

# About MLA



MLA is a producer-owned, not-for-profit organisation that delivers research, development and marketing services to Australia's red meat industry.

It is incorporated under the *Corporations Act 2001* as a public company limited by guarantee. It is the declared marketing and R&D body under the *Australian Meat & Live-Stock Industry Act 1997*.

# Summary statistics at a glance

At 30 June 2016

## Revenue

↓ 3.8% to \$197.8 million

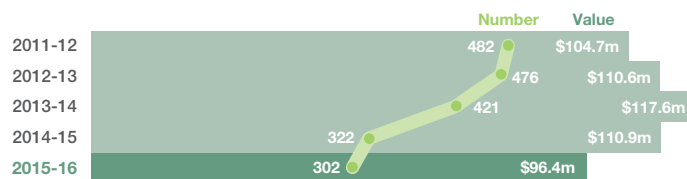


## Expenditure

↓ 4.0% to \$172.4 million



Number of current research contracts: 302, worth \$96.4 million



## Number of MLA members

↑ 0.09% to 49,892 members



## Number of MLA employees

↓ 1.3% to 234 employees



# Financial summary

## MLA's revenue/expenditure summary

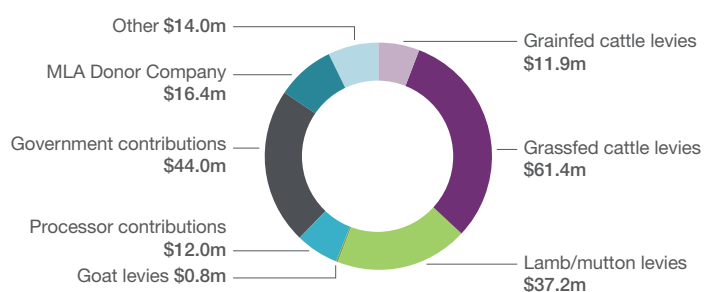
	2011-12 \$ million	2012-13 \$ million	2013-14 \$ million	2014-15 \$ million	2015-16 \$ million	% change 2015-16 compared with 2014-15
Producer levies	91.8	93.8	106.0	114.7	111.4	-2.9
Government contributions	40.3	39.2	46.7	46.5	44.0	-5.4
Other	27.8	29.2	35.8	44.5	42.4	-4.7
<b>Total revenue</b>	<b>159.9</b>	<b>162.2</b>	<b>188.5</b>	<b>205.7</b>	<b>197.8</b>	<b>-3.8</b>
Marketing	92.4	86.2	85.2	86.6	84.4	-2.5
Research and development	78.6	79.6	95.8	92.9	88.0	-5.3
<b>Total expenditure</b>	<b>171.0</b>	<b>165.8</b>	<b>181.0</b>	<b>179.5</b>	<b>172.4</b>	<b>-4.0</b>

## Revenue

MLA's total income for 2015-16 was \$197.8 million, 3.8% lower year on year and above expectations.

Grassfed cattle levies fell \$5.5 million (8.2%) in 2015-16 as producers retained stock and rebuilt their herds. Conversely, grainfed cattle and lamb/mutton levies increased, reflecting a higher number of cattle on feed and increased lamb slaughter and prices. Also notable were the higher contributions attracted through MLA Donor Company. Total revenue is forecast to increase in 2016-17, with increased funding through MLA Donor Company to more than offset a reduction in levy income.

### Sources of MLA's revenue in 2015-16



## MLA revenue summary

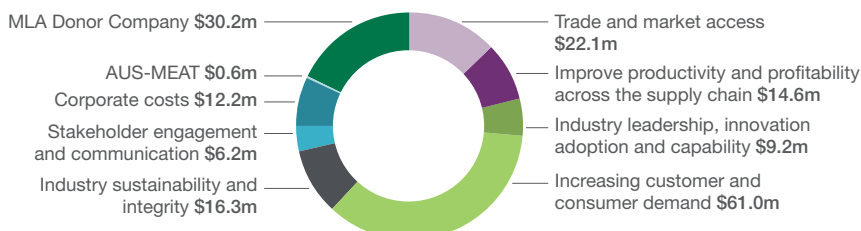
	2011-12 \$ million	2012-13 \$ million	2013-14 \$ million	2014-15 \$ million	2015-16 \$ million	% change 2015-16 compared with 2014-15
Grassfed cattle levies	52.5	54.2	61.2	66.9	61.4	-8.2
Grainfed cattle levies	8.1	7.8	9.8	10.5	11.9	13.3
Lamb/mutton levies	30.6	31	34.2	36.4	37.2	2.2
Goat levies	0.6	0.8	0.8	0.9	0.8	-11.1
Processor contributions	9.3	9.4	10.8	12.3	12.0	-2.4
Government contributions	40.3	39.2	46.7	46.5	44.0	-5.4
MLA Donor Company	8.7	9.1	12.9	15	16.4	9.3
Other (including LiveCorp)	9.8	10.7	12.1	17.2	14.0	-18.6
<b>Total revenue</b>	<b>159.9</b>	<b>162.2</b>	<b>188.5</b>	<b>205.7</b>	<b>197.8</b>	<b>-3.8</b>

## Expenditure

MLA's total expenditure fell 4% in 2015-16 to \$172.4 million. This included expenditure of \$88 million on research and development and \$84.4 million in marketing activities. Actual expenditure was lower than budgeted due to a rationalisation process which realigned MLA's investment to the new priorities in MLA's *Strategic Plan 2016-2020*. A decision was made to reduce expenditure in strategic imperative three reflecting the reduction in grassfed cattle levies which significantly fund this pillar. In strategic imperative six, expenditure increased on regional

research and stakeholder consultation and building leadership capability within peak industry councils. Expenditure is forecast to increase in 2016-17.

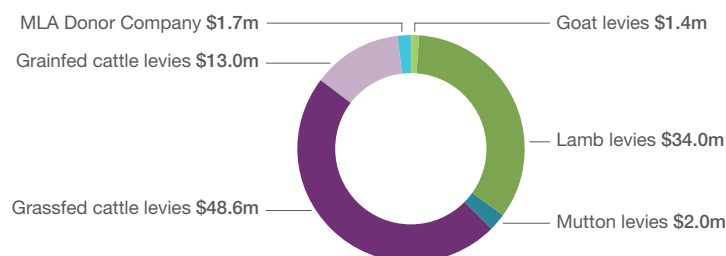
### MLA's expenditure in 2015-16



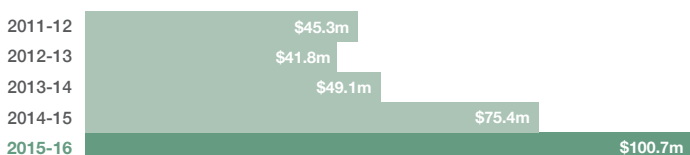
### MLA expenditure summary

Strategic imperatives	2012-13 \$ million	2013-14 \$ million	2014-15 \$ million	2015-16 \$ million	% change 2015-16 compared with 2014-15
1. Trade and market access	20.4	20.8	22.8	22.1	-3.1
2. Increasing customer and consumer demand	64.9	66.9	60.7	61.0	0.5
3. Improve productivity and profitability across the supply chain	16.2	17.6	20.3	14.6	-28.1
4. Industry sustainability and integrity	21.9	22.4	18.0	16.3	-9.4
5. Industry leadership, innovation adoption and capability	8.3	10.7	10.1	9.2	-8.9
6. Stakeholder engagement and communication	4.3	4.7	4.5	6.2	37.8
Corporate services	11.0	11.5	12.7	12.2	-4.0
AUS-MEAT	0.6	0.6	0.6	0.6	0
MLA Donor Company	18.2	26.0	30.0	30.2	0.8
<b>Total expenditure</b>	<b>165.8</b>	<b>181</b>	<b>179.5</b>	<b>172.4</b>	<b>-4.0</b>
<i>Research and development</i>	79.6	95.8	92.9	88.0	-5.3
<i>Marketing</i>	86.2	85.2	86.6	84.4	-2.5

### Retained earnings by funding source



### Retained earnings



### Retained earnings

MLA's surplus for the year was \$25.4 million, taking the retained surplus at 30 June 2016 to \$100.7 million. Retained earnings have been building over recent years to allow for reduced levy revenue over coming years as producers rebuild their herds and flocks while at the same time enabling MLA to deliver the priorities and programs outlined in MLA's *Strategic Plan 2016-2020*.

