

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 147

Division/Agency: Meat and Livestock Australia

Topic: Levy Payers

Proof Hansard page: 10 (26.05.15)

Senator CANAVAN asked:

Senator CANAVAN: How long is it going to take to establish who all the levy payers are and have a system in place where the industry can decide what to do with it?

Mr Norton: It is a priority. Once we establish the best way to collect it, which I am, at a high-level, thinking we have clearer direction around, it is then the design and implementation of the software. Anyone who has had any dealings with the design and implementation of software can understand that if I say 12 months, they always run a longer period of time. It is an absolute priority of MLA to make sure that these projects are funded, that peak industry councils are engaged in the process and are aware of what we are trying to achieve. So there are no real timelines on doing it except that it has to be done and done without any delay. I can come back to you and take on notice giving you a more formal timeframe and project plan, if required.

Answer:

MLA is currently involved in two projects which are the initial steps to identifying levy payers for use by industry. These are an assessment of the costs and application of automatically allocated voting entitlements at MLA AGMs, and a pilot project initiated by the Department of Agriculture.

MLA has appointed consultant ARDROSSI PTY LTD to undertake a thorough examination of possible cost effective, beneficial ('value for money') options to improve MLAs process for identifying and registering members, and for determining and allocating their voting entitlements. This report is due in August with potential options for industry to consider.

The outcomes of the ARDROSSI report and response from industry, along with the Department of Agriculture pilot project, will influence the timeline for establishing who all the levy payers are and the steps for developing a system where the industry can utilise this data.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 148

Division/Agency: Meat and Livestock Australia

Topic: True Aussie

Proof Hansard page: 11 (26.5.2015)

Senator CANAVAN asked:

Senator CANAVAN: I apologise, but I missed part of the True Aussie beef questions. I have one or two on that topic, but if they have been asked just let me know and I can read the *Hansard*. What level of support do you have at the moment from the processors and those who are actually selling beef overseas? Have they indicated that they are going to use this proposed marketing?

Mr Norton: Yes. It has been taken up well in the processing sector, and the logo does appear on branded products from the processing sector as well as the generic logo to indicate—

Senator CANAVAN: With their own brand.

Mr Norton: With their own brand.

Senator CANAVAN: So is that being used right now?

Mr Norton: It is being used right now.

Senator CANAVAN: It is in Korea; it is in Japan?

Mr Norton: It is in South Korea. We have very good logos and very good branding, and it is a transition to the new logo and the new brand.

Senator CANAVAN: Is JBS using it?

Mr Norton: Yes.

Senator CANAVAN: Is Teys using it?

Mr Norton: As I understand it, yes.

Senator CANAVAN: Nippon?

Mr Norton: I could not answer that.

Senator CANAVAN: Maybe you can take that on notice.

Question: 148 (continued)

Mr Norton: I can take it all on notice as to what processing companies are actually using True Aussie.

Answer:

True Aussie was designed specifically as an umbrella for red meat brands and to underpin existing Australian brands globally.

The focus for True Aussie has been to build exposure among consumers using retail and foodservice brands, rather than parent exporter or processing companies.

The True Aussie brand had a soft launch in June 2014 however it is still in an embryonic stage in most markets. MLA is continuing the rollout of True Aussie across international markets.

As at April 2015, 16 licences had been issued and the True Aussie brand was appearing on over 64 brands.

In Japan True Aussie appears on approximately 50 per cent of Aussie beef retail packs sold and can be found on both retail meat packs and foodservice menus, including in McDonalds Japan.

Korean retailers are also highly engaged. Emart, Lotte and Homeplus all use the logo in their major stores and Costco has plans to launch shortly.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 149

Division/Agency: Meat and Livestock Australia

Topic: True Aussie logo

Proof Hansard page: 11 (26.5.2015)

Senator STERLE asked:

Senator STERLE: So that we are very clear—and I applaud MLA getting off its backside in this part of your marketing role—levy payers money was used to develop this True Aussie logo. How much money did it cost?

Mr Norton: At a high level, the whole project around True Aussie was about \$700,000. Then there is trade mark registrations, which are continuing. But I will get you the exact numbers. But on a high level, it is around \$1 million.

Answer:

True Aussie development costs were \$1 060 505 and this included research, strategy development, design, launch, marketing materials and registration of trademarks. Funding was sourced from Meat and Livestock Australia's (MLA) brand building and business development stream which utilises marketing dollars from beef, sheepmeat and goat levies. MLA is continuing the rollout of True Aussie across international markets and continues to invest in marketing materials, typically with a focus on trade and food service.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 150

Division/Agency: Meat and Livestock Australia

Topic: True Aussie

Proof Hansard page: 11-12 (26.5.2015)

Senator STERLE asked:

Senator STERLE: Just so that I have it very clear, that is people like Senator Heffernan, who are paying their levy and others. But MLA will own it. So the money that is made—and I understand the advantages for marketing Aussie meat and all that stuff—and the money that comes back, MLA will own that. I understand the growers will benefit from greater access to market with quality product. But what happens if you have a blue with the growers?

