



HUNT PARTNERS LAWYERS PTY LTD

Solicitors & Barristers

Level 6, 114 Castlereagh Street, Sydney NSW 2000

Tel: (02) 9235 2966 Fax: (02) 9284 9487

E-mail: huntpartners@bigpond.com

A.C.N. 600 344 983

HUNT BLOG NEWSLETTER

21 AUGUST 2018

FAKE DEMOCRACY

The Decline of Australian Rural Industry Representative Democracy

At the beginning of this year Huntblog issued a newsletter about Putin's fake Russian democracy under the evocative title of *From Russia with Love*.

As that Huntblog *From Russia with Love* newsletter indicated, fake democracy is spreading from Putin's Russia to the rest of the world and representative democracy as we know it is on the wane in Western democracies such as Australia.

Wikipedia defines representative democracy as a type of democracy founded on the principle of elected officials representing a group of people as opposed to direct democracy where all the people have a direct voice in the formulation of all the laws and rules and policies that affect them.

The January 2018 *From Russia with Love* Huntblog newsletter was inspired by:

- the launch of the brave new world Sheep Producers Australia Ltd (SPA) in November 2017 to replace the State Farm Organisation (SFO) based Sheepmeat Council of Australia Peak Council that was established in 1978. The SPA endorsed the appointment of 5 *pre-selected* directors to Australian sheep producers' new representative advocacy body at its first AGM on 14 November 2017.
- the Cattle Council of Australia's (CCA) announcement on Wednesday 17 January 2018, that they had been instructed by the SFO's to walk away from the Cattle Producers Australia Implementation Committee (IC) set up in 2015 at former Agriculture Minister Barnaby Joyce's behest, to establish a new truly democratic representative cattle producer Peak Council. This new Peak Council was to have a directly elected Board, voted in by grass fed cattle transaction levy payers to replace CCA; and
- CCA's advice that they proposed to continue to represent Australia's grass fed cattle producers through a board comprising 8 SFO appointed directors and two directly elected board members, with a proposal for two more directly elected board members if CCA can drum up another 500 direct members.

On Thursday 16 August 2018 Don Mackay, the independent Chair of the Red Meat Advisory Council (RMAC), upped the ante on the attack on representative democracy by suggesting in a Farmonline Opinion Piece that:

“There is great merit in exploring the risks and benefits of turning three service providers into one; and merging our six red meat industry councils.”¹

Mr Mackay has adopted the recent call by Richard Norton, the empire building CEO of Meat and Livestock Australia (MLA), to amalgamate levy-funded Australian Wool Innovations (AWI) and the Australian Meat Processor Corporation (AMPC) under the MLA banner, and extended that concept to amalgamate all the red meat industry Peak Councils.

In other words Mr. Mackay is promulgating recreating Australia’s red meat industry advocacy bodies into one single body in the image of RMAC. All the different sectors of the red meat industry, often with inherently conflicting commercial interests, sitting under the one roof attempting, often without success, to come to consensus positions on contentious important issues.

Huntblog addressed this inherent RMAC structural problem back in the 2002 Senate Inquiry into the Australian Meat industry Consultative Structure and Quota Allocations, and Huntblog’s testimony in this regard is quoted at pages 9 and 10 of the Second report of that Senate Inquiry in the following terms:

“RMAC is constituted by representatives from diverse agricultural political organisations and is structurally ill-equipped and lacking the necessary resources and technical skills to provide sound advice to the Minister on contentious issues involving the legitimate competing vested interests such as the allocation of quota.”

“[RMAC] is a body that is made up of industry organisations which represent butchers, retailers, brokers, livestock exporters, feedlotters, and sheep, cattle and goat farmers, and they all have a right to vote on each other’s issues - it was doomed from the outset”

The bottom line of course is that the key performance indicator (KPI) for a Meat Processor is cheap cattle whilst the KPI for a cattle producer is the highest possible price for their cattle.

