AMPC Snapshot Report

AMPC Future Scan Project

Project Code	Prepared by	Date Submitted
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Project Description

AMPC is coming to the end of its investment and strategic planning cycles and are aiming to create a step change in the performance of the industry, R&D investments, as well as its performance as an RDC. This is occurring in a backdrop of major shifts occurring in agriculture, the RDC ecosystem, the broader economy and international trade. The red meat processing sector finds itself amidst an accelerating wave of change, spanning multiple dimensions including technological innovation, evolving business practices, market dynamics, regulatory landscapes, supply chain complexities, and workforce challenges.

Beyond the confines of the red meat and agricultural sectors, a plethora of innovations are emerging, holding the potential to disrupt traditional paradigms and unlock new opportunities. Recognising the interconnected nature of industries and the cross-pollination of ideas, AMPC is seeking to explore these adjacent domains to identify and leverage the best possible ideas and practices in its pursuit of innovation excellence.

The aim of this project is to undertake a Future Scan, to identify priority opportunities for investment of R&D, as well as improvement opportunities for AMPC. In doing so, your objectives included:

- Anticipate, adapt and capitalise on a range of changes that are expected to occur in the sector
- Explore cross industry trends and innovations
- Improve Sustainability and resilience of the sector
- Lift industry performance
- Maximise returns on R&D investments
- Enhance AMPCs performance as an RDC

Project Content

The project consisted of the following key work areas:

- A survey of Australian meat processors, to identify trends, opportunities, disruptors, and feedback on AMPC
- Future scan research across sectors including meat processing, automotive, electronics, pharmaceutical, logistics and warehousing, food manufacturing, research and development, as well as mega trends
- Several deep dives in areas such as future protein consumption, manufactured proteins, effects of climate change on meat processing, regulatory development, as well as R&D models and services
- Exploration of potential future directions for industry development
- Identification of opportunities for AMPC

Project Outcome

Our survey of Australian meat processors highlighted key findings including challenges the industry is likely to face in the future and potential causes of disruption for the industry and individual processors. These are highlighted in the figures below. Many respondents indicated a low level of preparedness and capacity to cope with these factors.
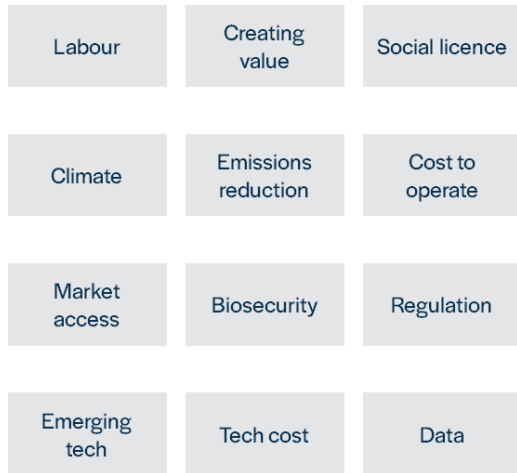

Figure 1: Future challenges identified by Australian processors.
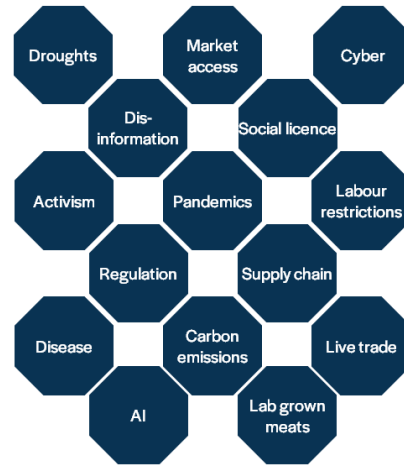

Figure 2: Potential causes of disruption.

The project identified a diverse range of established and emerging trends likely to influence industry development over the next decade, spanning technologies, operations, business models, and supply chains. These trends highlight potential opportunities for innovation. The evaluation process identified 40 opportunity areas, of which 12 were explored in greater detail. These opportunities are highlighted in the figure below.

	Horizon 1 (Core) Incremental and lower risk opportunities	Horizon 2 (Adjacent) Adjacencies, requiring moderate investment and increasing risk	Horizon 3 (Transformational) Potential areas of breakthrough innovations, involving larger investments, longer timeframes and potential for higher risk
Consumer	1. Lift consumer knowledge and brand perception	2. Future consumer innovation program 3. Processor revenue diversification program 4. Invest in direct-to-consumer enablers	5. Personalised nutrition and functional foods
Tech / Ops	6. Industry benchmarking program	7. Next generation automation and industrialisation program 8. Achieve world's best practice in safety and hazard management 9. Processor fundamental models 10. Digital transformation of meat processing 11. Supply chain innovation program 12. Next generation industrial quality program	13. Build industry sustainability 14. Fostering trust (social licence to operate) 15. New material applications
People	16. Diversity and inclusion programs 17. Industry skills passport	18. Workforce value proposition research and development 19. Industry workforce strategy for future skills needs 20. Build industry capacity to innovate	21. AMPC becomes a Group Training Organisation (GTO) and provides training and accreditation
BM and SC	22. Continuous improvement strategies, tools and support	23. Enhance collaboration along and across value chain 24. Meat pricing models 25. Improve resilience to shocks and disruptive events 26. Sustainability and ethical certification program 27. Biodiversity partnerships for processors	28. Research and help sector plan for future business models 29. SDG reporting framework, tools and guidelines 30. Circular economy strategy for the sector 31. Carbon neutral processing and value chain strategy including effects of carbon pricing 32. Transition pathways to synthetic protein manufacturing
R&D	33. Strengthen existing AMPC services	34. Diversify AMPC services 35. Digital transformation of AMPC 36. AMPC system investments	37. Transform government partnerships and collaborations 38. AMPC impact reporting framework 39. Strengthen local and global innovation partnerships 40. Create a transformational investment funding model

Figure 3: Major opportunities identified.