### Cash flow

MLA's cash balance increased primarily due to higher than anticipated levy income and lower expenditure in the final months of 2015-16. This was a result of the company's decision to review budgeted spend, ensuring only programs aligned to MLA's new *Strategic Plan 2016-2020* were implemented.

## Income and expenditure by funding source 2015-16

Strategic imperative	Goat		Mutton		Lamb		Total sheep		Grassfed cattle	
	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000
<b>1. Trade and market access</b>										
1.1 Develop and deliver industry systems	47	73	52	84	384	1,344	436	1,428	767	2,078
1.2 Support to maintain and liberalise markets		1	2	83	29	745	31	828	63	868
1.3 Maximise market options in livestock export	48	27	113	346	114	367	226	713	259	2,062
<b>2. Increasing customer and consumer demand for red meat</b>										
2.1 Develop and deliver market and consumer insights	8	3	56		259	342	316	342	571	820
2.2 Aggressive promotion of beef across global markets									409	27,917
2.3 Aggressive promotion of sheepmeat and goatmeat across global markets	9	277	37	876	316	15,007	353	15,882		
<b>3. Improving productivity and profitability across the supply chain</b>										
3.1 Identify and deliver innovative opportunities to increase on-farm productivity and profitability	80		489		1,954		2,443		1,316	
3.2 Identify information platforms and technologies that drive productivity and innovation			57		193		250		833	
<b>4. Industry sustainability and integrity</b>										
4.1 Sustainable supply chain resource management			120		1,560		1,680		1,571	
4.2 Animal welfare, biosecurity and animal well-being	31		145		1,031		1,176		954	
4.3 Support industry's effective engagement with the community			1	34	17	386	18	420	21	887
<b>5. Industry leadership, innovation adoption and capability</b>										
5.1 Platforms for supporting skill development and innovation adoption by producers	183		132		974	(1)	1,106	(1)	977	
5.2 Build industry value chain innovation capability			15		102		117		141	
5.3 Industry leadership and issues research			10		83	15	94	15	189	21
<b>6. Stakeholder engagement and communication</b>										
6.1 Stakeholder engagement and communication	15	1	128	61	1,049	549	1,177	610	828	1,242
7.3 AUS-MEAT				44		66		110		384
<b>Total expenditure pre corporate services</b>	<b>419</b>	<b>381</b>	<b>1,357</b>	<b>1,528</b>	<b>8,065</b>	<b>18,820</b>	<b>9,421</b>	<b>20,348</b>	<b>8,901</b>	<b>36,279</b>
7.1 Corporate services	3	6	11	14	363	789	374	804	429	2,005
7.2 Levy collection costs		2		13		200		213		434
<b>Total expenditure</b>	<b>422</b>	<b>390</b>	<b>1,367</b>	<b>1,555</b>	<b>8,428</b>	<b>19,810</b>	<b>9,795</b>	<b>21,364</b>	<b>9,329</b>	<b>38,718</b>
Income available:										
- Levies	488	307	1,169	1,321	10,064	24,654	11,233	25,975	12,356	49,078
- Government										
- Processors										
- Live Export										
- R&D partnerships										
- External										
<b>Total actual income 2015-16</b>	<b>488</b>	<b>307</b>	<b>1,169</b>	<b>1,321</b>	<b>10,064</b>	<b>24,654</b>	<b>11,233</b>	<b>25,975</b>	<b>12,356</b>	<b>49,078</b>
<b>Surplus/(deficit)</b>	<b>66</b>	<b>(83)</b>	<b>(198)</b>	<b>(234)</b>	<b>1,636</b>	<b>4,844</b>	<b>1,438</b>	<b>4,611</b>	<b>3,026</b>	<b>10,360</b>

Grainfed cattle		Total cattle		Total levy funds		Processor		LiveCorp		External	MLA	MLA Donor Co.		Govt.	MLA
R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	R\$ \$000	M\$ \$000	M\$ \$000	MLA* \$000	R\$ \$000	M\$ \$000	R\$ \$000	Total \$000
97	818	865	2,896	1,347	4,397	1,783	472	16	17	26	8,058	1,078		4,224	13,361
6	121	70	988	101	1,817	70	1,711			83	3,782			170	3,952
		259	2,062	533	2,802			888	1,169	136	5,528			1,421	6,948
95	70	666	890	989	1,235	685				960	3,869	189		1,863	5,921
125	3,848	534	31,765	534	31,765	362	2,250			743	35,655	2,010		2,906	40,571
				361	16,159	361	1,127			122	18,131	3		725	18,859
485		1,800		4,323						463	4,786	1,933		6,256	12,974
10		842		1,092		1,474				353	2,919	5,368		7,934	16,221
436		2,007		3,687		395				1,296	5,379	670		4,752	10,800
311		1,265		2,472						79	2,550	1,076		3,547	7,173
26	272	47	1,160	65	1,579	12	129				1,786			77	1,863
170		1,147		2,436	(1)	75				619	3,129	3		2,514	5,647
69		209		327		1,121					1,448	2,786		4,234	8,467
34	9	223	30	317	45					18	380			317	696
132	46	960	1,288	2,152	1,900					20	4,072	7		2,160	6,238
	56		440		550						550				550
1,994	5,241	10,895	41,519	20,736	62,249	6,339	5,690	904	1,186	4,917	102,020	15,122		43,101	160,243
117	244	546	2,250	922	3,060					6,591	10,573			922	11,495
	54		488		703						703				703
2,111	5,539	11,441	44,257	21,658	66,011	6,339	5,690	904	1,186	11,508	113,296	15,122		44,023	172,441
3,913	8,034	16,268	57,112	27,989	83,394						111,383				111,383
														44,023	44,023
						6,339	5,690				12,029				12,029
								904	1,186		2,090				2,090
												16,404			16,404
										11,508	11,508		375		11,883
3,913	8,034	16,268	57,112	27,989	83,394	6,339	5,690	904	1,186	11,508	137,009	16,404	375	44,023	197,811
1,801	2,495	4,827	12,855	6,331	17,383						23,714	1,282	375		25,370

\*MLA excl. MDC & Government

# Strategic framework

## Strategic alignment

MLA's *Annual Operating Plan 2015-16* has guided the company's investment over the past year, outlining the company's programs, budgets and key performance measures.

The strategic direction of this Plan was informed by the Australian Government's Science and Research Priorities, Rural Research and Development Priorities and Agricultural Competitiveness White Paper Priorities (the latter two are now superseded by the Rural Research, Development and Extension Priorities), the *Meat Industry Strategic Plan 2010-2015* and the *MLA Strategic Plan 2010-2015*.

MLA has regarded 2015-16 as a 'transitional year' given the release of the *Meat Industry Strategic Plan 2020* in September 2015 and *MLA's Strategic Plan 2016-2020* in June 2016, well after *MLA's Annual Operating Plan 2015-16* had been finalised.

*MLA's Strategic Plan 2010-2015* was aligned closely with the *Meat Industry Strategic Plan 2010-2015*, giving focus and direction to MLA's work to build demand, productivity and trust for the red meat and livestock industry.

Page 14 provides a graphical overview of MLA's strategic and operational planning process.

From 2016-17 MLA will take its strategic direction from the *Meat Industry Strategic Plan 2020*, the *MLA Strategic Plan 2016-2020* and the Australian Government's Science and Research Priorities and its Rural Research, Development and Extension Priorities.

## Stakeholders

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

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

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

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

## Industry consultation arrangements

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

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

Examples of areas where consultation occurs include:

### On planning and whole of red meat industry priority areas:

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

### On research and development:

- Research, development and adoption investment priorities
- Red Meat Co-investment Committee
- Regional consultation model (see pages 7 and 58) and the Southern Australia Meat Research Council, the Western Australia Livestock Research Council and the North Australia Beef Research Council
- Sheep and beef forecasting committees
- Sheep Genetics Advisory Committee
- MSA Taskforce and Pathways Committee
- Resource Flock Steering Committee
- Genetics Steering Committee

### On marketing:

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

The global marketing and market access consultation process underpins the overarching market strategy specific to each region. This process involves peak industry councils and industry representatives consulting with MLA to help set strategic priorities for growing demand and improving market access for the Australian red meat industry across global markets. The consultation process involves a forum for industry to guide MLA's global market investment strategy. This encompasses reviewing the output/outcomes from the previous year's activities and investments, evaluating MLA's performance, setting strategic priorities and budget allocations for the upcoming financial year and importantly, setting key performance indicators.

