Dear Sir

Re: Productivity Commission Inquiry into Rural Research & Development Corporations (RDC’s)

The Australian Meat Industry Council (AMIC) is the Peak Council representing all post-farm-gate meat industry sectors. AMIC provides a first point of contact for governments and other industry stakeholders on post-farm-gate red meat industry issues. AMIC also delivers value-adding services to AMIC members to assist them in business operation.


As the Peak Council, AMIC has structures and systems to confer with members, with governments and industry groups. These include the Australian Processor Council (APC) and other working councils involving processors with particular operational focus.

AMIC is aware of the Terms of Reference for this Productivity Commission Inquiry into Rural R&D Corporations and Industry Owned Companies including the Australian Meat Processor Corporation (AMPC). Reviews such as this provide an important opportunity for peak councils to formalise their experience and positions.

 Appropriately, the AMPC Board has developed a full submission in response to the Terms of Reference and questions put by the Commission in its Issues Paper. AMIC is aware of the content of the AMPC submission and has contributed views, including in relation to the history of the Red Meat MOU and the three Industry Owned Companies (IOCs), and the interactions within the red meat industry structure.

AMIC supports and reinforces the key points put forward by the AMPC Board. Formation of the AMPC in 1998 represented a turning point in red meat industry relations and effectiveness. The three IOC structure, statutory levy collection and matching public R&D funds underlie the strength and workings of the Red Meat MOU and the industry.

AMIC would be very concerned to see any element of this tested structure destabilised, and considers losses to the red meat industry and to the national economy would be far higher than any administrative savings.
Operationally, AMPC needs to be separate from while working closely with AMIC and MLA. AMIC identifies industry strategic priorities in its Operations and Strategic Plans and contributed these to RMAC discussions. These priorities guide AMIC involvement in the AMPC Annual Operating Plan (AOP) Working Group - a key forum for interaction between AMPC and AMIC staff and directors.

AMPC core programs include R&D projects that are vital to the processing sector, the industry as a whole and the economy more broadly. These programs are funded by processor levies and matching government funds and mainly delivered by MLA but with AMIC oversight.

Meat processing is low margin, high turnover and subject both to external risks and detailed regulations that constrain plant level differences. Collective innovation is essential for productivity advances. It is hard to imagine the state of the sector today without collaborative initiatives of the last decade in each of the AMPC core program areas: OH&S; The Environment; Technology and innovation transfer; Processor innovation and Adoption services; and Management, leadership and organisational competence.

Today's levels of red meat processing productivity and work system advance would not have been achieved through any generic public innovation support systems.

AMPC has an established collaborative strategy setting process, involving joint planning with industry stakeholders including AMIC and MLA. AMPC consultation on strategic and operational priorities and on programs and projects occurs through the AOP Working Group and in the AMPC environment, technical and OH&S project advisory committees. These committees are positively viewed by AMIC and industry.

Another key point of interaction is through the workings of the National Meat Industry Training Advisory Council Ltd (MINTRAC), a vital industry investment through the AMPC. MINTRAC provides highly valued meat industry education training and development programs. Through the AMPC, all processors are contributing to and steering MINTRAC activity including sector-wide workplace R&D. Individual firms then utilise MINTRAC services and adapt the innovations to their circumstances.

For joint MLA-AMPC programs, AMIC and other Peak Councils are active participants in planning processes and in the managing taskforces. These industry based marketing and R&D programs are funded by processor levies, MLA producer levies and matching R&D government funds. Benefits flow to the whole industry, to the national economy and to communities. The joint programs focus on industry and economy wide issues including food safety, export market access, eating quality and nutrition, market development.

AMPC plays an active role in conveying processing sector priorities to MLA for joint program activities, and provides the sector with a key voice in industry wide programs.

Those not involved in the red meat industry before formation of the separate Industry Owned Companies in 1998, would be unlikely to appreciate the extent of change in working relationships. The AMPC, backed by its consultative planning and committees has achieved a more systematic relationship with MLA with more consensus on how processor levy contributions and matching R&D funds should be utilised.

AMPC is an efficient organisation, with sizeable industry funds managed by a small team. It should continue to develop capacity in program planning, management and evaluation.

Regarding key elements of this inquiry, overall AMIC considers that:

- The statutory arrangements underpinning levy collection plus the public matching R&D funds, at least at current levels, are vital to operation of the Red Meat MOU, to the functioning industry arrangements and to collaboration across industries.
Current red meat industry structures have evolved to meet a range of needs and to work effectively. The AMPC provides a framework for red meat processing R&D and innovation that does and will achieve Government productivity growth objectives.

These public investments are the incentive for private contributions for collaborative marketing, R&D and industry services. Private and public funds working together to add substantial value to the industry and the economy, far more than the taxpayer cost.

This Inquiry should reflect on the purpose behind the structuring of RDCs and IOCs and what has been achieved these last decades. It is vital to rural-based industries and the national economy that these organisations be able to continue what they were formed to do, ie. deliver R&D, innovation, extension and industry services to advance the productivity of enterprises and sectors.

Processors with commercial interests in success, working through the AMPC and with skilled service providers, are best positioned to ensure returns for the sector, the industry and the wider economy from both levy and public funds.

AMIC also notes that a number of scenarios have been floated in advance of this Inquiry. It is said the Commission will consider issues around: No compulsory industry levies and no public funding; Compulsory industry levies and no public funding; a new separate body; and a lesser number of RDCs with stronger Government direction.

The AMPC submission, again appropriately and in the context of the important points the AMPC has developed, outlines likely pictures for red meat collaborative R&D, marketing and industry services under such possible changes.

AMIC agrees with the representations put forward by AMPC, and AMIC must emphasise the real risks are considerable under the indicated forms of structural change.

AMIC can see that, for continuation of red meat processor levy contributions and the leveraging of these into sector, industry and economy wide benefits, it is vital for:

- The Australian Meat Processor Corporation to continue as an Industry Owned Corporation within the Rural RDC framework.
- AMPC to be a separate entity, operating at arms-length to AMIC and MLA.
- Access to Government R&D matching investment for R&D to continue.

AMIC Directors and staff would be pleased to discuss this further with the Commission.

Yours sincerely,

Gary Burridge
Director, Australian Meat Industry Council
Chair, Australian Processor Council