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**HUNT BLOG Newsletter**

02 August 2019

**RMAC RED MEAT MoU TASKFORCE REVIEW WHITE PAPER  
CALLS FOR  
*TOP DOWN DO WHAT YOU'RE TOLD DEMOCRACY*  
RATHER THAN  
*BOTTOM UP GRASSROOTS DEMOCRACY*  
WHERE  
*THE LEVY PAYERS CALL THE SHOTS***

The *Red Meat MoU Review Task Force White Paper* published on 4 July 2019 recommended a red meat industry restructure that is the antithesis of the findings and recommendations of:-

- the Rural and Regional Affairs Transport References Committee inquiry into the *Effect of market consolidation on the red meat processing sector* handed down in September 2017 and
- the Rural and Regional Affairs Transport References Committee inquiry into the *Industry structures and systems governing the collection and disbursement of marketing and research and development levies pertaining to the sale of grass-fed cattle* handed down in September 2014.

It was the findings of the 2014 Senate inquiry report that led to the formation of Cattle Producers Australia Limited as a new truly representative advocacy body to replace the Cattle Council of Australia as the grass-fed cattle Peak Industry Council.

The proposals in the *Red Meat MoU Review Task Force White Paper* are also contrary to the findings and conclusions of the *ACCC Cattle and beef study* final report that was handed down in March 2017 and a number of leading papers and studies into the effectiveness of agricultural organisational structures referred to below.

## **Red Meat MoU Review Task Force White Paper**

The recently published Red Meat MoU Review Task Force White Paper recommends that the Red Meat Advisory Council (RMAC) be replaced by a new Orwellian mega body to collect all the red meat industry levies and provide a single whole of red meat industry strategy and advocacy voice to government. This would see the creation of a Red Meat Australia mega body whose board will be comprised of Peak Industry Council appointees and skills-based directors appointed by a selection committee. A Red Meat Australia mega body that would develop policy and carry out marketing for the whole of the red meat industry and control and direct red meat industry research & development.

The White Paper proposes that:-

- the red meat industry levy funded corporations – AMPC, LiveCorp and MLA, would combine into a single mega research & development body (Mega R &D CORP) who would have an appointed skills-based board, and
- a mandatory integrity systems company would be established to take over the core functions from Safe Meat, Aus-Meat, MSA and the Integrity Systems Company (Mega IS CORP).

The White Paper proposes to protect each red meat sector's interest by:-

- building safeguards into the Mega R& D CORP to protect individual red meat sectors, and
- requiring Peak Industry Councils to meet minimum standards of representation,
- allowing mega Red Meat Australia the discretion to distribute some of the interest earned from the RMAC Reserve Funds to Peak Industry Councils for activities approved by Red Meat Australia.

## **July 2019 Nuffield Report**

The Executive Summary of the July 2019 Nuffield Australia Report, which can be downloaded from the link below, examines factors that come into play in determining whether agriculture advocacy groups are effective and successful in their farmer engagement.

The eight recommendations set out at the end of the Nuffield Report identify the following factors that are essential underpinnings of a successful agriculture advocacy body:-

- Simplified flat fee subscription structures for advocacy groups.
- Increase membership opportunities for all farmers and associated interested stakeholders.
- Provide clear opportunities for grassroots members to influence direction.
- Local branches/committees must remain as they are the foundation of entry engagement.
- Majority of authority positions to be farmers elected by farmers.
- Increased investment in farmer facing employees, including regionally based office staff.
- Employment of locally based territory field managers.
- Have clear farmer led objectives to explain performance and demonstrate value.

**View the July 2019 Nuffield Report [\[here\]](#)**

A critique comparison between the *Red Meat MoU Review Task Force White Paper* proposed red meat industry structural reforms and the findings of the Nuffield Report prepared by the Australian Beef Association can be downloaded [\[here\]](#).

## **March 2014 Australian Farm Institute Report**

The eight recommendations set out in the Nuffield Report are completely consistent with the findings of the March 2014 Australian Farm Institute Report into *Opportunities to Improve the Effectiveness of Australian Farmers Advocacy Groups – A Comparative Approach*, which concluded:-

- agriculture advocacy bodies that relied on voluntary membership fees to fund their activities were no longer sustainable,
- to maintain legitimacy and a financially sustainable business model, agriculture advocacy bodies needed to deliver an exclusive range of services and benefits to members,
- direct membership models of national advocacy organizations are highly unlikely to be successful unless they offer a wide array of commercially attractive products and services to members,
- provide opportunities for local or regional member engagement in both policy and non-policy activities,
- strong sector member maximization will optimize advocacy effectiveness rather than cross sectoral membership structures,
- partnerships and alliances are the most effective structures to work with other sectors on cross sector common interests,
- initial focus on advocacy systems that have direct engagement with individual members is the most effective way to broaden membership coverage,
- the legitimacy of membership advocacy organizations is derived from the relationship between the organization and its members,
- a consistent approach to policy is an essential element of an agriculture advocacy bodies' legitimacy,
- an organization providing a range of products and services to members in addition to advocacy services will be less prone to lose membership as a consequence of disagreements over policy,
- broad community support is an increasingly essential component of the effectiveness of Australian farmers advocacy groups,
- farmers advocacy groups have to change from reactive to proactive on contentious societal issues,
- the development of e-capacity will be essential to future effectiveness of agricultural advocacy groups.

