

REPORT TO STAKEHOLDERS




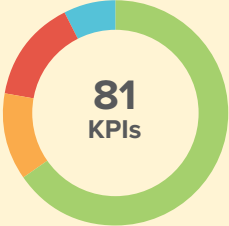

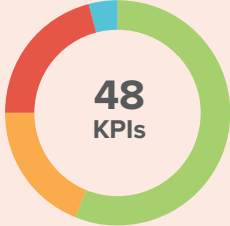
This 'Report to stakeholders' reports against the pillars and priorities outlined in MLA's *Strategic Plan 2016–2020* and provides transparency around the organisation's actual activities and outcomes.

MLA objectives and planned activities in 2017–18 were directed by its *Annual Investment Plan 2017–18*. All these activities enable MLA to deliver on its Strategic Plan. MLA regards the *Annual Investment Plan 2017–18* as the second 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.




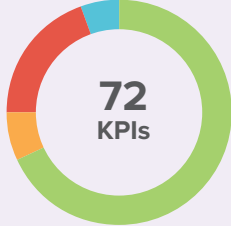
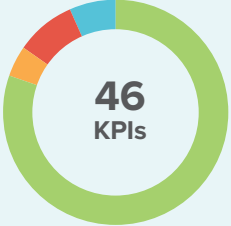
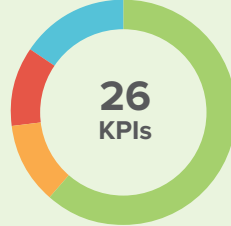


STRATEGIC PLAN 2016–2020: PILLAR OVERVIEW

Strategic Plan 2016–2020		Pillars
Strategic Plan 2016–2020	Pillars	 <p>1. Consumer and community support</p>
	Outcomes by 2020	The community continues to support and trust the Australian red meat and livestock industry, with industry practices in step with community expectations.
	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
Annual Investment Plan 2017–18	Programs	<ul style="list-style-type: none"> • Animal health and welfare • Domestic market • International markets • Environmental sustainability • Productivity (on-farm) • Capability building • Communication
	Outcomes by 2020	Improved access to markets, with marketing programs and value creating innovation driving increased consumer and customer preference and premiums for Australian red meat.
	Priorities	<ul style="list-style-type: none"> • Efficiency and value in trade and market access • Marketing and promoting Australian red meat and livestock
Strategic Plan 2016–2020	Pillars	 <p>2. Market growth and diversification</p>
	Outcomes by 2020	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"> • Optimising product quality and cost efficiency • Guaranteeing product quality and systems integrity
Annual Investment Plan 2017–18	Programs	<ul style="list-style-type: none"> • Domestic market • International markets • Integrity systems • Product and packaging innovation
	Outcomes by 2020	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"> • Eating quality • Integrity systems • Objective measurement • Product and packaging innovation • Value chain information and efficiency
Strategic Plan 2016–2020	Pillars	 <p>3. Supply chain efficiency and integrity</p>
	Outcomes by 2020	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"> • Optimising product quality and cost efficiency • Guaranteeing product quality and systems integrity
Annual Investment Plan 2017–18	Programs	<ul style="list-style-type: none"> • Eating quality • Integrity systems • Objective measurement • Product and packaging innovation • Value chain information and efficiency
	Outcomes by 2020	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"> • Optimising product quality and cost efficiency • Guaranteeing product quality and systems integrity
Milestone scorecard	 <p>81 KPIs</p> <ul style="list-style-type: none"> ● Achieved... 53 ● Partly achieved... 10 ● Not achieved... 12 ● On track to be achieved by 2020... 6 	
	 <p>36 KPIs</p> <ul style="list-style-type: none"> ● Achieved... 19 ● Partly achieved... 4 ● Not achieved... 5 ● Not available... 1 ● On track to be achieved by 2020... 7 	
	 <p>48 KPIs</p> <ul style="list-style-type: none"> ● Achieved... 27 ● Partly achieved... 9 ● Not achieved... 10 ● On track to be achieved by 2020... 2 	

MLA is an outcomes-based company and is committed to providing transparency to our stakeholders. For a full report on our key performance indicators, see Appendix A on page 101.

Please note some KPIs from MLA's *Annual Investment Plan 2017–18* could apply across several strategic plan pillars. In these cases, KPIs have been counted more than once.

			Pillars	Strategic Plan 2016–2020		Annual Investment Plan 2017–18	Milestone scorecard
				Outcome by 2020	Priorities	Programs	
 <h3>4. Productivity and profitability</h3> <p>Productivity gains through the value chain from the adoption of tools and technologies.</p> <ul style="list-style-type: none"> Production efficiencies in farms and feedlots Processing productivity Live export productivity <ul style="list-style-type: none"> International markets Producer adoption Productivity (off-farm) Productivity (on-farm) Capability building 	 <h3>5. Leadership and collaborative culture</h3> <p>Industry participants are confident in industry leadership capability.</p> <ul style="list-style-type: none"> Building leadership capability Protecting and promoting our industry <ul style="list-style-type: none"> Capability building Communication Corporate services 	 <h3>6. Stakeholder engagement</h3> <p>Industry participants are confident that the levy investment is delivering value.</p> <ul style="list-style-type: none"> Engagement with producers and stakeholders <ul style="list-style-type: none"> Market knowledge (domestic) Capability building Communication 					
			 <p>72 KPIs</p> <ul style="list-style-type: none"> Achieved... 49 Partly achieved... 5 Not achieved... 14 On track to be achieved by 2020... 4 	 <p>46 KPIs</p> <ul style="list-style-type: none"> Achieved... 37 Partly achieved... 2 Not achieved... 4 On track to be achieved by 2020... 3 	 <p>26 KPIs</p> <ul style="list-style-type: none"> Achieved... 16 Partly achieved... 3 Not achieved... 3 On track to be achieved by 2020... 4 		

Overall summary of MLA's 2017–18 key performance indicators*

Status	Symbol	2017–18 KPIs in MLA's Strategic Plan 2016–2020	KPIs from MLA's Annual Investment Plan 2017–18	Total result	Percentage
Achieved	●		134	134	63.5
Partly achieved	●		22	22	10.4
Not achieved or not on track	●	4	30	34	16.1
Not available	●		1	1	0.5
On track to being achieved by 2020	●	20		20	9.5
Total		24	187	211	100.0

* For a detailed overview of MLA's KPIs for 2017–18, see page 101.



PILLAR 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.



HIGHLIGHTS



\$35 million over five years

to be invested in animal welfare research

CSIRO report finds Australian red meat industry can be **carbon neutral by 2030**



New research in northern Australia

reveals naturally occurring rumen bacteria able to detoxify or neutralise fluoroacetate

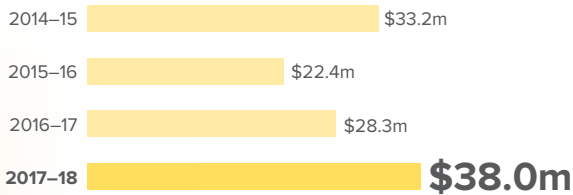
New nutrition education program

launched to target health professionals



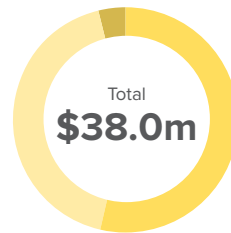


Investment over time



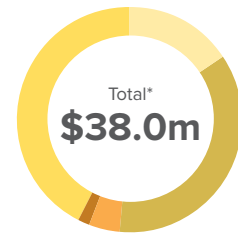
Totals may not add up due to rounding.

2017–18 investment by priority



- Continuous improvement of the welfare of animals in our care **\$20.4m**
- Stewardship of environmental resources **\$16.2m**
- Role of red meat in a healthy diet **\$1.4m**

2017–18 investment by funding source



- Producer levies **\$6.0m**
- Government funding **\$13.6m**
- Processor contributions **\$1.7m**
- LiveCorp contributions **\$0.6m**
- Other sources **\$16.1m**

* Total includes \$22.6 million invested via MLA Donor Company

81 Key Performance Indicators



See Appendix A for a full list of KPIs. Please note some KPIs may be relevant across several pillars.

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



More than **10,000** people viewed

MLA's Australian Beef Paddock to Plate Story via VR goggles



Innovative diagnostic tests developed for footrot

'Cattle and sheep farming today' teaching resources downloaded more than **2,500** times

2,700 students at **92** primary schools participated in MLA's virtual classrooms





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. It is important the red meat 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 to **clearly communicate these improvements** to the Australian and global community to earn their trust and maintain their support for the industry.

2017–18 investment by funding source



* Total includes \$12.5m invested via MLA Donor Company

- Producer levies **\$4.2m**
- Government funding **\$8.6m**
- Processor contributions **\$0.1m**
- LiveCorp contributions **\$0.6m**
- Other sources **\$6.9m**

OVERVIEW

Improving animal welfare

MLA is collaborating with a number of leading research organisations to implement one of the largest investments in livestock welfare research to date.

The Strategic Partnership for Animal Welfare Research, Development and Adoption is funded through MLA Donor Company (MDC), universities and state agricultural departments. The 50:50 partnership between MDC and collaborating research bodies will see up to \$35 million invested over five years.

Five out of 12 projects have already commenced through the Partnership, with a focus on improving or replacing adverse husbandry practices and reducing livestock mortality rates.

The projects will:

- benchmark animal welfare parameters
- assess public attitudes towards animal welfare
- develop new approaches to reducing lamb mortality
- assess how automated tools such as walk-over-weighing and auto-drafting systems could be used to manage animal welfare.

Safeguarding northern cattle from poisoning

In 2015, an MLA-funded project examining the impact of fluoroacetate toxicity in grazing cattle estimated this poison costs the northern Australian beef industry \$45 million/year. Fluoroacetate was found to be caused by two different plants across Queensland and the Northern Territory – Georgina Gidgee and Heartleaf Poison Bush. When ingested by grazing cattle, these plants can cause heart failure and death.

To address this costly problem, MLA funded further research in 2017–18, which revealed there are naturally occurring rumen bacteria able to detoxify or neutralise fluoroacetate. These bacteria can be stimulated by a range of nutritional supplements to multiply and improve their ability to metabolise the toxin.

Future research will be undertaken to demonstrate the practical feasibility of nutritional supplements to prevent fluoroacetate poisoning in cattle.

Fast-tracking footrot diagnosis

Virulent footrot costs the sheep industry \$32 million/year through lost production and compromises animal welfare.

MLA funded a University of Sydney project to address concerns about expensive, delayed and inconsistent laboratory diagnosis of footrot, as researchers found none of the current diagnostic tests are completely accurate.

To address this issue, researchers developed new diagnostic approaches that are fully validated and will reduce test times and costs, and set new recommendations for sampling footrot lesions for diagnosis.

The project, which included a national workshop with 70 participants, also produced resources which are now being used by veterinarians and animal health officers.

One PhD scholar and five honours students received specialist training in footrot diagnosis and research during this project.



The Australian Beef Paddock to Plate Story

MLA launched a new innovative consumer engagement platform that uses 360° immersive video technology to demonstrate the best practice systems that ensure Australia produces high quality beef.

The Australian Beef Paddock to Plate Story is a virtual tour of the Australian beef supply chain, designed to improve knowledge and understanding of production processes among consumers.

