BPEX BUSINESS PLAN 2012-13

Introduction

The BPEX Board discussed the direction of BPEX activity at its meeting in October 2011. The overall conclusion was that the direction of the strategy was correct. The overall strategic challenge facing the English pig industry continues to be the drive to be more cost competitive and the need to maximise the value of the pig. The activities of BPEX will be aligned to this challenge.

A number of changes of emphasis compared with the current plan were agreed. In summary these are

- The priorities for 2012/13 are pig health, exports and differentiation
- We will improve our visibility with stakeholders, especially levy payers
- We will work towards greater engagement with processor levy payers
- We will improve our responsiveness. The lorry wash project is a good example of this.
- We will ensure that the strategy and its delivery is aligned to the structure and budget of the business
- We will make limited use of reserves in order to align our reserves to the needs of the business

The result will be that we increase spending on helping the industry improve pig health, mainly through the Pig Health Improvement Project, we will increase spending on knowledge transfer with the focus on improving cost competitiveness and we will increase spending on export marketing, focusing on non-EU countries. The marketing budget will remain unchanged from the current year but there will be a greater emphasis on differentiation to our customers and consumers in the run up to and after the introduction on the partial ban on sow stalls in the rest of the EU from 1.1.13. The Board agreed that expenditure on marketing this year should exceed budget in order to bolster the Pigs Are Still Worth It campaign. This overspend is likely to be about £170k for this year. A similar amount will be spent in 2012/13.

The overall impact on the budget is for an increase in spending to be broadly matched by an increase in levy yield from forecast higher slaughter. On that basis BPEX allocated reserves (based on property valuations in March 2011, and excluding the BPEX share of MLCSL reserves and the pension reserve) would remain at about 20 weeks income which is a conservative position.

This plan outlines the activities to be undertaken in 2012/13, the expected outcome of these activities, how performance will be monitored and what it will cost. The budget figures are net levy spending that is excluding non levy income.

The BPEX Vision

- An English pig production and processing sector that is resilient, sustainable and comprises internationally competitive supply chains which results in businesses that have the confidence to invest in their future.

Strategic challenges and opportunities

- Feed cost rises and volatility have resulted in negative margins for many pig producers. Despite the recent reduction in feed grains and oilseed prices they seem likely to remain at historically high levels. Pressure on margins is likely to persist for much of the plan period unless cost competitiveness can be improved and greater value derived from the market

- The KPI's of English pig production have improved in the last year which is very encouraging. We have developed a good structure to deliver the professional development of all who work in the industry and thereby improve competitiveness. However, the latest InterPig Report for 2010 and indications for 2011 shows that our competitiveness gap remains a challenge

- There has been a move to more flexible pricing methods by some major processors. The price premium for English pigs over and above our EU competitors has remained reflecting a demand for domestic production although the premium has been lower in the last year. Differentiation of our product, the attractive pricing of pork compared to other species and a generally favourable exchange rate against the Euro have helped to partly offset intense price competition among retailers and food service companies.

- Differentiation of English pig meat based mainly on welfare will come under pressure as we approach the partial EU ban on sow stalls. However this could also help to redress some of our cost disadvantage if the legislation is enforced swiftly and universally in the rest of the EU.

- The market for pig meat including offal is growing strongly in South East Asia. This will be an opportunity to expand our existing export business and add value to the carcase.

- Interest in the environment and the impact of meat production will be a focus for regulators, customers and potentially consumers. The pork industry has a relatively low carbon footprint and is a potential source of energy and organic nutrients.

- Effective communication with our levy payers will be vital to ensure they get the maximum benefit from our activity.

Our objectives

1. Use the levy for co-ordinated high impact activity that aims to yield a better return for levy payers than they can otherwise achieve individually

2. Help English producers and processors become more efficient in comparison with other EU producers within the constraints of the welfare and environmental regulations in operation in the UK

3. Help English producers and processors maximise the value they get from the market by inspiring consumers to eat pork and pork products, promoting exports, communicating the high welfare, assurance and environmental standards that the sector operates to whilst defending the industry from unjustified criticism

4. Help English producers and processors to produce pig meat in an environmental, social and economically sustainable way through the effective transfer of new and existing knowledge

Future Direction

The plan for 2013/14 and 2014/15 is to continue in a similar direction that is focusing on research and development and translation into greater cost competitiveness through knowledge transfer. This will be funded through higher forecast slaughtering. Specific plans will be determined by the BPEX Board as part of planning cycle in the coming years.

Next Steps

Once agreed BPEX staff will prepare detailed project plans with individual project targets. The Board can then monitor the progress of the Business Plan against these targets.

ACTIVITIES AND TARGETS

RESEARCH AND DEVELOPMENT

Introduction

The objective of BPEX Research and Development is to deliver a flow of new products, processes and services to improve efficiency; maximise value and provide an evidence base for the industry. A key focus is to support the knowledge transfer team in the delivery of the 2 Tonne Sow Strategy and facilitate practical implementation of research and development to improve production efficiency.

