

## **Senate Inquiry into Grass fed Cattle Levy Industry Structures and Systems**

### **Background**

The beef cattle industry is facing major challenges and as the supermarket ad says “prices are down, down, prices are down.” While costs are rising faster than a jet leaving a tarmac, current cattle prices are well below the cost of production and at the current prices the producer sector of the cattle industry is unsustainable. In this environment every dollar of cost counts and without viable producers there is no industry –full stop.

On 4 November 2013 the Minister of Agriculture Barnaby Joyce took the unusual step of asking the Senate Rural and Regional Affairs Legislation committee to conduct an inquiry into the collection and expenditure of compulsory levies in the beef industry.

The senate inquiry is an opportunity for you to have your say individually or in groups or through the **Concerned Cattle Producers submission**.

Details about the Concerned Cattle Producers (CCP) group and their views on salient aspects of the current state of the cattle industry and the opportunity that the Grass Fed Cattle Levy Senate Inquiry gives us to try and fix some of the profitability issues besetting our industry are set out below.

### **The Senate Inquiry Terms of Reference**

On the 12 December the Senate Committee agreed to the Minister Joyce’s senate inquiry request and announced an inquiry with 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:*

- (a) the basis on which levies are collected and used;*
- (b) the opportunities levy payers have to influence the quantum and investment of the levies;*
- (c) industry governance arrangements, consultation and reporting frameworks; and*
- (d) recommendations to maximize the ability of grass-fed cattle producers to respond to challenges and capture opportunities in marketing and research and development.*

The committee has been given a deadline to report its findings and recommendations by March 28, 2014 and details of the inquiry terms of reference and procedures can be viewed: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Rural\\_and\\_Regional\\_Affairs\\_and\\_Transport/Beef\\_levies](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Beef_levies)

### **Who are the Concerned Cattle Producers**

A number of cattle producers around Australia have got together under the banner Concerned Cattle Producers (CCP) to assist those grass fed cattle farmers worried about the current profitability of their industry and the effectiveness of their current representation.

Members of the CCP have banded together to establish a fund to advertise and promote producer awareness of the Senate Inquiry and to provide a resource to help cattle producers prepare detailed professional individual or group submissions to the Senate Inquiry.

Small and medium producers are contributing between \$100 and \$1500 depending on how many cattle they have and some of the bigger producers are putting in more.

A nonpartisan website <http://www.cattlelevysenateinquiryinformation.com> is already up and running which contains industry structure diagrams and background information on the issues being considered by the Senate Inquiry. There is also a chat room for anyone concerned about the future of our industry.

Contributions to the CCP Senate Inquiry submission fund can be made by cheque drawn in favour of Australian Law group Law practice Trust account or by electronic transfer to Australian Law group Law practice Trust account BSB 034061 Account Number 331319.

All contributors to the CCP Senate Inquiry Submission Fund should supply an email or mailing address so that trust account receipts and detailed reports on all expenditure from the fund can be forwarded. Those contributing by electronic transfer deposit should email a confirmation payment slip with the contributing entities name and return email address to [amandaw@alglawyers.com.au](mailto:amandaw@alglawyers.com.au).

If you want to have a say about the future of our industry we would love to hear from you and would appreciate any suggestions or ideas that you may have. You can get in contact with the following producers from your area to ask any questions and find out what you can do to help:

**Peter McHugh** – a representative of a group of concerned North Queensland cattle producers who can be contacted on 0418458193 or by email at [pmchugh@causewayproduce.com.au](mailto:pmchugh@causewayproduce.com.au).

**Ashley Mckay** - Western Queensland cattle producer and member of the AMPG think tank who can be contacted on 0746549157 and by email at [mckay.a.d@bigpond.com](mailto:mckay.a.d@bigpond.com).

**Mark Driscoll**- Central Queensland cattle producer who can be contacted on 0428151999 or by email at [markddriscoll@bigpond.com](mailto:markddriscoll@bigpond.com).

**Cameron McIntyre**- Central Queensland cattle producer and member of the AMPG think tank who can be contacted on 0749963141 or mobile 0422993611 or by email at [mcintyremtbooroomen@bigpond.com](mailto:mcintyremtbooroomen@bigpond.com)

**Brendon and Theresa Curr**- North and Central Western Queensland cattle producers with properties at Burdekin, Charters Towers and Aramac who can be contacted on 0747703022 or 0427659 028 and by email at [currebt1@bigpond.com](mailto:currebt1@bigpond.com).