Since launching at the EKKA, Brisbane in August 2017, the Paddock to Plate Story has been shown at several community events:

- The Sydney Royal Easter Show: 6,000 showgoers (including school groups, industry stakeholders and members of the community) participated over 13 days.
- The Road to Rockhampton tour: MLA took the Paddock to Plate experience on a bus and engaged with communities and schools in Queensland (Gold Coast, Brisbane, Sunshine Coast and Bundaberg) and NSW (Wingham, Gosford and Richmond), where it was viewed by more than 1,600 people on the way to and from Beef Australia.
- Beef Australia 2018: The Paddock to Plate Story was viewed by around 2,400 people and received positive media coverage. It achieved 55 stories in local and national media and coverage across 106 media platforms plus multiple shares and views on MLA social platforms.
- Industry and education events, including Primex Field Days in Casino, NSW and the Primary Industries Education Foundation Australia Annual Conference.

MLA is developing a strategy to visit more events with the Paddock to Plate Story, including capital city royal shows in 2018–19. The content will also be publicly available on YouTube 360 and other social platforms promoting 360° videos.



6,000 viewers

at Sydney Royal Easter Show



1,600 viewers

on Road to Rockhampton tour



2,400 viewers

at Beef Australia



55 stories

in local and national media

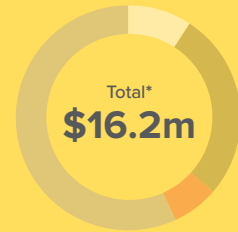


Stewardship of environmental resources

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 in improving productivity and sustainability.

Maintaining the industry's environmental impact 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.

2017–18 investment by funding source



* Total includes \$10.1m invested via MLA Donor Company

- Producer levies **\$1.5m**
- Government funding **\$4.4m**
- Processor contributions **\$1.1m**
- Other sources **\$9.2m**

OVERVIEW

Equipping teachers

MLA engaged with thousands of teachers and students in 2017–18 to ensure the process for producing red meat in Australia is accurately represented in classrooms around the country.

This included showcasing teaching resources to around 150 primary school teachers at the Sydney Royal Easter Show Teacher Development Day.

MLA also displayed new primary and middle school teaching resources and the Australian Beef Paddock to Plate story (see page 17) to 300 teachers and industry professionals at the Primary Industries Education Foundation Australia 2018 Conference.

Inspiring students

MLA continues to give students an exciting opportunity to interact with cattle and sheep producers through virtual classrooms. New and improved video streaming technology was introduced in 2017, which opened up virtual classrooms to all Australian schools.

During the year, 16 producer advocates delivered 27 lessons to 92 primary schools, engaging 2,700 students.

All states and territories participated in MLA's virtual classroom for the first time in term one 2018. There was a 36% increase in attendance in term one 2018 compared with the same period in 2017 and 72% of schools were from metro areas.

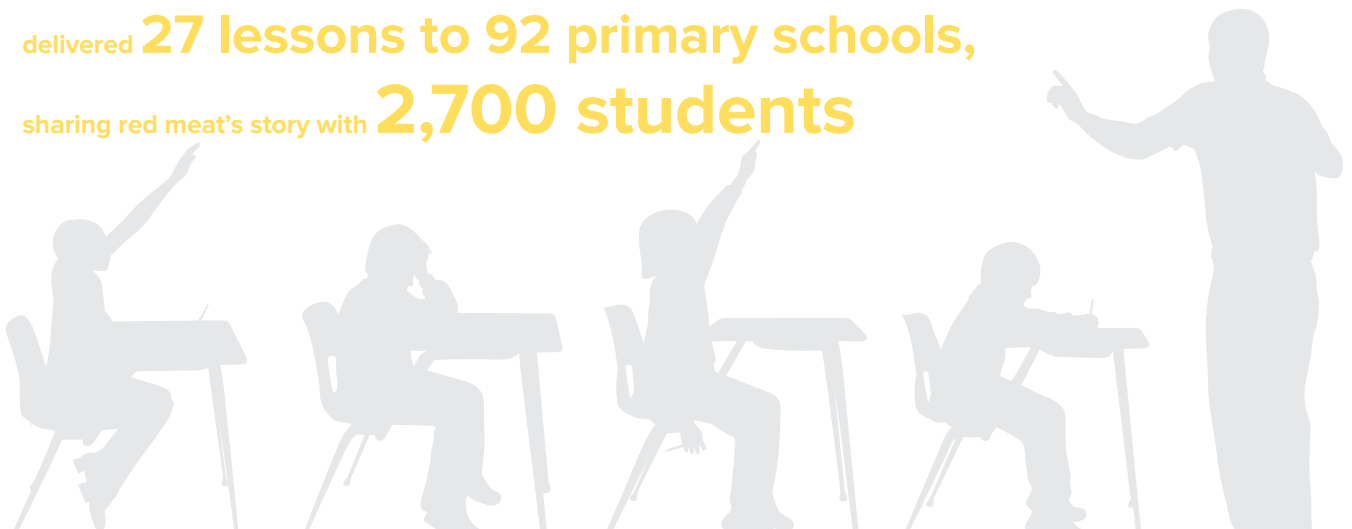
MLA engaged with 'Get Kids Cooking' as part of EKKA's Rural Discovery Day in May 2018, which was attended by 250 year three and four students from 10 schools. The event educates students on where their food and fibre comes from and aims to address the 'disconnect' between urban students and the origin of their food and fibre.

Through the interactive 'Get Kids Cooking' classes, children learnt:

- how to cook and appreciate nutritious food
- where beef and lamb comes from
- nutritional benefits of including red meat as part of a healthy, balanced diet.

16 producer advocates

delivered **27 lessons to 92 primary schools,**
sharing red meat's story with **2,700 students**





MLA Managing Director Richard Norton, Red Meat 2017

The hands-on cooking classes took students through the steps of cooking Australian lamb meatballs, which they were able to enjoy at the end of the class. They were also given a recipe brochure so they could cook healthy beef and lamb recipes at home.

New education resources

In 2017, MLA developed a new suite of curriculum-linked resources for the community education program. The 'Cattle and sheep farming today' teaching resources, launched in January 2018, explore farming and food production within the red meat industry. Students can learn about sustainable farming practices, red meat nutrition, food production and the use of science and technology in agriculture.

The suite includes several interactive resources:

- a digital board game
- facts for students
- a six-topic unit of work
- extra cross-curricular lesson ideas
- activity sheets
- curriculum tables (for years 4–8) and extra resources including videos and websites.

All resources are linked to the Australian curriculum to support the teaching of science, humanities and social sciences, technologies and design with links to

literacy, history and sustainability for primary and middle years.

The 'Cattle and sheep farming today' resources were distributed to more than 700 primary school students and teachers from 80 schools at the 2018 EKKA Rural Discovery Day.

They were downloaded more than 2,500 times from forteachersforstudents.com.au and primezone.com.au from January–June 2018.

Improving knowledge of beef and lamb

Now more than ever, consumers are wanting to know where their food comes from. More than 4,000 foodies and everyday cooks came away with a greater appreciation and understanding of Australian red meat after attending three major food festivals

in 2017–18: Margaret River Gourmet Escape (November 2017), Taste of Melbourne (November 2017) and Brisbane Regional Flavours (July 2017), all sponsored by MLA.

MLA's Corporate Chef Sam Burke and Corporate Butcher Doug Piper collaborated with other culinary experts, as well as beef and lamb producers, to provide the full paddock-to-plate experience and showcase the versatility of beef and lamb with butchery and cooking masterclasses.

'Carbon neutral by 2030' plan underway

MLA continues to support the environmental sustainability of the red meat industry to give consumers even more confidence in the integrity of Australian red meat.

Australia's red meat industry can be carbon neutral by 2030, Managing Director Richard Norton told the company's annual general meeting in Alice Springs.

Mr Norton reported that MLA had initiated a project with CSIRO that identified ways the industry could become carbon neutral. The paper, released in May 2018, outlined innovations and farm management options including:

- genetic selection
- the expanded use of legumes and dung beetles in pastures
- savannah fire management in northern Australia
- feed supplements
- lot feeding
- vegetation management
- a potential vaccine to reduce methane production in the rumen.

The red meat industry has already reduced its share of Australia's total emissions from 20% in 2005 to 13% in 2015. If Australia achieves carbon neutrality by 2030, it would be the first beef-producing nation to do so.

All reductions in emissions so far have been due to improved productivity – a win-win for industry and environment.

Following the CSIRO report, MLA has been developing an implementation plan for industry consideration that will ensure improved productivity as well as a reduction in the industry's emissions.

Development of a series of case studies demonstrating how the red meat industry is implementing change on-farm is now underway.

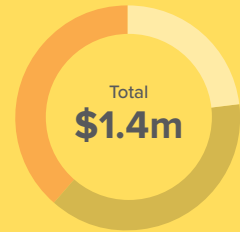


Role of red meat in a healthy diet

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.

2017–18 investment by funding source



- Producer levies **\$0.3m**
- Government funding **\$0.5m**
- Processor contributions **\$0.5m**

OVERVIEW

Women's Rugby 7s partnership

To reinforce beef's role in a healthy diet, as outlined in the Australian Dietary Guidelines, MLA partnered with healthcare professionals and key influencers to promote the benefits of eating beef.

In February 2018, MLA partnered with Australia's Olympic gold-medal winning Women's Rugby 7s team to create and share key messages about beef to target potential new consumers, particularly younger women who may have been limiting their red meat consumption.

As part of the initiative, several players hosted a morning session to highlight just how nutritious and versatile Australian beef is, and why it's an important part of the team's diet.

Targeted consumer media were invited to join players Charlotte Caslick, Demi

Hayes, Shannon Parry and Emilee Cherry for a training session, followed by a cooking demonstration with the team's dietitian, Peta Carige, to explain why beef is the best fuel for sportspeople and everyday Australians alike.

Peta shared four beef recipes that she recommends and prepares for the players as part of their nutritious weekly meal plans and are ideal for trying at home.

Media coverage and social media posts featuring the Women's Rugby 7s and Australian beef partnership were viewed



Women's Rugby 7s



Healthy Cuisines

more than three million times following the campaign.

Using social media, influencers and health/nutrition media helped to target the key audience of women aged 16–30 years who are considering limiting red meat for health reasons.

The players themselves used social media to promote the partnership with Australian beef, including Charlotte Caslick, who shared an image from the promotional day with her 100,000 Instagram followers.



Healthy Cuisines launched

MLA launched Healthy Cuisines, a new nutrition education program targeting health professionals, at the Dietitians Association of Australia National Conference in May 2018.

Healthy Cuisines provides a bridge between the dietary guidelines and the dinner plate.

The program addresses three key nutrition communication challenges identified following extensive consultation with nutrition experts and practitioners, and gained through consumer insights. These include:

- the popularity of the internet for nutrition information
- consumers who want to eat healthily but need it to be ‘doable’ and enjoyable
- lack of ‘one size fits all’ solutions where foods such as red meat and vegetables are typically consumed in a variety of meals.

A Healthy Cuisines ‘hub’ (mlahealthymeals.com.au) provides health professionals with easily accessible information about engaging and enabling consumers to eat healthily, including relevant behavioural insights, consumption habits, product information, meal ideas and practical tips.

The program builds on MLA’s reputation for high quality nutrition education. It emphasises the role of red meat in a healthy diet, particularly in relation to meal choices and habits.

