



A BETTER RED MEAT FUTURE

A WHITE PAPER FOR THE RED MEAT ADVISORY COUNCIL

JULY 2019

PREPARED BY THE RED MEAT MOU REVIEW TASKFORCE



CHAIR'S FOREWORD

This White Paper provides the red meat industry with a road map to work collaboratively throughout the value chain from farm gate to plate to drive social and economic prosperity for the industry specifically and the Australian community more generally.

The recommendations contained within this White Paper provide a unique opportunity and mechanism to address industry-based relational funding and effective representational issues that have been identified but remain unaddressed. This has been to the detriment of the effectiveness and prosperity of the red meat industry.

Moreover, it provides for the first time the necessary linkages and accountability between a revised Memorandum of Understanding (MoU), the Meat Industry Strategic Plan (MISP) and the levy funding arrangements from both industry and the Australian taxpayer to address industry agreed priorities and future challenges.

Success here would advance and enhance the interests of Australia's 82,500 butchers, manufacturers, livestock exporters, feed lotters and beef, sheep and goat meat producers who support 438,000 jobs nationwide and provide \$15 billion in export earnings back to Australia's economy, especially in relation to regional economies.

All stakeholder feedback has been distilled into twelve (12) principles which have been endorsed by all the signatories of the Red Meat Advisory Council (RMAC), and its associated Chairs and Chief Executive Officers.

The feedback from stakeholders has shown a strong appetite for change within the context of continuity with the present and past.

This White Paper recommends achieving this through using the existing MoU as the platform for transformation and change.

Industry signatories to the MoU have agreed to the 12 principles as the drivers for specific recommendations that can be implemented by appropriately revising the existing MoU.

This methodology for the transformation of the red meat industry combines the wisdom of the past with an innovative compass to navigate the challenges and opportunities for the future.

This entails the creation of three new streamlined and unified industry bodies to replace the existing cumbersome framework and deliver real value for the Australian red meat industry.

The proposed changes will not be easy for some, but at the end of the day it is our collective view that what is being proposed will best position the industry for the future and to make it more accountable to those who have real 'skin in the game' through industry levies and taxpayer funds.

I wish to thank all the stakeholders for their submissions and commentary.

The Taskforce has taken the time to consider the challenges facing the red meat industry from every angle. I have been encouraged by the time and effort given by every member of the Taskforce to deliver these detailed recommendations which we believe will add value to the red meat industry from now into the future.

In particular, I would like to commend the excellent collaboration amongst the Taskforce members and Secretariat whose commitment to the future of the red meat industry has been exemplary.

Jim Varghese AM

Chair

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WHITE PAPER AT A GLANCE

Over the past 20 years since the implementation of the Red Meat MoU, the Australian red meat industry has contributed significantly to Australia's continued economic prosperity and growth. The industry is a leading contributor to GDP, export dollars and employment, and is now the largest trade exposed portion of the manufacturing sector. It makes an important contribution to regional economies, particularly via employment. It also manages the vast majority of Australia's landmass on a sustainable basis.

At the same time, the industry's social licence to operate has been challenged as a result of growing concerns around such major issues as the impact of alternative proteins (cellular agriculture, plant-based proteins, "fake meat"), rising activism, animal welfare, climate change and potential environmental impacts such as drought, vegetation management and water quality.

While they may have served us well in the past, no longer can industry rely on the existing institutional arrangements and architecture to deal with these and other emerging issues. A consensus has emerged that the future demands a new approach – a new industry architecture or structure that is nimble, streamlined, cost-effective, unified and able to deal tactically with whatever challenges the red meat industry faces. In particular this means aligning relationships, strategic direction, transparent funding, and effective representative and organisational structures.

This White Paper provides a pathway for achieving this. Central to our recommendations are the need to:

- Use the current MoU as a platform for reform to better reflect industry needs and encourage a single industry voice;
- Ensure the new arrangements deliver industry structures that reduce bureaucracy, are easier to understand, cost-effective, streamlined and focused on building a unified approach across the integrated supply chain; and
- Recommend a new structure and new organisation to be created to transform culture & behaviour across the industry to replace the existing Red Meat Advisory Council

The recommendations contained in this White Paper report to RMAC are designed to build confidence and trust across the industry, all levels of government and the broader community as to the future of the red meat industry in Australia. Any recommendations for change to the current arrangements for industry will by necessity have to be able to deliver demonstrably enhanced industry outcomes over the current arrangements and have a broader remit to engage stakeholders at each level of government (Federal, state and local government), and from across the broader Australian community.

Against this backdrop the Taskforce is also aware of a series of external factors that could potentially impact the proposed industry reforms. These include:

- The issue of direct representation, or other reforms to the internal processes of Peak Industry Councils (PICs);
- Which organisations are confirmed as Prescribed Industry Bodies (PIBs) determines which organisations may become signatories to whole of industry arrangements;
- Ongoing discussions about reforms to research and development and industry funds, including the future and shape of the existing Rural Research and Development Corporations; and
- The need for a strong well-organised body to deal with the key issues facing the red meat industry strategically across the whole of the supply chain.

“ Looking to the future, Australian agriculture faces unprecedented change, driven by various factors, such as changing global markets, increasing international competition, technological disruption, transforming industry structures, climate variability and change, water scarcity, and increasing threats from pests and disease. ”

(Ernst & Young 2019, 5; see also CSIRO 2016).

A ROADMAP FOR REFORM

To develop a pathway forward, this White Paper proposes a set of guiding principles to inform its recommendations and to assist industry in charting a roadmap for the future. These principles operate both in the context of the public interest and its future challenges and opportunities.

The principles underpinning this White Paper were agreed to by industry signatories on 3 May 2019.

In the Green Paper, we discussed the emergence of a burning platform for reform. Indeed, the industry continues to face a number of significant issues. The Taskforce's view is that no one organisation can address these. Hence, this Taskforce has made recommendations to develop a clear line of sight between strategic direction, and structural and funding arrangements that will apply to its marketing, R&D and other advancement activities over the next twenty years.

DEFINING THE PUBLIC INTEREST

Building a better red meat future has benefits for all Australians, not just participants in the industry or the organisations that have been created to represent the interests of industry and provide services for businesses in the red meat supply chain. That is, building a better red meat future is in the public interest.

The Taskforce placed the protection of the public interest at the core of its work – and assessment against the public interest became a critical step in evaluating any new industry arrangements.

The public interest covers the core of public policy, often balancing conflicting views and priorities, and is the primary purpose for government intervention (legislation and or financial). It should also be the driving motivation behind industry-led efforts to design self-regulation and co-regulation mechanisms where for example there is direct community investment such as matching research and development dollars.

As part of the initial Green Paper review process, the Taskforce undertook extensive consultations with stakeholders across Australia to determine the public interest in relation to the continuing operation of the Australian red meat industry, and hence the administrative arrangements that guide its operation. The Taskforce has considered differing views and priorities to determine the best options

for the community and industry participants to have confidence and trust in the way the industry operates. That is, we are interested to determine what is in the public interest for the Australian red meat industry. This has entailed a review of the objectives of the current regulatory framework to understand the original policy intention and how well it currently addresses the needs of industry and the community. As previously noted, the Taskforce has also developed guiding principles to measure the relevance and effectiveness of reform options considered against how well customer and industry expectations align with cultural shifts, emerging innovations and technologies. These are discussed in the next section.

The research and consultation phases of the current review were designed explicitly to facilitate a social licence to operate for the Australian red meat industry and establish parameters for industry itself to promote the public interest as it embraces reform.

A number of public interest components were identified which we have grouped into the following categories:

Commercial

The economic wellbeing and wealth of the 82,500 businesses that participate in the red meat industry and contribute to regional development and economic growth

Community

Responding to community aspirations more generally and to ensure that its investments in the industry are well spent and managed

Consumers

Understanding consumer issues and needs, such as the desire for more affordable meat, provenance and quality assurances, better animal welfare and sustainability measures across industry

Co-regulated

Promoting self-determination for the industry and an appropriate role for government

Capability

Being flexible and resilient enough to deal with today's challenges, and being capable of meeting the challenges of the future

A BETTER RED MEAT FUTURE: A FUTURE MOU

2 DELIVER RED MEAT SERVICE PROVIDER NewCo 2

- Combining core research functions from AMPC, LiveCorp + MLA
- Delivery against strategy
- Research, development + extension
- Industry development + advancement
- Supply chain and skills based board.

ENJOY



**COMMUNITY,
CUSTOMERS + VOTERS**

1 LEAD RED MEAT AUSTRALIA NewCo 1

- Strategy and single industry voice
- Whole of supply chain advocacy
- Issues + policy leadership
- Industry marketing function
- Industry oversight and recommendation on statutory research funds
- Research, development + extension
- Industry development + advancement
- Insights + market research
- Hybrid board (PICs + skills based)

OVERSEE



**PEAK INDUSTRY
COUNCILS**

3 ENSURE INTEGRITY FORUM NewCo 3

- Mandatory integrity systems company
- Coordinating core functions from Safe-Meat and Meat
- Meat Standards Australia (MSA)
- Integrity Systems Company (ISC)
- Supported by commercial activities
- Enhanced communications functions to promote the core activities and stronger integrity output
- Other functions as agreed

BENEFIT



**AUSTRALIA'S 82,500 RED
MEAT BUSINESSES**

Fig.01: A new set of organisations to meet industry, community and levy payers' needs.

Based on a thorough reading of the intentions of the existing MoU and accommodating the insights derived from stakeholder submissions, the Taskforce and industry signatories at a joint meeting on 3 May 2019 developed and reached agreement on a set of principles to guide the eventual development of a roadmap for reform and consequent recommendations for inclusion in this White Paper.

GUIDING PRINCIPLES

- 1** A revised MoU will provide the framework for a cooperative approach by stakeholders/signatories of the red meat industry to the structural and funding arrangements that will apply for its marketing, R&D and other advancement activities over the next twenty years;
- 2** Oversight of the revised MoU should be comprised of an independent Chair, peak industry representatives and skills-based independent members. It needs to be future-focused so as to anticipate emerging issues and trends within the red meat industry and the food and fibre industry more generally;
- 3** The key outcome from the revised MoU is to support the growth, profitability and sustainability (socially, environmentally and culturally) of the red meat industry in Australia;
- 4** The revised MoU must be written in a style that is easily understood by all stakeholders;
- 5** It must enhance the accountability of all parties to the revised MoU and provide for a clear understanding by the signatories of their roles and obligations under it;
- 6** The revised MoU must put in place appropriate accountability mechanisms to both its signatories and also to the broader red meat industry;
- 7** The revised MoU has the appropriate authority to call out bad behaviour by the signatories and to impose sanctions or penalties;
- 8** It must foster collaboration amongst all stakeholders/signatories and establish a code of conduct that is based around shared values, ethical behaviour, transparency and respect;
- 9** It provides a clear pathway for future investment by the red meat industry in areas such as, but not limited to, marketing, innovation, industry analysis, and research, development & extension, across both the red meat supply chain specifically and the food and fibre industry more generally;
- 10** A revised MoU should aim to foster and encourage new strategic alliances and competition amongst service providers to enhance performance and outcomes for the red meat industry; and
- 11** That oversight of the revised MoU and contributors must be appropriately resourced as determined by industry representatives.
- 12** That the revised MoU should be reviewed by an independent panel at five-yearly intervals. The results and the response of the five-year independent review should be published.

TOWARDS A BETTER RED MEAT FUTURE

While initial stakeholder engagement was designed to understand how the existing arrangements were working and areas for future improvement, the majority of industry signatories had formed the view that significant change was needed to the way the overall industry works together on common issues.

The challenge has been to identify the common threads that unify these sentiments and help to lead to a shared agreement on a roadmap for industry reform and the way it is organised and is accountable.

Two predominant themes emerged in the submissions. These were:

- 1. The need for reform to ensure a stronger capacity for the industry to manage and address current and future issues that directly impact it; and**
- 2. The need to build on the achievements of the past, including empowering the MoU and MISP.**

The submissions, in the main, reflect a strong desire to undertake significant industry reform in some form. In particular, they highlighted the need for the industry to have the capacity and capability to address key issues and challenges facing the industry from a supply chain, or paddock-to-plate, perspective. In addition, they contained a strong view about the need for enhanced governance arrangements and a focus on culture and behaviour.

Accordingly, the Taskforce recommends that the first pillar of industry reform be the creation of an entirely new company (NewCo 1, which could be called Red Meat Australia, or another appropriate title chosen by industry signatories) to replace the existing Red Meat Advisory Council (RMAC). This new body will retain an Independent Chair and comprise a board drawn from industry signatories and up to three new independent skills-based representatives. This new body will also need to be staffed and resourced adequately and have a new range of oversight and accountability mechanisms, which will be reflected in a revised MoU.

