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## SECTION SIX

# FUTURE ORGANISATIONAL STRUCTURES

### 6.1 THE FOUNDATION STONES OF AN EFFECTIVE ORGANISATIONAL STRUCTURE

The Task Force/Steering Committee identified the following key *design features* to a successful meat industry organisational structure, irrespective of design features.

#### 6.1.1 Industry Ownership

The current statutory bodies are government owned but are largely funded through industry levies, as well as government R&D grants. Accountability is mixed, and is both to government and the contributing industries.

The penalties of government ownership are both internal to the bodies and external through their relationship with industry.

The culture of an organisation is inevitably influenced by its ownership and accountability arrangements. A commercial culture is needed to deliver the MISP goals.

A consultative relationship between agencies and industry, as currently exists, is quite different from one based on ownership responsibility by industry, and service provision to its owners by the agency.

#### 6.1.2 Willing Partnerships

Currently MIC/AMLC/MRC activities are funded jointly by the producer, processor and live exporter sectors, although the current levy arrangements, particularly in the sheepmeat sector, somewhat blur sector payments.

The processing and live export sectors have consistently and publicly questioned the value for their money from some programs. This criticism, reflecting a lack of client commitment to services intended to benefit their businesses, is corrosive of agency morale and effectiveness.

The service-providing agencies should be delivery agencies that meet willing client

A voluntary levy-funded, processor-owned company that does business on a project basis with producer-owned agencies has support within the processing sector. This proposal is consistent with the 'willing partnership' principle. Jointly (producer/processor) owned agencies could be funded by a mix of statutory producer levies and non-statutory processor funds.

### **6.1.3 Industry Associations**

Integral to the effectiveness of the proposed new industry structure is the capacity of industry associations to play a more effective role in the future, with the relationships between the associations and levy-funded organisations to be more professional and better defined.

Suggestions on the future roles and possible improved partnership arrangements with regard to industry associations have been provided in Section 8 of this report, and are covered under Purpose (3).

## **6.2 EXISTING CORE FUNCTIONS FOR COLLECTIVE ACTION**

The MIC has a limited range of functions which are regarded as core collective functions in the sense that they are essential activities, although they could be relocated within alternative industry structures.

These functions cover the development of a vision and strategic directions for the industry and the formulation of broad policies to be complied with by the AMLC and MRC.

The AMLC can be defined as a collectively funded professional services organisation that initiates specialised marketing and promotion programs on behalf of meat and livestock producers, processors and exporters to increase demand.

Since these three elements in the market chain are both levy payers and beneficiaries, the levy is similar to a fee-for-service.

As the operations review report points out, the AMLC incurred a net expenditure of \$81.9 million in 1995–96. The main categories of expenditure were:

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- the cost of preparing, purchasing and placing promoted material (\$43.9 million)
  - the costs of employees engaged in direct marketing and promotion, marketing support and corporate support services (\$22.7 million)
  - consultants and legal advisers (\$3.4 million)
  - other promotional supports (\$1.3 million)
  - program maintenance – equipment and infrastructure (\$10.6 million)

Reference to the AMLC annual reports and discussions with stakeholders suggests that current core functions of the AMLC comprise:

- Industry Strategic Planning
- Market Access
- Market promotion, advertising, market development, consumer education
- Research and development: management and funding
- Corporate and operational planning, expenditure determination and allocation
- Quality system development, language/description/grading, systems planning
- Export licensing
- Quota administration
- Data collection, holding and market reporting.

Clearly, the extent to which such functions are undertaken can vary each year with market circumstances and developments. Overseas and domestic market promotion is, nevertheless, consistently the most prominent expenditure item with some 70% of total outlay. Export promotion alone represents about 50% of total outlays.

The MRC is an R&D funds manager rather than a provider. The legislation has provided the MRC with responsibility for R&D planning and encouraging effective and efficient R&D capability.

With those broad responsibilities, the core functions are:

- investigate and evaluate the needs of industry for meat and livestock R&D

- monitor and report on R&D to the Parliament and industry.

