



Meat & Livestock Australia is here to improve the profitability, sustainability and global competitiveness of Australia's red meat and livestock industry.

Every R&D project, every marketing activity, is carried out with the single purpose of fostering prosperity for beef, lamb and goat producers across the country.

Jason Strong, MLA Managing Director
'Managing Director's report', page 8



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 VALUES

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

OUR STRATEGIC PILLARS



Consumer and community support



Market growth and diversification



Supply chain efficiency and integrity



Productivity and profitability



Leadership and collaborative culture



Stakeholder engagement

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

OUR FOUNDATIONS



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*.



Our funding

MLA is primarily funded by transaction levies paid on livestock sales by red meat 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 eligible 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.

Integrity Systems Company also receives additional income via the sale of national vendor declaration books and the Livestock Production Assurance program accreditation fee.



Our members

Membership of MLA is voluntary and free to all levy-paying grassfed cattle, grainfed cattle, sheep, lamb and goat producers. MLA had 49,692 members at 30 June 2019 (page 55).



Our stakeholders

MLA works in partnership with industry and government to deliver products and services to the cattle, sheep and goat industries, and other entities along the supply chain.

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 are bodies prescribed by the Australian Government and 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 Sheep Producers 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 54–55 for more on how MLA engages with its stakeholders and collaborators.



Our subsidiary companies

MLA owns two subsidiary companies.

MLA Donor Company works in partnership with investors in areas that bring value to the red meat supply chain through innovation and new technologies (page 68).

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 (page 68).



Our decision making processes

MLA doesn't make investment decisions in isolation. This is carried out in collaboration with producers, the government, peak industry councils and other industry organisations (see 'Our stakeholders' and pages 54–55 for other consultation mechanisms). The regional consultation framework (page 36), which commenced in the second half of 2015, enables producers to have direct input into MLA's research and development priorities.



Our employees

At 30 June 2019 MLA had 271 employees across eight countries. MLA's workforce profile reflects a balanced gender profile and age distribution across the organisation (page 69). More than 52% of employees are from a rural background.



Our locations

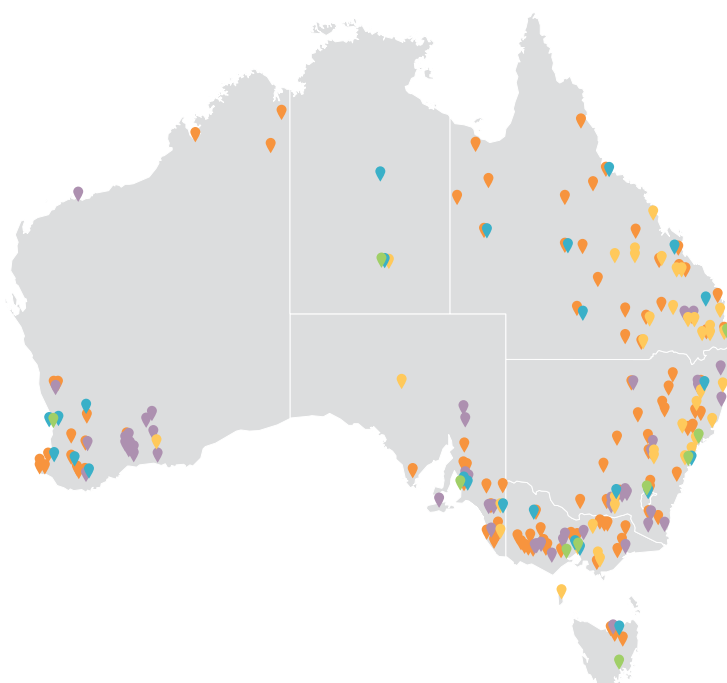
MLA employees are based strategically to leverage the best possible access to all stakeholders and to drive demand for red meat in our key markets.



Our engagement in 2018–19

- Adoption events and workshops
- Community engagement events
- Regional consultation activities
- Producer Demonstration Sites
- MSA workshops

These locations are in addition to 83 events sponsored by MLA.