Importantly, the program leverages consumers’ appreciation for Australian red meat’s attributes, including its ‘natural’ nutrition credentials: versatility, quality, high food safety standards and great taste.



PILLAR 2

Market growth and diversification

Improving market access is the primary way for the Australian red meat 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 integrity systems that underpin marketing efforts to differentiate Australian red meat from other red meat competitors and proteins.



HIGHLIGHTS



Two free trade agreements signed in 2018

Industry on the cusp of accessing the Peru market for the first time



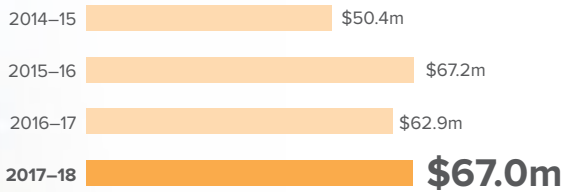
UAE government extended accepted shelf life limits for Australian vacuum-packed meat

7 percentage point increase in consumers who believe beef is suitable for everyday meals



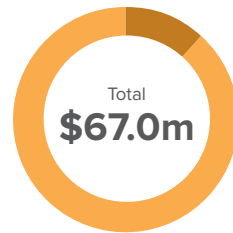


Investment over time



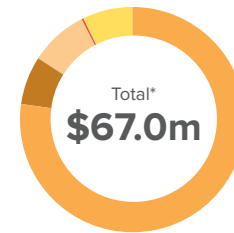
Totals may not add up due to rounding.

2017-18 investment by priority



- Efficiency and value in trade and market access **\$8.0m**
- Marketing and promoting Australian red meat and livestock **\$59.0m**

2017-18 investment by funding source



- Producer levies **\$51.9m**
- Government funding **\$4.5m**
- Processor contributions **\$5.6m**
- LiveCorp contributions **\$0.2m**
- Other sources **\$4.8m**

* Total includes \$5.3 million invested via MLA Donor Company

36 Key Performance Indicators



See Appendix A for a full list of KPIs. Please note some KPIs may be relevant across several pillars.

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



More than **50 million** Japanese consumers reached during 'Are you Genki?' campaign

110,000 steak sandwiches consumed during The Coffee Club campaign



125,000 visits from 25,000 users to Rare Medium e-magazine



9.59% increase in domestic lamb sales during summer lamb campaign



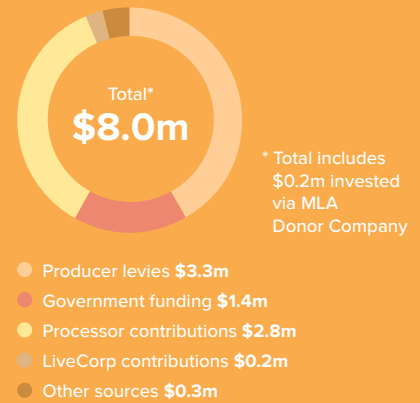


Efficiency and value in trade and market access

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.

2017–18 investment by funding source



OVERVIEW

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

The long-awaited Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was signed in Santiago, Chile on 8 March 2018.

The CPTPP comprises 11 member countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam.

On behalf of the Australian red meat and

livestock industry, MLA provided support to the Australian Government from the outset of the Trans-Pacific Partnership process (superseded by CPTPP), which began more than eight years ago.

The CPTPP will create new export opportunities and complement the gains derived from other free trade agreements Australia has concluded to date.

CPTPP members account for about 27% of Australia's combined total beef, sheepmeat and offal trade. The existing import tariffs applicable to Australia's exports destined for CPTPP markets represent an annual tax on the Australian supply chain of around A\$1 billion.

The gradual removal of this cost burden will positively impact the profitability of Australian cattle, sheep and goat producers, processors and exporters,

as well as alleviate the inflated, tariff-affected prices paid for Australian red meat, livestock and associated products by CPTPP member country businesses and consumers.

Below is an outline of the varying impacts the CPTPP will have on Australian trade.

Existing bilateral and/or regional agreements are already delivering market access improvements for Australia with the remaining CPTPP members.

For the CPTPP agreement to enter into force, six members must complete their respective domestic legal and approval processes and subsequently notify other members. As such, the Australian red meat and livestock industry is working closely with the Australian Government to continue advocating that all members expedite these procedures.

The CPTPP's impact on trade

Japan

- Tariffs levied on Australian beef entering Japan will be further reduced from those negotiated under the Japan–Australia Economic Partnership Agreement (JAEPA).
- The tariff on both frozen and chilled beef will fall to 9% within 15 years – as opposed to the end point of 19.5% for frozen beef and 23.5% for chilled beef secured under the JAEPA.
- In addition, processed red meat import tariffs applied by Japan, which currently range from 6% to 50%, will be eliminated within 15 years; the majority of offal tariffs

eliminated within 10 to 15 years; and the tariffs applied to live cattle imports will also be eliminated.

Canada

- The current 35,000 tonne beef quota (0% in-quota tariff) will remain; however, the above quota tariff of 26.5% will be phased out over five years.
- The 2.5% tariff on Australian sheepmeat will be eliminated on entry into force.

Mexico

- The current 20–25% beef tariff will be eliminated within 10 years; the

10% sheepmeat and goatmeat tariffs will be eliminated within eight years.

- The majority of offal tariffs will be eliminated on entry into force.
- The 10–15% tariffs on live animals will also be eliminated on entry into force.

Peru

- The CPTPP will complement the recently concluded Peru–Australia Free Trade Agreement (PAFTA), which will see the 11–17% tariffs on beef phased out and the 9% sheepmeat and goatmeat tariffs eliminated on entry into force under both agreements.



Australian Minister for Trade, Hon Steven Ciobo MP and the European Commissioner for Trade, Cecilia Malmström

EU trade negotiations underway

The Australian Minister for Trade, Hon Steven Ciobo MP, and the European Commissioner for Trade, Cecilia Malmström, launched Australia–European Union Free Trade Agreement (A–EU FTA) negotiations in Canberra on 18 June 2018.

The announcement was welcomed by the Australian red meat industry as a positive first step in improving market access arrangements with the European Union.

MLA is working with industry to advance EU market access in a number of ways, including as secretariat of the Australia–EU Red Meat Market Access Taskforce.

The Taskforce is the Australian red meat industry's steering committee responsible for guiding and driving improvements in beef, sheepmeat and goatmeat market access into both the EU and UK. It's made up of producers, processors, exporters and the industry service providers, and draws heavily on this collective commercial expertise.

Trials conducted in a domestic supply chain have suggested an 8% reduction in wastage is possible as a result of accuracy of shelf life prediction.

An MLA Donor Company-funded trial involving three products was completed in 2018, while international trials of the shelf life prediction tool have been conducted with more to follow.

The model can also be used to build confidence in product shelf life, simplify the supply chain and improve control over product, leading to less markdowns and waste in stores.

Internationally, the shelf life tool will be used to further address technical trade barriers. The new model has already given importing countries confidence in the shelf life of Australian red meat without having to conduct extensive studies.

For example, in May 2017, the United Arab Emirates government extended accepted shelf life limits for Australian vacuum-packed meat. Chilled beef standards increased from 90 days to 120 days and sheepmeat from 70 days to 90 days.

Industry is hopeful other countries will also increase acceptable shelf life for Australian product to allow access to premium markets.

Additional beef access to Mexico

While the CPTPP will be the most significant way to reap long-term benefits for Australian red meat exports to Mexico, the Mexican Government has temporarily reduced tariffs on key imports, including beef, by establishing a tariff rate quota, in response to inadequate domestic beef supplies and corresponding price rises.

In February 2017, Mexico introduced a 200,000 tonne/year import quota which will facilitate access through to 31 December 2019.

The zero in-quota tariff is a significant advantage over the previous 20–25% import tariff regime. The temporary tariff rate quota applies to fresh, chilled or frozen beef, including bone-in and boneless cuts.

The quota puts Australia on a level playing field with the US and Canada, who have enjoyed a tariff advantage into Mexico since 1994, when the North American Free Trade Agreement entered into force.

Peru–Australia Free Trade Agreement (PAFTA)

Australia and Peru signed the Peru–Australia Free Trade Agreement (PAFTA) on 12 February 2018, enabling the Australian red meat and livestock industry to access opportunities in a new and growing market.

Historically, there has been no red meat trade between Australia and Peru due to a lack of import protocols. However,

with dialogue already underway between Australian and Peruvian government authorities to establish these protocols, coupled with the removal of tariffs as part of PAFTA, the Australian red meat industry will soon be in a position to respond to potential inquiries from the expanding Peruvian retail and foodservice sectors.

PAFTA will see the current tariffs of 11–17% on beef (dependent on tariff line) being eliminated, either on entry into force of the agreement or within five years; elimination of the 9% tariff on sheepmeat and goatmeat on entry into force; the tariffs applicable to live animal exports and edible offals bound at 0%; and the elimination of tariffs for further processed meat products either on entry into force or within five years.

PAFTA also represents a useful step in securing closer economic relations with the Pacific Alliance group of countries that also includes Chile, Columbia and Mexico. Australia began FTA negotiations with the Alliance in June 2017.

Australia and Peru are now following their respective domestic treaty making processes so PAFTA can enter into force.

New shelf life management tool

MLA and the Tasmanian Institute of Agriculture have developed a new shelf life management tool for beef and lamb.

The computer model predicts the shelf life of vacuum-packed product and has been validated in domestic and international supply chains.



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 **ensure beef and lamb remain popular meal choices** by focusing on Australian red meat's value proposition and business development.

2017–18 investment by funding source



* Total includes \$5.1m invested via MLA Donor Company

- Producer levies \$48.6m
- Government funding \$3.2m
- Processor contributions \$2.8m
- Other sources \$4.4m

OVERVIEW

Launch of 'Australian Beef: the Greatest'

MLA launched its new domestic beef marketing platform in 2017–18 – 'Australian Beef: the Greatest' which positions beef as the humble leader of all proteins.

It evolves from the previous 'You're Better on Beef' campaign and inspires consumers to reconnect with beef by incorporating messages spanning versatility, nutrition, provenance, sustainability and eating quality.

The strategy

Underpinning the new strategy is the need for the beef industry to find ways to continue generating value for consumers in the face of four key challenges:

- consumer willingness to pay a premium for beef
- changing population mix
- changing lifestyles
- multiple sources of information.

Market conditions continue to present a range of challenges for beef, particularly in maintaining volume with retail prices having increased a further 3% year-on-year.

Content under the new 'Australian Beef: the Greatest' platform is focused on delivering easy, quick and delicious meals with an emphasis on, but not limited to, preparing dinner within 30 minutes.

The first integrated campaign under the platform featured online content and TV commercials that used an original song to remind Australians of beef's greatness.

The results

The campaign contributed to the mean number of serves of beef per week increasing from 1.81 to 1.86 in 2017–18.

There has also been a year-on-year increase in main grocery buyers (the key decision-maker regarding shopping choices) endorsing the statement 'Willing to pay more for beef' from 22% pre-campaign to 25% post-campaign.

Consumer endorsement of the statement 'Beef makes healthy meals' also increased from 51% pre-campaign to 53% post-campaign.

The campaign also resulted in endorsement of the statement 'Beef is suitable for everyday meals' lifting from 56% pre-campaign to 63% post-campaign.

Summer lamb's musical makeover

MLA's annual summer lamb campaign launched in January 2018 with a long-form advertisement, which saw a modern-day barbecue get a Broadway musical makeover and resulted in 2.1 million unique views online.

