



**AMPC**

Australian Meat Processor Corporation Ltd

# strategic plan

2008-2011



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## 1.1 Vision

A sustainable, innovative and internationally competitive Red Meat Processing industry that consistently meets the demands and expectations of customers, consumers and community.

## 1.2 Mission

The Australian Meat Processor Corporation (AMPC) is a national body representing all processors active in the Red Meat Processing industry. AMPC aims to promote, protect and further the rights and mutual interests of its Members through various activities, including;

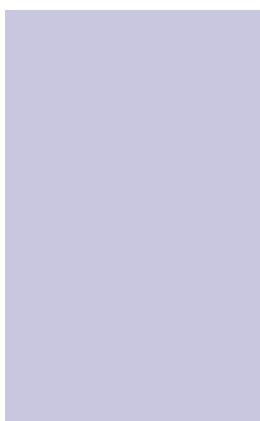
- The receipt of funds from the Commonwealth in accordance with the Funding Agreement for the purpose of investing in and financing projects for either the benefit of individual meat processors or the meat industry.
- The promotion of Australian meat in the domestic and international market.
- The improvement of red meat quality.
- The economic, environmental, health, safety and social well-being of the meat processing industry.
- The financing of commercially based research and development.

## 1.3 Our Service

AMPC was formed in 1998 as part of the Australian Government's restructure of the Australian Red Meat Industry. AMPC's rights, responsibilities and obligations as part of this restructure are contained in the Memorandum of Understanding (MOU) signed at the time. It was originally based on voluntary contributions being received from Red Meat Processor members as provided for in the Company's constitution.

Statutory Levies were introduced for the Processing Sector in 2007. By agreement with the Commonwealth these are to be administered for the sector by AMPC as detailed in the 2007–2010 Funding Agreement. This Strategic Plan is therefore submitted in accordance with Clause 11 of the Funding Agreement 2007-2010 between the Department of Agriculture Fisheries and Forestry (DAFF) and AMPC.

As Meat and Livestock Australia (MLA) is the Commonwealth designated Service Provider to the red meat industry under the MOU, MLA's 2008-2011 Strategic Plan is the latest plan for the industry as a whole based on realising the goals of the Meat Industry Strategic Plan (MISP). A significant component of AMPC operational expenditure involves co investment with MLA on joint industry activities as outlined in the MOU. AMPC is involved in Industry strategic planning activities which set the direction of these joint programs. The outcomes of this are included in the MLA Strategic Plan. Importantly AMPC is responsible to ensure that Processor Levy funds are appropriately invested in these programs and that they directly benefit the industry.



## 2. LETTER FROM THE CHAIRMAN

The Hon. Tony Burke  
Minister for Agriculture, Fisheries and Forestry  
Department of Agriculture, Fisheries and Forestry  
GPO Box 858  
Canberra ACT 2601

Dear Minister Burke,

The Australian Meat Processor Corporation has the pleasure of submitting its Strategic Plan in accordance with Clause 11 of the 2007-2010 Funding Agreement with the Department of Agriculture Fisheries and Forestry.

The Plan identifies AMPC's strategic priorities for 2008 to 2011 and has been developed through close consultation with representatives of our members and with our key stakeholders, including Meat and Livestock Australia and the Australian Meat Industry Council.

The Red Meat Processing industry will continue to experience considerable advancement, led by innovative research, the emergence of new international markets and the opportunities provided by a Carbon Pollution Reduction Scheme. We are in the process of finalising and implementing new technologies that will reduce industry costs, improve occupational health and safety, deliver environmental stewardship and increase Australia's overall competitiveness.

We are proud to be working with such a strong and well respected industry and we are confident that the research programs and marketing activities conducted through the AMPC will play a significant role in achieving our vision.

Yours sincerely,

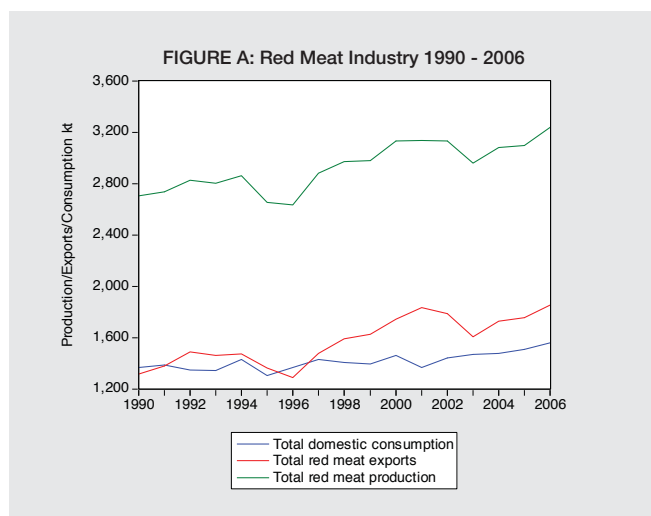
A handwritten signature in black ink, appearing to read 'Des Nicholl', with a stylized flourish at the end.

Des Nicholl  
Chairman AMPC

### 3. OPERATING ENVIRONMENT AND ISSUES

#### Australia's Red Meat Processing Industry

Australia's Red Meat Processing industry plays a significant role in the domestic and international economy. In 2006-2007 Australia was the world's second largest exporter of beef and sheep meat, exporting over 1.3 million tons (ABS 2008). For the same year, the gross value of cattle and sheep slaughtering to the Australian economy exceeded \$9.8 billion (ABS 2008).