2018–19 highlights

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

Australian beef

became an official partner of Australia's 2020 Olympic and Paralympic teams (page 21)



57%

reduction in greenhouse gas emissions by the Australian red meat industry between 2005 and 2016 (page 19)



25%

increase in retail lamb sales following the MLA summer lamb campaign (page 26)



100,000

Australian lamb meals served in new airline partnership (page 27)



\$198m

in additional farm gate returns through Meat Standards Australia (page 31)



21.6%

of total supply chain movements from eNVDs, following a range of improvements to the system (page 33)



Five

lamb processors and one beef abattoir adopted DEXA technology (page 39)



Psyllid-resistant

leucaena variety and Di-Bak Parkinsonia released (pages 36–37)



20 years'

service to industry celebrated by MLA at flagship event Red Meat 2018 (page 51)



TIMELINE OF ACHIEVEMENTS

JULY 2018

Following the official launch of Australia-European Union Free Trade Agreement negotiations, MLA hosted a barbecue in Brussels, Belgium, to promote Australian red meat to EU decision-makers (page 25).

**AUGUST 2018**

MLA launched Good Meat, an online platform providing consumers with an open, trusted source of information about the production of red meat in Australia (page 16).

**SEPTEMBER 2018**

The *State of the Industry Report 2018*, compiled by MLA on behalf of the red meat industry, was launched at Parliament House and outlines key consumption, production, export and economic data (page 45).

**OCTOBER 2018**

Tedera, a new variety of forage legume that can significantly reduce the need to supplementary feed sheep through summer and autumn, was officially launched in WA (mla.com.au/tedera).

**NOVEMBER 2018**

MLA held its flagship event, Red Meat 2018, in Canberra (page 51), where it announced Australian beef as the official partner of the 2020 Australian Olympic Team (page 21).

**DECEMBER 2018**

LEAP V, an automated bone-in forequarter processing module, was installed at two plants to further improve carcass value, increase efficiencies and deliver operator safety (mla.com.au/leapv).

**JANUARY 2019**

MLA's summer lamb campaign launched, resulting in a 25% increase in domestic retail lamb sales (page 26).

**FEBRUARY 2019**

Brian the Butcher returns to launch the 'Australian Beef. The Greatest' autumn campaign, boosting mean number of beef serves a week by 9% (page 26).

**MARCH 2019**

Three more lamb processing facilities were lined up to install DEXA technology, paving the way for more timely, accurate and objective carcass information (page 39).

**APRIL 2019**

MLA welcomed its new Managing Director, Jason Strong. Turn to page 8 to read his opening message.

**MAY 2019**

Di-Bak Parkinsonia, a new tool to fight the noxious woody weed Parkinsonia, was launched and is now available to producers (page 37).

**JUNE 2019**

Redlands, the first psyllid-resistant variety of leucaena, was released into the commercial market, opening up large areas for leucaena-based grazing in northern Australia (page 36).





Dr Michele Allan, Chair

I'm pleased to present MLA's *Annual Report 2018–19: Celebrating 20 years' service to the Australian red meat and livestock industry*.

It's been a really tough year for many key production regions throughout Australia, particularly for those affected by drought and the tragic Queensland floods in February. However, despite the many challenges – as well as the increased prevalence of anti-red meat protests making news headlines – our red meat producers remain as resilient as ever.

2018–19 saw the delivery of several important on-farm research and development (R&D) outcomes for producers, including the commercial releases of a psyllid-resistant variety of leucaena (page 36) and a new tool to fight the woody weed parkinsonia (page 37).

More than \$6 million worth of R&D investments were influenced via direct red meat producer input through the Regional Consultation annual call, which I encourage you to read more about on page 36.

In markets, beef and lamb continue to be staples on our nation's dinner tables (page 26), with Australia remaining our

highest-value market. Support for red meat has been steady, backed up by the quality product we produce.

Our red meat is hugely popular around the world and we remain a small but very important contributor to global export markets. Market access is key – for example, negotiations in the EU have provided the first opportunity in more than 40 years to potentially secure additional access for Australian beef, sheepmeat and goatmeat (page 24).