**Dr Ian Fielding**- Northern NSW cattle producer and member of the AMPG think tank who can be contacted on (02)66362118 or 0411223277 and by email at [asthorp@westnet.com.au](mailto:asthorp@westnet.com.au).

**Mal Peters OAM** - Chairman of the Regional Australia institute, former president of the New South Wales Farmers Association and beef producer from Ashford in Northern NSW Ph (02)67254128 and by email at [mal-annepeters@bigpond.com](mailto:mal-annepeters@bigpond.com).

**Roderic O'Connor** – Tasmanian cattle producer and businessman who can be contacted on 0408130030 and by email at [roderic@connorville.com.au](mailto:roderic@connorville.com.au).

**Norman Hunt** – rural industry legal advocate, small NSW southern highlands cattle producer, member of the AMPG think tank and Concerned Cattle Producers (CCP) submission coordinator who can be contacted on (02)92352966 or 0408242703 or by email at [huntpartners@bigpond.com](mailto:huntpartners@bigpond.com)

### **The Current State of the Industry**

The red meat industry has been a power house of Australian agriculture for 150 years. The reason we are strong is because we stick together and we are not afraid to call a spade a spade.

We all understand supply and demand and we all understand the impacts the weather and the Australian dollar can have on our business; but this is more than that. Over the last decade there has

been a deep structural change in our industry which is undermining profitability, stifling productivity and killing confidence.

The current industry structure was put in place in 1998. As you can see from the attached background paper, the structure of the red meat industry has changed a lot since then.

In this environment every dollar of cost counts. Many cattle producers no longer believe that they are getting value from their grass fed levies and are questioning whether our current red meat industry structures are meeting the collective needs of the industry.

Some of you will remember that the reason that we changed the red meat industry structure in the 1990's was because of budget blow outs, declining domestic beef consumption and drastic reductions in returns to producers.

Since then:

- Meat and Livestock Australia (MLA) have spent \$1.6 Billion in levies and matching funding;
- The MLA budget has grown from \$96 Million a year in 1998 to \$170 million in 2013/14;
- The number of staff employed by MLA has more than doubled from 100 to almost to 250;
- At the same time cattle prices have declined in real terms by close to 40%;
- Since 1997, the year before MLA was incorporated, average beef consumption in Australia declined by over 20% from 41.5kg per person in 1997 to 32.2 kg in 2012;
- MLA itself predicts that Australian per capita beef consumption will fall a further 10.6% in 2014, which based on 2012 consumption figures will result in an Australian 2014 per capita beef consumption figure of about 28.8kg/s per person; that is a massive drop of 12.7 kg's per person (This is equivalent of 288,000mt which is the same as losing the whole of the USA Export market for 2014);
- During this time Chicken consumption per person has increased from 30kg to 45kg.

A fuller outline of the structural changes that have occurred in the red meat industry since the last three organisational restructure's in the 1990s can be found in the background paper attached to this email.

### **Our Opportunity for a New Direction**

Minister Joyce has asked the Senate Committee to review our organisational structures to see if they still meet the collective needs of the cattle industry. If the Senate Inquiry finds that they do not, Minister Joyce, to his credit, has indicated that he will implement a restructure.

This is our opportunity to try and fix some of the profitability issues in our industry and obtain some influence over industry policy and the election of our industry representatives.

The inquiry is your chance to be heard. There is a lot to talk about.

Sally Turley a beef producer from Charters Towers was asked on the ABC what the thing she needed most, in practical terms, to help her get through to current price squeeze, she said:

*"..probably the biggest thing I think that we need going forward as an industry; Barnaby Joyce has called a senate inquiry into the use of our levy money. Producers pay a \$5 per head levy on each beast sold which amounts to about \$60 million the year and to date we have seen no benefit from that, we have no influence over its use and basically what we have found with this drought that has just occurred, we are just been powerless in terms of gaining control of our industry. We didn't have the power to influence any outcomes and make it better for ourselves. I think that looking forward that is what we need to address the most as an industry, having a leader, a powerbase there, where we can go out to the world marketplace and negotiate on her own behalf and make sure what has happened in the last 12 months doesn't occur again"*

We have attached a transcript of Sally's interview with this email. Sally raises some great questions, for example:

- What benefit have you received from the levies that you have paid to MLA?
- How much influence have you had over how you levies are spent?
- How can grass roots cattle producers gain control of the industry and influence outcomes so that the debacle of the last 12 months (or *few years*) never occurs again?

Please **Get Involved**. If you don't someone else will and you can bet they will be running their own agenda. Submissions to the Inquiry close on March 1, which is not far away.