### 6.3 EXISTING NON-CORE FUNCTIONS

The identification of non-core functions is largely a matter of opinion. However, on the basis of budget allocation and discussion with industry representatives and stakeholders, the following functions are put forward as non-core:

- foreign government lobbying
- overseas buying linkages and technical information
- market reporting and data interpretation.

In the context of this review, non-core functions are not seen as unnecessary, but they are more readily able to be taken up by alternative means in the short term. They are also the type of functions which are not exclusively undertaken by the AMLC and are already being implemented by others, including governments and private firms.

Clarification of the nature and number of non-core functions is also necessary in terms of achieving lower costs for the future and therefore lower levy imposts on industry.

Non-core functions in the MRC arena relate to the scope for R&D to be more strictly defined. Under the *Meat and Live-stock Industry Act 1995*, R&D is described as 'systematic experimentation or analysis in any field of science, technology or economics carried out with the object of:

- acquiring knowledge that may be of use for the purpose of improving any aspect of the production, processing, storage, transport or marketing of meat or livestock, or
- applying knowledge...(for the above purpose)'

This definition tolerates wide-ranging activities, but the review suggests that market research is a principal non-core R&D activity which would more appropriately be undertaken by the AMLC or a non-levy-funded body.

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## **6.4 PROPOSED FUTURE CORE FUNCTIONS FOR COLLECTIVE ACTION**

Widespread industry consultation and responses to the Task Force questionnaire illustrated significant differences between major stakeholder groups (producers, processors and exporters) as to what range of functions are necessary for a future levy-funded organisation. There were also some significant differences within stakeholder groups on the requirements for collective action.

This result is not surprising, given the wide range of farming systems in the various agricultural zones of Australia and the number of different sectors in the meat chain.

In general, the farm producer organisations and individuals supported a considerably wider range of functions under the marketing and R&D categories than did processors, exporters or stock agents. In fact, processor, exporter and stock agent submissions tended to prefer either no collective levy-based functions or a very limited number of such functions on a selective basis.

As with producers, however, the representatives of smaller meat processing and trading businesses were in favour of more numerous levy-based collective activities.

Their responses tend to indicate a predictable variation of attitudes based on corporate size as a major influence. Smaller family-based farming proprietorship's and private corporate meat handling companies indicated a more collective approach at the off-farm level than did the larger family or public companies in the meat processing and exporting sectors.

The livestock exporters were inclined towards collective action on a voluntary funding base since they are much fewer in number than other parts of the meat chain – notably beef and sheepmeat producers.

### **6.4.1 Assessment for the Future**

Given that industry levies are in effect raised at the behest of industry rather than government, the list of industry-required functions for collective action is of considerable importance. The disparate requirements reflected in responses to the Task Force also illustrate the multiplicity of stakeholders in the meat industry statutory authorities.

For this report it was decided, therefore, to take the wider list provided by industry representatives and to examine the extent that these functions should be undertaken collectively. The examinations also assessed how these functions might be shared with, for example, government and industry bodies, and how they might be best undertaken in a competitive environment, including outsourcing and charging for services.

The results of this assessment are summarised in Table 6.1.

/ SHEEPMET INDUSTRIES

INDUSTRY ONLY	SHARED WITH GOVT.	FUNCTION DELIVERY	PERFORMANCE AREAS
*			
ic		<ul style="list-style-type: none"> <li>The exercise of this function is partially linked to whether or not there is single species levy funded agency. (Note: The MISP is so structured that the goals can readily be streamed into product (beef, sheepmeat) groups.)</li> <li>Could be done internally as a core agency role, or exercised by a industry strategic planning unit funded by the agency.</li> <li>It is very important that the meat industry retains its strategic <u>planning capability</u> in some form.</li> </ul>	<ul style="list-style-type: none"> <li>Annually updated MISP provides strategic guidance to industry and government on priorities and objectives.</li> <li>Comprehensive industry performance and market assessment conducted every 5 years - Industry Strategic Plan.</li> </ul>
	*	<ul style="list-style-type: none"> <li>Govt to Govt (ie strategic issues) handled by DEAT with agency input.</li> <li>Trade issues handled by agency (ie operational issues), with some outsourcing potential.</li> <li>Planning, monitoring and administrative capability remain 'in house'.</li> <li>Creative input and delivery should be outsourced.</li> </ul>	<ul style="list-style-type: none"> <li>Market access leverage opportunities are identified and actioned with government.</li> <li>Inputs to Govt led trade negotiations.</li> <li>Technical issues with overseas agencies are resolved.</li> </ul>
les/ st on	*		<ul style="list-style-type: none"> <li>Demand created via generic promotion implemented in higher enterprise risk developing markets.</li> <li>Generic promotion implemented in key established markets as per strategic plan.</li> <li>Co promotion with company brand promotion on selective basis.</li> <li>Market development and market reaction activity implemented selectively.</li> </ul>

