

SENATE SUBMISSION

INQUIRY INTO INDUSTRY STRUCTURES AND SYSTEMS GOVERNING THE COLLECTION AND DISBURSEMENT OF GRASSFED LEVIES.

ATTENTION – MR TIM WATLING

Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

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As a family farm in the Northern Territory running 5000 cattle and buffalo we welcome the opportunity to have input for the senate inquiry regarding the Collection and Disbursement of Grassfed Levies.

In recent years I have taken an increasing interest in the MLA (Meat and Livestock Australia). Its control of our statutory levies, policies and the current Red Meat Industry Structure established in 1996.

MLA

My initial concerns regarding the conduct and control of MLA and RMAC (Red Meat Advisory Council) were during the BSE (Bovine Spongiform Encephalopathy) debate in 2009 when MLA and RMAC both supported the importation of meat products from the USA and Canada. Both countries were previously banned due to a history of BSE infections.

Fortunately a Senate Inquiry and intervention by the then Agriculture minister Hon Tony Burke reinstated the import controls after public and beef producer concerns.

Early in 2011 as northern cattle producers we were forewarned of the damaging footage that would later be televised in the media involving animal cruelty in our most important live export market Indonesia. We were told the MLA were well prepared to deal with these situations.

Not only were MLA shown to be poorly prepared. The Mark 1 Boxes installed, paid for with our levies were a major animal handling embarrassment. Subsequent statements from the MLA leadership about only being an R&D provider and NOT RESPONSIBLE has allowed confidence in the organization by many cattlemen to evaporate.

Northern Cattle producers watched in disbelief as Tom Maguire representing the AMPC (Australian Meat Processors) support the Ban on Live Exports standing alongside Lyn White and Andrew Wilkie.

Due to the decision by AMPC to support the Live Export Ban RMAC was unable to reach a consensus and provide the necessary advice to former Agriculture Minister Hon Joe Ludwig.

Despite 54 million dollars in statutory levies being paid annually to the MLA by beef producers we were betrayed by an Industry Structure that could not function when we needed it most.

The damage to the Northern Cattle Industry has been well documented in the Senate Inquiry that followed. Only today in 2014 are cattle prices recovering as increasing demand for live export underpins cattle producer returns.

Since the Processing sector under the 30 day rule dominate the largest voting rights within MLA. Many cattle producers like myself openly question the control and influence the major processors have on the MLA Board.

Not only did the AMPC endorse the Ban on live export the major processors Swifts, Teys, Nippon and Fletcher formed an Alliance in 2010 with the AMIEU (Australian Meatworkers Union) and WSPA (World Society for protection of Animals) to lobby the State and Federal Government by targeting backbenchers to stop the Live Export trade.

The Australian Beef sector is dominated by small family producers like myself who feel powerless to effect change and witness with growing concern the dominance of foreign multi national companies such as the Brazilian Swifts and the American Cargill group in the processing sector. Producers and Governments alike are concerned with the ability of multi national companies to operate Price Transference systems. Cargill officials have recently been indicted in South America on Tax evasion and conspiracy charges.

The Senate in its brief should note two significant reports

1. The 2009 Productivity Commission Report on Research and Development Corporations Model. The report highlights poor accountability of the major corporations and a lack of confidence that taxpayers money is being wisely spent. It calls for major independent reviews to secure any future co investment from Government.
2. The June 2013 MLA Independent Review of Systems for Research and Development Investment. The executive summary is a damning critique of poor accountability, poor selection of research projects and that current practice cannot continue into the future.

CCA CATTLE COUNCIL OF AUSTRALIA

In 2011 under a Statutory Funding agreement between the Commonwealth and the AMPC. The AMPC are now responsible for their own market research and development raised via their own levies.

Today it is prudent that the Grassfed Industry too becomes responsible for its own destiny, the allocation of research and development priorities. Collection and disbursement of the statutory producer levies. CCA cannot provide proper oversight of R&D and the MLA if it is dependant on the MLA for its funding!

Most Cattle producers that I have spoken to believe that CCA is grossly underfunded to do the job required. Its budget of approximately 1.3 million is insignificant as our peak representative body compared to the MLA budget of 170 million.

CCA has made slow but significant progress in its restructure and adopted a more representative model of direct election to combine with the current SFO members.

KEY POINTS

- A REVIEW INDUSTRY STRUCTURES RMAC
- B REVIEW MLA AND ITS BOARD
CONFLICT OF INTREST AND LACK OF TRUST WITH PROCESSING SECTOR
REVIEW 30 DAY RULE
- C CCA TRANSITIONS ITSELF TO TAKE RESPONSIBILITY FOR ITS OWN
LEVIES UNDER A STATUTORY FUNDING AGREEMENT WITH THE
COMMONWEALTH
- D REVIEW MLA PERFORMANCE. PRODUCTIVITY COMMISION AND
MLA INDEPENDENT REPORTS

All partnerships require TRUST and COMMON OBJECTIVES to achieve their goals. With the events that have transpired cattle producer Trust is sadly lacking of the MLA Board, the major processors and the complex industry structures. It is timely that the current agriculture minister intervene to implement much needed reform.

Thank you for your consideration and the opportunity to submit

Markus Rathsmann