

25<sup>th</sup> January 2014

Senate standing Committee on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Committee Secretary

**RE: Industry structures and systems governing levies on grass-fed cattle.**

I operate a beef breeding herd in the Roper Gulf of the NT with my family, we supply predominantly to the live cattle export trade and were affected directly by the Live export ban implemented by the then Gillard - Labor government in June 2011. We solely produce grass-fed cattle.

I would like to say from the outset of this submission that the structure, accountability and responsibility held by MLA in regards to cattle levy funds collected is difficult to understand and follow. I felt bitterly let down by MLA following the live export ban and while I support their research and development. I do not think the organisation operates with informed direction by the majority of producers in regards to accountability of the levies it collects. I also think the expenditure of those levies in regards to supporting the integrity and sustainability of the grass-fed cattle industry is not being used for best value at the moment and is viewed as MLA's own private bank instead of what they are, producers funds intended to improve producers business longevity and sustainability.

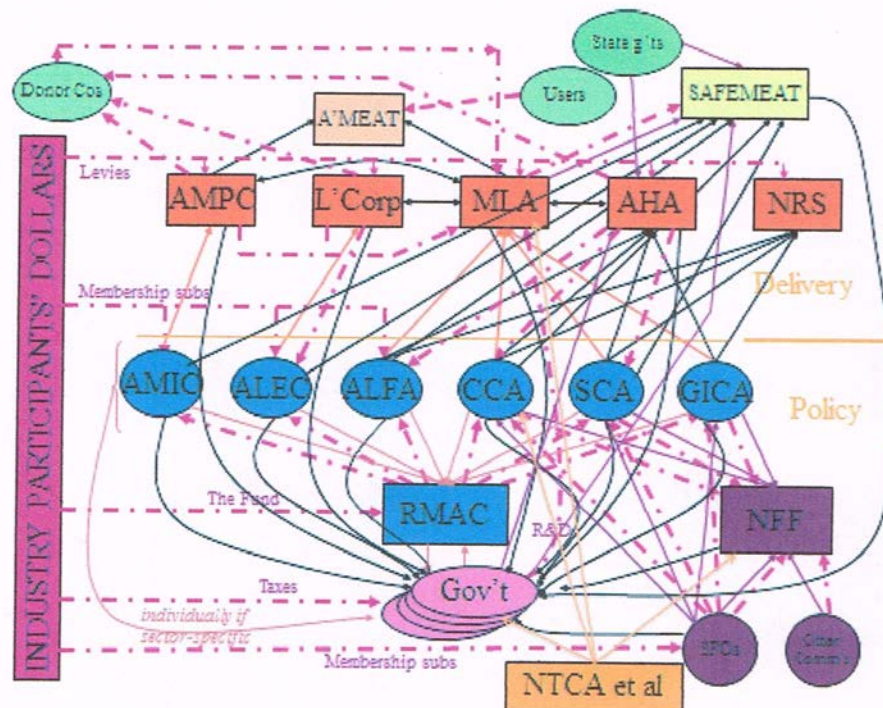
My understanding of MLA operations is fragmented at best and even I realise I have a very poor understanding of its purposes and undertakings. For the simple reason of difficulty in understanding I see the current system of MLA's levy structure as grossly inadequate in providing to the needs and satisfaction of transparency of grass-fed levy collection, expenditure and accountability.

I have attempted to read and discuss various forms of MLA structure with other producers in my area and with in the Northern Territory Cattlemans Association (NTCA), of which my business is a member. In all honesty I am none the wiser for a better operation model of MLA but have a deep mistrust of the organisation in its current format of complexity, lack of reporting and accountability.

While I don't think it realistic to rebuild MLA from the ground up I do think fundamentally, changes need to be undertaken and a basis for improvement could be development of MLA into a shareholder basis on levy paid. Most certainly Cattle Council Australia needs to be a separate entity from MLA, solely grass-fed producer controlled.

Marketing in my mind includes requirement of lobby to not only promote the grass-fed industry but lobby to the general public of its practices. While I strongly support our local industry representative of NTCA I do not think that membership representation is reciprocated in CCA or MLA.

