



Multinationals 'control' MLA

By MEGAN STAFFORD

A DIRECTOR of the Australian Beef Association (ABA) agrees with inquiry submissions that claim MLA is controlled by multi-national corporations in the meat processing and retail sectors.

Brad Bellinger has devoted time to researching the pricing of beef, particularly the discrepancy between high supermarket prices for beef and low wholesale dollars for the producer.

Mr Bellinger said the Senate Inquiry into the collection and disbursement of levy monies was a chance for the livestock production sector to prove how little it had benefited from forced levies and how little control the grassfed cattle producer has in representative bodies.

He said three companies that ran half the nation's herd killed 70 per cent of Queensland's cattle, while two supermarkets retailed more than 50pc of the state's beef.

Such concentration of influence had infiltrated MLA, Mr Bellinger said, with the 30-day rule allowing meat processors the right to vote and the opportunity to control the producer-led body by paying the \$5 levy.

"If a processor buys cattle, places them in a feedlot that they own, hold them for more than 30 days before, and then kill them in an abattoir they also own, this is then deemed by DAAF as a transaction," he said.

"About 200,000 people sell cattle and pay a levy. Of those, only about 9000-10,000 apply for and gain their full voting entitlement. Of those who claim their voting entitlements, only 3600 actually use them. Of the 3600 that use their votes, the top 41 voters control over 50pc of the vote.

"Of the top five voters that now control close to 30pc (of the vote), four of them are multinational processors and the one that isn't, is soon to become one."

Mr Bellinger said this analysis was four years old, as MLA had now installed a security program on the electronic copy of the register. He said this was to prevent ABA easily identifying the top voters, of whom Mr Bellinger was confident most of the top 16 were all processors who gained their votes through the feedlots they owned.

"It is obvious who controls MLA and MLA itself judges its success on the value it adds to the industry; not the value of cattle, but the value of beef at retail and exported," he said.

"They embrace an economic theory known as the pull through effect. They claim that if the price of beef goes up, then the price of cattle will also be pulled up with it."

Mr Bellinger said the pull through effect was a misnomer, with "processors currently enjoying near record highs for their beef" while "the depressed prices we receive for our cattle are only too real".

MLA managing director Scott Hansen said it was true vertically integrated processors (those who move their cattle from



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feedlot to processor) paid a transaction levy, but he said those funds were directed to the grainfed levy income, and not the grassfed producers'.

"The idea that processors have some dominant say is not accurate and, in fact, the only increased influence they have is that there is a smaller number contributing a greater amount," Mr Hansen said.

"As an investment-based organisation, those who invest more have more of a say where that investment should be made."

Mr Hansen said MLA had no legislative power to interfere with market powers or forces and that such power rested with the government and the representative bodies, such as the CCA and Australian Lot Feeders' Association, which provided a voice to the government.

"What we can continue to do is expand the customer base to ensure concentration of power doesn't fall into too few hands," Mr Hansen said.

He said expanding the international market from "a few major players" - the US, Brazil and Japan - to incorporate south-east Asia and the Middle East meant new customers and more competition for beef.

Mr Hansen said this would translate back to the producer once they received good rainfall.

"The pricing power is in the hands of the processor, but if the processor doesn't have customers demanding its product, they don't have much they can offer and ask cattle producers for.

"As such, increasing numbers of producers, particularly in Queensland, are taking their own product through the supply chain, and branding their own product to sell."

In terms of participation in voting, Mr Hansen said MLA was on par with other publicly listed companies in Australia, with an active participation rate of 12-15pc.

A large Australian meat processor,



A trusted source in the meat processing sector said processors were at the sharp end of market access and the pricing of cattle reflected the available supply and price signals received from the market.

who wished to remain anonymous, backed up Mr Hansen. He said the Australian Meat Processors Corporation (AMPC) collected processors' slaughter levies. The meat processor said joint programs between MLA and AMPC demonstrated a collaborative approach, especially in terms of market access.

He said while there had been times when meat processors had been on the MLA board, it was not a regular occurrence and that under the corporate governance arrangements in place under MLA (an elected board), no one levy payer or group of levy payers could influence decisions.

"Both producers and processors are all in the same position; we are an export industry competing against the other animal protein exporting nations, especially the US and Brazil.

"Being more productive on the farm and through supply chain and taking costs

out is beneficial for all. This is critical as costs, especially government charges, (for example, the carbon tax imposed on processors and the \$81 million per annum of AQIS inspection charges) which are levelled at industry find their way back to the producer."

The meat processor said processors were at the sharp end of market access facing challenges in terms of ongoing market access and Australia continuing to be an expensive place to process animals.

"The facts are it costs twice the price to process here than in the US and we compete with the US in all key markets. It is also cheaper to move a 40-footer ship from the US to Asia than it is from Australia to Asia," he said.

"We need to continue to increase competitiveness, remove costs throughout the supply chain and open up trade and market access; otherwise we will find it difficult to compete long-term in international markets."

He said the pricing of cattle reflected the available supply and price signals received from the market.

"If you looked at the top sell price of bullocks over the last few years; that has held up pretty well. Year on year, it hasn't moved much.

"Cow prices have suffered because of the number of cows on the market and drought conditions have exacerbated that."

Mr Bellinger said the seasonal conditions were not the only excuse for low prices.

"Even before the drought, we were still getting the lowest cattle prices in the world," Mr Bellinger said.

"It is crunch time for Australian producers. We must take control of the \$54 million we give to MLA with a democratically elected board that look after our interests only - not processors, not supermarkets, and certainly not a multinational fast food outlet such as McDonald's."

Regional airstrips to be upgraded

QUEENSLAND Senator Ron Boswell has welcomed the Coalition Government's \$250,000 investment to upgrade Greenvale, Pentland and Camooweal aerodromes as part of the Regional Aviation Access Program.

Deputy Prime Minister and Minister for Infrastructure and Regional Development Warren Truss last week announced that 39 remote communities, including Greenvale, Pentland and Camooweal would share in almost \$9 million of specific funding for regional airstrips.

Senator Boswell said the funding would provide: re-sheeting of the runway (\$105,000) and installation of solar run-

way lighting and an illuminated wind direction indicator (\$25,965) at Greenvale; installation of runway lighting and an illuminated wind direction indicator (\$25,965) at Pentland; and installation of runway perimeter fencing and upgrading of drainage (\$95,000) at Camooweal.

"These upgrades will help communities in these areas to be assured that aviation safety obligations are up to scratch and that air services, such as the Royal Flying Doctor Service, Australia Post, freight and other air transport services, can continue to service local needs," Mr Truss said.

"Increasingly, these communities

depend on their airstrips for delivery of everyday goods and services, including medical care and supplies," he said.

"A fully functioning airstrip helps to stem the disadvantage that distance can inflict on these communities, so making sure they are open and serviceable at all times is a priority.

"Today, the Australian Government has delivered practical, sensible improvements to make our runways safe and more efficient.

"This investment is part of the Coalition's commitment to regional and remote communities and to improving the nation's infrastructure."

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