

ANNUAL REPORT 2016–17

Fostering prosperity



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Numbers may not add in tables and graphs throughout this report due to rounding.

A photograph of a herd of cattle in a grassy field. In the foreground, there are several cows and a calf. One cow is white with a blue ear tag, and another is brown with a blue ear tag. The background shows a dense forest of trees under a bright sky.

MLA's purpose is to foster
the long-term prosperity
of the Australian red meat
and livestock industry.

MLA at a glance

Our purpose

To foster the long-term prosperity of the Australian red meat and livestock industry.

Our vision

To be the recognised leader in delivering world-class research, development and marketing outcomes that benefit the Australian red meat and livestock industry.

Our mission

To collaborate with stakeholders to invest in research, development and marketing initiatives that contribute to producer profitability, sustainability and global competitiveness.

Our strategic pillars

1. Consumer and community support
2. Market growth and diversification
3. Supply chain efficiency and integrity
4. Productivity and profitability
5. Leadership and collaborative culture
6. Stakeholder engagement.

Additional investment areas, while not considered strategic pillars, are: corporate services, levy management and AUS-MEAT.

Our values

- customer centricity
- accountability through transparency
- outcomes that make a difference.

Our history

MLA was established in 1998 as a public company limited by guarantee, following the merging of two industry statutory organisations – the Australian Meat & Livestock Corporation and the Meat Research Corporation. MLA is the declared industry marketing body and the industry research body under sections 60(1) and 60(2) of the *Australian Meat and Live-stock Industry Act 1997* (AMLI Act).

Our funding

MLA is primarily funded by transaction levies paid on livestock sales by producers. The Australian Government also contributes a dollar for each levy dollar MLA invests in research and development. Other funding streams come from specific unmatched grants from the Australian Government and cooperative funding contributions from other Research and Development Corporations, individual processors, wholesalers, foodservice operators and retailers.

Processors and livestock exporters also co-invest levies into MLA programs through their service companies: Australian Meat Processor Corporation and Australian Livestock Export Corporation (LiveCorp).

Individual exporters and importers can also co-invest with MLA on marketing activities.

MLA generates additional income via commercial funding contributions which are matched by the Australian Government. This funding is invested in research and development partnerships that benefit the Australian red meat industry through MLA Donor Company.

Our members

Membership of MLA is voluntary and free to all levy-paying grassfed cattle, grainfed cattle, sheep, lamb and goat producers. MLA had 49,726 members at 30 June 2017 (see page 63).

Our stakeholders

MLA works in partnership with industry and government to deliver products and services to the cattle, sheep and goat industries.

Through the Science and Research Priorities and the Rural Research, Development and Extension Priorities, the Australian Government sets high-level priority research and development objectives covering community, industry and environmental concerns.

Peak industry councils provide policy direction, scrutinise budgets and monitor MLA's performance on behalf of the red meat and livestock industry. These are the Australian Lot Feeders' Association, Cattle Council of Australia, Goat Industry Council of Australia and Sheepmeat Council of Australia.

MLA also works closely with the Australian Meat Processor Corporation, Australian Meat Industry Council, LiveCorp and Australian Livestock Exporters' Council to develop programs that address key industry issues and opportunities through the supply chain, manage projects and communicate outcomes. See pages 62–63 for more on how MLA engages with its stakeholders and collaborators.

Our staff

At 30 June 2017 MLA employed 243 staff. More than 47% were from a rural background and more than 29% were under 35 years of age (see pages 59–60).



July 2016

New Livestock Production Assurance online learning course launched (page 35)

MLA announces plans to develop a Digital Value Chain Strategy (page 33)



August 2016

MLA awarded a \$3.8 million Australian Government grant with a focus on phosphorus-efficient pastures (page 116)



September 2016

18 new projects announced, resulting from the first year of the regional consultation process (page 38)

MLA renews and bolsters commitment to Sheep Genetics (page 39)

Integrity Systems Company commences (page 34)



October 2016

Australian Red Meat Industry Digital Forum held in Brisbane (page 33)



November 2016

DEXA technology roll out plan announced (pages 32–33)

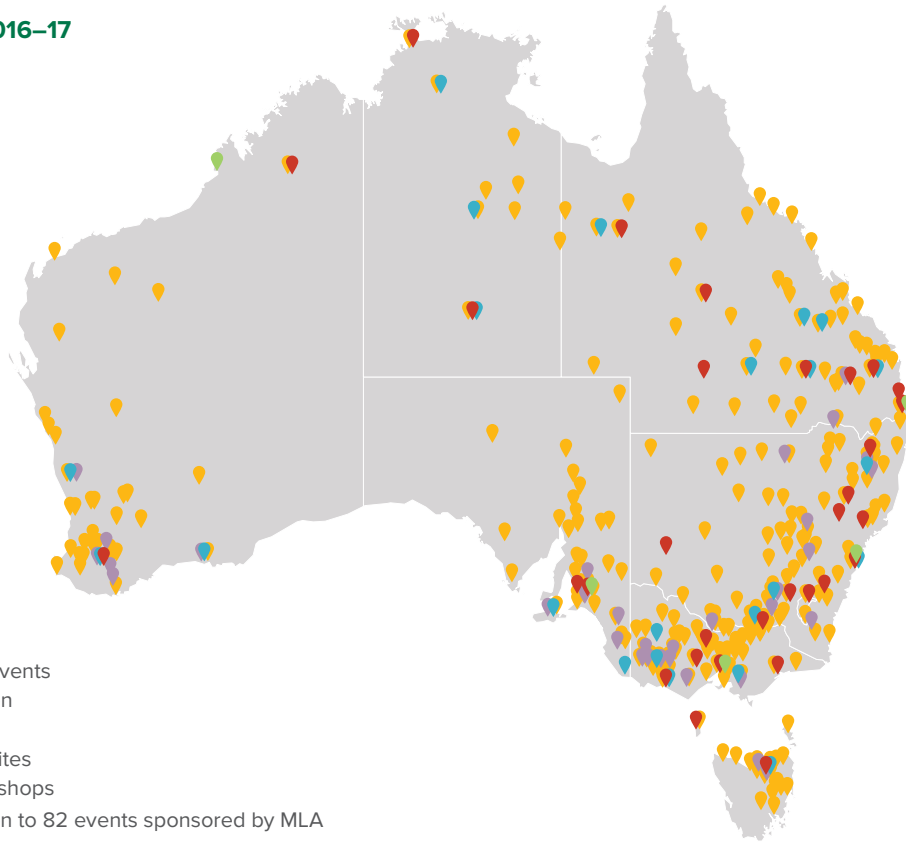
MLA AGM held in Hahndorf, South Australia (page 51)



December 2016

Genetics consortium unveiled to invest \$16 million in new research (page 38)

MLA's engagement in 2016–17



- Community engagement events
- Attended by Richard Norton
- Regional consultation
- Producer Demonstration Sites
- Adoption events and workshops

These locations are in addition to 82 events sponsored by MLA

Our decision making processes

MLA doesn't invest levies and make decisions in isolation. This is done in concert with producers, the government, peak industry councils and other industry organisations (see 'Our stakeholders' and pages 62–63 for other consultation mechanisms). The regional consultation model (see page 38), which commenced in the second half of 2015, enables producers to have direct input into MLA's research and development priorities.

Our subsidiary companies

MLA owns two operating subsidiary companies.

MLA Donor Company partners with investors in areas that bring value to the red meat supply chain through innovation and new technologies (see page 58).

Integrity Systems Company administers the National Livestock Identification System database which records livestock movements. It is also responsible for the Livestock Production Assurance program and National Vendor Declarations (see page 58).

Our locations

MLA employees are based strategically to leverage the best possible access to all stakeholders and markets: Sydney, Brisbane, Armidale (Australia); Jakarta (Indonesia); Singapore; Seoul (South Korea); Tokyo (Japan); Beijing (China); Dubai (United Arab Emirates); Brussels (Belgium); and Washington DC (US). MLA also has presence through local agents in Ho Chi Minh (Vietnam), London (England), Hong Kong, Taiwan and Kuala Lumpur (Malaysia). These locations are mapped on page 59.



January 2017

'We Love Our Lamb' campaign launches with a celebration of Australia (page 29)



February 2017

myMLA, single sign-on and upgraded Prices & Markets section of MLA website launched (page 47)
 'You're Better on Beef' campaign launched with Dame Edna (page 29)



March 2017

Global Markets Forums – Melbourne and Brisbane (page 28)
 ACCC releases its *Cattle and beef market study*, endorsing objective measurement and MLA's improvement to its market information services (page 9)



April 2017

Beef Language Review working group (including MLA) responds to White Paper recommendations (page 33)
 Pasture dieback plan announced (pages 38–39)



May 2017

MLA's inaugural 3D meat printing conference held in Melbourne (page 29)
 Beef boning automation program announced (page 40)
 Single step genetics test announced for Brahman breed (page 39)



June 2017

Peak industry councils support MLA's proposal to accelerate the roll out of DEXA technology (pages 32–33)

Chair's report

Board business, industry trends and outlook



Dr Michele Allan, Chair

I'm pleased to present MLA's *Annual Report 2016–17*.

2016–17 was a year of 'delivery despite adversity' for MLA and the Australian red meat and livestock industry.

In research and development, the year was punctuated by our delivery of major new research partnerships, revolutionary innovations and exciting new products.

In markets, Australian red meat fought hard to hold its place on menus and dinner tables in the face of intense competition from other exporters globally and from cheaper competing proteins back here at home.

Within the operating environment, energy and other costs continued to rise while a dry winter for several key areas across the nation increased the supply pressure in both the beef and lamb markets.

Despite the challenges, carcase weights for cattle and sheep continued to rise above the long-term average and producer confidence remains strong.

The total value of the red meat and livestock industry (including domestic

and live export markets) in 2016–17 was estimated at \$22.1 billion. Although 6% lower than 2015–16, this was a remarkable result considering the poor season, lower turn-off and stiff competition here and abroad.

This competition, particularly from the US and South America, is growing and together with increasing global supplies, is expected to increase the pressure on our industry in several international beef markets in the year ahead. On top of that, the changing global political climate presents its own set of challenges for Australian red meat on the world stage.

In our domestic market, demand for red meat is strong.

Common to all markets is the increasing consumer interest in where their food comes from, meaning the opportunity to market our sustainably-grown Australian red meat is ripe both here and overseas. Given the potential trade opportunities that developments in Europe and the UK may provide and that the Asia Pacific region's population is forecast to increase by nearly 700 million people by 2030, demand for high quality Australian beef and lamb should continue to grow.

Cattle and beef market

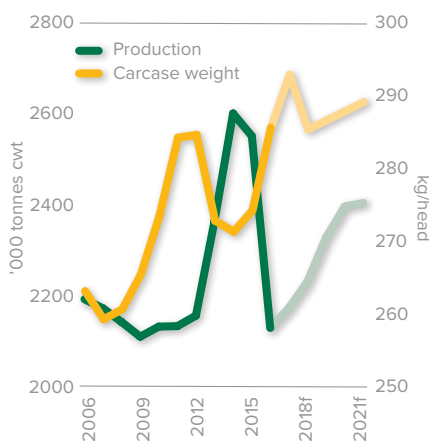
Key trends

- cattle prices lower
- herd rebuilding underway
- record numbers of cattle on feed
- record high average carcase weights (Figure 1)
- global markets in a state of flux.

Australian cattle prices trended below year ago levels in June 2017 (Figure 2) while production tracked higher. This crossroad appeared earlier than originally projected, with a poor winter rainfall outlook for southern Australian following the dry autumn leading to low female cattle slaughter and record numbers of cattle on feed.

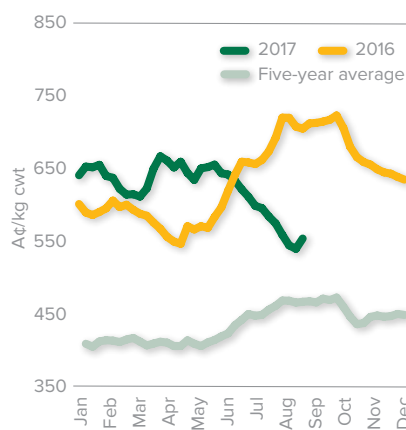
Global beef markets remain in a state of flux with the US continuing to challenge Australia's position in North Asia; quality concerns with Brazilian beef resulting in temporary and indefinite market closures; the Indian government attempting to ban the sale of slaughter buffalo and cattle through livestock markets; and the US regaining direct access to China. Despite these developments, Australian beef exports are expected to level with last year's

Figure 1. Beef and veal production



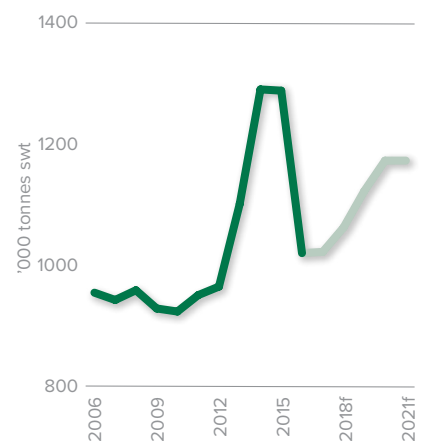
Sources: ABS, MLA forecasts

Figure 2. Eastern Young Cattle Indicator



Sources: ABS, MLA

Figure 3. Australian beef exports



Source: DAWR

volume of 1.02 million tonnes (Figure 3) – the fifth consecutive year volumes will exceed one million tonnes.

In the domestic market, a slight softening in retail prices is expected to alleviate the declining per capita consumption trend, with a 5% rise year-on-year to 26.7kg/capita.

Looking ahead, lower cattle prices and higher production are likely to continue for the remainder of 2017. Although prices have fallen, they are expected to remain well above the five-year average, reinforced by strong restocker activity as pasture conditions improve, a relatively stable Australian dollar and reduced tariffs in Japan, Korea and China.

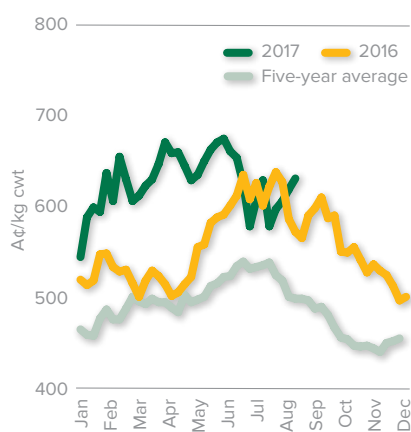
Lamb market

Key trends

- saleyard indicators above year-ago levels (Figure 4)
- lamb exports lower
- flock rebuilding underway
- slaughter levels decreasing
- heavier lamb and sheep carcase weights (Figure 5).

Despite heavier carcase weights, lamb production for 2016–17 was down 2%

Figure 4. National Trade Lamb Indicator



Source: MLA

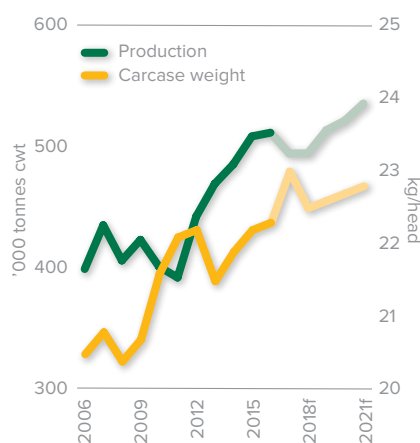
year-on-year, though 7% above the five-year average.

Export volumes have also fallen short of year-ago levels and are forecast to decline 3% on last year (Figure 6). Australian lamb shipments to China for the calendar year to June recorded a 16% growth year-on-year, while volumes to the Middle East fell 10% and shipments to the US eased 3%. While exports have declined, lamb available for the domestic market is projected to dip only 0.5% on 2016 volumes.

Despite the dry season and market fluctuations, producers appear to have strong confidence in the sector with results obtained from the June 2017 MLA and Australian Wool Innovation wool and sheepmeat survey indicating that producers intend to increase or maintain the size of their breeding ewe flock for the next 12 months.

Looking ahead, the health of the Australian lamb market will largely depend on several factors – the improvement of seasonal conditions for main supply regions, the availability of feed and the ability of processors to absorb the eventual recovery in supplies.

Figure 5. Australian lamb production



Sources: ABS, MLA forecasts

Goat market

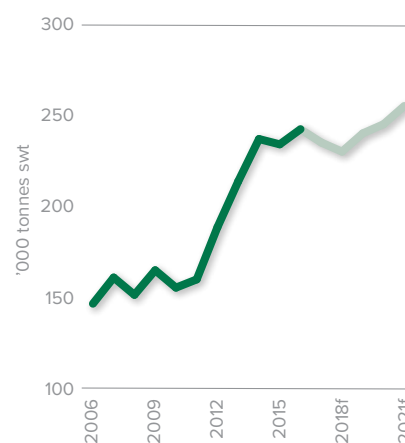
Key trends

- US remains largest market
- over-the-hook indicators at new high
- strong domestic market
- Australia remains world's largest goatmeat exporter.

In 2016–17, the largest and most valuable export market for Australian goatmeat remained the US, with demand largely underpinned by increasing numbers of consumers with Hispanic, Muslim and Caribbean backgrounds. This year, two-thirds of goatmeat exports were bound for the US and 12% remained in the domestic market. This means our own consumers make up the second largest market for Australian goatmeat in the world.

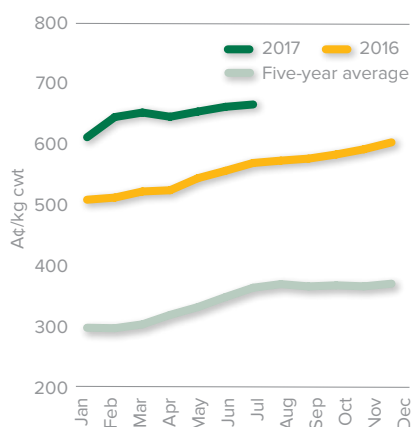
Despite the strengthening Australian dollar, over-the-hook goat indicators remained on an upward trajectory throughout 2016–17 (Figure 7). The indicator averaged 616¢/kg cwt – up 116¢ from the previous year. In June 2017, the indicator hit a new high of 682¢/kg cwt and surpassed the Eastern States Trade Lamb Indicator.

Figure 6. Australian lamb exports



Source: DAWR

Figure 7. Goat over-the-hooks indicator



Source: MLA

Looking ahead, the recent strengthening of the Australian dollar is likely to maintain pressure on the goat market in the short-term. Nevertheless, Australia's position as the world's largest goatmeat exporter, along with growing global demand, will provide support to the market over the coming year.

Board business

The key focus of the Board throughout 2016–17 has been ensuring MLA delivers outcomes in research, development and marketing to foster the long-term prosperity of the industry.

MLA is now well into the second year of its *Strategic Plan 2016–2020*. As part of this strategy, the Board has taken on oversight of MLA's two subsidiary companies, Integrity Systems Company and MLA Donor Company (MDC), to recognise the expanded remit of each company and drive improvements in the profitability, global competitiveness and sustainability of our industry.

The new Integrity Systems Company demonstrates industry's commitment to continuous improvement of integrity systems and processes. The company now delivers Livestock Production Assurance, National Vendor Declarations and the National Livestock Identification

System in a streamlined structure, ensuring resources are effectively directed to improve coordination within the industry. These robust integrity systems and on farm practices reinforce the reputation of quality Australian red meat product and instil a confidence in our trading partners and consumers. Enhancing this position in the face of increasing scrutiny from multiple stakeholders remains both a necessity and an opportunity for our industry to maintain what is also a competitive advantage.

MDC has invested in initiatives across the entire red meat and livestock value chain this year. From genetics to drones, MDC has worked to accelerate innovation in the industry. The Producer Innovation Fast-Track program (see page 47) is particularly exciting, with producers now able to co-invest in innovation.

MLA's 2016 Annual General Meeting saw the election of a new Director to the Board, supply chain and meat retailing specialist Allister Watson. Allister has been an invaluable addition to the skills-based Board. His election is a testament to the robust process undertaken by MLA's Selection Committee, which has been chaired by central Queensland cattle producer Ian McCamley.

Looking ahead, market access remains our number one priority and engaging in Brexit and European Free Trade Agreement negotiations will be a primary focus in the upcoming year. In addition to the ongoing presence MLA has in the EU, the Board has approved the establishment of an office in the UK to ensure Australian red meat is on the agenda in these discussions.

MLA has also made a number of appointments in the Global Industry Insights and Strategy team to bolster its data collection, reporting and analysis capabilities. These changes enhance our support of the Australian Government's efforts to open up new markets for Australian red meat and livestock.

They also enrich MLA's existing investment in market access through our network of key relationships around the globe.

With the ongoing challenge of supply constraints, escalating costs and competition from cheaper proteins, the MLA Board will continue to invest in key research, development and adoption programs that add value to the industry, support changes to business models and embrace productivity-enhancing innovation. As new automation and measurement technologies emerge and the footprint of digital technologies expand, we will continue to find more ways to help producers and their value chain partners share information and adopt new practices. Our industry is built on innovation and would not be able to prosper without these cutting edge programs.

In closing, I would like to thank the MLA Board and employees for their tireless efforts this year in contributing to the success of our Australian beef, lamb and goatmeat industries.

Dr Michele Allan
Chair

Managing Director's report

MLA's focus and outlook



Richard Norton, Managing Director

Fostering the prosperity of the red meat industry is why MLA exists.

That means delivering innovations, tools and practices to enhance the profitability, productivity and global competitiveness of beef, sheepmeat and goatmeat levy payers.

It means ensuring the industry is equipped with practices that are in step with community expectations.

It means advocating with industry for improved market access, with marketing programs and value-creating innovation driving increased customer preference and premiums for Australian red meat.

It means equipping the industry with product quality, pricing and integrity systems that drive consumer confidence.

It means building the capability of our industry leaders and our leaders of tomorrow.

It means engaging with levy payers and communicating clearly about our work and its value to their businesses.

These actions mirror MLA's outcomes in its *Strategic Plan 2016–2020* (see Table 1).

In fostering the industry's prosperity, we maintain our core values:

- customer centricity
- accountability through transparency
- outcomes that make a difference.

Customer centricity

At MLA our customers – our stakeholders – are first and foremost. We focus on what they value most and deliver that. Here are just a few examples of MLA's work this year:

Nothing replaces face-to-face

To remain in touch with the needs of levy payers, I have continued to engage face-to-face with producers and stakeholders throughout the year, attending more than 50 events in 2016–17 (see page 3). MLA as a company also remained active across the country, being involved in more than 400 industry events (see map on page 3).

The customer is king

As demonstrated in MLA's January 2017 lamb campaign (see page 29), remaining united with our consumers is crucial. Once again the mulesing issue has sparked debate within industry, now against a backdrop of increasing consumer interest in the provenance and production of their food. As an industry, we need to work together and adopt a sustainable strategy on mulesing that meets consumer expectations. Unity within our industry is the only way to move forward on this front and in 2017–18, MLA will continue to pursue this approach on all issues that benefit the industry and the consumer.

Sharing red meat's story

With the number of urban Australians visiting cattle or sheep farms declining by 20% since 2010, MLA has implemented a range of community engagement initiatives to address this issue. These include a 360° paddock-to-plate experience using virtual reality headsets, a red meat education program within primary schools (see page 21) and the

Table 1. MLA's strategic pillars, outcomes and priorities 2016–2020

Pillar	Outcome	Priority
1. Consumer and community support	The community continues to support and trust the Australian red meat and livestock industry, with industry practices in step with community expectations.	<ul style="list-style-type: none"> • Continuous improvement of the welfare of animals in our care • Stewardship of environmental resources • Role of red meat in a healthy diet
2. Market growth and diversification	Improved access to markets, with marketing programs and value creating innovation driving increased consumer and customer preference and premiums for Australian red meat.	<ul style="list-style-type: none"> • Efficiency and value in trade and market access • Marketing and promoting Australian red meat and livestock
3. Supply chain efficiency and integrity	Increased returns through the value chain, with participants and customers confident in product quality, pricing and integrity systems.	<ul style="list-style-type: none"> • Optimising product quality and cost efficiency • Guaranteeing product quality and systems integrity
4. Productivity and profitability	Productivity gains through the value chain from the adoption of tools and technologies.	<ul style="list-style-type: none"> • Production efficiencies in farms and feedlots • Processing productivity • Live export productivity
5. Leadership and collaborative culture	Industry participants are confident in industry leadership capability.	<ul style="list-style-type: none"> • Building leadership capability • Protecting and promoting our industry
6. Stakeholder engagement	Industry participants are confident that the levy investment is delivering value.	<ul style="list-style-type: none"> • Engagement with producers and stakeholders

development of the consumer-focused ‘GoodMeat’ campaign scheduled to launch in 2017–18 (see page 18).

A change in the way levy payers propose projects

MLA cannot foster the prosperity of the industry without grassroots producers communicating their research needs. MLA’s regional consultation framework – now in its second year – gives grassfed cattle and sheep producers a direct say in setting MLA’s regional research priorities (see page 38).

Taking producer input a step further, MLA Donor Company has developed the Producer Innovation Fast-Track initiative to allow innovative producers to co-invest in new technologies. This is a new way in which levy payers can invest in – and benefit from – on farm research and development (see page 47).

Accountability through transparency

MLA is committed to sharing our knowledge, information and experience including our strategic plans, our investments, our projects and their outcomes. Here are some examples:

Pillar and priority performance

Across MLA’s six pillars in 2016–17 were 221 key performance indicators, 197 from MLA’s *Annual Investment Plan 2016–17* and 24 from MLA’s *Strategic Plan 2016–2020*. Of these, 68.3% were achieved, 9.5% were partially achieved, 18.6% were not achieved, 1.8% were not available and 1.8% were on track to being achieved by 2020 (see pages 102–114). Compared to 2015–16, the rate of achieving KPIs fell (from 75% to 68.3%), coinciding with MLA’s increasing scope of work and the number of KPIs nearly doubling (from 115 to 221). MLA is now enhancing the way KPIs are defined and measured.

Financial performance

In 2016–17, MLA’s revenue was \$200.5 million, 1.4% higher year-on-year and above expectations. Levy income fell 9.1%, with tight cattle and sheep supplies reducing production. The reduction in levy income was more than offset by higher matched Australian Government funds, commercial partner contributions via MLA Donor Company and interest income. Total revenue is forecast to increase in 2017–18, as MLA Donor Company continues to attract more investment.

MLA’s expenditure increased 11.9% in 2016–17 to \$193 million. This included expenditure of \$104.2 million in research and development and \$88.9 million in marketing, market access and insights activities. The increase in investment reflects MLA’s strategy to gradually reduce accumulated reserves to the levels prescribed in MLA’s Levy Reserve Policy. Actual expenditure was lower than budgeted, as MLA Donor Company built the foundations for a major transformation and growth strategy which aims to double its annual investments. For these reasons, expenditure is forecast to increase again in 2017–18.

MLA’s surplus for the year was \$7.5 million, taking the retained surplus at 30 June 2017 to \$108.2 million. Retained earnings have been building over recent years due to abnormally high levels of levy income, as slaughter volumes soared after the drought. The expectation is for levy income to begin to grow at a more subdued rate and for investment to gradually increase, which will reduce retained earnings in coming years.



Outcomes that make a difference

MLA is committed to delivering outcomes – and making a difference – in everything we do. Some highlights in 2016–17 include:

Objective measurement – the next frontier

From my announcement of the DEXA roll out plan in November 2016 to the declaration of support from peak industry councils in June 2017, MLA has driven the acceleration of this innovative processing technology every step of the way (see pages 32–33). Now, MLA is investing in research on the objective measurement of eating quality which, in time, will further enhance the provision of thorough, balanced feedback both on farm and within processing facilities.

Market reporting improvements

MLA's commitment to continuous improvement is also reflected in the enhancement of our market information services. The recently upgraded Prices & Markets section of the MLA website (see page 47) provides producers easier access to information and in-depth analysis of that data. myMLA, our new online dashboard, offers personalised content to each unique user including tailored market reporting for individual enterprises.

Among its 15 recommendations, the Australian Competition and Consumer Commission's cattle and beef market study welcomed the improvements to MLA's market information services and noted that the extent of further gains rests on the information provided to MLA by live exporters, processors and retailers. As a service provider, MLA is committed to working with industry to continuously improve our market reporting to provide the most comprehensive, timely and professional information.

Insights with substance

MLA has also improved its ability to collect, record and analyse market data to create meaningful insights for

stakeholders in the red meat industry. Constant improvements encompass market reports and prices according to regions, trends and analysis, export market summaries and domestic/international insights provided online and in specialist e-newsletters.

Turning research into profit

This past year has seen MLA land a host of new research partnerships, with the company now involved in 11 projects within the Australian Government's Rural R&D for Profit program. This is an invaluable initiative which fosters collaboration and boosts funding for rural Research and Development Corporations to deliver more results direct to producers. The details of each of these projects can be found in Appendix C.

MLA's challenges and opportunities

Risk is inevitable within the agricultural sector. MLA currently faces the challenge of reduced levy income from a lower herd and flock size and also the consolidation of farm businesses, ordinarily meaning there may be less opportunity for matched Government funding. To alleviate this impact, MLA is pursuing a range of opportunities to secure new investment.

MLA's subsidiaries – MLA Donor Company and Integrity Systems Company – are providing launchpads for accelerated innovation and harnessing the value of the vast volumes of industry data. New mobile and online communication tools also offer potential for MLA to help producers and stakeholders share information and adopt new practices and business models.

Looking ahead

Fostering prosperity will remain at the forefront of MLA's activity in 2017–18.

As Dr Michele Allan writes on pages 4–6, we will continue to invest in maintaining market access and reducing economic and technical trade barriers, especially with Brexit on the horizon and Free

Trade Agreement negotiations underway across the world (see pages 26–27).

MLA will continue to develop initiatives which enhance productivity, profitability and competitiveness in the Australian red meat and livestock industry while keeping a keen eye on our consumers, harnessing this knowledge to grow demand for Australian red meat.



Richard Norton
Managing Director

2016-17 highli

Highlights from major projects MLA has led, managed or contributed to include:

**MLA co-funds
\$24 million
to fast-track DEXA
installations**

(pages 32-33)



**myMLA and single
sign-on to industry
integrity systems
launched and Prices
& Markets upgraded**

(page 47)

**Additional \$120
million in farm gate
returns delivered
by Meat Standards
Australia**

(page 32)

**23% increase in
domestic lamb sales
during summer lamb
campaign**

(page 29)



**Australian Beef
Language reviewed
and set for
enhancement**

(page 33)

**NLIS Ltd relaunched
as Integrity Systems
Company**

(page 34)

**Trade liberalisation
in Indonesia, China
and United Arab
Emirates**

(pages 26-27)

ghts

World-first single step genetic analysis launched for Brahman breed

(page 39)



Producer knowledge and skills rise from 46% to 76% during Profitable Grazing Systems pilot, with this program extended for five years (page 38)

Up to 520 beef sides/hour processed by robotic rib cutting

(page 41)

Up to \$500,000 cost savings for processor converting waste to energy

(page 21)

42% reduction in wild rabbits at release sites by calicivirus, and PAPP toxin for wild dogs and foxes becomes commercially available

(page 20)

Beef Industry Sustainability Framework endorsed

(page 48)

70% of US chefs attending MLA immersion workshops trial Australian red meat; 65% add it to their menu, 40% of these permanently

(page 28)

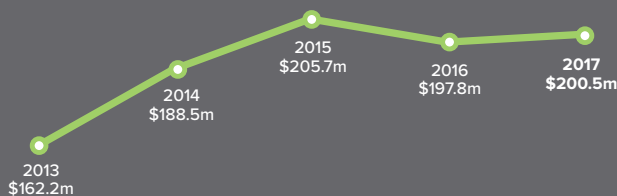


2016–17 summary statistics

at 30 June 2017

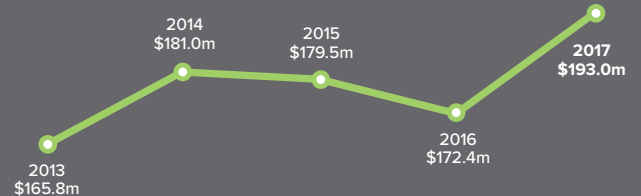
Revenue

↑ 1.4% to \$200.5 million



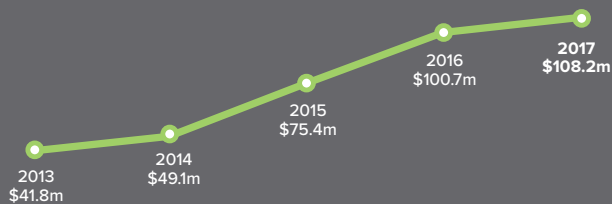
Expenditure

↑ 11.9% to \$193.0 million



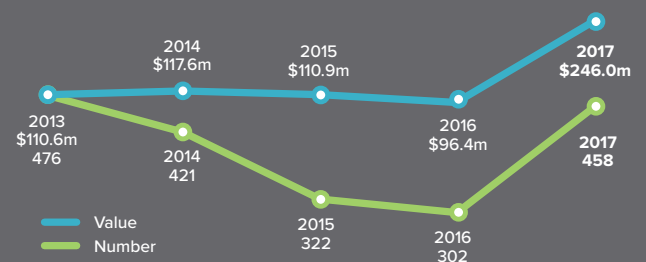
Retained earnings

↑ 7.4% to \$108.2 million



Number of current research contracts

458 worth \$246.0 million



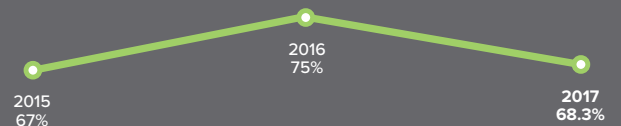
Number of MLA members

↓ 0.3% to 49,726 members



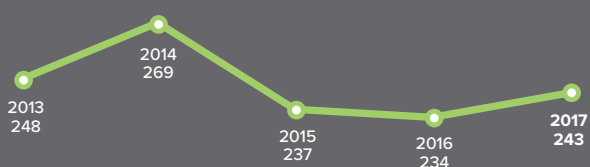
Key performance indicators

↓ 6.7 percentage points to 68.3% achieved



Number of MLA employees

↑ 3.8% to 243 employees






Report to stakeholders

This 'Report to stakeholders' provides a transparent overview of MLA's actual activities and outcomes in 2016–17, reporting against the objectives and planned activities outlined in MLA's *Annual Investment Plan 2016–17*.

MLA regards the *MLA Annual Investment Plan 2016–17* as the first year of the *MLA Strategic Plan 2016–2020*.


The *MLA Strategic Plan 2016–2020* is aligned to the *Meat Industry Strategic Plan 2020* and the Australian Government's Science and Research Priorities and its Rural Research, Development and Extension Priorities. The *MLA Strategic Plan* was released in April 2016, following the publication of the *Meat Industry Strategic Plan 2020* in September 2015.



Pillars	<h2>1. Consumer and community support</h2> 	<h2>2. Market growth and diversification</h2> 	<h2>3. Supply chain efficiency and integrity</h2> 
Outcome by 2020	The community continues to support and trust the Australian red meat and livestock industry, with industry practices in step with community expectations.	Improved access to markets, with marketing programs and value creating innovation driving increased consumer and customer preference and premiums for Australian red meat.	Increased returns through the value chain, with participants and customers confident in product quality, pricing and integrity systems.
Priorities	<ul style="list-style-type: none"> • Continuous improvement of the welfare of animals in our care • Stewardship of environmental resources • Role of red meat in a healthy diet 	<ul style="list-style-type: none"> • Efficiency and value in trade and market access • Marketing and promoting Australian red meat and livestock 	<ul style="list-style-type: none"> • Optimising product quality and cost efficiency • Guaranteeing product quality and systems integrity
Performance measures*	<p>3.2% of domestic consumers limiting red meat consumption due to animal welfare concerns 2016–17 target: 7% 2015–16 benchmark: 7%</p> <p>1.6% of domestic consumers limiting red meat consumption due to environmental concerns 2016–17 target: 7% 2015–16 benchmark: 7%</p> <p>1 new product to reduce the cost and welfare impact of endemic and emergency disease in Australia 2016–17 target: 1</p> <p><\$5 million cost reduction of feral animals and weeds 2016–17 target: -\$5m 2015–16 benchmark: \$2.5b</p> <p>19% of domestic main grocery buyers limiting beef consumption for health reasons 2016–17 target: 15% 2015–16 benchmark: 15%</p> <p>15% of domestic main grocery buyers limiting lamb consumption for health reasons 2016–17 target: 19% 2015–16 benchmark: 19%</p>	<p>On track By 2020, achieve \$15m in new market opportunities</p> <p>On track By 2020, deliver \$150m in new export market opportunities</p> <p>23.4% of global consumers who prefer Australian beef 2016–17 target: 22.2% 2015–16 benchmark: 22.2%</p> <p>26.5% of global consumers who prefer Australian lamb 2016–17 target: 20.6% 2015–16 benchmark: 20.4%</p> <p>24% of domestic main grocery buyers willing to pay a premium for Australian beef 2016–17 target: 20% 2015–16 benchmark: 19%</p> <p>24% of domestic main grocery buyers willing to pay a premium for Australian lamb 2016–17 target: 22% 2015–16 benchmark: 21%</p>	<p>57.59 MSA beef eating quality index 2016–17 target: 58.11 2015–16 benchmark: 57.61</p> <p>93.9% beef compliance through optimising efficiency across the value chain 2016–17 target: 94.25% 2015–16 benchmark: 93.9%</p> <p>74% (LPA) producer awareness and compliance of integrity systems 99% (NLIS) 2016–17 target: 79% 2015–16 benchmark: 75%</p>
Milestone scorecard**	<p>64 KPIs 46 achieved 12 not achieved 5 partly achieved 1 not available (See Appendix A for more detail)</p>	<p>21 KPIs 14 achieved 0 not achieved 4 partly achieved 1 not available 2 on track (See Appendix A for more detail)</p>	<p>38 KPIs 22 achieved 11 not achieved 5 partly achieved (See Appendix A for more detail)</p>

* As denoted in MLA's Strategic Plan 2016–2020. Refer to Appendix A for a comprehensive list of all performance measures (key performance indicators).

** Includes 197 KPIs from MLA's Annual Investment Plan 2016–17 and 24 KPIs from the 2016–17 year in MLA's Strategic Plan 2016–2020.

4. Productivity and profitability	5. Leadership and collaborative culture	6. Stakeholder engagement	Pillars
 <p>Productivity gains through the value chain from the adoption of tools and technologies.</p>	 <p>Industry participants are confident in industry leadership capability.</p>	 <p>Industry participants are confident that the levy investment is delivering value.</p>	Outcome by 2020
<ul style="list-style-type: none"> • Production efficiencies in farms and feedlots • Processing productivity • Live export productivity 	<ul style="list-style-type: none"> • Building leadership capability • Protecting and promoting our industry 	<ul style="list-style-type: none"> • Engagement with producers and stakeholders 	Priorities
<p>On track By 2020, improvement in total factor productivity of: 1.75% (southern beef); 0.5% (northern beef); 0.5% (sheepmeat); 1.5% (feedlot); 0.5% (goat)</p>	<p>3.4/5 stakeholder endorsement of MLA programs 2016–17 target: 2.6 2015–16 benchmark: 2.5</p>	<p>3.4/5 member satisfaction with MLA 2016–17 target: 3.6 2015–16 benchmark: 3.5</p>	
<p>On track By 2020, improvement in business performance by ≥ 5%</p>	<p>1 crisis simulation conducted with peak industry councils 2016–17 target: 1 2015–16 benchmark: 0</p>	<p>64% of users who find MLA Market Information 'extremely or highly valuable' 2016–17 target: 58% 2015–16 benchmark: 57%</p>	
<p>\$13m co-investment leveraged through MLA Donor Company in the processing automation portfolio 2016–17 target: \$10m 2015–16 benchmark: \$0</p>		<p>Measures set Improved stakeholder endorsement of the value of MLA products and services 2016–17 target: methodology, benchmarks and targets set 2015–16 benchmark: methodology, benchmarks and targets set</p>	Performance measures*
<p>Not completed Cost reduction of delivery and Live Export Global Index complete 2016–17 target: 0% 2015–16 benchmark: cost of delivery</p>			
<p>57 KPIs 35 achieved 14 not achieved 5 partly achieved 1 not available 2 on track (See Appendix A for more detail)</p>	<p>27 KPIs 22 achieved 3 not achieved 2 partly achieved (See Appendix A for more detail)</p>	<p>14 KPIs 12 achieved 1 not achieved 0 partly achieved 1 not available (See Appendix A for more detail)</p>	Milestone scorecard**

1 Consumer and community support



This pillar invests in research into the superior nutritional properties of red meat. It also invests in research and development to enhance the industry’s animal welfare, disease control and environmental practices. This includes the communication of these actions and commitments by the industry to the community.

