

Annual Report

2022-23



AUSTRALIAN
Pork[®]

Table of contents

Message from the Chair	1	Building industry shared vision	30
Industry remains resilient amid ongoing uncertainty	1	Financial Summary	33
CEO's report	2	Income and Expenses Statement	68
Leadership from paddock to plate	2	Appendices	69
Overview	4	Appendix A	69
APL in brief	4	Appendix B	70
Annual highlights	9	Appendix C	72
State of the industry	11	Appendix D	73
Industry consultation	12	Key projects and agreements	74
Your industry, your voice, your people	12	Our investments	74
Rural R&D priorities	13	Outcome evaluation	75
Supporting the broader community	13	Efficiency and efficacy of our investments	75
APL projects and contributions	14	Reporting obligations	76
Industry outcomes	16		
Our performance	17		
An overview of our five strategic themes	19		
Market and product differentiation	21		
Manage volatility for viable farms	23		
Drive consumer demand	25		
Leading community social licence	27		

Disclaimer: The opinions, advice and information contained in this publication have not been provided at the request of any person but are offered by Australian Pork Limited (APL) solely for informational purposes. While APL has no reason to believe that the information contained in this publication is inaccurate, APL is unable to guarantee the accuracy of the information and, subject to any terms implied by law which cannot be excluded, accepts no responsibility for loss suffered as a result of any party's reliance on the accuracy or currency of the content of this publication. The information contained in this publication should not be relied upon for any purpose, including as a substitute for professional advice. Nothing within the publication constitutes an express or implied warranty, or representation, with respect to the accuracy or currency of the publication, any future matter or as to the value of or demand for any good.



“It’s not about ideas, it’s about making ideas happen.”

- Scott Branson

Industry remains resilient amid ongoing uncertainty



Mr Andrew Baxter
Chair

In another year characterised by unprecedented global and domestic challenges, our industry continued to emerge united and resilient. We maintained the focus on our strategic goals, helping to deliver on our vision of achieving sustainable growth.

Both domestically and internationally, geopolitical tensions continued to create ongoing uncertainty and market volatility for many sectors. With this volatility also came opportunity for growth, as the pork industry navigated export prospects with a clear plan.

This year, international grain trade remained strong, with Australian grain exports thriving, boosting the nation's agricultural economy. Ongoing geopolitical tension across the Black Sea, continues to disrupt production and export capability, leading to global price volatility. With this, the trade saw significant fluctuations and price repositioning, which was felt by the Australian market. Closer to home, unpredictable weather patterns impacted crop yields, increasing demand for feed grain and keeping prices high putting pressure on our pig producers.

Australian policy underwent a transformational shift in FY 2022-23, with the Government focusing on emissions reductions. The government implemented ambitious measures to promote carbon neutrality and reduce greenhouse gas emissions. These changes reflect Australia's commitment to a greener future and its commitment to supporting industries to transition and decarbonise supply chains.

Amidst the uncertainties, the industry's dedication to achieving our targets remained

unmoved. Our clear strategic direction, supported by operational execution, has meant we remain on track to achieve our audacious vision to sustainably add AU\$1 billion to farm gate value by 2025.

In 2022-23 the Australian pork industry contributed around \$5.5 billion in gross product to the domestic economy. The real success of the year was the growth of Australian pork exports — up 22.1% on the previous year to \$181.6m — much of which was due to shifts in overseas markets affected by African swine fever (ASF).

This was achieved despite ongoing labour shortages, an indication that the industry is continuing to be more efficient through supporting more highly skilled jobs.

This performance, fuelled by the commitment of supply chain businesses who have embraced challenges with determination and resourcefulness, reinforced pork's competitive position as a protein of choice.

Domestically, retailers recorded strong sales in 2022-23, despite consumers cutting back more generally on spending, as cost-of-living and inflationary pressures took hold. Higher than average prices, as well as reduced consumer spend, has meant out-of-home eating has been replaced by home-cooked meals. Pleasingly, despite this adjustment, pork has continued to feature on two-in-three menus — with fresh pork sales remaining consistent across most retail categories.

As we look towards 2023-24, the pork industry is well positioned to build upon this year's achievements. Whilst the coming year will again have its share of unknowns, our strategic plan will help us navigate any uncertainties and seize emerging opportunities.

I would like to thank our producers, industry stakeholders, staff and the APL Board of Directors for their contribution, and their ongoing dedication and service to the Australian pork industry.

Leadership from paddock to plate



Ms Margo Andrae
Chief Executive Officer

This financial year has been a period of sustainable growth and collaboration that has solidified our position as leaders in Australian agriculture.

As I reflect on the past year, I am filled with a profound sense of pride for what we have had to overcome, and achieved together in the Australian pork industry.

Our success this year has been driven by our commitment to our producers and a shared vision in shaping the future of the Australian pork industry. It was a challenging year for all — facing several biosecurity threats, along with rising production pressures and prolonged agitation from animal activists.

Yet despite these challenges, I am pleased to say we have achieved some core milestones across our key objectives — reaffirming our commitment to securing a more prosperous pork industry, even in times of great uncertainty.

Launching our social license tracker

One of our most significant accomplishments has been our efforts to better understand societal perceptions toward our supply chain and farming practices. This year, from our investment into community research, we have established the industry's first social license tracker which began tracking community perceptions of the Australian pork industry.

This ongoing research will provide insights from a wide-reaching community sample, with the data giving us the information required to drive our industry forward and reframe how people perceive the production of pork.

Encouraging consumers to shop Australian ham and bacon

In our efforts to boost consumer awareness and support Australian grown pork — this year we launched APL's latest Valuable Provenance campaign in Adelaide. The catchy tagline “for quality Australian bacon and ham, Just Pick Pink,” aims to raise consumer awareness that most of the ham and bacon sold in Australia is made from imported meat.

The campaign aimed to distinguish locally grown pork through its quality credentials, with Australian farmers adhering to rigorous quality assurance and compliance measures. The campaign also serves as a guide for consumers in identifying how to find Aussie-grown pork by looking out for the pink PorkMark logo.

Setting the standard in biosecurity

At the heart of our industry lies an unwavering commitment to biosecurity preparedness, a commitment that has propelled us as leaders in managing emergency animal diseases.

Working together with government agencies, research institutions, and supported by veterinary and technical experts to establish gold-standard biosecurity protocols, Australia's other livestock industries have now recognised our supply chain's efforts in disease response and preparedness.

The direction we took during the 2022 Japanese encephalitis virus (JEV) response, coupled with our preparedness efforts for African swine fever (ASF), have continued to set the standard for excellence in biosecurity readiness.

In December, APIQ✓[®] introduced a new voluntary verification standard, APIQ✓[®] Option C, for pig producers wanting to demonstrate compliance with the Voluntary Enhanced Biosecurity Standards for African swine fever. Endorsed by the Animal Health Committee, it has been pleasing to see the uptake by industry in adopting the standards and performance indicators in this verification option, as they are above and beyond what is required in core APIQ✓[®].

91% of Australian pork production is APIQ✓[®] Accredited. This is the highest level of coverage since the accreditation was introduced — further demonstrating our producers' commitment to biosecurity risk management.

Standing up for our people

Another highlight was APL's opportunity to present at Senate Estimates in May. Discussing the industry and supply chain, it was an opportunity to shed light on several issues affecting pork production — including workforce, production and research investment areas — but also to champion the areas we are leaders in.

APL's Senate Hearing also provided an opportunity to tackle a critical issue head-on, an issue that has affected the livelihoods of countless hardworking individuals working across the pork supply chain. It was with deep responsibility that I raised to the Senate the relentless harassment and attacks on our dedicated pork farmers, their workers, APL staff, and

supply chain partners by animal activists following ABC's 7.30 Report into CO₂ stunning. This provided an opportunity for government and politicians to hear the affects that these radical individuals are having on hard working Australians — in voicing their true agenda to end global livestock production. But also to detail the depth of care and extent our industry goes to to uphold the highest levels of animal care. I would like to thank the Senators and government for their time, their line of questioning and for allowing our industry to be heard.

Despite these challenges, our industry remains committed to promoting world-leading and sustainable practices. The outpouring of support from our community and stakeholders has been truly heartening, reaffirming our belief in the power of what we do, and why we do it. Together, we can ensure a vibrant and thriving future for the Australian pork industry, where cooperation and respect pave the way for our future success.

Looking ahead to 2023-24

The year ahead is both promising and challenging. The evolving landscape of consumer preferences, regulatory requirements, and global market dynamics will demand our continued vigilance and adaptability. However, I am confident that with the strong foundation we continue to build upon, and the values that define us, we are more than equipped to navigate whatever comes our way.

“We’re incredibly proud of our industry’s work to deliver nutritious, low-emissions protein to pork lovers right around Australia.”

- Margo Andrae



APL in brief

APL remains a unique organisation, combining effective marketing, proactive policy, and impactful research to achieve better outcomes.

APL's purpose is "to enable a thriving pork industry". This is achieved by recruiting talented people with diverse skills to deliver against our core strategic objectives.

APL facilitates industry relationships and advocacy on behalf of pork producers. Our progressive strategy for 2020-25 requires closer connection with both regulatory and commercial ecosystems for both innovation and growth.

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.

Whilst APL works in the interest of all pig producers, the organisation is guided largely by those producers who become APL Members.

Producers become Members by demonstrating they have paid pig levies. In 2022-23 there were 149 members representing 88% of the Australia's commercial sow herd.

APL Members elect approximately 36 Delegates every three years. These Delegates meet twice a year to provide feedback on industry progress and understand APL's activities in more detail on behalf

of all Members. Delegates then report back to the producers they represent. It is APL Delegates who elect the Producer Directors on the APL Board.

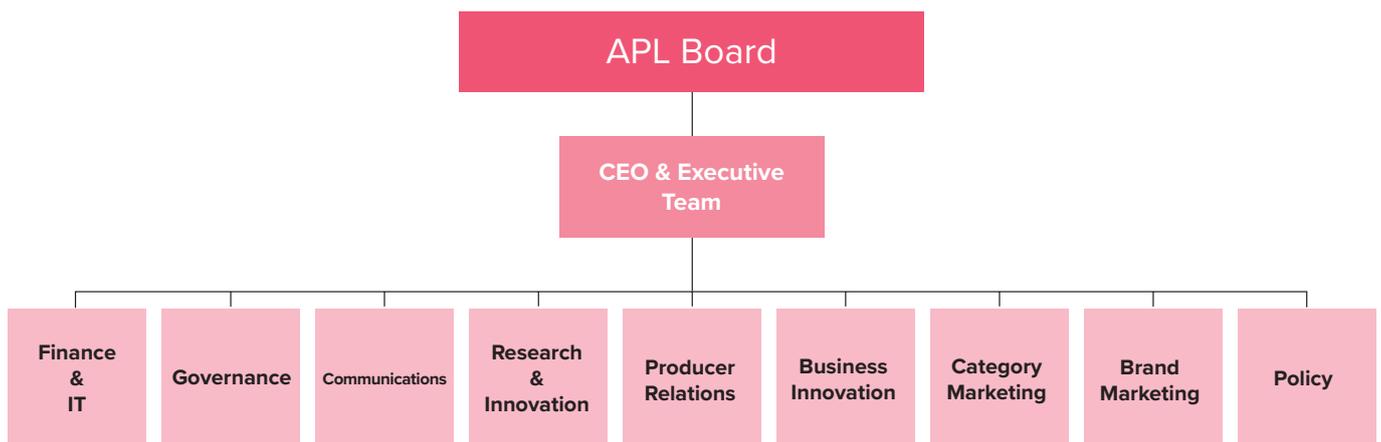
To fulfil our duties to pork producers, APL staff maintain personal relationships across the whole supply chain from APL Members, federal and state regulators, abattoirs, wholesalers, to retailers (including restaurants and foodservice) and consumers.

