged to manage the voting process. The final results will be known at the time of the Annual General Meeting (AGM) in November 2011.

It has been a busy year and much has been achieved. To conclude, I would like to thank the Board, management and staff for their continued dedication and commitment to delivering beneficial and tangible outcomes to the Australian pork industry.

Enzo Allara
Chairman, APL

2 Message from the CEO

2010–2011

We may well all look back on 2010–2011 as being a threshold year for the pork industry in Australia. In revisiting the major activities occurring during the year, one is reminded of a number of very successful and positive outcomes for the industry. It's clear that there's still plenty to be done and much of the work completed in the year now gone will be remembered for providing an essential platform for progress into the future.

Market Issues

Pig slaughter numbers during the past year have grown but at a very slow pace. It seems there are still vivid memories through the industry of the profitability crisis of 2007 and 2008 and there is more risk aversion presently with respect to increasing production than would normally be expected. Partly due to the flat slaughter numbers, pig prices have held at a higher level after the New Year than is normally the case. This has certainly been to the benefit of producers. Grain prices, as the main source of pig production costs, have been perhaps higher than historic averages, but the strong Australian dollar has diluted the impact of global price increases in our own domestic market. The net result is that most producers have probably made a profit in 2010–2011 but not at the same levels experienced a couple of years ago.

In terms of the global trading environment, our exports over the past 12 months have increased in volume but decreased in value. To our large volume traditional export markets such as Singapore and New Zealand (NZ), volumes have actually dropped due to higher competition from cheaper sources (such as frozen pork from Brazil into Singapore) and our strong dollar. Volumes of lower priced cuts and offal have increased into many markets such as the Philippines, Hong Kong and our Pacific Island neighbours.

Imports have dropped over the past year (by around 10,000 tonnes) but whether this is having an effect on the share of Australian pork used for the smallgoods market is yet to be proven. It may be that the difference is being made up by a reduction in trade stocks which will eventually need to be replenished. We will be monitoring imports to see if the reduced volume is actually the start of a trend.

Strategic Plan 2010–2015

The year 2010–2011 was the second for APL under the new Strategic Plan 2010–2015. The key feature of the new Strategic Plan is the five new Core Objectives:

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

This Annual Report goes into some detail as to the various strategies, programs and projects relating to each Core Objective and the Key Performance Indicators (KPIs) we work with to measure our success or lack thereof.

'Shaping Our Future'

One of the most memorable achievements of the year was the successful resolutions at the November 2010 APL AGM, which read:



Message from the CEO 2010–2011

“That Australian pork producers commit to pursuing the voluntary phasing out of the use of gestation stalls by 2017” and

“That Australian pork producers recognise the welfare benefits of gestation stalls, the cost of change and the need for research, investment and off-sets to support the voluntary commitment to change”.

The Australian pork industry has now set itself on a globally unique path of which we should all be very proud. This decision to ultimately pursue a phase-out of sow stalls was not an easy one for the industry to take. This was certainly evidenced by the very robust debates conducted during the consultation meetings held throughout Australia. Economic analysis suggests the associated capital investment alone is going to cost producers in the vicinity of \$50 million over the next few years. The real outcome for the industry, is however, that we have made a statement to our markets about how we operate and what is behind our product. This gives us the real opportunity to differentiate our product from cheap imports, gain the confidence of the Australian (and overseas) consumers and offer a renewed and viable alternative – sow stall free Australian fresh pork and smallgoods.

During the ‘Shaping Our Future’ consultation process, Coles announced that they were going to cease sourcing fresh pork from those production systems using sow stalls from 2014. Some difficult, but ultimately, fruitful discussions with Coles secured a shift in that policy so that all Coles branded pork products will be sourced under the same standards. This would not have been a possible outcome before the industry showed the leadership in looking into the future of sow stall use.

The ‘Shaping Our Future’ initiative is not over – in fact it is still in its early stages. The challenges, in getting support from governments (both state and federal), regulators and retailers, remains a focus for APL in the coming years.

Performance Review

The review of APL’s performance was carried-out during 2010–2011 as one of the obligations within our SFA with government. Whilst there were a number of areas recognised where improvements could be made, the report was overall complimentary of APL and our achievements. The report included such comments as *“The relationship between Chair, Board, CEO and staff is sound”* and *“APL staff appears dedicated and professional although they are under pressure from declining resources”*. The reviewers concluded that *“It is the view of this report that APL has met its SFA requirements. APL has been found to be a very well run company. The processes it uses to manage its investments are highly regarded and there is evidence that benefits have accrued to stakeholders as a result”*. We are presently putting action plans around the recommendations for improvement coming from the report.

Marketing Highlights

The old adage goes *“50 per cent of advertising costs are wasted; we just don’t know which 50 per cent”*. APL has made a breakthrough in the past year in terms of measuring our advertising performance which has provided some very positive results. Since February 2010, we have been back on television with the “Get some pork on your fork” advertisements, as well as backing up the campaign with radio advertisements. Our research has shown that there is a clear relationship between our advertising activity and consumer sales. A link between advertising and sales – which this is providing – is the aspiration of all advertisers and we’re able to show that the campaign not only paid for itself, but has brought tangible returns to the industry from October of 2010. This should be seen as great news for producers who are rightfully always looking for evidence of the positive impact of their levy dollar.

Pork CRC Successes

The Pork CRC, of which APL is a core participant, has been doing some great work since its establishment in 2005. Many innovations are today entrenched within industry standard practices that arose through the diligence of the CRC and its researchers. The CRC only had secure funding for a period of seven years however, and it was decided last year that due to its success, a proposal would be put forward to government to extend the Pork CRC for another period up until 2019. The process of bidding for a CRC is long and arduous, not to mention highly competitive. Of those CRC bids put forward in last year's round (around 30), only four were successful. We were exceptionally pleased last December when we found out that one of those successful was the "CRC for High Integrity Australian Pork" (HIAP) – the next iteration of the Pork CRC.

APL was closely involved in the rebid process and remains closely involved with the new Pork CRC. We are an "Essential Participant" and I sit on the Board. A number of Research and Innovation (R&I) managers are Program Leaders and Sub-Program Leaders within the four R&D programs. In addition, APL provides the Secretariat for all the R&D programs. The focus of the new CRC is highly attuned to the challenges the industry is facing today and over the next years in terms of ethics, integrity and our ability to differentiate our product. We really look forward to the innovations to come from this new partnership.

Productivity Commission Inquiry into the Rural Research and Development Corporations

Last year, the Productivity Commission conducted an inquiry into the rural RDCs (of which APL is one). The final report from that inquiry was released in mid-2011 along with the Government's preliminary response. Pleasingly, the Government chose not to adopt the most controversial recommendation around reducing the matching funding available to RDCs for their research and development expenses. It is pleasing to report that the Government sees the importance of continued investment in rural research and development for continued productivity growth, meeting the public good aspects of rural research and securing food supply for the world's future. However, there are still some issues to be addressed emanating out of this inquiry. These include the RDCs working more collaboratively on what we call the "cross sectors" – meaning those common areas of interest where we should be better cooperating on R&D activities (such as climate change, water issues, animal welfare, environmental sustainability, bioenergy etc). Working through the Council for Rural RDCs, we'll be addressing this issue in partnership with the Government.

Future Challenges – Pressure for Fresh Meat Imports

A concerning development during the year was the decision by the New Zealand Ministry for Agriculture and Forestry (NZMAF) to give the go ahead for the importation of specialised fresh pork cuts of up to 3kg for sale and consumption. This decision superseded the previous requirement for imported pork to enter NZ in a frozen, boneless form and go straight to processing.

This decision by NZMAF is now being vigorously challenged by NZ pork producers through their High Court. We are monitoring the progress of this situation closely as it has the potential to set a precedent in Australia for those with an interest in accessing a fresh pork market here. Fresh pork is not imported and sold in Australia for very good scientific reasons around keeping exotic disease out. The worst of these diseases is Porcine Reproductive and Respiratory Syndrome (PRRS) which would devastate our industry if it crossed our shores. We will be uncompromising in our defence of the Australian quarantine protocols banning the importation and sale of fresh pork in the interests of keeping our globally envied, low disease status.



Levy Increase Proposal

Most producers are already aware of a proposal being put forward by APL through the Board and management with the help of our delegates to increase the pig industry levy. The levy currently received by APL is \$2.35 per pig slaughtered and has been the same since 1994 when it was introduced. Inflation has erased an enormous amount of its value over this time and APL's productivity improvements are no longer able to keep up with the ongoing erosion. The results of a vote on the levy proposal will be announced at the November 2011 APL AGM. The proposal is for a staggered increase in the levy, totalling \$0.90 per slaughtered pig over three stages of \$0.30 each, for introduction two years apart. This is particularly applicable to what is termed the "portion of the levy which is used for those activities not qualifying as R&D under the Government's definitions". We're hopeful that an agreement to the proposed increase will secure APL's ability to continue to provide valuable industry services and benefits.

APL Membership and Operations

It has become clear through the performance review and the levy increase consultations that there are many smaller pig producers who have no idea who APL is and what APL does for them. This is a great pity as there are many highly skilled and motivated employees working diligently for the industry – whether they understand it or not.

We have to take some blame for this situation. When working for an industry where less than 30 pig production entities account for more than 50 per cent of the total national pork production, there is a natural tendency to focus on communicating more, with those who can make the biggest difference. Herein lies the challenge to communicate with the hundreds of smaller producers spread around the country, letting them know what APL does on their behalf.

Internally, we said goodbye to some long serving employees last year due to forced redundancies. We no longer have a representative based in Singapore or state managers based in Queensland, South Australia and Western Australia. This was a necessary step to manage costs and secure some of the most important services we provide for the industry. Forced staff departures are not pleasant but, unfortunately, from time to time are necessary to optimise our delivery performance to the industry.

I'd like to acknowledge the huge efforts of the APL team over the past year and thank them for it – looking at what has been accomplished, it is hard to put any sort of negative spin over our achievements. I'd also like to thank the Board for their continued support, encouragement and challenges enabling us to do our best. We look forward to more years of making a positive difference to the Australian pork industry.

Andrew Spencer
Chief Executive Officer, APL

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 SFA with the Commonwealth of Australia.

APL's primary funding is derived from statutory pig slaughter levies collected under the Primary Industry (Excise) Levies Act 1999. The levy amounts to \$2.525 cents per carcass levy at slaughter, of which APL receives \$2.35, consisting of \$1.35 for marketing activities and \$1.00 for R&D. 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.

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), occupational health and safety (OH&S) 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 achievements.

These values are the cornerstones of our organisation and 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 APL Constitution;
- Nominating delegates to represent members' concerns directly to 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.

Additional to full APL membership, are the membership categories of Associate Producer and Associate Corporate. These two categories do not pay a pig slaughter levy but do fulfil an important role in the industry. Both memberships are entitled to all the benefits subscribed to full members; however these categories have no voting rights under the APL Constitution.

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.

Organisational and Strategic Overview

Members are entitled to nominate a delegate to represent their interests more directly to APL through the well-structured Delegate Communication Program. In the reporting period for 2010–2011, delegate numbers rose by one to 30.

3.4.1 Material Changes to Membership

During the reporting period, for this Annual Report, APL underwent a membership renewal. This membership renewal occurs every three years.

The renewal saw a drop in membership numbers from 461 reported in the 2009–2010 report, to 342 full members in 2010–2011. This drop in full membership is because there are now fewer producers than there were three years ago. In addition, the number of members builds up over a three year period, which means membership is traditionally at its lowest following a membership renewal. It should be noted for this reporting period that Associate Producer membership has increased from 10 to 14 and Associate Corporate membership from two to 13.

During this reporting period, the APL Board approved a change in Associate Corporate membership. This change brought about the introduction of a flat fee rate for all companies' membership of \$250.00 per annum (\$750.00 for the three year period). Previously, companies with a turnover of over \$1 million paid an Associate Corporate membership fee of \$2,500 per annum. Reducing that fee to a flat \$250.00, and bringing membership renewal into line with the three year renewal process of full members and Associate Producer members, has certainly assisted in the growth of the Associate Corporate membership base.

In continuing to assist meeting members' needs, APL conducted a survey of its members to see how general services can be improved. Of the 158 respondents to the survey, 80 per cent said they were generally satisfied with the service they receive from APL, whilst 16 per cent felt the organisation could improve their service. Ongoing consultation with members and delegates continues through the Delegates' Forum, surveys, as well as the monthly newsletter and several media campaigns. Feedback from producers and supply chain participants will continue to be used to measure performance of the organisation.

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;
- 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.

Organisational and Strategic Overview



3.6 Organisation Structure

APL Senior Management

The 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

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.

Research and Innovation Division

The division is responsible for investing and managing producer levy and matching government research and development 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, training initiatives for the industry, as well as scholarship programs for undergraduate and postgraduate students, are also managed by the division.

Organisational and Strategic Overview

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. The target is to achieve Core Objective 1 of 'Building Consumer Demand' by the effective implementation of the marketing strategy in domestic and overseas markets.

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 (CRRDC) and company secretarial support to PorkScan Pty Limited.

Communication Division

The division's purpose is to provide a strong communication link to members and the pig producing industry, as well as media and public affairs, publications, website management, events and conference coordination.

Staff

As at 30 June, 2011, APL employed 28 full-time staff and nine part-time and casual employees.

The Board of Directors

The 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 statutory funding agreement criteria. Directors retire in rotation and retiring elected directors are eligible for re-election. Mr Paul Pattison resigned when his term came up for rotation, but was appointed replacing elected director for Dr Ian Parish who resigned one year short of his term. Mr Aeger Kingma stood for re-election and was elected following a ballot by delegates, as was Mr Andrew Johnson who filled the vacancy created when Mr Paul Pattison resigned.



3.7 Developing the Strategic Directions

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 this 2010–2011 Annual Report.

There are five Core Objectives making up the Strategic Plan 2010–2015:

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 — Build Consumer Demand

- Increased fresh pork purchase frequency
- Improved differentiation for ham, bacon and deli meats made from Australian pork.

3.7.2 Core Objective 2 — Viable Productive Farms

- Decreased cost per pig
- Consistent nutrient supply and cost.

3.7.3 Core Objective 3 — Efficient Value Chains

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

3.7.4 Core Objective 4 — Leadership, Preparedness, Stewardship

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

Organisational and Strategic Overview

3.7.5 Core Objective 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.

3.8 Governance

3.8.1 APL Board

Role

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

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

The Board's functions include:

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

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

Remuneration

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

Organisational and Strategic Overview



Meetings

The 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 Board may convene special meetings or use electronic methods to agree or respond to specific issues.

Committees

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

- *Audit, Risk and Corporate Governance Committee:* The committee is chaired by a director and includes two other directors. The committee's role is to advise the Board on corporate governance, internal and external financial audit issues and adequacy of accounting procedures, systems, controls and financial reporting. It also reviews risk management and fraud control management, intellectual property management, qualification of research and development and matching expenditure in compliance with major contracts.
- *Human Resources and Remuneration Committee:* The committee is chaired by a director and includes two other nominated Board members. The committee provides advice and recommendations to the Board on remuneration policies and practices, and performance reviews for senior management.
- *Pan Pacific Pork Expo (PPPE) Management Committee:* The PPPE Management Committee is chaired by a director and meets as required. The committee is responsible for the overall planning, implementation and evaluation for the industry's biannual expo.
- *Animal Welfare Committee:* The Animal Welfare Committee is chaired by a director and provides input and guidance to the APL Board into the development of policy and strategic communications on emerging or specific animal welfare issues that have potential to significantly impact on producers' future sustainability.
- *Market Development Committee:* Directors with marketing experience are part of the Market Development Committee, which also includes industry stakeholders from the supply chain. The committee reviews possible marketing developments for the domestic and export markets and advises the Board, through management, on appropriate strategies.
- *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.
- *Quality Assurance Committee:* The committee is chaired by a director and provides input and guidance to APL management and board into the development of policy, issues management and strategic communications on quality assurance and the APIQ✓[®] program.

Organisational and Strategic Overview

Development and Performance

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

The 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 Board is planned for late 2011/early 2012. This will be 18 months since it was last carried-out in June 2010, as part of the Board's commitment to continued good corporate governance. An orientation program is provided for new members of the Board to meet the company's senior managers and to gain an understanding of the company's operations and the industry more broadly.

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

Policies

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

Business Approach

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

3.8.2 Corporate Social Responsibility

Managing risks for sustainability is a core activity and APL encourages sustainable actions within the organisation. APL also 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 reported below.

Maintaining Ethical and Responsible Marketplace Practices:

- Nutrition programs, in particular, diet education, public health and food safety
- Consumer research
- Improved consumer preference, including lifestyle and environmentally friendly packaging and labelling
- Maintaining food safety and product integrity in the marketplace.

Organisational and Strategic Overview



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 work force
- 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 Board
- OH&S policy and procedures
- Anti-discrimination policy
- Internal communication committee
- Flexible working arrangements
- Recycling program.

Taking Care of the Environment in which the Company Operates:

- Implementation of the environmentally sustainable piggeries program
- Research of 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 the Welfare of Animals: Pigs
- Australian pork industry animal care strategy and implementation plan
- Animal welfare research projects.

Strengthening the Company's Place within the Community:

- Multi-media educational program for primary schools
- Postgraduate scholarships
- Cadetships for level five management training
- Training and provision of training manuals for piggery staff
- Travel awards
- Promoting awareness publications
- Consumer survey — animal care and community sensitive issues
- Reputation management strategy
- PPPE, incorporating Uptake
- Porksafeprogram, trade and agricultural shows and sponsorship
- Producer innovation awards
- Provision of Christmas hams and pork to charity
- Communications to members and industry.

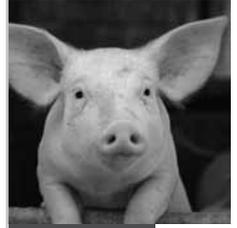
4 Report on Performance

4.1 Summary of Objectives – KPIs and Outcomes

The table below shows the KPIs and expected Outcomes for each of the programs within the strategies which in turn, are within the Core Objectives. This provides a clear view of the activities and associated industry benefits linking back to the 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. Increasing Frequency of Use	1.1 Frequency of usage	1.1.1 Consumption Kilograms per capita of fresh pork	Increase sales to support farm gate prices
			1.1.2 Expenditure capita on fresh pork	
			1.1.3 Purchase Frequency (per annum)	
			1.1.4 Share of all proteins (fresh - \$)	
	2. Promoting "Australian"	2.1 Australian awareness	2.1.1 Awareness of Australian pork logo	Increase sales to support farm gate prices
			2.1.2 Australian share processed pork (volume)	
	2.2 Expand international business	2.2.1 Volume of exports (tonnes)	Maintain diverse sources of demand	
		2.2.2 Value of exports (\$million)		
Viable Productive Farms	1. Reduce Input Costs	1.1 Reduce the impact of disease	1.1.1 Pigs sold per sow per year	Improved margin per pig Consistent nutrient supply
		1.2 Efficient and cost effective nutrient supply	1.2.1 Herd feed conversion ration	
	2. Improve Process Efficiency	2.1 Globally competitive cost of production	2.1.1 Pork produced per sow	
			3.1 Facilitate skills and capacity development on-farm	3.1.1 Technology adoption Shared vision
	3. Build Skills and Capability			
	Efficient Value Chains	1. Create and Capture Value Improvements	1.1 Research and development of technical innovation	1.1.1 Proportion of slaughter pigs in Physi-Trace 3 program
2.1 Enhancing market signal flow				2.1.1 Proportion of boar taint-free male pigs

Report on Performance



Core Objective	Strategy	Program	KPIs	Outcomes	
	3. Optimise Value Chain Efficiency and Quality	3.1 Enhancing supply chain efficiency and quality	3.1.1 Proportion of PorkScan graded carcasses	Informed and innovative supply chain	
Leadership, Preparedness, Stewardship	1. Address Changing Expectations and Standards for Food Production	1.1. Taking care of our animals	1.1.1 Pig herd covered by APIQ✓®	Optimum pig welfare, health and care	
			1.1.2 Conformance with APIQ✓® animal welfare standards	Validation of pig welfare, health and care Improved efficiency and productivity on-farm Reputation for responsible practices	
		1.2 Strengthening biosecurity	1.2.1 Producers covered by APIQ✓®	Enhanced biosecurity and animal health preparedness on-farm reduces risks of exotic and endemic disease outbreaks	
			1.2.2 Conformance with APIQ✓® biosecurity standards	Validation of biosecurity practices on-farm Improved efficiency and productivity on-farm Market access for pork products retained Reputation for responsible practices	
		2. Manage the Impact of Regulatory Shifts	2.1 Safe food	2.1.2 Conformance with APIQ✓® food safety standards	Safe food Increased confidence in product integrity Reputation for responsible practices
		3. Government Policy and Compliance Requirements	3.1 Climate change and sustainability	3.1.1 Pork industry life cycle analysis and emission factors	Environmentally sustainable and carbon neutral industry Positioning pork in relation to climate change policy
	3.2 Issues and emergency management			3.2.1 Conformance with APIQ✓® traceability standards	Enhanced and validated livestock traceability Increased confidence in product integrity Reputation for responsible practices
			3.2.2 Valid completion of PigPass NVD	Enhanced livestock traceability Market access for pork products retained Industry preparedness, rapid response and effective recovery	
			3.2.3 Minimal disruption to trade	Increased confidence in product integrity Market access for pork products retained Reputation for responsible practices and resource efficiency Industry preparedness, rapid response and effective recovery	

Report on Performance

Core Objective	Strategy	Program	KPIs	Outcomes	
Industry Cohesion and Responsiveness	1. Engage and Connect the Industry	1.1 Enhance effective communications	1.1.1 Overall membership	Increased level of awareness of the Australian pork industry	
		1.2 Growing valuable industry networks	1.2.1 Overall membership		
	2. Facilitate Rapid Uptake of Information and Technology	2.1 Communication and facilitation of information and technology adoption	2.1.1 Increased awareness of new information	2.1.2 Technologies adopted	Shared vision Informed industry 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	3.1.1 Positive APL image	Positive recognition that APL is the national representative body for Australian pork producers
			3.2 APL organisational capacity	3.2.1 Staff turnover	
				3.2.2 Efficient alignment of the organisation to support achievement of the strategic objectives	

4.2 Core Objective I — Build Consumer Demand

This Core Objective relates to increasing the demand for Australian pork from domestic and international consumers.

