

13-02-2015

## MLA 'mutiny' gathers steam



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”

LEADING abattoir operator and sheep producer Roger Fletcher is attracting considerable support for his call to separate the sheepmeat industry from Meat and Livestock Australia (MLA).

Mr Fletcher said mutton and lamb producers' interests would be better served if their peak marketing and research service provider was aligned with what he felt were their natural commodity allies in the wool sector.

He wants a more focused and streamlined service body created via a merger with Australian Wool Innovation (AWI).

"I've had a lot of calls in the past week," the NSW-based sheepmeat exporter said. "People feel the same way. The current MLA structure is too cumbersome and outdated and probably too focused on beef industry interests in Queensland. AWI needs to change, too."

He wants to see an MLA split given serious consideration by a reform group vested with responsibility for drawing up a case for a new practical sheep-based peak organisation.

"We need a select group of progressive and leading people from the sheep and wool industries to run a new organisation which concentrates solely on looking after the sheep industry's interests into the next decade," he said.

"Why aren't these people on any of the industry organisations at the moment?"



# AWGA - News Update

"I'll tell you. They don't have time to waste sitting around discussing stuff which doesn't really relate to what their farming or meat business is trying to achieve in the real world.

"And to be honest, how many serious beef producers on MLA's board really want to spend a lot of time thinking about sheep issues?"

He believed a more efficient and focused organisation could be represented by a board of about eight, comprising of two good lamb producers, two leading woolgrowers, a couple of research specialists, meat processors, marketers and an independent chairperson.

"We don't want it to be a retirement home - you need busy people who are focused on making money for their own businesses for the next decade," he said.

"If you had the right people and right strategy I'm sure they'd give their time to sit on the board one day every four to six weeks."

Australian Wool Innovation chairman, Wal Merriman, believed Roger Fletcher to be a man "who knows his business".

"If Roger thinks there needs to be change then perhaps the industry should look at it," Mr Merriman said.

However, he admitted he wasn't sure what Mr Fletcher was proposing.

"If he means a trade access group - we could accommodate that, but I don't think AWI are geared to market sheepmeats," Mr Merriman said.

"Marketing wool is different to marketing sheep meat."

Australian Wool Growers Association director, Chick Olsson, said the establishment of a united sheepmeat and wool promotion body had been an ongoing discussion between industry bodies for two years now.

To such an extent there was a coalition of sheep industry groups that were in the midst of putting together a "reformation" package to put to the government," Mr Olsson said.

He said AWGA along with the Australian Superfine Wool Growers' Association, WoolProducers Australia, Sheepmeat Council of Australia, and National Farmers' Federation had been in discussion about the relevance of levy bodies, MLA and AWI.

"Levies were set up in a different generation, when the world was simpler and had much more basic tastes," Mr Olsson said.

"How the world has changed in a few short years, yet levy bodies still lumber along with their gross inefficiencies and non-participation in market forces, hence the reason why they continue to fail to provide measurable value.

"It's time to change this and introduce new models and modes of operations that better reflect a new age of economy and commercialisation."



# AWGA - News Update

Mr Olsson said the coalition of sheep industry groups supported the idea of a splitting sheep and beef industry bodies.

“We need one over all sheep industry body - we are not a wool industry, we are sheep industry,” Mr Olsson said.

“There is massive crossover and duplication across the sheep industry at present - ultimately a sheep is a sheep, it doesn’t matter if it’s a Merino or a crossbred.”

Mr Olsson said ultimately the sheep industry coalition would like levies to no longer exist or be as close to zero as possible, and for the \$200 million currently sitting in levy body reserves to be invested and proceeds from the investment returned to the sheep industry.

Despite Mr Fletcher’s call for the lamb and mutton sector to quit the MLA outfit, MLA managing director Richard Norton believes marketing and research and development (R&D) for the cattle, sheep and goat industries managed in one organisation delivered significant benefits of scale across all sectors.

“Approximately 37 per cent of MLA members with grassfed cattle also run sheep, grainfed cattle or goats,” Mr Norton said.

“The sheepmeat and grassfed cattle industries are closely inter-related, particularly in southern Australia, where a significant proportion of grassfed cattle enterprises are actually best classified as mixed enterprises.”

Mr Norton said when marketing in all major export markets, a combined levy investment allowed MLA to promote the quality assurance and traceability systems of both beef and lamb together, and build robust and reputable supply chain relationships.

He said combined levy investments were also beneficial for a range of industry gains, such as international market access activities, biosecurity and animal health projects and red meat nutrition marketing programs.

Mr Norton said MLA had listened to levy payers and had demonstrated it was open to change.

“As the industry’s provider of R&D and marketing services, we will continue to be transparent and accountable to where producer levies are invested in programs that build demand and deliver long-term productivity gains and efficiencies back at farm gate.”

Mr Norton said significant growth for the Australian sheepmeat industry over the last decade industry demonstrated the MLA model was relevant.

“Lamb values have increased by \$1.2 billion over this time. There are very few industries that I can think of that could report this scale of growth over a decade.

“As the Australian sheep industry is transitioning from Merino-focused flocks to prime lamb production, we are now producing a record volume of lamb with a national flock of around half the size of 20 years ago.”



# AWGA - News Update

## In 2013-14:

- *The domestic retail value of lamb was \$1.86 billion, up 20pc*
- *The value Australian lamb exported was \$1.5 billion, up 141pc*
- *The value of Australian mutton was \$770 million, up 89pc*
- *The US was Australia's highest value export market, worth \$397 million, up 50pc*
- *The value of lamb exports to the Middle East was worth \$368 million, up 786pc*
- *The value of lamb exports to China was worth \$218 million, up over 1300pc.*

Mr Norton said the sheepmeat industry had been progressive in its uptake of R&D during the last decade and MLA continued to invest levies in programs that deliver productivity gains across the value chain.

About \$ 34.2 million (18.1pc) of sheepmeat levies were invested in R&D and marketing by MLA in 2013-14.

In a broader sense, Mr Norton said MLA, at the direction of the peak industry councils, invested more than \$181 million in marketing and R&D programs in the past year, specifically:

- *Maintaining and improving market access: \$24 million*
- *Growing demand: more than \$61 million*
- *Increasing productivity across the supply chain: more than \$39 million*
- *Support industry integrity and sustainability: almost \$17 million*

<http://www.theland.com.au/news/agriculture/sheep/general-news/mla-mutiny-gathers-steam/2723256.aspx?storypage=0>