Key activities

Health improvement

The key aim of the health improvement work stream is to reduce the impact of disease on pig performance. It directly supports delivery of the Health Pillar of the BPEX Two Tonne Sow (2TS) Campaign and indirectly the Environment Roadmap. The Pig Health Improvement Project is at the core of the 20:20 Pig Health and Welfare strategy for England launched in August 2011 with cross-industry support. The Pig Health Improvement Project will develop momentum in 2012-13 and will encourage groups of producers to deliver robust case studies to demonstrate the financial value to pig units from improvements in health. We will facilitate access to support from the Rural Development Programme for England.

Effective decision support tools for health management will be developed and delivered to enable significantly reductions in the use of antimicrobials without compromising pig health and welfare. The BPEX Pig Health Scheme will continue to provide information on health status of slaughter pigs. BPEX will work with the FSA Operations Group to improve the quality of Carcase Condemnation and Inspection Results. The development of oral fluids as a diagnostic tool for herd health status will be supported.

A cross-industry working group will look at the surveillance needs of the pig industry and recommend options for the efficient detection of emerging disease threats and for providing sufficiently reliable information on enzootic disease status on-farm. BPEX will support the Pig Health and Welfare Council to establish by the end of 2012 the baseline against which credible targets for the 20:20 Pig Health and Welfare strategy can be set and progress in meeting the targets be measured.

Welfare

The key aim of the welfare work stream is to identify opportunities to differentiate English pigmeat on the basis of pig welfare and support the BPEX Marketing plan. Welfare outcomes can be used as a management and benchmarking tool, to measure progress and to provide a clear focus on on-going improvement. Evaluation of a system for measuring Welfare Outcomes will be completed and cross-industry discussions initiated on their use in farm assurance from 2013. The focus for research and development will be on finding solutions to tail biting, tail docking, teeth clipping, freedom around farrowing and the husbandry of entire males that make progress in improving pig welfare that is not at the expense of unsustainable production; reductions in tail docking should not be at the expense of an increase in pigs that are tail bitten.

Environment

The 2011 Environment Road Map, Advancing Together, set ambitious targets to reduce the environmental impact of pig production in 4 key areas - climate change, eutrophication, acidification and abiotic resource depletion. The Environment team support the industry in addressing the challenges on compliance with existing legislation and ensuring appropriate development and interpretation of new legislation. Improving building efficiencies will form a significant element of Roadmap delivery and support will be provided directly and through the Knowledge Transfer 2TS Campaign Buildings Pillar. New technologies and opportunities for the industry will be identified and practical information on implementation provided on energy, health and safety, capital grant schemes and other areas directly relevant to producers.

BPEX will work with industry and regulators on the revision of nitrates regulations, the Industrial Emissions Directive (IPPC) Best Available Techniques (BAT) and thresholds that support sustainable pig production. We will work with outdoor pig keepers to demonstrate how this is compatible with environmental sustainability.

Reviews of ammonia impacts being developed by Natural England will be assessed along with work by AEAET for Defra. Further research needs in this area will be identified and prospects for joint project funding with Defra and other funding sources explored. An exploratory project will determine if further studies are required on odour emission factors as current data appears to be out-dated and not relevant to current pig production.

Sustainability issues have matured and work with processors and retailers with the marketing team aims to identify the research and development needs to support further improvements. Life Cycle Assessment for our range of production systems will be progressed by co-operation across AHDB provided this offers best value for the industry. We will cooperate on international comparisons and best practice. Input to the Greenhouse Gas Action Plan and associated activity, including nutrition, will continue as will working with Defra on these issues.

Production efficiency

The key aim of the production efficiency work stream is to identify opportunities to reduce the cost of production and improve herd performance supporting the Breeding, Finishing and Nutrition Pillars of BPEX 2TS. The Taylor review on scientific research in agriculture strongly linked weak productivity gains to reduction in R&D investment and the demise of public extension services. It identified research to improve livestock management and breakthroughs in genetics as critical. The R&D focus will be on identifying the key areas to improve performance including manipulations of diets and nutrients to enhance the performance and feed efficiency of pigs; alternative sources of protein; genetic progress and its exploitation; and improving reproductive efficiency.

Food safety

The key aim of the food safety work stream is the production of safe and wholesome pigmeat, which is key to maintaining consumer confidence. The agenda for Salmonella control will be driven by EU Commission targets pre- or post-farm gate. The whole chain approach of the Zoonoses National Control Programme for Salmonella in pigs (ZNCPig) aims to reduce Salmonella risk. ZNCPig will support the development of more effective Salmonella control on-farm and particularly in abattoirs. Salmonella risk control is more cost-effective at abattoir level and areas for investigation include the use of ozone and electrolysed water; chlorine in polishers, carcase washing before splitting; UV exposure; use of Steriex; second singeing; and pressured steam.

