

Australian Pork Limited



ANNUAL REPORT 2020-2021



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A transformation to enable acceleration

'The secret of change is to focus all of your energy not on fighting the old, but on building the new' — Socrates



Despite the unprecedented challenges of two global pandemics, APL embraced the first year of a progressive 2020–25 strategy. APL has transformed in this year of delivery.

We have seen demand continue to rise and the pork supply chain continue to provide. Production continues to be supported by extension of new research and innovation and improved relationships with regulators.

Our CEO has built new foundations from within APL despite all the uncertainty. Changes in its culture, structure and processes has shifted APL from a collection of silos to 'one-APL'.

The restructure opened up opportunities for new talent and fresh ideas. With around 30 per cent of the team new to APL, existing staff provided support while driving the industry forward. Change takes effort and the Board would like to thank all the APL team for their resilience and energy.

We have seen impressive industry outcomes, externally and within APL including:

- increased per capita consumption of fresh pork ahead of targets
- a new whole of APL approach to innovation planning, including broader research areas, technologies and research partners
- the creation and validation of our sustainability framework outlining the Australian pork industry's plans to maintain our social licence to operate

- APIQ[✓]® updated quality assurance standards to help safeguard the industry against African Swine Fever (ASF)
- new policy priorities and reference group to inform industry positions
- a management approach that empowers staff to challenge and solve problems
- streamlined communications and increased member readership of weekly updates by 150 per cent
- a Producer Relations team that's connected more directly with APL Members.

Whilst COVID-19 and ASF required strong attention we remained focussed on delivering our ambitious target of adding \$1 billion to farm gate value by 2025 (\$200m per year vs the previous five years). It's a testament to the industry that we're still on-track for that goal at the end of the first year.

A handwritten signature in black ink, reading 'Andrew Baxter'.

Mr Andrew Baxter
Chair

DESPITE THE
GLOBAL PANDEMICS
IN PEOPLE AND
PIGS, APL HAS
MAINTAINED ITS
PROGRESSIVE
FOCUS.

Connecting today's values with tomorrow's markets

'Open your arms to change but don't let
go of your values' — Dalai Lama

A mission statement with a core set of values bares the very soul of an organisation, but too often it is drowned out by business as usual. At APL, our values define the people we employ, our workplace culture and the service we provide to our stakeholders.

I'd like to take the opportunity this year to highlight some of the work I see every day at APL that articulate our values as a progressive organisation.

Results Driven

SAY WHAT WE'LL DO; DO WHAT WE SAY; PROVE IT

"Building industry shared vision" was one of the first ambitious strategic themes to come out of the 2020–21 Annual Operating Plan (AOP).

Aggressive initial targets were set to ensure effective engagement with Members that account for 91 per cent of Australian pork produced.

Since then, all benchmarks have been well exceeded, including:

- greater personal engagement with Members (95 per cent)
- increased member readership of APL's weekly updates (+150 per cent on the previous year)
- adoption of research and innovation (72 per cent of production had adopted some APL extension).

Challengers

COURAGEOUSLY QUESTION TO
ACTIVELY LEARN

In the wake of the COVID-19 pandemic, APL brand and category marketing teams courageously challenged the instinct to retreat. As other industries cut budgets and pulled back on communication with consumers, APL followed the evidence with the support of the Board. Evidence showed that in economic downturns, marketers who increase investment in communication will exit the downturns with better market shares than those who remain silent.

As a result, in the first quarter (to May 2021) after the 2020 recession, the number of pigs produced by the Australian pork industry grew more rapidly than any other quarter. Normally a 12.8 per cent growth would result in over-supply and losses for producers, but increased investment in marketing, combined with high beef and lamb prices helped maintain positive producer margins in 2021.

Future Focused

POSITION FOR TOMORROW'S
NEEDS TODAY

Sights were set firmly ahead by every team last year.

High on the agenda is managing volatility in pig producer returns by diversifying markets. Since then, Australian exports have made strides geographically with major exports in to Singapore, Hong Kong, Vietnam and the Philippines as ASF devastated pig herds in Europe and Asia.

In addition, 22 new category market opportunities have been identified with particular focus on regaining share in smallgoods made with Australian pork.

Team Players

ONE TEAM, SHARED DREAMS

The international escalation of ASF since 2019 prompted unprecedented collaboration between government, veterinarians, producers and APL staff. Three years on and not only is Australia ASF-free but also significantly better prepared.

The other team players on our side have been APL Board members. APL was supported with industry and corporate knowledge from the Board during the restructure and internal transformation of APL in 2020. Our strengthened team looks forward to working with the Board to resolve the bigger, strategic choices that lie before us.



Ms Margo Andrae
Chief Executive Officer

Our role in the pork industry

APL's unique role among Rural Research Development Corporations (RDCs) remains constant. It is the way that this role was executed that was transformed in 2020–21.

APL remains a unique rural industry service organisation, integrating effective marketing, proactive policy and impactful research. We do these to benefit all Australians, our pork producers and the supply chains they service in partnership with government.

APL operates under a framework established by the *Pig Industry Act 2001* (Cth).

Our primary funding is derived from statutory pig slaughter levies collected under the *Primary Industry (Excise) Levies Act 1999* (Cth). Further funding comes from a funding agreement with the Australian Government.

Statutory levies

The pig slaughter levy is \$3.425 per carcase at slaughter. The components of the levy are marketing (\$2.25), research and development (R&D) (\$1.00) and the National Residue Survey (\$0.175).

The progressive and ambitious 2020–25 Strategic Plan requires APL to become more connected with regulatory and commercial ecosystems for innovation and growth. This required a change in the mix of skills APL has at its disposal and how those skills are integrated into a 'one-APL' plan.

In July 2020, APL significantly transformed its organisational structure. As with any change, this was a process, not an event.

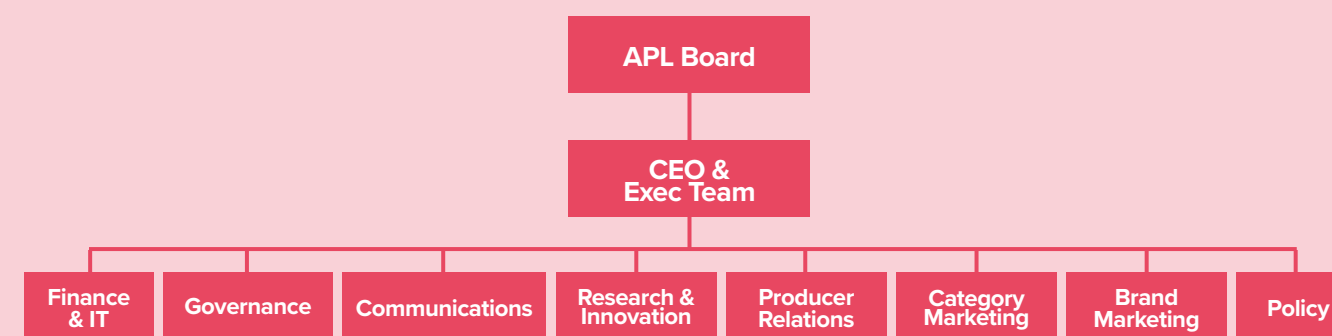
Over the last 12 months, APL has been rejuvenated. The organisation changed the standard working and planning methods to arrive at a more integrated and unified APL team.

This has been done while increasing the intensity of producer and government consultation and achieving faster than planned industry growth.

‘LET HIM WHO WOULD MOVE THE WORLD FIRST MOVE HIMSELF’

— SOCRATES

MATCHING APL'S STRUCTURE TO THE INDUSTRY 2020–25 STRATEGIC PLAN



The Board delegates responsibility for delivering the Strategic Plan and effective management of the Company to the CEO. An Executive Team supports the CEO.

The Board has endorsed key systems, policies and controls which require and ensure that APL acts within the law, manages conflicts of interest and acts honestly and

ethically in all business activities.

APL has in place crucial corporate controls, including risk management, fraud control and intellectual property management controls. The CEO manages the organisation within the organisational policy framework that has been adopted by the Board.

APL's 2020–25 Strategic Plan is focused on progressing towards a thriving pork industry.

To achieve this, our industry needs to diversify markets, diversify innovation collaboration and work in a more integrated way internally with our producers and regulators.

This broadened remit required a new and unified leadership group. During 2020–21, APL progressively entrusted operational decision-making to a broader group of leaders—the Operations Leadership Team (OLT).

This group has enabled more aligned planning and is enabling the increasingly integrated execution of projects.

This internal transformation has required OLT members to:

- broaden their understanding of the entire APL plan, rather than just the part they are responsible for
- lead changes in ways of working to accommodate the new structure
- on-board new talent to resource APL for the new 2020–25 Strategic Plan
- continue to deliver industry growth, innovation, consultation and protection.

The operational Directors that head each team in the above structure have risen to these challenges, and we end the 2020–21 year having executed the required internal changes as the prelude to delivering our new strategic plan.

‘GREAT THINGS IN BUSINESS ARE NEVER DONE BY ONE PERSON; THEY’RE DONE BY A TEAM OF PEOPLE’

— STEVE JOBS

Better representing our producers and stakeholders

APL represents the interest of its Members and the Australian pork industry more broadly.

APL membership is free and open to all Australian pork producers who have paid a slaughter levy in the financial year before the membership reporting period.

Membership renewal is required at a minimum of every three years, and a Member must provide evidence of eligibility when requested. This was last completed in the 2019–20 financial year, and there are currently 206 APL Members who represent 91 per cent of production.

Confirmed APL Members nominate and elect Delegates to represent their interests and serve the industry as a consultative conduit with APL. Member votes are weighted according to levies paid, ensuring the Delegate representation is proportionate to industry production. Delegates are elected to serve the industry for a three-year term and may stand for re-election. In the 2019 Delegate Elections, levy-paying Members elected 32 Delegates.

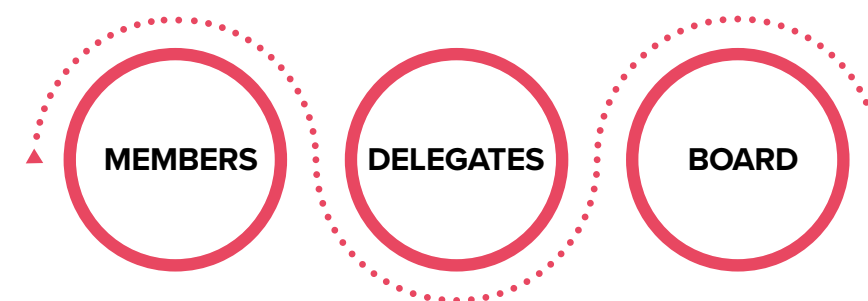
Delegates meet twice per year. During 2020–21 these meetings (held in November 2020 and June 2021) were held virtually due to COVID-19 travel restrictions.

Delegates are a critical industry consultation mechanism both bringing producer ideas and opinions to APL but also disseminating industry information to the Members who elected each Delegate. In addition to Delegates having an industry dialogue role, they also vote for elected APL Directors. The APL Board has five elected Directors and four specialist Directors (Constitution Rule 14.1). The Board appoints the specialist Directors that are ratified by Delegates (Constitution Rule 14.5).

‘NONE OF US IS AS SMART AS ALL OF US’

— KENNETH BLANCHARD

APL industry representation and consultation framework



Members vote for Delegates

- 1** Delegates vote for Elected Directors
- 2** The APL Board (five Elected Directors and four Specialist Directors, Constitution Rule 14.1) appoints Specialist Directors (Constitution Rule 14.5)
- 3** Delegates ratify appointment of Specialist Directors (Constitution Rule 14.5)

The 2020–21 year saw APL reinvigorate its industry consultation. This put into action initiatives identified through consultation from the previous year. In addition to the Delegates Forums, there were five major consultation themes.

Firstly, the newly formed Producer Relations team was established to drive personalised producer consultation. Each APL Member is assigned to a Producer Relations team member. This allocation gives each Member a point of contact when they do not know where to find a response to their query. Through the 2020–21 year, 95 per cent of Members surveyed knew who their Producer Relations expert was.

Secondly, the partnership with the Department of Agriculture, Water and the Environment (DAWE) to prepare for the avoidance (and, if necessary, management) of an ASF outbreak in Australia has been a consultation catalyst.

Liaison Officers working both federally and with the states on exotic animal disease (EAD) preparedness created significant advances in understanding regulators and pork producers. This work helped create an ASF Technical Panel comprised of industry veterinarians and scientists to pool knowledge and progress our quality assurance system (APIQ[®]) and industry knowledge advances.

Thirdly, where APL have been extended an invite, the Policy team have attended every State Pork Organisation (SPO) meeting (virtually) this year and have created the Policy Reference Group to enable more detailed and nuanced discussion about future policy positions and dialogues with regulators.

This reference group includes a mix of large and small producer representatives.

The Category Marketing team has re-engineered how APL collaborates with supply chain partners. This has increased the frequency and quality of interactions. There are now quarterly consumer (category or channel) insights based on deep dives and channel specialists in APL talking directly to channel specialists in the supply chains.

Finally, the Research & Innovation (R&I) and Producer Relations teams are involving producers in the development and selection of projects (outcomes of ideation sessions) as well as measuring more regularly the adoption of R&D findings. These outcomes were reported at both the November and June Delegate forums.

■ Ensuring best practice

APL adopts contemporary best practice. Key aspects of best practice applied at APL include:

- development, implementation, application, maintenance and performance reporting of:
 - a risk management plan drafted following Australian Standards
 - a fraud control plan
 - an intellectual property management plan.
- measurement and reporting organisational performance against specified outcomes and objectives
- human resource management, diversity management, equal employment opportunities (EEO) and workplace health and safety (WHS)
- management, measurement and reporting compliance with legislative and regulatory requirements
- establishment of internal policies and procedures in key areas such as complaint resolution and privacy.

The Board is accountable to Members, as set out in the Company's constitution, and performs its responsibilities when it meets seven times per year. Each meeting requires a majority quorum of Directors eligible to vote (at least five Directors).

Meetings to respond to specific issues are called as needed, including consideration of resolutions virtually.

The Board executes its responsibilities and functions consistent with the Australian Institute of Company Directors' Code of Conduct.

To ensure the Board is properly executing its responsibilities, the Board reviews its performance in the following areas regularly:

- roles and responsibilities
- timeliness of advice and direction to management
- effectiveness of Board meetings
- interaction with management
- contribution to the ongoing performance of the Company.

Independent reviews of the Board's performance are performed biennially, and self-assessments are performed every other year biennially.

The Board's responsibilities and functions include:

- consulting with key stakeholders to adopt the organisational strategic plan
- reviewing organisational performance against the strategic plan
- reviewing the continuing relevance of the Strategic Plan to deliver the best return on investment outcomes to the Australian pork industry
- appointing the CEO and providing direction on the appointment, remuneration and evaluation of senior management
- approving AOPs and annual financial budgets

- approving major initiatives outside of the Strategic Plan, AOP or annual financial budget, and
- ensuring the Company acts legally and responsibly on all matters and that the highest ethical standards are maintained.