4.2.1 Rationale

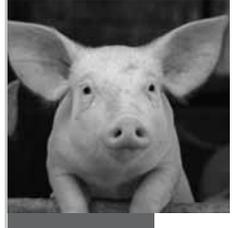
Pork producers generate increased profits the same way as everyone else. Either by increasing price, increasing volume sales or reducing cost. This Core Objective is focussed primarily on the first two.

By increasing demand from consumers and trading partners, additional demand gets converted either into additional volume sales if additional volume exists, or gets converted into price at the farm gate, where demand exceeds supply.

Australian pork producers have three primary sources of demand:

- Australian demand for fresh pork;
- Australian demand for Australian ham, bacon and deli meats; and
- International demand for Australian pork.

Core Objective I seeks to optimise total demand between these three.



4.2.2 Strategy I — Assuring Eating Quality

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Assuring Eating Quality	Integrate 'Eating Quality' projects with overall strategy	Build Quality Perceptions of "Taste Great" and "Is usually great quality"	Percentage of consumers rating pork	58% 35%	61% 38%
	Nutrition marketing	Maintain "Healthy" rating at August 2010 level	Percentage of consumers rating pork	40%	41%

No specific KPIs were set for this strategy as the Eating Quality project is in the modelling stage. However, fresh pork did show perceived improvement in consumer perceived quality over the 2010–2011 year: The percentage of Australian consumers rating pork as "tastes great" improved by 3 per cent to 61 per cent and their perception of "Is usually great quality" also improved for fresh pork by 3 per cent to 38 per cent.

Background

Consistent high quality is a key driver of repeated purchase. Improvements in supply chain presentation of product, improved branding in many supply chains, together with increased familiarity of pork have been the main drivers of improved consumer perceptions in the 2010–2011 year.

There are significant R&D programs in place to enhance and accelerate this progress.

Achievements / Outcomes

Program 1. Fresh pork quality consistency

Eating Quality

The development of an eating quality assurance system, with clearly defined production pathways from production to consumption, would enable the Australian pork industry to supply customers, domestic and export, with consistent, high quality pork. The overall objective of the program is to introduce a non-prescriptive, cost-effective system that results in a reduction of the fail rate for consumer acceptability of Australian pork to less than five per cent. Previous APL and Pig Research and Development Corporation (PRDC) studies have demonstrated that product variability for pork, in eating quality terms, far exceeds tolerance limits imposed for other food products.

Report on Performance

The University of Melbourne has completed a project to develop the draft predictive model for eating quality of pork, which is the first stage of this work. An extensive database of published and non-published research detailing the effects of production, processing and cooking parameters on pork eating quality and technological quality was compiled. This database was then used to determine the impact of key pathway factors on pork eating quality attributes of tenderness, juiciness and flavour. Due to the nature of the data available, an arbitrary set of pathway parameters was developed for a standard pig. Initially, a risk analysis approach was used, however, the approach was revised and linear and non linear regression analyses have been used to determine the effect of different variables for each parameter when compared to those set for the standard pig. It was highlighted that more data is required to better quantify the relationships between immuno-castrated males and females, sensory differences between muscles and the effect of cooking method, cut type and final internal temperature on eating quality attributes of pork. To enable the system to be cuts-based rather than carcass-based, these relationships need to be better understood and quantified. Consideration of interactions with gender, genotype, nutritional management and other environmental effects are also required. These models are single variable comparisons only, within a parameter, and further work is required to determine the effect and size of interactions on eating quality parameters, to conduct simulations and validation of the draft model, as well as to link the individual parameters together in a pathway approach. This will be assisted by using additional data generated in projects conducted as part of the new CRC for HIAP. Protocols for cooking leg, loin and shoulder cuts as a grilled steak, roast or stir fry strips to two final internal temperatures were also developed by the South Australian Research and Development Institute (SARDI) and validated using a trained taste panel as part of this project. This information will be utilised in sensory studies to be conducted in 2011–2012, funded by the CRC for HIAP.

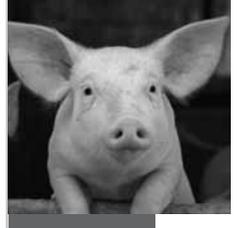
Enhancing the Iron Content of Fresh Pork

Three studies focussed on enhancing the uptake and deposition of iron in pigs to improve the iron content of fresh pork were conducted in collaboration with the Pork CRC. The average iron content of pork in Australia (0.63mg/100g) is lower than that of other major pig producing countries, and is proposed to have arisen from the change in muscle characteristics, such as myofibre composition, brought about by selection for more growth-efficient animals slaughtered at a younger age.

The Commonwealth Scientific and Industrial Research Organisation (CSIRO) Livestock Sciences conducted a proof of concept study to determine if iron metabolism and muscle iron content could be influenced by hypoxia or by administration of erythropoietin (EPO). Exposure of pigs to intermittent hypoxia over eight weeks prior to slaughter did not affect the iron content of pork despite demonstrating an effect on erythropoiesis, including increased erythrocyte number, haematocrit and haemoglobin concentration. The response of pigs to EPO was limited by availability of iron due to the mobilisation of iron from both the liver and spleen, despite access to dietary iron in excess of 400mg/day.

The Animal Genetics and Breeding Unit (AGBU) at the University of New England, in collaboration with Rivalea Australia, conducted a project aimed at estimating genetic parameters for haemoglobin in pigs and iron levels in pork, along with performance, feed intake and feed efficiency. It also looked at carcass and meat quality traits as alternative methods of increasing pork iron content. This project measured haemoglobin in the live pig and muscle iron content and meat colour of pork at slaughter and used haemoglobin as an indirect selection criterion for iron content in pork and pork colour. Blood haemoglobin contents at week five and at week 22 were found to be low to moderately heritable traits, with estimates ranging from 0.04 to 0.27. Preliminary results indicated a substantial difference in additive variance for this trait between breeds and a negative association between blood haemoglobin in five week old pigs and high average daily gain. Similarly, phenotypic correlations also suggest reduced haemoglobin content in animals with reduced backfat depths.

Report on Performance



The project conducted by Murdoch University to investigate pig production systems to enhance the iron content of pork is ongoing and will be completed in 2011–2012. To-date, no effect of housing treatment (conventional versus deep litter) on iron, zinc or myoglobin levels in the loin or M. rectus abdominis muscle (from the hind leg) has been found. The second study involves feeding pigs two different diets, either low (50-55 ppm) or high (200-220 ppm) in iron, during the grower and finisher phases and determining whether depletion followed by repletion of iron can influence muscle iron deposition.

Considerations and Impacts

An oral presentation of research findings from the Eating Quality project was made at the International Congress of Meat Science and Technology in Belgium in August 2011. Ongoing consultation and involvement of all value chain partners in the Eating Quality project will occur to allow both additional model development and validation studies to be undertaken with industry support.

The Health and Nutrition project results were communicated via presentations at the Nutrition Society of Australia's Annual Scientific Meeting in Perth in December 2010. This was an APL and Pork CRC co-sponsored session. Dissemination of research outcomes to provide consumers and health professionals, alike, with significant information to improve consumer attitudes and positioning of pork remains an area of key focus for 2011–2012. Demonstrating benefits of consuming pork on health and wellbeing is now part of Program 3 - Healthy Pork Consumption in the CRC for HIAP.

4.2.3 Strategy 2 — Increasing Frequency of Use

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Increasing Frequency of Use	Fresh pork frequency of usage	Annual Australian pork consumption	Carcase Weight Equivalent (CWE) kg/capita/ annum	8.41	8.5
		Expenditure	\$/capita/annum	\$61.50	\$59.36
		Purchase	Frequency per annum	8.3	8.2
		Share of all fresh proteins	Value share	10.0%	9.9%

Background

This strategy focuses primarily on those consumer segments that are easiest to influence. It applies regular and sustained messaging to these groups of Australians (primarily) for extended periods of time.

Achievements / Outcomes

There is now a demonstrable statistical link between APL's advertising and pork volume and value sales. This has enabled APL to demonstrate attractive returns to Australian pig producers.

Whilst there are many factors that affect demand for Australian pigs, we can now demonstrate, with confidence, that there has been no bigger measurable impact on fresh pork sales than APL's activities in the 2010–2011 year.

Report on Performance

During the year, a record level of consumer advertising awareness for pork was recorded at 47 per cent.

Considerations and Impacts

APL's activities have enjoyed growing support from supply chain partners over the 2010–2011 year. In-store activity, branding and packaging have all improved and no doubt contributed to increased consumer demand for fresh pork.

In addition, the floods in January boosted volume sales of pork as our supply chains were less interrupted than some other meat supply chains at that time.

4.2.4 Strategy 3 — Improving the Image of Fresh Pork

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Improving the Image of Fresh Pork	Foodservice	Restaurants with pork on the menu	Percentage share	80%	Data not yet available

Background

Clearly advertising and public relations form part of improving the image of pork. These, however, fit into the other strategies also, and are budgeted there. In addition to what a product says to consumers, where it appears is also an important determinant of image. In part, restaurants listing pork on their menus say something about the quality of the product as defined by experts (chefs).

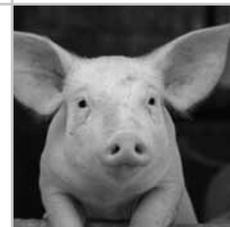
Achievements / Outcomes

In addition to attracting increasingly high profile chefs, this program has generated relationships which have been used for mutual benefit in the promotion of both the chef and Australian pork.

An example of this was the endorsement by renowned chefs of various pork recipes during the "International PorkFest" activity, completed in April, 2011.

Considerations and Impacts

Chefs not only influence consumers through the restaurants they inspire, but increasingly are becoming this decade's new source of celebrity. The popularity of *MasterChef*, *Come Dine with Me* and *Ready Steady Cook* type television shows seem set to make this program more valuable to APL, due to the spokespeople we can access.



4.2.5 Strategy 4 — Promoting “Australian”

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Promoting “Australian”	Australian awareness	Awareness of Australian pork logo	Percentage	50%	34%
		Australian processed	Percentage share	29%	28%
	Expand international business	Volume of exports	Tonnes	36,500	36,361
		Value of exports	\$ million	113.2	111.3

Background

Following the strategic review conducted in 2008–2009, APL has identified that whilst fresh pork is a big opportunity for growth, any decline in the use of Australian pork in the processed pork or international markets represents a significant risk. In fact, a quarter of Australian production is still supplied to the domestic processors for production of ham, bacon, salamis and other smallgoods.

Achievements / Outcomes

Over the course of 2010–2011 the Australian PorkMark program (as it has come to be called) has expanded to 323 firms licensing the use of the PorkMark to highlight Australian pork was used in its production.

In addition, the Ham and Bacon Weeks of promotion and publicity have further improved on 2009–2010. In fact, Bacon Week, in March 2011, generated more than three times the publicity of the 2010 event and was worth over \$800,000 at advertising space rates.

Whilst the PorkMark’s consumer awareness has dipped from its high of 44 per cent during 2010–2011, this is due to its removal from advertising in March/April 2011 for “International PorkFest”. Its awareness is continuing to grow and will regain the highs of 2010–2011 in due course.

Considerations and Impacts

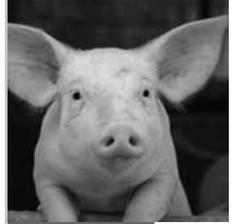
Due to reduced funds available to APL, a decision was made to close the Singapore office we have had for the last decade. Singaporean stakeholders will continue to be engaged by increased frequency of visit by Australian-based staff.

Report on Performance

Our aspirations for this strategy clearly depend on competition from imports and exporters' ability to dump product into our market. The Government's Streamlining Australia's Anti-Dumping System Report, made in response to the Productivity Commission's Inquiry into Australia's Anti-dumping and Countervailing System, is aimed at improving efficiency and access to the anti-dumping system for primary producers, improve timeliness of decisions and the quality of the decision-making process. APL's submission to Customs (August 2010) is quoted in the Report as supporting the continuation of the "Close Processed Agricultural Goods Provisions". Of significance to APL is the proposal for Customs to establish an agricultural products working group to examine the existing provisions in the Customs Act 1901 concerning "close processed agricultural goods" with a view to improving them. APL is seeking to be part of this working group.

4.2.6 Financial Summary

CORE OBJECTIVE I - BUILD CONSUMER DEMAND							
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Assuring Eating Quality	NON R&D			R&D			
<i>Budget</i>	\$1,550,000	\$371,493	\$1,921,493	\$519,500	\$215,824	\$735,324	\$2,656,817
<i>Actual</i>	\$1,780,819	\$363,046	\$2,143,865	\$469,400	\$167,929	\$637,329	\$2,781,194
Increasing Frequency of Use							
<i>Budget</i>	\$1,459,445	\$556,686	\$2,016,131	\$635,500	\$534,483	\$1,169,983	\$3,186,113
<i>Actual</i>	\$1,534,391	\$635,853	\$2,170,244	\$610,416	\$740,401	\$1,350,817	\$3,521,061
Improving the Image of Fresh Pork							
<i>Budget</i>	\$441,500	\$797,391	\$1,238,891	\$0	\$0	\$0	\$1,238,891
<i>Actual</i>	\$411,836	\$690,364	\$1,102,200	\$0	\$0	\$0	\$1,102,200
Promoting "Australian"							
<i>Budget</i>	\$611,000	\$295,634	\$906,634	\$50,000	\$2,162	\$52,162	\$958,796
<i>Actual</i>	\$267,464	\$319,269	\$586,733	\$24,108	\$2,258	\$26,366	\$613,099
TOTAL CORE OBJECTIVE I - BUDGET	\$4,061,945	\$2,021,203	\$6,083,148	\$1,205,000	\$752,469	\$1,957,469	\$8,040,617
TOTAL CORE OBJECTIVE I - ACTUAL	\$3,994,510	\$2,008,532	\$6,003,042	\$1,103,924	\$910,588	\$2,014,512	\$8,017,554



4.3 Core Objective 2 — Viable Productive Farms

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

4.3.1 Rationale

Australia has a relatively low on-farm cost of production, but is significantly disadvantaged in international competitiveness by domestic grain prices. Feed grain prices are likely to be under continued pressure resulting in a new global benchmark and rising production costs for producers. More effective feed formulations, development and access to new designated feed grain varieties, and the identification of new feed sources, needs to be considered.

Pig diseases in Australia have a major impact on the cost of production of pork and there is significant scope to greatly enhance the Australian pork industry's efficiency and competitiveness by better controlling the diseases that adversely affect pork production.

In addition, the use of innovative nutritional and management technologies will also play a major part in ensuring that the Australian pork industry continues to enhance its production efficiency and competitiveness.

4.3.2 Strategy 1 — Reduce Input Costs

This strategy relates to input costs on-farm with the major on-farm costs being feed and disease management.

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Reduce Input Costs	Reduce the impact of disease	Pigs sold per sow per year	Pigs / sow / year	22	21.3
	Efficient and cost-effective nutrient supply	Herd feed conversion ratio	MJ DE / Kg	50	52

The Pork CRC Benchmarking Study indicates that the pigs sold/sow/year is currently at 21.3. Whilst the target of 22 pigs sold/sow/year was not attained, this increase from 20 to 21.3 is significant.

Background

The Pork CRC focuses on diversifying our feed grain supply through the development and promotion of pig-preferred grain varieties and alternatives for key production regions. This ongoing work represents a major opportunity for the industry to advance these issues, with significant leverage from the Commonwealth Government, research organisations, large pork producers with research capacity and some commercial service companies.

Report on Performance

The control and/or reduction of disease and mortality in pigs as an addition or alternative to existing health control programs are a key objective for the pork industries globally, including Australia. Pig diseases in Australia have a major impact on the cost of production of pork. Current disease management strategies need to be reviewed and new strategies, such as vaccine development need to be implemented to minimise the impact of these diseases on the production of Australian pork.

Achievements / Outcomes

Reducing the impact of disease

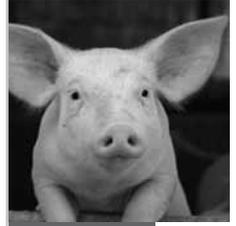
A number of activities were conducted in this strategy, including a review of factors that stimulate the innate immune system in the pig in a positive manner, and determining the economic cost of housing pigs outside their thermo neutral zone, by way of AUSPIG modelling using current genotypes. A detailed understanding of the immune system and how it may be manipulated was presented in terms of both the innate and adaptive immune systems, which are interdependent of each other. A number of factors that inhibit and stimulate the innate immune system were identified and strategies to enhance growth performance were recommended. These recommendations will be referred on to the CRC for HIAP (Program 2 – Herd Health Management) to develop further R&D priorities.

All on-farm health R&D is undertaken by the Pork CRC. Major achievements in this strategy during 2010–2011 included:

- The development of a novel and effective vaccine against *Actinobacillus pleuropneumonia* (APP). Whilst there have been some teething problems with the vaccine, it continues to be used by Australia's two largest commercial producers. The vaccine will be further refined by the CRC for HIAPs;
- The development of a range of diagnostic tests for common pig diseases in Australia and globally. Specifically, the Pork CRC developed a quantitative PCR test for ileitis and is in the final stages of refining a pen side strip test for the same disease organism. An ELISA kit has been developed (and patented) for swine dysentery and PCR and other tests have been developed for Glasser's disease;
- Alternatives to antibiotics to control *E. coli* infections, particularly in young pigs, have also been developed. These include Bacteriophages and probiotic strategies based on the genotype of the pathogenic *E. coli* strains. Both the latter technologies will form part of the CRC for HIAPs (Program 2 – Herd Health Management).

Cross-sectoral facilitation of feed grain R&D

This project is an initiative that allows APL to continue to work and engage with the key cross-sectoral Feed Grain Partnership initiative members, including Grains Research and Development Corporation (GRDC), Dairy Australia (DA), Meat and Livestock Australia (MLA), Australian Egg Corporation Limited (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 identify and address key feed grain R&D priorities. These include feed grain usage data collection and analysis. The Feed Grain Partnership is also involved in a project with the CSIRO, investigating the down-regulation of the starch viscosity gene, glucan water dikinase (GWD), to increase sorghum grain yield and digestibility directly applicable to the feed grain sectors. Both genetically modified (GM) and non-GM approaches are being investigated to examine their relative technical and industry merits. The glasshouse trials have been completed and the results have been very encouraging. Further gene expression studies are being negotiated.



Considerations and Impacts

Most of the APL R&D program within this area is undertaken by the Pork CRC. The collaboration between APL and the Pork CRC has ensured that there is no duplication of R,D&E programs and activities.

4.3.3 Strategy 2 — Improve Process Efficiency

This strategy relates to the enhancement of the various processes on-farm, including feed efficiency and reproductive performance.

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Improve Process Efficiency	Globally competitive cost of production	Pork produced per sow	HSCW / sow / year	1650	1549

The Pork CRC Benchmarking Study indicates that the pork produced /sow/ year is currently at 1549 kg and is well above the KPI of 1429kg.

Background

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

Achievements / Outcomes

Pork CRC

The Pork CRC has been successful in its bid to extend the centre for a further nine years. The current Pork CRC has made some significant gains and an overview of these include:

- Release of a range of new plant varieties (triticale, barleys and pulses) with superior yield and superior digestible energy (DE) content;
- Development of Near Infra-Red Spectroscopy (NIRS) techniques for rapid estimation of the DE content of feed grains;
- Determining that Australian pig genetics have similar performance capabilities to those available internationally, thus removing industry concerns that Australian genetics are a constraint;
- Revised nutritional requirement guidelines for modern pig genetics;
- Demonstration of practices for the use of metabolism modifiers that improve feed efficiency and carcass gain by 10–24 per cent;
- Pig diagnostic tests patented;
- Pork as a healthy meal option; and
- Sponsorship of 50 honours students, 23 PhD students and five post-doctoral students, with 23 ex-students currently employed by the pork industry.

Report on Performance

Pork RD&E Strategy

To ensure the increased alignment and coordination of the various pork R,D&E programs, APL and the Pork CRC, in conjunction with the various governments, university and industry R,D&E stakeholders, has in place a comprehensive Pork R,D&E Strategy that comprises a number of important components.

Pork R,D&E Facilities:

- i. Focussing 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.

Pork R,D&E Programs:

- iii. Moving from a project by project basis to a coordinated 'national program' approach;
- iv. Enhancing the development and retention of appropriate human resources and skills.

This strategy has had a tremendous impact on Pork R,D&E in Australia by reducing the 'pig costs' by 30 per cent and enhancing the delivery and timeliness of R&D through the use of discovery and commercial research facilities. The national Pork R,D&E Strategy has also enhanced the collaboration between R&D providers with their scientists working with the most appropriate R&D facility. The R,D&E Strategy has also enhanced the rapid uptake of R,D&E outcomes through increased involvement of industry, state governments and university R,D&E stakeholders as part of the base-funded R&D facilities.

AUSPIG

AUSPIG is a key decision support tool for nutritionists providing advice to Australian pork producers and in modelling potential benefits of research and development outcomes from both APL and the Pork CRC. Both organisations continued to support ongoing maintenance and development of the model during 2010–2011.

Embryo Transfer

This project evaluated the use of mini-laparotomy embryo transfer procedures in a commercial environment. Unfortunately, this project had to be terminated due to unsatisfactory results. Whilst the technology remains a tool that can provide significant opportunities for the Australian pork industry, these results indicate that the technology needs to be further enhanced and some major constraints need to be overcome before embryo transfer can be a viable commercial option to transfer genetic material from one herd to another.

Considerations and Impacts

Benefit cost analyses of Pork CRC Programs has been assessed as:

Programs	Benefit cost ratio (BCR)
1. Securing more reliable and consistent supplies of protein and energy for pig diets	2.01
2. Improving herd feed conversion efficiency	2.98
3. Enhancing capacity to deliver nutrients that promote health and well-being through pork	11.38

Report on Performance



The Pork CRC was successful in its bid to extend the centre for a further nine years. The new Pork CRC is titled High Integrity Australian Pork (HIAP). APL is again the largest essential participant and will ensure that the linkage between the Pork CRC and APL leads to major benefits for both organisations' programs without leading to duplication.