COLLECTIVELY FUNDED FUNCTIONS	INDUSTRY ONLY	SHARED WITH GOV'T.	FUNCTION DELIVERY	PERFORMANCE AREAS
<b>SERVICE DELIVERY CONT.</b>				
(4) Research and development		*	<ul style="list-style-type: none"> <li>• Long term and fundamental research should be given strong weighting in the allocation of funds.</li> <li>• Planning, administration and core project monitoring capabilities in house.</li> <li>• Project management, and particularly project delivery, should be outsourced.</li> <li>• Key facilitation role.</li> </ul>	<ul style="list-style-type: none"> <li>• R&amp;D activities to be closely linked to long term market opportunity and/or improve enterprise profitability.</li> <li>• Innovative outcomes relevant to improve performance of levy payers.</li> </ul>
(5) Post access facilitation	*		<ul style="list-style-type: none"> <li>• Corporate and operational planning - in house.</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities sought and investment encouraged.</li> <li>• Strategic or temporary investment success by Board to shareholders.</li> <li>• Expenditure balance across function can be understood and accepted by industry leaders.</li> </ul>
(6) Agency corporate and operational planning	*			



UNFUNDED FUNDS	INDUSTRY ONLY	SHARED WITH GOVT.	FUNCTION DELIVERY	PERFORMANCE AREAS
ION				
usage/ ing systems egrity ing food 1 QA.		*	<ul style="list-style-type: none"> <li>Standards setting/ integrity assurance to be separated from contestable service delivery.</li> <li>Commonwealth/ State Govt regulatory standards/ industry self regulatory standards to be integrated to avoid overlap.</li> <li>Small administrative role exercised directly by agency, or outsourced.</li> </ul>	<ul style="list-style-type: none"> <li>Industry 'paddock to plate' QA systems with integrity of adherence to standards monitored.</li> <li>On line inspection functions at State/ Commonwealth level progressively replaced by enterprise QA.</li> <li>Export licensing underpins industry QA systems.</li> <li>Export licensing criteria updated and kept current.</li> </ul>
ing		* Accreditation and export licensing powers of an industry agency(ies) derive from Commonwealth Govt powers.		
erformance	*		<ul style="list-style-type: none"> <li>Core agency management function with outsourcing potential eg accounting function.</li> <li>Core management function with outsourcing potential.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Govt requirements related to levy income and (if applicable) ownership.</li> <li>If non statutory, compliance with corporations law.</li> <li>Direct communication to stakeholders.</li> <li>Info readily available to stakeholders</li> </ul>
	*			