The APL constitution allows the Board to establish committees. Each committee is chaired by a Director, has its own charter and agreed membership. The terms of reference of each committee is reviewed by the Board annually and each committee reports to the Board.

The following committees were in place for the 2020–21 reporting period:

Audit, Risk and Corporate Governance Committee

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, and qualification of R&D and matching expenditure in compliance with major contracts.

Investment Committee

The Investment Committee has replaced the Research & Development Advisory Committee. The committee considers proposed R&I investment opportunities in the context of achieving the Company's strategic objectives.

Market Development Committee

Along with APL Directors with marketing experience, the committee includes stakeholders from across the supply chain. The committee reviews possible marketing developments for domestic and export markets and advises the Board on marketing strategies.

During 2020–21, APL's supply chain consultation has progressed in both frequency and depth. As a result, the APL Board took the opportunity to add external marketing advisers to a new committee, the APL Industry Marketing Committee.

This committee complements the supply chain consultations and will become the Board's primary source of connection with twenty-first-century marketing practice development. The Market Development Committee will continue to exist as an operational forum for industry and supply chain communication.

People and Culture Committee

The committee provides advice and recommendations to the Board on remuneration policies and practices and performance reviews for senior management. It also acts as the Board Nominations Committee.

Industry Integrity Committee

The committee provides input and guidance to the Board on emerging or specific agricultural practices, animal welfare, and quality assurance issues that can significantly impact producers' future sustainability.



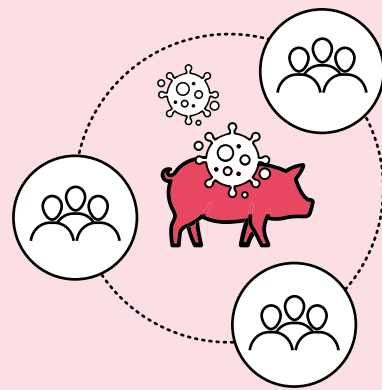
Annual highlight

KEY ACHIEVEMENTS

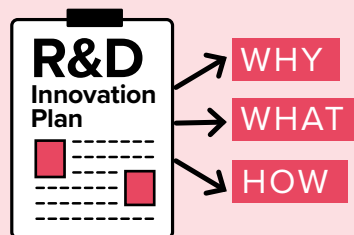
Over the past 12 months, APL has delivered on its top priorities of supporting producers to provide Australian and overseas markets with safe, nutritious food, despite the ambiguity caused in supply chains by the COVID-19 pandemic.

IN ADDITION TO CONTINUITY OF SUPPLY, OUR MAJOR ACHIEVEMENTS INCLUDE:

ASF MEASURES



APL has taken the lead in coordinating a cross-sectoral EAD working group to share learnings and enhance broad livestock industry engagement with federal and state regulators, Chief Veterinary Officers, and non-governmental organisations to prepare for EAD outbreaks (including ASF) as well as input into preventive measures. The Australian pig industry is now much better understood by external stakeholders, and the pig industry is much more educated about what may occur in an outbreak.



Our approach to R&D has been re-engineered with the APL Board approving an Innovation Plan which outlines the why, what and how of the new broader, more innovative approach to R&D.

APL is now more connected with the 206 producer Members who grow 91 per cent of our pigs. A program of monthly personal interactions has augmented a streamlined weekly emailed industry update. These taken together have increased producer familiarity with APL and led to a 49 per cent open-rate of the weekly update email by producer Members. It is also distributed to around 5,000 industry participants and opened by around 20 per cent of recipients.

MORE CONNECTED

5000
INDUSTRY PARTICIPANTS

206
MEMBERS WHO PRODUCE
91%



PORK EXPORTS
VALUE 11%

RETAIL GROWTH

6.1%



Domestic and international demand for Australian pork has grown again in the last year, with pork exports up 19 per cent in volume and 11 per cent in value. Domestically, growth has been driven by retail sales due to the volatility in eating out opportunities. Pork has grown share in retail, with fresh pork volume growing almost 8 times the growth rate of fresh meat. Despite good growing efficiencies, this level of demand growth has helped keep producers financially viable.

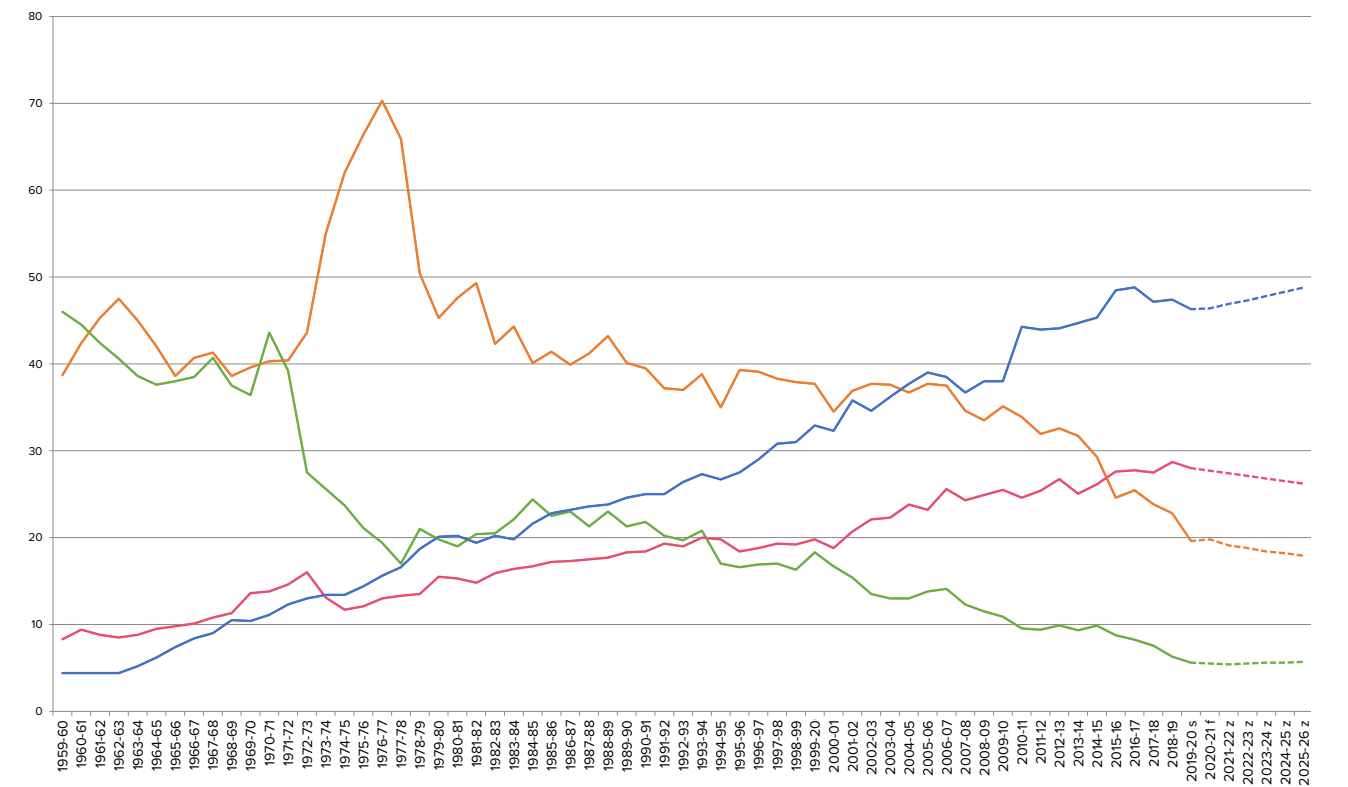
OPERATIONS LEADERSHIP TEAM



To facilitate APL's new, progressive Strategic Plan, the organisation has been restructured with an OLT working across all APL. This team has brought in significant new talent with the right skills for the challenges in the Strategic Plan. This change has been successfully managed while supporting producers in the continuity of supply, representation, research and demand for pork.

APPARENT CONSUMPTION PER CAPITA (KG)

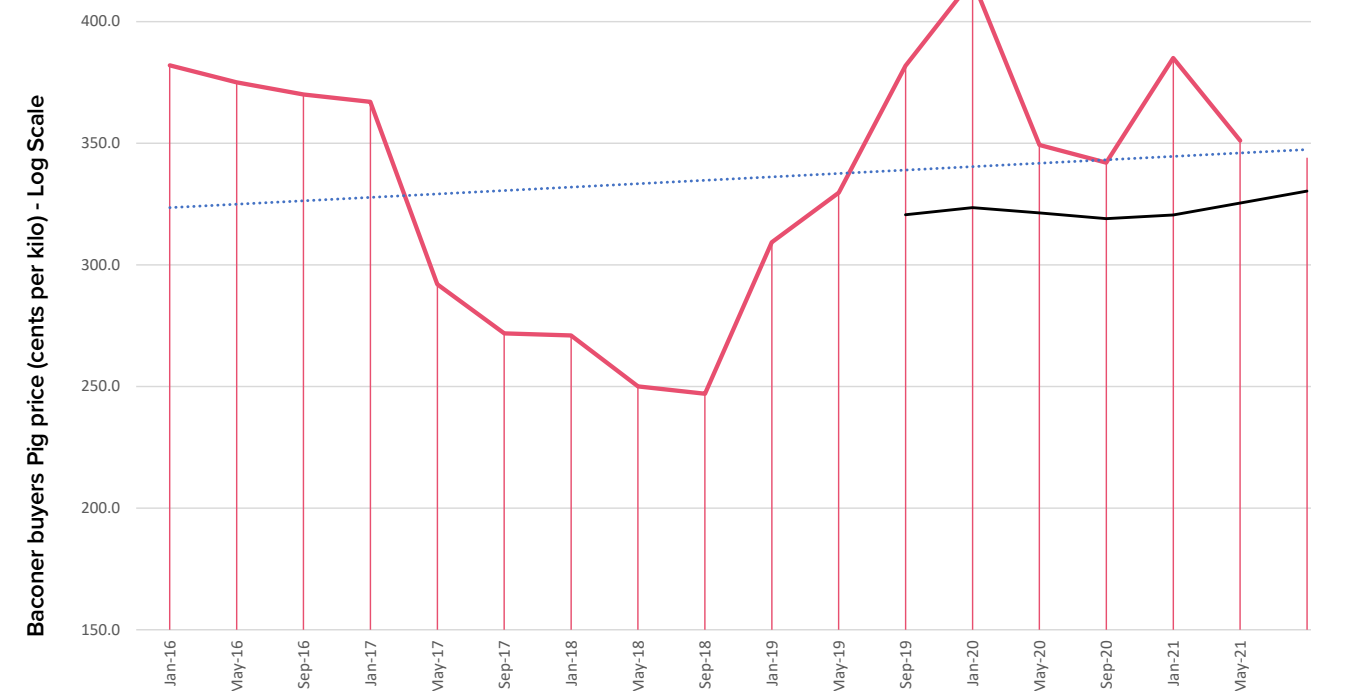
Beef & Veal Lamb & Mutton Pig Meat Poultry Beef Forecast Lamb Forecast Pig Forecast Poultry Forecast



Source: ABARES Outlook

PIG PRICE PER KILO DATA - LONG TERM CYCLE POSITION MONTHLY AND MOVING ANNUAL TOTAL

Linear (Pig price per Kilo Data) Pig price per Kilo Data 12 per. Mov. Avg. (Pig price per Kilo Data)



Supporting the broader industry

In collaboration with Animal Health Australia (AHA) and DAWE, APL has worked diligently to prepare for the risk of ASF. Together we have invited other Australian livestock industries to benefit from our work.

APL's Policy team has been central to forming the AHA Industry Forum Working Group—EAD. This initiative seeks to share the benefit from the new level of industry/government cooperation to prepare for and avoid exotic animal diseases such as ASF.

The Industry Forum Working Group includes the other 14 livestock signatories to Emergency Animal Disease Response Agreement (EADRA). Together, the group is working towards preparedness across species, seeking to protect all Australian livestock industries even more powerfully.

Industry R&D investments remain consistent with the Commonwealth's Rural Research and Development Priorities (see table below).

Agricultural Innovation Australia Ltd

Agricultural Innovation Australia (AIA), a new company targeting transformational innovation across agriculture, was formed in October 2020. All 15 RDCs, including APL, were its founding members.

AIA was established to catalyse public and private sector investment and enhance collaboration to solve the biggest cross-sectoral challenges in Australian agriculture.

As a single point of contact for cross-industry strategies, AIA will make it easier for investors worldwide to navigate and partner with the Australian agricultural system.

RDCs contribute subscription fees and will benefit from enhanced collaboration and more effective leveraging of funding, knowledge and resources.

The scope of AIA's strategies will cover the agriculture, fisheries and forestry value chains.

The Climate Research Strategy for Primary Industries

The Climate Research Strategy for Primary Industries (CRSPI) is a cross-sectoral strategy under the National Primary Industries Research, Development and Extension Framework (National Framework). It has 17 partners from rural Research and Development Corporations (RDCs); Federal, State and Territory Governments and CSIRO. It was first launched in 2008 and has continued through three Phases. CRSPI's role is to enable communication and coordination of cross-sectoral RDE in climate change adaptation, mitigation of greenhouse gas emissions and the integration of

adaptation and mitigation across the agricultural sector.

CRSPI activities were significantly impacted due to COVID19 which limited the networking and communication functions of the partnership to online only. Despite these limitations a major online CRSPI Forum was delivered in March 2021 which featured international, private sector, industry, research and government speakers. The Forum featured that latest information about climate change adaptation in agriculture and emissions reduction.

CRSPI also secured the support of nine RDCs, one state agency and CSIRO to invest in the Common Accounting Methods for Greenhouse Gas Accounting in Agriculture project. This important project was transitioned to the management of Agricultural Innovations Australia in June 2021.

The uncertainty about CRSPI's future continued during the financial year. Several major new climate change related initiatives were announced which had the potential to replace the functions of CRSPI. CRSPI partners will consider the future of CRSPI in September 2021



grow^{AG}.

Launched by the Minister for Agriculture and Northern Australia the Hon. David Littleproud MP on Monday, 12 April 2021 the grow^{AG} program is designed to create a global gateway into the Australian research and innovation system.

With a focus on deal-flow, attracting capital investment and driving collaboration, it makes R&D outcomes transparent for growers and the community.

It positions Australia as a global agrifood innovation hub and makes it easy to explore, find and connect with potential partners and opportunities. grow^{AG} is a collaborative effort by DAWE and all RDCs.

To end June 2021, grow^{AG} showcased 31 commercial opportunities including 3 from APL to over 10,000 users from 117 countries (70% from Australia).

