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CCA restructure plan: What does the industry think?

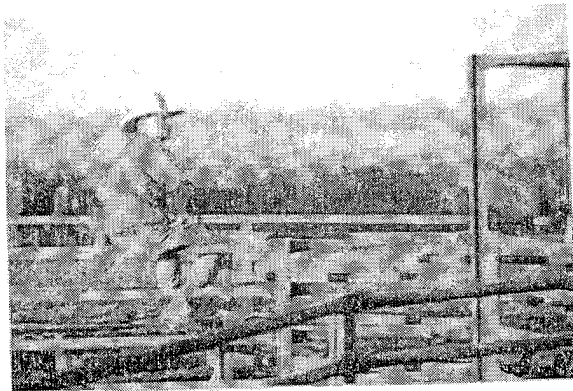
By Jon Condon and James Nason 27 Jan 2012



Initial industry reaction to the Cattle Council of Australia's discussion paper over funding options and structural reform released earlier this week has generated diverse and sometimes controversial opinions.

Here is an initial sample of views from across the industry:

AMPG: CCA reform draft falls short of target



While there are a lot of positive signs in CCA's structural reform discussion paper, it fell short of achieving the best outcomes for industry in a number of important areas, according to the Australian Meat Producers Group.

Spokesman Norman Hunt said AMPG applauded the initiative and the way CCA was going about the process in being inclusive and throwing the model out there for industry discussion.

But the consultation paper fell short in at least two key areas, the degree of direct representation and the need to consider incorporation of MLA into the

broader industry re-organisation model.

"Our fear is that this model is going to a 'half-way house' that still may not work," he said.

"What the document attempts to do is simply reform the existing CCA, which our group and others see as the easier, softer option. It is ignoring the need to bridge the impasse that currently exists between industry policy setting and policy execution," Mr Hunt said.

Instead of CCA trying to tell the board of MLA (which has its own separate duties to levy payers under Corporations Law) what to do, the model should consider merging the two entities. That would eliminate the division between policy setting and policy delivery, providing a seamless process.

While a merged CCA/MLA entity might be a 'step too far' for some industry stakeholders to accept in their initial reaction, there was great merit in such a process, Mr Hunt suggested.

"Stakeholders should consider for a moment how powerful a combined MLA-CCA body would be, with an income of \$50-\$60 million a year and a facility to directly lobby government while avoiding duplication and lowering costs."

'Tokenism' in direct election process

Mr Hunt also challenged the direction of the restructure report's strategy of maintaining State Farming Organisation representation on CCA with the overwhelming majority of the seats on the board, while directly-elected representatives would make up only four seats.

He said this representation structure smacked of 'tokenism', with attempts to make the 'direct producer access' process look stronger than it was by adding second and third tier engagement processes. These lesser channels included the formation of issues-specific 'sub-committees' including some directly elected representatives, and an annual conference where grassroots producers could present their views.

"This process does not address the core need for greater direct election to the CCA board," Mr Hunt said.

Under a pure direct election model, the SFOs would still gain representation on the CCA board, he suggested.

"In Queensland, AgForce represents about 25 percent of beef producers, so I would be startled if they could not marshall a voting bloc supporting their chosen candidate for CCA."

The process outlined in the current discussion paper did not adequately address the need to avoid the local branch/state division/national body policy-setting process which was often slow, cumbersome and did not allow effective communication from grassroots to the national decision-makers.

He also challenged background comments in the restructure document which he interpreted as suggesting State Farming Organisations should maintain their role in populating CCA simply based on some 'historical precedent.'

"We feel the state-based structure has outlived its usefulness," Mr Hunt said.

"If you consider all the peak councils that have been set up from the 1990s onwards, such as the Australian Lot Feeders Association and the Australian Live Export Council, none of them worry about state borders or state-based representation. It's all direct election," he said.

This was not to diminish the role of the state farm organisations, which would need to continue to operate effectively to deal with state-based issues.

ABA: document an admission of failure

Australian Beef Association chairman Brad Bellinger said the release of the discussion paper was an admission that the existing structure had failed.

"Unfortunately the opportunity to give greater rights to the individual producer has been overshadowed by the need for more money," Mr Bellinger said.

"Small concessions may be granted to the levy payer in exchange for a percentage of his beef tax."

He believed that continued involvement of the State Farm Organisations in CCA should not be included in any restructure.

"While it has been argued that the SFOs do contribute financially, this is countered by the CCA then giving money to the NFF.

"Last year producers through the funding of the levy reserve (residual levies carried forward from the former AMLC of \$40m) provided \$500,000 to the CCA, yet have no say in its policy or expenditure. In fact no financial accounts have been made publicly available."

The ABA believes that a restructure of one of the peak councils will do little, and what is needed is a restructure of the whole industry.

"Ideas put forward in the discussion paper such as using NLIS tags to levy producers are out of the question. To use levies to fund a hybridised SFO, NFF producer body does not work."

AgForce: levy diversion best option

Queensland's state-based cattle representative body AgForce Cattle president Grant Maudsley, who also sits on the board of CCA, said the consultation process would help industry to identify the job it wants CCA to perform, and how it should be resourced.

"We have seen (MLA managing director) Scott Hansen talk about MLA going back to basics, that means that someone else is going to have to pick up where MLA drops off," Mr Maudsley said.

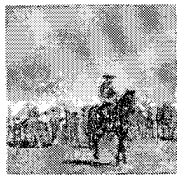
"Is that to be Cattle Council? We have to go to beef producers and say what do you want us to do, and then work out a funding model to make that happen."

Mr Maudsley said he believed that diverting a percentage of the \$3.66 marketing component of the transaction levy towards national representation appeared to be more logical than striking a levy on NLIS tags.

"I think a tag levy is a less equitable way of doing business because that cost is largely borne by the breeders," Mr Maudsley said.

"The steer fattener will replace tags obviously, but the breeder is carrying more of the burden."

He urged cattle producers to take advantage of the opportunity created by the existing consultation period to have their say about national representation.



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