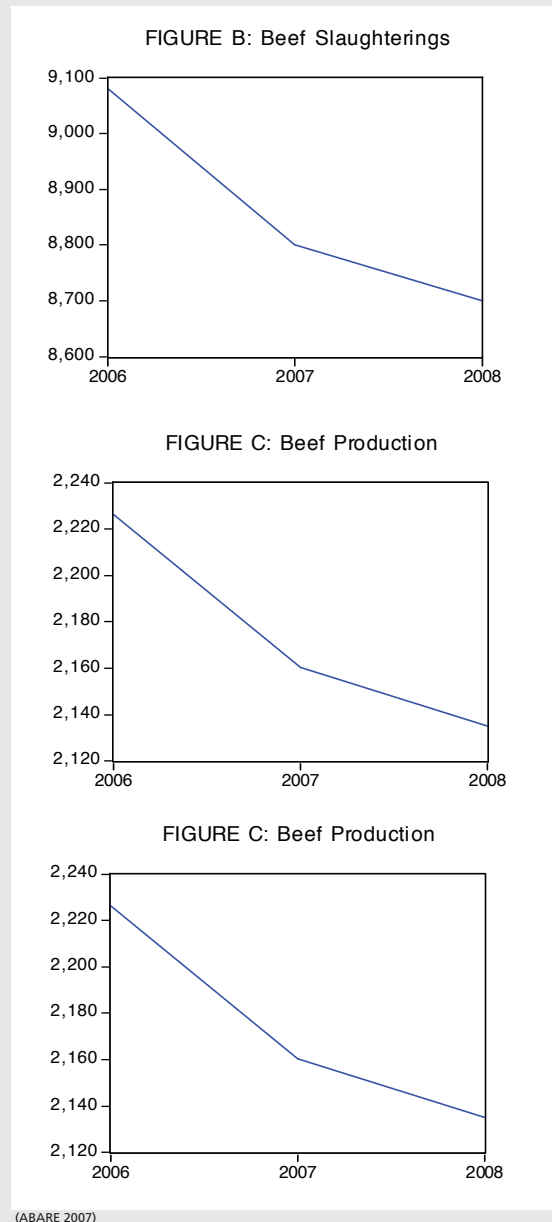


The Australian Red Meat Processing industry<sup>i</sup> is a highly competitive industry, operating on low profit margins with high volumes. Strong competition and benefits in plant scale have resulted in significant consolidation.

AMPC's members operate 136 meat processing plants and represent 96% of the industry. Approximately 73.1% of AMPC revenue comes from cattle, 26.2% from sheep and 0.7% from goat.



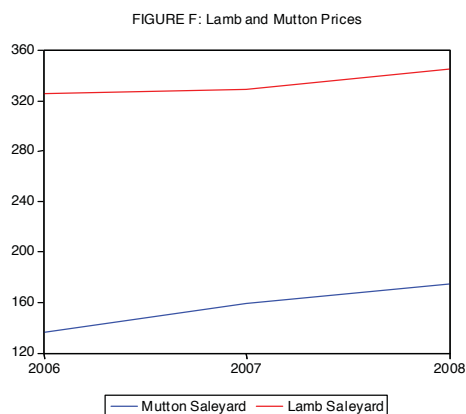
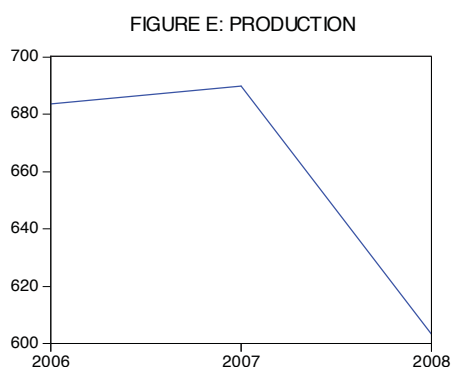
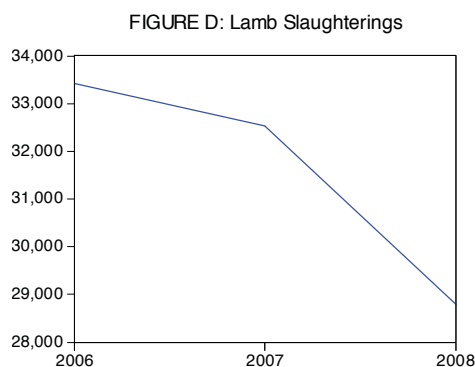
#### Beef and Veal<sup>ii</sup>



Over the past decade a combination of higher prices and production efficiencies have seen considerable expansion in the beef industry, despite adverse climate conditions constraining supply. Both the cattle, grazing and feedlot industries have expanded considerably, positioning Australia for strong growth in the global red meat market.

While Figure B and Figure C above suggest that livestock supply will be a short term concern for the industry, higher prices due to growing international demand and easing drought conditions should eventually see a positive supply response.

## Lamb and Sheep Meat <sup>iii</sup>



(ABARE 2007a)

With adverse climate conditions and increased fodder prices, many sheep producers have recently taken advantage of high lamb prices by increasing their sheep turnoff (ABARE 2008 p.6). Hence lamb slaughtering peaked in 2007 at a record 20.7 million head (ABARE 2008) (this outcome has been disguised in the Figure D by a larger decrease in mutton slaughtering). The combination of an increase in turnoff, depressed wool prices and shift towards cropping has significantly depressed sheep flock numbers and mutton production.

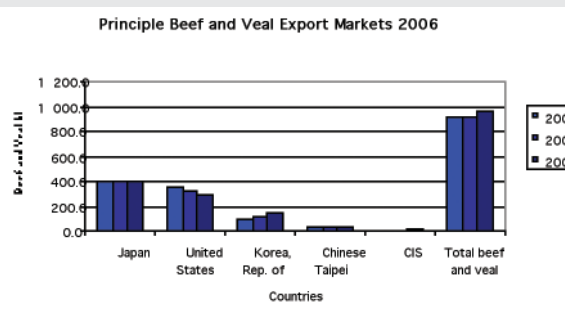
Despite the low flock numbers, the Australian lamb industry is set to benefit from strong international demand and changing consumer dietary trends leading to high prices and moderate growth over the medium term (MLA 2008b).

## Goat Meat

Over the past five years, the Australian goat meat industry has experienced a phase of unprecedented growth. Strong demand, particularly from the US, has seen the goat meat industry evolve from a small, unstructured industry into an economic and environmentally sustainable alternative for primary producers.

## Australia's Competitive Position

### Beef



Australia has recently benefited from an international regulatory environment that has restricted US beef exports into Japan and South Korea. The gradual US re-entry into the Japanese market has had a negative impact on prices, leading to a 33% decrease in the 2007 import price for Australian frozen brisket (MLA 2008 p.14). Further competition is expected as Japanese and South Korean import protocols on US beef are expected to be relaxed in 2009 (MLA 2008 p.3).

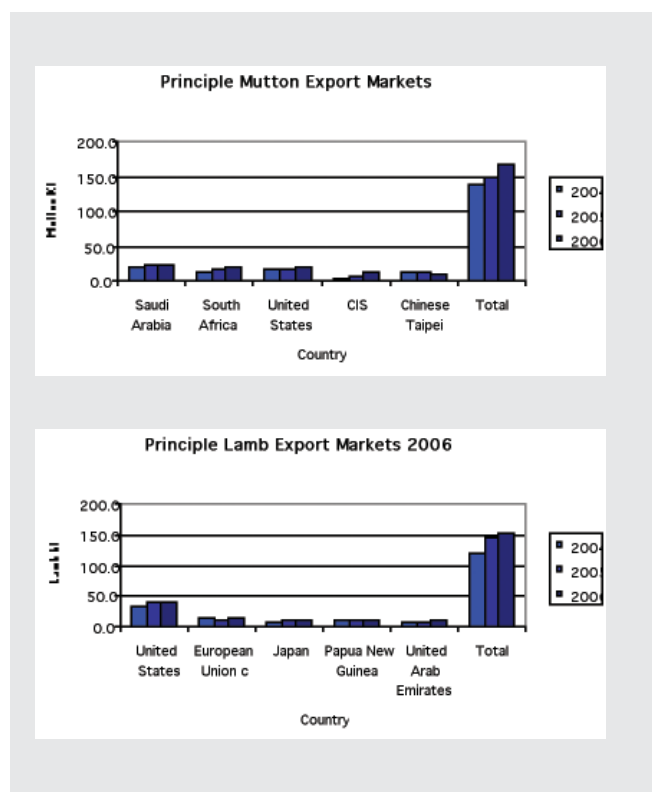
Nevertheless global demand for Australian beef is expected to remain strong due to continued economic growth in Asia and Eastern Europe, increased demand from the U.S, decreased South American competitiveness and the emergence of new markets.