Its primary responsibilities will be as the custodian of the MoU, ownership of the MISP and importantly guiding the investment of levy funds against priorities identified in the MISP. To do this effectively, it will need appropriate accountability and oversight mechanisms and guidelines for action in the event, for example, that MISP benchmarks are not met or stakeholder organisations and signatories seek to deviate from the MISP's identified priorities.

Secondly, recognising an important thread running throughout many submissions, industry reform should be made in the context of continuity. Most submissions agreed that the existing MoU should be the starting point for the transformation of the industry and that the MISP provides the framework for action against priority needs. This White Paper recommends achieving this through using the existing MoU and MISP as the reference points for transformation and change.

There is also broad recognition that the current MoU, no matter what the merits of its provisions and annexures, is not widely read nor broadly understood across industry. The development of a plain English version of the MoU is an appropriate basis for the transformation of the industry, and the starting position of the change.

These are significant changes as they will allow for the first time a clear line of sight between industry arrangements as outlined in the revised MoU, industry priorities as set out in the MISP and levy funding arrangements from both industry and the Australian taxpayer. Moreover, by clearly separating the strategic future directions settings from operational matters, NewCo 1 will be able to remain focused and not get bogged down in the day-to-day detail.

Equally, it is important to recognise that whilst there were a significant number of voices calling for the maintenance of the status quo in the industry, they were also requesting a stronger single voice for the red meat industry to carry forward its agenda.

Finally, whatever reform structure industry adopts, there will need to be agreed new rules around roles and responsibilities and importantly around culture and behaviour.

It is to the specific recommendations of the Taskforce that we devote the remainder of this Chapter.

SUMMARY OF RECOMMENDATIONS

GUIDING PRINCIPLE	ASSOCIATED RECOMMENDATION
<div data-bbox="76 331 124 414">1</div> <p>MoU will provide the framework for a cooperative approach by stakeholders/signatories of the red meat industry to the structural and funding arrangements that will apply for its marketing, R&D and other advancement activities over the next twenty years.</p>	<ol style="list-style-type: none"> 1. Under a revised MoU, a new structure and new organisation (NewCo 1) be created to transform culture and behaviour across the industry. <ol style="list-style-type: none"> 1.1. the revised MoU creates a new organisation to replace RMAC and guides the revision of industry roles and responsibilities; and the flow of statutory levies and matching contributions; and 1.2. the proposed NewCo 1 will oversee a revised MoU and the Meat Industry Strategic Plan (MISP). 2. NewCo 1 to be responsible for the growth, profitability and sustainability of the red meat supply chain. It does this through: <ol style="list-style-type: none"> 2.1. developing, implementing and reviewing the MISP; 2.2. allocating statutory levy and matching funds against MISP priorities; 2.3. promoting and advancing collaboration and partnerships across the red meat supply chain; 2.4. establishing and overseeing appropriate companies to provide research, development and extension, marketing, product integrity and other services across the red meat supply chain; 2.5. being future-focused so as to anticipate emerging issues and trends within the red meat industry and the food and fibre industry more generally; 2.6. NewCo 1 to take the lead on whole of supply chain industry matters, or delegating the lead to any of the various signatories/ organisations as appropriate; 2.7. overseeing and reviewing performance against the MISP; and 2.8. ensuring adherence to industry plans, codes of conduct, industry supply chain standards and public interest in the resolution of key issues. 3. That NewCo 1 be resourced adequately, including via the reallocation of levy funds and the repurposing of the Red Meat Industry fund (RMIF) to fund its activities. In addition: <ol style="list-style-type: none"> 3.1. alternate funding arrangements for PICs be identified; 3.2. current recipients of the RMIF dividend have their access to these monies reduced by an agreed amount year on year to manage transition to new arrangements; and 3.3. resourcing decisions be taken on the basis of new responsibilities

1

GUIDING PRINCIPLE

MoU will provide the framework for a cooperative approach by stakeholders/signatories of the red meat industry to the structural and funding arrangements that will apply for its marketing, R&D and other advancement activities over the next twenty years.

ASSOCIATED RECOMMENDATION

4. That NewCo 1 undertakes its responsibilities through:
 - 4.1. custodianship of the revised MoU;
 - 4.2. custodianship of any future meat industry strategic plan, including the MISP and its future iterations;
 - 4.3. enhanced whole-of-supply chain policy development at the Federal, state and local level;
 - 4.4. enhanced industry leadership activities;
 - 4.5. enhanced policy and industry advocacy;
 - 4.6. aligning policy with future needs of the entire supply chain;
 - 4.7. increasing accountability including the development of an accountability map;
 - 4.8. research and development, adoption and commercialisation prioritisation and funding;
 - 4.9. strategic marketing (domestic and export), market access and market development prioritisation and funding including brand strategy;
 - 4.10. promoting respectful behaviour and developing codes of conduct/standards;
 - 4.11. developing, promulgating and taking custodianship of standards of community leadership, public interest, trust, transparency via codes of conduct, good governance agreements and corporate social responsibility arrangements across industry signatories; and
 - 4.12. these responsibilities being confirmed and understood through an exchange of a Letter of Mutual Understanding between the Chair of NewCo 1 and the Secretary of the Department of Agriculture.
5. That industry signatories (Peak Industry Councils) agree to a list of 'whole of supply chain' issues to be prosecuted by NewCo1 and on the sector-specific issues that they will carry forward individually.
6. That a new service provision company (NewCo2) be established to deliver research, development and extension, and product marketing services under the revised arrangements whilst incorporating 'panels' to represent producer, processor, live exporter, feed lotter, retail, or any other agreed relevant interest.
7. That a new coordination arrangement be established to intensify, coordinate and manage integrity systems comprising the existing functions of SafeMeat, Aus-Meat, MSA, and others as agreed.
 - 7.1. the new integrity arrangements be funded from a dedicated allocation from the statutory levies and user charges, and that it explore options for stronger commercial functions.

	GUIDING PRINCIPLE	ASSOCIATED RECOMMENDATION
2	Oversight of the revised MoU should be comprised of an independent Chair, peak industry representatives and skills-based independent members. It needs to be future-focused so as to anticipate emerging issues and trends within the red meat industry and the food and fibre industry more generally.	<p>8. That the board of NewCo1 comprise of:</p> <ul style="list-style-type: none"> 8.1. an Independent Chair to be selected by the signatories to the MoU; 8.2. a nominee of each of the industry signatories to the MoU who has an appropriate level of skills and expertise to be a board member; 8.3. three independent, skills and merit-based appointees with three-year renewable terms to be selected by the signatories to the MoU; 8.4. these positions would be determined by a nominations committee established in parallel with the creation of NewCo 1.
3	The key outcome from the revised MoU is to support the growth, profitability and sustainability (socially, environmentally and culturally) of the red meat industry in Australia.	<p>9. That NewCo 1 as a matter of principle endorse the importance of strategic planning and direction setting for the industry and that in particular:</p> <ul style="list-style-type: none"> 9.1. the MISP or its equivalent remain the key process by which industry plans and delivers on its strategic objectives; 9.2. the MISP be the key process to drive growth, profitability and sustainability for the industry; 9.3. performance against the MISP be benchmarked and there be assigned responsibilities, benchmarks and accountabilities; and <p>the MISP be continuously reviewed and updated and forms the basis for accountability of industry signatories' operating plans.</p>
4	The revised MoU must be written in a style that is easily understood by all stakeholders.	<p>10. That appropriate legal expertise be engaged to draft a revised MoU in plain English, and which is easily understood by all stakeholders (including non-industry participants)</p> <ul style="list-style-type: none"> 10.1. that industry and Government collaborate on any proposed future revisions of the MoU.

	GUIDING PRINCIPLE	ASSOCIATED RECOMMENDATION
5	It must enhance the accountability of all parties to the revised MoU and provide for a clear understanding by the signatories of their roles and obligations under it.	<p>11. That an accountability map for Newco 1 be developed that would include the following good governance measures:</p> <ul style="list-style-type: none"> 11.1. a commitment to a minimum mutual obligation agreement between NewCo 1 and industry signatories on performance indicators and progress against MISP (or equivalent) benchmarks; 11.2. ensuring accountability to community expectations, including voters and consumers; 11.3. reaching agreement with industry signatories on penalties for non-performance and other accountability measures; 11.4. driving trust and transparency in the collection, distribution and expenditure of levy and matched funds; 11.5. NewCo1 review the effectiveness of current arrangements relating for red meat research and development to ensure their effectiveness and efficiency and to remove areas of duplication and overlap; and 11.6. industry signatories embrace effective stakeholder strategies such as new technology to promote alignment with stakeholder views and sentiments.
6	The revised MoU must put in place appropriate accountability mechanisms to both its signatories and also to the broader red meat industry.	<p>12. In addition to the accountability map as outlined in recommendation 4.7:</p> <ul style="list-style-type: none"> 12.1. the revised MoU outline appropriate accountability mechanisms to its signatories and also to the broader red meat industry.
7	That the revised MoU has the appropriate authority to call out bad behaviour by the signatories and to impose sanctions or penalties.	<p>13. The revised MoU would have appropriate authority to call out bad behaviour by the signatories by:</p> <ul style="list-style-type: none"> 13.1. setting clear expectations on industry signatories and their members for standards of conduct; 13.2. building on the application of good corporate governance guidelines to be developed by NewCo 1 as conditions of becoming signatories to the revised MoU; and 13.3. empowering NewCo 1 to withhold or recommend the withholding of levy funds, RMIF dividends and effect the eventual expulsion from board membership for repeated breaches of signatory agreements.

	GUIDING PRINCIPLE	ASSOCIATED RECOMMENDATION
8	It must foster collaboration amongst all stakeholders/ signatories and establish a code of conduct that is based around shared values, ethical behaviour, transparency and respect.	<p>14. That there be a commitment to a mandatory code of conduct under the revised MoU to agree on shared values by all the signatories. This would include:</p> <ul style="list-style-type: none"> 14.1. industry signatories agreeing/signing on to appropriate standards of good corporate governance as conditions of membership; 14.2. industry signatories agreeing to appropriate standards for members including animal welfare, health and safety; and 14.3. that signatories agree as part of the mandatory commitments to provide industry leadership to their members. <p>15. That NewCo 1 create a mechanism to engage with relevant Federal Government agencies, Chaired by the signatory department.</p> <p>16. That NewCo 1 be a standing order of business at all AGMIN and AGSOC meetings (State Ministers of Agriculture, Secretaries of Agriculture and its standing committee meetings).</p>
9	It provides a clear pathway for future investment by the red meat industry in areas such as, but not limited to; marketing, research and development, innovation, industry analysis and research across both the red meat supply chain specifically and the food and fibre industry more generally.	See recommendation 1.
10	A revised MoU should aim to foster and encourage new strategic alliances and competition amongst service providers to enhance performance and outcomes for the red meat industry.	That the revised MoU make provision for the entry of any new service providers and to facilitate the entering into of new strategic partnerships and or alliances.

	GUIDING PRINCIPLE	ASSOCIATED RECOMMENDATION
11	That oversight of the revised MoU and contributors must be appropriately resourced as determined by industry representatives.	18. That a new funding agreement be developed with the Commonwealth to support the new arrangements outlined in recommendation 1. (It is noted the current levy arrangements are due to expire in 2023).
12	That any revised MoU must be reviewed by an independent panel at five yearly intervals. The results and the response of the five-year independent review be published.	19. That any future or revised MoU be reviewed every five years by an independent panel and that the findings of the review be published.

INDUSTRY AND GOVERNMENT WORKING TOGETHER FOR A BETTER RED MEAT FUTURE

The reform of the red meat industry will require the combined efforts of industry and government to succeed.

WHAT INDUSTRY NEEDS TO DO

- Identify a 'whitelist' of whole-of-supply-chain issues to be carried forward by NewCo 1.
- Use the revised arrangements to develop a better, unified long-term pitch to governments, the community and international markets. This would reflect current industry conditions better; protect long term interests; and, provide appropriate guidance in times of crisis.
- Take responsibility for industry behaviours and present a unified voice to Government.
- Work in partnership with Government to promote the public interest.
- Work to remove duplication from their own activities and harmonise operations and existing arrangements to build unity.
- Work continuously to improve stakeholders' understanding of their responsibilities.
- Work to hardwire responsiveness, effectiveness, and whole-of-industry responses, into the industry's architecture, roles and responsibilities.
- Provide a clear 'line of sight' and accountability between industry priorities, funding and performance.
- Develop industry structures that are fit for purpose.
- Encourage industry participants to manage their own issues effectively by promoting self-determination, self-regulation and co-regulatory approaches.
- Encourage ownership and leadership by industry.
- Provide stronger coverage of stakeholder issues and better information about the levels of service delivered to industry stakeholders.