During 2022-23, as the industry faced numerous opportunities and challenges, it was great to see the industry come together to help keep Australian pork flowing from paddock to plate.



“We care for our pigs and our people — they’re the heart of our industry.”

- Margo Andrae



APL is structured to combine a diverse set of skills into a single industry voice.

The APL Board has five Elected Directors and four Specialist Directors (constitution point 14.1). The Board appoints the Specialist Directors which are ratified by Delegates (constitution point 14.5).

The Board delegates responsibility for delivery of the Strategic Plan and effective management of the company by the CEO. The CEO is then supported by an Executive Team.

The Board has endorsed best practice corporate governance to ensure that APL acts within the law, manages conflicts of interest and acts honestly and ethically in all business activities.

Corporate governance

APL adopts contemporary best practice including:

- Setting company policies and measuring compliance with those policies
- Development, implementation, application, maintenance and performance reporting of a risk management plan, a fraud control plan, and an intellectual property management plan
- Measurement and reporting of performance against specified outcomes and objectives
- Human resource management, diversity management, equal employment opportunities (EEO), and workplace health and safety (WHS)
- Managing, measuring, and reporting compliance with legislative and regulatory requirements

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 in a manner 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 on a regular basis:

- Roles and responsibilities
- Timeliness of advice and direction to management
- Effectiveness of Board meetings
- Interaction with management, and contribution to the ongoing performance of the company

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

The Board's responsibilities and functions include:

- Reviewing organisational performance against the Strategic Plan
- Reviewing the continuing relevance of the Strategic Plan to deliver best return on investment outcomes to the Australian pork industry
- Appointment of the CEO and providing direction on the appointment, remuneration and evaluation of senior management
- Approving Annual Operating Plans and annual financial budgets
- Approving major initiatives outside of the Strategic Plan, Annual Operating Plan, or annual financial budget
- 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 terms of reference, and agreed membership.

The terms of reference of each committee are reviewed by the Board annually and each committee reports to the Board.

The following committees were in place for the 2022-23 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 succeeded the Research & Development Advisory Committee (RDAC).

The committee considers proposed Research & Innovation investment opportunities in the context of achieving the company's strategic objectives.

Industry Marketing Committee

Along with APL Directors with marketing experience, the committee includes external marketing experts. The committee reviews possible marketing developments for domestic and export markets and advises the Board on marketing strategies.

This committee complements the value chain consultations and will become the APL Board's primary source of connection with the development of 21st century marketing practice.

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 practice, animal welfare and quality assurance issues which have the potential to significantly impact producers' future sustainability.



**“Coming together
is a beginning.**

**Keeping together
is progress.**

**Working together
is success.”**

- Henry Ford



Annual highlights

In our efforts to keep the pork industry thriving, APL was pleased to celebrate a number of highlights throughout 2022-23, across both our consumer and industry initiatives.

Through the launch of our Social License Tracker and Bring Sustainable to the Table campaign, we have been able to continue telling our story, highlighting what we do and more importantly why we do it.

This was accompanied by the delivery of the first Valuable Provenance campaign in Adelaide, designed to encourage consumers to choose Australian when shopping for ham and bacon.

We were also reminded of pork's popularity within the foodservice industry as our PorkStar program made a triumphant return to restaurants, and pork continued to feature on two in three menus.



Social License Tracker introduced

In February 2023, APL introduced our Social License Tracker — a valuable tool in the measurement of community perceptions of the Australian pork industry. This vital research will enable APL to keep our finger on the pulse and track community sentiments toward our industry, with the aim of fostering deeper awareness of pork farming practices among consumers.

Bring Sustainable to the Table campaign launched

The Australian pork industry is proud to bring sustainable to the table, working together towards continuous improvement in the way we farm and share pork. As part of our ongoing efforts in telling our story, this year we launched our Bring Sustainable to the Table campaign. The launch event provided an opportunity for consumers to interact with leaders in our industry, learn about the great progress we have made towards a more sustainable future, and enjoy some quality Australian pork.



Aussies encouraged to Just Pick Pink

In our continuous efforts to promote Australian pork, APL launched our Valuable Provenance campaign in South Australia this year. The campaign was designed to educate consumers on the origin of their ham and bacon, and encourage them to 'Just Pick Pink' and look for the PorkMark logo when shopping in-store to know they're buying true Australian pork.



PorkStar returned to restaurants

APL's PorkStar program continues to inspire chefs and the wider hospitality industry to serve up innovative creations with pork, and celebrate their love of its culinary possibilities in the kitchen. The program made a triumphant return to restaurants in 2023 with a number of events hosted around Australia, showcasing the strong connection from paddock to plate.

Pork featured on 2 in 3 menus

In 2022-23, pork featured on an average of two in three foodservice menus. Pork continues to be a protein favoured among chefs due to its endless possibilities and the value it provides. Now more than ever, it's easier for consumers to enjoy their favourite pork meal while eating out, or discover it cooked in a new and exciting way.

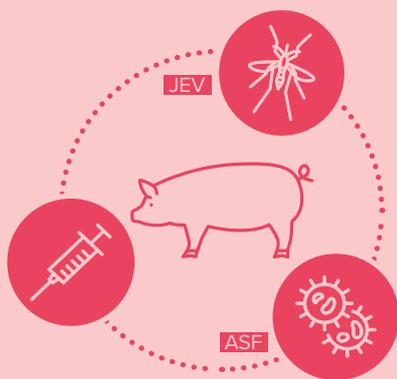


State of the industry

Over the past 12 months, APL has continued to deliver on our key priorities — enabling our producers to keep providing Australians and overseas markets with safe, reliable and nutritious food.

Our industry continued to face unprecedented threats both at home and abroad. Our biosecurity preparedness was demonstrated through our response to JEV, while Senate Estimates provided

an opportunity to stand up for our people following continued attacks on our industry throughout the first half of 2023. Despite the challenges, we also have a lot to celebrate — our engagement with industry and consumers continued to grow, and sales of fresh pork grew amid the cost-of-living crisis, looking to a more optimistic year ahead for our industry.

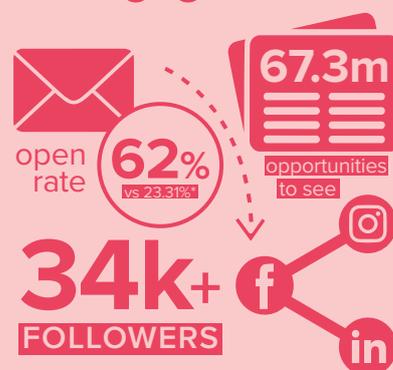


Biosecurity preparedness

This year, our industry continued to face unprecedented biosecurity threats. In June 2023, we saw the emergency response to JEV come to an end — a testament to the dedication of our people to their pigs and wider agricultural industry. While ASF remains a serious threat, industry can be comforted by the great progress being made abroad towards a vaccine. APL continued to lead a cross-sectoral EAD working group to enhance our response to current and future outbreaks.

Industry and consumer engagement

APL continued to increase engagement with both industry and consumers in 2022-23. Our weekly industry update maintained an average open rate of 62% among producer members. Meanwhile our work building relationships with media presented 67.3m opportunities to view the story of pork, and our total social media following across both our industry and consumer channels grew to 33,973.



Growing demand for pork



This year proved to be a tough operating environment to grow demand for fresh pork. Consumers reduced their purchases of high volume and high value cuts to combat cost-of-living impacts, instead switching to smaller and cheaper cuts. Despite these challenges, domestic fresh pork sales grew 1% (in value) versus 2021-22, with volume sales declining only moderately by -2.6%. Overall, the domestic market held steady with signs of a recovery in volume purchasing heading into 2023-24. The real success of the year was the growth in Australian pork exports — up 22.1% on the previous year to \$181.6m — largely due to shifts in overseas markets affected by ASF.

Standing up for our people



In May 2023, APL was called before a Senate Hearing to give evidence on government funding we receive. After an onslaught of attacks on our industry throughout the first half of 2023, this provided an opportunity for us to stand up for our people and rally support for our industry.

Leaders in sustainability

The launch of our Bring Sustainable to the Table campaign this year began our work in telling the story of pork. However, our efforts in improving the sustainability of our industry continued behind the scenes. As part of our research into climate-friendly farming, APL completed 3 research projects, started another 3 projects and continued work on a further 2 during 2022-23. Adoption of sustainable research outcomes and technology continued to be supported on-farm by our Producer Relations team.



Our industry, our voice, our people

As an industry-owned body, APL represents the voice of the pork supply chain, and it was great to be back out engaging with our people and building on our shared vision this year.

Producers continued to benefit from the support of our Producer Relations team, first introduced within the organisation in 2020-21.

This team, in addition to managing APIQ✓®, extension and adoption, industry leadership and education, also engage with members one-on-one and provide timely, relevant, through-the-chain information to industry such as market data and insights to help guide them in their decision making.

A key focus of this team in 2022-23 was speaking with members to gain a better understanding of how they would like to be communicated with — including how often and in what form. This has allowed our team to better meet their needs.

The Producer Relations team also focused on getting back out in front of industry, with a total of 19 site visits conducted around regional Australia throughout the year.

Promotion of opportunities within the pork industry remained a focal point during 2022-23, with the team attending a number of careers expos, as well as facilitating the Pork Leadership Course for another year.

In addition, APL continued to engage with our 36 Delegates, up from 32 in 2021-22. Two meetings were held during the year — November 2022 in Melbourne and May 2023 in Adelaide.

Delegates meetings remain a critical consultation mechanism, bringing both producer ideas

and issues to APL, and disseminating industry information to the APL Members who elected each Delegate.

While biosecurity threats remained an important focus for our industry this financial year, it was pleasing to see international researchers make great progress towards an African swine fever (ASF) vaccine.