Building on the long-established 'We Love Our Lamb' brand position of unity and inclusivity, the integrated campaign was designed to inspire people to put aside their differences, big and small, and come together over lamb.

It featured in-store, product-focused point-of-sale lamb barbecue inspiration, focusing on the variety of different cuts

and cuisines, while recipes developed by celebrity chef Darren Robertson underpinned the campaign by inspiring young Australians to get cooking with lamb.

The campaign resulted in lamb sales for the period increasing by 9.59% and achieving most long-term brand KPIs.

This included 'maintaining the mean number of serves of lamb per week between 0.7 and 0.9', with the campaign resulting in mean serves reaching 0.78.

There was also an increase in main grocery buyers (the key decision-makers regarding shopping choices) endorsing the statement 'Willing to pay more for lamb' from 21% pre-campaign to 24% post-campaign.

The KPI of 'restricting the percentage of main grocery buyers limiting consumption of lamb for health reasons to below 19%' was also achieved, with the result of 16% limiting consumption for health reasons.

Improving lamb's performance around consumer perception that 'Lamb is good for sharing' was also achieved, with 49.7% of consumers agreeing with the statement.

Despite these positive figures, there is still some hesitation from consumers regarding lamb as a 'healthy, everyday meal'. Promoting lamb's health benefits, as well as its versatility, will be a key element of future campaigns.

Release of market snapshots

MLA expanded its range of market snapshots in February 2018 to provide producers and industry stakeholders with detailed insights into what is driving



True Aussie 'Are you Genki?' campaign

The health benefits of eating iron-rich True Aussie beef during Japan's notoriously cold winter months was the focus of an MLA campaign that resulted in a total audience reach of more than 50 million people.

The 'Are you *Genki*?' campaign focused on female consumers in Australia's largest beef export market and highlighted the importance of women having enough iron in their diet.

The campaign ran throughout December 2017 and January 2018 and included the opening of a pop-up store – the Iron Breakfast Bar – in Osaka. The campaign assisted in boosting roast beef sales at Japanese supermarkets by 35–40% over winter and attracted widespread media coverage on television, in newspapers and online.

The Japanese term '*genki*' means something close to 'healthy' or 'energetic' in English, and implies vitality. For a number of years, MLA has focused on ensuring True Aussie beef is seen as helping Japanese families feel '*genki*'.



A cooking demonstration using True Aussie beef in Japan

domestic marketing branding 'Australian Beef: the Greatest'.

The promotion ran until June and resulted in just over 110,000 steak sandwiches being consumed – a 50% increase in sales of the steak sandwich range.

MLA worked with The Coffee Club's parent company, Minor International (which operates casual dining brands globally) to hero Australian red meat on the menu.

MLA's Corporate Chef Sam Burke, together with MSA Retail Training Facilitator Kelly Payne, worked with Minor Group chefs as part of a red meat immersion and butchery course – and then with Global Head of Culinary, James Bradbury, and Culinary Manager, Kenneth Bryce, to create new recipes.

MLA also worked with The Coffee Club on revamping its existing steak sandwich, featuring a 100-day grainfed steak. It's now a permanent addition on The Coffee Club menu.

Rare Medium platform launched

The Australian foodservice sector generated \$45 billion in 2016, accounting for 50 million meals/week, making it a crucial channel to the ongoing success of the red meat and livestock industry.

MLA's dedicated foodservice program, Rare Medium, seeks to ensure Australian red meat remains relevant and retains its place on domestic foodservice menus while also increasing understanding and use of lesser-known cuts.

In early 2018, MLA launched two new digital resources for foodservice professionals, offering access to red meat knowledge from paddock-to-plate – the new Rare Medium website and e-magazine.

In the first six months since the e-magazine was launched, it received 125,000 visits from 25,000 users, while social media activity for the first two e-magazine issues generated over 700,000 video views.

The new Rare Medium website provides chefs with access to whole-carcase education for beef, lamb, goatmeat and veal and includes complete beef and lamb carcase breakdown videos. It also provides clear and concise supply chain information, insights into production systems, dish inspirations from leading chefs and more.

While the website functions as a hub for red meat education, the new seasonal Rare Medium e-magazine draws on industry innovation and culinary creativity to inspire chefs through timely, engaging and informative red meat content.

Each issue of the e-magazine focuses on a specific protein and is co-edited with a different chef influencer to explore seasonality from paddock-to-plate.

demand for Australian product in global and domestic markets.

The snapshots cover 11 key markets for beef and eight for sheepmeat, while the goatmeat industry is covered by a global snapshot.

They provide a forward-looking analysis of the consumer and industry trends that will influence Australia's future red meat exports into each market.

The market snapshots, including competing supplier snapshots, have attracted more than 12,000 views.

Coffee Club collaboration

A partnership between MLA and national café chain, The Coffee Club, saw Australian beef take centre stage in a reinvention of the Australian classic: the steak sandwich.

The Coffee Club launched three new steak sandwiches in nearly 300 restaurants across the country in April 2018, with promotions including MLA's



PILLAR 3

Supply chain efficiency and integrity

Satisfied customers and industry partners working in collaboration 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 objective 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.



HIGHLIGHTS



MSA beef compliance rates rose to 94.3%

\$152 million in additional farm gate returns

from MSA beef program



95% of lambs following MSA pathways

met MSA requirements

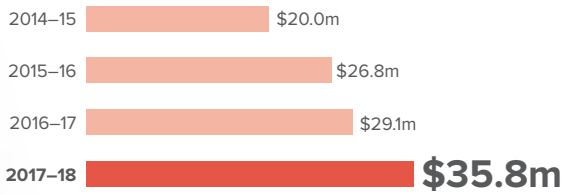
Animal welfare and biosecurity added

to LPA program to enhance integrity systems





Investment over time



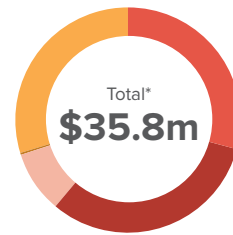
Totals may not add up due to rounding.

2017-18 investment by priority



- Optimising product quality and cost efficiency **\$22.7m**
- Guaranteeing product quality and systems integrity **\$13.1m**

2017-18 investment by funding source



- Producer levies **\$10.5m**
- Government funding **\$11.4m**
- Processor contributions **\$3.2m**
- LiveCorp contributions **\$0.1m**
- Other sources **\$10.6m**

* Total includes \$10.7 million invested via MLA Donor Company

48 Key Performance Indicators



See Appendix A for a full list of KPIs. Please note some KPIs may be relevant across several pillars.

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

MSA celebrates 20 year anniversary

Eating Quality Graded cipher

introduced as part of Australian Beef Language Review recommendations



25.4 million NLIS cattle movements recorded by the NLIS database

1,257 producers now have Livestock Data Link accounts





Optimising product quality and cost efficiency

Since its inception in 1998, 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**.

2017–18 investment by funding source



* Total includes \$9.5m invested via MLA Donor Company

- Producer levies \$6.9m
- Government funding \$9.4m
- Processor contributions \$1.0m
- Other sources \$5.4m

OVERVIEW

20 years of eating quality

MLA's independent eating quality grading program, Meat Standards Australia (MSA), celebrates its 20th anniversary in 2018.

Over the past two decades:

- MSA conducted consumer sensory testing with more than 114,000 consumers on 800,000 meat samples in 11 countries – research that determines what attributes have an impact on eating quality
- 549 people have been trained as MSA graders

- 38,000 consumers in eight countries have indicated they are willing to pay different amounts for different levels of eating quality
- 27,000 sheep producers have become registered to supply 37.2 million sheep processed following the MSA pathways
- 26.5 million cattle have been MSA graded, supplied by more than 43,000 MSA-registered beef producers
- 18,995 producers have engaged in MSA beef and sheep information sessions or eating quality workshops
- more than 15,000 retail, foodservice and wholesale businesses have been trained in MSA programs
- \$167.5 million has been invested by MLA into the MSA beef and sheepmeat program (including Government contribution) since 1998

- an MSA evaluation conducted between 2010 and 2015 revealed an industry return on investment of 12.5:1.

The program continues to enjoy strong uptake throughout the supply chain with more than 53,000 Australian beef, sheep and mixed livestock producers now registered for MSA.

MSA metrics

MSA beef

During 2017–18, the MSA beef program returned an additional \$152 million in farm gate returns. Nationally, 43% of adult cattle slaughtered were graded for MSA, a rise of 3% on the year before. MSA compliance rates also continued their upward trend, increasing incrementally to 94.3%, up from 93.5% the previous year.

The MSA Index, a score assigned to beef carcasses on a scale from

94.3% of MSA cattle and 95% of MSA lambs met program requirements

\$152 million in additional farm gate returns

16 additional MSA-licensed brands

32% increase in producers using myMSA platform





30 to 80, underpins the beef industry's goal to provide meaningful feedback to producers on the eating quality performance of their cattle. In 2017–18 the national average MSA Index increased slightly to 57.78 (from 57.62 in 2016–17).

MSA sheepmeat

A quarter of the national lamb slaughter followed the MSA pathway – although this is on par with the year before, the proportion of those lambs that were then trade marked as MSA rose significantly, from 71% during 2016–17 to 74% during 2017–18. MSA sheepmeat compliance improved, with 95% of all lambs graded meeting MSA requirements.

MSA brands

The growth in MSA beef and sheep brands continues, with an additional

16 brands licensed in 2017–18, bringing the total to 172. The number of MSA-licensed brands actively communicating MSA in export markets continues to rise, now at 12. There are now 3,681 MSA-licensed end-user outlets that use the trade mark.

myMSA

Producer engagement with myMSA continues to improve, with 17,163 log-ins to the platform by 4,573 beef producers in 2017–18 – an increase of 32%. MSA continued to create value for producers by adding benchmarking capabilities to myMSA. This function allows producers to measure their MSA compliance on a state and regional basis, as a tool to identify opportunities to improve their performance.

Beef language enhanced

The red meat and livestock industry is moving forward with the adoption of an enhanced Australian beef language.

Twelve of the 46 recommendations handed down by the Australian Beef Language Review in June 2016 have now been implemented and are delivering outcomes along the value chain. Another 27 recommendations are in progress.

The implementation of the Eating Quality Graded (EQG) cipher was among the first recommendations to be realised. The EQG cipher could potentially add an additional \$46 million to the supply chain each year, by offering an alternative to dentition-based ciphers. It gives MSA brand owners the option to pack and label beef according to consumer eating quality outcomes.

Supporting the national onsite-correlation and practice system, MSA continues to ensure grader integrity and consistency by conducting face-to-face checks with 250 MSA graders each year.

Another recommendation, the Animal Raising Claim Systems Framework for Beef Production in Australia, was released in October 2017, to address the need for clear definitions underpinning brand claims such as 'grassfed' or 'antibiotic free'.

MSA Excellence in Eating Quality Awards

MLA hosted the second MSA Excellence in Eating Quality Awards to raise awareness of MSA best management practice. Six state events were attended by 514 producers and the 51 finalists represented 202,680 MSA-graded cattle.

For the first time, the most outstanding beef producer award was divided into categories: 'Most outstanding MSA beef producer' and 'Most outstanding MSA beef producer – grainfed'. A new category, 'Excellence in eating quality progress award', was added to recognise the producer in each state who had the most improvement to their compliance and the MSA Index.