Priorities within this pillar are:

- Continuous improvement of the welfare of animals in our care
- Stewardship of environmental resources
- Role of red meat in a healthy diet.

Key Performance Indicators

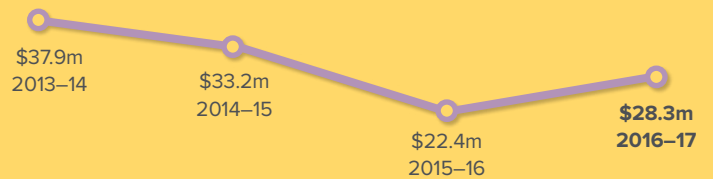
64 KPIs	46 achieved	5 partly achieved	12 not achieved
1 not available			

(see Appendix A for a full list of KPIs)

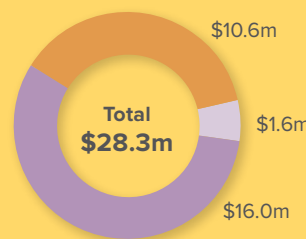
Alignment to industry and government priorities

Meat Industry Strategic Plan (MISP) 2020 priorities	Australian Government priorities	
	Science and Research	Rural Research, Development and Extension
<ul style="list-style-type: none"> • Continuous improvement of the welfare of animals in our care • Stewardship of environmental resources • Role of red meat in a healthy diet 	<ul style="list-style-type: none"> • Food • Soil and water • Environmental change • Transport • Resources • Health 	<ul style="list-style-type: none"> • Adoption of research and development • Soil, water and managing natural resources • Advanced technology • Biosecurity

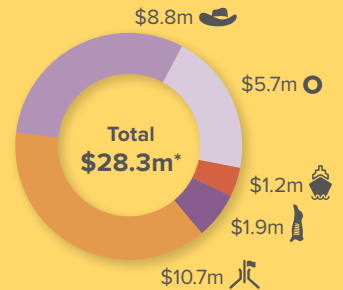
Investment over time



2016–17 investment by priority



2016–17 investment by funding source



- Continuous improvement of the welfare of animals in our care
- Stewardship of environmental resources
- Role of red meat in a healthy diet

- Producer levies
- Government funding
- Processor contributions
- LiveCorp contributions
- Other sources

* Total includes \$6.6 million invested via MLA Donor Company



Highlights

6,500

school students and 'foodie' consumers engaged about the industry's sustainability (pages 18 and 21)

Northern Australia

identified for improved regional seasonal forecasting (pages 20–21)

42%

reduction in wild rabbits at release sites by calicivirus (page 20)



New learnings

about the survival of Johne's disease strains (page 18)

Five-fold increase

in nutrition symposium attendance since 2008 inception (page 22)

Up to \$500,000

cost savings and emissions reduction for processor converting waste to energy (page 21)



NumNuts device

ready for commercialisation (page 19)

PAPP toxin

for wild dogs and foxes becomes commercially available (page 22)



All-time high investment

in livestock welfare research (page 19)

Biocontrol

of parkinsonia and gorse exceeds release targets (page 20)



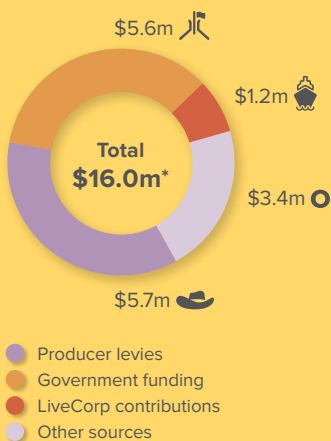


PRIORITY

Continuous improvement of the welfare of animals in our care

The community has high expectations about the way livestock are treated and how animal welfare standards are applied in the industry. It is important that industry continues to improve the welfare of livestock by **enhancing husbandry practices** through adoption of new research. This priority also seeks to improve welfare by **ensuring the continued freedom of herds and flocks from exotic diseases** and **minimising the impact of endemic diseases**. Equally, it's important that industry clearly **communicates these improvements** to the Australian and global community to instil confidence and maintain their support for the industry.

2016–17 investment by funding source



* Total includes \$4.0 million invested via MLA Donor Company

HIGHLIGHTS

Enhanced community engagement platform¹

MLA has worked to enhance its current community engagement platform – Target 100 – with a more direct and transparent platform to address specific issues within the Australian red meat industry and satisfy the community’s growing appetite for knowledge of the Australian red meat supply chain.

The platform – GoodMeat – will be launched in early 2017–18 and will seek community engagement across Facebook, Twitter, YouTube, Instagram and LinkedIn. A key feature will be an improved and extended schools’ education program.

Industry advocates double¹

Livestock producers are powerful advocates for the industry and, during 2016–17, MLA doubled the number of producers engaging with the community to more than 60.

Sixteen producer advocates, along with MLA resident butcher Doug Piper and corporate chef Sam Burke, directly connected with more than 4,500 consumers at three of Australia’s leading food festivals – Taste in Sydney and Melbourne, the Sydney Royal Easter Show and Regional Flavours in Brisbane.

Attendees gained a deeper appreciation of the passion and commitment of Australian cattle and sheep producers. They also acquired knowledge about where different cuts of beef and lamb come from and learned innovative ways to cook a range of premium and secondary cuts for everyday meals.

Advocates are encouraged to spread positive messages online and within their communities through writing blogs, sharing opinions and engaging with the media.

Cryptosporidium infection

Internal parasites cost the Australian sheep industry about \$436 million/year. To better understand how to minimise this impact, MLA partnered with Australian Wool Innovation and Murdoch University to fund research to detect and measure the pathogen load of 10 key pathogens found in sheep faeces across four states.

These were: *Salmonella*, *Campylobacter*, *Yersinia*, *Chlamydia*, *Eimeria*, *Cryptosporidium*, *Giardia*, *Haemonchus*, *Teladorsagia* and *Trichostrongylus*.

A key finding was that protozoan infections, particularly *Cryptosporidium*, *Giardia* and *Yersinia*, can have chronic impacts on productivity. Zoonotic *Cryptosporidium* parvum was associated with reductions in live weight of up to 3.5kg, carcase weight 2.6kg and dressing percentage 4.6%.

Researchers developed and validated three diagnostic tools to determine prevalence and pathogen loads. Analysis found distinct differences in pathogen prevalence across the four states. In general, pathogens were prevalent in the east while *Cryptosporidium* and *Giardia* were more prevalent in WA.

Further research is recommended to validate a uniform diagnostic tool for use across all laboratories.

Johne’s Disease bacteria discovery

MLA collaborated with James Cook University and the Australian Government to fund research into the survival of Johne’s Disease bacteria in Far North Queensland.

In 2012 and 2013, two Queensland beef properties discovered they had a Johne’s infection that was not caused by the introduction of cattle infected with southern strains of the disease. MLA and its partners responded by testing the environmental survival parameters of this new strain to provide guidance for future control programs.

Research found that the bovine and bison strains of Johne’s Disease can, under certain conditions, survive for more than 12 months in northern Australia. This finding informs industry that the strategy of de-stocking a property for one year is not a guarantee of disease eradication. The study also found that present diagnostic tests are sufficiently accurate and that presence of dead bacteria does not confound results.

Bluetongue disease spread prediction model

Australia’s red meat industry has an enviable position worldwide for its disease-free status. To protect this, MLA continues to invest in biosecurity research and develop effective containment strategies.

During 2016–17, MLA, in partnership with the University of Western Australia, unveiled its new simulation technology for predicting the spread of Bluetongue disease.



An insect-borne, viral disease which affects sheep, goats, deer and cattle, Bluetongue is fatal at worst and, at best, results in significant production losses. With a recent outbreak in northern Europe, an area previously thought too cold for the vector, this new computer simulator will enable Australia to be prepared (e.g. with vaccinations and other mitigation measures) should an outbreak occur.

The model uses relevant datasets including livestock locations and weather patterns along with assumptions about unknown factors (such as the characteristics of incursive Bluetongue strains and vectors) to estimate the timing, geographical extent and livestock impact of a hypothetical Bluetongue outbreak.

Animal welfare strategic partnership launch

In one of the largest investments in livestock welfare research to date, MLA Donor Company (MDC) has joined forces with some leading research organisations to undertake new projects that will maintain Australia's position as

a world leader in the ethical treatment of animals.

The Strategic Partnership for Animal Welfare Research, Development and Adoption includes MDC, University of Melbourne, Agriculture Victoria, South Australia Research and Development Institute, University of Queensland, Charles Sturt University, University of Western Australia, University of Sydney, NSW Department of Primary Industries and University of Adelaide.

The MDC Board has endorsed the assessment and contracting of projects within the Strategic Partnership of up to \$7 million/annum for five years, while more than \$20.6 million has been committed by the partners so far for projects to be delivered in the next five years.

By the end of 2016–17, 10 research and development projects were approved and a further two were under consideration.

Livestock Global Assurance Program (LGAP)

Australian Livestock Exporters' Council members have provided in-principle

support for scoping the initial implementation of Livestock Global Assurance Program (LGAP).

LGAP is an assessment and certification assurance system to assist livestock exporters meet their regulatory requirements under the Exporter Supply Chain Assurance System (ESCAS). It was developed through a joint research project funded by LiveCorp and MLA through the Livestock Export Program.

The LGAP Implementation Steering Committee has developed an implementation plan with the Australian Government Department of Agriculture and Water Resources. The plan will be considered by the Australian Livestock Exporters' Council in early 2017–18. The Federal Budget announced on 9 May 2017 that the Government will provide \$8.3 million over four years from 2017–18 to support the Council to implement LGAP. If industry decides to proceed with implementation, MLA will continue to provide relevant services and support.

¹ These activities also operate within the 'Stewardship of environmental resources' priority (see pages 20–21).

NumNuts ready for commercialisation

An MLA-funded field trial testing the efficacy of the NumNuts prototype (pictured below) has confirmed the device significantly reduces pain associated with lamb marking, supporting MLA's commitment to pursue full scale commercialisation with an external partner.

The trial involved two separate cohorts of 150 sheepmeat and cross-bred type animals and was conducted in Victoria and NSW.

Funded by MLA and Australian Wool Innovation, NumNuts was developed by Scottish engineering firm 4cDesign and incorporates a single-action, hand-held ring activator and injection mechanism to administer local anaesthetic. The Moredun Research Centre in Scotland and CSIRO also contributed to the project.



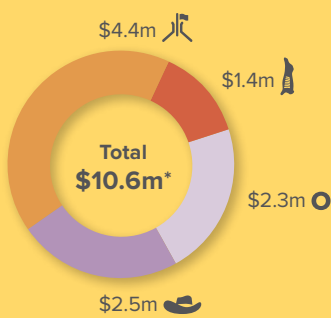


PRIORITY

Stewardship of environmental resources

Livestock production relies on natural resources. Future increases in production will depend on efficiently and effectively **managing soil health, weeds, invasive animals, water, methane emissions, biodiversity and climate variability**. These themes provide the focus for MLA's research and development to assist the industry improve its productivity and sustainability. Maintaining the industry's environmental footprint in line with community expectations is also a primary goal. This is achieved by the industry **engaging with consumers** to demonstrate it is an ethical and responsible custodian of livestock, land and natural resources.

2016–17 investment by funding source



- Producer levies
- Government funding
- Processor contributions
- Other sources

* Total includes \$2.6 million invested via MLA Donor Company

HIGHLIGHTS

Weed bio-control

MLA, in partnership with the Australian Government's Rural R&D for Profit program, is fast-tracking the biological control of six national priority agricultural weeds – parkinsonian, parthenium, blackberry, silverleaf nightshade, cylindropuntia and gorse – across northern and southern Australia. This is being achieved by generating and delivering eight biocontrol agents to producers via a new national research, development and extension collaboration.

The parkinsonia project, conducted in collaboration with CSIRO, is well ahead of schedule with more than 123,000 pupae and 115,000 larvae of two looper moth species already distributed at more than 60 sites across rangelands in Queensland, NT and WA. This far exceeds the initial target of releases at 18 sites by mid-2018. Despite some initial setbacks, mainly poor larvae survival caused by predators, lack of lush foliage and transport issues, the project continues to be an example of collaborative success with numerous government agencies, organisations, local resource management groups and landholders committed to the program.

Significant inroads are being made into controlling gorse in Victoria, Tasmania, NSW and SA with the mass-rearing and distribution of the soft shoot moth, *Agonopterix umbellana*. Since its commencement, the project has released the moth at 66 sites: 16 sites each in Victoria, SA and NSW; and 18 in Tasmania. Although releases in 2016–17 in SA and NSW were originally unplanned, the project was able to hasten the collection and so enabled early distribution of the moth into SA and in NSW.

Rabbit calicivirus release

Red meat producers are benefitting from a significant reduction in rabbit numbers following the successful release of the new Korean strain of Rabbit Haemorrhagic Disease Virus, known as RHDV1 K5 – the first rabbit biocontrol agent to be released in 20 years.

In March, the virus was released at 584 sites around Australia. An initial analysis indicated a 42% average reduction in wild rabbit numbers at sites where the new strain was released.

MLA was one of 10 partner organisations supporting the release through the

Invasive Animals CRC and helped support a comprehensive community engagement program. Prior to the release, more than 100 community meetings were held across NSW, Victoria, WA and Queensland to share information about the release and explain how people could get involved. From these, a coordinated expression of interest process was used to prioritise release locations which attracted more than 900 responses. This and further support materials, including an information pack which provided easy 'how-to guides' for each aspect of the release, helped ensure strong community engagement with the project.

Participants were automatically signed up to Invasive Animals CRC's RabbitScan tool which informs a database on levels of infestation but also records tissue sample results which measure the success of the K5 release.

New toxin for wild dogs and foxes

The first new predator toxin approved for the Australian market in 50 years was commercially released in 2016–17. It joins the existing suite of control measures which include 1080 ground and aerial baiting, trapping and shooting.

MLA supported the release through the Invasive Animals CRC, and its co-investors Animal Control Technologies Australia Pty Ltd, Australian Wool Innovation and the Australian Government.

The toxin, known as PAPP (para-amino propiophenone), provides a swift death with reduced risk to non-targeted species and the availability of a veterinarian-administered antidote – methylene blue – marketed as Blue-Healer, makes it unique in the marketplace. PAPP has a significant role to play controlling predators in peri-urban areas or where domestic or non-targeted animals may be at risk.

Managing climate variability – Phase V

MLA remains a partner in the Managing Climate Variability Program, now in Phase V. During 2016–17, the program focused on identifying producer-driven research priorities to inform project directions for 2017–18 and beyond.

Two CSIRO-led climate workshops were held in Darwin and Katherine and consulted red meat producers



and horticulturalists to identify climate information shortfalls in northern Australia.

The workshops identified that much of the climate and forecasting information available could be better tailored to individual users and value-added to calculate variables such as pasture growth to better inform on farm management decisions. Another finding was that northern Australia required more regional seasonal forecasting that acknowledged the influence of relevant climate drivers and focused more on the application of climate science. This includes accurately predicting a region's 'green date' or periods of no rain that might influence supplementation, mustering or transport timing decisions.

The workshop findings will inform a series of new projects to be commissioned in 2017–18.

MLA, in collaboration with 13 partners, was also successful in attracting \$6.2 million to improve seasonal forecasting of extreme weather events. This will result in a new suite of products from the Bureau of Meteorology to help producers become more proactive and informed in making weather-based decisions.

Bio usage/reducing emissions in plants

One of Australia's largest red meat processors, Teys Cargill, teamed up with MLA Donor Company (MDC) to design and implement an innovative wastewater treatment system incorporating biogas capture and reuse technology.

Covered anaerobic lagoon technology enabled biogas energy to be extracted from wastewater generated at Teys' red meat processing facilities at Beenleigh and Rockhampton. The biogas was then cleaned to remove impurities and combusted in gas boilers to generate hot water and steam for use in the processing facilities.

Carbon emission intensity was reduced by 52% and 39% at the Beenleigh and Rockhampton sites respectively. Natural gas expenditure at Beenleigh reduced by \$500,000/year and spend on coal at Rockhampton reduced approximately \$135,000/year.

This project provides further evidence that the biogas generated and captured by covered anaerobic lagoon technology at beef processing plants is energy-rich (67–70% methane) and contains relatively low concentrations of

hydrogen sulphide (< 0.2 concentration in volume/volume percent). It can also be generated reliably throughout a typical production week and can be used in boilers with little conditioning other than glycol chilling. Some alterations are required to procedures used to start up and shutdown boilers.

Virtual excursions¹

More than 2,000 Australian primary school students and the Australian International School in Indonesia learnt more about how beef and lamb is produced from MLA's Target 100 online education program.

Consisting of 24 video conference lessons led by a specialist teacher, the program could be live broadcast to up to 10 classrooms at a time and was designed for use on school electronic whiteboards and computers.

This format of delivery has proved successful, with an almost doubling in participation, (from 1,100 students in 2015–16 to more than 2,000 in 2016–17). To increase engagement further, 12 producer advocates (see photo below) helped students learn about sustainable farming practices, life cycles, and how their food is grown

and produced by discovering how producers look after their animals and the environment on their own farms.

The lessons, based on three curriculum-aligned teacher guides, have been downloaded by nearly 9,000 recipients from metropolitan schools.

The program was developed by Kimberlin Education and aims to position MLA's free educational resources as a trustworthy, credible and complete resource for information on sustainability in the Australian red meat industry. The program has proven to be a cost-effective way of introducing upper and lower primary school children to farming around Australia, the red meat industry and knowledge about where their food comes from.

¹ These activities also operate within the 'Continuous improvement of the welfare of animals in our care' priority (see pages 18–19).

Virtually visiting a farm

Greg Newell, one of MLA's producer advocates, speaking to primary school students live on camera about beef and lamb production in Australia as part of MLA's 'Virtual Excursions'. Greg is accompanied by Kimberlin teacher Emily. Greg is a beef producer from the Manning Valley, Wingham, NSW.



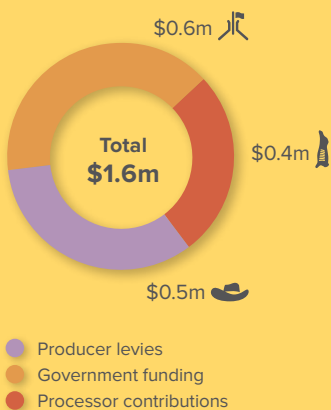


PRIORITY

Role of red meat in a healthy diet

Red meat faces strong price competition from protein sources like pork and chicken. **Securing red meat’s place in a healthy diet and giving consumers a compelling reason to purchase** requires consistent messages to be delivered in the marketplace about the nutritional benefits of red meat. Defending the role of red meat in a healthy diet also requires **informing domestic and global nutrition policy and key opinion leaders** with evidence on the amount and frequency of red meat consumption to achieve healthy living.

2016–17 investment by funding source



HIGHLIGHTS

Annual nutrition symposium

MLA’s annual nutrition symposium, held in Sydney, provides a forum to present evidence underpinning MLA’s nutrition education material to Australian dietitians and healthcare professionals.

The theme of the 2017 symposium was ‘Nutrition in action – making everyday meals, healthy meals’ and attracted 800 registrations by participants attending either in person or via webinar, a five-fold increase since the symposium’s inception in 2008.

The topical and diverse program, aligned with modern dietetic practice, is a drawcard for professionals as an enjoyable networking and educational event. The symposium is also an assessable self-study activity that qualifies for the Dietitians Association of Australia’s professional development accreditation program, providing an additional incentive to attend.

Evaluation of this year’s event indicated that key messages were well received and understood by delegates including:

- the need for at least two protein-rich meals a day for older people, as illustrated in MLA’s latest nutrition education material *Live Well – Tips for healthy living after 65 years*
- the need to consider a population’s diet and lifestyle risk profile to better understand the relationship between red meat and cancer
- the importance of providing nutrition advice as practical, everyday meals
- the benefits to health and the planet from eating according to the Australian Dietary Guidelines and reducing food waste.

More than 85% of delegates attending the symposium or live webinar reported being ‘very satisfied’ or ‘satisfied’ with the event.

The recorded webinar will be promoted throughout the year and is available for viewing at mlahealthymeals.com.au. More than 750 people viewed last year’s symposium with most spending more than 70 minutes viewing the presentations.

MLA Nutrition Advisory Committee to guide five-year planning

To identify future research directions relevant to the role of red meat in

a healthy diet, MLA followed up its successful annual nutrition symposium with a workshop.

Attended by presenters from the symposium and MLA’s Nutrition Advisory Committee, the workshop reviewed evidence on health issues and outcomes relating to red meat and health, including research previously funded by MLA.

The key outcome was the development of a five-year nutrition research and communications plan.

Investments in research will inform the development of credible and effective communications and drive consistent messages on red meat’s role in a healthy diet.

Investments in communications will build on MLA’s reputation for high quality nutrition education, targeting key life stages which reinforce the nutritional benefits of consuming red meat three to four times a week as an important part of a healthy, balanced diet as per the Australian Dietary Guidelines. It will also develop a ‘meals by cuts’ program to promote beef and lamb as healthy meal solutions as part of a healthy, balanced diet and, ultimately, ensure the accurate representation of beef and lamb as healthy choices in dietary guidelines.

Launch of *Live Well – tips for healthy living after 65 years*

MLA-funded research confirms that red meat plays a key role in keeping Australia’s ageing population active and healthy. This finding has informed MLA’s latest nutrition education brochure aimed at healthy over-65-year-olds living independently.

Key messages in the *Live Well – tips for healthy living after 65 years* brochure will be communicated from August 2017 through health professionals and the media.

The MLA-funded research, conducted by Professors Robin Daly and Caryl Nowson of Deakin University, showed that a higher protein diet (80g of red meat spread over two meals, six days a week) combined with regular strengthening exercises, is beneficial to maintaining a healthy, active lifestyle into old age. The study has been published in peer-reviewed journals and presented at international conferences.

Following the research, the Active Ageing Expert Working Group was established, consisting of nutrition and exercise experts, a geriatrician



and health practitioners, to ensure the key messages were relevant to health professionals. The group identified key messages from the research which were tested by the target audience to ensure the messages were engaging and acceptable to consumers. These insights indicated that older people gain information on healthy living from a range of sources including health professionals, family, friends and the media and it highlighted the importance of ensuring consumers are exposed to consistent advice.

The project noted the general poor public awareness of the importance of protein and strengthening exercises to build and maintain muscle health, the key to active ageing. It also highlighted the importance of having at least two protein-rich meals a day.

To address this, a content marketing campaign is being developed to encourage patients to talk with their general practitioners about the healthy living tips recommended in the *Live Well* brochure. Partnerships with Starts at 60, the leading social platform for older people and medical media, will also raise awareness.

In addition, a multimedia campaign with Tonic Media will engage patients in doctors' waiting rooms with a short, educational TV program that directs them to MLA's *Live Well* brochures and a practice pack will equip general practitioners with answers to questions about the healthy living tips from their patients.

Nutrient data investment

MLA continues to invest in building and maintaining up-to-date red meat nutrient composition data to underpin and inform key public information sources such as the Australian Health Survey and Food Standards Australia New Zealand.

As part of this commitment, MLA has recently completed a secondary analysis of the Australian Health Survey, conducted by the Australian Bureau of Statistics, and found that average red meat consumption per capita is less than amounts recommended in the dietary guidelines, especially in children and women who have high iron needs (or are at greater risk of iron deficiency).

During 2017–18, MLA will be investigating how to optimise data usage to ensure red meat is accurately represented in future dietary guidelines.

Research shows gap between recommendations and reality

Professor Mike Reid, from RMIT University, presented at MLA's nutrition symposium, highlighting the divide between dietary guidelines and the meal choices consumers make.

Entitled 'Are you talking to me? You want me to do what?', the session shared MLA-funded research findings on consumer meal choices and mealtime practices and highlighted the value of this unique body of evidence to informing effective nutrition communications.

Mike particularly noted the gap between the Australian Dietary Guidelines' recommendations and the reality of most consumers. To bridge this divide, he recommended the importance of practical tips on meal planning and preparation which reflects consumers' everyday lives and which they can easily integrate into their habitual meal repertoire.



2 Market growth and diversification



Improving market access and demonstrating Australian red meat and livestock's value proposition to consumers and customers are the primary ways for the industry to grow demand and diversify markets.

This pillar strives to reduce economic and technical barriers to trade, defend existing gains in trade and proactively identify and develop new business opportunities. It also recognises the quality and integrity systems that underpin marketing efforts to differentiate Australian red meat from other red meat competitors and proteins.

Priorities within this pillar are:

- Efficiency and value in trade and market access
- Marketing and promoting Australian red meat and livestock.

Key Performance Indicators

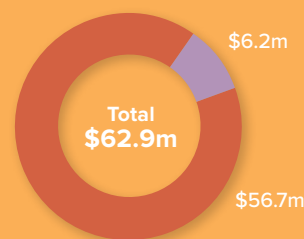
21 KPIs	14 achieved	4 partly achieved	0 not achieved
1 not available	2 on track to being achieved by 2020		

(see Appendix A for a full list of KPIs)

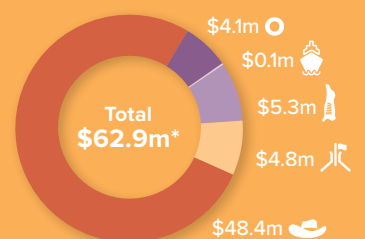
Investment over time



2016-17 investment by priority



2016-17 investment by funding source



- Marketing and promoting Australian red meat and livestock
- Efficiency and value in trade and market access

- Producer levies
- Government funding
- Processor contributions
- LiveCorp contributions
- Other sources

* Total includes \$6.2 million invested via MLA Donor Company

Alignment to industry and government priorities

Meat Industry Strategic Plan (MISP) 2020 priorities	Australian Government priorities	
	Science and Research	Rural Research, Development and Extension
<ul style="list-style-type: none"> • Efficiency and value in trade and market access • Marketing and promoting Australian red meat and livestock 	<ul style="list-style-type: none"> • Food 	<ul style="list-style-type: none"> • Advanced technology • Adoption of research and development



Highlights

Proactive research
 into *Salmonella* completed pending potential new requirements in the US (page 27)

23%
 increase in domestic lamb sales during summer lamb campaign (page 29)

Japanese consumers
 increase confidence to cook steak following MLA's 'Let's Barbie' campaign (page 28)



'TV ad of the Year'
 won by the domestic spring lamb campaign at the Mumbrella Awards (page 29)

500%
 increase in Australian beef sales during E-Mart Trader's promotion in Korea (page 28)



Trade liberalisation
 in Indonesia, China and United Arab Emirates (pages 26–27)

3D
 printed meat showcased at MLA-supported Australian conference (page 29)



5.6%
 increase in domestic beef volumes during Dame Edna summer beef campaign (page 29)

70%
 of US chefs attending MLA immersion workshops trial Australian red meat (page 28)

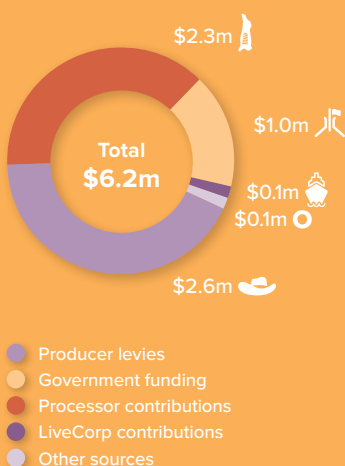


PRIORITY

Efficiency and value in trade and market access

Australian red meat faces tariffs, quotas and technical barriers to trade across the globe, imposing billions of dollars in additional costs across the value chain. These barriers also prevent or restrict trade which limits the diversity of markets and, consequently, reduces the number of potential customers for Australian red meat. In response, MLA **collaborates with industry stakeholders** including the Australian Government, Australian Meat Processor Corporation (AMPC) and Australian Livestock Export Corporation (LiveCorp) to drive growth in exports. MLA does this by **prioritising and taking action to reduce economic and technical barriers to trade** in global markets.

2016–17 investment by funding source



HIGHLIGHTS

As the service provider to the jointly funded market access program (using producer levies and processor contributions), MLA continued its advocacy on a range of trade reform initiatives.

Trans-Pacific Partnership (TPP)

A key focus in 2016–17 was continuing to convey the need to harvest the gains from the yet-to-be ratified TPP, which hit a hurdle when the new United States Administration withdrew from the agreement in January. The remaining 11 TPP members are currently considering options to secure the benefits, with the TPP having the potential to deliver gains for Australian red meat in Canada, Mexico, Peru and Japan.

Regional Comprehensive Economic Partnership

MLA also strongly supported the ongoing Regional Comprehensive Economic Partnership negotiations, with the aim of gaining improved market access among several of the 16 country members, as well as potentially addressing numerous non-tariff barriers. The Regional Comprehensive Economic Partnership participating countries account for almost half of the world’s population, almost 30% of global gross domestic product (GDP) and more than a quarter of world exports.

Free trade agreements (FTAs) in EU and UK

With Australian beef, sheepmeat and goatmeat facing punitive European Union (EU) quota access arrangements which hamper industry’s response to ongoing EU consumer demand, MLA, in conjunction with industry stakeholders, continued to convey strong support for the early commencement of Australia-European Union FTA negotiations. These negotiations are expected to commence later in 2017, following the recent conclusion of the FTA scoping study.

MLA has also been actively advocating enhanced bilateral trade ties and non-discriminatory market access for Australian beef and sheepmeat entering the United Kingdom (UK) following Brexit, and the striking of an FTA (at the earliest opportunity) with the UK once it leaves the EU in March 2019.

Other free trade negotiations

Industry also contributed to the Indonesia-Australia Comprehensive Economic Partnership negotiations, Australia-India Comprehensive Economic Co-operation Agreement and more recently, the Australia-Hong Kong Free Trade Agreement and Peru-Australia Free Trade Agreement negotiations by providing submissions outlining the potential benefits accruing to the red meat sector.

Economic impact of non-tariff barriers

While economic trade reform is highly advantageous, non-tariff barrier alleviation is equally beneficial, due to the negative impact non-tariff barriers have on the industry’s competitiveness.

Research commissioned by the Australian red meat industry in 2016–17 estimates that the value of non-tariff barriers impacting the Australian red meat industry is around \$3.4 billion/year. This includes a \$2 billion estimated annual impact on beef, \$975 million on sheepmeat, \$86 million on goatmeat, and \$363 million on beef and sheepmeat offal. Markets with high priority non-tariff barriers include China, the Middle East, Indonesia and Mexico.

The Australian Meat Industry Council and MLA initiated the revised research in order to re-energise industry and government action on non-tariff barriers. An ongoing coordinated industry effort, in partnership with the Australian Government, is now underway to alleviate the impacts of these priority non-tariff barriers. Progress has been made on several non-tariff barriers over the past 12 months (see below).

Beef and offal liberalisation in Indonesia

Australia welcomed an improvement to the trade environment in late 2016 with the Indonesian Government liberalising the previously restricted trade in beef and offal products. Key changes were the inclusion of heart, tongue, feet, liver and lungs along with secondary and manufacturing cuts as being eligible imports. This reform of previous trade restrictive barriers was the result of ongoing representation and dialogue between the Australian and Indonesia Governments, supported by commercial entities in both countries. It was also aided by a World Trade Organization dispute led by the United States and New Zealand, with Australia joining



as a third party. These improvements to Indonesia's import regime are now helping to facilitate new trade flows.

Increased chilled meat and tripe access in China

While the China-Australia FTA is currently in the process of eliminating all tariff barriers, the FTA did not address a number of outstanding non-tariff barriers. However, following sustained dialogue by the Australian Government and industry, Australia and China signed a Joint Statement in March 2017 to expand the chilled meat trade, expedite the listing of additional establishments eligible to export meat to China and advance Australia's access for tripe exports. Implementation of the Joint Statement by the Chinese Government is still pending.

Improved shelf life standards in the UAE

Another recent breakthrough on non-tariff barriers occurred in May in the Middle East. Following concerted industry and government advocacy for increased shelf life (via the provision of commercial and scientific justification), the United Arab Emirates (UAE) announced new shelf life standards, with vacuum-packed chilled beef being assigned a 120-day shelf life period (previously 90 days) and sheepmeat a 90-day period (previously 70 days).

Across the Middle East, shelf life restrictions have an impact value of more than \$85 million/year, so the UAE's move should help facilitate additional trade in high valued chilled product. The task now is to seek similar shelf life amendments in more countries throughout the Middle East region.

Surveys support US trade access

MLA completed two scientific data collection surveys in 2016–17 to reinforce Australia's meat safety standards in anticipation of potential new trade requirements for beef into the United States (Australia's second largest beef export market).

With the US under pressure from consumer lobby groups to declare specific strains of *Salmonella* an adulterant in ground beef, the US Department of Agriculture Food Safety and Inspection Service has undertaken a survey of their own processors and is examining contamination levels on beef carcasses.

Concerns have been raised that bovine lymph nodes are a potential source of *Salmonella* and there are suggestions they should be removed from carcasses at the time of slaughter.

In response, MLA has completed a survey of Australian processing facilities and established that lymph nodes are

rarely contaminated with *Salmonella*. The resulting report has been submitted for publication in a scientific journal.

MLA also completed a separate survey about Australia's processing systems, to match a similar Food Safety and Inspection Service survey on the transfer of pathogens such as *Salmonella* and *E. coli* to beef carcasses, and how they are removed through processing.

MLA's surveys aim to protect Australia's access to the US market and ensure the Australian beef industry is prepared for any new regulations that could result in technical trade barriers.

MLA's survey work aligns with *Meat Industry Strategic Plan 2020* objectives regarding reducing technical trade barriers and providing more opportunities for Australian red meat in export markets.

Supporting market access

MLA regularly engages with key government officials to assist industry maintain and improve market access, which is vital for the export-focused Australian red meat and livestock industry. In June, MLA's Global Trade and Market Access Manager, Andrew McCallum (pictured centre) met with overseas-based Agricultural Counsellor staff from the Australian Government Department of Agriculture and Water Resources in Canberra.





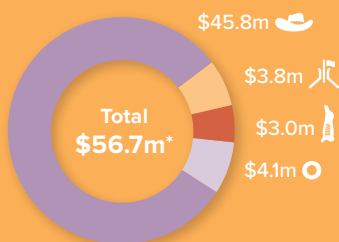
PRIORITY

Marketing and promoting Australian red meat and livestock

With Australian red meat facing increasing competition from other red meat suppliers and protein products in global markets, the industry must **aggressively promote its superior points of difference** to global customers and consumers – safety, quality and traceability. MLA also **segments markets** based on the size of the opportunity and the risks.

MLA's focus in the domestic market is to **counter the historical trend of reducing per capita red meat consumption** by focusing on Australian red meat's value proposition and business development.

2016–17 investment by funding source



- Producer levies
- Government funding
- Processor contributions
- LiveCorp contributions
- Other sources

* Total includes \$6.2 million invested via MLA Donor Company

HIGHLIGHTS

US chef immersions

In 2016–17, MLA's chef immersions were held around the US with small targeted groups of 15 to 20 chefs in New York, San Francisco, Washington and Miami. The four immersions attracted 61 chefs, representing more than 2,000 restaurant locations and commercial catering operators that collectively oversee more than 9,000 business, healthcare and college and university dining operations in the US.

The events included education about Australian beef and lamb, culinary and butchery demonstrations, and hands-on cooking using Australian beef and lamb. They allowed MLA to target specific chefs who influence their peers, command large purchase volumes and operate in segments of the market that are the best fit for Australian red meat.

On average, around 70% of participants in MLA's immersion programs went on to trial product.

For chefs who are most concerned with how beef and lamb taste and how the livestock were raised, this is the key pathway to purchase – 65% of those who trialed the product ended up adding it to their menu and 40% made it a permanent menu addition.

Let's Barbie in Japan

MLA continued its three-month 'Let's Barbie' summer campaign, tapping into Japanese consumers' growing demand for outdoor eating and trying thicker-cut steaks. Following the 2016 campaign, consumer awareness of the Australian 'barbie' concept increased from 6% in 2015 to 15% in 2016. Japanese housewives not confident to cook Australian beef decreased by nine percentage points versus 2015, while consumers who liked beef steak increased nine percentage points.

MLA also hosted its first pop-up store in Tokyo's fashionable Omotesando district in early June. The store was open for two weeks, selling steak samples and individual steaks, and providing education on how to cook a steak, Aussie barbecue style.

Retail campaigns in Korea

MLA worked with exporters, distributors and Korean retailers to grow sales of Australian beef through a series of 'True Aussie' promotional campaigns.

Korean retailer, Homeplus, has 142 stores and is a loyal customer of Australian beef, with sales doubling over the past year. MLA worked closely with Homeplus to promote Australian beef, with joint 'True Aussie' beef promotions held in April and May.

MLA also facilitated a 'True Aussie' beef spring promotion event at all 11 stores of E-Mart Traders in April and May. E-Mart Traders offered 13 cuts during the promotion period, including steaks such as sirloin, tenderloin and striploin as well as selections for grilling and braising. Sales of the 13 promotional Australian beef cuts reached \$3.7 million, up by 500% on regular sales.

MLA also activated 'True Aussie' beef promotions at other large Korean retailers including LotteMart and Lotte Vic Market.

Global Markets Forum

Almost 200 attendees at MLA's annual Global Markets Forums, held in March in Melbourne and Brisbane, heard first-hand from MLA's International Business Managers about the opportunities, emerging trends and challenges for Australian red meat over the next 12 months and beyond.

A post-event evaluation revealed that attendees rated the content highly, with 91% of Melbourne attendees and 85% of Brisbane attendees rating content as "very good" or "excellent". Further, 95% of Melbourne attendees and 91% of Brisbane attendees strongly agreed that topics were relevant to their businesses.

Consumer forecasting model

MLA has adopted the findings from a research model designed to forecast the impact changing marketing approaches could have on domestic consumer perceptions of beef and lamb, relative to other proteins.

The model has been tested on various product categories globally and has the ability to predict the impact of changing communication variables. Insights provided by the model will inform MLA's future strategies for beef and lamb. MLA is also sharing these insights with red meat industry stakeholders.

'You Never Lamb Alone' campaign

MLA continued its established 'You Never Lamb Alone' brand platform across successive domestic lamb marketing campaigns in 2016–17.

