

**AUSTRALIAN
MEAT PROCESSOR
CORPORATION (AMPC)**

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**ANNUAL
OPERATING
PLAN
2020–2021**

Our journey to building the
most profitable and sustainable
red meat processing industry.



AMPC HERE FOR PROCESSORS

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Processors are at the heart of Australia's red meat industry and our rural and regional communities.

They are a significant source of employment across the country.

THEY ARE THE SINGLE LARGEST EXPORTER OF AUSTRALIAN FOOD PRODUCTS TO THE WORLD.

AMPC delivers value to processors through **authentic partnerships**, creative R&D and marketing solutions to ensure their **profitability** and **sustainability**.

Our people work with members to conduct research and development (R&D) activities with a view to ensuring the sustainability of Australia's processing industry.

Our Mission

To drive world-class innovation, adoption and strategic policy development through genuine partnerships built on trust.

Our Vision

The red meat processing industry's trusted partner in innovation.

Our Purpose

To enable Australia to build the most competitive, profitable and sustainable red meat processing industry.

Our activities include:

- Investing in a portfolio of R&D on behalf of our members to ensure profitability and sustainability; and extending innovation to members and industry
- Member education, training and information sessions across industry issues and opportunities, including the provision of publications and resources
- Tailored R&D plans for individual member businesses
- Working with the processor peak body, the Australian Meat Industry Council (AMIC) and government and providing strategic policy research to help inform policy discussions and direction
- Communicating the value of the meat processing sector to enhance the reputation and understanding of the great work processors do as part of the red meat industry

As the research, development and marketing service provider for Australian processors, AMPC runs programs of activity that are funded by processor levy payers, private contributions and the Australian Government.

BALANCED PORTFOLIO

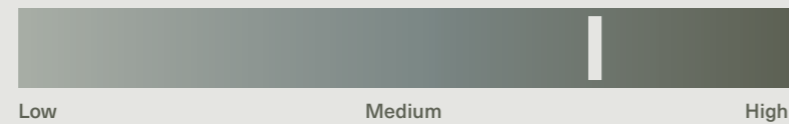
In line with its funding agreement with the Commonwealth Government, AMPC invests in a balanced portfolio of R&D and marketing initiatives.

The balance of the research portfolio is demonstrated by the following charts which display the proportion of research, development and extension projects under the AOP in the following program areas.

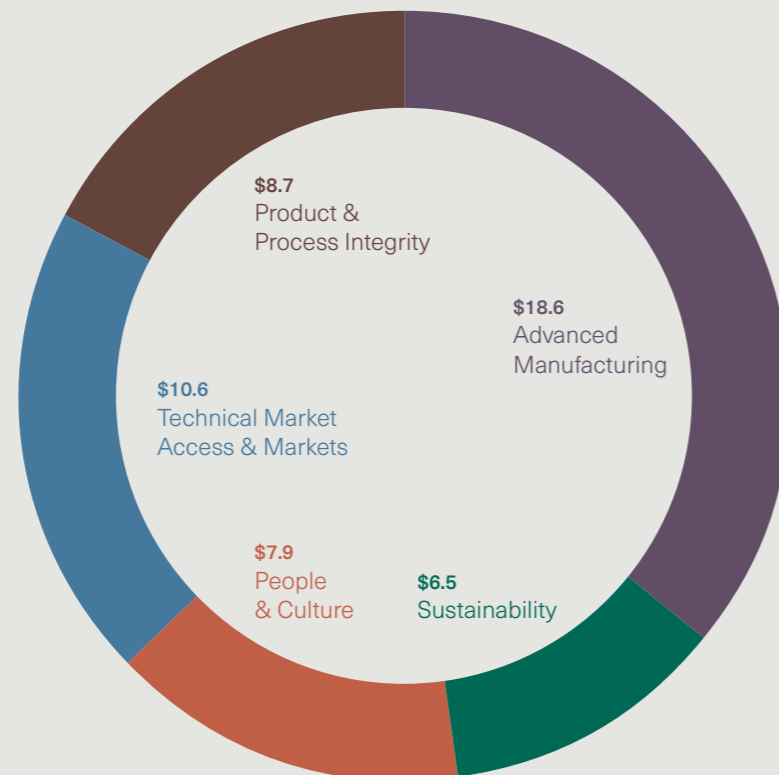
Budget Allocation

- Our five research programs have attracted \$29.5m of funding for new projects, in addition to \$22.8m allocated to existing commitments, including Core, Plant Initiated and Joint projects.
- In 2020–21 the member-led Plant Initiated Projects have attracted \$24.4m of budget contribution to projects for focused on-plant adoption of R&D outputs, including member contributions.
- Joint activities co-funded and managed by value-chain partner MLA have attracted \$8.3m representing 48% of anticipated levy income.

