

# evaluation series

## 3.3 Improving industry and market information



# Market information

## The industry impact

# PROMISE

Provide effective, independent, targeted market information that meets stakeholder needs and assists with planning, decision making and performance management.

## DEFINITIONS

**ABARE** Australian Bureau of Agricultural and Resource Economics (Australian Government)

**Australian Lot Feeders' Association (ALFA)**

**Australian Meat Industry Council (AMIC)**

**Benefit-Cost Ratio (BCR)** Total project benefits divided by total costs. The BCR for agricultural R&D projects is typically in the range 1.5 to 5.

**Australian Cattle Trade Rules (ACTR)** Launched by MLA in 2007 to provide industry with standard terms and conditions to assist cattle market participants with the forward contracting of cattle.

**Cattle Council of Australia (CCA)**

**Eastern Young Cattle Indicator (EYCI)** A seven-day rolling average cattle price indicator produced daily by MLA's NLRS. The EYCI is expressed in ¢/kg carcass weight.

**Goat Industry Council of Australia (GICA)**

**Livestock market officers (LMOs)** attend over 40 cattle and 20 sheep markets each week, producing detailed market reports.

**MLA analysis tool** houses MLA's global meat database comprising 15 regions in the world covering meat and livestock consumption, inventory, price, production, trade and country economic data.

**National Livestock Reporting Service (NLRS)** is a sub-program of MLA's Market Information Services. NLRS collects market data and intelligence from the key auction and direct markets across Australia.

**Risk management tools** include the MLA/SFE Cattle Futures Contract (delisted from January 2010) and the ACTR.

**SFE** Sydney Futures Exchange

**Sheepmeat Council of Australia (SCA)**

## BACKGROUND

Meat & Livestock Australia (MLA), as the service provider to the Australian red meat industry, strives to build demand, improve access to global markets, develop a competitive advantage from 'paddock to plate' and, by partnering with industry, build capability.

Remaining accountable to stakeholders and providing quantifiable returns on government and industry investment are central to demonstrating performance against these goals.

In 2005 MLA engaged the Centre for International Economics (CIE) to conduct an independent review to develop an effective evaluation framework\* for assessing the impact of its programs and their compliance with government priorities.

The framework provides independent estimates of the net benefits of MLA programs – including achievements relative to targets and industry benefits relative to a situation where the MLA program did not exist.

It also provides for interactions between the meat and livestock sectors and wider Australian economy, allowing national benefits to be measured. These benefits are not only economic, but also environmental and social, thereby supporting a rigorous triple bottom line evaluation of MLA initiatives.

\*MLA's evaluation framework is explained in full in the booklet, *Why does MLA need a framework for independent evaluation?*, that accompanies the MLA program evaluation series.

All benefit-cost ratios in this report come from the MLA program evaluation framework unless otherwise stated. The figures in this report represent the net present value of industry benefits from 1998 to 2010 and are based on the results of industry consultation and the MLA global meat industry model (CIE). This period is two years longer than the investment in the program in order to incorporate the decay in benefits beyond 2008.

Evaluations completed: 1.1 *Enhancing product integrity*; 1.2 *Maintaining and liberalising access to world meat markets*; 2.1 *Improving eating quality*; 2.2 *Enhancing the nutritional reputation of red meat*; 2.5/2.6 *Aggressive promotion in the market place (sheep)*; 3.1 *Increasing efficiency & productivity in production (beef/lamb)*

Information in this brochure is based on the CIE report: *Market Information Program – The value of good information*, 2009.

**NOTE:** In the earlier evaluation of MLA's Market Access program (1.2), CIE estimated that 20% of the value of the Market Access Program was attributed to MLA Market Information, estimated at \$83.2 million (NPV in 2006 dollars, calculated over a 23-year horizon: 1998-2020). Since this component of industry benefit has already been accounted for, it was not included in this evaluation of the MLA Market Information program.

## Where we started

In the 1990s the Australian meat and livestock industry worked against a backdrop of volatile prices, market access and trade disruptions, currency volatility and unexpectedly poor seasons. Stakeholders were able to monitor these developments through the market information service provided by the Australian Meat and Live-Stock Corporation (AMLC) and the state-based livestock market reporting services. The products of this service consisted of an annual projections report, a weekly market report, an export statistics report and a monthly in-depth market report. In 1998-99 MLA assumed responsibility for the livestock market information service provided by AMLC. Industry stakeholders have since demanded a more timely and comprehensive service to enable them to keep pace with rapidly changing markets and trends, and to help them make more informed business decisions.