Product quality

The key aim of the product quality work stream is to identify opportunities to differentiate English pigmeat and to provide assurances that the labelling of product origin is accurate. The development of isotope analysis to help ensure accurate provenance will be completed in 2011 and transferred to implementation as part of Red Tractor auditing.

Studentship Programme

The aim of the Studentship Programme is to develop the next generation of expertise for the English pig industry through supporting PhD studentships in areas of research relevant to BPEX priorities also supporting delivery of the Training Pillar of BPEX 2TS Campaign. Investment in this area will be reduced and refocused on exploiting opportunities for developing technical expertise within the supply chain through the BBSRC Advanced Training Partnerships.

Budget (net levy)

Principal activities	***2011-12***	***2012-13***
£K		
Research and Development Management	187	150
Health	755	850
Welfare	71	100
Environment	232	300
Production efficiency	46	200
Food safety	232	240
Product quality	155	100
Studentships	272	205
Total	1970	2165

Objective	Activities	Target Outcomes	Monitoring
1. Health (£850K)	Pig Health Improvement Project The establishment and development of this comprehensive scheme to significantly enhance pig health and therefore performance.	85% of pigs on units registered with Pig Health Improvement Project	Industry database
		7 groups of producers working together on long-term plans.	Contact with producers
		10% reduction in EP lesions and 10% reduction in pleurisy	BPHS Scheme, quarterly rolling trends
		10% reduction of units with Swine dysentery	Swine dysentery declaration in Red Tractor?
	Surveillance - monitoring and measuring of disease / health status in the pig industry	An increase of engagement by producers to 75% in BPHS	BPHS membership database, quarterly
		Baseline health status established and targets for improvement agreed.	PHWC agrees targets for 20:20 strategy
		Pig industry surveillance strategy developed	Strategy launched with cross-industry support
2. Welfare (£100K)	The promotion of improved welfare standards in the national industry both for breeding herds and for finishing herds.	Over the period of this Business Plan we will expect a 50% level of engagement on WO	Successful recruitment of farms into scheme
3. Environment (£300K)	Environment Roadmap targets - measuring and reduction of the environmental impact of the pig industry	Climate change – 4% improvement	LCA monitoring
		Eutrophication – 4% improvement	LCA monitoring
		Acidification – 4% improvement	LCA monitoring
		Abiotic resource depletion – 4% improvement	LCA monitoring
	LCA tool development.	Tool developed and in use on 10 pig farms	Data submitted from LCA tool use.
4. Production efficiency (£220K)	Knowledge transfer, research and development on production efficiency.	Achieve an average of 2000kg of carcase meat a sow a year in 2013	Agrosoft recording scheme.
5. Food safety (£240K)	Zoonoses National Control Programme for Salmonella in pigs (ZNCPig) on-farm and in abattoir support for risk reduction.	Salmonella prevalence on carcases is reduced to below 9% in abattoirs	Abattoir reporting to ukmeat.org database
6. Product quality (£100K)	Review to identify opportunities to differentiate English pigmeat on quality.	Product quality research and development strategy established with industry support.	Cross-industry support for strategy.
7. Studentship (£205K)	Funding of PhD studentships.	Research findings disseminated on completion; 75% employment in the industry	Knowledge transfer and monitor employment status of former students.

COMMUNICATIONS AND SUPPLY CHAIN DEVELOPMENT

Following the restructuring of the BPEX Communications and Supply Chain Development team to include Knowledge Transfer in 2011-12, the 2012-12 business plan is threefold:

1. Effective delivery of commercially relevant knowledge transfer to assist industry to achieve 2TS (Two Tonne Sow)

2012-13 will see the 2TS programme move into its final year with the focus on rearing and finishing. Based on Agrosoft 12 month data to June 2011 average performance is currently 1695kg per sow per year relative to top 1/3 producers achieving 1945kg. Whilst a third of the industry is therefore within sight of achieving 2TS, there is considerable gap between leading businesses and average production.

Following a review in 2011, Knowledge Transfer in 2012-12 is to increase its focus on the delivery of commercially relevant, timely and tangible products and services to assist individual businesses, working in close partnership with other allied industry companies and veterinarians.

This will require more clarity and consistency in the branding, description and communication of products and services KT can provide and the effective targeting of customer groups. More effectively using AIG companies to be active advocates of BPEX KT messages will also be a significant factor to success.

Knowledge Transfer will continue to be delivered through a range of forums including national conferences, regional workshops, business clubs, and bespoke KT with individual businesses and customers. However it is proposed to introduce a new service focused on funding farm trials to quickly address emerging management issues which can be disseminated to wider industry. This may be linked to industry developments such as availability of new technology or products, changing genetics, emerging health challenges etc.

Knowledge transfer activity will continue to be based on delivery of specific pillars of the 2TS campaign, rearing and finishing in 2012-13, via a range of conferences, workshops and direct contact with businesses.

