

Australian Pork Limited

AUSTRALIAN
Pork®

ANNUAL OPERATING PLAN 2024-25



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A plan to deliver

This year, we're "bringing home the bacon" with our 2024-25 annual operating plan (AOP) which is focused on delivering the final year of the Australian Pork Limited 2020-25 Strategic Plan. As we start the 2024-25 financial year, we are ahead of the industry's "Big Hairy Audacious Goal" that was set in the 2020-25 Strategic Plan, to sustainably add \$1 billion to farm gate value by 2025.

The 2024-25 workplan builds on the new "Get Some Pork on Your Fork" (GSPOYF) consumer campaign, released in June 2024.

The campaign aims to address the common barriers to pork consumption, increase awareness of pork as an everyday protein option, and breathes new life into our long-standing "Get Some Pork on Your Fork" tagline.

This priority area is further supported by a continued focus on social licence, telling the story of pork and promoting pork's nutritional benefits. We remain heavily focused on strengthening existing export markets, and raising awareness of Australian pork within these markets.

In the research and extension portfolio, we're continuing to invest in on-farm innovation to support industry to meet challenges, such as inflation, labour shortages, and increased production costs head on.

Extension priorities include animal welfare, sustainability, developing and fostering the next generation of people, and ensuring education resources support developmental pathways into the pork industry.

This 2024-25 plan has been developed by our valued APL team in collaboration with the APL Board.

Our top six priority areas for the 2024-25 year include:

1. Growing demand and long-term brand equity
2. Building industry's credentials to address regulatory pressures
3. Creating value for industry through impactful research
4. Developing and fostering the next generation of the Australian pork industry
5. Targeted effective producer relations and strengthening extension networks
6. Evolving the Story of Pork and leveraging pork's health credentials

Underlying assumptions

We continue into the 2024-25 operating environment in a stable position with steady domestic and strong international demand for Australian grown pork, and a competitive retail price at home, steady domestic and strong international demand for Australian grown product. However, risks include high grain prices limiting viability, competition from red meat pricing and workforce availability.

The operating environment for the 2024-25 financial year is likely to remain stable, yet we remain mindful of key factors that may impact productivity and profitability. Industry continues to be impacted by downward pressures on inputs, with production being impacted indirectly by ongoing geo-political tensions. APL's Annual Operating Plan is based on the following assumptions.

Assumption 1 – Grain prices will remain high in 2024-25.

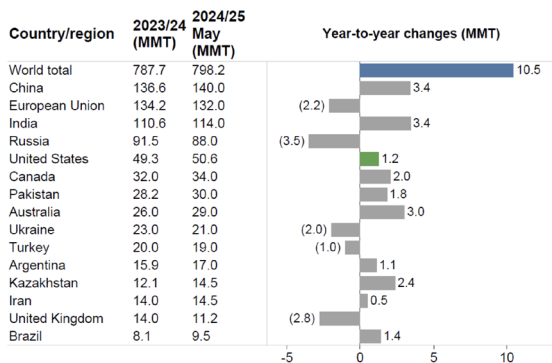
A primary driver of pork production's economic viability continues to be the cost of feed. Australian conditions for 2024-25 are predicted to remain drier than average in a number of regions, with crop estimates down, meaning increased feed grain costs.

Advice from grain traders and market analysts suggest that grain prices will remain high for the season.

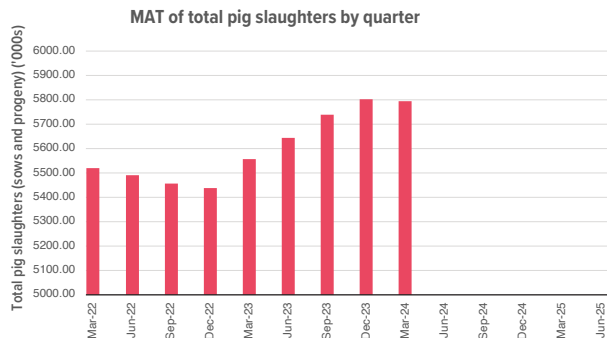
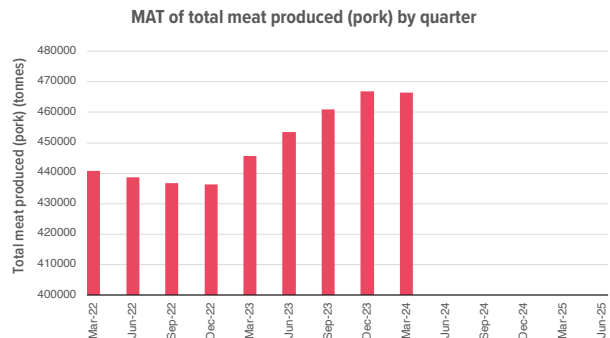
Assumption 2 – Domestic pork slaughters are forecast to remain stable, with pork meat volumes remaining stable.

