

23 June 2020

Dear Members,

Chairman's Report

Welcome to our first Annual General Meeting.

We are living in difficult times challenging many cattle producers right across Australia, first with the devastating drought that in some places were closely followed by majors floods and then bushfires ravaged across many parts of our rural regions and now we have Covid 19 to contend with. With all these challenges unfolding, our industry has undertaken to reshape its research and development and importantly its Memorandum of Understanding (MoU) between the various industry bodies that manage our transaction levies.

Cattle Producers Australia (CPA) has been constant in its insistence that grass-fed cattle producers have a say in how their levies are spent and it's pleasing to realise there is now broad consensus that the current organisational structures in the red meat industry need to be reformed.

CPA recognise the pivotal role played by the State Farm Organisations (SFOs) across Australia in representing the interests of farmers and cattle producers in each State and Territory across a diverse range of geographical, climatic and market environments. We believe the SFO's can complement the CPA regional based policy advisory structure that allows policy development input from regions with differing production and business models and differing State and Territorial legislative issues. We have been in communication with the Cattle Council of Australia (CCA) and all the State based farm organisations (SFOs), encouraging and seeking their support for a National and fully democratic organisation that can communicate with all grass-fed cattle producers to show greater strength on important issues of the day, however we are yet to gain the full support of the SFO's and the CCA.

CPA has met with the Managing Director of Meat and Livestock Australia (MLA) Mr Jason Strong and discussed at length various options for funding. MLA fully supports the view of the need for appropriate producer representation to guide Research & Development and Marketing investments. Mr Strong provided a number of options for funding that if acceptable to government may be a way forward to provide an appropriate level of funding to meet the organisational structural requirements.

CPA led the way in challenging the Red Meat Advisory Council's (RMAC) proposal to manage all levies collected from cattle, sheep meat and goat producers, grain fed, live exporters and meat processors into one mega organisation 'Red Meat Australia'. RMAC's Red Meat Industry Review has seen much debate and RMAC's proposal set out in the White Paper clearly did not reflect the 57 submissions to the Task Force Review nor the plethora of senate inquiry recommendations and reports previously undertaken.

The proposal for a 'Red Meat Australia' single organisation did not explain how it could resolve the inherent commercial conflicts of interest between the various red meat industry sectors and in February 2020 Chair of RMAC, Mr Don Mackay advised that the Red Meat Australia proposal would no longer be in control of the levies paid and that autonomy would remain within individual sub-sectors to best capitalise on their competitive advantage.

There now appears to be broad consensus agreement in the red meat industry that the application of levy funds and the amount of levies paid should be overseen and directed by truly representative levy payer bodies.

Evidence of this broad consensus and agreement can be found in press releases issued by the CCA, AgForce and CPA (which can be found on the CPA website) and public statements by the Australian Beef Association, the Gulf Cattlemen's Association, the Richmond Rivers Beef Producers Association and the Red Meat Advisory Council (RMAC).

Indeed, the [RMAC communique on its 27 November 2019](#) Red Meat Industry, Peak Industry Council roundtable conference on the RMAC Red Meat Industry White Paper summary notes that:

- The sheep meat, grass and grain fed cattle, livestock exporters and processors in the red meat industry supply chain sectors needed to retain oversight of their own competitive area;
- There is a need for an overarching red meat industry advisory body, led by representative leaders, rather than a skills-based board to oversee and direct whole of supply chain policy advocacy issues management and strategy;
- There is a need for a body with a skills-based board to manage levy and taxpayer investments that are currently administered through Research and Development Corporations;
- There is a need for, and value to be obtained from, well-resourced and high performing Peak Industry Councils.

Many in the red meat industry, including Hancock Agriculture, the Rural Press and Beef Central, have expressed frustration about the apparent impasse and indecision that has arisen regarding the implementation of these now fundamentally agreed and necessary reforms.

For further information including media releases and submissions go to the CPA website:

<https://cattleproducers.com.au/red-meat-mou-review/>

In the interests of progressing reform, CPA has suggested that significant members of the grass-fed cattle producer sector seize the initiative and convene a facilitated nonpartisan grass-fed cattle producer workshop in an attempt to reach a consensus position on its sector's representative structure.

CPA have received a positive response to its facilitated nonpartisan grass-fed cattle producer workshop suggestion and hopes to be in a position to advise further on this proposal in the near future.

CPA has also been pursuing the general red meat industry agreement that the application of levy funds and the amount of levies paid should be overseen and directed by truly representative levy payer bodies, and met with the Agricultural Department in late February 2020 in this regard to discuss the proposed levy register that was an outcome of recommendations from the 2015 Senate

Inquiry into Industry structures and systems governing the imposition and disbursement of marketing and research and development levies in the agriculture sector.

CPA have been advised that a number of changes to the collection of levies have been made which include amendments to the Primary Industries, Levies and Charges Act to 'enable the collection and distribution of levy payer information which will allow the creation of levy payer databases for all agricultural industries that pay agricultural levies. We have consequently inquired as to how these amendments were to be rolled-out, see media release:

<https://cattleproducers.com.au/2020/02/28/cpa-calls-for-action-on-levy-payer-register/>. We have since been communicating with MLA on this matter.

As Chair I believe we are at a crucial time with the industry MoU review and our calls for genuine levy payer consultation and engagement are to ensure we have transparent and inclusive industry discussions on matters that directly influence the level and use of the levies and the policies that affect our industry.

CPA aspirations for cattle industry representation is ongoing and we endeavour to continue working toward positive change to ensure grassroots cattle producers have the opportunity to challenge the "status quo" and we hope to proactively empower producers to lead our industry on the path of long-term productivity and profitability.

I would like to take the opportunity to thank all our members for your ongoing support and kind donations that have assisted our progress. A special thanks to the Implementation Committee Members for their persistent efforts in promoting the objectives of CPA on behalf of the grass-fed cattle producers of Australia.

Kindest regards,



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