## A strategic response

For stakeholders to fully satisfy their information needs, they source information from a range of providers – facilitated over recent years by the internet and email – including saleyards, processors, agents, the media, customers, consultants and the Government.

The objective of the MLA Market Information program is to inform business management decisions in the red meat and livestock industry by ensuring any 'information gaps' are identified, and appropriate information is collected, analysed and communicated. Regular analysis and appraisal of industry stakeholder needs continually informs the Market Information program and allows the service to evolve with changing needs of stakeholders and identified information gaps.

### THE EVOLUTION OF MLA MARKET INFORMATION

OBJECTIVE: Inform business management decisions in the red meat and livestock industry



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# PROGRESS

MLA Market Information has evolved over the past decade from providing a 'bare bones' statutory livestock-oriented information service to one with an expanded breadth and depth of coverage and a whole-of-supply-chain perspective.

## What we did

Since 1998, MLA has provided an information service that accurately and independently reports on developments in the red meat and livestock market. It helps to plug 'information gaps' not covered by other providers for business decision making by Australian cattle, sheep and goat producers; lot feeders; red meat processors and exporters; domestic market participants; the Australian Government; agribusiness enterprises and global red meat users.

### On-farm industry stakeholders

With the support of industry, MLA integrated the National Livestock Reporting Service (NLRS) into its operations in 2002-03 to ensure the continued operation of the service and that livestock producers continued to have ready access to independently sourced national livestock pricing and supply data. NLRS, in consultation with producers, processors and lot feeders, has since refined saleyard and over-the-hooks reporting to ensure specifications and indicators accurately reflect the market, helping producers and lot feeders make informed procurement and other business decisions. MLA commenced a risk management program in mid-2002 to help cattle producers and lot feeders reduce cattle price risk.

### Off-farm industry stakeholders

Since 1998-99, MLA Market Information has increased its analysis and reporting of market trends via an expanded suite of publications and databases to provide a whole-of-supply-chain perspective. Meat processors, exporters, wholesalers and domestic market participants have relied on this information for company benchmarking, keeping abreast of market developments, and making operational and strategic business decisions. Processors and exporters, in particular, value NLRS' weekly slaughter statistics, the Market Statistics Database, Industry Projections and *Meat & Livestock Weekly*.

### Global red meat users and agribusiness

MLA has provided customised presentations and made its forecasts available to a range of global red meat users and agribusiness companies. MLA Market Information has been used to help secure accounts for Australian beef from major global users, and to encourage investment in the Australian pastoral industry. Multinational companies have also looked to MLA Market Information for an independent overview of developments in red meat markets and forecasts on Australian production and exports as a precursor to making strategic business decisions.

### Australian Government

The Australian Government has used MLA Market Information for independent input into policy decisions. MLA has co-funded a survey providing farm financial data, which has been used by the Government to more accurately assess exceptional circumstances applications and to target other Government programs. MLA has also provided livestock and export data, projections and feedlot survey data for input into market access negotiations, government pricing reviews, economic monitoring, analysis and forecasting activities.

# PERFORMANCE

The \$45.2 million invested by the MLA Market Information program has provided the red meat and livestock industry with a comprehensive set of independent sources of market information to help fill gaps and inform decisions, with total benefits conservatively valued at \$255 million.

## What we've achieved

### The value of MLA market information

An independent assessment by CIE of MLA's Market Information program confirms that it is valued by industry and the Government, with benefits conservatively valued at \$255 million outweighing costs at a rate of 5.6 to 1.<sup>1</sup> Regular surveys and consultation carried out by MLA also provide evidence that the program's outputs are highly valued by all industry sectors in business decision making.

The program's value is testament to the adaptive strategy which continually seeks to understand, and respond to, stakeholder needs by refining, expanding or ceasing outputs and services as appropriate. MLA Market Information has:

- used the latest technology to provide timely access to independent market information
- provided a reliable resource for effective industry planning, market access negotiations, marketing, research and industry policy formulation
- gathered and disseminated intelligence to inform long-term commercial modelling, planning and benchmarking
- encouraged the commercial supply, and industry adoption, of risk management tools.