The Commonwealth of Independent States (CIS, consisting of former ex-Soviet states including Russia) presents a significant export opportunity for Australian beef, emerging as Australia's fourth largest export market in 2008, with forecast import expansion of 33% over the next 10 years (MLA 2008 p.23). Other markets are emerging in South-East Asia and China, driven by robust economic growth and increased demand from the foodservice and restaurant sectors (MLA 2008 p.23).

iii. Figure H and Figure I: Australian Bureau of Agricultural Resource Economics. (2007c). Volume of Australian Exports Sheep Meat and Live Meat, by destination, (177)

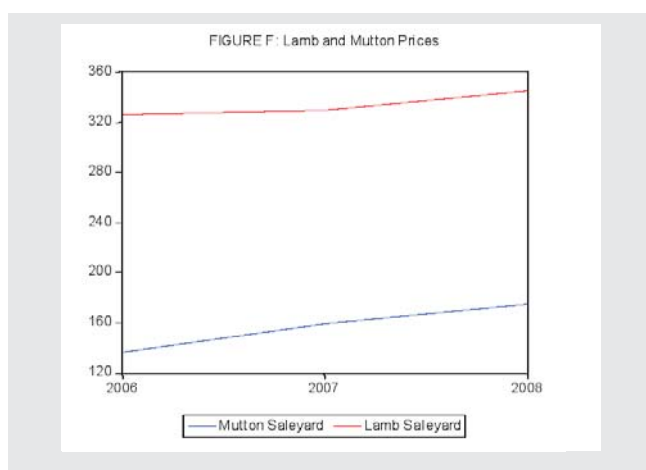


## Lamb and Sheep Meat



High grain prices (partly attributed to increased ethanol production and adverse climate conditions), low wool prices and a shift into cropping have led to a tight international supply of lamb and mutton meat. The tight supply conditions have been met by strong demand due to economic growth, emerging markets and positive dietary trends. Despite increasing costs, Australia's response to increased demand has been rapid, with Australian lamb exports increasing by 50% from 2003 to 2007 (MLA 2008b p.8). The recent 'Mid-Year Update Industry Projection' by the MLA (2008b) argued that 'Australia remains the main lamb producer capable of responding to increased demand from the world market (MLA 2008b p.7).' Hence Australia is well positioned for further growth in the international market for lamb.

## Industry Demand and Domestic Competition



Reports indicate that domestic demand is likely to be firm in the medium term, despite recent and forecast retail price increases. Both beef and lamb demand is expected to rise, driven by improvements in quality, presentation, marketing and consumer dietary trends (MLA 2008 p.7). By 2012, beef consumption is expected to increase by 12% and lamb consumption is expected to increase by 7% (MLA 2008 p.7).

However the Red Meat Processing industry faces strong internal competition. As the economy continues to slow, consumers are expected to become more price sensitive, and may substitute to cheaper protein sources, such as pork and chicken. Higher prices of beef and lamb may explain some of the increase in pig and poultry per-person consumption seen in Figure J (ABARE 2007d).

## Input Cost Pressures and Tightening Labour Supply

Processing plants tend to run large, multi-shift, virtually continuous operations with low margins and high volumes. Thus interruptions to supply are highly disruptive and costly.

The worldwide increase in the cost of grain has had a significant impact on all grain intensive meats. Livestock production has been impacted with higher costs of fodder, fuel, chemicals and credit, leading to a tightening of supply.

Labour supply in Australia represents a threat to the industry's viability, with the supply of available labour decreasing over the past years. Robust economic growth and negative perceptions of the working environment have been major contributors to this outcome.

## Disease and Product Quality

Disease prevention and the maintenance of clear product standards are essential for community welfare and market access. The industry has maintained a sound reputation in this regard leading to positive domestic and international perceptions of product quality. This remains a fundamental underpinning of Australia's competitive advantage.

Australia is an international leader in animal health disease management. However Australia cannot afford to be complacent. Continued vigilance is required to ensure that the disease prevention measures meet importing country and customer requirements.

## Environmental Pressures

Recent ABARE studies argue that innovation will be vital in ensuring Australia's continued international competitiveness, as Australian livestock production will be more exposed to the negative consequences of climate change relative to its competitors (ABARE 2008b).

Consequently innovative research and the introduction of a Carbon Pollution Reduction Scheme will provide the industry with opportunities to improve its long-term sustainability and competitiveness.

## Consumer trends

Consumers vary greatly in their food choices and lifestyles and the food marketplace will continue to see some subtle but notable shifts in red meat consumption.

Increasing health consciousness is expected to continue, driven by an aging population and increasing awareness of the impact of diet on health.

- The emergence of obesity as a major public health issue in many of our markets will continue to focus consumers on healthy eating.
- Greater transparency and demand for product safety and quality as consumers exert greater scrutiny on the integrity of production practices, the impact on the environment and animal welfare standards.
- Increased price sensitivity: strong global economic performance has helped maintain and grow red meat consumption in the face of significant increases in retail prices. As economic growth slows consumers may substitute into cheaper meats.

## Public issues

Management of land, water and carbon emissions; As custodians of a significant proportion of Australia's landmass and natural resources, red meat and livestock producers will increasingly need to deliver initiatives to ensure sustainability of their operations, particularly with regard to the key areas of land, water and carbon emissions management.

Animal activism; In recent years, international animal rights groups have broadened their focus from traditional targets in other western countries to include Australia, resulting in increased pressure on our Government, our community and Australia's livestock industries.





#### 4. STRATEGIC PRIORITIES

The preceding analysis suggests that the Australian Red Meat Industry is well positioned to grow into the future, delivering strong economic growth to the Australian community.

However the industry also faces significant challenges from international competition, changing consumer demands, environmental pressures, supply constraints and labour shortages. Given these operating conditions, the following strategic priorities have been identified as key factors in achieving our vision.

