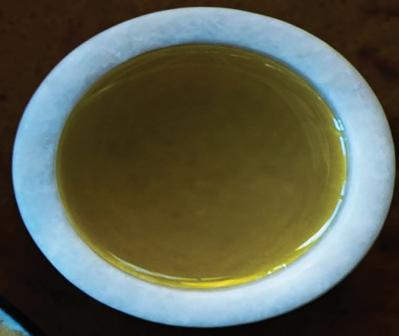




ALFA



AUSTRALIAN LOT FEEDERS'
ASSOCIATION



YEAR IN REVIEW | 2018



ABOUT US

The Australian Lot Feeders' Association (ALFA) is the peak national body representing the cattle feedlot industry in Australia.

OUR ROLE

ALFA is responsible for:

- ▶ Representing and promoting the views of the cattle feedlot industry;
- ▶ Directing the expenditure of the grain fed cattle transaction levy;
- ▶ Improving the industry through the development and delivery of standards, training, events, leadership, awards, career development and employment opportunities; and
- ▶ Providing membership services.

ALFA, through its President, Councillors and Staff, is represented on over 50 industry committees covering all areas of the grain fed beef industry including trade, consumer marketing, research and development, animal health and welfare, planning and corporate affairs.

Through ALFA's Feedlot Membership category, ALFA proudly represents approximately 70% of Australian cattle feedlots, in terms of number of cattle on feed. ALFA regularly engages with the agribusiness and service industry through its Associate and Platinum Membership categories and ALFA continues to be committed to promoting the feedlot sector as a rewarding career path through its Student Membership offering.

INDUSTRY REPRESENTATION

ALFA engages with other red meat and livestock bodies to promote and protect our industry, provide advice and policy direction, direct levy funding and set the strategic imperatives to ensure that key industry issues and opportunities are being pursued.

ALFA undertakes stakeholder engagement, surveys and face-to-face consultation to determine the priorities for the annual levy allocation, and to ensure that our membership services, education programs and communication remains valuable and relevant.

We work closely with Meat & Livestock Australia (MLA), Animal Health Australia (AHA) and National Residue Survey (NRS), AUS-MEAT and the Red Meat Advisory Council (RMAC) in achieving these outcomes.

OUR MISSION

ALFA seeks to improve the profitability, professionalism and community standing of the cattle feedlot industry via representation, strategic levy investment, industry development activities and membership assistance.



DELIVERABLES

Guided by the Meat Industry Strategic Plan (MISP 2020), ALFA created its strategic plan 2015-2020 which outlines ALFA's strategic goal to support the continued growth, competitiveness and profitability of the grain fed beef industry.

RMAC completed a MISP 2020 mid-term review in December 2017 which estimates that the whole industry is on track to achieve about 85% of the increase in net industry income expected from MISP 2020.

Whilst the plan has discreet pillars, it is integrated, meaning our activities and investment are intrinsically linked.

The strategic pillars are:

1. Consumer & Community Support
2. Productivity & Profitability
3. Market Growth & Diversification
4. Supply Chain Integrity & Efficiency



AUSTRALIAN FEEDLOT INDUSTRY SNAPSHOT

- ▶ Industry turnover in 2015-16 was \$4.6 billion.
- ▶ Employs 1,985 people directly.
- ▶ 387 accredited feedlots with capacities ranging from 500 to over 50,000+ head.
- ▶ Total capacity 1,544,880 head/SCU.
- ▶ 54.8% of feedlot capacity is in Queensland, 30.5% in New South Wales.
- ▶ Has 2-3% of total cattle numbers at any one time but contributes 30 - 40% of total beef production.
- ▶ 96% of feedlots are family owned.
- ▶ Cattle on feed at the end of March 2018 increased 52,506 head (or 5%) from the December 2017 quarter, to 1.03 million head - 12% above the five-year average.

THE AUSTRALIAN BEEF SUSTAINABILITY FRAMEWORK

ALFA played a significant role in the development and 2017 launch of 'The Australian Beef Sustainability Framework'. The Framework aims to define sustainable beef production and provide transparent measures and information on areas of stakeholder interest. The 2018 Annual Update was launched at Beef Australia 2018 and includes important metrics about beef production including the feedlot industry.