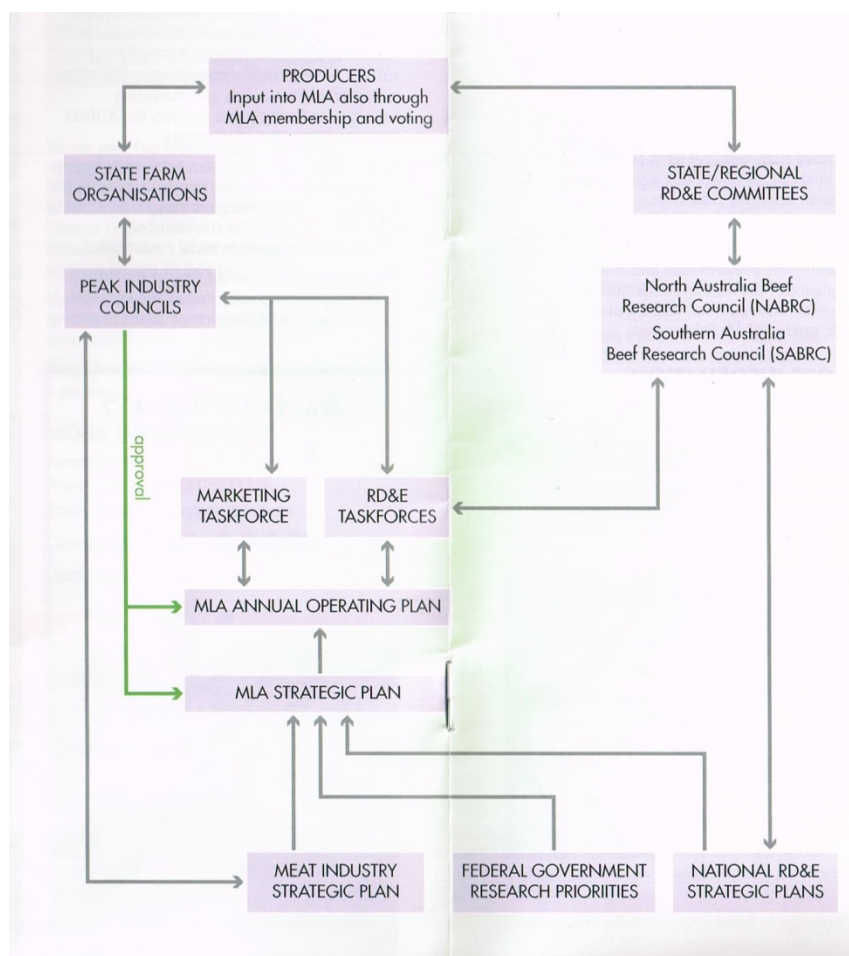
To illustrate the difficulty a producer such as myself has of comprehending expenditure of levy monies from our cattle sales to the various organisations within the red meat industry consider the complexity of the following illustration. (Diagram 1.)



**Diagram 1 – Industry structures considering national representation of the livestock production/processing sector.**

Source - Katherine Branch general meeting 16.03.2012

As per MLA's own diagram Producers are shown to be top of the hierarchy of advice and direction, unfortunately this is not how I feel the decision making is occurring with MLA.



**Diagram 2 MLA description of setting its objectives. Feedback magazine May 2010**

## Terms of Reference

### a) The basis on which levies are collected and used.

**I do not support the current way in which levies are collected and used.**

**The current levy of \$5 per head of cattle is too high.**

- The current levy system is compulsory and as a tax is not voluntary
- There must be better traceability of who has paid and this must be correlated to specific grass-fed contributions.
- The levy collected under duties of excise should be reduced to at least \$4.00 per beast payable to Primary Industries (Excise) levies
  - Under section 6(1)(a) rates should be
    - MLA – research, development and distribution of information to general public \$1.50, further reduced if MLA don't become more active in refuting public mis-information in social media.
    - Animal health Australia \$0.25
    - National Residue Survey \$0.25
  - Marketing that is outsourced \$2.00 per mature animal

Reading of various newsprint articles and opinions in other writings it concerns me that

1. There seems to be no record of levies collected by the revenue service that enables a correlation of who has paid the levy and at what amounts have been paid.
  - A producer can advise MLA of the levies they pay through the year and then this determines their allocation of voting rights at the AGM, there is no audit system of checks and balances to ensure what is advised by a producer is actually legitimate. This current system is completely unacceptable.

