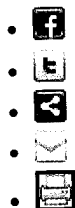


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Lobby group presents case for industry reform



By Jon Condon 20 Jul 2011



A newly-formed industry lobby group has presented a case for widespread reform of red meat industry structures, saying its plan would substantially reduce unnecessary cost and streamline the industry management and policy-setting process.

The Australian Meat Producers Group represents a collection of industry stakeholders from disparate backgrounds who share a collective concern about the 'dysfunctional' nature of current red meat industry structures, especially lack of transparency and accountability.

Membership includes large and smaller-scale beef producers from northern and southern Australia, corporate producers and meat processors.

Representatives of the group recently visited Canberra to brief Federal politicians and senior political advisors representing Simon Crean and Joe Ludwig on their preliminary ideas for reform.

The need for red meat industry organisational reform "appeared, at least unofficially, to be widely accepted, and there was widespread in-principle support" for aspects of the plan, a communiqué circulated within the group said, following its Canberra visit.

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The preliminary plan – which the group stresses is still work in progress and not yet agreed-to among all AMPG members - clearly echoes back to the pre-MLA formation days, when there was distinct separation between industry sectors, and between R&D and marketing functions.

While the final form of AMPG's model is still taking shape, key components of an internal discussion paper circulated among members this week include:

- Separation of sheep and beef corporations
- R & D and marketing functions to be carried out by different corporations
- Separate producer and processor marketing corporations
- Reform of the marketing corporations and board selection voting structure to broaden the sense of the 'industry ownership', and
- The abolition of the Red Meat Advisory Council.

“There appears to be a general feeling that the current statutory levy-funded organisations have lost touch with their grass roots levy payers and members, and we believe the proposed reforms would provide a greater sense of grass-roots ownership of the decisions made by the levy-funded organisations, reduce costs and provide better outcomes and better value for levies paid,” the internal communiqué said.

The group's views set the scene for a period of vigorous debate leading up to this year's MLA annual meeting to be held in Longreach on November 17.

The AMPG clearly stresses that its actions are not simply an attack on the MLA as the industry's service delivery company, but are much more comprehensive and broad-based in their purpose.

In the group communiqué, it is argued that the reforms outlined above could be achieved by:

- A producer-only rebranded and streamlined 'MLA' with reduced functions based on a slaughter levy rather than a transaction levy. It argues this would reduce costs because:
 - Cattle are sold an average 1.7 times before slaughter. Consequently the current \$5 transaction levy represented about \$8.20 generated for each beast slaughtered, plus \$1.60 processor levy which did a 'round robin' through the AMPC before finding its way to the MLA. Total cattle levies currently collected for each beast slaughtered were therefore closer to \$9.80 per head than \$5, AMPG suggested
 - There are about 8 million cattle slaughtered in Australia each year and 700,000 cattle sent into live export. If the current transaction levy was changed to a one-off \$5.00/head slaughter/export levy, savings would be potentially \$40 million each year. On the basis of its preliminary estimates, AMPG believes that would still leave sufficient funding for streamlined core functions from a beef-only corporation.
 - A similar or greater percentage in savings would be achieved by replacing the current sheep transaction levy with a one-off sheep slaughter levy, the group says.
- Processor slaughter levies to be paid to the AMPC so the processors are no longer involved in the MLA (which AMPG's discussion paper suggests was part of the original concept for industry restructure back in the 1990s)
- The group concedes that partitioning R&D functions into a separate rural industry R&D Corporation type entity appeared to be more problematic, although its arguments regarding transparency and governance issues that flow from an industry marketing body administering levy and Government funded R&D would have some impact.
- Under the model, board elections and major decisions such as adjusting the level of levy charges could be determined in both the producer and processor streams on the basis of two voting registers. The first register would be a one PIC holder/one vote register, with the second based on the amount of levies paid (similar to the two voting registers under the current AMPC Constitution),
- AusMeat would be owned jointly by the new sheep and beef corporations and the AMPC

- The Red Meat Advisory Council would be abolished under the model, with the Industry Reserve Fund to be held jointly by the new Sheepmeat Marketing Corporation, the new Beef Marketing Corporation and the AMPC, as an industry emergency reserve fund. Industry peak councils would become self-funding from member contributions.

Questioned about the initial reaction to the working paper concepts from Ag Minister Joe Ludwig, given that he has ultimate say over any call for industry reform, an AMPG spokesman said its strategy was not targeted primarily at convincing the Minister of the scheme's merit.

"Instead we are seeking broad support from industry members themselves," he said.

"We believe that if we can present evidence of overwhelming industry support for this process, then the Minister's job in making the right decision is made that much easier," the spokesman said.

- Beef Central is keen to hear industry opinion from grassroots beef producers and levy payers about the concepts outlined here. Readers can either send emails direct to feedback@beefcentral.com or use the comment function at the bottom of this page to lodge an opinion. In order to lodge a comment on Beef Central, it is necessary for readers to register first as a free subscriber to Beef Central's daily email news alert (see 'Keep up to date' panel on this page.)



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