STRATEGIC PILLAR 1

CONSUMER & COMMUNITY SUPPORT

The success of Australian beef is built on our global reputation. The grain fed industry supplies approximately 80% of beef into supermarkets across Australia.

Approximately two thirds of all grain fed production is exported internationally to high value markets such as the EU, Japan, Korea and China. Our consumers and the community have high expectations of the treatment and well-being of the animals within our care, our stewardship of environmental resources, and the continued supply of quality grain fed beef as part of a healthy diet.

Over the past 12 months and in the year ahead ALFA will work with our service providers to invest in research and marketing that promote the nutritional and safe attributes of grain fed beef and deliver programs that support the continuous improvement in animal health and welfare whilst maintaining consumer expectations. Importantly, we will also continue to work to minimise the risk and impact of emergency disease and environmental impacts to protect our global reputation for safe, wholesome grain fed beef.

'LOVE YOUR WORK' VIDEO SERIES

In July 2017 ALFA released the 'Love Your Work' series of engaging videos which explore the work, life and commitment of three individuals actively contributing to different roles in the feedlot sector. They are designed to give consumers some insight to the feedlot industry. The new series built on the highly successful 'Feedlot Families' series released in 2014 which has been viewed over 17,000 times. The videos can be viewed online at ALFA's YouTube channel.

ANIMAL WELFARE CONTINUAL IMPROVEMENT

The ALFA Strategic Plan includes an industry imperative for 'Continuous improvement in animal health and welfare whilst maintaining consumer expectations over time'. To meet this imperative, ALFA invests significantly in policy, research and industry extension programs in animal welfare. Some of the animal welfare initiatives that ALFA has, and continues to implement, include:

- ▶ During 2017-18 the National Feedlot Accreditation Scheme (NFAS) released revised NFAS rules and standards which included references to 'The Australian Animal Welfare Standards and Guidelines for Cattle'.

ANIMAL WELFARE CONTINUAL IMPROVEMENT CONT.

- ▶ The ALFA/MLA Technical Services Officer continued to provide on the ground information to lot feeders in animal welfare and other matters.
- ▶ Delivery of workshops around the country on NFAS QA and Heat Load Management during September 2017. 173 people attended the seven workshops with 85% of survey respondents rating them as 'good to excellent'.
- ▶ Engagement of feedlot Veterinarians and Nutritionists via two forums held during 2017-18.
- ▶ ALFA also engages regularly with the two major retailers and the RSPCA to provide a mechanism to ensure that consumer and public concerns with the management of animal welfare on feedlots can be identified and addressed early.
- ▶ Investment in animal welfare research, development and extension projects through the allocation of the grain fed levy through Meat & Livestock Australia (MLA), including heat load management, wet pen management, animal health management, cattle acclimation, pregnant heifer management, and technology to improve disease diagnosis.
- ▶ Recognition and promotion of excellence in feedlot animal welfare outcomes through industry awards.
- ▶ Continued input into the roll out of the Animal Welfare and Biosecurity modules within the Livestock Production Assurance (LPA) program. This included implementation of the LPA renewal process from October 2017. ALFA ensured that there were no direct costs to feedlots for the LPA renewal process.

EMERGENCY DISEASE RISK MITIGATION

Australia's international disease status is one of our competitive advantages and ALFA's focus on minimising the risk and impact of emergency diseases helps protect that reputation and continues to grow trust in grain fed beef. ALFA achieves this by being an active participant in Animal Health Australia (AHA) forums and other initiatives such as:

- ▶ **Exercise Dragonglass** - an FMD simulation Exercise Dragonglass where an FMD Vaccine consignment arrived safely from Merial Pirbright (UK) into Sydney on 15 February 2018 and was delivered and unpacked into cold store at the Approved Arrangements site in Sydney and arrived in the cold chain in Lab intact on 20 February.
- ▶ **Exercise Border Bridge** - ALFA participated in Exercise Border Bridge which was a joint simulation exercise involving NSW Department of Primary Industries and Queensland Department of Agriculture and Fisheries. The aim of the exercise was to advance Australia's capability to respond to a nationally significant cross border biosecurity emergency and strengthen partnerships with biosecurity stakeholders.