4.3.4 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.

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Build Skills and Capability	Facilitate skills and capacity development on-farm	Technology adoption	% of technologies adopted	45	43

The technology adoption by pork producers was assessed using surveys listing technologies developed by the Pork CRC (all production based technologies). The surveys covering 14 technologies indicated that the average technology adoption was 41 per cent. A technology transfer and adoption survey of pig nutritionists (servicing around 70 per cent of sow herd), covering 12 of the same technologies (used in the pig producer surveys), plus two additional nutrition related technologies, indicated that the average adoption was 44 per cent.

Background

The global competitiveness of the Australian pork industry is closely linked to the competency of our on-farm staff to implement existing and new technology to enhance the production efficiency of the herd. The pork industry is becoming more technologically complex with more use made of specialised instruments and procedures. This has increased the demands on the training and extension components of the sub-projects, as it is important that the latest information is transferred to industry and is easily understood by the industry's employees. The main areas of this strategy will be 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

On-farm capability training and development activities

APL sponsored a scholarship in Course 18 of the Australian Rural Leadership Program. Richard Evison, Production Manager at Westpork Pty Ltd in Western Australia, was awarded the scholarship and commenced the 59 day course in May 2011. The course runs for 17 months and includes six sessions held around Australia and overseas, focussing on all aspects of leadership development in the context of rural Australia.

Report on Performance

APL entered into an agreement with Assiniboine Community College (ACC), Canada, for the ongoing support and updating of training resources developed under a collaborative arrangement between APL and ACC. The Diploma in Pork Production qualification covers advanced production, planning and business competencies and is aimed at unit managers and owner/operators. These 12 resources have been mapped to the Diploma and are currently being trialled at courses in Bendigo (Vic) and Roseworthy. (SA) Final versions will be made available to other Registered Training Organisations following completion and evaluation of these courses.

APL and Rural Solutions SA began an 18 month program in South Australia to pilot the formation of a network to develop young leaders in the pork industry. The 'Future Leaders' program involves facilitated interaction among young producers and industry representatives around industry issues and leadership development opportunities. The first meeting of the group coincided with APL's AGM in November 2010, allowing participants to witness discussions on the decision to voluntarily ban gestation stalls. Having completed a needs analysis, the group has a schedule of planned activities in place, the first of which was a seminar on sow housing options held in February 2011. The group currently consists of 12 producers and five industry representatives.

ProHand™ delivery and support

APL continues to facilitate delivery of ProHand™ training through producer grants to run courses and maintaining a core group of national facilitators. A total of 63 stockpeople completed the two-day program during 2010–2011 and 31 lairage staff completed the pork abattoir version. Two additional facilitators were trained in ProHand™ delivery.

Considerations and Impacts

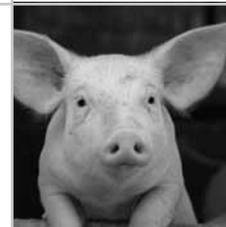
APL-sponsored participants in Australian Rural Leadership Foundation programs have strong potential to provide future leadership for APL and the wider industry.

The Diploma in Pork Production will be a useful channel for disseminating research outcomes to senior farm managers going forward.

The SA 'Future Leaders' pilot can be fully evaluated on completion in November 2011, however, the Industry Capability Specialist Group recommended that another state embark on the program in 2011–2012. Success of this program hinges strongly on a respected local 'champion' able to facilitate the network in their state, and over time the program will deliver prospective leaders for positions, such as APL Delegates and state farming organisation representatives.

Funding of producer grants for ProHand™ delivery will be decreased in 2011–2012, given that the program is now an established and tested training package for stockpeople.

Report on Performance



4.3.5 Financial Summary

CORE OBJECTIVE 2 – VIABLE PRODUCTIVE FARMS							
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Reduce Input Costs	NON R&D			R&D			
<i>Budget</i>	\$0	\$4,306	\$4,306	\$106,000	\$37,411	\$143,411	\$147,717
<i>Actual</i>	\$0	\$0	\$0	\$48,161	\$10,093	\$58,254	\$58,254
Improve Process Efficiency							
<i>Budget</i>	\$0	\$0	\$0	\$1,105,528	\$114,517	\$1,220,045	\$1,220,045
<i>Actual</i>	\$0	\$0	\$0	\$1,091,849	\$196,186	\$1,288,035	\$1,288,035
Build Skills and Capability							
<i>Budget</i>	\$0	\$0	\$0	\$75,000	\$32,801	\$107,801	\$107,801
<i>Actual</i>	\$0	\$0	\$0	\$35,004	\$23,912	\$58,916	\$58,916
TOTAL CORE OBJECTIVE 2 - BUDGET	\$0	\$4,306	\$4,306	\$1,286,528	\$184,729	\$1,471,257	\$1,475,563
TOTAL CORE OBJECTIVE 2 - ACTUAL	\$0	\$0	\$0	\$1,175,014	\$230,191	\$1,405,205	\$1,405,205

4.4 Core Objective 3 — Efficient Value Chains

It is imperative that the Australian pork industry is consumer focussed and this can only occur if all segments of the pork supply chain are intrinsically linked to enable the flow of market signals. The use of a systems management approach that co-ordinates and integrates key consumer-focused initiatives will facilitate the flow of objective market signals.

4.4.1 Rationale

A systems focus to help improve cost-efficiency and value, carcass and eating quality, and overall pork integrity, will allow the pork supply chain to demonstrate the economic impacts of consumer-focused supply chains. This will eventually evolve into a 'value chain' mentality from consumers to producers.

Report on Performance

4.4.2 Strategy I — Create and Capture Value Improvements

This strategy relates to identify opportunities to improve the value chain systems by enhancing our knowledge/requirements of the various sectors within the value chain.

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Create and capture value improvement	Research and development of technical innovation	Proportion of slaughter pigs in Physi-Trace 3 program	%	75	45

The KPI for this strategy was developed on the basis that the Physi-Trace program would be implemented in 2010–2011. Following industry consultation via the APL Processor Referral Group, it was recommended that the program needed to further develop a least cost sampling protocol that made it more viable for industry adoption. Four export abattoirs (representing 45 per cent of pig slaughtered) participated in this Stage III project. This project was able to achieve a 46 per cent reduction in sample collection numbers without compromising accuracy of the Physi-Trace traceback technology. This represents a significant cost reduction in running such a traceability program, leading to increased industry adoption.

Background

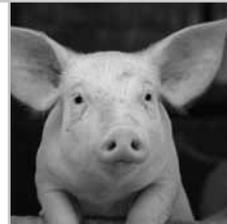
Enhanced communication between supplier and buyer will ultimately mean a greater understanding of what contributes to the right type of carcase for the buyer's needs, and better planning through the life of the pigs produced. APL is working with a number of value chains in the Australian pork industry to improve objective measurement, buyer/seller relationships, and the flow of market signals in the industry, with the ultimate objective to provide a much more efficient chain with better links between value and quality.

Achievements / Outcomes

Value Chain Mapping

The Value Chain project was based on 'Value Chain and Lean Thinking' experiences around the world which have focussed on improving efficiency in meat supply chains, providing an opportunity to encourage transparency and supply chain integration. The Value Chain project was conducted in two stages. Stage 1 involved the selection of the partner, one of the most integrated chains in the Australian pork industry, and provided some focus for the project. Stage 2 involved mapping the value chain from production through to consumption, including early assessment of the product flow and potential target markets. The project developed a model to enable interested value chains to map their chain and explore opportunities to improve information flow and relationship development for the benefit of producers and processors.

Report on Performance



Physi-Trace

A number of related Physi-Trace projects were undertaken during 2010–2011 including Physi-Trace III, Physi-Trace Offal and PorkMark Compliance.

The Physi-Trace III project developed new sampling and analysis protocols to achieve minimal cost of Physi-Trace to pork export abattoirs, consistent with the objective of developing a simple, robust tool to support pork integrity and traceability. The project confirmed the accuracy of the technology in matching pork samples to their state, processor and tattoo code of origin. Sampling frequency was investigated to determine the most efficient and cost-effective protocol for ongoing Physi-Trace sample collection. The results demonstrated that sampling of kill lots may be reduced from daily to weekly for some tattoo codes, and to fortnightly and monthly for other tattoo codes. The results also demonstrated that sampling of multiple tattoo codes from a single farm may be reduced depending upon industry expectations during a traceback enquiry. In total, the new sampling protocol results in a 46 per cent reduction in sampling intensity.

The Physi-Trace Offal project is focused largely on the relationship between trace elemental signatures of various tissues within a single animal. Of particular interest has been the way in which certain elements vary between the muscle tissue of a pig and their respective offal signatures. A sampling and analytical procedure has been developed together with a key set of elements to determine the relationship between the trace elemental signatures of the offal and the muscle data present in the Physi-Trace Database. Consistent patterns were observed between offal elemental signatures and muscle signatures for several elements. These identified elements show promising results, indicating the potential for a mathematical model that can link offal elemental signatures back to the Physi-Trace Database.

The PorkMark Compliance project was undertaken to underpin APL's PorkMark Program, which was launched in July 2009 to help shoppers more clearly identify home-grown, fresh and processed products made from Australian pork, as a means to combat increasing competition from frozen pork imports. Program participants are licensed to use the distinctive pink Australian PorkMark on Australian fresh meat and smallgoods to clearly differentiate between domestic and imported pork products. The results indicated that the majority of samples were consistent with their respective label claims (Product of Australia). However, there were a number of samples that had trace element distribution patterns that were not consistent with those represented in the classification model, thereby leading to an assessment that the pork was not of Australian origin. A key outcome was that the Physi-Trace technology can be used for product labelling compliance testing.

Considerations and Impacts

The Physi-Trace projects are inter-related and are designed to enable the industry to address key issues facing the Australian pork industry in the future, including:

- Rapidly identifying and quarantining the source of a food safety-related incident in the domestic or an overseas market (raw pork and offal) so that market access is not significantly disrupted. Australian Quarantine and Inspection Service (AQIS) and the Singapore Agri-Food and Veterinary Authority (AVA) have indicated their acceptance of Physi-Trace for this purpose based on a demonstration of the technology in early 2010; and
- Verification of label claims relating to 'Product of Australia' to underpin industry programs promoting Australian pork, and to enable differentiation between Australian and imported pork.

Report on Performance

Key considerations and impacts of the Value Chain project include:

- **Improving forecasting of pigs leaving the farm:** Scheduling of pigs delivered to the abattoir was made the week before delivery causing the chain to be 'reactive'. It was demonstrated that it was possible to forecast 19 weeks in advance, including a seasonal variation forecast, thereby giving the wholesaler/ exporter time for better planning and alignment of activities to customer and consumer needs;
- **Linking producer and processor models and systems:** Current systems meet producer and processor needs in isolation, but are not connected to each other. Improved communication, information flow and feedback between the farms and processor/wholesaler/exporter require identification of specific information which needs to be shared and how this can be best achieved;
- **Reviewing the carcase pricing mechanism:** A better understanding of producer and processor drivers, and integration of producer and processor models and systems, provides the opportunity to 'tweak' the price grids for improved overall benefits to the supply chain parties; and
- **Meeting market requirements at key periods, eg. Christmas and Chinese New Year:** Development of a mind set of how best to improve overall profitability across the chain might provide opportunities to maximise output and profit at peak demand times, recognising the challenge at both farm and abattoir level this would entail.

4.4.3 Strategy 2 — Enhance Linkages between the Value Chain Partners

This strategy relates to the development of systems that use common information along the value chain. This is particularly relevant to new technologies that are adopted and that allow information transfer along the value chain.

KPI Table

Strategy	Program	KPI	Unit	2010-11 Target	Result
Enhance linkages between the value chain partners	Enhancing market signal flow	Proportion of boar taint-free male pigs	% male pigs vaccinated against boar taint	65	20

The percentage of entire male pigs vaccinated against boar taint is currently about 20 per cent and is lower than the KPI of 65 per cent. A number of factors have affected this KPI, including a major supply chain being directed by a retailer to cease using the boar taint vaccine. APL is working with these supply chains to highlight the benefits of such technologies in terms of eating quality, animal welfare and environmental impacts. APL also conducted a boar taint survey and the data indicates a high incidence of boar taint in entire male pigs. This information has now been disseminated to all major pork supply chains to better inform them about the need to minimise the negative effect of boar taint and eating quality if the industry is to increase consumer demand for pork.

Background

The Australian pork industry must be consumer-focussed. The establishment of strong collaborative links and relationships within pork value chains will enable effective market signal flow, and allow for consumer requirements to be effectively captured by the respective partners. This program will seek to quantify some of the value along the supply chain to better meet the consumer's needs and demonstrate the need for improved linkages to secure these benefits.



Achievements / Outcomes

Selection of improved market value of pig carcasses

Genetic parameters for muscle and fat depth recorded with real time ultrasound on live pigs, and with PorkScan on carcasses, were estimated for two herds. At a given liveweight, muscle depth was strongly associated with higher loin weight, in comparison to higher leg weight at the expense of less shoulder weight. Based on 2,442 records, heritability estimates were 0.21 (± 0.05) for muscle depth recorded with the Meritronics ultrasound pulse-echo machine measured on the live animal, and 0.34 (± 0.05) for the PorkScan muscle depth measure on the carcass. Differences between the carcass and the corresponding on-farm measurement were found and should be explored in more detail. Automated software used to obtain accurate PorkScan measurements may have contributed to the higher heritability estimates obtained for carcass measures compared with on-farm measures. A research activity was also commissioned to record and characterise light striping measure of the PorkScan technology and to estimate genetic correlations between PorkScan measures and primal cut weights, as well as other performance traits.

Considerations and Impacts

Work to refine the lean meat yield PorkScan system will be conducted during 2011–2012 and this validation study will be conducted at a commercial abattoir. Once operational, 1,800 carcasses will be scanned to obtain lean meat yield information. In addition, the weight of the four main primal cuts will be recorded for these pigs. Genetic parameters will be estimated for these traits. Genetic correlations will also be estimated between lean meat yield, primal cut weights and other performance traits.

4.4.4 Strategy 3 — Optimise Value Chain Efficiency and Quality

The strategy focuses on a more economically efficient pig, but will seek to use technologies and strategies to ensure that the quality of the pork is not compromised.

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Optimise value chain efficiency and quality	Enhancing supply chain efficiency and quality	Proportion of PorkScan graded carcasses	%	80	41

The proportion of carcasses graded using the PorkScan technology is approximately 41 per cent and is significantly below the KPI of 80 per cent. One of the major PorkScan partners, Primo Smallgoods, has chosen not to be part of this initiative and have since adopted an alternative carcass assessment system at their Pork Wakefield abattoir. Software and hardware integrity issues in harsh environments, such as abattoirs, have also resulted in slower commercialisation of this technology.

Report on Performance

Background

The implementation of quantifiable tools will enable the Australian pork industry to move beyond a supply: demand focus to one where value chain relationships and opportunities between value and volume are better understood, and can be used for planning purposes to ensure industry profitability and sustainability.

Achievements / Outcomes

PorkScan Intellectual Property Protection

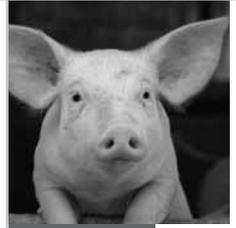
APL, as the owners of the intellectual property generated from the PorkScan Carcase Measurement project, filed an international patent corporation treaty application in June 2010 for the light-stripping component of the PorkScan system. The deadline for entry to the national phase is due in December 2011. In September 2010, the prototype system was installed at Rivalea Australia as part of an APL Group Demonstration Award project to evaluate the use of the PorkScan light-stripping technology in the commercial abattoir to: a) investigate associations between PorkScan measures and weights of primal cuts; b) characterise differences between four genetic lines; and c) estimate genetic parameters for PorkScan measures and primal cut weights.

Considerations and Impacts

Refinement of the PorkScan lean meat yield measurement system for pig carcasses is included in the CRC for HIAP, with APL and PorkScan Pty Ltd providing in-kind support to the project.

4.4.5 Financial Summary

CORE OBJECTIVE 3 – EFFICIENT VALUE CHAINS							
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Create & Capture Value Improvements	NON R&D			R&D			
<i>Budget</i>	\$0	\$0	\$0	\$295,000	\$105,813	\$400,813	\$400,813
<i>Actual</i>	\$0	\$0	\$0	\$316,751	\$147,270	\$464,021	\$464,021
Enhance Linkages Between the Value Chain Partners							
<i>Budget</i>	\$0	\$0	\$0	\$147,016	\$50,663	\$197,679	\$197,679
<i>Actual</i>	\$0	\$0	\$0	\$107,467	\$14,652	\$122,119	\$122,119
Optimise Value Chain Efficiency and Quality							
<i>Budget</i>	\$0	\$0	\$0	\$10,000	\$16,529	\$26,529	\$26,529
<i>Actual</i>	\$0	\$0	\$0	\$5,790	\$13,993	\$19,783	\$19,783
TOTAL CORE OBJECTIVE 3 - BUDGET	\$0	\$0	\$0	\$452,016	\$173,005	\$625,021	\$625,021
TOTAL CORE OBJECTIVE 3 - ACTUAL	\$0	\$0	\$0	\$430,008	\$175,915	\$605,923	\$605,923



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 Rationale

APL seeks to promote and drive self regulation to manage and balance the impact of regulatory shifts, changes to government policy, market access requirements and consumer expectations, so as to secure consumer and public confidence in Australian pork, while ensuring producers and the industry remain internationally competitive, profitable and sustainable. Our ability to prepare, rapidly respond to and recover from crises and emergencies with minimal disruption to trade is fundamental to this end.

4.5.2 Strategy 1 — Address Changing Expectations and Standards for Food Production

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

KPI Table

Strategy	Program	KPI	Unit	2010–2011 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	91%	85%
		Conformance with APIQ✓ [®] animal welfare standards	Ratio of major and critical animal welfare CARs against number of total sites audited	Establish baseline	Not available
	Strengthening biosecurity	Producers covered by APIQ✓ [®]	% of producers (i.e. farm enterprises) certified as APIQ✓ [®] as a proportion of all producers (PigPass database)	60%	42% (farm enterprise)
		Conformance with APIQ✓ [®] biosecurity standards	Ratio of major and critical biosecurity CARs against number of total sites audited	Establish baseline	Not available

Report on Performance

The introduction of the new APIQ✓® program in late 2010, combined with the decision of the APL Board that there would be only one APL endorsed Quality Assurance (QA) program, led to the gradual discontinuation of PigPass QA. This impacted on producer uptake of APIQ✓® with most of the small producers either exiting from the industry or not transitioning to APIQ✓®. The overriding reason provided by these latter producers is that their buyers/processors do not require QA certification.

The need to develop a total Client Management Relations solution as a functional priority for APL, delayed the further development of APL's PigPass database (an integral component of this solution but not scheduled for completion until 2012). Consequently, the KPIs for conformance with the APIQ✓® welfare standards and APIQ✓® biosecurity standards are not available.

Achievements / Outcomes

Program I – Taking care of our animals

Over the past two years the Australian pork industry has witnessed a substantial growth in concern amongst consumers, politicians, retailers and the general community about the welfare of pigs on farms, with the focus of this concern centring on the use of gestation stalls. In June 2010, the Tasmanian Government announced plans to introduce legislation to phase-out gestation stalls by 2017, and a major retailer, Coles, also announced in July 2010 that they would not be selling (fresh) pork sourced from gestation stall systems. A comprehensive industry consultation process to discuss this issue and options going forward was undertaken by APL. APL's role was to facilitate discussion with relevant stakeholders, producers, retailers, regulators, credible welfare organisations and others, to assess the pork industry's and other key sector stakeholders' views around these complex issues and put these views to producers. This included:

- extensive consumer and producer research, discussions with retailers and State and Federal Government Ministers;
- commissioning economic analysis to determine the capital investment cost to producers and the industry of removing gestation stalls;
- sharing producer experiences and learnings on moving to and managing sows in group housing through farm case studies;
- a nationwide producer road show and face-to-face meetings;
- establishing a dedicated, secure website accessible to producers and providing information on events; meeting outcomes; R&D reports; frequently asked questions and a blog; and
- two Town Hall teleforums – a national producer-only phone conference (a new activity for APL and an Australian first) where more than 1,400 producers were contacted and invited to discuss live and interactively with industry leaders on issues, including the use of gestation stalls and consumer perceptions, pork imports, labelling, and labour.

Report on Performance



Following this extensive consultation process, delegates at the APL AGM in November 2010 overwhelmingly supported “*that the industry commit to pursuing the voluntary phasing-out of the use of gestation stalls by 2017*”. This was both an historic and world-first decision. To successfully achieve this outcome by 2017, pork farmers will require support from regulators, political stake holders, the retail sector, consumers and the general community. APL has now moved into Stage 2 - Implementation of ‘Shaping Our Future’ Business Plan, to garner this support; the activities and programs of which have been prioritised by delegates. Meetings and briefings with retailers, state and federal Agriculture Ministers and others has begun.

The “Is It Fit to Load?” Guide was finalised and was well received and in demand by transporters, regulators and others. The Model Code for the Welfare of Animals: Pigs Companion Handbook was also finalised, providing a practical guide for producers, regulators and industry stakeholders to interpret and implement pig welfare standards, and good pig welfare practices, on commercial pork production enterprises in Australia.

All states, except Tasmania, have now gazetted the Model Code for the Welfare of Pigs (2007) standards into regulations. Tasmania is still to regulate the standards and is currently working through the drafting of their regulations and is preparing to undertake a Regulatory Impact Statement for its proposed changes to the Model Code. APL has been assisting Tasmanian producers with their response to the draft regulations. While Victoria has implemented the Livestock Management Act, an initiative strongly supported by APL, Standards and Guidelines for the Welfare of Pigs are yet to be put into regulations. The Livestock Management Act/Standards and Guidelines for the Welfare of Pigs regulations will be underpinned by a co-regulatory approach between the pork industry and the Department of Primary Industries (DPI) to demonstrate compliance with the Pig Standards. APL is seeking approval of the APIQ[®] program under the Approved Compliance Arrangement Guidelines to achieve this end.