### (b) The opportunities levy payers have to influence the quantum and investment of levies

**As a grass-roots producer I have absolutely no influence on how my levies are spent. I do believe I have benefited by the research that MLA conducts, I would like to see better accountability through that system of expenditure. I also believe some of their marketing has improved market access overseas but now think we need 'new blood' in outsourcing advertising to maximise the effectiveness of the money paid.**

1. Accountability of spending of levy funds on research and development directly on grass-fed operations improvements and funding spent on processor research and development
  - Accountability of failed, current and newly approved projects should be listed so as to display those which are carried over from previous years.
  - It concerns me when I hear people talk about the research projects that have money allocated and spent but are unaccounted for in MLA annual reports. I have no evidence to back this up but it is a common sentiment of producers that funding from MLA isn't always accounted for in projects.
  - Leadership, I no longer feel that Industry funded organisations such as MLA. Being large and cumbersome and attempting to correlate too many other industries actually represent the grass-fed producers best interests. I feel there is a distinct conflict of interest in the fact that retail and processors can influence the spending of producer levy payments through the current voting system.
  - I do not feel that individuals who are 'professional executives' in the MLA hierarchy are being held accountable for the economic returns that producers are receiving and these individuals are supposedly improving.
  - Producers should have the right to elect a broader choice of representatives to the MLA board not only a handful as presented after MLA severe initial screening of candidates which is completely out of sight of contributors of levies.
  - Better development of market reporting needs to be conducted as to how MLA can report market information on current pricing from processor level to producers through live markets including live export.

- Investigation also needs to be conducted as to the mark-up of a meat processing to retail as to why the producer are simply not getting paid for the true value of the product they are producing.
2. Contributions to Cattle council Australia should be totally voluntary and through our own industry representative groups or by choice of the individuals themselves. CCA is attached to MLA and is not a true representation of grass-fed views, needs or requirements as it
- As MLA are not prepared to represent the cattle industry in general media, social media, defence and distribution of information in regards to practices of the grass-fed industry then the levy contribution I have suggested above of \$1.50 should be further reduced if this is not corrected.
  - Producers must be allowed to have membership at their own free will of their own industry representative bodies, for instance in the NT which is the Northern Territory Cattleman's Association. A group who may in-turn decide to support Cattle council.
  - All producers must have direct membership to Cattle council, meaning they all have the same vote entitlement. Whether this should be based on number of cattle owned or sold is beyond my capabilities of understanding how these organisations should be fundamentally structured.
  - The CCA underwent an expensive consultation period of the 2012-2015 Red meat Strategic beef plan, a process which took over 3 years. On finalisation CCA then claimed then recommendations couldn't be implemented because of inadequate funding. This is a joke and now producers have had to endure a further 2 years of consideration of the CCA restructure which again seems to have just made things more confusing and illogical. Why, because it is attached to MLA!
  - CCA is meant to be an authorising authority on the oversight of MLA functions, ultimately with producers being the controllers. No it is not! MLA are calling the shots while CCA seems to be stagnant, it doesn't have the funding and it doesn't have producer support. NTCA members have actually even considered withdrawing their support of CCA at one meeting because we are not getting effective conveyance of our voice, views and requirements. We are not getting results for what we pay.
3. Realisation that animal welfare was a major issue in live export markets, not for the sake of broader Australian community but the fact that as a supplier to live export expect I expect our animals to be treated humanely throughout the supply chain and steps taken to ensure that occurs.

MLA realised and were guided by the Australian red meat industry Strategic plan of 2008-2012 as shown in the following exert.

### **1.3 Maximising market options for producers and exporters in the livestock export trade**

MLA's goal is to partner industry to sustain a livestock export sector that contributes at least \$1.8 billion in revenues to the Australian economy annually.

To ensure its sustainability and guarantee access to all potential markets, the livestock export industry must continue to improve the wellbeing of the Australian livestock it exports, and demonstrate this commitment to addressing community concerns.