The **2016 spring lamb campaign** focused on the message of lamb being 'the



ultimate cross-cultural protein', with the video component featuring more than 150 people from different communities coming together over a lamb barbecue. The campaign resulted in lamb sales for the period finishing 5.3% higher than the same period in the previous year. The TV advertisement underpinning the program claimed 'TV Ad of the Year' at the recent Mumbrella Awards – the third year running MLA's lamb marketing has been awarded this accolade.

MLA's **2017 summer lamb promotion** was spearheaded by the 'Celebrate Australia' campaign, featuring a lamb barbecue on Australia's coastline. The campaign resulted in the average volume sales of lamb increasing by 23% during the campaign – the third highest result on record. The campaign's content received more than 8.1 million views, with around 60% of these generated organically. A consumer survey conducted during the campaign indicated 50% of respondents were more likely to eat lamb after viewing the content, up from the previous benchmark of 33%.

MLA's **2017 autumn lamb campaign** continued to position lamb as the meat that brings all Australians together. The centrepiece of the campaign was a week-long pop-up restaurant based in Sydney – The Currency Kitchen – which featured leading chefs serving up lamb to diners who paid for the experience with currency from anywhere in the world.

'You're Better on Beef' campaign

MLA's ongoing 'You're Better on Beef' platform underpinned its beef campaigns in 2016–17, building on research showing that after price, Australian consumers rate nutrition and versatility as the second and third most influential drivers of protein choice.

With retail prices at sustained highs, market conditions have made it challenging to maintain beef utilisation volumes. At almost four times the average retail price of chicken, beef commands a significant price premium within the category. Despite the natural drop in volume associated with high retail prices, beef enjoyed an overall value growth of 3.9% in 2016.

The six-week **winter 2016 campaign** aimed to inspire busy families with easy mid-week meal solutions. It resulted in the mean number of serves of beef per week increasing to 1.81, ahead of the target of 1.5–1.7 serves.

3D printed red meat

3D printed red meat was the focus at an MLA-supported conference in May 2017. 3D Food Printing Conference Asia-Pacific brought together expert speakers in the 3D printing field to discuss the future potential of the technology in food delivery. MLA's corporate chef, Sam Burke, was on hand to transform 3D printed beef into gourmet canapés and restaurant meals. The conference received widespread media interest – including on the Channel 9 news bulletin.



The **iron-focused campaign from October to December** set out to educate Australian women aged 18–54 that the best source of dietary iron is beef, with an education-based video series featuring Dr Andrew Rochford. The video delivered some of the strongest video metrics MLA has ever achieved, exceeding all benchmarks, with 70% of the audience saying the content made them more likely to eat beef, up from the previous benchmark of 34%.

The **summer beef 2017 campaign** featured Dame Edna reaffirming that beef is the best natural source of iron for busy women. The eight-week campaign contributed to beef's value sales growing 3.6%, with volume sales increasing 5.6% compared with the preceding eight weeks. The campaign's content received more than 3.5 million views.

Spirit Hotel group collaboration

MLA worked closely with the Spirit Hotel group in 2016–17, conducting two annual support masterclasses in winter and summer with their frontline chef managers promoting Australian beef and lamb through their portfolio of hotels. The group has a strong food and beverage business with 89 hotels throughout Australia.

MLA worked with the group on redeveloping its steak culinary standards – the Spirit Steak Policy – to ensure steaks are cooked to their optimum and ensure customer satisfaction with Australian beef. MLA also collaborated with the group on a range of 'limited time' feature dishes showcasing beef and lamb, with more than 4.3 tonnes of beef and 1.8 tonnes of lamb consumed during the promotion phases.

3 Supply chain efficiency and integrity



Satisfied customers and industry partners are signs of a well-functioning value chain. The red meat and livestock industry strives to achieve this through Meat Standards Australia, which guarantees consumers a minimum eating quality in their red meat purchases, and also through integrity systems that underpin clean, safe, natural and traceability claims.

The red meat and livestock industry has an opportunity to enhance this win-win for customers and value chain partners through new measurement technologies, information exchange and value-based pricing, where consumers pay the true value of the products they purchase and industry is able to increase the value of each carcass.

Priorities within this pillar are:

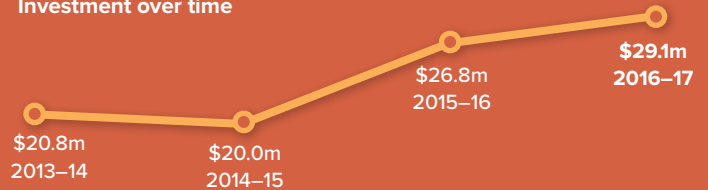
- Optimising product quality and cost efficiency
- Guaranteeing product quality and systems integrity.

Key Performance Indicators

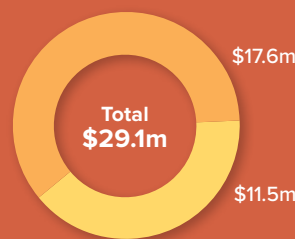
38 KPIs	22 achieved	5 partly achieved	11 not achieved
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(see Appendix A for a full list of KPIs)

Investment over time

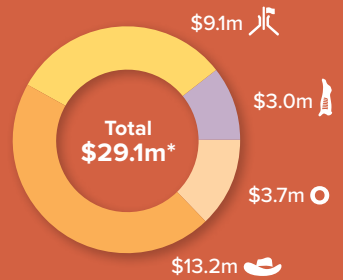


2016-17 investment by priority



- Optimising product quality and cost efficiency
- Guaranteeing product quality and systems integrity

2016-17 investment by funding source



- Producer levies
- Government funding
- Processor contributions
- Other sources

* Total includes \$5.4 million invested via MLA Donor Company

Alignment to industry and government priorities

Meat Industry Strategic Plan (MISP) 2020 priorities	Australian Government priorities	
	Science and Research	Rural Research, Development and Extension
<ul style="list-style-type: none"> • Optimising product quality and cost efficiency • Guaranteeing product quality and systems integrity 	<ul style="list-style-type: none"> • Food • Transport 	<ul style="list-style-type: none"> • Advanced technology • Adoption of research and development • Biosecurity



Highlights

MSA Index and cattle compliance

to MSA requirements increased (page 32)



\$120 million

in additional farm gate returns delivered by Meat Standards Australia (page 32)



71%

of lambs in the MSA pathway trade marked MSA (page 32)

Australian Beef Language

reviewed and set for enhancement (page 33)

New myMSA

benchmarking tool released (page 32)

Meat colour

removed from MSA requirements, following rigorous research (page 32)



Sheep health

feedback included in Livestock Data Link (page 33)



Integrity Systems

red meat customer assurance

Paperless NVD

now available with the new eNVD launched (page 34)

Enhanced capacity

and capability of NLIS database to meet future challenges (page 34)

NLIS Ltd relaunched

as Integrity Systems Company (page 34)



\$24 million

co-funded by MLA to fast-track DEXA installations (pages 32–33)

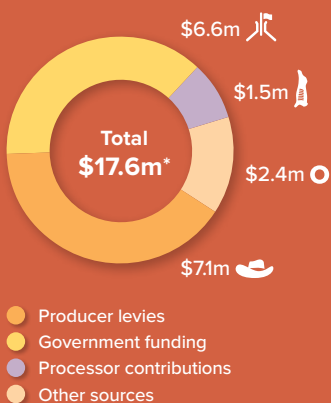


PRIORITY

Optimising product quality and cost efficiency

Since its inception in 1999, the industry's uptake of Meat Standards Australia (MSA) has helped lift the eating quality of red meat in the domestic market. The opportunity now exists to **broaden the reach of MSA** to export markets by providing marketers with a tool to sell Australian beef and lamb with eating quality claims. This priority also works with individual supply chains to **reduce the eating quality variation** within a production run and segregate and **extract higher premiums** for product with higher eating quality. There is also opportunity to **improve the value of the carcass** through value based pricing, underpinned by **accurate and transparent objective measurements**.

2016–17 investment by funding source



* Total includes \$4.3 million invested via MLA Donor Company

HIGHLIGHTS

Meat Standards Australia metrics

Independent eating quality standard, Meat Standards Australia (MSA), continues to enjoy strong uptake throughout the supply chain. During 2016–17, the MSA beef program returned an additional \$120 million in farm gate returns despite tighter supplies due to reduced slaughter numbers.

Nationally, 40% of adult cattle slaughtered was graded for MSA, a rise of two percentage points (or 5%) on the year before.

Sheepmeat followed a similar growth trend to beef, with a quarter of all carcasses following the MSA pathway, an increase of two percentage points on the year before. The proportion of those lambs that were then trade marked as MSA rose significantly, from 63% during 2015–16 to 71% during 2016–17.

The Australian red meat industry continues to capitalise on MSA's reputation for consistent assurance of eating quality, demonstrated by an increase in the number of MSA licensed brands in the marketplace from 140 during 2015–16, to 155 in 2016–17. The number of MSA licensed brands communicating MSA in export markets also rose, from eight to 11 over the same period. By June 2017, 3,700 end user outlets were MSA licensed to use the trade mark.

MSA Index

The MSA Index, a score given to beef carcasses on a scale from 30 to 80, underpins the beef industry's goal to provide meaningful feedback to producers on the eating quality performance of their cattle.

The national average MSA Index increased slightly in 2016–17 to 57.62 (from 57.52 in 2015–16). It slipped marginally for grassfed carcasses from 58.5 (2015–16) to 58.43, but increased for grainfed carcasses, from 56.66 to 56.79.

Overall, compliance to MSA requirements improved to 93.5% (up from 92.7%), with the biggest improvement coming from the grassfed sector.

The variation in eating quality of MSA cattle reduced, with the bottom end increasing by two points, reflecting an overall improvement in product consistency.

myMSA

myMSA, an online portal for MSA-accredited producers to access carcass feedback and benchmarking data, continues to be well used. More than 48,000 producers are currently registered to supply cattle and sheep to the MSA program. Of these, 10,342 supplied MSA cattle during 2016–17 with a third of them accessing the myMSA portal. Many of these producers accessed it more than once, with 3,400 producers collectively accessing the service more than 12,000 times during the year.

Uptake is expected to improve with the release of MLA's new myMSA benchmarking tool. The tool, launched in April 2017, enables producers to benchmark the MSA performance of their herd against those from similar enterprises from the same state, district, cattle type, weight range etc. The ability to individually tailor benchmarking parameters means producers gain context of their herd's performance and they can apply that knowledge to better inform their on-farm decisions. The tool also includes benchmarking of individual carcass attributes such as marbling performance.

Meat colour removed from MSA requirements

Meat colour was removed as a minimum MSA requirement during 2016–17, following rigorous consumer research.

The research, co-funded by MLA, confirmed that meat colour does not have an impact on eating quality, while pH remains an important MSA requirement.

The rigorous MLA consumer trial, involving 1,680 participants and more than 1,700 trays of meat in a simulated supermarket environment, demonstrated that consumers, while considering meat colour during their shopping, do not visually discriminate against darker meat colours when the pH is acceptable. The outcome was further supported by 1,440 consumers involved in sensory taste tests.

DEXA roll out

MLA will invest up to \$24 million to co-fund the installation of DEXA (Dual-Energy X-ray Absorptiometry) objective measurement systems in red meat processing plants following cross-industry endorsement to accelerate the adoption of the technology.

DEXA technology provides timely, accurate and objective information on the lean meat, bone and fat composition of each carcass.



An independent report funded by MLA and the Australian Meat Processor Corporation found that \$420 million/year is the potential benefit to the red meat industry from the full adoption of objective measurement technology. The report also found that unless the roll out of the technology is fast-tracked, only \$72 million/year of benefit is likely to be realised by 2020.

DEXA installations will be funded via matching contributions from participating processors and MLA Donor Company. By June 2017, project submissions were received from four leading processors.

Livestock Data Link enhancements and roll out

Livestock Data Link (LDL), an online carcase feedback resource designed to inform the supply chain of the opportunity cost of missing market specifications, is becoming a more powerful and useful tool for producers.

Introduced as an MLA pilot project in 2012, LDL is now being used, at varying levels of capability, by 25 different processors across multiple sites Australia wide. JBS Southern has been using LDL since May 2015 and continues to be at the forefront of its adoption, using it to underpin its Farm Assured program.

Six of JBS' sites offer producers feedback on compliance, while JBS Brooklyn is also offering animal health feedback through LDL's link with the National Sheep Health Monitoring Project.

The release of the Project's data through LDL is a significant step forward for the adoption of LDL as it involves more than 7,000 properties and 11 processing establishments. It is anticipated that the animal health functionality may lead to improved adoption of the carcase compliance aspects of LDL.

During 2016–17, two new supply chains released carcase compliance feedback to their producers through LDL. Another lamb processor is in the final planning stages and a further two processors have requested licence agreements to start uploading the data to the LDL system.

Beef language review

The AUS-MEAT language will be enhanced following a review aimed at creating greater consistency and improved descriptions that better reflect consumer needs.

Embraced worldwide, the AUS-MEAT language is accepted by the United

Nations Economic Commission for Europe as the international language and takes into account the wide range of trade descriptions that have been adopted globally.

The Beef Language Review, announced in April 2017, was initiated by the peak industry councils: Australian Meat Industry Council, Australian Lot Feeders' Association and Cattle Council of Australia and was jointly funded by MLA and the Australian Meat Processor Corporation. It aimed to examine how developments in science and technology and changing consumer demands might reshape the language which has been in use since the 1980s.

Following a consultation and review process by independent industry experts, the Australian Beef Language White Paper was delivered to industry. A working group involving the Australian Meat Industry Council, Australian Lot Feeders' Association, Cattle Council of Australia and MLA reached a consensus on recommendations from the White Paper and implementation will be progressed during 2017–18 through the relevant industry committees,

predominantly the MSA Beef Taskforce and the Australian Meat Industry Language and Standards Committee and will also be influenced by key MLA programs such as the Digital Value Chain Strategy (see below).

Digital Value Chain Strategy

In July 2016, MLA announced plans to develop a 'Digital Value Chain Strategy' – an industry first – to empower every participant at every point in the value chain through data-driven commercial decision making. MLA has been leading the development of the strategy with industry to deliver seamless capture, integration and interpretation of the vast and increasing range of data being generated through new technology.

In developing the Strategy, MLA hosted the Australian red meat industry's Digital Strategy Forum in Brisbane in October 2016. The Forum provided an opportunity for more than 300 attendees from across the value chain to hear about new digital opportunities and participate in the development of the Strategy for the red meat and livestock industry.

Teys moves to DEXA

Export and domestic beef processor, Teys Australia, will have the first commercialised beef DEXA machine in Australia, with installation underway at its Rockhampton plant in central Queensland.

The beef side DEXA scanner is designed to measure the meat, bone and fat composition of each carcase. It is designed to integrate seamlessly with existing overhead chains, processing up to 600 sides/hour and can scan hot dressed or chilled beef sides hanging from a roller or skid. Carcase scan data is made available to the operator through a touch screen (pictured with MLA's General Manager of Research, Development and Innovation, Sean Starling) for real-time review or via a database, again in real-time.



Photo courtesy Colin Bettles, Fairfax Media

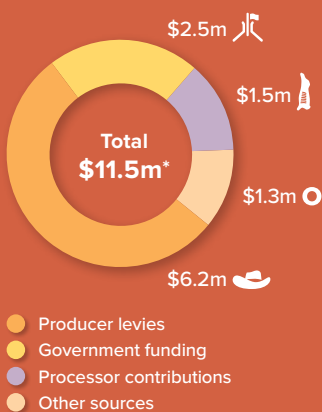


PRIORITY

Guaranteeing product quality and systems integrity

For years Australian red meat has been marketed as clean, safe and natural, underpinned by its disease-free status and advanced food safety and integrity systems. As our competitors build their own capabilities to deliver a similar product claim, it is essential for Australia to **enhance our systems and technologies** to keep ahead of our competitors and maintain our point of difference. **Raising the bar of our integrity systems** also helps Australia capture price premiums from discerning consumers and customers who are willing to pay more for higher levels of product assurance.

2016–17 investment by funding source



* Total includes \$1.1 million invested via MLA Donor Company

HIGHLIGHTS

New Integrity Systems Company

MLA continues to support the Australian red meat industry in growing its competitiveness in the global marketplace with the delivery of strengthened and more efficient product integrity systems. During 2016–17, a stand-out achievement was the launch of the new Integrity Systems Company, formerly known as NLIS Ltd.

While remaining a wholly-owned subsidiary of MLA, the Integrity Systems Company will ensure a streamlined, efficient management structure for the delivery of the Livestock Production Assurance (LPA) program, National Vendor Declarations (NVDs) and the National Livestock Identification System (NLIS).

The move follows a recommendation from the SAFEMEAT Initiatives Review in 2015, that responsibility for Australia’s core on farm assurance and traceability programs should transfer to a single company to deliver a fully integrated integrity system.

The benefits will include improved efficiencies such as a streamlined policy framework, resource savings, simplified delivery and improved accessibility for producers.

Launch and progress of eNVDs

The red meat supply chain moved a step closer to becoming paperless during 2016–17 with the launch of a new electronic National Vendor Declaration (eNVD) system.

Aimed at streamlining data transfer, reducing costs and improving information accuracy, the new eNVD system is an electronic version of the present paper NVD document which is required for all movements of cattle, sheep and goats in Australia. Information provided is verified against property identification codes, LPA accreditation and NLIS status’ to guarantee data integrity.

Following extensive trials, the Integrity Systems Company granted the first commercial licence to Australian provider, Aglive, which has released an eNVD app that provides access to unlimited eNVDs, at any time, from a smartphone, tablet or computer. For users with unreliable access to the internet, the app provides for data storage and automatic updates once service is available.

The Integrity Systems Company also launched its central online eNVD system through the LPA Service Centre during June 2017. With LPA NVDs now available to LPA-accredited producers and feedlots at no cost, coupled with access to MSA declarations, animal health declarations and National Feedlot Accreditation Scheme documents, the eNVD will enable producers to complete all livestock declarations efficiently.

More than 1,400 consignments were submitted through the eNVD system during 2016–17 and 17 supply chains are in the process of building their eNVD capability. While some supply chains may not yet be ready to receive declarations using the eNVD, producers can still gain the benefits of using the eNVD by entering consignments electronically and printing a copy to accompany livestock.

Integrity system metrics

NLIS cattle movements recorded by the NLIS database in 2016–17 was 26.94 million, a decline of 10% on movements in 2015–16, driven by a reduction in livestock transactions throughout the year.

Sheep and goat movements recorded by the NLIS database in 2016–17 reached 21.36 million, on par with 2015–16.

The number of LPA-accredited producers rose 2% during the year to 220,000.

NLIS refresh project

To ensure continued integrity of Australian red meat, the Integrity Systems Company upgraded the NLIS database to improve its capacity and capability to meet future data integrity, traceability and biosecurity challenges.

One of these improvements has been preparing for a sharp increase in data volume from the sheep industry, with Victoria becoming the first state to mandate sheep and goats requiring electronic NLIS identification. From 1 January 2017, all sheep and goats born in Victoria required an electronic NLIS (sheep) identification before being dispatched from their property of birth.

As part of the refresh project, the NLIS website joined the MLA single sign-on family (see page 47), enabling producers to access it, as well as a host of other market and industry resources, from one portal. A new NLIS dashboard has also been developed to provide producers with access to timely livestock movement information and reports.



LPA program enhancements

During 2016–17 the foundations were laid for a number of enhancements to the LPA program. The first was the implementation of a strengthened LPA accreditation process. Since September 2016, producers seeking LPA accreditation have been required to complete LPA's new online learning and assessment in order to become accredited. More than 7,200 new LPA producers have gained accreditation under this new model.

Other upgrades to the LPA program, that will be rolled out from 1 October 2017, include the introduction of two new LPA elements: animal welfare and biosecurity; and a new LPA reaccreditation process, which will require all 220,000 current LPA-accredited producers to complete LPA Learning and an assessment to maintain their accreditation.



- ✓ **LPA to include biosecurity and animal welfare**
- ✓ **New online learning modules**
- ✓ **Online assessment of program requirements**
- ✓ **Free eNVDs**
- ✓ **Accreditation fee is \$60 + GST, every three years**

4 Productivity and profitability



Increasing productivity and profitability across the industry will assist red meat and livestock participants to raise their competitiveness and long-term sustainability and help offset the long running cost-price squeeze.

Encouraging the value chain to increase its productivity requires a new approach to adoption. Providing producers, lot feeders, live exporters and processors with compelling commercial benefits to implement research and development is another priority. Also critical is the supply of timely, accurate and relevant tools, technologies and information.

Priorities within this pillar are:

- Production efficiencies in farms and feedlots
- Processing productivity
- Live export productivity.

Key Performance Indicators

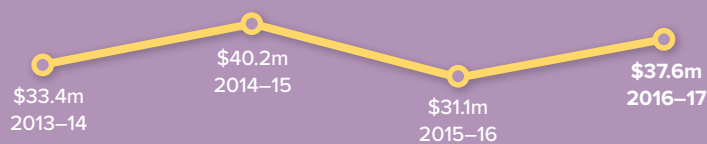
57 KPIs	35 achieved	5 partly achieved	14 not achieved
1 not available	2 on track to being achieved by 2020		

(see Appendix A for a full list of KPIs)

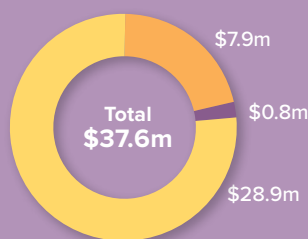
Alignment to industry and government priorities

Meat Industry Strategic Plan (MISP) 2020 priorities	Australian Government priorities	
	Science and Research	Rural Research, Development and Extension
<ul style="list-style-type: none"> • Production efficiencies in farms and feedlots • Processing productivity • Live export productivity 	<ul style="list-style-type: none"> • Soil and water • Food • Transport • Environmental change • Advanced manufacturing • Energy 	<ul style="list-style-type: none"> • Advanced technology • Adoption of research and development • Soil, water and managing natural resources

Investment over time

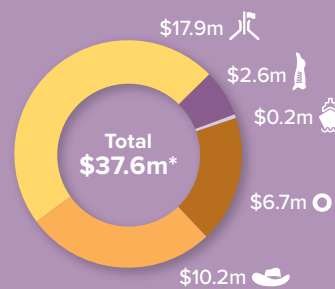


2016-17 investment by priority



- Processing productivity
- Live export productivity
- Production efficiencies in farms and feedlots

2016-17 investment by funding source



- Producer levies
- Government funding
- Processor contributions
- LiveCorp contributions
- Other sources

* Total includes \$12.9 million invested via MLA Donor Company



Highlights

More than 250

BladeStop units sold across the supply chain since 2014 (page 41)

Up to 520

beef sides/hour processed by robotic rib cutting (page 40)

Four LEAP V

automated bone-in forequarter systems being installed in 2017 (page 40)

Producer knowledge

and skills rise from 46% to 76% during Profitable Grazing Systems pilot (page 38)

Pasture dieback

action plan launched to find short and long-term solutions (pages 38–39)



One new commercial variety

of psyllid-resistant leucaena hybrid released (page 38)



100

Malaysian abattoir staff upskilled under Livestock Export Program training (page 42)

29

National Livestock Genetics Consortium projects recommended for \$33 million in funding (page 38)



23

grassfed cattle and sheep research projects endorsed for funding, following regional consultation (page 38)

Management guidelines

for non-Merino ewes developed (page 39)

World-first

single step genetic analysis launched for Brahman breed (page 39)

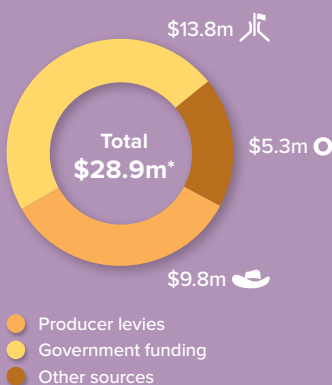


PRIORITY

Production efficiencies in farms and feedlots

For producers and lot feeders to remain competitive and sustainable in the long-term, MLA's research, development and adoption programs need to deliver outcomes that improve their bottom line. This priority is focused on providing producers and lot feeders with options to **improve the efficiency of their operation** through programs including **genetics and genomics, feedbase, reproduction, animal nutrition, compliance to market specifications and feed efficiency**. MLA will support the uptake of new practices through outcomes focused on **producer education, training and coaching**.

2016–17 investment by funding source



* Total includes \$8.0 million invested via MLA Donor Company

HIGHLIGHTS

Profitable Grazing Systems roll out

MLA's new on farm extension and adoption program, Profitable Grazing Systems (PGS), is being rolled out to producers following the success of the pilot program.

The pilot included 10 groups of beef, sheepmeat and goatmeat producers, with each group working in a supported learning environment under the guidance of specialist coaches. A total of 130 producers and 96 businesses participated in the pilot.

The aim of the PGS program is to encourage and support red meat producers to develop and implement management skills and lift productivity and profitability.

A mid-term review of the pilot found that producer knowledge, attitude, skills and aspirations increased from an average of 46% before the pilot started to 76%.

Regional consultation model progress

MLA's regional consultation process gives sheepmeat and grassfed beef producers direct input into how their levies should be invested in research, development and adoption. The second annual round of the process is underway, following 18 new projects announced from the first year.

Following extensive producer consultation, the Red Meat Panel recommended three priorities for sheepmeat and grassfed beef research, development and adoption in 2017–18:

- whole-farm breeder productivity systems
- future feedbase scenarios
- profitable and efficient ruminant nutrition.

An annual project call requested preliminary proposals from researchers in response to the three priorities and attracted 149 preliminary proposals. These were shortlisted by producer panels, industry groups and MLA to 24 full proposals which were appraised by the Expert Panel. The Red Meat Panel assessed 23 of those full proposals and endorsed projects for MLA funding. Following that process, final projects will be put to the MLA Board for approval in September 2017.

National Livestock Genetics Consortium

MLA successfully established a skills-based taskforce to drive the National Livestock Genetics Consortium, developed a five-year strategic plan and completed two project call rounds in 2016–17.

The aim of the Consortium is to double the annual rate of improvement in the industry's genetic value by 2022 through investment in livestock genetics projects that deliver one or more of the following: world-leading research and development; cultural change; disruptive technologies; and accessible data platforms.

Following an initial project call in October 2016, the Consortium taskforce recommended 12 projects to receive funding, worth \$16 million, and contracts have been executed for most of them.

In early 2017, the taskforce made a second call for projects that achieve outcomes in line with the Consortium's priorities. Thirty-one projects were submitted, with 17 recommended for funding, worth \$17 million.

Targeting leucaena

MLA completed two projects in 2016–17 as part of its research and development targeting leucaena-based grazing systems.

The development of a psyllid-resistant leucaena hybrid for northern Australia has resulted in the release of the 'Redlands' variety, with two commercial seed suppliers established in Queensland.

Leucaena DNA profiling has been undertaken by the University of Queensland to identify genetic diversity between the new psyllid-resistant variety and commercially available leucaena cultivars.

This project defined the risk of cross-breeding between varieties to ensure purity of these cultivars over time.

Further investment in 2017 will result in a partnership between the Department of Agriculture and Food, Western Australia; University of Queensland and MLA Donor Company to investigate the feasibility and define a pathway for the creation of a sterile hybrid of leucaena.

Pasture dieback action plan

Following reports by producers across central Queensland about widespread dieback of pastures including buffel



grass, as well as native bluegrass in the Wide Bay Burnett region, MLA announced an action plan in April 2017 to map and address recent pasture dieback in these regions.

The plan brings together producers, researchers and experts to better understand the extent of the pasture dieback and to find both short and long-term solutions.

Lifetime maternals management guidelines

Lamb producers will no longer have to adjust Merino condition score targets for their ewes, as a result of MLA-funded research aimed at lifting lamb survival, weaning rates and kilograms of lamb produced per hectare in maternal ewe flocks.

The 'Lifetime maternals project' developed management guidelines for non-Merino ewes, with the project's final report published in 2016–17.

Non-Merino ewes produce about 45% of the lamb supply from Australia. Since 2014, the project has tracked the performance of maternal ewes and their progeny through the reproduction cycle to see if the same condition scores apply or if productivity and profitability can be increased with alternative feeding regimes.

Guides for grazing reproducing ewes on cereals

MLA-funded research over two years resulted in the development and publication of fail-safe guides about grazing pregnant and lambing ewes on cereals.

Grazing vegetative cereal crops is becoming an important strategic and tactical grazing option on mixed farms in Australia. Surveys of producers and consultants indicate 15–60% of producers with sheep and crops have adopted this practice. However, metabolic disorders have been reported and many producers avoid grazing crops with reproducing ewes.

The project was able to define the causes of metabolic risk and develop strategies to minimise ewe mortality and ill health.

Automation in feedlots

A number of MLA-funded research projects are underway examining the potential of introducing automation technologies into the feedlot sector to improve efficiencies and complement work undertaken by staff.

A feasibility study is examining automating the feedlot induction process, while other projects are studying pen cleaning automation, as well as remote monitoring of feed volumes in feed bunks.

Technology enabling the automated detection of the leading cause of sickness in Australian feedlot cattle, Bovine Respiratory Disease, is also being trialled in Australia in a new project supported by MLA. The project is evaluating an automated detection system known as the Remote Early Disease Identification System, developed in the US by veterinarian Dr Brad White. The technology is being trialled in two feedlots in southern Australia in collaboration with Dr White to demonstrate its value compared to traditional methods of Bovine Respiratory Disease diagnosis.

Goat population modelling

MLA and the Goat Industry Council of Australia have funded a population modelling project initiated by the New South Wales Department of Primary Industries to generate reliable information to improve the industry's ability to forecast supply.

The models will enable industry to estimate the number of goats managed,

unmanaged and marketed annually. It will allow for modelling of population changes and the sustainability of supply under different harvesting rates.

Sheep genetics

Sheep producers using Australian Sheep Breeding Values now have access to more accurate, reliable data on more animals in LAMBPLAN and MERINOSELECT, with these databases now including all information from genomic testing for Merino, Poll Dorset, White Suffolk and Border Leicester breeds.

Breeders can select young rams and ewes for traits such as lean meat yield, eating quality and others not recorded until later in life, with more confidence they're sourcing animals with the best genes for their production system. Together, these provide scope for faster genetic progress in all traits contributing to value chain and industry profitability.

Sheep Genetics delivers world-class genetic evaluation services to the sheep industry. Since 2005, it has been co-funded by MLA and Australian Wool Innovation. Under a new business plan endorsed in 2016–17, Sheep Genetics is now solely managed by MLA – with Australian Wool Innovation contributing to projects on an individual project basis.

Single step to accelerate beef genetic gains

MLA helped achieve a world-first in the field of genetic evaluations for cattle with the move to 'Single step genetic analysis' for the Brahman breed in Australia.

Single step genetic analysis combines genomic and pedigree information with performance records to calculate estimated breeding values (EBVs). It enables Brahman breeders and buyers who use EBVs to have access to more accurate, reliable data and increased ability to select for a wider range of production traits when using BREEDPLAN.

Single step genetic analyses have also been tested for the Angus, Hereford and Wagyu breeds and will be implemented over coming months.





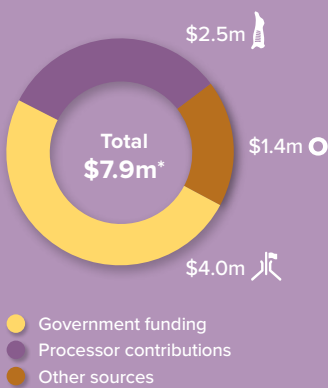
PRIORITY

Processing productivity

With Australian red meat facing intense price competition from other red meat suppliers and proteins, every cent counts during processing. To help processors increase their efficiency and minimise production costs, this priority is focused on **maximising value, addressing labour availability and workplace health and safety issues.**

Automation technologies and objective measurement will be the primary avenues to achieve this.

2016–17 investment by funding source



* Total includes \$4.9 million invested via MLA Donor Company

HIGHLIGHTS

Beef automation strategy

MLA has developed and is progressing a radical new technical approach to beef automation by breaking down carcasses in a similar method to lamb into forequarters, middles and hindquarters, rather than just quarters and sides. A new \$3.7 million project is underway to facilitate this shift and aims to unlock improved returns and major workplace safety benefits in the industry.

The 50:50 partnership between MLA Donor Company and Scott Automation & Robotics complements MLA's DEXA objective carcass measurement initiative (see pages 32 and 33), with the X-ray images generated by that technology used to precisely guide automated cutting modules.

The introduction of beef boning automation integrated with DEXA is expected to benefit the value chain and make Australia's high cost processing sector more profitable and sustainable in the long-term.

With the Australian Meat Processor Corporation's support, MLA is planning to establish a steering committee of leading meat processors to guide the project.

The first module in the beef boning automation program is the automated removal of the chine bone from striploins and cube rolls. The project will also investigate automated fat trim removal and striploin and cube roll marbling measurement while deboning.

Robotic beef rib cutter progress

The robotic beef rib cutting/scribing system is the first module developed in a suite of automated beef processing equipment to automate the breakdown of chilled beef from the chiller to the packaged box (see case study right).

The system, developed by Scott Automation & Robotics in collaboration with MLA, provides a wide range of benefits including maximising value of the product, workplace health and safety, labour efficiency, hygiene and productivity.

Rib cutting is the first point during the boning process at which value can be lost, necessitating that the task can only be performed by skilled operators due to the accuracy required to maximise value. The robotic beef rib cutting system replaces the actions of a manual rib cutter with an accurate, safe and

repeatable robotic solution. The system has been installed at JBS Dinmore, Queensland, and is the first system in operation.

The system uses X-ray, colour vision and laser scanning technology to accurately scribe rib specifications for each carcass side processed.

The rib scribe system can process a full range of sizes, weights and breeds, and is designed to operate with existing process chains at line speeds of up to 520 sides/hour.

A Greenleaf cost-benefit analysis report highlights that processing productivity can be increased by as much as 20% with the introduction of automation in critical areas of production.

Lamb automation update

For the past 13 years, Scott Automation & Robotics, in partnership with MLA, has been developing a vision of a fully automated lamb bone-in concept.

The primal cutting and bone-in middle processing components of this vision, known as the LEAP III and LEAP IV, were completed in 2012. The same year, the first LEAP V forequarter processing system prototype was completed. These modules operate and integrate together automatically and perform all of the typical bandsaw cuts performed in Australian processing facilities.

In 2017–18, Scott Automation & Robotics, in collaboration with MLA, is installing the first commercial LEAP V automated bone-in forequarter processing cells designed for Australian processing plants and conditions. The first of the systems is scheduled to be installed in July 2017 and a further three systems are scheduled to be installed in September 2017.

LEAP V uses laser scanning technology to process five forequarters/minute into their various bone-in components. Two cells can be integrated to operate at 10 forequarters/minute, and is as fast as any boning room currently operating in Australia. Processors without LEAP V require between two and four bandsaw operators to perform forequarter cutting, depending on cut specifications.

The system offers workplace health and safety, labour efficiency, hygiene and productivity benefits as well as maximising the value of the product.

Forequarters are able to be processed into any combination of the following



square cut components: neck tipping, neck removal, shank tipping, shank removal, breast removal, square cut and vertebrae splitting.

BladeStop update

More than 250 BladeStop bandsaw units have been sold across the value chain since the technology was released in January 2014.

BladeStop reduces the risk of serious injury by stopping the bandsaw blade within 0.009 seconds when the unit senses that a person has come in contact with the blade.

The system is enhanced with the addition of a recent development named GloveCheck which detects the operator's gloves moving at high speed in a zone directly upstream from the bandsaw blade.

Integrated carton handling and palletising solution

MLA has supported Kilcoy Pastoral Company to develop a fully integrated and automated data capture/management and product handling system.

The system empties and fully assembles pallets through to end of line delivery into chilled and frozen storage.

The project commenced in September 2016 and is now in the final stages of successful trialling.

Robotic beef rib cutting a reality at JBS

Investments by MLA, Scott Automation & Robotics and JBS have led to the first fully automated robotic rib cutting system being installed at JBS Dinmore, Queensland, the largest beef processing plant in the southern hemisphere.

The system is now fully operational, processing up to 520 sides/hour, eliminating the need for workers to undertake the high-risk activity of manually cutting ribs with a pneumatic-driven circular saw.

Under the robotic rib cutting system, carcasses pass out of the chillers and are graded before moving into the rib cutting room. The rib cutting integrated sensing system then reads the radio-frequency identification on each hook of every carcass to determine what cut specification is required for that carcass.

The system also features a number of sensors, including DEXA technology with laser surface profiling and colour machine vision, to analyse and calculate the coordinates to deliver the precise cut lines to the robot for that particular carcass. The carcasses then pass out of the rib cutting room and into the boning room.



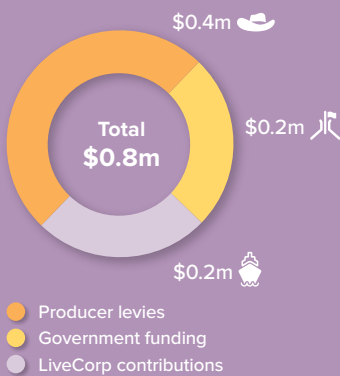


PRIORITY

Live export productivity

One of the significant challenges for the Australian livestock export industry is to remain internationally competitive while working within existing regulatory frameworks. This priority addresses this by **identifying cost savings**, particularly in regulatory compliance and transport. This area also aims to **improve animal health and welfare and productivity** through the supply chain.

2016–17 investment by funding source



HIGHLIGHTS

In-market Livestock Export Program (LEP) training¹

MLA and LiveCorp invested in the Livestock Export Program in 2016–17 to deliver animal welfare improvements in Australia and overseas.

At the request of exporters, MLA also continued to assist commercial operators to meet Exporter Supply Chain Assurance System (ESCAS) requirements by building their compliance capacity through training, technical advice, risk assessment and gap analysis. This included supporting exporters and importers during *Eid al-Adha* to implement systems to mitigate risks of poor animal handling and slaughter at abattoirs to improve traceability and control.

Eid al-Adha represents a high risk period of ESCAS non-compliance and potential leakage outside approved supply chains.

LEP activities in 2016–17 included in-market training in the United Arab Emirates, Oman and the Kuwait in the Middle East/North Africa region, as well as in southern Asia.

Indonesia

With the vast development of the Indonesian cattle industry and improvement in livestock welfare over the past three years, there are now more Indonesian feedlots managing Australian cattle. These new feedlots are stocking between 700 and 5,000 head of cattle. The LEP provided assistance through its 12-month nutritional advice project led by Dr Steve Sutherland. Dr Sutherland visited the feedlots every trimester and provided nutrition assistance to improve cattle efficiency and performance.

Despite assistance with nutrition and health and good results with improved production, challenging regulatory policies related to breeder imports continue to concern commercial operators in Indonesia. The LEP is working closely with Australian and Indonesian Government representatives to improve market access conditions.

Vietnam

To assist the Vietnamese cattle industry enhance the productivity in its feedlots and abattoirs, the LEP focused on providing opportunities to transfer knowledge and technology to the sectors.

In the feedlot sector this was achieved

through nutrition and silage workshops and facility visits in November 2016 and the two-day Beef and Dairy Livestock Exhibition in March 2017, attended by 610 participants, which showcased 40 commercial cattle industry related companies.

The abattoir sector was supported through Vietnamese Government training workshops held in Hanoi and Ho Chi Minh City in October 2016. In April and June 2017 the LEP began supporting the development of Vietnamese Government-supported training abattoirs which will create model facilities for the Government and abattoir owners in Vietnam.

Malaysia

LEP delivered ESCAS training workshops in October 2016, in conjunction with Malaysia Department of Veterinary Services at three of its cattle abattoirs (Kuala Terengganu, Jejawi and Senawang).