## Collaboration

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

In 2015-16, MLA was successful in having 10 projects approved under the Department of Agriculture and Water Resources Rural Research and Development for Profit program. MLA is the lead organisation for five of these projects. All of these projects have multiple collaborators.

During 2015-16 MLA also partnered with six consortiums: the National Livestock Genetics Consortium, the Managing Climate Variability Program – phase 5; the Reef Alliance; the National Sheep Monitoring project; the Australian Livestock Spatial Innovation CRC; and the Animal Welfare Strategic Partnership.

MLA continued its collaboration with the Sheep CRC and the Invasive Animals CRC in 2015-16.

## Research and development

### Alignment with government priorities

MLA invested \$88 million in a range of research, development and adoption programs during 2015-16. This included \$30.2 million invested through MLA Donor Company. This investment includes matching funds from the Australian Government.

These programs are linked to the Australian Government's Science and Research Priorities and it's National Rural R&D Priorities and the Agricultural Competitiveness White Paper Priorities. This alignment is shown in the graphs at right.

### Contracts

Throughout the year, MLA completed or terminated 271 research contracts worth \$57.9 million and commenced 298 new contracts during the year worth \$50.9 million.

This resulted in a total portfolio of 302 current research contracts at 30 June 2016, valued at \$96.4 million. These contracts only include industry research projects with many undertaken over multiple years.

### MLA Donor Company

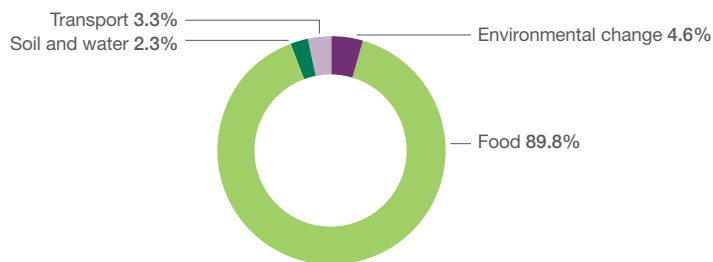
Through the fully-owned subsidiary MLA Donor Company (MDC), MLA works on a range of red meat value chain research projects with the commercial sector in areas that bring value to producers, through innovation and new technologies. Through MDC, voluntary contributions from individual enterprises are matched by Australian Government research and development funds. Eligible projects deliver outcomes that address industry and government priorities and benefit the broader Australian community.

MDC attracts co-investment from individual enterprises and others that share a mutual interest with MLA to develop innovations that will benefit the Australian red meat and livestock industry.

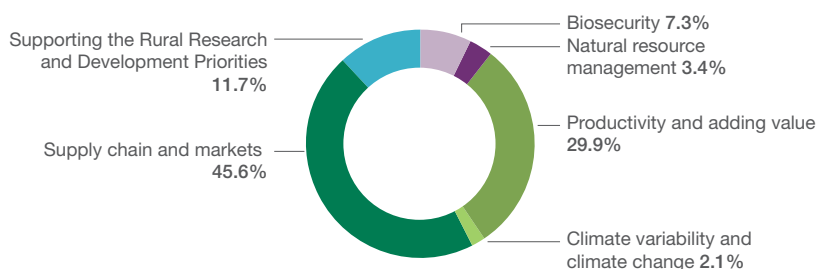
During 2015-16, MDC attracted a total investment of \$30.2 million in private and public funds in industry research, development and innovation.

A total of 80 new project contracts were approved last year totalling \$42.8 million. Since its inception in 1999, MDC has approved 801 contracts worth \$319.3 million. Private investors in projects funded

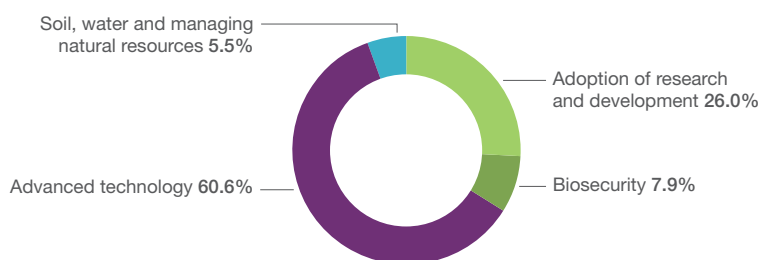
### Alignment of MLA R&D projects with the Australian Government's National Science and Research Priorities



### Alignment of MLA R&D projects with the Australian Government's National Rural R&D Priorities



### Alignment of MLA R&D projects with the Australian Government's Agricultural Competitiveness White Paper Priorities



### Average value of research contracts at 30 June



through MDC have included all parts of the red meat value chain – processors, value-adders, breed societies, pastoral companies, technology providers and international collaborators.

MDC also facilitates the commercialisation of industry research and development. Through international alliances, MDC fosters world-class innovation by accelerating access to intellectual property at a much lower cost than would otherwise be possible. This model injects valuable new funding into red meat industry research and development and commercialisation,

with a number of resulting benefits:

- improving sustainability on- and off-farm
- reduced production costs leading to a more competitive industry
- higher standards of occupational health and safety
- new value-added product and packaging solutions that build demand, facilitate access to emerging markets and deliver increased export earnings via higher premiums



- enhanced supply chain collaboration
- increased innovation capability
- enhanced employment opportunities for young professionals in the industry.

### NLIS Ltd

NLIS Ltd was established on 1 April 2009 as a wholly owned subsidiary of MLA.

The company is responsible for database operations and associated services which underpin the National Livestock Identification System (NLIS). This includes database development and hosting, support services (helpdesk and communications), device accreditation and secretariat support for SAFEMEAT's NLIS committees.

In 2015-16 the company progressed the development of a new technology platform for the NLIS database, and the helpdesk received more than 4,000 calls per month, providing assistance to industry on the operation of both the NLIS database and the requirements of the Livestock Production Assurance program.

The services provided by NLIS Ltd are funded by a combination of red meat industry levies (both marketing and research and development) and matching government funds for research and development activities.

NLIS Ltd operates under a quality management system, and is accredited under ISO 9001:2015. It is located within MLA's North Sydney office.

### CoMarketing Program

The CoMarketing Program is an initiative by MLA to support Australian companies who are responsible for the marketing of Australian beef, veal, lamb and goatmeat brands to develop superior brand marketing strategies and effective marketing plans.

The aim of the Program is to assist brand owners create customer loyalty and sustainable brand growth, through investment that delivers ongoing added value along the supply chain to producers.

For beef, MLA worked with 52 Australian companies in 2015-16 to deliver CoMarketing activities across key markets including Australia, Japan, South-East Asia, Greater China, Europe, the Middle East and North Africa, North America, Korea and emerging markets. MLA contributed approximately \$1.96 million, and participants contributed the same amount or more. These activities strengthened brands and built awareness for product across both new and existing accounts.

For lamb, MLA managed CoMarketing activities with 21 Australian companies, with activities across Australia, Japan, South-East Asia and Greater China, Europe, the Middle East and North Africa, North America, Korea and emerging markets. MLA contributed approximately \$207,000 and exporters contributed the same amount or more. These activities focused on retaining key accounts and maintaining volumes, given strong lamb prices and the exchange rate.

For goat, MLA contributed approximately \$11,000 to two participants who contributed the same or more.

Activities co-funded by the CoMarketing Program during 2015-16 included developing marketing strategies, brand development and brand launch, educational trade visits to Australia, sampling, point-of-sale design and printing, advertising, social media campaigns, website development, trade shows, training seminars and market research.

Details of each participant and the specific funding amounts invested are published in Appendix 1 of this *Annual Report*.

### Corporate reporting

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

MLA's *Annual Report 2014-15* was made available through its corporate website as well as in hard copy for members who requested it.