ABS data to March 2024 indicated that slaughters were at 5.79M for 2023-24, and indicates production was sitting at 466,000 tonnes, with APL forecasting the same for 2024-25 FY. This suggests that slaughters will stabilise pork volumes this year. For the purposes of the AOP 2024-25 budget planning, the APL slaughter forecast has been set conservatively at 5.65M.

Year-to-year change in 2024/25 wheat production, May 2024



MMT=million metric tons.
 Note: Change compared to the May 2024 estimate for 2023/24. Changes less than 0.2 MMT are not included.
 Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, Production, Supply and Distribution database.



Source: ABS data

OPERATING ENVIRONMENT

Assumption 3 – Stable slaughters and throughput across competitor proteins will remain strong throughout FY2024-25.

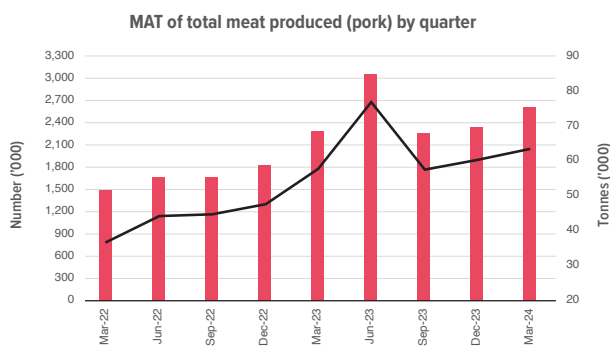
According to March 2024 ABS data, forecasts for FY2024-25 indicate steady slaughter rates for chicken, beef, and lamb. In seasonally adjusted terms for the March 2024 quarter, red meat production increased 3.0% and chicken meat production decreased 0.5%.

Chicken is projected to continue leading Australia’s animal protein market share, however, the impact of recent Avian Influenza outbreaks is yet to be quantified.

MLA data further suggests stable throughput for red meat with beef maintaining high-value cuts, and lamb sustaining strong domestic and export demand.

Lamb production reached record volumes up 8% on last quarter and 48% on last year with 167,000 tonnes produced.

It’s assumed that retail prices for sheepmeat will remain competitive due to record volumes and tonnes produced.



Source: ABS data Sheep slaughtered and mutton produced March 2024

Assumption 4 – Global impacts of emergency animal disease impact stability of market access.

Globally, Australia is recognised as a leading agricultural supply chain, with high biosecurity standards. This enables DAFF to have strong trade relations with importing markets. The pork industry has been recognised through establishment of agreed zoning arrangements for African swine fever (ASF) for our market into Singapore. However, there are many diseases on our doorstep and how countries will respond in the event of an EAD is hard to predict. Whilst we have maintained strong exports going into 2024-25, we recognise these markets are vulnerable.

Assumption 5 – The Australian regulatory environment governing the livestock industries continues to receive pressure for reform.

Significant pressure continues to be directed at jurisdictions and the Government to reform livestock industries across all levels, based on ideologies of those opposed to farming of animals for food.

Based on recent years, this ongoing pressure will continue to divert valuable resources away from core business and industry objectives.

In addition, large corporates such as financial and insurance institutions, are influencing and impacting agriculture production costs and sustainability reporting requirements.

Significant work will need to be done by industry to support the Australian Government’s climate change target of net zero emissions by 2050.