## **Cattle Producers Australia Constitution**

Cattle Producers Australia was incorporated as a consequence of the recommendations of both the September 2014 and September 2017 Senate Rural and Regional Affairs and Transport Committee reports referred to above.

The constitution and business plans of Cattle Producers Australia Limited are based on the findings of, and principles enunciated in the March 2014 Australian Farm Institute Report and are completely consistent with the recommendation of the July 2019 Nuffield Report.

A copy of the March 2014 Australian Farm Institute Report into *Opportunities to Improve the Effectiveness of Australian Farmers Advocacy Groups – A Comparative Approach* can be purchased [\[here\]](#)

## **Huntblog Critique of the White Paper's Proposed Red Meat Australia**

The 10 July 2019 Huntblog newsletter, which can be downloaded on the link below, sets out a precis of the White Paper findings and flaws.

**Download the 10 July 2019 Huntblog newsletter [\[here\]](#)**

### *Three Key fundamental Flaws*

The following summary highlights three key fundamental flaws in the structure proposed in the Red Meat MoU Review White Paper.

The White Paper does not adequately explain how the proposed Red Meat Australia single voice for the whole red meat industry structure would or could:-

- 1) resolve the inherent commercial conflicts of interest between the various sectors of the red meat industry, such as:-
  - processors wanting to buy cheap cattle and sheep and producers wanting to sell dear cattle and sheep
  - processors being advantaged by a ban on the live sheep and cattle export trade and the whole of the sheep and cattle production sectors being disadvantaged by the lower prices that they would receive for their livestock if live export bans were put in place
  - cattle producers and sheep producers competing for the largest share of the Australian domestic red meat market
- 2) provide adequate levy-payer direction and control to each red meat industry sector over the expenditure of its levies
- 3) provide a powerful advocacy voice that would allow each red meat industry sector to protect its legitimate commercial interests.

### *Proposed Amalgamation of MLA, AMPC & LiveCorp*

The Red Meat MoU Review White Paper calls for a reduction in inefficient duplication of red meat industry research and development. However, the realities are that the meat processor levy funded corporation AMPC and the live exporter levy funded corporation LiveCorp only use a small proportion of their levy funds for research to develop policy for their own sector. Indeed, the overwhelming majority of the levies from both those sectors of Australia's red meat industry goes to MLA in accordance with the provisions of the current Red Meat MoU. Consequently, the rationale on which the White Paper proposal for AMPC, LiveCorp and MLA to be combined into a single mega research & development body (Mega R &D CORP) is based is essentially flawed. There is no current inefficient duplication in red meat industry research and development. In fact, MLA, who carries out research and development for the whole red meat industry, would be inherently conflicted if it attempted to conduct policy development research and development for the commercial advantage of any particular red meat industry sector that may, by its very nature, commercially disadvantage some or all of the other sectors.

### *'Independent' Red Meat MoU Review Taskforce*

As stated in the 10 July 2019 Huntblog newsletter referred to above, there is considerable concern being expressed in the beef industry about the Red Meat MoU Review Taskforce process. The push to merge most of the functions of 6 separate sector red meat industry bodies into one mega single voice Red Meat Australia was first promulgated by Don Mackay – the RMAC chairman – in the middle of last year before the Red Meat MoU Review was announced. The White Paper makes no less than 7 references to the Red Met MoU Review Taskforce being independent and/or making independent recommendations. Yet, the Red Meat MoU review Taskforce was appointed by RMAC. Further, as the Miriam Joseph comment on the 30 July Beef Central article on the Red Meat White Paper set out below notes, the recommendations of the White Paper are inconsistent with the overwhelming majority of the 57 submissions that it received.

### **Marian Joseph, July 30, 2019**

*I have viewed the 57 submissions to the MOU review and could only find 1 that supported RMAC's proposed restructure which was Sheep Producers Australia most supported well financed peak industry councils who would have control over their levies and that an RMAC like organization would only manage issues that all sectors agreed on such as climate change or animal activism. Very concerning that any Minister would allow RMAC to lead this review. In 5.86 of the Senate Report, it states "...The committee has previously raised serious concerns about the role and representation of RMAC. Given that RMAC would be one of the organisations under review, the committee does not believe it would be the appropriate body to undertake such a review."*

### **Conclusion**

The multitude of Senate and ACCC inquiries and a host of detailed reports and studies into the effectiveness of agricultural advocacy and organisation bodies have concluded that bottom up structures where the majority of authority positions are filled by farmers elected by farmers or levy payers elected by levy payers with clear opportunities for regional grassroots member engagement to influence direction and policy are essential to maintain legitimacy, member engagement and a financially sustainable business model for agriculture advocacy bodies.

As the March 2014 Australian Farm Institute Report into the *Effectiveness of Australian Farmers Advocacy Groups* found, strong sector member maximization will optimize advocacy effectiveness rather than cross sectoral membership structures and partnerships. The Report also found that alliances are the most effective structures to work with other sectors on cross sector common interests

The monolithic top down Red Meat Australia body proposed by the *Red Meat MoU Review White Paper* – with a board appointed by the Peak Councils and a selection Committee that will receive and control the expenditure of the levies raised from each sector of the red meat industry – is not exactly a structure with a board elected by farmers or levy payers. Nor is it a structure where grassroots members set the policy objectives and performance targets for each sector of the red meat industry.

Please visit [www.huntpartners.blogspot.com](http://www.huntpartners.blogspot.com) for further information and commentary on Australian rural reform issues.