It is proposed that additional funding be invested in four areas:
1. Short term specific farm trials/investigations
2. Increased KT producer visits to exemplary businesses in UK and EU
3. Development of a management guide for high prolificacy genetics and large litters
4. Increasing the innovation grant budget

These activities and services will supplement existing delivery of KT. Skills development has an important role in improving competiveness and this will be a continued focus ensuring maximum leverage from RDPE funding. Industry progress in skills development will be important as “earned recognition” offers an increasing opportunity to reduce business burdens.

Barometer farms, established in 2011-12 will be used as an additional performance measure to assess the effectiveness of KT in changing business behaviours that will result in increased physical pig performance.

2. Increasing customer awareness of BPEX activity

The 2011 BPEX annual survey identified a reduction in BPEX services quality performance. Reversing this trend is therefore a key priority in 2012-13. Activity to improve communications will reflect findings of an extensive market research study also undertaken in 2011.

BPEX communications will continue to be disciplined in promoting BPEX KT products and services in a compelling targeted way as opposed to generic organisational promotion. However a greater diversity of communication channels will be introduced to more effectively engage with a wider audience.

Ensuring that customers have an awareness and understanding of BPEX marketing activity will also be of crucial importance given the high profile nature of the 1.1.13 campaign and the implication of its success for English pig producers.
During 2012-13 BPEX will continue to actively promote BPEX activity, especially KT products and services, to BPEX customers. However it is proposed that new approaches to increasing awareness and engagement are achieved including:

1. KT webinars to extend the reach of interactive KT workshops into individual farm offices
2. Utilising the new BPEX CRM system to more effectively engage with direct business types and tailor information needs to customer preferences
3. Regional meetings/dinner with key opinion formers to discuss and debate BPEX services and opportunities
4. Introduction of social media to widen the communication of KT and MI information
5. Promotion of the revised BPEX website
6. More explicit definition and communication of BPEX products and services

3. Enhancing supply chain communication

The challenge of facilitating the development of trusting transparent supply chain relationships between willing partners remains. Despite the feed crisis of 20010-11, increasing awareness of risk management techniques within the English pig sector and an expectation of continued commodity volatility in the medium term, there remains little appetite by retailers and some producers to establish longer term trading relationships.

It is therefore proposed that BPEX establish an industry model describing the core characteristics of a mature supply chain relationship based on evidence taken from existing pig and other food sector supply chain arrangements.

Successful delivery of this business plan will be a customer that understands how and why his money is being invested by BPEX, what benefits BPEX can deliver into his business, and how best to access these services.

Supply chain activity will continue to focus on the areas of education and application of risk management tools within the pig meat supply chain, illustration and demonstration of the benefits of tangible supply chain relationship agreements and maximising the industry benefits from the eAML2 system.

Budget (net levy)

Principal activities	**2011/12**	**2012/13**
£K		
Effective delivery of commercially relevant knowledge transfer to assist industry achieve 2TS	679	788
Increasing customer awareness of BPEX activity	405	368
Enhancing supply chain communication	35	71
Total	**1119**	**1227**

Objective (% budget net of non levy income)	**Principal Activities**	**Target Outcomes**	**Monitoring**
1. **Effective delivery of commercially relevant knowledge transfer to assist industry achieve 2TS** *£788k*	Communicating new and existing knowledge on pig production techniques which result in individual businesses changing their behaviour to improve pig physical performance and deliver 2TS through KT Conferences, workshops and business clubs and KT producer visits	Achieve and average of 2000kgs of carcase meat per sow per year by 2013. Quarterly review of barometer farms to objectively assess KT performance, service and products. Achieve 300 attendees of KT conferences and overall 50% producer attendance at KT events	Agrosoft Quarterly monitor Monthly monitoring
	Individual KT business reviews will identify and effectively communicate opportunities for businesses to improve physical pig performance and working with BPEX customers and AIG companies to effect change with a business.	Undertake 60 farm reviews per annum Follow up 90% of farm reviews within the agreed follow up date Achieve 50% implementation of recommendations from farm reviews	Monthly monitoring Monthly monitoring KT team monthly monitoring
	Developing and demonstrating commercially relevant new knowledge and techniques to improve physical pig performance or address emerging husbandry issues through Innovation fund and on farm trials	Approve 10 innovation grant awards Undertake 5 farm trails to address emerging issues and disseminate finding to all BPEX customers	Monthly monitoring Monthly monitoring
2. **Increasing customer awareness of BPEX activity***)* *£368k*	BPEX Service promotion to ensuring BPEX customers have a fuller understanding of the range of products and services that BPEX can provide to individual businesses	Improve BPEX annual survey service quality scores to 1.75.	Annual Confidence Survey January 2012
	Use CRM to more effectively targeting appropriate KT to different business types including producers, AIG, Vet and processors	Achieve 100% awareness and utilisation of BPEX CRM tool by all KT staff. Target 50% of communications to relevant businesses Ensure CRM system is integrated with eAML2 and becomes the single producer database used within BPEX	Staff survey March 2012 Monthly monitoring Monthly monitoring
	Use website and social media to provide the English pig industry with timely, objective and accurate business relevant information via digital media and position the BPEX website as the 'Google' of the pig industry.	Average 37k monthly visitors to BPEX website Average 2k to MI section Average web page feedback rating of 2.5	Monthly web stats Monthly web stats Annual Confidence Survey January 2012
3. **Enhancing supply chain communication** *£71k*	Use Risk Management techniques to enable the English pig industry to identify opportunities to apply appropriate tools to reduce the impact of commodity price volatility.	Engagement with 2 feed companies to develop risk management feed price products	Monthly monitoring
	Establish a pig industry supply chain relationship charter and communicate the benefits derived form existing supply chain relationship agreements	Publish a voluntary pig supply chain charter 4 supply chains to sign up to charter	Monthly monitoring
	Integrating data from eAML2 with other BPEX tools including the BPEX CRM system to gain a more detail understanding of pig industry structure and movements.	Automate data exchange between eAML2 and other BPEX data systems including CRM. Generate mapping of pig movements	Monthly monitoring