APL is a founding member of the Livestock Welfare Communication Network Group (CNG) which facilitates industry-wide communication and the sharing of information on animal welfare and related issues. The CNG provides an informal yet regular forum for livestock organisations to discuss animal welfare developments in their industry and to share responses to animal welfare issues.

Guided by requests by outdoor producers, and in order to get a better understanding of what the issues are and what APL can do to improve communications and representation with this section of the industry, APL established the Extensive Producer Panel. The panel provides guidance and advice to APL on issues that have the potential to significantly impact on future sustainability and integrity of extensive pork production in Australia, and provide input and advice on R&D and new technologies, strategic policy development and marketing.

The APL Board responded to questions raised by outdoor producers at the extensive producer meetings hosted by APL during the year, and also to concerns raised by the Extensive Producer Panel about the many different types of outdoor production systems by strengthening the free range definition. The definition now includes reference to good land management practices for outdoor rotational piggeries, as provided in the NEGP (2nd Edition, 2010), to ensure both environmental sustainability and that it meets consumer perceptions of free range.

Report on Performance

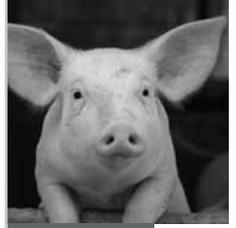
APL also met with the national Royal Society for the Prevention of Cruelty to Animals (RSPCA) to discuss their proposed revised standards for the RSPCA Approved Farming Scheme for Pigs. The RSPCA confirmed that they would not be certifying different types of production systems as they are in the business of certifying animal welfare only.

In early April, the Terms of Orders were finally made in a trespass case concerning an illegal farm raid which occurred in 2006. APL has been providing ongoing support to the farm concerned. While the Orders found in favour of trespass and awarded some damages to the farm in question, they did not find in favour of equitable relief and the copyright, intellectual property and injunctive relief concerning the photographs and video film.

Sow Housing

The effects of group housing during gestation on sow welfare and reproduction: This project undertaken by the Animal Welfare Science Centre (AWSC) investigated the effects of space, group size, feeding stalls and time of mixing on group-housed sows. In Experiment 1, sow welfare tended to improve as floor space allowance increased, with the effects of space being most pronounced early after grouping. There was a general decline in both aggression and cortisol concentrations with increasing space from 1.4 m²/sow to 3 m²/sow, while there was a general increase in farrowing rate with increasing space. While aggression was not affected by group size, the incidence of skin injuries was affected by group size. Groups of 10 had consistently low injuries throughout the experiment. In Experiment 2, injuries were higher in sows recently mixed in groups with shoulder feeding stalls and stress was higher in sows mixed in groups with shoulder feeding stalls after mating, however these effects were not severe enough to adversely affect reproductive performance or growth characteristics during pregnancy.

Review alternatives to farrowing crates: Two reviews were commissioned in this area. The first by the University of Sydney (completed) involved a review of the principles of design and management of non-crate farrowing. This included descriptions of the different non-crate housing systems and an evaluation of the performance of sows and litters between the different types of systems and conventional farrowing crates. Comparable levels of piglet survival, one of the main economic and welfare parameters for evaluating alternatives to farrowing crates, have been achieved in most non-crate farrowing systems. The lack of consistency in findings suggests we lack understanding of the factor(s) contributing to the success of the various farrowing systems. A key difference between farrowing sows in a confined, crate environment compared to a 'loose' pen with bedding, is that the combination of space and bedding stimulates the sow's natural pre-farrowing behaviour. If we provide the sow with a stimulating (enriched) environment, then it is essential to provide the sow with an appropriate space in which to farrow, that also contains design features to promote piglet survival. Further, the sow and litter need to be managed correctly to identify problems and to rectify them as soon as possible. This project identified several gaps in our knowledge before the Australian industry is able to proceed to adopt non-crate systems. The second project by the Department of Agriculture and Food WA (DAFWA) is ongoing and is examining the physiological, behavioural and bioeconomic consequences of non-crate farrowing systems.



Validating the use of proximity loggers in measuring feeder visits, displacements and social interactions in pigs in competitive feeding situations: The purpose of this project was to investigate whether proximity loggers (a device attached to a radio collar) could be used to detect and record interactions between animals, (i.e. as a tool in predictive tests of sow aggression in groups). This project was conducted by the AWSC and Rivalea Australia. The results indicate that proximity loggers on pigs do not function with the accuracy required, meriting the replacement of video interpretations. However, the principles outlined in the rationale for this study are sound and, as such, further research will be funded into the use of logging devices in increasing the scope of behaviour studies.

Addressing welfare expectations: This project was conducted by Murdoch University and SciEcons Consulting. The purpose of the project was to review alternatives to gestating sow housing systems through two methods, a literature review and by using a bioeconomic model, PigFare, developed by SciEcons Consulting to simulate biological and economic assessments of various housing systems for sows. PigFare 2 was designed to accommodate up to nine farrowing alternatives, nine pre-gestation options and nine housing alternatives for the gestating sow, providing comparisons for potentially 729 different housing systems. Some preliminary results of benefit cost analyses (BCA) and cost-effectiveness analyses (CEA) have been simulated in PigFare 2. The results provided an indication of how the model can be used to generate outcomes that may be of interest to various stakeholders within the industry. In addition, the model has been shown to indicate how minor changes in some parameters may affect productivity. PigFare 2 can be used as a tool to help decision makers adjust from stalls to group housing systems, however, the model does contain many assumptions and relies on the input of robust data to produce good output. Currently, various limitations have necessitated a detailed search of relevant data to populate the model, and the expansion of some parameters.

A further four sow housing projects are ongoing, including:

The effects of aggressive characteristics of individual sows and mixing strategies on the productivity and welfare of group-housed gestating sows: This project undertaken by the AWSC will generate important knowledge about the dynamic structure of groups that may enable groups of pregnant females to be formed on behavioural characteristic(s) so that aggression, stress and reproduction are facilitated.

Evaluation of space requirements for group-housed pregnant pigs at different parities: This project is being conducted in the University of Adelaide's intensive piggery at the Roseworthy campus and will enable greater understanding of the space needs of the modern sow.

Feeding strategies to reduce frustration and aggression amongst group-housed gilts and sows: Also conducted by the University of Adelaide, this project will determine whether the provision of high fibre (bulky) diets to group-housed sows reduces incidences of aggressive encounters.

Planning, managing and evaluating group-housing systems: This project is being conducted by IAS Management Systems, Department of Employment, Economic Development and Innovation (DEEDI) and Graeme Pope Consulting, and will examine infrastructure changes to existing stalls taking into account various individual physical systems and management protocols. This information will assist producers with decision making regarding infrastructure changes in dry sow housing.

Report on Performance

Welfare Methodology

There were four projects commissioned in this area during 2010–2011 and are ongoing.

Assessment of pain induced by tail docking in piglets and strategies to reduce this pain: Being conducted by Rivalea Australia, the AWSC and Massey University.

Assessment and alleviation of adverse stimuli in pigs: This project is being conducted by Charles Sturt University, the University of Sydney and the Victorian DPI and is linked to a PhD scholarship. It seeks to improve pig health and welfare management, focusing on best practice detection and management of adverse stimuli (disease, injury, heat stress).

Usefulness of preferences for resources and biological functioning to assess animal welfare: The basis for this work being undertaken by the AWSC and Monash University is that more research is needed on integrating biological functioning and preference testing, which can be used to establish welfare standards and help develop tools to measure welfare in the field.

Developing qualitative behavioural assessment as an objective measure of pig welfare: This project is being conducted through Murdoch University and is also linked to a PhD scholarship. Qualitative behavioural assessment (QBA) is essentially about human perception of an animal's body language. One of the most important aspects of QBA as an animal welfare measure is that this process validates human interpretation of animal behaviour.

Review of Image Analysis (IA) technologies for the Australian pig industry

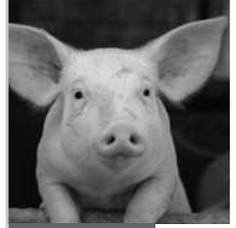
A comprehensive review of existing commercially available technologies for monitoring and managing pigs was undertaken by the South Australian Research and Development Institute (SARDI) and the University of Queensland. It was concluded that the currently available systems were inadequate for on-farm use due to limitations in their ability to recognise behaviour and work robustly in commercial environments. No commercially available vision system was found that had a welfare and production focus, as most of the products identified were developed for research purposes.

Transport

Survey of transport mortality and practices: This project is being conducted by DEEDI, IAS Management Systems and Graeme Pope Consulting, and is looking at a number of parameters relating to the impacts of road transport, specifically, distance travelled; time of year; stocking density etc, on mortalities; and condemnations.

Stockperson methodology

Application and implementation of metrics to benchmark stockperson skills within the Australian pig industry: This project is being conducted by Monash University and the AWSC and is linked to a PhD scholarship. It aims specifically to develop valid and reliable metrics that have widespread practical application in the Australian pork industry and are consistent with objectives in APL's Animal Care Strategy.



Program 2 - Strengthening Biosecurity

This strategy 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 increasing global travel.

One of APL's key pig traceability compliance activities is the National Saleyard Initiative. This initiative began in 2010 following the PigCatcher exercise, which highlighted the need for industry and jurisdictions to continue to educate producers (particularly small holders and those trading through the saleyards) and other supply chain members on the importance of livestock traceability and their obligations. The National Saleyard Initiative involves an APL representative visiting all pig saleyards in Australia to provide training and direct assistance to producers, buyers and agents on sale day and promote compliance with, and awareness of obligations, under the National Livestock Identification System (NLIS) - Pork and state legislation. The project also aims to increase awareness of the role of APL and quality assurance, and provides APL with valuable feedback and information from the grass roots of the industry. Through this initiative, APL has gained a good understanding of the operation of pig traceability systems in all states and of producer compliance levels; also providing feedback and/or the identification of issues specific to respective state agencies in relation to pig identification and movement.

With the assistance of a Working Group comprising producers, auditors, saleyard agents, regulators and processors, the PigPass National Vendor Declaration (PPNVD) Version 6 was finalised. A significant change in policy agreed by the group relates to the currency of past PPNVD versions in order to ensure the integrity of the NVD. Those versions that are more than two versions behind the current version are to be phased-out three months after the introduction of the latest PPNVD introduced. Producers, agents, regulators and processors are to be notified of this change.

APL also established the NLIS Pork Advisory Group, comprising producers, saleyard agents, processors, state regulators and others, to assist in the development of the NLIS business rules for pork, to enable the identification and traceability of pigs in an emergency disease outbreak.

The Australian Pork Industry Biosecurity Reference Guide was finalised, identifying the biosecurity risk management measures for pork production and pig breeding sites. It also has sections outlining biosecurity recommendations for pig transporters, saleyards, pig shows and abattoir lairages. It provides the basis of the Australian Pork Industry Quality (APIQ[✓]) Assurance Program Biosecurity module standards and the development of the Australian Pork Industry Farm Biosecurity Manual and Checklist.

APL is an active member of Animal Health Australia (AHA), which addresses various key areas such as Emergency Animal Disease Response Agreement (EADRA), animal disease surveillance, disease risk mitigation, livestock welfare, biosecurity and emergency response training. 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.

Report on Performance

AQIS provided APL the annual summary of its conformance monitoring of the 21 processors importing uncooked pig meat for the 2010 calendar year. Of the 72 audits conducted over the year (including 24 unannounced audits), there were a total of 78 non-conformities, including 44 minor, 15 major and nine critical (the latter mostly associated with the disposal of pig meat waste). AQIS also advised of corrective actions taken. APL is seeking more information as to the nature of the major and critical findings and the corrective actions taken. APL also advised AQIS that it is opposed to changing the current import protocol which prohibits the interstate movement of imported uncooked pig meat by road or rail, following processor requests to AQIS that interstate land transport be permitted.

Considerations and Impacts

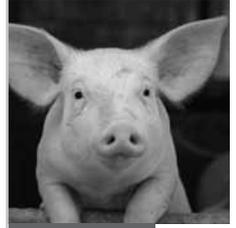
Program 1 – Taking care of our animals

Pork production and intensive pork production systems, in particular, are an increasingly controversial issue for certain sections of the community. This necessitates a requirement for the Australian pork industry to demonstrate that production systems provide appropriate levels of animal care, enabling pigs to express certain behaviours. It is critical that the Australian pork industry ensures that it understands the community's attitude to the various welfare aspects of pork production, keeping abreast of changing attitudes and consumer responses.

The Australian pork industry must ensure it engages with the community to assure stakeholders that pork producers operate at high levels of animal welfare, using production systems that are underpinned by sound science. To this end, the Australian pork industry requires proactive research in the field of animal welfare to provide the necessary welfare solutions, and disseminate this information to ensure producers and the industry are well informed and are able to demonstrate to consumers that they are adopting best management practices. The industry must ensure that the pork production systems and management practices it develops and adopts, not only meet evolving community expectations around animal welfare, but maintain its international competitiveness.

The 'Shaping Our Future' decision (i.e. the voluntary phase-out of gestation stalls cannot be viewed in isolation). It may cause pork producers to experience a decrease in productivity, as well as dual increased demands for labour and skilled staff to meet the specialist needs of alternative housing systems. Consequently, labour costs for producers will increase, and profit margins will decrease in the short to medium term, while implementation takes place and farm management systems adapt. As a result, the profitability of Australian pork production could decrease, while cheaper pork products from overseas would continue to maintain pressure on our share of the processed pork market (of which Australian has some 30 per cent). Additionally, imports are not required to meet the same animal welfare standards as Australia, thereby further eroding the industry's competitiveness; and our ability to differentiate our product is also constrained by a lack of clarity around country of origin labelling (CoOL).

This voluntary commitment by industry to remove stalls requires the support of government, retailers, processors, and other stakeholders, particularly in relation to imports and labelling of product; investment in infrastructure; environmental planning and state government and local councils; labour supply and skilling; and the future Standards and Guidelines (Model Code) review.



Program 2 - Strengthening Biosecurity

The lack of harmonisation of regulations concerning pig movement documentation and identification continues to not only place pressure on the effectiveness of APL's communication and resources – having to provide different messages and information to producers in different states, but it is also confusing to those producers who trade across state borders. This lack of consistency in regulatory outcomes across states is unlikely to change in the near future due to the slow pace of regulatory change, and is also dependent upon state support for the NLIS Pork Business Rules which are yet to be finalised.

There has been much political and media attention on this issue about the future risk to Australia's pork industry and the potential impact this may have on Australia's quarantine arrangements. This has come about as a result of the decision of the NZMAF to lower New Zealand's border standards to allow untreated pig meat from PRRS, affected countries to enter New Zealand. This decision puts the New Zealand pig industry at great risk of infection from PRRS, with a 95 per cent likelihood of an outbreak infecting New Zealand pig farms within three years, according to a Massey University analysis. So concerned is NZPork of the detrimental consequences of MAF's decision, that in April it sought judicial review of this decision which will be heard in the High Court. The decision also has very significant implications for the Australian pig industry in that it sets a precedent for PRRS-infected countries seeking access of PRRS infected pig meat to Australia. More broadly, we believe the move to lower biosecurity standards sets a very concerning precedent for Australia's livestock industries generally, and hence, our longer term comparative advantage. For this reason APL has monitored, as well as, made submissions and provided technical expert advice into the NZ deliberations and development of these Import Health Standards (IHS), that have now extended over five years. During this time and most recently, APL has repeatedly briefed representatives of Biosecurity Australia, the Department of Agriculture Fisheries and Forestry (DAFF) and respective Ministers for DAFF, of developments and our concerns, which have been supported by them.

4.5.3 Strategy 2 — Managing the Impact of Regulatory Shifts

Community expectations, market access requirements and the impact of policy and regulatory shifts resulting from food safety concerns, must be 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.

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Manage the impact of regulatory shifts	Safe Food	Conformance with APIQ [✓] ® food safety standards	Ratio of major and critical food safety CARs against number of total sites audited	Establish baseline	Not available

Report on Performance

The need to develop a total Client Management Relations solution as a functional priority for APL, delayed the further development of APL's PigPass database. While this is an integral component of the solution, it is not scheduled for completion until 2012. Consequently, the KPIs for conformance with the APIQ✓® food safety standards are not available as originally planned.

Achievements / Outcomes

APIQ✓® manuals, diary, notebooks, brochures and information booklets were completed and distributed to all APIQ✓® and PigPass QA (PPQA) certified producers across Australia, as well as key supply chain stakeholders. The APIQ✓® website (www.apiq.com.au) was established to give all stakeholders up-to-date information on APIQ✓® and to assist producers make the transition to APIQ✓®. Manuals and other resources can now be downloaded for free by producers or purchased directly from the APIQ✓® website. Producers can also identify APIQ✓® registered auditors and get answers to the most commonly asked questions on-line through the website.

The APIQ✓® Small Holder program was established and is supported by specifically designed and targeted material, namely the Pig Management Diary and the Small Holder Manual. Small producers are encouraged to participate in Regional Audit Plans (RAPs) to reduce costs and share information. APL facilitated eight RAPs, three in South Australia; two in Tasmania; two in New South Wales; and one in Queensland.

The APIQ✓® welfare module, known as PigCare®, reflects the Model Code of Practice for the Welfare of Animals: Pigs (2007) standards, now regulated in all states (bar Tasmania), and enables producers to verify compliance with these standards. PigCare® is an objective outcome based, easy to use, comprehensive assessment tool and improves the consistency of animal welfare audit reporting. It is currently being refined for use as a stand alone pig welfare assessment tool across the spectrum of pig flow and production applications, by a range of persons including government livestock inspectors, veterinarians etc.

Both Woolworths and Coles have endorsed APIQ✓® as their foundation QA program for pig producers, with APL building additional specifications into the APIQ✓® program to meet the respective retailer requirements for their suppliers; thereby streamlining the QA process and reducing costs of additional QA programs for these producers.

Producer workshops were held in all states to provide information to producers about the changes to the APIQ✓® program, and to assist them make the transition from no QA, PPQA or APIQ to APIQ✓®. A total of 637 producers attended 26 workshops, representing 377 piggeries.

STATE	QLD	SA	WA	VIC	NSW	TAS	TOTAL
Sessions	4	7	4	3	6	2	26
Large Holders	133	113	90	38	78	6	458
Small Holders	20	33	14	16	49	3	135
Other	7	10	4	8	11	4	44
Total Participants	160	156	108	62	138	13	637
Piggeries	94	113	52	32	79	7	377

Report on Performance



Processor, saleyard and agent education/promotion initiatives were also expanded. APL met with several pig processors on-site to outline the APIQ✓® standards and requirements, thereby giving processors a better understanding of the APIQ✓® program so that they can, in turn, assist producers. The processors, Booyong and Eversons, also hosted producer workshops, including plant tours. Three processors advised APL that they now charge an additional service fee for non-QA pigs. As mentioned above, APL also visited every significant and small saleyard, where pigs are sold to assist producers, agents and regulators understand the requirements of the PPNVD and QA.

A number of activities to continue to strengthen APIQ✓®'s credibility, robustness and integrity:

- The APIQ✓® Panel was established as an independent panel of experts to make decisions regarding producers, and auditors' certification and registration status. It comprises a supply chain representative, intensive livestock veterinarian, an independent non-pig QA auditor, a producer and an APL Board appointed representative. Since inception, the panel has been called on to review and act on two critical CARs.
- The annual minor review of the current manuals, diary and notebook was completed, taking into consideration the feedback from APIQ✓® auditors, producers and other stakeholders. A major review of APIQ✓® is undertaken every three to four years as per the APIQ✓® certification policies.
- Witness audits of the APIQ✓® auditors through a third party, as part of an annual review of the program by an independent certifying body, is currently underway.
- The APIQ✓® Auditor's Scope exam was revised and updated. Three new auditors were certified and registered as APIQ✓® auditors, two in South Australia and one in Western Australia, bringing the total number of APIQ✓® auditors to 17.

APL also initiated the development of the APIQ✓® Free Range (FR) standards at the request of retailers who wish to verify through QA, (i.e. APIQ✓®), that their product is FR. (Those producers whose customers do not require QA verification of FR product can simply elect to be only APIQ✓® certified.) It was also apparent by the many producers attending the outdoor producer meetings (mentioned in Strategy 1) that operators of FR systems need guidance and targeted reference material to allow them to address land and nutrient management issues and meet regulatory requirements, as well as facilitate best practice. In developing the draft APIQ✓® FR standards, the RSPCA, retailers, producers and the Extensive Panel were all invited to provide comment. Three rounds of consultation with outdoor producers on the draft FR standards have occurred, with the APL Board to approve the final standards before APIQ✓® auditor training can be initiated. A producer reference manual addressing land and nutrient management for outdoor rotational piggeries, based on the NEGP (2nd Edition, 2010) to provide a guide and facilitate producer best practice, is under development.

After many years as an observer, APL was finally accepted as a full member of the SafeMEAT Partnership. SAFEMEAT is a partnership between the red meat and livestock industry and the state and federal Governments of Australia. SAFEMEAT encourages rationalisation of regulation and standards within the industry, drives the direction of strategies that ensure meat safety standards and hygiene, and monitors industry performance in respect of these.

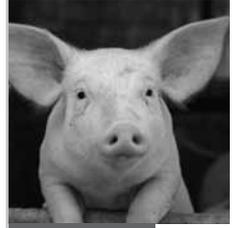
Report on Performance

Food safety R&D: APL commissioned three sub-projects to be conducted by SARDI to define risks associated with various end-use pathways and to implement appropriate mitigation strategies for pork. Microbiological baseline surveys are being conducted for carcasses at slaughter and pork mince products at retail level. Characterisation of *Toxoplasma gondii* presence in finishers and sows is also being undertaken. Significant differences in the microbial status of pig carcasses between abattoirs involved in this study as measured by Total Viable Count (TVC) and *E. coli* prevalence were found. Differences between culled sow and finisher carcasses were also found and this is considered to be a consequence of different slaughter processes used. The findings also indicated that *E. coli* O157:H7 contamination was not an issue with Australian pig carcasses at this time. This project is due for completion in August 2011.

