



Building resilience in the face of adversity

In early 2020, Deb Gray's (pictured on front cover) NSW cattle property was ravaged by bushfires, leading to extensive damage and livestock losses.

On the back of severe drought, the emotional and financial toll of the fires on Deb and her business was extreme.

Not knowing where to turn, Deb soon found out about MLA's free Back to Business program and received three one-on-one consultancy sessions with a local farm business consultant to get her business on the road to recovery.

Through Back to Business, she was given short, medium and long-term plans to restore her operation and build her business's resilience.

As a result of the sessions, she's also taken steps to increase carrying capacity and planned additional revenue streams to complement her business.

Read Deb's full story on page 47 or tune into episode 2 of MLA's Feedback podcast (mla.com.au/feedback-podcast).

MLA at a glance

OUR PURPOSE

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

OUR VISION

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

OUR MISSION

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

OUR VALUES

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



Our history

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



Our funding

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

Processors and livestock exporters also co-invest levies into MLA programs through their service companies: Australian Meat Processor Corporation and Australian Livestock Export Corporation (LiveCorp). Individual exporters and importers can also co-invest with MLA on marketing activities.

MLA generates additional income via eligible commercial funding contributions which are matched by the Australian Government. This funding is invested in research and development partnerships that benefit the Australian red meat industry through MLA Donor Company. Integrity Systems Company also receives additional income via the sale of national vendor declaration books and the Livestock Production Assurance program accreditation fee.



Our members

Membership of MLA is voluntary and free to all levy-paying grassfed cattle, grainfed cattle, sheep, lamb and goat producers. MLA had 49,590 members at 30 June 2020 (page 55).



Our stakeholders

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

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

Peak industry councils provide policy direction on behalf of the red meat and livestock industry. These are the Australian Lot Feeders' Association, Cattle Council of Australia, Goat Industry Council of Australia and Sheep Producers Australia.

MLA also works closely with the Australian Meat Processor Corporation, Australian Meat Industry Council, LiveCorp and Australian Livestock Exporters' Council to develop programs that address key industry issues and opportunities through the supply chain, manage projects and communicate outcomes. See pages 54–55 for more on how MLA engages with its stakeholders and collaborators.



Our subsidiary companies

MLA owns two operating subsidiary companies.

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

Integrity Systems Company administers the National Livestock Identification System database which records livestock movements. It is also responsible for the Livestock Production Assurance program and National Vendor Declarations (page 68).



Our decision making processes

MLA doesn't make investment decisions in isolation. This is carried out in collaboration with producers, the government, peak industry councils and other industry organisations (see 'Our stakeholders' and pages 54–55 for other consultation mechanisms). The regional consultation framework (page 37), which commenced in the second half of 2015, enables producers to have direct input into MLA's research and development priorities.

OUR STRATEGIC PILLARS



Consumer and
community
support



Market
growth and
diversification



Supply chain
efficiency and
integrity



Productivity
and profitability



Leadership and
collaborative
culture



Stakeholder
engagement

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



Our locations

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



Our employees

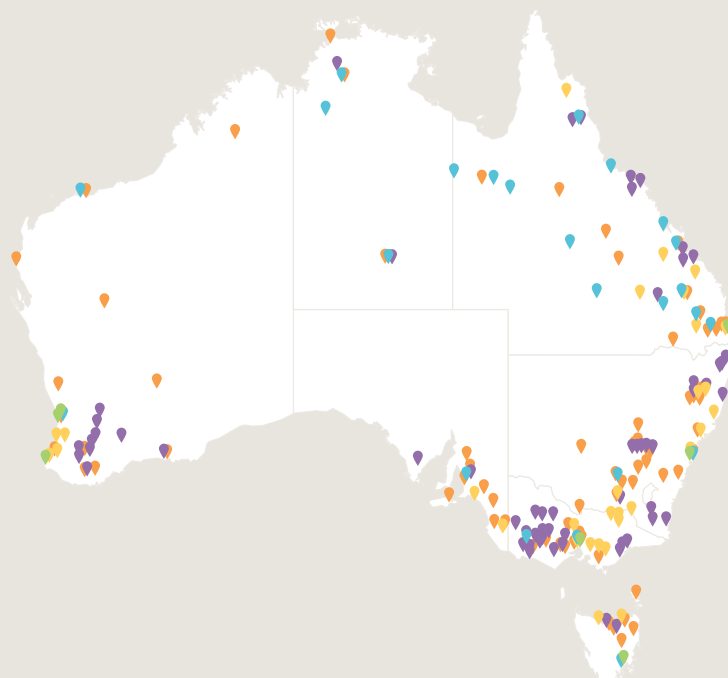
At 30 June 2020 MLA had 282 employees across nine countries. MLA's workforce profile reflects a balanced gender profile and age distribution across the organisation (page 69). More than 50% of employees are from a rural background.