COLLECTIVELY FUNDED FUNCTIONS	INDUSTRY ONLY	SHARED WITH GOVT.	FUNCTION DELIVERY	PERFORMANCE AREAS
<b>INDUSTRY/ IMAGE/ CRISIS RESPONSE</b>				
(11) Image of industry and its product	*		<ul style="list-style-type: none"> <li>• Capability to evaluate, scope and generate appropriate publicity on industry (as opposed to industry sector) issues.</li> <li>• Could be largely outsourced.</li> </ul>	<ul style="list-style-type: none"> <li>• Improving image for the industry in ter safety, product appeal, economic benefits, impacts.</li> </ul>
(12) Major issue response/ crisis management	*		<ul style="list-style-type: none"> <li>• Major issue/ crisis management capability to deal with major issues.</li> <li>• Large outsourcing potential.</li> </ul>	<ul style="list-style-type: none"> <li>• Issues response plan and rapid response capability exists.</li> <li>• Unity in response.</li> <li>• Global network exists (with Govt).</li> </ul>
<b>INFORMATION GATHERING AND INTERPRETATION</b>				
(13) Holding of data	*		<ul style="list-style-type: none"> <li>• Primary data to be collected from ABS/ ABARE/ AQIS/ State Meat Industry Authorities/ other relevant bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated data base of primary data whi industry strategic capability to be exercised standard, and is kept current.</li> </ul>
(14) Market reporting	*		<ul style="list-style-type: none"> <li>• Publication of interpreted data, as distinct from factual reporting of trends, should be left to enterprise.</li> <li>• Interpretation of primary data, and market dynamics, has been a significant role of AMLC.</li> <li>• Industry associations or enterprise have the capacity to commercialise the interpretation role.</li> </ul>	<ul style="list-style-type: none"> <li>• See preceding</li> </ul>

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A number of major operational recommendations are incorporated in this report. These can be summarised as follows.

- The identification and performance of levy activities needs to be streamlined and assessed in conjunction with both a defined limit to the activity, and the method in which it is to be managed and delivered on behalf of levy payers.
- In this regard, a future structure should change from a program to a resource allocation approach, which can clarify accountability and improve cost-effectiveness.
- A project approach is advocated which would enable key market activities such as market access, promotion and quality systems services to be undertaken more flexibly, with contracting out of the implementation and delivery of marketing and promotion programs if this is more cost effective.
- R&D, already outsourced to a significant extent, could be further left to corporate participants, particularly in the post farm gate areas, therefore collectively funded and managed R&D would retain a strong on-farm focus.
- Market intelligence and market development research should be located with the marketing services area of future levy-based structures.
- Future levy-based organisations should provide collective functions as service organisations rather than as program or project deliverers – such that core business is in strategic design rather than in the implementation.

## **6.5. OTHER MODELS**

### **6.5.1 Australian Models**

The Task Force undertook a scan of voluntary and levy-funded organisational structures in the non-meat sectors in Australia. The purpose of this fact gathering exercise was to assess any implications which could be drawn for possible future red meat institutional structures, recognising that such comparisons need to give full attention to the specific characteristics of different industries.

A selection of alternative structures in other industries and a brief description of their

industry, there is no formal structure, however, to achieve coordination.

The Australian Cotton Foundation, funded by a voluntary contribution from growers, promotes high standards of environmental management among cotton growers through industry self-regulation and promotes the use of cotton and further processing in Australia of Australian cotton. As with all voluntary levies it is not possible to ensure 100% collection.

The Australian Cotton Growers Research Association monitors research needs, sponsors a biennial research conference and is the responsible industry body for the purposes of the *Primary Industries and Energy Research and Development Act 1989* under which the Cotton Research and Development Corporation has been established.

The Cotton Research and Development Corporation is funded by a compulsory levy on cotton growers, matched by Commonwealth funds. A board allocates funds to research organisations on a competitive basis, having regard to a five-year strategic plan and annual operational plans approved by the Minister for Primary Industries and Energy.

Cotton Seed Distributors is responsible for the supply of high quality cotton seed for sowing and encourages research to improve the quality of seed and the development of improved cotton varieties.

The Raw Cotton Marketing Advisory Committee provides a forum for the interchange of information between the ginner, marketer, spinner and government on matters affecting the cotton industry as a whole, particularly quality issues and industry standards. A long-standing arrangement whereby secretariat support is provided by DPIE, is soon to end.

### **Effectiveness**

The industry's reputation is its strength in marketing, mainly due to the use of forward selling.

There is now seen to be a need for better coordination within the industry because:

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- the industry has grown
    - development of the industry was fostered by the pioneering Namoi Cotton Cooperative, but Namoi is now just one of 5 or 6 big players in the industry
  - there may soon be a resumption of growth in the industry
    - at a time of increasing concerns about water use, pesticide use and transgenic cotton
    - with resultant increasing quantities of cotton to sell
  - individual companies have developed markets, and with more cotton to sell, more coordination is needed.