### Investment

Total investment 1998-99 to 2007-08: \$45.2 million (including \$10.4 million in matching Australian Government contributions)<sup>1</sup>

### Impacts

- Improved business performance monitoring along the red meat value chain
- More informed decisions; more efficient price discovery; market stability and transparency
- Increased demand for Australian red meat by global users
- More informed Australian Government and peak council policy decisions
- Improved effectiveness of MLA programs and industry peak body policies
- Greater recognition by industry of the importance of price and supply risk management

### Measured benefits

- Direct benefits to the red meat industry valued at \$70.9 million<sup>1</sup>
- Increased global demand for Australian red meat valued at \$65.8 million<sup>1\*</sup>
- Increased exceptional circumstances financial support for the red meat industry valued at \$118.4 million<sup>1</sup>
- Improved market access<sup>†</sup>

<sup>1</sup> CIE, 2009. Present value in 2007-08 dollars.

\* This is not a full estimate of demand increases. MLA Market Information has also provided repeated assurances, especially to Japanese buyers, of Australia's ability to supply during the 2002-03 and 2006-7 droughts, and our capacity to provide extra beef to Japan in 2004 when the US was banned.

† Refer to NOTE on page 2

Livestock producers and lot feeders have used MLA market information to:

- stay informed about the market
- make buying/selling decisions
- make strategic production, marketing and management decisions

“MLA Market Information assists me to respond to market signals. I couldn’t do without it.”

– Suzie Kidman, lamb/sheep producer,  
South Australia



## Informing on-farm decisions

Australian livestock producers and lot feeders are faced with decisions including when and where to buy or sell stock, which selling method to use and the desired specifications. MLA Market Information has helped stakeholders to make informed decisions – particularly ‘non-corporate’ producers, agents and lot feeders who do not have the level of access to independent information networks that their corporate counterparts enjoy. In the face of volatile meat and livestock markets in the 2000s, the Market Information program developed and disseminated risk management tools to help producers proactively manage their cattle price risk.

### Market information needs

Producers and lot feeders have sought a range of independently-sourced livestock information and tools from MLA, including: saleyard prices; over-the-hooks (OTH) prices; national indicators; market analyses and forecasts; and risk management tools.

### Collating, analysing and communicating

MLA integrated the NLRS into the Market Information program in 2002-03 (following industry-wide endorsement that the service should continue<sup>1</sup>) to guarantee an independent and national reporting service. This ensured ongoing saleyard and OTH reporting and publication of national and livestock price indicators that were comparable between states to inform procurement, strategic production, marketing and investment decisions. The original NLRS reporting formats have been refined to meet the changing markets for livestock.

The media (particularly rural newspapers and radio) and livestock agents are the major channels through which MLA market information is disseminated to producers, although evidence indicates some are unaware MLA is the original source. MLA Market Information’s flagship publication, *Meat & Livestock Weekly*, features national indicators and analysis on the week’s cattle and sheep markets, and is rated highly by producers.

To help cattle producers and lot feeders manage their exposure to the risk of fluctuating cattle prices, MLA launched a risk management program in 2002, when the MLA/Sydney Futures Exchange (SFE) Cattle Futures Contract commenced trading. In response, a number of risk management tools were designed and offered by private business entities, including forward pricing instruments.

Awareness of the MLA/SFE Cattle Futures Contract subsequently increased, however liquidity in the MLA/SFE Cattle Futures market was low, with trading peaking at 276 contracts in 2006. Due to lack of industry participation, the contract was delisted in January 2010. The risk management program now concentrates on the Australian Cattle Trade Rules (ACTR), which provide terms and conditions to assist cattle market participants to manage risk using forward contracting.

## Investment

- \$9.0 million\* investment in data collection, analysis and dissemination of Market Information, 1998-99 to 2007-08
- \$10.1 million\* investment in NLRS, 1998-99 to 2007-08
- \$2.4 million\* investment in Risk Management, 1998-99 to 2007-08<sup>2</sup>

## Outputs

- On a weekly basis NLRS has disseminated 100-plus reports, aired 160 radio broadcasts, sent 260 SMS broadcasts and featured in eight weekly rural newspapers over the period
- Web news, *Meat & Livestock Weekly* (MLW), ALFA/MLA Lot Feeding Survey, biannual *Cattle and sheep industry projections*
- Commencement of MLA/SFE Cattle Futures contract
- Launch of the ACTR in 2007
- Global red meat databases and ABARE farm surveys available on the Internet