MLA's *Annual Report 2014-15* won a silver medal at the Australasian Corporate Reporting Awards. This award recognised that MLA provided quality coverage, good disclosure and addressed current legislative and regulatory requirements. The Report was also commended for its strong stakeholder focus and transparency.

### MLA contribution to CoMarketing Program

Region	MLA contribution		
	Beef \$	Lamb \$	Goat \$
Australia	537,240	16,746	6,925
Europe	34,014	2,992	0
Greater China	274,808	1,875	3,912
Indonesia	7,605	812	0
International (cross regional)	348,447	24,828	0
Japan	204,465	14,492	0
Korea	238,800	2,206	0
Middle East/North Africa	59,357	49,189	0
North America	133,678	58,229	0
South-East Asia	129,999	36,129	0
<b>Total MLA contribution</b>	<b>1,968,413</b>	<b>207,498</b>	<b>10,837</b>

## Funding arrangements

MLA is primarily funded by transaction levies paid on livestock sales by producers.

The Australian Government also contributes a dollar for each levy dollar MLA invests in eligible research and development. This can be supplemented by unmatched grants from the Australian Government and cooperative contributions from other Research and Development Corporations, individual processors, wholesalers, foodservice operators and retailers.

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

Exporters and importers can also co-invest with MLA on marketing activities through the CoMarketing Program.

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

### Producer transaction levies

Transaction levies are charged by the Australian Government on the sale of each head of cattle, sheep and goat sold under the *Primary Industries (Excise) Levies Act 1999*. Transaction levies are collected, administered and disbursed by the Department of Agriculture and Water Resources on a cost-recovery basis and invested back into the industry to assist in research and development, marketing and market access services. MLA is not the only recipient of livestock transaction levies – it is one of three organisations alongside Animal Health Australia and the National Residue Survey. Levies received by MLA are accounted for in two streams – one to support marketing activities and the other to support research and development.

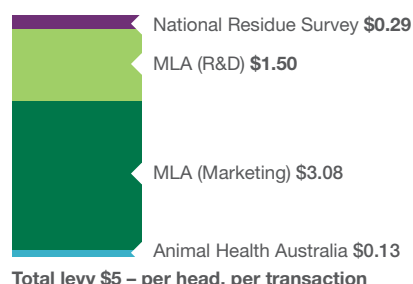
Total levies charged in 2015-16 were \$5 per head of grassfed and grainfed cattle transacted, 2% of the sale price on each head of sheep transacted and 37.7 cents per head of goats transacted.

The Department of Agriculture and Water Resources distributed the levies in the following way in 2015-16:

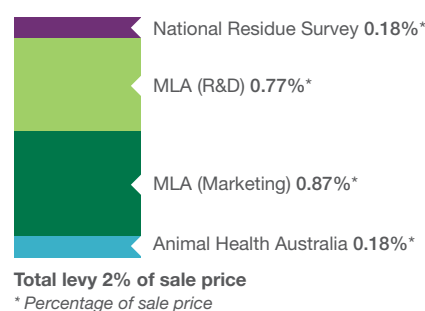
#### Grassfed cattle levy allocation



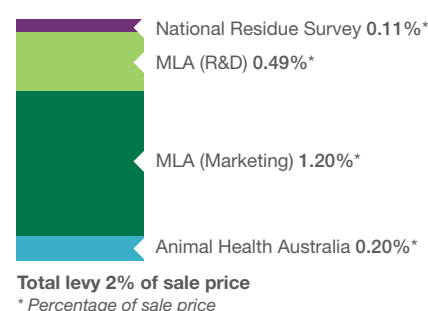
#### Grainfed cattle levy allocation



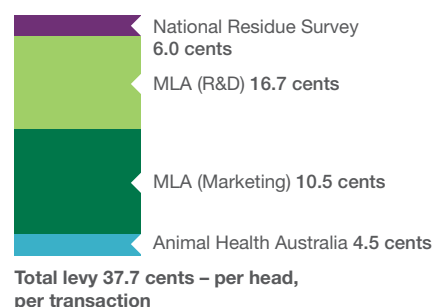
#### Sheep levy allocation



#### Lamb levy allocation



#### Goat levy allocation



### MLA membership

Membership of MLA is voluntary and free to all levy-paying grassfed cattle, grainfed cattle, sheep, lamb and goat producers. MLA had 49,892 members at 30 June 2016, an increase of 47 members on the previous year.

	2011-12	2012-13	2013-14	2014-15	2015-16
Grassfed cattle	41,005	41,334	41,828	42,295	42,275
Grainfed cattle	5,301	5,308	5,391	5,430	5,430
Sheep/prime lambs	17,611	17,862	19,262	18,523	18,583
Sheep only	9,872	9,713	9,625	9,568	9,483
Goats	2,344	2,360	2,386	2,414	2,415
<b>Total members</b>	<b>48,173</b>	<b>48,608</b>	<b>49,260</b>	<b>49,845</b>	<b>49,892</b>

# Corporate governance

## MLA's role

Meat & Livestock Australia Limited (MLA) is the declared industry marketing body and the industry research body under sections 60(1) and 60(2) of the *Australian Meat and Live-stock Industry Act 1997* (AMLI Act).

In its services role MLA strives to be the recognised leader in delivering world-class research, development and marketing outcomes that benefit the Australian red meat and livestock industry.

Working in collaboration with the Australian Government and wider red meat industry, MLA's mission is to foster the long-term prosperity of the Australian red meat industry.

MLA is a producer-owned, not-for-profit organisation and not an industry representative body.

## Corporate governance framework

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

This statement and documents and policies relevant to our corporate governance framework are also available on our website.

## The Board

MLA is governed by a skills-based Board that works with industry to set strategic priorities for the company. It also approves and monitors progress against the strategic plan, evaluates performance and budgets, overseas risk management and compliance, and ensures the company abides by its obligations under the Red Meat Industry Memorandum of Understanding, Deed, and corporations law.

## Composition

The Board comprises 10 directors with a broad range of skills, experience and expertise necessary to guide the company. Many of the directors are also producers and members of the company. The Managing Director is the only executive director. Directors are nominated through the Selection Committee and appointed at MLA AGMs for a maximum three-year term under MLA's constitution, after which time a director may reapply for a position on the Board in the same way as other candidates. Further information about the Selection Committee is on page 76. The Chair of the Board was elected in 2011 and is an independent director.

## Board members

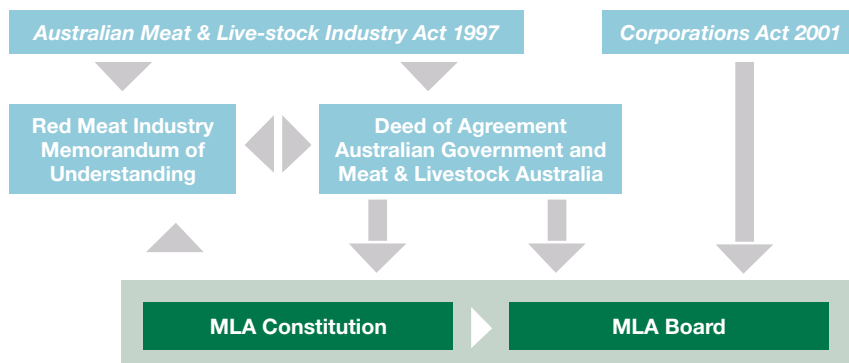
The names and details of the company's directors in office during the financial year and until the date of this report are listed on the following pages. All directors were in office for the entire year unless otherwise stated.

## Board roles and responsibilities

The roles and responsibilities of the Board are formalised in the Board Charter which underpins the conduct of the Board as it strives to build sustainable value for MLA's members and the red meat industry and to achieve MLA's mission. The Board Charter is regularly reviewed by the Board. The Constitution and the Board Charter are available on MLA's website [www.mla.com.au](http://www.mla.com.au).

The Board is responsible for the appointment and assessment of the performance of the Managing Director and monitoring the performance of the Leadership Team against agreed KPIs. The Managing Director's role is to lead MLA and together with the Leadership Team develops and implements MLA's business strategy once approved by the Board.