MARKETING

Introduction

The objective of the BPEX Marketing team is to improve demand for high welfare, Red Tractor (RT) pork and thereby assist in maximising profitability for levy payers.

For over 10 years the core strategy has been the differentiation of high welfare against lower welfare imports. This strategy will continue into 2012/13 even though the 'welfare gap' narrows with new EU legislation from 1.1.13.

Throughout this time the visibility of 'British' and RT in store, as measured by Porkwatch, has continued to increase. Whilst pork maintains high levels of identification it is ham and bacon that need increased attention to ensure future progress and improved carcase utilisation.

Delivery of the Plan is through three key pillars of activity:

1. Differentiation through RT

The RT is at the core of BPEX Marketing activity. The 'brand' is owned by Assured Food Standards (AFS) and covers over £10billion of food products. An agreed three year funding formula expires during 2012/13 and a new business plan is expected from AFS to ensure its long term viability.

Specific outputs include:

- The Pork Promise Campaign – launched in October 2011 this integrated campaign, led by posters, press, magazine and social media activities aims to increase consumer understanding of the benefits of RT pork and pork products. Integration of the core messaging is effected through the consumer and trade PR and public affairs channels
- British Sausage Week (BSW) in late October continues to deliver a high profile consumer PR campaign for sausages providing a focus, behind which, the whole industry can unite to promote this ever popular event
- Bacon Connoisseurs Week is developing along the same lines as BSW providing a focus in March for the promotion of premium bacons
- Retailer and foodservice support is essential to ensure continued, and improved, stocking and identification of RT pork and pork products
- Public Affairs activities develop the core messages into this channel ensuring that Minister, MP's and Parliamentarians are aware of the key issues
- Trade PR is a key feature of the overall programme to ensure continued, high profile, coverage of Marketing outputs
- LIP's to support their range of activities.
- Isotope analysis to enhance traceability and provenance audits

2. Defending Pork and Pork Products

The pig industry is regularly threatened by a range of issues from which it needs to defend itself if it is to provide a long term, viable future.

Specific outputs include:

- Campaigning - PASWI and 1.1.13 campaigns are clearly focussed on their objectives in defending the industry on profitability and changing legislation
- Generic health and educational meat programmes present the 'red meat' story very strongly. Consideration will be given to 'separating' pork from these, where beneficial
- Meatmatters, jointly funded with Bord Bia, EBLEX, Danish Food Council and NZ Beef & Lamb, will continue to evolve around messaging on health and sustainability.

3. Integrating Supply Chains

To address long term profitability it is beneficial to build stronger supply chains.

- Sustainability is a key issue going forward and pigmeat needs to continue to be positioned, with poultry, as part of the solution, not the problem
- Independent Butchers need assistance with high quality pos integrated to BPEX themes and activities
- Roadshows continue to provide opportunities for product development and enhancement for independent butchers and farm shops.

Budget (net levy)

	2011/2012 Budget	**2012/2013 Plan**
Defending pork and pork products	481	374
Integrating supply chains	158	100
Differentiation through Red Tractor	1540	1902
Total project spend	2179	2376
Staff and overheads	610	630
Total budget	2789	3006