## Outcomes

- Increased subscriber numbers from 500 in 1998 to 3,800 (MLW) and 1,770 (NLRS) by 2009
- NLRS information rated among the most popular MLA website content
- 74-75% of MLA members regarded MLA Market Information as valuable or extremely valuable<sup>3</sup>
- 77% of producers and 78% of lot feeders surveyed were aware of the MLA/SFE Cattle Futures Contract<sup>4</sup>
- Low liquidity in the MLA/SFE Cattle Futures Contract

## Impacts

- MLA’s presence ensures independence<sup>5</sup>
- MLA Market Information helps producers and lot feeders to stay informed and to make buying and selling decisions<sup>6</sup>
- MLA Market Information provides a sound basis for industry modelling
- Evidence-based industry policy setting and advocacy by peak councils
- Introduction of risk management tools by the private sector
- Disbandment of MLA/SFE Cattle Futures contract in 2010

\* MLA investment only (actual dollars)

<sup>1</sup> As ascertained by the Gregor Review, 2001

<sup>2</sup> Net of the royalties received from SFE

<sup>3</sup> Taverner Research, 2005 and 2007

<sup>4</sup> MLA/SFE 2008

<sup>5</sup> Currie Communications 2007

<sup>6</sup> Currie Communications 2007, CIE 2009

“Market information provided by MLA plays an important part in Cargill’s benchmarking and critical assumption planning in our annual strategy cycle.”



– Andrew MacPherson, Cargill Beef Australia

Red meat processors, exporters, wholesalers and domestic market participants have used MLA market information to:

- stay informed about the market
- benchmark their business performance against state or national averages or totals
- make strategic, production, procurement, marketing and investment decisions

## Informing off-farm decisions

Australian red meat producers operate in a competitive global environment, contending with variables and new business and market developments on a daily basis. Off-farm stakeholders also need to distill and analyse a similar array of information to assess current and future market conditions that could influence their business decisions.

### Market information needs

Off-farm stakeholders have sought a range of meat and livestock information from MLA, including: slaughter data; market developments; projections; cattle and lamb numbers; and market statistics.

### Collating, analysing and communicating

MLA’s sponsorship ensured the Australian Bureau of Statistics (ABS) continued its monthly collection of red meat slaughter and production data following industry feedback that indicated regular supply data was necessary. Without MLA’s intervention in 1999-2000, ABS would have reduced its collection from monthly to quarterly. Independent monthly and NLRS weekly slaughter data have enabled processors to regularly benchmark their company’s performance and monitor state and national supply trends.

Australian lamb processors have long stressed the competitive need for an accurate picture of the size and timing of the annual turn-off of lambs to help position Australian product in global markets. This would also support business planning, purchase pricing decisions and operational strategy. To address this need, MLA funded an annual *Lamb Survey* from 2000. Industry consultation highlighted some shortcomings and the annual survey was discontinued in 2007-08 in favour of an online survey completed three times a year by a sample of MLA sheep members. The newly formed Lamb Forecasting Advisory Committee (comprised of lamb producers and processors) reviews the data and provides expert comment on supply trends and prospects.

The release of MLA’s *Industry Projections*– an analysis and forecast of the red meat and livestock industry over the next five years – generates strong interest from the media, processors and exporters. The document is often used by companies as a basis for their own forecasts and market assessments. In response to more rapidly changing meat and livestock markets and calls from stakeholders, MLA moved from annual to biannual publication of the projections in 2000-01.

MLA’s Market Statistics Database is the common resource for many Market Information program outputs. The database has undergone extensive change since 1998 and now houses a comprehensive global meat database including supply, price, inventory/flock, export, import, consumption and economic data across 15 countries/regions. Data is accessible by industry through the MLA website, with plans to offer access to more data sets online in future. MLA has also collated, analysed and disseminated detailed export statistics to exporters to help them monitor trends and assist with benchmarking.

MLA Market Information commenced a biannual foodservice tracking survey in 1999-2000 and a monthly retail butcher survey in 2000-01 to monitor and report on developments in Australia’s single largest market – the domestic market.

Processors and exporters have used *Meat & Livestock Weekly* to keep up-to-date with market developments and price indicators.