## MLA's governance framework



## Board members



**Michele Allan** – Chair  
BAppSc MMgtTec MCommLaw DBA FAICD  
Director since November 2011

Dr Michele Allan has an academic background in biomedical science, management and law. Dr Allan is a past executive director and non-executive director of Patties Foods Limited and was previously a non-executive director of the Dairy Research & Development Corporation, Forest and Wood Products Australia, Ruralco Holdings Limited, Tasmania Fruit & Vegetable Taskforce, Tasmanian Irrigation Pty Ltd, Callaghan Innovation, William Angliss Catering & Hospitality TAFE College, Cooperative Research Centre Hearing and Grape and Wine Research and Development Corporation. Current board positions include Innovation Australia, Food Innovation Australia Limited, Apple and Pear Australia Ltd, Grain Growers Limited, Nuffield Australia, CSIRO and member of the CRC Advisory Committee. She is Chancellor of Charles Sturt University and Chair of the Grains and Legumes Nutrition Council, and a Fellow of the Australian Institute of Company Directors. Dr Allan is also Chair of the Remuneration Committee.



**Richard Norton** – Managing Director  
MBA  
Appointed 2 June 2014

Richard Norton is the fifth generation of a beef and sheep farming family from Monaro NSW and began his working life as a rouseabout and jackaroo, then spent more than 20 years serving livestock producers as a stock agent and auctioneer across NSW. His drive to see Australian agribusiness thrive led him to hold various executive positions, including Head of Live Export and International Trade and then Managing Director of Landmark Operations Australia. Mr Norton previously held executive positions in retail, manufacturing, logistics and warehousing with Woolworths, Coca Cola, Wesfarmers and Toll Holdings and was a non-executive director of Agrium Asia Pacific, the Australian Wheat Board, RD1 New Zealand, Landmark Harcourts and Australian Wool Handlers. He was Chairman of Integrated Traceability Solutions (Global) and AuctionsPlus. Mr Norton is a director of MLA Donor Company Limited, National Livestock Identification System Limited, Red Meat Traceability Systems Pty Ltd and AUS-MEAT Limited.



**Alan Beckett**  
BEc, FICA, GAICD  
Director since November 2014

Alan Beckett has a keen interest in the cattle industry and currently runs an Angus breeding and backgrounding operation in Yea, Victoria. He brings forty years' experience with a major professional services firm, practising in the area of audit and corporate services to large companies with an emphasis on listed public companies along with practical experience in doing business in Oceania, South East Asia, Japan and India. Mr Beckett is a non-executive director of Defence Health Limited, Westbourne Capital Pty Ltd and Westbourne Credit Management Limited. He is Deputy Chairman of the Department of Defence Audit & Risk Committee and the independent member of the Audit & Risk Committee of the RBA's wholly owned subsidiary Note Printing Australia Limited. Mr Beckett was previously Chairman of ASX listed Basper Limited (formally Berklee Ltd). He is currently Chair of MLA's Audit & Risk Committee and a member of the Selection Committee.



**Steven Chaur**  
GradDip Marketing, MBA, MAICD, FAIM  
Elected in 2015

Steven Chaur is a highly experienced consumer marketer and brand strategist. He has over 25 years' experience in fast-moving consumer goods within the food industry, specifically in primary industry sectors including fresh dairy (milk), meat processing, seafood and vegetable processing. He has past executive experience with Saint-Gobain SA, Tip Top Bakeries, Findus Australia Pty Ltd, National Foods Limited and Simplot Australia Pty Ltd. Mr Chaur has developed successful company and brand growth strategies, led organisational teams to deliver sustainable profit contributions through strategic market development, global sourcing and consumer brand marketing and innovation activities. Mr Chaur has had broad exposure to global business environments and trading cultures in markets including Asia, China and Europe. He is currently Managing Director and CEO of Patties Foods Limited and is non-executive director of Davies Bakeries Pty Ltd. Mr Chaur is a member of MLA's Audit and Risk and Remuneration Committees.



**Lucinda Corrigan**  
BScAgr (Hons 1) FAICD  
Director since November 2007

Lucinda Corrigan is a director of Rennylea Angus, a leading beef genetics business running 3,000 head of cattle across five properties in the Murray Valley of NSW. Ms Corrigan has skills and experience in R&D, genetics, natural resource management, communications, marketing and advocacy. For more than 20 years she has served as a non-executive director on industry bodies and innovation companies including four CRCs, including as Deputy Chairman of the Future Farm CRC, Commissioner of the Australian Centre for International Agricultural Research, Chairman of the advisory committee of the Graham Centre, a partnership between Charles Sturt University and NSW Department of Primary Industries, and convenor of the Holbrook community beef group activities. She is a Fellow of the Australian Institute of Company Directors and the Australian Rural Leadership Foundation. Ms Corrigan is a member of MLA's Audit and Risk Committee and Chair of MLA Donor Company Ltd.



**Robert Fitzpatrick**

BEC, LLB, MBA, GAICD  
Elected in 2015

Robert Fitzpatrick is an industry business builder and technology expert with over 30 years' experience in world-class sales and marketing, for small and medium enterprises, start-ups, through to large corporates and government agencies. Widely travelled, with a strong track record as a business builder, Mr Fitzpatrick has detailed understanding of industry representative bodies, fast-moving consumer goods, research and higher education, retail, telecommunications, and information and communications technology sectors. Mr Fitzpatrick has a passion for improving the efficiency of Australia's agricultural sector, applying new analytics to de-bottleneck supply chains and dramatically reduce the cost of moving product from farm gate to foreign markets. Mr Fitzpatrick is director of the Australian Academic and Research Network, Robec Oz, CEO of Australian Information Industry Association, and committee member of the Export Council of Australia. Mr Fitzpatrick is also a director of MLA Donor Company Ltd and NLIS Limited.



**Erin Gorter**

BA (Education) GAICD  
Elected in 2015

Erin Gorter is a business and events planning management entrepreneur and has been a West Australian livestock producer. Ms Gorter was born into a farming family and has been involved in running a mixed farming operation in Kojonup, WA, Western Australia, producing prime lamb, wool and grains, conducting sheep trading and a small amount of agroforestry. Ms Gorter runs her own business, established to foster the pursuit of further opportunities through business management advice and events planning in rural areas. She was awarded the WA RIRDC Rural Women's Award Runner Up in 2010, sits on the Board of the WA Meat Industry Authority as a producer representative and is a director of AgVivo. Ms Gorter is also a member of the Remuneration Committee.



**Geoffrey Maynard**

BBus  
Director since November 2011

Geoff Maynard runs a 10,000-hectare cattle stud seedstock operation near Jambin in Central Queensland. He has more than 35 years' experience in northern production systems, and has had significant involvement in collaborative research and genetics programs. Maynard Cattle Company has been one of the largest users of embryo transfer technology in northern Australia. The Maynard family was one of the largest suppliers of cattle for the Beef CRC I Project in the 1990s and participated in CRC II and CRC III. Mr Maynard was previously the Vice-Chair of the Beef Australia Board and is a past member of the industry advisory committee of the Beef CRC II. Mr Maynard is also a director of MLA Donor Company Limited and member of the Selection Committee.



**Chris Mirams**

GradDip Financial Markets  
Director since November 2014

Chris Mirams is an agricultural consultant based in Albury and has extensive commercial and practical experience in southern Australian sheepmeat production and managing sheep enterprises covering prime lamb, wool and meat with the latest technology and benchmarking. He has significant experience in strategic research and development, broad commercial experience in southern beef production, specialist skills in business, finance, corporate governance, communication and leadership. Mr Mirams is passionate about the agricultural industry and rural and regional Australia. Mr Mirams participated in the Australian Rural Leadership Program, is a past Chair of Holbrook Landcare Network and EverGraze National Advisory Committee and served on the Alpine Valleys Community Leadership Program and Scots School Albury boards. Mr Mirams is also a director of MLA Donor Company Limited.



**George Scott**

Director since November 2013

George Scott has had a lifelong involvement with the north Australian cattle industry, initially as an employee of both corporate and private operators in Queensland and NT, more recently as an owner-operator. Mr Scott has a broad knowledge of beef production systems, resource management, genetic development, breeding programs, land management and industry associations. During the past decade, Mr Scott has held senior executive and representative roles in the Northern Territory Cattlemen's Association (NTCA), acted as the NTCA Cattle Council Delegate, and been a member of the Barkly Regional Advisory Committee to the Northern Australia Beef Research Council. Based at Thylungra Station in south-west Queensland, he is currently Managing Partner of Scott Cattle Company producing commercial cattle in Queensland and SA, a director of Thylungra Cattle Co Pty Ltd and Kyabra Creek Pty Ltd. Mr Scott is also a director of AUS-MEAT Ltd.

