



Senate Inquiry into Grass-Fed Beef Cattle Levies

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As background, WAFarmers is the State's largest and most influential rural lobby and service organisation. WAFarmers represents approximately 4,000 Western Australian farmers from a range of primary industries including grain growers, meat and wool producers, horticulturalists, dairy farmers, commercial egg producers and beekeepers. Collectively our members are major contributors to the \$5.5 billion gross value of production that agriculture in its various forms contributes annually to Western Australia's economy.

WAFarmers thanks the Rural and Regional Affairs and Transport Committee for the opportunity to comment on *'Industry structures and systems governing levies on grass-fed cattle'* and the following terms of reference:

The industry structures and systems governing the collection and disbursement of marketing and research and development levies pertaining to the sale of grass-fed cattle set out in subsections 6(1)(a), 6(1)(b), 6(2)(a) and 6(2)(b) of Schedule 3 (Cattle transactions) of the Primary Industries (Excise) Levies Act 1999, including:

1. the basis on which levies are collected and used;
2. the opportunities levy payers have to influence the quantum and investment of the levies;
3. industry governance arrangements, consultation and reporting frameworks; and
4. recommendations to maximise the ability of grass-fed cattle producers to respond to challenges and capture opportunities in marketing and research and development.

Introduction

Members of WAFarmers who are grass-fed beef cattle levy payers were invited to provide feedback to the Senate Inquiry via a group submission collated by WAFarmers Livestock section. Members were also encouraged to provide individual submissions where possible. WAFarmers is a member of Cattle Council of Australia (CCA), a peak industry council that WAFarmers views as essential for market access, strategic policy, advocacy and promotion of the interests of beef cattle producers. CCA and Marketing and Research body, Meat and Livestock Australia (MLA) are, in the opinion of WAFarmers, essential for the continued development of a strong beef cattle industry into the future. Through its membership to CCA, WAFarmers has also been invited to contribute to the submission CCA makes to the Inquiry.

MLA has a collaborative partnership with CCA to bring results for producers. You would be aware that CCA have undergone a strategic review and overhaul that will result in more producers being engaged and we view this as a positive for the industry as a whole. CCA subcommittees that focus on specific issues in detail allow producers with practical experience to guide policy at the national level.



WAFarmers values the current system, and while like many systems in agriculture, it is imperfect, we do view that refining the current system, rather than reinventing it will be the best use of producer levies. Without a well-funded centralised agency working with Marketing or Research and Development (amongst other things) we will have the thing agriculture needs least, and that is a disparate, resource poor series of bodies that have competing interests. MLA may be imperfect but if a view is taken that this is a constructive process of feedback, it will be able to improve into the future and serve producers needs even better.

Consultation Results

Feedback was sought from ‘members with a meat interest’ who paid grass-fed beef cattle levies via on-line survey, face-to-face discussion and informal interviews on the phone. The sample group was dependent on voluntary input into the topic and as such, self-selection bias exists in the responses collated. Self-selection tends to gather information from those who feel strongly about the issue, therefore, those who have a moderate or positive satisfaction with the levy are not truly represented in our sample.

With that caveat, the feedback that we collected on grass-fed beef cattle levies tended towards two major themes.

Firstly, producers wanted value for money and were satisfied paying a levy if results were clearly demonstrated. Secondly, there appears to be a disconnect, a lack of communication or misunderstanding between Meat and Livestock Australia (MLA) and (some) levy payers.

1. Value for Money

Levy payers were frank about their expectations of paying a \$5 transaction levy for Research and Development (\$0.92), and Marketing (\$3.66).

They anticipate quantifiable outcomes in three ways:

- market access
- market growth
- increased farm gate profitability

Some levy payers did not feel MLA understood the principal need of building stronger markets or increasing profitability as returns to farm gate had stagnated since the levy had been introduced. There were comments made on wastage of levies – ‘if results could not be seen then money must be wasted’ was a sentiment expressed several times during consultation.



In a formal survey, 60% of levy payers expressed an acceptance for collection of a levy for Marketing, and Research and Development purposes.

In that survey, 50% of respondents answered \$5 was 'too much', 50% answered that it was 'about right'.

During discussions, producers expressed an acceptance for a levy as long as value for money could be clearly demonstrated.

It must be emphasised that producers want to see clear results in the areas of market access and return to farmgate.

2. Disconnect

In the process of gathering feedback for the submission, levy payers expressed misunderstanding of the levy, voting rights, exactly what the levy funded, and what purposes the levy could not fund.

Levy payers expressed disappointment that MLA had not effectively dealt with live export perception and felt abandoned on the issue. Most producers did not have the understanding that agri-political work was not the mandate of MLA. In a formal survey, 80% believed levy money *should* be used for agri-political purposes (with defined terms).

Some levy payers expressed a sentiment that Western Australia was not considered fairly in MLA research and marketing decisions.

Many felt the processes of MLA were not transparent enough and there was a lack of producer input.

Producers expressed a desire to be more connected to research suggestions but also expressed a general satisfaction with research topics chosen. For example, it was suggested a pool of ideas, accessible to levy payers should be maintained where feedback and research ideas could be proposed or discussed.

Suggestion was made that MLA could be working for a stronger relationship between grass- and grain-fed beef cattle as the two had a synergistic relationship, not competitive.

There was a strong preference for more nominees to Board positions be available than the number of positions open. There was a strong indication the process of nomination was not well understood. Some levy payers misunderstood their ability to attain voting rights.

Increased engagement with producers was considered to be an important way for producers to develop increased trust in MLA.

General Notes



WAFarmers believes the Peak Industry Bodies and State Farming Organisations play an important role in the representation of primary producers and the dissemination of information to these producers. These bodies are not without their flaws. The ability to communicate clearly with a diverse membership with limited resources is a challenge that is being confronted and innovative solutions applied. However, while many of these bodies have membership bases that are declining, they still represent the largest bodies available to reach grass-fed levy payers in Australia. MLA engagement with SFOs could improve and these resources maximised for the benefit of producers and MLA. SFOs are in a prime position to help MLA show value to their levy payers.

Conclusion

WAFarmers makes the note while there is some criticism of MLA in the survey results and discussions on the \$5 levy but this style of data collection is susceptible to bias and negative sentiment. While there was some frustration with MLA, it should be noted that producers tend to support a levy but believe it must show a clear return on investment.

It must be stressed that market access, market growth and improved profitability at the farm gate are the goals that are of the utmost importance to levy payers. According to our survey and discussions, these are the areas where MLA must clearly demonstrate and communicate their results.

Thank you again for the opportunity to provide feedback on this issue.

Jeff Murray
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