Mr Norton: It is all to be determined as to whether or not True Aussie will become a separate entity. Once it becomes a separate entity and the IP and the trademark passes from MLA, that would then allow the peak industry councils that have paid for and developed True Aussie in conjunction with MLA, to take any income or manage the brand. It is part of the negotiation as to what happens. MLA is just leading the process so it is handled in a manner so our peak industry councils feel comfortable that they are getting their say around what is happening with it.

Senator STERLE: Take it on notice. Maybe the committee could see the structure of how this was all put together, who is involved and where the trail goes with the True Aussie brand.

Mr Norton: Which I can do.

Answer:

In 2013 the red meat industry identified a desire to consolidate existing country of origin brands and develop a consistent position and identity that added value to the reputation of Australian red meat.

Initiating this project, Meat and Livestock Australia (MLA) completed quantitative and qualitative consumer research in Japan, Korea, the United Arab Emirates, China and Taiwan and completed stakeholder interviews with Australian exporters and international customers. MLA then went through a process of brand development and design, followed by design testing with consumers and further consultation with stakeholders.

True Aussie had a soft launch in June 2014.

Question: 150 (continued)

True Aussie development costs were \$1 060 505 and this included research, strategy development, design, launch, marketing materials and registration of trademarks. Funding was sourced from MLA's brand building and business development stream which utilises marketing dollars from beef, sheepmeat and goat levies.

MLA is continuing the rollout of True Aussie across international markets and continues to invest in marketing materials, typically with a focus on trade and food service.

MLA has two work streams for True Aussie moving forward:

1. Work stream one: The red meat industry

The strategy behind this work stream is to continue to grow demand for Australian red meat in export markets. Activity includes refining and continuing to expand the True Aussie brand in nominated export markets and to capture and report learnings.

2. Work stream two: A feasibility assessment of True Aussie application across agriculture

Work stream two involves reaching a conclusion on whether True Aussie can be the one brand representing Australian Agriculture in export markets. Proposed activity involves establishing a skill based panel to develop core brand principles and a complete feasibility study. The scope will include looking at certification systems, investigating funding options and commercial arrangements. The recommendations from the skills based panel will determine future transitional arrangements and further industry consultation.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

Agriculture

Question: 151

Division/Agency: Meat and Livestock Australia

Topic: Lamb Production

Proof Hansard page: 12 (26.5.2015)

Senator WILLIAMS asked:

Senator WILLIAMS: On your promotion of lamb, it is great to have the voice of cricket, the late Richie Benaud part of it. It was a big success, no doubt.

Mr Norton: Pleasingly, the whole Australia Day ad campaign is in the final six for Australia's ad of the year. The great part about that is that the beef ads are in that final six as well. It is the first time one organisation has had two ads in the final six. But even more pleasing, the beef one has been nominated for a global ad of the year as well.

Senator WILLIAMS: Did the lamb promotion cost much?

Mr Norton: The whole Australian lamb campaign cost approximately \$2.4 million.

Senator WILLIAMS: No doubt the sale of lamb escalated?

Mr Norton: I can circulate and take on notice the exact breakdown of the numbers, but the numbers are increased sales on Australia Day, which was a Monday, by 36 per cent. That is through the cash registers. The only other benchmark for lamb with Australia Day falling on a Monday has been around 8 to 10 per cent. So it was highly successful. It was our second best campaign, but I would say that it was the best campaign that we have run on Australia Day, given that Australia Day fell on Monday.

Answer:

Following the Meat and Livestock Australia (MLA) Australia Day marketing campaign, the week preceding Australia Day 2015 registered a 35.3 per cent domestic lamb sales lift. The campaign reached over 69 million people through all communication touch points.

The objective of the Australia Day 2015 campaign was to increase consumer demand for lamb by continuing to position lamb as Australia's national dish, leveraging the national day and making lamb the talk of the nation in January.

Question: 151 (continued)

Expenditure of \$5.312 million was allocated for the 2014-2015 Lamb campaigns. Of this, \$1.542 million was allocated to the 2015 summer lamb campaign, culminating in the Australia Day activation.

Further to the success of the Australia Day campaign, on 4 June 2015 MLA's Australian Day Lamb campaign won television ad of the year at the prestigious Mumbrella Media Awards.