## Company Secretary



**Clare Stanwix**  
BA (Hons) LLB, LLM, GAICD  
Appointed June 2014

Clare Stanwix joined MLA in June 2009 having been a senior associate with DLA Piper and external legal counsel to MLA. In addition to holding the office of Company Secretary, Ms Stanwix holds the position of General Counsel and leads the legal, risk and compliance team at MLA. She has experience in intellectual property, technology, corporate and commercial law, work, health and safety and dispute resolution. Ms Stanwix has recently completed a graduate diploma in Applied Corporate Governance with the Governance Institute of Australia. She is also Company Secretary of National Livestock Identification System Limited and a director of Red Meat Traceability Systems Pty Ltd, both subsidiary companies of MLA.

## Retiring Directors



**John McKillop**  
BBus GradDipAg MBA GAICD  
Directorship November 2012-2015

John McKillop has extensive agribusiness experience gained through various executive and director roles in the meat and livestock, and grains industries. From 2007 to 2011, Mr McKillop was the managing director of diversified commodities producer Clyde Agriculture, a fully-owned subsidiary of John Swire and Sons, turning over \$65 million per annum. Previous executive roles included general management positions with Elders Australia Limited, and as a senior executive with Stanbroke Pastoral Company. Mr McKillop has considerable experience evaluating research and development proposals, as well as strong skills in global marketing, financial management, strategic planning and corporate governance. He is the current chair of the National Farmers' Federation's Economics Committee, and a member of CPA Australia. He was Chair of the Remuneration Committee and a member of the Audit and Risk Committee.



**Peter Trefort**  
Directorship 2003-2015

Peter Trefort manages his family's property at Narrogin in WA. He has more than 40 years' experience in sheep and cattle production as well as management across the supply chain. Mr Trefort has worked extensively developing on-farm and processing R&D strategy with the Department of Agriculture (WA), University of WA and Murdoch University (WA). In 2007, he received an Honorary Doctorate in Science from Murdoch University. He is a director of the Sheep CRC. In 2010, Mr Trefort was recognised as the Rural Achiever of the Year by the Royal Agricultural Society of WA. He was a member of the Remuneration Committee.

### Board committees

There were two Board committees that met during the year:

- Audit and Risk Committee
- Remuneration Committee

These Board committees are comprised solely of non-executive directors, with management attending committee meetings by invitation only. A program of committee meetings is developed at the beginning of each year and committees also meet throughout the year to consider issues which may arise. The Chair of each committee provides a verbal update of each committee meeting to the Board and minutes of committee meetings are provided in the Board papers.

The role of each committee is set out in the committee charters, which are regularly reviewed. The members of each committee, together with each member's attendance at meetings, are set out in the *Directors' report* on page 86.

### Audit and Risk Committee

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

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

As at 30 June 2016, the Audit and Risk Committee consisted of Alan Beckett (Chair), Lucinda Corrigan and Steven Chaur. Details of each members'

attendance at meetings is set out in the *Directors' report* on page 86.

#### External Auditor

Our external auditor is Ernst & Young (EY). The Committee holds discussions with the external auditors and management before the annual financial statements are submitted to the Board. The Audit and Risk Committee oversees our relationship with EY, including:

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

### Internal Auditor

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

To assist its function the Audit and Risk Committee, with management and a dedicated Risk and Assurance Manager, works with internal auditor Deloitte Touche Tomatsu (Deloitte). Deloitte's role during 2015-16 was to conduct a review of MLA's IP Management Plan and delegations policy in accordance with its annual work program. Deloitte's audit activities assists management with independent and objective assurance on the effectiveness of our governance, risk management and internal control processes.

### Remuneration Committee

The Remuneration Committee consisted of Michele Allan (Chair), Steven Chair and Erin Gorter as at 30 June 2016.

The Remuneration Committee oversees remuneration practices across the company. The Committee reviews the policies and systems in place for managing remuneration to ensure they are appropriate and consistent with company objectives and values.

The Remuneration Committee worked in accordance with a comprehensive schedule of activities undertaken by it during the year. The responsibilities of the Remuneration Committee include the review of:

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

The Committee also assists the Board by developing plans for identifying,

assessing and enhancing director competencies. Details of each member's attendance at meetings is set out in the *Directors' report* on page 86.

### Selection Committee

The role of the Selection Committee is to report to members of MLA on the suitability of candidates for re-election or election as a director at general meetings.

The Selection Committee consists of:

- four persons elected by livestock producers
- three persons appointed by peak councils
- two MLA Board Directors.

At the 2015 AGM the number of grassfed cattle producer representatives on the Selection Committee increased from one to two. The Chair of the Selection Committee is Don Mackay and in 2016 was re-elected by committee members.

MLA's Constitution sets out the requirements for the proceedings of the Selection Committee and the qualifications and skills of candidates in nominated fields which the Selection Committee must consider.

The Selection Committee assesses candidates against a range of criteria, including experience and skills, personal qualities and their available time commitment. In accordance with good governance practice, appropriate checks of each candidate are undertaken before each nominee is put forward to members as a candidate for election, as a director. The composition of the Selection Committee, together with each member's attendance at meetings, is set out in the *Directors' report* on page 86.

### Board meetings

The Board had eight scheduled meetings during 2015-16, the agendas of which are formulated in preparation for each meeting and also incorporate items from an annual agenda to ensure regular review of key aspects of the business. The agenda items include regular reviews of MLA's financial position and management reports, a detailed review of the company's strategic imperatives, together with a review of key topics such as: industry dynamics and challenges; industry outlook and forecasts; and marketing and R&D programs. The annual agenda also sets key review dates for items that must come before the Board under the

categories of performance, compliance and governance.

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

### Board training

The Board held an in-boardroom risk management review session in February 2015 which was facilitated by Deloitte. The program focused on MLA's risk management framework and included a review of MLA's risk profile, governance, policies and systems. In addition, directors are encouraged and do participate in individual training programs throughout the year.

### Independence

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

### Conflicts of interest

In accordance with the requirements of the Corporations Act and its *Conflict of interest policy and procedures*, directors must declare any conflict of interest they may have, and must follow the procedures set out in MLA's policy including, in certain circumstances, abstaining from participating in any discussion or voting on matters in which they have a material personal interest. At the time of their appointment and as notified from time to time, each director provides to the Board information about their business and other interests. The Board records such notifications

in its minutes and maintains a register in accordance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (3rd edition)*.

### Reporting framework

MLA is operating under its 2012-16 Statutory Funding Agreement with the Commonwealth of Australia through its Department of Agriculture and Water Resources, which took effect from 15 October 2012 (Deed). The Deed sets out the requirements for the company's expenditure of levy funds and matching funds and provides a framework under which the company must report to the Department.

### Financial and risk management

MLA's risk management policies and assessments are documented in the Risk Management Plan (the plan). During 2015 a full review of MLA's Risk Management Plan and Risk Management framework was undertaken. A dedicated Risk and Assurance Manager was appointed to the business to proactively manage risk identification and management by the business, capturing controls in our risk register and reporting to the Audit and Risk Committee on matters relating to financial management, treasury, foreign exchange, payroll management, system controls and levels of authority.

The Audit and Risk Committee has received a written declaration from the Managing Director and Chief Financial Officer that the financial reports represent a true and fair view, in all material respects, of the company's

financial condition and operating results and are in accordance with relevant accounting standards.

### Code of business conduct and ethics

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

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

As part of an annual program of training and capability building within MLA, training in anti-bullying, equal opportunity and anti-discrimination was provided to all staff.

### Diversity

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

As at 30 June 2016, 51.9% of MLA's staff were women. On the Leadership team, five of the 10 (50%) executives are female and during the period on the

MLA Board of nine, three directors are female, with one being the Chair of the Board.