Baseline survey of carcasses: APL commissioned four sub-projects with SARDI to fill data gaps and assist processors to deal with recognised food safety hazards to protect consumers and the market for Australian pork. Information is being used to support industry responses to both changing AQIS meat inspection arrangements (Australian Export Meat Inspection System - AEMIS) and to the development of the Primary Production and Processing Standards for Meat by Food Standards Australia New Zealand (FSANZ). The major focus of this project is on demonstrating reduced microbial loads on pig carcasses following carcase decontamination on the slaughter floor; and on uncooked, unfrozen comminuted fermented meats (UCFM). The decontamination cabinet has been built by the collaborating processor and carcase trials on finisher pigs have been completed. It was demonstrated that microbial contamination of finisher carcasses can be minimised by use of hot water decontamination. Estimates of water and energy use were made, water was tested for microbial load and the system was successfully validated over two half days with AQIS approval on export finisher pigs. The use of SARDI's toxoplasma risk model by further processors of pork reduces potential risk associated with UCFM products. A longitudinal study of *Salmonella* serovars within a pig herd is being completed to better understand *Salmonella* infection within a herd. Work with carcase decontamination of culled sows and the *Salmonella* study will be completed in 2011–2012.

Data use for pork processors: This project has involved adapting the existing reporting tool developed for the red meat industry, to provide ESAM (*E. coli* and *Salmonella* monitoring) data to pork processors on a monthly basis and provide a national report to AQIS and APL on a monthly basis. The project involves providing functional summaries to individual processors, in combination with industry averages over specified periods to allow processors to benchmark their company's data against the national ESAM data. Support and training is being provided to pork processors to interpret the reports. This information is also being used to support the pork industry's position for developing future meat inspection arrangements (i.e. Australian Export Meat Inspection System (AEMIS) Pork). This project continues in 2011–2012.

MRSA risk communication: This project will conduct a national microbiological survey of pork mince to determine the presence or absence of Methicillin Resistant *Staphylococcus aureus* (MRSA). An APL commissioned MRSA risk profile indicated that the evidence of MRSA as a food safety issue is very tenuous. Food borne *Staphylococcus aureus* is associated with post-cooking contamination coupled with temperature abuse. Nonetheless, given the increase of linkages of MRSA associated disease with the pig industries of a number of our trading partners, it is prudent to develop an industry risk communication package for MRSA based on current knowledge. To support this risk communication package, a pilot MRSA survey is being added to the current baseline survey of pork mince to determine whether mince is contaminated by MRSA. The outcomes of this survey will form a decision point for the next stage of the investigation. This project will be completed in 2011–2012.



Considerations and Impacts

The final report, 'Labelling Logic' of the independent review of Food Labelling Law and Policy, commissioned by the Australia and New Zealand Food Regulation Ministerial Council, was presented in January 2011. The report appeared to deliver on most of the things APL aligns with, and had recommended in our submissions, and is integral to APL's 'Shaping Our Future' initiative (as mentioned above), in particular:

- Consumer Values and Production Method Labelling recommending a co-regulatory/self regulatory approach; industry voluntary codes, Australian standards, and adopting standard definitions in the Food Standards Code.
- CoOL – recommending extending CoOL to cover all primary food products; removing the option to use *Made in Australia* on food and a CoOL framework based on the per cent by weight of ingredients (excluding water).

APL has long contended through various submissions and representations on food labelling, including CoOL, that Australia's food labelling system should be designed to support Australian producers and inform consumers, rather than confuse consumers; and should be able to be monitored and enforced. APL advocates for a co-regulatory approach to food labelling by which Government makes more use of industry consultation experience, QA programs, resources and communications channels and voluntary code of practice. The next step is for the Government to respond to the recommendations, expected by December 2011 at the earliest.

Facilitating producer uptake of the APIQ[✓]® program is dependent upon minimising producer costs while maintaining the robustness of the program. One such mechanism APL is investigating is to improve the efficiency of auditing services through remote electronic reporting. Acceptance and support of the APIQ[✓]® program by retailers, processors and government agencies is also critical to its ongoing uptake and to avoid the need for multiple QA program certifications to meet customer specifications.

4.5.4 Strategy 3 — Government Policy and Compliance Requirements

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

KPI Table

Strategy	Program	KPI	Unit	2010–2011 Target	Result
Government policy and compliance requirements	Climate change and sustainability	Pork Industry Life Cycle Analysis and emission factors	Completion of LCA analysis and validation of emission factors	Completed	LCA analysis and validation of emission factors and was published the 2009–2010 financial year. Additional validation commenced in 2010–2011
		Conformance with APIQ [✓] ® traceability standards	Ratio of major and critical traceability CARs against number of total sites audited	Establish baseline	Not available

Report on Performance

The need to develop a total Client Management Relations solution as a functional priority for APL delayed the further development of APL's PigPass database. While this is an integral component of the solution, it is not scheduled for completion until 2012. Consequently, the KPIs for conformance with the APIQ[✓]® traceability standards and the valid completion of PPNVD are not available.

Achievements / Outcomes

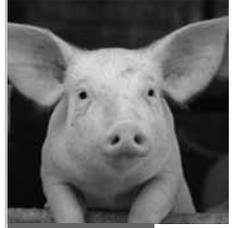
Program 1 – Climate Change and Sustainability

APL worked across all states, engaging and assisting producers and government on a number of environmental, regulatory, planning and policy issues. A significant win for APL in effecting change in the regulatory environment was the adoption of the NEGP (2nd Edition, 2010) as an assessment tool by the Victorian Environmental Protection Agency for their Works' Approvals. APL is seeking the same outcome in Western Australia. APL joined forces with South Australian producers and the Department of Primary Industries and Resources of South Australia (PIRSA) and met with the SA Environmental Protection Agency (EPA) to discuss issues related to wastewater lagoons, effluent pond leaching and odour site assessment. This resulted in the SA EPA agreeing to reference the NEGP (2nd Edition, 2010) for the piggery's lagoon wastewater requirements rather than the onerous requirements for industrial waste water. And in Queensland, following numerous discussions with the QLD Department of Environment and Resource Management, and a comprehensive submission made by APL, the Department redrafted its Queensland State Planning Policy (SPP) on Air, Noise and Hazardous Materials. In its initial SPP, the department's policies meant more regulatory burden for Queensland pig producers operating within five kilometres of land zoned primarily for a sensitive use. The new draft removed the 'development assessment code' for intensive animal industries, and recognised the overlap that SPP would have had with other environmental regulatory requirements.

APL also made submissions to the House of Representative Enquiry, and the Senate Standing Committees on Environment and Communications, on the Carbon Credits (Carbon Farming Initiative) Bill 2011. APL liaised with other livestock industries through the National Farmers Federation on both the Carbon Farming Initiative (CFI) and Carbon Tax proposal. We participated in the National Farmers Federation commodity papers on the impacts of the carbon price, by commissioning modelling to quantify the impact on pig producers' costs under a number of carbon price scenarios. It will provide a high level summary of the potential impact on pig producers.

APL is also represented on:

- The First Land Sector Working Group, which is examining the benefits and opportunities for the land sector under a carbon price. Advice from the group will help inform the position that the Government takes to the Multi-Party Climate Change Committee and during the development of the carbon price mechanism legislation.
- The CFI Implementation User Group is an external reference group, drawn from a cross-section of parties, to review and/or test materials, including forms and guidance materials that will be used primarily by proponents of offsets projects.



APL attended the International Meat Secretariat 'Pigs and the Environment Workshop'. Representatives from the United States of America (USA), Canada, Denmark, New Zealand and China met to discuss sustainable consumption; land use change; and, develop a set of principles concerning environmental sustainability for the industry and differentiate pork from other meats without compromising our role as a major meat industry. A global network is being established to share information and approaches to minimise carbon footprints and manage other environmentally challenging issues.

Validation of industry environmental data

This program focused on the development of techniques for and collection of Australian industry specific data that can be used to validate the pork industry's environmental credentials. This will enhance the industry's reputation and provide accurate representative data for reporting and monitoring, modelling, effluent design and development of new technologies, such as renewable energy opportunities.

The PigBal model was originally developed and used for designing effluent and solids management systems. It is now also being used to estimate greenhouse gases. There was a strong need to validate the model using current industry feedstocks in order to provide accurate data on the industry. The project has completed a literature review on the modelling component and expanded the feed ingredient list to better reflect the industry situation. Feed trials have provided more accurate data on volatile solids and methane potential based on the various diets.

The PigGas calculator is being developed to provide producers with a simple way of estimating their greenhouse gas potential and, therefore, ways of mitigating and utilising biogas. To date, researchers have designed the conceptual model and visited a number of piggeries to collect data to validate the model.

The Life Cycle Assessment (LCA) of waste treatment systems and additional supply chains follows on from APL's previous LCA work, that showed the Australian pork industry to be highly efficient in terms of water use and Global Warming Potential. Preliminary results indicate that there are significant reductions in Greenhouse Gas (GHG) from a number of waste treatment scenarios. The additional farms included in this study will assist in validating the industry's preliminary LCA findings and assist in promoting the industry's environmental credentials.

The recently completed electromagnetic mapping of outdoor production project has provided the industry with valuable data on nutrient distribution in outdoor systems. This data is being used to develop strategies and practices to ensure a sustainable outdoor pig industry into the future.

Environmental Best Management Practice (BMP)

This program focused on developing research and materials to assist producers in understanding key environmental issues, practices, strategies and technologies. Research focused on the management of nutrients and soils, alternative waste systems, effluent, and risk assessments.

Preliminary results from an ecoshelter bedding project shows that pig bedding contains similar phosphorus levels to that of chicken litter and other valuable levels of nitrogen, zinc, copper and manganese. The project to date has given insight into the fertiliser value of ecoshelter bedding, enabling it to be compared to other types of fertilisers and provide a base for determining an economic value. Field trials will run over the next two years to refine application rates and use as a fertiliser alternative and soil improver. Initial results from microbial indicators in soils receiving piggery by-products indicate the potential for by-products to improve soil stability and structure, increase water holding capacity, introduce beneficial bacteria to the soil and provide microbes with nutrient and energy.

Report on Performance

The development of the updated Envirocheck Assessment Tool 2010 will allow third party assessments of production systems against industry best practice, as described in the NEGP (2nd Edition, 2010). Training of Envirocheck assessors has been completed and the program is due to be rolled out during 2011–2012.

Implementation plans have been developed for 12 farms which had Nutrient Management Plans (NMP) developed under the Caring for Our Country grants program. Ten case studies have been prepared based on the NMPs and implementation plans, which will provide producers with first-hand knowledge of best management practices around effluent utilisation.

Two 'Making Money from Manure' workshops were delivered during 2010–2011 with an additional three workshops planned for 2011–2012. These workshops focus on getting the most value from manure by interpreting soil test results, calculating the value of manure, nutrient budgeting and selling or utilising manure on-farm.

Bioenergy/methane mitigation and utilisation

This program focuses on researching and understanding the processes, technologies and strategies in relation to mitigating GHG, as well as utilising biogas as an alternative energy source. To do this the program takes into account the Australian and industry-specific drivers and the economic viability of technologies and strategies.

To understand the processes, a project looking at the microbial communities under a covered pond system was commissioned. The project is also investigating potential impacts on the communities under various scenarios, such as the affects of temperature. Preliminary results are providing the industry with information about the types of microbes involved in the system and how they are affected by change. This will allow the producers to gain the maximum benefit from biogas produced by microbes, whilst identifying early warning signs of inefficient or impacted systems.

Two projects demonstrating the biogas potential on-farm have been commissioned. Both projects have been gathering valuable biogas information with the Methane to Markets project. A biogas group was formed and includes 12 producers who have showed interest in utilising biogas on-farm. The group has met with a biogas expert from New Zealand, and to date five feasibility studies and one review have been undertaken and are in the process of being finalised. The results of the feasibilities have shown significant potential with return on investment periods of 12 months to four years. To support the biogas group, APL funded a review of biogas regulations across Australia. The review found confusion, excessive regulations and differences across states. The findings have been very valuable to the industry and will drive future policy work on biogas for both APL and the Pork CRC.

APL has been working with the Department of Climate Change and Energy Efficiency (DCCEE) and an industry technical group to develop a methane destruction methodology for piggeries as part of the Commonwealth Government's CFI. APL has also provided submissions to DCCEE on the CFI's 'positive list', as well as to the Senate and House of Representatives on the Carbon Farming Bill.



Issues and emergency management

There are a number of ongoing projects in this area, including Foot and Mouth Disease (FMD) vulnerability, testing antibody response of pigs to FMD, prevalence of *Mycoplasma suis*, exotic disease prioritisation, and investigation of Porcine Circo-Virus 2 (PCV2) related disease.

FMD vulnerabilities: The project is a package of research activities required to better prepare Australian livestock industries for an outbreak of FMD. It will enable Australia to optimise its joint industry/government investment in the FMD antigen bank held in the United Kingdom. This project is co-funded with MLA and is due for completion in December 2015.

Testing antibody response of pigs to FMD: In the case of an outbreak of FMD, it is possible that emergency vaccination using high potency vaccines will be used to control the disease. Australia has invested in a vaccine bank that contains nine antigens which can be used to formulate vaccine at short notice in the case of a FMD outbreak. This project is looking at evaluating the performance of FMD test procedures. A final report is due June 2012.

Prevalence of *Mycoplasma suis*: *Mycoplasma suis* was traditionally considered a problem of growing pigs, however since the implementation of serological screening tests for *M. suis*, it may also be affecting neonatal pigs, weaners and sows. The planned outcomes of the survey include identification of *M. Suis* on Australian farms, as well as the validation and confirmation of innovative diagnostic test for *M. Suis*. The final report is due October 2011.

Exotic Disease Prioritisation Part 1- Risk Assessment and Simulation: Discussions were initiated with the University of Sydney regarding risk assessment and modelling of the threat of exotic diseases to the pig industry. This project specifically addresses the industry outcomes of enhanced biosecurity and animal health preparedness; industry preparedness, rapid response and effective recovery; and minimal disruption to trade. The final report is due in December 2013.

Exotic Disease Prioritisation Part 2: An outbreak of exotic disease in feral pigs would pose a very immediate problem for the industry. The objectives of this project are to gain a better understanding of the feral pig population and how an exotic disease outbreak would spread, as well as minimum sampling requirements to detect disease or demonstrate freedom from a disease. The final report is due in June 2012.

Investigation of PCV2 related disease in a cluster of herds, with respect to possible identification of risk factors and potential triggers for outbreaks: This project, being conducted by Chris Richards and Associates, will identify risk factors and potential triggers for outbreaks of Porcine Circo-virus Associated Disease (PCVAD), thus allowing producers and their veterinary consultants to identify gaps in management and production systems that may potentially cause PCVAD outbreaks. The final report is due September 2011.

Report on Performance

Key Program 2 – Issues and Emergency Management

Effective issues and emergency management are also critical to instil confidence in the Australian pork industry and our product; to safeguard our markets and competitiveness; and to shape our standing in the community and with government. Preparedness, planning and recovery, both at farm and industry level, are integral to the successful management of emerging issues, crises and emergencies.

The industry's emergency management plan, PorkSAFE, was triggered in response to a series of natural disasters: flooding in south eastern Queensland, northern NSW and Victoria and cyclones in northern Queensland. APL worked with the respective state departments of agriculture and other relevant authorities to provide important industry information and situation assessments. Situation reports were provided to the APL Board on an almost daily basis with regular Issues Alerts and Producer Notices circulated to producers on available assistance, loans, eligible areas, road accessibility counselling etc. APL participated in the QLD DEEDI Agricultural Flood Group providing advice on industry issues, and was successful in securing the inclusion of bagged feed for those producers isolated by the floods as an eligible cost under the Special Disaster Flood Assistance Scheme grants.

The PorkSAFE Continuity Plan examines the impact on the business operations of APL in the event of a significant emergency pig disease incursion and activation of PorkSAFE. The PorkSAFE Continuity Plan aims to optimise the application of the company's resources in a manner that will preserve key components of the business during the period that PorkSAFE is activated, and enable the earliest possible return to normal business. It is an important part of risk management that is reviewed annually in conjunction with preparation of APL's Risk Management and Fraud Control Plan.

The Australian Veterinary Emergency Plan (AUSVETPLAN) Pig Industry Enterprise Manual was finalised by industry in conjunction with AHA. The manual examines the impact on-farm of an exotic disease outbreak, and how the industry and producers may be able to prepare in advance. It is aimed at government and industry personnel who may be involved in Emergency Animal Disease (EAD) preparedness. For government personnel, the manual will provide an overview of the industry and outlines operational guidelines, plans of action, and other issues pertaining to a disease emergency either on the premises or in the vicinity of the piggery. For owners or managers, the manual provides guidelines on the strategies that may be adopted for the handling of a suspected emergency disease. The AUSVETPLAN Pig Enterprise Manual has gone to the AHA AusVetPlan Technical Review Group for approval for publishing.

APL is also in the process of developing an Enterprise Manual Check list for individual producers to use in their operations, to consider and document practical actions that are specific to the farmer's enterprise and thereby optimise readiness for an emergency disease outbreak.

Considerations and Impacts

Reporting schemes, such as the CFI and a carbon constrained economy, will be a challenge for the industry with the unknown impacts and higher costs expected for energy, fuel, feed and fertiliser.

Policies and regulations on bioenergy and renewable systems could potentially limit or restrict the uptake or viability of new renewable energy technologies for the industry, due to the excessive, confusing or inappropriate regulations impacting on the costs, requirements or time of projects.

Report on Performance



The rise of social media and its growing importance in communications needs to be utilised by APL, although in the current environment, this is largely constrained by insufficient resources to make the best use of this communication medium.

4.5.5 Financial Summary

CORE OBJECTIVE 4 – LEADERSHIP, PREPAREDNESS, STEWARDSHIP							
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Address Changing Expectations and Standards for Food Production	NON R&D			R&D			
<i>Budget</i>	\$298,750	\$249,294	\$548,044	\$802,492	\$347,786	\$1,150,278	\$1,698,322
<i>Actual</i>	\$501,052	\$347,440	\$848,492	\$680,028	\$316,670	\$996,698	\$1,845,190
Managing the Impacts of Regulatory Shifts							
<i>Budget</i>	\$187,200	\$217,918	\$405,118	\$147,166	\$114,117	\$261,283	\$666,401
<i>Actual</i>	\$91,117	\$141,268	\$232,385	\$255,545	\$354,164	\$609,709	\$842,094
Government Policy and Compliance Requirements							
<i>Budget</i>	\$23,300	\$131,969	\$155,269	\$1,203,345	\$255,905	\$1,459,250	\$1,614,519
<i>Actual</i>	\$44,978	\$130,544	\$175,522	\$1,134,698	\$206,164	\$1,340,862	\$1,516,384
TOTAL CORE OBJECTIVE 4 - BUDGET	\$509,250	\$599,181	\$1,108,431	\$2,153,003	\$717,808	\$2,870,811	\$3,979,242
TOTAL CORE OBJECTIVE 4 - ACTUAL	\$637,147	\$619,252	\$1,256,399	\$2,070,271	\$876,998	\$2,947,269	\$4,203,668

4.6 Core Objective 5 — Industry Cohesion and Responsiveness

4.6.1 Rationale

This Core Objective aims to facilitate the transfer of two-way communication and information, effectively and efficiently, along the entire supply chain. This is critical in situations such as; disease outbreaks, welfare and consumer issues, environmental matters, affective uptake and adoption of new technologies, cost of production, strategic planning and general APL membership requirements.

As the peak industry body for pork producers in Australia, APL is perceived by its members and the industry as the proactive driver of all activities relating to the delivery of this Core Objective.

Report on Performance

4.6.2 Strategy I — Engage and Connect the Industry

KPI Table

Strategy	Program	KPI	Unit	2010-11 Target	Result
Engage and Connect the Industry	Enhance effective communication	Overall membership	Percentage of production represented	95%	91%
	Growing valuable networks				

Background

The speed at which the industry communicates depends on its ability to deal and respond effectively and efficiently on any and all issues. Where instantaneous communication was not required, the industry benefited from face-to-face communication. This allowed open and frank dialogue and exchange of views, ideas and principles.

Achievements / Outcomes

In the Enhance Effective Communication program for the reporting period 2010–2011, APL members have shown a significant shift in their capacity to quickly and effectively communicate. This has been shown in the increase from under 50 per cent use of electronic communication (email) in the previous reporting period of 2009–2010, to now be at a level of 77 per cent of total membership prefer and use email and electronic related forms of communications.

The series of natural disasters (flooding) in south eastern Queensland, northern New South Wales and Victoria, and cyclones in northern Queensland, certainly pushed the urgency of electronic communication between producers and APL. During these natural disasters APL, in conjunction with state departments of agriculture, assisted in the coordination of aircraft feed drops to flood stranded farms, as well as road reports in getting loads of pigs to abattoirs or feed supplies in by road. Electronic circulation of information on flood damage compensation schemes by various state governments was also considered very useful by all pig farmers in the affected areas.

The outcome of the November 2010 Delegates Forum resulted in a landmark decision by the industry to a voluntary phasing-out of the Australian industry's use of sow stalls. This decision was made following an intense series of face-to-face consultation meetings around the country with pig producers, as well as a Town Hall teleforum — an Australian first. The project called 'Shaping Our Future' is set to drive this structural change within the industry through until 2017.

At the May 2011 Delegates Forum held in Adelaide, another major decision was made by industry representatives to agree to allow APL to move forwards to consult with levy paying pork producers across Australia on the notion of a Pig Slaughter Levy increase. The outcome of the consultation and resultant industry decision will be reported in 2011–2012 Annual Report. This is the first time industry has moved to increase the levy in nearly 20 years.

Report on Performance



In 2010, APL also undertook its three-yearly membership renewal. This renewal showed a decline in total membership numbers from 450 levy paying producers to 342. However, overall it only resulted in a one per cent drop in total production represented by APL members. Total APL membership represents 91 per cent of total Australian pork production for the reporting period 2010–2011.