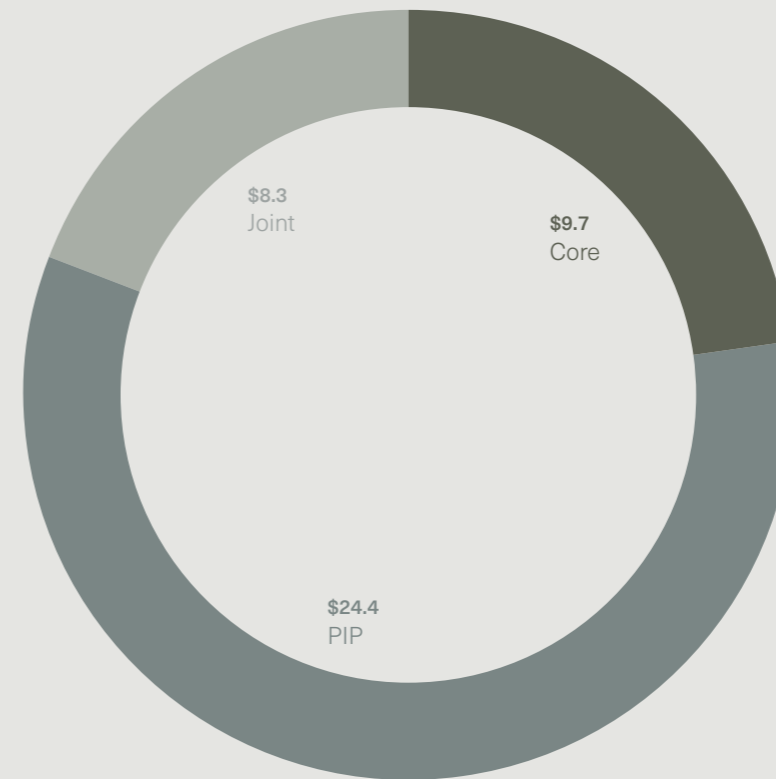
Board Risk Appetite



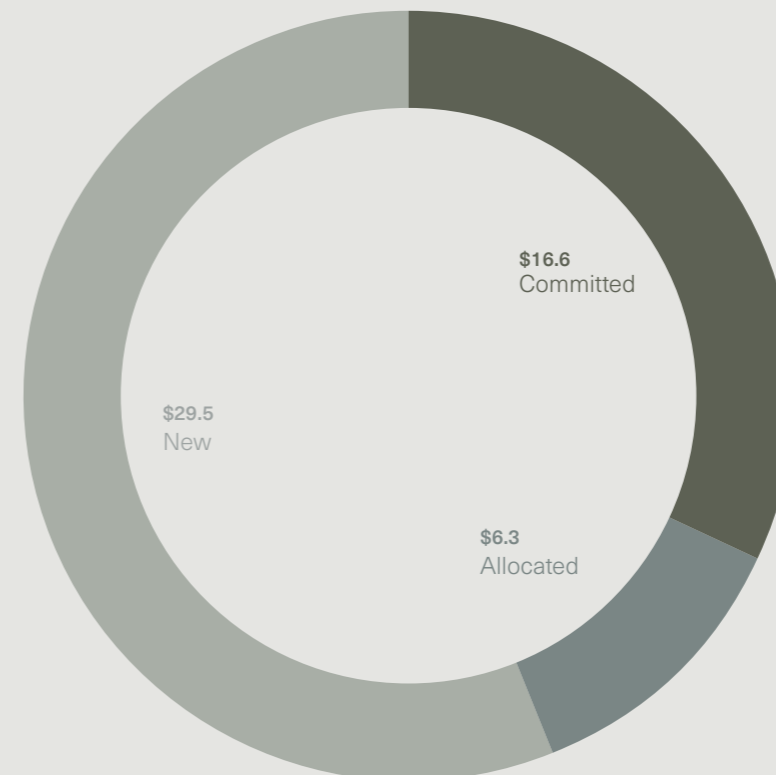
Expenditure by Program (\$m)



Expenditure by Type (\$m)



New vs Committed (\$m)



Priorities

The Australian Meat Processor Corporation Annual Operating Plan 2020–21 (AOP) is the first AOP under the AMPC Strategic Plan 2020–25 (Strategic Plan) and seeks to build on our achievements.