EMERGENCY PREPAREDNESS

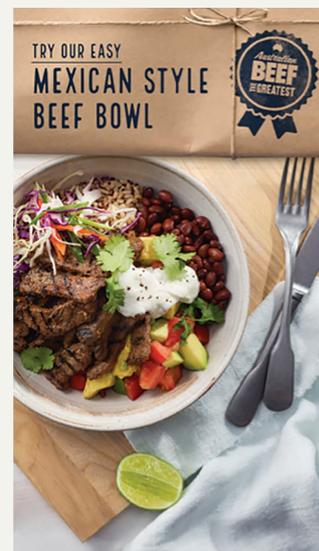
Risk management planning and preparedness is a key strength of ALFA. ALFA was an active participant in the RMAC Crisis Management Planning process during 2017 which included several simulation exercises. ALFA also ensured its own internal Crisis Management Planning was up to date to coincide with this initiative.

AUSTRALIAN BEEF. THE GREATEST MEAT ON EARTH CAMPAIGN

ALFA, as custodians of the Grain Fed Levy, works with MLA to direct investment into MLA's domestic marketing and nutrition programs which aim to educate consumers about the benefits of beef.

To strengthen the position of Beef in the hearts and minds of Australian consumers, the 'Australian Beef. The Greatest' brand was created by MLA in July 2017. The new positioning performed well in consolidating the heartland of beef consumers, by reminding them that hands down,

Australian Beef is the Greatest Meat on Earth. In March 2018, 'Beef, The Greatest' Campaign focused on demonstrating to consumers that Australian Beef is a versatile option for dinner and was introduced to combat the perception that chicken and pork are the proteins more suited to the 'easy everyday' meal occasion.



STRATEGIC PILLAR 2

PRODUCTIVITY & PROFITABILITY

Increasing our profitability and competitiveness is a key driver for all our businesses. Providing Members with access to information, technology, tools, advice and application of our research and development initiatives is a key objective of ALFA.

FEEDLOT PRODUCTION EFFICIENCY

Our priority is to improve the efficiency and productivity of the feedlot operations through the uptake of programs in nutrition, animal health and welfare, genetics, and automation. Furthermore, supporting the development of practicable and achievable R&D in eating quality, and encouraging the adoption of feedlot practices that improve eating quality, are informing ALFA's contribution to the continued development of Meat Standards Australia (MSA) projects.

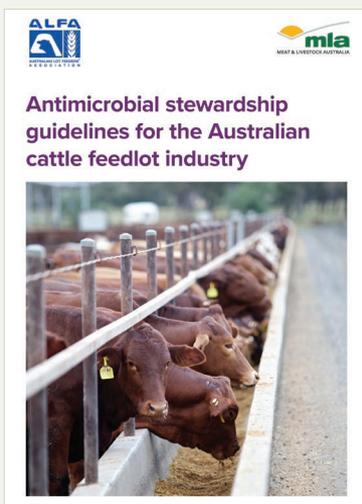
RESEARCH PROJECT DELIVERABLES

ALFA has and will continue to be instrumental in the direction of our Research and Development (R&D) investment through MLA. ALFA's R&D Committee works closely with MLA to invest grain fed levies into research for the betterment of the feedlot sector. The following projects were delivered by MLA during 2017-18:

- ▶ Operation of the Katestone heat load forecast service for the 2017-18 summer, along with several upgrades to the service to improve forecast accuracy
- ▶ Effects of vaccination in backgrounded feedlot cattle
- ▶ Performance and financial benefits and costs associated with implementation of an acclimation program
- ▶ Assessment of the Remote Early Disease Identification (REDI) system as a BRD diagnostic tool under Australian commercial feedlot conditions
- ▶ Development of an Animal Health Management Program for the feedlot industry that aligns with the key objectives of the National Antimicrobial Resistance Strategy (2015-2019)
- ▶ Produced a Best Practice Management manual for the detection and management of pregnant heifers pre-feedlot and at the feedlot
- ▶ Study to examine the use of enzymes for pre-slaughter cleaning of dagged feedlot cattle
- ▶ Study to examine the cost of feedlot dags to both the feedlot and processing sectors
- ▶ Preliminary study to examine options for automation of the feedlot induction process