The workshops, attended by around 100 Malaysian abattoir staff, provided a refresher on ESCAS and low-stress handling and slaughter. Knife sharpening and good hygienic practices were also covered.

These activities combine to increase the efficiency of operators and their capacity to continue importing Australian livestock.

Heat stress research

Through the LEP, MLA and LiveCorp are undertaking research examining the impact of heat stress on Australian livestock exports.

A key finding from the research to date is that livestock exports need to be minimised when livestock, particularly sheep, are being transported from the Australian winter to the Middle Eastern summer.

While the Middle East experiences a combination of hot and humid, and hot and dry conditions, the research has stressed that hot and humid environments present an animal welfare risk.

Research is ongoing to assist animals in hot, dry environments. This work is focusing on acclimatisation of different breed types of sheep, vitamin E and selenium deficiencies, shade infrastructure types and other cooling methods such as wetting and the addition of fans.



Monitoring and reporting framework

A new project funded by the LEP aims to demonstrate the industry's commitment to animal welfare and provides a platform to report and benchmark itself, supporting the charter for continual improvement and increased transparency.

The project will pilot and record animal welfare indicators through the supply chain and develop an industry dashboard for collecting data that will contribute towards benchmarking the industry. The welfare indicators include resource, animal and management-based measures which have been identified from previous research as both important and practical.

Some novel qualitative measures of welfare will also be captured, based on observing animals' behaviour, to provide a means of determining how the animals are coping at multiple points within the export chain in addition to physical measures of health and fitness.

Global Index for livestock exports

Next year will also see the development of a Global Index for the livestock export industry, also funded by the LEP. In order to assess the productivity and global competitiveness of the Australian livestock export industry, a comparison of costs versus returns of other exporting countries will be analysed, along with the cost of delivery of the required welfare standards. The development and use of a Global Index that accounts for inputs and outputs of the world's major livestock exporters will measure and map shifts in Australia's relative competitiveness to supply livestock to its overseas markets.

Improving supply chain efficiency and market access

With changed import requirements for breeder cattle in Indonesia, the LEP funded projects to improve breeding efficiency and feedlot performance through improved nutritional management. Workshops were held with both industry and government participants. The objective of this work was to improve the efficiency of production for Indonesian operators in an increasingly competitive environment, as cheaper Indian buffalo beef starts to impact demand for locally processed Australian cattle.

Workshops add value in MENA markets

MLA piloted a series of productivity workshops for butchers in 2016–17, to help importers of Australian livestock into the Middle East and North Africa (MENA) region extract more value from carcasses and improve profitability. The workshops were located in Dubai, Qatar, Jordan, Kuwait and Israel.

Master butcher, Greg Butler (pictured in the foreground, with importers and butchers in Amman, Jordan), delivered the workshops, demonstrating how to break up sheep and cattle carcasses to produce a variety of value-added cuts for consumers, rather than supplying whole carcasses directly into wet markets.



The LEP also provided high-level support to senior industry delegations to Jakarta which met with the Indonesian Minister for Trade. The Australian representatives presented information and advice regarding Indonesia's self-sufficiency goals and recent initiatives to reduce the price of beef for Indonesian consumers.

1 The LEP program also operates under the core objectives of Pillar 1: Consumer and community support

5 Leadership and collaborative culture



Securing the potential of the Australian red meat and livestock industry and delivering on the ambitions of the *Meat Industry Strategic Plan 2020* requires strong industry leadership, a capable workforce and the ability to attract the best and brightest minds to the industry.

For MLA, the delivery of its own *Strategic Plan* will rely on the strength of our team and the expertise of our people. Our progress will be continually monitored, objectively measured, and transparently communicated to all stakeholders.

Priorities within this pillar are:

- Building leadership capability
- Protecting and promoting our industry.

Key Performance Indicators

27 KPIs	22 achieved	2 partly achieved	3 not achieved
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(see Appendix A for a full list of KPIs)

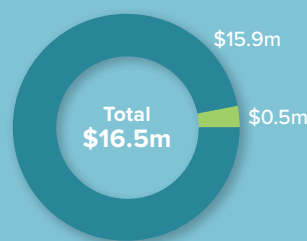
Alignment to industry and government priorities

Meat Industry Strategic Plan (MISP) 2020 priorities	Australian Government priorities	
	Science and Research	Rural Research, Development and Extension
<ul style="list-style-type: none"> • Building leadership capability • Protecting and promoting our industry 	<ul style="list-style-type: none"> • Food • Environmental change 	<ul style="list-style-type: none"> • Adoption of research and development • Biosecurity

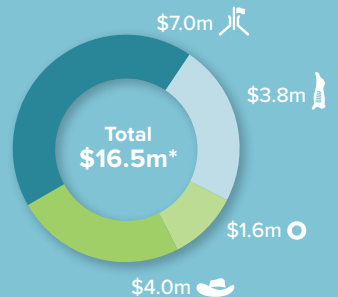
Investment over time



2016-17 investment by priority



2016-17 investment by funding source



- Building leadership capability
- Protecting and promoting our industry

- Producer levies
- Government funding
- Processor contributions
- Other sources

* Total includes \$4.8 million invested via MLA Donor Company



Highlights

Three annual scholarship programs
to build industry capability supported by MLA (page 46)



Personalised online dashboard
myMLA, launched with more than 7,000 registrations (page 47)

Single username and password
launched for industry's integrity systems: LPA, NLIS, MSA, LDL (page 47)

Crisis simulation training
completed to improve industry preparedness (page 48)

Feedback magazine redesigned
with enhanced layout and readability (page 46)



New Producer Innovation Fast-Track
Program attracts 86 applicants, exceeding expectations (page 47)



Beef Industry Sustainability Framework endorsed
(page 48)





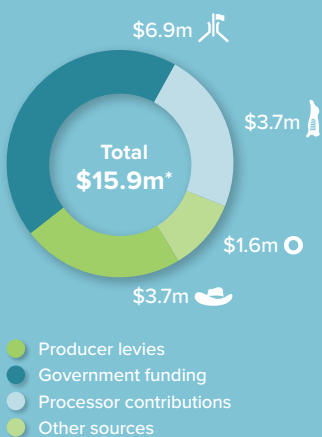
PRIORITY

Building leadership capability

The red meat and livestock industry depends on leaders who are capable, skilled and experienced to deliver on its strategic plans. In this priority, MLA works with the peak industry councils and other value chain participants to **build the industry's capability and invest in current and emerging industry leaders** through a range of professional development, graduate training, mentoring and scholarship opportunities.

Building capability extends to **communicating with all industry stakeholders** about the value of collaborative investment in marketing, research and development and ways for producers and other value chain participants to develop more productive and profitable businesses.

2016–17 investment by funding source



* Total includes \$4.8 million invested via MLA Donor Company

HIGHLIGHTS

Collaborative innovation

MLA's Collaborative Innovation Strategies Partnership helps businesses make their technological initiatives a reality through the formation of collaborative partnerships. One of these initiatives was the rapid development and implementation of the first fully integrated carton handling and palletising solution for beef processing which is delivering greater than a \$5/head benefit.

MLA is also partnering with technology providers, such as Hitachi Consulting, to develop and implement fully integrated information capture and real-time analytics to inform business decisions across the whole value chain. For example, a producer deciding what to do with livestock could look to real-time data and analytics on biomass (from a drone survey), cattle weight (based on walk-over-weighing), weather and market prices. The recommended actions could include buying, selling, keeping or moving livestock from one paddock to another. During 2016–17, an on farm project to identify and enhance process efficiencies was piloted on 'Croydon', an Australian Cattle and Beef Holdings property in central Queensland.

Feedback redesign

Feedback is MLA's magazine produced five times a year, providing red meat producers with practical on farm findings and information about how MLA is investing producer levies in marketing and research.

Following reader input, *Feedback* unveiled a refreshed design with the July/August 2017 edition – the first refresh in five years.

The new-look *Feedback* reflects modern design trends while providing key messages in a more effective, concise manner. While the magazine contains the much-loved producer case studies and recipes, it responds to the need for producers to quickly find stories that are relevant to them. It also addresses the saturation of information many producers experience and aims to distil key messages in an easily digestible format.

Professional development update

MLA continued to invest in building skills and leadership capacity within the peak industry councils and state farming organisations through professional development, mentoring and training.

This included working with Sheepmeat Council of Australia on the 'Building leadership capability for the sheep industry project'. Through this program 14 industry participants took part in the Sheepmeat Industry Governance Scholarship, 15 participated in the Governance in Action program, one in the Sheepmeat Council of Australia graduate program and two were recipients of the Sheepmeat Industry Ambassador Award, taking part in the Tri-Lamb Young Leaders Program and travelling to New Zealand, the US and various destinations around Australia.

MLA also worked with Cattle Council of Australia on the 'Building capacity in the grassfed beef industry project'. Through this program, 14 industry participants attended corporate governance training through the Australian Institute of Company Directors.

In addition to these capability building projects, MLA facilitated professional development training to 20 producer and industry leaders. This included presentation coaching, media and social media training, and providing media support for crisis management.

Scholarships

MLA continued to invest in the development of future rural leaders and improving skills across the industry through three scholarship programs.

Nuffield scholarships provide participants with practical farming knowledge and management skills. Scholars are given the unique opportunity to study a topic of interest, travel globally and share their learnings amongst peers and the wider industry. MLA's scholar in 2017 is beef producer Stuart Tait from Mandurama, NSW. He is investigating integrated beef and cropping systems.

The Australian Rural Leadership Program provides a series of experiences to develop the capabilities of leaders from across rural, regional and remote Australia. It is held over 15 months in locations across Australia and Indonesia. MLA's current scholars are Queensland beef producers William Wilson and Lynda O'Brian.

The Horizon Scholarship, an initiative of the Rural Industries Research and Development Corporation, supports undergraduate students studying agricultural courses at university and provides access to professional



development, mentoring and work placements. MLA sponsored Jonathan Reid in 2016–17 who is completing a Bachelor of Agricultural Science at the University of Queensland. MLA is also funding three other Horizon scholars who are at different stages of their degrees.

Producer Innovation Fast-Track

MLA Donor Company's (MDC's) Producer Innovation Fast-Track pilot program commenced with the aim of accelerating producer innovation and adoption of technology. It was launched in February 2017 with a series of roadshows to inform innovative producers about the program and how they can get involved. The roadshows spanned Geraldton and Esperance in WA to Charters Towers and Roma in Queensland and as far south as Horsham, Victoria.

The program invited producers and producer groups to co-invest in projects in three key areas:

- accelerated adoption of innovations to improve on farm performance including genetics, digital agriculture, pasture management, animal nutrition and animal welfare
- producer-led innovations resulting in new products, brands and value chains
- producer-led new ventures and start-ups.

The response to the program exceeded expectations, with 86 applications received. Given the level of interest in the program, MDC is developing a number of options to support the project concepts through the Producer Innovation Fast-Track Program or a similar MDC model. Applicants included a diverse mix of individuals and small private companies, all open to embracing new ideas.

myMLA and single sign-on

MLA has launched a suite of new online services for the red meat and livestock industry, including:

- one username and password for key integrity and information systems (Livestock Production Assurance, National Vendor Declarations, National Livestock Identification System, Meat Standards Australia and Livestock Data Link)
- myMLA – a personalised online dashboard providing news, weather, events and research and development tools relevant to individual users
- an upgraded Prices & Markets section of the MLA website offering customised market information and deeper analysis.

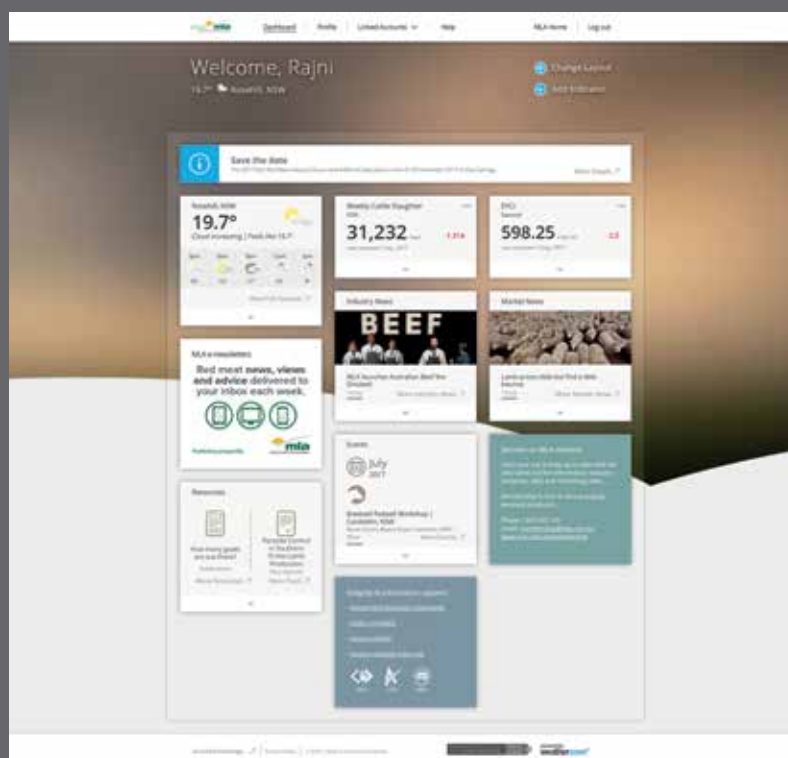
Since its launch in February, myMLA has received more than 7,000 registrations and more than 4,000 producers have set up a single user name and password to access their integrity systems.

The personalised myMLA dashboard allows producers to individually tailor it to provide relevant information relating to their location, enterprise and market information needs.

MLA's online Prices & Markets section has been upgraded to help users analyse the enormous volume of market data and information being generated across the industry and deliver it through a single integrated online platform. Through this platform, users can choose the information they want and how it's displayed. Producers can also listen to individual saleyard reports, recorded on location by MLA's Livestock Market Officers.

Access to more in-depth market information and analysis, the ability to save reports in multiple formats and compare specific markets' performance year-on-year will also improve the myMLA portal's relevance and functionality.

MLA is also working on further upgrades to the MLA website including new content, easier navigation, an enhanced weather service and easier access to MLA's vast library of research and development reports.



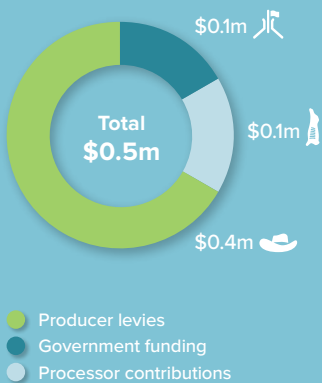


PRIORITY

Protecting and promoting our industry

Within this priority MLA is supporting the creation of frameworks and collecting evidence to **measure the progress of the industry's development**. Within this priority, MLA is also supporting the industry's development and implementation of a **framework for efficiently reporting on its sustainability credentials**. Responding quickly to a sudden or unexpected threat or risk can minimise the impact of a crisis on the industry. This priority addresses this need by reviewing and updating the industry's detailed **Crisis Response Plan** to prepare industry and individual sectors to avoid or mitigate the impact of any crisis.

2016–17 investment by funding source



HIGHLIGHTS

Beef Industry Sustainability Framework

The first-ever framework that sets out the guiding principles of beef sustainability in Australia was reviewed by industry and endorsed during 2016–17.

The framework, developed following extensive consultation with 25 industry groups and another 36 external stakeholders including customers, animal welfare groups and financial institutions, outlines how the entire value chain monitors, measures and reports sustainability.

The framework is underpinned by four themes:

- environmental stewardship
- economic resilience
- people in the community
- animal welfare.

Driven from the grassroots by an 11-member group, the Red Meat Advisory Council's Sustainability Steering Group, the framework is intended to be a 'living' document, open to regular review and able to respond to any risks and opportunities impacting industry.

MLA has played an integral support role during the development process, providing secretariat services and, going forward, will assist the Sustainability Steering Group to lead the framework implementation, including alignment with research and adoption programs.

Crisis planning

As a principal service provider to the Australian red meat and livestock industry, MLA has a responsibility to assist the industry's ability to respond quickly to sudden or unexpected threats. This includes having effective crisis management plans and responses in place to mitigate risk or minimise damage.

In November 2016, MLA conducted a crisis simulation exercise that included members of the company's leadership, legal and risk and communication teams. MLA's *Crisis Response Plan* and crisis response portal, both of which were developed after a previous simulation exercise in 2015, were used during the simulation.

A key recommendation from the crisis simulation exercise was that the crisis response plan be updated to provide a more structured and practical guide. The crisis response portal supports the *Plan* as a 'living' resource which is routinely

updated, with recent upgrades including:

- further clarification of MLA's role and responsibilities in an industry crisis
- inclusion of references to MLA's crisis response portal
- alignment of jobs cards with the relevant MLA staff member
- a new crisis communication plan
- the housing of current templates, industry plans and key contacts during a response within the crisis portal.

During 2016–17, MLA also developed a 'key issues brief portal' which provides information on significant and topical MLA programs and current issues. This portal provides key talking points, MLA action and background information to provide a concise overview of MLA activities. These briefs are used as the basis for briefing senior staff, peak industry councils and other agencies and for developing MLA responses to media and other external information requests.

MLA regularly liaises with and assists the Red Meat Advisory Council (RMAC) and peak industry councils regarding the industry's preparedness to potential crises and met with RMAC's chief executive officers group on 18 May to present on and discuss:

- MLA's internal planning and preparation
- a demonstration of MLA's crisis portal and key issues brief portal
- RMAC members' own issues preparedness.

RMAC is coordinating the development of an issues preparedness framework and crisis management plan for industry which includes capability testing and the development of a crisis tool kit. RMAC is planning an industry simulation exercise for early 2017–18.

Risk management

MLA's *Risk Management Plan* outlines the process of identifying, assessing and managing risks, which is in line with AS/NZS ISO 31000:2009 Risk Management Standard. MLA reviews its *Risk Management Plan* and updates its risk profile annually. The *Plan* is reviewed by the MLA Board's Audit and Risk Committee (see page 65) and is then considered and endorsed by the Board. Mitigation strategies are also monitored regularly by both the Audit and Risk Committee and the Board.

The following table summarises MLA's mitigating activities in response to risks identified in MLA's *Strategic Plan 2016–2020*:



Risk	Mitigating activities
<p>Levy resources With reduced levy income from a lower herd and flock size there may be less opportunity for matched Government funding.</p>	<ul style="list-style-type: none"> • MLA Donor Company (MDC) has expanded its activities to attract co-investment from individual enterprises and others that share a mutual interest to benefit the Australian red meat and livestock industry. These innovation projects are eligible for matched Government funding, easing reliance on levy income.
<p>Business type The further consolidation of farm businesses means companies will become more vertically integrated which may have implications for the transaction levies that help fund MLA's work.</p>	<ul style="list-style-type: none"> • Ongoing exploration of new partnership opportunities such as through the Rural R&D for Profit program and Cooperative Research Centre grants. • Stringent investment decision making processes in place which link to the <i>Meat Industry Strategic Plan</i>, <i>MLA Strategic Plan</i> and <i>MLA Annual Investment Plan</i>.
<p>Climate variability Australia's variable and changing climate poses a significant challenge to livestock producers.</p>	<ul style="list-style-type: none"> • The MLA-supported Managing Climate Variability program aims to develop whole-farm diagnostic and improvements in seasonal forecasts to assist mitigating business risk in livestock production. • Climate-related projects through the Rural R&D for Profit program further examine a range of topics such as climate model improvement, forecasting extreme weather, farming applications, forecasting tools and guidance for making informed business decisions. • Participatory learning programs have been designed to increase producers' skills and knowledge to manage climate variability impacts. • Investment in climate adaptation projects such as research, development and adoption of new grazing systems.
<p>Market competitors Competitor countries will continue to pressure Australia in a number of beef markets.</p>	<ul style="list-style-type: none"> • International marketing and promotion led by MLA's International Business Managers, including collaborative business development and brand building activities with key end users and strategic partners. This includes an emphasis on Australia's safety, eating quality and traceability systems as part of promotions.
<p>Global supply Global meat supply is expected to increase.</p>	<ul style="list-style-type: none"> • Market trends, value chains, competitor activities, consumer attitudes, perceptions and consumption are actively monitored. Market intelligence informs the marketing and promotion strategies in major markets. • Investment in whole of value chain strategies to enhance efficiencies, enabling the Australian red meat industry to remain competitive.
<p>Market access The trade environment is challenging and unpredictable due to changes in the global political landscape, rising nationalism and non-tariff barriers.</p>	<ul style="list-style-type: none"> • Market access is a component of MLA's international beef and lamb marketing strategy which is tested with major stakeholders in a taskforce process prior to execution by MLA's International Business Managers. • Continuous monitoring of trade barriers such as legislative, regulatory, tariff, non-tariff barriers and sentiments. Insights inform market access strategies. • Impact of non-tariff barriers are quantified and used as a framework for prioritisation of issues. MLA works closely with industry and Government to alleviate non-tariff barriers.
<p>Domestic supply Cattle numbers are forecast to bottom out in 2017, before gradually increasing again to 2020. Lamb turnoff is forecast to continue to rise slowly.</p>	<ul style="list-style-type: none"> • Monitoring of domestic supply numbers and forecasts and reporting to industry stakeholders.
<p>Product competitors Growth in chicken and pork production is expected to continue to outpace growth in red meat production.</p>	<ul style="list-style-type: none"> • Continuous monitoring of all protein consumption forecasts (including synthetic meats) and other lifestyle trends such as veganism and vegetarianism. Insights inform international and domestic marketing strategies. • Investments in programs such as genetics and genomics, feedbase, reproduction and animal nutrition to enable the Australian red meat industry to remain competitive and sustainable in the long-term.
<p>Productivity On farm productivity performance remains below the productivity improvements being secured by major international competitors.</p>	<ul style="list-style-type: none"> • Investments in programs such as genetics and genomics, feedbase, reproduction and animal nutrition to improve the productive efficiency of red meat businesses. • Investment in whole of value chain strategies to enhance efficiencies and feedback loops.
<p>Extension State government investment in agriculture extension services is likely to remain limited and is expected to decline further.</p>	<ul style="list-style-type: none"> • MLA adoption programs are focused on developing sustainable commercial delivery models. • MLA adoption projects enable the private sector through delivery models which offer commercial value propositions. • Investment to build extension capabilities of interns and private sector professionals. • Where applicable, adoption projects are funded by MDC.
<p>Inputs Red meat processing costs are consistently higher than all of our major competitors and energy prices continue to escalate.</p>	<ul style="list-style-type: none"> • Significant investments in automation technologies and objective measurement with a focus on maximising saleable meat yield and reducing reliance on labour. • Co-management of processing efficiency technologies research and outcomes with the Australian Meat Processor Corporation. • Investment in whole of value chain efficiency strategies.

6 Stakeholder engagement



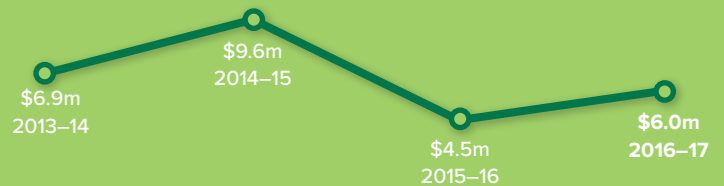
The successful delivery of MLA’s *Strategic Plan* will require an enhanced level of collaboration between MLA and its many stakeholders. This pillar focuses on extending the breadth and depth of stakeholder engagement across MLA.

Genuine two-way consultation and collaboration will provide mutual benefit in the delivery of MLA’s marketing, research and development services to industry. This pillar also includes the delivery of MLA’s corporate reporting responsibilities within a culture of continuous improvement.

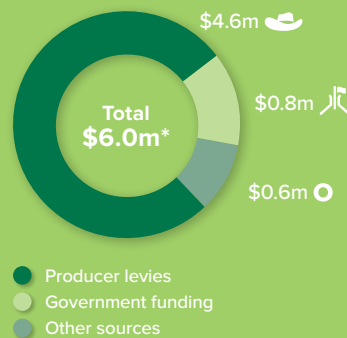
Priorities within this pillar are:

- Engagement with producers and stakeholders.

Investment over time



2016–17 investment by funding source



* Total includes \$0.1 million invested via MLA Donor Company

Key Performance Indicators

14 KPIs	12 achieved	0 partly achieved
	1 not achieved	1 not available

(see Appendix A for a full list of KPIs)

Alignment to government priorities

Australian Government priorities	
Science and Research	Rural Research, Development and Extension
• Food	• Adoption of research and development



Highlights

Enhanced market information

A significant upgrade to the Prices & Markets section of the MLA website was completed and launched in February 2017, offering the industry improved functionality and allowing deeper analysis. It includes a new interactive data tool, allowing users to customise, filter, chart and download all market report data – ranging from saleyard price and throughput data to direct sales and weekly slaughter activity. All saleyard reports are now also accompanied with audio commentary from local market reporters.

The upgrade was in response to producers' appetite for easier access to market information which can be tailored to their business. The upgrade resulted in a 27% rise in page views for the three months from February to April, well above the 5% target. It also resulted in a 41% rise in unique page views and 1.4 million page views in the three-month period post-launch.

Market Information Plus App

The MLA Market Information App was upgraded and launched in June 2017. The new app features three significant enhancements which allow users to map prices, filter parameters at specific saleyards and search different saleyards on a map.

MLA upgraded its data warehouse to the MicroStrategy platform, a move which enabled the development of the app and upgrade to the Prices & Markets section on the MLA website. This investment will significantly improve the efficiency and the delivery of information to producers and supply chain stakeholders.

Red Meat Research Reports

MLA's Market Information Services team launched a new series of *Red Meat Research Reports* to provide in-depth analysis of specific aspects of the global red meat industry and implications for Australia. The first report, *Sheepmeat's Unique Global Position*, was released in

April and the second, *The Korean beef market: Insights and prospects from an Australian perspective*, was published in June. Both received widespread media interest.

Enhanced delivery and user feedback

Ongoing enhancements to market information have equated to improvements in user feedback. The 2016 satisfaction survey results indicated 69% of respondents found MLA's market information either "highly" or "extremely" valuable, exceeding the target of 60%. Meanwhile, 99% of respondents indicated MLA's market information was "valuable", up on the target of 90%.

Views of beef and sheep projections videos also increased, with video views (including via Facebook and YouTube) for beef projections close to 11,000 and sheep projections more than 3,700. Subscribers to the *Meat & Livestock Weekly* e-newsletter increased from 2,100 to 2,690 in 2016–17.

Red Meat Industry Forum and AGM

More than 200 producers and industry representatives attended the MLA Red Meat Industry Forum and AGM at Hahndorf, South Australia, in November 2016. New initiatives introduced in 2016 included an advocacy workshop and a tour for innovative producers (hosted by MLA Donor Company) as a precursor to the launch of its Producer Innovation Fast-Track program (see page 47). The 2016 Red Meat Industry Forum comprised of two sessions, one coordinated by the Red Meat Advisory Council and the second featuring a series of coordinated presentations and Q&A session with MLA's General Managers. The Red Meat Industry Forum and the Chair's and Managing Director's reports to the AGM were streamed live online with provision for questions to be lodged ahead of and during the event via a dedicated email address.

LambEx

More than 1,000 producers and industry stakeholders from around Australia, the United States and New Zealand gathered in Albury in August 2016 for LambEx,

Australia's largest national sheep and lamb event. MLA hosted a trade stand which included the demonstration of the bandsaw innovation, BladeStop (see page 41). Perth, WA, will host the next LambEx event in August 2018, and MLA will again support the biennial event through sponsorship and working closely with industry to help deliver the event.

Event sponsorships

MLA's financial and in-kind sponsorship program supports third party events that assist red meat producers enhance their knowledge to increase on farm productivity and profitability. MLA's biannual call for sponsorships of up to \$10,000 resulted in MLA sponsoring 82 events during the year, reaching nearly 16,000 producers and industry stakeholders.

Industry issues research

MLA invests in an annual program of industry issues research projects to assist peak industry councils in policy analysis and development.

In 2016–17 MLA commissioned the inaugural *State of the industry: the Australian red meat & livestock industry* report to provide an annual snapshot of the industry and the significance of the trade. The report can be used across the sector to ensure consistent messaging when communicating with industry, government and the community.

MLA, on behalf of peak industry councils, also commissioned an independent report on the proposal to import beef from the US, Japan, the Netherlands, New Zealand and Vanuatu.

Corporate reporting

MLA's *Annual Report 2015–16* was made available to stakeholders through the MLA website as well as in hard copy for members who requested it. It won a gold award at the Australasian Reporting Awards, a step up from the silver awarded to MLA's *Annual Report 2014–15*. This award recognised that MLA provided quality coverage, good disclosure and addressed current legislative and regulatory requirements. The Report was also commended for being comprehensive and engaging and explaining the complexity of the industry's stakeholder groups.

About MLA



MLA's Chef Tarek wowed the crowd of food bloggers and other influencers at a recent meat masterclass in Dubai, a collaboration between MLA and UAE-based Good magazine. Chef Tarek talked about meat cut identification and how to cook the perfect steak, and demonstrated cooking different steak cuts with guests tasting the samples.

Who we are

Board



Dr Michele Allan

Chair
BAppSc, MMgtTec, MCommLaw, DBA, FAICD

Director since November 2011

Dr Allan has an academic background in biomedical science, management and law. Dr Allan currently holds board positions with Innovation Australia, Food Innovation Australia Limited, Apple and Pear Australia, Grain Growers, Nuffield Australia, CSIRO and is a member of the CRC Advisory Committee. She is Chancellor of Charles Sturt University and Chair of the Grains and Legumes Nutrition Council.

Previous roles: Chair of the Grains and Legumes Nutrition Council; executive director of Patties Foods; non-executive director of Patties Foods, Dairy Research & Development Corporation, Forest and Wood Products Australia, Ruralco Holdings, Tasmania Fruit & Vegetable Taskforce, Tasmanian Irrigation, Callaghan Innovation, William Angliss Catering & Hospitality TAFE College, Cooperative Research Centre Hearing and Grape and Wine Research and Development Corporation.

MLA MDC (Chair)
ISC (Director)
R S (Member)



Richard Norton

Managing Director
MBA, GAICD (international)

Appointed 2 June 2014

Mr Norton is the fifth generation of a beef and sheep farming family from Monaro, NSW. He began his working life as a rouseabout and jackaroo then for more than 20 years served livestock producers as a stock agent and auctioneer across NSW.

Previous roles: Mr Norton has held executive positions in retail, manufacturing, logistics and warehousing with Woolworths, Coca Cola, Wesfarmers and Toll Holdings and was a non-executive director of Agrium Asia Pacific, the Australian Wheat Board, RD1 New Zealand, Landmark Harcourts and Australian Wool Handlers. He was head of Live Export and International Trade and then Managing Director of Landmark Operations Australia. He was Chairman of Integrated Traceability Solutions (Global) and AuctionsPlus.

MLA (Managing Director)
MDC ISC RT AM (Director)



Alan Beckett

BEC, FICA, GAICD

Director since November 2014

Mr Beckett runs an Angus breeding and backgrounding operation in Yea, Victoria. He brings 40 years' experience with a major professional services firm, practising in the area of audit and corporate services to large companies with an emphasis on listed public companies along with practical experience in doing business in Oceania, South-East Asia, China, Japan and India. Mr Beckett is a non-executive director of Defence Health Limited, Westbourne Capital Pty Ltd and Westbourne Credit Management Limited. He is Deputy Chairman of the Department of Defence Audit & Risk Committee and is an independent member of the Audit & Risk Committee of the Reserve Bank of Australia's wholly owned subsidiary, Note Printing Australia Limited.

Previous roles: Chairman of ASX listed Basper Limited (formally Berklee Ltd).

MLA MDC ISC (Director)
A (Chair)



Steven Chaur

GradDip Marketing, MBA, MAICD, FAIM

Director since November 2015

Mr Chaur is a highly experienced food industry leader, executive and consumer brand marketer, having managed some of Australia's favourite brands and has more than 25 years' experience in fast-moving consumer goods within the food industry across Asia, China, Middle East, NZ, US and Europe. Mr Chaur has gained strong experience in multi-sales channel customer relationship management, market access, consumer marketing and brand development strategy, corporate strategy and governance, crisis management and product recall, capital projects and complex financial management. Mr Chaur has broad experience across primary industries where the farm-to-consumer value chain and innovation excellence is critical. He is currently Managing Director and CEO of Nutrano Produce Group Ltd.

Previous roles: Senior executive roles with Patties Foods, Saint-Gobain SA, Pacific Brands Food Group, National Foods and private multi-national food groups including George Weston Foods, Findus SA and Simplot.

MLA MDC ISC (Director)
R (Chair)
A (Member)

KEY: MLA SUBSIDIARY COMPANIES AND COMMITTEES

MLA Meat & Livestock Australia MDC MLA Donor Company Limited ISC Integrity Systems Company Limited RT Red Meat Traceability Systems Pty Ltd
AM AUS-MEAT Limited R Remuneration Committee S Selection Committee A Audit & Risk Committee

Board



Robert Fitzpatrick
BEc, LLB, MBA, GAICD

Director since November 2015

Mr Fitzpatrick is an industry business builder and technology expert with more than 30 years' experience in sales and marketing for small and medium enterprises and start-ups, through to large corporates and government agencies. He has a detailed understanding of industry representative bodies, fast-moving consumer goods, research and higher education, retail, telecommunications, and information and communications technology sectors. Mr Fitzpatrick has a passion for improving the efficiency of Australia's agricultural sector, applying new analytics to de-bottleneck supply chains and reduce the cost of moving product from farm gate to global markets.

Mr Fitzpatrick is director of the Australian Academic and Research Network, Robec Oz, CEO of Australian Information Industry Association, and is a committee member of the Export Council of Australia.

Previous roles: Previous board and senior executive roles include Heardit, Monitoring Division Inc and wishlist.com.au, councillor of Charles Sturt University and senior executive of Data61 (formerly NICTA).

 (Chair)

  (Director)



Erin Gorter
BA (Education), GAICD

Director since November 2015

Ms Gorter is a rural industry consultant with many years of experience as a WA livestock producer. Ms Gorter comes from a farming background and is a landholder and has been involved in running a mixed farming operation in Kojonup, WA, producing prime lamb, wool and grains, conducting sheep trading and a small amount of agroforestry for nearly 30 years. Ms Gorter runs her own business in providing business and industry management advice and events planning in rural areas. She was awarded the WA RIRDC Rural Women's Award Runner Up in 2010 and is a director of AgVivo.

Previous roles: Producer representative on the Board of the WA Meat Industry Authority and managed all aspects of two WA-based grower production groups.

   (Director)

 (Member)



Geoffrey Maynard
BBus

Director since November 2011

Mr Maynard runs a 10,000ha cattle stud seedstock operation near Jambin in central Queensland. He has more than 35 years' experience in northern production systems, and has had significant involvement in collaborative research and genetics programs. Maynard Cattle Company has been one of the largest users of embryo transfer technology in northern Australia. The Maynard family was one of the largest suppliers of cattle to the Beef CRC I in the 1990s and participated in CRC II and CRC III. He is currently a collaborator with Central Queensland University's agriculture department and is involved in an education partnership with Rockhampton Grammar School.

Previous roles: Mr Maynard was previously the Vice-Chair of the Beef Australia Board and is a past member of the industry advisory committee of the Beef CRC II.

   (Director)



Chris Mirams
GradDip Financial Markets,
Dip Farm Management

Director since November 2014

Mr Mirams is an agricultural consultant based in Albury, NSW. He has extensive commercial and practical experience in southern Australian sheepmeat production and managing sheep enterprises covering prime lamb, wool and meat with the latest technology and benchmarking. Mr Mirams has significant experience in strategic research and development, broad commercial experience in southern beef production, and specialist skills in business, finance, corporate governance, communication and leadership. Mr Mirams participated in the Australian Rural Leadership Program.

Previous roles: Chair of Holbrook Landcare Network and EverGraze National Advisory Committee; served on the Alpine Valleys Community Leadership Program and Scots School Albury boards.

   (Director)

 (Member)

Company Secretary

Retiring Director

**George Scott**

Director since November 2013

Mr Scott has had a lifelong involvement with the north Australian cattle industry, initially as an employee of both corporate and private operators in Queensland and NT, more recently as an owner-operator. Mr Scott has a broad knowledge of beef production systems, resource management, genetic development, breeding programs, land management and industry associations. Based at Thylungra Station in south-west Queensland, he is currently Managing Partner of Scott Cattle Company, producing commercial cattle in Queensland and SA, and is a director of Thylungra Cattle Co Pty Ltd and Kyabra Creek Pty Ltd.

Previous roles: Senior executive and representative roles with the Northern Territory Cattlemen's Association; and a member of the Barkly Regional Advisory Committee to the Northern Australia Beef Research Council.

MLA MDC ISC AM (Director)

S (Member)

**Allister Watson**

BBus Studies, Dip Meat Technology (Massey University NZ), MAICD

Director since November 2016

Mr Allister Watson has extensive experience in primary and secondary processing and in meat retailing in Australia and New Zealand. With over 30 years' operational experience in the meat industry in Australia and New Zealand, Mr Watson has an excellent understanding of lot feeding and backgrounding, processing, combined with value adding, yields and retail ready product offerings. He was integral in transforming the way Coles retailed meat, leading their fully integrated, whole of supply chain meat business including exporting. Mr Watson has a good understanding of how business works and runs, and understands the impact of markets, climate change and the environment on the meat industry in Australia.

Previous roles: Senior positions in Woolworths NZ and Coles; a past executive of Coles Australia; board member of the Retail Meat Association (NZ) and the Training Organisation.

MLA MDC ISC (Director)

A (Member)

**Clare Stanwix**

BA (Hons) LLB, LLM, GAICD, FGIA, FCIS

Appointed June 2014

In addition to holding the office of Company Secretary, Ms Stanwix is a member of MLA's Leadership Team and holds the position of General Counsel. She leads the legal, risk and governance team at MLA and over the past year has been responsible for the development of MLA's crisis management and risk frameworks. She has significant experience in intellectual property, technology, corporate and commercial law, advertising, workplace health and safety, and dispute resolution.

Previous roles: Prior to joining MLA in 2009 as General Counsel Ms Stanwix was a senior associate with DLA Piper and external legal counsel to MLA.

MLA MDC ISC (Company Secretary)

RT (Director)

**Lucinda Corrigan**

BScAgr (Hons 1), FAICD

Director November 2007–2016

Ms Corrigan is a Director of Rennylea Angus, a leading beef genetics business running 3,000 head of cattle across five properties in the Murray Valley region of NSW. Ms Corrigan has skills and experience in research and development, genetics, natural resource management, communications, marketing and advocacy. She is a Fellow of the Australian Institute of Company Directors and the Australian Rural Leadership Foundation.

Previous roles: Non-executive director with four Cooperative Research Centres, including as Deputy Chairman of the Future Farm Industries CRC, Commissioner of the Australian Centre for International Agricultural Research, Chairman of the advisory committee of the Graham Centre (a partnership between Charles Sturt University and NSW Department of Primary Industries) and convenor of the Holbrook community beef group activities.

MLA (Retiring Director)

MDC (Retiring Chair)

A (Retiring Member)

KEY: MLA SUBSIDIARY COMPANIES AND COMMITTEES

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AM AUS-MEAT Limited R Remuneration Committee S Selection Committee A Audit & Risk Committee

MLA Leadership Team



Richard Norton

Managing Director

See page 53 for Mr Norton's profile.



Dr Christine Pitt
DBA, MHA, BSc

Chief Executive Officer,
MLA Donor Company

Dr Pitt has been a member of MLA's Leadership Team since 1998 and has led major initiatives in automation, food safety and traceability, product development and value chain design. She became the inaugural CEO of MLA Donor Company in 2016 and aims to increase private investment in industry research and development, build value chain capability and attract new ag-tech and food-tech entrepreneurs to support industry transformation.