##### Improving Processing Efficiency and International Competitiveness

Due to the high level of competition within the industry, productivity gains are crucial for the industry's viability, expansion and international competitiveness. With the possibility of slowing economic growth and the resulting increase in price sensitivity, efficiency gains are required to improve the industries competitive position with other protein sources domestically and other red meat exporters in the global market

The AMPC has identified the following objectives to achieve this strategic goal:

- Increasing cost efficiency and productivity in plants
- Supporting MLA initiatives to liberalise access to world meat markets.
- Encouraging programs to improve capability in the adoption of new technologies.

##### Growing Demand and Maintaining Product Standards

Growing demand is high strategic priority for the industry to help offset the impacts of increased cost pressures and a possible slowing economy. While the outlook for global red meat demand is firm, AMPC believes that further improvements can be obtained by supporting the following objectives.

- Supporting measures to increase product quality and improve food safety outcomes, thereby improving product choice and allowing for greater price discrimination.
- Ensuring continued research in livestock disease prevention
- Increasing product ranges and opening restricted markets.
- Supporting MLA domestic and international marketing programs.



## Addressing Labour Shortages and Improving Occupational Health and Safety

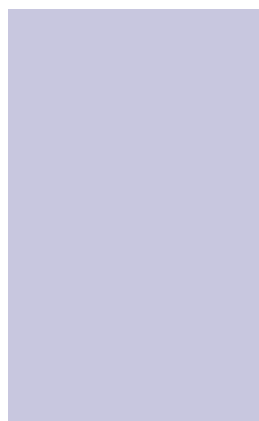
Labour also represents a challenge for the industry as a competitive market and negative perceptions of the working environment affect supply. To increase the supply of labour available to the industry and to improve the working conditions for its employees, the AMPC has identified the following objectives:

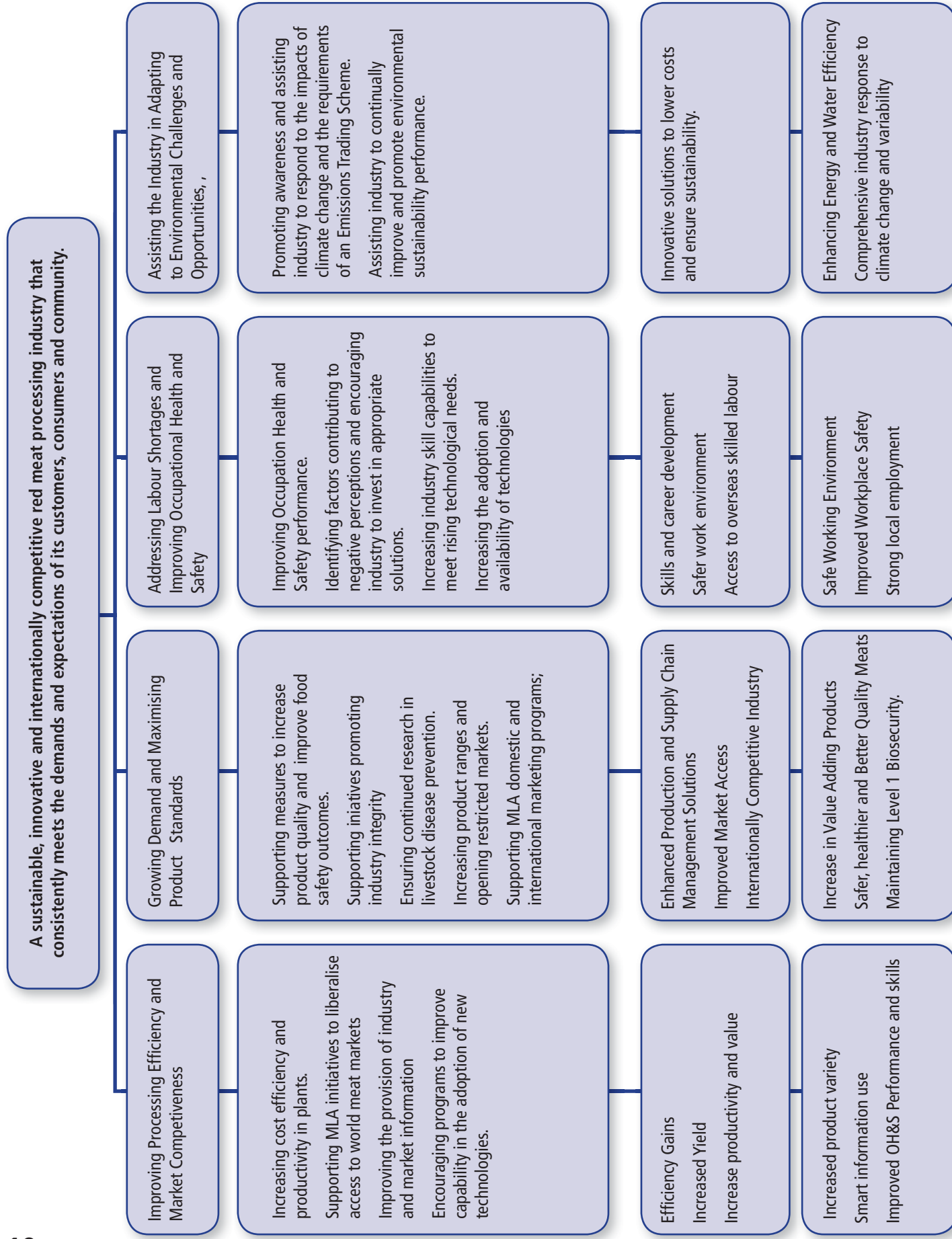
- Improving occupation health and safety performance
- Improving perceptions of the working environment.
- Identifying factors contributing to negative perceptions and encouraging industry to invest in appropriate solutions.
- Increasing industry skill capability to meet rising technological needs.
- Increasing the adoption and availability of technologies that allow for wider labour force participation.

## Assisting the Industry in Adapting to Environmental Initiatives

The following objectives have been designed to promote and inform industry of R&D outcomes that assists industry in adapting to environmental initiatives with commercial and sustainable solutions.

- Promoting awareness and assisting industry to respond to the impacts of climate change and the requirements of any Emissions Trading Scheme.
- Assisting the industry to adopt innovative commercial solutions to improve environmental performance, lower costs and ensure sustainability.