As well as connecting pathways to commercialisation that enable research innovation to be delivered back to the farm and the food supply-chain, grow^{AG} is enabling research organisations and funding bodies to reduce duplication and readily identify potential collaborators. It features over 2000 research projects including an APL led project.

grow^{AG} was designed by a Steering Committee made up of individuals from 19 organisations across Australia and New Zealand agricultural innovation network including APL.

'NO ONE CAN WHISTLE A SYMPHONY. IT TAKES A WHOLE ORCHESTRA TO PLAY IT'

— H.E. LUCCOCK



APL projects and contributions to Rural Research and Development Priorities

	Advanced technology	Biosecurity	Soil, water and manage natural resources	Adoption of R&D	Other research
Advanced measurement technology					
Continuous data and advertising tracking					
Eating quality commercialisation					
Valuable pork provenance					
Food Safety					
Planning reports					
Commercialisation					
Climate research strategy from primary Industries					
Animal welfare interventions					
Environmental management					
Australasian Pork Research Institute Limited (APRIL)					
Supply chain traceability					
Breeding females					
Showground insight					
Exotic disease and biosecurity					
Environment and health					
Pork research, development and extension (RD&E) strategy					
Virtual herding					
Transforming production efficiencies					
Forewarned is forearmed					
Improving herd health					
Fostering capability					
Bringing influencers together					
R&D adoption					
Building technical capacity					
Innovation ideation					
Annual producer survey					
Industry engagement and events					
Communication and Society					
Issues management and support					
Building our social licence					
Investment committee/stakeholder engagement meetings					
AGM & conference					
The Council of Rural Research and Development Corporations (CRRDC) activities					
Benefit-cost analysis					
ICT					
Human resource management					

Our performance

APL made positive progress on 29 of the 34 stated goals (85 per cent) in 2020–21 (AOP).

APL is an outcome-driven organisation. Our planned activities are derived from the 2020–25 Strategic Plan, which outlines two types of outcomes.

Key Results Areas (KRAs), which are ultimately destinations, are the outcomes we are targeting. An example of a KRA is 'Increased diversity of markets & products'.

Key Performance Indicators (KPIs) are metrics or measures used to gauge our progress towards our KRAs. While the KRA areas are unlikely to change radically, the metrics we use to measure our progress are designed to measure the next step in our crusade towards a thriving pork industry in Australia.

The biggest internal achievement of APL in the 2020–21 year does not appear in the KRAs or KPIs. That is because there is no suitable metric for the change in our team at APL. Their efforts have resulted in a team that is united, focused, restructured and populated by people who are willing to challenge the status quo.

This change involved new leadership, new talent, new ways of working and the resilience to change at work in a

'AMBITION IS ENTHUSIASM WITH A PURPOSE'

— FRANK TYGER

time of both human and pig industry global pandemics. They did all this while working to keep food industry workers going to work and Australian pork moving to consumers.

The APL practice of setting ambitious targets means that some of our outcomes are within our control, but most important ones are influenced rather than controlled. Culturally, we focus on what matters rather than limit ourselves.

This ambition means some KPIs were achieved, and some were not. To underline the point about ambitious goals, APL achieved or overachieved 21 out of 34 KRAs/KPIs in 2020–21. We made positive progress on 29 of the 34 areas.

The mix of KPIs for company or industry achievement has seen progress in many areas deemed important for our stakeholders, such as Producer Relations, Producer Communications and Market Diversification. Equally pleasing is the continued overperformance in driving domestic demand for fresh pork.

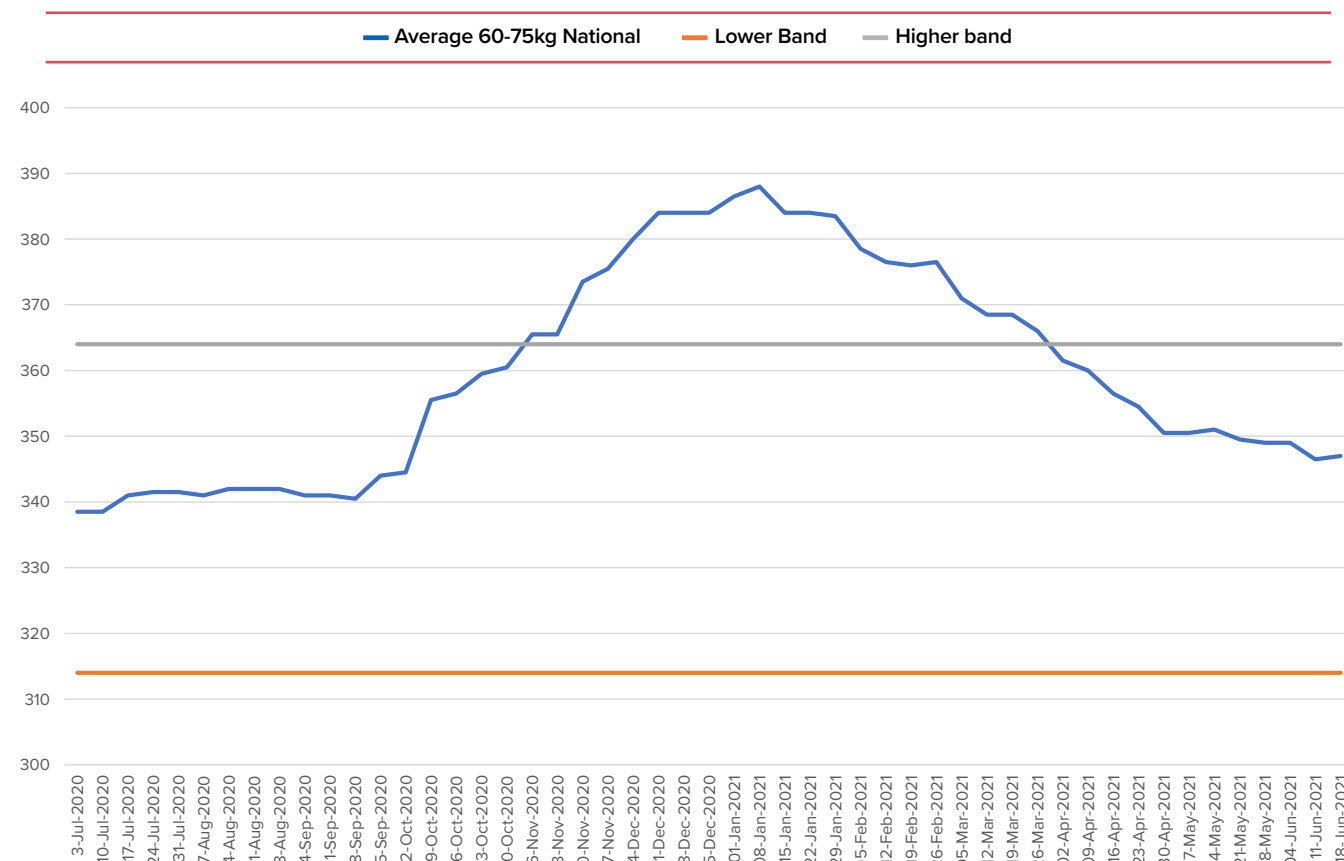
The following table shows the KPIs and outcomes outlines in the AOP for





VOLATILITY TRACKER

Pig pricing went outside the target range in mid 2020-21 on the high side for 21 weeks



INDUSTRY KEY RESULT AREAS

Strategic Theme	Industry Outcome	Measure	Target	Performance	Achieved
Market and product differentiation	Increased diversity of markets and products	No. of new markets or incremental revenue opportunities worth over \$50m. Revenue (includes premium) in a full year	6	7	✓
	Increased domestic preference for pork as a protein source	No. of retail purchases on average per household per annum	10.29	10.60	✓
Manage volatility for viable farms	Price stays within historic trend range	Weeks outside \$3.14 - \$3.64 trend range (%)	0%	40%	✗
	Reduce cost of production	Indexed cost of production and slaughter fee from 2020 benchmark	97	100	✗
Driving consumer demand	Increased domestic popularity of pork	Per capita fresh pork consumption (Hot Standard Carcase Weight kg)	10.50	10.82	✓
		\$ per Australian	\$120.00	\$135.70	✓
	Increased international demand for Australian pork	Australian pork international sales (A\$m)	160	171	✓
		Tonnes sold above \$5/kg internationally	16,198	16,018	✗
Leading community social licence	Maintaining Australia's biosecurity credentials	No. of new exotic disease outbreaks or detections	0	0	✓
	Demonstrated leadership on social licence issues	No. of social licence leadership positions taken	2*	1	✗
Building industry shared vision	Meaningful Member engagement	Producer Members who know their primary APL contacts name (%)	90%	95%	✓
	Increased on-farm adoption	Producer Members who can recall APL adoption this year (%)	80%**	63%	✗
	Effective research extension	Producers who consumed APL information (%)	50%	50%	✓

*Social license leadership positions focus was on biosecurity for 2020-21. Whilst there are potential leadership positions learned, these have not yet been finalised and/or broadly implemented. **An APL estimate not based on objective fact.

An overview of the five strategic themes

APL contributes to the delivery of a thriving pork industry by focusing on five strategic themes.

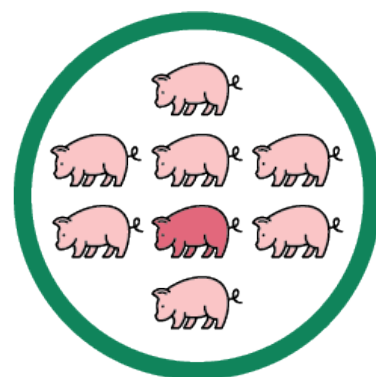
As described in APL's Strategic Plan 2020–25, these themes have been developed to ensure strategic alignment with the national and rural R&D priorities and maximise collaboration with RDCs and the broader agriculture sector.

The focus for the first year of the 2020–25 Strategic Plan was biosecurity (particularly industry engagement regarding ASF-readiness) and bolstering our R&D plan in eating experience, biosecurity leadership and cost of production and processing. APL also focused on building knowledge management, producer engagement and market testing.

 Market and product differentiation	<p><i>Build a broader portfolio of points of difference that are more valuable to customers than other competing products or services.</i></p>
 Manage volatility for viable farms	<p><i>The uncertainty that goes with all markets is particularly intense with agriculture. Booms and busts. This theme is about flattening the extremes.</i></p>
 Drive consumer demand	<p><i>Understanding what the consumer wants and providing that better than our competitors, at a price the consumer is prepared to pay.</i></p>
 Leading community social licence	<p><i>Often societal permission holds organisations to a higher standard than the law. This strategy aims to be higher than both.</i></p>
 Building industry shared vision	<p><i>This involves creating dialogues with each APL Member and finding value they can add to the industry, and finding value that APL can add to their business.</i></p>



Market and product differentiation



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

Diversity of markets and products

As outlined in the 2020–21 AOP, this year, APL prioritised identifying new potential markets worth more than \$50m to our industry.

New markets included export markets such as Hong Kong, Japan and Vietnam, and alternate uses for by-products to create calcium or collagen.

Towards the end of the year, a major project to outline emergent markets for the next decade was undertaken. While prioritisation will occur in the 2021–22 financial year, there are an additional 22 opportunities under consideration.

Quality consumer eating experiences

This program made significant progress on the road to commercialising previously conducted R&D. Abattoirs representing around 85 per cent of all pigs processed enrolled in a program to measure the pH of a carcase before shipping.

This research demonstrated a high level of pH control. These results are in the process of being validated against the APL eating quality model with additional consumer sensory testing. This will move consumer testing to a closer approximation of what occurs in the average home in terms of storage.

In addition, variables that impact positive eating experience (such as culture, social company, occasion and expectation, among others) have also been determined. These positive influences will be evaluated for their power of effect in the coming year.



Valuable provenance of Australian pork

Creating noticeable valuable differences (i.e., worth paying for) unique to Australian pork has proven challenging.

The power of our whole-of-APL thinking culture created three work streams to be integrated into the story of Australian pork in the coming 2021–22 financial year.

These work streams are:

1. A pork industry sustainability framework that combines consumer and community goals. This framework recognises sustainability as a balance of good for people, good for pigs, good for the planet and economically sensible for all stakeholders (affordable to the community and worthwhile for commercial industry participants).

2. APL's brand architecture—APL has used several sub-brands to communicate to different target audiences since its inception. While each target audience requires some tailoring of messaging, this needs to be balanced with APL also telling stories with a single voice. This workstream has identified some sub-brands that are no longer required and others that should remain, with guidelines around their use.

3. The smallgoods media campaign in South Australia ran between March and June 2021. This experiment sought to educate shoppers that most ham and bacon sold in Australia is made from imported meat.

While the timing of this was delayed due to COVID-19, the results will help us understand country of origin power on consumer behaviour.

Consumers often claim to prefer to buy Australian grown, but how many people check labelling in-store or change buying habits once they know imports exist? Our research and sales modelling will answer these questions and help devise a method to differentiate Australian pork over time from other sources of pork.

'DON'T PUT ALL YOUR EGGS IN ONE BASKET'

— PROVERB

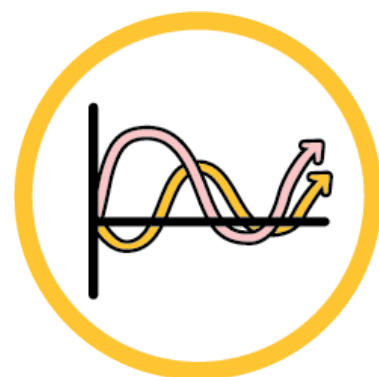
	KPI Measure	Target	Performance	Achieved
Market and product differentiation	% of Australian pork supply chains that achieves PQS of 60+ in			
	• HSCW meat volume (%)	20%*	29%**	✓
	• Supply Chains (%)	25%*	62%**	✓
	Identify two more compelling reasons to buy identified Australian Ham or bacon	3	3	✓

* These area APL estimates, not base on objective fact

** Estimated assumes 65% cooking instructions achieve a top internal temperature of 70 degrees Celsius

STRATEGIC THEME 2

Manage volatility for viable farms



Flattening the extremes is a core tenet of our strategy. As an industry, we are focused on forecasting what is in our control and mitigating what is not.

Timely relevant through-the-chain information

APL's forecasting capability proved invaluable in the 2020–21 financial year. The responses to COVID-19 border restrictions, closures and reopenings meant connecting producers to the rapidly changing regulations remained a priority. This through-the-chain information helped continue the flow of pork to consumers.

The APL Communications team has successfully reconfigured a multitude of APL websites into a single, easy-to-navigate australianpork.com.au website. This enables producers and other stakeholders to find market reporting, research reports and industry information. This project was an important enabling step in digital transformation—building a solid and transparent knowledge foundation.

In addition, APL has invested considerable time and resource in reviewing how we forecast supply. In a relatively concentrated industry, many producers understand that if they produce more pigs than the market requires, it's not just the surplus pigs that are unprofitable; it will impact

all uncontracted pigs. The focus on production forecast has been in part to remind industry that producing pigs for which there is no known customer will certainly cause a loss, adding to volatility.