Growing valuable industry networks

APL continued to fund four existing Postgraduate Scholarships: University of Melbourne (one PhD Scholar); University of Queensland (two PhD scholars); and University of Western Australia (one PhD Scholar). Five new PhD scholarships were awarded in 2010–2011 to students at Charles Sturt University, University of Melbourne, Monash University, Murdoch University and University of Sydney.

APL is also providing scholarships to industry to train nine managers in the new Diploma in Pork Production course currently being piloted.

Three Travel Awards and seven Distinguished Visitor Awards were awarded during 2010–2011, allowing Australian researchers to present at conferences and network with international colleagues, and for respected local and international speakers to present to Australian audiences. Areas of interest included food safety, disease, genetics and reproduction, Life Cycle Assessment, biogas, alternative farrowing accommodation and sow housing options.

APL continued its four-year sponsorship arrangement with the Investing in Youth Undergraduate Studentship Program. The program is aimed at encouraging undergraduates to pursue a career in rural industries. APL-sponsored student, Sean Dickson, is studying a Bachelor of Rural Science at the University of New England. He participated in work experience at a large production unit in Victoria during the 2010–2011 summer and will continue to gain exposure to the pork industry during his studies.

Eleven Undergraduate Scholarships for on-farm and industry placements were awarded to students studying at La Trobe and Adelaide Universities. These continue to be a high impact tool for encouraging young people to enter the pork industry. The Ron Pollard Undergraduate Scholarship Award, which identifies a high calibre student in the Undergraduate Scholarship program, was awarded to Karly Barker of La Trobe University.

Following the passing of Dr John Barnett in the Victorian bushfires, APL has co-funded an animal welfare/stress physiologist position at the University of Melbourne for three years. Co-funding organisations include the Australian Egg Corporation Limited (AECL), Rural Industries Research Development Corporation (RIRDC) (Chicken Meat) and the University of Melbourne. This position was developed as part of the Primary Industries Standing Committee (PISC) animal welfare R,D&E strategy.

Considerations and Impacts

The PorkSAFE emergency response plan was activated during the floods in Queensland and Victoria, as well as the cyclones in northern Queensland. During these very trying times, this plan gave APL the framework to effectively communicate to producers regarding Issues Alerts. Movement of emergency feed for flood stranded farms, movement of stock to abattoirs and general information around flood compensation schemes provided good support for not just APL members, but all pig producers through the PigPass database.

Report on Performance

The announcement by the industry to voluntarily phase-out the use of sow stalls by 2017 will have a resounding impact on the industry moving forward. Group-housing and economic impact studies have been carried-out in an effort to assist producers make the infrastructure changes required to move their animals to group-housing, with minimum impact on the welfare of the sows. The industry has made it clear to regulators and stakeholders (including state and federal governments) that it cannot make this move alone and requires cooperation and assistance in achieving this outcome in the required time frame.

The pork industry category of the Science and Innovation Awards for Young People in Agriculture, Fisheries and Forestry was not awarded during 2011, however funds are being held over for the 2012 award.

APL's scholarship program complements that of the Pork CRC and, together, these provide significant opportunities for the pork industry to attract and retain high calibre talent for the production and research sectors.

4.6.3 Strategy 2 — Facilitate Rapid Uptake of Information and Technology

KPI Table

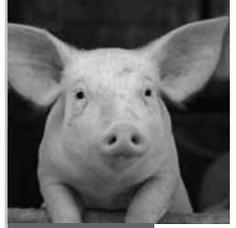
Strategy	Program	KPI	Unit	2010-11 Target	Result
Facilitate Rapid Uptake of Information and Technology	Communication and facilitation of information and technology adoption	Increased awareness of new information	Percentage of technologies transferred	70	Technology transfer and adoption R&D surveys for APL and Pork CRC
		Technologies adopted	Percentage of technologies transferred that have been adopted	43	Technology transfer and adoption R&D surveys for APL and Pork CRC

Percent of technologies transferred – Target 70

- Survey of APL producer members, covering 14 technologies and from 55 respondents, indicated that average awareness was 52 per cent.
- Survey of pig nutritionists, covering 12 of the same technologies plus two additional nutrition-related technologies, indicated that average awareness was 73 per cent.

Technologies adopted – per cent of technologies transferred that have been adopted – Target 45

- APL producer members, covering 14 technologies and from 55 respondents, indicated that average adoption was 41 per cent.
- Survey of pig nutritionists, covering 12 of the same technologies plus two additional nutrition-related technologies, indicated that average adoption was 44 per cent.



Background

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

Achievements / Outcomes

APL and the Pork CRC facilitated another successful roadshow taking in seven locations across Australia during October–November 2010. International guest speaker, Dr Mike Brumm, of Minnesota, USA, complemented a range of researchers and APL staff in presenting the latest R&D findings and information on industry programs. A total of 226 participants attended, of which around 62 per cent were producers.

Five Producer Innovation Awards were funded during 2010–2011, including on-farm implementation of Nutrient Management Plans; piloting of stockperson competencies training in New South Wales to assist producers with meeting Model Code requirements; support for bi-annual meetings of the New South Wales/Victoria Pig Veterinarians Liaison Group; delivery of ProHand Courses in South Australia; implementation of measurement of primal cut weights using PorkScan technology; and trialling silo cones to reduce the bridging effect, thus allowing finer particle size in an attempt to increase feed conversion efficiency.

APL and the Pork CRC continued to facilitate a mentoring network aimed at bringing undergraduates and postgraduates studying pig-related projects together for networking and professional development activities. During 2010–2011, students attended the Victorian Pig Fair in Bendigo where they were able to interact with others from different disciplines and with producers and suppliers attending the event. APL also funded four students and 13 industry personnel to attend the Roseworthy Pig Science course, covering the basics of pig production, and sponsored the Intercollegiate Meat Judging Competition which encourages undergraduates to take an interest in meat quality and carcass judging.

Considerations and Impacts

A Refresher Course on Optimising Grower/Finisher Feed Efficiency was scheduled for June 2011, however, flight interruptions due to the volcanic ash cloud meant it had to be postponed until August 2011 to ensure maximum participation.

Given the vast number of industry events being run nationally, it has been agreed that APL will facilitate only one APL/Pork CRC Roadshow per year from 2011–2012.

Report on Performance

4.6.4 Strategy 3 — Enhance the Reputation and Effectiveness of APL

KPI Table

Strategy	Program	KPI	Unit	2010-11 Target	Result
Enhance the Reputation and Effectiveness of APL	Public affairs and stakeholder relations	Positive APL Image	Number of media outlets and their circulation numbers that take up APL information	2,500 (audience reach of 18 million)	2,764 media reports with the audience reach of 20.5 million
			Members perception as a percentage that APL is doing a good job getting the message out	85%	Membership survey conducted May 2011. 85 per cent were happy with the content of the information
	APL organisational capacity	Staff turnover	Per cent of staff with APL < 1 year	20%	Staff turnover decreased this period with just four per cent of staff with APL for less than one year
		Effective alignment of the organisation to support achievement of the strategic objectives	Percentage of improvement in efficiencies in resource use	CPI less 1%	Corporate costs have been held within CPI due to development and implementation of administration efficiencies across the company

Background

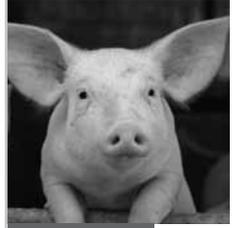
This strategy is about identification and delivery of the key messages and actions that will demonstrate to industry stakeholders (levy payers) the value of APL to the Australian pork industry. Under this strategy the projects are designed to ensure APL's image is associated with: good corporate governance; a safe and fair work place; an organisation that promotes sound environmental, animal health and welfare practices; and is publically known as the symbol of a modern, wholesome, healthy, nutritious food product that is proudly recognised as Australian grown.

Achievements / Outcomes

The increase in the number of media reports for the 2010–2011 reporting period was largely due to the industry's discussion and consultation around the 'Shaping Our Future'/sow stall debate. This came to a head in November 2010 when the historic vote, by APL Delegates, at the industry's annual Delegates Forum and AGM was taken, which overwhelmingly supported the voluntary phase-out of the use of sow stalls by 2017 by Australian pork producers. This decision is a world-first and attracted considerable media attention.

The added major issue that drew media attention to the pork industry centred on Coles supermarket, and their announcement to only source pig meat from Australian suppliers that did not use sow stalls by 2014. This unheralded announcement promoted considerable consumer and industry debate about labelling for ham and bacon products sold in supermarkets, and the need for these requirements to also apply to imported pork entering Australia. The issue of CoOL around ham bacon and smallgoods products on retail shelves in Australia is not going to go away, and has been the focus of the PorkMark program reported on in Core Objective 1.

Report on Performance



The APL membership renewal was reported under Achievements and Outcomes in Strategy 1 in this Core Objective. There is one additional item of interest around membership, and that is the agreement by the APL Board to have a flat fee for Associate Corporate Members of \$250.00 per annum (for the three year period – total being \$750.00) to bring it into line with Producer Membership renewals. This decision has effectively increased APL's Associate Corporate Membership from two to 13 for the reporting period.

APL organisational capability has continued to be enhanced with synergies of business systems and human resources, with the executive team developing and implementing more transparent systems to allocate indirect project costs. Direct project costs are allocated on an R&D or non-R&D basis, and include all project expenditure that uses external suppliers. As a principle, all costs associated with projects are allocated to the relevant projects. Corporate costs are allocated, where practicable, to projects proportionate to internal project effort. These include internal corporate costs, employment, travel and rent.

Additionally, as reported elsewhere during this period, the company has undergone its third performance review as required under the SFA with government. The report on APL's performance for the three years since the last review found APL to be a very well run company. It states that the processes used to manage investments are highly regarded and there is evidence that benefits have accrued to stakeholders as a result.

Benefit cost analyses

Following a recent R&D Advisory Committee (RDAC) review in December 2010, the RDAC recommended a number of 'health check' indicators to provide information relating to the APL R&D process and its effectiveness in commissioning R&D for APL. The health check indicators included:

- Proportion of new v. old researchers supported;
- Proportion of short v. long term projects commissioned; and
- Proportion of basic v. applied projects commissioned.

The APL R&D process is well established and is still attracting new research providers/researchers. The long-term projects (greater than one year) are more prevalent in the 'risk management' R&D areas addressing animal welfare, environment/climate change, quality assurance, food safety and biosecurity priorities. This has been a conscious decision by APL to foster a national collaborative program approach in keeping with the Pork R,D&E Strategy. This has enabled APL to link a number of postgraduate students to projects within this area. Most of the Specialist Group areas had a very high level of applied priorities (80 per cent). Whilst this is important in terms of direct industry applicability, there is also a need for new innovation to enable the pork industry to address new future challenges.

Through implementation of the Pork R,D&E Strategy, the average cost efficiencies of the base funding of core R,D&E facilities represent a decrease of approximately 30 per cent and, consequently, on the overall project costs compared to the arrangements applied in the past. The funding of core R,D&E facilities ensures that these key facilities are used to their full potential, and presents the providers with long-term funding security that allows them to maintain their capability and capacity. This has been a major issue for a number of key pork industry projects that have been significantly delayed or terminated due to the loss of key technical staff.

Report on Performance

Results of the APL R&D ex-post benefit cost analyses include randomly selected projects that were independently assessed (IDA Economics). Ex-post benefit cost ratios of between 1.1 and 43, with the weighted average being 10.7, were reported for projects over the last three years. The benefit cost analyses showed a return of 3:1 for APL's technology transfer and adoption programs. All projects greater than \$50,000 are now automatically submitted for ex-post benefit cost analyses. This data will then be linked to the ex-ante benefit cost analyses conducted each year to assess priorities identified by the Specialist Groups.

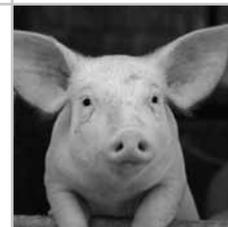
The 2010 Annual Industry Survey covers industry topics, including labour and training, quality assurance, animal welfare, biosecurity and environment, and is available electronically through APL's website. The survey is important as it arms APL with a more accurate view of the state of the industry. This enables us to more effectively represent the industry to government and other stakeholders, provide strategic input into APL R&D programs, and improve APL's training programs and service delivery to producers.

Considerations and Impacts

APL's work with the media, around highlighting to Australian consumers, the need to support Australian farmers and Australian grown pork, has certainly grown the groundswell on this issue during this reporting period. The result has seen a doubling in retailers, manufacturers and wholesalers joining the PorkMark program. Licensees numbered around 150 for 2009–2010, in comparison to the end of 2010–2011 where numbers have reached 323. This means more and more Australian consumers are being exposed to Australian grown ham and bacon and are questioning where their pork is from. This can only be a positive impact for Australia's pork industry.

4.6.5 Financial Summary

CORE OBJECTIVE 5 – INDUSTRY COHESION AND RESPONSIVENESS							
STRATEGY	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Engage and Connect the Industry	NON R&D			R&D			
<i>Budget</i>	\$128,000	\$46,826	\$174,826	\$626,161	\$187,053	\$813,214	\$988,040
<i>Actual</i>	\$81,387	\$19,400	\$100,787	\$476,882	\$155,279	\$632,161	\$732,948
Facilitate Rapid Uptake of Information and Technology							
<i>Budget</i>	\$0	\$0	\$0	\$158,000	\$334,163	\$492,163	\$492,163
<i>Actual</i>	\$0	\$0	\$0	\$90,723	\$204,469	\$295,192	\$295,192
Enhance the Reputation and Effectiveness of APL							
<i>Budget</i>	\$239,500	\$76,091	\$315,591	\$416,500	\$443,274	\$859,774	\$1,175,365
<i>Actual</i>	\$193,722	\$56,623	\$250,345	\$485,010	\$673,646	\$1,158,656	\$1,409,001
TOTAL CORE OBJECTIVE 5 - BUDGET	\$367,500	\$122,917	\$490,417	\$1,200,661	\$964,490	\$2,165,151	\$2,655,568
TOTAL CORE OBJECTIVE 5 - ACTUAL	\$275,109	\$76,023	\$351,132	\$1,052,615	\$1,033,394	\$2,086,009	\$2,437,141



4.7 Overall Financial Summary by Core Objective

SUMMARY							
CORE OBJECTIVE	DIRECT	INDIRECT	SUB-TOTAL	DIRECT	INDIRECT	SUB-TOTAL	TOTAL
Build Consumer Demand	NON R&D			R&D			
<i>Budget</i>	\$4,061,945	\$2,021,203	\$6,083,148	\$1,205,000	\$752,469	\$1,957,469	\$8,040,617
<i>Actual</i>	\$3,994,510	\$2,008,532	\$6,003,042	\$1,103,924	\$910,588	\$2,014,512	\$8,017,554
Viable Productive Farms							
<i>Budget</i>	\$0	\$4,306	\$4,306	\$1,286,528	\$184,729	\$1,471,257	\$1,475,563
<i>Actual</i>	\$0	\$0	\$0	\$1,175,014	\$230,191	\$1,405,205	\$1,405,205
Efficient Value Chains							
<i>Budget</i>	\$0	\$0	\$0	\$452,016	\$173,005	\$625,021	\$625,021
<i>Actual</i>	\$0	\$0	\$0	\$430,008	\$175,915	\$605,923	\$605,923
Leadership, Preparedness, Stewardship							
<i>Budget</i>	\$509,250	\$599,181	\$1,108,431	\$2,153,003	\$717,808	\$2,870,811	\$3,979,242
<i>Actual</i>	\$637,147	\$619,252	\$1,256,399	\$2,070,271	\$876,998	\$2,947,269	\$4,203,668
Industry Cohesion and Responsiveness							
<i>Budget</i>	\$367,500	\$122,917	\$490,417	\$1,200,661	\$964,490	\$2,165,151	\$2,655,568
<i>Actual</i>	\$275,109	\$76,023	\$351,132	\$1,052,615	\$1,033,394	\$2,086,009	\$2,437,141
<i>Unallocated</i>							
<i>Budget</i>		\$150,979	\$150,979		\$363,664	\$363,664	\$514,643
<i>Actual</i>		\$121,347	\$121,347		\$241,001	\$241,001	\$362,348
TOTAL BUDGET	\$4,938,695	\$2,898,586	\$7,837,281	\$6,297,208	\$3,156,165	\$9,453,373	\$17,290,654
TOTAL ACTUAL	\$4,906,766	\$2,825,154	\$7,731,920	\$5,831,832	\$3,468,087	\$9,299,919	\$17,031,839

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.

4.8.1 Material Variations to Budget

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

4.8.2 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.

Report on Performance

4.8.3 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.

4.8.4 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 Productivity and Adding Value

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

Progress in 2010–2011

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

Reducing the impact of disease: A number of activities are outlined below to address this priority and include:

- Review factors that stimulate the innate immune system in the pig in a positive manner;
- Metabolic cost of immune responses to some of the common diseases, such as *Actinobacillus pleuropneumonia* (APP), *swine dysentery* (SD), and *ileitis* (LI);
- Review of recent or alternative approaches to disease management; and
- Economic cost of housing pigs outside their thermo neutral zone – AUSPIG modelling using current genotypes.

Feed Grain Partnership: This project is an initiative that allows APL to continue to work and engage with the key cross-sectoral Feed Grain Partnership initiative members, including 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 identify and address key feed grain R&D priorities. The activities include Australian Bureau of Statistics (ABS) core data collection in 2010–2011 limited to feed grain stock collection, the CSIRO sorghum enhancement project and feed grain annual update/forecasts.

Sow housing: This project is a package of research activities that includes an ongoing review of the physiological, behavioural and bio-economic consequences of non-crate farrowing systems. This desk top project will examine the bio-economic impact of key infrastructure changes to existing stalls, taking into account various individual physical systems (such as feeding systems, feeding stall length, area allowance outside the stall, key physical dimensions, etc), as well as management protocols (such as timing of mixing/mating, group size/space allowance, etc). Both sow performance and the economics of setting-up and maintaining such systems will also be investigated.

Meeting Industry and Government Priorities

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 2010–2011

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

Fresh pork quality consistency: This project seeks to identify and model the drivers of eating quality (such as moisture content, chilling time/rate or cooking method/skill) and the variables that affect each driver. This will facilitate the prioritisation of analysis points in the product supply chain. This program will use the outputs of the eating quality projects to develop pork quality (sensory and objective) information packages for the consumer.

Selection of improved market value of pig carcasses: Genetic parameters have been estimated for primal cut weights along with performance, feed intake, carcass and meat quality traits based on the French national pig breeding program. The benefits of using muscle depth and measures of primal weights for selection purposes have been outlined to Australian breeders. Currently, primal cut weights and muscle depth from PorkScan are recorded by Australian breeders and this data will be used to enhance the selection indices in genetic improvement programs.

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 2010–2011

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

Water and energy use: This project involves the collection and collation of industry data to allow producers to see where they fit in regards to water and energy use efficiency against similar production systems. The project will also identify areas of high water, energy and gas use on-farm, from which strategies can be developed to mitigate use or identify alternate sources.

Alternative waste management systems: The projects within this research program include:

- Strategies and technologies for improved management of manure utilisation and minimising GHG emissions;
- Improved management strategies for the utilisation of GHG for energy generation;
- Demonstration of Sedimentation and Evaporation Pond (SEP) systems;
- Identification of opportunities and demonstrations of alternative solids removal systems;
- Exploration of anaerobic digestion opportunities for biogas production; and
- Development of low cost options to minimise effluent pond methane.

Meeting Industry and Government Priorities



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 2010–2011

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

Optimising GHG and renewable energy: The projects within this research program include:

- Low cost methane capture systems;
- Identification of the key microbial communities in ponds and management of these microbes to optimise biogas production;
- Development of a simple pig gas calculator that can allow producers to estimate emissions on their farm to assist in identifying mitigation strategies or utilisation opportunities; and
- Development of case studies to demonstrate climate change and/or greenhouse gas strategies and opportunities.

Validation of Australian pig environmental/GHG data: The projects within this research program include:

- Development of techniques and collection of Australian pork industry specific data that can be used to validate the pork industry's environmental credentials, enhance its reputation and provide accurate representative data for reporting and monitoring, such as, Life Cycle Assessment, PigBal, National Pollution Inventory, QLD licensing and Department of Climate Change data collation; and
- Provide accurate representative data for modelling and designing effluent systems, to provide accurate industry specific data for use in developing technologies relating to renewable energy generation.

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 2010–2011

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

FMD vulnerability project: This project is a package of research activities that will prepare the Australian livestock industries for an outbreak of FMD. Completion of the R&D activities will also enable Australia to optimise its joint industry/government investment in the FMD antigen bank held in the UK. MLA and APL will be co-funders of this project. AHA will manage this project, with individual projects to be managed and conducted by Australian Animal Health Laboratories (AAHL), in conjunction with overseas research organisations.

Survey of risks associated with the import of pet food: This project will assess the food safety risks associated with pet food imports and includes two components: 1. desk top food safety, public health and herd health assessment, and 2. pig ear product survey, in collaboration with OzFoodNet targeting product from the European Union (EU) and, US that are only heat-treated (not irradiated as required for Asian product). The target hazards investigated will include *Salmonella typhimurium* phage types 193 (SA outbreak) and 104 (multi-drug resistant strain of EU and US).

Meeting Industry and Government Priorities

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 2010–2011

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

ProHand delivery and support: This activity involves supporting the delivery of the professional handling of pigs multimedia training program for stock people and abattoir staff using trained facilitators. APL provides the program and resources free of charge to facilitators who deliver the training on a commercial basis and aim to meet targets defined by APL. Additional facilitators are trained by the AWSC, where required, and the AWSC is paid a retainer for ongoing support and maintenance of the software which is beyond the capacity of APL staff.

Evaluation of mini-laparotomy embryo transfer procedures (commercial scale): A project was commissioned to evaluate a mini-laparotomy procedure, developed in a previous APL project, via some actual embryo transfers to provide guidelines for wider adoption of this procedure within the industry.