Our engagement in 2019–20

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

These locations are in addition to 51 events sponsored by MLA.



2019–20 highlights

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

56.7% reduction in CO2 emissions

by Australia's beef industry since 2005 (page 18)

>\$100m

expected in additional returns to the Australian red meat industry from the easing of shelf-life restrictions in the Middle East (page 25)

\$172m in additional farm gate returns

through Meat Standards Australia (page 30)

MLA's school resources

were accessed by students and teachers 15,500 times (page 18)

27 new beef and lamb dishes

were added to Australia's top three commercial caterers' menus following MLA masterclasses (page 27)

New mobile-friendly

electronic National Vendor Declaration (eNVD) system launched, making it easier to complete livestock consignments (page 33)

TIMELINE OF ACHIEVEMENTS

JULY 2019

World's first beef boning automation R&D room announced (page 39).

SEPTEMBER 2019

Top Meat Standards Australia (MSA) beef producers named (page 31).

NOVEMBER 2019

MLA held Red Meat 2019 in Tamworth (page 51), where Jason Strong announced the Accelerated Adoption Initiative (page 50).

AUGUST 2019

MLA online weather services enhanced through new partnership with Weatherzone (page 51).

OCTOBER 2019

The red meat and livestock industry released its strategic plan, *Red Meat 2030* (redmeat2030.com.au).

DECEMBER 2019

The NLIS Early Warning status, a new risk management tool for cattle producers, was launched by Integrity Systems Company (page 33).

Genetics data

now easier

for producers to access due to MLA database improvements (page 36)

102

producers received access

to one-on-one support following natural disasters (page 47)

1,200

subscribers

signed up to receive the latest R&D via MLA's new e-newsletter, *R&D Round-Up* (page 50)

\$6.35m worth of new R&D investment

funded through the producer-driven annual call process (page 37)

MLA's Strategic Plan 2025

was launched (mla.com.au/strategicplan)

Accelerated Adoption Initiative

allows producers to receive selected MLA products and services free of charge (page 50)

JANUARY 2020

MLA provided support to bushfire-affected producers, including information sessions, sponsorships, a resources web page and the launch of the Back to Business program (page 47).

MARCH 2020

In response to the global pandemic, MLA created a COVID-19 resources page as well as a market insights hub to provide the latest information to producers (page 46).

MAY 2020

Two new podcasts – Feedback and On the ground – hit the airwaves (page 51).

FEBRUARY 2020

R&D Round-Up e-newsletter released, giving producers and industry stakeholders access to the latest R&D in a short, sharp, easy-read format (page 50).

APRIL 2020

An independent performance review of MLA returned positive results (page 9).

JUNE 2020

MLA launched its new *Strategic Plan 2025* (mla.com.au/strategicplan).

Chair's report

Operating environment, market information and Board business



Alan Beckett, Chair

In my first year as Chair of the MLA Board, I'm pleased to present MLA's *Annual Report 2019–20: Building resilience*.

Operating environment

Over 2019–20, we've experienced the best and most difficult aspects of what it means to be part of the Australian red meat and livestock industry.

This year we've seen both livestock and red meat prices soaring to historical highs.

While drought, bushfires and floods devastated many regions, we've also seen an extraordinary sense of resilience in our rural communities and the strong sense to rebuild in the aftermath of these disasters.

On the back of these efforts – and against the backdrop of a global pandemic – our farms are feeding the nation and the world.

It's evidence that despite the immense challenges this industry consistently faces, if we work effectively together, we can overcome them and emerge stronger.