### Investment

- \$4.3 million\* investment in data maintenance and access, 1998-99 to 2007-08

### Outputs

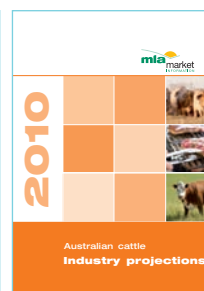
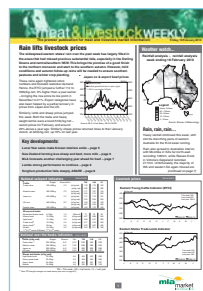
- Market Statistics Database
- NLRS weekly slaughter data
- Analysis and dissemination of detailed Department of Agriculture, Fisheries and Forestry (DAFF) export data
- Foodservice tracking survey, retail butcher survey
- *Industry Projections, Market Briefs, Industry Overview, Livelink, Meat & Livestock Weekly*
- Lamb Survey

### Outcomes

- Processors can perform regular benchmarking
- Processors can develop a bank of information to guide decisions
- Over 50% of domestic and export processor subscribers surveyed rated MLA Market Information as extremely or highly valuable<sup>1</sup>

### Impacts

- Domestic and export processor subscribers use MLA market information to stay informed; make production, operational and buying/selling decisions; and to benchmark<sup>2</sup>
- MLA Industry Projections provide a starting point for companies to form an assessment of future market conditions



\* MLA investment only (actual dollars)

<sup>1</sup> MLA 2009

<sup>2</sup> MLA 2009

Global users of Australian red meat and various agribusiness companies have consulted MLA market information to help them:

- make strategic purchasing and investment decisions
- stay informed about the market

“McDonald’s highly values MLA’s market information to better understand the global beef industry and the beef markets we do business in.”



– Gary Johnson, McDonald’s Worldwide Supply Chain

## Informing global users and agribusiness

Global users of Australian red meat and agribusiness companies need to understand global market trends and drivers, supply-demand relationships between countries, and possible future shifts in demand and supply. This knowledge is critical to strategic, purchasing and investment decisions.

### Market information needs

Global users and agribusiness participants have sought a range of independent market information from MLA, including: customised one-on-one presentations; analysis of market developments; projections; and market statistics.

### Collating, analysing and communicating

MLA market information has been used to prepare customised presentations to meet individual knowledge requirements of particular stakeholder businesses and groups. These groups include corporate producer groups, global red meat users, suppliers (such as packaging and shipping companies) and investment funds. Presentations encourage investment in the Australian pastoral industry. They rely extensively on the Market Statistics Database and often include MLA’s latest forecasts.

The Industry Projections publication, *Meat & Livestock Weekly*, and the online version of the Market Statistics database are also widely used by agribusiness companies including private equity investment and commercial banks.

Stock agents and the media use MLA market information to inform their clients/audience about livestock markets. Agents use NLRS data to help advise clients when marketing livestock.

### Inputs

- MLA investment is included as part of the MLA staff costs required to support the Market Information program

### Outputs

- Customised presentations to global users and agribusiness companies
- Industry Projections, *Meat & Livestock Weekly*, Market Statistics Database

### Outcomes

- More informed global users and agribusiness companies

### Impacts

- Additional purchases of Australian beef
- Increased investment in the Australian livestock industry

### Benefits

- Value of increased red meat demand of \$65.8 million<sup>1</sup>

<sup>1</sup> CIE 2009. Present value over the period 1998-99 to 2009-10 in 2007-08 dollars using a discount rate of 5%. This is not a full estimate of increase in demand.

## Case study: Hamburg Süd

Hamburg Süd has played a vital role in developing the Australia and New Zealand containerised trades since 1971 – and are the only shipping company that has remained under one single owner since that time. It now offers a full range of services throughout Asia, North America, Europe and the Pacific Islands and they plan to extend and broaden their service scope in this region.

Geoff Greenwood (pictured right), Managing Director – Australia & New Zealand of Hamburg Süd Australia says supporting Australian beef and sheep exporters in their successful servicing of key global markets requires a clear and concise overview of market factors, opportunities and trends. “For Hamburg Süd, MLA has been an invaluable source for such information,” he says.

“Fundamental to our capacity to service the Australian meat industry is our ability to understand the demands and needs of the shipper. As a global container shipping company we constantly review all potential export markets with a view to enhancing the service features we offer to our clients. We need to know which markets are emerging and which may be ‘off the boil’ – and for how long.”

Any growth, whether through increased capacity or new services, requires very large capital investments in building and maintaining modern ships and containers. Such decisions are based on sound market intelligence for which MLA has proven to be a most reliable and accurate resource.”