This year also saw the end of the emergency response to Japanese encephalitis virus (JEV) — a disease that impacted pork production and pig health, and posed significant human health risks throughout the year prior. Whilst there are learnings from every incident response, the outcome of the JEV outbreak is testament to the preparedness of our producers and supply chain.

APL's Category Marketing team have continued to engage with producers and key stakeholders — growing relationships with key retail partners, and promoting Australian pork through local butchers and smallgoods producers.

APL's quarterly consumer deep-dives are now supported by our Social License Tracker, introduced earlier this year. This valuable tool will be an ongoing investment to measure long-term community perceptions — enabling APL to keep our finger on the pulse of our industry.

Supporting the broader community

APL continues to advocate for our industry and wider agriculture.

APL focused on achieving the strategic objective of proactive policy with the goal of reducing regulatory impact. We continue to effectively advocate on behalf of the industry and remain a trusted source of advice to government.

The pork industry has been recognised for its leadership on biosecurity, and the collaborative approach it takes towards issues management.

APL continues to engage with the Department of Agriculture, Fisheries and Forestry (DAFF) on pork industry and broader agricultural issues.

APL is currently engaged in the 5-year review of Emergency Animal Disease Response Agreement (EADRA), and multiple AUSVETPLAN manual reviews. As part of APL's role in biosecurity preparedness and planning, and animal health, industry members nominated to the committees continue to work to ensure the latest research and industry technical expertise is incorporated. The pork industry's proactive engagement and leadership has been acknowledged and well received by DAFF and the Animal Health Committee (AHC).

Pork industry research and development investments remain consistent with the Commonwealth's Rural Research and Development Priorities (see table on pages 14-15).



APL Projects and contributions to Rural Research and Development Priorities

	Advanced Technology	Biosecurity	Soil, water and managing natural resources	Adoption of R&D	Other research
Forewarned is forearmed				■	■
Continuous data and advertising tracking				■	
Improving herd health	■	■		■	
Animal welfare interventions				■	■
Environmental management	■	■	■	■	
Eating quality commercialisation	■	■		■	
Breeding females	■			■	■
Waste management and valorisation			■		■
Valuable provenance of pork	■			■	■
Consumer preference				■	■
Council of Rural RDC environmental management			■	■	
Transforming production efficiencies	■	■		■	
Exotic disease and biosecurity preparedness		■	■	■	
Advanced measurement technology	■	■		■	
Showground insight	■			■	■
Cost-benefit analysis	■			■	
Food safety		■		■	
R&D adoption				■	
Supply chain traceability, health and safety	■	■		■	
Market fraud protection	■	■		■	■

	Advanced Technology	Biosecurity	Soil, water and managing natural resources	Adoption of R&D	Other research
Australasian Pork Research Institute Limited (APRIL)					
Pork RD&E strategy					
Fostering new capability					
Bringing influencers together					
Building technical capability					
Innovation ideation					
Investment Committee / stakeholder engagement meetings					
Council of Rural RDC activities					
Continuous data and advertising tracking					
Annual producer survey					
Industry engagement and events					
Communication and society					
Issues management and support					
Building our social license					
AGM & conference					
Human resource management					

Our performance

APL is an outcome-driven organisation. The targets and performance metrics we have are consistent with both the Strategic Plan and the resource which we apply to each target.

Performance metrics within APL's five strategic objectives are a mix of two types.

Our Key Performance Indicators (KPIs) are targets that APL has a high-level of control over their achievement, whilst having a lesser impact on outcomes. While our Key Results Areas (KRAs) are our strategic factors, where positive results have major impact, and help us achieve our long-term vision of a thriving pork industry.

Our practice of setting ambitious targets means that some of our KPIs and KRAs will be achieved, and some will not. A mix of KPIs and KRAs for company or industry achievement keeps the organisation focused and aligned with what is most important to our people.

The table on page 17 shows our KRAs, KPIs, and outcomes for each of the programs within the strategic objectives for the 2022-23 financial year. This provides a clear view of the activities and associated industry benefits linking back to our 2020–2025 Strategic Plan.

Of the 13 metrics outlined for the 2022-23 year, 7 have been achieved, 1 has been partially achieved (considering changes in circumstance) and 5 have not been achieved.



Strategic theme	Strategic KRA	AOP KPI	Measure	FY 2023 Target	FY 2023 Outcome	Status
market and product differentiation	Increased preference for Australian pork as a protein source		Frequency of retail purchase per annum	8	8.6	✓
	Increased diversity of products and markets		Number of new markets entered worth - \$50m revenue (includes premium)	1	0	✗
manage volatility for viable farms	Price stays within historic trend range		Average price per kg of buyers and sellers in total (national 60-75kg)	3.70	3.76	✓
	Cost of production including kill fee		Reduction in cost of production index from 2020 benchmark	93	92	-
	Cost of production including kill fee	Build a portfolio of projects with the potential to deliver impact	Potential impact on cents per kilo	25	23	-
drive consumer demand	Increased domestic popularity of pork		Consumption per Australian (kg/HSCW)	10.3*	10.2	-
		Increased use of pork in everyday meals	Percentage of Australians making the association	36%	33%	✗
	Increased international demand for Australian pork		Australian pork international sales \$AUm	\$172m	\$181.6m	✓
leading community social licence	Demonstrated leadership on social license issues		Number of climate friendly farming social license leadership positions taken	2	1	✗
		Climate friendly farming	Percentage of national herd covered by LCA	22%	44%	✓
	Maintaining Australia's biosecurity credentials		Number of exotic disease outbreaks	0**	0	✓
building industry shared vision	Increase on-farm adoption		Percentage of members who can recall adoption of APL initiatives this year	40%	40%	✓
	Community understands the Story of Pork		Accumulated number of opportunities to see 'Story of Pork' stories	35m	67.3m***	✓

* NB: Recalibration from target of 8.5 in 2022-23 AOP due to transition from Nielsen to IRI based homescan data.

** NB: Japanese encephalitis virus is a communicable disease which has impacted, and continues to impact the pork industry.

*** NB: This includes media coverage of multiple emergency animal disease outbreaks and threats.



**The Australian
pork industry
now contributes
\$5.5b in GDP.**

DRAFT REPORT ACIL Allen (2023), 2021-22 Economic Contribution of the Australian Pork Industry, Prepared for Australian Pork Limited (APL), June 2023.

An overview of our five strategic themes

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

Market and product differentiation

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

Manage volatility for viable farms

The uncertainty that goes with all markets is particularly intense with agriculture — booms and busts. This theme is about flattening those extremes.

Drive consumer demand

Understanding what the consumer wants and providing that in a better way than our competitors, and supporting the consumer with easy meal choices that families can have the confidence to prepare as part of their weekly repertoire.

Leading community social licence

Often societal permission holds organisations to a higher standard than the law. This theme is about aiming higher than both.

Building industry shared vision

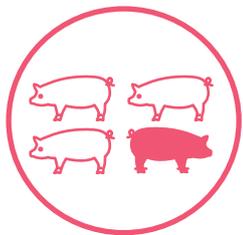
This involves creating dialogues with APL members and finding value that they can add to the industry as well as finding value that APL can add to our organisation.

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 rural development corporations (RDCs) and the broader agriculture sector.

The focus for the third year of the Strategic Plan remained biosecurity and growing demand. However this year also extended to a focus on addressing opportunities to progress the industry's visibility through the Story of Pork communications campaign.

Extension and engagement with producers was also a major focus throughout the year — particularly around sustainability to ensure the industry has the best opportunity to celebrate our environmental credentials.





Market and product differentiation

Diversifying pork's potential among consumers for wider domestic and export markets.

Diversity of markets and products

After extensive consultation with the integrated supply chain, the decision was made to abandon the investigation into Japan as a potential export market for Australian pork. This was largely due to concerns around existing price competitiveness.

Work on developing opportunities in under-developed sales channels for pork — such as Quick Service Restaurants (QSR) — was also put on hold after it was identified there were too many competing resources already present within the supply chain to penetrate successfully within this channel.

Given these challenges facing the market and supply chain, efforts shifted towards investigating technologies that could be adopted domestically.

The upcycling of food waste into animal feed was identified as a viable investment opportunity, aiming to emphasise the sustainability, or 'foodprint', credentials of pork versus other proteins.

APL's Business Innovation Director also made progress on investigations into other business opportunities, including leveraging the fifth quartile of low value, non-meat parts of the carcass — such as collagen, protein and calcium powders.

Investigations into other viable domestic opportunities remain ongoing.

Quality consumer eating experiences

Consumer sensory research conducted during 2021-22 re-confirmed treatments that add to the juiciness, tenderness and easy-to-cook characteristics of pork were the most powerful drivers of improved consumer preference, while highlighting that Australian pork is slightly tougher and leaner than pork from other countries.

During 2022-23, work continued in the assessment of intramuscular fat (IMF) — and investigating its effects on tenderness and taste as a way to improve the consumer eating experience, and subsequently their preference towards pork.

This extended to the genomic assessment of meat and eating quality of Australian pork, mapping IMF in Australian herds and the genetic portfolio of Australian pigs to better understand impacts on sensory requirements.

In addition, research was undertaken into predicting pork carcass composition using PorkScan, AUTOFOM and Hennessy devices compared to computed tomography (CT). Accurately predicting lean meat yield, creates potential opportunities to capture more value from each carcass.

A research project into predictive shelf-life modelling has also uncovered the shelf-life of vacuum-packed pork at varying temperatures, with a valuable tool now available to predict this crucial metric. The tool enables informed decision-making — curbing wastage and premature declines in quality. In-field research trials are now required to further evaluate its performance across various processing facilities and product types.

Valuable provenance of Australian Pork

Valuable Provenance is a program dedicated to educating consumers and promoting the provenance of Australian grown versus imported pork for products such as ham and bacon.

APL continues to engage with government on the issue of country-of-origin labelling, and during 2022-23 our Research & Innovation team also engaged Oritain — to utilise a program with the ability to detect whether products (i.e. ham and bacon) that claim to be Australian are genuinely made using Australian grown pork.

This year, our Brand Marketing team also delivered the first Valuable Provenance marketing campaign in South Australia, designed to deliver key messages to position Australian pork as superior and educate consumers on how they can ensure they are buying true Australian ham and bacon through the tagline 'Just Pick Pink'.

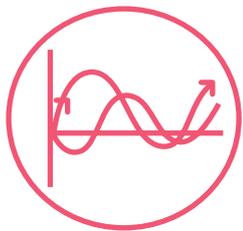
The campaign focused on key findings from the successful trials in 2021:

- Most Australians are unaware that the majority of ham and bacon is made using imported pork
- The vast majority of Australians (80%) prefer buying Australian when it is the same price
- At least 32% of Australians will pay a premium for Australian products
- Informing consumers of the existence of imported pork is of strategic importance in order to truly differentiate the market
- When shopping for ham and bacon, consumers search for items they recognise — this is more efficient than evaluating every option each time they shop
- Price and promotion are the biggest drivers of pack choice, followed by brand

Results from the campaign should be available for evaluation in early 2023-24, with the hope of launching the campaign in further markets later in the financial year.