COVID-19's impact on the Australian red meat industry

COVID-19 has been an unprecedented and unpredictable event for the world in 2020, creating unfathomable economic and social fallout. The red meat industry, although somewhat more protected than other industries, hasn't been immune to this, and had to adapt to the situation as it unfolded.

COVID-19 has substantially impacted consumption patterns. Foodservice is one of the hardest-hit industries globally, with restrictions significantly decreasing the number of people dining out. There has also been a shift towards cooking from home more regularly, further impacting foodservice sales.

Retail sales of red meat, however, have risen sharply, driven by concerns for food safety and a spike in 'panic buying'. This has created challenges with carcase imbalance, as higher value cuts that would typically be purchased through foodservice are now without a consistent market.

Other impacts of COVID-19 on Australian red meat include volatile market shifts, challenges with processing due to abattoir shutdowns, and export difficulties stemming from freight disruptions.

Although COVID-19 is not yet under control, the Australian red meat industry continues to adapt to deal with its impacts. MLA has been supporting foodservice and retail businesses to pivot operations during this period by helping consumers to access practical information on cooking red meat from home. For more on what MLA's doing to support levy payers during the pandemic, visit: mla.com.au/covid-19

Cattle and beef market

KEY TRENDS

- herd rebuild delayed but still on the horizon
- young and finished cattle prices move to record levels
- COVID-19 disruptions felt across the supply chain, in particular foodservice outlets

The Australian cattle market, like so many other commodity markets, finds itself in uncharted territory, with many diverging factors impacting the industry. However, for many southern producers, the outlook has changed dramatically on the back of an excellent autumn break. Opportunities for producers to restock paddocks has emerged and the prospect of the national herd entering a rebuild has significantly improved.

Australian cattle prices surged to record levels across all categories in March 2020. Young cattle and breeding stock have seen demand rise significantly on the back of improved seasonal conditions, as restockers, feeders and processors compete over a reduced pool of livestock. Finished cattle prices found support, reaching historically high levels, however, global demand uncertainty continues to dampen the upside for cattle prices.

Since the start of the COVID-19 outbreak, international market demand has been volatile. Adding to this, supply disruption to some of Australia's major competitors has led to a variable trading environment. However, demand for Australian beef remains strong, with the impact of African Swine Fever still a major influence on the global meat protein trade.

Sheepmeat market

KEY TRENDS

- positive signs for a recovery in the national flock
- market volatility due to COVID-19's impacts on trade access and foodservice
- prices expected to remain at historically high levels as industry enters period of expansion

The improvement in conditions across sheep producing regions has instilled an element of confidence in producers looking to rebuild depleted flocks, particularly in NSW. These intentions to restock should help support a recovery in the national flock, which is currently forecast at its lowest level in more than a century.

Similar to Australia's beef markets, sheepmeat markets have come under pressure from market volatility as the spread of COVID-19 has fostered instability, created logistical hurdles for trade and slowed foodservice industries around the world. Sheep and lamb prices have receded from their record highs as a result, but are expected to remain at historically high levels as the industry enters a period of expansion.

Goat market

KEY TRENDS

- the US is still the key market for boxed Australian goatmeat
- downward pressure on goatmeat prices throughout the year
- curtailed demand for live goats due to COVID-19 restrictions and reduced access to air-freight capacity

As one of the world's largest exporters of goatmeat, Australia's reliance on the strength of overseas markets is critical. The US remains the key market for boxed goatmeat, although trade disruptions and demand from foodservice channels have applied downwards pressure to prices throughout the year.

Demand for live goats has also been curtailed due to COVID-19 restrictions in Malaysia and reduced access to air-freight capacity.

Industry collaboration

The MLA Board places a high importance on industry collaboration and 2019–20 was no exception. As demonstrated in Appendix C (page 114), which outlines each of the projects MLA is involved in as part of the Australian Government's Rural R&D for Profit program, we continue to invest in nationally coordinated, strategic research that delivers outcomes for producers and the agricultural sector as a whole.

Industry collaboration is also occurring through two sustainability frameworks, the Australian Beef Sustainability Framework and Australian Sheep Sustainability Framework (page 18), as well as through various consortiums (page 55) and commercial partnerships via MLA Donor Company (page 68).