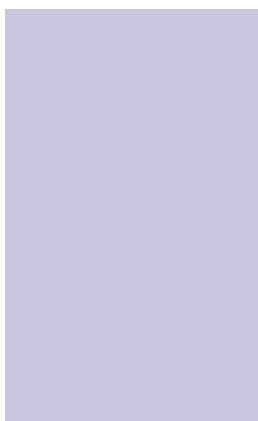




## 5. PROGRAMS AND ACTIVITIES

### 5.1 Improving Processing Efficiency and Market Competiveness

<b>Objective:</b> Increasing cost efficiency and productivity in plants	<b>Economic Benefits (National Research Priorities)</b> <ul style="list-style-type: none"><li>• A more profitable, competitive and sustainable industry (Productivity and Adding Value)</li><li>• Improved working conditions and improved OH&amp;S (Ageing well, ageing productively)</li><li>• Improved hygiene and ability to meet quality standards and quality systems (Preventative healthcare)</li><li>• Improved attitudes to Industry Employment (Understanding our region and the world)</li><li>• Opportunities for advanced manufacturing in Australia (Breakthrough Science)</li><li>• Export opportunities for Australian firms in advanced manufactures and consulting (Frontier technology)</li></ul>
<b>Programs:</b> <b>Automation.</b> The Automation program aims to increase production efficiency, minimise costs, alleviate labour shortages and improve OH&S through automation technology. The program operates across five focus areas, automated machines and robotics, semi-automated machines and robotics, technology interacting with people, redefining how people interact within the existing process and enabling platforms. <b>Partners:</b> <b>Meat and Livestock Australia</b> MLA Project, 3.2 Increasing cost efficiency and productivity – off farm (Enhancing competitiveness and sustainability) <b>Management:</b> Meat and Livestock Australia <b>Budget:</b> Core Projects, Joint Projects, Plant Initiated Projects.	<b>Performance Indicators (set by MLA as the service provider)</b> <ul style="list-style-type: none"><li>• To have significantly advanced the vision and sensing enabling technology platform.</li><li>• To have developed and trialled in-laboratory 10 new pieces of automated equipment</li><li>• To have developed and trialled in-plant 10 new pieces of automated equipment</li><li>• To have developed and trialled in-plant 2 new pieces of equipment specifically designed to reduce operator injury e.g., a successful boning cobotics</li><li>• To have 15 plant installations of the Bladestop technology</li></ul>



**Objective:**

Increasing cost efficiency and productivity in plants

**Program:**

Plant Initiated Projects:

Under the Plant Initiated Project Scheme, processors are able to trial the commercial benefits of R&D outcomes at their plants. Members can apply to AMPC on an annual basis to use a percentage of their contributions for a particular project. Eligible projects may also attract matched funding under the MLA Donor company arrangement.

AMPC sets out to encourage syndication on projects in order to reap cost benefits for better R&D outcomes. AMPC's objective is to encourage all processors to use all of their allocated PIP funds.

**Partners:**

Members and/or Meat and Livestock Australia, Australian Government.

**Budget:**

Plant Initiated Projects.

**Management:**

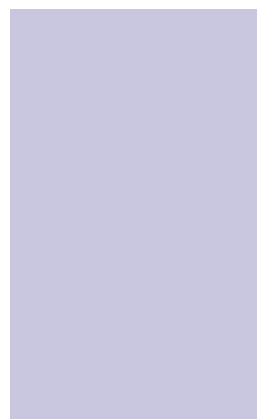
AMPC Project Coordinator, Meat and Livestock Australia.

**Economic Benefits (National Research Priorities)**

- Increased adoption of R&D outcomes in processing plants and use of technologies (Promoting an innovation culture and economy)
- Increased plant productivity (Smart information use)
- Improved OH&S and working environment (Ageing well, ageing productively)

**Performance Indicators**

- 60 PIP projects to a value of \$3 million dollars to be funded 2008 -2011.
- We are currently meeting with key stakeholders to review our existing arrangements with the aim of achieving greater project accessibility and accountability.





### Objective:

Increasing cost efficiency and productivity in plants

### Program:

Innovative Product Development and Yield Maximisation

This program aims to develop new products with the focus on lower value meat cuts and non-meat parts of the animal.

To achieve this objective, AMPC supports relevant MLA programs and the AMPC Board is advised on R&D priorities and the suitability of projects by a Technical Committee.

### Partners:

Meat and Livestock Australia

MLA Project, 2.3 Developing new products (Growing Demand).

### Budget:

Core Projects, Joint Projects.

### Management:

Meat and Livestock Australia, AMPC Technical Committee.

### Economic Benefits (National Research Priorities)

- Increased processor yield (Supply Chain and Markets, Adding Value)
- Increase in products available to food manufacturers.
- Greater choice available to consumers.

### Performance Indicators (set by MLA as the service provider)

- Two new products successfully launched in key retail and foodservice outlets with measurable repurchase statistics.
- Two new enterprises actively participating in the development of innovative red meat products.
- Two new and novel red meat snack food products are developed and achieve strong consumer acceptance and industry uptake.
- One high pressure processed convenience product is developed with strong consumer acceptance and industry acceptance of technology.
- Five opportunities are identified for bioactives derived from organs with indication of industry uptake.
- New pharmaceutical grade product successfully produced and approved by TGA.



**Objective:**

Supporting initiatives to liberalise access to world meat markets

**Program:****Increasing Market Access**

This program supports MLA activities designed to maintain and increase market access for red meat and meat products. These initiatives are conducted by MLA and are supported by MLA offices in key export markets.

The program also supports industry initiatives, conducted by MLA, to ensure Australian red meat priorities are appropriately represented in both International Free Trade Agreement negotiations and multilateral trade negotiations.

**Partners:**

Meat and Livestock Australia

MLA Project, 1.2 Maintaining and liberalizing access to world markets (Increasing Market Access)

**Management:**

Meat and Livestock Australia

**Budget:**

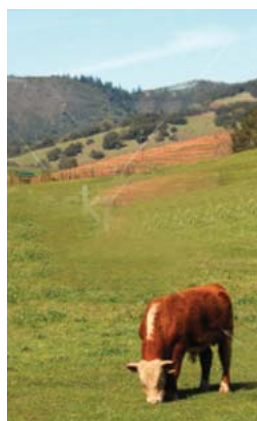
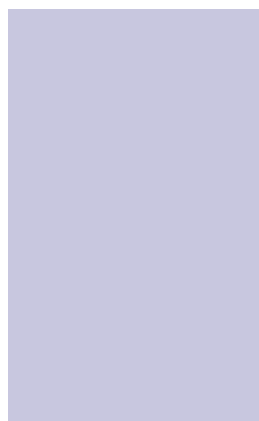
Core Projects, Joint Projects.