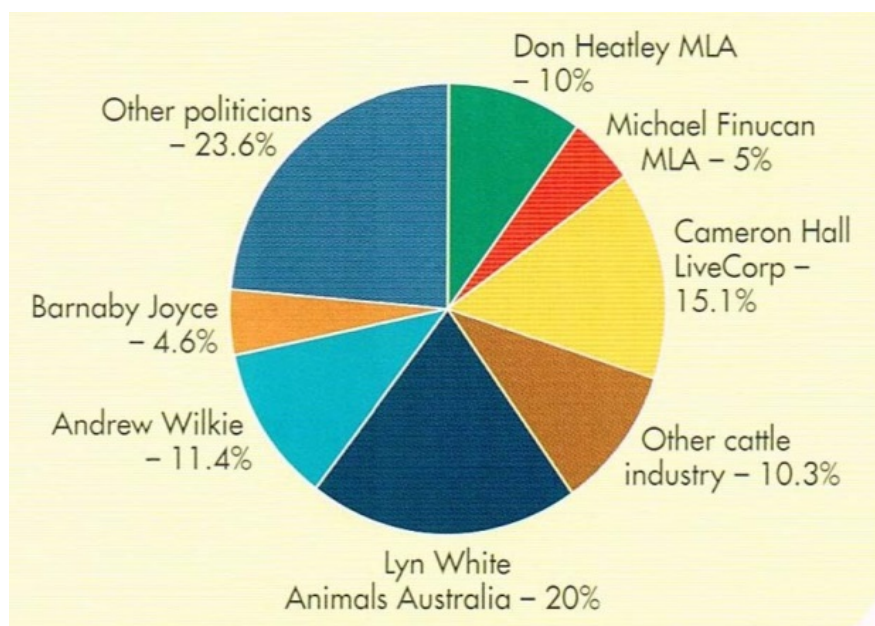
In collaboration with industry and in partnership with LiveCorp, MLA will continue to commission research to provide new tools and knowledge that, when adopted by industry, provides a beneficial outcome for the welfare of livestock exported.

This collaborative partnership will also work to communicate the outcomes from this investment to producers, exporters, importers, Government and the broader Australian community.

- In a company overview of MLA I printed off on the 30/06/2011 a core activity of MLA was stated as being – Promoting industry integrity and sustainability, interestingly that wording has now been changed to – Support industry integrity and sustainability. As at 25/01/2014.
- MLA claim to be a service organisation now, following the live export ban of 2011. In my view MLA were conducting projects to improve animal welfare in overseas facilities before the ban occurred. They were producers 'eyes and ears' of whom interests and trade they promoted. I do not regard them as independent of the animal processing supply chain and certainly not a service organisation, we paid levies for them to do a job. They were responsible for reporting conditions of animal welfare and conditions back to producers and I feel they only reported to producers what made MLA look good, not the real picture of the extent of the real animal welfare problems. At minimum there should have been SWOT analysis of strengths, weaknesses, opportunities and threats made available in basic format for producers and openly discussed in articles like the Feedback magazine, which MLA publishes on a quarterly basis. They could have done this but didn't and I have to wonder at who their advertisement and information distribution is really targeting. The general public with genuine information or feel good aspects of MLA to the producer to warrant their own existence.
- Projects undertaken by MLA and the findings from overseas animal processing facilities should have been conveyed to producers more widely, in booklets and information papers. Including significant projects undertaken before the debacle of the Live export ban yet rarely spoken about in the public forum. Few producers have got the time or inclination to delve into MLA archives and find these reports let alone read them in their entirety. More importantly I didn't even know they existed prior to the ban and I have to wonder about why! MLA should have made these more common knowledge, their problems, recommendations and then asked the producers for feedback on what they wanted to do about it. It was our livelihoods at risk, it was our investments on the line and yet we weren't told. I think the overwhelming response would have been improve animal welfare in the overseas facilities significantly or control the supply of animals into the problem areas. Even stop all supply in some cases. Animal welfare should have been the number one priority, not throughput or profit. It was not. With improved animal welfare the throughput and profit would have followed.
- Projects conducted by MLA looking at animal welfare issues, problems and methods to improve prior to the 2011 ban.
  - Project LIVE.309 November 2004 – Developing an improved pre-slaughter restraining box for cattle
  - Project W.LIV0371 June 2009 – Review of the Mark I,II and III cattle restraining boxes.
  - Final report – May 2010. Independent study into animal welfare conditions for cattle in Indonesia from point of arrival from Australia to slaughter.
- It should not have required a group of vegan idealistic animal liberationists intent on destruction of all animal consumption for food to put animal welfare of live animal export in the spotlight. It was blatantly obvious to all those involved with MLA that the sensationalists would take full advantage of the situations which in many cases MLA left the producers liable too. MLA knew this even acknowledging it in some reports and yet continued with concentration on market access not animal welfare.
- I appreciate MLA had to work within the supply chains of cultural requirements in other countries and I do believe MLA were making some efforts to improve animal welfare through investment and education. It just simply was not enough and should have been seen as inadequate then as it is now. I also realise the footage shown by animal activist groups for the ABC program Four corners on 31<sup>st</sup> May 2011 was not how all the animals were treated. I have discussed this extensively with a number of people who have witnessed the slaughter and processing of animals in Indonesia.
- It is my belief that a form of ESCAS or at least limiting of animals to some processors should have taken place a number of years prior to the 2011 implementation of ESCAS. It annoys me no end that the realisation was in MLA reports that the animal handling at some facilities was sub standard but either didn't convey that to us the producer or make an educated call and put in measures to either completely stop it or improve it. Again they were our eyes and ears, they failed the producers of live export yet it us that is wearing the cost.