WHAT INDUSTRY SEEKS FROM GOVERNMENT

- Support for the creation of NewCo 1/RMA, NewCo 2 and NewCo 3: enhanced integrity systems.
- Government to enable mediated discussions with service providers and integrity systems, in line with their statutory responsibilities, as part of any transitional planning.
- Minister and Department to work with industry to elevate discussions about red meat industry as appropriate at Federal and state levels, including with other Cabinet-level stakeholder ministers.
- Work in partnership with Industry to promote the public interest.
- Respect industry's desire to manage its own affairs, free from unwarranted Government intervention.
- Work with industry participants to encourage self-determination, self-regulation and co-regulatory approaches.
- Consider the Prescribed Industry Body (PIB) Status of all Peak Industry Councils (PICs) and other industry bodies.
- Provide appropriate input into the MISP.
- Minister would endorse industry supported MISP on advice from RMA/NewCo 1.
- Clarify definition of agri-political activities and provide appropriate support for industry to represent issues to government of concern to the whole supply chain.
- Work in partnership with industry to promote the public interest.

SHARED RESPONSIBILITIES BETWEEN INDUSTRY AND GOVERNMENT

- Government and industry to map respective roles and responsibilities as part of the transition planning.
- Work collaboratively for the betterment of the red meat industry, particularly as industry engages in its transformation.
- Provide transparency and accountability in expenditure of levy funds both from industry and government.
- Support organisations covered by the MoU to deliver on their core responsibilities.
- Develop guidelines, roles and responsibilities that are clearly understood by stakeholders.
- Work in all matters to add value and support a stronger and more prosperous industry.

TIMELINE FOR ACTION

In the final chapter, we make recommendations about implementation and transitional arrangements. However the Taskforce believes that work should commence on the acceptance and endorsement of the recommendations of this Whitepaper.

**1-12
months
2019-
2020**

- Launch of Red Meat MoU Review White Paper
- Creation of Transition Taskforce & Transition Planning
- NewCo 1 launched 1 July 2020

**12-24
months
2020-
2021**

- Mediated Dialogue Stream 1: Red Meat Service Provider meeting on options for unification
- Mediated Dialogue Stream 2: Integrity Systems Arrangement meeting on unification of services/mandatory integrity forum

**5 years
2021-
2025**

- 2023: Sunset on current levy arrangements
- 2025: First 5-year review of Revised MoU & Industry Structure

SECTION | 2

THE CONTINUUM OF OPTIONS

Whatever future model industry adopts, it will need to deliver a governing system that is highly capable, streamlined and one that supports a high performing industry. It will also need to assist with the mitigation of risks and the development of opportunities to engage its customers better and help industry deal with the rapidly changing world around it.

The Green Paper for the Red Meat MoU Review, released on 14 February 2019, was based on in-depth consultation with signatories to the current MoU and other key industry stakeholders.

In that paper, four basic options for reform were put forward, based on the continuum of options described by industry. It also set the challenge for respondents to determine whether there was a possible Option 5; that is, a set of ideal industry arrangements that would meet the needs of industry now and for the next 20-30 years, which were not captured in the four options.

This chapter lays out the continuum of options and stakeholder responses to them, as represented in the public and private submissions made in response to the Green Paper.

OPTION 1

Improvements to existing MoU: The contemporary redrafting of the MoU but leaving existing provisions in place.

OPTION 2

Law of the jungle: The removal of the current arrangements leading to the evolution of industry over time.

OPTION 3

Hybrid model merging of the functions of service providers and Peak Industry Councils.

OPTION 4

A revitalised red meat industry led by a new organisation

OPTION 5

To be determined by stakeholders.

2

Submissions which highlighted significant concerns about industry operation but did not support an option for reform

10

Submissions calling for strengthening current MoU (Option 1)

10

Submissions calling for a hybrid model (Option 3)

35

Submissions calling for significant change (Options 4 & 5)

THE CURRENT MOU

One of the recognised strengths of the current MoU is it has provided a forum for the red meat industry to manage key issues via the Red Meat Advisory Council (RMAC) and its board. It also established a set of rules relating to roles and responsibilities for its signatories and named entities. The purpose of the MoU and its associated reforms was to support greater self-determination and self-regulation of the red meat industry, while continuing to ensure appropriate representation, governance and accountability. Hence, the current MoU incorporates:

- defining a role for RMAC to give policy advice to the Commonwealth Government in respect of the whole of the industry sector it represents, and to respond to the Minister for Agriculture on issues the Minister raises with it;
- the definition of agreed roles and responsibilities between Peak Industry Councils (PICs);
- funding, planning and service delivery arrangements;
- the Meat Industry Strategic Plan (MISP) and use of industry reserves;
- research and development; and
- schedules which cover the Red Meat Advisory Council joint and core functions, AUS-MEAT Ltd, SAFEMEAT, funding flows, crisis and issues management, and intellectual property.

There is broad recognition that the current MoU has, by and large, provided the basis for harmonious and effective industry engagement. The MoU has provided the basis for the continuous growth of the industry and the containment of jurisdictional disputes between industry silos that typified the pre-1998 red meat industry.



The submissions to the Red Meat MoU Review Taskforce overwhelmingly call for revisions to the MoU to address long-standing operational issues through an updated, flexible set of arrangements which ensure that signatories have mandatory obligations to deliver against the agreed collaborative strategy as outlined in the Meat Industry Strategic Plan (see below).

The tiered RMAC, peak industry, and service provider framework is seen as a logical and practical design, however there are a number of operational issues within it that make it somewhat cumbersome. There are myriad committees, often concurrently served by the same individuals, that govern the peak councils, state farming organisations (SFOs), producer groups, service providers and research and development corporations, each with differing levels of accountability, commitment and jurisdiction. Hence, as one stakeholder stated:

... whilst the current MoU may not be perfect and ... not all bodies have abided by their responsibilities at all times, it has nevertheless stood the industry in good stead for the last 20 years ...

(1998 MoU Taskforce Member).

Indeed, a common perception of the MoU is that it reinforces division between the different sectors of the supply chain, organisation-by-organisation, and provides different levels of authority, funding and resources to each. Further, it is seen to drive inertia and complacency among supply chain participants, which has periodically constrained industry development and delayed responses to critical issues.

While the industry has benefited from the stability the MoU brought to industry engagement after 1998, there is now an appetite for the industry to take the next step in its evolution.

Stakeholders have articulated a set of requirements for a revised MoU, specifically that it:

- build on the achievements of the past;
- reflect the desire of specific industry sectors to shape the direction of research and development, marketing, market access, and industry development/ advocacy;
- continue to empower industry to manage its own affairs;
- be fit for purpose for current and future challenges;

- be flexible or have appropriate sunset clauses;
- build a stronger voice for the red meat industry across the supply chain;
- enable real-time responses to emerging issues and trends;
- provide transparency and accountability in expenditure of levy funds both from industry and government;
- develop a clearer, streamlined and more robust framework of planning and performance management within the MoU including for MISP;
- build a system which promotes information sharing between industry segments;
- drive adoption and commercialisation activities;
- enable long term strategy (via MISP) with fit-for-purpose structures;
- bridge unnecessary divisions between industry segments; and
- pay close attention to answering: "Who represents the industry?"

A STRONGER VOICE FOR INDUSTRY

All stakeholder groups (including PICs, RDCs, SFOs and producers) highlighted the need for a stronger and more effective voice for the industry to prosecute "whole-of-supply-chain" issues on their behalf. Few organisations in the red meat industry have the scale, resources or capabilities to operate at the highest levels of industry and government, to drive the strategic thinking and required research and development, and innovation activities. One of the key problems identified in stakeholders' submissions was the existence of:

... too many small, national organisations representing the Red Meat Industry. Demands on these organisations have increased significantly, whilst their funding streams have not
(Peak Industry Council Submission).

The vast majority of submissions called for an intensified role for a whole-of-industry body to manage crises, and policy and advocacy for "whole-of-supply-chain" issues, among other matters.



A one stop Red Meat Governance is needed – reduce multiplication and fractured databases

(Industry association submission).

Rather, a stronger central agency is seen as a pivot point between an industry characterised by being reactive and "event-driven" to one able to pre-empt issues and steer the industry accordingly. As proposed by a number of submissions this "New Co" could become the overarching organisation guiding:

- the strategy required for guiding levy expenditure for research and development, marketing and integrity systems; and
- the development of industry strategy.

There is also broad recognition that any adjustment in responsibilities for a new agency to replace RMAC should and needs to be resourced appropriately, including via a greater claim on the RMIF dividend, on the basis of alternate funds being identified for PICs, and the use of levy funds to support policy development (For a broader discussion of alternate industry funding arrangements see AFI 2016).

STRATEGY DEVELOPMENT

MISP is the glue and the driver for industry prosperity and resource allocation

(Peak Industry Council submission).

The Meat Industry Strategic Plan (MISP) is viewed as the central, unifying structure for industry cooperation and the vehicle for the identification of priority targets for investment, research and advocacy. While concerns were raised about the operation of the MISP in the past, in recent years it is seen to have been reinvigorated with more in-depth engagement across all levels of industry and more aspirational targets for industry.

Whatever the architecture of the industry, the MISP is seen as the primary mechanism for capturing industry views and priorities to advance its future. As a comparison, the MoU is viewed as the rulebook on how the industry deals with its participants and how it engages with the rest of the economy and community; the MISP is seen to capture the issues, content and the strategies from industry on how to respond and prioritise its activities.

In addition, there is a common view among Peak Industry Councils and service providers that the industry needs a better long-term pitch to governments, the community and international markets. This would:

- reflect current industry conditions better;
- protect long term interests; and
- provide appropriate guidance in times of crisis.

This could be incorporated into changes to the conceptualisation, consultation and drafting of the MISP.

There is also a strong view that the basic architecture of the MoU should be amended as required to build in MISP accountabilities and promote culture and behaviour change across the industry. The MISP is such a central concern that submissions from across the industry called for the MoU, industry structure to follow function (developing and delivering on MISP priorities).

It is noted that this review of the MoU is occurring concurrently with the development of the next iteration of the MISP.

The concept of discussing structure without a clearly defined strategy could be viewed as putting the 'cart before the horse.'

(Peak Industry Council Submission).

While the level of analysis about the extent of this emphasis varies between submissions, there is a recognition that Service Providers and Peak Industry Councils (PICs) need to be held accountable to priorities identified in the MISP. An obvious place for benchmarks to be defined is through the MoU. Under these arrangements, RMAC or its replacement would continue to develop and deliver a robust all-encompassing MISP. The MISP would be developed in conjunction with all Peak Industry Councils with support from the Research Development Corporations (RDCs) and input from other stakeholders including government. It would continue its evolution to:

- contain projected measurable outcomes, defined as short (1-2-year horizon), medium (2-5-year horizon) and long-term objectives (5-25-year horizon);
- appropriate updates to the MISP to ensure emerging issues are captured; and
- clearly articulate the key research, development and extension/adoption requirements for the whole red meat industry against those timeline horizons.

Under the revised arrangements recommended by the Taskforce, NewCo 1 would fund the priorities of the MISP, monitor delivery against the MISP, and enforce the MISP with appropriate powers to take the necessary punitive action against non-performance by service providers and other beneficiaries.

FUNDING ARRANGEMENTS

Current funding arrangements appear to be somewhat opaque and not readily understood. Moreover, there is no direct and formal alignment between the priorities as outlined in the MISP and what is necessarily being funded through industry levies via the various RDCs and their funding agreements with the Commonwealth Government.

Priorities of RMAC are not necessarily funding priorities for RDCs and vice versa.

In addition, appropriate funding was raised in many of the submissions for both any new body that represented the industry across the whole supply chain and continued advocacy by the PICs.

The White Paper proposes that all industry levy funds and the matching Commonwealth contribution will flow through NewCo 1 and be expended and accountable against the priorities of the MISP. The existing RDCs will be funded by NewCo1 to provide agreed marketing, research and development and extension services against the priorities of the MISP.

A recurrent theme in submissions was that, historically, industry's ability to self-regulate has been poor, with the example of animal welfare concerns in the live export sector commonly given. Periodically, industry's inability to act quickly to resolve issues or proactively self-regulate itself has often resulted in increased legislation and red tape.

**Industry must be proactive
in charting its own course
or it will be done for us.**

(SFO Submission).

THE SEARCH FOR BETTER EFFICIENCIES

Another common theme across submissions was the need to ensure the red meat industry was getting the best value for its investment.

As industry signatories search for ways to achieve these efficiencies several proposals have been tabled, such as the merging of LiveCorp and ALEC to form a single policy, service and research and development entity for the livestock export sector (see e.g. Beef Central, 30 April 2019).

