

15th April 2019

Email: redmeatMOU@rmac.com.au

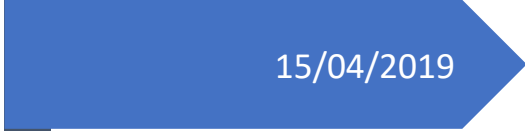

PROPERTY RIGHTS AUSTRALIA
Submission into the Review of the Red Meat MOU

Please find attached the submission from Property Rights Australia with regards to the Review of the Red Meat MOU. We apologise for our submission being late but our Chairman was in the air all day yesterday and was unable to get it through on time.

Regards

Joanne Rea

Joanne Rea
Chairman
Property Rights Australia Inc.



15/04/2019

Submission into the Review of the Red Meat MOU



Joanne Rea - Chairman

PROPERTY RIGHTS AUSTRALIA INC

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PROPERTY RIGHTS AUSTRALIA

Submission into the Review of the Red Meat MOU

Property Rights Australia (PRA) was formed in 2003 to protect the rights of property owner's from the unfair actions of government, business and others who contravene their property rights. Our philosophy is that if anyone wants to impinge on our property rights, we expect full, fair and unblighted compensation.

In every forum where producers have had an opportunity to express an opinion, they have expressed a wish for a well-funded, responsive, transparent and democratically elected advocacy body.

They have tried in vain to communicate their views, sometimes on important topics to MLA only to be ignored with the perpetual excuse that we are "marketing and research", until such time as it suits them to take a stance. Their perception of the necessity to listen to their few large shareholders and even large family businesses feel largely ignored and unable to engage with those who spend their money.

In fact, they often feel that their industry is facing unwieldy issues which add to the difficulty of doing business and the industry organisations appear to be in a bubble and often add to red and green tape without being aware that producers in some states and some areas are already buckling under a regulatory burden.

No option in the Green Paper puts forward an option that is anything like what producers would like to see. It talks about pre-competitive issues but then outlines suggestions for structures which take in what are supposed to be sectoral advocacy organisations in the competition arena without the ability to advocate for sector specific issues and without funding or individual sectoral power.

Producers want organisations which they have some realistic chance of communicating with and influencing. Importantly, they also need to have some realistic chance of redirecting resources and philosophy if they feel they are being misdirected and importantly, a realistic chance of dismissing boards that they feel are not committed to what they consider to be important areas.

Competition and Market Intelligence are just a snapshot of the issues that are likely the remit of a sector specific advocacy organisation but those that I will concentrate on.

There are many more but time precludes discussing them in detail.

Competition Policy as Dictated by Hilmer 1993

Ever since the Hilmer report into the implementation of national competition policy in 1993, there has been no turning away from competition and many agricultural industries that had some sort of price protection and protection from competition had those removed.

This leaves us with a system where competition between producers and processors MUST occur. Producers are placed in a price taking market with more sellers than buyers in the market. The beef industry is an extreme example of this with many more sellers than buyers.

The way economics deals with this in advanced economies is to ensure that the producer has as much market knowledge and transparency available to him as is humanly possible. It also attempts to ensure that barriers to entry for potential buyers are as low as is practical.

Producers have been agitating for more transparency for a long time and would like at least some of the features available to our US cousins. The Senate Inquiry into grassfed levies agreed and recommended that we have an Australian version of the Packers and Stockyards Act.¹

¹https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Beef_levies/Report List of Recommendations, Recommendation 7.

Moves were swiftly made to investigate whether that was possible or advantageous with no inquiry at all about whether we needed a clone or just some broad principles. This course of action or any variant of it was rejected with most producers totally unaware that any investigation, much less discussion, had occurred.

Some of us are aware of the USDA's real time interactive market dashboards² while struggling here to make some sort of intelligent marketing decision which is based on data that can be up to a week old and averaged.

Since then The ACCC Cattle and Beef Market Study has put forward recommendations, many of which were designed to increase marketing ease and transparency for producers. Most have been resisted.³

The difference between that study and a Senate Inquiry is that the ACCC actually has statutory powers if it cares to use them.

The fact of the matter is that cattle producers are subservient to the rest of the industry, one of the things the Green Paper said was to be avoided, and things which are important for their sector such as improved market intelligence must be advocated for and lobbied for.

The disengagement between what producers say they want, and have been reinforcing for years, and what our top down organisations give them is monumental.

To tie the cattle advocacy body to a mega-structure such as outlined in Option 4 is to mitigate against advocacy even in those areas where individual sector competition SHOULD apply but according to Competition law MUST apply. Leaving the producer advocacy body without the means and support to advocate is unacceptable and contrary to the spirit of Hilmer, if not the law.

The Green Paper, and in the past other industry bodies, seem to be in denial about this requirement as articulated by our country's competition policy.

There is no such thing as a producer being a price maker rather than a price taker on other than a temporary basis. The benchmark is always from the price taking section of the market.

You may have a very good deal for a time period and you should make the most of it, but eventually other market participants come up to speed and offer the same product for a lower price. This is how the market works and you are back to the benchmark or benchmark plus premium if you are lucky.

Social License

Yes, social license has some value but on the whole the community values our food and fibre producers and trusts in the safety and integrity of our product.

Those who have been driving us towards social license under whip and spur have been globally discredited themselves.⁴

They have pushed us in this direction to gain implementation of their agendas through political power and formulating a way to guarantee a future income stream and we have invited them into our industry and added to

² https://mpr.datamart.ams.usda.gov/amdashboard/cattle/Cattle_Dashboard_Option_1.html

³ <https://www.accc.gov.au/system/files/ACCC%20Cattle%20and%20beef%20market%20studyFinal%20report.pdf>

⁴ <https://www.buzzfeednews.com/article/tomwarren/wwf-world-wide-fund-nature-parks-torture-death?bfsource=relatedmanual>

their undeserved credibility. This is particularly the case with groups like Worldwide Fund for Nature (WWF) and The Wilderness Society (TWS).

The extreme vegans have no credibility.

The Australian Beef Sustainability Framework has enough robustness to stand alone without any imprimatur from extreme groups of any ilk including environmental groups. The damage they have done is huge and seemingly unrecognised.

We do not need them for credibility. Their own should be in question.

However, these groups have come to prominence as a result of neglect of some areas of community concern.

Rural Australia, at great personal and business cost and stress has done all the heavy lifting in reducing emissions over thirty years. It is because of agriculture that Australia has any carbon credits under Kyoto. The public is entirely unaware of this.

Extremist groupthink on outdated figures about how much Carbon or Methane we produce are well and truly outdated and inaccurate and are regularly pedalled around social media.

All of this remains unrebutted with the dedicated marketing of our industry credentials being zero.

This lack of attention to our very real present problems is not solved by successive managing directors saying we will be Carbon neutral by 2030. We need recognition that most of us are Carbon neutral NOW.

Producers who use social media do not believe that they should regularly have to debate with misguided vegans and others who have off the scale and outdated figures on how much greenhouse gas we produce.

That is a marketing job that should have been done and dusted so that we can get on with production.

Timeframes

Considering the degree of influence a discussion such as his may have on the red meat industries, the timeframe, in spite of a modest extension, has been rushed to say the least. This is particularly the case as much of the country is in, or has been in drought, North Queensland, one of our largest production areas, suffered devastating floods and others are recovering from severe fires.

No option looks like a vision of what producers have asked for and little time is given to formulate a new one.

Please feel free to contact us for additional information.

Joanne Rea

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Neville Stiller - Board Member

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