Similarly sheep producers and cattle producers are competing with each other for market share for their products (particularly on the domestic market). So the old chestnut as to why MLA promote putting a lamb chop on the Barbie on Australia Day rather than a T Bone steak would be front and center to any all sector red meat industry Peak Council meetings.

At the end of the 2002 Senate Inquiry hearings into the Australian Meat Industry Consultative Structure, the Senate Committee concluded that the ‘... *current advisory arrangements [were] not delivering the maximum benefit to the Australian meat industry.*

Recommendation 1 of that Senate Committee Report states that:

“The Committee recommends that the Minister initiate discussion with the signatories to the MOU confirming reformed advisory arrangements”.

We all know that Recommendation 1 has not been put into effect, and now almost 16 years later, the Chair of RMAC is suggesting that this flawed RMAC structure could be the model for a future merged monolithic red meat industry representative body, representing the interests of all six sectors of the red meat industry!

The findings of the 2002 Senate Inquiry into Meat Industry Consultative Structure have been underscored by the criticism that RMAC and other red meat industry bodies have recently received

¹ Available at <https://www.farmonline.com.au/story/5589443/plea-for-policy-security-in-the-red-meat-sector/>

from respected ACCC Agriculture Commissioner Mick Keogh for their slow progress in introducing the transparency price reforms recommended by the ACCC.

The processor Peak Council AMIC has been critical of the proposed price transparency reforms recommended by the ACCC following the Barnawartha Saleyard Boycott back in 2015, and RMAC has at best been muted (and even CCA hesitant) in their support for these recommendations which are clearly and almost unequivocally in the interests of sheep and cattle producers.

Once again, just as the Senate Committee foresaw in 2002, RMAC has become almost impotent in its attempts to deal with an issue where there are obvious conflicts of commercial interest within its ranks.

So, in your dreams Mr. Mackay - cattle producers and sheep producers do not want to be represented by an advocacy body that also has the duty to represent meat processors.

As the Senate Committee Inquiry found in 2002:

'... the first duty of the peak bodies is to their own members, and the existing RMAC model can place these bodies in the position of representing multiple constituencies.'

It is common ground with all Australia's grass fed cattle producer representative bodies and groups (including CCA) that the CCA no longer truly represents Australia's grass fed cattle producers. The Innovact Report, which CCA commissioned and submitted to the 2013 Senate Grass Fed levy Inquiry found that the SFO based CCA, which had, as a consequence of declining SFO membership and the convoluted multi-commodity SFO structure, ceased to truly represent Australia's grass fed cattle producers.

Australia's grass fed cattle producers do not want to be represented by an appointed *From Russia with Love* skills-based boffin board, of the kind that Sheep Producers Australia Limited have. Nor do Australia's grass fed cattle producers want to be represented by a board that includes meat processors, sheep producers, live exporters, feed lotters and goat farmers.

Huntblog has no doubt that Australia's grass fed cattle producers want to have a truly democratically elected representative advocacy body to represent their interests. A truly representative body that will advocate robustly for the interests of cattle producers in cases involving conflicts of interest with other sectors of the red meat industry,

Muted or hesitant support for the interests of cattle producers will not cut the mustard.

So whilst Huntblog does not agree with boffin skills-based fake democracy or multi-commodity conflicted interest monolithic representative bodies, Huntblog does agree with Mr. Mackay that the time has come to review the 20 year old Red Meat Memorandum of Understanding (MOU) to make sure that its provisions are still relevant to the needs of the Red Meat industry.

Indeed, as many are aware, Huntblog goes further and calls for a review of the relevance of all the current red-meat industry structures, including RMAC and MLA, at the end of the second decade of the 21st century.

Should there be any doubt about the wisdom of these calls for organisational structure review, the solution, at least for those of us who believe in consulting constituents on big ticket issues, is simple – just hold a plebiscite of all the relevant constituents and levy payers, and obtain and implement their views.

For related topic Huntblog Newsletters on the *From Russia With Love* issue and Cattle Producer Representative Democracy visit: www.Huntblog.com.au.