Educating consumers on the origin of their ham and bacon, and how to ensure they're buying true Australian pork, is a core focus of differentiating our products in the market.





Manage volatility for viable farms

Mitigating challenges to reduce farm volatility is a core focus of our strategy.

Timely, relevant, through-the-chain information

This year, we continued to deliver on producer and stakeholder communications during unprecedented times for our industry.

Despite ongoing challenges relating to animal activists, biosecurity threats and downward pressure on production costs due to geo-political factors, producers have maintained viability and increased overall production.

To assist producers in navigating these times, a number of new resources were developed, enabling producers and other industry stakeholders to remain informed and supported.

The APL website continued to be a key outlet for the distribution of updates and resources to producers. The implementation of a simplified data strategy and revised forecasting system has created improvements in the weekly Market Reports, Eyes & Ears Newsletter and slaughter data published via the site — providing timely and relevant updates on the state of the industry to producers, assisting them in managing volatility.

During 2022-23, our Finance and IT teams made great progress towards an update to the APL CRM and PigPass Portal. Expected to be rolled-out in early 2023-24, this will further increase our ability

to deliver on a single, searchable database for producer-owned information. Together with the APL website, we envision this will continue to build on the provision of timely and relevant information throughout the supply chain.

These initiatives continued to be supported by the weekly APL Update. This industry-focused newsletter is a key source of information for stakeholders, and in 2022-23 we maintained an average open rate of 62% among producer members — demonstrating the pivotal role it plays in providing information to industry and maintaining producer engagement.

Reduce cost of production

A large number of initiatives were explored by our Research & Innovation team during 2022-23 to identify ways to reduce the cost of production and processing throughout the pork supply chain.

Completed in May 2022 and implemented this financial year, Health4Wealth delivers a standardised approach to data collection and allows for the monitoring and reporting of carcass defects at processing facilities to drive corrective action on-farm. The project is estimated to return over three times the costs to both processors and producers (net present value \$109 million over 2 decades) — helping to improve profitability as well as animal health and welfare.

Continuous investment in gene-editing and genetic technologies will help increase the percentage of female progeny and help to improve progeny survival through genetic selection.

Reducing the cost of production by identifying possible areas of improvement in animal health was also explored.

Research areas during 2022-23 included:

- Single vs multi-shot vaccines
- Pork MultiPath (PMP) to co-detect multiple pig pathogens
- Nutritional strategies to mitigate the effects of heat stress in pigs
- Identifying and managing low viable piglets
- Understanding and reducing the seasonal infertility in sows

Addressing feed costs and productivity on-farm also continued to be a priority this year. Further research into other areas of production is also hoped to deliver better outcomes into the next financial year.

Research areas during 2022-23 included:

- Improving outcomes during weaner transition
- Improvements in piglet health by priming the microbiome

- How feed and health management can contribute to healthier and more robust piglets, resulting in an increase in the number of weaned pigs per sow
- Nutritional interventions during pre-selection of replacement gilts

Diversified pig business extension opportunities

Following consultation with producers and state pork organisation leaders in 2021-22, this program remained de-prioritised as an initiative during 2022-23.

Previous discussions concluded there are more impactful areas to focus on in the current environment, including disease preparedness, R&I extension, and workforce availability.





Drive consumer demand

In understanding and connecting with our consumers, we are working towards positioning pork as an easy, versatile and nutritious everyday meat.

Maintain domestic fresh demand

Work towards repositioning pork as an ‘everyday’ protein continued to remain a key focus in our strategy to maintain domestic fresh demand during 2022-23.

While our target of 36% of Australians making the association of pork as an everyday option was not met this year, it was maintained at 33%.

The Get Some Pork on Your Fork marketing program delivered by our Brand Marketing team continued to target ‘Guaranteed Easies’ — young families with limited time — throughout the year. The national marketing campaign was delivered across television, radio, digital (YouTube, Spotify and catch-up TV), and social media. Key partnerships with media outlets also assisted in targeting the main grocery buyers.

The national campaign was supported by our Category Marketing team with butchers point-of-sale (POS) — including key Christmas and summer POS kits — advertising in Coles and Woolworths magazines, and recipe stickers on-pack in Aldi.

Our Brand Marketing team also made great progress towards the launch of a new ‘Get Some Pork on Your Fork’ campaign during 2022-23. Creative development proved challenging, however we still expect delivery to occur later in 2023-24.

The redevelopment of the pork.com.au recipe website was postponed during 2022-23, with the delivery of a new site now expected to launch in-line with the new campaign later next financial year.

Grow domestic demand

At the beginning of 2022-23, it was identified that production outlook for the year ahead indicated we needed to focus on maintaining domestic demand, and not growing it. This focus was reserved for years where volume growth is a requirement.

While pork sales grew 1% in value during 2022-23, volume sales declined slightly by -2.6%. This can be attributed to the impacts of the cost-of-living on consumer habits — with shoppers switching to cheaper and smaller pack sizes as opposed to higher value, higher volume packs.

Despite the same impacts of cost-of-living on the foodservice industry, pork continued to feature on 2-in-3 menus, maintaining its position as a preferred protein among chefs for its versatility in the kitchen. This also made it easier for consumers to enjoy their favourite pork meal when eating out, or discover it cooked in a new and exciting way.

APL’s PorkStar program supported this through a campaign and program of events to ‘influence the influencers’ and get pork on more menus. With a focus on the upper echelon of the foodservice industry, the program has a direct flow down to consumers.

PorkStar hosted several significant events during 2022-23 with over 100 chefs in attendance across multiple domestic markets. This was supported by attendance at smaller events to leverage key partnerships and opportunities with media.

This delivered just over \$1m in extra value back into the industry this financial year.

The first Valuable Provenance campaign was also launched in Adelaide, designed to educate consumers of the presence of imported ham and bacon, and how they can ensure they are buying true Australian pork when shopping for smallgoods.

Results of the campaign are expected in early 2023-24, with the extension of this campaign to further domestic markets expected to be a key driver in growing domestic demand into the next financial year.

Grow targeted international demand

After extensive consultation with the integrated supply chain, the decision was made to abandon the investigation into Japan as a potential export market for Australian pork — largely due to concerns around existing price competitiveness.

While demand among new international markets was not achieved in 2022-23, significant growth in demand was achieved in exports to existing markets. This was due to shifts in overseas markets whose pork supply chain was affected by ASF — with overall exports up 22.1% in value on the previous year to \$181.6m, and 18.2% in volume to 45,552 tonnes (shipped weight).

It is expected the focus will remain on growing these existing international export markets heading into 2023-24.





Leading community social license

As community sentiments continue to evolve, it's important we keep our finger on the pulse, stay in touch with the issues, and demonstrate our leadership as an industry.

Leaders in animal care

The Australian pork industry continues to prioritise the highest levels of care towards our pigs, backed by world-leading science and best practice.

In 2022-23, our Research & Innovation team assisted with the delivery of a progeny space allowance survey, as well as options for the practical provision of enrichment to farrowing sows.

Towards the end of 2022-23, the team also began work on a new research project which includes a comparative review of current scientific literature on pre-slaughter stunning methods for pigs. The project is expected to be delivered in 2023-24.

Biosecurity leadership

Given the immediate threat to the Australian pork industry posed by emergency animal diseases this financial year, such as JEV, ASF, and FMD, significant investment continued to be made in this space to broaden our protection.

Our Antimicrobial Stewardship Program being delivered by our Research & Innovation team, is exploring ways to reduce the use of 'medicine' in an effort to help mitigate the Antimicrobial resistance (AMR) risks on farm, while ensuring our strict biosecurity standards were still upheld.

During 2022-23, the APIQ✓[®] Quality Assurance Program increased coverage to 91% of production. To assist in biosecurity management and preparedness, a number of new requirements were added to the program, including the need to demonstrate adequate Biosecurity Management Planning (BMP), and the implementation of Mosquito Plans to assist in the prevention of JEV.

A significant achievement this year was the continued roll-out of the Exoflare visitor app — an easy-to-use digital record that manages and assesses biosecurity risks of farm visitors — now used by over 30% of producers. This will continue to be an important tool in the prevention and traceability of diseases within the pork industry.

While ASF continued to affect pork industries abroad, JEV remained the most immediate threat to the Australian pork industry during 2022-23. In June 2023, the emergency response to the disease officially came to an end. The roll-out of a JEV vaccine (currently under approval) will also help to reduce the risk to industry. The impacts of the disease will still be felt into 2023-24, however, the outcomes are testament to our role as leaders in biosecurity management and preparedness.

Work also continued on a number of emergency animal disease Standard Operating Procedures (SOPs), including Destruction, Disposal and Decontamination (DDD). Preparation is key in the event of an exotic disease outbreak, and it is hoped research into projects such as this will further increase our preparedness in the wake of continued biosecurity threats as we head into 2023-24.

Climate friendly farming

Community sentiments continue to evolve around the environmental impacts of the wider agriculture industry on our planet.

The launch of our Social License Tracker by our Category Marketing team in 2022-23 allowed us to measure community sentiments to the Australian pork industry throughout the year. While pork tracks slightly below other meat industries in terms of perceived sustainability — 22% versus 23-30% — there were noticeable shifts upwards in perceptions towards the end of financial year.

Our Climate Friendly Farming research program continued to be a focus of our Research & Innovation team during 2022-23. Great progress was made in this space with a total of three research projects completed, three new projects started, and a further two projects continuing throughout the year.

Research projects completed in 2022-23 include:

- Exploring soil health implications and potential soil carbon benefits of effluent spraying
- Identifying high-protein soy replacements within pig diets
- Collaborative project on the common methods for calculating greenhouse gas emissions

Research continued into the Effluent Monitoring for Management Advice system (EMMAs) — the

real-time measurement of feed wastage, and understanding the nutrient / biogas production — which showed the potential to allow faster decisions on farm and improve sustainable outcomes.

A life-cycle assessment of the Australian pork industry also continued, to better understand the environmental impacts and trends of pork farming and production on the environment.

Looking to the year ahead, there are a number of other exciting research projects underway, including:

- Research into guidance on operating short hydraulic retention time systems to reduce greenhouse gas emissions from manure management
- Mapping and exploring options for improving waste management of Veterinary Plastic Consumables
- A collaborative project between other RDCs and Agricultural Innovation Australia (AIA) to develop a digital platform that will allow Australian farmers to calculate their organisation's carbon footprint

Delivery of the Sustainability Framework 2021-2030 annual update was delayed this year, and is expected to be delivered in early 2023-24.