Agribusiness funding was obtained to develop a strategy for the industry:

- the draft strategic plan is being prepared by McArthur Consulting and a recently established industry Steering Committee reporting to industry on the establishment of a peak industry body representing all sections of the industry
- the current mechanism for funding (ie. the reliance on voluntary contributions from growers to fund the Cotton Foundation) will be addressed in the strategic plan.

### **Relevance to the Meat Industry**

While the Australian cotton industry has limited relevance to the meat industry, the following points are of interest:

- while there are only 1200 cotton growers, the industry has grown to the point where its institutional arrangements are now seen to be inadequate and are being reviewed
- there is an absence of government involvement in cotton marketing but, with increasing production, more industry coordination is seen as necessary in market development and in other areas.

### ***Australian Dairy Industry***

The dairy industry model for collective action accords with the 'Kerin model':

- the Australian Dairy Corporation is a statutory marketing body
- the Dairy R&D Corporation is a statutory R&D body.

Activities of the statutory marketing and R&D bodies are funded by statutory levies.

ADIC is:

- funded by income from real estate which it owns, the purchase of which was funded by a one-off \$9 million payment from the Dairy Industry Fund, a fund peculiar to the dairy industry which was derived from investment of surplus funds from a defunct industry stabilisation scheme
- not a recipient of payments from the statutory marketing and research bodies to cover 'consultation expenses' or of statutory levy monies.

### **Effectiveness**

The dairy industry institutional arrangements are seen to be very effective. This can be attributed to:

- the strength and standing of ADIC, which is not a statutory body, but a creation of the industry and was in place when it became government policy to have separate policy, marketing and R&D bodies
- the strong leadership provided by the ADIC management committee
- clearly identified roles for the three industry bodies, and close consultation and cooperation between these bodies
- concentration of the dairy industry in particular regions, which facilitates communication, coordination and consultation
- good industry profitability

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- underpinning of the structure by the cooperative nature of the industry (80% of milk produced is processed by cooperatives) and consequent strong link between production and processing.

### **Relevance to the Meat Industry**

Careful consideration of the dairy industry model is warranted because it is successful. However, the reasons for this success are, for the most part, peculiar to the dairy industry, in particular the integrated nature of the industry and the position of ADIC.

Mechanisms to win participation by the dairy industry in R&D, and thereby better direct R&D activities to meet industry needs, could be considered for the meat industry. The Dairy R&D Corporation (DRDC) has established a variety of such mechanisms, including regional development programs and joint venture R&D partnerships. The Australian Starter Culture Research Centre, a joint venture (jointly funded) between DRDC and six dairy companies, is an example of such a partnership.

### ***Australian Wheat Industry***

The Australian Wheat Board (AWB) and the Grains R&D Corporation are both statutory bodies.

The AWB operates pooling under which growers are paid in accordance with the average price received for grain in the particular pool which they supply.

There is a statutory levy to fund the Grains R&D Corporation and the Wheat Industry Fund, but not the AWB.

### **Relevance to the Meat Industry**

The wheat industry model for collective action on R&D, the Grains R&D Corporation, operates in a similar way to the MRC, so there is no alternative approach offered here for R&D.

The AWB, as a single desk seller of wheat for export, is not a model for the meat industry. However, a proposal to create a wholly owned subsidiary of the AWB to take over its commercial activities may serve as a useful model for the meat industry.

reforming the meat industry. The Grains R&D Corporation is seen to be operating satisfactorily and is therefore untouched in the ongoing effort to make wheat marketing more commercially driven. If the MRC is also seen to be operating satisfactorily, it could be subject to relatively minor changes, while more significant changes were considered in the area of meat marketing and regulatory arrangements.

### *Australian Wool Industry*

The Australian Wool Research and Promotion Organisation (AWRAP) is a statutory body responsible for both promotion and R&D.