ANTIMICROBIAL STEWARDSHIP GUIDELINES FOR THE AUSTRALIAN CATTLE FEEDLOT INDUSTRY

In March 2018 ALFA and MLA released the 'Antimicrobial Stewardship Guidelines for the Australian cattle feedlot industry'. The Guidelines align our industry with national and international initiatives to preserve the effectiveness of antimicrobials for people and animals, and specifically the Federal Government's First National Antimicrobial Resistance Strategy (2015-2019) objective that encourages animal industries to develop stewardship programs. The guidelines were introduced on a voluntary basis and supported by communication and information workshops.



EATING QUALITY

ALFA works with the Meat Standards Australia (MSA) Taskforce with the aim of increasing returns through the value chain through participants and customers being confident in product quality and integrity.

In February 2018 MSA held its 20th Anniversary. The system is based on almost 800,000 consumer taste tests, which were done by more than 114,000 consumers from 11 countries.

OBJECTIVE CARCASS MEASUREMENT (OCM) AND DEXA TECHNOLOGY

ALFA remains a member of the Objective Carcass Measurement Advisory Committee which is overseeing various aspects of industry OCM adoption and commercialisation; dealing initially with DEXA and then subsequent OCM solutions, including eating quality aspects.

INDUSTRY TRAINING

ALFA has a targeted program of workshops, education and training opportunities designed to support the uptake and application of research and best practice management from across the industry.

In 2017-18 this included:

- ▶ ALFA's new look SMARTBEEF 2017 Conference was held in October 2017 with over 350 delegates from all parts of the feedlot industry and the broader supply chain participating. A key goal of the event was to engage with cattle producers; the key supply base of feedlots. This significant event included international, educational and inspirational speakers and a platform for the whole supply chain to come together and learn. A highlight was the tour of Sundown Pastoral Company where delegates learnt about an array of new technologies which cemented the conference tag line 'Smarter, Richer Beef'.
- ▶ ALFA held seven NFAS QA and Heat Load Management Workshops during September 2017 with 173 people attending. These workshops included valuable information about changes to the NFAS rules and standards which were introduced into the NFAS audit from March 2018.
- ▶ ALFA issued 27 Member exclusive industry newsletters, specific communications relating to heat load, 6 Lotfeeding Journal editions and over 100 social media posts.

TECHNICAL SUPPORT

ALFA, together with MLA, provides industry with a dedicated Technical Services Officer who provides feedlots with the latest technical support and information, education and training.

During 2017-18 ALFA's Technical Services Officer visited over 80 feedlots providing personalised information and expertise. This one-on-one service enables feedlot operators to receive the latest information and helps improve ALFA's services by better understanding the issues feedlot operators are experiencing.

STRATEGIC PILLAR 3

MARKET GROWTH & DIVERSIFICATION

To maintain and grow demand for our grain fed beef product we need to improve our market access and promote the attributes of our grain fed beef product to consumers and customers. The red meat industry is facing increased competition from other protein sources, and at home we have seen a decline in per capita consumption and a rise in consumer awareness. The safety, quality and traceability of our product supports our premium price, however, we work diligently with Industry and Government to improve opportunities for grain fed products.

GRAIN FED LEVY INVESTMENT – ALFA MEMBER CONSULTATION

In 2017-18 ALFA members, and grain fed levy payers, were asked to “have their say” on a suite of proposed levy investments via the annual ‘Grain Fed Levy Marketing and R&D Investment Survey’. This annual survey followed an intensive consultation process to ensure the direction of the proposed investment aligns with the Industry’s vision.