Number of employees: 8



Dr Jane Weatherley
PhD (Farming systems),
GAICD

Chief Executive Officer,
Integrity Systems Company

Dr Weatherley joined MLA's on farm research and adoption team in 2006. Before MLA, she held positions spanning red meat extension, farming systems research and development, and evaluation. She maintains an active role in her family beef operation on Bruny Island, Tasmania. Dr Weatherley has previously overseen Meat Standards Australia and research, development and adoption of sheep productivity, genetics and data insights programs. In September 2016, she took on the CEO role of the Integrity Systems Company, which manages the integrity systems on behalf of the red meat and livestock industry.

Number of employees: 33



Lisa Sharp
BEC

Chief Marketing and
Communications Officer

Ms Sharp joined MLA in April 2015 and has an extensive background in consumer marketing, product innovation, global strategy development, change management and general management. She has held marketing leadership and executive team positions in a number of Australian and multinational organisations including SPC Ardmona, Coca-Cola Amatil, PZ Cussons and Novartis Consumer Health. Ms Sharp has also held finance, business analyst and brand management roles during her career.

Number of employees: 66



Clare Stanwix

General Counsel and
Company Secretary

See page 55 for Ms Stanwix's profile.



Michael Finucan
BAgSc

General Manager,
International Markets

Mr Finucan has extensive experience working in international markets after being involved in the export of a range of agricultural commodities before joining MLA in 2007. He has held a number of roles at MLA, including Manager Livestock Exports and International Business Manager in Korea. He is responsible for the delivery of MLA's international market strategy and oversees MLA's international operations from Singapore.

Number of employees: 42



Michael Crowley
B.RurSc, Grad Cert Bus Admin

General Manager, Producer
Consultation and Adoption

Mr Crowley joined MLA in 2009 as the manager of Meat Standards Australia (MSA). In 2012 he moved to Brussels as MLA's International Business Manager for EU and Russia. He returned in 2015 to MSA then joined MLA's Leadership Team in 2016 where he is responsible for MSA, livestock genetics, adoption and the regional consultation model. Prior to joining MLA, Mr Crowley held commercial positions within red meat processing, production, procurement, marketing and sales. His family operate a beef cattle property in northern NSW.

Number of employees: 29



Sean Starling
LLB, B.Eng (Chem), Vincent
Fairfax Fellow

General Manager, Research,
Development and Innovation

Mr Starling joined MLA in 2016 following his role as General Manager – Australia of Scott Automation & Robotics (formerly Scott Technology Ltd) and was previously at MLA from 2002–2009 as Manager – Innovation and Capability Building. He has been engaged in food value chains for most of his career, having worked in positions from factory engineer to general manager in manufacturing, research and development, and engineering organisations.

Number of employees: 24



Andrew Ferguson
BA, CA

Chief Financial Officer

Mr Ferguson joined MLA as Chief Financial Officer in December 2016. He is a Chartered Accountant with more than 20 years of commercial and financial experience in both the UK and Australia. His previous positions include senior finance roles with Ruralco Holdings, NRMA and Jetset Travelworld. Prior to this, Mr Ferguson worked as a senior manager with EY.

Number of employees: 36

Our subsidiary companies

MLA Donor Company

A wholly-owned subsidiary of MLA, MLA Donor Company (MDC) accelerates innovation across the value chain so the Australian red meat and livestock industry can remain competitive on the world stage. It does this by attracting commercial investment from individual enterprises and others that share a mutual interest to co-invest in innovation that will benefit the industry.

The Australian Government matches voluntary partner contributions in projects that address industry and government priorities and benefit the Australian community.

MDC attracts investment from every part of the red meat and livestock value chain, including processors, value-adders, breed societies, large pastoral companies, international collaborators and technology providers. MDC works in partnership with these value chain partners to deliver products and services to the Australian red meat industry (see figure below).

These investments flow across the research and development continuum from strategic basic and applied research, through to industry adoption and capability building.

MDC's strategic investment portfolio is directly aligned to extending the achievement of the *Meat Industry Strategic Plan 2020* and MLA's *Strategic Plan 2016–2020*.

The role of MDC

Investment by...



Innovations delivered...



Integrity Systems Company

Integrity Systems Company (formerly NLIS Ltd) is a wholly-owned subsidiary of MLA. Its expanded remit began in September 2016, being responsible for delivering the red meat and livestock industry's traceability and quality assurance systems: the Livestock Production Assurance (LPA) program, National Vendor Declarations (NVDs) and the National Livestock Identification System (NLIS) (see figure below).

Integrity Systems Company was launched following a recommendation by industry and government in 2015 through their SAFEMEAT partnership – that one company be given responsibility for delivering a fully integrated integrity system. The new streamlined structure will help ensure resources are more effectively directed to further develop and improve these key systems which underpin market access, customer expectations and the safety of Australian red meat and livestock.

The role and scope of Integrity Systems Company



- ✓ Market access
- ✓ Customer expectations
- ✓ Safe red meat

Human resources

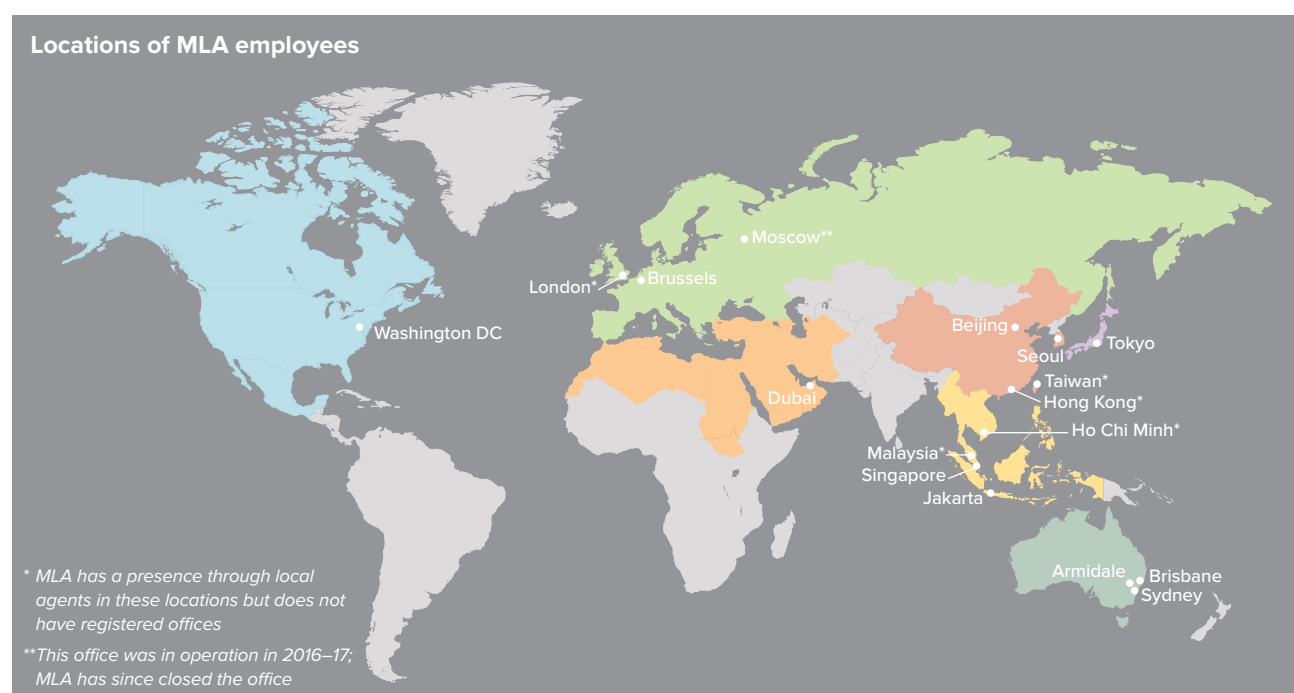
At 30 June 2017, MLA had 243 employees, including three Australian-based casuals that have been included in the part-time numbers.

Voluntary turnover for the reporting year was 10.3% with a total turnover of 16.8% compared to 20.4% in 2015–16. Total turnover includes both voluntary and involuntary turnover (redundancies, terminations and terminations within probation period).

MLA employee profile at 30 June

	2013	2014	2015	2016	2017
Male	118	127	112	114	112
Female	130	142	125	120	131
Full time	233	235	208	207	208
Part time	15	34	29*	27*	35*
Australian-based	210	231	297	196	205
Overseas-based	38	38	40	38	38
Total staff	248	269	237	234	243

* Part time total includes casual employees



Remuneration process

During 2016–17 MLA continued to have new roles benchmarked through global human resources consulting firm AON Hewitt.

The Board Remuneration Committee considers the overall percentage of salary increases for the year based on Consumer Price Index and external salary survey information and makes a recommendation to the Board. The salaries of all employees are then reviewed based on performance, the career level of the role and the degree to which the employee has the competencies and capabilities required for the role. The results of the salary reviews are then discussed with the MLA Leadership Team and the Remuneration Committee.

The total employee benefit expense in 2015–16 was \$31.9 million (see page 86).

Workplace health and safety

In 2016–17 MLA continued to focus on safety and creating a culture committed to a safe working environment.

International and travel safety has been a major focus, ensuring employees are safe while travelling.

Increased awareness on reporting of all hazards and incidents, even if minor, contributed to an increase in the number of incidents reported. Twenty incidents were reported in 2016–17, up from 15 incidents in 2015–16, with corrective action taken to remove or reduce risks.

There were no reported breaches of workplace health and safety laws.

Training and professional development

As a service provider to industry, it's important that MLA's culture, values

and behaviours are consistent and its employees have the necessary knowledge and skills to manage change and complexity to deliver MLA's *Strategic Plan 2016–2020* while allowing for growth and innovation.

In 2016–17 MLA continued to support employees through training and professional development through its 70/20/10 model approach:

- 70% of learning and development is on the job (including workplace tasks and stretch assignments)
- 20% is through others (including managers, peers and coaching arrangements)
- 10% is through formal learning initiatives (such as risk management, performance management and anti-bullying and harassment training, and training courses identified between individual employees and their managers).

MLA also provides financial and study assistance to employees undertaking a professionally recognised qualification related to their work such as an undergraduate or postgraduate course at university, TAFE or other recognised education institutions. In 2016–17, assistance was provided to nine employees studying courses ranging from animal production to business administration to marketing.

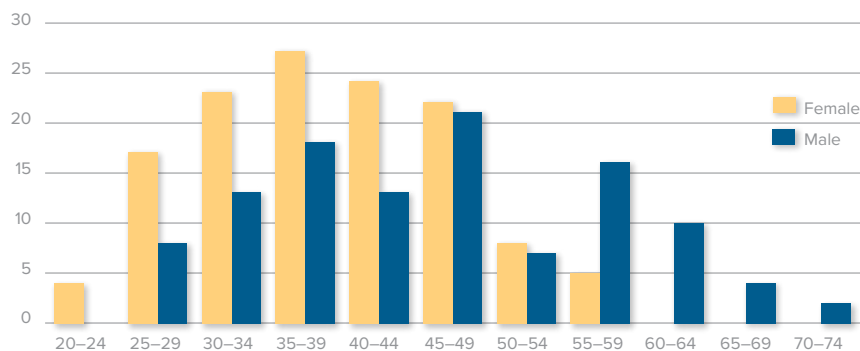
Employee engagement

MLA commissions an annual employee engagement survey, conducted by AON Hewitt, measuring engagement across the company, both domestically and internationally. MLA's results from the survey in 2016–17 were above the Australia and New Zealand average and MLA continues to work towards being recognised amongst the 'best employers'.

Diversity and gender equality

MLA has a policy that outlines the company's commitment to diversity, including gender equality. MLA's diversity policy can be viewed at mla.com.au.

MLA employees – age and gender composition



At 30 June 2017, 54% of the workforce consisted of female employees. These employees were spread across the business and most age groups. MLA continues to offer employees flexible work arrangements that support work/life balance, and family or caring responsibilities. These include flexible hours of work, time in lieu, telecommuting, part-time work, job sharing, paid parental leave and personal/carer's leave provisions.

MLA also offers employees access to an employee assistance program. It also has training and formal policies to protect employees against discrimination, harassment and bullying.

Employee profiles

Skye Richmond

Operations Manager, MLA Donor Company

My background is in food and hospitality; I have a degree in hotel management and worked as a corporate trainee for Hyatt Corporation.

Since joining MLA 14 years ago, I have held many roles with the research and development teams. I have also completed a Masters in Science and Technology Commercialisation, with my major project focusing on walk-over-weighing.

I work for MLA's subsidiary company, MLA Donor Company. In this role I help the industry leverage government dollars and voluntary contributions to invest in innovation that delivers benefits across the red meat value chain. The favourite part of my job is seeing the projects that began many years ago deliver outcomes and positive impacts for our members and industry.



Josh Anderson

International Business Manager – Europe and Russia

My career began in the agribusiness banking sector, based in rural Queensland and NSW. I joined MLA as part of the National Livestock Reporting Service team. I thoroughly enjoyed that experience, particularly the interaction with the great network of MLA's livestock market reporters throughout Australia.

I moved to Europe three years ago where red meat faces access restrictions that hinder Australia's ability to capitalise on the market potential. Recently the industry has been presented with some unique opportunities such as EU-Australia free trade agreement and Brexit. My number one priority is to work with industry and government to capture these opportunities and help secure improved market access for Australian red meat.



What we do

MLA invests in research and marketing activities for the benefit of the Australian red meat and livestock industry.

Research, development and adoption

MLA invested \$104.2 million in a range of research, development and adoption programs during 2016–17. This included \$35.9 million invested through MLA Donor Company. This investment includes matching funds from the Australian Government.

These programs are linked to the Australian Government's Science and Research Priorities and Rural Research, Development and Extension Priorities. This alignment is shown in the graphs at right.

Throughout the year, MLA completed or terminated 356 research contracts worth \$78.0 million and commenced 310 new contracts during the year worth \$128.2 million. This resulted in total portfolio of 458 current research contracts at 30 June 2017, valued at \$246.0 million. These contracts included \$97.3 million worth of industry research projects and \$148.6 million of MDC projects with many undertaken over multiple years.

Marketing, market access and insights

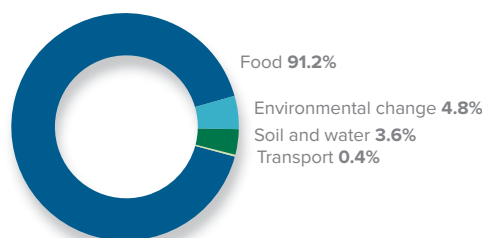
During 2016–17 MLA invested \$88.9 million in marketing, market access and insights to grow demand for Australian red meat and livestock, domestically and abroad. This investment was ineligible to be matched with funds from the Australian Government.

CoMarketing Program

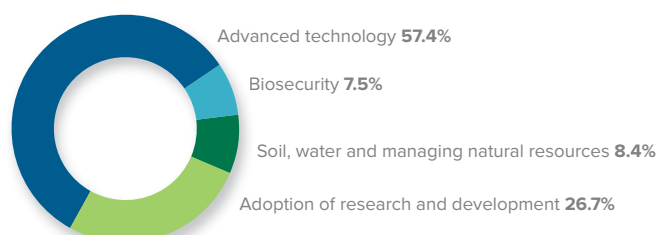
MLA's CoMarketing Program aims to assist brand owners create customer loyalty and sustainable brand growth that delivers ongoing added value along the supply chain to producers. By leveraging brand owners' marketing funds with producer levies, both industry and brand owners are able to effectively double marketing efforts. The CoMarketing Program is open to companies (with an ABN) who are MLA members, processors or licensed meat exporters.

Key activities supported by the Program in 2016–17 included social media campaigns to raise awareness of brands; using marketing consultants and agencies to develop effective brand marketing plans; PR and media activities; advertising in magazines and on billboards; sponsoring trade

Alignment with Government's Science and Research Priorities



Alignment with Government's Rural Research, Development and Extension Priorities



delegations to inspect paddock-to-plate supply chains; in-store sampling to raise awareness and sales of branded Australian beef, lamb and goat; and educating chefs to improve their understanding of branded products, specifications and applications of a range of cuts in different cuisine styles.

In 2016–17 the Program covered:

- **Beef:** MLA worked with 51 beef brand owners promoting 238 beef brands, covering 530 activities across 21 countries. 91% of beef CoMarketing participants rated their overall satisfaction of the outcomes as 7/10 or higher. MLA's total contribution for the beef program increased to \$2.08 million (from \$1.96 million in 2015–16), and participants contributed the same amount or more.
- **Sheepmeat:** MLA collaborated with 23 lamb brand owners promoting 54 brands, covering 106 individual activities across 15 countries. The number of participants continued to increase, along with the number of brands, MSA brands and activities. 80% of lamb CoMarketing participants rated their overall satisfaction with their outcomes as 7/10 or higher. MLA's total contribution for the lamb program increased to more than \$262,000 (from \$207,498 in 2015–16), and participants contributed the same amount or more.

- **Goatmeat:** MLA contributed \$11,400 to two goatmeat brand owners through four activities. Participants contributed the same amount or more. MLA's contribution was slightly higher than the 2015–16 contribution of \$10,837.

Details of each participant and specific funding amounts invested are published in Appendix B of this *Annual Report*.

How we work

Strategic alignment

MLA's *Annual Investment Plan 2016–17* has guided the company's investment over the past year, outlining the company's programs, budgets and key performance measures.

The strategic direction of this Plan was informed by the Australian Government's Science and Research Priorities and Rural Research, Development and Extension Priorities, the *Meat Industry Strategic Plan 2020* and the *MLA Strategic Plan 2016–2020*.

MLA's *Strategic Plan 2016–2020* is aligned closely with the *Meat Industry Strategic Plan 2020*, giving focus and direction to MLA's work to build demand,

productivity and trust for the Australian red meat and livestock industry.

The figure below provides an overview of MLA's strategic and operational planning process.

Stakeholders

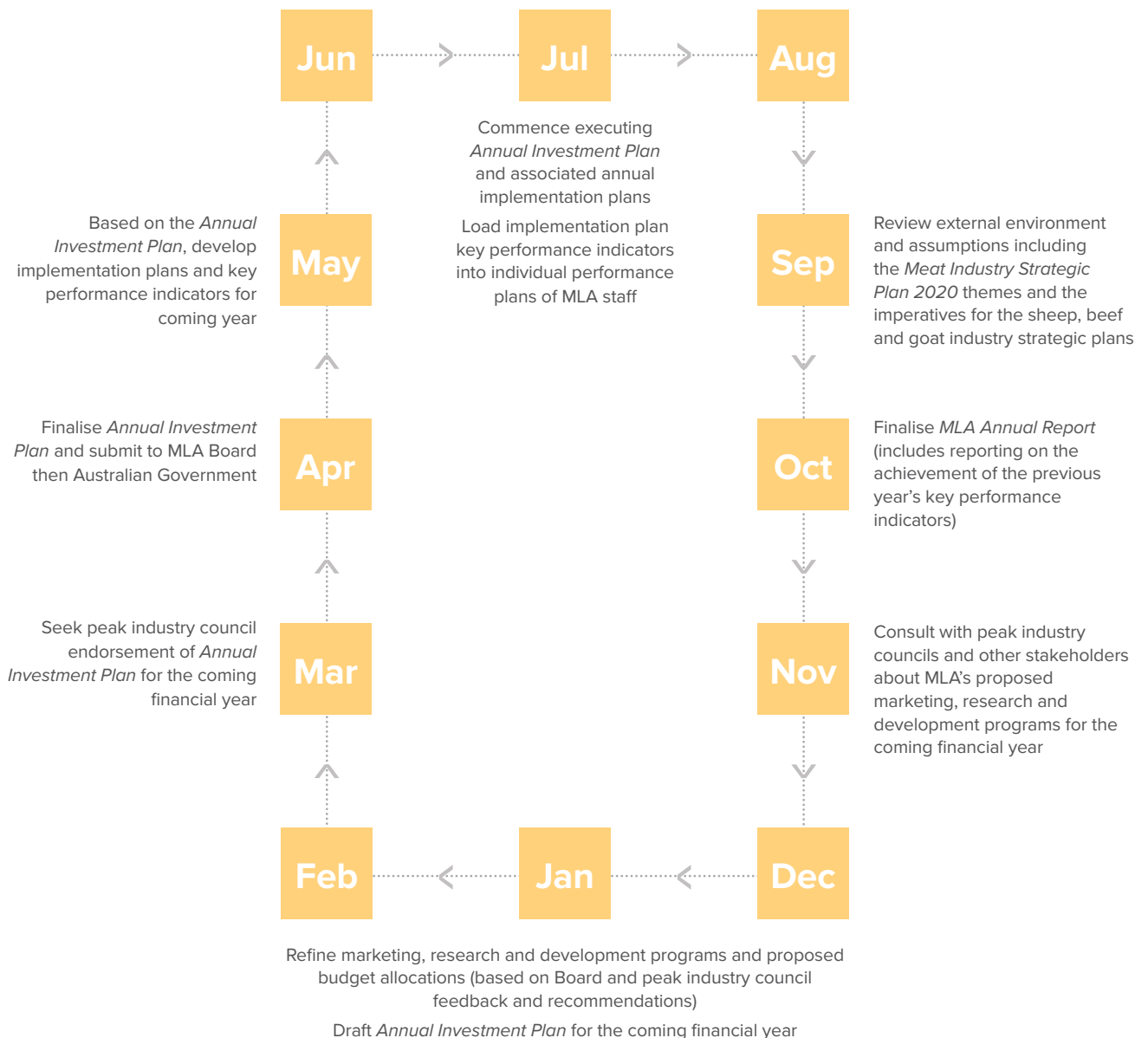
MLA operates in partnership with the Australian Government and value chain partners to deliver research, development and marketing to benefit red meat and livestock producers, value chain partners and the Australian community.

The Australian Government sets high priority research and development objectives covering community, industry and environmental concerns.

Peak industry councils provide policy direction, review budgets and monitor MLA's performance on behalf of the red meat industry. These are the Australian Lot Feeders' Association, the Cattle Council of Australia, the Goat Industry Council of Australia and the Sheepmeat Council of Australia.

MLA also works closely with the Red Meat Advisory Council, the Australian Meat Processor Corporation, the Australian Meat Industry Council, LiveCorp and the Australian Livestock Exporters' Council to develop programs that address key industry issues and opportunities through the supply chain, manage projects and communicate outcomes.

MLA's strategic and operational planning process



Industry consultation arrangements

Livestock producers influence the investment of their levies through a number of industry consultation mechanisms.

The Red Meat Advisory Council (RMAC) is the peak body that represents the collective interests of the Australian red meat industry. RMAC is responsible for the development of the *Meat Industry Strategic Plan* which provides the overarching strategic framework that enables the direction, measurement and reporting of overall industry progress to government and industry stakeholders. Levy payers are consulted by RMAC during the development of the five-year *Meat Industry Strategic Plan*.

Examples of areas where consultation occurs include:

On planning and whole of red meat industry priority areas:

- *Meat Industry Strategic Plan*
- *Beef Industry Strategic Plan*
- *Sheepmeat Industry Strategic Plan*
- *Goat Industry Strategic Plan*
- *MLA Strategic Plan*
- *MLA Annual Investment Plan*
- *Beef Industry Sustainability Framework*.

Each year, MLA also consults with the peak industry councils regarding research, development and marketing investments.

Examples of where consultation occurs include:

On research and development:

- Research, development and adoption investment priorities
- Red Meat Co-investment Committee
- Regional consultation model (see page 38) and the Southern Australia Meat Research Council, the Western Australia Livestock Research Council and the North Australia Beef Research Council
- Sheep and beef forecasting committees
- Sheep Genetics Advisory Committee
- MSA Taskforce and R&D Pathways Committee
- Resource Flock Steering Committee
- Genetics Steering Committee
- Integrity Systems Taskforce.

On marketing:

- Region-specific global marketing and market access strategies for beef, sheepmeat and goatmeat (Australia, Japan, Korea, North America, Middle East, Europe/Russia, Indonesia, China and South Asia)
- MSA taskforce.

The global marketing and market access consultation process underpins the overarching market strategy specific to each region. This process involves peak industry councils and industry representatives consulting with MLA to help set strategic priorities for growing demand and improving market access for the Australian red meat industry across global markets.

The consultation process involves a number of steps for industry to guide MLA's global market investment strategy. This encompasses reviewing the output/outcomes from the previous year's activities and investments, evaluating MLA's performance, setting strategic priorities, advising budget allocations for the upcoming financial year and importantly, confirming key performance indicators.

MLA strives to ensure all members have the opportunity to participate in the Annual General Meeting (AGM) by rotating its location around the nation. The 2016 AGM was held in Hahndorf, SA and was preceded by Brisbane, Queensland (2015), Sydney, NSW (2014), Wodonga, Victoria (2013), Fremantle, WA (2012), Longreach, Queensland (2011), Launceston, Tasmania (2010), Darwin, NT (2009), Orange, NSW (2008) and Rockhampton, Queensland (2007).

Collaboration

MLA has a long history of collaborating with the Australian Government, research organisations, value chain partners, Cooperative Research Centres and other Research and Development Corporations by co-investing in projects and consortiums with mutual benefits.

Composition of MLA's members

Members	2012–13	2013–14	2014–15	2015–16	2016–17
Grassfed cattle	41,334	41,828	42,295	42,275	42,087
Grainfed cattle	5,308	5,391	5,430	5,430	5,453
Sheep/prime lambs	17,862	19,262	18,523	18,583	18,634
Sheep only	9,713	9,625	9,568	9,483	9,415
Goats	2,360	2,386	2,414	2,415	2,403
Total members	48,608	49,260	49,845	49,892	49,726

In 2016–17, MLA was successful in having four projects approved under the Department of Agriculture and Water Resources Rural R&D for Profit program. MLA is the lead for all of these projects and all projects have multiple collaborators. Refer to Appendix C for an overview of all Rural R&D for Profit projects involving MLA.

During 2016–17 MLA also partnered with six consortiums:

- National Livestock Genetics Consortium
- Managing Climate Variability Program – phase V
- Reef Alliance
- National Sheep Monitoring project
- Australian Livestock Spatial Innovation CRC
- Animal Welfare Strategic Partnership.

MLA continued its collaboration with the Sheep CRC and the Invasive Animals CRC in 2016–17.

Co-investment in projects through MLA Donor Company also accelerated in 2016–17. Collaborators included both local and global research organisations, value chain partners and commercial participants.

Membership

Membership of MLA is voluntary and free to all levy-paying grassfed cattle, grainfed cattle, sheep, lamb and goat producers. MLA had 49,726 members at 30 June 2017, a decrease of 166 members on the previous year.

The table below shows the composition of MLA's members.

How we're funded

Transaction levies

MLA is primarily funded by transaction levies paid on livestock sales by producers. Levies received by MLA are accounted for in two streams – one to support marketing activities and the other to support research and development.

Transaction levies are charged by the Australian Government on the sale of each head of cattle, sheep and goat sold under the *Primary Industries (Excise) Levies Act 1999*.

Transaction levies are collected, administered and disbursed by the Department of Agriculture and Water Resources on a cost-recovery basis and invested back into the industry to assist in research and development, marketing and market access services.

Total levies charged in 2016–17 were \$5/head of grassfed and grainfed cattle transacted, \$1.50/head for lambs*, 20 cents/head for sheep+ and 37.7 cents/head of goats transacted (see figures below). MLA is not the only recipient of livestock transaction levies – it is one of three organisations alongside Animal Health Australia and the National Residue Survey.

Government matched contributions

The Australian Government also contributes a dollar for each levy dollar MLA invests in eligible research and development.

Government matched voluntary contributions

MLA generates additional income via voluntary contributions which are matched by the Australian Government. This funding is invested in research and development partnerships that benefit the Australian red meat industry through MLA Donor Company.

Unmatched grants

MLA also receives unmatched grants from the Australian Government and cooperative contributions from other Research and Development Corporations, individual processors, wholesalers, foodservice operators and retailers. This includes grants as part of the Rural R&D for Profit program (see Appendix C).

CoMarketing funding

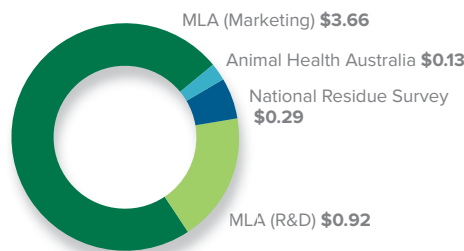
Exporters and importers can also co-invest with MLA (via transaction levies) on marketing activities through the CoMarketing Program (see page 61).

Other levies

Processors and livestock exporters also co-invest levies into MLA programs through their service companies: Australian Meat Processor Corporation and LiveCorp.

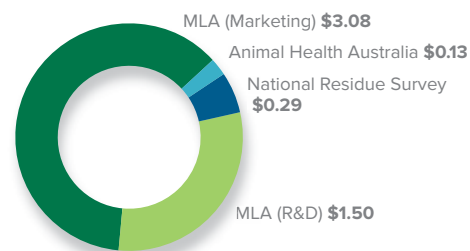
See pages 74–75 for a summary of MLA's income and expenditure by funding source in 2016–17.

Grassfed cattle levy allocation



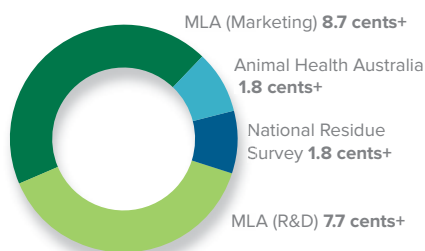
Total levy \$5 – per head, per transaction

Grainfed cattle levy allocation



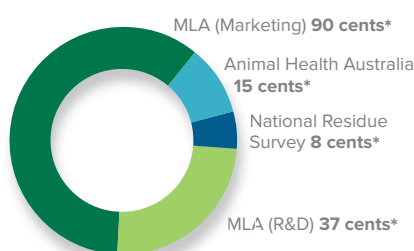
Total levy \$5 – per head, per transaction

Sheep levy allocation



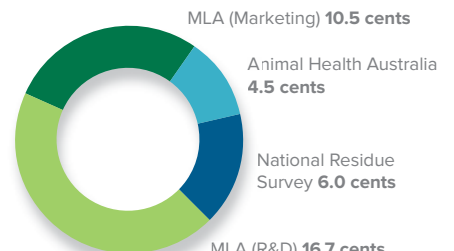
Total levy 20 cents – per head, per transaction+

Lamb levy allocation



Total levy \$1.50 – per head, per transaction*

Goat levy allocation



Total levy 37.7 cents – per head, per transaction

+ Per head, where defined sale price is greater than or equal to \$10. Where defined sale price is less than or equal to \$10, levy is 2% of the sale price. Where there is no defined sale price, levy is set at 20 cents per head.

* Per head, where defined sale price is greater than \$75. Where defined sale price is less than or equal to \$75, levy is 2% of the sale price. Where there is no defined sale price, levy is set at 80 cents per head.

How we're governed

Corporate governance

MLA's corporate governance framework is set by the Board having regard to the best interests of our members, the values of our organisation MLA's obligations set out under our Funding Agreement with the Commonwealth of Australia, and in accordance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd edition). This long established framework has been implemented to ensure that we remain accountable to our stakeholders and that stakeholder interests are protected. MLA's governance arrangements are reviewed regularly to reflect industry developments, stakeholder expectations and regulatory and legislative changes. This statement and documents and policies relevant to our corporate governance framework are also available on our website.

The Board

The MLA Board's 10 directors combine a broad range of skills, experience and expertise to work with industry to set strategic priorities for the company and to approve and monitor progress against MLA's *Strategic Plan 2016–2020*. It evaluates performance and budgets, overseas risk management and compliance and ensures the company abides by its obligations under the Red Meat Industry Memorandum of Understanding, the Funding Agreement, and under corporations law. Many Directors are also producers and members of the company. See pages 53–55 for biographies of MLA's Board Directors.

Board selection

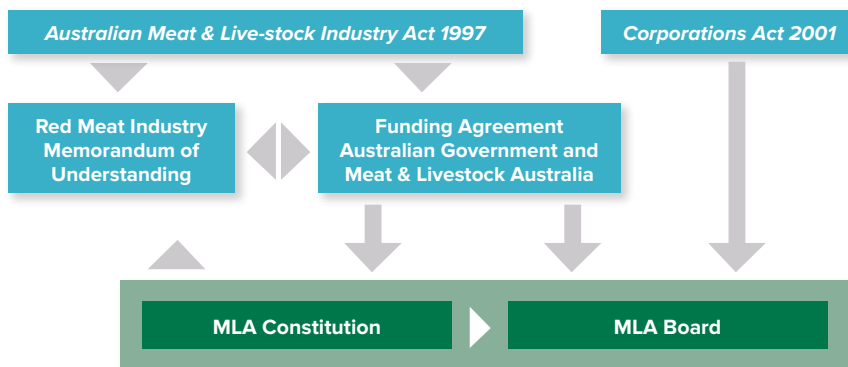
The Managing Director is the only executive director and appointed by the Board. Otherwise, Directors are nominated through the Selection Committee and appointed by members at MLA AGMs for a three-year term under MLA's constitution. After such term a director may reapply for a position on the Board in the same way as other candidates. Further information about the Selection Committee is on page 66. The Chair of the Board was elected in 2011 and is an independent director.

Board committees

Two Board committees met during the year:

- Audit and Risk Committee
- Remuneration Committee.

MLA's governance framework



These Committees are comprised solely of non-executive directors, with management attending committee meetings by invitation only. The Chair of each Committee provides a verbal update of each committee meeting to the Board and minutes of Committee meetings are provided in the Board papers.

The role of each Committee is set out in the Committee charters, which are regularly reviewed. The members of each Committee, together with each member's attendance at meetings, are set out in the 'Directors' report' on page 76.

Audit and Risk Committee

The Audit and Risk Committee oversees MLA's risk program and has oversight responsibility of the company's financial reporting, internal control structure, risk management and the internal and external audit functions. In keeping with community expectations, the chair of the committee is not the Chair of the Board.

The Audit and Risk Committee is required to meet at least three times a year and holds closed sessions with the external auditor at least once each year. The Audit and Risk Committee is responsible for making recommendations to the Board for the approval of the annual audit plan and annual financial statements.

As at 30 June 2017, the Audit and Risk Committee consisted of Alan Beckett (Chair), Steven Chaur and Allister Watson. Details of each members' attendance at meetings is set out in the 'Directors' report' on page 76.

External auditor

MLA's external auditor is EY. The Committee holds discussions with the external auditors and management

before the annual financial statements are submitted to the Board.

The Audit and Risk Committee oversees MLA's relationship with EY, including:

- making recommendations to the Board about the appointment of MLA's auditors based on their qualifications, independence, engagement, fees and performance
- reviewing and assessing the performance, independence and objectivity of EY
- reviewing EY's proposed annual audit scope and audit approach, including materiality levels.

Internal auditor

The Audit and Risk Committee reviews the adequacy and effectiveness of internal controls, including the company's policies and procedures, to assess, monitor and manage business risk and legal and ethical compliance programs. This review includes monitoring the implementation of MLA's Risk Management Plan, Fraud Control Plan and Intellectual Property Plan. It also reviews the company's foreign exchange and treasury management and oversees the company's risk management program.

To assist its function, the Audit and Risk Committee, with management and a dedicated Risk & Assurance Manager, works with internal auditor Deloitte Touche Tomatsu (Deloitte). Deloitte's role during 2016–17 was to conduct a review of MLA's insurance program, workplace health and safety, payroll and accounts payable (including credit cards). Deloitte's annual program of audit activities assists management with independent and objective assurance on the effectiveness of MLA's governance, risk management and internal control processes.

Remuneration Committee

The Remuneration Committee consisted of Steven Chaur (Chair), Michele Allan, Erin Gorter and Chris Mirams at 30 June 2017.

The Remuneration Committee oversees remuneration practices across the company. The Committee commissioned a broad review of Board remuneration in 2016–17 to have director remuneration benchmarked against like organisations. As part of an annual work program the Committee also reviews the policies and systems in place for managing remuneration for the rest of the company to ensure they are appropriate and consistent with company objectives and values.

The responsibilities of the Remuneration Committee include the review of:

- remuneration matters, including:
 - establishing and monitoring KPIs, a remuneration framework for, and the performance of, the Managing Director
 - remuneration and incentive framework for senior executives and all staff
 - recruitment, remuneration and retention strategies
- succession plans for senior executives and key staff
- strategic human resources policies and practices.

Details of each members' attendance at meetings is set out in the 'Directors' report' on page 76.

Selection Committee

The Selection Committee assesses candidates against a range of criteria, including experience and skills, personal qualities and their available time commitment. In accordance with good governance practice, appropriate checks of each candidate are undertaken before each nominee is put forward to members as a candidate for election, as a director. The composition of the Selection Committee, together with each member's attendance at meetings is set out in the 'Directors' report' on page 76.

Board meetings

The Board had eight scheduled meetings during 2016–17. The agendas for Board meetings for each of the MLA Group of companies are formulated in preparation for each meeting and also incorporate items from annual agendas to ensure regular review of key aspects of the business of the MLA Group.

The agenda items include regular reviews of MLA's financial position and management reports, a detailed review of the company's strategic imperatives and marketing and research and development programs. The annual agenda also sets key review dates for items that must come before the Board under the categories of performance, compliance and governance.

The Board continually strives to ensure its meetings are conducted efficiently to enable sufficient discussion and contribution from all directors. The Board regularly considers and discusses key strategic issues at both a company group and industry level. Management attends and presents information relevant to their portfolios and to respond to issues arising in Board meetings.

Independence

The Board considers each director's independence on an annual basis. Directors are considered to be independent if they are not a member of management and are free of any business or other relationship that materially interferes with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement. In assessing a director's independence, materiality is considered on a case-by-case basis by reference to each director's circumstances. A policy on the independence of directors, which requires that the Board assess independence annually, or more regularly if a director's circumstances change, is currently implemented and in force. The Board has determined that all of the non-executive directors are independent.

Conflicts of interest

In accordance with the requirements of the *Corporations Act* and its conflict of interest policy and procedures, Directors must declare any conflict of interest they may have, and must follow the procedures set out in our policy. In certain circumstances, directors will abstain from participating in any discussion or voting on matters in which they have a material personal interest. At the time of their appointment and as notified from time to time, each director provides to the Board information about their business and other interests. The Board records such notifications in its minutes and maintains a register in accordance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd edition) and

in compliance with the requirements of MLA's Funding Agreement with the Commonwealth dated 13 October 2016.

Reporting framework

The 2016 Independent Performance Review undertaken by ACIL Allen Consulting recognised MLA is a mature company which acts in the best interests of the red meat industry and through its strong, organisational and governance structure delivers on its goals. Following this positive review, MLA and the Commonwealth of Australia, through its Department of Agriculture and Water Resources, agreed to a new Funding Agreement for the period 2016–2020. This came into effect from 14 October 2016. The Funding Agreement sets out the requirements for the company's expenditure of levy funds and matching funds and provides a framework under which the company must report to the Department.

Financial management

The Audit and Risk Committee has received a written declaration from the Managing Director and Chief Financial Officer that the financial reports represent a true and fair view, in all material respects, of the company's financial condition and operating results and are in accordance with relevant accounting standards.

Code of business conduct and ethics

The Board endorsed the revised Code of business conduct and ethics (the code), which embodies the company's values of customer centricity, accountability through transparency and outcomes that make a difference. It otherwise sets out principles which must be met to ensure the company and its business associates meet its commitments to all stakeholders.