Cattle and beef market

KEY TRENDS

- accelerated herd contraction
- store market under pressure as finished cattle prices find support
- robust international demand in key markets

Widespread dry conditions persisted this year, limiting feed availability and generating severe stock water shortages. The challenging conditions saw many producers destock or significantly reduce their breeding herds. The national herd contracted significantly throughout 2019, reflecting the impacts of ongoing drought and the devastating floods in north-west Queensland.

Prices for finished cattle have improved this year, supported by robust demand from Australia's key international markets and the low Australian dollar. Young cattle prices were reasonably subdued due to limited restocker interest as conditions deteriorated.

On the back of growing US exports, Australian beef experienced increased

competition in Japan and Korea, while South American suppliers have also increasingly switched their focus to the Chinese market. Notwithstanding, China will remain a significant market for Australian beef.

Sheepmeat market

KEY TRENDS

- national flock size decreased
- record sheep and lamb prices
- sheepmeat exports continue to benefit from strong global demand

Substantial culling of breeding ewes and generally poor lambing rates underpinned a fall in the national flock in 2018–19 as drought conditions persisted for many sheepmeat-producing regions.

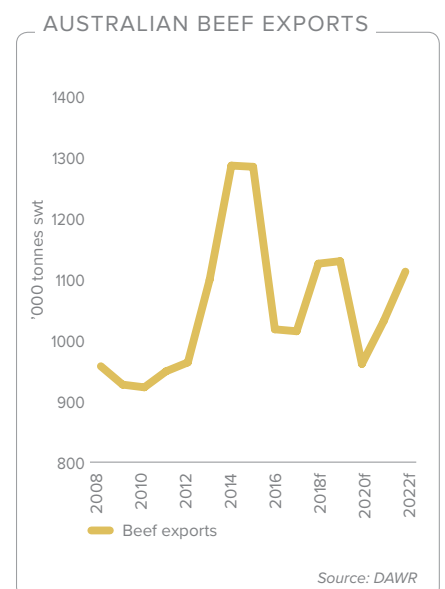
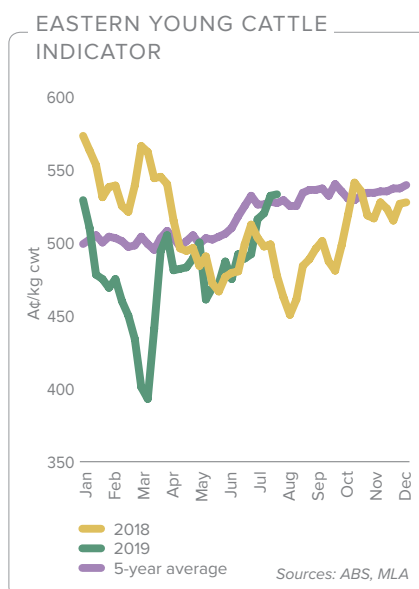
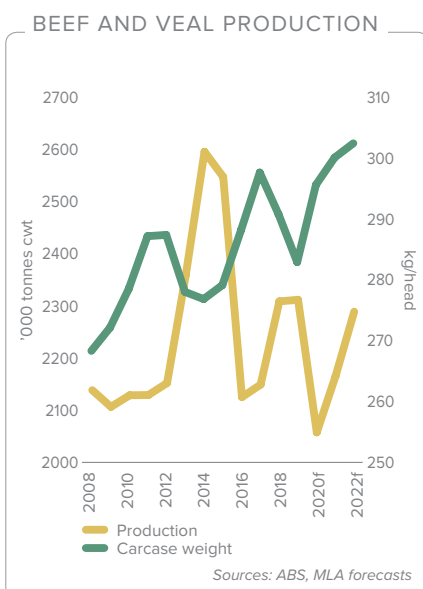
Despite the challenges faced, sheep and lamb prices benefited from strong global demand, with domestic saleyard prices reaching records levels during the year. Tightening New Zealand supplies, a low Australian dollar and demand from key export markets – namely the US and China – have supported increased lamb and mutton exports.