Marketing

Objective	Activities	Target Outcomes	Measurement
1. Defending pork and pork products To improve perceptions of the role of pork and pork products in a healthy diet	▪ Work with other organisations on the generic promotion of the role of meat in health and education	▪ To improve tracking study measures 'important in a healthy diet' and 'is fatty' by two percentage points each	▪ Millward Brown tracking study
	▪ Develop pork specific activities focussed on health/nutrition	▪ Assist in returning pig industry to profitability	▪ DAPP/EU premium/cost of production
	▪ Defend industry as needed		
	▪ Support PASWI and 1/1/13 campaigns	▪ Ensure no 1/1/13 derogations	▪ EU legislation
2. Integrating Supply Chains To continue to position pigs as part of the solution to sustainability, not the problem	▪ Promote Roadmap with government and NGO's	▪ Improve pigs rating on Climate Change Tracker by 5 percentage points	▪ BPEX climate Tracker quarterly research
	▪ Contribute to debate on sustainability to gain profile for pig industry	▪ Contribute three items to trade or consumer 'features'	▪ Media monitoring
	▪ Product roadshows	▪ Increase entrants by 10% from 2011/12 base	▪ Number of entries
3. Differentiation through Red Tractor To begin to build consumer awareness and understanding of the specific core values of RT pork, bacon and ham	▪ Pork Promise campaign to differentiate RT pork, bacon and ham	Lovepork.co.uk ▪ Visitors to increase by 10% ▪ Page views to increase by 10% Achieve 250,000 Pork Promises	▪ Industry evaluations
	▪ Continued development of lovepork.co.uk as hub for all activities	▪ Consumer understanding or the core values of Red Tractor Pork to rise by 10% pa	▪ Ad hoc research on campaigns
	▪ Provide a high range of consumer PR 'events' focussed on consumers but involving supply chains	▪ Media values for BSW/BCW to increase by 10% each	▪ Media monitoring
	▪ Public affairs	▪ Minimum of five email communications to Parliamentarians pa	▪ PA outputs
	▪ Improve retailer stocking and identification of RT	▪ Improve total on Porkwatch by 5 percentage points on pork, on ham, on bacon and on sausages	▪ Porkwatch
	▪ Improve country of origin stocking of 'British' in major retailers	▪ Improve each of the top three by 5 percentage points	▪ Kantar country of origin data

INTERNATIONAL

The BPEX International activity focuses on adding value through better carcase utilisation on export markets and improving competitiveness through the provision of international market intelligence and influence through our Brussels office.

Key Activities for 2012-13

1. Export trade development – Key activities will include: -

China, Far East and other 3rd Countries – The listing of 7 establishments will be completed in 2011/12 and the key objectives in relation to China will be to further extend the list of approved plants to a target of 10 in 2012/13. In addition, as a priority, we will extend the list of products approved for export to include, feet, lungs, stomachs and intestines – these are currently excluded under the terms of the export health certificate. A significantly enhanced 3rd country trade development programme is proposed covering not only China (where we will explore trade opportunities in other key provincial centres) but also other key Far East markets including Japan, Korea and the Philippines. Work will also be undertaken to open the Taiwanese market. This will be achieved through targeted trade missions and official market access meetings. Work will also be carried out to develop other priority 3rd country markets including Australia, Russia and South Africa. We will work alongside EBLEX where appropriate in order to share costs.

Pig meat and processed pig meat marketing support. BPEX will continue its low key but targeted export programme aimed at the promotion of specific export cuts and processed products in key markets. This programme allows considerable leverage by associating BPEX with the larger UKTI and UK Food & Drinks Exporters' Association programmes and includes some joint promotional activity with EBLEX. These activities include market research, the Taste of Britain programme of overseas exhibitions and stand-alone promotions of British pork products.

Weekly Pork Export Bulletin: Currently this report gives a qualitative synthesis of the world of pork, pork trading and porcine genetics from correspondents in Denmark, France, Germany, Spain and the Ukraine/Russia. More than 50 international sources in 8 languages are used in this preparation. In 2012/13 the report will be enhanced to cover Far East markets to reflect the growing interest in trade and their significance to global supply and demand. The report will also cover international traded prices of cuts and reviews BPEX export marketing activities. One off reports on specific markets with high potential will be produced.

Pig genetics export support. The BPEX programme complements the UKTI TAP exhibition programme by key funding and supplementary activities at major international exhibitions in collaboration with the British Pig Association. It supports stand-alone genetics fairs, events and inwards/outwards missions. It also provides promotional material and market intelligence. Key target markets remain Far East and Russia.

Key outcome is that at least 12 establishments will be listed for China and protocols agreed to extend the list of approved products. Protocol agreed with Taiwan. Non-EU exports have increased by over 60% in 2011/12 vs. 2010/11 (against a target of +20%) and the target for 2012/13 is a further 20% increase.

2. EU Information and leverage (Brussels Office) - Key activities will include: -

Provision of information and commentary to BPEX through daily ad hoc briefings on EU, and where relevant, third country policy and legislation. Reports will cover key aspects of agriculture policy, especially in light of CAP reform developments for which legislative proposals will be published in 2011. Other key areas in which developments are anticipated in 2012/13 include a new animal health regulation, a Commission proposal setting targets on Salmonella, a proposal on Animal Welfare in transport, a Council report on carbon footprint labelling, adoption of legislative proposals on quality policy, FAO report on GHG emissions from the pig and poultry sector, IPPC/Commission report on capacity thresholds for poultry and pigs within the same holding.