Industry visibility

Our industry is proud to bring sustainably produced, nutritious food to the tables of Australians. We are making great progress across all areas of production, and a core focus of our strategy is ensuring these efforts do not go unrecognised.

While results towards the sustainability perceptions of pork were promising nearing the end of 2023-24, this highlights the need for us to continue telling our story and sharing what we do with the wider community.

In March 2023, our Communications team launched our Bring Sustainable to the Table campaign — an always-on communications campaign that aims to share our sustainability credentials and tell the story of pork. The launch event provided an opportunity for food media and consumer influencers to interact with leaders in our industry, learn about the great progress we have made towards a more sustainable future, and enjoy some quality Australian pork.

As part of the campaign, we hope to host another event in 2024, and continue to integrate the key findings from the review of the Sustainability Framework into our overall communications targets and strategy.

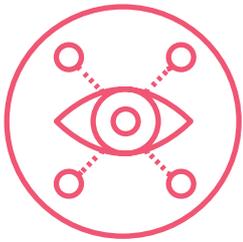
During 2022-23, a lack of relevant, up-to-date visual content was also identified as a barrier to delivering on telling our story. A rebuild of our photography and video asset library is expected to get underway next financial year.

Developing leaders within our industry is another key strategy of increasing industry visibility. Our Pork Leadership Course was successfully delivered for another year in 2022-23. The Course is a 12 month, APL-funded program which supports its participants to develop as leaders in their respective businesses and wider pork industry — ultimately allowing them to become spokespeople for their industry, and the great work they do.

Leaders in human nutrition

This element of our strategy was not highlighted as one our top priorities for 2022-23. However, we expect to deliver progress made in this space next financial year.

	people	pigs	planet	prosperity
community goal	Increased awareness of the positive impact of the pork industry on communities	Increased community belief in good animal welfare across the Australian pork industry	Carbon positive Australian pork industry	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	Improved adoptability of innovations to allow the industry to give back more than it takes	Reduce economic volatility for pork producers



Building industry shared vision

Collaborative engagement remains at the core of what we do. By working with industry and our people, we can continue to work towards our shared vision.

Producer relations (shared values)

Building shared vision is about connecting and engaging with our people to work towards achieving our goals and progressing our industry.

Our Producer Relations team continued to grow support and engagement among APL members throughout 2022-23.

Not only do our Pork Leadership Course and Australian Pork Emerging Leaders programs allow for industry leaders to share their story to the wider community — it also allows them to create and develop networks internally throughout the pork supply chain.

The facilitation of these programs and wider producer engagement by our Producer Relations team is what encourages shared values within our industry, through peer-to-peer learning across all pork producing states in Australia.

The APL Update — delivered via a weekly email by our Communications team, also remained an important tool in connecting the entire supply chain throughout the year. It serves as an important tool in engaging producers, and sharing what we do and why we do it.

Technology adoption

Extension and adoption remained a key focus of our Producer Relations team in 2022-23. Our Research & Innovation team continue to make great progress across all areas of production, and it is our extension and adoption initiatives that help bring that progress to life on farm.

The percentage of members who can recall adoption of APL initiatives during 2022-23 was on target at 40%.

This result was assisted by the extension work of our Producer Relations team, who this year got back out in front of industry and conducted a total of 19 site visits around regional Australia.

These visits to members are supported by physical and digital resources — such as webinars, fact-sheets and one-to-one coaching — designed to assist producers in the adoption and use of new technologies.

A key focus of the Extension program for 2022-23 remained on targeted communications to reach producers where they are most likely to engage. This was demonstrated in the above average industry open rate of the APL Update of 62% among members. This will continue to be a focus into 2023-24.

Our Producer Relations team continues to contact members through multiple channels:

- APL website
- Email and APL Update
- Webinars

- SMS / Phone call
- Social media
- Australian Pork Newspaper
- State pork organisations
- Producer forums/meetings
- APIQ✓[®] communications
- PigPass
- Face-to-face

A major project for the organisation during 2022-23 was the update to our internal IT systems and CRM. By updating and integrating our systems, we will be able to improve organisational effectiveness and promote insight sharing — both internally and among wider industry.

The update to our internal IT infrastructure and CRM is expected to be completed by our Finance and IT teams in the beginning of the new financial year.

Organisational effectiveness

As with many industries, APL faced challenges with staff recruitment and retention in 2022-23. However, our team remained strong and resilient in delivering for our industry.





30 June 2023

Financial Summary

Director's Report	35
Statement of profit or loss and other comprehensive income	46
Statement of financial position	47
Statement of changes in equity	48
Statement of cash flows	49
Notes to the financial statements	50
Directors' declaration	65
Independent auditor's report	66

Australian Pork Limited
ABN 83 092 783 278

Financial Statements – 30 June 2023

Statutory report

Your directors present their report for the year ended 30 June 2022.

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 stated otherwise.

Elected directors



Ms Edwina Beveridge

B.Comm, Former CA, GAICD

Retired November 2022

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 Limited which carries on a mixed farming enterprise including a 2,200 sow farrow to finish farm at Young in 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 as an APL delegate. Consistent with her interest in renewable energy, Ms Beveridge is a Director of Hydro Power Pty Ltd.

In her role on the APL Board, Ms Beveridge was a member of the Audit, Risk and Corporate Governance, Investment and People and Culture Committees.



Mr Mark McLean

Mr McLean is currently Managing Director/Co-owner of Riverhaven Enterprises & Top Multiplier Pty Ltd, a family agricultural companies operating 2,000 sows on two independent pig farms in South Australia. The Riverhaven properties include irrigated horticultural crops and both farms are located in South Australia. Mr McLean has established a management structure and systems including reporting and management oversight to assist in the daily operations of these farm businesses.

Mr McLean has extensive experience in agribusiness, holding many roles over the past 20 years within agribusiness groups in the pork sector as well as other industry sectors. He holds an Associate Diploma in Applied Science (Farm Management) from the Adelaide University, SA.

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 and citrus for fresh fruit production and composts all animal manures on site as part of the company's commitment to sustainable agricultural practices.

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.

Statutory report

Elected directors



Mr Dawson Bradford

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 1,400 sow farrow to finish operation, Ultra White sheep stud, prime lamb production and mixed cropping. A feed mill is also operated on the property to utilize the grain produced on farm. Mr Bradford is an APL delegate and he is also Vice President of WAPPA.

In his role on the APL Board, he is a member of the APL Investment Committee and the Industry Integrity Committee.



Mr Kenton Shaw

BAppScience RT (Hons)
GradDip ManMgt

Mr Shaw is Executive General Manager Farms at SunPork Consolidated, which operates pork production, processing, and genetics interests across Australia.

Mr Shaw's 33-year career in Australian pig production has provided him with a broad range of skills and knowledge of pig production that includes family farms and large corporate farms. Prior to joining SunPork, Mr Shaw was General Manager – Agricultural Operations at Rivalea Australia.

In his role on the APL Board, Mr Shaw is a member of the APL Audit, Risk and Corporate Governance Committee and the APL Investment Committee.



Mr Richard Horsham

Retired February 2023

Mr Horsham started his career working for Tesco, the UK's largest retailer, in senior roles focused on category management, procurement and product development. After running multiple different food categories, Mr Horsham then gained considerable experience in meat marketing and supply chain whilst running all meat categories including Pork. Mr Horsham was also one of the founders of the Tesco producer club and the Tesco International Buying office.

Mr Horsham then moved to Australia with Coles in 2007 and was heading up the Coles Brand Team with a focus on developing the private label strategy and growth of the Coles brand. Mr Horsham then joined JBS, Australia's largest meat company in 2011. Mr Horsham has held multiple senior roles with JBS, running business units and supporting the new business' including Primo. More recently JBS acquired Rivalea and Mr Horsham is currently working on the integration and strategic plan moving forward.

In his role on the APL Board, Mr Horsham was a member of the APL Investment Committee.

Statutory report

Elected directors



Mr Edison Alvares
Appointed February 2023

Mr Edison Alvares is the Chief Operating Officer of Rivalea Australia, with more than 25 years' experience in major companies in Australia and Brazil. Mr Alvares has vast experience in the global meat industry acquired since he joined JBS in 2005 in Brazil, as part of the senior finance team, then in 2007 he moved to Australia as the Chief Financial Officer & Director for JBS Australia and led the Corporate Team – Finance, Procurement, Information Technology, Legal, Payroll, Internal Audit and Operational Excellence for 15 years through an aggressive expansion phase of the business – organic & acquisition growth.

Mr Alvares is graduated in Economics (Brazil 1994), with Post-Graduation in Business Administration (Brazil 1998) and completed his Master in Business Administration with QUT (Australia 2014/15). Mr Alvares has vast experience acting as a board member for listed and non-listed companies in the last 10 years, and completed his AICD course in 2018.

In his role on the APL Board, Mr Alvares is a member of the APL Investment Committee, the APL Nominations and Remuneration Committee and the APL People and Culture Committee.



Mr Tim Kingma
Appointed November 2022

Mr Kingma is the manager and part-owner of Gunpork Joint Venture, a 1400-sow piggery, KEPiggery, a 500-sow piggery in North Central Victoria, and Pentagon Feeds which supplies feed to these farms. During his tenure as manager, Mr Kingma has delivered improvements in productivity, genetics, health, welfare and focuses on introducing new technology into the various enterprises.

Mr Kingma is passionate about and active in securing a future for rural industries, communities and families and is heavily involved in local sporting bodies, schools, business groups and the pork industry.

After graduating from the University of Melbourne with a Bachelor of Agricultural Science, Mr Kingma also participated in the Australian Rural Leadership Program, the NFF 2030 Leaders Program and completed the Australian Institute of Company Directors Course.

As well as being an Elected Director of APL, an APL Delegate, and a member of the Swine Industry Projects Advisory Committee, Mr Kingma's other former professional responsibilities include his role as President of the Victorian Farmers Federation (VFF) Pig Group, a VFF Director and a member of the APIQ Panel.

In his role on the APL Board, Mr Kingma is a member of the APL Industry Integrity Committee, the APL Nominations & Remuneration Committee and the APL People and Culture Committee.

Statutory report

Specialist directors



Mr Andrew Baxter

B.Bus (Mktg), FAMI CPM, FAICD

Mr Baxter is a Non-Executive Director of GrowthOps, Foresters Financial, BirdDog, Hypetap and Nettlefold as well as 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 the Queen's Fund. Furthermore, 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), Commtract (Chair), National Basketball League, Melbourne Aces (Chair), CC Media (an HT&E company) and the Communications Council. Mr Baxter 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, Chair of the Nominations and Remuneration Committee, Chair of the Industry Marketing Committee and former Chair of the People & Culture Committee.



Professor Bronwyn Harch

BSc/Hons (Env) PhD (Biometrics)
FTSE FQA FAICD

Professor Bronwyn Harch has significant research and higher education leadership experience and is passionate about innovation that makes our communities more secure, resilient and sustainable.