**Economic Benefits (National Research Priorities)**

- Improved market access for Australian red meat (Supply Chain and Markets)
- Increased demand for Australian livestock, thereby supporting farmers and rural communities (Productivity and Adding Value)

**Performance Indicators (set by MLA as the service provider)**

- Existing conditions of market access maintained.
- High rating of MLA market access activities by Government and industry.
- Beef and sheep meat are beneficiaries of WTO trade reform.
- Government embodies industry priorities in FTA negotiations.
- Negotiations commence on a Korea/Australia FTA.



### Objective:

Encouraging programs to improve capability in the adoption of new technologies;

### Program:

#### MINTRAC

The AMPC collaborates with the Meat Industry Training and Advisory Council (MINTRAC) to improve worker productivity and minimise industry training costs.

Examples of these programs include:

- The development and updating of nationally accredited qualifications within the Australian Meat Industry Training Package plus enhanced delivery systems such as 'e-learning' and 'flexible delivery'.
- Scholarships and professional development courses
- OH&S and Leadership courses.
- Improving networking opportunities for Red Meat Processors
- Monitoring of international trends and requirements to ensure Australian meat industry training continues to proactively address emerging customer and community and concerns.

### Partners:

Meat Industry Training and Advisory Council

### Management:

Meat and Livestock Australia

### Budget:

Industry Support

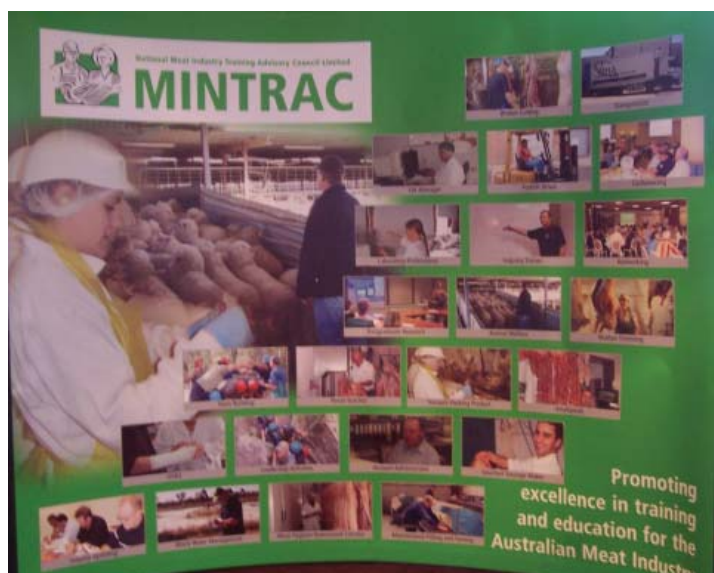
### Economic Benefits (National Research Priorities)

Training programs help to improve productivity, improve product quality, enhance regulatory compliance and reduce workplace injuries. They also help to enhance the career and employment opportunities of processing plant staff (Ageing well, ageing productively)

It is estimated that over 90% of employees in the Australian meat industry have now gained or are currently receiving nationally accredited training.

### Performance Indicators

- 9,000 Red Meat Processing personnel per year to have attended nationally accredited training programs
- Maintain average annual participation at about 60 unit enrolments attending nationally accredited diploma level training programs
- Maintain funding of 7 scholarships a year - undergraduate, graduate, research and special projects
- 300 personnel to have attended professional development programs



## 5.2 Growing Demand and Maximising Product Standards

### Objective:

Supporting measures to increase product quality and improve food safety outcomes.

Ensuring continued research into livestock disease prevention.

### Program:

This program provides significant support to a variety of industry activities undertaken to ensure the highest standards of food safety and product quality. The majority of these activities are managed by SAFEMEAT and include:

- Ensuring the uptake of Quality Assurance Systems across the supply chain
- Developing and promoting appropriate meat and livestock traceability systems
- Conducting scientific research to ensure Australia's food safety systems are at the leading edge of international knowledge and practice
- Promoting the integrity of Australian red meat products and the minimisation of food safety related incidents.

In addition this program provides support to the Standards division of AUS-MEAT Ltd and relevant Cooperative Research Centers.

### Partners:

- Meat and Livestock Australia, SAFEMEAT, AUST-MEAT Ltd.
- MLA Project Example, 1.1 Enhancing product integrity (Increasing Market Access).
- Sheep CRC LTD Project Example, Project 3.4.1 Application of Meat Processing Technologies

### Management:

Meat and Livestock Australia, Sheep CRC Ltd.

### Budget:

Core Projects, Joint Projects.

### Economic Benefits (National Research Priorities)

- Reduced risk of food related incidents (Ageing well, ageing productively; Biosecurity)
- Improved quality assessment systems and supply chain efficiency (Supply Chain and Markets)

### Performance Indicators

- High Levels of satisfaction of Australian food safety systems by international customers
- Risks to public health and market access for red meat products are minimised through adoption of efficient, risk-based research approaches
- Deliver a communication framework for the LPA program and associated SAFEMEAT programs
- The NLIS database meets national traceability standards, and is fully tested via a simulated disease incident
- Processing establishments successfully benchmark food safety performance through industry-wide analysis of hygiene data
- The development of risk assessment process for animal diseases as they relate to food safety
- The determination of an agreed approach to cost-effective use of post mortem inspection data for animal health surveillance, risk based inspection and supply chain efficiency

### Objectives:

Supporting measures to increase product quality and improve food safety outcomes.

### Program:

Meat Quality R&D

This AMPC program supports industry investment in research and development to improve eating quality of beef, sheep and goat meat.

### Partners:

- Meat and Livestock Australia
- MLA Project, 2.1 Improving eating quality, (Growing Demand).

### Budget:

Core Project, Joint Project.

### Management:

Meat and Livestock Australia

### Economic Benefits

#### (National Research Priorities)

- Healthier and better quality meat available to the community (A healthy start to life)
- Better industry standards (Preventive healthcare)
- Improved international competitiveness.

### Performance Indicators

#### (set by MLA as the service provider)

- Demonstrate proof of concept of a commercial prototype to accelerate tenderization of hot boned product for at least one beef or sheep primal in one Australian Processing plant.
- Commercial demonstration of new electronic technology that reduces the incidence of heat toughening and improves eating quality in pale, soft and exudative (PSE) beef
- Increased beef and sheep grading numbers
- Improved consumer satisfaction ratings via independent consumer testing.
- Develop meat ageing strategies that capitalize on the known genotype of bos indicus carcasses.
- Test mathematical approaches to the incorporation of genotypic information into the MSA model





**Objectives:**

Increasing product ranges and opening restricted markets

**Program:****Product differentiation**

Research and development has the potential to help differentiate meat products and open new international markets, by helping processors meet consumer demand while satisfying the demands of the community

An example of such an initiative includes technologies that facilitate the processing of Halal meat, popular in emerging markets, while satisfying the animal welfare movement.