### Remuneration and performance arrangements

The total limit for directors' remuneration (excluding the Managing Director) is \$750,000. This limit was determined by members at the 2008 annual general meeting. The Board determined in December 2015 that an increase of 3.18% for directors' fees would take effect from 1 January 2016 and that in recognition of the additional workload on the Audit and Risk Chair that an additional sum of \$5,000/pa be paid taking the total per annum costs to \$490,054.

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

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

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

Principle/Recommendation	Description/reference of disclosure/compliance
<b>Principle 1. Lay solid foundations for management and oversight</b>	
Recommendation 1.1	
A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	This is outlined in the Board Charter and Operating Principles.
Recommendation 1.2	
A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	As part of the Selection Committee process in relation to Director selection, appropriate background checks are and will continue to be undertaken.  Candidates are shortlisted by reference to the selection criteria that act as terms of reference for the committee to ensure there is an appropriate mix of skills in the candidates nominated for election.  Candidate's biographical details included on the MLA Notice of Meeting are prepared from the material submitted through the Selection Committee process.



**Principle/Recommendation****Description/reference of disclosure/compliance**

<b>Principle/Recommendation</b>	<b>Description/reference of disclosure/compliance</b>
<b>Recommendation 1.3</b>	
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	MLA has written engagement letters for directors and executive employment contracts with all members of the senior leadership team.
<b>Recommendation 1.4</b>	
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary is accountable to the Board through the Chair on all matters related to the proper functioning of the MLA Board.
<b>Recommendation 1.5</b>	
A listed entity should: <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> <li>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	<p>The diversity policy is available on MLA's website <a href="http://www.mla.com.au">www.mla.com.au</a></p> <p>The Board recognises and fosters a culture that encourages divergent views and robust discussion. In assessing candidates, the Selection Committee considers diversity of education, the nature of the businesses and business functions in which candidates have gained experience and the roles held, as well as the more obvious aspects of diversity such as gender, age, ethnicity and cultural background.</p> <p>MLA also enunciates its commitment to diversity in other policies such as anti-discrimination and bullying policy and acceptable behaviours policy which are regularly reported to, monitored by and adjusted with approval by the Board.</p> <p>The proportion of women as at the date of this report:</p> <ul style="list-style-type: none"> <li>• Board members: 30%</li> <li>• Leadership Team: 50%</li> <li>• the whole organisation: 52%</li> </ul>
<b>Recommendation 1.6</b>	
A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>The Board evaluates its performance through an annual performance review, which is periodically facilitated by an external specialist.</p> <p>As part of the Board's review process in 2015-16 it completed the Australian Institute of Company Directors Governance Analysis Tool survey and reviewed this with an external Australian Institute of Company Directors facilitator.</p>
<b>Recommendation 1.7</b>	
A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>The Remuneration Committee and Board conduct an annual assessment of the performance of the Managing Director and the Leadership Team against agreed KPIs.</p> <p>In accordance with the annual work plan, the performance evaluation process for the Managing Director and the Leadership Team was completed.</p>
<b>Principle 2. Structure the board to add value</b>	
<b>Recommendation 2.1</b>	
The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	<p>MLA's Constitution and operation of the Selection Committee reflects this requirement.</p> <p>Refer also to the section about the Selection Committee in the <i>Corporate Governance Statement</i>.</p>
<b>Recommendation 2.2</b>	
A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Biographical details of directors are published on the MLA website <a href="http://www.mla.com.au/About-MLA/Who-we-are/Board-of-directors">http://www.mla.com.au/About-MLA/Who-we-are/Board-of-directors</a>

Principle/Recommendation	Description/reference of disclosure/compliance
<b>Recommendation 2.3</b>	
<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	<p>The MLA Board currently considers the independence of its directors on an annual basis.</p> <p>Refer also to the Director independence section in the <i>Corporate Governance Statement</i>.</p> <p>Length of service of each director is included in the director biographies.</p>
<b>Recommendation 2.4</b>	
<p>A majority of the board of a listed entity should be independent directors.</p>	<p>All of the directors are independent with the exception of the Managing Director.</p>
<b>Recommendation 2.5</b>	
<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The role of the Chair and the Managing Director are not performed by the same person.</p>
<b>Recommendation 2.6</b>	
<p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>MLA has a program for inducting new directors and provides appropriate professional development.</p> <p>Refer also to the Director training section in the <i>Corporate Governance Statement</i>.</p>
<b>Principle 3. Act ethically and responsibly</b>	
<b>Recommendation 3.1</b>	
<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	<p>MLA has a <i>Code of Business Conduct and Ethics</i> which covers the governance and sets the expectation for the Board and all MLA personnel. The <i>Code of Business Conduct and Ethics</i> is on MLA's website.</p>
<b>Principle 4. Safeguard integrity in corporate reporting</b>	
<b>Recommendation 4.1</b>	
<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	<p>Biographical details of directors are published to the MLA website <a href="http://www.mla.com.au/About-MLA/Who-we-are/Board-of-directors">http://www.mla.com.au/About-MLA/Who-we-are/Board-of-directors</a></p> <p>Refer also to the Audit and Risk Committee section in the <i>Corporate Governance Statement</i>.</p>
<b>Recommendation 4.2</b>	
<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The wording of the declaration reflects the wording in the recommendation.</p>
<b>Recommendation 4.3</b>	
<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>MLA's external auditor attends each AGM and is available to answer questions from members relevant to the audit.</p>

**Principle/Recommendation**

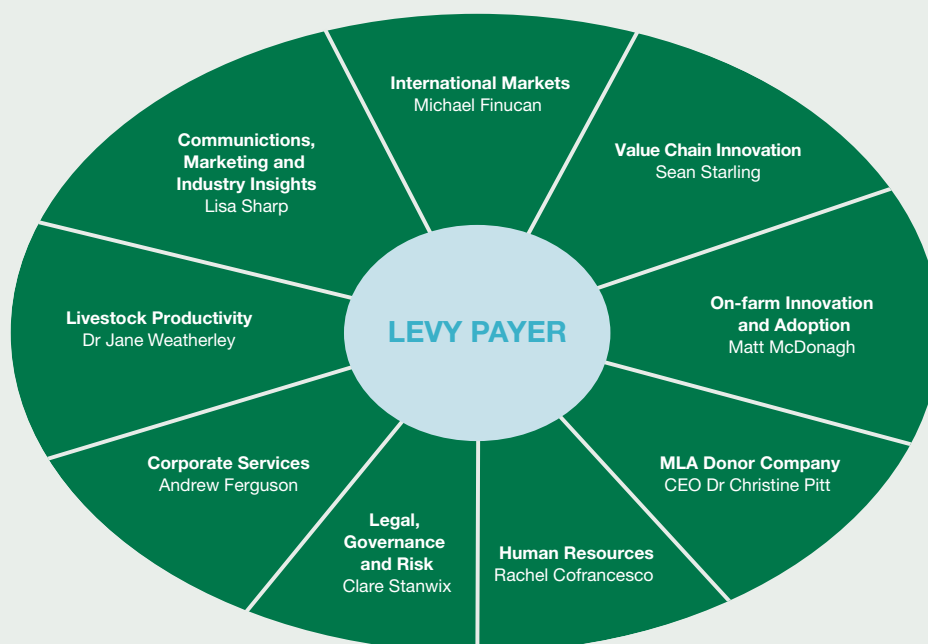
**Description/reference of disclosure/compliance**

<b>Principle 5. Make timely and balanced disclosure</b>	
Recommendation 5.1	
A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	As MLA is an unlisted public company it is not an ASX disclosing entity but does report annually to members on its operations and financial results.
<b>Principle 6. Respect the rights of security holders</b>	
Recommendation 6.1	
A listed entity should provide information about itself and its governance to investors via its website.	MLA provides information about itself and its governance framework on its website.
Recommendation 6.2	
A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	MLA has a Communications and Stakeholder Engagement team and program to promote effective two-way communication with members.
Recommendation 6.3	
A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Information about how MLA facilitates and encourages participation by members at meetings is on MLA's website.
Recommendation 6.4	
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	In addition to amending its constitution in 2009 to ensure information can be provided electronically, in 2016 MLA also ran an opt-in campaign for members to elect to receive electronic communications.
<b>Principle 7. Recognise and manage risk</b>	
Recommendation 7.1	
The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Board has established an Audit and Risk Committee which is structured so it: <ul style="list-style-type: none"> <li>• consists of only non-executive, independent directors;</li> <li>• is chaired by an independent chair who is not chair of the Board; and</li> <li>• consists of at least three members of the Board.</li> </ul> The charter of the committee is on MLA's website. Refer also to the section about the Audit and Risk Committee in the <i>Corporate Governance Statement</i> .
Recommendation 7.2	
The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Refer to the section about the Financial and risk management in the <i>Corporate Governance Statement</i> .
Recommendation 7.3	
A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Refer to the section about the Internal Audit program in the <i>Corporate Governance Statement</i> .
Recommendation 7.4	
A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Refer to the section about the Financial and risk management in the <i>Corporate Governance Statement</i> . The Risk register is a living document and is being broadly engaged with across the business.