The key changes under the Strategic Plan were to:

- Refine and segment our stakeholder approach and activities to increase responsiveness and engagement;
- Facilitate more focused research and development outputs that are transferable in-plant and across the sector;
- Place greater emphasis on the extension activities required for outputs to be adopted; and
- Improve engagement between AMPC, the industry and the public.

The AOP further emphasises this strategic direction by:

- Creating a more focused adoption and extension program which targets separate processor segments (defined by size of operations, small, medium and large);
- Conducting more commercial R&D driven by processor in-plant trials;
- Bringing more structure to our extension activities at project inception to increase the transfer of knowledge and uptake of technologies by processors; and
- A significant increase in our public engagement activities, underpinned by our participation in Red Meat 2030, the Beef and Sheep Sustainability frameworks and the red meat industry commitment to CN2030.

PROGRAMS & FOCUS AREAS

ADVANCED MANUFACTURING

Program Aspiration

Human product handling is halved through technology advancement to reduce injury rates, maximise yield and processing efficiency by 2030.

-  HANDS-OFF PROCESSING
-  CARCASS PRIMAL PROFITABILITY OPTIMISATION
-  ADOPTION
-  DIGITISATION

SUSTAINABILITY

Program Aspiration

By 2030, Australian processors are recognised as global leaders in environmental stewardship and acknowledged as responsible businesses with positive economic and social impacts on their communities.

-  COMMUNITIES
-  ENERGY
-  WATER
-  WASTE
-  PACKAGING

PEOPLE & CULTURE

Program Aspiration

By 2030, the processing sector is seen as a diverse, safe and attractive industry of choice for employment.

-  ATTRACTION
-  DEVELOPMENT
-  RETENTION
-  SAFETY & WELLBEING

TECHNICAL MARKET ACCESS & MARKETS

Program Aspiration

By 2030, Australia is the preferred trading partner for premium red meat products globally, with unrivalled access to high value markets.