In other parts of the industry, proposals for merged representation and service provision is being considered, in part being influenced by the perceived successes of organisations like Australian Pork Limited (APL) which act as both peak industry council and service provider. Likewise, there could be potential savings by merging and integrating research and development providers especially where there is more than one in any given industry

TRANSPARENCY AROUND INTELLECTUAL PROPERTY

Intellectual property and the outputs of levy funded research, development and extension activities are highly valued in the red meat industry. The use of levy funds for the development of commercial programs has become a focal-point for discussions around the clarity and transparency of levy expenditures, driven by a desire to understand on whose behalf levy funds are expended for commercial programs. However, a series of concerns around levy expenditure were raised. These include:

- Strong calls for better transparency around the ownership and guidelines for intellectual property;
- Associated calls for explicit disclosure of research and development outputs, except where they contravene commercial-in-confidence guidelines;



- Clarity on sunset clauses where intellectual property is commercial-in-confidence;
- Clarity on the proposed benefits to industry of enhanced transparency for intellectual property developed through the use of levy funds; and
- A number of submissions and correspondence with the Taskforce suggested a desire for strong external, third party audit of R&D and product marketing spends from service providers.

There are two possible pathways forward:

- First, for an Eminent Person Group panel to review red meat product marketing, R&D and other programs; or
- Second, overall streamlined, transparent arrangements which create a clear line of sight between industry arrangements as outlined in a revised MoU, industry priorities as set out in the MISP and levy funding arrangements from both industry and the Australian taxpayer.

GOVERNMENT ENGAGEMENT

There were strong calls in the submissions to rethink the way that the red meat industry engages with government especially as so many issues of importance to it cut across more than one government agency. The red meat industry currently engages with departments, including, but not limited to:

- Department of Agriculture (DA) (previously Department of Agriculture and Water Resources) on policy and biosecurity, among others;
- Department of Infrastructure, Regional Development and Cities on supply chain and logistics planning and investment;
- Department of Industry and Innovation on processing and manufacturing;
- Department of Foreign Affairs and Trade, including AusTrade, on trade and market access, provenance, traceability, technical barriers to trade with DA, and bilateral, multilateral and plurilateral trade deals;
- Department of Health on public policy and nutrition;
- Department of Workplace Relations on employment
- Department of Environment and Energy on energy costs and sustainability programs; and,
- Relevant state government agencies.

It is noted that this is a priority issue for industry and should be the basis for further discussion between the Chair of NewCo1 and the Secretary of the Department of Agriculture. In addition, it is also noted that the red meat industry be offered a standing order of business at future AGMIN and AGSOC (Commonwealth and State Ministers of Agriculture and State Secretary of Agriculture meetings and its standing committee).



THE ENABLING ENVIRONMENT

Many of the challenges the industry faces are outside of the operation of the MoU but are nonetheless critical to the success of the Taskforce's work.

PEAK INDUSTRY COUNCILS (PICs)

The options for proposed reforms of industry structures places enormous responsibilities back on Peak Industry Councils (PICs) in terms of representing levy payers' aspirations in industry-wide initiatives. The challenge for them is to be able to review and appropriately resource a series of potential new responsibilities.

Submissions to the Taskforce and correspondence with the secretariat suggest a series of unresolved issues around the effectiveness, representation and consultation within leading PICs.

The Taskforce has received consistent feedback from a range of stakeholders in farm production and processing, in particular, that they were not consulted by their peak industry council or state farming organisation when those organisations were formulating their responses to the Green Paper. We acknowledge that these organisations may have determined that top-to-bottom stakeholder consultation was not possible given the relatively short time frames for consultation allowed by the timelines established by the Terms of Reference. This highlights a key concern across all stakeholders, that the levy payers' sentiments are not adequately represented in the decisions of representative organisations and service providers. As one frustrated stakeholder wrote:

The representative model is broken. Successive reviews have failed to remedy the situation

(Producer Submission).

A starting point for understanding the importance of the PICs to the review of the MoU would be to understand the different methods by which they are constituted and through which levy payers' concerns are represented at an industry level. There is little consistency among PICs and how they are structured.

Mapping and harmonising these arrangements via minimum standards and codes of conduct has been one option put forward.

In parallel, industry signatories are progressing their own reforms (such as the implementation of direct elections among some PICs) and also investigating shared services and efficient and reliable stakeholder engagement strategies such as new technology to promote alignment with stakeholder sentiments.

While the PICs' role currently is to develop policy and advocate for their respective red meat sectors, their roles have evolved to the point (and arguably because of the roles and responsibilities the MoU enshrines) that policy development and advocacy has become inwardly focused on issues of industry management, rather than the high level and outward looking policies that can truly advance their industries. The inability to pursue issues to the satisfaction of all members has encouraged the formation of breakaway industry bodies, creating further division.

Hence, the Taskforce believes that there should be a series of minimum standards for membership consultation that each peak industry council needs to adhere to in terms of stakeholder engagement and membership management.

SERVICE PROVIDERS

The Taskforce has formed the view that as a matter of urgency, the RDCs should work together to develop a shared pathway to unifying their operations. A critical factor here would be to ensure that RDCs remove duplication from their operations and protect the critical use of levy-payers money to deliver specialist programs for producers, processors, live exporters and lot-feeders, among other areas.

There is a common theme in submissions about the need to make the work of Rural Research and Development Corporations more unified, impactful and representative of levy payers' needs and aspirations. Ultimately, the RDCs are governed by their own boards and governed by separate agreements and regulations. Across all submissions and consultations undertaken by the Taskforce, stakeholders have highlighted the need to remove duplication and work better together. This has included calls to reduce overlap, communicate more and recognise the importance of taking a customer-oriented and future-focused view of how to do business. However, there appears to have been little concrete action towards achieving this (see e.g. 'Review looks at rural innovation spend', Farm Weekly 27 September 2018; Ernst & Young 2019; Australian Government, 2016).

Stakeholder submissions also included:

- a strong desire to change the way levy funds are collected and distributed to drive research and development (R&D) into systems, technologies, products and methods;
- the commercialisation and adoption of this research is seen to have been variable;
- many producers having a strong sense that levy funded programs from RDCs do not reflect stakeholder needs or priorities; and
- an equal call for a more transparent system for overseeing levy and matched funded projects.

In particular, a number of these submissions called for a more unified approach from industry on “whole-of-supply-chain” issues and a rethink of current research and development arrangements. That is, to review current service providers such as MLA, AMPC, LiveCorp, and Industry Systems to create a separate standalone whole-of-supply-chain service provider.

Such a body should incorporate all sectors of the supply chain. This would require the clarification of levy funding streams and greater transparency for levy payers among others, to understand what their contributions fund, and influence decision-making about funded projects (see next chapter).

Particularly in the processing sector, there is an appetite for processors to have direct access to government R&D funding, own the intellectual property it generates, and oversee post-farmgate marketing. They argue that R&D undertaken from pooled funding and its associated IP should be the property of industry.

There is also a strong desire for a clarification of the nature and extent of policy research undertaken by these bodies using levy funds.

INTEGRITY SYSTEMS

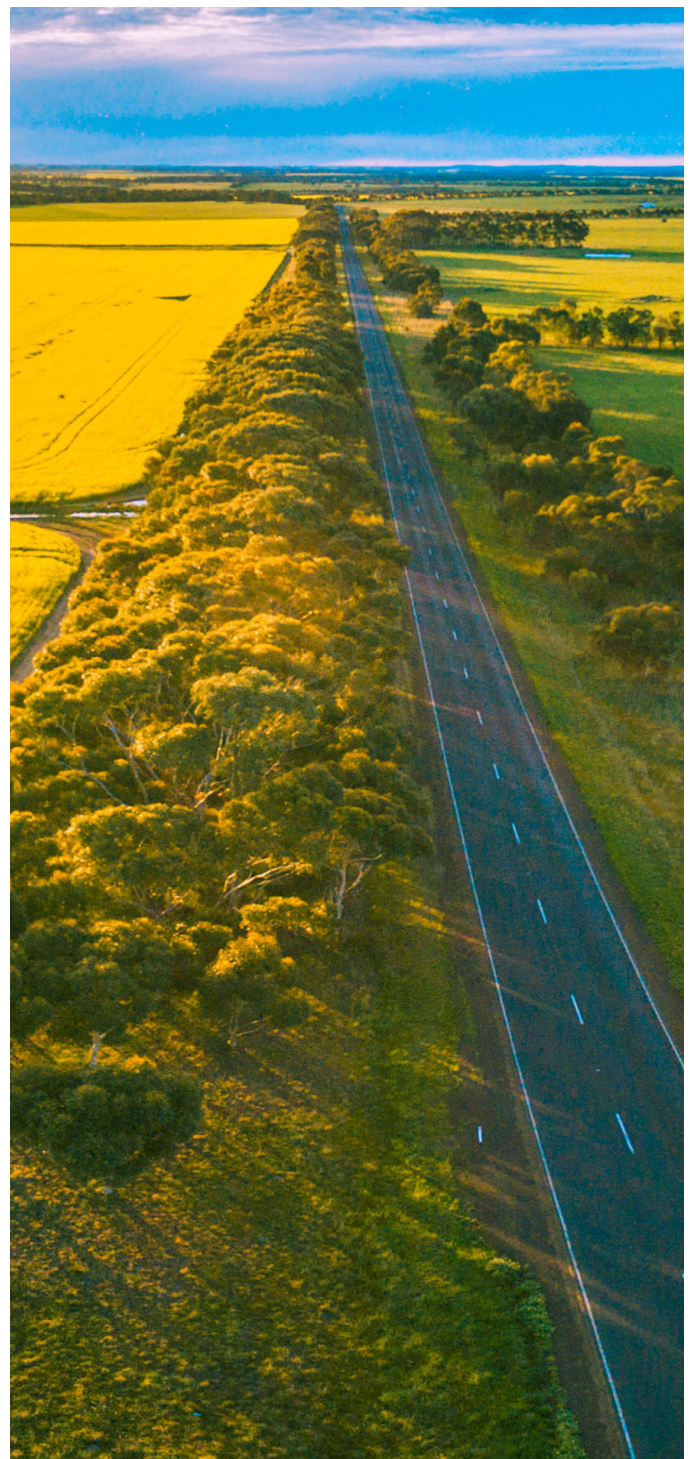
Many of the submissions noted that Australia’s red meat integrity systems; i.e. Safemeat, and Integrity Services have performed ably since their creation under the 1998 MoU or subsequently. However, a number of these identified scope for further opportunities to unite, intensify and commercialise their operations. AUS-MEAT and SAFEMEAT are key agencies where collaboration across sectors is vital for the future of the red meat industry. For example, AUS-MEAT’s extension into on farm quality assurance (QA) and emergence as a centre of industry QA expertise and integrity enforcement was highlighted in submissions.

The funding for these integrity systems services, however, has appeared ad hoc and pulled together from residual amounts across industry. Strong calls have been made in submissions to the Taskforce and associated correspondence for funds available from primary producers to be registered in a separate set of arrangements, specifically for livestock integrity systems, policy and advocacy.

There are also calls for semi-commercialised operations such as integrity systems, standards ‘ownership’, surveillance and 3rd party auditing (i.e. the functions of the integrity systems company, AUS-MEAT and SAFEMEAT) could be merged or placed within the same set of arrangements.

Finally, among some producer submissions it was noted that there were calls for the creation of stronger complaints mechanisms and other non-court adjudication and arbitration

panels, in instances of loss and dispute emerging from integrity systems’ rulings. These could be handled in concert between the responsible PICs, their standards and language committees and new unified set of arrangements integrity systems.



SECTION 3

THE FUTURE STATE

The challenge before the Taskforce is to outline opportunities for reform which are attuned to the mutual obligations of government and industry in delivering the public interest. Any new arrangements will also need to be the basis for future industry growth and prosperity and be able to respond to the challenges and opportunities of the next 20-30 years.

The Taskforce's recommendations are designed to support good performance across the industry and associated sectors and be commercially focused, appropriate, robust, and accountable to all stakeholders (government, industry, consumers and the broader community).

Our consultations suggest a clear appetite for a revised set of arrangements that provide a basis for managing current and future challenges and opportunities for the red meat industry by building on the achievements of the last 20 years.

The Taskforce has formed the view that industry needs to build on the current MoU as a basis for industry engagement, and also create a more future-focused, engaging, and less complex system, which remains attuned to industry, community and government needs. Critically, it should provide a clear line of sight between institutional arrangements, industry priorities and funding.

A new MoU will also place demands on the Commonwealth Government. New arrangements for industry will require a commitment from the Commonwealth Government, and state governments, to:

- Support the creation of NewCo 1 and other industry structures; and
- Support NewCo 1 in its activities.

A "no change" outcome is not a viable option and the submissions and feedback that the Taskforce has received support this position.