A copy of the code is provided to all new employees on commencement and is a feature of the formal induction training provided to new employees.

As part of an annual program of training and capability building within MLA, training in equal employment opportunities and anti-discrimination, risk management and intellectual property management, performance training sessions on competencies and capabilities was provided to all staff. Additionally, an external training platform has been implemented and is available to all staff on-demand as well as a wide range of professional development courses.

Diversity

Since April 2011, the Board has implemented a company-wide Diversity Policy. MLA also recognises the importance of gender diversity in senior leadership and leadership roles as well as to focus on other areas of diversity such as age, ethnicity and disability and further work in the area of flexibility for care givers.

As at 30 June 2017, 54% of MLA's staff were women. On the MLA Leadership Team, five of the 10 (50%) executives are female. On the MLA Board of nine non-executive directors, two directors are female, with one being the Chair of the Board.

The composition of MLA Group's workforce has also been recognised by the Workplace Gender Equality Agency as being compliant with the *Workplace Gender Equality Act 2012*.

Remuneration and performance arrangements

The total limit for directors' remuneration (excluding the Managing Director) is \$750,000. This limit was determined by members at the 2008 Annual General Meeting. In October 2016 an external review of non-executive director remuneration was undertaken by AON Hewitt. Following this review the Board determined in December 2016 that an increase in directors' fees would take effect from 1 January 2016. The increase reflects the time and effort that will be required as a result of MLA's Board assuming non-executive director positions for all MLA subsidiaries and in recognition of the additional workload on the Committee Chairs. The total per annum cost for Director remuneration is \$653,850.

The remuneration arrangements for each member of the MLA Leadership Team, including the Managing Director, comprise both fixed and performance-based remuneration.

The remuneration packages for the MLA Leadership Team are reviewed each year and include several gateways before eligibility to the performance-based component to ensure the remuneration structure aligns management effort with organisational objectives and attracts, retains and motivates quality management personnel.

Comparison of MLA's Corporate Governance Principles to ASX Corporate Governance Principles and Recommendations (3rd edition)

Principle/Recommendation	Description/reference of disclosure/compliance
Principle 1. Lay solid foundations for management and oversight	
Recommendation 1.1	
A listed entity should disclose:	This is outlined in the Board Charter and a detailed Delegations of Authority policy.
(a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	
Recommendation 1.2	
A listed entity should:	As part of the Selection Committee process in relation to annual Director selection appropriate background checks are undertaken each year. Candidates are shortlisted by reference to the selection criteria that act as terms of reference for the committee to ensure there is an appropriate mix of skills in the candidates nominated for election. Candidate's biographical details included on the MLA Notice of Meeting are prepared from the material submitted through the Selection Committee process.
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	
Recommendation 1.3	
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	MLA has written engagement letters for directors and executive employment contracts with all members of the senior leadership team.
Recommendation 1.4	
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary is accountable to the Board through the Chair on all matters related to the proper functioning of the MLA Board.

Principle/Recommendation	Description/reference of disclosure/compliance
Recommendation 1.5	
<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the <i>Workplace Gender Equality Act</i>, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Diversity Policy is available on MLA's website mla.com.au.</p> <p>The Board recognises and fosters a culture that encourages divergent views and robust discussion. In assessing candidates, the Selection Committee considers diversity of education, the nature of the businesses and business functions in which candidates have gained experience and the roles held, as well as the more obvious aspects of diversity such as gender, age, ethnicity and cultural background.</p> <p>MLA also enunciates its commitment to diversity in other policies such as equal employment opportunity and anti-discrimination policy and misconduct and discipline policy which are regularly reported to, monitored by and adjusted with approval by the Board.</p> <p>The proportion of women as at the date of this report:</p> <ul style="list-style-type: none"> • Board members: 20% • Leadership team: 50% • Whole organisation: 54%
Recommendation 1.6	
<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board evaluates its performance through an annual performance review, which is periodically facilitated by an external specialist.</p> <p>As part of the Board's review process in 2016–17 it completed the Australian Institute of Company Directors Governance Analysis Tool survey and reviewed the feedback as part of the annual review.</p>
Recommendation 1.7	
<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Remuneration Committee and Board conduct an annual assessment of the performance of the Managing Director and the Leadership Team against agreed KPIs.</p> <p>In accordance with the annual work plan, the performance evaluation process for the Managing Director and the Leadership Team was completed.</p>
Principle 2. Structure the board to add value	
Recommendation 2.1	
<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</p> <p>or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>MLA's Constitution and operation of the Selection Committee reflects this requirement.</p> <p>Refer also to the section about the Selection Committee on page 66.</p>

Principle/Recommendation	Description/reference of disclosure/compliance
Recommendation 2.2	
A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Biographical details of directors are published on the MLA website mla.com.au/directors .
Recommendation 2.3	
A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	The MLA Board currently considers the independence of its directors on an annual basis. Refer also to the Director Independence section on page 66. Length of service of each director is included in the Director biographies.
Recommendation 2.4	
A majority of the board of a listed entity should be independent directors.	All of the directors are independent with the exception of the Managing Director.
Recommendation 2.5	
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The role of the Chair and the Managing Director are not performed by the same person.
Recommendation 2.6	
A listed entity should have a program for inducting new directors and A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	MLA has a program for inducting new directors and provides appropriate professional development. Refer also to the Director training section in the 'Corporate Governance Statement'.
Principle 3. Act ethically and responsibly	
Recommendation 3.1	
A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	MLA has a Code of Conduct which covers the governance and sets the expectation for the Board and all MLA personnel. The Code of Conduct is on MLA's website.
Principle 4. Safeguard integrity in corporate reporting	
Recommendation 4.1	
The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Board has established an Audit and Risk Committee which is structured so that it: • consists of only non-executive, independent directors • is chaired by an independent chair who is not chair of the board • consists of at least three members of the Board. The charter of the committee is on MLA's website. Biographical details of directors are published to the MLA website mla.com.au/directors . Refer also to the Audit & Risk Committee section on page 65.

Principle/Recommendation	Description/reference of disclosure/compliance
Recommendation 4.2	
The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The wording of the declaration reflects the wording in the recommendation.
Recommendation 4.3	
A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	MLA's external auditor attends each AGM and is available to answer questions from members relevant to the audit.
Principle 5. Make timely and balanced disclosure	
Recommendation 5.1	
A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	As MLA is an unlisted public company, it is not an ASX disclosing entity but does report annually to members and to the Commonwealth Government on its operations and financial results.
Principle 6. Respect the rights of security holders	
Recommendation 6.1	
A listed entity should provide information about itself and its governance to investors via its website.	MLA provides information about itself and its governance framework on its website.
Recommendation 6.2	
A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	MLA has a Communications, Promotion and Engagement team and strategy to promote effective two-way communication with members, levy payers, representative councils and the Commonwealth Government.
Recommendation 6.3	
A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Information about how MLA facilitates and encourages participation by members at meetings is on MLA's website.
Recommendation 6.4	
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	In addition to amending its constitution in 2009 to ensure information can be provided electronically, in 2016 MLA also ran an opt-in campaign for members to elect to receive electronic communications. This remains a standing option for current and new members.
Principle 7. Recognise and manage risk	
Recommendation 7.1	
The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <ul style="list-style-type: none"> (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. 	The Board has established an Audit and Risk Committee which is structured so that it: <ul style="list-style-type: none"> • consists of only non-executive, independent directors • is chaired by an independent chair who is not chair of the Board • consists of at least three members of the Board. The charter of the committee is on MLA's website. Refer also to the section about the Audit and Risk Committee on page 65.

Principle/Recommendation	Description/reference of disclosure/compliance
Recommendation 7.2	
<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Refer to the section about the financial and risk management on pages 48–49 and 66.
Recommendation 7.3	
<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Refer to the section about the internal audit program on page 65.
Recommendation 7.4	
<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Refer to the section about MLA's risk management on pages 48–49. The risk register is a living document and is being broadly engaged with across the business.
Principle 8. Remunerate fairly and responsibly	
Recommendation 8.1	
<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <p>or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Refer also to the Remuneration Committee and remuneration and performance arrangements sections on pages 66–67.
Recommendation 8.2	
<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Refer to the remuneration and performance arrangements section on page 67.
Recommendation 8.3	
<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Not applicable as MLA does not have an equity-based remuneration scheme.

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The centrepiece of MLA's autumn lamb campaign was The Currency Kitchen, a week-long pop-up restaurant featuring leading chefs serving up lamb to diners who paid for the experience with currency from anywhere in the world.

Financial summary

MLA revenue and expenditure summary

	2012–13 \$m	2013–14 \$m	2014–15 \$m	2015–16 \$m	2016–17 \$m	% change 2016–17 compared with 2015–16
Grassfed cattle levies	54.2	61.2	66.9	61.4	53.8	-12.4
Grainfed cattle levies	7.8	9.8	10.5	11.9	10.9	-8.4
Lamb/mutton levies	31.0	34.2	36.4	37.2	35.8	-3.8
Goat levies	0.8	0.8	0.9	0.8	0.7	-12.5
<i>Producer levies</i>	93.8	106.0	114.7	111.4	101.2	-9.1
Government contributions	39.2	46.7	46.5	44.0	52.1	18.4
Other	29.2	35.8	44.5	42.4	47.2	11.3
Total revenue	162.2	188.5	205.7	197.8	200.5	1.4
Marketing, market access and insights	86.2	85.2	86.6	84.4	88.9	5.3
Research and development	79.6	95.8	92.9	88.0	104.2	18.4
Total expenditure*	165.8	181.0	179.5	172.4	193.0	11.9

* Total includes \$35.9 million invested via MLA Donor Company

Revenue

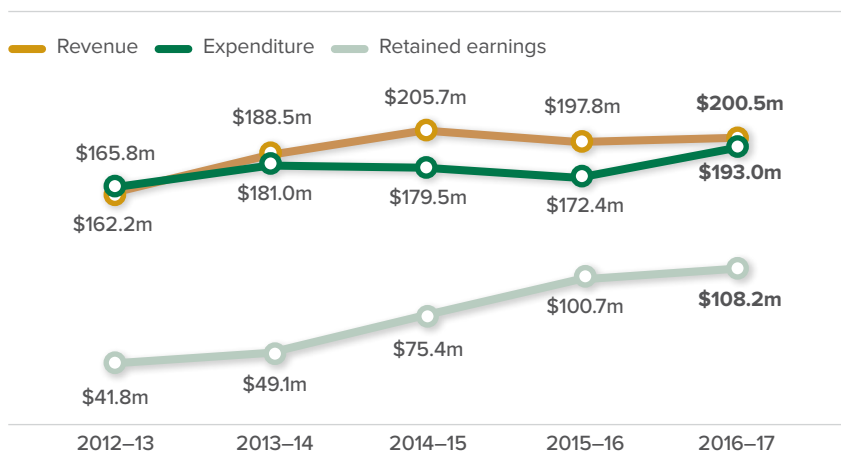
MLA's total income for 2016–17 was \$200.5 million, 1.4% higher year-on-year and above expectations.

Levy income fell \$10.2 million (9.1%) in 2016–17, with levies from all species lower than 2015–16 as tight supplies of both cattle and sheep reduced production. The decrease in levy income was more than offset by an increase in Government matching funds, commercial partner contributions via MLA Donor Company and interest income. Total revenue is forecast to increase in 2017–18, with MLA Donor Company continuing to attract greater funding.

Expenditure

MLA's total expenditure increased 11.9% in 2016–17 to \$193.0 million. This included expenditure of \$104.2 million in research and development and \$88.9 million in marketing, market access and insights activities. The increase in investment reflects MLA's strategy to begin to gradually reduce excess accumulated reserves to the levels prescribed in MLA's Levy Reserve Policy. Actual expenditure was lower than budgeted, as MLA Donor Company undertook the year to build the foundations for a major transformation and growth strategy which aims to see its investments double on an annual basis. For these reasons, expenditure is forecast to increase again in 2017–18.

Revenue, expenditure and retained earnings



Retained earnings

MLA's surplus for the year was \$7.5 million, taking the retained surplus at 30 June 2017 to \$108.2 million. Retained earnings have been building over recent years due to abnormally high levels of levy income, with slaughter volumes soaring after the drought. The expectation is for levy income to begin to grow at a more subdued rate and for

investment to gradually increase, which will reduce retained earnings in the coming years.

Cash flow

MLA's cash balance increased primarily due to upfront partner contributions to MLA Donor Company programs and funds received in advance from the government for the Rural R&D for Profit program (see Appendix C). These funds will be expended in future periods. The debtor balances reduced significantly due to higher collections.

Retained earnings by funding source

	2016–17 \$m
Grassfed cattle levies	49.8
Grainfed cattle levies	14.9
Lamb levies	37.4
Mutton levies	1.9
Goat levies	1.4
Integrity Systems Company	0.5
MLA Donor Company	2.2

Income and expenditure by funding source 2016–17

Pillars and priorities	Goat		Mutton		Lamb		Total sheep		Grassfed cattle	
	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000
Pillar 1: Consumer and community support										
Continuous improvement of the welfare of animals in our care	18	18	128	171	1,174	355	1,302	525	1,051	1,747
Stewardship of environmental resources	2	0	81	11	684	110	765	121	821	217
Role of red meat in a healthy diet					126	79	126	79	238	59
Pillar 2: Market growth and diversification										
Efficiency and value in trade and market access	(3)	2	13	106	187	639	200	745	297	1,073
Marketing and promoting Australian red meat and livestock	12	181	13	474	146	14,660	159	15,134	186	27,261
Pillar 3: Supply chain efficiency and integrity										
Optimising product quality and cost efficiency			109	246	1,099	797	1,209	1,043	2,205	1,644
Guaranteeing product quality and systems integrity	17	96	24	97	280	1,631	304	1,728	569	2,368
Pillar 4: Productivity and profitability										
Production efficiencies in farms and feedlots	292		493		3,374		3,867		4,640	
Processing productivity										
Live export productivity			4	35	17	32	21	67	15	266
Pillar 5: Leadership and collaborative culture										
Building leadership capability	10	2	22	13	755	981	777	994	687	1,020
Protecting and promoting our industry	1		2	1	15	42	16	44	32	159
Pillar 6: Stakeholder engagement										
Engagement with producers and stakeholders	7	2	29	21	216	913	245	933	306	2,916
AUS-MEAT		2		10		167		176		329
Total expenditure pre corporate services	354	302	918	1,184	8,073	20,405	8,990	21,589	11,047	39,060
Corporate services	38	11	86	44	682	740	768	784	829	1,463
Levy collection costs		3		12		206		218		404
Total expenditure	392	316	1,004	1,240	8,755	21,351	9,759	22,591	11,876	40,927
Income available:										
Levies	445	280	1,021	1,154	9,748	23,832	10,770	24,986	10,828	43,019
Government										
Processors										
Live export										
External										
Total actual income 2016–17	445	280	1,021	1,154	9,748	23,832	10,770	24,986	10,828	43,019
Surplus/(deficit)	53	(36)	18	(86)	993	2,480	1,011	2,394	(1,048)	2,092

* MDC contributions (\$35.9 million) are included in these totals

Grainfed cattle		Total cattle		Total levy funds		Processor*		LiveCorp		External*		MLA excl Govt.	Govt.	MLA
R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	\$000	R\$ \$000	Total \$000
944	100	1,996	1,847	3,316	2,390	36	5	344	843	1,948	1,473	10,355	5,644	15,999
526	93	1,347	310	2,114	431	1,361	5	30		912	1,362	6,215	4,417	10,632
2	36	240	95	366	174	271	174					985	637	1,622
42	240	339	1,312	535	2,059	490	1,834	5	118		88	5,129	1,030	6,159
39	2,872	226	30,134	396	45,448	545	2,449			2,864	1,195	52,897	3,805	56,703
400	556	2,605	2,200	3,813	3,243	1,523				1,259	1,155	10,994	6,595	17,589
84	1,002	653	3,370	974	5,194	982	536	12	13	510	806	9,028	2,478	11,506
1,000		5,640		9,799		13				3,994	1,307	15,114	13,806	28,920
						2,540				1,410		3,950	3,950	7,899
		15	266	35	332			115	130		(1)	611	150	762
116	79	803	1,099	1,590	2,096	3,716				1,599	9	9,009	6,905	15,914
11	91	43	250	60	293	7	72				39	471	67	538
161	26	467	2,942	719	3,877					38	582	5,215	757	5,972
	42		371		550							550		550
3,326	5,137	14,373	44,197	23,718	66,088	11,483	5,076	505	1,104	14,535	8,014	130,522	50,241	180,764
205	186	1,034	1,649	1,839	2,444						5,453	9,736	1,839	11,576
	52		455		677							677		677
3,531	5,374	15,406	46,301	25,557	69,208	11,483	5,076	505	1,104	14,535	13,467	140,935	52,081	193,016
3,563	7,316	14,391	50,335	25,606	75,601							101,206		101,206
													52,081	52,081
						11,483	5,076					16,559		16,559
								505	1,104			1,609		1,609
										14,836	14,230	29,067		29,067
3,563	7,316	14,391	50,335	25,606	75,601	11,483	5,076	505	1,104	14,836	14,230	148,441	52,081	200,522
32	1,941	(1,016)	4,034	48	6,392					301	763	7,505		7,505

Directors' report

The Board of Directors of Meat & Livestock Australia Limited ("MLA" or "the Company") has pleasure in submitting its report for the financial year ended 30 June 2017.

Directors

The names and details of the company's directors in office during the financial year and until the date of this report are as follows: Dr Michele Allan, Mr Richard Norton, Mr Geoffrey Maynard, Mr George Scott, Mr Chris Mirams, Mr Alan Beckett, Ms Erin Gorter, Mr Steven Chaur, Mr Robert Fitzpatrick and Mr Allister Watson.

Directors retired during the year

Ms Lucinda Corrigan was the only director to retire during the year, in November 2016.

Company secretary

The company secretary during the year was Ms Clare Stanwix.

See pages 53–55 for names, qualifications, experience and special responsibilities of the directors, directors retired during the year and the company secretary.

Subsidiaries

MLA Donor Company Limited

At 30 June 2017, the members of the Board were Dr Michele Allan, Mr Richard Norton, Mr Alan Beckett, Mr Steven Chaur, Mr Robert Fitzpatrick, Ms Erin Gorter, Mr Geoffrey Maynard, Mr Chris Mirams, Mr George Scott and Mr Allister Watson.

Integrity Systems Company Limited

At 30 June 2017, the members of the Board were Dr Michele Allan, Mr Richard Norton, Mr Alan Beckett, Mr Steven Chaur, Mr Robert Fitzpatrick, Ms Erin Gorter, Mr Geoffrey Maynard, Mr Chris Mirams, Mr George Scott and Mr Allister Watson.

Directors' meetings

During the period 1 July 2016 to 30 June 2017, the MLA Board held meetings of directors. The attendances of the directors at meetings of the Board and of its committees were:

Board of directors	Committees of the Board of directors			
	Scheduled meetings	Total	Audit & Risk	Remuneration
M Allan	8 [8]	8 [8]		4 [4]
G Maynard	8 [8]	8 [8]		
L Corrigan	3 [3]	3 [3]	1 [1]	
G Scott	7 [8]	7 [8]		
R Norton	8 [8]	8 [8]	2 [4]	4 [4]
A Beckett	8 [8]	8 [8]	4 [4]	
C Mirams	8 [8]	8 [8]		2 [2]
E Gorter	8 [8]	8 [8]		4 [4]
R Fitzpatrick	8 [8]	8 [8]		
S Chaur	7 [8]	7 [8]	4 [4]	4 [4]
A Watson	5 [5]	5 [5]	2 [2]	

Where a director did not attend all meetings of the Board or relevant committee, the number of meetings for which the director was eligible to attend is shown in brackets.

Selection Committee

During the year, the Selection Committee held meetings. The current members of the Selection Committee and their attendance at meetings are listed below. The number of meetings for which the selection committee member was eligible to attend is shown in brackets.

MLA Directors	
Michele Allan (Chair)	2 [2]
Alan Beckett	2 [2]
George Scott	2 [2]
Geoff Maynard	2 [2]
Peak Council representatives	
Tony Fitzgerald	2 [2]
Don Mackay	2 [2]
Jeffrey Murray	4 [4]
Howard Smith	4 [4]
MLA Member elected representatives	
Mick Hewitt	4 [4]
Ian McCamley	4 [4]
Jane Kellock	4 [4]
Therese Herbert	4 [4]

Principal activities

The major activities of Meat & Livestock Australia Ltd and its subsidiaries (the Group) during the financial year comprised:

- providing research and development support to the Australian red meat and livestock industry
- providing marketing and promotion services to the Australian red meat and livestock industry both domestically and overseas.

There have been no significant changes in the nature of these activities during the year.

Review and results of operations

Operating result for the period

The result of the Group for the financial year was a net surplus from continuing operations of \$7,505,000 (2016: net surplus of \$25,371,000). The decrease in surplus compared to the prior year is partially attributable to lower levy income, with all species declining during the period due to supply constraints. Investment also increased during the year as part of a strategy to begin utilising excess accumulated levy reserves.

Group overview

The Group earned total revenue of \$200,521,000 (2016: \$197,812,000) which is comprised of the following:

- transaction levies \$101,206,000 (2016: \$111,383,000)
- research and development matching grants \$52,081,000 (2016: \$44,023,000)
- research and development contributions (unmatched) \$5,535,000 (2016: \$2,192,000)
- other income and revenues \$41,699,000 (2016: \$40,214,000).

Total income received/receivable was more than total expenditure, which resulted in a net surplus from continuing operations of \$7,505,000 for the year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group.

Significant events after the balance date

No significant events after balance date.

Environmental regulation and performance

The Group does not have a material exposure to any environmental regulations.

Indemnification and insurance of directors and officers

Under its constitution, the Company may indemnify each director and each executive officer against any claim or any expenses or costs which may arise as a result of work performed in their respective capacities.

The Company paid an insurance premium in respect of a contract insuring all the directors, secretaries and executive officers of the group entities against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The terms of that policy prohibit disclosure of the premium paid or the monetary limit of this indemnity.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, EY, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during or since the financial year.

Rounding of accounts

The amounts contained in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Corporation (Rounding in Financial/directors' Reports) Instrument 2016/191. The company is an entity to which this legislative instrument applied.

Registered office and principal place of business

Level 1, 40 Mount Street
North Sydney
New South Wales 2060
(02) 9463 9333

Auditor independence

The auditor's independence declaration which forms part of the 'Directors' report' for the financial year ended 30 June 2017 has been received and can be found following this report.

This report has been made in accordance with a resolution of directors.



Dr Michele Allan
Director



Richard Norton
Director

Sydney
14 September 2017

Auditor's Independence Declaration

to the Directors of Meat & Livestock Australia Limited



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of Meat & Livestock Australia Limited

As lead auditor for the audit of Meat & Livestock Australia Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Meat & Livestock Australia Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rob Lewis'.

Rob Lewis
Partner
Sydney
14 September 2017

Income statement

Year ended 30 June 2017	Note	Consolidated	
		2017 \$000	2016 \$000
CONTINUING OPERATIONS			
REVENUES FROM CONTINUING OPERATIONS	3	200,521	197,295
EXPENDITURE FROM CONTINUING OPERATIONS			
Consumer and community support		28,253	22,401
Market growth and diversification		62,862	66,662
Supply chain efficiency and integrity		29,095	26,770
Productivity and profitability		37,581	31,072
Leadership and collaborative culture		16,452	7,797
Stakeholder engagement		5,972	4,474
AUS-MEAT		550	550
Corporate cost		12,251	12,198
Total expenditure		193,016	171,924
NET SURPLUS FROM CONTINUING OPERATIONS		7,505	25,371
TOTAL CHANGE IN MEMBERS' FUNDS		7,505	25,371

The accompanying notes form an integral part of this 'Income statement'.

Statement of comprehensive income

Year ended 30 June 2017	Consolidated	
	2017 \$000	2016 \$000
NET SURPLUS FROM CONTINUING OPERATIONS	7,505	25,371
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to the 'Income statement'		
Cash flow hedges:		
Gain/(loss) taken to equity	(420)	(210)
Transferred to 'Statement of financial position'	210	(68)
Other comprehensive income/(expense) for the year	(210)	(278)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,295	25,093

The accompanying notes form an integral part of this 'Statement of comprehensive income'.

Statement of financial position

Year ended 30 June 2017	Note	Consolidated	
		2017 \$000	2016 \$000
CURRENT ASSETS			
Cash and cash equivalents	24	149,839	123,265
Trade and other receivables	7	34,849	38,237
Prepayments and deposits	8	1,788	1,684
TOTAL CURRENT ASSETS		186,476	163,186
NON-CURRENT ASSETS			
Property, plant and equipment	12	3,573	4,297
Intangible assets	13	2,294	1,623
Other financial assets	14	2,405	3,112
TOTAL NON-CURRENT ASSETS		8,272	9,032
TOTAL ASSETS		194,748	172,218
CURRENT LIABILITIES			
Trade and other payables	15	35,976	33,822
Provisions	16	1,823	1,670
Other liabilities	17	35,770	22,721
TOTAL CURRENT LIABILITIES		73,569	58,213
NON-CURRENT LIABILITIES			
Other payables	18	2,702	3,017
Provisions	19	1,634	1,440
TOTAL NON-CURRENT LIABILITIES		4,336	4,457
TOTAL LIABILITIES		77,905	62,670
NET ASSETS		116,843	109,548
EQUITY – MEMBERS’ FUNDS			
Contributed equity	27	9,031	9,031
Retained surplus		108,232	100,727
Cash flow hedge reserve	20	(420)	(210)
TOTAL EQUITY – MEMBERS’ FUNDS		116,843	109,548

The accompanying notes form an integral part of this ‘Statement of financial position’.

Statement of changes in equity

Year ended 30 June 2017	Consolidated			Total \$000
	Contributed equity \$000	Retained earnings \$000	Cash flow hedge reserve \$000	
At 1 July 2015	9,031	75,356	68	84,455
Surplus for the year	–	25,371		25,371
Other comprehensive loss	–	–	(278)	(278)
Total comprehensive (loss)/income	–	25,371	(278)	25,093
At 30 June 2016	9,031	100,727	(210)	109,548
Surplus for the year	–	7,505		7,505
Other comprehensive loss	–	–	(210)	(210)
Total comprehensive (loss)/income	–	7,505	(210)	7,295
At 30 June 2017	9,031	108,232	(420)	116,843

The accompanying notes form an integral part of this 'Statement of changes in equity'.

Statement of cash flows

Year ended 30 June 2017	Note	Consolidated	
		2017 \$000	2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Levies collected		113,112	122,175
Research and development matching grants		54,510	50,075
Receipts from processors and live exporters		19,791	10,752
Other receipts		33,644	27,054
Payments to suppliers and employees		(195,329)	(179,197)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24(b)	25,728	30,859
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		312	24
Purchase of property, plant and equipment		(632)	(705)
Purchase of software	13	(1,399)	(971)
Interest received		2,565	3,085
NET CASH FLOWS FROM INVESTING ACTIVITIES		846	1,433
NET INCREASE IN CASH HELD		26,574	32,292
Add opening cash brought forward		123,265	90,973
CLOSING CASH CARRIED FORWARD	24(a)	149,839	123,265

The accompanying notes form an integral part of this 'Statement of cash flows'.

Notes to the financial statements

1. CORPORATE INFORMATION

The financial report of Meat & Livestock Australia Limited ('MLA' or 'the Company') for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 14 September 2017.

MLA has prepared a consolidated financial report incorporating the Company and the entities that it controlled during the financial year.

MLA is a company limited by guarantee incorporated in Australia.

The nature of the operations and principal activities of the Group are described in the 'Directors' report'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for derivative financial instruments which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

• **AASB 9 Financial Instruments**

This standard is applicable to MLA from the year ending 30 June 2019 and replaces AASB 139 Financial Instruments: Recognition and

Measurement. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as fair value through profit and loss if that eliminates or significantly reduces an accounting mismatch. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.

The impact of this standard is expected to not materially impact the Group.

• **AASB Interpretation 22**

The Interpretation is applicable to MLA from the year ending 30 June 2019 and clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The impact of this standard is expected to not materially impact the Group.

• **AASB 16 Leases**

This standard is applicable to MLA from the year ending 30 June 2020 and requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (such as personal computers) and short-term leases (with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (the lease liability) and an asset representing the right to use the underlying asset during the lease term (the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The impact of this standard is yet to be assessed by the Group.

• **AASB 1058 and AASB 2016-8 Income of Not-for-Profit Entities**

This standard will apply to MLA from the year ending 30 June 2020 and will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.

The impact of this standard is yet to be assessed by the Group.

(c) Principles of consolidation

The consolidated financial statements comprise the financial statements of MLA and its subsidiaries (as outlined in Note 10) as at 30 June each year (the Group). Controls are achieved where the Company has power over the investee, exposure, or rights to variable returns from its involvement with the investee and the ability to use its power to affect its returns. The results of subsidiaries acquired or disposed during the year are included in the 'Consolidated income statement' and 'Statement of comprehensive income' from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group, using consistent accounting policies. All intercompany balances and transactions have been eliminated in full.

(d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the 'Statement of cash flows', cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written-off as incurred.

(f) Taxes

Income tax

The Group is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except where:

- GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables (except accrued income and expenditure) are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the 'Statement of financial position'.

Cash flows are included in the 'Statement of cash flows' on a gross basis and the GST component of cash flows arising from investing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue, trade debtors and accrued revenue are recognised for the major business activities as follows:

- Transaction levies – revenue is recognised in the period to which it relates based on confirmations received from the Levies and Revenue Service who collect and distribute levies to the Company.
- Research and development Commonwealth matching payments – revenue is recognised for the matching funding from the Australian Government to the extent that the entity obtains control of the funding, it is probable that the economic benefits comprising the funding will flow to the entity and the funding can be measured reliably. These conditions are considered to be met when approved eligible research and development expenditure has been incurred. Accrued matching payments represent unclaimed funding for the amount incurred on research and development.
- Research and development contributions (unmatched) – the company receives funding from various external parties

(including the Department of Agriculture and Water Resources and the Australian Government) to conduct collaborative research and development programs. Revenue is recognised when the company obtains control of the contribution or the right to receive the contribution based on conditions around expenditure incurred.

- Research and development partnership income, processor and live exporter contributions are recognised as revenue when the company obtains control of the contribution or the right to receive the contribution when it is probable that the economic benefits comprising the funding will flow to the entity and the funding can be measured reliably. These conditions are considered to be met based on conditions around expenditure incurred.
- Interest income is taken up as income on an accrual basis.
- Government grants are recognised when the Group obtains control of the grant or the right to receive the grant, which is considered to occur when all attaching conditions have been met. The grant received or receivable will be recognised as income when it is probable that the economic benefits of the grant will flow to the entity and the amount of the grant can be measured reliably.

(h) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and options contracts to hedge against the risks associated with foreign currency fluctuations. These contracts are initially recognised at fair value on the date they are entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net surplus or deficit for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group

wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect the surplus or deficit. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity while the ineffective portion is recognised in the 'Statement of comprehensive income'.

Amounts taken to equity are transferred to the 'Statement of comprehensive income' when the hedged transaction affects the surplus or deficit, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the 'Statement of comprehensive income'. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the 'Statement of comprehensive income'.

Financial assets and financial liabilities are offset and the net amount is reported in the 'Consolidated statement of financial position' if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(i) Foreign currency translation

Both the functional and presentation currency of the Company and its subsidiaries is Australian dollars (\$). Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the budget exchange rate and subsequently revaluing it to the average exchange rate of the month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the 'Income statement'.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(j) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(k) Intangible Assets

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the 'Income statement' in the expense category consistent with the function of the intangible asset.

Intangibles are amortised as follows:

Computer software	1–7 years
-------------------	-----------

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter, if there is no certainty the Group will obtain ownership by the end of the lease.

(m) Property, plant and equipment

Cost

All classes of property, plant and equipment are measured at cost.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment.

	Life
Leasehold improvements	Remaining term of lease
Plant and equipment	2–5 years
Furniture and fittings	3–5 years

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(n) Trade and other payables

Liabilities for trade and other payables are carried at amortised cost, which is the fair value of consideration to be paid in the future for goods and services received prior to the end of the financial year and which are unpaid. These amounts are unsecured and will be paid when due.

(o) Unearned income

Unearned income consists of funds which have been received or invoiced but income recognition has been deferred to future years because the project milestones have not been met or the expenditure to which they relate has not been incurred.

(p) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, long service leave and other employee benefits.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(q) Fit-out contribution and rent-free period

The Company negotiated the lease of new premises in North Sydney in April 2013 which included incentives that involved a combination of a fit-out contribution and rent-free period. The benefit of these incentives are being amortised on a straight-line basis over the ten years and five month lease term.

(r) Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements. The associate is an entity over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in the associates are carried in the 'Consolidated statement of financial position' at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

Pursuant to the constitution of the associate (AUS-MEAT), the Group has no entitlement to a share of the associate's net results. The Group is also not entitled to the net assets of the associate except in the event of a winding up of the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Interests in associated entities are included in non-current assets at the recoverable amount. Detailed equity accounting information concerning the Group's material interests in its associate is provided in note 10.

(s) Leasehold make good provision

The Company has entered into a number of office premises lease agreements which include make good clauses. A make good clause requires the Company to restore the premises to its original condition at the conclusion of the lease. The provision has been calculated as the present value of the expected cost, which has been based on management's best estimate.

(t) Current versus non-current classification

The Group presents assets and liabilities in the 'Statement of financial position' based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

3. REVENUE FROM CONTINUING OPERATIONS

Revenues from operating activities

Transaction levies			
R&D Commonwealth matching payments			
R&D contributions (unmatched)			
Other income			
Total revenues from operating activities			

Revenues from non-operating activities

Bank interest			
Total revenues from non-operating activities			
Total revenues from continuing operations			

4. TRANSACTION LEVIES

Transaction levies:

– grainfed cattle			
– grassfed cattle			
– lambs			
– sheep			
– goats			
Total transaction levies			

5. OTHER INCOME

Processor contributions			
Live exporter contributions			
Co-operative funding			
R&D partnership income			
Sale of products or services			
Other			
Total other income			

Notes	Consolidated	
	2017 \$000	2016 \$000
4	101,206	111,383
	52,081	44,023
	5,535	2,192
5	38,633	36,599
	197,455	194,197
	3,066	3,098
	3,066	3,098
	200,521	197,295
	10,878	11,947
	53,847	61,433
	33,580	34,718
	2,176	2,490
	725	795
	101,206	111,383
	13,056	12,029
	1,609	2,090
	1,096	1,414
	18,247	16,404
	3,241	1,681
	1,384	2,981
	38,633	36,599

	Consolidated	
	2017 \$000	2016 \$000
6. EXPENSES AND LOSSES		
Depreciation and amortisation of non-current assets included in the 'Income statement':		
Leasehold improvements	554	739
Plant and equipment	527	960
Furniture and fittings	28	20
Amortisation of intangible assets	728	734
Total depreciation and amortisation of non-current assets	1,837	2,453
(Gain)/loss on sale of assets	(30)	(3)
Operating lease rentals included in the 'Income statement'	3,709	3,750
Employee benefit expense:		
Wages and salaries	27,067	25,869
Worker's compensation costs	128	152
Annual leave provision	1,776	1,707
Long service leave provision	597	504
Superannuation expense	2,233	2,104
Other post-employment benefits	63	88
Total employee benefit expense	31,864	30,424
7. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	6,379	10,289
Allowance for impairment of receivables (a)	–	–
Trade receivables, net	6,379	10,289
Accrued revenue		
– levies	6,563	8,348
– R&D Commonwealth matching payments	19,050	17,143
– other	2,694	2,343
Total accrued revenue	28,307	27,834
Other receivables	163	114
Total current receivables, net	34,849	38,237

There have been no movements in the provision for impairment loss.

The ageing analysis of trade receivables (net of impairment) is as follows:

Consolidated

	Total \$000	Current \$000	Past due but not impaired				
			1–30 days	31–60 days	61–90 days	91–120 days	>120 days
Trade receivables (net of impairment)							
30 June 2017	6,379	6,119	256	4	–	–	–
30 June 2016	10,289	10,197	64	10	1	3	14

7. TRADE AND OTHER RECEIVABLES (CURRENT) (continued)

(a) Allowance for impairment of receivables

A provision for impairment loss is recognised when there is objective evidence that a trade receivable is individually impaired (refer Note 2(e)). Financial difficulties of the debtor or defaulting in payments are considered objective evidence of impairment.

Receivables past due but not impaired are: \$260,000 (2016: \$92,000). Each business unit has been in contact with the relevant debtor and is satisfied that payment will be received in full. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these balances will be received when due.

(b) Interest rate risk

Trade debtors, R&D matching grants, levies and other accrued revenue are non-interest bearing and generally on 14 to 30-day terms.

(c) Security

The Group does not hold any collateral or security on trade receivables.

(d) Credit risk

The carrying value at the reporting date approximate the fair value for each class of receivable. Details regarding credit risk exposure are disclosed in note 28 (iii).

	Consolidated	
	2017 \$000	2016 \$000
Prepayments	1,283	1,107
Deposits	505	577
Total prepayments and deposits	1,788	1,684
Unlisted:		
AUS-MEAT Limited	–	–

8. PREPAYMENTS AND DEPOSITS

Prepayments

Deposits

Total prepayments and deposits

9. INVESTMENT IN ASSOCIATE

Unlisted:

AUS-MEAT Limited

AUS-MEAT Limited became an associated entity in 1998–99 and is jointly owned (50% each) by MLA and Australian Meat Processor Corporation Limited.

AUS-MEAT Limited is an independent company limited by guarantee with operations split into two principal areas, the Standards division and the Services division. It is incorporated in Australia.

MLA has a continuing commitment to support AUS-MEAT Limited. The contribution for the financial year ended 30 June 2017 was \$550,000 (2016: \$550,000).

	AUS-MEAT Limited	
	2017 \$000	2016 \$000
Revenue	15,983	14,262
Accumulated surplus at beginning of the year	4,338	4,028
Net surplus for the year	294	310
Accumulated surplus at end of the year	4,632	4,338
Financial summary of associated entity		
Total current assets	9,850	10,431
Total non-current assets	3,302	3,312
Total current liabilities	3,466	4,375
Total non-current liabilities	204	180
Net assets	9,482	9,188

Summary results of the associate entity

Revenue

Accumulated surplus at beginning of the year

Net surplus for the year

Accumulated surplus at end of the year

Financial summary of associated entity

Total current assets

Total non-current assets

Total current liabilities

Total non-current liabilities

Net assets

The investment in AUS-MEAT Limited has been taken up at nil value (2016: \$nil). There is no entitlement to a share of the net results or net assets except in the event of a winding up of the entity.

10. INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements include the financial statements of MLA and the subsidiaries listed in the following table.

Name	Equity interest %		Investment \$000	
	2017	2016	2017	2016
a) MLA Donor Company Limited	100	100	–	–
b) Integrity Systems Company Limited	100	100	–	–
			–	–

- a) MLA Donor Company Limited was incorporated in Australia on 6 August 1998 and is limited by guarantee. If the company is wound up, its Constitution states that MLA is required to contribute a maximum of \$5 towards meeting any outstanding obligations of the company.
- b) Integrity Systems Company Limited (formerly known as National Livestock Identification System) was incorporated in Australia on 24 December 2008 and is limited by guarantee. If the company is wound up, its Constitution states that MLA is required to contribute a maximum of \$5 towards meeting any outstanding obligations of the company.