**Partners:**

Meat and Livestock Australia

**Management:**

Meat and Livestock Australia

**Budget:**

Core Project, Joint Project.

**Economic Benefits  
(National Research Priorities)**

- Greater opportunities to improve margins by differentiating products (Productivity and Adding Value)
- Improved Market Access.
- Achieved support of the animal welfare movement.
- Performance Evaluation

See 'Yield Maximisation' program in 5.1.

**Objective:**

Supporting Domestic and International Marketing Programs

**Program:****Marketing and Advertising**

This AMPC program supports the Australian red meat industry domestic marketing program to promote red meat create awareness of the nutritional value of red meat to health professionals and the broader community. These activities are undertaken by MLA. Red Meat Processor input into these programs is provided via an established cross industry task force

**Partners:**

- Meat and Livestock Australia
- MLA Project, 2.5 Aggressive promotion in the domestic market (Growing Demand)
- MLA Project Example, 2.4 Promoting industry integrity (Growing Demand)

**Management:**

Meat and Livestock Australia

**Budget:**

Core Project, Joint Project.

**Economic Benefits  
(National Research Priorities)**

- Greater domestic demand for cattle and sheep meat.
- Greater understanding of product nutritional value (A healthy start to life)
- Improved image of entire industry (Understanding our region and the world)

**Performance Indicators  
(set by MLA as the service provider)**

- Contribute to the growth in Beef demand index and/or expenditure of \$300m.
- Contribute to growth in Lamb demand index and/or expenditure of \$80m.
- Achieve Lamb behavioral and attitudinal goals as per the Annual Marketing Plan. Achieve high levels of retailer and foodservice participation in campaigns and programs.

### 5.3 Addressing Labour Shortages and Improving OH&S

<p><b>Objective:</b></p> <p>Improving Occupational Health and Safety Performance.</p> <p>Improving perceptions of the working environment.</p> <p>Identifying factors contributing to negative perceptions and encouraging industry to invest in appropriate solutions.</p>	<p><b>Management:</b></p> <p>OHS Committee</p> <p><b>Budget:</b></p> <p>Core Project, Joint Project, Industry Support, Plant Initiated Projects.</p> <p><b>Economic Benefits (National Research Priorities)</b></p> <ul style="list-style-type: none"><li>• Improved OH&amp;S and working environment (Ageing well, ageing productively)</li><li>• Improved community understanding of processing employment and lifestyle (Understanding our region and the world)</li></ul> <p><b>Performance Indicators</b></p> <p>All member plants have documented evidence of addressing OH&amp;S procedures as part of induction</p>
<p><b>Program:</b></p> <p><b>AMIC OH&amp;S Committee</b></p> <p>The OHS Committee advises the AMPC Board on R&amp;D priorities for OH&amp;S. The Committee has a key role in determining important OH&amp;S issues requiring R&amp;D investment and referring these to the AMPC Board for inclusion in future revisions of the R&amp;D strategy.</p> <p><b>Partners:</b></p> <p>Members</p>	

<p><b>Objective:</b></p> <p>Increasing the adoption and availability of technologies that allow for wider labour force participation.</p>	<p><b>Budget:</b></p> <p>Core Project, Joint Project, Industry Support, Plant Initiated Projects.</p> <p><b>Economic Benefits (National Research Priorities)</b></p> <p>Wider workforce participation.</p> <p><b>Performance Indicators</b></p> <p>See 'Increasing cost efficiency and productivity in plants' in 5.1.</p>
<p><b>Program:</b></p> <p>(See 'Increasing cost efficiency and productivity in plants' and 'Encouraging programs to improve capability in the adoption of new technologies' in 5.1)</p> <p>R&amp;D, particularly automation programs, have the potential to open the industry to a wider labour force by reducing the physical and skill based requirements of certain jobs.</p> <p><b>Partners:</b></p> <p>(See 'Increasing cost efficiency and productivity in plants' and 'Encouraging programs to improve capability in the adoption of new technologies' in 5.1)</p>	

## 5.4 Assisting the Industry in Adapting to Environmental Challenges and Opportunities

### Objectives:

Promoting awareness of the impacts of climate change on the industry and the requirements of an Emissions Trading Scheme.

Assisting the industry to adopt innovative commercial solutions to improve environmental performance, lower costs and ensure sustainability.

### Program:

#### Environmental Solutions and Opportunities.

AMPC has formed a specialised Environment Committee to consult with members and partner organizations for the purpose of the objectives outlined above.

In addition to the Committee, AMPC has been an active member of the Greenhouse Challenge Program (GCP) since August 2000. It has also assisted in the Energy Efficiency Opportunity program (EEO), is a founding member of the Environmental Biotechnology CRC and is involved in a successful R&D program through MLA.

Through the Environmental Biotechnology CRC the following initiatives are at an advanced stage of demonstration, pilot plant operation and pre commercialisation:

- Energy reduction through improved processing of effluent
- Improved control and reduction of nitrogen and phosphorus in effluent
- Advanced dewatering of sludge's
- Integrated biosystem demonstration using plant effluent for aquaculture
- Improved odour control using enzyme or microbially activated zeolite
- New rapid detection of microbial populations.
- Advanced disinfection and bacterial control procedures.

Other initiatives include:

- Water use reduction project including waterless cleaning
- Investigation into small scale digestion of anaerobic waste
- Biogas field testing and operations guide
- Demonstration of the "E nose" for odour monitoring and control
- Energy reduction projects including energy audits, investigation of EEO impacts on industry and carbon trading emission limits.

### Partners:

Greenhouse Challenge Program, Energy Efficiency Opportunity, Environmental Biotechnology CRC.

### Management:

Environment Committee

### Budget:

Core Projects, Joint Projects, Direct Projects, Plant Initiated Projects.

### Economic Benefits (National Research Priorities)

- Red Meat industry will contribute to Australia meeting its carbon emission targets (Sustainable use of Australia's biodiversity; Responding to climate change and variability)
- Reduction in usage of water contributes to sustainability since in many areas water is an increasingly scarce resource (Water – a critical resource)
- Reduction in noise and odour complaints contributes to a better image for the industry and helps with attraction and retention of staff as well as meeting regulations;
- Reduce power, water bills and reduce costs for effluent disposal aids competitiveness by increasing profitability.

### Performance Indicators

- Demonstration of improved dewatering and nitrogen and phosphorus control in a granular SBR plant
- Successful demonstration of an integrated biosystem for improved control of effluent and production of commercially useful biosolids at least one Red Meat Processing plant
- Successful demonstration of enzyme or microbially activated zeolite for odour control in a biofilter at least one Red Meat Processing plant
- Successful commercialization of EBCRC's rapid detection system for bacterial detection
- Successful demonstration of EBCRC's advanced disinfection and bacterial control systems at least one Red Meat Processing plant.
- Improved energy use, reduction in carbon emissions and compliance with EEO regulations as demonstrated by Greenhouse Challenge audits.