As the Deputy Vice-Chancellor & Vice-President (Research & Innovation 2018 to 2022), Professor Harch was responsible for enhancing the University's performance and reputation in research, commercialisation and innovation, research training, and research and innovation collaboration with external stakeholders, nationally and internationally. She led the bid for the recently successful Federal Government's Trailblazers Commercialisation Program for the Food and Beverage Accelerator (FaBA).

Whilst Executive Director of the QUT Institute for Future Environment (2014 to 2018), Professor Harch led digital transformation projects in the Agrifood sector as bid co-lead and Research Director for the Food Agility CRC. She developed engagement and commercialisation strategies with governments and industry.

Professor Harch also worked as a researcher and research leader at CSIRO (1995 to 2014). Her own research has focused on the statistical design of landscape-scale sampling protocols and monitoring programs, as well as the statistical modelling of complex systems, particularly agricultural and environmental systems.

Professor Harch's board experience includes current membership of Queensland's Innovation Advisory Council, the Cooperative Research Centres Advisory Committee, AgResearch NZ's Science Advisory Panel and CSIRO's Oceans and Atmosphere Advisory Board. Professor Harch is also an Adjunct Professor at QUT Entrepreneurship and is part of the QUT/ Queensland Government team delivering the Queensland Connects regional entrepreneurship acceleration program.

In her role on the APL Board, Prof. Harch is Chair of the APL Investment Committee and a Director of Australasian Pork Research Institute Ltd (APRIL).

Statutory report

Specialist directors



Mr Tony Lowings

B.Sc. (Eng), MBA

Tony Lowings is a broadly experienced global executive, having lived and worked in multiple geographies and travelled to and conducted business in 80+ countries.

He was most recently operating from the USA as the Global CEO for KFC, the world's most popular chicken restaurant brand with over US\$30B in global system sales and more than 26,000 outlets across the world, covering 148+ countries, and employing nearly a million people worldwide.

Most of Mr Lowings's 27-year career with KFC / Yum Brands was in Australia, where in his capacity as Managing Director for KFC South Pacific, Mr Lowings received the Australian Human Resources Institute award for Australian CEO of the Year in 2014.

Previously he had roles in financial management and management consulting, with organisations such as Lend Lease and Deloitte.

In his role on the APL Board, Mr Lowings chairs the People and Culture Committee and is a member of the Industry Marketing Committee.



Ms Gail Owen

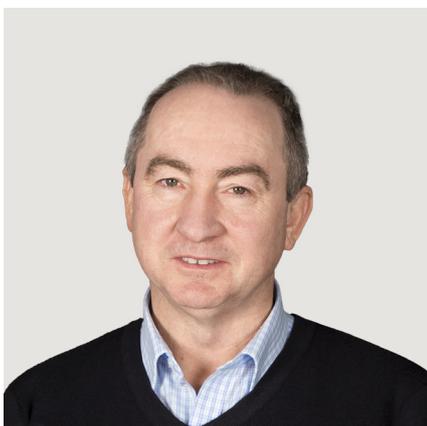
BA, LLB (Hons), LLM FAICD

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 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 APL Audit, Risk and Corporate Governance Committee and a member of the APL Industry Integrity Committee and a Director of Australasian Pork Research Institute Ltd (APRIL).

Company secretary



Mr Damien Howse

B.Bus, CA, GAICD

Damien Howse (B.Bus, CA, GAICD) is the Chief Financial Officer and Company Secretary.

Mr Howse joined APL in 2016.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Board		Audit, Risk and Corporate Governance Committee		People and Culture and Nominations Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
Elected Directors						
Mark Mclean	8	8	3	3	-	-
Dawson Bradford	8	8	3	3	2	2
Edwina Beveridge (retired)	3	3	2	2	1	1
Tim Kingma	5	5	-	-	1	1
Edison Alvares	5	5	-	-	1	1
Specialist Directors						
Andrew Baxter	8	8	-	-	3	3
Bronwyn Harch	4	8	-	-	-	-
Richard Horsham (retired)	2	3	-	-	-	-
Gail Owen	8	8	3	3	-	-
Tony Lowings	8	8	-	-	3	3
Kenton Shaw	8	8	-	-	-	-

	Industry Integrity Committee		Investment Committee		Industry Marketing Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
Elected Directors						
Mark Mclean	5	5	-	-	-	-
Dawson Bradford	5	5	1	1	-	-
Edwina Beveridge (retired)	-	-	1	1	-	-
Tim Kingma	1	2	-	-	-	-
Edison Alvares	-	-	1	1	-	-
Specialist Directors						
Andrew Baxter	-	-	-	-	2	2
Bronwyn Harch	-	-	1	2	-	-
Richard Horsham (retired)	-	-	-	1	2	2
Gail Owen	4	5	-	-	-	-
Tony Lowings	-	-	-	-	2	2
Kenton Shaw	3	3	2	2	-	-

Eligible to Attend: represents the number of meetings held during the time the Director held office or was a member of the relevant 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. 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. The levy amounts to \$3.425 per carcass 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, Forestry and Fisheries formerly known as Agriculture, Water and the Environment.

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 2020-2025 Strategic Plan took effect from 1 July 2020 and will be reported against in this 2022-2023 Annual Report. This is the third Annual Report in which the 2020-2025 Strategic Plan will be reported against.

There are five strategic objectives making up the 2020-2025 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 objectives govern specific programs for APL to deliver against the targeted outcome statements. The outcome statements and specific programs sought for each strategic objective are shown below.

1. *Strategic Objective 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

2. *Strategic Objective 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

3. *Strategic Objective 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

4. *Strategic Objective 4 – Leading community social license*

“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

5. *Strategic Objective 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 2020–2025 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 \$149, based on 149 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 is set out immediately after this Directors' report.

Australian Pork Limited
Directors' report
30 June 2023



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

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Andrew Baxter".

Andrew Baxter
Chair

28 September 2023



RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6217 0300
F +61 (0) 2 6217 0401

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 2023, 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

Canberra Australian Capital Territory
Dated: 03 October 2023

GED STENHOUSE
Partner

AUSTRALIAN PORK LIMITED

CONTENTS

Contents	
Statement of profit or loss and other comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flows	17
Notes to the financial statements	18
Directors' declaration	33
Independent auditor's report	34

AUSTRALIAN PORK LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023	2022
		\$	\$
Revenue			
Levies and other contributions	4	25,208,851	25,237,816
Share of profits of associates accounted for using the equity method		6,985	15,435
Other income	5	272,213	130,471
		<u>25,488,049</u>	<u>25,383,722</u>
Expenses			
Operations			
Marketing - Brand		(6,126,228)	(8,626,880)
Marketing - Category		(2,403,270)	(2,890,726)
Research and Innovation		(6,264,257)	(7,216,446)
Policy		(1,010,509)	(1,070,097)
Communications		(1,576,585)	(1,743,888)
Business Innovation		(295,965)	(261,299)
Producer Relations		(1,627,437)	(1,606,791)
Total Operations		(19,304,251)	(23,416,127)
Board and Executive Operations		(2,260,748)	(1,856,382)
Corporate Services		(1,644,544)	(1,499,032)
		<u>(23,209,543)</u>	<u>(26,771,541)</u>
Surplus before income tax		<u>2,278,506</u>	<u>(1,387,819)</u>
Income tax expense		-	-
Surplus/(Deficit) after income tax expense for the year attributable to the members of Australian Pork Limited		2,278,506	(1,387,819)
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>2,278,506</u>	<u>(1,387,819)</u>

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

AUSTRALIAN PORK LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	6,194,292	5,558,833
Trade and other receivables	9	2,966,661	3,799,317
Investments	10	3,527,054	3,029,519
Other	11	606,431	132,150
Total current assets		<u>13,294,438</u>	<u>12,519,819</u>
Non-current assets			
Investments accounted for using the equity method	12	157,932	150,947
Property, plant and equipment	13	1,318,707	1,291,745
Bank guarantees and rental bonds	17	89,652	65,454
Total non-current assets		<u>1,566,291</u>	<u>1,508,146</u>
Total assets		<u>14,860,729</u>	<u>14,027,965</u>
Liabilities			
Current liabilities			
Trade and other payables	14	2,748,512	4,189,980
Employee benefits		896,856	746,762
Leases	15	237,209	148,064
Income in advance		116,305	224,799
Accrued expenses		173,753	151,599
Total current liabilities		<u>4,172,635</u>	<u>5,461,204</u>
Non-current liabilities			
Leases	15	973,689	1,088,986
Employee benefits		89,328	131,204
Total non-current liabilities		<u>1,063,017</u>	<u>1,220,190</u>
Total liabilities		<u>5,235,652</u>	<u>6,681,394</u>
Net assets		<u>9,625,077</u>	<u>7,346,571</u>
Member Funds			
Retained surplus		9,625,077	7,346,571
Total member funds		<u>9,625,077</u>	<u>7,346,571</u>

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

AUSTRALIAN PORK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Retained surplus	Total Equity
	\$	\$
Balance at 1 July 2021	8,734,390	8,734,390
Deficit after income tax expense for the year	(1,387,819)	(1,387,819)
Balance at 30 June 2022	7,346,571	7,346,571
Balance at 1 July 2022	7,346,571	7,346,571
Surplus after income tax expense for the year	2,278,506	2,278,506
Balance at 30 June 2023	9,625,077	9,625,077

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

AUSTRALIAN PORK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Statutory Authority and Industry	28,098,518	28,083,074
Payments to suppliers and employees (inclusive of GST)	(26,619,836)	(27,981,621)
Interest paid – lease	(68,240)	(77,927)
Interest received	164,758	18,475
Net cash from/(used in) operating activities	<u>1,575,200</u>	<u>42,001</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(169,503)	(72,932)
Proceeds from disposal of property, plant and equipment	18,524	-
Investments in term deposits	(497,535)	4,016,471
Other investments	(24,199)	682
Net cash (used in) investing activities	<u>(672,713)</u>	<u>3,944,221</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(267,028)	(168,469)
Net cash (used in) financing activities	<u>(267,028)</u>	<u>(168,469)</u>
Net increase/(decrease) in cash and cash equivalents	635,459	3,817,753
Cash and cash equivalents at beginning of financial year	5,558,833	1,741,080
Cash and cash equivalents at end of financial year	8 <u>6,194,292</u>	<u>5,558,833</u>

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

AUSTRALIAN PORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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 19 September 2023. The Directors may 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 described 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 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 - Simplified Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, 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.

AUSTRALIAN PORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

AUSTRALIAN PORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 leaves 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.

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.

AUSTRALIAN PORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

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.

Industry biosecurity

Judgement has been exercised in considering the impacts of various biosecurity risks including African Swine Fever, Foot and Mouth Disease and Japanese Encephalitis (JEV) amongst others. All levels of the Australian Government, industry and producers are actively working to prevent exotic diseases from entering Australia and preparing to manage disease in the event an exotic disease becomes present in Australia. Where an exotic disease is already present, such as JEV, the disease is being managed.