“The input that we receive from MLA helps us to better serve the Australian meat industry and is a paramount factor in our success.”



The Australian Government has used MLA market information to assist with:

- identifying best practice and measurement of productivity
- assessing exceptional circumstances (EC) applications
- market access negotiations
- major retail pricing and competition reviews
- economic monitoring, analysis and forecasting

## Informing Government decisions

Various departments within the Australian Government have used red meat and livestock market information as an input into market access negotiations; reviews; monitoring and forecasting livestock and meat markets; and assessment of exceptional circumstances (EC) applications.

### Market information needs

The Australian Government has sought a range of independent market information from MLA, including: financial farm data; feedlot survey data; NLRS livestock price data; detailed export data analysis; and *Industry Projections*.

### Collating, analysing and communicating

The Australian Government, through the Department of Agriculture, Fisheries and Forestry (DAFF) and the Australian Bureau of Agricultural and Resource Economics (ABARE), has a significant involvement in the red meat sector, most noticeably in drought (and other disaster) relief; rural research; and animal disease prevention, eradication and control. MLA market information guides the Government's policy and operational decisions in these areas, though only one is measurable.

MLA Market Information, ABARE and other agricultural industries co-fund the Australian Agricultural and Grazing Industries Survey (AAGIS). Since 1998 between nine and 20 per cent of the survey costs have been funded by MLA.

The survey has assisted industry and the Government with benchmarking, identifying best practices and measuring total factor productivity within the livestock sector. This has enabled Government and industry to allocate research and development resources more efficiently. Market information has also assisted in the development of animal disease programs and preparedness.

Survey results have enabled the Government to more accurately assess EC applications, with five per cent of applications critically dependent on AAGIS data<sup>1</sup>.

MLA Market Information has been used in major reviews conducted for the Australian Government that examined prices and costs along red meat industry value chains to establish if the chains were sufficiently competitive or if players displayed any characteristics of market power. Without independent MLA market information, these studies would have been more costly and time consuming.

ABARE's forecasting analysts have also utilised MLA's data, publications and knowledge from MLA Market Information analysts in drafting ABARE's quarterly commodity forecasts.

### Inputs

- \$7.5 million\* investment in industry surveys 1998-99 to 2007-08.

### Outputs

- AAGIS survey
- Farm Financial and Physical Database
- Farm performance brochures

### Outcomes

- Producer capacity to benchmark farm performance against the industry
- Government and industry capacity to monitor trends in on-farm financial performance and productivity
- Input into Government reviews and programs
- More informed ABARE forecasts (based on AAGIS data)

### Impacts

- More efficient use of research and development resources to help industry achieve best practice
- Benchmarking information can act as a catalyst for producers to change on-farm practices
- Less costly and more efficient Government reviews and programs

### Benefits

- Increased exceptional circumstance support for the livestock industry valued at \$118.4 million<sup>2</sup>
- Improved market access<sup>†</sup>

## Farm financial and physical database

Since 2002-03, data from the AAGIS survey has been made available in a user-friendly format via the Farm Financial and Physical Database on the MLA website. This has allowed cattle and sheep producers to individually tailor combinations of annual red meat industry physical and financial data collected through the survey. As a result, producers have been able to benchmark their farm's performance against the state or regional average.

Summary farm physical and financial performance reports (one for beef, one for slaughter lambs) based on the survey results have been produced annually and are also available on the MLA website.



\* MLA investment only (actual dollars)

<sup>1</sup> CIE 2009

<sup>2</sup> CIE 2009. Present value over the period 1998-99 to 2009-10 in 2007-08 dollars using a discount rate of 5%.