Wool International is a statutory body peculiar to the wool industry. It is responsible for disposing of the wool stockpile and discharging the associated debt, both of which were acquired in operating the now defunct Wool Reserve Price Scheme.

A statutory levy paid by growers funds AWRAP. A levy directed to retire debt by Wool International ceased on 30 June 1996. Proceeds from stockpile sales now service the debt entirely.

### **Relevance to the Meat Industry**

The combining, in 1993, of the promotion and R&D functions previously undertaken by the Australian Wool Corporation, and the Wool R&D Corporation, could be an appropriate model for the meat industry if it was considered valuable for reasons of synergies flowing from the close connection between these functions.

A non-statutory body may, however, be more appropriate than a statutory one like AWRAP.

### *Australian Winegrape and Wine Industry*

There are two statutory authorities in the industry, funded by statutory levies on producers:

- the Australian Wine and Brandy Corporation performs regulatory and promotion functions
- the Grape & Wine R&D Corporation is responsible for R&D.



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In mid-1995, the Committee of Inquiry recommended the establishment of a separate regulatory body, to avoid conflicts of interest, and combining promotion and R&D in another body. Both the new bodies would be statutory bodies.

The industry is divided as to the most appropriate structure and the government has been consulting with the industry on this matter.

### **Relevance to the Meat Industry**

Relevant only in that the Committee of Inquiry recommended that collective action on promotion and R&D be undertaken by a single body.

### ***Pipeline Authority***

The Pipeline Authority (TPA) was a statutory body which owned an asset, a natural gas pipeline, and a right to haul gas. The asset was sold to a private company, with TPA left as a shell with some obligations in relation to the construction and commissioning of a second pipeline from the South Australian gas fields to Sydney. With the completion of the pipeline, TPA's responsibilities have been fulfilled and TPA was abolished on 13 August 1996.

### **Relevance to the Meat Industry**

The sale of TPA's asset was seen as a possible privatisation model.

If it is decided to privatise functions currently performed by the AMLC and/or MRC, it would be more appropriate to consider a model where functions (in which levy payers and other stakeholders are involved) have been privatised, rather than one which, in essence, was simply the sale of an asset owned by the Commonwealth.

### ***Australian Coal Industry***

Coal is the most regulated industry in the mining sector, but government intervention is minimal compared to many agricultural industries. Reducing government intervention has been the trend in recent years.

The New South Wales Joint Coal Board, a powerful regulatory body in the past, has been largely stripped of its powers and is now little more than a provider of workers compensation insurance and a gatherer of industry statistics.

State Governments play a bigger role than the Commonwealth, with the issue of mining leases, occupational health and safety requirements and infrastructure (particularly railways) being State responsibilities.

The Australian Coal Industry Council, an ARMCANZ equivalent, commissioned some key studies in the past, but has not met for 18 months and its future is unclear.

The Australian Coal Association Research Program commenced in 1992 when the Coal Association (which entered into agreements with member companies) entered into a memorandum of understanding with the Commonwealth, under which:

- a coal excise (a levy of five cents per tonne on coal produced, to fund coal research programs) was reduced to zero
- industry undertook to fund research to at least the level pertaining when the excise stood at five cents per tonne
- the Commonwealth contributes by allowing a tax deduction of 125% for payments by companies into the scheme
- research funds are allocated by Australian Coal Research Limited, a company established by the Coal Association, in a way which, in the industry's view, better accords with the industry's needs than was the case when the levy-funded committee was responsible for coal R&D.

### **Relevance to the Meat Industry**

The unique and successful coal industry model for collective action on R&D warrants consideration. However, there are some 81,000 beef producers and 46,000 sheepmeat producers (ie. producers with an estimated value of agricultural operations of \$5,000 and over – ABS Agriculture, 7113.0, 1995), many of whom operate on a small scale and move in and out of the industry, compared to around 50 coal companies. It would not be practical for the government to attempt to enter into a coal industry type R&D agreement with so many producers and there is no industry association with which the government could enter an agreement which would be binding on

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producers. This model could, however, have relevance to the processor and live export sectors.

