Snapshot of the current and future focus for Australia’s Red Meat Industry

Richard Norton, Managing Director, MLA
About MLA

Meat and Livestock Australia Ltd (MLA) strives to be the recognised leader in delivering world class research, development and marketing outcomes that benefit Australian cattle, sheep and goat producers.

Working in collaboration with the Australian Government and wider red meat industry, MLA’s mission is to deliver value to levy payers by investing in initiatives that contribute to producer profitability, sustainability and global competitiveness.

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

Chair of the Board
Michele Allan

Managing Director
Richard Norton

Directors
Alan Beckett
Lucinda Corrigan
Geoff Maynard
John Mckillop
Chris Mirams
George Scott
Peter Trefort

MLA has a skills based board
Industry structure
MLA does not collect the levy

- MLA
- Animal Health Australia
- National Residue Survey
Levy allocation

**GRASSFED**

- NATIONAL RESIDUE SURVEY ($0.29)
- MLA (R&D) ($0.92)
- MLA (MARKETING) ($3.66)
- ANIMAL HEALTH AUSTRALIA ($0.13)

**LAMB**

- NATIONAL RESIDUE SURVEY (0.11%*)
- MLA (R&D) (0.49%*)
- MLA (MARKETING) (1.20%*)
- ANIMAL HEALTH AUSTRALIA (0.20%*)

**TOTAL LEVY $5**
Per head, per transaction

**TOTAL LEVY 2% of sale price**
* % of sale price
Projected investment 2014/15 – grassfed cattle

TOTAL INVESTMENT $67.0 million
includes MLA R&D and Marketing levy funding and matched R&D funding from the Australian Government
MLA Donor Company

MLA works on other research projects with the commercial sector in areas that bring value to producers, through innovation and new technologies.

This is via the **MLA Donor Company (MDC)** where funding from individual enterprises is matched by Australian Government R&D funds.

The MDC provides a mechanism for attracting commercial investment into the red meat industry and delivers value throughout the supply chain.

**No MLA producer levies are used in MDC projects.**
Value to levy payers – R&D

National priorities
- **$213 million ($0.29/kg)** in improved farm gate returns through MSA
- **$2.88 billion** in sheep genetics improvements
- **$2.3 billion** in southern beef genetics improvements, with enormous potential for the north

Adoption programs
- **$306 million** through Evergraze
- **$21.4 million** through More Beef from Pastures

Northern beef
- **$68 million a year** net increase in value of beef production in the north from improved productivity through better legume species
- **$2.4 million** over 13 years by determining the most profitable and sustainable strategy for stocking rates

Environment and welfare
- **65% reduction in water use** and a **14% reduction in emissions** over the past 30 years – proof the industry is responsive to community concerns
- Meeting community expectations for **animal welfare improvements** through R&D e.g. introduction of the pollen gene test
More interest in where food is from and how it was produced

Seeking knowledge

Consumers generally more inquisitive about:
- Where their food is from
- How it was made/produced
- What’s in it/ingredients
- How sustainable it is
- How healthy it is
- What the quality is like
- How best to cook/prepare it

Inherent Trust

About half of Australians have no concerns about red meat production:
- Only 9% disagree that producers care about environment
- Only 9% disagree that animals are raised in a humane manner
- Only 7% disagree that producers are ethical and trustworthy

Habits are changing though

While most people remain focussed on price and health there has been an increase in people reducing consumption due to concerns about:
- Environment 3.9% in 2015 up from 2.6% in 2010
- Welfare 3.3% in 2015 up from 0.7% in 2010

Pollinate research, June 2014
Pollinate research, June 2014
Pollinate research, June 2015
You can't tell where the meat came from, you can tell the price and the taste, but that's about it. It's hard to find straightforward information; it's either crazy vegans or hard-core meat eaters.

There's no information about the quality or production when you go to buy meat in the store. They say in the ads it's no hormones, but how can I know that's true?