Pictured is Tristram Hertslet, General Manager of Reardon Operations Feedlot. The feedlot won 'Most outstanding beef producer – grainfed' in the Queensland and NT category, while KJ Wonka took out the award for 'Most outstanding beef producer'.



Tristram Hertslet, General Manager of Reardon Operations Feedlot



Guaranteeing product quality and systems integrity

Australian red meat is 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.

2017–18 investment by funding source



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

- Producer levies \$3.6m
- Government funding \$2.1m
- Processor contributions \$2.2m
- LiveCorp contributions \$0.1m
- Other sources \$5.1m

OVERVIEW

LPA update

The Livestock Production Assurance (LPA) program is the Australian livestock industry's on-farm assurance program covering food safety, animal welfare and biosecurity.

Upgrades to the LPA program were rolled out from 1 October 2017, including the introduction of two new LPA elements, animal welfare and biosecurity, and a new LPA reaccreditation process.

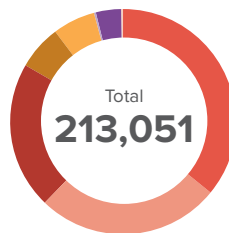
The inclusion of animal welfare and biosecurity means every LPA-accredited producer can demonstrate they are fulfilling animal welfare requirements by following the Australian Animal Welfare Standards and Guidelines for cattle, sheep and/or goats (as applicable). They must also ensure effective biosecurity practices are implemented on-farm and that a documented Farm Biosecurity Plan is in place.

The reaccreditation process requires all 213,051 LPA-accredited producers to complete LPA Learning and an assessment to maintain their accreditation.

By June 2018, 29,280 reaccreditations were completed, including 7,166 from new LPA members.

According to the Integrity Systems Company's annual integrity survey, LPA awareness levels increased by 19% over the year, lifting LPA awareness to 93%. This significant increase was a result of

LPA-accredited producers in 2017–18



- New South Wales
- Victoria
- Queensland
- South Australia
- Western Australia
- Northern Territory
- Tasmania
- ACT

the communication campaign supporting the LPA program upgrades.

eNVD update

The industry's new electronic National Vendor Declaration (eNVD) system launched in August 2017 and is aimed at streamlining data transfer, reducing costs and improving information accuracy.

The eNVD system offers producers the ability to create other declarations alongside the NVD, including for MSA and the National Feedlot Accreditation Scheme, as well as National Health Declarations.

While uptake of the eNVD has been slow, Integrity Systems Company continues to work closely with producers and industry partners on potential improvements to the eNVD to make the system more user friendly, accessible and adaptable to business needs.

Livestock Data Link

Two enhancements were made to MLA's online carcass feedback resource, Livestock Data Link (LDL), to enhance information sharing in the red meat supply chain.

LDL, which is currently used by 1,257 producers, now provides a predictive lean meat yield measure for beef producers and processors on carcasses that are MSA graded. Lean meat yield is the percentage of meat recovered from a carcass and is a key driver of profitability for beef producers, processors and retailers. It's calculated using hot standard carcass weight and MSA-graded rib fat depth.

The second new feature enables breeders to receive carcass information on animals they have bred but not directly consigned to the processor. This information includes average, minimum and maximum carcass weight, P8 fat and, if graded, lean meat yield and the MSA Index. The processor will not be identified – only the state in which the animals are processed.



Integrity Systems Company

Integrity Systems Company (ISC) is a fully-owned subsidiary of MLA and aims to grow red meat value chain opportunities through integrity and information systems innovation.

Since its launch in 2016–17, Integrity Systems Company has provided 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).



Integrity Systems

red meat customer assurance

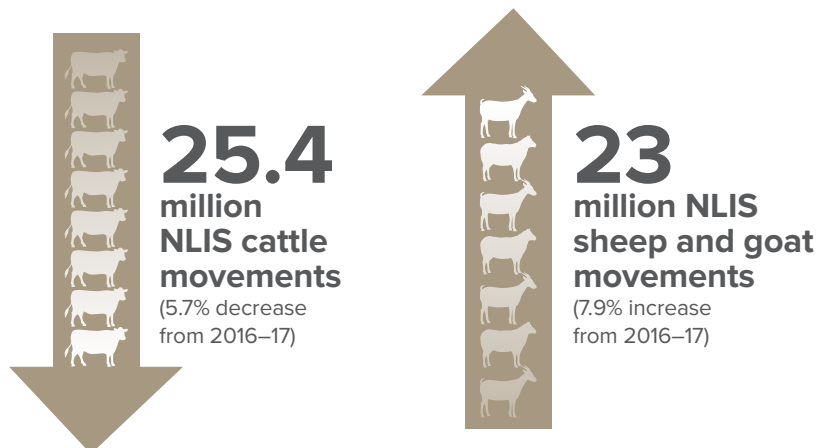


Making this information accessible through LDL helps producers meet market specifications and improve their bottom lines, while releasing feedback to the breeder will enable the rate of genetic gain in the industry to be increased as carcass performance and pedigree records can be linked.

Producers are now able to access varying levels of data including carcass compliance, animal health and/or breeder property identification code details from 17 processors across the country.

Through its link with LDL, the National Sheep Health Monitoring Project has been able to supply animal health feedback from 2017–18 on 4.7 million sheep. This data has been collected over 21,019 lots and 4,972 property identification codes.

National Livestock Identification System (NLIS)





PILLAR 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 red meat supply chain to increase its productivity requires a new approach to research 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.



HIGHLIGHTS



11 R&D projects worth \$35 million

funded under the Livestock Productivity Partnership

Pasture Trial Network website launched

to provide objective pasture variety data to producers



19 research proposals endorsed

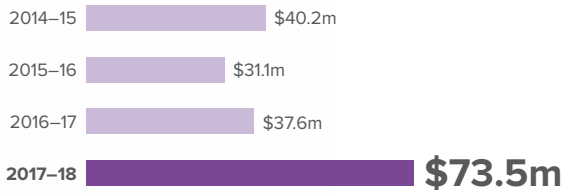
by National Livestock Genetics Consortium

MLA awarded the first annual Hitachi Transformation Award



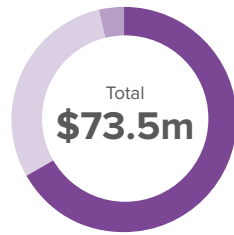


Investment over time



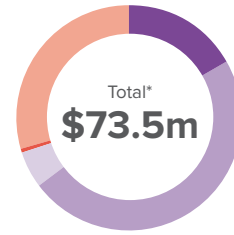
Totals may not add up due to rounding.

2017-18 investment by priority



- Production efficiencies in farms and feedlots **\$58.6m**
- Processing productivity **\$13.4m**
- Live export productivity **\$1.5m**

2017-18 investment by funding source



- Producer levies **\$12.4m**
- Government funding **\$35.2m**
- Processor contributions **\$3.9m**
- LiveCorp contributions **\$0.4m**
- Other sources **\$21.6m**

* Total includes \$43.0 million invested via MLA Donor Company

72 Key Performance Indicators



See Appendix A for a full list of KPIs. Please note some KPIs may be relevant across several pillars.

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

Condition score targets identified

to boost non-Merino ewe productivity

Prototype feed bunk scanner

developed for feedlot industry

\$13 million opportunity identified for domestic goatmeat



First beef DEXA unit installed

to provide producer feedback on carcasses

Four LEAP V automated

lamb forequarter processing modules installed in processing plants

750 attendees

at the third Livestock Export Program Expo and Conference in Indonesia



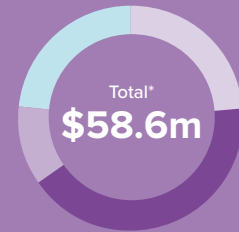


Production efficiencies in farms and feedlots

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 operations 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.

2017–18 investment by funding source



* Total includes \$32.7m invested via MLA Donor Company

- Producer levies \$11.6m
- Government funding \$28.2m
- Processor contributions \$0.8m
- Other sources \$18.0m

OVERVIEW

Livestock Productivity Partnership

Eleven research and development projects, valued at \$35 million over five years, are now underway as part of the Livestock Productivity Partnership (LPP).

Over the next five years, the LPP aims to increase productivity gains for livestock producers in northern NSW and southern Queensland. However, some of the intended findings and tools will have application in other regions and nationally.

Researchers will work to develop and commercially validate several management strategies, and will primarily focus on:

- meeting animal requirements through better management of feed supply
- enhancing ruminants' nutrient efficiency to improve growth
- improving maternal efficiency
- meeting market specifications to increase whole-farm profitability.

The LPP is a collaborative research and development funding partnership, currently involving MLA Donor Company (MDC), NSW Department of Primary Industries, University of New England and CSIRO.

The partnership is Board-approved up to a value of \$50 million, using a 50:50 co-investment model with MDC funds.

National Livestock Genetics Consortium

MLA established the National Livestock Genetics Consortium (NLGC) as a genetics and genomics collaboration model in 2016. 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
- accessible data platforms.

Previous project calls in 2016 and 2017 resulted in the NLGC Taskforce recommending 29 projects to receive \$35 million in funding. These projects have now been progressed through to contracting.

In December 2017, the Taskforce made a third call for projects that achieve outcomes in line with the Consortium's priorities. Proposals contributing to the goals of the NLGC and *Meat Industry Strategic Plan 2020* through addressing culture change, linking genetics to consumer outcomes and new/novel genetics R&D were sought. Nineteen proposals were identified as progressing towards the Consortium's aim and were recommended for funding.

Regional consultation framework

Through MLA's regional consultation process, livestock producers directly influenced the investment of \$9.7 million of levy funds into 13 new research, development and adoption projects in 2017–18.

The projects address key priorities within six themes that were recommended by the Red Meat Panel*:

- breeder productivity for sheep and cattle
- nutrition
- evaluation of the costs and benefits of moving prime lamb systems into mulesing-free
- propose new lines of work into the control of sheep blowfly
- scope the potential for vaccines against the important gastrointestinal nematodes of sheep and goats
- bovine theileriosis in WA.

The priority areas were determined by producers through MLA's regional consultation process via Southern Australia Meat Research Council (SAMRC), North Australia Beef Research Council (NABRC), and Western Australian Livestock Research Council (WALRC).

The Red Meat Panel endorsed 15 full projects for MLA funding. Final projects were put to the MLA Board for approval in July 2018, marking the completion of the third annual call process.

In 2017–18, an internal review of MLA's regional consultation framework and annual call processes and structure was conducted.

Feedback received was generally supportive of the framework. While no significant changes were identified as part of the review, several refinements were identified to improve operational efficiencies and stakeholder satisfaction.

* The Red Meat Panel consists of the chair and a producer member from NABRC and SAMRC, two producer members of WALRC, a representative from Cattle Council of Australia and Sheep Producers Australia and two MLA General Managers.



Pasture Trial Network launched

Southern livestock producers now have access to data about the performance of more than 100 pasture varieties with the launch of the Pasture Trial Network (PTN) website in September 2017.

The website – tools.mla.com.au/ptn – gives producers unrivalled access to independent pasture information.

Since 2014, PTN has established 84 trials over 28 sites encompassing 12 species.

Goatmeat value-adding opportunities

A feasibility study into opportunities to encourage domestic goatmeat consumption has identified that value-adding could create more demand and potentially generate \$13 million/year for the industry.