Thanks to the collaboration of abattoir owners, producers, and some large wholesalers, our industry has weekly information on farm gate, wholesale, and retail prices. We can also forecast supply volumes and are continuing work with supply chain analytics experts to extend our foresight capabilities.



‘THE COST OF PERFORMING WELL IN BAD TIMES CAN BE RELATIVE UNDERPERFORMANCE IN GOOD TIMES’

— SETH KLARMAN

COMMUNICATIONS TEAM YEAR IN REVIEW



Online Delegate forums, an inaugural virtual producer webinar and planned and replanned PPPE



[Australianpork.com.au](https://australianpork.com.au) has **37K visits** and relaunched in June 2021



APL update **emails** average an open rate of **49%** of Members



[Pork.com.au](https://pork.com.au) had a total of **863K visits** since July 2020



We have **grown** to **23,000** followers across consumer social channels



Our Christmas Ham campaign reached over **35 million**



Started with **51** digital channels, down to **28**



Our total media audience is over **80 million**



Our social engagement levels are **3.5%**, well **above** industry average

Launched Next on the Menu **podcast**, with over **1,800 listens**



Reduce the cost of production and processing

A new approach to generating, prioritising, and contracting hypotheses for research has been re-engineered this year.

This program has been a driving force to create APL's Innovation Plan, encapsulating new working methods outlined in the R&D review of 2019. The Innovation Plan is fully resourced and is now driving the industry's innovation agenda.

The portfolio this year has been expanded to encapsulate three areas:

- prevention is better than cure (particularly in herd health, with added welfare benefits)
- producer involvement in idea generation and evaluation
- incorporation of technologies and approaches that have not been tried in the past.

This approach necessarily involves a change in attitude to risk. This remains a work-in-progress. The change to our innovation process took longer than we had hoped, and the plan to accelerate progress has commenced as of June 2021.

Diversified pig business extension opportunities

In consultation with selected producers, this program has been de-prioritised for the first two years of the Strategic Plan.

The discussion concluded that there are more impactful areas to focus on in the current environment (being prepared for ASF, building the portfolio of markets we service and accelerating our innovation program and its extension to producers).

As such, this remains an evaluation criterion we use when deciding when and where to invest producers' and governments' limited resources.

	KPI Measure	Target	Performance	Achieved
Manage volatility for viable farms	Number of diversified pig business extension opportunities worth over \$40,000 profit improvement per annum for 70% of producers *	2	1	✗

*New Measure for 2020–21

STRATEGIC THEME 3

Drive consumer demand



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

The unique uncertainty for consumers in 2020–21 caused many in the marketing world to cut budgets and halt their dialogue with consumers.

APL’s Marketing team encapsulated our challenger mentality, and rather than follow the crowd, they thought for themselves.

‘BE FEARFUL WHEN OTHERS ARE GREEDY AND BE GREEDY WHEN OTHERS ARE FEARFUL’
— WARREN BUFFET

Maintain fresh domestic demand

As outlined in the AOP, domestic growth in fresh pork consumption was the central tenet of protecting returns to producers through the COVID-19 pandemic.

The rationale was built on several consumer truths. Firstly, Australians still had to eat, whether at home or eating out.

Data showed lower investment by other advertisers, and there is good evidence that investing more in marketing during a recession improves return on investment.

This independent thinking proved successful with pork growing share in retail through the 2020–21 financial year.

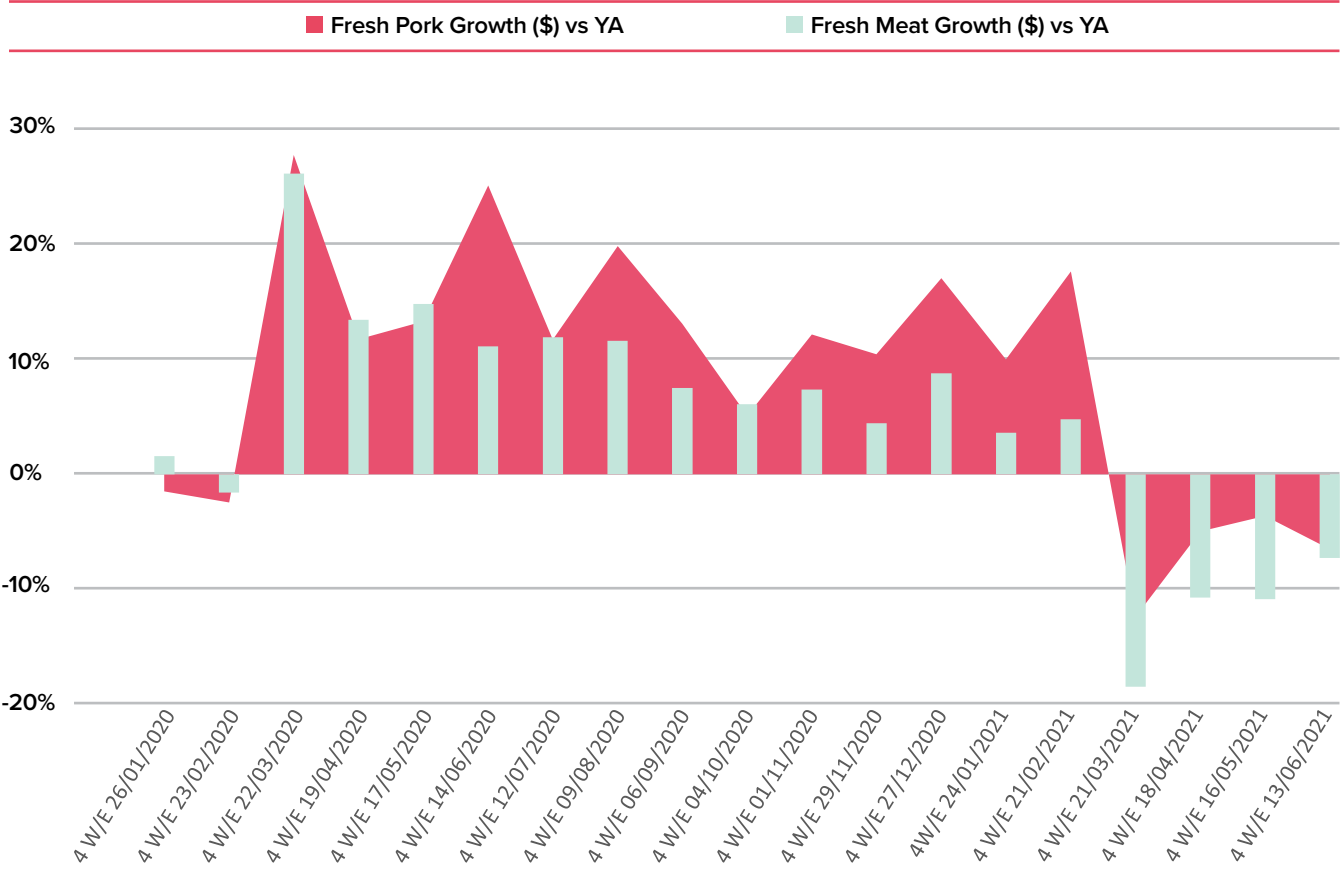
In fact, in collaboration with the commercial supply chains, the volume supplied grew faster than planned.

Pig prices softened less than envisaged with a slightly lower APL investment than planned. This collaboration combined to keep APL on track for our \$1 billion of sustainable farm gate value-added growth by 2025.

	KPI Measure	Target	Performance	Achieved
Driving consumer demand	Australian's recalling Australian pork advertising (%)*	77%	73%	✗
	Adelaide trial grows SA category value 2021 vs 2019 more than national growth (% pts)	6%	-4.1%**	✗
	Adelaide trial grows Australian ham volume % vs 2019	10%	13.5%	✓
	Retail volume pork sales increase vs last year-to-date (%)	6.0%	6.10%	✓

*Advertising recall performance rebased in January 2021
**The SA category Value growth was less than national category growth driven by market dynamics including pricing.

RETAIL VOLUME GROWTH FRESH PORK VS FRESH MEAT



Grow domestic demand

Currently, the majority of ham and bacon bought in Australia is made from imported meat. APL research shows that most Australians assume that the meat in these products is Australian.

The first step to helping Australians make a conscious choice is to make them aware that the majority is made from imported meat in the first place.

Despite some nervousness among some brand owners and retailers, we must take some risks if we are to challenge the status quo and be future-focused. APL ran an experiment in South Australia (initially interrupted in 2020 due to COVID-19) to see how category growth could be generated by raising awareness of this fact.

APL invested in leveraging the country of origin labelling laws to decide whether consumers want Australian meat in their ham or not.

The timing of the experiment was March–June 2021, as such the performance results are initial results against the targets for these KPI measures. We do know that awareness was successfully achieved at over 40 per cent of South Australians surveyed.

In parallel, producers, ham and bacon brand owners, and major retailers have increasingly collaborated in extending Australian pork further into the ham and bacon available to consumers. It is intended to extend this collaboration deeper and further by extending the results of the South Australian experiment.

Growth in international demand

International demand progress has been an excellent example of supply chains, government and APL working together.

The International Freight Assistance Mechanism funding and state assistance have been a great help in making exports commercially possible with reduced airfreight and a global sea transport system thrown into imbalance, increasing costs of shipping by two or three times.

These collaborations supported growth in exports of 17 per cent in the 2020–21 year versus the previous year. Both volume and value increases were an opportunity to build a sustainable business while many countries in Asia suffered pork shortages due to ASF.

STRATEGIC THEME 4

Leading community social licence



The degree of industry collaboration with federal and state authorities combating ASF has been unprecedented.

Biosecurity leadership

This was and remained APL's top priority for the 2020–21 financial year. The breadth and depth of the collaboration has been extraordinary.

Hundreds of people - producers, veterinarians, regulators and Chief Veterinary Officers - have spent innumerable hours working through implications to both avoid, and if necessary, manage an ASF outbreak. A timeline of actions is on the following page.

In addition to government investment in prevention, the Federal Government funded ASF Industry Liaison Officers to work with regulators and industry to blaze a trail towards preparedness. In collaboration with APL's ASF Technical Panel and producers, these officers have made excellent progress. This work is now being shared with producers to help them plan for their business.

Again, a whole-APL approach has been taken, initially being led by our technical panel internally, reporting directly on ASF to our CEO.

Over the course of the year, this expanded to encapsulate our Policy, Producer Relations, R&I, and Communications teams to have a clear action plan for on-farm biosecurity planning.

In addition, progress has been made on leadership positions for Australian agriculture, not just our industry. These potential leadership positions include:

- on-farm planning for biosecurity maintenance and potential systems to enable the early safe movement of pigs if a standstill was ever required
- sharing extensive learning on biosecurity planning and mutual education (industry to government and government to industry) by APL's Policy Director. This has created the AHA Industry Forum Working Group—EAD, acknowledged by both EADRA signatory livestock industries and DAWE as a new and improved way of working across livestock sectors
- testing an application to enable the transfer of livestock ownership electronically on mobile phones. This not only improves accuracy

and efficiency, it also enables contactless transfer, highly relevant in pandemic times

- a digital solution for biosecurity people and transport records that enables risk assessment in almost real-time.

'A GOOD STORY SHOULD CHANGE THE WAY YOU SEE THE WORLD'

— CHUCK PALAHNIUK

July 2020	<ul style="list-style-type: none"> • DAWE funded ASF Liaison Officers: two part time employees engaged • Exercise Razorback – Australian Bureau of Agriculture and Resource Economics (ABARES) Cost Benefit Analysis (CBA) workshop and commencement of project (ongoing March 2021 with significant industry support).
August 2020	<ul style="list-style-type: none"> • Industry ASF Strategic Plan finalised • AUSVETPLAN Pig enterprise manual: first review completed • AUSVETPLAN Valuation/compensation: review completed; draft accepted as interim manual whilst awaiting testing exercise • NSW smallholder reference and focus group commences • Exoflare project commences • ASF Technical Panel APIQ[✓]® biosecurity standards recommendations submitted.
September 2020	<ul style="list-style-type: none"> • Exercise Razorback – Destruction working groups commence. Destruction activity led by industry • EAD exclusion/surveillance submission protocol agreed with PIRSA • The Australian Animal Disease Spread model (AADIS) ASF decision support modelling tool project led by DAWE, industry support commences • APL produces numerous ASF webinar for veterinarians • Singapore trade zoning arrangements (jurisdictional, mainland and feral pigs) confirmed.
October 2020	<ul style="list-style-type: none"> • Exercise Razorback – Destruction working groups conclude and reports submitted • Exercise Razorback – Destruction review workshops (80 attendees, approx. 50% industry; activity industry-led) • Exercise Silk Purse Valuation Scenario commences • AUSVETPLAN Artificial Breeding Centres manual review complete.
November 2020	<ul style="list-style-type: none"> • Exercise Piggyback – NSW State Emergency Management Committee exercise to test response, to and recovery from an outbreak of ASF • Processor extension – Queensland Country Meat Processors Association (QCMPA).
December 2020	<ul style="list-style-type: none"> • The Pig Biosecurity Management Planning Education Program phase III commences in collaboration with NSW DPI and Charles Sturt University • Biosecurity Queensland ASF prevention and preparedness project commences including development of para-veterinary training tools to reinforce resource and response capabilities • Industry projects: destruction, disposal and decontamination (DDD) and truck wash biosecurity Phase I reports delivered.
January 2021	<ul style="list-style-type: none"> • AUSVETPLAN ASF v 5.1 released.
February 2021	<ul style="list-style-type: none"> • The Pig Biosecurity Management Plan template finalised and presented to APL, LLS, AHA and Biosecurity Queensland. • National Biosecurity Manual for Pork Production review completed • Exercise Razorback – Movement Controls working groups commence (107 attendees - ~40% industry) • APIQ[✓]® strengthened core biosecurity standards commence producer consultation • Industry projects: DDD and truck wash biosecurity review of scope for phase II commences. Support for a new project, reviewing the application of sodium nitrite for mass destruction of pigs.
March 2021	<ul style="list-style-type: none"> • Exercise Razorback – Movement Controls working groups conclude and review commences • The Pig Biosecurity Management Planning Education Program planning pilot commences • APL Pork In Forums commence.
April 2021	<ul style="list-style-type: none"> • The Pig Biosecurity Management Plan Project Pilot commences • NSW DPI and LLS staff training for sample collection commences (Rivalea locations) • Development of the APL Emergency Animal Disease Working Group (EADWG) • Engagement with domestic abattoirs to implement recall policy and AHC incident action plan (IAP) • AUSVETPLAN Pig enterprise manual: second review scheduled for completion.
May 2021	<ul style="list-style-type: none"> • APL Pork In Forums completed • Development of the annual workplan to support Development of the APL EADWG • Update industry agreed Valuation and Compensation Text – Pigs published.
June 2021	<ul style="list-style-type: none"> • APIQ[✓]® Major Review endorsed • June Delegates • Full Session on ASF and EAD Preparedness • Proposed Voluntary Enhanced Biosecurity Standards – ASF (the Proposed Standards) presented • AHC engaged to determine appropriate process to progress the Proposed Standards • Debrief with APL Industry Liaison Officers as contract nears completion • DAWE stakeholder engagement to meet contractual milestone reporting • ASF CBA Presentation from ABARES to present initial findings.