Principle/Recommendation	Description/reference of disclosure/compliance
<b>Principle 8. Remunerate fairly and responsibly</b>	
Recommendation 8.1	
<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board has established a Remuneration Committee which is structured so it:</p> <ul style="list-style-type: none"> <li>• consists of three non-executive, independent directors; and</li> <li>• is chaired by an independent chair.</li> </ul> <p>The charter of the committee is on MLA's website.</p> <p>Refer also to the Remuneration Committee and Remuneration and performance arrangements sections in the <i>Corporate Governance Statement</i>.</p>
Recommendation 8.2	
<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Refer to the Remuneration and performance arrangements section in the <i>Corporate Governance Statement</i>.</p>
Recommendation 8.3	
<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Not applicable as MLA does not have an equity-based remuneration scheme.</p>

## Organisation structure

As at 30 June 2016, MLA had eight business units in addition to MLA Donor Company. They are as follows:



## MLA Leadership Team



**Richard Norton**  
Managing Director  
See page 73 for Mr Norton's profile.



**Christine Pitt**  
DBA, MHA, BSc  
Chief Executive Officer, MLA Donor Company

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



**Lisa Sharp**  
BEc  
Chief Marketing and Communications Officer

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



**Andrew Ferguson**  
BA and CA  
Chief Financial Officer

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



### **Michael Finucan**

BAGSc  
General Manager, International Markets

Mr Finucan has extensive experience working in international markets after being involved in the export of a range of agricultural commodities before joining MLA in 2007. He has held a number of roles at MLA, including Manager Livestock Exports and International Business Manager in Korea. He is currently based in MLA's China office and oversees MLA's international operations.



### **Sean Starling**

LLB, B.Eng (Chem), Vincent Fairfax Fellow  
General Manager, Value Chain Innovation

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



### **Jane Weatherley**

PhD (Farming systems) GAICD  
General Manager, Livestock Productivity

Dr Weatherley joined MLA's on-farm research and adoption team in 2006. Before MLA, she held positions spanning from red meat extension to evaluation. She maintains an active role in her family beef operation on Bruny Island, Tasmania. Dr Weatherley now oversees Meat Standards Australia and research, development and adoption of sheep productivity, genetics and data insights programs.



### **Matthew McDonagh**

BSc (Hons 1) PhD (Ruminant nutrition and meat quality)  
General Manager, On-farm Innovation and Adoption

Dr McDonagh joined MLA in January 2015. He has a northern NSW sheep and cattle farming background and obtained his PhD through the Beef CRC I studying ruminant nutrition, animal growth and meat quality. He has held research positions within the US Department of Agriculture and NSW and Victorian DPIs. At MLA, Dr McDonagh manages the investments in the grassfed beef, sheepmeat, feedlot, live export and goat on-farm innovation and adoption programs.



### **Rachel Cofrancesco**

Grad Cert HRM, Ad Dip Mgt, Cert IV Financial Services  
Head of Human Resources

Ms Cofrancesco joined MLA in April 2015. She has worked in the agribusiness sector over the last seven years. Prior to working in agribusiness she held several senior roles in both human resources and operations management within the retail and hospitality industries.



### **Clare Stanwix**

General Counsel and Company Secretary  
See page 75 for Ms Stanwix's profile.

## Human resources

At 30 June 2016, MLA had 234 employees, including five Australian-based casuals that have been included in the part-time numbers.

Voluntary turnover for the reporting year was 14% with a total turnover of 20.4% compared to 36% during the last reporting period. Total turnover includes both voluntary and involuntary turnover (redundancies, terminations and terminations within probation period).

### Remuneration process

During 2015-16 MLA had all roles benchmarked through global human resources consulting firm AON Hewitt. The Board Remuneration Committee sets the overall percentage of salary increases for the year based on Consumer Price Index and salary survey information. The salaries of all employees are then reviewed based on performance, the career level of the role and the degree to which the employee has the competencies and capabilities required for the role. The results of the salary reviews are then discussed with the MLA Leadership Team and the Remuneration Committee.

The total employee benefit expense in 2015-16 was \$30.4 million (see page 98).

### Workplace health and safety (WHS)

In 2015-16 there was a focus on safety and establishing a safety culture, particularly around international travel given recent world events.

The full WHS system has been developed and reviewed by the WHS Committee.

Increased awareness and compliance with WHS reporting procedures resulted in an increase in reported incidents in the period. Fifteen incidents were reported with corrective action taken to remove or reduce residual risks, up from seven in 2014-15.

There were no worker's compensation claims or lost time injury in the period, compared with 1.5 days in 2014-15.

There were no reported breaches of workplace health and safety laws, as in 2014-15.

### Diversity and gender equality

MLA has a diversity policy that outlines the company's commitment to diversity,

### MLA employee profile

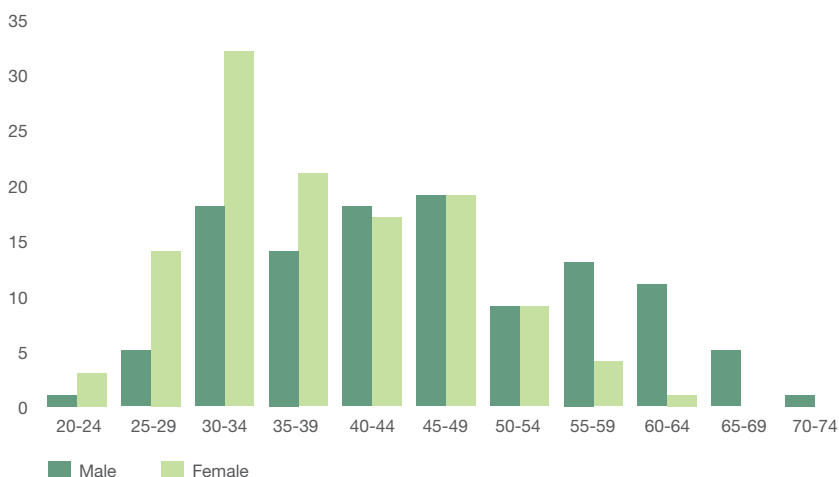
	30 June 2012	30 June 2013	30 June 2014	30 June 2015	30 June 2016
Male	126	118	127	112	114
Female	107	130	142	125	120
Full-time	219	233	235	208	207
Part-time	14	15	34	29*	27*
Australia based	202	210	231	197	196
Overseas based	31	38	38	40	38
<b>Total staff</b>	<b>233</b>	<b>248</b>	<b>269</b>	<b>237</b>	<b>234</b>

\* Part-time total includes five casual employees

### MLA employees by business unit

Business unit	
Communications, Marketing and Industry Insights	59
Corporate Services (including legal and HR)	34
Executive	2
International Markets	44
Livestock Productivity	24
MLA Donor Company	2
National Livestock Identification System	26
On-farm Innovation and Adoption	18
Value Chain Innovation	25
<b>Total</b>	<b>234</b>

### MLA employees – age and gender composition



including gender equality. MLA's diversity policy can be viewed on its website.

At 30 June 2016, 51.3% of the workforce consisted of female employees. These employees were spread across the business and most age groups.

MLA will continue to offer employees flexible work arrangements that support work/life balance, and family

or caring responsibilities. These include flexible hours of work, time in lieu, telecommuting, part-time work, job sharing, paid parental leave and personal/carer's leave provisions. MLA also offers access to an employee assistance program, training and formal policies to protect employees against discrimination, harassment and bullying.