Equally, the Taskforce has resolved to address a series of underlying issues about the operation of the industry. Specifically, our recommendations are designed to ensure industry arrangements:

- remove duplication;
- harmonise the existing arrangements;
- deliver significant benefits in terms of stakeholders' understanding of their responsibilities;
- hardwire responsiveness, effectiveness, and whole-of-industry responses, into the industry's architecture, roles and responsibilities;
- provide a clear line of sight and accountability between industry priorities, funding and performance;
- are fit for purpose;

- provide the basis for industry to manage its own issues effectively by promoting self-determination, self-regulation and co-regulatory approaches;
- limit unnecessary government involvement in industry affairs;
- empower industry in running its own affairs;
- encourage ownership and leadership by industry;
- provide adequate coverage of stakeholder issues and about the levels of service delivered to industry stakeholders;
- support organisations covered by the MoU to deliver on their core responsibilities;
- are clearly understood by stakeholders and;
- add value and support a stronger and more prosperous industry.

A REVISED MOU

Central to the Taskforce's recommendations are the need to revise the current MoU to address a series of key shortfalls in its operation. While there is a general consensus that the existing MoU has all the components required to govern the industry, the MoU is not seen to be fit for purpose for current or future challenges facing the red meat industry and is often not adhered to. Further, the current MoU does little to encourage better behaviour from industry signatories and their members across a range of areas or provide clear pathways for accountability.

PLAIN ENGLISH DRAFTING

The revised MoU must be written in a style that is easily understood by all stakeholders. Revisions to the MoU would be undertaken by appropriate legal expertise and the revised MoU would be drafted in plain English to be understood easily by all stakeholders.

STANDARDS

The current MoU identifies the roles and responsibilities of industry signatories and other participants in the red meat industry. Central to the revision of the MoU is the need to promote higher standards across industry in a range of areas. Under a revised MoU, signatories would sign on to a mandatory code of conduct which enshrines the shared values of the industry and good governance standards, among others. This would include:

- the revised MoU would place a priority on the development of a mandatory code of conduct to agree on a set of shared values for industry participation;

- industry signatories would agree/sign on to appropriate standards of good corporate governance as conditions of membership, while respecting the signatories' existing statutory governance arrangements;
- industry signatories would likewise agree to promote appropriate and enforceable standards for membership including animal welfare, health and safety, good corporate governance, community standards and minimum standards for representation of members' interests; and
- signatories would also agree as part of the mandatory commitments to provide industry leadership to their members and drive these important reforms across their sectors of the supply chain.



//

A new single organisation will be required to represent the red meat value chain. It will be recognised as being at the forefront of the Australian food industry and agricultural technology and innovation. It would be seen as strategic, well-resourced and smart. It would focus on the really big issues and be able to assist senior industry and politicians, from the Prime Minister down. It would help to drive the strategic thinking, applied research and innovation of the sector and work closely with ... organisations ... who have a critical "grass-roots" role to play in shaping the thinking, knowledge and behaviours of farmers. It would also provide strategic guidance to one new research and development corporation.

(Peak Industry Council Submission).

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- 1** A new organisation nominally titled Red Meat Australia (RMA) which would replace RMAC, and provide the strategic direction for the red meat industry;
- 2** Over an appropriate period of transition, service provision will be streamlined into a single entity, with appropriate board representation and accountabilities to undertake the industry's research and development activities, among others;
- 3** A new 'standalone' set of integrity arrangements, which would combine and coordinate the functions of the existing integrity systems and would be funded via direct, dedicated levies; and.
- 4** The operating model of these organisations will be keenly attuned to signatory and stakeholder aspirations delivered via Peak Industry Councils (PICs), businesses and the broader community (customers and voters).

A BETTER RED MEAT FUTURE: A FUTURE MOU

2 DELIVER RED MEAT SERVICE PROVIDER NewCo 2

- Combining core research functions from AMPC, LiveCorp + MLA
- Delivery against strategy
- Research, development + extension
- Industry development + advancement
- Supply chain and skills based board.

ENJOY



COMMUNITY,
CUSTOMERS + VOTERS

1 LEAD RED MEAT AUSTRALIA NewCo 1

- Strategy and single industry voice
- Whole of supply chain advocacy
- Issues + policy leadership
- Industry marketing function
- Industry oversight and recommendation on statutory research funds
- Research, development + extension
- Industry development + advancement
- Insights + market research
- Hybrid board (PICs + skills based)

OVERSEE



PEAK INDUSTRY COUNCILS

3 ENSURE INTEGRITY FORUM NewCo 3

- Mandatory integrity systems company
- Coordinating core functions from Safe-Meat and Meat
- Meat Standards Australia (MSA)
- Integrity Systems Company (ISC)
- Supported by commercial activities
- Enhanced communications functions to promote the core activities and stronger integrity output
- Other functions as agreed

BENEFIT



AUSTRALIA'S 82,500 RED MEAT BUSINESSES

Fig.01: A new set of organisations to meet industry, community and levy payers' needs.

PROPOSED INDUSTRY STRUCTURE

To meet the need to remove duplication and build trust and transparency, we believe the future industry structure needs to provide for three new organisations.

NewCo 1: A new Red Meat Australia agency to replace the Red Meat Advisory Council.

Under the proposed arrangements, an entirely new organisation, with new responsibilities, and appropriately resourced and staffed would be created. The exact name of the organisation would be determined by industry signatories, but we refer to it in this White Paper as NewCo1.

NewCo 1 would use its greater prominence to enable the growth, profitability and sustainability of the red meat supply chain via a range of mechanisms.

The new body would promote and advance collaboration and partnerships across the meat supply chain.

It would oversee the creation or identification of appropriate companies by the RDCs and PICs to provide research and development, extension, marketing, product integrity and other services across the red meat supply chain and monitor performance via a stronger system of accountabilities around the MISP. We do not envisage that NewCo 1 would take a direct role in the management of projects.

The new organisation would engage industry signatories (PICs) to agree to a list of “whole-of-supply-chain” issues to be carried forward by NewCo 1.

In turn, industry signatories (PICs) would work with the new organisation to agree on the sector specific issues they (the PICs) would carry forward individually and respectively.

Funding and resourcing decisions would be taken on the basis of new responsibilities.

To fulfil its enhanced responsibilities, NewCo 1 would need to be resourced adequately, including via the reallocation of levy funds and the repurposing of the RMIF to fund its activities. Alternate funding arrangements would also need to be identified for other industry participants based on a shift in responsibilities.

The functions it would perform under new arrangements are as follows:

- “Whole-of-supply-chain” industry advocacy and strategic engagement with government on key issues
 - The exact mechanism of these activities would be negotiated and included in the Letter of Mutual Understanding to be developed between industry and Government;

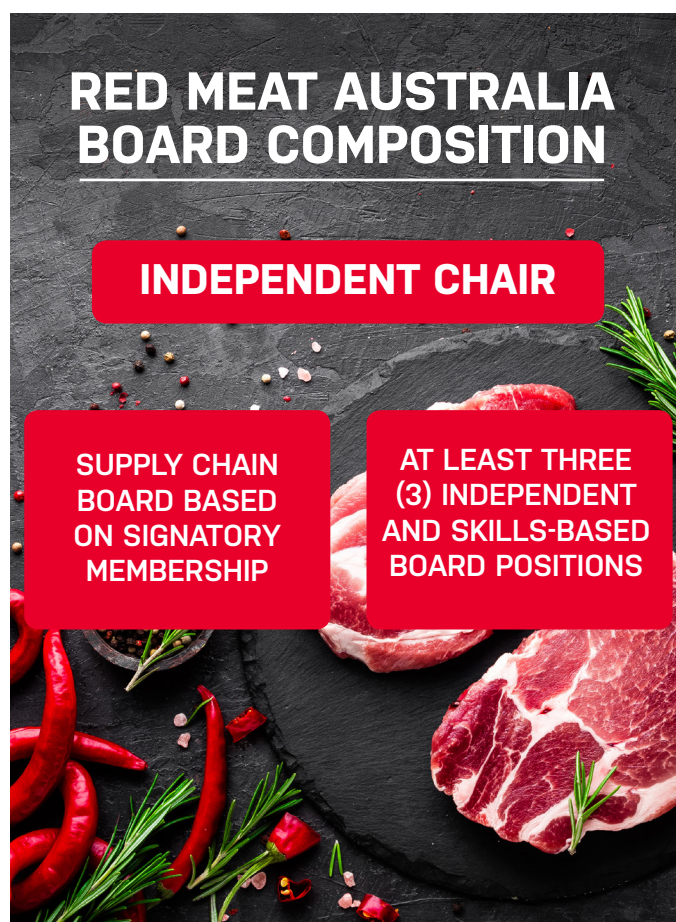
- Political advocacy engagement on behalf of industry would need to be undertaken by a distinct, stand-alone advocacy company within NewCo 1 and would be funded from RMIF, industry reserves and other sources. This company would work with the PICs and NewCo 1 to develop advocacy campaigns on behalf of industry, and be adequately resourced and staffed; and
- Use of levy funds for activities construed as “agri-politics” would be strictly prohibited under the Letter of Mutual Understanding.
- Custodianship of the Memorandum of Understanding (MoU)
- Developing, implementing and reviewing an enhanced Meat Industry Strategic Plan (MISP), including the MISP and its future iterations. This would include:
 - Enhanced whole-of-supply chain policy development at the Federal, state and local level;
 - Enhanced industry leadership activities;
 - Enhanced policy and industry advocacy;
 - Alignment of policy with future needs of the entire supply chain;
 - The development of industry accountability mechanisms including the development of an accountability map;
 - Prioritisation of RD&E, adoption & commercialisation activities;
 - Prioritisation of marketing (domestic and export), market access and market development strategies;
 - Promotion of respectful behaviour, codes of conduct/standards;
 - Agreed statutory levy fund allocations would be determined in line with MISP priorities
 - Promoting and advancing collaboration and partnerships across the meat supply chain
 - The development, promulgation and encouragement of standards of community leadership, public interest, trust, transparency
 - Being future focused to be built in to codes of conduct, governance and corporate social responsibility arrangements across industry signatories.

- Strategic Marketing: "whole-of-supply-chain" issues, industry and brand marketing.
- Issues leadership
- Industry oversight and recommendation on the allocation of statutory levy funds to support:
 - Research, development and extension (RD&E)
 - Industry development and advancement; and
 - Insights and market research.
- These new and enhanced responsibilities would need to be delivered through new functions and capabilities, such as but not confined to:
 - CEO and associated secretariat;
 - Dedicated senior communications, marketing and corporate affairs strategy functions;
 - Research and policy function to undertake effective advocacy and engage with complex National, State and local policy matters;
 - Dedicated planning and performance function tasked with overseeing progress against MISP priorities; and,
 - Others as agreed.

REPRESENTATIVE BOARD WITH SKILLS-BASED MEMBERS

NewCo1 would be guided by a hybrid board comprising a director from each of the industry signatories and three (3) skills-based appointees. The Chair of the board would be independent but selected by the signatories.

Where there is unanimous support for a given position then NewCo1 would speak on behalf of industry and the NewCo 1 Chair and spokespersons would take the lead on the resolution of issues, policy research and advocacy with stakeholder ministers. Where unanimous support on an issue CANNOT be achieved, then the NewCo 1 Chair



would jointly present their respective positions to the Minister for Agriculture. However, in the majority of instances it is envisaged that the Board will act in a collegiate fashion and in strict accordance with Corporations law and its articles of association.

A core responsibility of the NewCo 1 board would be to drive and guide the development of the MISP. Once the MISP is completed, it would be the role of NewCo 1 Chair to present the MISP to the Minister for endorsement as the industry's agreed action plan.

Further, the Board of NewCo 1 would take over responsibility as the trustees of the RMIF and be responsible for maintaining and growing the RMIF's value over time, in concert with the fund's managers.

Annual operating plans of the service providers will align with the objectives outlined in the MISP.

STRATEGIC DIRECTION VIA STRENGTHENED MISP

The new organisation would be responsible for undertaking policy research and development, planning and industry coordination to promote the ongoing growth, profitability and sustainability of the red meat supply chain, working in concert with Peak Industry Councils (PICs), service providers, red meat industry businesses, consumers and the broader community. NewCo 1 would be future-focused so as to anticipate emerging issues and trends within the red meat industry and the food and fibre industry more generally.

It would do this by developing, implementing and reviewing the Meat Industry Strategic Plan (MISP) and overseeing the direct allocation of statutory levy funds against MISP priorities. NewCo 1 would ensure adherence to industry plans, codes of conduct, industry standards and the public interest in the resolution of issues.

The MISP would become the basis for accountability of industry performance and the expenditure of industry and matching government levy funds.

The MISP must remain forward looking and set short, medium and long-term objectives for the industry. MISP's strategic objectives need to:

- Assign responsibility for delivering on the MISP priorities for PICs and service providers;
- Have performance benchmarks for any strategic initiative and hold accountable those tasked with delivering on these outcomes; and.
- Allow for progress against MISP priorities to be third party audited.