After consideration, there does not appear to be 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.

AUSTRALIAN PORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 4. LEVIES AND OTHER CONTRIBUTIONS		
Levies - marketing	12,731,701	12,291,723
Levies - research	5,658,533	5,462,988
Government contributions - matching	5,982,757	6,457,515
Other industry contributions and grants	835,860	1,025,590
	<u>25,208,851</u>	<u>25,237,816</u>

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

Government contributes to approved research and development expenditure at 50 percent of the approved research and development project expenditure, up to a cap of the lower of research and development levy received or 0.5 percent of the gross value of annual pig production as determined by the Minister for Agriculture, Forestry and Fisheries. Government matching funds are recognised as income as the eligible research and development program expenditure is incurred.

AUSTRALIAN PORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 5. OTHER INCOME	2023	2022
	\$	\$
Interest	164,758	18,475
Royalties	3,281	3,226
Other income	<u>104,174</u>	<u>108,770</u>
	<u>272,213</u>	<u>130,471</u>

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. Royalty revenue is recognised when received.

Other income

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

NOTE 6. EXPENSES

Surplus / Deficit before income tax includes the following specific expenses:

Superannuation expense

Defined contribution superannuation expense	<u>611,181</u>	<u>600,561</u>
---	----------------	----------------

Accounting policy for defined contribution superannuation expense

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

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.

AUSTRALIAN PORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 8. CASH AND CASH EQUIVALENTS		
Cash at bank	6,194,292	5,558,833
	<u>6,194,292</u>	<u>5,558,833</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents include 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.

NOTE 9. TRADE AND OTHER RECEIVABLES

Trade receivables	1,941,884	3,740,477
Other receivables	1,024,777	58,840
	<u>2,966,661</u>	<u>3,799,317</u>

Impairment of receivables

The Company has recognised a loss of \$nil (2022: nil) in expenses in respect of impairment of receivables for the year ended 30 June 2023.

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.

NOTE 10. INVESTMENTS

Term deposits	3,527,054	3,029,519
---------------	-----------	-----------

Term deposits accrue interest at rates between 3.65% and 4.60% (2022: rates between 0.15% and 0.47%).

AUSTRALIAN PORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 11. OTHER CURRENT ASSETS		
Accrued levy income	282,116	12,965
Prepayments	<u>324,315</u>	<u>119,185</u>
	<u>606,431</u>	<u>132,150</u>

NOTE 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associate - PorkScan Pty Ltd	<u>157,932</u>	<u>150,947</u>
	<u>157,932</u>	<u>150,947</u>

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	
		2023	2022
		%	%
PorkScan Pty Ltd	Australia	49.00	49.00

Contingent liabilities

PorkScan Pty Ltd has no contingent liabilities at 30 June 2023 or 30 June 2022.

Commitments

PorkScan Pty Ltd has no commitments at 30 June 2023 or 30 June 2022.

Accounting policy for associates

Associates are entities over which the Company has significant influence but not control or has 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.

AUSTRALIAN PORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 13. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements - at cost	628,308	628,308
Less: accumulated depreciation	<u>(563,504)</u>	<u>(530,429)</u>
	<u>64,804</u>	<u>97,879</u>
Work in progress - at cost	134,463	-
Less: accumulated depreciation	<u>-</u>	<u>-</u>
	<u>134,463</u>	<u>-</u>
Office furniture and equipment - at cost	121,909	126,848
Less: accumulated depreciation	<u>(117,271)</u>	<u>(119,525)</u>
	<u>4,638</u>	<u>7,323</u>
Computer equipment - at cost	446,334	424,880
Less: accumulated depreciation	<u>(362,413)</u>	<u>(336,202)</u>
	<u>83,921</u>	<u>88,678</u>
Right of use assets (office lease)	1,820,421	1,742,213
Less: accumulated depreciation	<u>(789,540)</u>	<u>(644,347)</u>
	<u>1,030,881</u>	<u>1,097,866</u>
	<u>1,318,707</u>	<u>1,291,745</u>

AUSTRALIAN PORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 13. PROPERTY, PLANT AND EQUIPMENT (continued)

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 2022	97,879	7,323	88,678	1,097,866	1,291,745
Additions / Disposals	134,463	(4,939)	21,454	78,208	229,186
Depreciation expense	(33,075)	2,254	(26,212)	(145,193)	(202,226)
Balance as at 30 June 2023	<u>199,267</u>	<u>4,638</u>	<u>83,920</u>	<u>1,030,881</u>	<u>1,318,707</u>

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
Right of use assets (office lease)	Term of lease
Computer equipment	3 years

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

The Leasehold improvements are work in progress which will be finalised in August 2023.

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.

	2023	2022
	\$	\$
NOTE 14. TRADE AND OTHER PAYABLES		
Trade payables	2,204,056	3,774,917
Other payables	544,456	415,063
	<u>2,748,512</u>	<u>4,189,980</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.

AUSTRALIAN PORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 15. LEASES		
Lease liability - current	237,209	148,064
Lease liability – non current	973,689	1,088,986
	<u>1,210,898</u>	<u>1,237,050</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 and 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.

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.

AUSTRALIAN PORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 17. CONTINGENT LIABILITIES		
Bank guarantee	89,652	51,953
Rental bond	-	13,501
	89,652	65,454

The Company has provided bank guarantees in relation to its Canberra and Sydney head office lease agreements. The funds for the guarantee are held in an interest-bearing term deposit in the name of the company.

NOTE 18. COMMITMENTS

Research and development (R&D) expenditure commitment

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

Within one year	5,047,729	3,748,075
One to five years	2,925,077	2,832,615
	7,972,806	6,580,690

R&D expenditure

These R&D expenditure commitments relate to several research and innovation projects which align with the following Commonwealth Governments Science and Research Priorities: Food; Soil and Water; Transport; Energy; Environmental Change; Health; and also with the National Agricultural Innovation Priorities.

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 term expires in Feb 2025. There are no further options to renew the lease at the end of the term.

AUSTRALIAN PORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 19. KEY MANAGEMENT PERSONNEL DISCLOSURES		
<i>Compensation</i>		
The aggregate compensation made to directors and other members of key management personnel of the company is set out below.		
Aggregate compensation	1,623,615	1,368,007

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 including retired directors have interests in or are associated with organisations which are related parties:

Andrew Baxter – Founder and Senior Advisor at 24 HR Business Plan (which included an engagement with Agricultural Innovation Australia Ltd)

Dawson Bradford – Vice President of West Australian Pork Association

Kenton Shaw – Executive General Manager – Farms, SunPork Consolidated Pty Ltd

Bronwyn Harch – Director - Australasian Pork Research Institute Pty Ltd

Edison Alvares – Chief Operating Officer – Rivalea Australia Pty Ltd (JBS Foods)

Richard Horsham (retired) – General Manager, Pork Division - JBS Foods (Rivalea)

Rod Hamann (retired) - Director of Big River Pork Pty Ltd, Director of PorkScan Pty Ltd, Executive Committee Member of Pork SA

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

The Company's Technical Science Advisor, Heather Channon, is currently a Director of PorkScan Pty Ltd.

AUSTRALIAN PORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

The following transactions occurred with related parties:

	2023	2022
	\$	\$
Income:		
Australasian Pork Research Institute Ltd		
- Management Fees	55,000	55,000
PorkScan Pty Ltd		
- Management Fees	20,000	20,000
Rivalea (Australia) Pty Ltd		
- Miscellaneous Fees	8,003	7,128
The University of Sydney		
- Project Contribution	-	1,340
Project and program expenditure:		
Agricultural Innovation Australia		
- Project Expense	125,000	65,000
Australasian Pork Research Institute Limited		
- Project Expense	1,000,000	1,002,631
KPMG		
- Project Expense / Audit Expense	-	13,500
Pork SA		
- Project Expense / Sponsorship Expense	8,081	6,349
Rivalea Australia Pty Ltd		
- Basefunding and Project Expense	510,535	321,980
SunPork Farms		
- Basefunding, Sponsorship and Project Expense	535,001	383,172
West Australian Pork Association		
- Sponsorship Expense	3,688	4,000
<i>Receivable from and payable to related parties:</i>		
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
Current receivables:		
Trade receivables from related parties	23,669	15,512
Current payables:		
Trade payables to related parties	449,290	156,802

AUSTRALIAN PORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 21. EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or likely to 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.

To ensure risks associated with environmental and climate factors are adequately understood and mitigated where possible, APL has identified Climate Friendly Farming as a strategic imperative within the APL Strategic Plan 2020-2025.

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

AUSTRALIAN PORK LIMITED
DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

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, the Australian Accounting Standards - Simplified 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 2023 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.



Andrew Baxter
Chair

28 September 2023



RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6217 0300
F +61 (0) 2 6217 0401

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 2023, 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 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities*.

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 2023, but does not include the financial report and the auditor's report thereon.

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 – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities* 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.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'GED Stenhouse'.

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 03 October 2023

Income and expenses statement

2022-23

Revenue		
	Revenue - Levies	18,390,234
	Revenue - R&D Matching Funds	5,982,757
	Revenue - Other	1,115,058
		25,488,049
Expenditure		
Market and Product Differentiation	Diversity of Markets	443,287
	Quality Consumer Eating Experience	503,522
	Valuable Provenance of Australian Pork	2,685,299
		3,632,107
Manage Volatility for Viable Farms	Timely Relevant Information	690,556
	Reduce COP+P	2,953,396
	Diversified Business Improvement Options	-
		3,643,952
Drive Consumer Demand	Maintain Domestic Fresh Demand	6,114,352
	Grow Domestic Demand	-
	Grow Targeted International Demand	355,982
		6,470,333
Leading Community Social Licence	Biosecurity Leadership	1,411,046
	Climate Friendly Farming	1,829,139
	Leaders in Animal Care	831,714
	Leaders in Human Nutrition	-
	Industry Visibility	824,737
		4,896,637
Building Industry Shared Vision	Producer Relations (Shared Values)	866,671
	Technology Adoption	696,440
	Organisational Effectiveness	1,371,754
		2,934,865
	Total Direct Project Costs	13,333,934
	Total Corporate Costs	9,875,609
	Total Expenditure	23,209,543
	Surplus / (Deficit)	2,278,506

Appendix A

Material variations to budget.

	Initial Budget \$,000	Actual Result \$,000	Variation Over/(Under) \$,000	Comments and/or Explanation of Major Variations
Income				
Levies	18,038	18,390	352	109k pig slaughters more than forecast
Government contributions - matching claims	5,825	5,983	158	R&D matching expenditure was more than budget.
Other industry contributions	686	836	150	Grants from the Department of Agriculture
Net other revenue	159	279	12	Significant increase in interest rates
Expenditure				
Project	15,357	13,334	2,024	Underspend in projects
Operations	8,772	8,794	-22	Miscellaneous expenses more than budget
Other industry expenses	1,066	1,081	-15	Grant expenses more than budget

Appendix B

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

APL 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.