Goat market

KEY TRENDS

- sharp fall in goat supply
- goat prices reached record levels
- the US remains the key market for goatmeat

Goat supplies continued to contract in 2018–19 as the persistent poor seasonal conditions saw slaughter levels ease across all states during the year. With a



decline in production, exports followed a similar trend, declining across all major goatmeat markets, particularly the US.

As a result of the decline in production, the over-the-hooks goat price surged to record levels, with international markets competing extensively for the limited supply of Australian goatmeat.

Board business

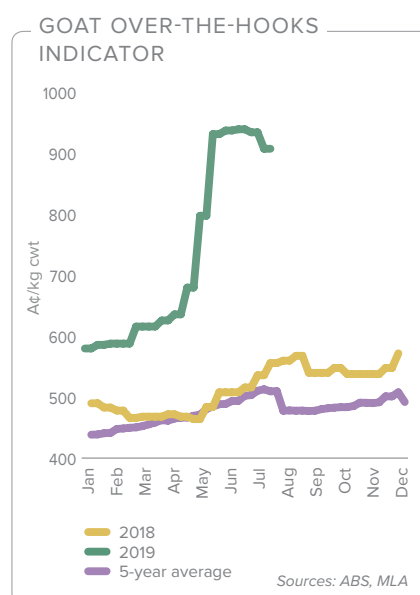
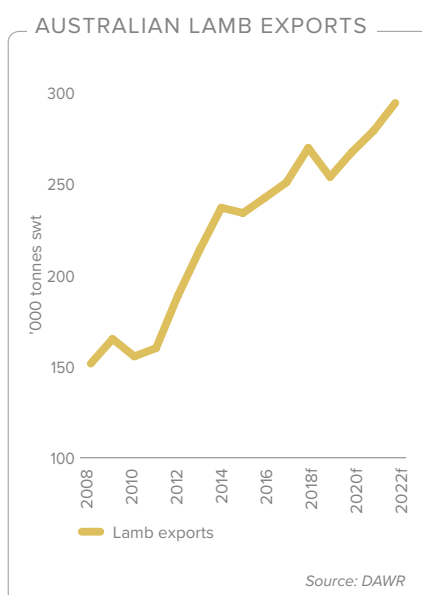
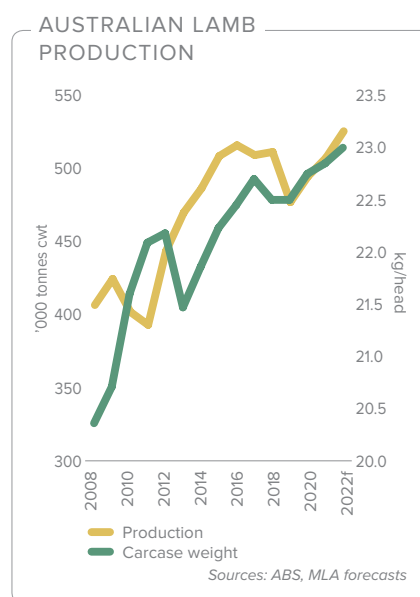
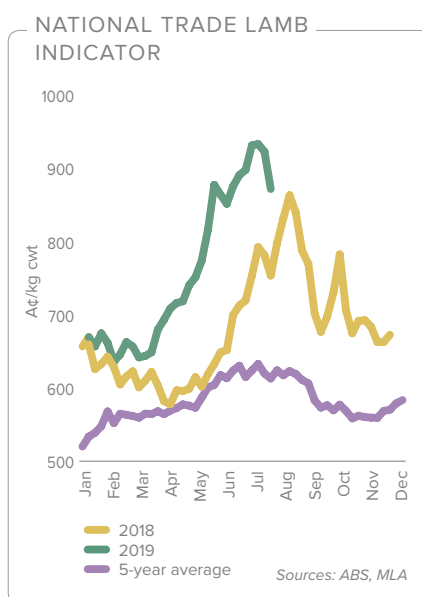
With 2020 being the final year in the *Strategic Plan 2016–2020*, the Board's key focus throughout 2018–19 has been ensuring MLA is delivering tangible outcomes in line with the Plan. This also applies to MLA's two subsidiaries – MLA Donor Company (MDC) and Integrity Systems Company (ISC).

