Gloom surrounds Cattle Council

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| *November 7, 2012*

Family affair: Farmers Andrew Ogilvie (right) and brother Richard at their Spots Hill cattle property near Kingston in the state's south east.

THE Cattle Council of Australia is struggling with its proposed reforms, writes BRIAN CLANCY

Andrew Ogilvie has achieved a lot in very a short time as president of the Cattle Council of Australia.

His big achievement has been to keep the nation's largest cattle producers and the CCA and its state affiliates in the same "tent" for nearly a year in the quest for a more powerful, more representative and better funded organisation for beef producers.

After many meetings, producer surveys and feedback sessions, Mr Ogilvie says there is unanimous agreement for a new body to control the spending of the producers'

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statutory grass-fed $5 transaction levy, including funding for a new representative organisation.

But that's where Mr Ogilvie's achievements and the reform proposals seem to end.

He and CCA have three reasons for reform.

Mr Ogilvie says CCA's current budget of $1.3 million is unsustainable for an organisation expected to lobby government on a range of trade and animal health issues while trying to maintain services to its affiliates.

Revenue for that budget is derived from a $540,000 contribution from investment funds held by the Red Meat Advisory Council, sponsorships, government consultation fees and $230,000 from the state farming organisations, which include the Victorian Farmers Federation.

The problem for the CCA is that RMAC's contributions are being affected by a tight investment climate, while the SFO funds are also contracting as producers opt out.

Also, the CCA, because of a drop in membership among its state affiliates, recognises that it is not as representative as when it was formed more than 30 years ago.

A third reason is that Meat and Livestock Australia has sharpened its objectives, focusing on marketing and research.

In the past, MLA could be counted on to work in the background to fight for the rights of producers.

That role changed suddenly in the wake of the Federal Government decision last year to suspend shipments of live cattle to Indonesia because of animal welfare concerns.

CCA's answer or preferred option is to open its board to directly elected representatives. It is proposing a 16-member board - eight appointed by the affiliated SFOs and eight elected by producers with votes weighted according to levies paid by individual producers.

The council believes this would accommodate the nation's largest producers, particularly the "corporate" or northern cattle interests.

The council is also proposing that its funds should be supplemented by a share of the transaction levy marketing component - about $3.6 million via 30 cents of the $3.66 currently allocated to MLA's marketing programs.

This levy arrangement would also include an opt-out clause for producers who believe that the marketing component should only be used for marketing.

The council would seek to have the levy contribution used only for policy development.

But the big northern cattle interests or the corporates are not buying the proposal or Option B.

They want Option C.

Option A, for a 16-member direct-elected board has been rejected by the SFOs and the corporates.

The corporates include the likes of the Australian Agricultural Company, Acton Land and Cattle, Consolidated Pastoral, Stanbroke, Kidman, and Northern Australian Pastoral Company, who between them run about 1.7 million head or 6-7 per cent of the national breeding herd.

The corporates, who have won support from the group Australian Beef Association, want a national beef organisation which manages and controls the levies, including control of the marketing and research expenditure for beef.

They want a beef-only body and see no value in the SFO structure.

MLA's functions, at least for its beef activities, would be reduced to service provision.

The processors, who contributed $9.3 million to MLA programs in 2011-12, would not be part of Option C arrangements.

The corporates see the pig industry's Australian Pork Limited as model. APL, with a budget of $17 million or one tenth that of MLA, was established in 2000 in an amalgamation of producers' Pork Council, the Pig Research and Development Corporation and the marketing arm Australian Pork Corporation.

Pig producers pay a slaughter levy of $2.828/head.

APL also has a statutory funding agreement with the federal government which includes refraining from any agri-political activity.

Although what's agri-political can be a little grey.

Four years ago APL lobbied, albeit unsuccessfully, the government on the need for additional tariffs or assistance to curb the flow of subsidised imports of Danish and North American pork.

ABA and the corporates are heartened by the suggestion of Agriculture Minister Senator Joe Ludwig that the industry should look at the APL model.

Neither Minister Ludwig or the Department of Agriculture Forestry and Fisheries have made any commitments, particularly over access to levy funding.

In fact ABA and the corporates believe Option B will fail because the government would be reluctant to allow levies to be used by a stand-alone commodity group like Cattle Council even if representation was expanded.

The main reasons would be that there is no formal administrative record of how much levy is paid by individual producers.

And, by allowing beef producers access to the levy would set a precedent for other peak commodity groups like WoolProducers and Sheepmeat Council of Australia who are also strapped for funding.

Next week the options will be costed and discussed at CCA's annual general meeting in Fremantle.

No decision is expected.

And unless the corporates agree to Option B and the government agrees to provide access to the statutory levies, hopes of any major reform look very bleak.

"It will be back to square one" says Mr Ogilvie.

That would be option D.