Climate-friendly farming

The climate-friendly farming program has progressed to the plan outlined in the AOP.

The R&D projects delayed early in 2020 due to COVID-19 have been resumed. New technologies to process waste and recover on-farm water will be ready to extend early in 2021–22 (although ASF extension will take priority).

In addition, biogas technology has been extended via a trial on a smaller property (circa 500 sows), demonstrating a longer-term but positive return on investment (circa seven-year payback depending on the particular property).

This program has proactively also driven APL's Sustainability Framework.

This framework, backed by numerous measures, will provide a fact base for the 'story of Australian pork' (see Valuable Provenance in Strategic Theme 1).

The consequence of the Sustainability Framework finalisation is that two roadmaps have been commissioned.

The first is for carbon cycling and the second for waste management. These are both designed to be pathways to our Strategic Plan goals.

Leaders in animal care

On behalf of industry, APL has been pursuing codifying the 2010 industry voluntary move to phase out gestation stalls into national guidelines.

That process appears to have been deprioritised during the pandemic of COVID-19. The fact remains that the industry invested tens of millions of dollars in RD&E to this commitment.

The industry has achieved 77 per cent adoption of this RD&E. As an industry, we wish to honour our commitment and lock that into the national standards and guidelines. We continue to search for improving animal care methods for the people who look after pigs and their piglets.

Industry invests both via direct APL funding and private investment. APL and industry also network globally with similar industries and innovation hubs around the world.

Leaders in human nutrition

Australian pork is a high-quality source of protein and is lean, making it a good option for meeting these requirements without adding too much fat.

Australian pork continues to build an integral role in a balanced diet. On average, over the last two years, an extra 16,000 households per week have been putting pork on their forks.

Nutrition attributes continue to be the consumer associations that have grown the most since Get Some Pork on Your Fork advertising restarted in February 2020. The top five growth attributes for pork are below:

- 1. low in fat
- 2. a good source of iron
- 3. high in protein
- 4. good value for money
- 5. healthy/good for you.

Industry visibility

The new australianpork.com.au website was the first enabler for industry visibility.


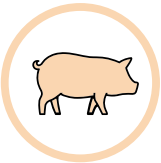


APL has always been proud of the producers we represent, the methods they use and the outcomes they create. However, our previous digital presence made industry information more fragmented and harder to find than we intended.

In addition, community research was commissioned in 2021, which will be leveraged to understand which topics and in what sequence the community wants to hear about our industry.

	KPI Measure	Target	Performance	Achieved
Leading community social licence	Existence of agreed sustainability framework, measures and targets	Yes	Yes	✓
	Sows covered by ASF appropriate on-farm biosecurity plan (%)	90%	88%	✗
	Sow herd covered in APIQ✓® uptake (%)	91%	88%	✗
	Existence of in-house Physi-trace™ capability	Yes	Yes	✓
	Movement reporting: NVDs closed within two days (%)	92.0%	94.5%	✓
	Promoting Australian pig industry stories and opportunities to all media	250 million	111 million*	✗
	Existence of quantifiable measurement of the use of antimicrobials in the Australian pig industry	Yes	No	✗
	Have an agreed Feral Pigs action plan by 30 June 2021	Yes	Yes	✓

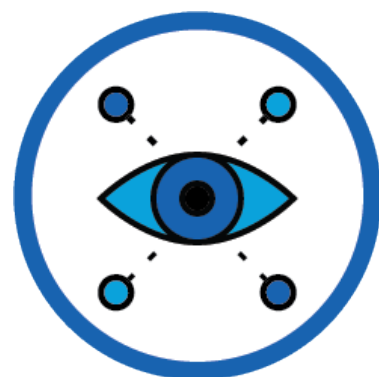
* These measures are based on a change in methodology so numbers not comparable.



	 people	 pigs	 planet	 prosperity
community goal	Increased awareness of the impact of the pork industry on communities.	Increased community belief in good animal welfare across the Australian pork industry.	Industry as a livestock leader with low Greenhouse Gas (GHG) emissions and adopter of closed loop systems for carbon and water.	Australian pork industry is an active and sustainable contributor to the Australian economy.
producer goal	Pork production career is attractive.	A leading industry implementing world's best practices in animal care.	Adoption of innovations and technology to further reduce GHG and use community waste streams.	Reduce industry profitability volatility.

STRATEGIC THEME 5

Building industry shared vision



The Australian pork industry adds great value to Australia. APL has embarked on a more personalised way of communication with industry this year.

This strategic theme has arguably demonstrated the most radical improvement over the last year.

Familiarity with APL among Members that account for more than 91 per cent of production has become more frequent.

Engagement has also significantly increased both with APL Members and with SPOs.



	KPI Measure	Target	Performance	Achieved
Building industry shared vision	Individual producer Members contacted who adopted top 20 research findings in the last 3 years (% sow/progeny)	70%	72%*	✓
	Industry production covered by producer Members (%)	93%	91%	✗
	Producer Members contacted monthly and rate the call highly (%)	75%	95%	✓
	Leadership quality on staff turnover (%)	14%**	26%	✗
	No. of SPO meetings attended (where invited to)	90%	100%	✓

*Metric is for last 10 years

**Aggressive target set from 2020 restructure plan

Producer relations (shared values)

As outlined in the 2020–21 AOP, a major part of the new APL was creating the Producer Relations team. This has successfully been achieved.

The new team has worked with the rest of the organisation and is responsible for the in-depth improvement and frequency of producer dialogue.

Further to the additional communications required for COVID-19 and ASF, producer relations and understanding have been improved by continuing the reporting of industry processing and pricing information.

The team has also led the consultation on the APIQ[✓] Major Review, strengthening industry quality assurance requirements as an initial response to ASF. Further consultation on additional voluntary standards may enable the mitigation of additional risks in biosecurity.

Technology adoption

As planned, the collaboration between R&I program managers and Producer Relations team members has resulted in identifying new extension opportunities.

They include increasing APL's resourcing of extension and listening to producers to understand what they have personally adopted in recent years and of those adoptions, which ones have been retained and which did not work out for their organisations.

These attempts to quantify and personalise extension have enabled the segmentation of producers that is planned to further improve the targeting, communication methods and messaging of extension activities.

Organisational effectiveness

2020–21 was a year of enormous change at APL, a process that took most of the year.

Change and innovation are by their very nature inefficient. New things must be tried to progress, and some of the things that are tried fail. The journey from 'no longer how it was' to 'now how it was envisioned' always goes through an extended period of 'progressing and not there yet'.

The delivery of the ambitious outcomes despite internal change and in addition to the various lockdowns, border closures and work-from-home periods, our staff at APL have proven highly resilient and adaptable. They have worked together to find new ways of working as one team.

An excellent example of this teamwork is the new australianpork.com.au website launched in June 2021, with every APL team involved in its delivery.

Annual highlight

REPORTING PROGRESS TOWARDS PERFORMANCE PRINCIPLES

Clearly, the occurrence of the COVID-19 pandemic could have acted as a hand brake on the progress of the RD&E program. It certainly caused delays in over \$500,000 of research.

This has not, however, prevented progress from being made towards all five performance principles. This was a year of internal transformation inside APL. The organisation has been re-structured to better meet the progressive and ambitious goal outlined in the 2020–25 Strategic Plan.

Principle 1: Stakeholder engagement

How APL engages with its stakeholders has been improved over the past 12 months. Examples of this include:

- The creation of a Producer Relations team who have been contacting each APL Member individually. The purpose of the contact has been to administer quality assurance, PigPass traceability and aggregate reported pricing and slaughter data to provide industry visibility
- The increased frequency of consultation with SPOs—so far in 2021, where an invitation has been extended APL has attended and participated in every official SPO meeting or teleconference
- Our supply chain collaborations are more frequent and better planned, occurring quarterly and occasionally more frequently

- The interaction with state and federal regulators has significantly increased, particularly enabled by industry and government's increased focus and collaboration to prepare for and plan to avoid the incursion of ASF into Australia
- Finally, but importantly, the innovation program that underpins industry RD&E has been expanded and bolstered by encouraging producers to submit research ideas in our new 'always open system' and participate in envisioning future projects in design-led workshops.

Examples of stakeholder engagement with APL contributing to RD&E and marketing outcomes include:

- successfully develop destruction, disposal and decontamination (DDD) biosecurity protocols
- telephone around 200 APL Members who represent over 91 per cent of production to survey what RD&E outcomes they have and continue to adopt (113 responses codified and reported on)
- successfully develop and deliver transport and truck wash research and initiatives
- leverage PorkStar stakeholders to incorporate food influencer Colin Fassnidge in the Woolworths Christmas pork roast campaign, resulting in increased pork sales over the period.

Principle 2: Research, development and extension activities

As a result of the changes to APL's strategic direction and engagement, APL stakeholders are now active

participants in APL's design-led workshops to determine areas of future investment and shape RD&E priorities. The strategic direction and priority setting of RD&E projects are regularly reviewed through these workshops and by the APL Delegates and Board.

APL has continued to conduct independent evaluations of programs. The latest one was 'An Impact Assessment of Investment in the APL Environment RD&E Program' in 2020. This evaluation found that the 18 project investments analysed had in aggregate cost \$4.82m and returned a benefit-cost ratio of 4.8:1. Even if all the adoption assumptions were twice as conservative, this program had a positive return on investment (ROI) to Australia.

Principle 3: Collaboration

APL has been an active leader in RDC collaboration, administering the CRRDC, being a founding member of AIA and leading the Feral Pig initiative. APL is also active in the R&D 4 Profit program, leading three projects and participating in three more. APL has a large investment in the Australasian Pork Innovation Ltd. (APRIL) and we also collaborate in the various RDC forums, such as the Business Managers Forum.

APL has built rapport with a wide range of organisations and industry groups to ensure effective collaboration. These include other RDCs, SPOs, federal and state governments, industry interest groups, supply chain representatives and research organisations.

Principle 4: Governance

APL has an audacious vision, as published in the APL Strategic Plan 2020–25: to be Australia's preferred choice protein, sustainably adding \$1 billion to farm gate value by 2025.

To realise this vision, APL adopts contemporary best practice. Key aspects of best practice applied at APL include:

- development, implementation, application, maintenance and performance reporting of:
 - a risk management plan drafted according to Australian Standards
 - a fraud control plan
 - an intellectual property management plan.
- measurement and reporting of organisational performance against specified outcomes and objectives
- human resource management, diversity management, EEO and WHS
- compliance management, measurement and reporting with legislative and regulatory requirements
- establishment of internal policies and procedures in key areas such as complaint resolution and privacy
- maintenance of information and records of meetings (board meetings, stakeholders, sub-committees)
- maintenance of financial and administrative records.

Principle 5: Monitoring and evaluation

APL systematically shares project and program evaluations through publication on the APL website. It applies learnings to inform improvements, such as establishing design-led workshops to determine areas of future investment and shape RD&E priorities.

APL also has internal processes in place to regularly review its own performance at a Board level and operational level. APL regularly monitors KPIs set in the AOP and undertakes an annual performance review process with its staff, regularly reviewed throughout the year.

APL's core values of being results-driven, future-focused, team players and challengers mean that our team strives for excellence, and the appropriate actions are taken when improvements and changes are identified or recommended.

As referenced under Principles 1 & 2, APL regularly contacts its Members to develop our relationships with them and our understanding of producer priorities, R&D adoption levels and efficacy of different extension channels. This process allows APL to identify research extension priorities and proactively implement improvements.

For example, our records show that the Fit to Load guide, redeveloped in 2016 to improve animal welfare during transportation, continues to

yield an adoption and usage rate of 88 per cent of industry.

APL also conducts independent evaluations of programs, as referenced under Principle 2, the latest being 'An Impact Assessment of Investment in the APL Environment RD&E Program' in 2020. The evaluation process involved identifying and describing the objectives, activities, outputs and outcomes, and actual and potential impacts for 21 projects in the evaluation population. The total investment (cash and in kind) in each project by APL and others was reported by contributor and financial year. The principal economic, environmental, and social impacts of each project's outputs and outcomes were summarised in a triple bottom-line framework.

Total funding for the 18 projects where impacts were valued totalled approximately \$4.82 million (present value terms) and produced aggregate total expected benefits of \$23.14 million (present value terms). This gave an estimated net present value of \$18.32 million, a benefit-cost ratio of 4.8:1, an internal rate of return of 23.3 per cent and a modified internal rate of return of 8.4 per cent (estimated using a 5 per cent reinvestment rate).

The investment in the 18 projects valued represented approximately 96.5 per cent of total program funding (present value terms) for the 21 projects in the evaluation population.

Directors' Report

The APL Directors present their report for the year ended 30 June 2021.

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



ELECTED DIRECTORS



Ms Edwina Beveridge

B.COMM, FORMER CA, GAICD

Ms Beveridge commenced her career as an accountant, but her agricultural background drew her back to the agricultural industry. Ms Beveridge is a Director of Blantyre Farms Pty Ltd., a mixed farming enterprise including a 2,200-sow farrow-to-finish farm in Young, NSW. Ms Beveridge has a particular interest in emerging, innovative and disruptive technology and business methods. The Blantyre farming operations include a methane digestion system, power generation and recycling of food waste products for pig feed.

In addition to strategic and operational responsibilities for Blantyre Farms, Ms Beveridge is also involved in the industry as Deputy Chair NSW Farmers Pork Committee and an APL Delegate. Consistent with her interest in renewable energy, Ms Beveridge is a Director of Hydro Power Pty Ltd.



Mr Dawson Bradford
elected November 2020

Mr Bradford is co-owner/manager of Hillcroft Farms, a family-owned mixed farming operation at Popanyinning in Western Australia. The business consists of a 1400-sow farrow-to-finish operation, Ultra White sheep stud, prime production and mixed cropping. A feed mill is also operated on the property to utilise the grain produced on the farm.

Mr Bradford is also an APL Delegate. He is also Vice President of the West Australian Pork Producers Association (WAPPA). In his role on the APL Board, he is a member of the People and Culture and the Industry Integrity Committee.



Mr Rod Hamann

Mr Hamann has over 35 years of industry experience. He most recently was Executive General Manager of Sunpork Farms, and before this was CEO of the APF Group of pork assets in SA. He currently retains Directorships for WestPork Pty Ltd, Big River Pork Abattoir, Auspork Ltd and PorkScan Pty Ltd. Mr Hamann is also a committee member of Pork SA and a member of their Pig Industry Fund Sub-Committee, charged with recommending funding for SA-based research projects.