## 6. BUDGET AND FINANCIALS

	2007-08	2008-09 \$ millions	2009-2010 \$ millions	2010-11 \$ millions
<b>INCOME</b>				
Levies	15.4	17.0	17.5	18.0
Interest Received	0.9	1.0	1.1	1.1
<b>Total Income</b>	<b>16.3</b>	<b>18.0</b>	<b>18.6</b>	<b>19.1</b>
<b>EXPENDITURE</b>				
Operational expenditure	2.2	1.2	1.2	1.3
Levy management expenses	0.1	0.2	0.2	0.2
Plant Initiated Projects	0.3	2.5	2.6	2.7
*Industry support program	1.0	1.4	1.4	1.4
**Program expenditure	10.0	11.8	12.1	12.5
<b>Total Expenditure</b>	<b>13.6</b>	<b>17.1</b>	<b>17.5</b>	<b>18.1</b>
<b>Net surplus / deficit</b>	<b>2.7</b>	<b>0.9</b>	<b>1.1</b>	<b>1.0</b>

\* Industry support programs include funding to AUS-MEAT, MINTRAC and ANIMAL HEALTH AUSTRALIA programs.

\*\* Program expenditure

AREA OF PROGRAM EXPENDITURES	2008-09 millions	2009-10 \$ millions	2010-11 \$ millions
Enhancing Product Integrity	3.18	3.28	3.37
Maintaining & liberalising access to world markets	1.73	1.78	1.84
Improving eating quality	0.26	0.27	0.28
Enhancing nutritional value of red meat	0.85	0.87	0.90
Developing new products	0.38	0.39	0.40
Promoting industry integrity	0.12	0.13	0.13
Aggressive promotion in the market place-domestic	1.35	1.39	1.43
Increasing cost efficiency & production - off farm	1.23	1.25	1.30
Improving industry & market information	0.25	0.25	0.26
Ensuring sustainability	0.54	0.56	0.57
Increasing adoption of R&D outcomes	0.81	0.83	0.86
Building world-class skills & innovation capability	1.07	1.10	1.13
<b>Total</b>	<b>11.8</b>	<b>12.1</b>	<b>12.5</b>



## 8. INTERACTION WITH STAKEHOLDERS

The following forums are considered to be fundamental in formulating and reviewing AMPC's strategic priorities.

### Committees

The AMPC Environment, Technical and Occupational Health and Safety Committees meet regularly to discuss and review AMPC's strategic priorities and outcomes. Representatives from the Australian Meat Industry Council and Meat and Livestock Australia are invited to participate in the committees. The outcomes of these meetings are discussed with the Board of Directors and relevant changes are made to our moving strategic plan.

### Meat and Livestock Australia Meetings

AMPC management expects to attend quarterly meetings with Meat and Livestock Australia to discuss areas of improved cooperation, research and development priorities and plant initiated projects.

### Internet Site

AMPC is currently improving its website to increase transparency and improve communication with its stakeholders. Newsletters, reports and official documents will be made available for members and the wider community. AMPC encourages its members to notify us of any identified areas of concern or improvement.

## 9. CORPORATE GOVERNANCE

The Board of AMPC is responsible, with management, for the corporate governance practices of the company and constantly updates its practices as indicated by periodic review. This statement sets out the main corporate governance practices that are in operation.

The Company recently implemented a new company constitution. In part, this was to address the proposed implementation of Statutory Levies, to be introduced in 2007-8. The Constitution was approved by the Members of the Company at a General Meeting held on 14th June 2007.

### The Board of Directors

The Board carries out its responsibilities according to the following mandate:

- the Board consists of seven Processor Directors and two special qualifications Directors;
- the members elect the Processor Directors, every two years;
- the special qualifications Directors are elected by the processor members of the Board;

- the Chairman and Deputy Chairman are elected by the Board;
- the Directors should possess a broad range of skills, qualifications and experience;
- the Directors are expected to act independently of any associate activities that may cause a conflict;
- the Board should meet on a regular basis, and
- all available information in connection with items to be discussed at a meeting of the Board is provided to each Director prior to that meeting.

The primary responsibilities of the Board include:

- the approval of the business plan, operating plan and the annual financial report;
- the establishment of the long term goals of the Company and strategic plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a regular basis and
- ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities. Including compliance with the company's obligations under the Red Meat Industry Memorandum of Understanding and the Commonwealth Funding Agreement 2007 - 2010.

### Independent Professional Advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

### Audit & Risk Committee

- The Board of Directors has appointed an Audit and Risk Committee consisting of four Directors.
- The Audit & Risk Committee meet as needed but typically about four times per year. The Committee's oversight responsibilities include:
- The consideration and integrity of AMPC's financial accounts and statements
- The internal controls, policies and procedures that AMPC uses to identify and manage business risks;
- The qualifications, independence, engagement, fees and performance of AMPC's external auditor
- The external auditor's annual audit of AMPC's financial statements

- The resources, performance and scope of AMPC's internal audit function;
- AMPC's compliance with legal and regulatory requirements and compliance policies
- Reviewing and recommending the annual budget to the Board

The Audit & Risk Committee invites the Chief Executive Officer and/or the Financial Account Manager and may request the external and internal auditors or the Company's legal representatives to attend meetings for the purposes of considering pertinent matters that may arise.

## Risk Management

The Board is responsible for the Company's system of internal controls. The Board constantly monitors the operational and financial aspects of the Company's activities and, through the Audit & Risk committee the Board considers the recommendations and advice of external and internal auditors and other external advisers on the operational and financial risks that arise or may arise.

The Board ensures that recommendations, and any concerns identified by the external and internal auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel, and, in conjunction with the recommendations of the audit & risk committee, the scope and work program of internal auditors.

## Code of Conduct

As part of the Board's commitment to the highest standard of conduct, the Company has a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct includes such matters as:

- integrity of staff and Directors;
- information & operational transparency;
- responsibilities to members;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices and
- responsibilities to the environment and the community.

All Directors are required to declare any conflict of interest, perceived or otherwise, they may have in matters before the Board, not to vote or participate in the debate on matters in which they have a conflict and, where appropriate, to absent themselves from the meeting during the discussion and vote on that issue.

## Disclosure

AMPC complies with the MOU, the Commonwealth Deed of Agreement and the Commonwealth 2007-2010 Funding Agreement. It is the Company's policy to provide timely, open and accurate information to stakeholders.



## 10. REFERENCES

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