The coal industry does not offer a relevant model for collective action on marketing.

## **6.5.2 Overseas Models**

In addition, a small sample of collective meat industry operations in USA, New Zealand and UK is summarised below, with a brief comment on each arrangement.

### ***US Beef Industry***

The National Cattlemen's Beef Association (NCBA) was established in January 1996 by the merger of the National Cattlemen's Association (NCA) and the Beef Industry Council of the National Live Stock and Meat Board.

NCA was a non-profit trade association representing the interests of 230,000 dues-paying cattle breeders, producers and feeders.

The Beef Industry Council was one of three divisions within the non-statutory National Live Stock and Meat Board. The other two divisions relate to pork and lamb. The council's function, now an NCBA function, was to conduct programs in beef nutrition, research and promotion using check-off (ie. statutory levy) money.

NCBA has a joint committee structure and an operating agreement with the Cattlemen's Beef Promotion and Research Board, a statutory body which collects and administers check-off. It is responsible for approving the annual budgets for national check-off-funded programs conducted by other organisations.

Under contract, the Meat Export Federation (MEF) develops overseas markets for NCBA. MEF is a non-profit trade association with offices worldwide. It develops overseas markets for US beef, pork, lamb and other meats and is the preferred contractor in meeting the industry's international marketing goals.

Non-industry groups such as advertising agencies and universities also receive contracts for specific purposes.

The NCBA Board and Executive Committee is 'seamed,' that is, producers selected by state beef councils to sit on the check-off board make decisions on the expenditure

Aspects of the US model for collective action could apply in Australia:

- It addresses competitiveness among organisations. Producers in the US beef industry can now focus on a single vision, work from a common plan and budget, implement programs through a single staff and speak with a single voice.
- It demonstrates how levy monies can be passed over to a non-statutory body for use in beef promotion and research. Audits confirm the separation of dues and check-off monies.
- It focuses on the development of strategic alliances which are seen as the keys to doing business today, for example, a relationship between public health officials and the beef industry, provision of a science-based food safety information to the media, or a relationship with a major health organisation to develop diet and exercise materials for health-conscious consumers. Strategic alliances allow participants to achieve greater results together than they would have achieved separately.
- NCBA's structure has a minimum of bureaucracy and clearly defined centres of responsibility, with power and autonomy given to the team with each centre.
- NCBA's marketing efforts, on domestic and export markets, strike an appropriate balance between joint actions involving beef, pork and lamb groups, and actions aimed solely at marketing beef. The beef, pork and lamb industries work together on certain diet-health, animal welfare and other issues.

### *New Zealand Meat Industry*

The New Zealand Meat Producers' Board (NZMPB) is a statutory authority which receives 98% of its funding from a compulsory levy on owners of cattle, sheep and goats, at time of slaughter.

The Board's functions include processing of product, export regulation, R&D, standards, market information, promotion, policy/consultation and freight rates.

A licence from the Board is required to export meat.

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NZMPC (Council) was established in 1991 by an agreement between the Meat Producers' Board and the Meat Industry Association (exporters).

Each licensed exporter signs a commercial agreement with the council and is granted a franchise for various markets and lodges a performance bond for each market (franchises currently apply only to sheepmeat, bonds apply to UK, Europe, Middle East and USA).

Exporters develop a marketing plan for each market and penalties can be applied if the marketing plan is disregarded, or if the terms of the franchise are breached (penalties can include revocation of franchise and forfeiture of bond).

The council is underpinned by the statutory powers of the Board.

R&D is carried out by the NZMR&D Council, a department of the Board.

### **Relevance to the Australian Meat Industry**

The tight regulation of exporters, the involvement of the statutory marketing authority in meat processing and the price support system are not appropriate models for Australia.

### ***UK Meat Industry***

This is a model for minimal collective action. The Meat and Livestock Commission is a statutory authority engaged in meat promotion in both domestic and overseas markets. It administers the Charter Bacon scheme, a major quality assurance scheme which assists the pig industry to compete with pigmeat imports. A model for the pigmeat rather than the export-oriented red meat industries in Australia.