Prior to his current roles in Australia, Mr Hamann spent 17 years in the pork industries of the USA and Britain, where he held various technical, marketing and production operations roles, including Executive Vice President, Heartland Pork Enterprises; Vice President Production, Murphy Farms; and PIC USA National Sales Manager. He brings broad experience and knowledge across the whole pork supply chain from genetics through production into abattoir operations and customer needs.

In his role on the APL Board, Mr Hamann is a member of the Industry Integrity Committee, Investment Committee and Market Development Committee.

ELECTED DIRECTORS (CONTINUED)



Dr Brian Luxford
retired in November 2020

Dr Luxford has been employed at Rivalea, the largest Australian pork producer, since 1988 and currently manages the company's R&I, Demand Planning, Logistics and Quality Assurance. The position covers technical support, research and management across all supply chain sectors: feed milling, pig production, pig processing and new product development. Dr Luxford has served as an APL Delegate and on many APL research committees. He was a member of the Pork Cooperative Research Centre (Pork CRC) steering committees and program manager for Program 2 in the Pork CRC.

Prior to the formation of APL, Dr Luxford was a Director of the Pig Research and Development Corporation, and for 10 years, a director of PrimeGrow, a biotech company based in Adelaide. In his role on the APL Board, Dr Luxford was chair of the APL Investment Committee and a member of the Board's People and Culture Committee.



Mr Mark McKenzie
elected November 2020

MBA, A. DIP. F.M.

Mr McKenzie is the General Manager, Sales and Marketing, for Rivalea Australia, one of Australia's leading integrated agrifood companies, producing, processing and selling over 750,000 pigs per annum. As part of the senior management team, Mr McKenzie has been exposed to the entire pork supply chain: grain procurement, pig production and processing, finished goods distribution, wholesaling, customer management and consumer marketing. He leads a team of sales and marketing professionals focused on branding, account management, export and related trading activity in pork and stockfeed markets.

Prior to working at Rivalea, Mr McKenzie worked for Primegro Ltd & CSL Ltd in roles focused on commercialising and launching technology to livestock industries in Australia and overseas. He also retains a strong interest in his family's mixed farm near Naracoorte, SA.

Mr McKenzie's qualifications include a Master of Business Administration (Strategic Management) and an Associate Diploma in Farm Management.

In his role on the APL Board, Mr McKenzie is a member of the Market Development Committee and the Investment Committee.



Mr Mark McLean

A. DIP. APP. SC (F.M.)

Mr McLean is currently Managing Director/Co-owner of Riverhaven Enterprises & Top Multiplier Pty Ltd, family agricultural companies operating 2,000 sows on two independent pig farms.

Mr McLean has extensive agribusiness experience, holding many roles over the past 20 years within agribusiness groups in the pork and other industry sectors.

Mr McLean remains actively involved in the pork industry and has represented other Australian pork producers as an APL Delegate since 2010.

Mr McLean has skills in agribusiness development, commodity marketing, sustainable farming and irrigation management. Consistent with his interests, he has initiated water-saving irrigation infrastructure within the Riverhaven Enterprises' operation and improved sow productivity on both farms through improved farm management, genetics and staff training and development.

Mr McLean also operates a feed mill, grows olives for extra virgin olive oil production, citrus for fresh fruit production and composts all animal manures on-site for its own and external customers' use.

In his role on the APL Board, Mr McLean is Chair of the APL Industry Integrity Committee and is a member of the Audit, Risk and Corporate Governance Committee.

SPECIALIST DIRECTORS



Mr David Plant
retired in November 2020

Mr Plant is General Manager of Monogastric production and a member of the Executive Board for Milne AgriGroup. He is responsible for budgeting, profitability, and strategic development of the pig and chicken businesses and works closely with the branding and new product development marketing team. The meat division is integrated with production, slaughter and further processing capabilities, contributing to a range of branded fresh and further processed retail-ready products.

With other 35 years' experience in Australian and European pig and poultry industries, he has gained a wealth of experience in staff management, commercial management and business development. In addition, his experience through value chain analysis work with major retailers, including Tesco in the UK, Mr Plant has a good knowledge of supply chain management. Mr Plant was an APL-elected Director for 10 years and is a current APL Delegate. With his passion for the pig industry and knowledge of high welfare production systems, he was elected Chair of the Industry Integrity Committee. In his role on the APL Board, Mr Plant was a member of the Marketing Development Committee.



Mr Andrew Baxter

BBUS (MKTG), FAMI CPM, FAICD

Mr Baxter is a Non-Executive Director of GrowthOps, Foresters Financial, Nettlefold and Commtract and a Senior Advisor at BGH Capital and the Adjunct Professor of Marketing at the University of Sydney. He has also been the Senior Advisor to KPMG's Customer, Brand and Marketing Advisory business. Prior to this, he successfully led major professional services firms for over a decade, as the CEO of two of the country's largest communications agencies, Publicis and Ogilvy, where he was a trusted counsel to many of Australia's most iconic brands, as well as State and Federal Governments.

Mr Baxter is also a Non-Executive Director of the Sydney Symphony Orchestra, OzHarvest and sits on the NBL Board. Further, Mr Baxter has had previous board roles at the Lord Mayor's Charitable Foundation (Chair), Deakin Business School (Chair), Tjapukai (Chair), Catch Group, The Song Room (Chair), Melbourne Aces (Chair), CC Media (a HT&E company) and the Communications Council. Andrew regularly writes in The Australian about the future of marketing in a world where both consumers and technology are ever-evolving. He is also the co-host of The Marketing Commute podcast, has been named as one of LinkedIn's Top 40 Australian influencers, and the winner of Australian Marketing Institute's Sir Charles McGrath Award for his significant contribution to the field of marketing. In his role on the APL Board, Mr Baxter is the Board Chair and Chair of the APL People and Culture Committee and Market Development Committee member.



Dr Gerard Davis

BSC, PHD, MBA, GAICD

Dr Davis is an executive with extensive experience in agribusiness, biotech and agtech and a demonstrated ability to derive value from commercialising technology in companies ranging from startups to multinational global leaders. Dr Davis has experience consulting to a range of organisations from agtech startups such as Mastaplex, research consortiums such as the CRC for Food Agility and major agribusinesses and organisations like the Bill and Melinda Gates Foundation. These appointments have included developing strategic, organisational and technology commercialisation plans. The work has involved projects across Australia, New Zealand, Africa and South Asia.

Most recently, he was General Manager of Innovation and Strategic Development at Australian Agricultural Company. Prior to that, he held senior roles with ThermoFisher Scientific and Pfizer's Animal Health Division, now Zoetis. In these roles, he has been instrumental in enabling commercial success from developing and implementing technology in the livestock and agri-food industries. Dr Davis spent 11 years as a researcher with Australia's leading research agency, CSIRO.

He has a Bachelor of Science, a PhD, an MBA and is a graduate member of the Australian Institute of Company Directors.

SPECIALIST DIRECTORS (CONTINUED)



Ms Gail Owen

Ms Owen is an experienced chairperson and board member, a Fellow of the Australian Institute of Company Directors, and an Order of Australia Medal recipient.

Ms Owen is a partner with HWL Ebsworth Lawyers, where her principal areas of practice are corporate advice, commercial contracts, and resources and energy law.

Ms Owen is also Chair of the Victorian Fisheries Authority and Independent Chair of the Victorian Institute of Teaching's Audit, Risk Management and Finance Committee.

In her role on the APL Board, Ms Owen is Chair of the Audit, Risk and Corporate Governance and a member of the Industry Integrity Committee.



Mr Geoff Starr

BA HONS, BUSINESS STUDIES, MARKETING MAJOR, GAICD

Mr Starr has a wealth of experience in international branded foods and is a well-known figure in Australia's agriculture and food industry.

Mr Starr has worked for Unilever, been CEO for Mars Inc Companies internationally, particularly in the animal nutrition and health industry and CEO of George Weston Foods.

Mr Starr was Chair of the Australian Food and Grocery Council, Australia's first industry advocate to government, and was a Director of Foodbank. Mr Starr is currently a Director of Food Innovation Australia Ltd, Birch & Waite Foods and CRC for Fight Food Waste.

Mr Starr was formerly Chair of Cannpal Therapeutics Ltd and is now a Director of Auscann Holdings.

In his role on the APL Board, Mr Starr is Chair of the Market Development Committee and a member of the People and Culture Committee and Investment Committee.

COMPANY SECRETARY



Mr Damien Howse

BBUS, CA, GAICD

Mr Howse is the Executive General Manager, Corporate and Company Secretary.

Mr Howse joined APL in March 2016 and was appointed Company Secretary in June 2016.



Financial Report 2020–2021



The number of meetings of the Company's Board of Directors ('the Board') and of each Board committees held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board		Audit, Risk and Corporate Governance Committee		People and Culture Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
Mark McLean	7	7	4	4	-	-
Brian Luxford	3	3	4	4	1	1
David Plant	3	3	-	-	-	-
Rod Hamann	7	7	-	-	-	-
Edwina Beveridge	7	7	3	4	2	2
Andrew Baxter	7	7	-	-	2	2
Geoff Starr	7	7	-	-	2	2
Gail Owen	7	7	4	4	-	-
Gerard Davis	7	7	-	-	-	-
Dawson Bradford	3	4	-	-	1	1
Mark McKenzie	4	4	-	-	-	-

	Industry Integrity Committee		Investment Committee		Market Development Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
Mark McLean	4	4	-	-	-	-
Brian Luxford	-	-	2	2	-	-
David Plant	2	2	2	2	-	-
Rod Hamann	4	4	5	5	1	1
Edwina Beveridge	-	-	5	5	-	-
Andrew Baxter	-	-	-	-	2	2
Geoff Starr	-	-	3	4	2	2
Gail Owen	4	4	-	-	-	-
Gerard Davis	-	-	5	5	-	-
Dawson Bradford	2	2	-	-	-	-
Mark McKenzie	-	-	2	2	1	1

Eligible to Attend: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

* The Quality Assurance & Animal Welfare Committee is now called Industry Integrity Committee

Short and long-term objectives

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

The Company's primary funding is derived from statutory pig slaughter levies collected under the *Primary Industry (Excise) Levies Act 1999* (Cth). The levy amounts to \$3.425 per carcase at slaughter, of which the Company receives \$3.25, consisting of \$2.25 for marketing and policy activities and \$1.00 for research and development activities. The remaining \$0.175 is for the Pig Monitoring Residue Program, which is received and managed by the National Residue Survey ('NRS'). Additional research-specific funds are also received from the Australian Government under the portfolio of the Federal Minister for Agriculture, Drought and Emergency Management.

The levy allows the Company to provide valuable industry services and benefits including enhancing opportunities for the sustainable growth of the Australian pork industry by delivering effective marketing, proactive policy and impactful research services through the pork industry supply chain.

The Company works closely 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.

Strategies for achieving the objectives

The 2020–25 Strategic Plan took effect from 1 July 2020 and will be reported against in this 2020–21 Annual Report. This is the first Annual Report in which the 2020–25 Strategic Plan will be reported against.

There are five strategic themes making up the 2020–25 Strategic Plan:

1. **Market and product differentiation;**
2. **Manage volatility for viable farms;**
3. **Drive consumer demand;**
4. **Leading community social licence;**
5. **Building industry shared vision.**

The five strategic themes govern specific programs for APL in order to deliver against the targeted outcome statements. The outcome statements and specific programs sought for each strategic objective are shown below.

Strategic Theme 1 – Market and product differentiation

'We add value and increase the price premium customers are prepared to pay versus other similar products or markets domestically and internationally.'

- Program 1: Diversity of markets and products
- Program 2: Quality consumer eating experiences
- Program 3: Valuable provenance of Australian pork

Strategic Theme 2 – Manage volatility for viable farms

'Better anticipate market fluctuations and flatten the peaks and troughs, making the industry more stable.'

- Program 1: Timely relevant through-the-chain information (data utilisation)
- Program 2: Reduce cost of production and processing
- Program 3: Diversified pig business extension opportunities

Strategic Theme 3 – Drive consumer demand

'Increased volume demanded; getting more Australian pork on forks, be they at home, eating out or overseas.'

- Program 1: Maintain domestic fresh demand
- Program 2: Grow domestic fresh demand
- Program 3: Grow targeted international demand

Strategic Theme 4 – Leading community social licence

'Blazing a trail for Australian agriculture to be sustainably celebrated and making our Australian investors proud of what they do.'

- Program 1: Biosecurity leadership
- Program 2: Climate friendly farming
- Program 3: Leaders in animal care
- Program 4: Leaders in human nutrition
- Program 5: Industry visibility

Strategic Theme 5 – Building industry shared vision

'Building relationships and a narrative of being a progressive, informed, informative and unified industry.'

- Program 1: Producer relations (shared values)
- Program 2: Technology adoption
- Program 3: Organisational effectiveness

Operationally, the activities of the Company are focused directly or indirectly on achieving the objectives of the 2020–25 Strategic Plan.

Contributions on winding up

In the event of the Company being wound up, ordinary Members are required to contribute a maximum of \$1 each.

The total amount that Members of the Company are liable to contribute if the Company is wound up is \$206, based on 206 current ordinary Members.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001* (Cth).