Industry wide
If industry established targets and reported performance on areas of community concern:
- 70% would feel more confident in the integrity of the industry
- 70% said that if 3rd party groups like the RSPCA were involved in determining the areas to be reported against they would have more trust in the industry

At point of purchase
Not currently being demanded, but:
- Consumers feel that without communication at point of purchase that there is a lack of transparency
- Would have more trust in a label or system that has third party involvement – like Red Tractor from the UK or the Paws brand that RSPCA has for chicken/ pork

Target 100 – Bondi Rescue
Focus groups undertaken by Futureye research in May, 2015.
Hyper spectral imaging

What we think it can grade:
- Eye muscle area
- IMF (marbling scores)
- Fat colour
- Meat colour
- Subcutaneous fat
- Separate fat from bone and IMF from bone dust
- Ossification

SEXA and DEXA

- Using DEXA and CT scan technology can differentiate between bone and lean
- Can do yield within regions
- Potential to measure ossification
Beef marketing

• Building demand for red meat through data-driven marketing strategies

• A review of MLA’s consumer beef marketing resulted in a plan to predominantly target families, underpinned by a strong nutritional message and reinforcement to consumers of what they love about beef.

• The revitalised brand platform ‘You’re Better on Beef’ takes a year-round approach and moves away from seasonally-focused campaigns.

• The message has cut through; reduced number of mums limiting red meat consumption for their family due to health concerns. *More results to follow.*
MLA commitment to international marketing

North America $5.69m
- Sheep $3.39m
- Grassfed Cattle $1.62m
- Grainfed Cattle $0.67m

EU/Russia $2.03m
- Sheep $0.39m
- Grassfed Cattle $0.88m
- Grainfed Cattle $0.34m

China $4.09m
- Sheep $1.08m
- Grassfed Cattle $2.53m
- Grainfed Cattle $0.18m

Japan $7.59m
- Sheep $0.52m
- Grassfed Cattle $5.67m
- Grainfed Cattle $0.37m

Korea $4.72m
- Sheep $0.09m
- Grassfed Cattle $3.64m
- Grainfed Cattle $0.48m

SE Asia $1.95m
- Sheep $0.47m
- Grassfed Cattle $1.19m
- Grainfed Cattle $0.10m

Indonesia $1.03m
- Sheep $0.03m
- Grassfed Cattle $0.81m
- Grainfed Cattle $0.06m

Market Access $1.10m
- Sheep $0.16m
- Grassfed Cattle $0.19m
- Grainfed Cattle $0.02m

Global $1.04m
- Sheep $0.23m
- Grassfed Cattle $0.69m
- Grainfed Cattle $0.08m

Other $0.04m
Brand Australia

True Aussie

• MLA has developed a ‘Country of Origin’ brand that provides an added value platform for Australian Red Meat in export markets.

• Global messaging built around 3 core pillars.

• Consistent engagement across all customer activities (events, marketing etc) and with consumers – ensuring an impact at point of purchase.

• Possible expansion across all Australian agricultural products.
Industry integrity systems

Livestock Production Assurance (LPA)
National Vendor Declaration (NVD)

**MLA do not set the questions or the costs of NVDs**

Australia’s reputation for producing *safe* red meat products is a major factor underpinning our exporting success.

In order to ensure the *quality and integrity* of our beef, sheepmeat and goatmeat – *and protect this valuable reputation* – MLA and the wider red meat industry have implemented a number of traceability and quality assurance programs.

With many countries demanding full traceability from paddock to plate, these programs are essential to ensure both *continued market access* and *further growth in demand*.
MLA’s new website
Simple and easy to navigate
MLA launches the WYCI

• Western Young Cattle Indicator (WYCI) launched by NLRS this week.

• Since May, MLA has added the weekly Boyanup cattle sale to its list of markets reported. Other cattle markets reported in WA are Muchea and Mt Barker.

• With the Inclusion of Boyanup, MLA has enough data to develop the WYCI, which is directly comparable to the long standing and widely quoted Eastern Young Cattle Indicator (EYCI).

• The categories of stock included in the WYCI will be exactly the same as the EYCI (C2 and C3 yearling and vealer steers and heifers to all buyers)

• Due to the limited number of WA cattle sales, the WYCI will be released on a weekly basis, at the close of Tuesdays market.

• WYCI 570 (¢/kg carcase weight)
Unprecedented adult cattle turn-off

Source: ABS

Slaughter  Live

Source: ABS
Slaughter has remained high…

Source: ABS

5-year ave. 2014 2015

Source: ABS
And live-ex is still strong

Source: ABS
Lowest cattle herd in 20 years

As at 30 June, as at 31 March up until 1999

Source: ABS, MLA forecasts
Eastern Young Cattle Indicator (EYCI)

Source: MLA’s NLRS
Eastern states indicative cattle slaughter

Source: MLA’s NLRS
Thank you – any questions?
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