This year, MDC continued to invest in initiatives which help to add value along the entire red meat supply chain and accelerate innovation. The new Farmers2Founders program (page 45), which allows Australian producers to co-invest in new technologies and concepts to increase the competitiveness of our red meat on a global scale, will be a key focus for MDC in 2019–20.

ISC has also continued to contribute to the Australian red meat and livestock industry's position as a global leader, ensuring producers can 'stand by what they sell'. In 2018–19, the MLA Board approved the *Integrity System 2025 and beyond* strategy, which aims to ensure our integrity system remains recognised and trusted globally as underpinning a quality product, produced to rigorous standards, and embedded in livestock management. You can read more about the strategy on page 32.

At MLA's 2018 Annual General Meeting, members voted on the election of two first-time directors to the skills-based Board – nutrition and health expert Manny Noakes, and customer engagement, marketing and strategy expert Jo Pye. Both Manny and Jo have provided extremely valuable input into the Board meetings throughout the year, and I commend the MLA Selection Committee on their robust processes.

One of the most important topics taking place around the Board table in 2018–19 was the election of our Managing Director following Richard Norton's departure in December. A Managing Director must have extensive knowledge and experience within the red meat industry, and bring a variety of new skills to the role – which is why, on behalf of the Board, I was thrilled to welcome Jason Strong as our new MD in early 2019. Levy payers can have every confidence that Jason has the experience and knowledge to lead MLA and help enhance our industry's position



both at home and overseas. Please take the time to read his opening message over the page.

Looking ahead

While extreme climatic events and growing competition have certainly been challenges for the Australian red meat sector throughout 2018–19, they're nothing our red meat producers have not seen before. The MLA Board will continue to ensure investment in key R&D and marketing initiatives is directed at helping producers deliver the best red meat in the world.

2020 will be a big year – MLA's partnership with the Australian Olympics Committee and Paralympic Association will see Australian beef take its rightful place on the world stage (page 21) in the lead-up to – and duration of – the Tokyo 2020 Olympic Games.

Demonstrating red meat's nutrition, versatility, sustainability and superior taste to international consumers will be an ongoing priority for MLA and the Board in the years ahead, as we develop new ways to share our story.

In closing, I'd like to thank the MLA Board, management team and employees for their commitment to fostering the prosperity of the Australian red meat and livestock industry in 2018–19.

M. Allan

Dr Michele Allan
Chair



Jason Strong, MLA Managing Director

As MLA's Managing Director, it's my pleasure to present this report and discuss our organisation's focus and outlook.

Although I've worked in the red meat and livestock industry for many years and have previous experience with MLA – firstly through Meat Standards Australia (MSA) and then as a regional manager in Europe – I've spent my first six months in the role learning as much as I can about the company, its subsidiaries and the important role they all play.

MLA is here to improve the profitability, sustainability and global competitiveness of Australia's red meat and livestock industry. Every R&D project, every marketing initiative, is carried out with the single purpose of fostering prosperity for beef, lamb and goat producers across the country. My job is to support each of our stakeholders so we can achieve this together.

One way I do this is through meeting with producers and processors at key events – you can see from the stakeholder engagement map on page 3 that MLA's involved in a wide range of events

Australia-wide. A highlight for me has been attending many of these and engaging with levy payers, hearing their thoughts on industry matters and any feedback on MLA.

It's this consultation that guides the future direction of our organisation and it's one of the most important aspects of my job. If you have anything you'd like to discuss with me or one of the MLA program managers, please get in touch via jstrong@mla.com.au.

In each of the conversations I've had with our stakeholders, there are three questions that tend to come up regularly:

1. What progress has MLA made on 'major industry announcements'?
2. What are the key areas MLA's working on at the moment?
3. What's the plan going forward?

I'd like to take this opportunity to address each of these questions below.

Progress on major initiatives

MLA's annual Red Meat event has previously been a platform for making 'major announcements'. Here's a summary of where our big-ticket items over the past few years are up to.