-  MARKETING & PROMOTION
-  PRODUCTS
-  MARKET ACCESS
-  INTERNATIONAL COMPETITIVENESS

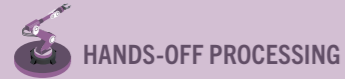
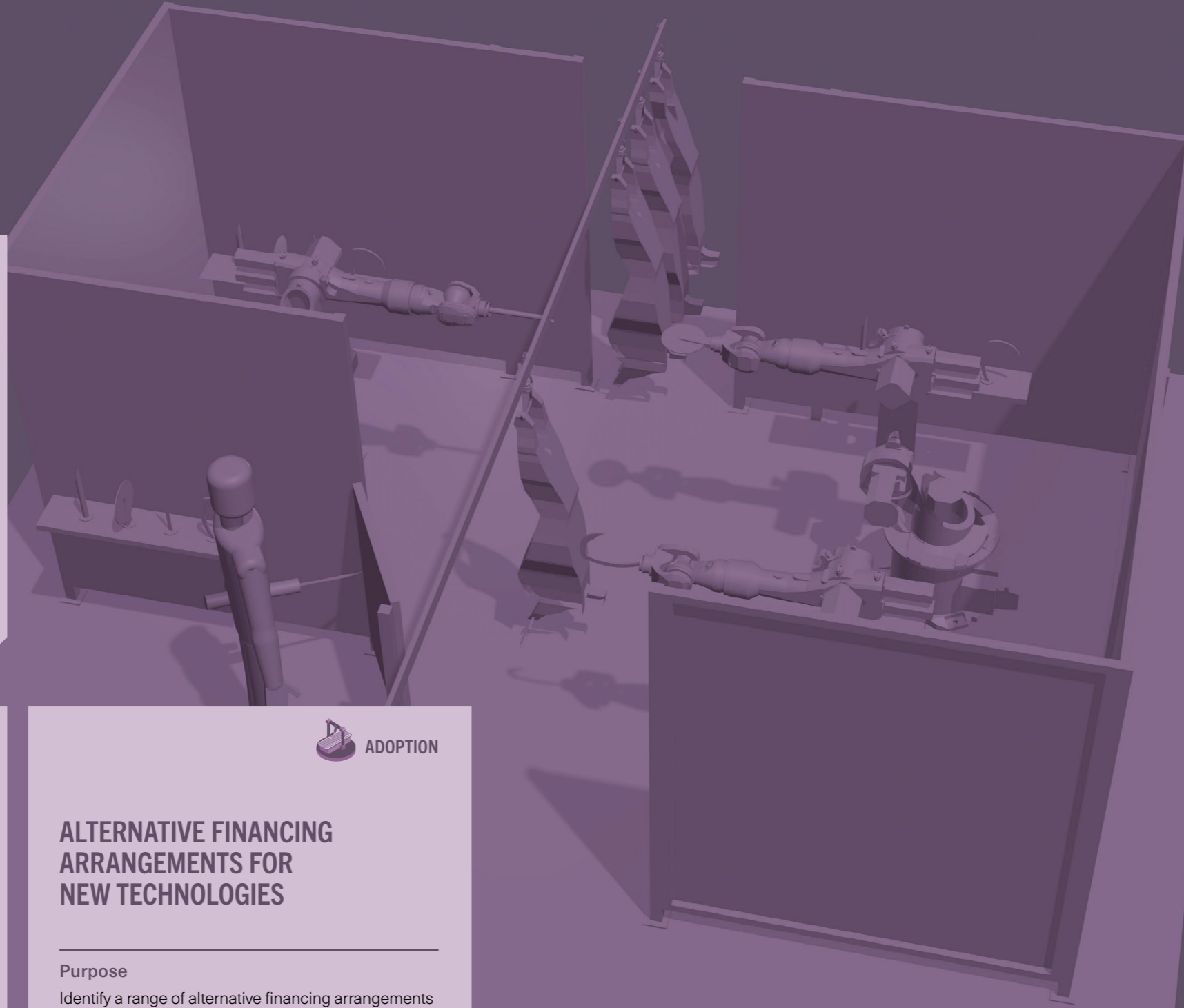
PRODUCT & PROCESS INTEGRITY

Program Aspiration

The Australian red meat industry maintains and further enhances its international reputation for safe, sustainably-sourced, wholesome red meat products.

-  TRACEABILITY & INTEGRITY SYSTEMS
-  ANIMAL WELFARE
-  FOOD SAFETY

ADVANCED MANUFACTURING INITIATIVES



NON-AUTOMATED, HANDS-OFF PROCESSING

Purpose
Deliver new, hands-off technology solutions to improve safety and productivity.

Outcome
Improved safety for workers who engage in manual handling tasks, which in turn delivers better productivity.



PROCESSING INDUSTRY 4.0

Purpose
An evaluation of the benefits of pursuing Industry 4.0 for the processing sector.

Outcome
A competitive and profitable industry better enabled through smart and connected technologies.



ALTERNATIVE FINANCING ARRANGEMENTS FOR NEW TECHNOLOGIES

Purpose
Identify a range of alternative financing arrangements to increase uptake of new technologies.

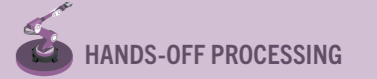
Outcome
Increased commercial appeal of new technologies resulting in increased adoption rates.



UNDERSTANDING THE TRUE COST OF LABOUR

Purpose
Establish the holistic cost of labour (including the impact of absenteeism) to better understand return on investment with some automated tasks.

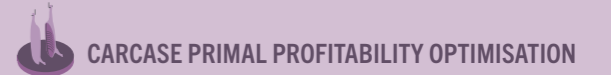
Outcome
Improved technology adoption rates for industry by demonstrating clear return on investment.



A CO-OPERATIVE RESEARCH CENTRE FOR AUTOMATION (CRC)

Purpose
Processor RDC investment towards a co-operative research centre for meat industry automation.

Outcome
Greater competitiveness and profitability through fit-for-industry automated and robotic solutions.



BEEF AND SHEEP CARCASS CUTS CALCULATORS

Purpose
Develop carcass cuts calculators which clearly demonstrate optimised returns on carcasses.

Outcome
Greater ability for processors to better schedule processing timetables to optimise efficiency and productivity of throughput.

SUSTAINABILITY INITIATIVES



ENERGY INNOVATION FOR PRODUCTIVITY

Purpose

Reliable Affordable Clean Energy (RACE) for 2030 CRC is an industry-led innovation to increase energy productivity.

