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REGULATION AND REPRESENTATION IN AUSTRALIA'S BEEF INDUSTRY

Dr. Paul Wright, Chair of the Implementation Committee established to set-up a new democratic grass-fed cattle producer peak council, has congratulated ACCC Commissioner Mick Keogh on his [speech](#) to the Third Annual Australian Agribusiness Law Conference in Melbourne last week.

Dr. Wright said "ACCC Commissioner Mick Keogh's speech identified that regulation can actually enhance the economic performance of a sector. 'In the event of market failure, regulation may be necessary to protect competitive processes or to prevent misuse of market power'. Providing examples from the Hilmer Report of "market failure" including situations of inadequate information about products, producers or suppliers."

During his speech, Commissioner Keogh elaborated on the ACCC's concerns over direct sales to abattoirs disclosing that around 90% of cattle slaughtered in Australia each year are sold directly to meat processors on the basis of a pricing grid determined by the processor.

Dr. Wright noted that Commissioner Keogh explained that "these pricing grids were complex and difficult to obtain, interpret and compare and that producer confidence in the integrity of the abattoir grading system was low."

In the recent ACCC Cattle and Beef Market Study Update Report, Commissioner Keogh not only expressed his disappointment with RMAC's lack of commitment to market transparency reform but also highlighted the fundamental dysfunction that plagues grass fed cattle producer representation at the national level.

Dr Wright said "As Commissioner Keogh stated perceptively in his 4 May 2018 [Press release](#) criticism of the poor progress on cattle and beef industry market reform "...the relevance of our recommendations is either not well understood or does not suit the interests of those industry participants who are in a position to improve it".

"Commissioner Keogh's exasperated comments about the ACCC's attempts to ensure that Australia's cattle producers are operating in a truly competitive market have been subsequently undermined by the comments of RMAC Chair Don Mackay who has said that industry does not want the proposed reforms and ACCC is out of touch with the cattle industry,"

"Even more bizarrely the President of the Cattle Council of Australia Howard Smith responded to the same press release by suggesting that regulation to provide transparency to cattle producers with respect to cattle prices paid by abattoirs may risk undermining Australia's international meat export competitiveness!"

Australia's cattle producers have now heard recommendations from the ACCC report regarding the urgent need for reform, but they have also heard the same message from the two recent Senate Inquiries.

Recommendations 4 and 5 of the Senate Inquiry on market consolidation called for government to financially support and recognise Cattle Australia (now Cattle Producers

Australia) to replace CCA as the grass-fed sectors Peak Industry Council and for it to be officially recognized as the grass-fed cattle sector's Peak Industry Council under the Australian Meat and Live-Stock Industry Act 1997 and Red Meat Memorandum of Understanding.

Interestingly, the [CCA submission](#) to the 2014 Senate Inquiry into industry structures and systems governing levies attached a 2012 report from Innovact Consulting, which found that as a consequence of falling SFO membership and the convoluted SFO structure that CCA no longer truly or appropriately represented Australia's grass-fed cattle producers.

Dr Wright said "Clearly by its own admission the CCA's fundamental structure precludes it from appropriately representing grass-fed Levy payers in the 21st century"

"However, despite their Innovact report and their efforts with the Implementation Committee to form the proposed new Peak Council over the last three years and despite the Federal Government allocating a \$500,000 grant (yet to be granted!) last October to help toward the establishment costs of the new body - in January 2018 the CCA withdrew from that Committee citing State Farm Organisation (SFO) desire to ensure that the SFO's retained direct representation on the national grass-fed cattle Peak Council."

Dr. Wright concluded his statement by saying:

"In spite of the untimely CCA departure from the Implementation Committee the remaining members have expressed their determination to proceed with the formation of Cattle Producers Australia Limited".

Both Government and industry should urgently comply with the Senate recommendations to replace CCA with a new more representative Peak Industry Council and furthermore, should undertake to support the recommendations from the ACCC report.

Further in the interests of all grass-fed cattle levy payers CCA should expedite this transition by immediately rejoining the reform process."

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