ALFA engaged additional expertise by working with members of integrated meat processing businesses. Through these businesses we invited specialist meat sales and marketing Executives. These passionate and experienced meat marketers were able to assist ALFA and MLA to identify key areas of investment for the marketing of grain fed beef.

This feedback was used by ALFA to direct grain fed levy investments into specific markets where Australian grain fed product is sold and into investments made into R&D for the feedlot sector.

INTERNATIONAL MARKET ACCESS

Reducing barriers to trade and increasing beef demand in our export markets are two of the imperatives for ALFA and we work with our partners to seek favourable trade agreements with our key beef export markets. ALFA does this by working closely with industry, MLA and Government to identify and reduce economic and technical barriers to trade.

During 2017 - 18, ALFA engaged in the following activities:

European Union (EU) High Quality Beef Grain Fed Quota (HQB GF) – US action against the EU

- ▶ ALFA was an active member of the EU Taskforce during 2017-18. Industry has resolved to maintain the status quo regarding the HQB GF and work with the Australian Government to achieve this.

Australia – EU Free Trade Agreement (A-EU FTA)

- ▶ As a member of the EU Taskforce, ALFA has worked closely with the Australian Government in the lead up to commencement of the A-EU FTA negotiations which were announced in July 2018.

Comprehensive and Progressive Trans-Pacific Partnership (TPP-11)

- ▶ The new look Trans-Pacific Partnership (TPP) 11, renamed the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) was signed in March 2018 and locks in the market access commitments for the 11 parties for red meat products as negotiated in the original TPP outcome.

Peru-Australia Free Trade Agreement (PAFTA)

- ▶ ALFA was a member of the industry working group who made a submission to the Department of Foreign Affairs and Trade in support of a Peru-Australia Free Trade Agreement (PAFTA).
- ▶ PAFTA signed the agreement on 12 February 2018 which will see the current 17% tariffs on exports of Australian beef into Peru be eliminated.

STRATEGIC PILLAR 4

SUPPLY CHAIN INTEGRITY & EFFICIENCY

ALFA’s focus is to increase the value of every animal and ensure that the eating quality experience of our grain fed product meets or exceeds consumer expectations. Our overarching objective is to develop industry systems that measure key quality and integrity specifications, improve our quality and compliance through enhanced supply chain information, keep our grain fed standards and NFAS up to date, and improve the adoption and extension of our R&D to help facilitate this outcome.

NATIONAL FEEDLOT ACCREDITATION SCHEME (NFAS)

Underpinning the integrity of grain fed product is the highly valued NFAS. NFAS is the quality assurance scheme for the Australian cattle feedlot industry and is the cornerstone for eligibility for meat to be described as Grain Fed (GF and GFYG and from 1 September 2018 GFF).

The scheme also supports ALFA’s commitment to implement continual improvement in animal production, animal welfare and environmental management within the feedlot industry. AUS-MEAT administers the scheme through the Feedlot Industry Accreditation Committee (FLIAC). ALFA has two nominees, including the Chair on the 7-member committee.

Specific NFAS activities delivered during 2017-18 included implementation of the agreed recommendations from the 2015 NFAS review. This involved changes to the NFAS standards including a revised definition of a feedlot, strengthening animal welfare requirements, simplification of incident reporting, and improvements in risk assessment and contingency planning. These changes were introduced in September 2017 and were accompanied by an extensive communications program before becoming part of the NFAS audit process from 1 March 2018.

NEW GRAIN FED FINISHED (GFF) STANDARD

A review of The National Feedlot Accreditation Scheme (NFAS) conducted in 2015 and the review of the Australian Beef Language completed in 2016 both recommended that ALFA relook at the Grain Fed Beef Language and the minimum standards that underpin them. After extensive consultation,

an additional third Grain Fed Standard called 'Grain Fed Finished' was endorsed by industry via the Australian Meat Industry Language and Standards Committee in August 2017.

The standard will be introduced into commerce from 1 September 2018 within both the NFAS and AUS-MEAT Meat Language. This minimum standard requires cattle to be produced within the NFAS production system, be raised on specific high energy ration for a minimum 35 Days on Feed and successfully grade Meat Standards Australia (MSA) when processed.