Outcome

Substantial savings in energy costs and energy productivity for the red meat supply chain.



WATER RECYCLING AND ENERGY RECOVERY

Purpose

A tool for processors to assess which technologies are right for them in reducing their energy and water consumption.

Outcome

Greater adoption of water recycling and energy technologies based on individual needs.



VALUE OPPORTUNITIES FOR BY-PRODUCTS

Purpose

Develop a commercial solution for hide utilisation.

Outcome

New commercial opportunities will allow processors to extract value from cattle hides.



REFRIGERATION ENERGY EFFICIENCY OPPORTUNITIES (EEOS)

Purpose

Demystify new technologies for refrigeration and empower plant staff to approach suitable technology providers.

Outcome

Accelerated uptake of refrigeration energy efficiency opportunities for the benefit of individual plants.



AGGREGATED WASTE TO ENERGY (W2E)

Purpose

Identify ways processors can work with their communities to aggregate waste for reuse and ultimately community benefit.

Outcome

Reduced costs of thermal energy, power and waste disposal for both plants and their communities.



RED MEAT PROCESSING EMISSIONS

Purpose

Measurement, management and reporting of red meat emissions to understand and progress towards the industry target of net-zero emissions by 2030.

Outcome

Greater understanding of the pathway to net zero emissions and processors' progress to that goal.

PEOPLE & CULTURE INITIATIVES



LEADERSHIP OPPORTUNITIES

Purpose

Develop leadership courses to contribute to the development of highly skilled and progressive leaders for the sector.

Outcome

Enhanced leadership capability within the industry to drive innovation and productivity.



EMPLOYEE RETENTION

Purpose

Understand the drivers of retention and develop best practice frameworks.

Outcome

Reduced turnover rates across the industry.



FUTURE SKILLS FOR INDUSTRY

Purpose

Understand the skills required for Industry 4.0 technologies for processors.

Outcome

Improved understanding of Industry 4.0 having identified, recruited and developed the right workforce for the future.



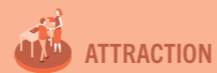
RED MEAT INDUSTRY VISAS — PHASE 2

Purpose

Deliver a 'ready-reckoner' for processors on visa use.

Outcome

Improved enablement of processors to fill employment vacancies.



SCHOOL RESOURCES

Purpose

Develop school resources to support the promotion of and engagement with career opportunities in the processing sector.

Outcome

Improved attraction outcomes for the processing sector.



MAKING THE MEAT INDUSTRY A SAFER PLACE

Purpose

Implement initiatives to make the meat industry a safer place including awareness campaigns, safety training and a support hotline.

Outcome

Improved safety, reduced long term injury rate and a reduction in workers compensation claims for plants.

TECHNICAL MARKET ACCESS & MARKETS INITIATIVES



CREATING VISIBILITY IN THE SUPPLY CHAIN

Purpose

Develop export traceability platforms that are integrated with importer verification platforms.

Outcome

Australia remains technologically competitive and capable of leveraging our premium brand status enabling unrivalled market access.



AUGMENTED REALITY FOR REMOTE AUDITING

Purpose

Develop and trial a hardware and software system that enables the auditing and verification practices, which must occur for continuing certification, to be conducted remotely.

Outcome

Australian red meat gains a competitive advantage for access to export markets.



TRIAL FOR PROCESS CONTROL MONITORING

Purpose

Test and deliver a verified and approved process monitoring system.

Outcome

Australia is recognised as internationally competitive by demonstrating a process monitoring system which retains export market access.



TRADE BARRIERS

Purpose

Develop a blueprint for strategic research into trade barriers, for use by peak industry councils to advocate for equivalence cases in alleviation of technical trade barriers.

Outcome

Increased market access for Australian red meat.

PRODUCT & PROCESS INTEGRITY INITIATIVES



TRACEABILITY & INTEGRITY SYSTEMS

EXPORT LABELLING

Purpose

Develop, trial and deliver a low-cost internet of things (IoT) solution to address labelling inconsistencies for Chinese import requirements.

Outcome

Increased certainty in the correct labelling and traceability of products through the supply chain for Australia and China.

FOOD SAFETY

WASHING TO IMPROVE HYGIENE

Purpose

Determine whether hide washing before processing has a positive effect on animal welfare, beef carcass contamination and meat quality.

Outcome

Improved value of the whole carcass through an agreed Australian standard for pre-slaughter hide washing systems.