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 2010–2011

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

Physi-Trace: This project involves the development, validation and implementation of a validation tool to underpin the integrity of domestic and export pork and offal (Physi-Trace Stage 3). The aims of the Physi-Trace research project are: (i) to validate the PigPass system for traceability, enabling rapid trace-back in the event of a food safety incident; and (ii) to authenticate 'Product of Australia'. Physi-Trace Stage 3 is a jointly funded project by APL and processors over a five year period. This stage will expand the Physi-Trace sampling and analysis protocol to all seven export processors. This will include development of a commercial carcass sampling protocol for each of the processors and development of an analytical sampling protocol for the Physi-Trace database. In addition, the Physi-Trace technology will also be developed for pork offal and processed products.

AUSPIG growth modelling to ensure improved functionality – scoping study, maintenance: This activity facilitates the promotion of AUSPIG and ongoing support and development for existing users. In particular, a study was commissioned to develop enhanced modelling systems within AUSPIG to model methane emissions from pigs and effluent.

Meeting Industry and Government Priorities



5.1.8 Rural R&D Priorities - Expenditure

Funds spent 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 R,D&E is focussed, efficient and delivers outcomes in a timely manner to ensure that the Australian pork industry is competitive, productive and sustainable. This collaboration between APL and the Pork CRC has ensured that there is no duplication of R,D&E programs and activities. The third year review for the Pork CRC determined that *"the linkage between the Pork CRC and APL has led to major benefits for the programs of both organisations without leading to duplication in programs"*.

To ensure the increased alignment and coordination of the various pork R,D&E programs, APL and the Pork CRC, in conjunction with the various governments, university and industry R,D&E stakeholders, have developed a comprehensive Pork R,D&E Strategy that comprises a number of important components:

Pork R,D&E facilities:

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

Pork R,D&E programs:

3. Moving from a project by project basis to a coordinated 'national program' approach.
4. Enhancing the development and retention of appropriate human resources and skills.

The average cost efficiencies of the base funding of core R,D&E facilities represent a significant decrease (approximately 30 per cent) in the base facility costs and, consequently, on the overall project costs compared to the arrangements applied in the past. The funding of core R,D&E facilities will also ensure that these key R,D&E facilities are used to their full potential, and present the providers with long-term funding security that allows them to maintain their capability and capacity. This has been a major issue for a number of key pork industry projects that have been significantly delayed or terminated due to the loss of key technical staff.

The Pork R,D&E Strategy is in the process of establishing base-funding of facilities contracts for the next two years, in line with APL and the Pork CRC R&D priorities.

APL has also played a support role in the development and implementation of cross-sectoral strategies, including climate change and animal welfare that have been endorsed by Primary Industries Standing Committee (PISC). APL is also involved in the development of cross-sectoral strategies for biosecurity and food and nutrition.

6 Collaboration and Evaluation

6.1 Pork Industry Consultation

APL aims to increase the formal membership of the pork industry body to as high a proportion of the total industry as possible. Despite many smaller pig producers not becoming members, we are able through industry media, and with the use of the vendor declaration database (PigPass), to reach the majority of pig producers for consultation purposes. The major consultation effort in 2010–2011 was for the industry 'Shaping Our Future' initiative, which proposed the voluntary commitment to cease the use of sow stalls. This process included electronic communications, mail-outs, face-to-face producer meetings, a web blog site and for the first time we believe in Australian agriculture, a Town Hall teleforum – being a one-way phone discussion with the industry with radio 'talk back' functionality.

At the May 2011 Delegates Forum, the APL Delegates decided to support a further consultation process with industry around a levy increase proposal, which has been put into action. This process is also targeted at being as comprehensive as possible.

6.2 Supply Chain Engagement

The Pork Processor Referral Group (PPRG) was established in 2010 to provide coordinated processor input to the establishment of R&D priorities, and to improve coordination of processor positions on key issues. The PPRG includes representation from all pork export abattoirs.

Key areas of focus of the PPRG in 2010–2011 include: export certification reform and the acceptance of a revised meat inspection model, which recognises improvements in pork abattoir hygiene performance over time; adoption of the results of food safety research; and development of a minimum cost sampling protocol under the Physi-Trace project.

The Market Development Committee (MDC) continued to provide advice from retailers and consumers facing industry participants on APL's historic priorities and performance, as well as future priorities and options. In particular, the committee supported continuing the APL advertising campaign; the development of consumer-friendly production descriptions; and the creation of the International PorkFest activity in April 2011.

6.3 Government Meetings

At a high level, APL's CEO and Chair meet with senior government officials regularly to keep them abreast of significant industry happenings and to discuss future policy issues and challenges. Those meetings held with government in 2010–2011, included amongst others:

- A number of meetings with the Federal Minister for Agriculture, Fisheries and Forestry, Senator the Honourable Joe Ludwig, in compliance with the requirements of the SFA and to discuss general industry issues;
- Participation in the Federal Minister's Land Sector Working Group looking into carbon tax and CFI issues for the rural sector through APL's Chairman, Enzo Allara;
- Meetings with various representatives of the DAFF regarding the new SFA, Gross Value of Production (GVP) calculations for the pork industry, levy increase and revenue issues, export certification reform and post-border quarantine arrangements;

Collaboration and Evaluation

- Meetings with most of the State Primary Industries Ministers (Victoria, Tasmania, South Australia and Western Australia) and a number of Shadow Primary Industries Ministers (Tasmania, South Australia and New South Wales), as well as the Federal Shadow Minister for Agriculture, in particular, regarding the 'Shaping Our Future' initiative; and
- Other meetings with Greens representatives in Canberra, South Australia, Tasmania and Federal independent MPs and various Senators, regarding the 'Shaping Our Future' initiative and the issue for New Zealand around the potential for importation of fresh pork into that country.

6.4 Inter-Organisational Committees

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

- Animal Health Australia Industry Forum and Executive
- 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
- Export Meat Industry Advisory Committee
- Australian Meat Industry Council
- Sustainable Agriculture Initiative Platform
- Tax Office Primary Production Industry Partnership
- 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
- Methane to Markets in Agriculture Program.

6.5 Commercialisation

During 2010–2011, APL did not create any subsidiary companies. APL continued its participation in the PorkScan Pty Limited; the company set up to commercialise carcass measurement technology and APL has two directors on 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 impact of these agreements and the future commitments arising are disclosed in Note 16 to the financial statements.

6.7 Cross-Sectoral Initiatives

The Climate Change Research Strategy for Primary Industries (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 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 identify and address 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. Key research projects in conjunction with the partnership and research providers were also commissioned in 2010–2011. The outcomes from this strategy have been disseminated to the wider 'grain' industry via the annual Australian Grain Industry Conference.

APL continues to be actively involved with the development and implementation of a number of other cross-sectoral R,D&E strategies, including the Animal Welfare R,D&E Strategy, the Animal Biosecurity R,D&E strategy and the Food and Nutrition R,D&E Strategy.

Animal Welfare R,D&E strategy: APL has played a key role in the development of this strategy and is a member of the Animal Welfare R,D&E Steering Committee. This strategy has been approved by PISC and has just commenced its first implementation phase.

Animal Biosecurity R,D&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 R,D&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.



6.8 Efficiency Enhancement

With the reduction in levy and R&D matching income, together with emerging issues and particular industry circumstances, the company has considered many scenarios with the objective to continue to work to the utmost efficiency to the strategies contained in the Strategic Plan during this period. Of the scenarios considered, the one which involved three marketing positions being made redundant has been implemented. In addition the presence in Singapore was discontinued at the end of contract 30 June 2011.

The impact of this Marketing division restructure and implications in regard to forward planning has seen some activities either discontinued or postponed where possible, without deviating from the Core Objectives of the Strategic Plan (keeping in mind that some activities can be put off for a year, while others require continued momentum).

In all areas, when a position becomes vacant it is closely reviewed for opportunities to either combine roles or find a more efficient method of performing those duties.

Some cost recovery of corporate costs has again occurred, with the continued hosting of the CRRDC secretariat and provision of management and company secretarial services to PorkScan Pty Limited.

Additionally, both tangible and intangible benefits have occurred due to the co-location of the company's state based employees with other RDCs in four states.

6.9 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, cost benefit analyses (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. The results of these CBAs have been referenced at various points within this Annual Report.

The formal measurement of 'public good' which is related to taxpayer or community returns on the activities of APL, is still a developing area due to the complexity of measuring these inherently non-direct financial benefits. This is consistent with the progress on this issue through the CRRDC.

7 Statutory Reports

7.1 Directors' Report

Your directors present their report for the year ended 30 June 2011.

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

ELECTED DIRECTORS



Mr Paul Pattison

Mr Pattison is the Managing Director of Rivalea (Australia) Pty Ltd; a vertically integrated business which incorporates grain production, pig farming, stockfeed milling, slaughter, processing and boning, and pork sales of both carcasses and boned meat including moisture infused, shelf ready, branded products. Mr Pattison is Chair of Diamond Valley Pork Pty Limited and a member of the Board's Animal Welfare and Quality Assurance Committees.



Mr John Coward

Mr Coward has 40 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 and now chairs the Pan Pacific Pork Expo Committees.



Mr Andrew Johnson (Appointed 17th November 2010)

Mr Johnson is currently owner/ manager of Mt Boothby Pastoral Company, a mixed family farming operation comprising a 1800 sow farrow to finish operation in the mid north and south east regions of South Australia. With twenty one years experience in the pork industry, Mr Johnson has been active in assisting and educating family farms with modern production methods. For the past nine years he has been and is currently a Director of Top Pork Pty Limited, 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. Mr Johnson is also a Director of Australian Nuffield Farming Scholars Association. Mr Johnson is on the Board's Animal Welfare Committee.

Statutory Reports



Mr Aeger Kingma

BBus(Acc), DipEd

Mr Kingma has been involved in the Australian pig industry for the past 22 years. During this time he has performed a number of different roles. These include President of the Victorian Farmers' Federation Pig Group (2002-04, 2007), Director of Auspork Ltd, and member of Animal Welfare Advisory Committee (Ministerial appointment). He 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 Ian Parish (Resigned 17th November 2010)

BVSc (Hons)

Dr Parish is a pork producer operating a 1,300 sow piggery in Northern Victoria. He is also chairman and shareholder of Australian Pork Farms Group Ltd that operate 12,000 sows in South Australia and a shareholder and director of sow farms totalling 5,000 sows in South Australia and Victoria. Dr Parish is chairman of Auspork Ltd, the wholesale marketing arm that handles 7,000 pigs per week on behalf of the above farms and other shareholders and a director of Big River Pork

Abattoir. Dr Parish is also a veterinary consultant. Dr Parish Chaired the Board's Human Resources and Remuneration and Quality Assurance Committees.



Mr Neil Ferguson

Mr Ferguson is the Chief executive Officer of Westpork Pty Ltd, a commercial pig producer based in Western Australia. Westpork farms encompass a combination of Intensive and free Range facilities. Neil is currently Chairman of the Agriculture Produce Commission – Pork Committee and is on the committee of Pork Training WA. Mr Ferguson is a member of the Audit, Risk and Corporate Governance and quality Assurance Committees.



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SPECIALIST DIRECTORS



Mr Enzo Allara (Chairman)
ASA, 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 and a Director of Swickers Kingaroy Bacon Factory Pty Limited, and Foodbank Victoria. 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 also on the Human Resources and Remuneration Committee.



Prof Robert van Barneveld
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 21 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 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 Associate 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 chairs the Board Research and Development and the Pan Pacific Pork Expo Committees (until November 2010). Prof van Barneveld is a Fellow of the Australian Institute of Company Directors.



Mrs Kay Carey
BComm

Mrs Kay Carey has extensive experience in marketing and management, 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. 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 Committees.

Statutory Reports



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 and chairs the Audit, Risk and Corporate Governance Committee and is a member of the Human Resources and Remuneration and Research and Development Committees.

COMPANY SECRETARY



Mrs Christine Quick
DipBus (Acc), GAICD

Mrs Quick has acted as company secretary since 23 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.



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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:

KPI Table

Strategy	Board of Directors	Audit and Corporate Governance Committee	HR and Remuneration Committee	Market Development Committee
Mr Neil Ferguson	7 (7)	4 (4)	-	-
Mr John Coward	6 (7)	-	-	-
Mr Andrew Johnson	4 (4)	-	-	-
Mr Aeger Kingma	7 (7)	4 (4)	1 (1)	-
Prof Robert van Barneveld	7 (7)	-	-	-
Mr Enzo Allara*	4 (7)	-	1 (2)	1 (2)
Mrs Kay Carey	7 (7)	-	-	2 (2)
Dr Ian Parish	3 (3)	-	1 (1)	-
Mr Paul Pattison	7 (7)	-	-	-
Mrs Kathy Grigg	7 (7)	4 (4)	2 (2)	-

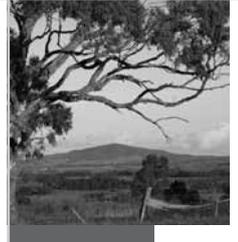
Strategy	Pan Pacific Pork Expo Management Committee	Animal Welfare Committee **	Research and Development Board Committee	Quality Assurance Committee**
Mr Neil Ferguson	-	-	-	-
Mr John Coward	1 (1)	0 (0)	-	-
Mr Andrew Johnson	-	0 (0)	-	-
Mr Aeger Kingma	-	0 (0)	-	-
Prof Robert van Barneveld	-	-	2 (2)	-
Mr Enzo Allara	-	-	-	-
Mrs Kay Carey	-	-	2 (2)	0 (0)
Dr Ian Parish	-	-	-	0 (0)
Mr Paul Pattison	-	0 (0)	-	0 (0)
Mrs Kathy Grigg	-	-	2 (2)	-

* Mr Enzo Allara had leave of absence due to illness.

** Animal welfare and quality assurance issues were covered as part of the full Board Agenda's and dealt with directly by the Board. Mr Ian Parish resigned at the 2010 Annual General Meeting. His last board meeting was 15th November 2010.

Mr Andrew Johnson was elected director at the 17th November 2010 AGM. His first board meeting was 16th February 2011.

Statutory Reports



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

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.

REVIEW OF RESULTS AND OPERATIONS

Results

The company's tenth year of operation resulted in an operating deficit of \$1,180,616 (2010: \$1,440,102). This planned deficit for the third consecutive year represents the last of the deficit years included in the current Strategic plan. The deficit of \$1,180,616 has been funded from Reserves and is part of the APL's Reserves Policy which recognises the long-term nature of some key R&D and marketing expenditure and is designed to smooth out these investments over a longer period particularly in periods of lower levy income. The level of reserves held at 30th June 2011 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.

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 \$2.525 cents per carcase levy at slaughter, of which APL receives \$2.35, consisting of \$1.35 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.

Statutory Reports

The levy received by APL has been the same since 1994 when it was introduced. A proposal is currently being put forward to increase this levy. Inflation has erased an enormous amount of its value over this time and APL's productivity improvements are no longer able to keep up with the ongoing erosion. The proposal is for a staggered increase in the levy totalling \$0.90 per slaughter pig over three stages of \$0.30 each for introduction two years apart from mid 2012. 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. We're hopeful that an agreement to the proposed 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.

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 the 1st July, 2009 and is reported against in the 2010-2011 Annual Report.

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

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

THE LINK BETWEEN THE OPERATIONS AND THE COMPANY'S OBJECTIVES

APL's operational activities are designed for consistency with the 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:

I. Build Consumer Demand

- Increased frequency of purchase for fresh pork (excluding relative price variations) in Australia
- Improved differentiation for ham, bacon and deli meats made from Australian pork
- Stabilised international business
- More consistent pork to consumers.

Statutory Reports



2. Viable Productive Farms

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

3. Efficient Value Chains

- 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, crises
- Environmentally sustainable and carbon neutral industry
- Industry leadership to enhance 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.

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.

Statutory Reports

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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.

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.

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.

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:

Assurance services - \$4,830

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 E Allara
Chair
Canberra, 15th September 2011



DIRECTORS' 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
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) 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 E Allara
Chair
Canberra, 15th September 2011

7.2 Independent Audit Report to members of Australian Pork Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian Pork Limited, which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Australian Pork Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Australian Pork Limited at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.



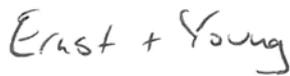
Ernst & Young



BenTansley
Partner
Canberra
15 September 2011

7.3 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 2011, 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
15 September 2011

7.4 Financial Report 2010–2011

AUSTRALIAN PORK LIMITED

Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
REVENUES	4	15,851,225	15,774,972
EXPENSES			
Research and Innovation		(5,594,486)	(5,815,234)
Marketing		(6,785,075)	(6,859,998)
Policy		(1,976,354)	(2,052,235)
Board and CEO		(1,328,829)	(1,226,094)
Finance and Administration		(904,055)	(749,342)
Communication		(443,042)	(512,171)
OPERATING DEFICIT BEFORE TAX		(1,180,616)	(1,440,102)
INCOME TAX	2(l)	-	-
OPERATING DEFICIT AFTER TAX		(1,180,616)	(1,440,102)

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

AUSTRALIAN PORK LIMITED

Balance Sheet

For the year ended 30 June 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	15(b)	3,836,601	4,277,005
Trade and other receivables	6	1,783,951	2,479,234
Prepayments	7	83,553	58,104
Investments	8	9,964	11,947
TOTAL CURRENT ASSETS		5,714,069	6,826,290
NON-CURRENT ASSETS			
Loan to Associate – PorkScan Pty Ltd	9	48,000	48,000
Property, plant and equipment	10	167,997	198,986
TOTAL NON-CURRENT ASSETS		215,997	246,986
TOTAL ASSETS		5,930,066	7,073,276
CURRENT LIABILITIES			
Trade and other payables	11	1,924,774	1,865,764
Deferred income	12	21,220	79,034
Provisions	13	512,241	408,491
TOTAL CURRENT LIABILITIES		2,458,235	2,353,289
NON-CURRENT LIABILITIES			
Provisions	14	84,819	152,360
TOTAL NON-CURRENT LIABILITIES		84,819	152,360
TOTAL LIABILITIES		2,543,054	2,505,649
NET ASSETS		3,387,012	4,567,628
EQUITY			
Accumulated surpluses		3,387,012	4,567,628
TOTAL EQUITY		3,387,012	4,567,628

The above Balance Sheet should be read in conjunction with the accompanying notes.

AUSTRALIAN PORK LIMITED

Statement of Changes in Equity

For the year ended 30 June 2011

	Accumulated Surpluses	Total
AT 1 JULY 2010	4,567,628	4,567,628
Deficit for the year	(1,180,616)	(1,180,616)
Other comprehensive income for the year	-	-
AT 30 JUNE 2011	3,387,012	3,387,012

	Accumulated Surpluses	Total
AT 1 JULY 2009	6,007,730	6,007,730
Deficit for the year	(1,440,102)	(1,440,102)
Other comprehensive income	-	-
AT 30 JUNE 2010	4,567,628	4,567,628

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 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Statutory Authority and industry		17,898,356	14,594,062
Payments to suppliers and employees		(18,518,914)	(17,016,307)
Interest received		249,168	255,662
NET CASH FLOWS USED IN OPERATING ACTIVITIES	15(a)	(371,390)	(2,166,583)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(89,878)	(66,966)
Proceeds from disposal of property, plant and equipment		20,864	7,367
Acquisition of shares in associate		-	(48)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(69,014)	(59,647)
NET DECREASE IN CASH HELD		(440,404)	(2,226,230)
Cash at the beginning of the year		4,277,005	6,503,917
Net foreign exchange differences		-	(682)
CASH AT END OF THE YEAR	15(b)	3,836,601	4,277,005

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 2011

1. Corporate Information

The financial report of Australian Pork Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 15 September 2011. 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 342 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 2011 the Company employed 28 full-time and 9 part-time and casual employees (2010: 31 full-time and 10 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:

Cnr Denison Street and Geils Court
Deakin ACT 2600

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on an historical cost basis, except investments held for trading, which have been measured at fair value.

The financial report is presented in Australian dollars and values have not been rounded.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet 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.

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

2. Summary of Significant Accounting Policies (cont'd)

(d) 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.

(e) 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 statement of comprehensive income when incurred.

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

The major depreciation periods are:

	2011	2010
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 renewed, and adjusted if appropriate, at financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

(f) Investments and other financial assets

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.

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

2. Summary of Significant Accounting Policies (cont'd)

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 have expired or been transferred.

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. Gains or losses on financial assets held for trading are recognised in the statement of comprehensive income and the related assets are classified as current assets in the balance sheet.

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.

(g) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the asset's depreciated replacement cost.

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Operating lease payments are recognised as an 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.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

2. Summary of Significant Accounting Policies (cont'd)

(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:

Levies

The Levies and Revenue Service of the Department of Agriculture, Fisheries and Forestry collects statutory levies on behalf of the Company. Revenues from levies are recognised as revenue upon accrual of the levy amounts.

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 per cent 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 is 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 2011

2. Summary of Significant Accounting Policies (cont'd)

(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 Balance Sheet.

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 legal or constructive obligation 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.

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.

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

2. Summary of Significant Accounting Policies (cont'd)

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.

(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.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

2. Summary of Significant Accounting Policies (cont'd)

(i) Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates of restoring the premise to its original state, including removal of workstations and glass panelling. Uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised is periodically reviewed and based on the facts and circumstances available at that time. Changes to the estimated future costs are recognised in the Balance Sheet by adjusting both the expense or asset (if applicable) and the provision. The related carrying amounts are disclosed in Note 13.

(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.

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

3. Financial Risk Management Objectives and Policies

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.

Risk Exposures and Responses

Interest rate risk

The Company's exposure to market interest rates relates primarily to the Company's short-term cash investments.