CONTINUOUS DISCLOSURE; CONTINUOUS IMPROVEMENT

This would include the development of annual scorecards across a range of appropriate MISP-related benchmarks. Industry signatories and service providers would agree on a list of issues to be benchmarked and disclosed as part of these scorecards. Acceptance of this new disclosure regime would form the basis of any prospectus for membership – that is, industry signatories would agree to the regime as a condition of joining the board of NewCo1.



Proposed NEWCO 1 Funding



The key plank of our proposed reforms to industry funding are that NewCo 1 receive all industry levy and matching Commonwealth funds and allocate priorities identified in the MISP:

- To fund the new responsibilities of NewCo 1, there is a need to reorganise levy fund arrangements and utilisation of RMIF.
- NewCo 1 would likewise allocate RMIF dividends based on MISP priorities.
- NewCo 1 will by necessity charge a management fee (to be negotiated) to support the development of the MISP and other core functions.

NEWCO 2: A Single Red Meat Service Provider



The Taskforce remains committed to the need for parallel reform among the existing red meat service providers. The Taskforce encourages the red meat industry RDCs to develop a shared position on the unification of their programs, activities and resources. Ideally, this would combine some or all of the current functions of:

- Meat and Livestock Australia (MLA);
- Australian Meat Processor Corporation (AMPC);
- Australian Livestock Export Corporation (LiveCorp).

The Taskforce acknowledges the need for the maintenance of specific skills and service provision that these three distinct areas within the red meat industry contain. Producers, processors, live exporters, feed lotters and retailers, among other specialisations, each make important contributions across a range of areas in the red meat industry. The revised arrangements we propose would only work so long as governance and accountability arrangements are in place to protect area specialisations and ensure that levy funds and matched funds are expended in line and proportionately with their respective levy payers' aspirations. To fulfil its potential, a unified service provider would require sector-specific business units, practice areas, and advisory groups beneath that overarching body to balance the need for area specialisations and to meet the highly targeted and unique R&D/marketing requirements of each of the sub-sectors.

The Taskforce also acknowledges a concern among some sectors of the industry about a return to a single unified service provider, which was a feature of the industry before 1998. In this respect, the Taskforce notes:

1. The structure suggested represents the overwhelming sentiment of the submissions lodged, and the substantial (though not unanimous) view of Taskforce opinion.
2. The structure suggested has sought to take into account perceived shortcomings with the prior structure by making explicit adjustments to the following:
 - a. The protection of area specialisations (such as, producers, processing, live export, others); and
 - b. The inclusion of stronger accountability measures to ensure programs are attuned to levy payers' aspirations; and as outlined in the MISP.

NEWCO 2: A Single Red Meat Service Provider



Moreover, by clearly separating the strategic future directions settings from operational matters or service delivery activities, NewCo 1 will be able to remain focused and not get bogged down in the day-to-day detail.

The Taskforce has formed the view that the development of a unified and streamlined model for service provision in the red meat industry is the only way to remove duplication. This would only work so long as governance and accountability arrangements are in place to protect areas of specialisation (producers, processors and live export as well as geography) and ensure the levy funds and matched funds are expended in line and proportionately with their respective levy payers' aspirations and as outlined in the MISP. To fulfil its potential, a unified service provider would require sector-specific business units, practice areas, and advisory groups beneath that overarching body to balance the need for area specialisation and geography to meet the highly targeted and unique R&D/marketing requirements of each of the sub-sectors. A core responsibility of NewCo1 would be to review the effectiveness of current RDC arrangements relating to research, development and extension (RD&E) and to ensure the removal of duplication and any arrangements are cost effective.

The Taskforce has formed the view that if these bodies are made part of an overarching service provision company, industry silos will be required to coordinate better and allocate resources to areas of greatest need. Again, this will require appropriate governance and accountability mechanisms be put in place to ensure that key areas such as processing and live exports are not disadvantaged by the new institutional arrangements.

NEWCO 3: New integrity arrangements



The Taskforce also believes that there are options to deliver enhanced integrity systems functions across the red meat industry. An important first step is to create a mandatory integrity systems forum. This would strengthen and coordinate the existing functions of:

- SAFEMEAT.
- AUS-MEAT.
- MSA.
- NLIS.
- Others as agreed.

The new integrity arrangements should be funded as prioritised by NewCo1 and from a dedicated allocation from the statutory levies and user charges. Hence, it is considered that the new integrity arrangements would explore options for stronger commercial returns on its functions and activities.

The new integrity agency would include stronger internal and third-party arbitration mechanisms to resolve disputes where the application of standards has resulted in loss for producers etc, outside of the formal court system.

PROPOSED INDUSTRY FUNDING

The reallocation of responsibilities made in this White Paper carries with it the need to overhaul current funding arrangements including levy funds, industry reserves and the utilisation of the Red Meat Industry Fund (RMIF).

Broader industry funding would therefore be developed in line with MISP priorities which have been developed in concert between all industry signatories and organisations (NewCo 1, NewCo 2, NewCo 3 and others).

A series of triggers for an assessment of industry funding are emerging. For example, discussions have been initiated in preparation for the 2023 sunset on current levy arrangements (DAWR 2018; see also Senate 2015).

As noted above, the White Paper argues for stronger mechanisms for NewCo 1 to prioritise and guide the funding of research, development and extension activities, among others, identified in the MISP.

Our proposed new arrangements would provide a clear line of sight between industry priorities and industry funding. Levy payers would have a say in dialling funding up or down by being able to influence (as appropriate) items of expenditure against agreed priorities via the NewCo 1 board and the MISP.

This comes with the assumption that PICs are indeed able to represent their stakeholders and are able to ensure levy payers' aspirations are represented in MISP deliberations. To manage these reforms, we anticipate there would need to be a transitional period of two years during which current recipients of the RMIF dividend have their access to these monies reduced by an agreed amount year on year to manage the shift to new arrangements. Again, this will be based on the identification of adequate alternate funding for the activities of industry signatories.

Any revisions to underlying roles and responsibilities of the industry will have a necessary impact on the current funding levels for industry signatories.

While there is a common sentiment among PICs that change is needed to ensure that "whole-of-supply-chain" issues are carried forward by NewCo 1, agreement is yet to be reached on what financial impact this shift in resources would have on current funding levels for both NewCo 1, RDCs and PICs. This would involve reducing their current expected responsibilities regarding advocacy across all issues, which would free PICs to focus on their core responsibilities of focusing on stakeholder issues.

INDEPENDENT AUDITING AND REVIEW

The Taskforce believes that the most effective and direct way to address wide-ranging concerns about the operation of the industry and the roles and responsibilities of industry

signatories, service providers and levy payers is to promote stronger trust and transparency settings.

Audit requirements across the industry should be harmonised acknowledging that key industry signatories are governed by different legislation.

Given our proposed reforms to roles and responsibilities in the industry, and the consequent realignment of funding arrangements, we believe that each of the categories of organisation including the new lead agency commit to the disclosing of audited accounts yearly, in line with Australian Stock Exchange guidelines.

Industry signatories would have these standards set as part of their good governance agreements with NewCo 1.

REVIEW

To ensure that industry structures remain current and workable, a five-yearly review of industry arrangements would be incorporated into the MoU, with the results of that review being required to be published.

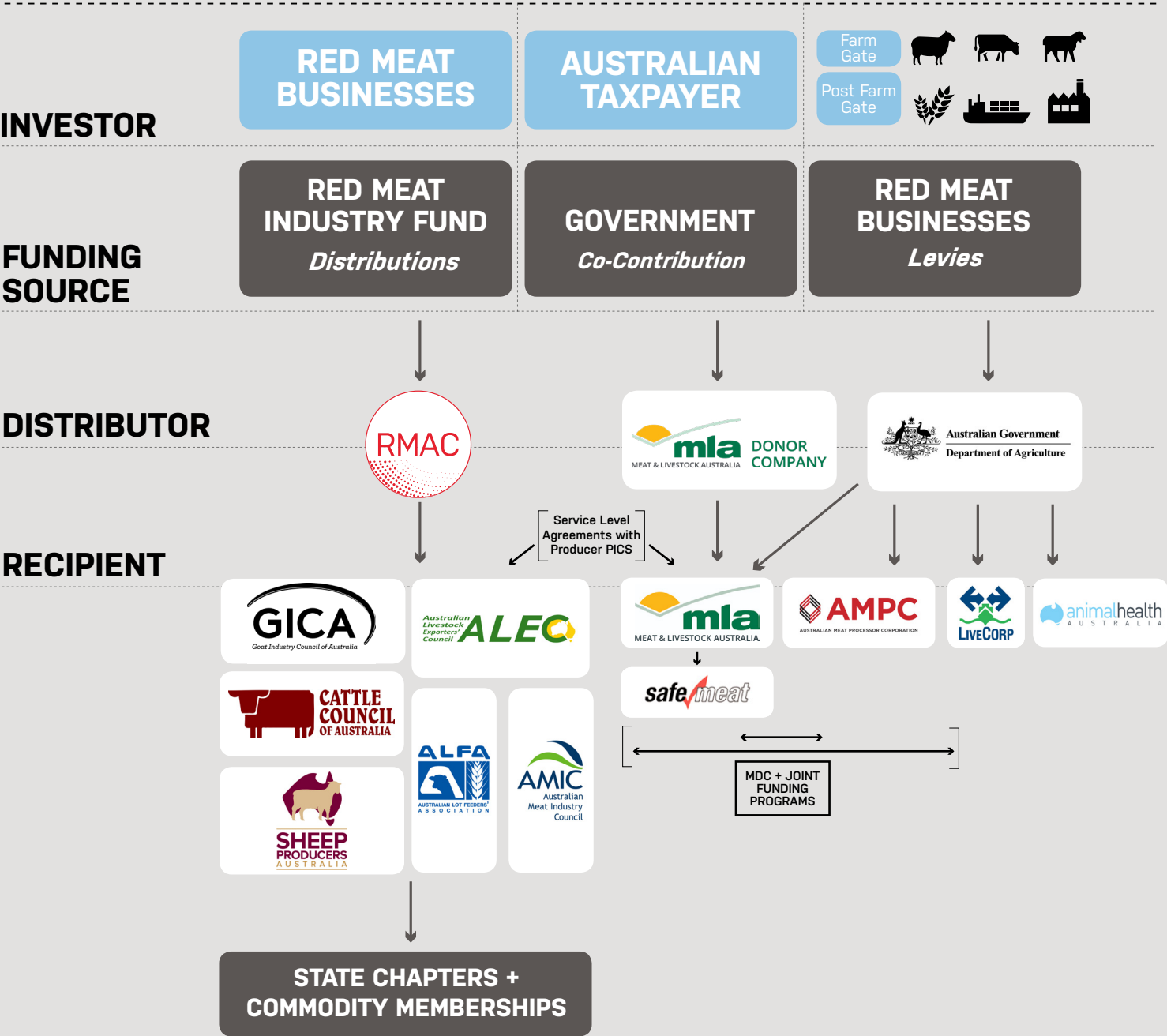
ROLES AND RESPONSIBILITIES

A critical task would be the development of a new accountability map to govern the industry. This would include the oversight mechanisms for the reforms to industry structure that we propose. The MoU would be drafted specifically with the need to eliminate unnecessary competition for resources/funds between existing industry participants. Clear lines of accountability and oversight would be developed as part of any revised arrangements, and be attuned to industry, consumer, community and public sentiments. These would be guided by ensuring accountability and transparency across the industry in the expenditure of levy funds, among others.