ANIMAL WELFARE

GAP ANALYSIS FOR NON-CERTIFIED AUSTRALIAN ANIMAL WELFARE CERTIFICATION STANDARDS (AAWCS) PROCESSORS

Purpose

Identify areas of potential non-compliance that can be addressed and make recommendations for improving current standards.

Outcome

Improved animal welfare across the processing industry.

FOOD SAFETY

HYGIENE AND HANDLING COMPLIANCE

Purpose

Reduce non-compliance through use of predictive models and exploratory tools (via biomarkers) for meat processors.

Outcome

Improved carcass value through development of a practical method for storage and post-slaughter treatment of grain-fed carcasses.

ANIMAL WELFARE

ANIMAL WELFARE AND STAKEHOLDER EXPECTATIONS

Purpose

Develop a deep understanding of consumer attitudes to animal welfare that affect and influence red meat purchasing frequency.

Outcome

Better engagement with consumers and improved understanding of animal welfare so people feel good about buying red meat products.

EVALUATION

R&D has a proven role in driving long-term productivity, growth and sustainability.

Annually, AMPC commissions independent evaluations of its research projects to demonstrate the benefits and outcomes that have emerged or are likely to emerge from investments. This analysis identifies a range of benefits to AMPC R&D across **economic, environmental and social outcomes**.

As part of its evaluation framework, AMPC conducts economic evaluations on recently completed projects to support a systematic and objective approach to R&D decision making.

This approach enables AMPC to:

- Understand the drivers of investment success and potential investment impact
- Derive insights to continuously improve program investment and delivery
- Communicate the value of its funding investments to industry and stakeholders

AMPC's evaluation framework can be found on the [AMPC website](#).

Project Evaluation



Program Evaluation



KEY PERFORMANCE INDICATORS

Description	Measure
Member satisfaction	Year-on-year improvement in member sentiment towards AMPC as identified through a survey to be completed in June 2021
Industry engagement	85% of industry engaged in PIP and/or Core projects during the year, as measured by industry throughput
Industry capability	50% of members have agreed plant innovation strategies in place 30 June 2021
On-plant R&D	80% of aggregate member PIP balances fully consumed by approved projects by 30 June 2021
Efficient approvals	50% reduction in time from proposal submission to contract execution compared to 2019–20
On-time project delivery	No more than 5% of project milestones overdue throughout the year
Improved transparency	Past, current and future R&D is accessible by 31 December 2021
Peak council engagement	Minimum of 4 presentations to the National Processor Council and 12 formal meetings between AMPC and AMIC executive officers

BUDGET

INCOME & EXPENDITURE

INCOME	RD&E	Marketing	Pre-stat	Total
Levies	\$10,269,937	\$6,846,624	—	\$17,116,561
Interest	\$21,584	\$276,283	\$156,752	\$454,618
Government Matching	\$23,975,591	—	—	\$23,975,591
Partner Contributions	\$6,095,347	—	—	\$6,095,347
Total	\$40,362,458	\$7,122,907	\$156,752	\$47,642,116

PROGRAM EXPENDITURE	RD&E	Marketing	Pre-stat	Total
Advanced Manufacturing	\$18,628,487	—	—	\$18,628,487
Sustainability	\$6,478,698	—	—	\$6,478,698
People & Culture	\$7,891,502	—	—	\$7,891,502
Technical Access & Markets	\$5,619,287	\$5,000,000	—	\$10,619,287
Product & Process Integrity	\$7,737,908	\$1,000,000	—	\$8,737,908
Total	\$46,355,882	\$6,000,000	\$—	\$52,355,882

CORPORATE COSTS	RD&E	Marketing	Pre-stat	Total
AUS-MEAT Contribution	—	\$550,000	—	\$550,000
Direct Corporate Costs	\$2,371,315	—	—	\$2,371,315
Indirect Corporate Costs	\$1,535,985	\$1,023,990	—	\$2,559,974
Total	\$3,907,299	\$1,573,990	\$—	\$5,481,289

RESERVE MOVEMENTS

	RD&E	Marketing	Pre-stat	Total
Opening Reserves	\$16,978,606	\$12,478,154	\$6,978,981	\$36,435,741
Budget Net Income	(\$9,900,724)	(\$451,083)	\$156,752	(\$10,195,055)
Total	\$7,077,882	\$12,027,071	\$7,135,733	\$26,240,686

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