DEXA

MLA announced its target to roll-out DEXA beef and sheep units in all AUS-MEAT-registered plants across Australia at the 2016 Annual General Meeting (AGM).

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

An industry taskforce to ascertain how the initiative could be rolled out is still working to secure agreement on a suitable funding model for whole-of-industry adoption; however, MLA's working with processors in the meantime to adopt the technology using a combination of private investment and MLA Donor Company funding. In March 2019, three lamb processors signed MLA DEXA contracts to install systems in their facilities (page 39).

I've always said there's greater value to be realised for all participants in the supply chain if we work smarter and more cohesively. The uptake of objective measurement technologies like DEXA is a good example of how that can be achieved.

Carbon neutral by 2030 (CN30)

CN30 was announced at Red Meat 2017 and is about taking action to get in front of claims against the industry regarding climate change and carbon production (page 19).

CN30 | Carbon Neutral 2030

Over the next year, a range of producer case studies will be published through MLA's communications channels including *Feedback* magazine and *Friday Feedback* e-newsletter. These will give examples of the best pathways to become carbon neutral by 2030.

It's an ambitious and important target that requires productivity improvements, vegetation balance and new emission reduction methodologies. MLA will continue to invest in key research projects, such as genetic improvement and feed additives, to help make the CN30 target a reality.

Olympic and Paralympic partnership



At Red Meat 2018, MLA announced that Australian beef will be an official partner of the 2020 Australian Olympic and Paralympic teams under new sponsorship deals (page 21).

Marketing activity will extend from television and social media right through to point-of-purchase material. While most of the activity relating to our sponsorship will be in Australia, MLA will also undertake cross-promotional opportunities in Japan



Producer Greg Brown and I at one of the MLA BeefUp Forums held across northern Australia in 2018–19.



Talking leucaena with Queensland beef producers Tom Saunders (left) and Brett Blennerhassett after the official launch of the psyllid-resistant variety, Redlands, in May 2019.

to further cement Australian Beef's leading position in our largest beef export market.

An association with the biggest sporting event in the world will allow us to promote the health credentials of red meat. Beyond this, an immediate win is having beef on the menu at all Australian Olympic and Paralympic team events leading up to and during the Games.

Key areas of work

The breadth of MLA's work extends far beyond our major announcements. Below is a summary of some key areas we're focusing on.

Sustainability

Linked to CN30, MLA's sustainability program is ever-growing and remains a key priority as consumers demand 'environmental credentials' when purchasing meat.

While each of our programs relate to sustainability in one way or another, one of the major initiatives supported by MLA, the Australian Beef Sustainability Framework, is particularly noteworthy.

The Framework's *Annual Update* found the red meat industry has more than halved our carbon emissions since 2005. To read more on the report findings, turn to page 18.

Community

We know 'the consumer is always right', which is why MLA's community program is focused on informing metropolitan consumers of red meat's story.

Through platforms such as Good Meat (page 16), school education (page 18) and Paddock to Plate virtual reality experiences (page 17), we've been working hard to engage with the community and ensure 'curious consumers' not only know where their beef and lamb comes from, but also understand how nutritious, delicious and versatile Aussie red meat is.

We've also recently announced a partnership with the National Farmers' Federation called 'Telling our story' – more information on this to come in 2019–20.

Producer adoption of R&D

MLA celebrated its 20-year anniversary in 2018 and I want to make sure we're getting as much value out of the research, development and marketing activity that's taken place over the last two decades as we can.

This year, we've started taking a more focused approach to R&D – particularly in regards to extension and adoption – and we've got the ball rolling for improved accessibility to our research findings. I'll be providing an update on this in 2019–20, so please keep an eye on MLA's communication platforms to stay up-to-date.

To support this more focused approach, we've made some refinements to the leadership team at MLA which is reflected in the footnote on page 67.

