

AMPG RED MEAT INDUSTRY REFORM OUTLINE (for Senate Enquiry)

The AMPG is a Think Tank of prominent Red Meat Industry figures that came together following the Beef Forums held in Armidale and Rockhampton in 2010.

Reform Outline.

To create separate cattle producer, sheep producer, the live exporter and processor policy setting and service delivery levy funded corporations with each sector responsible for the management of its own levy funds.

Outline Reform Specifics

1. Reduce current cattle producer MLA functions to collective core activities such as market information, eating quality, grading, market access, animal welfare and research and development
2. Replace the current \$5 cattle transaction levy with a single slaughter levy which would reduce total cattle producer levies to around \$30-\$40 million per year which would be more than necessary to fund the reduced functions.
3. Separate processor/producer corporations with the processors paying their own slaughter levies to the AMPC.
4. Separate sheep and beef producer corporations.
5. The separate cattle, sheep producer, live export and processor corporations to combine with their relevant Peak Councils (i.e. CCA, SMC, ALEC and AMIC respectively) to carry out policy direction, marketing R & D and lobbying functions.
6. The boards of the new corporations to be elected on the basis of two tier register system to protect the interests of both the large levy payers and the small grassroot levy payer - one register, a one man one vote register - the other register, based on the amount of levies paid - with each register electing four directors with the ninth director being the person who got the most votes in both registers - similar, to the current AMPC board election process.
7. Abolish RMAC The AMPG proposal was that the new separate cattle, sheep, live export and processor corporations would become trustees to manage the existing RMAC reserve funds however The original charter of RMAC was to hold the \$40m in reserves for an emergency. (In addition there is \$30m in reserves at AMPC and MLA also have significant reserves). The producer is currently facing a crisis and we are in that “emergency” so consideration should be given to calling a and immediate moratorium on current red meat industry levies and applying the RMAC “emergency” reserve funds to meet the shortfall in levy funds necessary to meet the current essential collective needs of the industry.

The merging of the policy direction functions of Peak Councils with the service providing corporations would:

- Overcome the governance problems under the current organisational structure where well funded service corporations with duties to their members under Corporations Law are required under the terms of the MOU to take directions from inadequately funded Peak Councils.
- remove the inherent conflicts of interest with the current service corporations trying to meet the often commercially conflicting needs of various sectors of the industry in a one stop advisory shop; and

- provide a seamless flow between the setting of policy direction and the provision of services to fulfil those policy needs in accord with normal corporate practice.

The proposed model would seamlessly vest power, money, policy direction and service provision under one roof.

OTHER SUGGESTIONS TO REVERSE THE CATTLE CRISIS

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1. The Government to take over the cost of AQIS from processors as is happening around the world.
2. A National uncompromised grading system that describes the bad beef as well as the good is urgently required.

The biggest disaster for the beef industry and producers is the decline in the domestic consumption. In 1997 consumption was approximately 43 kg. Today consumption is about 30-32 kg, so the loss is approximately 250,000 tonnes per annum. This is the equivalent of Australia losing access to the whole of the US market!

However, MLA and Peak Councils are using loss of live exports as one of the significant causes for the bad cattle prices.

Since the live export dispute, shipments in the last three years have averaged 600,000 head of cattle compared to 800,000 the previous three years – a drop equivalent to approximately 1.5% in the total Australian kill overall which represents about an additional (XX)tonnes of consumable beef per annum flowing onto the Australian and world export market – hardly a reason to justify the MLA and Peak Council argument.