On behalf of the Directors



Mr Andrew Baxter
Chair

8 September 2021
Sydney

AUDITOR'S INDEPENDENCE DECLARATION




RSM Australia Partners
Equinox Building 4, Level 2, 70 Kent Street (Deakin AL 1) 2600
GPO Box 200 Canberra ACT 2601
T +61 (0) 2 6277 0300
F +61 (0) 2 6277 0400
www.rsm.com.au


AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Australian Pork Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



GED STENHOUSE
Partner

Canberra Australian Capital Territory
Dated: 13 September 2021

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Note	\$	\$
Revenue			
Levies and other contributions	4	25,085,016	22,406,034
Share of profits of associates accounted for using the equity method		17,960	13,082
Other income	5	196,046	369,325
		<u>25,299,023</u>	<u>22,788,441</u>
Expenses			
Operations	2		
Marketing - Brand		(7,794,409)	(6,019,264)
Marketing - Category		(2,617,211)	(2,918,545)
Research and Innovation		(7,081,124)	(6,493,159)
Policy		(837,932)	(1,210,134)
Communications		(1,867,733)	(1,697,215)
Business Innovation		(312,954)	-
Producer Relations		(1,238,362)	-
Total Operations		(21,749,124)	(18,338,317)
Board and Executive Operations		(1,440,924)	(1,546,332)
Corporate Services		(1,950,281)	(1,490,448)
		<u>(25,141,046)</u>	<u>(21,375,097)</u>
Surplus before income tax		<u>\$158,092</u>	<u>1,413,459</u>
Income tax expense		-	-
Surplus/(Deficit) after income tax expense for the year attributable to the Members of Australian Pork Limited		158,092	1,413,459
Other comprehensive income for the year, net of tax	7	-	-
Total comprehensive income for the year attributable to the Members of Australian Pork Limited		<u>158,092</u>	<u>1,413,459</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	1,741,080	2,105,880
Trade and other receivables	9	4,177,161	2,924,247
Investments	10	7,045,990	7,638,962
Other	11	374,469	293,635
Total current assets		<u>13,338,700</u>	<u>12,962,724</u>
Non-current assets			
Investments accounted for using the equity method	12	135,512	117,552
Property, plant and equipment	13	1,488,193	1,694,579
Bank guarantees and rental bonds	17	66,135	65,453
Total non-current assets		<u>1,689,840</u>	<u>1,877,584</u>
Total assets		<u>15,028,540</u>	<u>14,840,308</u>
Liabilities			
Current liabilities			
Trade and other payables	14	3,224,722	2,737,398
Employee benefits		709,590	652,013
Leases	15	168,425	169,272
Money held with third party		617,989	815,792
Accrued expenses		249,750	387,641
Total current liabilities		<u>4,970,476</u>	<u>4,762,116</u>
Non-current liabilities			
Leases	15	1,237,094	1,411,166
Employee benefits		86,580	90,728
Total non-current liabilities		<u>1,323,674</u>	<u>1,501,894</u>
Total liabilities		<u>6,294,150</u>	<u>6,264,010</u>
Net assets		<u>8,734,390</u>	<u>8,576,298</u>
Member Funds			
Retained surplus		8,734,390	8,576,298
Total Member funds		<u>8,734,390</u>	<u>8,576,298</u>

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Retained surplus	Total Equity
	\$	\$
Balance at 1 July 2019	5,917,223	5,917,223
Adopting new Accounting Standards	1,245,731	1,245,731
Surplus/(Deficit) after income tax expense for the year	1,413,344	1,413,344
Balance at 30 June 2020	8,576,298	8,576,298
Balance at 1 July 2020	8,576,298	8,576,298
Surplus/(Deficit) after income tax expense for the year	158,092	158,092
Balance at 30 June 2021	8,734,390	8,734,390

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Statutory Authority and Industry		26,284,637	24,013,750
Payments to suppliers and employees (inclusive of GST)		(26,936,109)	(22,788,444)
Interest paid – lease		(77,927)	(86,351)
Interest received		52,185	110,244
Net cash from/(used in) operating activities		(677,214)	1,249,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(104,958)	(114,465)
Investments in term deposits		592,972	(2,010,411)
Other investments		(682)	-
Net cash (used in) investing activities		487,332	(2,124,876)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(174,919)	(160,027)
Net cash (used in) financing activities		(174,919)	(160,027)
Net increase/(decrease) in cash and cash equivalents		(364,801)	(1,035,704)
Cash and cash equivalents at beginning of financial year		2,105,880	3,141,584
Cash and cash equivalents at end of financial year	8	1,741,079	2,105,880

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1. GENERAL INFORMATION

The financial statements cover Australian Pork Limited as an individual entity. The financial statements are presented in Australian dollars, which is Australian Pork Limited's functional and presentation currency.

Australian Pork Limited is an unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 8 September 2021. The Directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* (Cth), as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires

management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting date; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets

Investments and other financial assets, other than investments in associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets, at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset of cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Value-in-use is the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining future economic benefits.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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 rate on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Comparatives

APL adopted a new strategic plan from 1 July 2020. Resources were reorganised to deliver the new strategic plan. Due to this organisational restructure, some new functions were developed (Business Innovation and Producer Relations) and other functions were restructured (Board & Executive Operations, Corporate Services, Marketing and Policy).

Comparatives, where necessary, have been realigned to the current year presentation.

NOTE 3. CRITICAL 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, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the actual results. The judgements, estimates and assumptions that have a significant risk of causing

a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease make good provision

On 16 January 2012, the Company entered into a lease agreement with the Salvation Army (New South Wales) Property Trust for an initial period of seven years with an option to enter into a new lease for a further period of five years from 16 January 2019 plus a further five years from 16 January 2024. The lease agreement details the make good requirements at the end of the lease, with no make good required on exercise of the first option for a further period of five years. The Company has exercised the first option for a further period of five years. Therefore, no make good provision has been provided for in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

	2021	2020
	\$	\$
NOTE 4. LEVIES AND OTHER CONTRIBUTIONS		
Levies - marketing	12,414,480	11,795,330
Levies - research	5,517,547	5,242,369
Government contributions - matching	5,912,898	4,555,885
Other industry contributions and grants	1,240,091	812,450
	25,085,016	22,406,034

Accounting policy for income recognition

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the *Company*: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the *relative stand-alone selling price* of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Levies

The Company recognises levy revenue when it is received except for the June quarter which is accrued. The revenue accrued in June is calculated using information provided by processors.

Government contributions - matching

Government matches approved research and development expenditure on a dollar by dollar basis of 50 per cent of the approved research and development project expenditure, up to a cap of the lower of research and development levy received or 0.5 per cent of the gross value of annual pig production as determined by the Minister for Agriculture. Government matching funds are recognised as income as the eligible research and development program expenditure is incurred.

NOTE 5. OTHER INCOME

Interest	52,185	110,244
Royalties	4,664	4,255
Other income	139,197	254,826
	196,046	369,325

Accounting policy for other income recognition

Interest

Interest income 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.

Royalties

Royalties are received from the sale of publications and the commercialisation of intellectual property charged by license fees. Revenue is recognised when received.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

	2021	2020
	\$	\$

NOTE 6. EXPENSES

Surplus before income tax includes the following specific expenses:

Superannuation expense

Defined contribution superannuation expense	580,344	527,235
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Accounting policy for defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

NOTE 7. INCOME TAX

Accounting policy for income tax

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.

	2021	2020
	\$	\$
Cash on hand	-	839
Cash at bank	1,741,080	2,105,041
	<u>1,741,080</u>	<u>2,105,880</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2021	2020
	\$	\$
Trade receivables	4,126,628	2,747,440
Other receivables	50,533	176,806
	<u>4,177,161</u>	<u>2,924,246</u>

NOTE 9. TRADE AND OTHER RECEIVABLES

Impairment of receivables

The Company has recognised a loss of \$nil (2020: nil) in expenses in respect of impairment of receivables for the year ended 30 June 2021.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

	2021	2020
	\$	\$
Term deposits	<u>7,045,990</u>	<u>7,638,962</u>

NOTE 10. INVESTMENTS

Term deposits accrue interest at rates between 0.05%–0.80% and mature progressively to November 2021 (2020: rates between 0.61%–1.72%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

NOTE 11. OTHER CURRENT ASSETS

Accrued levy income	225,049	206,842
Prepayments	149,420	86,793
	374,469	293,635

NOTE 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associate - PorkScan Pty Ltd	135,512	117,552
	135,512	117,552

Interests in associates

Information relating to associates that are material to the Company are set out below:

Name	Principal place of business / Country of Incorporation	Ownership interest	2021	2020
		%	%	
PorkScan Pty Ltd	Australia	49.00	49.00	

Contingent liabilities

PorkScan Pty Ltd has no contingent liabilities at 30 June 2021 or 30 June 2020.

Commitments

PorkScan Pty Ltd has no commitments at 30 June 2021 or 30 June 2020.

Accounting policy for associates

Associates are entities over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate including any unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

	2021	2020
	\$	\$
NOTE 13. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements - at cost	628,308	559,327
Less: accumulated depreciation	(493,265)	(460,027)
	135,043	99,300
Office furniture and equipment - at cost	126,848	121,408
Less: accumulated depreciation	(116,926)	(118,981)
	9,922	2,427
Computer equipment - at cost	351,948	341,044
Less: accumulated depreciation	(307,582)	(268,130)
	44,365	72,914
Right of use assets	1,742,213	1,740,463
Less: accumulated depreciation	(443,350)	(220,525)
	1,298,863	1,519,938
	1,488,193	1,694,579

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements	Office furniture and fittings	Computer equipment	Right of use assets	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	99,300	2,426	72,915	1,519,938	1,694,579
Additions	68,981	10,528	25,449		104,958
Depreciation expense	(33,238)	(3,032)	(53,999)	(221,075)	(311,344)
Balance as at 30 June 2021	135,043	9,922	44,365	1,298,863	1,488,193

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

NOTE 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting policy for property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Term of lease
Office furniture and equipment	3 to 10 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

	2021	2020
	\$	\$
NOTE 14. TRADE AND OTHER PAYABLES		
Trade payables	2,745,403	1,807,460
Other payables	479,319	929,938
	<u>3,224,722</u>	<u>2,737,398</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

	2021	2020
	\$	\$
NOTE 15. LEASES		
Lease liability - current	168,425	169,272
Lease liability - non current	1,237,094	1,411,166
	<u>1,405,519</u>	<u>1,580,438</u>

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Accounting policy for leases

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

NOTE 16. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

	2021	2020
	\$	\$
NOTE 17. CONTINGENT LIABILITIES		
Bank guarantee	51,953	51,953
Rental bond	14,182	13,500
	66,135	65,453

The Company has provided a bank guarantee in relation to its Canberra head office lease agreement. The funds for the guarantee are held in an interest bearing term deposit in APL's name.

The Company has a rental bond in relation to its Sydney office lease agreement. The funds are held by Audited Media Association of Australia.

The Company has a rental bond in relation to its QLD office lease agreement. The funds are held by Ko Collective.

2021	2020
\$	\$

NOTE 18. COMMITMENTS

Research and development (R&D) expenditure commitment

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	2,460,382	2,850,985
One to five years	2,211,075	3,431,137
	4,671,457	6,282,122

Operating

The ACT premises rental term expires in 15/01/2024 and APL has an option to enter into a new lease on the same terms as the existing lease for a further five-year period where a market review of any incremental rental increase will apply.

The NSW premises rental term expires on 30/01/2022.

R&D expenditure

These R&D expenditure commitments relate to several research and innovation projects which align 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.

NOTE 19. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other Members of key management personnel of the Company is set out below

Aggregate compensation	1,659,612	1,829,527
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

NOTE 20. RELATED PARTY TRANSACTIONS

Associates

Interests in associates are set out in note 12.

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

Significant influence

The following Directors have interests in or are associated with organisations which are related parties:

Andrew Baxter – Senior Advisor to KPMG, Adjunct Professor at the University of Sydney

Brian Luxford – General Manager R&I Rivalea Australia Pty Ltd

Dawson Bradford – Vice President of West Australian Pork Association

Gerard Davis – Director of Australasian Pork Research Institute Limited (APRIL)

Mark McKenzie – General Manager – Sales and Marketing – Rivalea Australia Pty Ltd

Rod Hamann – Director of Big River Pork Pty Ltd, Director of PorkScan Pty Ltd, Executive Committee Member of PorkSA

The Company's Chief Executive Officer, Margo Andrae, is a Director on the Agricultural Innovation Australia Board and the Australasian Pork Research Institute Ltd (APRIL) Board.

NOTE 20. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties

The following transactions occurred with related parties:

	2021	2020
	\$	\$
Income:		
Australasian Pork Research Institute Ltd - Management fees	68,069	71,371
PorkScan Pty Ltd - Management fees	20,000	20,000
Rivalea (Australia) Pty Ltd	7,373	-
The University of Sydney	2,200	-
Project and program expenditure:		
Agricultural Innovation Australia - Project Expense	100,000	-
Andrew Baxter - Project Expense	-	22,052
Australasian Pork Research Institute Limited - Project Expense	1,000,000	1,000,000
Big River Pork - Project Expense	5,000	-
KPMG - Internal Audit Expense	41,000	20,000
PorkSA - Sponsorship Expense	16,024	-
Rivalea Australia Pty Ltd - Basefunding and Project Expense	331,407	561,773
Sunpork Farms - Basefunding and Project Expense	247,710	181,386
The University of Sydney - Project Expense	-	18,500
West Australian Pork Association - Sponsorship Expense	4,000	-

NOTE 20. RELATED PARTY TRANSACTIONS (CONTINUED)

Receivable from and payable to related parties:

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables:

Trade receivables from related parties	20,636	7,198
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Current payables:

Trade payables to related parties	22,000	424,816
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NOTE 21. EVENTS AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not financially impacted the Company up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

NOTE 22. CLIMATE CHANGE

The Company acknowledges the significant role that the environment and climate play in ensuring a sustainable, profitable, and productive Australian pork industry.

There is a risk that climate change will impact the number of pigs slaughtered in Australia each year. In the event that pig slaughters numbers are impacted; APL levy revenue would also be impacted.

The current expectation is that any impact from climate change will be immaterial for the foreseeable future. Nonetheless, to ensure risks associated with environmental and climate factors are adequately mitigated, APL has identified Climate Friendly Farming as a strategic imperative within the APL Strategic Plan 2020–25.

Substantial investments are made across all areas of the business, guided by the AOP, including Research & Development, Policy and Producer Relations.

DIRECTORS DECLARATION FOR THE YEAR ENDED 30 JUNE 2021

In accordance with the resolution of the Directors of Australian Pork Limited, the Directors declare that:

- the attached financial statements and notes comply with the *Corporations Act 2001* (Cth), the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Mr Andrew Baxter
Chair
8 September 2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN PORK LIMITED



RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin VIC 3080
GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6277 0300
F +61 (0) 2 6277 0400

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN PORK LIMITED

Opinion

We have audited the financial report of Australian Pork Ltd. (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is 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 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 13 September 2021

Annual highlight

JAPAN – AS A KEY FOCUS

Story of Australian pork for Japan as a priority export market

APL has been in active consultation with industry members regarding strategic market development plans into a few export markets. These have been prioritised to create a balanced portfolio of growth opportunities in undeveloped export markets. It is more efficient for all of industry to leverage one set of investigations and research of attractive but unfamiliar markets, enabling all of industry to benefit from a single suite of projects and focus on well targeted market development (where the costs are still high).

