



Submission

**INDUSTRY STRUCTURES AND SYSTEMS GOVERNING LEVIES
ON GRASS-FED CATTLE**

To:

**Senate Standing Committees on
Rural and Regional Affairs and Transport**

Author:

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Submission re: Industry structures and systems governing levies on grass-fed cattle

Congratulations to the Minister for Agriculture, the Hon Barnaby Joyce, for identifying and acting on the need for an Inquiry into the Australian beef industry.

Why is an Inquiry needed?

The present beef industry structures were put in place in the 1990s, during which time the Minister of the day was warned that the structures proposed would be a disaster for the cattle industry. Attached is a statement from John Purcell, an Order of Australia medal recipient for services to the rural sector, which is self-explanatory and backs up his claim. Unfortunately, John's warning was ignored at the time along with many other ideas put forward by interested parties over the years.

I have attended three meetings over recent times where Cattle Council members claimed that they were seeking input from producers. At one of the meetings held in Casino, NSW, all motions from the floor were simply refused to be accepted. Having also attended further meetings sponsored by the Cattle Council, I left the scene convinced the main agenda was to retain the status quo or something that would not upset the present position. The Cattle Council's proposed changes recently announced, confirm one's belief.

What do cattle producers require from industry organisations?

I believe the essential requirement is to have access to accurate and honest information about the day to day state of the industry, particularly in relation to market demand across the board, both domestic and export.

Currently it appears that the bulk of market information supplied to producers is based on the Eastern Young Cattle Indicator (EYCO). Whilst in years gone by, when the majority of cattle would have been marketed through the auction system, this may have been of some use. Today with vast numbers of cattle sold direct to processors, particularly those at the higher quality end, this indicator is of little use and can even be misleading.

With the technology now available much more accurate information of market conditions could and should be made available to levy payers.

Honest and accurate feedback of information

At the Casino Cattle Council of Australia meeting, concerns were raised as to the need for the costly ear tag trace back system. Advice was given that had we not had such a system in place Australia would have lost access to the Japanese market. Whilst not having any reason to doubt this claim at the time, later enquiries made to a senior meat person operating in Japan, a completely different story was told. I was advised that at no time did the Japanese Government make reference to this possibility. It would be helpful if the true position could be clarified.

It was also claimed at the Casino meeting that when Woolworths began to sell Meat Standards Australia (MSA) product, their beef sales increased dramatically. Later information appeared to state that the increase was minor and it corresponded with a similar drop in sales at its major competitor's outlets. If these observations are correct it is indeed a problem that must be rectified.

I, rightly or wrongly, am of the opinion that MSA now covers some 18 different grades of product with sales being made of MSA product without clear differentiation of grade. If this is the case it is a disaster and can only do more harm to our domestic market.

It's important the Inquiry has a good hard look at the domestic market situation with an aim to reaching a point where the Australian consumer can be guaranteed a consistent product irrespective of grade.

Lack of democracy in the industry

The levies in the beef industry are not voluntary like a club. They are compulsory like a tax but the principle of 'no taxation without representation' does not apply in the beef industry because the votes in fact are dictated by the number of cattle each participant markets. A

few major stockowners can control the industry if they so desire. The smaller producer has no ability to influence the quantum and investment of levies.

When questioned about this situation the standard answer appears to be that *“that is what is done in corporations”*. However, I am not aware of any other corporation where shareholders are forced by legislation to be a member and has not the possibility of selling his interests. No democracy, no accountability and no transparency. A seedbed for possible corruption and conflict of interest.

What is required?

Having seen both AMLX and MLA become bloated organisations costing the industry multi millions of dollars with little to show for such expenditure, it is obvious that the mistake must not be repeated a third time.

Producers, processors, wholesalers and retailers have their own agenda, PROFIT. To have all these bodies represented in one peak body is fraught with possibilities for conflict.

We have an organisation which is accountable to the people - the Department of Primary Industry, Forestry, Fisheries and Information Technology, which could adjudicate effectively the competing interests of these bodies.

Suggested organisation structure

A stand-alone grass fed producer organisation consisting of say 7 to 11 members of high integrity and practical experience meeting the following criteria:

Expertise in livestock marketing

Expertise in the processing industry

Expertise in local marketing of beef

Expertise in export marketing of beef

Expertise in marketing of by-products e.g. offal, hides, meatmeal and so on.

At least two to three producers should also be included. All the members should be well remunerated so that maximum accountability can be expected. Members should be elected by levy payers on a tri-annual basis with one product, one vote. All members should face election at the same time which should prevent dominance and minority control of the board.

27 May 2013

To: Vince Ptolemy
From: John Purcell

In September 2012 I wrote to Federal Minister Joe Ludwig to thank him for his congratulations to my being awarded the Order of Australia Medal.

In this letter I advised the Minister that I'd been on the Cattle Council of Australia for some time while also serving as President of the Cattlemen's Union. I took the opportunity of advising Minister Ludwig of my personal views as to the very great need of a good clean-out of the current CCA in 2012.

Some years ago I attended a meeting of the CCA which was to meet with Minister John Anderson who would be advising the CCA as to his plan for the final structure. In attending this meeting to my surprise Mr John Wyld, President of CCA, called on me to respond to the Minister on this matter. Without any notice I took the opportunity to ~~address~~^{address} Minister Anderson and in my presentation I stated that the Minister's plan was a disaster for the beef ~~in~~ cattle industry. This would have been a surprise to John Wyld & those in attendance. However I've been justified in my prediction of a disaster that has run in the current structure.

John Purcell