2020-2025 Strategic Plan Focus themes

If a strategy meets a goal - it's working.
If a strategy meets a target - it's a success.

Michael Porter



Market and product differentiation	Manage volatility for viable farms	Drive consumer demand	Leading community social licence	Building industry shared vision
Diversity of markets and products	Timely relevant through-the-chain information	Maintain domestic fresh demand	Leaders in animal care	Producer relations (shared values)
Quality consumer eating experiences	Reduce cost of production	Grow domestic demand	Biosecurity leadership	Technology adoption
Valuable provenance of Australian pork	Diversified pig business extension opportunities	Grow targeted international demand	Climate friendly farming	Organisational effectiveness
			Industry visibility	
			Leaders in human nutrition	

The 2020-25 Strategic Plan includes five themes and 17 areas for progression. Some of these are requirements every year, whilst others build on progress in other areas.

This AOP has been developed with the same ambition and progressive approach of APL's Strategic Plan. Continuing with our agreed consultative development strategy, the entire APL team, Board and broader industry has been consulted.

Six priorities have been identified for the 2024-25 year, and agreed upon by the APL Board and management.

2024-25 AOP Priorities

1

Growing demand and long-term Brand Equity

- Building the domestic brand of Australian Pork
- Increasing domestic volume growth in retail and foodservice
- Building the domestic provenance brand awareness
- Continued growth in the Australian smallgoods market
- Maintain exports and focus on growth

2

Building industry's credentials to address regulatory threats

- Strengthening and demonstrating our animal welfare credentials
- Advancing our environmental management practices
- Maintaining and strengthening our biosecurity leadership

3

Creating value for industry through impactful research

- Strengthening the connection between research and industry via the Green Paper alignment
- Data to empower producer decision making for productivity and profitability
- Timely production and market insights

4

Developing and fostering the next generation of the Australian pork industry

- Developing current industry workforce and leadership capacity and capability
- Maintaining Australian Pork Emerging Leaders (APEL)/Pork Leaders Course (PLC) programs
- Promoting the Australian Pork industry as an employer of choice

5

Targeted effective producer relations and strengthening extension networks

- Continually improving personalised support and impact for pork producers
- Extension through supply chain channels to deliver research and advocacy outcomes

6

Evolving the Story of Pork and leveraging pork's health credentials

- Continuous evolution of 'the Story of Pork' to consumers, government, industry and other stakeholders
- Leveraging pork's positive nutritional value

An overview of our five strategic themes

Now in the final year of APL's 2020-25 strategic plan, the 2024-25 AOP will continue to contribute to the delivery of a thriving pork industry by focusing on the five strategic themes:

1. 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.

2. 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.

3. Drive consumer demand

Understanding what the consumer wants and providing that in a better way than our competitors.

4. Leading community social licence

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

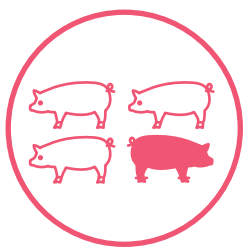
5. Building industry shared vision

This involves creating dialogues with industry to find ways that can support and add value to their bottom line.

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

The focus for the fifth year of the Strategic Plan will be animal welfare, domestic and international consumer demand, research adoption via producer engagement, and understanding pork's role in contributing to a healthy balanced diet for consumers.

Our strategic themes work to ensure alignment with national R&D priorities, and to maximise collaboration with RDCs and wider agricultural industries.



Market and product differentiation

Diversity of markets and products

This program will continue to focus on adding value by diversifying sources to generate sustainable demand.

We will explore research into development of novel traceability solutions to verify, in the most economic way possible with a high level of accuracy, the country of origin claims in the label of processed pork.

Quality consumer eating experiences

APL research suggests that consumers are not confident with pork recipes, at home or when dining out, and because of this our goal is to increase the preference of pork amongst consumers.

To do this, we aim to increase consumer preference through improvements in the eating quality of pork, with a focus on genomic factors which impact eating quality.

Moisture and toughness improvement in pork will remain a focus this year, with research into meat enhancement to create a product option that demonstrates consumer preference improvement.