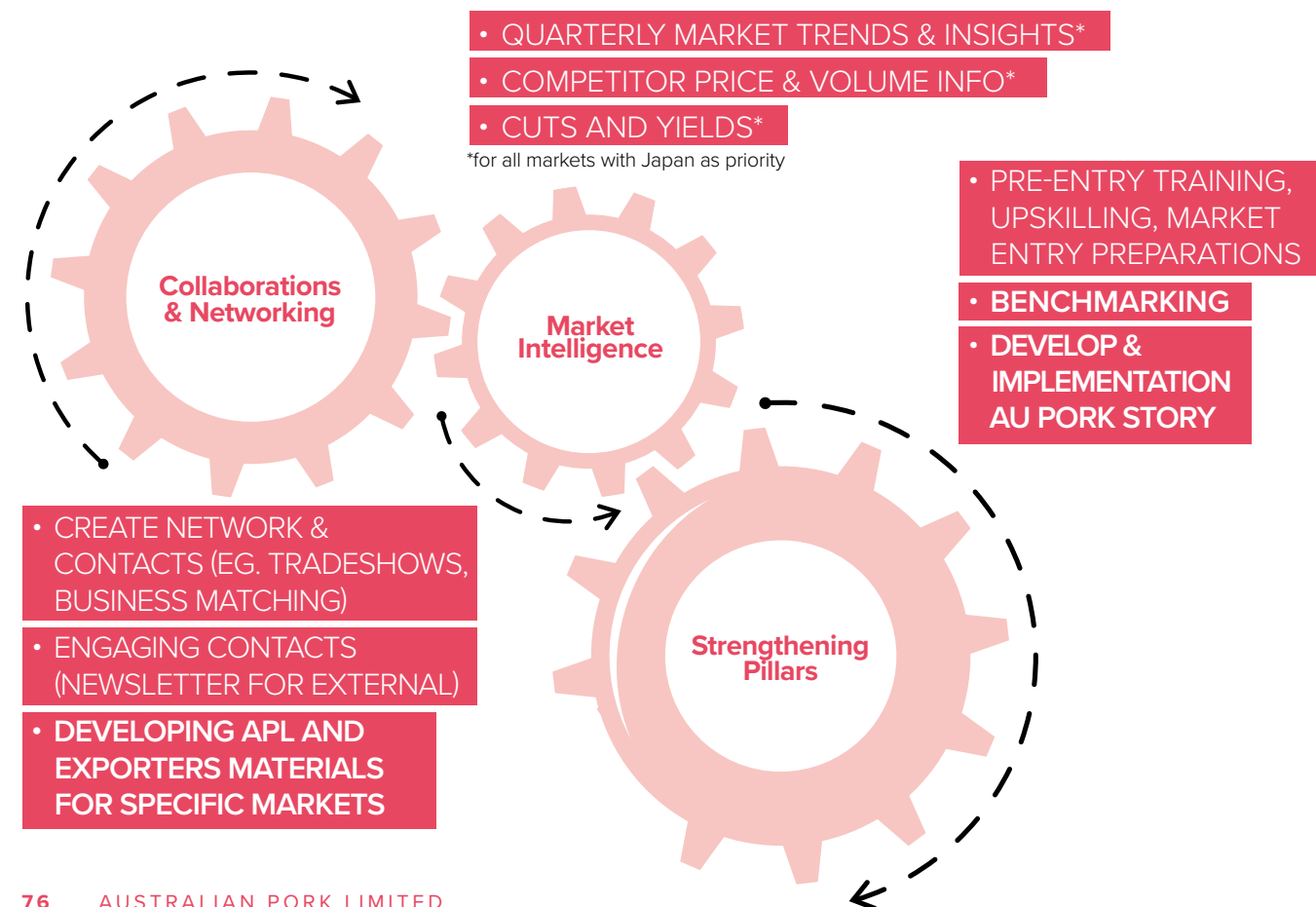
Japan has been identified by industry members and exporters to be a

market of primary importance. In 2020–21 APL have classified it as a top priority for market development for the 2021–22 year. The Australian pork industry has market access for Japan but has not made any significant progress in our exports for the past two decades. Our exports to Japan remain at around 2 per cent of Australian pork exports, despite being the second largest importer of pork globally.

As Japan is considered to be effectively, a completely new market to APL activities such as pre-market entry knowledge building, training and upskilling (e.g., country, culture, etiquette, case studies, research) will

be provided to our exporters. Other activities include our benchmarking research of Australian pork vs competition (there are two phases). We are currently conducting Phase I of our benchmarking pork research of our key exporters vs competitors in Japan such as USA, Canada and Japan domestic. This research covers shelf-life competitiveness and meat eating quality. The results of the testing will show how Australian pork can be competitive pork in Japan, provide sufficient information to assist industry to plan next steps for improvement or competitive advantage and identify a point of difference for development of our Australian pork story.

Key activities



Income and Expenses Statement 2020–2021



REVENUE

Revenue - Levies	17,932,027
Revenue - R&D Matching Funds	5,912,898
Revenue - Other	246,072
	24,090,997

EXPENDITURE

Market and product differentiation	Diversity of Markets	279,532
	Quality Consumer Eating Experience	596,822
	Valuable Provenance of Australian Pork	408,145
		1,284,499
Manage volatility for viable farms	Timely Relevant Information	352,607
	Reduce COP+P	1,235,047
	Diversified Business Improvement Options	128,317
		1,715,971
Driving consumer demand	Maintain Domestic Fresh Demand	5,267,929
	Grow Domestic Demand	2,530,931
	Grow Targeted International Demand	177,637
		7,976,496
Leading Community Social Licence	Biosecurity Leadership	1,233,339
	Climate Friendly Farming	490,304
	Leaders in Animal Care	356,511
	Leaders in Human Nutrition	-
	Industry Visibility	864,145
		2,944,299
Building Industry Shared Vision	Producer Relations (Shared Values)	324,169
	Technology Adoption	871,069
	Organisational Effectiveness	633,941
		1,829,179
Total Direct Project Costs		15,750,444
Total Corporate Costs		7,894,323
Total Expenditure		23,644,767
Surplus / (Deficit)		446,229

Appendix A

MATERIAL VARIATIONS TO BUDGET

	Initial Budget \$	Actual Result \$	Variation Over/(Under) \$	Comments and/or Explanation of Major Variations
Income				
Levies	17,297,000	17,932,000	635,000	Pig slaughters were 196k more than budgeted.
Government contributions - matching claims	5,452,000	5,913,000	-461,000	R&D matching expenditure was more than budget.
Other industry contributions	0	1,208,000	1,208,000	Consistent with past convention, grants from Dept. Agriculture are not included in the budget.
Net other revenue	305,000	246,000	-59,000	Investment rates were less than expected
Project Expenditure				
Operations	14,870,000	14,555,000	-315,000	Unspent program budgets
Board & Executive	35,000	23,000	12,000	Less than budget
Corporate Services	880,000	1,172,000	-292,000	Approved mid-term variations to program budgets to contribute to the achievement of APL's strategic objectives.

Appendix B

FUNDS SPENT ON EACH SIGNIFICANT RESEARCH AND DEVELOPMENT ACTIVITY ALLOWING IDENTIFICATION OF EXPENDITURE OF MATCHING PAYMENT

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 Corporate Services and Board/CEO division expenditures.

The Company has established a detailed methodology by which eligibility of matching expenditure is determined. For the 2020–21 financial year, the significant expenses that were the basis for calculating the matching claim were as follows:

Research and Development Expenditure by Strategic Theme	
Market & Product Differentiation	
• Diversity of Markets	\$485,932
• Quality Consumer Eating Experience	\$760,842
• Valuable Provenance of Australian Pork	\$470,585
Manage Volatility for Viable Farms	
• Thru-the-chain Information	\$1,104,517
• Reduce Cost of Production & Processing	\$1,572,267
• Diversified Business Improvement	\$195,356
Drive Consumer Demand	
• Grow Domestic Demand	\$416,527
• Maintain Domestic Demand	\$619,011
• Grow International Demand	\$330,217
Leading Community Social Licence	
• Biosecurity Leadership	\$1,625,416
• Climate Friendly Farming	\$931,893
• Leaders in Animal Care	\$433,852
• Industry Visibility	\$1,062,731
Building Industry Shared Vision	
• Producer Relations	\$789,281
• Technology Adoption	\$662,550
• Organisational Effectiveness	\$344,998
Unallocated	\$58,150
Total research and development expenditure	\$11,864,125
Adjustments - accruals and other non-eligible research and development expenditures	(\$38,329)
Total matchable expenditure	\$11,825,796
Maximum Claim Allowable to GVP cap	\$7,030,567
Australian Government contributions – matching (@ 50 per cent)	\$5,912,898

Note: APL total non-direct project expenditure for the 2020–21 financial year was \$7,894,323 which was 33 per cent of total expenditure. Of this total non-direct project expenditure \$4,594,607 (58 per cent) was attributed to Research and Development.



Appendix C

FUNDS SPENT ON MARKETING AND SIGNIFICANT STRATEGIC POLICY DEVELOPMENT ACTIVITY AS WELL AS OTHER INDUSTRY ISSUES

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

Marketing and Strategic Policy Development Expenditure by Strategic Theme	
Market & Product Differentiation <ul style="list-style-type: none">Diversity of MarketsQuality Consumer Eating Experience	\$52,079 \$407,010
Manage Volatility for Viable Farms <ul style="list-style-type: none">Diversified Business Improvement	\$143,960
Drive Consumer Demand <ul style="list-style-type: none">Grow Domestic DemandMaintain Domestic DemandGrow International Demand	\$3,071,375 \$5,910,007 \$205,804
Leading Community Social Licence <ul style="list-style-type: none">Climate Friendly FarmingLeaders in Animal CareIndustry Visibility	\$55,016 \$159,963 \$207,687
Building Industry Shared Vision <ul style="list-style-type: none">Producer RelationsTechnology AdoptionOrganisational Effectiveness	\$443,455 \$424,642 \$641,906
Unallocated	\$57,741
Total Funds Spent on Marketing and Significant Strategic Policy Development Activity as well as Other Industry Issues	\$11,780,645

Appendix D

NATIONAL RESEARCH PRIORITIES

Rural Research & Development Priorities	AOP Budget	Actual	Advanced Manufacturing	Soil and Water
			Advanced technology	
Strategic Theme 1. Market & Product Differentiation	\$1,285,537	\$1,717,359	\$315,000	\$0
	12%	15%	3%	0%
Strategic Theme 2. Manage Volatility for Viable Farms	\$3,239,727	\$2,872,140	\$0	\$0
	29.6%	24.3%	0	0.0%
Strategic Theme 3. Drive Consumer Demand	\$768,678	\$1,365,755	\$0	\$0
	7.0%	11.5%	0.0%	0.0%
Strategic Theme 4. Leading Community Social Licence	\$4,382,687	\$4,053,892	\$203,477	\$0
	40%	34%	2%	0%
Strategic Theme 5. Building Industry Shared Vision	\$1,269,921	\$1,796,829	\$0	\$0
	11.6%	15.2%	0.0%	0.0%
Unallocated		\$19,821	\$0	\$0
	0.0%	0.2%	0.0%	0.0%
Totals	\$10,946,550	\$11,825,796	\$518,477	\$0
Percentage	100%	100%	4%	0%

	AOP Budget	Actual
*Direct Project	\$7,723,208	\$7,269,517
Allocated Project	\$3,223,342	\$4,556,279
Total	\$10,946,550	\$11,825,796

Transport	Cybersecurity	Health	Resources	Food	Energy	Environmental Change
Biosecurity		Soil, water and managing natural resources		Adoption of R&D		Other Research
\$0	\$0	\$0	\$55,617	\$1,251,000	\$0	\$95,742
0%	0%	0%	0%	11%	0%	1%
\$0	\$0	\$0	\$42,000	\$0	\$830,140	\$2,000,000
0.0%	0.0%	0.0%	0.4%	0.0%	7.0%	16.9%
\$0	\$0	\$0	\$0	\$1,365,755	\$0	\$0
0.0%	0.0%	0.0%	0.0%	11.5%	0%	0.0%
\$1,640,683	\$0	\$0	\$445,304	\$0	\$0	\$1,764,428
14%	0%	0%	4%	0%	0%	15%
\$0	\$0	\$0	\$25,474	\$0	\$0	\$1,771,355
0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	15.0%
\$0	\$0	\$0	\$0	\$0	\$0	\$19,821
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
\$1,640,683	\$0	\$0	\$568,395	\$2,616,755	\$830,140	\$5,651,346
14%	0%	0%	5%	22%	7%	48%

KEY PROJECTS AND AGREEMENTS

Our investments

The shape of the balanced portfolio of investments across the organisation changed significantly. These changes were caused by two driving forces.

Firstly, the 2020–21 was the first year of our new, progressive and ambitious 2020–25 strategy. That required not only changes in organisational structure but also the evolution of investment towards more future-oriented activities to help lead in social licence and diversify markets and collaborators.

A good example of this is a new agreement with Genics Pty Ltd to leverage their technology to rapidly

identify herd health improvement opportunities at an earlier age, before disease becomes widespread. This agreement raises the opportunity to potentially develop a predictive and therefore preventive capability.

Secondly, adaptive responses to ASF caused additional investment in biosecurity as we seek to contribute to Australian agricultures' ability to avoid and be prepared to manage exotic diseases.

There were no material new agreements with new collaborators. The major agreements in terms of monetary value include our media buyers for consumer media, Slingshot Ltd, APRIL which co funds R&D with other parties, and Noble Brands Worldwide Ltd who create and produce our TV, radio and other media advertisements.



OUTCOME EVALUATION

Efficiency and efficacy of our investments

Evaluation of outcomes for industry and the community.

Cost Benefit Analysis (CBA) is conducted on APL's R&D investment at an ex-ante and ex-post basis (at a project or program level). This ensures the best possible investment decision making process and to test the quality of the assumption's 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 R&D evaluation process conducted by the CRRDC.

In 2020, APL commissioned a consultant to review investment into the Environmental Program area. In 2021, the CBA was conducted into the RD&E into Australian pork Processing area.



REPORTING OBLIGATIONS

Under APL’s Funding Agreement with the Commonwealth, APL’s Annual Report must comply with the financial reporting and other reporting requirements in Chapter 2M of the Corporations Act and include the following items:

Reporting Requirements (Funding Agreement Clause 12.1)	Section
(a) sources of income allowing for separate identification of Levy Funds, Matching Funds and Voluntary Contributions;	Notes to financial statements
(b) significant R&D Activities and transactions undertaken in the year in the conduct of APL functions as the Industry Services Body;	Notes to financial statements
(c) the full cost of the R&D Activities and Marketing Activities;	Financial Summary table
(d) progress made in implementing the Strategic Plan and Performance Principles including progress against any key performance indicators;	Industry Outcomes
(e) key RD&E and marketing deliverables and associated outcomes achieved;	Industry Outcomes
(f) an assessment of the efficiency and effectiveness of APL's investments;	Outcome evaluation
(g) material changes to APL's membership;	Better representing our producers and stakeholders
(h) how APL responded to any directions or Rural Research and Development Priorities given by the Minister under the Agreement or the Guidelines;	Key achievements
(i) consultation with Levy Payers and Industry Representative Bodies on: <div> a. APL's Strategic Plan; and b. RD&E and Marketing Activities; </div>	Key achievements
(j) APL's contributions to relevant Industry sectoral and cross-sectoral strategies, including the strategies under the Guidelines;	Supporting the broader industry
(k) details of senior executive and Board remuneration in the format required by the Australian Accounting Standards;	Notes to financial statements
(l) Research and Development and marketing agreements entered into by APL with third parties;	Key projects and agreements
(m) corporate governance practices in place during the Financial Year;	Better representing our producers and stakeholders
(n) the rationale for the mix of projects included in the Balanced Portfolio; and	Key projects and agreements
(o) other matters notified to APL by the Commonwealth.	n/a



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