2019–20 and beyond

As mentioned in Dr Allan's report (pages 6–7), 2020 marks the final year of MLA's *Strategic Plan 2016–2020*, which means a review of our strategic direction as an organisation, as well as an industry, is underway. There's a new *Meat Industry Strategic Plan* (MISP) that runs to 2030 and we're developing the new MLA strategic plan to align with the MISP.

While MLA takes the lead from the broader industry on these plans, one thing I can guarantee is that we'll continue to operate according to our values – with customer centricity, accountability through transparency and a focus on outcomes that make a difference.

Telling the good story of red meat (particularly its sustainability/environmental/welfare credentials) and enhancing adoption of R&D will be key priorities in the years to come, and I look forward to working with you to build a stronger and more prosperous industry.

Jason Strong
Managing Director

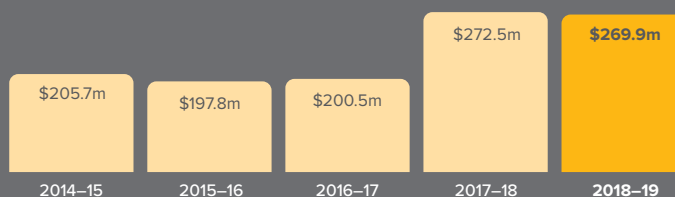
2018–19 summary statistics

at 30 June 2019

See page 71 for the full financial summary.

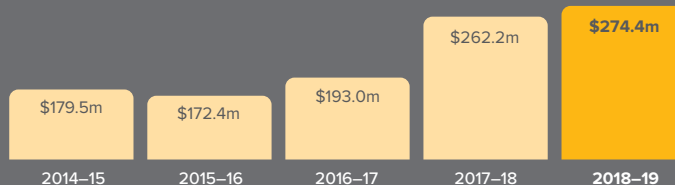
REVENUE

↓ 1% to
\$269.9 million



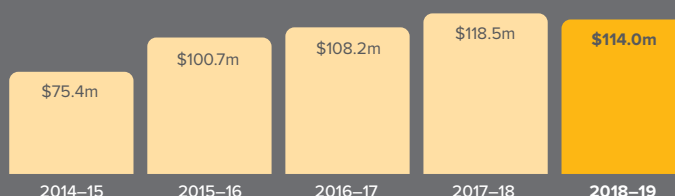
EXPENDITURE

↑ 5% to
\$274.4 million



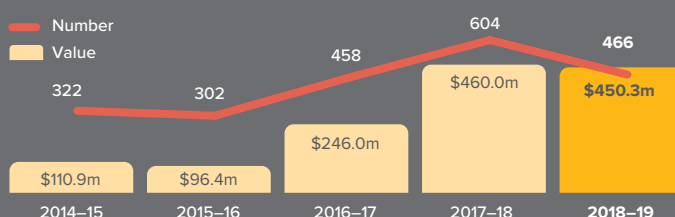
RETAINED EARNINGS

↓ 4% to
\$114.0 million



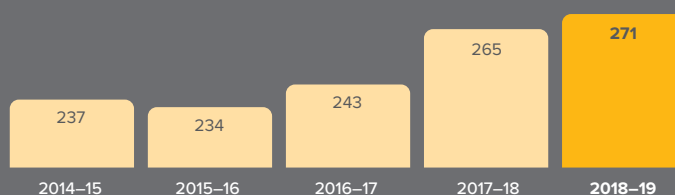
NUMBER OF RESEARCH CONTRACTS

466 research contracts
worth \$450.3 million



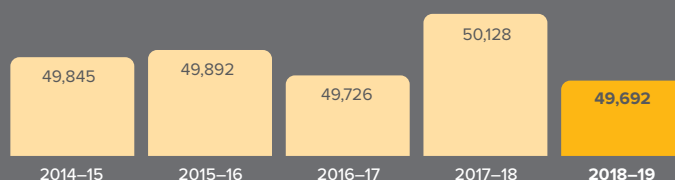
NUMBER OF MLA EMPLOYEES

↑ 2% to
271 employees



NUMBER OF MLA MEMBERS

↓ 1% to
49,692 members



KEY PERFORMANCE INDICATORS

↑ 4 percentage points
to 68% achieved