Valuable provenance of Australian pork

The awareness of “Australian pork” in ham and bacon categories remains a key focus area, with consumers not aware that imports exist.

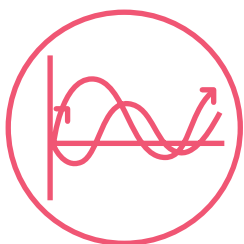
The focus for 2024-25 will be on driving awareness of the new consumer mark as the primary identifier of Australian Pork products, and enhancing better education of imports amongst consumers.

Traceability is an essential element to protect and celebrate the quality and provenance of Australian pork for consumers in Australia and international export markets.

The PorkStar brand remains strong as validated by 2024 research. In the final year of the strategic plan the focus will be on identification of new and upcoming chefs for the future of the program.

Modernisation of the brand, including brand platform, look and feel, enhanced communications and media channels will be focused to generate awareness of the PorkStar brand, celebrating its 20th year in 2024-25.

STRATEGIC THEME TWO



Manage volatility for viable farms

Timely relevant through-the-chain information

The Australian pork industry has worked effectively to improve the quality, foresight, and availability of information.

To be able to deliver value to producers, we need to be able to measure how much they produce and how much value they receive at various touch points along the supply chain, as reducing costs is best achieved through productivity.

In 2024-25 the plan is a continued focus on market data to enable producers to access information as they require, so more informed decisions can be made.

Reduce cost of production

Currently, cost of production is increasing due to rising input costs such as feed prices and workforce labour.

Australian producers have a high cost of production by global comparisons, this impacts competitiveness both domestically and internationally.

Reducing costs is best achieved through improved on-farm productivity and innovation.

In the fifth year of the 2020-25 Strategic Plan, industry has invested almost \$10 million in programs to help producers reduce the cost of production.

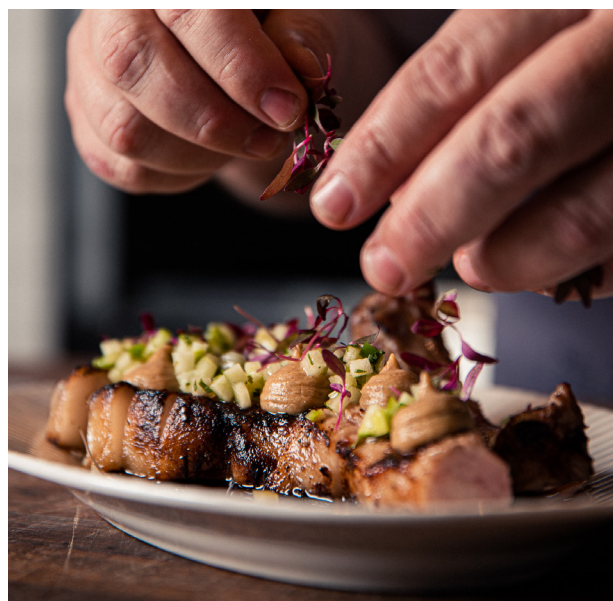
The outcomes of this large portfolio of projects will be progressively extended for adoption as valuable research outcomes become available.

This year, we will also look at targeted investment into APRIL to deliver reduced cost of production solutions.

We will also create the necessary environment to assist start-ups to develop solutions and prove the return-on-investment to investors and adopters for technologies that reduce costs for pork producers.

Diversified pig business extension opportunities

The work currently underway in climate friendly farming will deliver new opportunities for farms to generate additional business opportunities. These may include managing manure to create biogas, electricity and fertilisers, to earn credits in the carbon credit market.



STRATEGIC THEME **THREE**



Drive consumer demand

Maintain domestic fresh demand

Get Some Pork On Your Fork (GSPOYF) activity includes direct consumer communication and collaboration via mutually agreed plans with retailers and supply chains.

Last financial year, a new GSPOYF campaign was launched, with the strategy encouraging consumers to think “why” pork?

This strategy builds on understanding what the consumer wants, and aims to provide that in a better way than our competitors.

Understanding the price consumers are prepared to pay will continue to be ongoing learnings that APL explores for our stakeholders, so we can market and drive points of difference across pork categories.