Brussels office will organise networking event for key EU Commission officials, NGO's, trade associations, national delegations and counterpart organisations based in Brussels.

With the achievement of market access for China, the office will also be seeking EU co-funding under the EU's 3rd country export promotion scheme to support BPEX trade development activities in that market. The application will be completed in March 2012 for actions in the 2012/13 budget period

Key outcome is that BPEX is positioned as a source of expertise - Performance will be measured through an annual survey to measure relevance and quality of information and service provided, the target being more than 80% 'very satisfied'. Costs will be shared with EBLEX and other AHDB sectors as appropriate.

Budget (net levy)

Principal activities	**2011/12**	**2012/13**
£K		
Third country market access and development	152	215
Product export development	30	40
Livestock genetics	41	40
Export market information	43	65
SIAL	15	15
EU Office and US daily information	60	65
Total	**351**	**455**

Objective	Activities	Target Outcomes	Monitoring
Export Extend number of approved plants and approved products for China	- Missions to China to complete negotiations and secure agreement for plant listings and export health certificate conditions - Co-ordination of plant audits with DEFRA/FSA	- 12 major establishments listed for export to China by end 2012 - List of approved products extended to include feet, lungs, stomachs and intestines	Communication with DEFRA and British Embassy Beijing on projected timelines and with exporters on trade developments Quarterly progress report.
Export Increase in exports to 3rd country markets	- Trade and market access missions to China and other key Far East markets including Japan, Korea and the Philippines. - Market access work will also be undertaken to open the Taiwanese market	- 20% increase in exports to non EU markets in 2012/13 vs. 2011/12	Monitoring of actual export volumes Feedback from exporters
EU Office Optimise flow of information and communication to and from EU Institutions	- Daily ad-hoc briefings and North America bulletins. - Monthly reports. - Annual networking event	Well informed and serviced BPEX team – annual customer survey result target of 80% 'very satisfied'	Annual customer satisfaction survey
EU Office Exploit funding opportunities	- Application for co-funding under 3rd country promotion will be completed for the deadline of 31 March 2012 for funding to be available in 2012/13	Secure 50% co-funding for a BPEX led activity in China (possibly in conjunction with other Member States)	Quarterly progress report

UK, EU AND GLOBAL PIG MARKET INTELLIGENCE (to be managed by AHDB Market Intelligence)

Market Intelligence activity focuses on improving competitiveness through more informed decision making. It also contributes significantly to BPEX Marketing activity. Planned MI activity in 2012/13 is divided between the supply side and the demand side of the market.

1. Provision of accurate, timely and relevant intelligence on pig meat supplies:

- The collection and calculation of weekly pig, pigmeat and other red meat price data and other market information
- Collation, analysis and dissemination of relevant market information data from the UK, EU and beyond through the BPEX website, publications and other media.
- The preparation of market forecasts including slaughtering forecasts used in BPEX financial planning
- Manage the collection and provision of average pig production costs and performance measurement
- Collation and publication of international cost and physical performance comparisons. (Interpig)
- Opportunities to maximise non levy income will be taken (target £66k)

The focus of the MI division will be to continue to provide farm gate price information for clean pigs, sows and weaners for GB. Also the provision of other supply chain information such as slaughtering, trade flows, retail prices, analysis of the impact of policy changes and EU pig market intelligence and trends. Outputs – comprehensive suite of market intelligence, data, market news and analysis disseminated via the BPEX website, regular reports and at industry events. Outcome – objective independent and robust data to enable organisations and businesses make better informed decisions.

Collection, analysis and dissemination of historic market prices for pigs. Outputs – DAPP, deadweight sow price, weaner price and EU reference price. Outcome – transparency in historic pig prices allowing for individuals to make informed business decisions.

Collection, analysis and interpretation of detailed physical pig production performance of major EU and non-EU pig industries. Output Interpig report in October with headline results released in September. Outcome English pig and allied businesses able to target specific performance gaps and develop strategies on how to close these.

Detailed quarterly physical KPI's for specific pig production systems in England based on Agrosoft data. Output – online KPI section on BPEX website. Outcome – individual producers able identify how their business compares with average top third and 10 per cent of peers.

Through modelling and industry intelligence the MI team will produce quarterly forecasts for the UK pig industry on the domestic pig meat production and supplies to allow for business planning. Output – quarterly slaughtering and production forecasts for clean pigs and sows; including biannual breeding herd forecasts. Outcome – informing all aspects of the pig meat supply chain on estimated levels of domestic pig meat production, imports and exports.

MI seek to maximise opportunities to sell the above data and analysis to government bodies, devolved industry bodies and media. Output – bespoke reports and data. Outcome – generation of non-levy income to supplement AHDB pig levy income for investment in BPEX activities.