- The live export incident of June 2011 alone should have initiated an inquiry into MLA operations right then and there.
4. Following the live export ban and the media frenzy that ensued, MLA claimed they held prominence in the coverage over a 10 day period following the Four corners program



**Diagram 3 Source – Feedback June / July 2011, Industry prominent in media storm.**

As a producer who became heavily involved in social media through face book, twitter and blogging the lack of presence of MLA on these newer forms of social media was significant. They may have been present in print media but noticeable by their absence on the social media platforms where most debate and information sharing occurred and still is. They were party to getting us (producers) into this mess and then stepped back and claimed 'service organisation' and took no part when the proverbial hit the fan. Others like me felt that we had to stand up for ourselves in many ways because MLA certainly didn't.

The combined efforts of RSPCA and Animals Australia (AA) (both supposed charitable organisations), through sponsorship of website pages such as Ban Live export ran absolute circles around the live export industry in regards to real media saturation. People even started to use these groups as reference of supposed factual material, when some of the rubbish they present is nothing but emotive propaganda. RSPCA and AAs had well organised websites and previously formulated plans to undermine the live export industry. While I think MLA have plans now to combat these accusations and at times correct gross miss information they were left flat footed and ill prepared at a time that producers needed them the most . MLA should have been well prepared and conscious of at least some of the intended attack targeted at live export. They were not, infact I would go as far as to say they where ineptly complacent and for that they failed not only live export producers dismally but all the red meat industry producers.



Screen shot taken on Ban Live export site 09.12.2012.

**Clearly showing sponsorship by Animals Australia and RSPCA. Animals Australia claiming in a latter press media release that RSPCA and the Get Up organisation were campaign partners.**

It was left up to producers to get the information out to the general public, through our own research and resources. We have been asked and expected to devote time and effort supposedly for our own good but in support and at times of defence of the industry in general when often the information particularly in relation to the whole industry statistics was not and is not easily found or accessible. I do this myself and enjoy the comradely I have found with other like minded producers who have also become more active on social media, it is not my responsibility to defend other producers, processors or exporters who do not meet animal welfare standards.

At times we must have constant vigilance and awareness by others to represent our best interest. As a producer I am still conducting my own business, with its requirements. We must have people in organisations like MLA that's sole purpose is to watch, and correlate information that is relevant and important. Their position must also include gathering evidence against animal activist groups and individuals for further handing to authorities in cases of known illegal activities in which some of these groups fully support and encourage.