Grow domestic demand

Volume foodservice will remain a priority for the 2024-25 AOP, encouraging further uptake of pork across foodservice, with pork menu penetration currently underperforming in the casual and affordable restaurant segments. To coincide with GSPOYF’s new campaign, APL’s foodservice program will focus on extension activities across group pub promotion.

This will be further supported by showcasing the benefits of fresh pork and value-added pork on menu through media, leveraged partnerships, and through TAFE and education streams.

Grow targeted international demand

In 2024-25 we will develop and communicate the Australian pork brand proposition for the Singaporean market, whilst maintaining the market through improving consumer awareness and consideration for Australian pork.

Significant growth has already been achieved by Australian producers over the course of 2023 and 2024 in this market, up in volume, and in value.

A global brand approach will be taken to build off the existing growth by creating awareness on Australian Pork’s credentials, which communicates the benefits of Australian pork versus other sources of pork for this international market.

We seek to influence perceptions and behaviours of Australians to demand fresh Australian pork for consumption both in and out-of-home.

STRATEGIC THEME **FOUR**



Leading community social licence

Biosecurity leadership

The Australian pork industry continues to be a leader in biosecurity, working collaboratively with producers and governments, with our investment into enhanced biosecurity working as an insurance policy against business interruptions.

In 2024-25, we aim to expand emergency animal disease (EAD) preparedness capability and build resilience to understand knowledge gaps. All whilst improving biosecurity in the pig industry through improved farm management, new technologies, antimicrobial stewardship, action plans, record-keeping, and effluent management in EAD.

Whilst the pork industry is a leader in biosecurity, the industry continues to maintain a safe herd with judicious use of antimicrobials in pork production.

Climate friendly farming

There is increasing regulatory focus on environmental and public health impacts of pork farming.

There is a need to provide up-to-date information on impacts of current practices and best practice management.

This AOP, we will investigate manure management practices to provide data to support sound policy, and develop clear action orientated guidance for industry to improve manure management on farm.

Extending these investigations in reporting through on-farm emissions management will focus on extension and adoption of the newly developed carbon calculator, the emissions accounting platform.

Leaders in animal care

The Australian Pork industry is recognised for being progressive, with animal welfare at the core of everything we do.

With knowledge and technology advancements, we will explore and extend science-based solutions to continuously improve our farming practices and enhance the welfare of our pigs and the farmers who care for them.

Within the reestablished Animal Welfare Strategy there is an opportunity to address knowledge gaps, through science based research, to help inform both industry and government positions where science is required.

In 2024-25, we aim to develop a guidance document supporting domestic abattoirs focusing on animal welfare and biosecurity.

Additionally, this will extend to further develop training materials for abattoirs and transporters along the supply chain to enhance animal welfare outcomes.

STRATEGIC THEME **FOUR**



Leading community social licence

Industry visibility

The Australian pork social licence story-telling program, “Story of Pork” will continue as an always-on communications initiative.

Story of Pork is a dynamic and continuous communications initiative designed to strategically communicate and promote the narrative of the pork industry.

Underpinned by principles of transparency, sustainability, and corporate responsibility. This program serves as a vital component in advancing the industry’s mission and aligns closely with the key pillars of the pork industry’s Sustainability Framework.

This AOP, the development of photography and video assets for the Story of Pork program will continue, with the program aligning with the Valuable Provenance program to support complimentary messaging.

We will continue tracking community sentiment of the Australian pork industry to understand perceptions, beliefs and knowledge of the industry to ensure ongoing awareness of societal expectations and changing consumer values.

Leaders in human nutrition

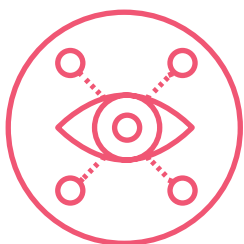
This program is focused on helping Australians understand and recognise the nutritional value of pork as part of a balanced diet.

We will work alongside and support other marketing activity to develop a communications campaign to communicate ‘good source’ nutrient claims through our various external facing channels.

We also aim to incorporate key health facts into the Story of Pork, Valuable Provenance, GSPOYF, and Singapore focused activity.