11. PARENT ENTITY INFORMATION

Information relating to Meat & Livestock Australia Ltd	2017 \$000	2016 \$000
Current assets	173,464	159,546
Total assets	181,700	168,498
Current liabilities	62,256	55,902
Total liabilities	66,454	60,247
Contributed equity	9,031	9,031
Reserves	(420)	(210)
Total equity – members' funds	106,635	99,431
Surplus for the year	7,505	25,371
Other comprehensive income/(expense) for the year	(210)	(278)

As at balance date, the parent entity has not entered into any material contractual commitments for the acquisition of property, plant or equipment other than as noted in the financial statements.

	Consolidated	
	2017 \$000	2016 \$000
12. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
At cost	6,195	5,853
Accumulated depreciation	(5,369)	(4,960)
Total plant and equipment	826	893
Furniture and fittings		
At cost	361	351
Accumulated depreciation	(287)	(260)
Total furniture and fittings	74	91
Leasehold improvements		
At cost	5,761	5,899
Accumulated depreciation	(3,088)	(2,586)
Total leasehold improvements	2,673	3,313
TOTAL PROPERTY, PLANT AND EQUIPMENT		
Cost	12,317	12,103
Accumulated depreciation	(8,744)	(7,806)
Total written down value	3,573	4,297
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.		
Plant and equipment		
Carrying amount at beginning	893	1,528
Additions	499	346
Disposals	(39)	(21)
Depreciation expense	(527)	(960)
	826	893
Furniture and fittings		
Carrying amount at beginning	91	47
Additions	11	64
Disposals	–	–
Depreciation expense	(28)	(20)
	74	91
Leasehold improvements		
Carrying amount at beginning	3,313	3,757
Additions	123	514
Disposals	(209)	(219)
Depreciation expense	(554)	(739)
	2,673	3,313

	Consolidated		
	2017 \$000	2016 \$000	
13. INTANGIBLE ASSETS			
Software			
At cost	8,717	7,318	
Accumulated amortisation	(6,423)	(5,695)	
Total software	2,294	1,623	
Reconciliation			
Carrying amount at beginning	1,623	1,399	
Additions	1,399	971	
Amortisation expense	(728)	(747)	
	2,294	1,623	
14. OTHER FINANCIAL ASSETS			
Other financial assets consist of restricted cash which relates to cash held as rental bonds in bank account which is pledged as collateral to landlords for risks retained by the group.			
Total other financial assets	2,405	3,112	
	2,405	3,112	
15. TRADE AND OTHER PAYABLES (CURRENT)			
Trade payables (a)	14,167	15,406	
Accrued R&D and other creditors (a)	18,479	15,492	
Rent-free period (refer note 2(q))	507	489	
Derivative financial instruments (b)	420	210	
Employee entitlements:			
– annual leave	2,075	1,887	
– other	328	338	
Total current trade and other payables	35,976	33,822	
(a) Trade payables, accrued R&D and other creditors are non-interest bearing and are normally settled on 30-day terms. In the case of accrued R&D, any payments are further subject to milestones being satisfactorily completed.			
(b) Pursuant to note 2(h), the Group remeasured to fair value its outstanding forward currency and option contracts as at year end.			
16. PROVISIONS (CURRENT)			
Long service leave	1,808	1,658	
Leasehold make good	15	12	
Total current other liabilities	1,823	1,670	
	Long service leave \$000	Leasehold make good \$000	Total \$000
Carrying amount at the beginning of the financial year	1,658	12	1,670
Additional provisions	107	–	107
Utilised	(163)	–	(163)
Amounts transferred from/(to) non-current during the year	206	3	209
Carrying amount at the end of the financial year	1,808	15	1,823

	Consolidated	
	2017 \$000	2016 \$000
17. OTHER LIABILITIES (CURRENT)		
Unearned income	34,437	21,165
Other	1,333	1,556
Total current other liabilities	35,770	22,721
18. OTHER PAYABLES (NON-CURRENT)		
Fit-out contribution and Rent-free period (refer note 2q)	2,702	3,017
Total non-current other payables	2,702	3,017
19. PROVISIONS (NON-CURRENT)		
Long service leave	1,013	788
Leasehold make good	621	652
Total non-current provisions	1,634	1,440
Movements in provisions:		
Carrying amount at the beginning of the financial year	652	1,440
Additional provisions	(28)	403
Amounts transferred (from)/to current during the year	(3)	(209)
Carrying amount at the end of the financial year	621	1,634
20. CASH FLOW HEDGE RESERVE		
At the beginning of the financial year	(210)	68
Net surplus/(loss) on cash flow hedges	(420)	(210)
Transfer of cash flow hedge reserve to 'Statement of comprehensive income'	210	(68)
Total cash flow hedge reserve (a)	(420)	(210)
(a) The full amount of hedged cash flows as at 30 June 2017 are expected to affect the 'Statement of comprehensive income' within one year.		
As at 30 June 2017, the Company did not have any portion of cash flow hedges deemed ineffective.		
21. EMPLOYEE ENTITLEMENTS		
The aggregate employee benefit liability is comprised of:		
Provisions – current (refer note 16)	1,808	1,658
Provisions – non-current (refer note 19)	1,013	788
Payables – current (refer note 15)	2,403	2,225
	5,224	4,671

	Consolidated	
	2017 \$	2016 \$
22. REMUNERATION OF AUDITORS		
Amounts received or due and receivable by EY for:		
• auditing or reviewing of the financial report of the entity and any other entity in the consolidated entity	178,396	169,950
• other services in relation to the entity and any other entity in the consolidated entity:		
– tax compliance	9,375	8,800
– other non-audit services	84,500	97,267
	272,271	276,017

23. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of key management personnel (KMP)

(i) Directors

Michele Allan	Chair
Richard Norton	Managing Director
Alan Beckett	
Steven Chaur	
Robert Fitzpatrick	
Erin Gorter	
Geoffrey Maynard	
Chris Mirams	
George Scott	
Allister Watson	(appointed 10 November 2016)
Lucinda Corrigan	(resigned 9 November 2016)

(ii) Executives

Clare Stanwix	General Counsel and Company Secretary
Christine Pitt	Chief Executive Officer – MLA Donor Company
Jane Weatherley	Chief Executive Officer – Integrity Systems Company
Lisa Sharp	Chief Marketing and Communications Officer – Communications, Marketing and Industry Insights
Michael Finucan	General Manager – International Markets
Michael Crowley	General Manager – Producer Consultation and Adoption (appointed September 2016)
Sean Starling	General Manager – Value Chain Innovation
Andrew Ferguson	Chief Financial Officer
Rachel Cofrancesco	Head of Human Resources (Ms Cofrancesco transferred to MLA Donor Company as its Chief Operating Officer in July 2017)
Matthew McDonagh	General Manager – On-Farm Innovation and Adoption (resigned October 2016)

	Notes	Consolidated	
		2017 \$	2016 \$
23. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)			
<i>Directors (a)</i>			
Short-term benefits		1,275,001	1,113,625
Post-employment benefits		72,392	76,655
Other long-term benefits		14,813	2,598
	(a)	1,362,206	1,192,878
<i>Executives (b)</i>			
Short-term benefits		3,274,830	3,144,917
Post-employment benefits		184,886	197,275
Other long-term benefits		74,526	34,784
	(b)	3,534,242	3,376,976

There have been no movements in the provision for impairment loss.

- (a) Compensation includes all benefits paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. Compensation includes wages, salaries, superannuation and other employees' provisions.
- (b) Executive compensation refers to all compensation earned by the General Managers of the Company with the exception of the Managing Director whose compensation has been included under Directors' compensation.

(b) Related party transactions

Directors of the Group and directors of its related parties, or their director-related entities, conduct transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances. These transactions include the following and have been quantified below where the transactions are considered likely to be of interest to users of these financial statements:

- Mr Chris Mirams is a Director of Holbrook Landcare Network which invoiced the Company \$nil (2016: \$72,270) for a program demonstrating the influence of diet on the sex ratio of lambs.
- Ms Lucinda Corrigan is an Advisory Board member of the Hawkesbury Institute for the Environment – University of Western Sydney which invoiced the Company \$271,370 (2016: \$nil) for the Sustainable Pasture System program. The Company invoiced Hawkesbury Institute for the Environment \$167,159 (2016: \$nil) for the same project. Ms Corrigan is a member of Angus Australia which invoiced the Company \$1,712,799 (2016: \$5,500) for an Angus Australia progeny test and information nucleus, and development and extension of a comprehensive BREEDPLAN 'proof of concept' package using research and industry data. The Company invoiced Angus Australia \$1,121,424 (2016: \$177,477) for the same project.
- Mr Alan Beckett is a member of Angus Australia which invoiced the Company \$1,712,799 (2016: \$5,500) for the Angus Australia progeny test and information nucleus, and development and extension of a comprehensive BREEDPLAN 'proof of concept' package using research and industry data. The Company invoiced Angus Australia \$1,121,424 (2016: \$177,477) for the same project. Mr Beckett resigned as a member on 23 May 2017.
- Mr Geoffrey Maynard is a member of AgForce Queensland which invoiced the Company \$27,497 (2016: \$nil) for development of a lay spaying training program and the Food, Fibre and Agricultural Educators Conference .
- Mr Steven Chaur was Managing Director of Patties Foods Ltd. The Company invoiced Patties Foods Ltd \$89,438 (2016: \$nil) for a Young Food Innovator trainee (as part of the R&D for Profit Insights2Innovation and Emerging Leaders Program).
- Mr Allister Watson is a Consultant of Harvey Beef which invoiced the Company \$266,195 (2016: \$44,000) for marketing promotions, Harvey Beef supplier portal development and the Young Food Innovators program. The Company invoiced Harvey Beef \$67,763 (2016: \$53,469) for various projects including an MSA licensing fee; the Emerging Leaders program; and labelling and remarking and trade facilitation at SIAL, China.
- Mr George Scott is a member of Northern Territory Cattlemen's Association which invoiced the Company \$18,527 (2016: \$20,862) for 2017 Northern Territory Cattlemen's Association's industry conference. Mr Scott is a member of AgForce Queensland which invoiced the Company \$27,497 (2016: \$31,929) for development of lay spaying training program and Food, Fibre and Agricultural Educators Conference. Mr Scott received director's fees, including superannuation, totalling \$17,520 (2016: \$17,520) from AUS-MEAT Limited.
- Ms Erin Gorter is a Partner of the Gorter Family Trust, trading as Erin Gorter Enterprises, which invoiced the Company \$124,484 (2016: \$90,549) for professional fees and reimbursement of associated expenses as WA Meat Research Council (WAMRC) Coordinator and WA Livestock Research Council (WALRC) Coordinator. Ms Gorter is a member of Evergreen Farming which invoiced the Company \$49,500 (2016: \$nil) for Pasture Updates in Western Australia in 2016–2018.

23. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

- Dr Michele Allan is Chancellor of Charles Sturt University which invoiced the Company \$644,169 (2016: \$386,830) for various research and development projects including herbicide resistance option program, review of food safety and market access risks and development of mixed farming systems. The Company invoiced Charles Sturt University \$103,044 (2016: \$nil) for the R&D for Profit program relating to improved surveillance, preparedness and return to trade for emergency animal disease incursions. Dr Allan is Director of CSIRO which invoiced the company \$4,975,463 (2016: \$4,153,311) for various research and development projects. Dr Allan is Director of Food Innovation Australia which invoiced the Company \$227,979 (2016: \$153,348) for development of meat-based retail-ready chilled toddler food. The Company invoiced Food Innovation Australia \$102,729 (2016: \$52,311) for the same project. Dr Allan is Director of Nuffield Australia which invoiced the company \$57,200 (2016: \$nil) for scholarships.

24. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

	Consolidated	
	2017 \$000	2016 \$000
Cash on hand	58,839	34,664
Integrity Systems Company funds held on behalf of Commonwealth for Integrity Systems Company implementation activities		
Short-term money market deposits	91,000	88,500
Closing cash balance	149,839	123,265

b) Reconciliation of net cash from operating activities to net surplus

Net surplus	7,505	25,371
Adjustments for:		
Net gain on disposal of property, plant and equipment	(30)	(3)
Depreciation expense	1,110	1,719
Amortisation expense	693	747
Interest received	(2,565)	(3,085)
Change in assets and liabilities:		
Decrease/(increase) in assets:		
Decrease/(increase) in trade and other receivables	5,388	(4,137)
Increase in prepayments and deposits	(104)	(405)
Decrease in other financial assets	707	1,131
Increase/(decrease) in liabilities:		
Increase/(decrease) in trade and other payables	(162)	(3,299)
Increase in other liabilities	13,049	12,928
Increase/(decrease) in provisions	137	(108)
Net cash from operating activities	25,728	30,859

	Consolidated	
	2017 \$000	2016 \$000
25. EXPENDITURE COMMITMENTS		
Expenditure (primarily research and development) contracted for is payable as follows:		
– Not later than one year	80,214	76,006
– Later than one year but not later than five years	66,212	31,795
– Later than five years	–	–
Aggregate R&D expenditure contracted for at balance date	146,426	107,801
Operating lease expenditure contracted for is payable as follows:		
– Not later than one year	4,440	4,499
– Later than one year but not later than five years	8,862	8,601
– Later than five years	2,734	4,415
Aggregate lease expenditure contracted for at balance date (a)	16,036	17,515

(a) The operating lease commitments include leases for properties, motor vehicles and maintenance with terms ranging from one to five years.

26. MEMBERS' FUNDS

The Company is incorporated in Australia and is a company limited by guarantee. If the Company is wound up, its Constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the Company. At 30 June 2017 the number of members was 49,726 (2016: 49,892).

27. CONTRIBUTED EQUITY

Capital contribution

	Consolidated	
	2017 \$000	2016 \$000
Capital contribution	9,031	9,031

This amount represents contributions from the Commonwealth Government as initial working capital and property, plant and equipment at written down value transferred from the Australian Meat and Live-stock Corporation and the Meat Research Corporation at nil consideration.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

MLA's principal financial instruments include derivatives, cash and cash equivalents. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

MLA enters into derivative transactions, including forward currency contracts and currency option contracts. The currency option contracts are limited to vanilla options and collar options. The purpose is to manage the currency risks arising from the Group's overseas operations. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Oversight responsibility for identification and control of financial risks rests with the Audit and Risk Committee under the authority of the Board.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial instrument are disclosed in note 2 to the financial statements.

Risk exposures and responses

(i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and short-term deposit holding with a floating interest rate. Cash at bank earns interest at floating rates based on daily bank deposit rates. On call deposits are made for varying periods of between one day and twelve months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash deposits and short-term cash assets are held at floating exchange rates of interest that range between 0% and 2.9% at 30 June 2017. Some of these assets are held in foreign currency accounts.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Sensitivity analysis:

At 30 June 2017, if interest rates moved, as illustrated in the table below, with all other variables held constant, the effect on the Group's net surplus would have been as follows:

Judgements of reasonable possible movements:

	Consolidated surplus	
	2017 \$000	2016 \$000
+1.00% (2016: +1.00%)	1,477	1,288
-0.50% (2016: -0.50%)	(738)	(614)

There is no direct impact on other comprehensive income.

(ii) Foreign currency risk

The Group has a policy of hedging the offshore component of its annual expenditure. In doing so, it works within Board-approved risk management bands which establish the upper and lower limits of hedge cover for each period out on a rolling 12 month basis. The objective is to ensure that the annual budget allocation for offshore expenditure for the next financial year is fully hedged by 30 June.

The Group is primarily exposed to the risk of adverse movements in the Australian dollar relative to certain foreign currencies and uses derivative financial instruments to manage these specifically identified foreign currency exposures

Forward exchange contracts and options are purchased to hedge a majority of the Australian dollar value of US dollar, Japanese yen and Korean won payments arising from the activities of overseas branches. These contracts hedge highly probable forecasted future cash outflows and they are timed to mature when the payments are scheduled to be made.

Foreign exchange contracts commit the Group to purchase specific amounts of foreign currency at an agreed rate of exchange maturing at specific times up to 12 months from balance date.

Option contracts give the Group the right to purchase specific amounts of foreign currency at an agreed rate of exchange maturing at specific times up to 12 months from balance date.

At 30 June 2017, the Group held forward exchange contracts designated as hedges of forecasted future cash outflows to its overseas offices. The cash flows are expected to occur within 12 months from 30 June 2017.

Sensitivity analysis:

There is minimal sensitivity to foreign currency risk exposures on the Group's net surplus/deficit for the year and on equity as overseas spending is subject to a fixed budget which is determined in Australian dollars. As there is no material impact on the net surplus/deficit or equity in local currency, a sensitivity analysis has not been prepared.

(iii) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from the potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group's objectives in relation to credit risk are to ensure minimum impairment of its financial assets and minimise the possibility of loss.

The Group's financial assets are largely due from government related bodies, recognised creditworthy third parties and highly credit-rated financial institutions that have minimal risk of default. No collateral is held as security.

All receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

There are no significant concentrations of credit risk and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of these assets.

(iv) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

Pursuant to its reserving policy, the Group maintains minimum levels of reserves by specie. The Group's objective is to invest the surplus funds represented by these reserves in financial instruments with maturities that match its forecast payment obligations. The surplus funds are invested primarily in term deposits with differing maturity terms that can be easily liquidated in the event of an unforeseen interruption of cash flow.

The Group manages its liquidity risk by monitoring the cash inflows and outflows expected on a weekly basis.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Non-derivative financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on contractual undiscounted repayment obligations. The Group ensures that sufficient liquid assets are available to meet all the short-term cash payments.

	Consolidated	
	Less than 6 months \$000	6 to 12 Months \$000
Financial liabilities		
Trade and other payables	29,990	–

(v) Fair value

The carrying values of all financial assets and liabilities approximate their fair value at the balance date. The net fair value of a financial asset is the amount at which the asset could be exchanged in a current transaction between knowledgeable and willing parties after allowing for transaction costs.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Consolidated Year ended 30 June 2017	
	Market observable inputs (level 2) \$000	Total \$000
Financial assets		
Derivative instruments	(447)	(447)
Forward currency contracts	(447)	(447)

Financial instruments that use valuation techniques with only observable market inputs include forward currency contracts. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

MLA presents derivative assets and derivative liabilities on a gross basis. Certain derivative assets and liabilities are subject to enforceable master netting arrangements with individual counterparties if they were subject to default. As at 30 June 2017, if these netting arrangements were to be applied to the derivative portfolio, derivative assets are reduced by \$446,956 (30 June 2016: \$452,728) and derivative liabilities are reduced by \$446,956 (30 June 2016: \$452,728).

29. LEGAL CLAIM CONTINGENCY

On 27 June 2016, MLA lodged an appeal in the Federal Court of Australia against Cargill Inc. and Branhaven, LLC. in relation to the prior dismissal of MLA's opposition to the grant of Australian patent 2010102253 'Cattle Selection Methods Patent'. The hearing of the appeal concluded on 7 June 2017. MLA is currently awaiting judgement.

In the event that the appeal is unsuccessful, it is likely that MLA would be required, in accordance with the court's scale, to meet a portion of the legal costs of Cargill Inc and Branhaven. MLA has been advised by its legal counsel that it is possible, but not probable, and accordingly no provision for such a liability has been made in these financial statements.

30. FINANCING ARRANGEMENTS

MLA has access to two funding facilities which are available under special circumstances in response to industry crises from the Red Meat Advisory Council Limited (RMAC).

- A \$500,000 (2016: \$500,000) emergency fund can be accessed by MLA for scoping purposes following consultation with the affected species sector/sectors.
- In addition, a \$5 million (2016: \$5 million) contingency fund for the management of industry crisis may be accessible. Use of this facility requires a two-thirds majority decision of RMAC directors with terms and conditions as agreed by RMAC and the Commonwealth Government.
- No amount has been withdrawn from these funding facilities.

31. TRANSFER OF LIVESTOCK PRODUCTION ASSURANCE (LPA) PROGRAM FROM AUS-MEAT

During the financial year, the Livestock Production Assurance (LPA) program was transferred from AUS-MEAT. This is in accordance with the guidelines distributed by the SAFEMEAT Initiatives Review Steering Group in 2015.

The LPA program is the Australian livestock industry's on farm assurance program covering food safety, animal welfare and biosecurity. It meets the stringent requirements of the Australian red meat industry's domestic and export markets, providing an assurance to customers of the production practices and safety of red meat grown on Australian farms.

On 5 April 2017, the Integrity Systems Company became the owner and administrator of the LPA program on behalf of the industry.

Directors' declaration

In accordance with a resolution of the directors of Meat & Livestock Australia Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Dr Michele Allan
Director



Richard Norton
Director

Sydney
14 September 2017

Independent auditor's report

to the members of Meat & Livestock Australia Limited



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Independent Auditor's Report to the Members of Meat & Livestock Australia Limited

Opinion

We have audited the financial report of Meat & Livestock Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2017, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Rob Lewis
Partner

Sydney
14 September 2017

Appendix A:

Status of MLA's 2016–17 key performance indicators

as at 30 June 2017

Status	Symbol	KPIs from MLA's <i>Annual Investment Plan 2016–17</i>	2016–17 KPIs in MLA's <i>Strategic Plan 2016–2020</i>	Total result	Percentage
Achieved	○ ○ ●	139	12	151	68.3%
Partly achieved	○ ● ○	19	2	21	9.5%
Not achieved	● ○ ○	35	6	41	18.6%
Not available		4	0	4	1.8%
On track to being achieved by 2020		0	4	4	1.8%
Total		197	24	221	100%

Node	2016–17 benchmark KPI or milestone	Status	Commentary
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PILLAR 1

Consumer and community support

Priority: Continuous improvement of the welfare of animals in our care

Strategic Plan KPI	Restrict % consumers limiting red meat consumption due to animal welfare concerns to 7%	○ ○ ●	Consumer sentiment tracking in July 2016 revealed 3.2% of consumers limited red meat consumption due to animal welfare concerns.
Strategic Plan KPI	One new tool, diagnostic or vaccine developed to reduce the cost and welfare impact of endemic and emergency disease in Australia	○ ○ ●	Capripox diagnostic ELISA test validated, FMD vaccine efficacy proven and FMD virus detection in serum samples achieved.
1.1.1	Consumer sentiment tracking Consumer research conducted annually to benchmark consumer attitudes and track community sentiment, including % limiting red meat consumption due to animal welfare concerns (target 7%)	○ ○ ●	Consumer sentiment tracking in July 2016 revealed 3.2% of consumers limited red meat consumption due to animal welfare concerns.
1.1.2	Community engagement: animal welfare Strategy development and implementation of a new online platform	○ ● ○	Strategy development is complete with implementation of the 'GoodMeat' online platform underway and scheduled for launch in early 2017–18.
	Average website page views: 2; average time spent on website: 1 minute 30 seconds; monthly average social engagements on Facebook: 1,000	○ ● ○	Average website page views: 2.12; average time spent on website: 2 minute 10 seconds; monthly average social engagements on Facebook: 434.
1.1.2.1	Animal welfare indicators Review current welfare indicators to give a 2016 benchmark	○ ○ ●	Indicators were reviewed and benchmarks identified.
1.1.3.1	Animal husbandry Completion of producer husbandry practices survey to give a 2016 benchmark	○ ○ ●	The national producer survey of sheep and cattle husbandry practices was completed.
	Welfare strategic partnership established	○ ○ ●	All parties signed up, projects evaluated and \$15.9 million projects underway as at June 2017.
	Heat load review completed and any recommended research and development implemented	○ ○ ●	Heat load review completed and two projects in place to address all recommendations.
1.1.3.2	Live exports: welfare R&D A fully implementable LGAP program, IT system and implementation plan handed over to industry	○ ○ ●	LGAP program, IT system and implementation plan handed over to industry.
	In principle support by industry to implement LGAP following two caveats of funding support and government recognition of the program in writing	○ ○ ●	LGAP implementation supported in principle by ALEC and LiveCorp.
1.1.3.3	Live exports: continuous improvement High levels of satisfaction (above 85%) by industry stakeholders with MLA's adoption activities.	Not available	LiveCorp face-to-face exporter survey highlighted concerns of exporters associated with LEP ESCAS reporting policy and support, which MLA is acting on. Satisfaction levels were not available.
1.1.4.1	Community events: animal welfare At least 6,000 consumers provided the opportunity to engage with producers at a public event	○ ○ ●	MLA participated in Taste Festivals in Sydney and Melbourne and Regional Flavours in Brisbane where at least 6,000 consumers engaged with producers.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
1.1.4.2	School education: animal welfare At least two teacher-focused events feature MLA educational resources	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Teacher-focused events were held at the Sydney Royal Easter Show, as well as through a series of video conferencing education lessons.
	A minimum of 70 schools engaging with the MLA education materials	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Seventy schools were involved in MLA's video conferencing program; an additional 25 were reached through conferences and the Primary Industries Education Foundation Australia.
	A minimum of 750 education resource downloads	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	There were 1,770 downloads of MLA's education resources.
1.1.4.3	Professional development: industry advocates Professional development programs developed and implemented as per plan	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Advocacy workshops were conducted in Broome and Hahndorf with 40 producers in attendance.
	20 producers provided with professional development and/or leadership training	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	MLA engaged more than 25 producers in community events, advocacy workshops and professional development.
1.2.2.1	Foot & Mouth Disease (FMD) preparedness FMD risk management plan underway	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	FMD risk management plan underway.
	Phase 2 FMD vaccine program completed	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Vaccine efficacy studies completed with Types A and O in cattle, sheep and pigs.
	Phase 3 FMD vaccine program underway through Rural R&D for Profit project	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Project underway, with first milestone achieved.
1.3.1.1	Identification: endemic diseases Endemic disease research, development and adoption strategy complete	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	On farm endemic disease research and development investment priorities are set under the Regional Consultation Strategy, superseding the need for a separate endemic disease RDA strategy.
	Methods piloted to allow sheep producers to see health data from cooperating processors	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	7,000 sheep producers now have online access to their animal health data via Livestock Data Link.
1.3.1.2	R,D&A collaboration: endemic diseases Five or more new projects that address the economically important diseases of sheep and cattle underway as approved by the stakeholder consultation and expert panel	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Five MDC-funded (four from strategic partnerships) and six levy-funded projects underway, with emphasis on parasitic disease.
	Adoption programs for health such as ParaBoss established	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	ParaBoss is implementing development and extension activities to upskill service providers and encourage producer interaction with the online platform.
	Project implemented in two commercial feedlots to assess the 'remote early disease identification' system of detecting sick animals, and to determine the cost of respiratory disease	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Remote early disease identification system currently being evaluated in two commercial feedlots, with data collection phase underway.
	Project implemented to scientifically evaluate benefits of bedding for feedlot cattle during winter	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	Project delayed due to contracting difficulties. Project has been re-advertised with project now to be conducted during winter 2018.
Priority: Stewardship of environmental resources			
Strategic Plan KPI	Restrict % consumers limiting red meat consumption due to environmental concerns to 7%	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Consumer sentiment tracking in July 2016 revealed 1.6% of consumers limited red meat consumption due to environmental concerns.
Strategic Plan KPI	Reduce cost of feral animals and weeds by \$5 million	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	Current estimates indicate the reduced that cost of feral animals and weeds is below \$5 million, while progress is being made through the release of the rabbit calicivirus at 584 sites reporting 20–40% knockdown.
1.4.1.1	Rumen energy capture Rumen energy capture strategic partnership developed	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	Rumen efficiency strategic partnership scoped with draft science plan developed, but not finalised. The work will move into the Livestock Productivity Partnership and benefit from a collaborative effort.
	<i>Asparagopsis</i> algae feedlot feeding trial completed and decision made on whether to proceed with further development of technology	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	Feeding trial delayed due to inability to source sufficient algae. Trial commenced May 2017.
1.4.1.2	Emission abatement productivity One additional business model to reduce GHG emissions identified	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Business model for centralised processing of red meat waste released.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
1.4.1.3	Waste management: supply chain Provide the tools and resources for industry to achieve a 5% reduction in waste or increase in efficiency relative to 2015 levels (Benchmark 2015 Environment Performance Review – Red Meat Processing)	○ ○ ●	Tools and resources showed a reduction of >5% in waste leaving red meat processing sites.
1.4.2.1	Emission abatement opportunities Baseline GHG emissions (2015) from Australian feedlots enumerated	● ○ ○	Data collection finalised but not reported. GHG baseline emissions will be reported in 2017–18.
	Submit a method scope to ALFA for consideration. Scope a feedlot method and submit to the Department of Environment for consideration	○ ○ ●	Emission Reduction Fund methodology for feedlot backgrounding developed and submitted to ALFA and Department of Environment for consideration.
1.4.9.1	AMPC-funded and managed initiatives in alignment with strategic direction outlined on this page – no KPIs provided	–	–
1.5.1.1	Consumer sentiment tracking Consumer research conducted annually to benchmark consumer attitudes and track community sentiment, including % limiting red meat consumption due to environmental concerns (target 7%)	○ ○ ●	Consumer sentiment tracking in July 2016 revealed 1.6% of consumers limited red meat consumption due to environmental concerns.
1.5.1.2	Community engagement: environment Strategy development and implementation of a new online platform	○ ● ○	Strategy development is complete with implementation of the 'GoodMeat' online platform underway and scheduled for launch in August 2017.
	Average website page views: two; average time spent on website: 1 minute 30 seconds; monthly average social engagements on Facebook: 1,000	○ ● ○	Average website page views: 2.12; average time spent on website: 2 minute 10 seconds; monthly average social engagements on Facebook: 434.
1.5.1.4	School education: environment At least two teacher-focused events feature MLA educational resources	○ ○ ●	Teacher-focused events were held at the Sydney Royal Easter Show, as well as through a series of video conferencing education lessons.
	A minimum of 70 schools engaging with the MLA education materials	○ ○ ●	Seventy schools were involved in MLA's video conferencing program; an additional 25 were reached through conferences and the Primary Industries Education Foundation Australia.
	A minimum of 750 education resource downloads	○ ○ ●	There were 1,770 downloads of MLA's education resources.
1.5.1.5	Resource use efficiency: supply chain Provide the tools and resources for industry to achieve a 5% reduction in water and energy use intensity relative to 2015 levels (Benchmark 2015 Environment Performance Review – Red Meat Processing)	○ ○ ●	Tools and resources provided to achieve a 5% reduction in water and energy use intensity, including assessing the risk of wastewater recycling at processing plants and feedlots.
1.5.1.6	Environmental management: on farm, feedlot and live export Industry fact sheet on dust suppression completed and circulated to industry	○ ○ ●	Dust suppression fact sheets completed, circulated to industry and available on MLA website.
	Environmental risk assessment of live export depots in the north completed	● ○ ○	Project underway but final report not due until early 2018.
	Completion of analysis of the long-term Wambiana grazing trial; recommendations developed to increase livestock production while preserving the soil and pasture resource	○ ○ ●	Grazing recommendations for pasture, soil and animal production developed from the long-term Wambiana grazing trial.
	Grazing recommendations developed that concurrently improve wildlife biodiversity and animal production	○ ○ ●	Recommendations developed for animal and grazing outcomes that can also improve wildlife biodiversity.
1.5.2.1	Weed management technologies Biocontrol agents for parthenium released at eight sites in Queensland	○ ○ ●	Three parthenium biocontrol agents were field collected from 18 sites in central Queensland and released across eight sites in southern Queensland.
	Weed biocontrol app piloted with at least 100 land managers	● ○ ○	Weed biocontrol app is delayed due to a change in system architecture. The current web portal continues to be promoted at workshops and field days.
	Gorse biocontrol agents released at six sites in Victoria and six sites in Tasmania	○ ○ ●	Gorse biocontrol agents have been released at 24 sites in Tasmania and Victoria.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
1.5.2.2	Pest animal management technologies New strain of rabbit calicivirus released across Australia pending APVMA registration approval		Rabbit calicivirus (K5 RHDV) has been released at 584 sites nationally.
	PAPP, a new wild dog and fox toxin, becomes commercially available		PAPP registered and antidote available.
	Direction of MLA investment in future pest animal and pest plant confirmed based on the business case for Centre of Invasive Species Solutions		Case for investment in a new phase of the Invasive Animals CRC (the Centre for Invasive Species Solutions) presented to and supported by MLA Board.
1.5.2.3	On farm Natural Resource Management (NRM) practices Baseline study completed that describes on farm practices that relate to environmental outcomes on and off-farm		Survey delayed to ensure alignment with the Beef Sustainability Framework indicators and reporting processes. Survey to be re-scoped in 2017–18.
	Methods developed to monitor and report on continuous improvement of on farm practices that relate to on and off farm environmental conditions		Methods to monitor and report continuous improvement of on farm practices not established (see above). NRM Spatial Hub (commercialised as Farm Ma4D) can report on land condition, ground cover and potentially vegetation biodiversity.
1.6.1.1	Climate variability: tools MCV5 commences with change from 250km resolution to 60km resolution seasonal forecasting maps completed		MCV5 started with all partners signed and funding received for 2016–17. Bureau of Meteorology (BOM) has completed mapping from 250km to 60km and is available for MCV and accessible on the BOM website from September 2017.
1.6.1.2	Climate variability: participatory learning Delivery and adoption plan for climate adaptation developed and implemented harvesting outputs from MCV4		A standalone adoption plan for MCV4 was no longer deemed required. Rather, the outcomes will be built into and delivered via other programs including the Northern Australia Climate Program.
	'Harvest' research output by Producer Research Site producers, technicians and program reviews to define content and future delivery approaches for the Sustainable Feedbase Resources portfolio		Harvesting has been completed for the Producer Research Site program. An extension plan is under development to enhance producer adoption of the outcomes.
	'Producer tools strategy' completed		A standalone tool strategy was no longer deemed required. Rather, tools will be integrated into the MLA Digital Strategy.
1.6.1.3	Climate variability: grazing systems Contracting at least two climate adaptation projects post annual call project proposals		Two climate adaptation projects have been contracted post the annual call.
	Adaptation research, development and adoption program developed		Climate adaptation plan and new seasonal forecasting research and development plan developed.
Priority: Role of red meat in a healthy diet			
Strategic Plan KPI	Restrict % of main grocery buyers limiting red meat consumption for health reasons to 15% (beef)		Weighted average of consumers limiting beef for health reasons was 19%. Communications in 2017–18 will leverage consumer interest in making their meals healthier to address health concerns.
Strategic Plan KPI	Restrict % of main grocery buyers limiting red meat consumption for health reasons to 19% (lamb)		Weighted average of consumers limiting lamb for health reasons was 15%.
1.7.1.1	Australian Dietary Guidelines alignment Red meat remains recommended 3–4 times per week by the Australian Dietary Guidelines		There have been no updates to Australian Dietary Guidelines which continue to recommend red meat 3–4 times per week.
1.7.1.2	Resources for health care professionals Maintain proportion of health care professionals who recommend red meat 3+ week between 75–80%		Tracking in November 2016 and June 2017 indicates 74% of GPs and 74% of dietitians recommended 3+ serves of red meat per week.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
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PILLAR 2

Market growth and diversification

Priority: Efficiency and value in trade and market access

Strategic Plan KPI	Achieve \$15m in new market opportunities by 2019–20	On track to achieve 2019–20 KPI	Positioning underway for harvesting TPP gains, Peru FTA and Pacific Alliance FTA.
Strategic Plan KPI	Deliver \$150m in new export market opportunities' KPI to go with 'Efficiency and value in trade and market access' priority by 2019–20	On track to achieve 2019–20 KPI	Access improved for secondary beef cuts and offal in Indonesia; chilled beef and export establishment accreditation into China; and extended shelf life for beef and sheepmeat exports to the United Arab Emirates.
2.1.1.1	Reduce economic barriers to trade Persuasive and well researched submissions, correspondence and advocacy strategies prepared by MLA are endorsed by industry/ peak councils and support delivery of favourable trade outcomes.	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Positioning for trade reform benefits continued with MLA coordinating numerous submissions and correspondence to Government, as well as implementing industry endorsed advocacy strategies.
2.2.1.1	Reduce technical barriers to trade High levels of satisfaction (above 85%) by industry and government stakeholders with MLA's contribution to implementing agreed industry strategies aimed at reducing non-tariff (technical) barriers (biannual survey)	Not available	Stakeholder survey not conducted (all stakeholder surveys were placed on hold while MLA enhanced coordination of multiple surveys targeting the same stakeholders). Survey to be carried out in 2017–18. Progress achieved on alleviating non-tariff barriers.
2.2.1.2	Product quality and systems Quality research results (three papers per annum) are produced to the satisfaction of government and industry stakeholders	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>	Three scientific papers were published. Food safety program survey conducted in July 2017 showed 60% of stakeholders were satisfied with the performance of the program.
2.2.9.1	AMPC-funded and managed initiatives in alignment with strategic direction outlined on this page – no KPIs provided	–	–

Priority: Marketing and promoting Australian red meat and livestock

Strategic Plan KPI	Increase percentage of global consumers who prefer Australian beef to 22.2%	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	23.4% of global consumers prefer Australian beef, as measured by the annual global tracker.
Strategic Plan KPI	Increase percentage of global consumers who prefer Australian lamb to 20.6%	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	26.5% of global consumers prefer Australian lamb, as measured by the annual global tracker.
Strategic Plan KPI	Increase percentage of domestic main grocery buyers willing to pay a premium for Australian beef to 20%	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	24% of domestic main grocery buyers are willing to pay a premium for Australian beef.
Strategic Plan KPI	Increase percentage of domestic main grocery buyers willing to pay a premium for Australian lamb to 22%	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	24% of domestic main grocery buyers are willing to pay a premium for Australian lamb.
2.3.1.1	Market insights: export markets High levels of satisfaction (above 85%) by industry stakeholders with MLA's international market information	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	MLA global market forums and industry strategy consultation received over 85% satisfaction with the market insights content provided.
2.3.1.2	Insights2Innovation All 2016–17 Rural R&D for Profit Insights2Innovation project outcomes achieved	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	All milestone reports submitted to Australian Government, as required.
	Outstanding 2015–16 outcomes achieved	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>	The remaining 2015–16 outcome is the 'insights knowledge portal'. Content and material for this is being compiled. The Department of Agriculture and Water Resources has agreed this KPI will be achieved by the conclusion of the project in 2017–18.
2.3.2.1	Business development: export markets Build or maintain customer awareness of Australia's positive attributes (safety, quality, MSA) within target range	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Through MLA communications and engagement with overseas customers, industry has maintained high levels of awareness of Australia's integrity systems, with Australian systems rated higher than major competitors.
	Build or maintain customer preference for Australian red meat (relative to core competitive set) within target range	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Through MLA communications and engagement with overseas customers, industry has maintained high levels of satisfaction/preference for Australian product compared with major competitors.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
2.3.3.1	Brand building: export markets Build or maintain consumer preference for Australian red meat (relative to core competitive set) within target range	○ ○ ●	Australian beef and lamb was rated by consumers in all major markets as their favourite brand compared to competitors.
2.3.3.2	CoMarketing: export markets Minimum 70% of participants satisfied with CoMarketing program	○ ○ ●	89% of CoMarketing participants rated their overall outcome with the program as 7/10 or higher.
2.4.1	Market insights: domestic market Maintain consumer awareness and endorsement of positive nutritional benefits. Restrict % of main grocery buyers limiting red meat for health reasons to 15% (beef) and 19% (lamb)	○ ● ○	Main grocery buyers limiting red meat for health reasons were 20% (beef) and 17% (lamb). Further work is required to expand communications beyond nutrition and focus more broadly on the drivers of health.
2.4.2.1	Business development: domestic market Year-on-year increase in main grocery buyer endorsement of the statement “Willing to pay more for beef/lamb” to 19% (beef) and 21% (lamb)	○ ○ ●	Main grocery buyer endorsement of the statement “Willing to pay more for beef/lamb” to 24% (beef) and 24% (lamb).
2.4.3.1	Marketing and promotion: domestic market Maintain brand awareness at or above 46% (beef) and 15% (lamb)	○ ● ○	Brand awareness reached 46% for beef and 14% for lamb.
	Maintain mean number of serves per week; 1.5–1.7 for beef and 0.7–0.9 for lamb	○ ○ ●	Claimed consumption reached 1.77 for beef and 0.84 for lamb.
2.4.3.2	CoMarketing: domestic market Minimum 70% of participants satisfied with CoMarketing program	○ ○ ●	89% of CoMarketing participants rated their overall outcome with the program as 7/10 or higher.