MLA commissioned the study, 'Value adding goatmeat for domestic consumers', and is now seeking co-funding partners within the industry to act on its findings.

Several value-adding opportunities are presented in the study's final report, with insights around defined consumer segments and special occasions when goatmeat may be purchased by these segments.

Award-winning technology for northern beef

MLA, in conjunction with vertically integrated beef supply chain business Australian Cattle and Beef Holdings (ACBH) and Australian Country Choice

(ACC), was awarded the first annual Hitachi Transformation Award for its work in using data to help drive innovation in the red meat industry.

Hitachi's sensor-driven data collection and analytics technology is being used in a research project underway in Queensland with ACBH and ACC. The project assists value chain partners to share and mine data to benefit their operations.

Data collection from individual paddocks will enable ACBH to identify and address supply chain inefficiencies. Together with individual animal data mapped across the whole value chain, process intelligence will allow producers to make more informed and timely management decisions.

BREEDPLAN changes

A new software license agreement for BREEDPLAN, the genetic evaluation system for beef cattle in Australia, has commenced to ensure greater accessibility for seedstock producers and improve transparency and accountability in the system.

BREEDPLAN analytical software is used to produce estimated breeding values of recorded cattle for a range of important production traits, and is owned by MLA, the University of New England and NSW Department of Primary Industries. The Agricultural Business Research Institute is the BREEDPLAN licensee.

As a result of a commercialisation review of BREEDPLAN in 2017–18, several significant changes have been made to the software license agreement as part of a reinvigoration strategy.

Management guidelines for non-Merino ewes

With non-Merino ewes producing about 45% of lamb supply in Australia, MLA-funded research has identified that condition score targets at lambing of 2.7 for singles and 3.3 for multiple-bearing non-Merino ewes are likely to achieve near-maximum lamb survival and weaning rates.

The findings are contained in the final report of the project, 'Lifetime Maternals – development of management guidelines for non-Merino ewes', published in September 2017.

The project involved eight large trials using a range of maternal ewe genotypes, including first-cross and composite breeds, and demonstrated the live weight and condition score profile of a flock can predict the productivity of ewes, and survival rates and growth of their progeny to weaning.

The new Lifetime Maternals tools are expected to be available to the sheep industry by the end of 2018. They will be incorporated into new sheep industry extension and adoption programs, as well as existing programs such as Bred Well Fed Well and Profitable Grazing Systems.

Feedlot bunk scanner automation a reality

In a major step towards automation of manual processes in the feedlot industry, a prototype feed bunk scanner has been developed to objectively determine the quantity of feed remaining in cattle feed bunks.

Assessing the quantity of feed remaining is critical to optimising carcass weights and preventing digestive disorders, while also managing the efficiency of a feedlot's feed consumption.

The grainfed levy-funded project saw Dr Stuart McCarthy and Daniel Mcleod from automation and robotics solutions company, Manabotix, design and validate the prototype bunk scanner at Mort & Co's Grassdale Feedlot, Queensland.

Project results confirmed the vehicle-mounted bunk scanner's performance was superior to human operators. Further in-field testing of the prototype is being undertaken with a view to releasing commercial technology for feedlot adoption by November 2018.



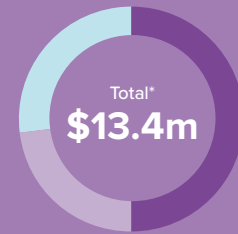
Dr Stuart McCarthy and Daniel Mcleod



Processing productivity

With Australian red meat facing intense price competition from other proteins and exporting nations, 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.

2017–18 investment by funding source



* Total includes \$10.3m invested via MLA Donor Company

- Government funding \$6.7m
- Processor contributions \$3.1m
- Other sources \$3.6m

OVERVIEW

Development of LEAP V

The development of the LEAP V automated lamb forequarter processing module was completed in 2017–18, with the technology now installed at two processing plants.

The lamb forequarter is an important component of the carcass requiring a series of bandsaw cuts to separate the neck and shanks to produce the square-cut shoulder portions. At processing line speed in the lamb boning room, this is a repetitive and physically demanding task.

MLA Donor Company partnered with global technology provider Scott Automation & Robotics to develop the LEAP V automated bone-in forequarter processing cell.

The fully automated cutting solution features the flexibility of a robot and motor-controlled bandsaw, capable of processing the main bone-in cuts of the carcass forequarter including knuckle tip removal, neck cuts, shank and brisket removal and vertebrae splitting.

Wagstaff Cranbourne Pty Ltd has installed one LEAP V machine to manage a cycle speed of around seven carcasses/minute, while three have been installed at JBS's Brooklyn plant to process 10 carcasses/minute.

The technology further adds to the LEAP series of modules, designed to deliver a more consistent product, increase workplace safety by separating the operator from the cutting blade and contribute to labour efficiencies.

Single tower lamb primal cutter

A single tower lamb primal cutting system for lower throughput plants has been successfully manufactured and the first commercial unit installed in June 2018 at a Wagstaff Cranbourne Pty Ltd plant.

This system has been designed to make it more cost-effective for smaller processing plants to take the first step into introducing automation technology to their site without investing in a full DEXA (dual energy X-ray absorptiometry) objective measurement system.

The system consists of a downsized LEAP III single tower (without an X-ray sensing system) and is easier to install.

While the DEXA system uses X-ray technology prior to cutting carcasses, the single tower system requires an operator to mark cutting lines with a laser level tool.

The development of the single tower enabled the LEAP III system to reduce from two stations to a single station with combined clamping to enable the forequarter and saddle cuts to be

performed within a cycle rate of five carcasses/minute.

Benefits include improvement of the cut accuracy and yield benefits from the current manual head saw cutting/pre-marking process, as well as the ability to add an additional tower and X-ray system in the future, equivalent to a LEAP III.

Automated beef boning room concepts

Australian beef processing is moving to the next stage of efficiency and global competitiveness using learnings from recent lamb automation projects.

The program builds on the successes of the lamb automation program developed in collaboration by MLA, Scott Automation & Robotics and processors. It includes a suite of automation modules suitable for small, medium and large-throughput processors. These modules are designed to perform operations including carcass breakdown, primal deboning, trim to specification, grading and primal traceability.

In April 2018, MLA presented automated beef boning room concepts to an industry working group including processors and researchers.

About 30 companies attended the industry day in Brisbane as well as peak industry body representatives.



The meeting resulted in a number of companies approaching MLA to progress the concept and establish beef boning automation development rooms.

MLA is convening a Beef Boning Automation Industry Advisory Group to direct the program and engage with numerous global technology providers.

The group currently includes about 40 processor representatives and seven global solution providers. Frontmtec, Mayekawa, Marel and Scott Automation & Robotics are the automation specialists, while Rapiscan, Nuctech and 4DDI will provide the advanced 2D, 3D and 4D subsurface sensing required for the automation vision to become a reality.

MLA's role will be to facilitate contact between the processors and technology providers, and then leverage MLA Donor Company investment to help fund projects.

MLA anticipates a \$60 million to \$70 million investment over 7–10 years.

DEXA for lamb progresses

Processor confidence in the accuracy of DEXA (dual energy X-ray absorptiometry) technology for lamb is increasing, with more research now underway to ensure the integrity of lean meat yield data from lamb carcasses processed through the DEXA system.

DEXA hardware was installed in a processing plant to scan more than 600 lambs and conduct CT scanning. Results from that work saw an algorithm developed for a highly accurate (more than 90%) lean meat yield analysis in lamb carcasses that can now be applied in a commercial system.

Further research has commenced that enables meat, fat and bone percentage data calculated using the DEXA algorithm to be integrated into the processing chain.

Baggage scanning to be adapted for red meat

MLA will invest nearly \$28 million into the objective measurement of eating quality – both on-farm and in processing plants – over the next five years.

The research is being co-funded through MLA Donor Company with matching contributions from commercial operators.

The new body of research, involving three key projects, builds on recent advances in objective measurement for lean meat yield through DEXA technology.

The three key research projects will focus on:

- using baggage CT scanning to generate an increased volume of objective measurement data (including animal health disease identification and eating quality) as well as advancing boning automation
- using aviation CT scanning across the value chain, including in scanning live animals
- converting CT scanners currently used in the horse racing industry to help determine eating quality measurements of beef and lamb carcasses – as well as on live animals on-farm.

Flicking the switch on beef DEXA

Objective carcass measurement for the beef industry took a step forward in May 2018 with the commissioning of beef DEXA (dual energy X-ray absorptiometry) technology at Teys Australia's Rockhampton processing plant.

Teys Australia has installed the first beef DEXA unit to specifically provide producer feedback on carcasses.

Federal Minister for Agriculture and Water Resources, David Littleproud (pictured with MLA Managing Director Richard Norton), switched on the machine for the first time during Beef Australia 2018, effectively starting the commissioning phase of the technology.

DEXA technology provides a scientific measurement of carcass lean meat yield, bone and fat. The technology installed by Teys will have the capacity to measure up to 500 sides/hour.

Teys invested \$2 million in beef DEXA at the Lakes Creek facility, while the Federal Government invested \$10 million with MLA to help roll out the technology.



MLA Managing Director Richard Norton and Minister David Littleproud



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.

2017–18 investment by funding source



OVERVIEW

Managing Abattoirs, Training and Exchange of Skills program

The Managing Abattoirs, Training and Exchange of Skills (MATES) in-country training program was officially launched in April 2018, aimed at improving the skills of local Vietnamese workers who handle imported Australian cattle.

Although the program is predominantly focused on upskilling the workers to ensure international animal welfare and food safety standards are met, it's also a way to assure Australian beef producers their cattle are being treated humanely once they're exported.

An initiative of the Australian Department of Foreign Affairs and Trade, MATES is run under the Aus4Skills program and is supported by MLA and LiveCorp's joint Livestock Export Program (LEP).

MATES will receive total funding of approximately \$950,000 over two years from 2018–19. It comprises two elements – a delegation tour to Australia and Indonesia and in-market training.

The delegation tour was run by TAFE Queensland and attended by 17 key commercial industry leaders in Vietnam representing the feedlots, abattoirs, meat traders and retailers.

The delegation tour was highly successful, with four of the supply chains now heavily involved in producing higher value beef using Australian product.

The in-market training is run by Food Safety Organisation Queensland and comprises a three-month hands-on and theory course in practical abattoir knowledge and skills, similar to training undertaken in Australian abattoirs.

The LEP is conducting an independent review of the program to ensure it can continue to build capability in Vietnamese abattoir employees and create further export opportunities for Australian beef.

Young Applied Ruminant Nutrition Network

The Young Applied Ruminant Nutrition Network program, designed to provide participants with applied feedlot nutrition skills, was conducted in Vietnam in April 2018. The MLA-led program comprised an intensive three-week practical and theoretical training course, focused heavily on building the capability of Vietnamese feedlot employees to ensure the sustainability of the trade within Australia's second largest live export market.

The initial course was followed by a three-month period where participants applied their knowledge through running feeding trials in a real-life setting to show both themselves and their managers the advantages of constant improvements in feeding practices. One of the feedlots involved in the course has already improved productivity following course

completion, with their average live weight gain per day increasing from 1kg to 1.3kg.

The course was attended by 20 feedlot managers and staff from Australia, Vietnam and Indonesia and presented excellent networking and knowledge-sharing opportunities for attendees. The materials delivered during the course are now being adapted for use in a new extension platform, which will be tested by the Young Applied Ruminant Nutrition Network participants and then be distributed to a wider audience of feedlot employees.