This year, our focus will turn to the nutritional value of pork as part of a balanced diet.

STRATEGIC THEME FIVE



Building industry shared vision

Producer Relations (shared values)

The Producer Relations team has established itself as the first point of contact for producers.

In collaboration with Producer Relations, our Policy and Research & Innovation teams target education, industry recruitment and industry leadership development opportunities for the benefit of industry.

Our Communications team offers a range of services to both internal and external stakeholders, ensuring regular information and updates are provided on key priorities and issues to drive engagement across industry.

Workforce shortages and retention remains a challenge, with reduced awareness by students and potential employees to career opportunities in the pork industry.

This year, we will continue to develop the career pathways section of the APL website. We will engage with schools and universities to promote career opportunities, and further engage with PIEFA to increase uptake of curriculum resources in schools.

APL's leadership and capability development programs remain a priority, with APEL and the PLC fostering the current and next generation of pork industry leaders.

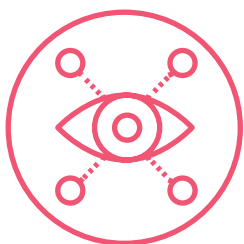
Technology adoption

There are opportunities to continue to further enhance extension and adoption initiatives to deliver value for industry, and to ensure knowledge, understanding and trust to implement practice change. This will be our focus in 2024-25.

We plan to expand extension channels developed through industry advisors and service provider pathways, and utilise industry data and feedback to enable targeted extension activity.



STRATEGIC THEME FIVE



Building industry shared vision

Organisational effectiveness

We remain focused on supporting APL staff to be digitally trained, to enable them to use modern tools and technology for leveraging organisational efficiency.

In 2024-25 we will seek to enhance APL's ICT environments.

We aim to implement a comprehensive ICT infrastructure overhaul focusing on cybersecurity, resilience, and scalability enhancements.

Through a phased approach, we will execute the updating of ICT applications, prioritising automation of manual processes alongside software modernisation. This includes, the development of a PigPass 2.0 app to reduce the industry's still significant reliance on paper-based PigPass NVDs.

We aim to ensure that business as usual continues to function across the marketing, policy, communications, producer relations, R&I and corporate teams, regardless of APL's external operating environment.

This is essential to support the successful delivery of the 2024-25 AOP as it provides the tools and services to effectively deliver outcomes to industry stakeholders.

We remain focused on training as it provides the tools and services to deliver outcomes.

Targets and key performance indicators

APL is an outcomes-driven organisation. The targets and Key Performance Indicators (KPIs) we have are consistent with both the Strategic Plan and the resource which we apply to each target.

Wherever possible, we select investments and activities that will offer improvements towards multiple targets as well as strategic Key Result Areas (KRAs).

To demonstrate alignment with strategy, the following pages contain a table incorporating the focused portfolio of Strategic KRAs and the additional Operating KPIs for this 2024-25 Annual Operating Plan (AOP).

Our investments and activities, aim to offer improvements to multiple targets.