APL has established a detailed methodology by which eligibility of matching expenditure is determined. Significant expenses that were the basis for calculating the matching claim for the 2022–2023 financial year are outlined below.

Research and Development Expenditure by Strategic Theme	
Market & Product Differentiation	
Diversity of Markets	\$443,287
Quality Consumer Eating Experience	\$41,335
Valuable Provenance of Australian Pork	\$781,313
Manage Volatility for Viable Farms	
Timely Relevant Information	\$690,556
Reduce Cost of Production & Processing	\$2,953,396
Drive Consumer Demand	
Maintain Domestic Fresh Demand	\$873,727
Grow Targeted International Demand	\$249,534
Leading Community Social Licence	
Biosecurity Leadership	\$1,308,515
Climate Friendly Farming	\$1,423,319
Leaders in Animal Care	\$749,992
Industry Visibility	\$507,275

Research and Development Expenditure by Strategic Theme	
Building Industry Shared Vision	
Producer Relations	\$807,394
Technology Adoption	\$696,440
Organisational Effectiveness	\$441,778
Unallocated	\$304,926
Total research and development expenditure	\$12,272,785
Adjustments - accruals and other non-eligible research and development expenditures	(\$307,271)
Total matchable expenditure	\$ 11,965,514
Maximum Claim Allowable to GVP cap	\$8,029,272
Australian Government contributions – matching (at 50 percent)	\$5,982,757

Note: APL total non-direct project expenditure for the 2022–2023 financial year was \$8,794,366 which was 40 percent of total expenditure. Of this total non-direct project expenditure \$5,729,984 (65 percent) was attributed to Research and Development.

Appendices

Appendix C

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

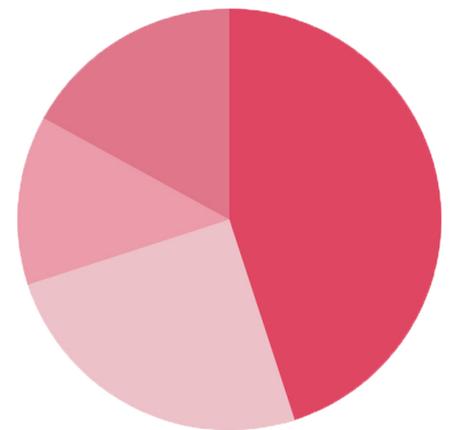
In addition to eligible research, development and innovation activities expenditure (per Appendix B), APL expends project funds on marketing and strategic policy development activities and other industry issues. Expenditure incurred on marketing and strategic policy development activities and other industry 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	
Quality Consumer Eating Experience	\$462,187
Valuable Provenance of Australian Pork	\$1,903,986
Drive Consumer Demand	
Maintain Domestic Fresh Demand	\$5,240,624
Grow Targeted International Demand	\$106,448
Leading Community Social Licence	
Biosecurity Leadership	\$102,532
Climate Friendly Farming	\$405,820
Leaders in Animal Care	\$81,723
Industry Visibility	\$317,462
Building Industry Shared Vision	
Producer Relations	\$59,277
Organisational Effectiveness	\$929,977
Unallocated	\$245,479
Total Funds Spent on Marketing and Significant Strategic Policy Development Activity as well as Other Industry Issues	\$9,855,514

Appendix D

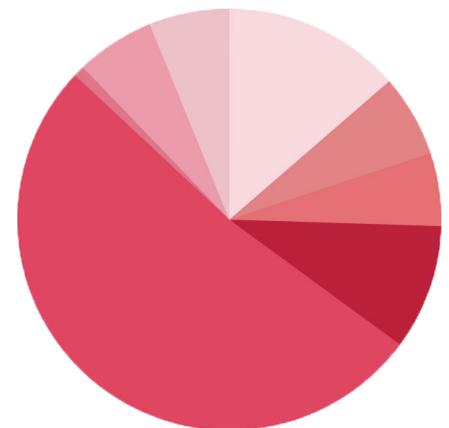
National Research Priorities

Rural Research, Development and Extension Priorities		
Priorities	Actual Expenditure	%
Adoption of R&D	5,528,289	45
Advanced technology	3,091,906	25
Biosecurity	1,611,926	13
Soil, water and managing natural resources	2,040,665	17
Total	12,272,786	100



- Adoption of R&D
- Advanced technology
- Biosecurity
- Soil, water and managing natural resources

National Science and Research Priorities		
Priorities	Actual Expenditure	%
Advanced manufacturing	1,667,835	13.6
Cybersecurity	773,176	6.3
Energy	688,707	5.6
Environmental change	1,176,326	9.6
Food	6,369,756	51.9
Health	103,274	0.84
Resources	740,017	6.02
Soil and water	753,696	6.14
Transport	-	-
Total	12,272,786	100



- Advanced manufacturing
- Cybersecurity
- Energy
- Environmental change
- Food
- Health
- Resources
- Soil and water

Key projects and agreements

Our investments

No substantive change to investments.

The shape of the balanced portfolio of investments across the organisation has not changed significantly in 2022-23 versus the year prior.

The last major reset was when we adopted the new, progressive 2020-25 Strategic Plan.

Our Research and Innovation investments still focus on our four strategic intents.

- Cost of production & processing
- Climate friendly farming
- Quality eating experiences
- Biosecurity

There has been a small trend toward investing more in extension and adoption of research results,

as well as education and leadership. In the table below, industry performance measurement is allocated in the constant but unequal proportions each year to business innovation, consumer research and industry performance.

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., the Australasian Pork Research Institute Ltd. where industry co-funds research and development with other parties, and Noble Brands Worldwide Ltd. who create and produce our TV, radio, and other media advertisements and creative assets.

APL Skill set	Main Activities	FY 2023	% of R&D Investment	FY 2022	% of R&D Investment	FY 2021	% of R&D Investment
R&I	Industry Research	4,184,622	34.18%	5,412,676	42.1%	4,114,340	34.7%
Producer Relations	Extension/ Adoption	367,163	3.00%	236,267	1.8%	160,228	1.4%
Producer Relations	Education/ Leadership	220,997	1.80%	429,537	3.3%	250,814	2.1%
Business Innovation	Propecting/ Trailing	3,863	0.03%	226,488	1.8%	175,796	1.5%
Marketing	Consumer Research	1,022,027	8.35%	354,264	2.8%	595,880	5.0%
Marketing	International prospects	0	0.00%	186,574	1.5%	182,088	1.5%
Industry Performance	Measurement	223,965	1.83%	315,561	2.5%	528,119	4.5%
Comms & Policy	Project split funding	489,071	4.00%	683,006	5.3%	688,398	5.8%
APL	Salaries	4,379,868	35.78%	3,914,698	30.5%	3,739,430	31.5%
APL	Overheards	1,350,115	11.03%	1,083,440	8.4%	1,429,031	12.0%
Total		12,241,692	100%	12,842,511	100%	11,864,124	100.0%

Efficiency and efficacy of our investments

Evaluation of outcomes for industry and the community

APL undertakes ex-ante and ex-post analysis of programmes and projects. The ex-ante and ex-post evaluations of programmes and projects are spread across the spectrum of industry deliverables by APL including marketing, policy and R&D.

APL has recently increased its focus on ex-ante evaluations to support the process of ranking and prioritising potential projects to be invested in. For ex-post evaluations, APL measures and reports KRAs and KPIs throughout the year to evaluate the progress and impact of the programme and project objectives.

Further, APL undertakes a deeper dive into selected programmes and projects by undertaking a cost benefit analysis (CBA). This dual focus on ex-ante and ex-post ensures APL makes investment decisions based on the best possible ex-ante information and measures the performance of our investment decisions ex-post. APL is also identifying ex-post performance measurement and reporting for long term projects and programmes.

APL evaluations will include traditional quantitative measurements and where relevant, qualitative evaluations.

The increasing pool of potential projects, and limited funds available to invest in projects has increased the need to use ex-ante evaluations to rank and prioritise projects within the pool of projects competing for funding.

This prospective approach is one way APL identifies projects which are likely to have the greatest prospective outcomes for the Australian pork industry.

One way APL has increased its focus on ex-ante evaluations is by increasing consultation with industry, industry R&D organisations and appointing

independent experts to the APL Committees.

APL has identified a number of ex-post evaluations which will measure the investment performance and impact to industry in both quantitative and qualitative terms.

There are two drivers to this current direction of measuring performance and impact qualitatively and quantitatively. Measuring and reporting qualitative financial measures of performance are important as they influence the direction of future investment decisions.

Concurrently considering qualitative measures and outcomes with financial performance also influences the direction of future investment decisions and enable APL to ensure that the outcomes to the Australian pork industry are balanced between maximising direct financial outcomes and concurrently delivering qualitative outcomes which underpin ongoing financial sustainability of the industry.

An example of which is measuring in-the-field awareness, adoption and retention which are indirect drivers of underpinning a sustainable Australian pork industry. The primary filter currently being used to identify programmes and projects for ex-post evaluation is to identify projects which leverage resources across the industry and which have long term ongoing impacts.

One of these projects to be measured and reported will be the ongoing base funding model which is funded by APL and leverages industry and academic resources.

Funding agreement

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 (Note 4)
(b) significant R&D Activities and transactions undertaken in the year in the conduct of APL functions as the Industry Services Body;	Our Investments table
(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;	Report on 'Our performance'
(e) key RD&E and marketing deliverables and associated outcomes achieved;	Report on 'Our performance'
(f) an assessment of the efficiency and effectiveness of APL's investments;	Outcome evaluation
(g) material changes to APL's membership;	
(h) how APL responded to any directions or Rural Research and Development Priorities given by the Minister under the Agreement or the Guidelines;	
(i) consultation with Levy Payers and Industry Representative Bodies on: a. APL's Strategic Plan; and b. RD&E and Marketing Activities;	Report on Industry consultation
(j) APL's contributions to relevant Industry sectoral and cross-sectoral strategies, including the strategies under the Guidelines;	Report on 'Rural R&D Priorities'
(k) details of senior executive and Board remuneration in the format required by the Australian Accounting Standards;	Notes to financial statements (Note 19)
(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;	Overview
(n) the rationale for the mix of projects included in the Balanced Portfolio; and	Report on 'Industry outcomes'
(o) other matters notified to APL by the Commonwealth.	



AUSTRALIAN PORK LIMITED

ABN 83 092 783 278

Level 2, 2 Brisbane Avenue Barton ACT 2600
PO Box 4746 Kingston ACT 2604 Australia

T 02 6285 2200

F 02 6285 2288

australianpork.com.au