LEP Indonesian Feeder Steer Competition

Five feedlots participated in the second annual Livestock Export Program (LEP) Indonesian Feeder Steer Competition 2017, with Consolidated Pastoral Company's PT Juang Jaya Abdi Alam winning the competition with a score 88.89 out of 100.

The competition winner, feedlot participants and staff received a 10-day tour to Australia for their efforts. The trip showcased Australia's livestock industry and the relevancy of the feedlot participants' work in Indonesia in properly managing Australian feeder cattle. The competition started in September 2017, with teams of 50–100 steers monitored for 90 days on feed with a ration meeting Indonesian feed requirements, and judged on their overall performance.



LEP Expo and Conference 2018

More than 750 people attended the third Livestock Export Program (LEP) Expo and Conference on 10–11 April 2018 at the Indonesia Convention Exhibition – more than double the attendance at the 2016 event.

The biennial event attracted more than 20 companies and 25 international and local speakers, with this year’s theme being ‘Staying competitive in a challenging market with innovation, excellent market strategy and implementation’.

Day one focused on cattle breeding and several related projects, while day two addressed the threat of foot and mouth disease and the potential impact of an outbreak on the Indonesian cattle industry.

International speakers included Dr Ronello Abila from the World Organisation for Animal Health, Ben Santoso from Rabobank Singapore and Tim Ryan from MLA.



The 2017 competition saw average daily gains reach 2kg/day – up from the average daily gain of 1.4kg/day recorded in the previous competition in 2016. The increase reflects the work feedlots are undertaking to not only address weight gains, but also efficiency in cost and feeding programs.

The cost of gain captured during the competition also showed Indonesian feedlots are very efficient in utilising feed for cattle growth, with cost of gain below Indonesian rupiah 25,000/kg or A\$2.37/kg.



The 2017 LEP Indonesian Feeder Steer Competition included a 10-day tour to Australian feedlots



PILLAR 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.



HIGHLIGHTS

More than 470 producers engaged in Producer Innovation Fast-Track

29 red meat applicants for Nuffield Scholarships

MLA supports six people across three scholarship programs

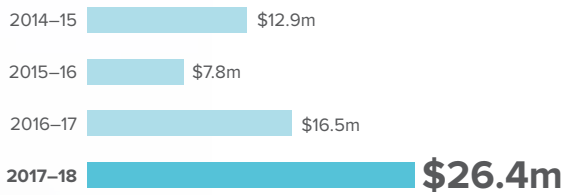
I+E Connect start-up Smart Shepherd

received the 2018 global AgFunder Innovation Award



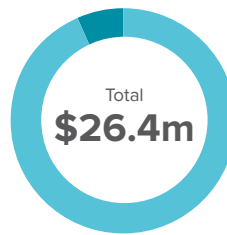


Investment over time



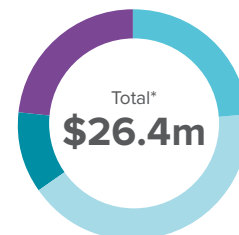
Totals may not add up due to rounding.

2017-18 investment by priority



- Building leadership capability **\$24.7m**
- Protecting and promoting our industry **\$1.7m**

2017-18 investment by funding source



- Producer levies **\$6.3m**
- Government funding **\$11.0m**
- Processor contributions **\$3.0m**
- Other sources **\$6.1m**

* Total includes \$15.2 million invested via MLA Donor Company

46 Key Performance Indicators



See Appendix A for a full list of KPIs. Please note some KPIs may be relevant across several pillars.

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



Australian Intercollegiate Meat Judging team won US meat judging competition for the first time in 17 years

15 participants graduated from the Sheep Industry Leadership Program



25 producers registered for communication and advocacy training workshop at Beef Australia

Australian Beef Sustainability Framework's Annual Update contains data for 60% of 47 indicators of industry progress





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.

2017–18 investment by funding source



* Total includes \$15.1m invested via MLA Donor Company

- Producer levies \$5.0m
- Government funding \$10.7m
- Processor contributions \$3.0m
- Other sources \$6.0m

OVERVIEW

Producer Innovation Fast-Track

Producer Innovation Fast-Track is an initiative developed by MLA Donor Company (MDC) to actively involve producers in driving innovation.

This program identifies industry trailblazers – whether they are early adopters, ag-tech entrepreneurs or future value chain leaders – and provides the support and expertise required to build their capabilities.

More than 470 producers are now engaged in the program through projects such as value-adding Brahman humps, researching what customers want in ethically produced meat and improving the rate of genetic gain in hard-to-measure traits like eating quality and lean meat yield.

Participants have access to a customised capability building program, including technical and business expertise and resources; networks of like-minded, innovative producers; co-investment funding (25% of their own matched with 75% funding from MDC) and mentoring.

The program is also helping MLA identify producers' pain points, needs and priorities. It's also allowing MLA to develop and trial new approaches to accelerate adoption, stimulate increased innovation investment by producers and facilitate greater collaboration.

Investing in rural leaders

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

Nuffield Australia Farming Scholarships support participants to study farming practices around the world, to develop their practical knowledge and management skills. Scholars study a topic of interest and share learnings with peers to build industry capability.

Of the 85 applications for Nuffield Scholarships in 2018, 29 were from the red meat industry.

MLA's scholar in 2018 is beef producer Stewart Borg from Sarina, Queensland. He's researching strategies used overseas that may be adapted to establish the first feedlot in Queensland's tropics.

The Australian Rural Leadership Program is a 15-month program offering experiences across Australia and Indonesia to develop capabilities of rural, regional and remote leaders. MLA's current scholars are Queensland beef producer Lynda O'Brian and Consolidated Pastoral Company's general manager of the Kimberley region, Jock Warriner.

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 currently funds three Horizon scholars who are at different stages of their degrees: Jonathan Reid, Wave Camp and Caitlyn Daffey.

These programs build capability of emerging leaders, for example MLA-supported Australian Rural Leadership Program graduate Will Wilson is currently sitting on the AgForce cattle board and MLA Nuffield scholar Michael Craig is a director of Sheep Producers Australia.

Capacity building agreements with peak industry councils

To ensure the long-term profitability of the Australian red meat industry, MLA invests in building the skills and leadership capacity within peak industry councils.

MLA worked with Cattle Council of Australia (CCA) on the 'Building capacity in the grassfed beef industry project', which involved:

- four CCA board members and six beef producers attending professional development training through the Australian Institute of Company Directors to ensure the beef industry has strong leaders for the future
- 25 committee and board members participating in a one-day governance course to ensure the industry's policy decision making process is based on a platform of strong governance
- 25 producers registering for a half-day communication and advocacy training workshop at Beef Australia, to gain skills to tell their story and present a positive image of the industry.

CCA is now working with Beef Central to develop a series of webinars to deliver more communication and advocacy training.



MLA also has a capacity building agreement with Sheep Producers Australia (SPA), and through the 'Building leadership capability for the sheep industry project':

- 15 participants graduated from the Sheep Industry Leadership Program, which delivers enhanced leadership capacity
- a coaching program was established for the Program's graduates to support transition into industry leadership positions
- 15 people (SPA committee members, producers and people working off-farm in the industry) participated in a two-day Governance in Action Workshop
- 55 MLA and SPA board members, SPA staff and emerging leaders participated in a two-day Strategic Planning and Design Led Thinking Workshop
- the Sheep Industry Ambassador Program was launched in June and seven high quality candidates applied
- 22 delegates from Australia, the US and New Zealand registered for a MLA/SPA International Study Tour, which was held prior to LambEx 2018.

Intercollegiate Meat Judging Competition

The 2018 Australian Intercollegiate Meat Judging (ICMJ) team won a United States meat judging competition for the first time in 17 years, taking out two competitions in the A-division – the Southwest Invitational and the National Western.

Australia's team of five students participated in the competition as part of a month-long annual tour of the US meat industry sponsored by MLA and the Australian Meat Processor Corporation. The program builds industry leadership capacity by exposing students to US production systems and supply chains.

The 2018 Australian ICMJ workshop and contest was held at Charles Sturt University, Wagga Wagga, NSW, in July. It was attended by 170 students and coaches from 11 universities in five countries.

I+E Connect

Since launching in 2016–17, MLA Donor Company's innovation and entrepreneurship platform, I+E Connect, has attracted several innovative start-ups and disruptive ideas to the Australian red meat industry.

I+E Connect has also formed collaborations with accelerators, incubators and new investment groups, including strategic partnerships with four

different accelerator programs: SproutX, GrowLab (through Cicada Innovations), SparkLabs Cultiv8 and AgriStart.

A NSW-based start-up which developed an electronic ID (eID) system for livestock with support from I+E Connect triumphed at the 2018 global AgFunder Innovation Awards.

The awards, announced in March in San Francisco, recognise the use of cutting-edge technologies to solve real business problems. SmartShepherd was named the 'Most Innovative International Startup Pre-Series A' in the Farm Tech category, against entries from around the world.

The I+E connect partnership allowed SmartShepherd to run large-scale paddock trials on sheep to identify challenges with the practical application of the eID system.

In 2017, strategic partnerships with accelerator programs SproutX and GrowLab supported 10 new ventures focused on developing and commercialising innovations in areas such as robotics, animal health, remote sensing, food technologies and decision support tools.

Two additional partnerships were formed in 2018 with SparkLabs Cultiv8 and AgriStart. Taking into account new intakes for the existing programs with SproutX and GrowLab, there are now 16 new ventures being supported via accelerators.

Smokin' Yak on the Fast-Track

A beef business is serving up slow-cooked, smoked Brahman hump in a delicious and innovative way to value-add this under-utilised cut. The Smokin' Yak, pictured at Beef Australia 2018, is the brainchild of two Brahman beef breeding families — Matthew and Fiona Noakes of Solo Brahmans and Gary, Sharon and Alison Polkinghorne of Copperville Brahmans.

They're participating in the MDC Producer Innovation Fast-Track program, and used the co-investment model to access advice and support as they navigated their way through business growth and branching out into value-added products.



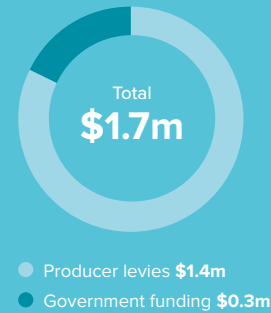


Protecting and promoting our industry

Within this priority MLA is supporting the creation of frameworks and collecting evidence to **measure the progress of the industry’s development**. 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.

2017–18 investment by funding source



OVERVIEW

Crisis management report

As a service provider to the Australian red meat industry, MLA assists the industry to mitigate risk and potential reputational or economic damage by rapidly responding to issues and unexpected events.

MLA maintains a *Crisis Response Plan*, which is coordinated through the Red

Meat Advisory Council, and regularly conducts simulation activities to ensure the organisation is prepared to support the industry’s crisis management (see figure below).

Activities in 2017–18 to enhance the *Crisis Response Plan* included:

- refining the crisis response portal, which provides key talking points, MLA action and background

information to provide a concise overview of MLA activities

- developing more information resources to be used for briefing senior staff, peak industry councils and other agencies and developing MLA responses to media and other external information requests
- adopting the ‘key issues brief’ system across all MLA business units, to ensure wider access to information on significant and topical MLA programs and current issues.



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 57) 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.