TABLE 1 – APL KRAS AND KPI

Strategic theme	Strategic KRA	AOP KPI	Measure	FY 2024 estimate	FY 2025 target
MARKET AND PRODUCT DIFFERENTIATION	Increased diversity of products and markets	\$50m+ markets entered	Number (current includes Philippines, Vietnam & Republic of Korea)	4	5
		Drive awareness of imports nationally	% of consumers that perceive all/ most of the packaged ham and bacon is made with imported pork bottom-two-box (B2B)	14%	16%
MANAGE VOLATILITY FOR VIABLE FARMS	Cost of Production and Processing	Research and Innovation projects on time and to budget	% of research and innovation projects on time and to budget	82%	93%
		Industry data submitted to Production Survey	% sow herd contributing to Production Survey/Supply and Demand update report	67%	70%
	Price stays within historic trend range		Average price per kilo - A\$	4.14	3.90 – 4.20
DRIVE CONSUMER DEMAND	Fresh pork consumption	Fresh pork per capita consumption	Per capita consumption kg HSCW per Australian	10.3	10.5
		Increase consideration of pork	% of consumers who consider pork (to buy)	59%	61%
		Increase “Everyday Meals” association	% of Consumers claiming to associate “used in everyday meals” with pork	34%	36%
	Increase international demand		Australian pork international sales (AU\$M)	248.9M	250M
LEADING COMMUNITY SOCIAL LICENCE	Social licence leadership positions taken		Number of leading social licence positions	1	2
		Tell the Story of Pork	% of Australians who have heard positive things about the Australian pork industry	34%	37%
	Biosecurity leadership	Pig movements	Maintain 98% closure rates for NVD compliance within 48 hours	98%	98%
	New Emergency disease outbreaks		Number of new (declared) emergency animal disease outbreaks	0	0
		APIQ coverage	% of production covered by APIQ	90%	92%
		NEGIP and NEGROP adopted into State regulatory frameworks	States/Territories adopt NEGIP and NEGROP within their regulatory/ guidance systems	0	4
		VEBs adoption	% of Boar studs covered by % of farms covered by VEBs	40% 0%	100% 5%
BUILDING INDUSTRY SHARED VISION	Meaningful membership engagement		% members who know their primary APL contact’s name	67%	90%
	Increased on farm adoption		% members who can recall APL adoption this year	32.8%	40%
		Adoption Strategy	APL Adoption Strategy completed and implemented	Under development	Completed and implemented
	Producers consuming APL information		% producers who consumed APL information	40%	50%

TABLE 2 – CONCISE BUDGET MODEL

Summary of financial performance ~ 2020-25 Strategic Plan period			
	Financial year	Surplus / (Deficit)	Cumulative result
Actual results	2021	446,229	446,229
	2022	(1,310,377)	(864,148)
	2023	2,253,976	1,389,828
	2024	2,355,374	3,745,202
Budget	2025	(2,971,105)	774,097
	Total	774,097	

Trading Income

APL Income	R&D	Non-R&D	Total
Levy Income	5,650,000	12,712,500	18,362,500
Matching Income	5,650,000	-	5,650,000
Other Income	-	460,000	460,000
Total Trading Income	11,300,000	13,172,500	24,472,500

Project Costs

APL Project Costs			
Market and Product Differentiation			
Diversity of Markets	50,000	-	50,000
Quality Consumer Eating Experiences	318,118	-	318,118
Valuable Provenance of Australian Pork	363,000	880,000	1,243,000
Total Market and Product Differentiation	731,118	880,000	1,611,118
Manage Volatility for Viable Farms			
Thru-the-chain information	376,000	-	376,000
Reduce Cost of Production & Processing	2,603,779	-	2,603,779
Total Manage Volatility for Viable Farms	2,979,779	-	2,979,779
Drive Consumer Demand			
Grow Domestic Demand	-	-	-
Maintain Domestic Fresh Demand	368,700	6,515,272	6,883,972
Grow International Demand	35,000	200,000	235,000
Total Drive Consumer Demand	403,700	6,715,272	7,118,972
Leading Community Social Licence			
Biosecurity Leadership	917,667	83,000	1,000,667
Climate Friendly Farming	433,579	-	433,579
Leaders in Animal Care	1,025,000	-	1,025,000
Leaders in Human Nutrition	40,000	-	40,000
Industry Visibility	110,000	258,000	368,000
Total Leading Community Social Licence	2,526,246	341,000	2,867,246
Building Industry Shared Vision			
Producer Relations - (Shared Values)	455,000	-	455,000
Technology Adoption	480,000	-	480,000
Organisational Effectiveness	791,404	1,410,011	2,201,415
Total Building Industry Shared Vision	1,726,404	1,410,011	3,136,415
Total Project Costs	8,367,247	9,346,283	17,713,530

Gross Profit	6,758,970
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Operating Expenses

Operating Expenses	637,861	697,415	1,335,276
Employment Costs	3,675,805	4,018,993	7,694,799
Travel	334,390	365,610	700,000
Total Operating Expenses	4,648,057	5,082,018	9,730,075

Net Deficit	(2,971,105)
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APL had accumulated surplus in recent periods enabling a 'strategic' deficit budget for 2024-25.