<sup>†</sup> Refer to NOTE on page 2

## EVOLUTION OF MARKET INFORMATION OUTPUTS

- 1998**
  - MLA Market Information starts
  - ABARE farm survey managed by MLA
- 1999**
  - *Meat the Market* a weekly market publication commences
  - Year round ABS production data collected
- 2000**
  - Quarterly Co-products Survey goes monthly
  - Historical meat database launched
  - Biannual Foodservice Survey begins
  - Industry Overview commences
  - Market Brief series commences
  - Industry Projections – mid year update commences
- 2001**
  - Cattle Projections Forum launched
- 2002**
  - NLRS joins MLA
  - Cattle futures launched
  - Retail Butcher Survey starts
- 2003**
  - Cattle Projections Workshop launched
  - *Meat & Livestock Weekly* replaces *Meat the Market*
  - MLA Analysis Tool launched
  - Feeder cattle report revamped
  - OTH goat report commences
- 2004**
  - ABARE Farm Survey data on-line
  - OTH cattle report revamped
- 2005**
  - PTIC category added to NLRS reports
  - Feeder cattle report revamped
  - DCRS database launched
- 2006**
  - Butcher Survey revamped
  - Lamb indicators revised
  - Hides report revamped
  - OTH lamb report revamped
  - NLRS achieves ISO certification
- 2007**
  - MLA Analysis Tool online
  - Forward contract trading standard developed
  - DCRS database available to field staff
  - Brazil competitor project completed
  - Pastoral cattle prefix added to NLRS cattle reports
  - Foodservice Survey revamped
- 2008**
  - NLRS daily indicators available by SMS
  - OTH cattle report revamped
- 2009**
  - Lamb Forecasting Committee formed
  - Lamb Survey revamped
  - Lamb dentition study completed
  - Drivers of cattle price study completed
  - Export data service expanded
  - OTH cattle report revamped
  - Wholesale beef report revamped
  - Wholesale lamb report revamped
  - Red Meat Market Report series commences and replaces Market Briefs
- 2010**
  - Industry Overview revamped
  - NLRS covers Roma saleyards
  - Cattle Futures contract delisted

## The evolution MLA Market Information

### FAST FINANCIAL FACTS MLA Market Information investment and benefit<sup>‡</sup>

- Red meat industry 9-year investment: \$45.2 million\*
- Direct benefits to red meat industry: \$70.9 million<sup>†</sup>
- Increased red meat demand by global users: \$65.8 million<sup>†</sup>
- Increased exceptional circumstance support for industry: \$118.4 million<sup>†</sup>
- Total benefits: \$255 million<sup>†</sup>
- Benefit-cost ratio: 5.6 : 1

### Non-quantified benefits

Independent market information is one of many inputs into business, industry and government decision making and is therefore not easy to measure. Based on evidence from industry surveys and consultation, the following non-quantified benefits have flowed from MLA's Market Information program:

- Improved price stability (mitigation of boom-bust cycles)
- Consistent collection and reporting of statistics across markets and states
- Reduced transaction costs that would accrue to individual organisations for data collection and by increasing market efficiency<sup>1</sup>
- Independently collected, transparent market information that would not have otherwise been collected and distributed
- More favourable Government policy decisions and outcomes
- Promotion of innovation<sup>2</sup>

### MLA market information is one ingredient

The CIE analysis takes into account benefits accrued by MLA's role in the provision of independent market information – not the multitude of other information providers and sources. For stakeholders to fully satisfy their information needs, they source information from providers beyond MLA – facilitated over recent years by the internet and email – including saleyards, processors, agents, the media, customers, consultants and the Government. MLA Market Information's Online Subscriber Survey highlights this, with most respondents citing that their business decisions are 21 to 40 per cent reliant on MLA market information.

### Lessons learned

- 1** MLA's Market Information program must continue to adapt in response to stakeholder feedback to ensure it remains relevant and valuable to industry
- 2** MLA must investigate more effective ways to evaluate the benefits from information services, which is very difficult:
  - Program stakeholders were either unwilling, or found it difficult, to estimate the value of benefits provided by the program
  - This difficulty is consistent across other industries and is confirmed by relevant literature in this field
- 3** Since the launch of the MLA/SFE Cattle Futures Contract in 2002, the risk management culture in the Australian beef industry has proven to be less developed than previously thought. This component of the program cost significantly outweighs the benefits to industry
- 4** The extensive stakeholder consultation undertaken during this evaluation uncovered three key issues that MLA is addressing:
  - The accuracy of lamb survey projections must be improved to provide more reliable estimates of lamb turnover as each season progresses
  - Enhanced data collection and analysis for the lot feeding sector
  - As a greater proportion of cattle is being sold direct to works, the coverage of OTH price reporting must be increased

\* Investment period 1998-99 to 2007-08 present value in 2007-08 dollars

† 1998-99 to 2009-10 present value in 2007-08 dollars

<sup>1</sup> Gregor Report 2001

<sup>2</sup> Currie Communications 2007

<sup>‡</sup> Refer to NOTE on page 2

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