Supply chain efficiency and integrity

Priority: Optimising product quality and cost efficiency			
Strategic Plan KPI	Improve the MSA beef eating quality index to 58.11	● ○ ○	The MSA Index averaged 57.59 in 2016–17, an increase of 0.07 on 2015–16.
Strategic Plan KPI	Improve beef compliance through optimising efficiency across the value chain to 94.25%	● ○ ○	In 2016–17, compliance to MSA requirements increased to 93.9%. With efforts on producer engagement with feedback systems such as myMSA and LDL, compliance should continue to improve.
3.1.1.1	MSA: R&D and business development 3.3 million cattle MSA graded (42% of national adult cattle slaughter)	● ○ ○	2.8 million cattle were MSA graded, representing 40% of the national adult cattle slaughter.
	3.8 million lambs MSA trade marked (19% of lamb slaughter)	○ ○ ●	4.1 million lambs were MSA trade marked (representing 18.4% of the national lamb slaughter).
	Commercialise the latest MSA research and development through the release of a new version of the MSA model	○ ● ○	Outcomes from the latest meat colour research have been released and implemented in an MSA beef model update. Prototype of cut x cook model for sheepmeat is complete but awaiting IMF measurement technology to be commercialised.
	Yearling sheepmeat category testing completed	○ ○ ●	Yearling sheepmeat category testing has been completed.
3.1.1.2	MSA: producer education Deliver 20 ‘Beefing Up Performance’ workshops	● ○ ○	64 producer engagement sessions were held for 2,871 producers. Six of these were ‘Beefing Up Performance’ workshops.
	Produce four producer case studies	○ ○ ●	Four MSA producer case studies were released by MLA.
3.1.1.3	MSA: brands Increase MSA licensed brands to 140	○ ○ ●	The number of MSA licensed brands increased to 156.
3.1.2.1	Decision making tools: supply chain Methodology developed and tested on one beef and one lamb value chain	○ ○ ●	Benchmarking now available in myMSA and the lamb carcass value calculator is being implemented in lamb supply chains.
3.1.2.2	MSA: producer tools Increase the MSA beef index to 58.41	● ○ ○	The average MSA Index for MSA graded carcasses was 57.59 in 2016–17. The average for grassfed and grainfed cattle was 58.41 and 56.65 respectively.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
3.1.2.3	Objective measurement technologies Lamb technology providing producer feedback in one location	○ ○ ●	One lamb processor is providing producers with information about lean meat yield on individual carcasses via Livestock Data Link.
	Two beef technologies developed and ready for value chain trials	○ ○ ●	First beef DEXA production installation scheduled for mid-2017. Hyperspectral beef grading camera scheduled for first round evaluation trials in mid-2017.
	All 2016–17 Rural R&D for Profit objective measurement project outcomes achieved	○ ○ ●	Rural R&D for Profit milestones on track. All reports submitted on schedule and accepted by the Department of Agriculture and Water Resources.
3.1.2.4	Market compliance: producers Deliver outcomes of the mixing and stress trial	○ ○ ●	The mixing and stress trial has been completed with outcomes to be included in next release of the MSA model.
3.1.3.1	Global eating quality Australian industry endorsement of the MSA International strategy	○ ○ ●	The MSA international strategy for research collaboration has been endorsed.
	UNECE working group endorse the inclusion of eating quality language into the UNECE language	○ ○ ●	MSA carcass grading measurements and consumer sensory protocols have been accepted by the UNECE language within the Specialized Section on Standardisation of Meat.
3.1.3.2	MSA: global expansion 15 brands promoting MSA into international markets	● ○ ○	11 MSA licensed brands are promoting MSA in international markets.
3.1.4.2	MSA: benchmarking MSA beef compliance above 93.9%	○ ○ ●	MSA beef compliance improved from 92.7% to 93.9%.
3.1.4.3	Infrastructure and business models Three supply chains trialling objective carcass measurement technology for MSA grading	○ ○ ●	Six processors are trialling technologies for measuring eating quality measurements for MSA grading.
	Three supply chains trialling integrated information systems	○ ○ ●	Three beef supply chains are trialling integrated information systems to link and share value chain data and quantify the benefits.
	8,000 producer visits to the myMSA website	○ ○ ●	More than 3,400 producers collectively visited the myMSA feedback system more than 12,000 times.
3.1.4.5	Information systems: supply chain 5% of producers in three additional supply chains accessing LDL	○ ● ○	LDL is used in three supply chains. 15% of producers accessed the system in one of these chains. Data is not available for the remaining two chains.
	Integrated industry information platform agreed and being implemented	○ ● ○	Following industry consultation, the scope changed to link and facilitate access to MLA data systems. Further consultation will be carried out in 2017–18.
3.1.5.1	Value-based pricing (VBP) models Complete strategic review and implementation plan of VBP options, benefit scenarios, enablers and barriers	○ ○ ●	Development of supply chain objective measurement strategy and value proposition to stakeholders completed and published. Several MDC projects underway with participating processors to test and model benefits for VBP.
3.1.6.1	MSA: integrity and compliance 900 end users complete MSA training	● ○ ○	567 participants completed MSA end user training.
	Achieve ISO 9001/2015 certification	○ ○ ●	MSA successfully maintained ISO certification.
	Maintain USDA Processed Verified Program certification	○ ○ ●	MSA successfully maintained USDA Processed Verified Program certification.
3.1.9.1	AMPC-funded and managed initiatives in alignment with strategic direction outlined on this page – no KPIs provided	–	–
Priority: Guaranteeing product quality and systems integrity			
Strategic Plan KPI	Increase producer awareness and compliance of integrity systems to 79%	○ ● ○	LPA awareness levels remained unchanged at 74%. The LPA reaccreditation process, coupled with an integrity systems communication campaign, will support the awareness objectives set through to 2020. There is almost complete awareness for NVDs (97%) and NLIS (99%).
3.3.1.1	Next horizon technologies Options for new animal identification and in-market traceability technologies identified	○ ○ ●	Five options for new animal identification and in-market traceability technologies were shortlisted for feasibility review prior to proof-of-concept.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
3.3.1.2	Livestock and product integrity NLIS database refresh completed and is delivering services that meet industry and trading partner requirements	○ ○ ●	The NLIS database refresh was completed and the new interface methodologies are now available for use.
	95.25% of property to property movements recorded in NLIS	○ ○ ●	Livestock movement recording compliance on the NLIS database reached 95.8%.
3.3.1.3	Integrity systems: food safety Maintain 85% stakeholder satisfaction level	● ○ ○	The food safety program survey conducted in July 2017 showed that 74% of stakeholders were satisfied with the program.
	Maintain global recognition of research quality evidenced by at least three papers accepted by international peer reviewed journals	● ○ ○	Research to assure safe product has resulted in one published research paper. Others are accepted, under review or in preparation.
3.3.2.1	Integrity systems: SAFEMEAT Integrated integrity systems company fully operational and delivering services that meet industry and trading partner requirements	○ ○ ●	The Integrity Systems Company was established and is managing the delivery of the integrity system on behalf of industry and government.
	Improvement in LPA awareness to increase to 79%	● ○ ○	LPA awareness levels remained unchanged at 74%. The LPA reaccreditation process, coupled with an integrity systems communication campaign, will support the awareness objectives set through to 2020.
	Corrective actions raised in audit to be less than 16.2%	● ○ ○	A corrective action was raised in 19.4% of audits conducted under the LPA random audit program.
3.3.2.2	Electronic technologies eNVD trials completed and roll out commenced with 10% of consignments to be eNVD only	○ ● ○	eNVD trials were completed and roll out of the eNVD commenced. The 10% uptake target was not achieved. Broad roll out of the free eNVD through the LPA Service Centre has commenced.



PILLAR 4

Productivity and profitability

Priority: Production efficiencies in farms and feedlots

Strategic Plan KPI	Engage ≥ 2,000 producers in decision support programs who will improve business performance by ≥ 5% by 2020	On track to be achieved by 2020	More than 4,200 producers engaged in programs to support decision making. The impact on business performance is to be assessed.
Strategic Plan KPI	By 2020, improvement in total factor productivity of: 1.75% (southern beef); 0.5% (northern beef); 0.5% (sheepmeat); 1.5% (feedlot); 0.5% (goat)	On track to be achieved by 2020	Projects are in place or being negotiated to build on historic benchmark data for northern and southern enterprises through to 2020 using consistent methodology.
4.1.1.1	Producer adoption: beef The Profitable Grazing Systems pilot completed and decision made by MLA to proceed or not with full roll out	○ ○ ●	Profitable Grazing Systems business plan approved at December 2016 MLA Board meeting for full roll out.
4.1.1.2	Producer adoption: sheepmeat Program established	○ ○ ●	Profitable Grazing Systems business plan approved at December 2016 MLA Board meeting for full roll out.
	Baseline monitoring and evaluation measures established	○ ○ ●	Baseline estimates for pregnancy scanning practices and lambing survival established. Market research on barriers to adoption of lamb survival practices conducted and a blueprint for extension and adoption strategies delivered.
4.1.1.3	Regional performance benchmarking Complete consultation and strategy development	● ○ ○	The need for a farm monitor system was established during the development of Profitable Grazing Systems. Industry consultation and full implementation has been delayed until 2017–18.
4.1.1.4	Demonstration and participatory R&D 350 sheep producers engaged in PDS sites	○ ○ ●	More than 500 producers have engaged in demonstration site projects and/or extension activities at more than 175 individual sites.
4.1.1.5	Regional consultation model Regional consultation events held in all regional committee locations	○ ○ ●	Regional consultation events were held in all regional committee locations. Committees delivered priorities through to the annual call process.
	Red Meat Panel approval of MLA recommended project investments	○ ○ ●	The Red Meat Panel endorsed 18 projects for funding. These projects have been approved by the MLA Board and contracted.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
4.1.1.6	Professional and scientific on farm expertise Five PhD scholarships funded in key research and development capability areas	○ ○ ●	Five new PhD scholarships were awarded.
4.2.1.1	Pasture productivity: northern Australia Two new research and development projects that improve northern feedbase productivity based on legume production underway	○ ○ ●	Two new legume projects have commenced: one on legume management; the other on combining legumes and grasses.
	Northern feedbase and sustainability research, development and adoption plan developed	● ○ ○	Northern feedbase and sustainability research, development, extension and adoption plan has not been compiled. Development workshops have been completed which will inform the plan.
	Feed demand calculator tool for northern Australia scoped	● ○ ○	Feed demand calculator tool for northern Australia has not progressed. The MLA Digital Strategy and tools strategy will inform future action.
	Management products developed for improved grazing management outcomes in Queensland's reef catchments	○ ○ ●	Grazing guidelines that benefit reef, land and animal production and wildlife biodiversity have been drafted. The 'Safe carrying capacity' tool was developed in the Farm Map project.
4.2.1.2	Production efficiency: northern Australia Two research and development projects underway to improve weaning rates through improving calf mortality by 1%	● ○ ○	One recently completed project recommended management interventions to reduce foetal and calf loss in beef herds in northern Australia. A second project to improve nutrition through leucaena aims to increase fertility and reproduction, but not reduce calf mortality.
	Two research and development projects underway to improve growth and market compliance through use of supplements and objective measures	○ ○ ●	Two projects are underway: one on phosphorus supplementation; the other on enhancing compensatory growth through increasing skeletal growth in the dry season.
	Two industry adoption projects on the planting and management of leucaena	○ ○ ●	Two projects are underway: 'Assessing productivity gains for cattle grazing Redlands leucaena'; and the MDC-supported 'Optimising leucaena-based forage productivity'.
	Redraft northern adoption programs and delivery of courses to develop business skills	○ ○ ●	Technical updating of EDGE Network material finalised. Material modularised to allow flexibility of delivery and promote greater use by service providers.
	Oversight and management of the Northern Business Mentoring Program through the MDC	○ ○ ●	Webinars and workshops operating as feeder activities. There are two groups running in Queensland and two emerging groups in WA and NSW. Interested participants mentored for future consultancy roles.
4.2.1.3	Genetics and genomics: northern Australia Implement the National Livestock Genetics Consortium and genetics/genomics investment plan by December 2016	○ ○ ●	The genetics strategy was implemented by the National Livestock Genetics Consortium by December 2016.
4.2.2.1	Pasture productivity: southern Australia First results from the Pasture Variety Trial Network released to industry with results from over 100 varieties of six key pasture species evaluated in five environments	○ ● ○	Pasture Variety Trial Network data released to seed companies for comment and use. Website has been reworked, after completion of testing with end users/seed companies. Seeking public release in early 2017–18.
	'Southern feedbase investment RD&E plan 2' developed with research and industry partners	● ○ ○	Southern feedbase investment RD&E plan has not been compiled. Development workshops have been completed which will inform the plan.
	Delivery messages and format from three research themes in the southern feedbase plan identified	○ ○ ●	Key messages harvested from the Producer Research Sites network across southern Australia. Material for delivery being developed from projects on new legumes, phosphorus efficiency, subtropical pastures and grazing crops.
4.2.2.2	Production efficiency: southern Australia Two new research and development projects to improve growth and market compliance through use of supplements and objective measures in live cattle	○ ○ ●	Two projects are underway: 'Supplementation to reduce the impact of mycotoxins and insufficient magnesium on dark cutting'; and '3D imaging prototype and refinement of machine learning algorithms with Angus cattle'.
	Implementation of Business EDGE courses for southern producers	○ ● ○	Business EDGE delivery implemented in NSW, Victoria, Tasmania and SA. WA delayed to take advantage of PGS roll out in 2017–18.
	'Farm Innovation Network' strategy of multi-modal PDS sites implemented across regional research committees	● ○ ○	A 'Farm Innovation Network' strategy, based on multiple PDS sites and group mentoring, has been scoped out, but not implemented.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
4.2.2.3	Genetics and genomics: southern Australia Implement the National Livestock Genetics Consortium and genetics/genomics investment plan by December 2016	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The genetics strategy was implemented by the National Livestock Genetics Consortium by December 2016.
4.2.3.1	Genetics and genomics: sheepmeat Implement the National Livestock Genetics Consortium and genetics/genomics investment plan by December 2016	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The genetics strategy was implemented by the National Livestock Genetics Consortium by December 2016.
	Sheep Genetics business plan and management agreement finalised and implemented	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Sheep Genetics business plan implemented under the sole management of MLA.
	Sheep CRC Annual Operating Plan approved and milestones achieved	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The Annual Operating Plan was approved and the milestones were achieved.
	Sheep CRC outputs embedded in adoption programs	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Outputs from the Sheep CRC genetics program, single step analysis and genotyping embedded into the Sheep Genetics evaluations.
	The rate of genetic gain across the national flock is 2% per annum	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	There has been an increase in excess of 2% in the genetic trends calculated for Sheep Genetics clients.
	Genetic improvement in 'number of lambs weaned' (NLW) of at least 0.15 percentage points pa across maternal and Merino breeds	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The 'number of lambs weaned' increased by one percentage point.
	Decreasing ewe mortality by maintaining genetic trends for the related traits of BWR, WEC, DAG and FAT and investigating a survival/longevity breeding value	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Improvement in the rate of genetic gain across the national flock has been demonstrated through an increase in the genetic trends calculated for Sheep Genetics clients.
	Maintaining or improving lean meat yield by supporting the adoption of the eating quality index for terminal sheep breeds	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Average lean meat yield ASBV increased from 2.5 to 2.7. Eating quality index reported.
4.2.3.2	Mixed farming systems: sheepmeat Scoping study completed	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	Scoping study has been contracted but not completed.
4.2.3.3	Ewe and lamb survival 1% on baseline (89% national average marking rate)	Not available	Data is not available on a current year annual basis. However, research projects are on track and provide practices to improve reproduction.
4.2.3.4	Adoption campaigns and events: sheepmeat Market research and scoping study completed	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	'Barriers to adoption of lamb survival' best practice strategies market research complete and an adoption plan delivered.
	Two producer capability building activities piloted and evaluated	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Two activities (Lambs Alive and an incentive program to demonstrate the benefits of pregnancy scanning to non-scanners) were piloted and evaluated.
4.2.4.1	Genetics and genomics: feedlots Implement the National Livestock Genetics Consortium and genetics/genomics investment plan by December 2016	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The genetics strategy was implemented by the National Livestock Genetics Consortium by December 2016.
4.2.4.2	Feedlot productivity Project implemented to examine potential to automate the feedlot induction process	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Project implemented and progressing against milestones.
	Enzyme dag treatment project completed and decision made on whether to further progress development, with a view to commercialisation	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>	Project successfully completed and final report received. Decision will be made in 2017–18 on further development and commercialisation.
4.2.4.3	Education and adoption: feedlots Feedlot productivity benchmarking project implemented	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	Project applications were evaluated and the project is expected to be contracted in 2017–18.
	Monitoring, evaluation and reporting framework established for all feedlot projects	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	Draft monitoring, evaluation and reporting framework established, but still to be approved by ALFA and MLA.
	Three rounds of workshops delivered in conjunction with ALFA	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>	Animal welfare officer training workshops successfully completed. Focus redirected to delivery of Smart Beef conference in November 2017.
4.2.5.1	Tools and benchmarking: goats First forecast of goat herd numbers completed and made available to industry	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Goat herd numbers forecast completed and reported at industry meetings and through e-newsletter.
	Preliminary data from goat growth rate trial made available to industry	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Preliminary data from goat growth rate trial finalised and reported at industry meetings.
4.2.5.2	Education and adoption: goats WormBoss content updated and made available to goat industry	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Content updated and available to industry on WormBoss website.
	Updated Nutrition, Depot Management and Parasite Management modules of Going Into Goats made available to industry	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	Development of modules delayed. Modules are expected to be finalised in 2017–18.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
Priority: Processing productivity			
Strategic Plan KPI	Leverage co-investment through the MLA Donor Company (MDC) in the processing automation R&D portfolio by \$10m/year	○ ○ ●	\$13.4 million contracted in 2016–17.
4.3.1.1	Processing efficiency technologies Maintain at least 80% of expected program outcomes from processing efficiency technologies achieved	● ○ ○	70% of program outcomes have been achieved with some delays in commencing further beef automation.
	Annual productivity benefit of technologies adopted in 2016–17 and previous years reaches \$30m/year	○ ○ ●	Annual productivity benefits of automation technologies installed in 2016–17 have reached \$44 million/year.
4.3.9.1	AMPC-funded and managed initiatives in alignment with strategic direction outlined on this page – no KPIs provided	–	–
Priority: Live export productivity			
Strategic Plan KPI	Live Export Global Index complete	● ○ ○	A project is underway to develop the Live Export Global Index.
4.4.1.1	Global index: benchmarking (R&D) A desktop study is undertaken that is the first stage of a more comprehensive project to develop and define a global index for the livestock export industry	● ○ ○	Project delayed. Consultant contracted and due to commence project in July 2017.
4.4.1.2	Supply chain cost reductions (R&D) Further research is undertaken with the aim of improving the management of heat stress and mortality in live export feedlots throughout the Middle East summer	○ ● ○	Phase 1 data collection completed and reported. Phase 2 data collection to be implemented during the Middle Eastern summer in 2018.
	Develop and trial a monitoring and reporting framework to identify problems, enable corrective actions and capture improvements; all will contribute to improved animal health and welfare through the supply chain	● ○ ○	Animal welfare indicators agreed with industry. Development and trial of monitoring and reporting framework to commence in July 2017
4.4.1.3	Improved performance in-market High levels of satisfaction (above 85%) by industry stakeholders with MLA's training and education activities	○ ○ ●	Workshop surveys indicated high levels of satisfaction with both content and presenters of practical and technical material.



PILLAR 5

Leadership and collaborative culture

Priority: Building leadership capability			
Strategic Plan KPI	Improve stakeholder endorsement of MLA programs to 2.6/5	○ ○ ●	MLA's annual member survey was completed in June 2017; overall satisfaction with MLA was 3.4/5.
5.1.1.1	Scholarships 100 Development and application of criteria so that scholarships are aligned with MISP2020 objectives	○ ○ ●	Application criteria has been identified which aligns with MISP2020 and the process of appointing scholarships has been developed.
5.1.1.2	Professional development: PICs and SFOs Professional development programs developed and implemented as per plan	○ ○ ●	Sheepmeat Council of Australia's 'Building leadership capability for the sheep industry' and Cattle Council of Australia's 'Building capacity in the grassfed beef industry' programs operating to plan.
	20 producers provided with professional development and/or leadership training	○ ○ ●	Representatives from RMAC and the Sheepmeat, Goat and Cattle Councils attended media and presentation training. Forty producers attended advocacy workshops.
5.1.1.3	Professional development: industry advocates Professional development programs developed and implemented as per plan	○ ○ ●	Advocacy workshops conducted in Broome and Hahndorf with 40 producers in attendance.
	20 producers provided with professional development and/or leadership training	○ ○ ●	Representatives from RMAC and the Sheepmeat, Goat and Cattle Councils attended media and presentation training. Forty producers attended advocacy workshops.
5.1.1.4	Professional development: feedlot industry One ARLP Scholarship awarded to a lotfeeding industry representative	○ ○ ●	Will McCrohn from JBS Australia was awarded the ARLP Scholarship and will commence the program in October 2017.
	Two lotfeeding industry representatives successfully complete the ARLF TRAIL program	○ ○ ●	Andrew Slack, Smithfield Feedlot, and Jeff Schuller, Ashleigh Park Feedlot, successfully completed the ARLF TRAIL program in May 2017.
	Project implemented to develop a training strategy for the feedlot sector	○ ○ ●	Project to develop training strategy finalised in May 2017. ALFA now considering implementation of strategy.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
5.1.1.5	Intercollegiate Meat Judging Program Delivery of annual ICMJ program	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The annual ICMJ program was delivered to more than 150 participants. An industry education program and US industry tour was also held.
	Delivery of economic analysis	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The economic analysis of the program will be completed in 2017–18.
	Establish an additional overseas tour to a key export market	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	An industry tour to Japan was established with five emerging industry leaders.
	Establish a framework for work experience scholarships	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	A work experience framework is still being developed in consultation with industry workplaces.
5.1.2.1	Professional development: industry experts Development and implementation of a professional development program for MLA senior managers and regular speakers	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Thirty-nine MLA staff attended pitch coaching and 14 MLA staff attended media training.
5.1.2.2	Innovation leadership Expanded CISp model developed and trialled.	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>	CISp model has evolved to Collaborative Co-innovation program. Seventeen identified modules are under ongoing development with a number of new participants trialling them.
	CISp partner survey and reviews demonstrate significant benefits	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	CISp partner scheduled six monthly or annual formal reviews completed and significant benefits articulated in corresponding milestone reports.
	Equal or greater than 80% of Young Food Innovator participants/host companies demonstrate medium to high satisfaction	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	All participants and host companies have expressed satisfaction and continued support of the program via scheduled reviews and milestone reports.
	Value chain capability initiatives achieve targets according to Insights2Innovation evaluation framework	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Targets achieved according to the evaluation framework.
5.1.3.1	Print and media communications Year-on-year improvement in member satisfaction with MLA communications; target 7.8/10	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	MLA member satisfaction with printed communications reached 7.3/10. The survey methodology changed in 2017 from random basis to representative sample.
5.1.3.2	Digital engagement Score 7.8/10 in annual MLA member survey	<input checked="" type="radio"/> <input type="radio"/> <input type="radio"/>	MLA member satisfaction with digital communications reached 6.9/10. The survey methodology changed in 2017 from random basis to representative sample.
	Development and application of a strategy to increase engagement across MLA's digital platforms	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Strategy implemented and increasing engagement recorded across mla.com.au, electronic direct mail, Facebook and Twitter.
	'myMLA' dashboard with single sign-on and Data Capture and Reporting Service (DCRS) integration launched and fully operational	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	myMLA, single sign-on, Data Capture and Reporting Service and other new online services now operational and uptake increasing.
5.1.9.1	AMPC-funded and managed initiatives in alignment with strategic direction outlined on this page – no KPIs provided	–	–
Priority: Protecting and promoting our industry			
Strategic Plan KPI	Improved industry crisis and issues management capability – one simulation with PICs	<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>	MLA simulation conducted in November 2016. Industry briefed and simulation planned in 2017–18.
5.3.1.1	Beef Industry Sustainability Framework Expenditure acquitted to budget	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The original budget was revised up following agreement with PICs. This was subsequently acquitted.
5.4.1.1	Industry crisis planning Annual simulation conducted and assessed with RMAC and PICs	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	Simulation conducted within MLA in November 2016. Crisis management presentation provided by MLA to RMAC in May 2017.
5.4.1.2	Crisis portal Portal maintained and reflects the latest risk management plan	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The Crisis Portal is maintained regularly to reflect the <i>Risk Management Plan</i> . It contains information and issues briefs which are prepared based on risks identified for MLA and the greater industry.
5.4.1.3	Risk management Quarterly review of plan	<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>	The MLA <i>Risk Management Plan</i> was reviewed and approved by the Board in March 2017. The MLA risk register, based on the Plan, was reported to the Audit and Risk Committee quarterly.

Node	2016–17 benchmark KPI or milestone	Status	Commentary
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PILLAR 6

Stakeholder engagement

Priority: Engagement with producers and stakeholders

Strategic Plan KPI	Increase member satisfaction with MLA to 3.6/5	● ○ ○	MLA's annual member survey was completed in June 2017 and revealed the overall satisfaction with MLA was 3.4/5.
Strategic Plan KPI	Improve proportion of users who find MLA Market Information 'extremely or highly valuable' to 58%	○ ○ ●	The proportion of users rating market information 'highly/extremely valuable' was 64%.
Strategic Plan KPI	Improve stakeholder endorsement of the value of MLA products and services – methodology, benchmarks and targets set	○ ○ ●	MLA annual member survey methodology changed from random to representative sample. Small, non-commercial producers were excluded and corporate farms were included. Key benchmarks were established.
6.1.1.1	Corporate reporting Annual Report and Annual Investment Plan supplied on time, endorsed by PICs and Australian Government and Annual Report qualifies for an Australasian Reporting Award	○ ○ ●	MLA's <i>Annual Report 2015–16</i> and <i>Annual Investment Plan 2017–18</i> were endorsed by industry and government stakeholders. MLA's <i>Annual Report</i> was awarded a gold award at Australasian Reporting Awards.
6.1.2.1	Stakeholder consultation Quarterly reporting to each PIC on <i>Annual Investment Plan 2016–17</i>	○ ○ ●	Peak industry councils were provided with quarterly progress reports on the progress of the <i>Annual Investment Plan 2016–17</i> .
	Consultation in development of <i>Annual Investment Plan 2017–18</i>	○ ○ ●	Peak industry councils were consulted during the development of the <i>Annual Investment Plan 2017–18</i> .
6.1.2.2	Peak Industry Council support PIC expenditure acquitted to budget and audited	○ ○ ●	Payments were made on the achievement of milestones within formal contracts.
6.1.2.3	Industry issues research Projects delivered on time and to specification	○ ○ ●	Topics of reports commissioned for peak industry councils included beef imports, 'state of the nation' and sheepmeat market survey.
	Overall PIC satisfaction with the usefulness of reports generated; target 8/10	Not available	All completed reports were received and endorsed by peak industry councils but a survey was not completed (all stakeholder surveys were placed on hold while MLA enhanced coordination of multiple surveys targeting the same stakeholders).
6.1.2.4	Membership services Year-on-year improvement in member satisfaction with MLA membership services; target 7.2/10	○ ○ ●	MLA member satisfaction with MLA customer service reached 7.3/10. The survey methodology changed in 2017 from random basis to representative sample.
6.1.3.1	Events Year-on-year improvement in attendee rating of events; target 7.2/10	○ ○ ●	Attendee satisfaction with MLA's 2016 AGM in November averaged 7.9/10.
	MLA events delivered to budget	○ ○ ●	All events delivered to budget.
	Revised process implemented for sponsorship rounds	○ ○ ●	Improvements made included online contract generation and a revised sponsorship application form.
6.2.1.1	Market information Minimum 70% of industry survey respondents satisfied with MLA's market information services	○ ○ ●	97% of subscribers to MLA's market information service indicated that the content was valuable, with 64% rating it highly valuable.

Appendix B: CoMarketing program participants 2016–17

Beef CoMarketing	\$
AACo	292,668
Andrews Meat Industries	33,514
Arcadian Organic Meats	22,389
Argyle Prestige Meat	22,510
Australian Beef Group	11,000
Australian Country Choice	61,578
Australian Organic Meats	6,378
Bingil Bay	1,477
Binnie Beef	11,136
Dardanup Butchering Co	50,630
Elders International	69
Gippsland Natural Meats	11,134
Global Meats	2,299
Greenham Tasmania	97,757
Harvey Industries Group	98,724
Haywill Holdings	2,495
JBS Australia	292,505
John Dee	10,122
JR Exports	4,103
KC Natural	12,899
Lotte International	16,156
Macka's Australian Black Angus	10,000
Manildra Meat Co	5,021
Matrad	35,000
Meat Tender	3,000
Moroney Pastoral Co	4,333
Mort & Co.	14,451
Morton Export Meat	5,000
Mulwarra	37,979
Murray Valley Meats	38,850
New World Foods	44,798
NH Foods	59,101
Nolan Meats	29,630
Northern Co-operative Meat Co	23,411
OBE Organic	24,020
Providore Global	12,975
Rangeland Quality Meats	225
Rangers Valley	36,959
Ravensthorpe Agricultural Co	14,129
Richard Gunner Fine Meats	5,166
Sanger Australia (Bindaree Beef)	71,850
Stanbroke Beef	61,512
Stockyard	26,484
Tabuan	7,250
Tasmania Feedlot	67,451
Teys Australia	184,009

Beef CoMarketing (continued)	\$
Thomas Foods International	53,074
Top Cut Foods	9,929
Warmoll Foods	56,930
Western Meat Packers	35,212
White Stripe	42,069
Total	2,081,357

Lamb CoMarketing	\$
1888 Certified	3,409
Arcadian Organic Meats	3,371
Blue Leaf Organic Meat	4,080
Dardanup Butchering Co	31,655
Fletcher International	7,500
Flinders Island Meat	22,015
Global Meats	1,232
Haywill Holdings	2,495
JBS Australia	20,738
KC Natural	282
Manildra Meat Co	3,166
Meat Tender	1,000
Mulwarra	17,437
Murray Valley Meat Co	14,254
Richard Gunner Fine Meats	1,375
Riverside Meats	11,796
SAMEX Australian Meat Co	21,884
Sanger Australia (Bindaree Beef)	1,989
Thomas Foods International	35,627
Top Cut Foods	6,999
V&V Walsh	30,733
WAMMCO	2,355
White Stripe Foods	16,750
Total	262,143

Goat CoMarketing	\$
Samex Australian Meat Co	6,650
Thomas Foods International	4,773
Total	11,423

Appendix C:

Rural R&D for Profit projects

The Australian Government's Rural R&D for Profit program boosts funding to the rural Research and Development Corporations (RDCs) – of which MLA is one – for nationally coordinated, strategic research that delivers outcomes for Australian producers. Two rounds of funding have been announced to date. Below are the projects which have been awarded funding where MLA is either the lead or a partner organisation. For more information go to agriculture.gov.au and search 'R&D for profit'.

Project (round)	Start date	Expected finish date	Lead organisation (other RDCs and partners) ²	Total budget ¹ (grant funding)
Improved use of seasonal forecasting to increase farmer profitability (1)	1/06/2015	30/06/2018	RIRDC (CRDC; GRDC; MLA; FRDC; WA; SRA; HI; SARDI; DAFWA; BoM; USQ; Birchip Cropping Group; Vic DEDJTR; NSW DPI; Monash University)	\$3,559,448 (\$1,829,249)
Stimulating private sector extension in Australian agriculture to increase returns from R&D (1)	1/06/2015	30/06/2018	DA (MLA; HI; CRDC; APL; SRA; University of Melbourne; Vic DEDJTR; NSW DPI)	\$3,190,000 (\$1,595,000)
Waste to revenue: novel fertilisers and feeds (1)	26/06/2015	30/06/2018	APL (DA; SRA; RIRDC; MLA; UQ; UWA)	\$2,001,069 (\$862,693)
Fast-tracking and maximising the long-lasting benefits of weed biological control for farm productivity (1)	17/06/2015	20/06/2018	MLA (GRDC; DA; CSIRO; NSW DPI; PIRSA; Queensland Department of Agriculture, Forestry and Fisheries; Vic DEDJTR; TasWeed Biocontrol; Murdoch University; NSW Local Land Services; Victoria Gorse Taskforce and Landcare Groups; Pilbara Mesquite Management Committee; SA Grains Industry Trust; SA Government)	\$3,795,836 (\$1,897,918)
Market and consumer insights to drive food value chain innovation and growth (1)	20/06/2015	28/08/2018	MLA (RIRDC, FRDC, CRDC, Victorian DEDJTR; HI; CSIRO; Australian Seafood Cooperative Research Centre (no longer in existence); WA; APL; DA)	\$8,550,500 (\$2,873,500)
Accelerating precision agriculture to decision agriculture (2)	1/06/2016	28/02/2018	CRDC (all RDCs; Australian Farm Institute, Data to Decisions CRC; University of New England, Griffith University; University of the Sunshine Coast; CSIRO)	\$3,557,976 (\$1,397,561)
Globally competitive Australian meat value chains enabled by advanced measurement technologies and integrated flock feedback systems (ALMTech) (2)	1/06/2016	20/09/2020	MLA (AMPC; APL; Scott Automation & Robotics; Murdoch University; University of Technology Sydney; Department of Agriculture and Food Western Australia; Victorian Department of Economic Development, Jobs, Transport and Resources; NSW DPI; South Australian Research and Development Institute; JBS Australia; Australian Cattle and Beef Holdings; Australian Country Choice Pty Ltd; Teys Australia Management Pty Ltd; Harvey Beef; Frontmatec; PorkScan; University of Melbourne, University of Adelaide, Animal Genetics and Breeding Unit, Australian Lot Feeders Association, University of New England; Australian Lamb Company)	\$11,947,000 (\$4,850,000)
Phosphorus efficient pastures – delivering high nitrogen and water use efficiently and reducing of production across southern Australia (2)	1/09/2016	1/07/2020	MLA (DA; AWI; CSIRO; DPI & Office of the NSW Department of Trade & Investment in Regional Infrastructure & Services; University of Western Australia; Murdoch University; Bookham Agricultural Bureau; Tablelands Farming Systems; Central Ranges Grassland Society; Monaro Farming Systems; Association for Sheep Husbandry, Excellence, Evaluation and Production; Southern Dirt; Boggabri grazing group; Purlewaugh NSW Farmers)	\$8,437,829 (\$3,460,000)
Improved surveillance, preparedness and return to trade for emergency animal disease incursions using FMD as a model (2)	15/12/2016	14/09/2020	MLA (CSIRO; Animal Health Australia; Charles Sturt University; Bureau of Meteorology; Australian Bureau of Agricultural and Resource Economics and Sciences; Australian Government Department of Agriculture and Water Resources – Animal Health Policy Branch)	\$11,739,936 (\$5,869,968)
Enhancing supply chain profitability through reporting and utilisation of peri-mortem information by livestock producers' (Health 4 Wealth) (2)	28/06/2016	31/07/2020	APL (MLA; South Australian Research and Development Institute; Vic DEDJTR)	\$1,725,594 (\$711,668)
Enhancing the profitability and productivity of livestock farming through virtual herding technology (2)	1/07/2016	30/06/2020	DA (MLA; AWI; APL; CSIRO; Tasmanian Institute of Agriculture at University of Tasmania; University of Sydney; University of New England; University of Melbourne; Agersens Pty Ltd)	\$5,836,805 (\$2,600,000)

1 Total budget (amounts in bold) includes grant funding, cash and in kind funding.

2 See page 117 for acronyms of these organisations.

Acronyms, glossary and index

Acronyms

AGM	Annual General Meeting
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DEXA	Dual-Energy X-ray Absorptiometry
EBV	estimated breeding value
ESCAS	Exporter Supply Chain Assurance System
EU	European Union
FTA	free trade agreement
KPI	key performance indicator
LDL	Livestock Data Link
LEP	Livestock Export Program
LGAP	Livestock Global Assurance Program
LPA	Livestock Production Assurance
MDC	MLA Donor Company
MLA	Meat & Livestock Australia
MSA	Meat Standards Australia
NLIS	National Livestock Identification System
NVD	National Vendor Declaration
R&D	research and development
RHDV	rabbit haemorrhagic disease virus
RMAC	Red Meat Advisory Council
TPP	Trans-Pacific Partnership
UAE	United Arab Emirates
US	United States

Glossary

Dual-Energy X-ray Absorptiometry (DEXA)

An objective measurement tool which measures meat, fat and bone in a carcasse.

Exporters Supply Chain Assurance System (ESCAS)

The Australian Government's regulatory regime requiring livestock exporters to take responsibility for the welfare and traceability of their livestock throughout the supply chain through to the point of slaughter.

Livestock Data Link (LDL)

LDL is an online application that facilitates improved information sharing across the supply chain, enabling feedback to be received, analysed and compared in an efficient way.

Livestock Global Assurance Program (LGAP)

LGAP enhances the assurance sought through ESCAS by strengthening the commitment, oversight and management of welfare proportionately along the supply chain through livestock exporters, importers, feedlots, farms and abattoirs while encouraging continual improvement and best practice.

Livestock Production Assurance (LPA)

The LPA program is the Australian livestock industry's on farm assurance program covering food safety, animal welfare and biosecurity.

Meat Standards Australia (MSA)

MSA is Australia's eating quality grading system which predicts the eating quality of cuts within a carcasse.

National Livestock Identification System (NLIS)

NLIS is Australia's system for the identification and traceability of cattle, sheep and goats. It ensures that lifetime movements of these species can be identified and recorded within Australia.

National Vendor Declaration (NVD)

Producers use the NVD to declare information about the food safety status of their livestock being sold. It is a key tool underpinning Australia's food safety reputation for livestock.

Index

The index is arranged by key area and then alphabetically word by word. References below indicate the primary reference/s.

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Acronyms from page 116

Australian Meat Processor Corporation (AMPC); Australian Pork Limited (APL); Australian Wool Innovation (AWI); Bureau of Meteorology (BoM); Commonwealth Scientific and Industrial Research Organisation (CSIRO); Cotton Research and Development Corporation (CRDC); Dairy Australia (DA); Department of Agriculture and Food, Western Australia (DAFWA); Fisheries Research and Development Corporation (FRDC); Grains Research and Development Corporation (GRDC); NSW Department of Primary Industries (NSW DPI); Department of Primary Industries and Regions, South Australia (PIRSA); Research and Development Corporation (RDC); Rural Industries Research and Development Corporation (RIRDC); South Australian Research and Development Institute (SARDI); Sugar Research Australia (SRA); University of Southern Queensland (USQ); Victoria Department of Economic Development, Jobs, Transport and Resources (Vic DEDJTR); Wine Australia (WA).

MLA's Annual Report 2016–17 is available online at mla.com.au/annualreport



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