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| Inquiry into     | 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. |  |
| Senate Committee | Rural and Regional Affairs and Transport   |  |
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### Key Recommendations

- 1) That the amount currently allocated from grass-fed cattle levies for marketing and research and development be given to the national grass-fed cattle producer's representatives – Cattle Council of Australia.
- 2) That the Department of Agriculture, Fisheries & Forestry execute a Statutory Funding Agreement with the Cattle Council of Australia that ensures good corporate governance procedures, and transparent decision making in regards to the expenditure of CCA funds, in return for receiving levy monies.

### Explanation of Key Recommendations

- 1) Currently Cattle Council of Australia(CCA) is the national representative body for grass fed cattle producers. They are best placed to direct key marketing initiatives and commission valuable research and development, which will help impact on the long-term profitability and thus viability of their stakeholders.

Recently they have restructured their board and introduced a direct membership that should help producers further engage directly with CCA management.

Under a Statutory Funding Agreement between the Commonwealth and the Australian Meat Processor Corporation Limited (AMPC), set up in 2011, the AMPC enjoys direct control of marketing and research and development funds, raised by their levies.

They then, through representation on the Meat & Livestock Association Board, get to vote on and direct levy monies that are generated by the sale of grass fed cattle.

The inequity on control of levy monies is obvious. What may not be so obvious to those outside of our industry is that whilst grass-fed producers and Meat Processors are both involved in providing meat for human consumption, it is there that their similarity ends.

Grass-fed producers and meat processors, because of their positions in the food chain have very different, if not conflicting needs in regards to marketing, research and development.

(i.e. meat processors would not support significant marketing funds being spent on opening up more live export markets as this would create more competition in the live cattle market and thus drive up the price they pay for their meat, yet this is a vital area that has to be grown, in order for grass-fed producer's to remain profitable.)

Giving CCA the ability to directly control and manage the grass-fed levy monies earmarked for marketing and research and development will give them the capacity to ensure levies taken from grass fed cattle are targeted on initiatives that will maximise the ability of grass-fed cattle producers to respond to challenges and capture opportunities in these key areas.

- 2) Under a Statutory Funding Agreement between the Commonwealth and the Australian Meat Processor Corporation Limited (AMPC), set up in 2011, the AMPC assumed direct control of marketing and research and development funds, raised by their levies.

This was a very astute move by representatives of the meat processors.

Under the terms of the agreement the Commonwealth's interests, are assured. That is, that it is funding a well-run industry body that uses levy funds to achieve direct outcomes for its stakeholders.

Grass-fed producers need to be represented by a well-funded organisation that can then utilise the Meat & Livestock Association (MLA) or any other marketing or research and development organisation to achieve real outcomes for its members.

Currently , a report, finalised in June 2013, by the Productivity Commission on the Research & Development conducted by the MLA , does not give industry stakeholders or the Commonwealth confidence that the MLA has sufficient management systems or good performance indicators in place, which directly effects the quality of research managed by the organisation.

By having to compete with private providers for work in the research and development field MLA will become the quality service company it was supposed to be; answerable to the levy payers who are funding it and providing Key Performance Indicators, as any other organisation must, to gain credibility and reputation. Those who are providing the financial investment (producers and government) must be confident their money is correctly invested and utilized to forward the industry.

Giving Cattle Council Australia direct control of marketing and research and development levies through a Statutory Funding Agreement will ensure that money is correctly invested to capture opportunities for increased productivity and gobal market share for the grass-fed industry.