Strengthen links with the industry, increasing the amount of contact between MI staff and the pig supply chain and the number of market presentations delivered. Output – increased industry contact. Outcome – insightful market intelligence and analysis within publications and reports.

2. Provision of accurate, timely and relevant intelligence on pig meat demand:

All BPEX marketing activity is based on a sound knowledge and understanding of the market and consumers from research provided by AHDB MI.

- AHDB MI will purchase, manage, evaluate, interpret and report key insights and detailed analysis where required, to BPEX and its stakeholders, on consumer purchase and eating trends that affect both the retail and foodservice environment.
- Analysis of the impact that changes in the macro environment may have on consumer demand.
- The management of specific consumer research projects both qualitative and quantitative including: monitoring retail prices; monitoring labelling; monitoring country of origin. Interpret and report key findings to industry.

The Kantar research on consumer purchases and in-home usage will continue to be utilised. Outputs - include monthly and quarterly reports on the market, consumers and retailers. Outcomes – improved knowledge of the marketplace for the supply chain on which to base decisions. The cost of this data will be minimised though a single collective purchase agreement with a number of AHDB sectors.

Porkwatch will continue to be published on a bi-monthly basis to provide information on stocking of RT and British pork, bacon, ham and sausages. Outputs – a regular narrative on the detailed performance of individual retailers. Outcomes – increased pressure on retailers to ensure continued stocking levels or actions should these reduce.

Category Reports on topics of specific interest and relevance to the pig industry are published each year. Outputs – a minimum of two reports are to be published each year. Outcomes – a better performance and up to date pig supply chain.

Ad hoc activities such as focus groups are used to gain in-depth knowledge of a range of topics. Outputs – research reports increase knowledge of consumer reaction to specific, relevant items. Outcomes – a more informed and knowledgeable position on specific items.

Budget

The budget for MI will be held at a similar level to the current year at £645k gross. After income of £65k this gives a net levy budget of £580k.

Objective	Activities	Target Outcomes	Monitoring
To provide relevant, useful, accurate and timely market information to the English pig and allied industries	**SUPPLY SIDE (£221k)** **Data Collection and provision** Collect and analyse primary and secondary data via research which monitors: • Commodity prices; • Volumes; • Carcase weights/productivity; • Stocks/supplies/production; • National & international trade. **Macro-economy and policy analysis** Monitor and interpret changes to macro environment such as policy changes, EU legislation, other regulations, trade agreements, exchange rate movements, inflation and commodity markets. **Market forecasts** Produce market forecasts for pig meat production used in industry and sector planning. **Costs of production** The collection, provision and analysis of producer business unit costs of production and performance management. **DEMAND SIDE (£414k)** **Consumer trends** To purchase, manage, evaluate, interpret and report summary and detailed analysis on consumer purchase and eating trends that affects both the retail and foodservice environment. Including analysis of the impact that changes in the macro environment may have on consumer demand. The management and provision of insight from specific consumer research projects both qualitative and quantitative including: monitoring retail prices; monitoring labelling; monitoring country of origin.	1. BPEX, stakeholders and customers are satisfied with: • *Accuracy of analysis* • *Timeliness of reporting* • *Accessibility* • *Usefulness* • *Value for money* 2. Accurate forecasts useful to industry and BPEX senior management 3. Effectively inform and provide tools to use to influence the pork and pig meat purchasing decisions of retail and food service businesses	Achieve overall annual customer satisfaction rating of at least 80% for overall output of MI by BPEX. Achieve customer satisfaction of at least 80% for consumer and retail insight intelligence through internal/external customer survey. To introduce new publications and achieve agreed circulation targets based on penetration to levy payers Uptake of BPEX MI through:- • 850 hits on MI home page per month with 400 hits on the KPI pages • 200 Pig Market Update reports downloaded per month • 150 delegates to Red Meat Outlook Conference Forecasts are within 3% of actual • Forecast UK supplies for the industry for BPEX - April 2012 • Forecast Levy income for England for BPEX - March 2012

BPEX Business Plan				
		Outline Budget		
	Budget	Forecast	Budget	Difference (budget basis)
Income	2011/12	2011/12	2012/13	
Kill	7639	7723	8095	+456
Levy	1.05	1.05	1.05	
	£k	£k	£k	
Net Levy	7901	7995	8380	+479
Expenditure (net levy)				
R&D	1970	1944	2165	+195
Comms. and supply chain	1119	1057	1227	+108
Marketing	2789	2956	3006	+217
International	351	356	455	+104
(of which Brussels office)	(60)	(65)	(65)	(+5)
MI	579	550	580	+1
BPEX management	385	411	400	+15
Corporate support	608	636	636	+28
Total expenditure	7836	7911	8469	+633
Operating surplus /deficit	65	83	-89	-154
Exceptional costs	137	93	25	-68
Deficit/Surplus	-63	-10	-114	-51
Opening reserves	3409	3409	3400	
Closing reserves	3341	3400	3286	
Reserves as % of income	42	43	39	