The MLA left producer's to defend themselves and the whole industry after the live export ban in which their (MLA) media campaigns seemed more directed at defending MLA actions towards producers than it was to target the misinformation and rhetoric spread by these vegan and animal liberations. Yes I include RSPCA in that statement.

If MLA had come out after the ban and presented, saturated the social media networks with basic facts and figures including the importance of the animal production industries I feel that much of the hysteria and bias that was touted by the animal liberation groups could have been dispelled there and then. Not allowed to fester and be regarded as factual and real as some of it is now.

MLA have as much responsibility to put out factual information and explanation of the meat industries as they do in advertising and promotion of it.

5. It is important to note that the Australian meat workers union (AMIEU) were heavily involved with the ban live export campaign and this includes the meat processors. As far back as 2010 meetings occurred between then Swifts, Teys, Nippon, Fletcher, AMIEU and the World Society for protection of animals (WSPA) to unite and co-ordinate a campaign to stop live animal export. As a producer of live export animals and payer of grass-fed subsidies how can I even trust MLA to not have significant conflict of interest if they are manipulated by these meat processing companies that actually want to shut us down. MLA received with government matching support from grass-fed producers in 2011/12 \$42M, from processors they received no levies only \$5M through in-kind investment.

**b) Industry governance arrangements, consultation and reporting frameworks.**

As previously stated, the inability of a producer like myself to understand even the basic flow of how industry leaders are elected, to who decides what, at MLA level, is just too difficult and confusing. The greater the misunderstanding the more we feel that we are removed from the decision making process. Less in control and then frustrated that our compulsory levy funds are spent so flippantly at a time of extreme financial hardship of reduced income and declining beef consumptions. It is our levy funds collected to supposedly improve our business standing, yet we are consistently going financially backwards with increased costs, debt and reduced incomes.

It frustrates me that many producers feel that not being a member of any group at all is actually desirable to being a member because they don't trust their view to be seriously or genuinely represented. Apparently across Australia less than 20% of producers are members of industry representative bodies. If it wasn't for the efforts of NTCA following the live export ban fiasco I would feel very much the same. As it is I think NTCA were more effective than CCA, MLA and government combined in renegotiations and communication with re-establishing trade-links with other countries than any of the others.

With such a lack of voluntary support of industry groups it is no wonder that compulsory levies which are really just another tax are viewed so sceptically by producers.

CCA needs to be scrutinised significantly and realise that while attached to MLA it won't receive my support, because MLA is not impartial and they are not working in producers best interests.

We are getting such little improvement in trading terms of red meat production I have to wonder at what point do we say enough is enough. MLA had an expenditure of \$170M (2011/12), they actually made a loss. Cattle producers on the other hand are receiving prices that are comparable to 25 years ago. For instance in our terms of trade in 1989 a pastoralist could buy a new Toyota landcruiser utility (staple vehicle of the agriculture industry) through the sale of 19 cows, by 2010 a new Toyota would cost 61 cows. Cost of that vehicle had risen to the equivalent of over 3 times, the prices received for the animals has either declined or stagnated.

**d) recommendations to maximise the ability of grass-fed cattle producers to respond to challenges and capture opportunities in marketing and research and development**

As previously stated I think MLA's research and development is fundamentally good and beneficial, though I would like to see better accountability of costing, projects currently being undertaken, time they have been allowed, projects still being conducted and projects that were stopped.

Getting to promotion, simply production costs have blown out of all proportion to our incomes, meat of beef consumption has plateaued in the last two to three decades and therefore I think it is time that advertising of the red meat industries be handed to other organisations that are required to tender and earn their value rather than the process of the current levy support system for MLA which is simply assumed and expected.

Marketing needs to be designated to certain structures in relation to the processing industry, local and export (live and meat products).

In summary, I do not support the current levy collection system in amount or how it is allocated, MLA have not provided real benefit for expenditure of advertising in particular and this should be outsourced to others with that expertise. I do support the research and development MLA undertake though I think consideration needs to be given to how it is conducted, reported and it's analysis. CCA needs to be an independent organisation of MLA if it is to be a true representative of grass-fed cattle producers views with direct membership.



Yours Sincerely

Jo-Anne Bloomfield.