Collaborating with the broader agricultural sector will continue to be a major focus of MLA's Board, and we look forward to working with the Australian Government, research organisations, value chain partners and other Research and Development Corporations by continuing to co-invest in projects/consortiums with mutual benefits.

Board business

In 2019–20 we farewelled former Chair, Dr Michele Allan, and I would like to take this opportunity to thank Michele for her many years of service to MLA and the red meat industry.

We also welcomed a new MLA Board director, John Lloyd. John has proven to be an invaluable member of the Board and I have no doubt he'll continue to be a strong contributor to the industry.

Speaking personally, serving my first year as MLA's Chair of the Board has been a privilege. We are part of an exceptionally resilient industry, and witnessing how challenges have been met and overcome has been immensely encouraging as we look to drive the industry forward.

Looking ahead

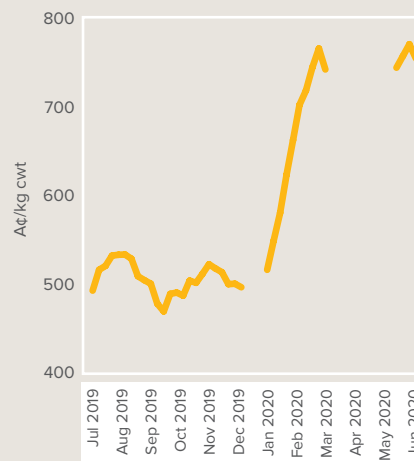
With the release of MLA's new *Strategic Plan 2025* (mla.com.au/strategicplan), the next 12 months will be critical. I'm confident our 'fewer, bigger, bolder' approach will help MLA to help meet the objectives of doubling the value of Australian red meat sales and for Australian red meat becoming the trusted source of the highest quality protein.

In closing, I want to thank the MLA Board, management team and employees for their service to the Australian red meat industry in 2019–20 and their role in fostering industry prosperity.

Alan Beckett
Chair

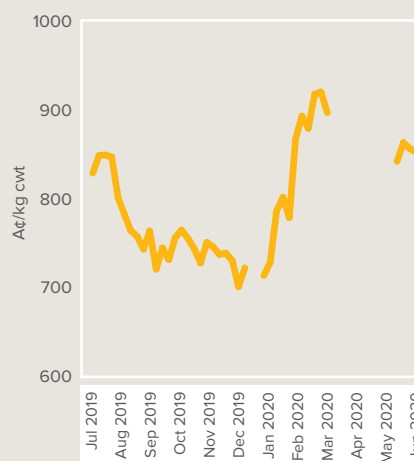
Cattle, lamb and goat indicators

EASTERN YOUNG CATTLE INDICATOR



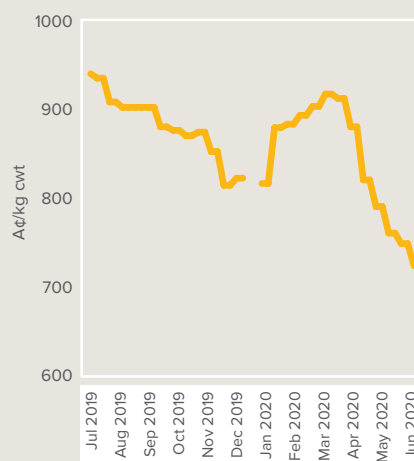
Sources: ABS, MLA

NATIONAL TRADE LAMB INDICATOR



Sources: ABS, MLA

GOAT OVER-THE-HOOKS INDICATOR



Sources: ABS, MLA

Managing Director's report

MLA's focus and outlook

Jason Strong,
Managing Director



It is my pleasure to present MLA's *Annual Report 2019–20* which celebrates the resilience of our industry despite the extreme adversities it has faced this year.

Building our resilience and developing better tools to predict, respond to and manage the changing conditions in which we operate is a key focus of the investments we make on behalf of the industry.

A good example of one of the ways MLA has supported levy payers in 2019–20 is through the Back to Business program, which gives producers in fire-affected regions access to free one-on-one sessions with a local farm business consultant to help put their business back on track. See Deb Gray's case study on page 47 for more information.

