

# New crisis as meat industry split by demand for inquiry into grants

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Kelly Burke

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Something's not right ... Australian Beef Association accused of playing favourites with grant money. *Photo: Louie Douvis*

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CATTLE farmers have demanded an inquiry into the amount of federal government grants and farmers' levies that have been distributed by Meat and Livestock Australia to companies with which its directors are linked.

As the fallout from the government's ban on cattle trade to Indonesia continues, farmers want an examination of the publicly-funded MLA and its meat processing equivalent, the Australian Meat Processor Corporation.

The Australian Beef Association has told the Productivity Commission that the MLA and the meat processing corporation have collectively spent \$700 million of farmers' levies and taxpayers money on about 4000 research and development projects, yet only \$100 million of this has been transparent.

Figures obtained by the *Herald* show that four of the country's largest meat processors - JBS Australia, Nippon, Rockdale and the formerly Packer-owned Teys - were awarded almost one-third of the meat processing corporation's entire budget for research and development between 2003 and 2008 under its plant initiator project scheme. During this time representatives of those four companies sat on the MLA board.

The \$10 million spent by the meat processing corporation on these grants makes up only 25 per cent share of the total. The MLA contributes a further 50 per cent but does not make its expenditure public, citing commercial in confidence rules. The recipient of each grant pays the remaining 25 per cent.

In response to the allegations, the MLA managing director, David Palmer, said the authority had "strong processes" to deal with conflicts of interest on its board.

A MLA spokesman said its directors were absent from meetings when grants involving their companies were discussed.

"The Australian Beef Association has continually sought to undermine the industry and its programs and is not supported by the broader industry," Mr Palmer said.

The Australian Beef Association says \$17 million, or about a quarter of the MLA's 2009-10 research and development budget, has been allocated to organisations associated with nine of the MLA's 12 board members.

It says many of the grants have been used for administrative and promotional activities, not research or development.

Mr Palmer said eligible research and development activities could include administration, operating and capital expenses.

John Carter, a former chief executive and chairman of the NSW Meat Authority who is now a director on the Australian Beef Association's board, said a full judicial inquiry into the industry was urgently needed. "Despite spending over \$1.7 billion of our levies and taxes MLA has failed dramatically," he said. "Our industry is going out backwards."

Mr Palmer said MLA had made public a range of materials, including final research and development reports. "We also focus on delivering practical tools for livestock producers and processors in the field and these are widely published, communicated and well received by industry," he said.

[kburke@smh.com.au](mailto:kburke@smh.com.au)

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