At balance date, the Company had the following mix of financial assets exposed to Australian variable interest rate risk:

Financial Assets	Note	2011	2010
Cash at bank and at call	15(b)	3,836,201	4,276,174
		<u>3,836,201</u>	<u>4,276,174</u>

The Company constantly analyses its interest rate exposure. Sensitivity analysis based on the interest rate risk exposures in existence at the balance sheet date affect movements in profit only, due to higher/lower interest income from cash balances.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

As at 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net surplus from operations and equity would have been affected as follows:

Judgements of reasonably possible movements:	Net Surplus/Deficit Higher/(Lower)		Equity Higher/(Lower)	
	2011 \$	2010 \$	2011 \$	2010 \$
+ 1% (100 basis points)	38,362	42,762	38,362	42,762
- 1% (100 basis points)	(38,362)	(42,762)	(38,362)	(42,762)

The movements in net surplus from operations and equity are due to higher/lower interest income from variable rate cash balances. The sensitivity is lower in 2011 than in 2010 because of decrease in cash balances during 2011.

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

3. Financial Risk Management Objectives and Policies (cont'd)

Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables and held for trading investments. The Company's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is presented in the following table:

Financial Assets	Note	2011	2010
Cash at bank and at call	15(b)	3,836,201	4,276,174
Trade debtors	6	1,690,657	2,686,195
Investments at fair value through profit or loss	8	9,916	11,899
		5,536,774	6,974,268

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

It is the Company's policy that all customers that wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Liquidity risk

Given the level of cash reserves in the Company liquidity risk is considered low. The Company manages liquidity risk through a minimum reserves policy, the budgeting process and reporting of actual versus budgeted cash flow variances to the Audit, Risk and Corporate Governance Committee on a regular basis.

The following disclosures reflect all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities at 30 June 2011. The timing of cash flows for assets and liabilities is based on their contractual terms.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g. trade receivables). Liquid assets comprising cash and receivables are considered in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all required short-term cash payments.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

3. Financial Risk Management Objectives and Policies (cont'd)

Year ended 30 June 2011	< 6 months \$	6-12 months \$	> 12 months \$	Total \$
Financial assets				
Cash and cash equivalents	3,836,601	-	-	3,836,601
Trade and other receivables	1,783,951		48,000	1,831,951
Investments at fair value through profit or loss	9,916		48	9,964
	5,630,468		48,048	5,678,516
Financial liabilities				
Trade and other payables	1,924,774	-	-	1,924,774
	1,924,774	-	-	1,924,774
Net inflow/(outflow)	3,705,694		48,048	3,753,742

Fair value risk

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

Year ended 30 June 2011	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in shares at fair value through profit and loss	9,916	-	-	9,916
Total	9,916	-	-	9,916
Year ended 30 June 2010				
Investments in shares at fair value through profit and loss	11,899	-	-	11,899
Total	11,899	-	-	11,899

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

4. Revenue	2011 \$	2010 \$
(a) Revenue from operating activities		
Levies – marketing	6,207,983	6,819,767
Levies – research	4,597,956	3,661,624
Government contributions – matching	4,326,465	4,035,553
Other industry contributions	228,588	711,311
Other revenue	211,277	274,895
	15,572,269	15,503,150
(b) Revenue from non-operating activities		
Royalties	17,483	19,326
Net gain from sale of property, plant and equipment	18,963	5,361
Interest – other persons/corporations	242,510	247,135
	278,956	271,822
Total Revenue	15,851,225	15,774,972

5. Expenses	2011 \$	2010 \$
(a) Depreciation and amortisation		
<i>Depreciation of non-current assets</i>		
- Office furniture and equipment	21,230	21,180
- Motor vehicles	36,576	34,907
- Computer equipment	32,214	47,759
	90,020	103,846
<i>Amortisation of non-current assets</i>		
- Leasehold improvements	28,946	27,234
Total depreciation and amortisation	118,966	131,080
(b) Employee benefits		
Salaries and wages	4,609,986	4,458,902
(c) Write-down assets		
	1,983	11,261
	1,983	11,261
(d) Other expenses		
Operating lease expense	372,825	376,173
	372,825	376,173

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

6. Trade and Other Receivables		2011 \$	2010 \$
Trade debtors	6(a)(i)	1,690,657	2,686,195
Provision for doubtful debts		-	(290,125)
		1,690,657	2,396,070
Bank guarantee	6(a)(iii)	43,197	43,197
Sundry debtors	6(a)(ii)	50,097	36,308
Goods and services tax		-	3,659
Other receivables		-	-
		1,783,951	2,479,234

(a) Terms and conditions

- (i) Trade debtors are non-interest bearing and have repayment terms up to 30 days.
- (ii) Sundry debtors and other receivables are non-interest bearing and have repayment terms up to 30 days.
- (iii) Bank guarantee will mature in November 2011 and has a fixed interest rate of 6.0%.

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

(b) Allowance for impairment loss

At 1 July 2010		290,125	304,549
Charge for the year		-	-
Amounts written off		(290,125)	(14,424)
At 30 June 2011		-	290,125

At 30 June 2011, the ageing analysis of trade and sundry receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI*	61-90 days CI*	+91 days PDNI*	+91 days CI*
2011	1,690,657	1,689,329	-	563	-	765	-
2010	2,686,195	2,375,183	24,888	-	-	-	286,124

* Past due not impaired (PDNI)
Considered impaired (CI)

Receivables past due but not considered impaired are \$1,328 (2010: \$Nil). The relevant business units have been in direct contact with the relevant debtor and are satisfied that all payments will be received in full. Other receivables include GST receivable and bank guarantees on the property. These are not impaired assets and are not past due.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

7. Prepayments	2011 \$	2010 \$
Prepayments	83,553	58,104
	83,553	58,104

8. Investments	2011 \$	2010 \$
Shares – Australian listed - at fair value through statement of comprehensive income	9,916	11,899
Shares in associate	48	48
	9,964	11,947

9. Loan to Associate	2011 \$	2010 \$
Loan to Associate – PorkScan Pty Limited	48,000	48,000
	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) have decreased in the amount of \$48,000 and non current assets increased in the amount of \$48,000. The loan is non-interest bearing and there are no fixed repayment terms. The loan agreement expires on 30 June 2013.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

10. Property, Plant and Equipment

(a) Reconciliation of carrying amounts at the beginning and end of the year

	Leasehold Improvements \$	Office Furniture and Equipment \$	Computer Equipment \$	Motor Vehicles \$	Total \$
Year ended					
30 June 2011					
Carrying amount at 1 July 2010	43,193	61,864	46,197	47,732	198,986
Additions	2,639	4,285	17,566	65,388	89,878
Disposals	-	(171)	-	(1,730)	(1,901)
Depreciation expense for the year	(28,946)	(21,230)	(32,214)	(36,576)	(118,966)
Carrying amount at 30 June 2011	16,886	44,748	31,549	74,814	167,997
At 30 June 2011					
Cost	196,229	244,615	174,230	146,241	761,315
Accumulated amortisation	(179,343)	(199,867)	(142,681)	(71,427)	(593,318)
Net carrying amount	16,886	44,748	31,549	74,814	167,997
Year ended					
30 June 2010					
Carrying amount at 1 July 2009	65,607	72,812	72,425	54,262	265,106
Additions	4,820	10,232	21,531	30,383	66,966
Disposals	-	-	-	(2,006)	(2,006)
Depreciation expense for the year	(27,234)	(21,180)	(47,759)	(34,907)	(131,080)
Carrying amount at 30 June 2010	43,193	61,864	46,197	47,732	198,986
At 30 June 2010					
Cost	195,245	315,704	467,615	190,426	1,168,990
Accumulated amortisation	(152,052)	(253,840)	(421,418)	(142,694)	(970,004)
Net carrying amount	43,193	61,864	46,197	47,732	198,986

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

11. Trade and Other Payables	2011 \$	2010 \$
Trade creditors and accruals	1,618,826	1,714,355
PAYG tax payable	68,080	69,266
Other payables	237,868	82,143
	1,924,774	1,865,764

Aggregate amounts payable to related parties: 36,620 24,364

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms.

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

12. Deferred Income (Current)	2011 \$	2010 \$
Deferred income	21,220	79,034
	21,220	79,034

13. Provisions (Current)	2011 \$	2010 \$
Annual leave	298,087	264,953
Long service leave	150,954	143,538
Make-good	63,200	-
	512,241	408,491

(a) Reconciliation of make-good provision:

Carrying amount at the beginning of the financial year	63,200	63,200
Arising during the year	-	-
Carrying amount at the end of the financial year	63,200	63,200

The factors considered in determining the make good provision are discussed in Note 2 (o)(i). The restoration is estimated to occur on 31 January 2012.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

14. Provisions (Non-current)	2011 \$	2010 \$
Long service leave	84,819	89,160
Make-good	-	63,200
	84,819	152,360

15. Cash Flow Statement Reconciliation	2011 \$	2010 \$
(a) Reconciliation of the net operating (deficit) to the net cash flows from operations		
Net operating deficit	(1,180,616)	(1,440,102)
Adjustment for:		
Depreciation and amortisation of non-current assets	118,966	131,080
Gain on disposal of property, plant and equipment	(18,963)	(5,361)
Decrement in value of other financial assets	1,983	11,261
Changes in assets and liabilities:		
Decrease/(increase) in current receivables	695,283	(945,225)
(Increase) in other assets	(25,449)	(6,065)
Increase in current payables	59,010	483
Increase in current provisions	40,551	45,145
(Decrease)/increase in other current liabilities	(57,814)	25,339
(Decrease)/increase in non-current provisions	(4,341)	16,862
Net cash flow (used in) operating activities	(371,390)	(2,166,583)
(b) Reconciliation of cash		
Cash balance comprises:		
- Cash at bank and at call	3,836,201	4,276,174
- Cash on hand	400	831
Closing cash balance	3,836,601	4,277,005

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

16. Commitments	2011 \$	2010 \$
(a) Lease expenditure commitments		
<i>Operating leases (non-cancellable)</i>		
Minimum lease payments		
- not later than one year	181,466	298,706
- later than one year and not later than five years	44,660	139,719
- later than five years	-	-
	226,126	438,425

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	7 months	CPI	Nil
WA	1 month	CPI	Nil
QLD	2 months	Market rate	1 x 1 year
VIC	23 months	4%	2 x 2 years

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

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

Estimated R&D expenditure contracted for at reporting date, but not provided for, payable:		
- not later than one year	1,145,281	1,427,400
- later than one year and not later than five years	905,657	1,044,248
	2,050,938	2,471,648

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.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

17. 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 (from November 2010)
Mr Neil Ferguson
Mr Aeger Kingma
Prof Robert van Barneveld
Mrs Kay Carey
Dr Ian Parish (retired November 2010)
Mr Paul Pattison
Mrs Kathy Grigg
Mr John Coward

(b) Loans to directors and director related entities

The Company made no loans to directors or director related entities during 2011 (2010: nil).

(c) Other related parties

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

Mr P Pattison	Managing Director; Rivalea (Australia) Pty Limited Director; Pork CRC Limited
Prof R van Barneveld	Director; Pork CRC Limited General Manager; CHM Alliance Pty Limited Chair; PorkScan Pty Limited
Mr J Coward	J&J Coward Consulting
Mr K Cameron	Sunpork Fresh Foods (retired November 2009)

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 2011 financial year:

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

17. Related Party Disclosures (con't)	2011 \$	2010 \$
Project and program expenditure		
PorkScan Pty Limited	-	263
Rivalea (Australia) Pty Limited	82,909	61,201
J&J Coward Consulting	-	4,006
Pork CRC Limited	1,774,990	1,863,145
The CHM Alliance Pty Limited	60,631	80,791
Sunpork Fresh Foods	-	3,205

Receivables

A loan of \$48,000 has been made to PorkScan Pty Limited. This loan is repayable on 1 July 2013.

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 and two APL Directors are also 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 is also a PorkScan Pty Ltd director. APL's Chief Executive Officer is also a Director on the PorkScan Pty Ltd Board.

18. Auditor's Remuneration

Amounts received or due and receivable by Ernst & Young for:

- Audit of the financial report of the Company	28,500	28,500
- Other services (assurance services)	4,830	5,270
	33,330	33,770

19. Subsequent Events

There have been no significant events which have occurred subsequent to 30 June 2011 that require adjustment to or disclosure in the financial report.

AUSTRALIAN PORK LIMITED

Notes to the financial statements (cont'd)

For the year ended 30 June 2011

20. Contingencies

The Company has provided a bank guarantee of \$43,197 in relation to its Canberra head office lease agreement.

21. Director and Key Management Personnel Remuneration

(a) Details of Directors and Key Management Personnel

Australian Pork Limited has nine directors, detailed at Note 17. 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

	2011 \$	2010 \$
Directors		
Short-term employee benefits	355,500	355,500
Post-employment benefits	31,994	31,994
Key Management Personnel		
Short-term employee benefits	1,188,250	1,159,013
Post-employment benefits	83,703	79,529
	<u>1,659,447</u>	<u>1,626,036</u>

8 Appendices

8.1 Appendix A – Material Variations to Budget

	Initial Budget \$	Actual Result \$	Variation Over/ (Under) \$	Explanation of Major Variations
Income				
Levies	11,280,000	10,805,939	(474,061)	4.8M slaughters budgeted, but 4.6M slaughter income received.
Government contributions - matching	4,671,686	4,326,465	(345,221)	R&D matching income being limited by the GVP cap. It is anticipated that the unmatched R&D expenditure of approximately \$460K will be retrospectively acknowledged through a corrected GVP determination to enable carry-over into 2011–2012.
Other industry contributions	182,500	228,588	46,088	Increase in grant income received from DAFF including Promoting Australian Produce and Export Market Development funding.
Interest	300,000	242,510	(57,490)	Reduced income and overstated budget.
Royalties and gain on sale	-	19,446	19,446	Gain on sale of motor vehicles and redundant office equipment.
Other revenue	112,000	228,277	116,277	Included in this line is management and hosting fees in relation to the CRRDC and PorkScan Pty Ltd, project refunds, associate membership and levy penalties.
Expenditure				
Research and Innovation – direct project expenditure	4,842,208	4,492,259	(349,949)	The reduction in forecast levy and R&D matching income caused reallocation of priorities and under expenditure occurred across several activities including the Fresh Pork Quality Consistency and Growing Valuable Industry Networks programs.
Marketing – direct project expenditure	4,837,445	4,666,621	(170,824)	The reduction in forecast levy income caused reallocation of priorities and the major under expenditure occurred in the International Market Development program.
Policy – direct project expenditure	914,250	1,037,349	123,099	Reallocation of funds to align with emerging issues and particular industry circumstances in the Shaping our Future, Illegal Trespass Case and Livestock Traceability Programs.
Communication – direct project expenditure	242,000	146,139	(95,861)	Under spend in the Enhance Effective Communication and Growing Valuable Industry Networks programs.
Finance and Administration – direct project expenditure	290,000	237,389	(52,611)	The Information and Communication Technology program under spent due to postponement of the server upgrade.
CEO/Board – direct project expenditure	110,000	158,841	48,841	The variance was the cost of Performance Review required under the Agreement with government which was not budgeted.

Appendices

8.2 Appendix B – Funds Spent on Research and Development Activities

Funds Spent on Each Significant Research and Development Activity Allowing Identification of Expenditures 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 2011–2012 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	\$637,329
• Increasing frequency of use	\$1,350,817
• Promoting 'Australian'	\$26,366
Viable Productive Farms	
• Reduce input costs	\$58,254
• Improve process efficiency	\$1,288,035
• Build skills and capability	\$58,916
Efficient Value Chains	
• Create and capture value improvements	\$464,021
• Enhance linkages between the value chain partners	\$122,119
• Optimise value chain efficiency and quality	\$19,783
Leadership, Preparedness, Stewardship	
• Address changing expectations and standards for food production	\$996,698
• Managing the impact of regulatory shifts	\$609,709
• Government policy and compliance requirements	\$1,340,862
Industry Cohesion and Responsiveness	
• Engage and connect the industry	\$632,161
• Facilitate rapid uptake of information and technology	\$295,192
• Enhance the reputation and effectiveness of APL	\$1,158,656
Unallocated	\$241,002
Total research and development expenditure	\$9,299,920
Exclusion of levy collection costs and other non-eligible research and development expenditures	(\$184,800)
Total matchable expenditure to accumulative levy cap	\$9,115,120
Maximum Claim Allowable to GVP cap	\$8,652,930
Australian Government contributions – matching (@ 50 per cent)	\$4,326,465

Appendices

Note: APL total non-direct project expenditure for the 2010–2011 financial year was \$6,293,243, which was 37 per cent of total expenditure and 40 per cent of income received. Of this total non-direct project expenditure, \$3,468,088 (55 per cent) was attributed to R&D.

8.3 Appendix C – Funds Spent on Marketing and Strategic Policy Development Activities

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	\$2,143,865
• Increasing frequency of use	\$2,170,244
• Improving the image of fresh pork	\$1,102,200
• Promoting 'Australian'	\$575,921
Total Marketing Expenditure	\$5,992,230
Strategic Policy Development Expenditure By Strategy	
Build Consumer Demand	
• Promoting 'Australian'	\$10,813
Leadership, Preparedness, Stewardship	
• Address changing expectations and standards for food production	\$848,492
• Managing the impact of regulatory shifts	\$232,385
• Government policy and compliance requirements	\$154,534
Industry Cohesion and Responsiveness	
• Engage and connect the industry	\$11,219
• Enhance the reputation and effectiveness of APL	\$13,045
Total Strategic Policy Development Expenditure	\$1,270,488
Other Industry Expenditure By Strategy	
Leadership, Preparedness, Stewardship	
• Government policy and compliance requirements	\$20,988
Industry Cohesion and Responsiveness	
• Engage and connect the industry	\$89,567
• Enhance the reputation and effectiveness of APL	\$237,300
Unallocated	\$121,347
Total Other Industry Expenditure	\$469,202
Total Funds Spent on Marketing and Significant Strategic Policy Development Activity as well as Other Industry Issues	\$7,731,920

Annual Report Acronyms

AAHL	Australian Animal Health Laboratories	CNG	Communication Network Group
ABS	Australian Bureau of Statistics	CPA	Certified Practising Accountant
ACC	Assiniboine Community College	CPI	Consumer Price Index
AEC	Australian Electoral Commission	CRC	Cooperative Research Centre
AECL	Australian Egg Corporation Limited	CRRDC	Council of Rural Research and Development Corporations
AEMIS	Australian Export Meat Inspection System	CSIRO	Commonwealth Scientific and Industrial Research Organisation
AGBU	Animal Genetics and Breeding Unit	DA	Dairy Australia
AGM	Annual General Meeting	DAFF	Department of Agriculture Forestry and Fisheries
AHA	Animal Health Australia	DAFWA	Department of Agriculture and Food Western Australia
APIQ[®]	Australian Pig Industry Quality Assurance Program	DCCEE	Department of Climate Change and Energy Efficiency
APL	Australian Pork Limited	DE	Digestible Energy
APP	Alive against Actinobacillus pleuropneumoniae	DEEDI	Department of Employment, Economic Development and Innovation
APSA	Australasian Pig Science Association	DPI	Department of Primary Industries
AQIS	Australian Quarantine and Inspection Service	EAD	Emergency Animal Disease
AUSVETPLAN	Australian Veterinary Emergency Plan	EADRA	Emergency Animal Disease Response Agreement
AVA	Agri-food and Veterinary Authority	EEO	Equal Employment Opportunities
AWSC	Animal Welfare Science Centre	ELISA	Enzyme-linked immunosorbent assay
BCA	Benefit Cost Analyses	EPA	Environmental Protection Agency
BCR	Benefit Cost Ratio	EPO	Erythropoietin
BMP	Best Management Practice	ESAM	E. coli Salmonella Monitoring
BPA	Burnett Pork Alliance	EU	European Union
CAR	Corrective Action Request	FMD	Foot and Mouth disease
CBA	Cost Benefit Analyses	FR	Free Range
CCRSPI	Climate Change Research Strategy for Primary Industries	FSANZ	Food Standards Australia New Zealand
CEA	Cost-Effectiveness Analyses	GHG	Greenhouse Gas
CEO	Chief Executive Officer	GM	Genetically Modified
CFI	Carbon Farming Initiative		
CoOL	Country of Origin Labelling		

Acronyms (continued)

GRDC	Grains Research and Development Corporation	PPNVD	PigPass National Vendor Declaration
GVP	Gross Value of Production	PPPE	Pan Pacific Pork Expo
GWD	Glucan Water Dikinase	PPQA	PigPass Quality Assurance
HIAP	High Integrity Australian Pork	PRDC	Pig Research Development Corporation
IA	Image Analysis	PRRG	Pork Processor Referral Group
IHS	Import Health Standards	PRRS	Porcine Reproductive and Respiratory Syndrome
KPI	Key Performance Indicator	PSG	Preferred Supply Group
LI	ileitis	QA	Quality Assurance
LCA	Life Cycle Assessment	QBA	Qualitative Behavioural Assessment
MAF	Ministry of Agriculture and Forestry	R&D	Research and Development
MDC	Market Development Committee	R&I	Research and Innovation
MLA	Meat and Livestock Australia	R,D & E	Research, Development and Extension
MRSA	Methicillin Resistant Staphylococcus aureus	RAP	Regional Audit Plan
NEGP	National Environmental Guidelines for Piggeries	RDAC	Research and Development Advisory Committee
NFF	National Farmers' Federation	RDC	Research and Development Corporation
NIRS	Near Infrared Spectroscopy	RIRDC	Rural Industries Research Development Corporation
NLIS	National Livestock Identification System	RSPCA	Royal Society for the Prevention of Cruelty To Animals
NRS	National Residue Survey	SARDI	South Australian Research and Development Institute
NZ	New Zealand	SEP	Sedimentation and Evaporation Pond
NZMAF	New Zealand Ministry of Agriculture and Forestry	SFA	Statutory Funding Agreement
NZPork	New Zealand Pork	SPP	State Planning Policy
OH&S	Occupational Health and Safety	TVC	Total Viable Count
PCR	Polymerase Chain Reaction	UCFM	Unfrozen Comminuted Fermented Meats
PCVAD	Porcine Circo-virus Associated Disease	UNSW	University of New South Wales
PIRSA	Primary Industries and Resources of South Australia	USA	United States of America
PISC	Primary Industries Standing Committee	UK	United Kingdom
Pork CRC	Pork Co-operative Research Centre		

AUSTRALIAN
PorkTM