GRAIN FED STANDARDS AND TRADE DESCRIPTION EXPORT MEAT ORDERS

During 2017, ALFA continued to work with the Department of Agriculture and Water Resources (DAWR) during their review of Australia's Export Control legislation to ensure to Grain Fed Standards and associated trade description remained in the revised legislation.

ANIMAL RAISING CLAIMS AND THE GRAIN FED STANDARDS

ALFA has been instrumental in resolving how beef derived from cattle raised on both grass and grain can be described with industry agreeing to a Fodder Fed category. Development of the Fodder Fed Standard occurred during 2017-18 and will be released during the second half of 2018.

INDUSTRY CAPABILITY AND CAPACITY - NURTURING OUR YOUTH AND FOSTERING INDUSTRY LEADERS

The capability and profitability of the industry and our capacity to attract and develop skills and leadership to support the industry is a fundamental objective of ALFA. Strong industry leadership and capable people will support our pursuit to improve industry performance. ALFA is dedicated to the support and training of people, after all they are the essential ingredient to a successful industry both now and in the future. ALFA delivered a comprehensive range of activities during 2017-18 designed to build industry capability and capacity, including:

- ▶ The 2017-18 Margin and People Management (MPM) program was completed successfully. MPM provides business and people management training to upcoming and current feedlot managers, promoting improved productivity and profitability and healthy workplace cultures.
- ▶ ALFA supported an ALFA Member, Lauren McNally from Mort & Co, to participate in the prestigious Australian Rural Leadership Foundation's (ARLF) Australian Rural Leadership Program. This program ensures our upcoming leaders are highly skilled, effective and influential.
- ▶ ALFA sponsored ALFA Members to attend the ARLF's Training Rural Australians in Leadership (TRAIL) program. Andrew Slack from Smithfield Cattle Company and Greg Schuller from Ashleigh Park undertook the Australian Rural Leadership Foundation TRAIL Program during 2017-18.

AUSTRALIAN FEEDLOT SECTOR CAREER DEVELOPMENT AND TRAINING STRATEGY

During 2017-18, ALFA developed the Australian Feedlot Sector Career Development and Training Strategy and Implementation Plan. The Plan is designed to provide the Australian feedlot sector, its businesses and current and prospective employees with a clear career development pathway and associated training, tools and professional development and support networks. The aim of the program is to attract, retain and grow the capacity of the feedlot work force. The Plan covers a four-year investment and its implementation will commence in 2018-19.



RECOGNISING EXCELLENCE IN THE FEEDLOT INDUSTRY

Encouraging excellence in the feedlot sector is ALFA's passion. Throughout 2017-18 ALFA did this through specific awards and scholarships with the support of grain fed levies and the support of our Platinum Members:

- ▶ **ALFA Young Lot Feeder of the Year** – An award designed to encourage emerging employees to contribute their ideas and vision for lot feeding at a national level and foster qualities that empower participants to think outside the square, to be bold in their ideas and continuously develop and challenge their thinking about the industry and its future potential. Thomas Green from Iranda Feedlot won the award in 2017 which was sponsored by Performance Feeds.
- ▶ **ALFA Excellence in Feedlot Education** - An award that recognises excellence in feedlot operational skills and the value accredited training brings to the feedlot industry. The winner for 2017 was Brendan Orr from Grassdale Feedlot. The runner up was Zan McNamee from Lemontree Feedlot. The award was sponsored by Zoetis.
- ▶ **Communicate Your Research** - The Competition is coordinated and presented by Bovine Dynamics and Quirindi Feedlot services, in consult with ALFA and was presented at SMARTBEEF 2017 Conference. The winner of the competition was Stephanie Sammes, University of Queensland.
- ▶ **Australian Rural Leadership Program** - ALFA, in conjunction with MLA, sponsors one feedlot industry participant to attend the ARLP each year. Steve Martin from Kerwee Feedlot graduated in October 2017.

If you would like any further information on the Year in Review activities, please contact the ALFA Office.

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