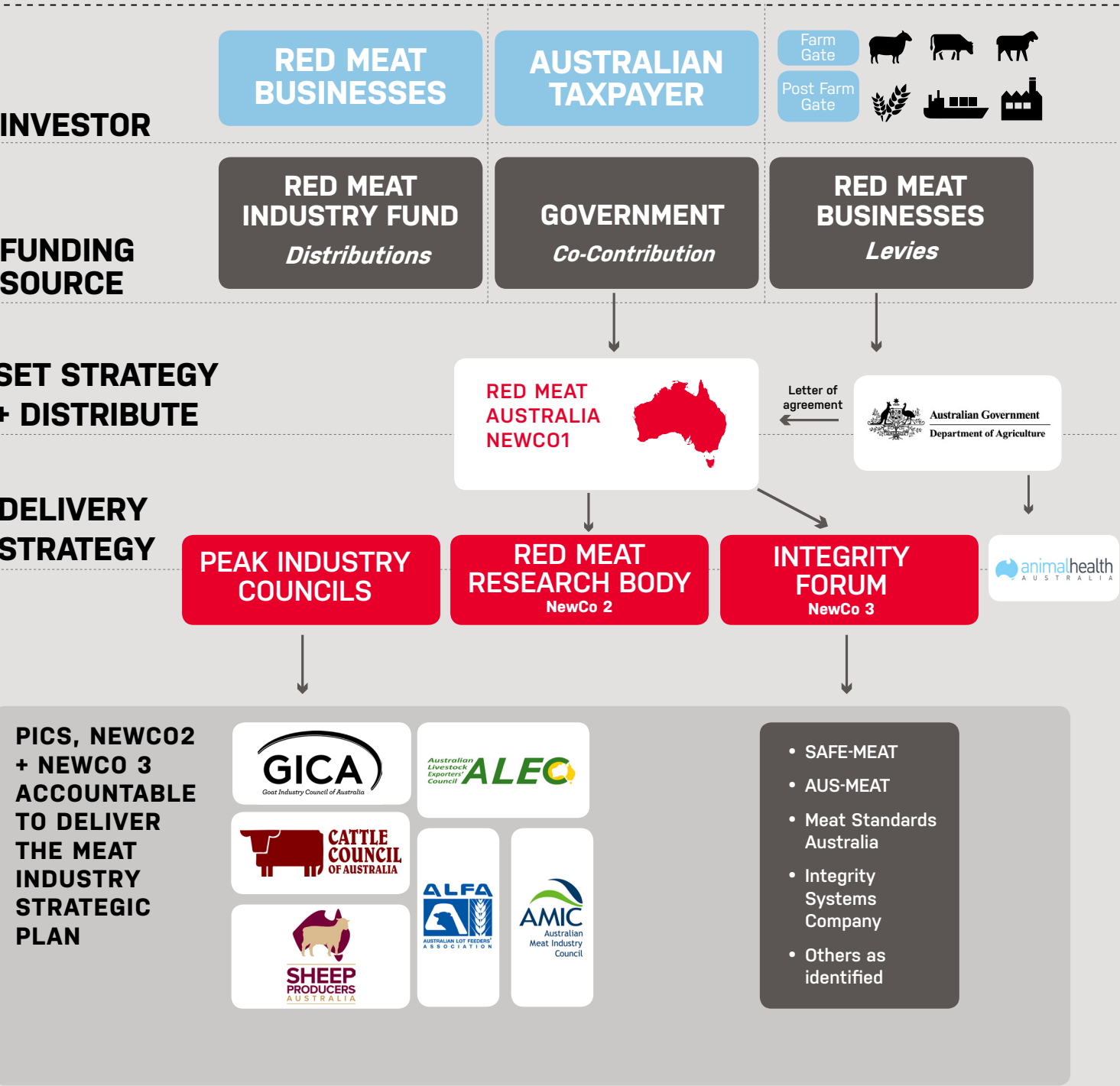
The revised MoU would seek to build an effective level playing field for industry participants, including driving equitable and transparent access to levy and matched funds for specialist areas within industry. Industry signatories would need to progress their own reforms (such as the implementation of direct elections among some PICs) and also investigate efficient and reliable stakeholder engagement strategies such as new technology to promote alignment with stakeholder sentiments to drive efficiencies and ensure the delivery of key services under the revised arrangements.

The revised MoU would be kept flexible enough to accommodate new configurations of industry representation brought on by potential/proposed mergers among Peak Industry Councils (PICs), or the adoption of shared services agreements between existing PICs to ensure maximum efficiency in their operations.

CURRENT FUNDING



FUTURE FUNDING



SECTION 4

A MANAGED TRANSITION MODEL

The transition from the current state of the industry to the desired future state (a better red meat future) will require planning and organised efforts from all industry signatories and stakeholders, from paddock to plate.

This will include the following elements:

- Focusing first on the longer-term strategic aspirations and working backwards to develop the right approach;
- Aligning aspirations and objectives with structures;
- Taking time to survey the scene with appropriate issues mapping and a survey of the relevant pieces of legislation, regulations and subordinate legislation that require amendment;
- Being structured about selecting the right blueprint and mediating discussions about the way forward with industry stakeholders;
- Identifying the necessary changes in culture and behaviour, and building structures that facilitate change;
- Recruiting in and building the right talent and capabilities;
- Establishing metrics that measure short and long-term success;
- Ensuring industry leaders communicate;
- Developing appropriate, real-time feedback mechanisms;
- Managing the transitional risks accordingly;

The Managed Transition Model provides a workable solution as it balances the public interest with industry needs in the creation of a new industry architecture.

IMPLEMENTING REFORM – AN INDUSTRY TRANSITION TASKFORCE

This White Paper considers that successful implementation of the proposed reforms would require the appointment of a new Industry Transition Taskforce to be responsible for oversight of the reform process.

A strong project team would be formed following the completion of the White Paper, which would build and negotiate the exact structure, funding and implementation plan.

The initial planning and implementation of any transition plan needs to be undertaken by the current Chair, Board and Executive of RMAC. To encourage impartiality and effective planning, we recommend the creation of an Industry Transition Taskforce which will report periodically to RMAC and serve as an intermediary between industry members, and between industry and government as the transition plan unfolds.

The Taskforce would be comprised of a representative selection of industry specialists. Noting that the transitional arrangements for industry reform be determined in concert first among industry stakeholders and then between industry and government, the industry transition taskforce would develop the basis for industry negotiating position with internal stakeholders and Government. This body would be nominated by the RMAC executive and endorsed by the Board of RMAC, and other key industry stakeholders as agreed.

The core role of the taskforce would be to negotiate an industry position to take to government and the commencement of immediate tasks – including transition planning, issues mapping, developing a register of legislative instruments and regulations, MoU drafting, mediated dialogue on industry transformation, communications and public awareness.

INDUSTRY TRANSITION PLAN

Among its initial responsibilities will be the creation of an industry transition plan. The preparation of the transition plan will ensure that the recommendations made in this White Paper are implemented in a way that is controlled, mitigates risk and ensures the best possible chance for success.

The key elements of the plan would include:

1. Identification of transition staff and a transition team;
2. Logistics considerations - resources, staff, contractual amendments;
3. Knowledge transfer protocols - relevant regulations, legislation, research, analysis;
4. Refinement of a detailed schedule for implementation, building on the recommendations of this White Paper; and
5. Risk analysis.

RAISING AWARENESS ABOUT THE PROPOSED REFORMS

The experience in other jurisdictions has identified the need for the full range of stakeholders, including industry signatories, service providers, customers and industry participants to be informed about the changes proposed. The Taskforce notes that stakeholder consultation emphasised the need for a comprehensive communication strategy to inform all parties of any proposed new arrangements.

1-12 months 2019- 2020

- Launch of RM MoU Review White Paper
- Creation of Transition Taskforce
- Commence creation of NewCo 1
- Issues mapping
- Discovery/mapping of acts, regulations and subordinate legislation inter alia
- Commence revising MoU (plain English drafting)
- Mediated dialogue on creation of RMA/ NewCo 1
- Transition Planning
- Establish process for constituting NewCo 1 Board
- Refine accountability map for NewCo 1 - including MISP
- Development of New MISP benchmarks commences
- NewCo 1 launched 1 July 2020

12-24 months 2020- 2021

- Mediated Dialogue Stream 1: Red Meat Service Provider meeting on options for unification
- Mediated Dialogue Stream 2: Integrity Systems Arrangement meeting on unification of services/mandatory integrity forum.

5 years 2021- 2025

- 2023: Sunset on current levy arrangements
- 2025: First 5-year review of Revised MoU & Industry Structure

APPENDIX 1:

METHODOLOGY

CHAIR AND LEAD REVIEWER APPOINTED	September 2018	A Chair and Lead Reviewer appointed to oversee the actions of the Taskforce, provide ongoing reporting and engagement with RMAC and deliver the final report to RMAC.
PUBLIC SCOPE AND TERMS OF REFERENCE RELEASED	September 2018	Public Scope and Terms of Reference for the Review released as part of the announcement of the appointment of the Chair and Lead Reviewer.
MEDIA ANNOUNCEMENT	September 2018	Announcement of web presence, social media and media opportunities with signatories to the Red Meat MoU.
EXPRESSIONS OF INTEREST	September 2018	<p>The announcement of the Chair and Lead Reviewer and release of the Scope and Terms of Reference for the Review was accompanied by the commencement of a two-week Expressions of Interest period for the Red Meat MoU Review Taskforce.</p> <p>Taskforce members were selected, representing a diverse range of skills including:</p> <ul style="list-style-type: none"> • Legislative or legal representative; • Experience on the boards and/ or in the executive of industry representative bodies; • Economic analysis and forecasting; • Policy and strategic planning and development; • Red meat supply chain expertise.

POLICY ENGAGEMENT FRAMEWORK	October 2018	<p>Taskforce Chair and Lead Reviewer developed a framework for policy engagement including:</p> <ul style="list-style-type: none"> • Consultation Framework; • Stakeholder Map + Times; • Timelines; • Face to face consultations; • Online engagement; • Telephone hotline; • Direct Stakeholder consultations; • National consultation; • Drafting Deadlines for a Green Paper and a White Paper and.
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TASKFORCE APPOINTED	October 2018	Taskforce Members appointed and announced.
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PROJECT RISK AND MITIGATION ANALYSIS	October 2018	Taskforce Chair and Lead Reviewer presented a risk and mitigation analysis for the project for the information of RMAC.
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FIRST TASKFORCE MEETING	October 2018	The first meeting of the Taskforce endorsed the consultation framework and identified key stakeholders to participate in the guided discussion that informed the development of the Green Paper and a White Paper.
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MONTHLY TASKFORCE MEETINGS	October 2018 – May 2019	Taskforce meetings to set direction and track progress.
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APPENDIX 1: CONTINUED

GUIDED DISCUSSION WITH STAKEHOLDERS	October - November 2018	<p>The Taskforce undertook a series of guided discussions with key stakeholders identified in the first Taskforce meeting.</p> <p>These guided discussions formed the basis of the Green Paper that was released at the commencement of the formal consultation period for the Review.</p> <p>All participants in guided discussions were informed of their rights and responsibilities via correspondence and expected to authorise their participation in writing.</p>
RMAC BOARD MAPPING AND "RESPONSE SESSION"	Week 1 November	Initial response session for RMAC Board.
DRAFT GREEN PAPER PROVIDED TO RMAC AND KEY STAKEHOLDERS FOR COMMENT	December 2018 – January 2019	The Taskforce provided a draft Green Paper for comments and feedback from RMAC and all other participants in the guided discussions.
FINAL GREEN PAPER PRESENTED TO RMAC	February 1, 2019	Final Green Paper and an inclusion/ exclusion reasoning document which outlined why feedback and comments were or were not included in the final version of the Green Paper provided to RMAC.

**NATIONAL CONSULTATION
ON GREEN PAPER**

February -March 2019

A national consultation was held with the Green Paper for the Review as the basis. This included:

1. A formal request for feedback on the Green Paper using online and formal media advertisements with contact details for secretariat and the Green Paper available for public consultation.
2. Utilisation of online consultation on elements of the Green Paper involving cross section of industry, moderated by the Secretariat draft to RMAC executive.

**EXPOSURE DRAFT WHITE
PAPER COMPLETED**

May-June 2019

Secretariat presented draft snapshot/final to RMAC executive.

FULL FINAL REPORT

June 2019

The full final report of the Red Meat MoU Review submitted to RMAC.

APPENDIX 2:

HOW WE LISTENED TO STAKEHOLDERS

This White Paper is based on extensive consultation with the industry signatories who are party to the current MoU, Federal and state governments, representatives of the broader industry and the general public. It follows the release of a Green Paper on 14 February that proposed several options for reform of institutional arrangements pertaining to the industry. This consultation included:

- Direct engagement with industry signatories between September 2018 – March 2019.
- A call for public submissions following the release of the Green Paper on 14 February 2019
- A national consultation on the Green paper which ran from 14 February – 15 April 2019 including the following components:
 - Over 600 downloads of the Green Paper during the National Consultation
 - MindHive national online consultation, 5 March – 15 April 2019
 - National phone hotline, 5 March – 15 April 2019
 - Direct communication with the Taskforce secretariat including phone calls, correspondence and emails
 - In person briefings to a range of organisations and stakeholders
 - The submission of 57 formal responses
 - The development of a register of submissions and a register of direct concerns raised separately to formal submissions
 - Auditing Taskforce discussions and draft White Paper to accommodate stakeholder concerns
 - Establishing resolution processes to manage conflicting submissions
 - 3 May 2019 a joint meeting between industry signatories and the Taskforce to develop a shared set of principles for reform.