As well as the natural disasters experienced this year, our industry has also had to deal with the additional challenge of COVID-19. MLA created several online 'hubs' to ensure producers can always access up-to-date information on the pandemic:

- COVID-19 resources hub (mla.com.au/covid-19), including information about border controls, mental health support and business assistance
- COVID-19 market insights hub (mla.com.au/covid-19-insights), including market information and insights about consumers and the retail/foodservice sectors.

The volatile nature of COVID-19 continues to influence the demand for red meat across the globe, with most markets experiencing a spike in retail sales and a plunge in foodservice.

A great demonstration of how the MLA team is connected to the ever-changing market environment was the response to these trends. Planned programs that would have been negatively impacted if executed were put on hold and a global strategy was implemented to adapt marketing and adoption programs to ensure Australian red meat remains on plates around the world (page 27).

The strategy focuses on:

1. **Food hacks:** Helping consumers learn how to cook at home with red meat through inspirational online content.
2. **Trust and immunity:** Consumers are gravitating towards brands they trust and foods with nutrition benefits therefore reinforcing the nutritional benefits of Australian red meat is key.
3. **Digital development:** MLA is moving as many events and seminars online as possible, including key extension and adoption workshops.
4. **Tactical support:** MLA introduced short-term additional financial support measures via the CoMarketing program to support brand owners during this difficult trading environment.
5. **Clear communication:** MLA has adapted a number of its

communication channels to provide a clear and consistent line of communication with global stakeholders.

Despite the disruptions throughout the year, MLA has made progress on this strategy as well as a number of the key initiatives announced at recent annual general meetings. I'd like to take the opportunity to update our levy payers on each of these below, and also discuss MLA's recent performance review and new strategic plan.

Progress on major initiatives

Accelerated Adoption Initiative

The Accelerated Adoption Initiative (page 50), launched at Red Meat 2019, ensures that when producers face challenges such as drought, bushfires and other financially straining circumstances, they're still able to access a number of MLA's products and support services free of charge.

The initiative is planned to run until June 2021 and removes the cost to cattle, sheep and goat levy payers of key products and services. This includes Livestock Production Assurance (LPA) accreditation and audits, LPA National Vendor Declaration books, eDEC tokens, and Meat Standards Australia Vendor Declaration books.

The initiative has also provided free membership to Sheep Genetics, with LAMBPLAN and MERINOSELECT services seeing an increase in clients since the announcement.



Jason Strong launching the Accelerated Adoption Initiative at Red Meat 2019 in Tamworth, NSW.

Olympic and Paralympic partnership

At Red Meat 2018, MLA announced that Australian Beef would be an official partner of the 2020 Australian Olympic and Paralympic teams.

Due to COVID-19, the Tokyo 2020 Olympic and Paralympic Games have been postponed to 2021.

MLA is working closely with the Australian Olympic Committee and Paralympics Australia to re-align Australian Beef partnership activities, originally scheduled for February–September 2020.

This partnership will create exciting opportunities for reigniting beef's connection to healthy lifestyles using our Olympian and Paralympian Australian Beef Ambassadors, and sharing their stories of greatness.

MLA will now partner with our Olympian and Paralympian Australian Beef Ambassadors in activities throughout 2020–21.

Carbon Neutral by 2030

The Australian red meat and livestock industry continues to make progress towards its ambitious target to be carbon neutral by 2030 (CN30) which was announced at Red Meat 2017.

MLA is working on a range of tools and technologies for producers to reduce net greenhouse gas emissions, boost the value of red meat sales and communicate the environmental stewardship practices to customers, consumers and the community.

During 2019–20, MLA has:

- worked with producers to develop 50 carbon accounting case studies to inform a carbon accounting training manual (due for release in late 2020)
- conducted six workshops on carbon accounting, on-farm practices for reducing emissions and increasing stored carbon
- invested in technologies for reducing emissions and storing carbon on-farm.

See page 19 for more details.

DEXA

MLA announced a plan in November 2016 to accelerate the adoption of dual energy X-ray absorptiometry (DEXA) technology in Australian processing plants and increase the accessibility of the resulting data across the value chain.

DEXA is an objective management tool that accurately measures carcass composition through examining the levels of meat, fat and bone present.

The precise measurements provided by DEXA improve the prediction of lean meat yield by two-to-three fold, significantly increasing the capacity of processors to provide carcass value feedback to producers.