Additionally, the analysis of trends revealed several areas of uncertainty that could lead to divergent outcomes in industry development into the future. This led to the identification of five potential future scenarios for the industry, varying across dimensions such as consumer expectations and protein consumption trends, trade and market

access, industry trust and social license to operate, value chain and processing industry evolution, and technology innovation. These scenarios, illustrated below, highlight potential divergent shifts that may take place, in isolation or together.

1. Thriving, sustainable and trusted processing sector	2. Alternative growth	3. Consolidation of the Global Processing sector	4. Challenging international trade	5. Stagnant and declining industry
The industry pursues a shared vision of a sustainable, trusted, and thriving industry, driven by innovation and collaboration, positively impacting the economy, environment, and society.	The industry pursues growth through differentiated value chains, bolstered by strong vertical collaboration. This fosters distinct sub-markets, ranging from high-volume, automated facilities to artisanal, high-value operations.	In 2030, the global meat processing sector has undergone significant consolidation and globalisation, delivering improvements in scale, efficiency and productivity.	The global meat processing industry has faced prolonged stagnation amid complex international relations and fierce competition from international rivals offering similar quality at lower prices.	Amid shifting consumer preferences and mounting environmental concerns, the meat processing industry finds itself entrenched in a state of stagnation and decline.
Strategic investments in R&D, new services and models for adopting innovations at scale have enabled access to cutting-edge technologies, securing skilled labour, improving efficiency, reducing waste, and ensuring the highest standards of food safety and quality.	These value chains develop direct-to-market capabilities to maximise market value.	Wholesale markets have become the dominate distribution channel for Australian processors. Supply agreements are higher scale, of longer duration and offer lower margins.	Escalating trade barriers, including tariffs and quotas, hinder access to foreign markets.	The industry falls short on meeting emissions reduction targets and to engage consumers on the benefits of red meat. Together this opens the window for alternative proteins to capture the narrative.
Rigorous sustainability standards and certifications have earned processors consumer trust and loyalty, both domestically and internationally.	Consumer expectations for transparency, sustainability, and ethical practices, coupled with stringent market access standards, drive investments in advanced traceability, labeling, and information systems. These sophisticated systems provide real-time, valuable information to consumers and regulators.	These factors, along with growing cost of compliance, puts significant pressure on smaller operations, who struggle to compete in the market, raise investment capital needed and secure labour.	Emerging biohazards and recurring food safety issues, combined with the rise of grey and counterfeit trade and rampant disinformation, pose serious regulatory and reputational risks to the industry.	Consumer attitudes towards meat consumption undergo a profound shift, prompting a mass exodus towards alternative proteins.
Strong collaboration along value chains has been instrumental in creating diverse, high-value products and services.	AMPC promotes collaboration across these value chains, enhancing sustainability and community development. This ensures the sector's global competitiveness while maintaining quality, integrity, and sustainability.	Concerns about stifled creativity, limited consumer choice, and offshoring risks emerge.	Consequently, the industry now struggles to attract and retain talent. Workforce challenges emerge as a pressing concern, as other industries out-compete meat processing for skilled labor.	Unable to meet stringent carbon emissions standards, meat processors find themselves relegated to secondary and lower-value markets, further exacerbating the downward spiral of the industry.
Consequently, Australian meat products are globally recognised for their quality, safety, and sustainability.		To address these challenges, stakeholders are promoting cooperative models for smaller processors, shared infrastructure, and collaborative marketing to preserve diversity, foster innovation, and enhance the sector's long-term sustainability.	This weakened industry struggles to innovate, adapt, and maintain competitiveness, remaining vulnerable to economic shocks and disruptions.	The consequent loss of market share and competitiveness threatens the viability of the industry.

Figure 4: Potential future scenarios

Our report outlines potential strategic responses that AMPC could take within each scenario, including how to encourage preferential outcomes as well as mitigate the potential threats and risks that these scenarios represent.

The combined opportunity research and scenario analysis present a wide array of potential opportunities for AMPC to pursue, including extending current research and investment, introducing new investment areas, and adapting and improving the current AMPC innovation model. It is not suggested that all opportunities be pursued simultaneously. Instead, careful evaluation and prioritisation should be conducted during future strategic planning activities to select an optimal portfolio. The report emphasises ongoing consultation with members regarding strategic direction, balancing priorities (such as continuing investments in current innovation areas, meeting specific industry needs, or pursuing disruptive innovation), and reviewing the performance of both AMPC and its investment portfolio to expand the opportunities considered in the strategic planning process.

Benefit for Industry

The successful implementation of strategic reforms to investments and innovation model, can help to deliver a range of benefits including:

- Enhance industry efficiency, productivity and competitiveness
- Improve industry sustainability and resilience
- Maintain or gain access to markets
- Secure and develop workforce
- Mitigation of key industry risks
- Improve R&D Return on Investment