APPENDIX 3:

FULL LIST OF SUBMISSIONS

- | | | | |
|-----|--|-----|---|
| 1. | ACIC | 37. | Producer Submission |
| 2. | Agforce | 38. | Producer Submission |
| 3. | ALEC | 39. | Producer Submission |
| 4. | AMIC | 40. | Producer Submission |
| 5. | AMPC | 41. | Producer Submission |
| 6. | Australian Lot Feeders Association (ALFA) | 42. | Producer Submission |
| 7. | Cattle Council of Australia | 43. | Producer Submission |
| 8. | Cattle Producers Australia | 44. | Producer Submission |
| 9. | Cattle Producers Australia | 45. | Property Rights Australia |
| 10. | Cattle Producers Australia | 46. | QLD Producer |
| 11. | Department of Primary Industries, QLD | 47. | RSPCA |
| 12. | Doctors for the Environment | 48. | SA Sheep Producer |
| 13. | Exporter Submission | 49. | Safemeat |
| 14. | Fletcher International | 50. | Sheep Grazier |
| 15. | Goat Industry Council of Australia (GICA) | 51. | Sheep Producers |
| 16. | Individual Submission | 52. | Signature Beef |
| 17. | Individual Submission | 53. | Tasmanian Farmers and Graziers Association (TFGA) |
| 18. | Individual Submission | 54. | Victorian Farmers Federation |
| 19. | Individual Submission | 55. | WA Farmers Federation |
| 20. | Individual Submission | 56. | Yeppoon Grazing |
| 21. | Individual Submission | | |
| 22. | Investor Submission | | |
| 23. | LiveCorp | | |
| 24. | Livestock SA | | |
| 25. | Meat & Livestock Australia | | |
| 26. | NSW Cattle Producer | | |
| 27. | NSW Cattle Producer | | |
| 28. | National Farmers Federation | | |
| 29. | National Meat Industry Training Advisory Council (MINTRAC) | | |
| 30. | Northern Territory Cattleman's Association (NTCA) | | |
| 31. | Not published | | |
| 32. | NSW Cattleman 1 | | |
| 33. | NSW Farmers Federation | | |
| 34. | OBE Organic | | |
| 35. | Processor Submission | | |
| 36. | Producer Submission | | |

APPENDIX 4:

INDEPENDENCE AND PROBITY

The Taskforce employed the following processes to ensure its independence and the probity of its operations.

- The appointment of Jim Varghese AM, as independent Chair of the taskforce, who has a track record of delivering independent recommendations to government and industry. Mr Varghese is a renowned policy thinker and reviewer. He has 33 years' experience in the public sector and over 10 years' experience in the private sector. He is a former Director General of the Queensland Department of Primary Industries and a former Deputy Secretary of the Victorian Department of Agriculture and Rural Affairs. He currently chairs the board of the Springfield City Group and is the National Chair of the Australia-India Business Council. His recent public policy review of Opportunities for Personal transport for the Queensland Government was one of just two reviews rated 9/10 for having 'excellent process' by independent think-tanks.
- The appointment of Dr Michael Morgan as Taskforce Secretary. Dr Morgan has extensive experience in stakeholder engagement, strategic review and policy development across a range of industries including agriculture and fisheries, mining, infrastructure and manufacturing.
- The appointment of Bruce Turner as senior adviser to the Taskforce Secretariat. Mr Turner has held senior positions within the Queensland and Commonwealth public services in agriculture, natural resource management, rural and regional development, and transport.
- The appointment of an independent probity auditor to vet all appointments to the taskforce and secretariat for the Red Meat MoU Review, and all fiduciary issues.
- The appointment of a high profile and diverse panel to the taskforce including industry representatives from across the supply chain and regions involved in the red meat industry in Australia. The Taskforce is comprised of:
 - Will Barton, Chief Executive Officer, Gundagai Meat Processors (GMP).
 - Gary Burrridge, former-CEO Northern Cooperative Meatworks Company and experienced export meat processing executive and director.
 - Jane Kellock, Sheep Farmer & Woolgrower.
 - Kara Knudsen, Knudsen Cattle, and Nuffield scholar.
 - The Honourable Paul Lucas former Deputy Premier, Minister for Local Government, Infrastructure and Planning, Minister for Health, Minister for Transport & Attorney General of Queensland and experienced company director, adviser and lawyer.
 - The Honourable Fiona Nash former Nationals Senator for New South Wales, former Minister for Local Government and Territories, former Minister for Regional Development, former Minister for Regional Communications and former Minister for Rural Health, and current Strategic Advisor for Charles Sturt University.
 - Troy Setter Chief Executive Officer, Consolidated Pastoral Companies (CPC).
 - Stacey Wordsworth, Agriculture sector media and communications specialist.

APPENDIX 5: RESPONSES TO OPTIONS FOR REFORM

The recommendations of the MoU Review Taskforce are based on its evaluation of stakeholder submissions. What follows is a summary of responses to the options put forward.

Option 1: Improvements to existing MoU

Taskforce Assessment

The current MoU has provided guidance on roles and responsibilities for industry participants, created stability and guided 20 years of growth in the red meat industry. However, more recently, it is seen to have driven divisions between industry segments and delayed the timely response to issues facing the whole of the industry, among a range of concerns. There are merits in amending the current arrangements and investing in the development of capabilities and culture. The vast majority of submissions suggest that the MoU and associated industry structures are NOT seen to be fit for purpose by stakeholders. In the absence of other reforms to the structure of the industry, transparency in the collection and distribution of levy funds, for example, simple revisions to the MoU alone are not enough to build a better red meat future.

However, a central concern among stakeholders was for the industry to continue to utilise the Meat Industry Strategic Plan (MISP) as a critical and successful process for collating industry sentiments about the future and developing a shared roadmap.

Option 2: Law of the jungle

Taskforce Assessment

Overwhelmingly, stakeholders at all levels suggested that the removal of the MoU and the dissolution of a central coordinating mechanism would be the least desired outcome and would lead to entrenched in-fighting. The Taskforce's assessment is that while the 'Law of the Jungle' would allow the strongest commercial operations to remain, it would do little to strengthen industry's ability to plan for the future and would utterly remove any ability to deliver a unified voice for industry. In the time it would take for new structures to emerge, untold damage could be done to the industry, eroding profitability, sustainability and regional jobs, among other issues.

APPENDIX 5: CONTINUED

Option 3: A Hybrid Option

Taskforce Assessment

Ten submissions from producers (and particularly beef producers) supported the creation of hybrid models combining functions from Peak Industry Councils and service providers. A smaller group posited that a hybrid model could also work for specific silos within the red meat sector (e.g. Live Export) (see also Simon Crean in Beef Central, 19 April 2019). These proposed arrangements were designed specifically to provide assurances to levy payers of their capacity to influence industry and ensure that direct representation would improve industry cohesion and lay a democratic foundation for the wider participation in industry strategy. The Taskforce understood and supported the intentions of these reforms but recommended alternate models to drive transparency and responsiveness, and remove duplication and complexity overall from the system.

Option 4: A revitalised red meat industry led by a new organisation

Taskforce Assessment

The Taskforce was guided by an overwhelming number of responses (35 from 57) which called for the development of a unified and streamlined set of arrangements for industry. Taken together, these submissions articulated a set of requirements for a revised MoU and industry structure that would:

- build on the achievements of the past;
- reflect the desire of specific industry sectors to shape the direction of research and development, marketing, market access, and industry development/ advocacy;
- continue to empower industry to manage its own affairs;
- be fit for purpose for current and future challenges;
- be flexible or have appropriate sunset clauses;
- build a stronger voice for the red meat industry across the supply chain;
- enable real-time responses to emerging issues and trends;
- provide transparency and accountability in expenditure of levy funds both from industry and government;
- develop a clearer, streamlined and more robust framework of planning and performance management within the MoU including for MISIP;
- build a system which promotes information sharing between industry segments;
- drive adoption and commercialisation activities;
- enable long-term strategy (via MISIP) with fit-for-purpose structures;
- bridge unnecessary divisions between industry segments; and
- pay close attention to answering: “Who represents the industry?”

The recommendations contained in this White Paper are designed to achieve these objectives.

APPENDIX 6:

EVALUATION AGAINST TASKFORCE TERMS OF REFERENCE

<i>Term of Reference</i>	<i>Addressed</i>
Objectives	
A Green Paper approach is being taken to the Red Meat MoU that is wide ranging, consultative and independent.	Yes
Answered: How can a Red Meat MoU create real value for the intended beneficiaries of the MoU – Australia's red meat and livestock businesses?	Yes
Answered: What should it look like in order to position the industry for sustainability, prosperity and position for future challenges and opportunities?	Yes
Scope	
Review the effectiveness of the current Red Meat MoU arrangements	Yes
Undertake comprehensive consultation with signatories, key industry and community stakeholders and government	Yes
Provide feedback to key stakeholders on their views and validate key recommendations for reform that ensures the sustainability and prosperity of Australian red meat & livestock businesses	Yes
Report to the Red Meat Advisory Council (RMAC) by June 2019 on a series of recommendations to improve the operations of the Red Meat MoU	Yes
Guiding Principles	
Ambitious	Yes
Agile	Yes
Dynamic	Yes
Accountable	Yes
Positions our industry for sustainability and prosperity	Yes
Roles & Tasks / Responsibilities	
A Chair and lead reviewer, supported by an independent Task Force will identify robust reform to a Red Meat MoU that ensure the sustainability and prosperity of the Australian red meat and livestock sector.	Yes
To do this, the Task Force will consider the operation of the Red Meat MoU, the role of industry and government signatories and ongoing risks and opportunities to the industry; and make recommendations for key reforms.	Yes

The need for a Red Meat MoU and its role in leading and advancing the value, reputation and sustainability of Australian red meat businesses.

Yes

Examine whether the purpose, and the principles as set out in the MoU, are being met.

The roles, responsibilities and interrelationships of MoU signatories including RMAC, Peak Industry Councils and Industry Companies.

Yes

Whether the MoU arrangements provide an adequate framework to support RMAC, the individual sectoral groups and the red meat research and development corporations to work collectively to meet the needs of the red meat industry and the public.

Yes

Whether RMAC is equipped to meet the leadership expectations and needs of industry and the public.

Yes

Quantifying the current costs and benefits of the Red Meat MoU to all signatories and the red meat and livestock sector with a view to identifying efficiencies in future iterations of the Red Meat MoU.

Yes

All other aspects of MoU relationships including:

Yes

Funding, research and development, intellectual property and issues management.

Yes

The role of AUS-MEAT & SAFEMEAT.

Yes

How all aspects of the Red Meat MoU can be improved or responded to ensure an industry capable of withstanding future challenges and opportunities for the Australia red meat and livestock industry.

Yes

Make recommendations on means to support and improve industry's governance, collaboration and roles and responsibilities to meet future challenges and opportunities.

Yes

APPENDIX 7:

QUALITY FRAMEWORK

To ensure an outcomes-based process, we designed this program of work in line with the Federal Government's good policy implementation framework (PM&C 2019) and independent research on the implementation of good public policy (IPAA 2012, viii; Lesh 2018; Per Capita 2018). Hence, our outputs are designed to be actionable and provide the basis for our recommendations on potential changes to the MoU.

#	Consideration	Conclusion	Comments
1	Demonstrable, evidence-based need	Yes	Throughout the design, consultation and drafting phases, the Taskforce has ensured its work follows closely, stakeholder sentiments that the current system is no longer fit for purpose and has begun to hamper industry efforts to undertake the internal management of issues, Federal and state advocacy, and the effective deployment of levy funds to the areas of greatest need, among others. Our in-depth consultation has validated the suggestion that the current system is not fit for purpose and requires reform.
2	Public interest parameters	Yes	The Taskforce has clearly identified public interest parameters which underpin all its recommendations.
3	Consideration of alternatives	Yes	The Taskforce developed a series of alternative arrangements for consideration, and then tested these through stakeholder consultation.
4	Implementation choices	Yes	The Taskforce developed a continuum of options for implementation and a series of choices for key stakeholders to evaluate and action.
5	Cost-benefit analysis	Considered, but out of scope	Recommendations made in support of undertaking cost-benefit analysis.
6	Policy design framework	Yes	The Taskforce recommendations outline a framework for the evaluation including plans for performance measures, and ongoing oversight, and review of the scheme.
7	Further consultation	Yes	The Taskforce undertook further industry consultation in developing the principles underpinning their considerations, the continuum of options available, and the specific recommendations for reform.
8	Produce green then white paper	Yes	A Green Paper was released on 14 February to commence the national consultation, preceding the release of this White Paper.
9	Develop legislation where required	Yes	This White Paper makes recommendations about legislative reform, including subordinate legislation, memoranda of understanding, and enabling legislation. A more thorough audit of legal and regulatory instruments is recommended as an urgent action of the Transition Taskforce.
10	Communication	Yes	The Taskforce Secretariat has managed an in-depth communication program throughout all phases of the consultation and drafting process, including digital and social media, press releases, launch announcements, media interviews and stakeholder briefings. At each point stakeholders have been provided with open and transparent feedback mechanisms.

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