

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2010

Agriculture, Fisheries and Forestry

Question: APD/MLA 01

Division/Agency: Meat and Livestock Australia

Topic: Use of levies generated from the New England region

Hansard Page: Written

Senator Williams asked:

Since the MLA has been formed an estimated \$100 million in levies has been taken out of the New England region. Can the MLA quantify what the region's producers have received in return?

Answer:

Meat and Livestock Australia (MLA) is a national company, servicing many regions of Australia. The majority of its programs are national, particularly marketing, targeting the consumer both in Australia and overseas. Research and development programs address R&D priorities based on producer, industry and grower needs.

Programs such as Meat Standards Australia (MSA), Making More from Sheep, More Beef from Pastures, and MLA's genetics work delivered through Lambplan and Breedplan, provide strong on-farm benefits to red meat producers in the New England region and all over Australia. Over 1300 New England producers are registered in the MSA program.

Additionally MLA's focus on market access and the promotion of the safety, quality and nutrition of Australian beef and lamb in overseas markets such as Japan, Korea, the US, Europe, Middle East, Indonesia, South Asia and Russia delivers benefits to all producers regardless of where they are based in Australia.

The Centre for International Economics has conducted independent evaluations of 11 major MLA program areas since 2006 and the benefit cost ratios ranged from 1.9:1 through to 11:1.

More information on the results of an independent evaluation of MLA's work is available at www.mla.com.au/evaluation.

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2010

Agriculture, Fisheries and Forestry

Question: APD/MLA 02

Division/Agency: Meat and Livestock Australia

Topic: Meat & Livestock Australia's beef marketing plan

Hansard Page: Written

Senator Williams asked:

With the restrictions on the type of beef Indonesia will now import, what marketing plan does the MLA have in place for cow beef in the domestic and export markets?

Answer:

The impact of Indonesia enforcing its long standing restriction that the liveweight of cattle imported into Indonesia be no more than 350 kilograms, is that older, heavier cows can no longer be sent to Indonesia.

A limited number of these cows are being exported in live form to other markets in South East Asia. The majority, however, are either being kept longer on farm or being sent for slaughter. The boxed beef from these cows is then shipped to a variety of world markets and the domestic market where strong demand exists.

Meat and Livestock Australia (MLA) has long standing programs in all export markets to support sales of manufacturing cow beef. These programs are focussed on promoting the safety and integrity (through consistent specification, traceability, etc) of Australian manufacturing beef and on business development (i.e. finding new customers – business development activities include participation at trade shows, trade advertising and cold calling by MLA representatives around the world). Increasingly these programs are focussed on emerging markets in South East Asia/China, the Middle East and Russia. Between January and October this year sales of Australian boxed beef to these emerging markets increased by almost 30 per cent (over 35,000 tonnes), compared to the same period in 2009, most of this being manufacturing beef.

On the domestic market MLA runs promotion / communications programs that emphasize the nutritional value and good taste of beef, supporting beef sales generally. To this end, MLA has just commenced new television advertising on the domestic market under the tag line of "Nothing Beats Beef".

Senate Rural Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates October 2010
Agriculture, Fisheries and Forestry

Question: APD/MLA 03

Division/Agency: Meat and Livestock Australia

Topic: Resolution to wind-up Meat & Livestock Australia

Hansard Page: Written

Senator Williams asked:

Why have the MLA called for a full disclosure of signatures on a document originating in Tasmania calling for the wind-up of the MLA?

Answer:

Meat and Livestock Australia (MLA) received a resolution, calling for MLA to be wound up, to be put forward to the MLA Annual General Meeting (AGM) on 17 November 2010. The resolution was unsuccessful.

The resolution was signed by at least 100 members in accordance with the requirements set out in the *Corporations Act (Commonwealth) 2001*. MLA has not called for a full disclosure of signatures and will not disclose the list or publicly comment on those members who have exercised their rights to put forward resolutions. This is consistent with the approach MLA has taken in previous years.

Senate Rural Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates October 2010
Agriculture, Fisheries and Forestry

Question: APD/MLA 04

Division/Agency: Meat and Livestock Australia

Topic: Resolution to wind-up Meat & Livestock Australia

Hansard Page: Written

Senator Williams asked:

If this information is obtained, how will the MLA use it, and will there be ramifications for those who have signed it?

Answer:

See response to APD/MLA 03.

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2010

Agriculture, Fisheries and Forestry

Question: APD/MLA 05

Division/Agency: Meat and Livestock Australia

Topic: 2002 Senate Committee Inquiry

Hansard Page: Written

Senator Heffernan asked:

The Senate RATT Committee Inquiry into the meat industry structure in 2002 made eight recommendations for change. Nos 7 and 8 were –

***Recommendation 7:** The Committee recommends that the selection committee for the (R&D) contracts include an independent probity auditor and a representative of AFFA.*

***Recommendation 8:** The Committee recommends that the size and recipient of these contracts, and outcomes delivered, be placed on the advisory body's web site, and reported by AFFA to the Minister.*

1. Why, after 8 years does MLA R&D have 30% of the work under “Commercial and in Confidence” and unavailable to those who fund the programs?
2. Why does MLA continue to claim success for levy payers' promotion dollars with higher prices to consumers when we all know that the increase prices lie in supermarket mark ups? Why won't you publish the producer share of the consumer dollar that is done in USA, NZ and UK?
3. MLA is meant to be a delivery company and not to be involved in politics. Why were you heavily involved in the beef from BSE affected countries debacle?

Answer:

1. Meat and Livestock Australia (MLA) has published on its website a list of completed R&D contracts for the 2009-10 financial year and the list of current R&D contracts for 2010-11. Final R&D reports continue to be uploaded onto MLA websites with in excess of 1000 reports now available. While some of MLA's R&D reports contain some commercial-in-confidence information, all MLA's R&D activities are focussed on developing practical information and new technologies that can be adopted to the benefit of levy payers and the general community. All results from MLA's R&D are available to levy payers.

MLA's fully-owned subsidiary, the MLA Donor Company, provides a vehicle for attracting commercial and government investment in innovation. No producer levies are invested in the MLA Donor Company contracts and, while this work is confidential during the application phase, all approved MLA Donor Company contracts must have an industry dissemination, adoption and commercialisation pathway identified.

2. a) MLA uses a number of indicators to measure the effectiveness of its marketing activities including consumer awareness and perceptions of the product, retailer participation in its campaigns, and advertising and PR effectiveness and coverage.

Senate Rural Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates October 2010
Agriculture, Fisheries and Forestry

Question: APD/MLA 05 (continued)

3. As an overall measure of the health of the domestic market MLA considers consumer expenditure as the best measure. Consumer expenditure recognises volume, value and consumers' preparedness to spend money on red meat compared with other protein sources. This rose strongly for both beef and lamb last year as the Australian market absorbed increased volumes of beef in particular, but continued to pay strong prices.

b) MLA published an estimate of the producer share of the consumer dollar in its feedback magazine (October 2010).
4. MLA's role was about reassuring the public on the continuing availability of Australian beef and its safety rather than advocating a position on beef from other countries.

Senate Rural Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates October 2010
Agriculture, Fisheries and Forestry

Question: APD/MLA 06

Division/Agency: Meat and Livestock Australia

Topic: Impact of the Murray-Darling Basin Plan on the meat and livestock industry

Hansard Page: Written

Senator Heffernan asked:

1. Has the MLA looked at the impacts of reduced allocations in the MDB Plan on the meat and livestock industry?
2. Could the Committee have a copy of your studies and findings?

Answer:

1. No.
2. Not applicable.