Since launching in 2016, DEXA systems continue to be adopted by meat processing plants with ongoing integration at Bordertown (SA), Brooklyn (Vic) and Gundagai (NSW) occurring in 2019–20 (page 38). Although further installations were scheduled, they were postponed due to the impacts of COVID-19.

In 2020–21, DEXA technology will separate the whole carcass yield into a fore, middle and hindquarter regional yield. This will further optimise lean meat yield predictions, increasing the overall value of the carcass as processors can more easily identify which cuts to sell to specific markets.

MLA's positive performance review

An independent review of MLA's performance between 2016 and 2020 concluded the organisation is well managed, delivering value for money, meeting its levy payer and Government obligations, and is well positioned to effectively tackle future challenges for the red meat and livestock industry.

Key conclusions from the report include:

- MLA is a large, complex and relatively mature organisation with ample evidence to suggest that it's well governed and managed.
- MLA has met the substantive obligations of its Statutory

Funding Agreement and obligations to levy payers and industry to deliver high quality research & development and marketing outcomes, in a cost-effective way.

- Over the review period, MLA has enhanced efforts to engage meaningfully with stakeholders, delivering benefits to industry across the red meat supply chain.
- MLA's approach to assessing the economic impact and value of its research activities aligns with current best practise, however MLA should increase its efforts to assess social and environmental benefits and quantify these where possible.

On behalf of red meat producers and the wider red meat supply chain, we see this review as an opportunity to further enhance our effectiveness and ensure we are setting the organisation up for future success.

Red Meat 2030 and MLA's Strategic Plan 2025

MLA welcomed the release of the Red Meat Advisory Council's *Red Meat 2030*, which sets out the high-level strategic direction of the Australian red meat and livestock industry over the next decade.

MLA's own *Strategic Plan 2025* (mla.com.au/strategicplan) is closely aligned with *Red Meat 2030* and its vision and direction for the industry: to double the value of Australian red meat sales.

Our Plan highlights the importance of strengthening existing systems in support of biosecurity, food safety and traceability. It also highlights the importance of activities that accelerate data capture, end-to-end supply chain verification and knowledge transfer within the supply chain to support business decision making.

With a focus on delivering 'fewer, bigger and bolder' programs of work, our Plan shows where MLA will concentrate its efforts to create the greatest impact for red meat levy payers.

Through the delivery of this new strategic plan, MLA will build on the successes of the last five years, and further strengthen the resilience and sustainability of our cattle, sheep and goat supply chains.



Jason Strong
Managing Director



MLA's Strategic Plan 2025 is closely aligned with Red Meat 2030 and its shared vision for the industry: to double the value of Australian red meat sales.

2019–20 summary statistics

as at 30 June 2020

See page 71 for the full financial summary.

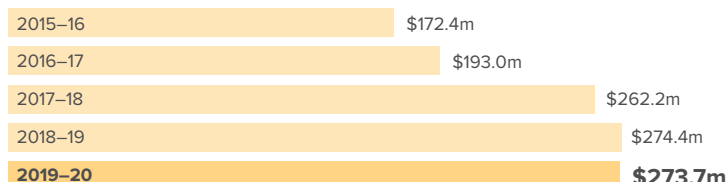
Revenue

↓ **0.1% to**
\$269.7 million



Expenditure

↓ **0.3% to**
\$273.7 million



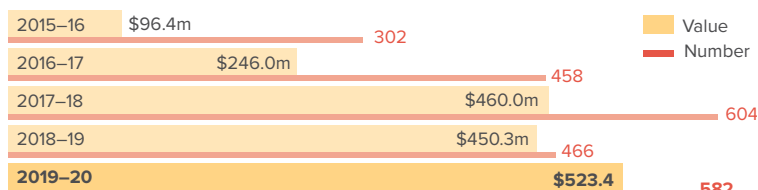
Retained earnings

↓ **3.4% to**
\$110.1 million



Number of research contracts

582 research contracts
worth \$523.4 million



Number of MLA employees

↑ **4.1% to**
282 employees



Number of MLA members

↓ **0.2% to**
49,590 members



Key performance indicators

↑ **8 percentage points**
to 76% achieved