A full summary of the drivers affecting MLA’s operating environment can be found in MLA’s *Annual Investment Plan 2018–19* which outlines the risk outlook for the year ahead: mla.com.au/aip.



Australian Beef Industry Sustainability Framework update

Progress continues with the Australian Beef Sustainability Framework, which launched in 2017.

The Framework was developed by the Red Meat Advisory Council through extensive stakeholder consultation to define sustainable beef production and provide transparent measures and information on areas of stakeholder interest. There are 47 measures of sustainability in total.

As well as providing relevant information to customers, consumers, banks, government and investors in the industry, the Framework also assists in directing industry investment in research and adoption.

The Framework held its first consultative committee meeting in August 2017 to continue the goodwill gained through the Framework's development with key stakeholders.

At the first workshop, this group of around 40 customers, banks, special interest groups, academics, government and industry representatives collectively identified five high priority areas (out of the 23 in the Framework) the industry should focus on:

1. Animal husbandry techniques
2. Profitability across the value chain
3. Balance of tree and grass cover
4. Antimicrobial stewardship
5. Manage climate change risk

A sixth key priority area, 'Health and safety of people in the industry', was added by the grassroots industry Sustainability Steering Group, who are responsible for directing the Framework.

At Beef Australia 2018 in May, the Framework's first *Annual Update* report was released to a large audience.

It reports on how the beef industry is progressing across the key themes of economic resilience, people and the community, environmental resilience and animal welfare. The *Annual Update* contains data for 60% of the 47 indicators.

The report highlights the industry's commitment to key priority areas such as establishing a \$35 million research partnership in animal welfare, launching a proactive antibiotic monitoring program in Australian feedlots, establishing research pathways to move Australia towards a carbon neutral beef industry by 2030, and initiating an action plan for environmental stewardship.



Speakers at the Framework's launch: Bryce Camm, Lachlan Monsborough, Susan McDonald, Andrew Brazier and Don Mackay

Highlights from the *Annual Update* report for beef industry sustainability

58% of consumers

in Australia consider beef part of a healthy balanced diet

96% compliance

with accredited animal welfare requirements under the National Feedlot Accreditation Scheme

65% reduction

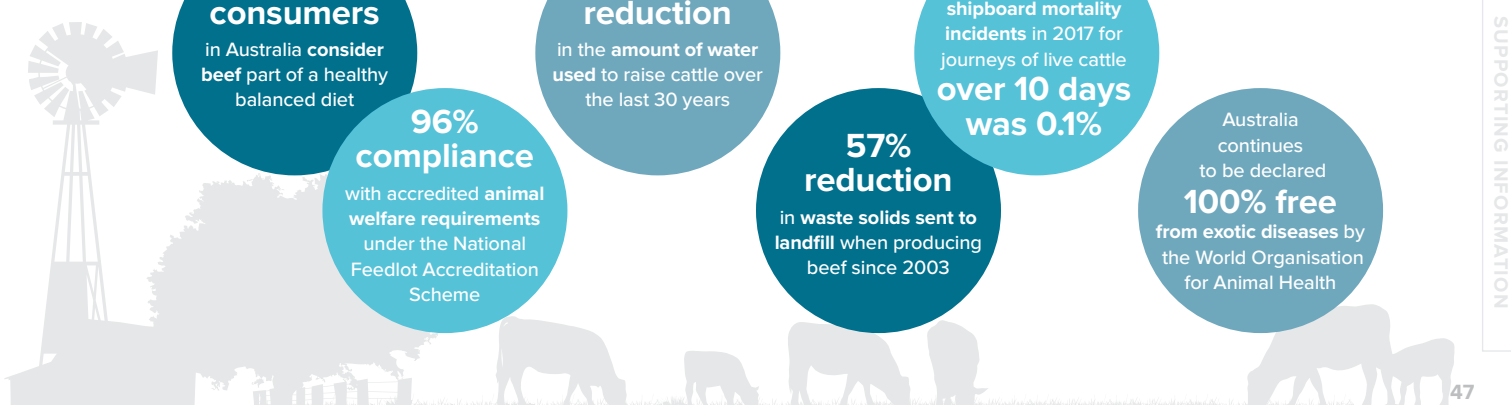
in the amount of water used to raise cattle over the last 30 years

57% reduction

in waste solids sent to landfill when producing beef since 2003

The total percentage of shipboard mortality incidents in 2017 for journeys of live cattle **over 10 days was 0.1%**

Australia continues to be declared **100% free** from exotic diseases by the World Organisation for Animal Health





PILLAR 6

Stakeholder engagement

The successful delivery of MLA's *Strategic Plan 2016–2020* 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.



HIGHLIGHTS



92% of attendees at MLA's Global Markets Forum at Beef Australia rated the quality of presentations as 'very good/excellent'

MLA's new **Prices & Markets e-newsletter**

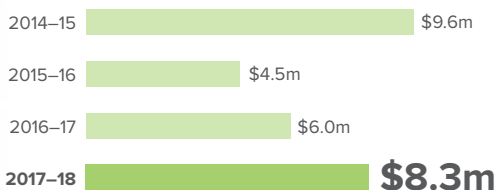
launched, with **25,421 subscribers** at 30 June



myMLA, a personalised online dashboard, **reached 30,000 users**



Investment over time



Totals may not add up due to rounding.

2017-18 investment by funding source



- Producer levies **\$5.4m**
- Government funding **\$2.4m**
- Other sources **\$0.5m**

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

26 Key Performance Indicators

- 16 achieved
- 3 partly achieved
- 3 not achieved
- 4 on track to be achieved by 2020

See Appendix A for a full list of KPIs. Please note some KPIs may be relevant across several pillars.

Alignment to industry and government priorities

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

95%
increase in attendance
from MLA's AGM in 2016 to the Red Meat event in 2017



MLA teamed up with Fairfax Media to produce *Feedback Extra*, a special feature appearing across six rural newspapers four times a year



Attendees at Red Meat 2017 rated their overall satisfaction with the event at **8.6/10**





Engagement with producers and stakeholders

OVERVIEW

Beef Australia 2018

MLA was a principal partner of Beef Australia 2018 from 6–12 May at Rockhampton, Queensland, delivering a program of events and experiences focused on the theme of ‘fostering beef’s prosperity’.

MLA showcased Australian beef and its work domestically and internationally in marketing and product development, as well as research, development and adoption investments.

MLA’s program

- The prominent MLA trade site provided a one-stop shop for visitors to talk directly with MLA’s team of experts, while also exhibiting the latest innovation, marketing insights and practical tools for producers and supply chain stakeholders.
- The ‘Fostering beef’s prosperity: fork to farm’ seminar demonstrated how the entire supply chain can meet changing consumer demands and how the Australian beef industry can remain globally competitive into the future.

- For the first time, MLA hosted its Global Markets Forum at Beef Australia, bringing its International Business Managers and in-market experts to Rockhampton.
- MLA brought internationally-renowned Australian chef Curtis Stone to Rockhampton, as well as MLA’s own Aussie beef advocates, Sam Burke, Kelly Payne and Tarek Ibrahim. Throughout The Butcher’s Kitchen and Celebrity Chef program, chefs only used secondary cuts on menus and in cooking demonstrations to showcase how the industry can fully utilise the carcass.

MLA leveraged the timing of the event as an opportunity to showcase beef to consumers nationally and undertook an adjacent consumer campaign. The Australian beef campaign culminated in National Steak Sandwich Day on 12 May. A Facebook event was created specifically for the day and encouraged Australians to design and devour their own steak sandwich creations. It generated 105 items of media coverage nationally, 30 of which included Australian beef recipes.

New Prices & Markets e-newsletter

MLA added to its suite of publications in October 2017 with the launch of the weekly e-newsletter, *Prices & Markets*,

designed to further enhance the delivery of information to MLA members and the red meat and livestock industry.

Delivered every Wednesday, the e-newsletter provides the latest red meat market news and analysis direct to the inbox of MLA members and subscribers.

Prices & Markets replaced the *Meat & Livestock Weekly* e-newsletter, providing an improved and expanded mix of news and information.

It offers its 25,421 subscribers insights into key market activity from the previous seven days with a focus on prices, yardings, exports and in-market analysis.

myMLA platform adoption

Red meat producers have embraced the convenience of MLA’s personalised online dashboard, myMLA, with just over 30,000 users registering for the service since it was launched in 2017.

myMLA is a component of the MLA website offering personalised, relevant content delivered straight to an online dashboard unique to each user, based on pre-determined preferences.

It provides a single sign-on portal using one username and password for key red meat industry systems:

- National Livestock Identification System (NLIS)
- Livestock Production Assurance (LPA)
- National Vendor Declarations (NVDs)
- Meat Standards Australia (MSA)
- Livestock Data Link (LDL).

Beef Australia metrics

Global Markets Forum – beef

Attendees: 240

92% of attendees rated the quality of presentations at the Forum as ‘very good/excellent’.

Paddock to Plate Story

Viewers: 4,150

See page 17 in Pillar 1.

MLA trade site

Attendees: 1,200

Understanding of MLA’s activities lifted by almost 20% after they visited the trade site.

‘Fostering beef’s prosperity: fork to farm’ seminar

Attendees: 210

87% of attendees said the seminar was relevant to their own business.





Once a user enters their postcode and selects their enterprise type (choosing from grassfed or grainfed cattle, sheep and goats), myMLA gives access to a range of indicators based on location and production type; a personalised seven-day weather forecast based on location; and customised information from MLA's market insights team based on the species produced and business location.

It also provides information on events happening nearby; a flow of relevant industry news, market news, advice and information from MLA and other sources; and suggested links to relevant research resources and tools on the MLA website.

The *Prices and Markets* section of MLA's website has been upgraded to help users analyse the enormous volume of market data and information being generated and deliver it through a single integrated online platform. Producers can also listen to individual saleyard reports, recorded on location by MLA's Livestock Market Officers.

Through this platform, which was developed by MLA following extensive feedback from red meat producers, users can choose the information they want and how it's displayed.

Feedback Extra series in Fairfax rural and regional publications

To further improve the way MLA reports back to levy payers, MLA has entered into a commercial content partnership with Fairfax Media.

Appearing four times a year, MLA has five pages of targeted content running across six leading rural weekly Fairfax mastheads – *The Land*, *Queensland Country Life*, *North Queensland Register*, *Stock & Land*, *Stock Journal* and *Farm Weekly*.

The content is regionalised and focuses on how MLA is fostering the prosperity

of the red meat and livestock industry through its investment in research and marketing.

The partnership also comprises a number of additional editorial opportunities including a monthly 'in market' article covering domestic and international markets and a monthly 'research round-up' article.

The initiative is targeted at levy payers who particularly value rural print media as a key source of information.

Red Meat 2017

The Red Meat event concept was launched in 2017 to bring a new, engaging format to MLA's Annual General Meeting (AGM), with the first event being held in Alice Springs, NT in November.

The expanded program included a producer tour (hosted by the Hayes family pictured below), trade show, demonstrations, business breakfast, a producer forum with RMAC and MLA's General Managers, an MLA advocacy workshop and multiple networking opportunities.

The extended conference-style layout was endorsed by stakeholders and participants with total attendance at Red Meat 2017 reaching 418, nearly double the 214 attendees at MLA's 2016 AGM. A post-event survey saw respondents rate their satisfaction with the way MLA presented Red Meat 2017 at 8.6/10.

